

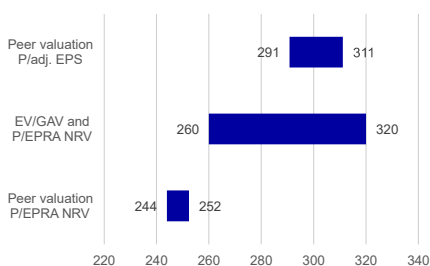
**KEY DATA**

Stock country	Sweden
Bloomberg	CIBUS.SS
Reuters	CIBUS.ST
Share price (close)	SEK 265.0
Free Float	100%
Market cap. (bn)	EUR 1.12/SEK 11.66
Website	www.cibusnordic.com
Next report date	05 May 2022

**PERFORMANCE**



**VALUATION APPROACH**



Source: Nordea estimates

**ESTIMATE CHANGES**

Year	2022E	2023E	2024E
Sales	0%	0%	0%
EBIT (adj)	0%	0%	0%

Source: Nordea estimates

**Nordea Markets - Analysts**  
**Svante Krokfors**  
 Director

**David Flemmich**  
 Senior Analyst, Sector Coordinator

**Class D shares will increase financing flexibility**

On 18 March, Cibus announced the terms of the class D share bonus issue. The introduction of class D shares will increase Cibus's financing flexibility and is a step to strengthen the balance sheet as the company is targeting an investment grade (IG) rating; D shares are considered 100% equity among rating agencies. Cibus will have more equity-like financing alternatives, helping it to virtually double its asset base. We consider D shares as a good alternative to finance M&A in addition to common equity and debt, given an IG rating-aligned LTV of ~50%. We raise our fair value range to SEK 260-320 (240-300), partly driven by increased peer valuation.

**Terms for D share bonus issue**

Shareholders of common shares (A shares) registered as shareholders on 11 May will receive one D share for each four A shares held. The D shares will be entitled to a EUR 0.96 annual dividend, and the dividend proposal for A shares is EUR 0.75; the total dividend for 2021 is EUR 0.99. The D shares are entitled to a maximum of EUR 11 of the company's assets in liquidation; the D shares will be priced as bonds. Assuming a yield of 6.25% would imply a D share price of SEK 160. Hence, the value split of A shares and D shares would be roughly 85/15 at the current share price of SEK 265.

**Using A or D shares depends on A share price and D share yield**

We have presented scenarios for using A or D shares as equity financing for Cibus reaching its target of growing the property portfolio to EUR 2.5-3.0bn by 2023 from the current EUR 1.5bn. Assuming a yield of 6.25% for the D shares and new A shares issued at the current share price (SEK 265), there is limited difference between using A or D shares to finance the equity part measured by income from property management (IFPM) per share. However, the lower the yield of the D share and the lower the A share price, the more advantageous the financing through D shares is. We estimate that Cibus could increase its IFPM per share by ~30% by 2023 compared to 2021.

**Fair value range increased to SEK 260-320 per share**

We raise our fair value range to SEK 260-320 (240-300) per share, based on a combination of peer group and P/EPRA NRV valuations. Our fair value range corresponds to a 2023E adjusted P/E of 19.4-23.9x, a P/EPRA NRV of 1.50-1.85x (including dividends), and a 2023E dividend yield of 3.6-4.4%. Trading at a ~90% premium to EPRA NRV corresponds to a ~35% asset (EV/GAV) premium and an implied yield of ~4.3%.

**SUMMARY TABLE - KEY FIGURES**

EURm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	29	60	74	94	103	108	110
NOI margin	81.0%	80.8%	82.5%	81.4%	84.7%	85.3%	85.4%
EPS (adj, EUR)	0.40	0.88	0.92	1.18	1.19	1.28	1.31
EPS (adj) growth	n.a.	120.2%	5.0%	28.8%	0.2%	8.3%	1.8%
P/E (adj)	25.4	15.9	18.1	24.0	21.5	19.8	19.5
DPS, EUR	0.84	0.89	0.94	0.99	1.04	1.10	1.15
NAV per share	11	11	11	13	15	16	18
NAV growth	n.a.	1.9%	-2.1%	21.8%	13.1%	10.6%	9.7%
NOI/EV (adj)	3.0%	5.1%	4.2%	3.6%	4.3%	4.6%	4.7%
P/NAV	94.8%	128.0%	156.5%	219.3%	174.0%	157.3%	143.4%
P/EPRA NAV	92.9%	124.7%	152.9%	213.3%	169.3%	153.2%	139.8%
Dividend yield	8.3%	6.4%	5.7%	3.5%	4.1%	4.3%	4.5%
Loan-to-value (adj)	56.4%	58.7%	61.3%	58.0%	57.6%	56.3%	55.2%
Net debt/EBITDA(adj)	21.9	11.9	14.3	12.5	11.2	10.4	10.0

Source: Company data and Nordea estimates

# Implications of class D shares

Cibus will introduce class D shares

In its notice to attend the annual general meeting (AGM) in Cibus, to be held on 20 April, Cibus disclosed details regarding its new share class, D shares. Cibus's common shares will be renamed class A shares.

Class D shares will be entitled to an annual dividend of EUR 0.96 per share and a maximum of EUR 11 per share of assets

D shares are entitled to one tenth of a vote compared to A shares which have one vote per share. All shares will have the same rights to dividend without preferential rights to each other. If a dividend is declared, C shares are entitled to five times the total amount of dividend on A shares, however no more than EUR 0.08 per share per month. Hence, the effective annual fixed dividend for class D shares is EUR 0.96. Upon dissolution of the company, both A and D shares have the same right to distribution. However, D shares are entitled to a maximum of EUR 11 per share. Hence, our understanding is that the 11m D shares will constitute EUR 121m as "debt" in the NAV calculation, in addition to the EUR 30m hybrid bond.

D shares constitute 100% equity for credit rating agencies

D shares are also treated as 100% equity among credit rating agencies, which is important for Cibus on its path to reach an investment grade (IG) rating. Hybrids and preference shares are treated as equity at only 50%.

Four class A shares will be entitled to one class D share

The board of directors proposes that the AGM approves that four class A shares will be entitled to one class D share through a bonus issue, i.e. that no payment is needed for the holder of A shares to receive D shares. The record date for the bonus issue is 11 May, meaning that Cibus A shares will trade ex-D shares on 10 May. According to our understanding, the D shares will start trading on or around 13 May.

We expect class D shares to trade at a yield of 6-7%; our best guess is 6.25%...

The table below illustrates the yields on selected class D shares in the Swedish real estate market. We assume a fair yield of 6-7% for Cibus given how the peers' D shares trade, while we argue given Cibus's risk profile that 6.25% is our best guess for how the Cibus D share will trade.

## SWEDISH CLASS D SHARE YIELDS

Issuer	Yield (%)
Akelius D	5.95%
Fastpartner D	6.17%
Sagax D	6.30%
Corem D	6.63%
SBB D	6.83%
<b>Average</b>	<b>6.38%</b>
<b>Median</b>	<b>6.30%</b>

Source: Refinitiv

...resulting in a fair value of SEK 143-167 per class D share; our best guess is SEK 160...

The table below illustrates the value of one class D share, and also the value of one fourth of a D share as four common A shares are entitled to one class D share. Based on our 6-7% yield range, the value per one D share would be SEK 142.7-166.5. We believe the D share will trade at 6.25% – around SEK 160 (SEK 159.9 in the table below).

## VALUE OF CIBUS CLASS D SHARE

Yield (%)	5.00%	5.25%	5.50%	5.75%	6.00%	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%	7.75%	8.00%
Price per D-share (SEK)	199.8	190.3	181.7	173.8	166.5	159.9	153.7	148.0	142.7	137.8	133.2	128.9	124.9
Price per D-share (EUR)	19.2	18.3	17.5	16.7	16.0	15.4	14.8	14.2	13.7	13.2	12.8	12.4	12.0
Price per 1/4 D share (SEK)	50.0	47.6	45.4	43.4	41.6	40.0	38.4	37.0	35.7	34.5	33.3	32.2	31.2
Price per 1/4 D share (EUR)	4.8	4.6	4.4	4.2	4.0	3.8	3.7	3.6	3.4	3.3	3.2	3.1	3.0

Source: Company data and Nordea estimates

...which would lead to a decline of SEK 40 for the Cibus share on the ex-D share date...

