

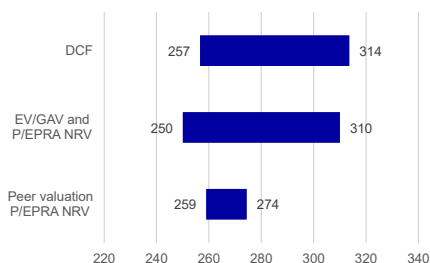
KEY DATA

Stock country	Sweden
Bloomberg	CIBUS.SS
Reuters	CIBUS.ST
Share price (close)	SEK 260.2
Free Float	100%
Market cap. (bn)	EUR 1.08/SEK 11.45
Website	www.cibusnordic.com
Next report date	24 Feb 2022

PERFORMANCE



VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	0%	0%	0%
EBIT (adj)	0%	0%	0%

Source: Nordea estimates

Nordea Markets - Analysts

Svante Krokfors
DirectorDavid Flemmich
Senior Analyst, Sector Coordinator

All set for value-enhancing acquisitions

Cibus will report its Q4 results on 24 February. We expect net operating income (NOI) of EUR 20.0m, up 3% q/q and 20% y/y, owing to acquisitions conducted in the past year. We look for income from property management (IFPM) of EUR 13.1m, up 5% q/q and up 41% y/y. We expect a dividend proposal of EUR 0.99 per share. Cibus is trading at a ~100% premium to Q3 2021E EPRA NRV. It has become an attractive real estate compounder within Nordic real estate. At the end of 2021, the company announced a target to double its portfolio size by the end of 2023. We lower our fair value range to SEK 250-310 (270-330), based on a combination of P/EPRA NRV, peer group and DCF valuations. The decrease is driven by a lower valuation for Cibus's compounder peers, and the fair value range implies a 2023E P/EPRA NRV of 1.48-1.83x (including dividends).

Infrastructure-like daily goods assets ensure a stable dividend

Cibus owns grocery- and daily-goods-anchored real estate in the Nordics. We find the threat from e-commerce limited, as Nordic population density is low and the grocery market has oligopolistic features. Existing grocery retailers also have countrywide store networks from which to meet rising online grocery demand. The company's rental income is stable and earnings growth has been supported by the successful refinancing of bank loans and bonds. Cibus has become one of the most attractive real estate compounders in the Nordics; its optimally structured balance sheet ensures high and growing dividends and it is well positioned to grow through M&A.

Significant EPS and dividend upside from M&A and IG rating

Our M&A scenario assumes that the portfolio will double in size by the end of 2023. We find 34% upside to our current EPS estimates and 54% assuming Cibus receives an investment grade (IG) rating. The dividend capacity in these scenarios would be around EUR 1.5 per share.

Fair value range trimmed to SEK 250-310 per share

We trim our fair value range to SEK 250-310 (270-330) per share, based on a combination of peer group, P/EPRA NRV and DCF valuations. The range is lower due to a decline in the valuation multiples of Cibus's compounder peers. Our fair value corresponds to a 2023E adjusted P/E of 18.1-22.5x, a P/EPRA NRV of 1.48-1.83x (including dividends), and a 2022E dividend yield of 3.8-4.7%. Its stable and growing dividend with a high and sustainable yield should offer downside protection. Trading at a ~100% premium to EPRA NRV implies a ~40% asset premium and an implied yield of ~4.1%.

SUMMARY TABLE - KEY FIGURES

EURm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	n.a.	29	60	74	93	102	107
NOI margin	n.a.	81.0%	80.8%	82.5%	81.4%	84.8%	85.3%
EPS (adj, EUR)	n.a.	0.40	0.88	0.92	1.13	1.21	1.30
EPS (adj) growth	n.a.	n.a.	120.2%	5.0%	23.3%	6.8%	7.2%
P/E (adj)	n.a.	25.4	15.9	18.1	21.6	20.2	18.8
DPS, EUR	0.00	0.84	0.89	0.94	0.99	1.04	1.10
NAV per share	0	11	11	11	13	14	16
NAV growth	n.a.	n.a.	1.9%	-2.1%	21.9%	11.1%	11.0%
NOI/EV (adj)	n.a.	3.0%	5.1%	4.2%	3.9%	4.4%	4.7%
P/NAV	n.a.	94.8%	128.0%	156.5%	188.7%	169.9%	153.1%
P/EPRA NAV	n.a.	92.9%	124.7%	152.9%	184.6%	166.3%	153.8%
Dividend yield	n.a.	8.3%	6.4%	5.7%	4.1%	4.3%	4.5%
Loan-to-value (adj)	n.m.	56.4%	58.7%	61.3%	57.7%	57.6%	56.3%
Net debt/EBITDA(adj)	n.m.	21.9	11.9	14.3	12.3	11.0	10.3

