AlsterResearch

FCR Immobilien AG

Germany | Real Estate | MCap EUR 169.9m

31 August 2022

UPDATE



All relevant KPIs improved in H1; Solid foundation for FY22; Reiterate to BUY

What's it all about?

FCR Immobilien ('FCR') reported final H1 22 results which were in-line with prelims. announced earlier in July. Funds from operations (FFO) increased by a strong 35% yoy to EUR 5m, mainly the result of further expansion of the real estate portfolio (the number of properties increased to 103 vs. 99 at the end of 2021) but also the successful management of the existing portfolio. This positive development is also visible in further improvements in all relevant KPIs such as occupancy rate (93.1%, +100bp), WAULT of 5.5 years (from 5.4) as well as increased annualized net rent of EUR 30.1m vs. EUR 29.1m at the end of 2021. In our view, the H1 22 results therefore are providing a comfortable foundation to achieve or even overachieve AlsterResearch's 2022 forecasts. We therefore reiterate our BUY recommendation and PT of EUR 22.00.

BUY (BUY)

Target price	**EUR 22.00 (22.00)**
Current price	EUR 17.40
Up/downside	26.4%

ResearchHub

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FCR Immobilien AG

Germany | Real Estate | MCap EUR 169.9m | EV EUR 422.6m

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All relevant KPIs improved in H1; Solid foundation for FY22

Final H1 results set the stage for further growth. FCR reported final H1 22 results, confirming the prelim. strong set of figures already published in July. Main highlight once again was the steep increase in FFO, which grew by an impressive 35% yoy to EUR 5m. In fact, FCR managed to more than double its FFO within the last two years, mainly reflecting the very good operating performance (i.e. successful asset management of its existing properties), high level of management efficiency thanks to the use of its own management software as well as further expansion of the real estate portfolio (in H1 22 the number of properties increased by four to 103).

KPIs reflect positive development. In H1, FCR was able to also improve all relevant KPIs. Thanks to the portfolio additions, FCR's real estate portfolio reached a market value of EUR 417m (year end 2021: EUR 346m). At the same time, FCR managed to yet again increase the occupancy rate by another 100bp to 93.1% and to improve the average lease term (WAULT) from 5.4 years to 5.5. All this is likely to mirror the good quality of FCR's property portfolio but also reflects the highly visible and predictable (and thus low risk) future earnings stream. The ERPA-NAV hence also increased by some 10% yoy to EUR 128.3m or roughly EUR 13.15 per share.

Positive outlook reaffirmed. With an annualized net rent of EUR 30.1m, a well filled acquisition pipeline and another three properties which have already been purchased, but where the transfer of ownership (Nutzen-Lasten-Übergang) is still pending, the outlook for the remainder of the year and beyond remains positive. We thus see FCR on a good path to achieve our EUR 12.8m FFO forecast, which would then represent a >80% yoy increase.

BUY confirmed. Overall, we remain confident in the equity story of FCR and its positioning within the lucrative niche market of the German real estate market. In addition, the company is likely to remain an attractive dividend payer (current yield of 2%), which nicely adds to the favorable valuation. We therefore reiterate our BUY recommendation with unchanged PT of EUR 22.00.

FCR Immobilien AG	2019	2020	2021	2022E	2023E	2024E
Sales	49.7	38.9	52.5	35.5	43.1	48.1
Growth yoy	33.2%	-21.7%	34.9%	-32.3%	21.3%	11.4%
EBIT	18.1	14.4	18.5	23.6	29.6	33.0
FFO	-3.7	4.9	7.1	12.8	15.8	18.0
FFO-Margin	-19.5%	21.6%	29.4%	40.7%	40.4%	40.9%
Net profit	9.7	9.6	12.1	13.4	17.5	19.7
Net debt (net cash)	208.8	226.9	252.7	312.3	369.4	435.7
LTV	66.4%	69.7%	71.5%	69.1%	69.9%	71.6%
EPS recurring	1.07	1.05	1.25	1.38	1.80	2.02
FFOPS	-0.41	0.54	0.73	1.31	1.62	1.84
DPS	0.30	0.30	0.35	0.39	0.45	0.50
Dividend yield	1.7%	1.7%	2.0%	2.2%	2.6%	2.9%
FFO-yield	-2.3%	3.1%	4.2%	7.5%	9.3%	10.6%
EV/EBIT	20.9x	27.5x	22.8x	20.5x	18.2x	18.4x
P/E	16.3x	16.6x	13.9x	12.6x	9.7x	8.6x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks	18.60 / 12.20
Price/Book Ratio	1.6x