Hence, assuming a fair value of SEK 160 for class D shares and taking into consideration that four class A shares are entitled to one class D share, the A share price on the ex-date (10 May) should decline by SEK 40 to SEK 225 compared to the current share price of SEK 265 for the common shares. This is also illustrated in the table on the left below.

**CLASS A SHARE PRICE AFTER TRADING EX-D SHARE (SEK)**

		Share price before A share goes ex-D share										
		215	225	235	245	255	265	275	285	295	305	315
Class D share yield (%)	5.00%	165	175	185	195	205	215	225	235	245	255	265
	5.25%	167	177	187	197	207	217	227	237	247	257	267
	5.50%	170	180	190	200	210	220	230	240	250	260	270
	5.75%	172	182	192	202	212	222	232	242	252	262	272
	6.00%	173	183	193	203	213	223	233	243	253	263	273
	6.25%	175	185	195	205	215	225	235	245	255	265	275
	6.50%	177	187	197	207	217	227	237	247	257	267	277
	6.75%	178	188	198	208	218	228	238	248	258	268	278
	7.00%	179	189	199	209	219	229	239	249	259	269	279
	7.25%	181	191	201	211	221	231	241	251	261	271	281
	7.50%	182	192	202	212	222	232	242	252	262	272	282
	7.75%	183	193	203	213	223	233	243	253	263	273	283
8.00%	184	194	204	214	224	234	244	254	264	274	284	
8.25%	185	195	205	215	225	235	245	255	265	275	285	
8.50%	186	196	206	216	226	236	246	256	266	276	286	
8.75%	186	196	206	216	226	236	246	256	266	276	286	
9.00%	187	197	207	217	227	237	247	257	267	277	287	

Source: Company data and Nordea estimates

**CLASS A SHARE P/EPRA NRV AFTER TRADING EX-D SHARE (x)**

		Share price before A share goes ex-D share										
		215	225	235	245	255	265	275	285	295	305	315
Class D share yield (%)	5.00%	1.44	1.53	1.62	1.70	1.79	1.88	1.97	2.05	2.14	2.23	2.31
	5.25%	1.46	1.55	1.64	1.72	1.81	1.90	1.99	2.07	2.16	2.25	2.34
	5.50%	1.48	1.57	1.66	1.74	1.83	1.92	2.01	2.09	2.18	2.27	2.35
	5.75%	1.50	1.59	1.67	1.76	1.85	1.94	2.02	2.11	2.20	2.28	2.37
	6.00%	1.51	1.60	1.69	1.78	1.86	1.95	2.04	2.13	2.21	2.30	2.39
	6.25%	1.53	1.62	1.70	1.79	1.88	1.97	2.05	2.14	2.23	2.31	2.40
	6.50%	1.54	1.63	1.72	1.80	1.89	1.98	2.07	2.15	2.24	2.33	2.42
	6.75%	1.55	1.64	1.73	1.82	1.90	1.99	2.08	2.17	2.25	2.34	2.43
	7.00%	1.57	1.65	1.74	1.83	1.92	2.00	2.09	2.18	2.26	2.35	2.44
	7.25%	1.58	1.66	1.75	1.84	1.93	2.01	2.10	2.19	2.28	2.36	2.45
	7.50%	1.59	1.67	1.76	1.85	1.94	2.02	2.11	2.20	2.29	2.37	2.46
	7.75%	1.60	1.68	1.77	1.86	1.95	2.03	2.12	2.21	2.29	2.38	2.47
8.00%	1.61	1.69	1.78	1.87	1.95	2.04	2.13	2.22	2.30	2.39	2.48	
8.25%	1.61	1.70	1.79	1.88	1.96	2.05	2.14	2.22	2.31	2.40	2.49	
8.50%	1.62	1.71	1.80	1.88	1.97	2.06	2.15	2.23	2.32	2.41	2.49	
8.75%	1.63	1.72	1.80	1.89	1.98	2.07	2.15	2.24	2.33	2.41	2.50	
9.00%	1.64	1.72	1.81	1.90	1.98	2.07	2.16	2.25	2.33	2.42	2.51	

Source: Company data and Nordea estimates

...and, in this example, P/EPRA NRV would increase to 1.97x from 1.85x

As illustrated in the table above on the right, if the share were to drop to SEK 225 from SEK 265 following the A shares going ex-D shares, the P/EPRA NRV would increase from 1.85x to 1.97x. Here we assume a Q1 2022E EPRA NRV of EUR 13.75 and an EPRA NRV of EUR 11 after the A shares have gone ex-D shares. This increase in P/EPRA NRV can be justified by a stronger EPRA NRV leverage following the reduction in NRV attributable to class A shareholders following the distribution of class D shares.

**EPRA NRV CALCULATION CURRENT**

Shares (m)	44.0
Share price (EUR)	25.5
Share price (SEK)	265.0
Market cap (EURm)	1,120.2
Hybrid (EURm)	30.0
D-shares (EURm)	0.0
Net debt incl. hybrid and D shares (EURm)	896.8
EV (EURm)	2,017.0
Investment properties (EURm)	1,499.6
EV/GAV (x)	1.35
EPRA NRV (EURm)	605.0
EPRA NRV per share (EUR)	13.75
P/EPRA NRV (x)	1.85

Source: Company data and Nordea estimates

**EPRA NRV CALCULATION WITH CLASS D SHARES**

Shares (m)	44.0
Share price (EUR)	22.7
Share price (SEK)	236.4
Market cap (EURm)	999.2
Hybrid (EURm)	30.0
D-shares (EURm)	121.0
Net debt incl. hybrid and D shares (EURm)	1,017.8
EV (EURm)	2,017.0
Investment properties (EURm)	1,499.6
EV/GAV (x)	1.35
EPRA NRV (EURm)	484.0
EPRA NRV per share (EUR)	11.0
P/EPRA NRV (x)	2.06

Source: Company data and Nordea estimates

The "implied" yield of the D share is 8.7%, which is too high in our view, meaning that the D share has a value of more than EUR 11 per share

Another way of looking at the impact of the bonus issue of D shares on common shareholders is presented in the table above. On the left, we present the EPRA NRV calculation as of Q1 2022E, which results in an EPRA NRV of EUR 13.75 per share and a P/EPRA NRV of 1.85x. On the right, we present what the EPRA NRV calculation would look like as of Q1 2022 assuming the bonus issue of D shares would have been carried out. The EPRA NRV would be EUR 11.0 and the share price, if declining by EUR 2.75 or SEK 28.6 (EPRA NRV EUR 13.75-11.0), would be EUR 22.7 or SEK 236.4. However, in this scenario, the yield would be 8.7% for the D share with the D share dividend of EUR 0.96 divided by EUR 11 (the mathematical maximum value of the D share in the case of a liquidation of the company).

We expect Cibus's A shares to trade at SEK 225 and D shares at SEK 160 after the bonus issue, assuming SEK 265 as the price for the current Cibus share

Assuming a share price of SEK 265, we assume that after the common share goes ex-D share the price of Cibus A share would be SEK 225 and the price of the D share SEK 160. As four common shares are entitled to one D share in the bonus issue, the price of the package (one A share plus 1/4 D share) would equal SEK 225+40=265. The D share would yield 6.25% and the A share would trade at 1.97x P/EPRA NRV.

Scenarios for different financing structures compiled

Only common equity financing would increase IFPM per share significantly assuming the equity issue at the current share price...