Source: Company data and Nordea estimates

Revisions and consensus

ESTIMATE REVISIONS

EURm	New estimates			Old estimates			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Rental income	80.4	92.0	97.0	80.4	92.0	97.0	0%	0%	0%
Net operating income	76.0	86.5	91.3	76.0	86.5	91.3	0%	0%	0%
Profit from property mgmt	47.3	57.4	62.1	48.8	58.4	63.1	-3%	-2%	-2%
Adj. EPS	1.13	1.21	1.30	1.17	1.23	1.32	-3%	-2%	-2%
DPS	0.99	1.04	1.10	0.99	1.04	1.10	0%	0%	0%

Source: Company data and Nordea estimates

OUR ESTIMATES AND CONSENSUS

EURm	Nordea estimates				Consensus estimates				Difference %			
	Q4 21E	2021E	2022E	2023E	Q4 21E	2021E	2022E	2023E	Q4 21E	2021E	2022E	2023E
Rental income	20.9	80.4	92.0	97.0	20.9	80.4	91.8	96.7	0%	0%	0%	0%
Net operating income	20.0	76.0	86.5	91.3	19.7	75.6	85.5	90.6	2%	0%	1%	1%
Profit from property mgmt	13.1	47.3	57.4	62.1	12.9	47.8	54.6	58.7	2%	-1%	5%	6%
EPS	0.30	1.11	1.30	1.39	0.31	1.19	1.47	1.53	-4%	-6%	-12%	-9%
DPS		0.99	1.04	1.10		0.98	1.03	1.09		1%	1%	1%

Source: Infront, company data and Nordea estimates

Factors to consider when investing in Cibus

Cibus is a Nordic real estate company focusing on grocery and daily goods retail assets. Unlike its retail real estate peers, which focus mainly on shopping centres, Cibus is less vulnerable to macroeconomic fluctuations and e-commerce competition. Its portfolio is diversified, featuring 401 properties with a broad geographical spread across Finland, Sweden and Norway. In Q4 2021, Cibus entered Norway in October, acquired 72 properties in Finland from Sagax (closed in November) and acquired another six properties in Finland, ten in Norway and three in Sweden. The company also signed agreements in 2021 for eight properties that will close during 2022, bringing the property count up to 409 versus 310 as of the Q3 2021 report. In our view, stable cash flows from solid daily goods tenants, good financial leverage and a high payout ratio make Cibus an attractive proposition for investors who want a high and predictable dividend distributed on a monthly basis.

The second-largest Nordic player in a segment dominated by pension funds

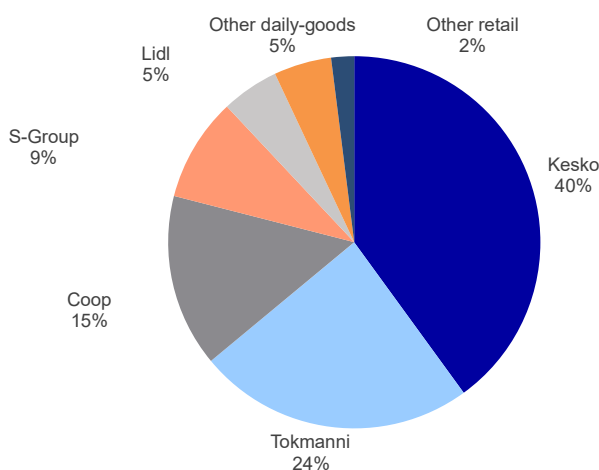
Cibus is a leading owner of Nordic daily goods properties

Cibus has established a strong presence in the Nordic real estate sector with its focus on properties anchored by grocery and daily goods merchants. Its portfolio consists of Finnish, Swedish and Norwegian assets. In a segment dominated by Swedish and Finnish pension funds, Cibus has rapidly become the second-largest Nordic investor in the field, with a property value of EUR ~1.5bn, following its recent acquisitions, second only to Trophi Fastighets AB, with a Q3 2021 property value of EUR ~1.6bn.

Highly diversified property portfolio with a market value of EUR ~1.5bn

Cibus targets stable cash flow from established grocery and daily goods tenants. Combined with its balanced use of leverage, this results in a company with high dividend capacity. Including transactions to be closed in 2022, the portfolio will reach 409 properties with a lettable area of ~881,000 m² and a market value of EUR ~1.5bn after the announced acquisitions. The portfolio is diversified, with no single property accounting for more than 2.5% of the rental income. On an individual basis, more than 70% of Cibus' properties account for less than 1% of total rental income.

RENTAL INCOME PER TENANT AS OF SEPTEMBER 2021



Source: Company data

The largest grocery and daily goods players in Finland and Sweden are Cibus's anchor tenants

Over 90% of rental income comes from properties where Kesko, Tokmanni, Coop, S-Group or Lidl are the anchor tenants. The portfolio is diversified in terms of property type, including supermarkets, discount stores, hypermarkets, smaller markets and other retail assets.