Ticker / Symbols

ISIN	DE000A1YC913
WKN	A1YC91
Bloomberg	FC9:GR

Changes in estimates

		Sales	EBIT	EPS
2022E	old	35,5	23,6	1,38
	Δ	0,0%	0,0%	0,0%
2023E	old	43,1	29,6	1,80
	Δ	0,0%	0,0%	0,0%
2024E	old	48,1	33,0	2,02
	Δ	0,0%	0,0%	0,0%

Key share data

Number of shares: (in m pcs)	9.76
Book value per share: (in EUR)	11.14
Ø trading volume: (12 months)	4,000

Major shareholders

RAT Asset & Trading AG	64.4%
FaMe Invest & Mgment GmbH	8.0%
Free Float	27.6%

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.

Strategy remains intact Especially by executing on further acquisitions, we believe that FCR's strategy still remains intact. The company aims to profitably grow in the niche market for retail properties in established secondary locations in Germany. Limited competition and in-depth market know-how allows for attractive (initial) yields in the range of 8-12%. Consequently, FCR is set to continue showing disproportionate FFO growth in the coming years. Considering FCR's typical financing structure of 80% debt / 20% equity, FCR should be able to stem acquisitions worth c. EUR 100m without tapping additional financing sources.

Recent transactions overview

Date	Purchase / Disposal	Type	Location	Anchor tenant	net rent in EUR K	Leasable area in sqm	WAULT Years	Purchase price EURm	Rent per sqm / month
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			
21.10.20	P	Shopping centre	Eilenburg	Kaufland und toom Baumarkt	800	15.000	8,7	10	4,44
27.10.20	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
30.10.20	P	Retail	Ludwigslust	toom Baumarkt	435	7.600		3,8	4,77
3.11.20	D	Specialty retail	Oer-Erkenschwick, NRW	Buschkamp-Center		6.200			0,00
6.11.20	D	Specialty retail	Magdeburg			2.800			0,00
17.11.20	P	Specialty retail	Pulsnitz, Sachsen	Hammer und Pfennigpfeiffer	173	3.300		1,51	4,37
8.12.20	D	Specialty retail	Pößneck, Thüringen	NKD, vongut		7.600			0,00
9.4.21	P	Specialty retail	Görlitz	Möbel Roller, toom Baumarkt	1600	28.000	6	21,5 (eAR)	4,76
30.4.21	P	Specialty retail	Bauzen, Dresden, Plauen	pitstop, Carglass, Dänisches B.		4.200			0,00
30.4.21	P	Specialty retail	Altenberg	Netto, lokaler Baumarkt	600	3.300		7 (eAR)	6,67
9.6.21	P	Specialty retail	Zollenroder	Pfennigpfeiffer	92	1.144	4,8	0,9 (eAR)	1,73
9.6.21	P	Retail	Eching		160	5.000	6,9	2.9 (eAR)	2,17
1.9.21	P	Specialty retail	Finsterwalde	EDEKA, Rossmann, Deichmann	500	5.000	4,3	5,3 (eAR)	8,33
10.11.21	P	Commercial building	Siegen	100% C&A	>1000	7.112	6,4	10,5 (eAR)	11,72
2.12.21	P	Shopping centre	Eisenach	Marktkauf, toom, TEDi, Woolworth	4000	26.000	0	30 (eAR)	12,82
17.12.21	D	Student home	Bamberg	Student houses		-	0	20	0,00
29.12.21	P	Specialty retail	Pforzheim	toom Baumarkt	0	5.600	11,7	2,8 (eAR)	3,00
11.1.22	P	Specialty retail	Lüchte, Bad Piermont	toom Baumarkt	460	6.400	2,1	4,8 (aAR)	6,00
11.1.22	P	Specialty retail	Zeithain	Hammer Fachmärkte	260	7.850	3,5	1,6 (eAR)	2,80
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		