### Is it better to use A or D shares? It depends on the yield and the share price

We have tried to examine the impact of how the planned growth for Cibus would be impacted by different financing alternatives, more specifically common shares and class D shares as we believe the debt financing will be straightforward as EUR ~500m in debt can be added assuming LTV should land at around 50% in 2023. Obviously, the share price and the premium at which Cibus can issue new shares has the biggest impact. However, we have only used the current share price in the first simulations.

In the first example, presented below, we have assumed that only common shares are used to finance growth, meaning that EUR 730m of new equity would be issued at SEK 265 (EUR 25.5) resulting in the share count of common A shares increasing from the current 44 million to 73 million. EPRA NRV would increase from SEK 143 to SEK 191 per share. In this example, income from property management (IFPM) per share would be EUR 1.61 compared to EUR 1.25 based on the current earnings capacity reported in Q4 2021. No D shares would be issued and the scenario is more for illustrative purposes.

#### EPS IMPACT ASSUMING ONLY COMMON EQUITY FINANCING

EURm	Q1 2022E	Add M&A	2023E	IG 2023E
Property value	1,513	1,237	2,750	2,750
Gross debt	918	507	1,425	1,425
Cash and cash equivalents	51		51	51
Net debt	867	507	1,374	1,374
Net LTV (%)	57.3%		50.0%	50.0%
Number of shares (m)	44	29	73	73
New shares issued at (SEK)		265		
Equity issued		730		
Class D shares issued (m)		0		
Class D shares issued at (SEK), yield 6.25%		160		
Class D share capital issued		0		
EPRA NRV	605	730	1,335	1,335
EPRA NRV per share (SEK)	143		191.2	191.2
Rental income	91.4	72.5	163.9	163.9
Property expenses	-5.6	-4.4	-10.0	-10.0
Net operating income	85.8	68.0	153.8	153.8
Central administration	-5.9	-1.2	-7.0	-7.0
Net financial expenses	-23.8	-13.1	-36.9	-28.5
Income from property management (IFPM)	56.2	53.7	109.9	118.3
Expenses, hybrid bond and D shares	-1.3	0.0	-1.3	-1.3
IFPM including hybrid bond and D shares	54.9	53.7	108.6	117.0
IFPM including hybrid bond and D shares per share (EUR)	1.25		1.49	1.61
Cash earnings per share after 6% tax (EUR)	1.17		1.40	1.51

Source: Company data and Nordea estimates

...while solely D share financing would result in a similar IFPM per share impact at an assumed yield of 6.25%

In the second scenario, we have assumed all financing would be done through raising EUR 730m by issuing only D shares at a 6.25% yield. This would increase the number of D shares to 48 million and dividend payments to D shareholders would be EUR 45.6m annually. The common share count would remain unchanged at 44 million and EPRA NRV would be unchanged at SEK 143 per share. This is obviously a purely hypothetical scenario. In this scenario IFPM per share is EUR 1.62, similar to the previous examples.

**EPS IMPACT ASSUMING ONLY D SHARE FINANCING AT 6.25% YIELD**

EURm	Q1 2022E	Add M&A	2023E	IG 2023E
Property value	1,513	1,237	2,750	2,750
Gross debt	918	507	1,425	1,425
Cash and cash equivalents	51		51	51
Net debt	867	507	1,374	1,374
Net LTV (%)	57.3%		50.0%	50.0%
Number of shares (m)	44	0	44	44
New shares issued at (SEK)		265		
Equity issued		0		
Class D shares issued (m)		48		
Class D shares issued at (SEK), yield 6.25%		160		
Class D share capital issued		730		
EPRA NRV	605	0	605	605
EPRA NRV per share (SEK)	143		143.1	143.1
Rental income	91.4	72.5	163.9	163.9
Property expenses	-5.6	-4.4	-10.0	-10.0
Net operating income	85.8	68.0	153.8	153.8
Central administration	-5.9	-1.2	-7.0	-7.0
Net financial expenses	-23.8	-13.1	-36.9	-28.5
Income from property management (IFPM)	56.2	53.7	109.9	118.3
Expenses, hybrid bond and D shares	-1.3	-45.6	-46.9	-46.9
IFPM including hybrid bond and D shares	54.9	8.1	63.0	71.4
IFPM including hybrid bond and D shares per share (EUR)	1.25		1.43	1.62
Cash earnings per share after 6% tax (EUR)	1.17		1.28	1.46

Source: Company data and Nordea estimates

In our base case, we assume 22 million D shares are issued at a 6.25% yield

In the third example, we present our base case scenario where we expect the company to issue 22 million class D shares at a yield of 6.25%, raising EUR 338m and common class A equity would be raised EUR 392m in total. The EPRA NRV would increase from SEK 143 to SEK 175 per share. This results in IFPM per share of EUR 1.61, the same as the fully common equity-financed scenario.

**BASE CASE SCENARIO OF ISSUING 22 MILLION D SHARES AT 6.25% YIELD**

EURm	Q1 2022E	Add M&A	2023E	IG 2023E
Property value	1,513	1,237	2,750	2,750
Gross debt	918	507	1,425	1,425
Cash and cash equivalents	51		51	51
Net debt	867	507	1,374	1,374
Net LTV (%)	57.3%		50.0%	50.0%
Number of shares (m)	44	15	59	59
New shares issued at (SEK)		265		
Equity issued		392		
Class D shares issued (m)		22		
Class D shares issued at (SEK), yield 6.25%		160		
Class D share capital issued		338		
EPRA NRV	605	392	997	997
EPRA NRV per share (SEK)	143		174.7	174.7
Rental income	91.4	72.5	163.9	163.9
Property expenses	-5.6	-4.4	-10.0	-10.0
Net operating income	85.8	68.0	153.8	153.8
Central administration	-5.9	-1.2	-7.0	-7.0
Net financial expenses	-23.8	-13.1	-36.9	-28.5
Income from property management (IFPM)	56.2	53.7	109.9	118.3
Expenses, hybrid bond and D shares	-1.3	-21.1	-22.4	-22.4
IFPM including hybrid bond and D shares	54.9	32.6	87.5	95.9
IFPM including hybrid bond and D shares per share (EUR)	1.25		1.47	1.61
Cash earnings per share after 6% tax (EUR)	1.17		1.36	1.50

Source: Company data and Nordea estimates

Issuing D shares at a 7% yield would impact IFPM per share marginally negatively...

In the fourth example, we assume that 25 million D shares are issued at a yield of 7%, which is the high end of our expected yield range of 6-7%. EUR 343m would be raised with D shares and EUR 387m with common shares. Here, the IFPM per share would already be lower than in the earlier examples at EUR 1.57 per share and EPRA NRV would increase from SEK 143 to SEK 174 per share.

#### SCENARIO OF ISSUING 25 MILLION D SHARES AT A YIELD OF 7%

EURm	Q1 2022E	Add M&A	2023E	IG 2023E
Property value	1,513	1,237	2,750	2,750
Gross debt	918	507	1,425	1,425
Cash and cash equivalents	51		51	51
Net debt	867	507	1,374	1,374
Net LTV (%)	57.3%		50.0%	50.0%
Number of shares (m)	44	15	59	59
New shares issued at (SEK)		265		
Equity issued		387		
Class D shares issued (m)		25		
Class D shares issued at (SEK), yield 7%		143		
Class D share capital issued		343		
EPRA NRV	605	387	992	992
EPRA NRV per share (SEK)	143		174.4	174.4
Rental income	91.4	72.5	163.9	163.9
Property expenses	-5.6	-4.4	-10.0	-10.0
Net operating income	85.8	68.0	153.8	153.8
Central administration	-5.9	-1.2	-7.0	-7.0
Net financial expenses	-23.8	-13.1	-36.9	-28.5
Income from property management (IFPM)	56.2	53.7	109.9	118.3
Expenses, hybrid bond and D shares	-1.3	-24.0	-25.3	-25.3
IFPM including hybrid bond and D shares	54.9	29.7	84.6	93.0
IFPM including hybrid bond and D shares per share (EUR)	1.25		1.43	1.57
Cash earnings per share after 6% tax (EUR)	1.17		1.32	1.45

Source: Company data and Nordea estimates

...while issuing D shares at 5.5% would be clearly IFPM per share accretive

In the fifth example, we assume that 19 million D shares are issued at a yield of 5.5%, below our yield range of 6-7%. EUR 332m would be raised through D shares and EUR 398m through common equity. Here, the IFPM per share would already be higher than in the earlier examples at EUR 1.66 per share and EPRA NRV would increase from SEK 143 to SEK 175 per share.

