

25 August 2022

Commissioned research: Nordea Small & Mid Cap Days, Cibus – Property valuations should remain stable even in a weaker environment with rising interest rates

Marketing material commissioned by Cibus

Today (25 August), Cibus' CEO Sverker Källgård and CFO Pia-Lena Olofsson presented at the Nordea Small & Mid Cap seminar. Our main conclusions are: 1) Cibus will continue to focus on the supermarket segment within grocery-anchored retail real estate and as virtually all its rents are CPI-linked and lease agreements are net leases, it means that Cibus will enjoy the full benefit from inflation in its top line while property cost inflation is passed on to the tenant. 2) Bankability is good for large grocery-anchored portfolios, and Cibus is able to acquire properties at 50-100 bps higher net yield level than its implied net yield. With average valuation yield at around 5.6-5.7% for the portfolio and virtually no yield compression having materialised over the past years, we see low risk for property values declining; on the contrary, CPI-linked rents should more likely support valuations positively. 3) Cibus expanded earlier this year to Denmark in addition to the exposure to Finland, Sweden and Norway. The company is looking into new markets, but we believe it is more likely that Cibus will continue to grow selectively in the current markets. However, as Cibus has grown in size to close to EUR 2bn, it gets more proposals also for portfolios outside of the Nordics. 4) The ambition to grow the portfolio to EUR 2.5-3bn by end of 2023 is more challenging given the state of the credit market, but Cibus is still targeting Investment Grade capacity by the end of 2023, meaning that LTV needs to be lowered somewhat from current 58%. Thus, new equity is needed to grow the portfolio significantly, as Cibus has done in recent years. Conclusion: Although the growth ambitions are challenging in the current environment, we believe Cibus is one of the more safe picks in the Nordic real estate sector as we see property values being stable also in a less benign environment.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	60	74	94	120	129	131
NOI margin	80.8%	82.5%	81.4%	83.0%	83.7%	83.8%
EPS (adj, EUR)	0.88	0.92	1.18	1.30	1.31	1.31
EPS (adj) growth	120.2%	5.0%	28.8%	10.0%	0.4%	0.1%
P/E (adj)	15.9	18.1	24.0	12.7	12.7	12.7
DPS, EUR	0.89	0.94	0.99	1.04	1.10	1.16
NAV per share	11	11	12	16	17	19
NAV growth	1.9%	-2.1%	10.7%	34.7%	10.2%	8.7%
NOI/EV (adj)	5.1%	4.2%	3.6%	5.3%	5.8%	5.9%
P/NAV	128.0%	156.5%	241.2%	104.5%	94.9%	87.3%
P/EPRA NAV	124.7%	152.9%	213.3%	101.5%	92.2%	84.9%
Dividend yield	6.4%	5.7%	3.5%	6.3%	6.6%	7.0%
Loan-to-value (net debt)	58.7%	61.3%	58.0%	57.4%	56.1%	55.2%
Net debt/EBITDA(adj)	11.9	14.3	12.5	11.7	10.6	10.2

Source: Company data and Nordea estimates

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