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

Investment case in six Charts

Business Model

Specialised portfolio holder and developer for retail properties

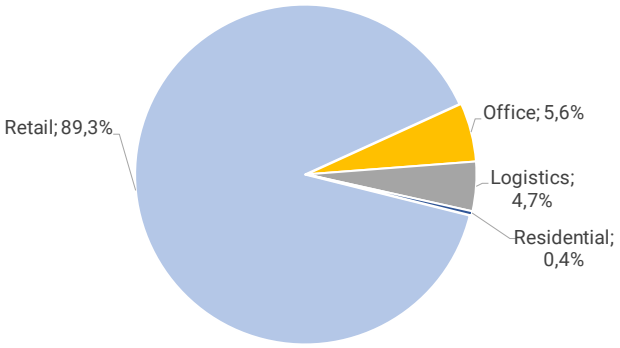
Focus on essential shopping and local supplies such as drug stores and supermarkets

Focus on secondary locations in Germany with highly creditworthy grocery stores as asanchor tenants

Selective, opportunistic sales of trading properties still complements business model

Growth strategy	Market
Consistent Market penetration (expansion market position)	Germany

Rental income as per asset class 2021



Major tenants

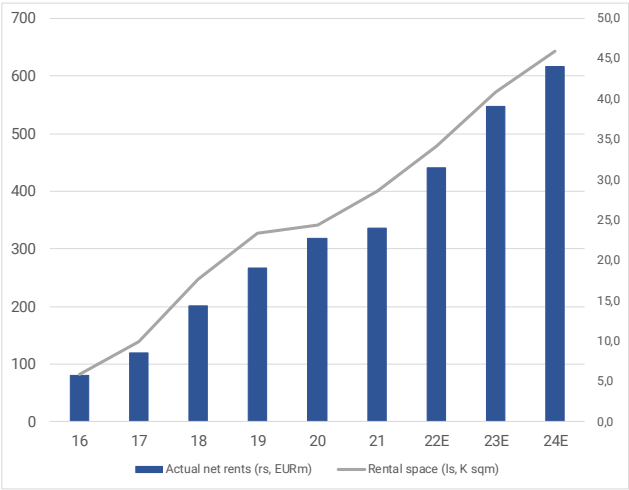
Food retail / grocery

PENNY, MARKTKAUF, EDEKA, NORMA, ROSSMANN, NP Partner der EDEKA, REWE, Netto Marken-Discount

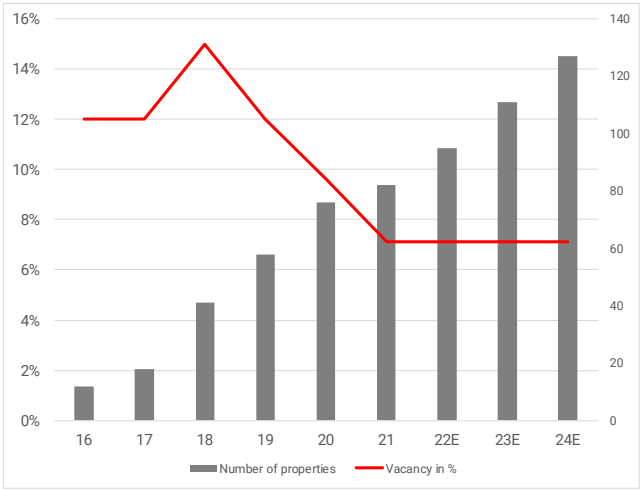
Specialty retail

INTERSPORT, TAKKO FASHION, DEICHMANN, OBI, ROLLER Clever einrichten!, kik TEXTIL-DISKONT

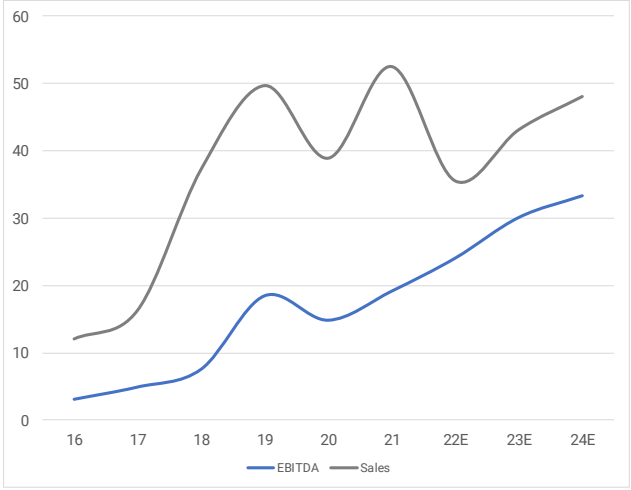
Rental Space and actual net rental income



