

01 December 2021

Commissioned research: Cibus – Targets to double property portfolio by the end of 2023

Marketing material commissioned by Cibus

Cibus today announced that it has strong transaction flow for potential acquisitions in the Nordic market and therefore updates its growth targets in the short to medium term. By the end of 2023, Cibus estimates that the portfolio should have doubled in size from the current level (Q3 2021: EUR 1.336m) and that the company will also then meet the criteria for an investment grade (IG) credit rating. Cibus has clearly exceeded the growth target of EUR 50-100m per year; in 2020 it acquired properties for EUR 369m and so far in 2021, it has announced M&A of EUR 212m in total. Following an assessment of the company's strong transaction flow with regard to potential acquisitions throughout the Nordic region, and given its strong financial position, the growth targets are being revised upwards. According to the management's and the Board's assessment, Cibus will be able to double the property value of its portfolio to EUR 2.5-3.0bn by the end of 2023, and then also meeting the criteria for an IG rating. The policy of raising dividends 5% annually remains. The IG rating would allow for an average interest rate of clearly below the current ~2.7%, we believe. The growth targets are ambitious and will require an equity component of either shares or hybrids. Assuming an unchanged LTV of 60%, the equity need (equity or hybrids) would be EUR 400-600m in order to make acquisitions of EUR 1.0-1.5bn until end-2023. Trading at a ~90% EPRA NRV premium (with a high 5.7% estimated average valuation yield) makes equity-based expansion both EPS and EPRA NRV enhancing. We view the revised growth targets as ambitious but realistic given that Cibus can acquire assets at an estimated 6+% yield and the shares trade at an implied yield of 4.2%. This puts Cibus in a more favourable position compared to its unlisted peers.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021E	2022E	2023E
Total revenue	29	60	74	93	101	104
NOI margin	81.0%	80.8%	82.5%	81.4%	84.7%	85.0%
EPS (adj, EUR)	0.40	0.88	0.92	1.12	1.23	1.28
EPS (adj) growth	n.a.	120.2%	5.0%	22.1%	9.4%	3.9%
P/E (adj)	25.4	15.9	18.1	21.7	19.8	19.1
DPS, EUR	0.84	0.89	0.94	0.99	1.04	1.10
NAV per share	11	11	11	12	14	16
NAV growth	n.a.	1.9%	2.6%	11.5%	13.1%	12.4%
NOI/EV (adj)	3.0%	5.1%	4.2%	4.0%	4.5%	4.7%
P/NAV	94.8%	128.0%	149.3%	195.9%	173.2%	154.1%
P/EPRA NAV	92.9%	124.7%	145.9%	191.2%	169.1%	156.0%
Dividend yield	8.3%	6.4%	5.7%	4.1%	4.3%	4.5%
Loan-to-value (net debt)	56.4%	58.7%	61.3%	60.6%	59.3%	57.7%
Net debt/EBITDA(adj)	21.9	11.9	14.3	12.9	11.2	10.7

Source: Company data and Nordea estimates

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