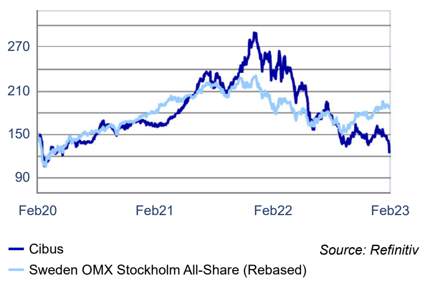
Cibus

Construction and Real Estate
Sweden

KEY DATA

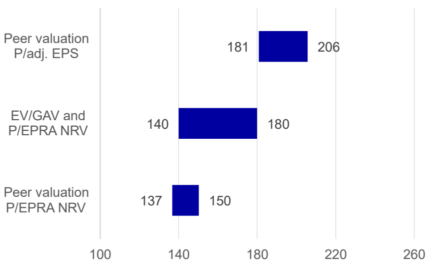
Stock country	Sweden
Bloomberg	CIBUS SS
Reuters	CIBUS.ST
Share price (close)	SEK 125.0
Free Float	100%
Market cap. (bn)	EUR 0.55/SEK 6.06
Website	www.cibusnordic.com
Next report date	27 Apr 2023

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	-1%	1%	1%
EBIT (adj)	-2%	0%	0%

Source: Nordea estimates

Nordea IB & Equity - Analysts
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Dividend cut a statement of prudence

Cibus's Q4 2022 income from property management (IFPM) was below consensus, even when adjusted for EUR -1.6m in one-offs. Earnings capacity-based IFPM per share declined by 9% q/q, down to EUR 1.16. This was mainly caused by an increase in the cost of debt, i.e. 3.9% in Q4 from 3.1% in Q3. Cibus cut its dividend to EUR 0.90 (from EUR 0.99) to reflect the changing interest rate environment. From the new dividend base, Cibus argues that it can pay an annually increasing dividend. The share is trading at a ~25% discount to EPRA NRV, which corresponds to an implied yield of ~6.5%. We cut adjusted EPS by 6-9% for 2023E-25E due to higher interest costs. Our fair value range is SEK 140-180 (160-200) per share, based on a mix of P/EPRA NAV and peer valuation. Cibus needs to refinance its EUR 61.8m bond expiring in Q3 2023, which will further increase interest costs.

Dividend rebased in order to pay an annually growing dividend

Because Cibus is a pronounced dividend case when the compounder case is on hold, the dividend cut disappointed the market. Cibus claims, however, that it can pay an annually increasing dividend from the new base. We therefore believe that Cibus should be able to post an adjusted EPS of more than EUR 1. A dividend of EUR 0.90 equals a dividend yield of ~8%. Cibus needs to refinance EUR 61.8m of the bond maturing in Q3, which will increase debt costs further. In November 2022, Cibus issued a SEK bond at 3m Stibor + 5.95%. Interest costs thus could increase clearly by more than we estimate but still result in an adjusted EPS above EUR 1.

Q4 operationally fine but net financial costs higher

IFPM was EUR 14.0m (adjusted for one-offs), 7% below consensus and 11% above our estimate. Q4 EPRA NRV per share was EUR 14.7 (SEK 162), weighed by EUR 25m in negative fair value changes; we estimate that the valuation yield increased by 20 bp to ~6%. We see limited risk of additional negative fair value changes as the grocery store category has experienced limited yield compression. Net LTV was 59.1%, slightly up from Q3.

Fair value range down to SEK 140-180

We lower our fair value range to SEK 140-180 (160-200) per share, based on peer group valuations and P/EPRA NRV. Our fair value range equals a 2023E adjusted P/E of 11-14x, a P/EPRA NRV of 0.8-1.0x (including dividends) and a 2023E dividend yield of 5.8-7.5%. With the dividend rebased, we believe Cibus can grow its dividend annually.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	60	74	94	124	137	143	147
NOI margin	80.8%	82.5%	81.4%	80.3%	82.6%	83.1%	83.4%
EPS (adj, EUR)	0.88	0.92	1.18	1.12	1.12	1.17	1.23
EPS (adj) growth	120.2%	5.0%	28.8%	-5.5%	0.5%	4.5%	4.3%
P/E (adj)	15.9	18.1	24.0	11.5	10.1	9.6	9.2
DPS, EUR	0.89	0.94	0.99	0.90	0.95	1.00	1.05
NAV per share	11	11	12	14	15	16	18
NAV growth	1.9%	-2.1%	10.7%	21.0%	6.5%	8.9%	8.9%
NOI/EV (adj)	5.1%	4.2%	3.6%	5.8%	6.9%	7.3%	7.6%
P/NAV	128.0%	156.5%	241.4%	90.6%	74.6%	68.5%	63.0%
P/EPRA NAV	124.7%	152.9%	213.3%	87.9%	72.5%	66.7%	61.3%
Dividend yield	6.4%	5.7%	3.5%	7.0%	8.4%	8.8%	9.3%
Loan-to-value (adj)	58.7%	61.3%	58.0%	59.1%	58.7%	57.7%	56.6%
Net debt/EBITDA(adj)	11.9	14.3	12.5	12.1	10.4	9.7	9.3