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 degression effects through scalable business model
- AI-based software expertise
- Space reserves at the locations of the retail parks

Weaknesses

- Organizational structure still reflects the announced company size not sufficiently again (sole director)
- 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

- Corona crisis could massively dampen consumer spending nationwide
- Individual risk in key positions through strong focus on the founder
- Conditions imposed by local authorities that restrict use
- 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 22.39 per share**:

Top-line growth: We expect FCR Immobilien AG to continue benefitting from structural growth. Hence our growth estimates for 2022E-2029E is in the range of 11.0% p.a. 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. Unleverering 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)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	16.2	20.6	24.1	27.5	30.2	33.7	37.8	42.2	
Depreciation & amortization	0.5	0.5	0.3	0.0	0.0	0.0	0.0	0.0	
Change in working capital	9.2	0.2	1.0	-0.2	-0.2	-0.2	-0.2	-0.2	
Chg. in long-term provisions	-3.2	-3.6	-3.0	-3.2	-3.3	-4.1	-3.5	-3.5	
Capex	-86.0	-73.1	-79.9	-32.8	-24.8	-25.3	-9.3	-2.8	
Cash flow	-63.4	-55.3	-57.5	-8.7	1.9	4.1	24.8	35.7	598.3
Present value	-61.8	-49.9	-48.1	-6.7	1.3	2.7	15.2	20.3	338.3
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

DCF per share derived from	
Total present value	211.4
Mid-year adj. total present value	219.7
Net debt / cash at start of year	271.9
Financial assets	354.8
Provisions and off b/s debt	na
Equity value	302.6
No. of shares outstanding	13.4
Discounted cash flow / share	**22.53**
upside/(downside)	**29.5%**
Share price	**17.40**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2022E-2029E)	11.0%
Terminal value growth (2029E - infinity)	2.0%
Terminal year ROCE	13.7%
Terminal year WACC	8.1%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.00
Unlevered beta (industry or company)	1.00
Target debt / equity	0.5
Relevered beta	1.38
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.3%

Sensitivity analysis DCF

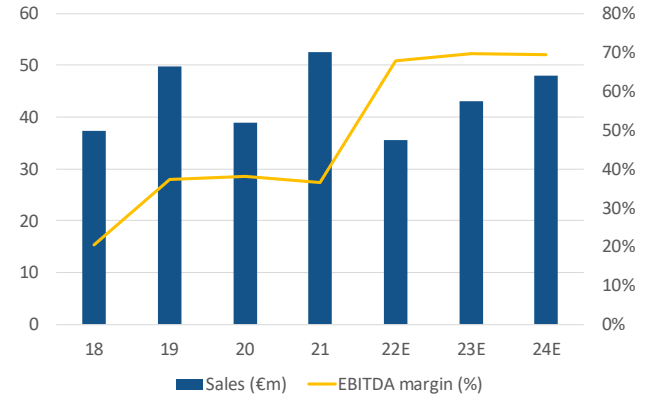
Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	11.5	12.5	13.6	14.8	16.2
1.0%	14.6	15.9	17.4	19.1	21.1
0.0%	18.6	20.4	22.5	25.0	28.0
-1.0%	24.1	26.7	29.8	33.6	38.4
-2.0%	31.8	35.8	40.8	47.3	55.8

Share of present value	
2022E-2025E	-78.8%
2026E-2029E	18.7%
terminal value	160.1%