Minimal dependence on macroeconomic factors	Grocery and daily goods tenants are resilient Grocery and daily goods sales, for obvious reasons, have been highly resilient to macroeconomic swings.
Grocery and daily goods sales are less affected by e-commerce	In recent years, retail real estate has fallen out of favour among investors, mainly due to fears about the impact of e-commerce on demand for physical stores in fashion, consumer electronics, etc. Online sales of groceries and daily goods have increased in recent years, albeit from a low level. In countries and areas with low population density, however, we believe it is especially difficult to make online ordering and home delivery for grocery and daily goods profitable.
Barriers to entry are high for players focusing purely on online grocery operations	We find this true for the Nordic region, where population density is low outside the largest cities. In Sweden and Finland, the grocery market is concentrated among a few players, which might lower the barriers to entry for pure online players, as the traditional players are not keen to invest in large-scale grocery online offerings and services. Traditional grocery and daily goods players, however, have the infrastructure in place to respond quickly if e-commerce competition intensifies. One advantage for Kesko and S-Group in Finland and Coop in Sweden is that same-day local pickup is already provided by existing grocery players with countrywide store coverage.
In the near term, we expect a limited earnings boost from a lower cost of debt	Cibus has refinanced both bank loans and bonds Cibus operates with an appropriate level of debt considering its stable cash flow profile, in our view. Net LTV was 60.1% at the end of Q3 2021, and we estimate the weighted average total cost of debt was roughly 2.5%. Cibus refinanced one of its three loan facilities at the end of 2018 and the other two during H1 2019. All refinancing rounds resulted in longer debt maturity and lower interest rates, partly explained by the fact that all initial loan facilities were negotiated before Cibus' IPO. The bank financing has an average interest rate of 1.7% plus three-month Euribor (with floor). The EUR 135m bond that would have matured in 2021 was refinanced at an unchanged coupon of 4.5%. In conjunction with the EUR 102m acquisition in Q4 2020, Cibus established a new senior loan facility. Gross debt was EUR 842m at the end of Q3 2021, with bank debt of EUR 648m and bonds totalling EUR 194m.
EUR 30m hybrid bond issued in June 2021	On 17 June 2021, Cibus announced that it had successfully issued EUR 30m of hybrid bonds, with the first call date on 24 September 2026. The hybrid bond has an interest rate of three-month Euribor plus 475 bp.

COST OF DEBT FORECASTS

	30 Sep 2018		5 Nov 2018		31 Dec 2018		31 Dec 2019		Coop acquisition		Latest estimated	
	EURm	Cost (%)	EURm	Cost (%)	EURm	Cost (%)	EURm	Cost (%)	EURm	Cost (%)	EURm	Cost (%)
Bank loans	324	2.3 %	354	2.1 %	354	2.1 %	403	2.0 %	551	2.1 %	698	2.0 %
Bond	135	4.5 %	135	4.5 %	135	4.5 %	135	4.5 %	193	4.6 %	194	4.6 %
Group total	459	3.0 %	489	2.8 %	489	2.8 %	538	2.6 %	744	2.7 %	892	2.5 %
Debt cost/year	-13.6		-13.6		-13.6		-14.1		-20.4		-22.4	

Source: Company data and Nordea estimates

Cibus now intends to grow its portfolio to EUR 2.5-3bn by the end of 2023...	Aiming to double its portfolio by 2023 On 1 December 2021, Cibus announced a strong transaction flow for potential acquisitions and therefore updated its growth targets in the short to medium term. The company now estimates that the portfolio should double by the end of 2023 to EUR 2.5-3bn from EUR 1,336m as of Q3 2021. Earlier, Cibus had raised its acquisition target from EUR 50m to EUR 50-100m annually, while it carried out acquisitions of EUR 369m in 2020 and EUR 257m in 2021.
...implying annual acquisitions of EUR 500-750m	The new target implies acquisitions of EUR 1-1.5bn for 2022-23, i.e. EUR 500-750m annually. This seems ambitious, in our view – materially higher than the EUR 257-369m acquisitions in 2020-21. We do not have visibility into the transaction market to verify the availability of acquisition targets. We note that the acquisitions could be a combination of smaller transactions and larger portfolio transactions.
Trading at a substantial EPRA NRV premium, Cibus has a clear advantage over institutional investors	The new growth targets imply significant additional equity needs for 2022-23. Assuming Cibus keeps its LTV around 60%, the equity need for the coming two years would be EUR 400-600m. Trading at a ~100% premium to Q3 2021 EPRA NRV makes equity-based M&A financing highly attractive, as equity issuance above EPRA NRV in itself increases the EPRA NRV. Cibus is currently trading at an implied yield of ~4.1%, which in our view implies that it can outbid competition in many potential larger

portfolio transactions. Most competitors are Nordic institutions that have the disadvantage of not being able to use equity priced in the market at a premium. On the other hand, if the institutions' ROE requirement is below 4.1%, they might be able to pay similar prices.