**SCENARIO OF ISSUING 19 MILLION D SHARES AT A YIELD OF 5.5%**

EURm	Q1 2022E	Add M&A	2023E	IG 2023E
Property value	1,513	1,237	2,750	2,750
Gross debt	918	507	1,425	1,425
Cash and cash equivalents	51		51	51
Net debt	867	507	1,374	1,374
Net LTV (%)	57.3%		50.0%	50.0%
Number of shares (m)	44	16	60	60
New shares issued at (SEK)		265		
Equity issued		398		
Class D shares issued (m)		19		
Class D shares issued at (SEK), yield 5.5%		182		
Class D share capital issued		332		
EPRA NRV	605	398	1,003	1,003
EPRA NRV per share (SEK)	143		175.1	175.1
Rental income	91.4	72.5	163.9	163.9
Property expenses	-5.6	-4.4	-10.0	-10.0
Net operating income	85.8	68.0	153.8	153.8
Central administration	-5.9	-1.2	-7.0	-7.0
Net financial expenses	-23.8	-13.1	-36.9	-28.5
Income from property management (IFPM)	56.2	53.7	109.9	118.3
Expenses, hybrid bond and D shares	-1.3	-18.2	-19.5	-19.5
IFPM including hybrid bond and D shares	54.9	35.5	90.4	98.8
IFPM including hybrid bond and D shares per share (EUR)	1.25		1.52	1.66
Cash earnings per share after 6% tax (EUR)	1.17		1.40	1.54

Source: Company data and Nordea estimates

A lower common share price could lead to more active use of class D shares

Issuing new common shares at 25% below the current share price would be less IFPM per share accretive...

Hence, we conclude that it is relatively indifferent, at the current share price of SEK 265, whether funding is done by issuing A shares or D shares. However, we also look at what would happen if Cibus's share price would be lower or higher than SEK 265.

In the table below, we have illustrated what the IFPM per share impact would be if Cibus would finance its growth only through common shares at SEK 200 per share, 25% below the current level. Here, IFPM per share would be only EUR 1.43 versus the previous examples of around EUR 1.60 assuming common equity financing or D share financing at 6.25%, or a combination of the two. Hence, it is clear that the D share gives flexibility to value accretive financing were the Cibus common share to trade temporarily at a lower level due to e.g. turbulence in the equity market.



**SCENARIO ASSUMING COMMON SHARES ISSUED AT SEK 200**

EURm	Q1 2022E	Add M&A	2023E	IG 2023E
Property value	1,513	1,237	2,750	2,750
Gross debt	918	507	1,425	1,425
Cash and cash equivalents	51		51	51
Net debt	867	507	1,374	1,374
Net LTV (%)	57.3%		50.0%	50.0%
Number of shares (m)	44	38	82	82
New shares issued at (SEK)		200		
Equity issued		730		
Class D shares issued (m)		0		
Class D shares issued at (SEK), yield 6.25%		160		
Class D share capital issued		0		
EPRA NRV	605	730	1,335	1,335
EPRA NRV per share (SEK)	143		169.5	169.5
Rental income	91.4	72.5	163.9	163.9
Property expenses	-5.6	-4.4	-10.0	-10.0
Net operating income	85.8	68.0	153.8	153.8
Central administration	-5.9	-1.2	-7.0	-7.0
Net financial expenses	-23.8	-13.1	-36.9	-28.5
Income from property management (IFPM)	56.2	53.7	109.9	118.3
Expenses, hybrid bond and D shares	-1.3	0.0	-1.3	-1.3
IFPM including hybrid bond and D shares	54.9	53.7	108.6	117.0
IFPM including hybrid bond and D shares per share (EUR)	1.25		1.32	1.43
Cash earnings per share after 6% tax (EUR)	1.17		1.24	1.34

Source: Company data and Nordea estimates

...while issuing shares 25% above the current share price would be significantly IFPM per share accretive

In the table below, we present the impact on IFPM per share assuming Cibus would issue common shares at SEK 320 instead of the current share price of SEK 265. Here IFPM per share would be as high as EUR 1.73 and this would make it less attractive to use class D shares as a financing tool.

**SCENARIO ASSUMING COMMON SHARES ISSUED AT SEK 320**

EURm	Q1 2022E	Add M&A	2023E	IG 2023E
Property value	1,513	1,237	2,750	2,750
Gross debt	918	507	1,425	1,425
Cash and cash equivalents	51		51	51
Net debt	867	507	1,374	1,374
Net LTV (%)	57.3%		50.0%	50.0%
Number of shares (m)	44	24	68	68
New shares issued at (SEK)		320		
Equity issued		730		
Class D shares issued (m)		0		
Class D shares issued at (SEK), yield 6.25%		160		
Class D share capital issued		0		
EPRA NRV	605	730	1,335	1,335
EPRA NRV per share (SEK)	143		205.1	205.1
Rental income	91.4	72.5	163.9	163.9
Property expenses	-5.6	-4.4	-10.0	-10.0
Net operating income	85.8	68.0	153.8	153.8
Central administration	-5.9	-1.2	-7.0	-7.0
Net financial expenses	-23.8	-13.1	-36.9	-28.5
Income from property management (IFPM)	56.2	53.7	109.9	118.3
Expenses, hybrid bond and D shares	-1.3	0.0	-1.3	-1.3
IFPM including hybrid bond and D shares	54.9	53.7	108.6	117.0
IFPM including hybrid bond and D shares per share (EUR)	1.25		1.60	1.73
Cash earnings per share after 6% tax (EUR)	1.17		1.51	1.62

Source: Company data and Nordea estimates



D shares gives more equity-like financing flexibility

We conclude that D shares give Cibus more flexibility to its financing toolbox with good opportunities to use D shares if the yield is low or in the event that Cibus's common share trades at a clearly lower level than it does today at SEK 265.

# Factors to consider when investing in Cibus

Cibus is a Nordic real estate company focused on grocery and daily goods retail assets. The company owns assets in Finland, Sweden and Norway. Unlike its retail real estate peers, which mainly focus on shopping centres, Cibus is less dependent on macroeconomic fluctuations and competition from e-commerce. Its portfolio is diversified, featuring 400 properties with a broad geographical spread across Finland and Sweden. The company expanded to Norway on 15 October. Cibus also signed agreements during 2021 for eight more properties; those transactions will close during 2022 and bring the property count to 408. In our view, stable cash flows from solid daily goods tenants – combined with strong 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

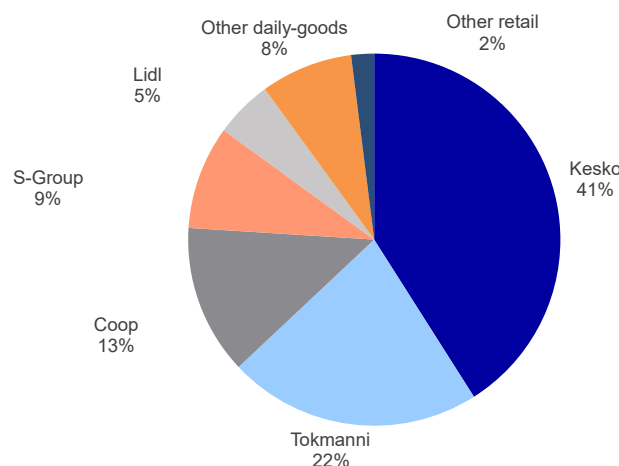
## Cibus is now a truly Nordic owner of daily goods properties

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 current 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 total property value of EUR ~1.5bn following its recently announced acquisitions. Cibus is second only to Trophi Fastighets AB, which has a total property value of EUR ~1.7bn (as of Q4 2021).