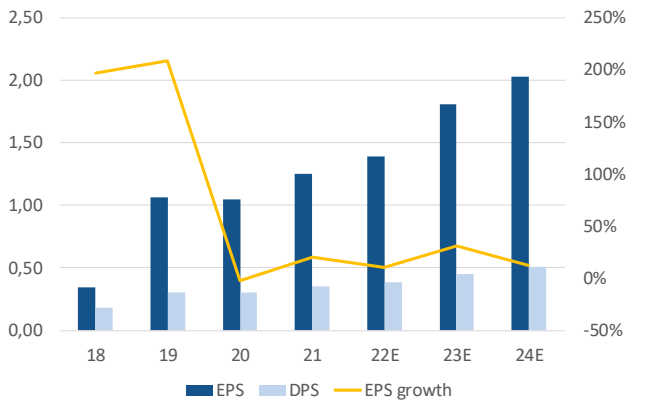
Source: AlsterResearch

Financials in six charts

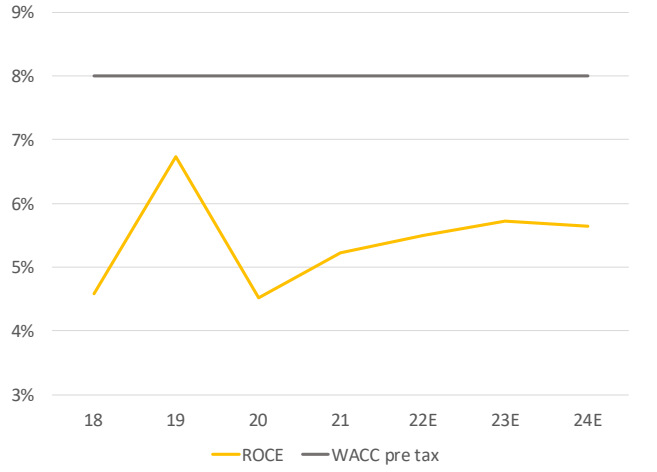
Sales vs. EBITDA margin development



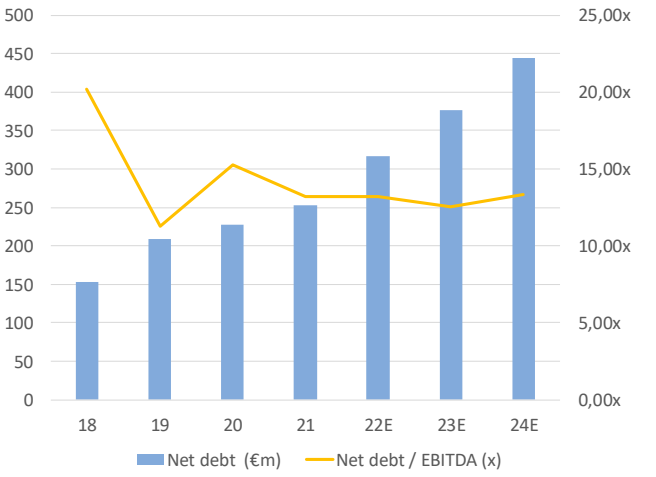
EPS, DPS in EUR & yoy EPS growth



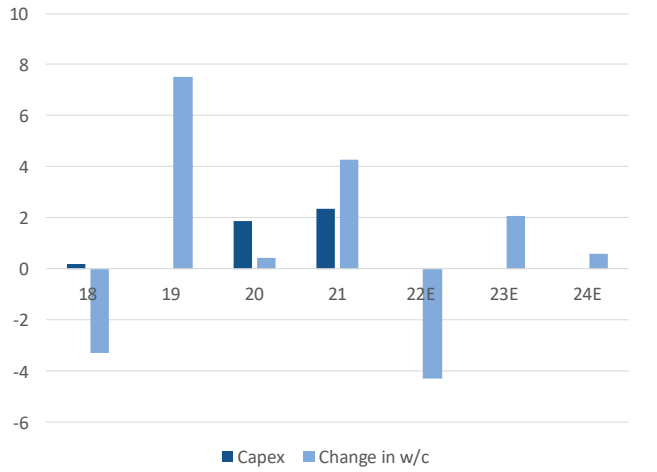
ROCE vs. WACC (pre tax)