Assumptions for M&A scenario analysis

The table below illustrates a simple scenario analysis where we assume that Cibus can grow its portfolio to EUR 2.75bn by the end of 2023, i.e. to the midpoint of the targeted EUR 2.5-3bn range. We make the following assumptions:

- Cibus will acquire properties valued at EUR 1,414m between Q3 2021 and 2023, taking the portfolio size to EUR 2.75bn by the end of 2023.
- The net yield assumption for acquisitions is 5.5%, which might be conservative when it comes to smaller acquisitions and optimistic for larger portfolio acquisitions.
- All acquisitions will be financed with a 60% LTV. As a consequence, gross debt would increase to EUR 1,690m at the end of 2023.
- EUR 558m of new equity would be issued. We assume equity to be issued at SEK 260 per share, i.e. the current share price. This would increase the share count from 40 million at the end of Q3 2021 to 63 million by the end of 2023.
- Central administration costs would increase by 50% to EUR 7.9m in 2023 from EUR 5.3m annually as of Q3 2021.
- In our 2023 scenario, we assume the average cost of debt to be ~2.6%, as presented in the Q3 earnings capacity calculations disclosed by the company.
- In the IG 2023 scenario, we assume Cibus will achieve an IG rating, disclosed as a target for the company. In our IG 2023 scenario, we assume the average cost of debt will decline to 1.8%. We believe it is unlikely that the IG rating will be achieved during 2023 but find it relevant to present the impact from an IG rating on cost of debt. We believe it is realistic to assume an IG rating during 2024.
- In calculating taxes on operations, we assume a 6% tax rate on income from property management. This is used to calculate the cash EPS.

M&A SCENARIO

EURm	Q3 2021	Add M&A	2023E	IG 2023E
Property value	1,336	1,414	2,750	2,750
Gross debt	842	848	1,690	1,690
Cash and cash equivalents	39		39	39
Net debt	803	848	1,652	1,652
Net LTV (%)	60.1%		60.1%	60.1%
Number of shares (m)	40	23	63	63
New shares issued at (SEK)		260		
Equity issued		558		
EPRA NRV	497	558	1,054	1,054
EPRA NRV per share (SEK)	126.0		178.6	178.6
Rental income	81.5	83.1	164.6	164.6
Property expenses	-5.2	-5.3	-10.6	-10.6
Net operating income	76.3	77.8	154.0	154.0
Central administration	-5.3	-2.6	-7.9	-7.9
Net financial expenses	-22.4	-22.6	-45.0	-30.4
Income from property management (IFPM)	48.5	52.5	101.1	115.7
Expenses, hybrid bond	-1.3		-1.3	-1.3
IFPM including hybrid bond	47.3	52.5	99.8	114.4
IFPM including hybrid bond per share (EUR)	1.18		1.59	1.82
Cash earnings per share after 6% tax (EUR)	1.11		1.49	1.71

Source: Company data and Nordea estimates

EPRA NRV up 42% based solely on new share issuance...

EPRA NRV would increase to SEK 179 per share from SEK 126 per share based solely on the new equity (EUR 558m) raised at a premium to EPRA NRV.

...while IFPM per share would increase by 34-54%

As presented in the scenario analysis above, we assume IFPM, including the impact from the hybrid bond, would increase by 34%, from EUR 1.18 per share to EUR 1.59. In our IG 2023 scenario, IFPM would increase by 54%, up to EUR 1.71 per share.

Based on the current share price, cash earnings multiples would decline to 14.5-16.6x in our scenario analysis

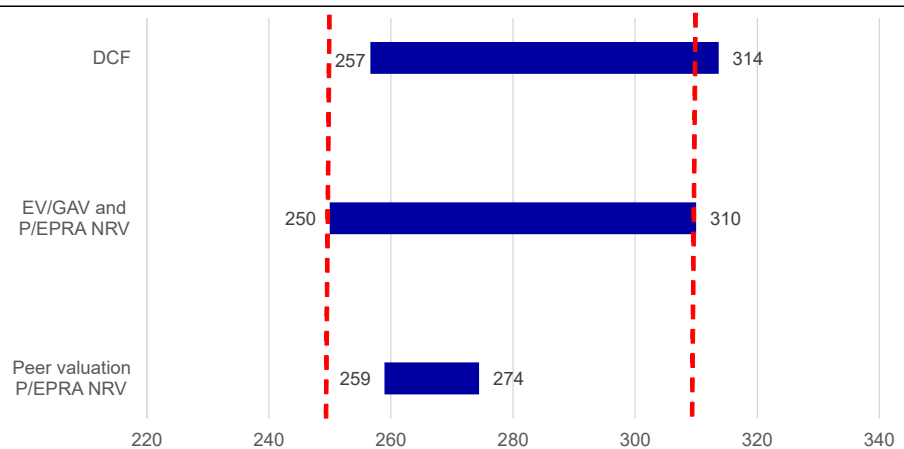
Based on the scenario analysis, Cibus is currently trading at a 45% premium to 2023E EPRA NRV, while we expect EPRA NRV to increase to SEK 179 per share as a consequence of share issuances at a premium to EPRA NRV. Cash earnings multiples decline to 16.6x in our 2023 scenario and to 14.5x in the IG 2023 scenario, based on a share price of SEK 260. If Cibus were to distribute 90% of its cash earnings in dividends, the dividend yield based on a share price of SEK 260 would be 5.4% in our 2023 scenario and 6.2% in the IG 2023 scenario.