Source: Company data and Nordea estimates

Q4 results and estimate revisions

Adjusting for negative one-offs of EUR 1.6m, the Q4 operating results were largely in line with Infront consensus. Reported Income from property management (IFPM) was EUR 14.0m, adjusting for one-offs, which was 7% below consensus and 11% below our estimate, owing to higher financial costs. Reported IFPM was EUR 12.4m and included EUR 0.3m in FX losses, EUR 0.8m of costs from a bond redemption premium and the reversal of capitalised arrangement fees, as well as EUR 0.4m in non-recurring administration costs. The updated earnings capacity revealed a 9% q/q decline in IFPM per share, to EUR 1.16 from EUR 1.27, owing primarily to increased financial costs. IFPM per share peaked at EUR 1.34 in Q2 2022, so the decline from Q2 is 13%. Cibus decided to cut the dividend to EUR 0.90 (from EUR 0.99 in 2021) as a consequence of the interest rate environment. The dividend yield is ~8% after the new dividend proposal, which Cibus argues is sustainable, and enables a growing annual dividend in the current interest rate environment.

Q4 IFPM was clearly below consensus, even adjusting for one-off items...

Cibus posted Q4 net operating income of EUR 26.5m, up 30% y/y due to acquisitions, which is 1% above our estimate and 2% above consensus. IFPM was EUR 12.4m, down 3% y/y, i.e. 21% below our estimate and 17% below consensus. However, IFPM included EUR 1.6m of negative one-offs. Adjusting for these, IFPM was 11% below our estimate and 7% below consensus.

...while fair value changes were EUR -24.5m

Fair value changes were EUR -24.5 (~1.3% of the total portfolio) as the average valuation yield expanded by ~20 bp. Earnings capacity-based IFPM per share was down q/q, at EUR 1.16 (from EUR 1.27), owing mainly to increased financial expenses. Net financial expenses within earnings capacity were EUR -44.3m; we estimated EUR -41.3m for 2023 before the Q4 report and forecast EUR -45.8m after the report.

EPRA NRV was EUR 14.7 per share, slightly down from Q3

EPRA NRV was EUR 14.7 (SEK 162), down from EUR 15.2 in Q3 2022. Cibus is trading at a 15% discount to EPRA NRV and an implied yield of 6.3% versus the average valuation yield of ~6.0%.

75% of debt is bank loans with a margin of 1.6% on average

Roughly 75% of Cibus debt is bank loans with an average interest rate margin of 1.6% and EUR 65m of debt maturities within the next 22 months. The hedging ratio is 70% for bank loans. Net LTV increased slightly, to 59.1% (from 58.0% in Q3).

The dividend was cut to EUR 0.90 per share from EUR 0.99 a year ago

The dividend was cut to EUR 0.90 (from EUR 0.99), while consensus expected a dividend of EUR 1.04. The reason for the dividend cut is the current interest rate, and Cibus argues that it can pay an annually increasing dividend from EUR 0.90 (monthly payments) given the current interest rate environment.

CIBUS: Q4 DEVIATION TABLE

EURm	Actual Q4 2022	NDA est. Q4 2022E	Deviation vs. actual		Cons est. Q4 2022E	Deviation vs. actual		Actual Q4 2021	y/y	Actual Q3 2022	q/q
Rental income	**28.3**	**28.1**	**0**	**1%**	**28.0**	**0**	**1%**	**21.6**	**31%**	**27.8**	**2%**
Net operating income	**26.5**	**26.3**	**0**	**1%**	**26.0**	**0**	**2%**	**20.4**	**30%**	**26.2**	**1%**
NOI margin	93.7%	93.8%		-0.1pp	92.9%	0.9pp	0.9pp	94.4%	-0.6pp	94.1%	-0.4pp
Income from property mgmt	**12.4**	**15.8**	**-3**	**-21%**	**15.0**	**-3**	**-17%**	**12.8**	**-3%**	**14.7**	**-15%**
EPS	**(0.23)**	**0.32**	**-0.55**	**-172%**	**-**	**n.a.**	**n,a,**	**0.37**	**-162%**	**0.30**	**-177%**

Source: Company data, Infront and Nordea estimates

IFPM and adjusted EPS cut by 6-10% for 2023E-25E

After the Q4 report, we make marginal changes to our operational estimates, while IFPM and adjusted EPS are cut by 6-10% for 2023E-25E. We lower our dividend estimates by 14% for 2023-25, representing an increase of 5% annually from the new starting level of EUR 0.90 per share for 2022.