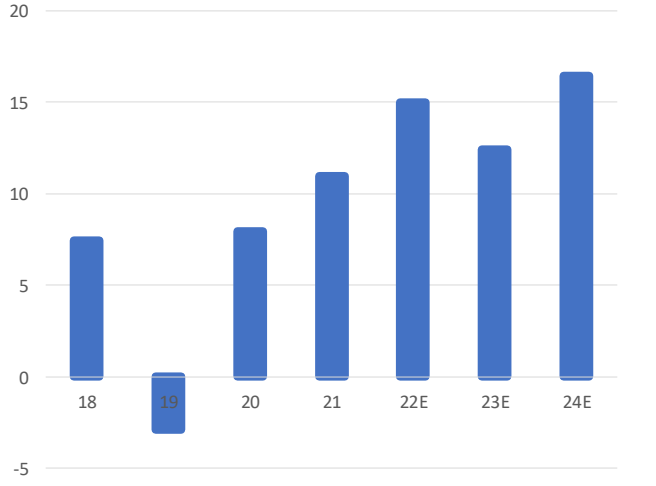
Net debt and net debt/EBITDA



Capex & chg in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

AlsterResearch

Financials

Profit and loss (EURm)	2019	2020	2021	2022E	2023E	2024E
Net sales	**49.7**	**38.9**	**52.5**	**35.5**	**43.1**	**48.1**
Sales growth	33.2%	-21.7%	34.9%	-32.3%	21.3%	11.4%
Change in finished goods and work-in-process	0.5	3.2	2.6	0.4	0.2	0.0
Total sales	**50.1**	**42.1**	**55.1**	**35.9**	**43.3**	**48.1**
Change in the value of investment property	13.7	0.8	4.8	3.1	3.6	3.0
Expenses from financial investments held real estate	27.9	10.9	24.4	0.0	0.0	0.0
Personnel expenses	10.9	12.5	11.9	10.0	11.6	12.2
Material expenses and other opex	10.9	12.5	11.9	10.0	11.6	12.2
Total operating expenses	31.7	27.3	35.9	11.8	13.3	14.8
EBITDA	**18.5**	**14.8**	**19.2**	**24.1**	**30.1**	**33.3**
Depreciation	0.4	0.4	0.6	0.5	0.5	0.3
EBITA	18.1	14.4	18.5	23.6	29.6	33.0
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	**18.1**	**14.4**	**18.5**	**23.6**	**29.6**	**33.0**
Financial result	-6.2	-6.7	-6.6	-7.2	-8.2	-9.0
Recurring pretax income from continuing operations	11.9	7.7	11.9	16.4	21.4	24.0
Extraordinary income/loss	0.0	3.8	3.0	0.0	0.0	0.0
Earnings before taxes	11.9	11.5	14.9	16.4	21.4	24.0
Taxes	2.2	1.9	2.7	2.9	3.8	4.3
Net income from continuing operations	9.7	9.6	12.1	13.4	17.5	19.7
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**9.7**	**9.6**	**12.1**	**13.4**	**17.5**	**19.7**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	9.7	9.6	12.1	13.4	17.5	19.7
Average number of shares	9.15	9.15	9.69	9.76	9.76	9.76
EPS reported	**1.07**	**1.05**	**1.25**	**1.38**	**1.80**	**2.02**

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
Net sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Change in finished goods and work-in-process	1%	8%	5%	1%	1%	0%
Total sales	**101%**	**108%**	**105%**	**101%**	**101%**	**100%**
Change in the value of investment property	28%	2%	9%	9%	8%	6%
Expenses from financial investments held real estate	56%	28%	46%	0%	0%	0%
Personnel expenses	22%	32%	23%	28%	27%	25%
Material expenses and other opex	22%	32%	23%	28%	27%	25%
Total operating expenses	64%	70%	68%	33%	31%	31%
EBITDA	**37%**	**38%**	**36%**	**68%**	**70%**	**69%**
Depreciation	1%	1%	1%	1%	1%	1%
EBITA	36%	37%	35%	66%	69%	69%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
Impairment charges	0%	0%	0%	0%	0%	0%
EBIT	**36%**	**37%**	**35%**	**66%**	**69%**	**69%**
Financial result	-12%	-17%	-13%	-20%	-19%	-19%
Recurring pretax income from continuing operations	24%	20%	23%	46%	50%	50%
Extraordinary income/loss	0%	10%	6%	0%	0%	0%
Earnings before taxes	24%	30%	28%	46%	50%	50%
Taxes	4%	5%	5%	8%	9%	9%
Net income from continuing operations	20%	25%	23%	38%	41%	41%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**20%**	**25%**	**23%**	**38%**	**41%**	**41%**
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	**20%**	**25%**	**23%**	**38%**	**41%**	**41%**