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 creates high dividend capacity. As of 31 December 2021, Cibus had 400 properties in its portfolio with a leasable area of 866,920 m<sup>2</sup>. After the recently announced acquisitions (closing in 2022), the portfolio will have 408 properties, lettable area of 881,120 m<sup>2</sup>, and a market value of EUR 1,543m. The portfolio is diversified, with no single property in the portfolio accounting for more than 2.1% of the portfolio's total net operating income, eliminating dependency on any individual property. Only one property accounts for more than 2% of the portfolio's total rental income.

## RENTAL INCOME PER TENANT AS OF DECEMBER 2021



Source: Company data

Cibus's anchor tenants include the largest grocery and daily goods players in Finland and Sweden

Around 90% of the company's rental income comes from properties where Kesko, Tokmanni, Coop, S-Group or Lidl are the anchor tenants. Cibus's portfolio is diversified in terms of property type, however – it includes supermarkets, discount stores, hypermarkets, smaller markets and other retail assets. More than 90% of its leases are classified as net leases, meaning that the risk associated with operating costs is very low for the property owner. Approximately 84% of the portfolio's net operating income on an annual basis stems from properties in Finland, 15% from properties in Sweden and 1% from properties in Norway. Supermarkets account for the majority of the

grocery sales in Finland, Sweden and Norway and represent the dominant type of store property in the company's portfolio.

### Grocery and daily goods tenants are resilient

Minimal dependence on macroeconomic factors

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.

### Cibus has refinanced its bank loans and bonds

In the near term, we expect a limited earnings boost from a lower cost of debt

Cibus operates with an appropriate level of debt considering its stable cash flow profile, in our view. Net LTV was 57.8% at the end of Q4 2021, and we estimate the weighted average total cost of debt was roughly 2.6%. 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's IPO. Its 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 917m at the end of Q4 2021, with bank debt of EUR 724m 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 (%)
<b>Bank loans</b>	324	2.3 %	354	2.1 %	354	2.1 %	403	2.0 %	551	2.1 %	724	2.1 %
<b>Bond</b>	135	4.5 %	135	4.5 %	135	4.5 %	135	4.5 %	193	4.6 %	193	4.6 %
<b>Group total</b>	459	3.0 %	489	2.8 %	489	2.8 %	538	2.6 %	744	2.7 %	917	2.6 %
<b>Debt cost/year</b>	-13.6		-13.6		-13.6		-14.1		-20.4		-23.8	

Source: Company data and Nordea estimates

### Aiming to double its portfolio by 2023

Cibus now intends to grow its portfolio to EUR 2.5-3bn by the end of 2023...

On 1 December 2021, Cibus announced strong transaction flow for potential acquisitions and therefore updated its growth targets for the short to medium term. Cibus now estimates that the portfolio should nearly double by the end of 2023, up to EUR 2.5-3bn, from EUR 1,500m as of Q4 2021. Cibus had previously lifted its acquisition target from EUR 50m up to EUR 50-100m annually, while it carried out acquisitions of EUR 369m in 2020 and EUR 214m 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 is materially higher than the 2020-21 acquisitions level of EUR 214-369m and quite ambitious, in our view. We do not have enough visibility into the transaction market to verify the availability of acquisition targets, but note that Cibus could pursue a combination of smaller deals and larger portfolio transactions.

Trading at a substantial EPRA NRV premium, Cibus has a clear advantage over

The new growth targets imply significant additional equity-like needs for 2022-23. Assuming Cibus gradually lowers its LTV to around 50%, which we believe is required for an investment grade (IG) rating, its equity-like need for the coming two years would

institutional investors	<p>be roughly EUR 600-900m. A part of the equity portion, however, could be funded with hybrid bonds or by issuing class D-shares. Trading at a ~90% premium to Q4 2021 EPRA NRV makes equity-based M&amp;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 ~4.3%, which in our view implies that Cibus will be able to outbid the 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' return-on-equity requirement is below 4.3%, they might be able to pay similar prices.</p>
Assumptions for M&A scenario analysis	<p>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 its targeted EUR 2.5-3bn portfolio size. We make the following assumptions:</p> <ul style="list-style-type: none"> <li>• Cibus will acquire properties for EUR 1,237m in total between Q1 2022 and 2023, taking the portfolio size to EUR 2.75bn by the end of 2023. We have assumed the property value to be EUR 1,513m at the end of Q1 2022E and EPRA NRV of EUR 13.75.</li> <li>• The net yield assumption for acquisitions is 5.5%, an assumption that might be conservative when it comes to smaller acquisitions and optimistic for larger portfolio acquisitions.</li> <li>• All acquisitions will be financed with an assumption of LTV gradually declining to 50% by the end of 2023, which is realistic given Cibus's IG rating ambitions. As a consequence, gross debt would increase to EUR 1,425m at the end of 2023, which equals net LTV of 50% assuming a cash position of EUR 51m (as of reported Q4 2021).</li> <li>• EUR 392m of new equity would be issued. We assume equity to be issued at SEK 265 per share, i.e. the current share price. This would increase the share count from 44 million at the end of Q1 2022 to 59 million by the end of 2023. In reality, equity need is EUR 561m assuming EUR 168m of 11m new D shares issued at SEK 160 per share, but in order to make the EPS calculations comparable to the current share price prior to Cibus shares go ex-D shares, we make this adjustment. The 11m D shares that will be issued to current shareholders will not contribute any funds to Cibus.</li> <li>• We assume Cibus would raise EUR 338m by issuing 22m class D shares at 6.25% yield.</li> <li>• Central administration costs would increase by 20% to EUR 7.0m in 2023 from EUR 5.9m annually as of Q4 2021.</li> <li>• In our 2023 scenario, we assume the average cost of debt to be ~2.6%, as presented in the Q4 earnings capacity calculations disclosed by the company.</li> <li>• In the IG 2023 scenario, we assume Cibus will achieve an Investment Grade rating, as disclosed as a target for the company. In our IG 2023 scenario, we assume the average cost of debt will decline to 2.0%. 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.</li> <li>• In calculating taxes on operations, we assume a 6% tax rate on income from property management. This is used to calculate the cash earnings per share.</li> </ul>

**M&A SCENARIO**

EURm	Q1 2022E	Add M&A	2023E	IG 2023E
Property value	1,513	1,237	2,750	2,750
Gross debt	918	507	1,425	1,425
Cash and cash equivalents	51		51	51
Net debt	867	507	1,374	1,374
Net LTV (%)	57.3%		50.0%	50.0%
Number of shares (m)	44	15	59	59
New shares issued at (SEK)		265		
Equity issued		392		
Class D shares issued (m)		22		
Class D shares issued at (SEK), yield 6.25%		160		
Class D share capital issued		338		
EPRA NRV	605	392	997	997
EPRA NRV per share (SEK)	143		174.7	174.7
Rental income	91.4	72.5	163.9	163.9
Property expenses	-5.6	-4.4	-10.0	-10.0
Net operating income	85.8	68.0	153.8	153.8
Central administration	-5.9	-1.2	-7.0	-7.0
Net financial expenses	-23.8	-13.1	-36.9	-28.5
Income from property management (IFPM)	56.2	53.7	109.9	118.3
Expenses, hybrid bond and D shares	-1.3	-21.1	-22.4	-22.4
IFPM including hybrid bond and D shares	54.9	32.6	87.5	95.9
IFPM including hybrid bond and D shares per share (EUR)	1.25		1.47	1.61
Cash earnings per share after 6% tax (EUR)	1.17		1.36	1.50

Source: Company data and Nordea estimates

EPRA NRV would jump 22% based on new share issuance...