ESTIMATE REVISIONS AFTER THE Q4 REPORT (EPS AND DPS IN EUR)

	New estimates			Old estimates			Change		
EURm	2023E	2023E	2024E	2023E	2023E	2024E	2023E	2023E	2024E
Rental income	120.7	126.7	130.5	121.8	125.5	129.3	-1%	1%	1%
Net operating income	112.9	118.6	122.2	114.3	117.7	121.3	-1%	1%	1%
Profit from property mgmt	58.8	62.7	66.0	65.4	66.9	70.2	-10%	-6%	-6%
Adj. EPS	1.12	1.17	1.23	1.24	1.25	1.31	-9%	-6%	-7%
DPS	0.95	1.00	1.05	1.10	1.16	1.22	-14%	-14%	-14%

Source: Nordea estimates

Earnings capacity-based profit from property management was down q/q

Based on the disclosed earnings capacity as of 31 December 2022, income per share from property management (before taxes) suggests operating income of EUR 1.16 per share, down from EUR 1.27 in Q3 2022, mainly related to increased net financial expenses and slightly higher costs for the EUR 30m hybrid.

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 – and it has gained a significant presence in Denmark since 6 April 2022. 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 454 properties with a broad geographical spread. 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.

Cibus is a truly Nordic owner of daily goods properties

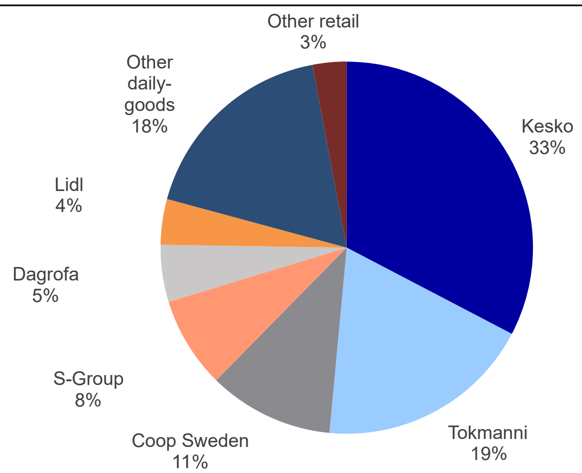
The largest Nordic player in a segment dominated by pension funds

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. On 6 April 2022, the company also entered Denmark. In a segment dominated by Swedish and Finnish pension funds, Cibus has rapidly become the largest Nordic investor in the field, with a total property value of EUR ~1.9bn.

Highly diversified property portfolio with a market value of EUR ~1.9bn

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 2022, Cibus had 454 properties in its portfolio with a leasable area of ~981,000 m^2. The portfolio is diversified, with no single property in it accounting for more than 2.0% of the portfolio's total net operating income, thus eliminating dependence on any individual property. Only one property accounts for more than 1.5% of the portfolio’s total rental income.

RENTAL INCOME PER TENANT AS OF 31 DECEMBER 2022



Source: Company data

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

About 97% of net operating income is derived from grocery and daily goods tenants. Cibus's portfolio is diversified in terms of property type, however, as it includes supermarkets, discount stores, hypermarkets, smaller markets and other retail assets. Including the Danish acquisition, approximately 68% of the portfolio's net operating income on an annual basis stems from properties in Finland, 15% from Denmark, 13% from properties in Sweden and 4% from properties in Norway. Supermarkets account for the majority of 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 have for obvious reasons 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 of 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.

LTV remains on the high side

We estimate that the average cost of debt was 3.9% at the end of Q4 2022

In our view, Cibus operates with an appropriate level of debt considering its stable cash flow profile. Net LTV was 59.1% at the end of Q4 2022; we estimate that the weighted average total cost of debt was roughly 3.9% at the end of 2022. Cibus has bank loans of EUR 880m and bonds outstanding of EUR 259m in total. The company also has a EUR 30m hybrid bond, with the first call date on 24 September 2026 and an interest rate of three-month Euribor + 475 bp.

Cibus has a EUR 135m bond maturing in September 2023

As of Q4 2022, Cibus had secured bank loans of EUR 880m with a weighted average floating interest rate margin of 1.6% and a weighted average loan maturity of 3.0 years. About 70% of the bank loans are interest-hedged, either by means of interest rate caps or by means of fixed interest rates.