Our fair value range is SEK 250-310 per share

Valuation conclusion

Our main valuation approach is based on 2023E P/EPRA NRV of 1.48-1.83x, which results in a fair value range of SEK 250-310 (270-330) per share. A peer group EPRA/ NRV valuation suggests a narrow range of SEK 259-274 (288-305), while the DCF range is wider at SEK 257-314 (272-332) per share. Compounding peers' valuation multiples have declined significantly since our last update in early January. In terms of our various valuation approaches, we assign the greatest weight to P/EPRA NRV, backed by DCF and peer valuations. We arrive at a fair value range of SEK 250-310 (270-330) per share, corresponding to 2023E adjusted P/E of 18.1-22.5x.

VALUATION APPROACH (SEK PER SHARE)



Source: Company data and Nordea estimates

Our peer group of Swedish real estate compounders is trading at higher adjusted P/E multiples than our range of 18.1-22.5x.

PEER GROUP VALUATION: SWEDISH REAL ESTATE COMPOUNDERS

Company	Price	Adj. P/E			P/EPRA NAV/NRV			Dividend yield (%)		
		2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Fastighets AB Trianon	225.00	42.5	32.8	29.0	183%	161%	142%	0.9%	1.0%	1.0%
Nyfosa AB	140.90	22.7	20.0	16.8	154%	142%	131%	2.3%	2.6%	2.8%
Sagax AB	305.00	13.9	34.5	32.6	351%	281%	236%			
Samhallsbyggnadsbolaget I Norden AF	47.30	37.3	22.4	17.7	136%	117%	103%	2.6%	3.0%	3.4%
Average		29.1	27.4	24.0	206%	175%	153%	1.9%	2.2%	2.4%
Median		30.0	27.6	23.3	169%	152%	137%	2.3%	2.6%	2.8%
Cibus (Nordea estimates)	260.20	21.6	20.2	18.8	185%	166%	150%	4.1%	4.3%	4.5%

Note: Share prices updated as of 11 February 2022

Source: Refinitiv, company data and Nordea estimates

Dividend yield does not directly impact valuation, but a high dividend yield should offer downside protection

Cibus focuses on creating a portfolio of grocery and daily goods assets that generate stable cash flows, and it enhances returns for shareholders by using an optimal level of debt. The company's main objective is to maximise its dividend capacity and distribute a significant share of earnings as dividends. Our dividend yield forecast of 4.0% for 2021 should offer solid downside protection for Cibus's shares. The dividend yield should therefore not have an impact on valuation, but if Cibus can maintain or grow the dividend, we reason that the dividend yield should offer downside protection and an attractive stable dividend play. Our fair value range of SEK 250-310 per share corresponds to a 2023E dividend yield of 3.8-4.7%.

VALUATION TABLE

Share price (SEK)	Share price (EUR)	EV/GAV (x)		P/EPRA NRV (x)		Adj. PE		NOI/EV (%)		Dividend yield (%)	
		2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
180.00	16.91	1.04	1.01	1.15	1.06	14.0	13.0	5.3	5.6	6.2	6.5
190.00	17.85	1.06	1.04	1.21	1.12	14.7	13.8	5.2	5.4	5.8	6.2
200.00	18.79	1.09	1.06	1.28	1.18	15.5	14.5	5.0	5.3	5.5	5.9
210.00	19.73	1.12	1.09	1.34	1.24	16.3	15.2	4.9	5.2	5.3	5.6
220.00	20.67	1.14	1.11	1.41	1.30	17.1	15.9	4.8	5.1	5.0	5.3
230.00	21.60	1.17	1.14	1.47	1.36	17.9	16.7	4.7	5.0	4.8	5.1
240.00	22.54	1.19	1.17	1.53	1.42	18.6	17.4	4.6	4.8	4.6	4.9
250.00	23.48	1.22	1.19	1.60	1.48	19.4	18.1	4.5	4.7	4.4	4.7
260.00	24.42	1.25	1.22	1.66	1.54	20.2	18.8	4.4	4.6	4.3	4.5
270.00	25.36	1.27	1.24	1.73	1.60	21.0	19.6	4.3	4.5	4.1	4.3
280.00	26.30	1.30	1.27	1.79	1.65	21.7	20.3	4.2	4.5	4.0	4.2
290.00	27.24	1.32	1.29	1.85	1.71	22.5	21.0	4.1	4.4	3.8	4.0
300.00	28.18	1.35	1.32	1.92	1.77	23.3	21.7	4.1	4.3	3.7	3.9
310.00	29.12	1.38	1.35	1.98	1.83	24.1	22.5	4.0	4.2	3.6	3.8
320.00	30.06	1.40	1.37	2.05	1.89	24.8	23.2	3.9	4.1	3.5	3.7
330.00	31.00	1.43	1.40	2.11	1.95	25.6	23.9	3.8	4.0	3.4	3.5
340.00	31.94	1.46	1.42	2.17	2.01	26.4	24.6	3.8	4.0	3.3	3.4
350.00	32.88	1.48	1.45	2.24	2.07	27.2	25.4	3.7	3.9	3.2	3.3
360.00	33.82	1.51	1.47	2.30	2.13	27.9	26.1	3.6	3.8	3.1	3.3
370.00	34.75	1.53	1.50	2.36	2.19	28.7	26.8	3.6	3.8	3.0	3.2
380.00	35.69	1.56	1.53	2.43	2.25	29.5	27.5	3.5	3.7	2.9	3.1