EPRA NRV would increase to SEK 175 per share (from SEK 143 per share in Q1 2022E) based solely on the new equity (EUR 392m) raised at a premium to EPRA NRV.

...while IFPM per share would increase by 18-29%

As presented in the scenario analysis above, under our assumptions, income from property management (IFPM) per share, including the impact from the hybrid bond and D shares, would increase by 18% from EUR 1.25 to EUR 1.47. In our IG 2023 scenario, IFPM per share would increase by 29% to EUR 1.61 per share.

Based on the current share price, cash earnings multiples would decline to 15.5-16.7x in our scenario analysis

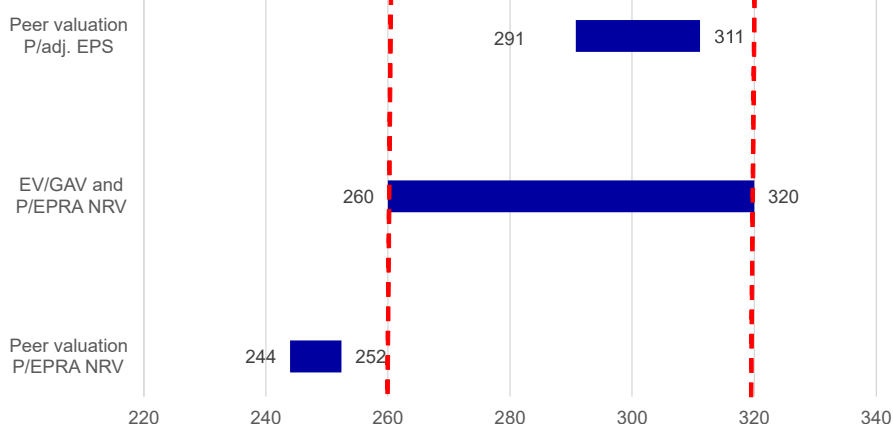
According to our scenario analysis, Cibus is trading at a 52% premium to 2023E EPRA NRV, while we expect EPRA NRV to increase to SEK 175 per share as a consequence of share issuances at a premium to EPRA NRV. Cash earnings multiples decline to 18.7x in our 2023 scenario and to 17.0x in the IG 2023 scenario, based on a share price of SEK 265. If Cibus were to distribute 90% of its cash earnings in dividends, the dividend yield based on a share price of SEK 265 would be 5.0% in our 2023 scenario and 5.5% in the IG 2023 scenario.

**Valuation conclusion**

Our fair value range is SEK 260-320 per share

Our main valuation approach is based on 2023E P/EPRA NRV of 1.50-1.85x, which results in a fair value range of SEK 260-320 (240-300) per share. A peer group EPRA/NRV valuation suggests a narrow range of SEK 244-252, while the peer P/adjusted EPS range is wider at SEK 291-311 per share. In terms of our various valuation approaches, we assign the greatest weight to P/EPRA NRV, backed by DCF and peer valuation. We arrive at a fair value range of SEK 260-320 per share, corresponding to 2023E adjusted P/E of 19.4-23.9x.

## VALUATION APPROACH (SEK PER SHARE)



Source: Company data and Nordea estimates

Our peer group of Swedish real estate compounders are trading at higher adjusted P/E multiples than our fair value range of 19.4-23.9x. Cibus is currently trading at 19.8x 2023E adjusted P/E.

## PEER GROUP VALUATION: SWEDISH REAL ESTATE COMPOUNDERS

Company	Price	Adj. P/E			P/EPRA NAV/NRV			Dividend yield (%)		
		2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E
Fastighets AB Trianon	211.00	39.9	28.7	24.3	172%	130%	116%	0.9%	1.2%	1.3%
Nyfosa AB	140.90	8.5	17.9	15.1	154%	137%	127%	2.4%	2.8%	3.1%
Sagax AB	287.40	13.1	32.3	29.3	331%	265%	223%			
Samhallsbyggnadsbolaget I Norden Af	47.84	2.9	21.8	18.3	138%	112%	99%	2.0%	3.0%	3.3%
<b>Average</b>		<b>16.1</b>	<b>25.2</b>	<b>21.8</b>	<b>199%</b>	<b>161%</b>	<b>141%</b>	<b>1.8%</b>	<b>2.3%</b>	<b>2.6%</b>
<b>Median</b>		<b>10.8</b>	<b>25.3</b>	<b>21.3</b>	<b>163%</b>	<b>134%</b>	<b>121%</b>	<b>2.0%</b>	<b>2.8%</b>	<b>3.1%</b>
<b>Cibus (Nordea estimates)</b>	<b>265.00</b>	<b>21.5</b>	<b>21.5</b>	<b>19.8</b>	<b>191%</b>	<b>169%</b>	<b>153%</b>	<b>3.9%</b>	<b>4.1%</b>	<b>4.3%</b>

Note: Share prices updated as of 18 March 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. Hence, 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 4.1% for 2022 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 260-320 per share corresponds to a 2023E dividend yield of 3.6-4.4%. Currently, Cibus is trading at a 4.3% dividend yield for 2023E.

## 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
190.00	18.25	1.07	1.05	1.21	1.10	15.4	14.2	5.1	5.4	5.7	6.0
200.00	19.21	1.10	1.07	1.28	1.16	16.2	15.0	5.0	5.3	5.4	5.7
210.00	20.18	1.13	1.10	1.34	1.21	17.0	15.7	4.8	5.1	5.2	5.5
220.00	21.14	1.15	1.13	1.41	1.27	17.8	16.5	4.7	5.0	4.9	5.2
230.00	22.10	1.18	1.15	1.47	1.33	18.6	17.2	4.6	4.9	4.7	5.0
240.00	23.06	1.20	1.18	1.53	1.39	19.4	18.0	4.5	4.8	4.5	4.8
250.00	24.02	1.23	1.20	1.60	1.45	20.2	18.7	4.4	4.7	4.3	4.6
260.00	24.98	1.26	1.23	1.66	1.50	21.1	19.4	4.3	4.6	4.2	4.4
270.00	25.94	1.28	1.26	1.72	1.56	21.9	20.2	4.2	4.5	4.0	4.2
280.00	26.90	1.31	1.28	1.79	1.62	22.7	20.9	4.2	4.4	3.9	4.1
290.00	27.86	1.34	1.31	1.85	1.68	23.5	21.7	4.1	4.3	3.7	3.9
300.00	28.82	1.36	1.33	1.92	1.73	24.3	22.4	4.0	4.2	3.6	3.8
310.00	29.78	1.39	1.36	1.98	1.79	25.1	23.2	3.9	4.2	3.5	3.7
320.00	30.74	1.42	1.39	2.04	1.85	25.9	23.9	3.8	4.1	3.4	3.6
330.00	31.70	1.44	1.41	2.11	1.91	26.7	24.7	3.8	4.0	3.3	3.5
340.00	32.67	1.47	1.44	2.17	1.97	27.5	25.4	3.7	3.9	3.2	3.4
350.00	33.63	1.50	1.46	2.24	2.02	28.3	26.2	3.6	3.9	3.1	3.3
360.00	34.59	1.52	1.49	2.30	2.08	29.2	26.9	3.6	3.8	3.0	3.2
370.00	35.55	1.55	1.52	2.36	2.14	30.0	27.7	3.5	3.7	2.9	3.1
380.00	36.51	1.58	1.54	2.43	2.20	30.8	28.4	3.5	3.7	2.8	3.0
390.00	37.47	1.60	1.57	2.49	2.26	31.6	29.2	3.4	3.6	2.8	2.9