- Cibus has issued an unsecured green bond of EUR 50m. The bond matures on 29 December 2024 and carries a floating coupon rate of 3M Euribor + 4.00%.
- Cibus issued an unsecured green bond of SEK 700m on 26 August. The bond matures on 3 September 2025 with a floating coupon rate of 3M Stibor + 5.95%.
- Cibus has issued an unsecured bond of EUR 135m. The bond matures on 18 September 2023 and carries a floating coupon rate of 3M Euribor + 4.50%. The outstanding amount was EUR 76.3m at the end of 2022 and has repurchased EUR 14.5m of the bond in 2023, meaning that EUR 61.8m of the bond is still outstanding.
- On 17 June 2021, Cibus issued hybrid bonds totalling EUR 30m. The hybrid bonds have a perpetual maturity, with the first opportunity for redemption occurring after 5.25 years, and maturing with an interest rate of 3M Euribor + 4.75%.

Cibus discloses interest rate sensitivity

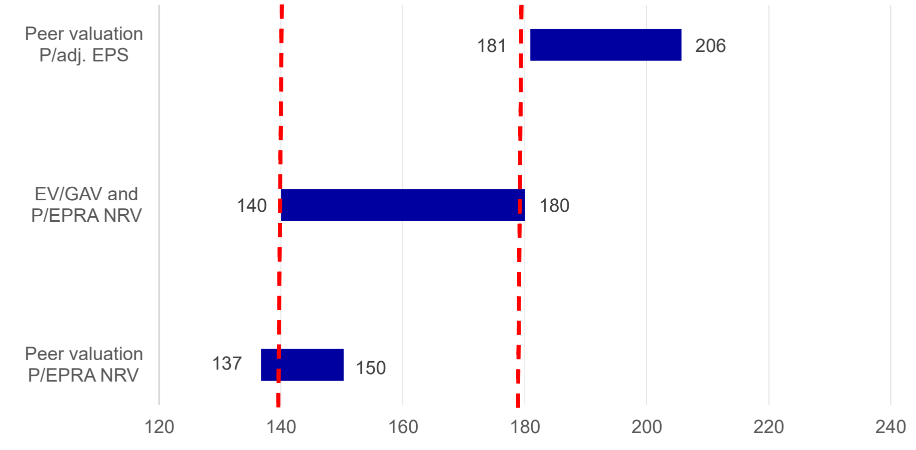
Based on the current earnings capacity and taking interest rate ceilings and fixed rates into account, the effect on profit of an increase in the average interest rate of 1 pp would be a negative EUR 6.9m on an annual basis at the end of December 2022. The effect on profit of a 2 pp increase would be EUR 13.4m on an annual basis.

Valuation conclusion

Our fair value range is SEK 140-180

Our main valuation approach is based on 2023E P/EPRA NRV of 0.81-1.04x, which results in a fair value range of SEK 140-180 (160-200). A peer group EPRA/NRV valuation suggests a range of SEK 137-150, while the peer adjusted P/E range is SEK 181-206. Of all our valuation approaches, we assign the greatest weight to P/EPRA NRV, backed by peer valuation. We arrive at a fair value range of SEK 140-180, corresponding to a 2023E adjusted P/E of 11.2-14.5x.

VALUATION APPROACH (SEK PER SHARE)



Source: Company data and Nordea estimates

Our peer group of Swedish real estate compounders is trading at adjusted P/E multiples of 12.1-26.2x on 2023E with a median of 19.8x, while Cibus is currently trading at 11.1x.

PEER GROUP VALUATION: SWEDISH REAL ESTATE COMPOUNDERS

		Adj. P/E			P/EPRA NAV/NRV			Dividend yield (%)		
Company	**Price**	**2022**	**2023E**	**2024E**	**2022**	**2023E**	**2024E**	**2022**	**2023E**	**2024E**
Fastighets AB Trianon	23.70	21.8	25.7	28.8	62%	69%	70%	2.2%	0.9%	1.9%
Nyfosa AB	86.45	10.0	13.8	10.3	83%	89%	89%	5.0%	4.3%	4.5%
Sagax AB	258.10	42.2	26.2	24.2	242%	231%	206%	0.0%	0.0%	0.0%
Samhallsbyggnadsbolaget I Norden AI	17.64	12.4	12.1	12.1	53%	68%	71%	7.2%	7.3%	7.2%
Average		**21.6**	**19.4**	**18.8**	**110%**	**115%**	**109%**	**3.6%**	**3.2%**	**3.4%**
Median		**17.1**	**19.8**	**18.2**	**72%**	**79%**	**80%**	**3.6%**	**2.6%**	**3.2%**
Cibus (Nordea estimates)	**136.95**	**10.9**	**11.1**	**11.2**	**94%**	**86%**	**81%**	**7.9%**	**8.3%**	**8.7%**

Note: Share prices updated as of 11 July 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 8.5% for 2023 should offer solid downside protection for Cibus's shares. The dividend yield should therefore not have an impact on its valuation, but if Cibus can maintain or increase the dividend, we reason that the dividend yield should offer downside protection and an attractive stable dividend play. Our fair value range of SEK 140-180 per share corresponds to a 2023E dividend yield of 6.4-7.1%. Currently, Cibus is trading at an 8.0% dividend yield for 2022.