Source: Nordea estimates

Detailed estimates

ANNUAL ESTIMATES					
EURm	2019	2020	2021E	2022E	2023E
Rental income	52	65	80	92	97
Rental income growth	106.3%	26.2%	23.6%	14.5%	5.4%
Property expenses	-3	-3	-4	-6	-6
Net rental income	49	61	76	86	91
NRI margin %	94.3%	94.4%	94.5%	94.0%	94.1%
Administrative expenses	-5	-7	-6	-6	-6
Other operating income	9	9	13	10	10
Other operating expenses	-9	-10	-14	-10	-10
Profit/loss on sales of investment properties	1	0	0	0	0
Profit/loss on sales of trading properties	0	0	0	0	0
Fair value changes of investment properties	7	6	10	10	12
Depreciation, amortisation and impairment losses	-1	0	0	0	0
Operating profit/loss	50	61	79	90	98
Financial income	0	0	0	0	0
Financial expenses	-15	-21	-22	-23	-23
Net financials	-15	-21	-22	-23	-23
Share of result from associated companies	0	0	0	0	0
Profit before taxes	35	39	57	67	74
Current tax expense	-1	0	-1	-3	-4
Change in deferred tax	-5	-5	-5	-2	-2
Profit/loss for the period	30	34	51	62	68
Funds from operations	28	33	46	55	58

Source: Company data and Nordea estimates

INTERIM ESTIMATES								
EURm	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021E
Rental income	14	16	17	18	19	20	20	21
Rental income growth	11.9%	24.4%	29.2%	33.8%	38.4%	21.0%	19.0%	18.6%
Property expenses	-1	-1	-1	-1	-1	-1	-1	-1
Net rental income	13	16	16	17	19	19	19	20
NRI margin %	92.6%	95.1%	95.2%	96.0%	95.3%	95.5%	95.4%	95.9%
Administrative expenses	-1	-2	-2	-2	-2	-2	-2	-1
Other operating income	2	2	3	3	4	3	3	4
Other operating expenses	-2	-2	-2	-3	-4	-3	-3	-4
Profit/loss on sales of investment properties	0	0	0	0	0	0	0	0
Profit/loss on sales of trading properties	0	0	0	0	0	0	0	0
Fair value changes of investment properties	2	3	1	1	0	2	2	6
Depreciation, amortisation and impairment losses	0	0	0	0	0	0	0	0
Operating profit/loss	13	17	15	16	17	19	20	24
Financial income	0	0	0	0	0	0	0	0
Financial expenses	-5	-6	-5	-6	-5	-6	-5	-6
Net financials	-5	-6	-5	-6	-5	-6	-5	-6
Share of result from associated companies	0	0	0	0	0	0	0	0
Profit before taxes	8	11	10	11	12	13	14	19
Current tax expense	0	-1	0	1	-1	0	0	-1
Change in deferred tax	-1	-1	-1	-2	0	-2	-2	-1
Profit/loss for the period	7	9	9	9	11	12	12	17
Funds from operations	7	7	10	10	11	11	12	13