Source: Company data; AlsterResearch

Balance sheet (EURm)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (exl. Goodwill)	0.2	1.5	2.3	2.3	2.3	2.3
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.8	0.8	1.8	1.3	0.8	0.5
Financial assets	299.2	320.5	354.8	444.0	520.7	603.6
FIXED ASSETS	**300.2**	**322.8**	**358.9**	**447.6**	**523.8**	**606.4**
Inventories	1.9	4.2	2.4	2.2	2.5	2.7
Accounts receivable	9.7	5.2	16.6	4.9	4.7	3.7
Other current assets	4.8	7.6	5.5	5.5	5.5	5.5
Liquid assets	10.1	8.7	18.7	37.7	40.6	14.3
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.3	0.1	0.1	0.1	0.1	0.1
CURRENT ASSETS	**26.8**	**25.8**	**43.3**	**50.3**	**53.4**	**26.2**
TOTAL ASSETS	**327.0**	**348.7**	**402.2**	**497.9**	**577.2**	**632.6**
SHAREHOLDERS EQUITY	**85.6**	**92.4**	**108.0**	**128.0**	**146.8**	**162.1**
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	211.5	211.1	259.6	350.0	410.0	450.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	3.3	1.4	0.5	0.4	0.4	0.5
Non-current liabilities	**214.8**	**212.6**	**260.0**	**350.4**	**410.4**	**450.5**
short-term liabilities to banks	7.4	24.5	11.8	0.0	0.0	0.0
Accounts payable	2.2	1.5	2.9	0.9	1.0	1.0
Advance payments received on orders	0.2	0.1	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	2.3	2.0	1.9	1.2	1.5	1.6
Deferred taxes	14.4	15.6	17.4	17.4	17.4	17.4
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	**26.5**	**43.7**	**34.2**	**19.5**	**19.9**	**20.1**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**327.0**	**348.7**	**402.2**	**497.9**	**577.2**	**632.6**

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	**0%**	**0%**	**1%**	**0%**	**0%**	**0%**
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	91%	92%	88%	89%	90%	95%
FIXED ASSETS	**92%**	**93%**	**89%**	**90%**	**91%**	**96%**
Inventories	1%	1%	1%	0%	0%	0%
Accounts receivable	3%	1%	4%	1%	1%	1%
Other current assets	1%	2%	1%	1%	1%	1%
Liquid assets	3%	3%	5%	8%	7%	2%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	**8%**	**7%**	**11%**	**10%**	**9%**	**4%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**26%**	**27%**	**27%**	**26%**	**25%**	**26%**
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	65%	61%	65%	70%	71%	71%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	1%	0%	0%	0%	0%	0%
Non-current liabilities	**66%**	**61%**	**65%**	**70%**	**71%**	**71%**
short-term liabilities to banks	2%	7%	3%	0%	0%	0%
Accounts payable	1%	0%	1%	0%	0%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	1%	1%	0%	0%	0%	0%
Deferred taxes	4%	4%	4%	3%	3%	3%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	**8%**	**13%**	**8%**	**4%**	**3%**	**3%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	9.8	9.6	12.1	13.4	17.5	19.7
Depreciation of fixed assets (incl. leases)	0.4	0.4	0.6	0.5	0.5	0.3
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	-5.5	0.3	4.8	-3.2	-3.6	-3.0
Cash flow from operations before changes in w/c	4.6	10.3	17.6	10.7	14.5	17.0
Increase/decrease in inventory	0.0	-2.4	1.8	0.3	-0.4	-0.1
Increase/decrease in accounts receivable	0.0	4.5	-11.4	11.7	0.1	1.0
Increase/decrease in accounts payable	0.0	-0.7	1.5	-2.1	0.1	0.0
Increase/decrease in other w/c positions	-7.5	-1.9	3.9	-0.7	0.2	0.1
Increase/decrease in working capital	-7.5	-0.4	-4.3	9.2	0.2	1.0
Cash flow from operating activities	**-2.9**	**9.8**	**13.3**	**19.9**	**14.6**	**18.0**
CAPEX	0.0	-1.9	-2.3	0.0	0.0	0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-56.0	-17.6	-39.9	-86.0	-73.1	-79.9
Income from asset disposals	0.0	-1.4	1.0	10.0	5.0	0.0
Cash flow from investing activities	**-56.0**	**-20.9**	**-41.3**	**-76.0**	**-68.1**	**-79.9**
Cash flow before financing	-58.9	-11.0	-28.0	-56.2	-53.4	-61.9
Increase/decrease in debt position	64.6	16.7	35.8	78.6	60.0	40.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	6.4	0.0	6.7	0.0	0.0	0.0
Dividends paid	-1.5	-2.7	-2.9	-3.4	-3.8	-4.4
Others	-3.7	-6.0	-2.3	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	**65.7**	**7.9**	**37.2**	**75.2**	**56.2**	**35.6**
Increase/decrease in liquid assets	6.9	-3.1	9.2	19.0	2.8	-26.3
Liquid assets at end of period	**9.1**	**5.6**	**14.8**	**33.9**	**36.7**	**10.4**