VALUATION TABLE

Share price	Share price	EV/GAV (x)		P/EPRA NRV (x)		Adj. PE		NOI/EV (%)		Dividend yield (%)	
(SEK)	(EUR)	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E
70.00	6.32	0.73	0.71	0.41	0.37	5.6	5.4	8.1	8.6	15.0	15.8
80.00	7.22	0.75	0.74	0.46	0.43	6.4	6.1	7.9	8.4	13.2	13.8
90.00	8.12	0.77	0.76	0.52	0.48	7.2	6.9	7.6	8.1	11.7	12.3
100.00	9.03	0.80	0.78	0.58	0.53	8.0	7.7	7.4	7.9	10.5	11.1
110.00	9.93	0.82	0.80	0.64	0.59	8.8	8.5	7.2	7.6	9.6	10.1
120.00	10.83	0.84	0.83	0.70	0.64	9.6	9.2	7.0	7.4	8.8	9.2
130.00	11.74	0.87	0.85	0.75	0.69	10.4	10.0	6.8	7.2	8.1	8.5
140.00	12.64	0.89	0.87	0.81	0.75	11.2	10.8	6.7	7.1	7.5	7.9
150.00	13.54	0.91	0.89	0.87	0.80	12.1	11.5	6.5	6.9	7.0	7.4
160.00	14.44	0.93	0.92	0.93	0.85	12.9	12.3	6.3	6.7	6.6	6.9
170.00	15.35	0.96	0.94	0.98	0.91	13.7	13.1	6.2	6.5	6.2	6.5
180.00	16.25	0.98	0.96	1.04	0.96	14.5	13.8	6.0	6.4	5.8	6.2
190.00	17.15	1.00	0.98	1.10	1.01	15.3	14.6	5.9	6.2	5.5	5.8
200.00	18.05	1.03	1.01	1.16	1.07	16.1	15.4	5.8	6.1	5.3	5.5
210.00	18.96	1.05	1.03	1.22	1.12	16.9	16.1	5.6	6.0	5.0	5.3
220.00	19.86	1.07	1.05	1.27	1.17	17.7	16.9	5.5	5.8	4.8	5.0
230.00	20.76	1.09	1.08	1.33	1.23	18.5	17.7	5.4	5.7	4.6	4.8
240.00	21.67	1.12	1.10	1.39	1.28	19.3	18.4	5.3	5.6	4.4	4.6
250.00	22.57	1.14	1.12	1.45	1.33	20.1	19.2	5.2	5.5	4.2	4.4
260.00	23.47	1.16	1.14	1.51	1.39	20.9	20.0	5.1	5.4	4.0	4.3
270.00	24.37	1.19	1.17	1.56	1.44	21.7	20.7	5.0	5.3	3.9	4.1

Source: Nordea estimates

Detailed estimates

ANNUAL ESTIMATES

EURm	2021	2022	2023E	2024E	2025E
Rental income	**81**	**107**	**121**	**127**	**131**
Rental income growth	24.6%	31.7%	13.1%	5.0%	3.0%
Property expenses	-4	-4	-8	-8	-8
Net rental income	**76**	**100**	**113**	**119**	**122**
NRI margin %	94.2%	93.3%	93.5%	93.6%	93.6%
Administrative expenses	-6	-9	-8	-9	-9
Other operating income	13	17	16	16	16
Other operating expenses	-14	-20	-16	-16	-16
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	11	28	-15	7	11
Depreciation, amortisation and impairment losses	0	0	0	0	0
Operating profit/loss	**79**	**116**	**90**	**117**	**124**
Financial income	0	0	0	0	0
Financial expenses	-22	-36	-46	-47	-47
Net financials	**-22**	**-36**	**-46**	**-47**	**-47**
Share of result from associated companies	0	0	0	0	0
Profit before taxes	**57**	**81**	**44**	**70**	**77**
Current tax expense	0	0	-2	-4	-5
Change in deferred tax	-8	-17	3	-1	-2
Profit/loss for the period	**49**	**63**	**45**	**64**	**70**
Funds from operations	**47**	**52**	**56**	**59**	**61**