Source: Company data and Nordea estimates

SUMMARY TABLE: KEY FIGURES

EURm	2017	2018	2019	2020	2021E	2022E	2023E
Rental income	n.a.	25	52	65	80	92	97
- rental income growth	n.a.	n.a.	106%	26%	24%	15%	5%
Net operating income (NOI)	n.a.	23	49	61	76	86	91
Pre-tax profit	n.a.	16	35	39	57	67	74
IFPM (pretax ex value gains)	n.a.	12	27	33	47	57	62
FFO	n.a.	11	28	33	46	55	58
-FFO growth	n.a.	n.a.	148%	20%	38%	19%	7%
Dividend	n.a.	-6	-26	-30	-38	-44	-46
Shareholder equity	n.a.	329	333	458	587	606	628
EPRA NRV (incl. div not paid)	n.a.	338	346	435	583	647	699
-EPRA NRV growth	n.a.	n.a.	3%	26%	34%	11%	8%
Net debt	n.a.	461	517	785	863	893	879
Net debt/EBITDA	n.a.	21.9x	11.9x	14.3x	12.3x	11.0x	10.3x
Loan-to-value (net)	n.a.	56%	59%	62%	58%	58%	57%

Source: Company data and Nordea estimates

RATIOS RELATED TO BALANCE SHEET

	2017	2018	2019	2020	2021E	2022E	2023E
Investment properties, fair value EURm	n.a.	816	875	1,273	1,489	1,541	1,554
Net investments, EURm	n.a.	0	57	369	206	43	0
Net debt, EURm	n.a.	461	517	785	863	893	879
Average interest rate	n.a.	2.8%	2.6%	2.7%	2.5%	2.5%	2.5%
Equity ratio	n.a.	36%	35%	38%	38%	39%	40%
Payout ratio (dividend / FFO)	n.a.	102%	102%	87%	86%	85%	87%

Source: Company data and Nordea estimates

NRV CALCULATION (EUR PER SHARE)

EURm	2017	2018	2019	2020	2021E	2022E	2023E
Equity (less hybrid, incl. value changes)	n.a.	329	333	458	557	576	598
Acc. dividend added back		0	0	0	0	44	89
Deferred tax	n.a.	9	14	20	25	27	30
EPRA NRV	n.a.	338	346	478	583	647	717
- per share		10.9	11.1	10.9	13.2	14.7	16.3
EPRA NRV	n.a.	338	346	478	583	647	717
Derivatives	n.a.	-2	-2	-1	0	0	0
Deferred tax 10% -tax	n.a.	-5	-7	-10	-13	-14	-15
EPRA NNNRV (Nordea est.)	n.a.	331	337	467	570	633	702
- per share		10.7	10.9	10.6	13.0	14.4	16.0

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	n.a.	n.a.	n.a.	n.a.	n.a.	29	60	74	93	102	107
Revenue growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	108.3%	23.6%	25.5%	9.3%	4.9%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	0	0	0	0	0	21	43	55	70	81	86
Depreciation and impairments PPE	0	0	0	0	0	0	0	0	0	0	0
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	0	0	0	0	0	21	43	55	70	81	86
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	21	43	55	70	81	86
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	0	0	0	-8	-15	-21	-22	-23	-23
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	4	7	6	10	10	12
Pre-tax profit	0	0	0	0	0	17	35	40	58	67	74
Reported taxes	0	0	0	0	0	-3	-5	-5	-7	-5	-6
Net profit from continued operations	0	0	0	0	0	14	30	35	51	62	68
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	0	0	0	0	0	14	30	35	51	62	68
EPS, EUR	n.a.	n.a.	n.a.	n.a.	n.a.	0.44	0.97	0.96	1.27	1.41	1.55
DPS, EUR	0.00	0.00	0.00	0.00	0.00	0.84	0.89	0.94	0.99	1.04	1.10
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.84	0.89	0.94	0.99	1.04	1.10
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.9%	79.2%	79.9%
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.9%	79.2%	79.9%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.9%	79.2%	79.9%

Adjusted earnings

EBITDA (adj)	0	0	0	0	0	21	43	55	70	81	86
EBITA (adj)	0	0	0	0	0	21	43	55	70	81	86
EBIT (adj)	0	0	0	0	0	21	43	55	70	81	86
EPS (adj, EUR)	n.a.	n.a.	n.a.	n.a.	n.a.	0.40	0.88	0.92	1.13	1.21	1.30

Adjusted profit margins in percent

EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.9%	79.2%	79.9%
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.9%	79.2%	79.9%
EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.9%	79.2%	79.9%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	29.9%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	32.4%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	32.4%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	28.5%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	5.5%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	75.2%	76.5%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	75.2%	76.5%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	25.4	15.9	18.1	21.6	20.2	18.8
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	27.7	24.3	22.9
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	27.7	24.3	22.9
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	27.7	24.3	22.9