Source: Company data; AlsterResearch

Real estate ratios in EURm	2019	2020	2021	2022E	2023E	2024E
Number of properties	76	83	95	111	127	143
Rental space	327,000	342,000	400,000	477,300	571,500	643,500
Actual net rents	19.1	22.7	24.1	31.5	39.1	44.0
FFO	-3.7	4.9	7.1	12.8	15.8	18.0
FFO margin	-19.5%	21.6%	29.4%	40.7%	40.4%	40.9%
FFOPS	-0.41	0.54	0.73	1.31	1.62	1.84
Potential net rents	22.2	21.7	29.1	29.7	na	na
Letting quota	88.0%	90.4%	92.9%	92.9%	92.9%	92.9%
Market value	299.0	314.5	346.0	444.0	520.7	600.6
ACTUAL net rental returns	6.4%	7.2%	7.0%	7.1%	7.5%	7.3%
WAULT	4.4	5.1	5.4	5.5	5.6	5.6
NAV	10.9	11.7	12.5	14.9	16.8	18.4
LTV	66.4%	69.7%	71.5%	69.1%	69.9%	71.6%

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
Per share data						
Earnings per share reported	1.07	1.05	1.25	1.38	1.80	2.02
Cash flow per share	-0.35	1.03	1.31	1.98	1.45	1.81
Book value per share	9.36	10.11	11.14	13.12	15.04	16.61
Dividend per share	0.30	0.30	0.35	0.39	0.45	0.50
Valuation						
P/E	16.3x	16.6x	13.9x	12.6x	9.7x	8.6x
P/CF	-49.2x	16.9x	13.3x	8.8x	12.0x	9.6x
P/BV	1.9x	1.7x	1.6x	1.3x	1.2x	1.0x
Dividend yield (%)	1.7%	1.7%	2.0%	2.2%	2.6%	2.9%
FCF yield (%)	-2.0%	5.9%	7.5%	11.4%	8.3%	10.4%
EV/Sales	7.6x	10.2x	8.0x	13.6x	12.5x	12.6x
EV/EBITDA	20.5x	26.7x	22.1x	20.0x	17.9x	18.2x
EV/EBIT	20.9x	27.5x	22.8x	20.5x	18.2x	18.4x
Income statement (EURm)						
Sales	49.7	38.9	52.5	35.5	43.1	48.1
yoy chg in %	33.2%	-21.7%	34.9%	-32.3%	21.3%	11.4%
Gross profit	27.9	10.9	24.4	0.0	0.0	0.0
Gross margin in %	56.1%	28.0%	46.5%	0.0%	0.0%	0.0%
EBITDA	18.5	14.8	19.2	24.1	30.1	33.3
EBITDA margin in %	37.2%	38.1%	36.5%	67.7%	69.8%	69.3%
EBIT	18.1	14.4	18.5	23.6	29.6	33.0
EBIT margin in %	36.5%	37.1%	35.3%	66.3%	68.6%	68.7%
Net profit	9.7	9.6	12.1	13.4	17.5	19.7
Cash flow statement (EURm)						
CF from operations	-2.9	9.8	13.3	19.9	14.6	18.0
Capex	0.0	-1.9	-2.3	0.0	0.0	0.0
Maintenance Capex	0.4	0.4	0.6	0.5	0.5	0.3
Free cash flow	-2.9	8.0	10.9	19.9	14.6	18.0
Balance sheet (EURm)						
Intangible assets	0.2	1.5	2.3	2.3	2.3	2.3
Tangible assets	0.8	0.8	1.8	1.3	0.8	0.5
Shareholders' equity	85.6	92.4	108.0	128.0	146.8	162.1
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	222.3	237.1	271.9	350.4	410.4	450.5
Net financial debt	208.8	226.9	252.7	312.3	369.4	435.7
w/c requirements	9.2	7.8	16.0	6.2	6.3	5.3
Ratios						
ROE	11.4%	10.3%	11.2%	10.5%	11.9%	12.1%
ROCE	5.9%	4.4%	4.9%	4.9%	5.3%	5.4%
Net gearing	243.9%	245.5%	234.0%	243.9%	251.6%	268.8%
Net debt / EBITDA	11.3x	15.3x	13.2x	13.0x	12.3x	13.1x

Source: Company data; AlsterResearch

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