Source: Company data and Nordea estimates

INTERIM ESTIMATES

EURm	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023E	Q2 2023E	Q3 2023E	Q4 2023E
Rental income	**23**	**27**	**28**	**28**	**29**	**30**	**31**	**31**
Rental income growth	20.7%	37.4%	37.3%	31.0%	23.6%	10.3%	9.7%	10.3%
Property expenses	-1	-1	-1	-1	-2	-2	-2	-2
Net rental income	**22**	**26**	**27**	**27**	**27**	**28**	**29**	**29**
NRI margin %	95.8%	96.1%	95.6%	96.1%	93.8%	93.3%	93.4%	93.6%
Administrative expenses	-2	-2	-2	-3	-2	-2	-2	-2
Other operating income	5	3	5	5	4	4	4	4
Other operating expenses	-5	-4	-5	-5	-4	-4	-4	-4
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	27	17	9	-25	0	-7	0	-8
Depreciation, amortisation and impairment losses	2	7	5	0	0	0	0	0
Operating profit/loss	**46**	**42**	**35**	**2**	**25**	**20**	**28**	**23**
Financial income	0	0	0	0	0	0	0	0
Financial expenses	-5	-10	-10	-11	-11	-11	-11	-13
Net financials	**-5**	**-10**	**-10**	**-11**	**-11**	**-11**	**-11**	**-13**
Share of result from associated companies	0	1	2	3	0	1	2	3
Profit before taxes	**41**	**32**	**26**	**-9**	**14**	**9**	**17**	**10**
Current tax expense	0	0	0	0	0	0	0	-2
Change in deferred tax	-7	-7	-4	1	0	1	0	2
Profit/loss for the period	**34**	**25**	**21**	**-8**	**14**	**10**	**17**	**10**
Funds from operations	**14**	**14**	**15**	**12**	**14**	**15**	**15**	**13**

Source: Company data and Nordea estimates

SUMMARY TABLE: KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Rental income	52	65	81	107	121	127	131
- rental income growth growth	106%	26%	25%	32%	13%	5%	3%
Net operating income (NOI)	49	61	76	100	113	119	122
Pre-tax profit	35	40	57	81	44	70	77
IFPM (pretax ex value gains)	27	33	47	52	59	63	66
FFO	28	33	47	52	56	59	61
-FFO growth	148%	20%	41%	12%	8%	4%	4%
Dividend	-26	-30	-38	-44	-44	-46	-48
Shareholder equity	333	458	583	698	699	718	739
EPRA NRV (incl. div not paid)	346	435	585	710	755	821	893
-EPRA NRV growth	3%	26%	35%	21%	6%	9%	9%
Net debt	517	785	876	1,101	1,084	1,070	1,056
Net debt/EBITDA	11.9x	14.3x	12.5x	12.1x	10.4x	9.7x	9.3x
Loan-to-value (net)	59%	62%	58%	59%	59%	58%	57%

Source: Company data and Nordea estimates

RATIOS RELATED TO BALANCE SHEET

	2019	2020	2021	2022	2023E	2024E	2025E
Investment properties, fair value EURm	875	1,273	1,500	1,851	1,836	1,843	1,854
Net investments, EURm	57	369	206	323	0	0	0
Net debt, EURm	517	785	876	1,101	1,084	1,070	1,056
Average interest rate	2.6%	2.7%	3.2%	3.2%	4.2%	4.4%	4.5%
Equity ratio	35%	37%	36%	36%	37%	37%	38%
Payout ratio (dividend / FFO)	102%	84%	80%	85%	85%	86%	94%

Source: Company data and Nordea estimates

NRV CALCULATION (EURm AND EUR PER SHARE)

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Equity (less hybrid, incl. value changes)	333	458	554	668	669	688	709
Acc. dividend added back	0	0	0	0	44	90	138
Deferred tax and derivatives	14	20	31	42	42	44	46
EPRA NRV	**346**	**478**	**585**	**710**	**755**	**821**	**893**
- per share	11.1	10.9	13.3	14.7	15.6	16.9	18.4
EPRA NRV	346	478	585	710	755	821	893
Derivatives	-2	-1	0	0	0	0	0
Deferred tax 10% -tax	-7	-10	-16	-21	-21	-22	-23
EPRA NNNRV (Nordea est.)	**337**	**467**	**569**	**689**	**734**	**799**	**870**
- per share	10.9	10.6	11.8	14.2	15.1	16.5	18.0