VALUATION RATIOS - REPORTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	22.9	14.3	17.3	19.3	17.3	15.8
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	26.80	15.76	19.50	20.76	19.29	18.26
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	27.7	24.3	22.9
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	27.7	24.3	22.9
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	27.7	24.3	22.9
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	8.3%	6.4%	5.7%	4.1%	4.3%	4.5%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	-2.9%	-8.9%	-53.7%	-14.4%	1.3%	5.5%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	5.1%	3.0%	5.3%	4.7%	5.3%	5.5%
Payout ratio	n.a.	n.a.	n.a.	n.a.	n.a.	211.3%	101.7%	102.3%	87.4%	85.9%	84.8%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	0	0	0	0	0	0	0	0	0	0	0
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	0	0	0	0	0	0	0	0
of which goodwill	0	0	0	0	0	0	0	0	0	0	0
Tangible assets	0	0	0	0	0	816	881	1,281	1,497	1,550	1,562
of which leased assets	0	0	0	0	0	0	6	8	8	8	8
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	2	1	4	4	4	4
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	1	0	0	0	0	0
Total non-current assets	0	0	0	0	0	819	882	1,284	1,501	1,553	1,565
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	2	4	1	1	2	2
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	1	2	2	2	2	2
Cash and bank	0	0	0	0	0	26	25	37	59	29	43
Total current assets	0	0	0	0	0	29	30	39	63	33	47
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total assets	0	0	0	0	0	848	913	1,324	1,563	1,586	1,613
Shareholders equity	0	0	0	0	0	329	333	458	587	606	628
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	30	30	30
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	0	0	0	0	0	329	333	458	587	606	628
Deferred tax	0	0	0	0	0	9	14	20	25	27	30
Long term interest bearing debt	0	0	0	0	0	486	535	810	913	913	913
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	2	2	1	0	0	0
Non-current lease debt	0	0	0	0	0	0	6	9	9	9	9
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	0	498	557	841	948	950	952
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0	0	1	1	1
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	21	23	22	28	30	32
Short term interest bearing debt	0	0	0	0	0	0	0	3	0	0	0
Total current liabilities	0	0	0	0	0	21	23	25	28	31	33
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	0	0	0	0	0	848	913	1,324	1,563	1,586	1,613
Balance sheet and debt metrics											
Net debt	0	0	0	0	0	461	517	785	863	893	879
of which lease debt	0	0	0	0	0	0	6	9	9	9	9
Working capital	0	0	0	0	0	-18	-17	-20	-25	-27	-29
Invested capital	0	0	0	0	0	801	865	1,265	1,476	1,526	1,537
Capital employed	0	0	0	0	0	815	874	1,280	1,509	1,528	1,550
ROE	n.m.	n.m.	n.m.	n.m.	n.m.	8.4%	9.2%	8.7%	9.8%	10.4%	11.0%
ROIC	n.m.	n.m.	n.m.	n.m.	n.m.	4.2%	4.2%	4.1%	4.1%	4.3%	4.5%
ROCE	n.m.	n.m.	n.m.	n.m.	n.m.	5.3%	5.1%	5.1%	5.0%	5.3%	5.6%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	21.9	11.9	14.3	12.3	11.0	10.3
Interest coverage	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	n.m.	n.m.	n.m.	n.m.	38.8%	36.5%	34.6%	37.6%	38.2%	38.9%
Net gearing	n.m.	n.m.	n.m.	n.m.	n.m.	140.1%	155.2%	171.5%	147.0%	147.4%	139.9%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
EBITDA (adj) for associates	0	0	0	0	0	21	43	55	70	81	86
Paid taxes	0	0	0	0	0	-1	-2	-1	-1	-3	-4
Net financials	0	0	0	0	0	-4	-15	-21	-22	-23	-23
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	0	0	0	1	-4	-1	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	0	0	0	0	0	0	-1	2	0	0	0
Funds from operations (FFO)	0	0	0	0	0	16	26	31	46	55	58
Change in NWC	0	0	0	0	0	0	-13	4	5	2	1
Cash flow from operations (CFO)	0	0	0	0	0	16	13	35	51	57	60
Capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Free cash flow before A&D	0	0	0	0	0	16	13	35	51	57	60
Proceeds from sale of assets	0	0	0	0	0	0	2	0	0	0	0
Acquisitions	0	0	0	0	0	-25	-53	-392	-206	-43	0
Free cash flow	0	0	0	0	0	-9	-39	-357	-155	14	60
Free cash flow bef A&D, lease adj	0	0	0	0	0	16	13	35	51	57	60
Dividends paid	0	0	0	0	0	-6	-26	-30	-38	-44	-46
Equity issues / buybacks	0	0	0	0	0	0	0	123	85	0	0
Net change in debt	0	0	0	0	0	24	24	24	100	0	0
Other financing adjustments	0	0	0	0	0	0	12	7	10	10	12
Other non-cash adjustments	0	0	0	0	0	17	28	245	-10	-10	-12
Change in cash	0	0	0	0	0	26	-1	12	22	-30	14
Cash flow metrics											
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	10	14	17	28	24	24
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	314	432	665	1,075	1,075	1,075
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	775	949	1,450	1,939	1,968	1,954
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	0.0	0.0	31.1	31.1	40.0	44.0	44.0	44.0

Source: Company data and Nordea estimates

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Completion Date

14 Feb 2022, 02:10 CET

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