Source: Nordea estimates



# Detailed estimates

ANNUAL ESTIMATES					
EURm	2020	2021	2022E	2023E	2024E
<b>Rental income</b>	<b>65</b>	<b>81</b>	<b>93</b>	<b>98</b>	<b>100</b>
Rental income growth	26.2%	24.6%	14.3%	6.0%	2.0%
Property expenses	-3	-4	-6	-6	-6
<b>Net rental income</b>	<b>61</b>	<b>76</b>	<b>87</b>	<b>92</b>	<b>94</b>
NRI margin %	94.4%	94.2%	93.9%	94.0%	94.0%
Administrative expenses	-7	-6	-6	-6	-6
Other operating income	9	13	10	10	10
Other operating expenses	-10	-14	-10	-10	-10
Profit/loss on sales of investment properties	0	0	0	0	0
Profit/loss on sales of trading properties	0	0	0	0	0
Fair value changes of investment properties	6	11	23	11	11
Depreciation, amortisation and impairment losses	0	1	0	0	0
<b>Operating profit/loss</b>	<b>61</b>	<b>80</b>	<b>104</b>	<b>98</b>	<b>99</b>
Financial income	0	0	0	0	0
Financial expenses	-21	-22	-25	-25	-25
<b>Net financials</b>	<b>-21</b>	<b>-22</b>	<b>-25</b>	<b>-25</b>	<b>-25</b>
Share of result from associated companies	0	0	0	0	0
<b>Profit before taxes</b>	<b>39</b>	<b>58</b>	<b>79</b>	<b>73</b>	<b>75</b>
Current tax expense	0	0	-3	-4	-4
Change in deferred tax	-5	-8	-5	-2	-2
<b>Profit/loss for the period</b>	<b>34</b>	<b>50</b>	<b>72</b>	<b>67</b>	<b>68</b>
<b>Funds from operations</b>	<b>33</b>	<b>47</b>	<b>53</b>	<b>58</b>	<b>59</b>

Source: Company data and Nordea estimates

## INTERIM ESTIMATES

EURm	Q1/2021	Q2/2021	Q3/2021	Q4/2021	Q1/2022E	Q2/2022E	Q3/2022E	Q4/2022E
<b>Rental income</b>	<b>19</b>	<b>20</b>	<b>20</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>25</b>
Rental income growth	54.8%	50.5%	53.7%	11.1%	15.4%	14.2%	13.3%	14.5%
Property expenses	-1	-1	-1	-1	-1	-1	-1	-1
<b>Net rental income</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>23</b>
NRI margin %	95.3%	95.5%	95.4%	95.8%	93.8%	93.8%	93.9%	93.9%
Administrative expenses	-2	-2	-1	-2	-1	-1	-1	-2
Other operating income	4	3	3	3	3	3	3	3
Other operating expenses	-4	-3	-3	-4	-3	-3	-3	-3
Profit/loss on sales of investment properties	0	0	0	0	0	0	0	0
Profit/loss on sales of trading properties	0	1	2	3	0	1	2	3
Fair value changes of investment properties	0	2	2	6	2	4	2	15
Depreciation, amortisation and impairment losses	0	0	0	0	0	0	0	0
<b>Operating profit/loss</b>	<b>17</b>	<b>20</b>	<b>22</b>	<b>28</b>	<b>22</b>	<b>25</b>	<b>24</b>	<b>40</b>
Financial income	0	0	0	0	0	0	0	0
Financial expenses	-5	-6	-5	-6	-6	-6	-6	-7
<b>Net financials</b>	<b>-5</b>	<b>-6</b>	<b>-5</b>	<b>-6</b>	<b>-6</b>	<b>-6</b>	<b>-6</b>	<b>-7</b>
Share of result from associated companies	0	1	2	3	0	1	2	3
<b>Profit before taxes</b>	<b>12</b>	<b>14</b>	<b>16</b>	<b>22</b>	<b>16</b>	<b>19</b>	<b>18</b>	<b>32</b>
Current tax expense	-1	1	0	0	-1	-1	-1	-1
Change in deferred tax	-1	-2	-2	-3	0	-1	0	-3
<b>Profit/loss for the period</b>	<b>10</b>	<b>14</b>	<b>14</b>	<b>19</b>	<b>15</b>	<b>17</b>	<b>17</b>	<b>28</b>
<b>Funds from operations</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>13</b>

Source: Company data and Nordea estimates

**SUMMARY TABLE: KEY FIGURES**

EURm	2018	2019	2020	2021E	2022E	2023E	2024E
Rental income	25	52	65	81	93	98	100
- rental income growth	n.a.	106%	26%	25%	14%	6%	2%
Net operating income (NOI)	23	49	61	76	87	92	94
Pre-tax profit	16	35	39	58	79	73	75
IFPM (pretax ex value gains)	12	27	33	48	56	61	63
FFO	11	28	33	47	53	58	59
-FFO growth	n.a.	148%	20%	41%	15%	8%	2%
Dividend	-6	-26	-30	-38	-44	-46	-48
Shareholder equity	329	333	458	583	612	633	652
EPRA NRV (incl. div not paid)	338	346	435	585	662	731	801
-EPRA NRV growth	n.a.	3%	26%	35%	13%	10%	10%
Net debt	461	517	785	876	907	894	883
Net debt/EBITDA	21.9x	11.9x	14.3x	12.5x	11.2x	10.4x	10.0x
Loan-to-value (net)	56%	59%	62%	58%	58%	57%	56%

Source: Company data and Nordea estimates

**RATIOS RELATED TO BALANCE SHEET**

	2018	2019	2020	2021E	2022E	2023E	2024E
Investment properties, fair value EURm	816	875	1,273	1,500	1,566	1,577	1,588
Net investments, EURm	0	57	369	206	43	0	0
Net debt, EURm	461	517	785	876	907	894	883
Average interest rate	2.8%	2.6%	2.7%	2.6%	2.6%	2.6%	2.6%
Equity ratio	36%	35%	37%	38%	39%	39%	40%
Payout ratio (dividend / FFO)	102%	102%	84%	88%	86%	88%	96%

Source: Company data and Nordea estimates

**NRV CALCULATION (EURm AND EUR PER SHARE)**

EURm	2018	2019	2020	2021E	2022E	2023E	2024E
Equity (less hybrid, incl. value changes)	329	333	458	554	583	604	623
Acc. dividend added back	0	0	0	0	44	89	138
Deferred tax	9	14	20	31	36	38	40
<b>EPRA NRV</b>	<b>338</b>	<b>346</b>	<b>478</b>	<b>585</b>	<b>662</b>	<b>731</b>	<b>801</b>
- per share	10.9	11.1	10.9	13.3	15.0	16.6	18.2
EPRA NRV	338	346	478	585	662	731	801
Derivatives	-2	-2	-1	0	0	0	0
Deferred tax 10% -tax	-5	-7	-10	-16	-18	-19	-20
<b>EPRA NNNRV (Nordea est.)</b>	<b>331</b>	<b>337</b>	<b>467</b>	<b>569</b>	<b>644</b>	<b>712</b>	<b>781</b>
- per share	10.7	10.9	10.6	12.9	14.6	16.2	17.7

Source: Company data and Nordea estimates

# Reported numbers and forecasts

## INCOME STATEMENT

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>Total revenue</b>	n.a.	n.a.	n.a.	n.a.	29	60	74	94	103	108	110
Revenue growth	n.a.	n.a.	n.a.	n.a.	n.a.	108.3%	23.6%	26.1%	9.5%	5.4%	1.8%
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	21	43	55	70	81	86	88
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	21	43	55	70	81	86	88
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	n.a.	n.a.	n.a.	n.a.	21	43	55	70	81	86	88
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	-8	-15	-21	-22	-25	-25	-25
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	4	7	6	12	23	11	11
<b>Pre-tax profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>35</b>	<b>40</b>	<b>59</b>	<b>79</b>	<b>73</b>	<b>75</b>
Reported taxes	0	0	0	0	-3	-5	-5	-8	-7	-6	-7
Net profit from continued operations	0	0	0	0	14	30	35	51	72	67	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	14	30	35	51	72	67	68
<b>EPS, EUR</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>0.44</b>	<b>0.97</b>	<b>0.96</b>	<b>1.27</b>	<b>1.63</b>	<b>1.52</b>	<b>1.54</b>
DPS, EUR	0.00	0.00	0.00	0.00	0.84	0.89	0.94	0.99	1.04	1.10	1.15
of which ordinary	0.00	0.00	0.00	0.00	0.84	0.89	0.94	0.99	1.04	1.10	1.15
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.	72.8%	72.0%	73.8%	74.6%	79.0%	79.7%	79.9%
EBITA	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	79.0%	79.7%	79.9%
EBIT	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	79.0%	79.7%	79.9%