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	**n.a.**	**n.a.**	**n.a.**	**29**	**60**	**74**	**94**	**124**	**137**	**143**	**147**
Revenue growth	n.a.	n.a.	n.a.	n.a.	108.3%	23.6%	26.1%	32.3%	10.2%	4.4%	2.7%
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	21	43	55	70	91	105	110	113
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	21	43	55	70	91	105	110	113
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	n.a.	n.a.	n.a.	21	43	55	70	91	105	110	113
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	-8	-15	-21	-22	-36	-46	-47	-47
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	4	7	6	12	42	-15	7	11
Pre-tax profit	**0**	**0**	**0**	**17**	**35**	**40**	**59**	**97**	**44**	**70**	**77**
Reported taxes	0	0	0	-3	-5	-5	-8	-17	1	-5	-7
Net profit from continued operations	0	0	0	14	30	35	51	80	45	64	70
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	14	30	35	51	80	45	64	70
EPS, EUR	**n.a.**	**n.a.**	**n.a.**	**0.44**	**0.97**	**0.96**	**1.27**	**1.69**	**0.93**	**1.33**	**1.44**
DPS, EUR	0.00	0.00	0.00	0.84	0.89	0.94	0.99	0.90	0.95	1.00	1.05
of which ordinary	0.00	0.00	0.00	0.84	0.89	0.94	0.99	0.90	0.95	1.00	1.05
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.	72.8%	72.0%	73.8%	74.6%	73.4%	76.6%	77.1%	77.3%
EBITA	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	73.4%	76.6%	77.1%	77.3%
EBIT	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	73.4%	76.6%	77.1%	77.3%
Adjusted earnings											
EBITDA (adj)	0	0	0	21	43	55	70	91	105	110	113
EBITA (adj)	0	0	0	21	43	55	70	91	105	110	113
EBIT (adj)	0	0	0	21	43	55	70	91	105	110	113
EPS (adj, EUR)	n.a.	n.a.	n.a.	0.40	0.88	0.92	1.18	1.12	1.12	1.17	1.23
Adjusted profit margins in percent											
EBITDA (adj)	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	73.4%	76.6%	77.1%	77.3%
EBITA (adj)	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	73.4%	76.6%	77.1%	77.3%
EBIT (adj)	n.a.	n.a.	n.a.	72.8%	72.0%	73.8%	74.6%	73.4%	76.6%	77.1%	77.3%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	36.4%	18.8%	14.5%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	37.8%	20.5%	15.6%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	37.8%	20.5%	15.6%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	15.9%	6.5%	8.5%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	2.5%	2.4%	2.2%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	73.5%	74.4%	75.3%	76.0%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	73.5%	74.4%	75.3%	76.0%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	n.a.	n.a.	n.a.	25.4	15.9	18.1	24.0	11.5	10.1	9.6	9.2
EV/EBITDA (adj)	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	18.9	15.6	14.7	14.1
EV/EBITA (adj)	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	18.9	15.6	14.7	14.1
EV/EBIT (adj)	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	18.9	15.6	14.7	14.1