## Adjusted earnings

EBITDA (adj)	0	0	0	0	21	43	55	70	81	86	88
EBITA (adj)	0	0	0	0	21	43	55	70	81	86	88
EBIT (adj)	0	0	0	0	21	43	55	70	81	86	88
EPS (adj, EUR)	n.a.	n.a.	n.a.	n.a.	0.40	0.88	0.92	1.18	1.19	1.28	1.31

## Adjusted profit margins in percent

EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	79.0%	79.7%	79.9%
EBITA (adj)	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	79.0%	79.7%	79.9%
EBIT (adj)	n.a.	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	79.0%	79.7%	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.	30.2%	12.9%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	32.6%	15.2%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	32.6%	15.2%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	28.1%	9.6%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	5.5%	5.3%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	75.1%	76.4%	77.7%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	75.1%	76.4%	77.7%

## VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	25.4	15.9	18.1	24.0	21.5	19.8	19.5
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	25.0	23.3	22.7
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	25.0	23.3	22.7
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	25.0	23.3	22.7

## VALUATION RATIOS - REPORTED EARNINGS

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E	n.a.	n.a.	n.a.	n.a.	22.9	14.3	17.3	22.4	15.6	16.7	16.5
EV/Sales	n.a.	n.a.	n.a.	n.a.	26.80	15.76	19.50	22.66	19.74	18.60	18.17
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	25.0	23.3	22.7
EV/EBITA	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	25.0	23.3	22.7
EV/EBIT	n.a.	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	25.0	23.3	22.7
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	8.3%	6.4%	5.7%	3.5%	4.1%	4.3%	4.5%
FCF yield	n.a.	n.a.	n.a.	n.a.	-2.9%	-8.9%	-53.7%	-10.3%	1.1%	5.3%	5.3%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	5.1%	3.0%	5.3%	4.1%	4.9%	5.3%	5.3%
Payout ratio	n.a.	n.a.	n.a.	n.a.	211.3%	101.7%	102.3%	83.6%	87.7%	85.6%	88.0%

Source: Company data and Nordea estimates

**BALANCE SHEET**

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
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	816	881	1,281	1,509	1,575	1,587	1,598
of which leased assets	0	0	0	0	0	6	8	10	10	10	10
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	2	1	4	5	5	5	5
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	1	0	0	0	0	0	0
Total non-current assets	0	0	0	0	819	882	1,284	1,514	1,580	1,592	1,603
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	0	0	2	4	1	2	2	2	2
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	1	2	2	3	4	4	4
Cash and bank	0	0	0	0	26	25	37	51	20	33	44
Total current assets	0	0	0	0	29	30	39	56	26	40	51
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>848</b>	<b>913</b>	<b>1,324</b>	<b>1,571</b>	<b>1,606</b>	<b>1,631</b>	<b>1,653</b>
Shareholders equity	0	0	0	0	329	333	458	583	612	633	652
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	29	29	29	29
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	0	0	0	0	329	333	458	583	612	633	652
Deferred tax	0	0	0	0	9	14	20	31	36	38	40
Long term interest bearing debt	0	0	0	0	486	535	810	911	914	914	914
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	2	2	1	0	0	0	0
Non-current lease debt	0	0	0	0	0	6	9	13	13	13	13
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	498	557	841	956	963	965	967
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	0	1	1	1	1
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	21	23	22	28	31	33	33
Short term interest bearing debt	0	0	0	0	0	0	3	2	0	0	0
Total current liabilities	0	0	0	0	21	23	25	31	32	33	34
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>848</b>	<b>913</b>	<b>1,324</b>	<b>1,571</b>	<b>1,606</b>	<b>1,631</b>	<b>1,653</b>
<b>Balance sheet and debt metrics</b>											
Net debt	0	0	0	0	461	517	785	876	907	894	883
of which lease debt	0	0	0	0	0	6	9	13	13	13	13
Working capital	0	0	0	0	-18	-17	-20	-24	-26	-27	-28
Invested capital	0	0	0	0	801	865	1,265	1,491	1,554	1,564	1,575
Capital employed	0	0	0	0	815	874	1,280	1,510	1,538	1,560	1,579
ROE	n.m.	n.m.	n.m.	n.m.	8.4%	9.2%	8.7%	9.9%	12.0%	10.8%	10.6%
ROIC	n.m.	n.m.	n.m.	n.m.	4.2%	4.2%	4.1%	4.1%	4.3%	4.4%	4.5%
ROCE	n.m.	n.m.	n.m.	n.m.	5.3%	5.1%	5.1%	5.0%	5.3%	5.6%	5.6%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	21.9	11.9	14.3	12.5	11.2	10.4	10.0
Interest coverage	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	n.m.	n.m.	n.m.	38.8%	36.5%	34.6%	37.1%	38.1%	38.8%	39.4%
Net gearing	n.m.	n.m.	n.m.	n.m.	140.1%	155.2%	171.5%	150.2%	148.3%	141.3%	135.4%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>EBITDA (adj) for associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>43</b>	<b>55</b>	<b>70</b>	<b>81</b>	<b>86</b>	<b>88</b>
Paid taxes	0	0	0	0	-1	-2	-1	-1	-3	-4	-4
Net financials	0	0	0	0	-4	-15	-21	-22	-25	-25	-25
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	1	-4	-1	0	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	-1	2	1	0	0	0
<b>Funds from operations (FFO)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>26</b>	<b>31</b>	<b>46</b>	<b>53</b>	<b>58</b>	<b>59</b>
Change in NWC	0	0	0	0	0	-13	4	5	2	1	0
<b>Cash flow from operations (CFO)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>13</b>	<b>35</b>	<b>51</b>	<b>55</b>	<b>59</b>	<b>59</b>
Capital expenditure	0	0	0	0	0	0	0	0	0	0	0
<b>Free cash flow before A&amp;D</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>13</b>	<b>35</b>	<b>51</b>	<b>55</b>	<b>59</b>	<b>59</b>
Proceeds from sale of assets	0	0	0	0	0	2	0	0	0	0	0
Acquisitions	0	0	0	0	-25	-53	-392	-180	-43	0	0
Free cash flow	0	0	0	0	-9	-39	-357	-129	12	59	59
Free cash flow bef A&D, lease adj	0	0	0	0	16	13	35	51	55	59	59
Dividends paid	0	0	0	0	-6	-26	-30	-38	-44	-46	-48
Equity issues / buybacks	0	0	0	0	0	0	123	85	0	0	0
Net change in debt	0	0	0	0	24	24	24	24	0	0	0
Other financing adjustments	0	0	0	0	0	12	7	10	23	11	11
Other non-cash adjustments	0	0	0	0	17	28	245	32	-23	-11	-11
Change in cash	0	0	0	0	26	-1	12	14	-31	13	11
<b>Cash flow metrics</b>											
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.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	10	14	17	28	25	25	25
Market cap.	n.a.	n.a.	n.a.	n.a.	314	432	665	1,249	1,120	1,120	1,120
Enterprise value	n.a.	n.a.	n.a.	n.a.	775	949	1,450	2,125	2,027	2,014	2,003
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	0.0	31.1	31.1	40.0	44.0	44.0	44.0	44.0

Source: Company data and Nordea estimates

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