VALUATION RATIOS - REPORTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	n.a.	n.a.	n.a.	22.9	14.3	17.3	22.4	7.6	12.2	8.5	7.8
EV/Sales	n.a.	n.a.	n.a.	26.80	15.76	19.50	22.66	13.91	11.94	11.33	10.94
EV/EBITDA	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	18.9	15.6	14.7	14.1
EV/EBITA	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	18.9	15.6	14.7	14.1
EV/EBIT	n.a.	n.a.	n.a.	36.8	21.9	26.4	30.4	18.9	15.6	14.7	14.1
Dividend yield (ord.)	n.a.	n.a.	n.a.	8.3%	6.4%	5.7%	3.5%	7.0%	8.4%	8.8%	9.3%
FCF yield	n.a.	n.a.	n.a.	-2.9%	-8.9%	-53.7%	-10.3%	-41.4%	11.0%	11.1%	11.4%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	5.1%	3.0%	5.3%	4.1%	10.4%	11.0%	11.1%	11.4%
Payout ratio	n.a.	n.a.	n.a.	211.3%	101.7%	102.3%	83.6%	80.5%	84.5%	85.1%	85.7%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
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	816	881	1,281	1,509	1,861	1,846	1,853	1,864
of which leased assets	0	0	0	0	6	8	10	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	2	1	4	5	2	2	2	2
Other non-IB non-current assets	0	0	0	0	0	0	0	15	15	15	15
Other non-current assets	0	0	0	1	0	0	0	0	0	0	0
Total non-current assets	0	0	0	819	882	1,284	1,514	1,878	1,864	1,870	1,881
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	0	2	4	1	2	1	1	1	1
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	1	2	2	3	4	5	5	5
Cash and bank	0	0	0	26	25	37	51	46	62	77	91
Total current assets	0	0	0	29	30	39	56	52	69	83	98
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total assets	**0**	**0**	**0**	**848**	**913**	**1,324**	**1,571**	**1,930**	**1,932**	**1,954**	**1,979**
Shareholders equity	0	0	0	329	333	458	583	698	699	718	739
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	29	30	30	30	30
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	0	0	0	329	333	458	583	698	699	718	739
Deferred tax	0	0	0	9	14	20	31	45	42	44	46
Long term interest bearing debt	0	0	0	486	535	810	911	1,053	1,133	1,133	1,133
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	2	2	1	0	0	0	0	0
Non-current lease debt	0	0	0	0	6	9	13	14	14	14	14
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	498	557	841	956	1,111	1,189	1,190	1,193
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	0	0	0	0	1	1	1	1	1
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	21	23	22	28	39	43	45	46
Short term interest bearing debt	0	0	0	0	0	3	2	80	0	0	0
Total current liabilities	0	0	0	21	23	25	31	120	44	46	47
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**0**	**0**	**0**	**848**	**913**	**1,324**	**1,571**	**1,930**	**1,932**	**1,954**	**1,979**
Balance sheet and debt metrics											
Net debt	0	0	0	461	517	785	876	1,101	1,084	1,070	1,056
of which lease debt	0	0	0	0	6	9	13	14	14	14	14
Working capital	0	0	0	-18	-17	-20	-24	-34	-38	-40	-41
Invested capital	0	0	0	801	865	1,265	1,491	1,844	1,826	1,831	1,840
Capital employed	0	0	0	815	874	1,280	1,510	1,845	1,846	1,864	1,886
ROE	n.m.	n.m.	n.m.	8.4%	9.2%	8.7%	9.9%	12.5%	6.4%	9.1%	9.6%
ROIC	n.m.	n.m.	n.m.	4.2%	4.2%	4.1%	4.1%	4.4%	4.6%	4.8%	4.9%
ROCE	n.m.	n.m.	n.m.	5.3%	5.1%	5.1%	5.0%	5.4%	5.7%	5.9%	6.0%
Net debt/EBITDA	n.m.	n.m.	n.m.	21.9	11.9	14.3	12.5	12.1	10.4	9.7	9.3
Interest coverage	n.a.	n.a.	n.a.	2.6	2.9	2.6	3.1	2.5	2.3	2.3	2.4
Equity ratio	n.m.	n.m.	n.m.	38.8%	36.5%	34.6%	37.1%	36.2%	36.2%	36.7%	37.3%
Net gearing	n.m.	n.m.	n.m.	140.1%	155.2%	171.5%	150.2%	157.7%	155.1%	149.1%	142.9%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
EURm	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
EBITDA (adj) for associates	**0**	**0**	**0**	**21**	**43**	**55**	**70**	**91**	**105**	**110**	**113**
Paid taxes	0	0	0	-1	-2	-1	-1	-1	-2	-4	-5
Net financials	0	0	0	-4	-15	-21	-22	-33	-46	-47	-47
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	0	1	-4	-1	-13	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	-1	2	1	13	0	0	0
Funds from operations (FFO)	**0**	**0**	**0**	**16**	**26**	**31**	**46**	**58**	**56**	**59**	**61**
Change in NWC	0	0	0	0	-13	4	5	7	4	2	1
Cash flow from operations (CFO)	**0**	**0**	**0**	**16**	**13**	**35**	**51**	**65**	**60**	**61**	**62**
Capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Free cash flow before A&D	**0**	**0**	**0**	**16**	**13**	**35**	**51**	**65**	**60**	**61**	**62**
Proceeds from sale of assets	0	0	0	0	2	0	0	0	0	0	0
Acquisitions	0	0	0	-25	-53	-392	-180	-323	0	0	0
Free cash flow	0	0	0	-9	-39	-357	-129	-258	60	61	62
Free cash flow bef A&D, lease adj	0	0	0	16	13	35	51	65	60	61	62
Dividends paid	0	0	0	-6	-26	-30	-38	-44	-44	-46	-48
Equity issues / buybacks	0	0	0	0	0	123	85	92	0	0	0
Net change in debt	0	0	0	24	24	24	24	24	0	0	0
Other financing adjustments	0	0	0	0	12	7	10	68	-15	7	11
Other non-cash adjustments	0	0	0	17	28	245	32	112	15	-7	-11
Change in cash	0	0	0	26	-1	12	14	-5	16	15	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.	0.0%	0.0%	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.	10	14	17	28	13	11	11	11
Market cap.	n.a.	n.a.	n.a.	314	432	665	1,249	624	548	548	548
Enterprise value	n.a.	n.a.	n.a.	775	949	1,450	2,125	1,725	1,632	1,617	1,603
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	31.1	31.1	40.0	44.0	48.4	48.4	48.4	48.4

Source: Company data and Nordea estimates

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This report has not been reviewed by the Issuer prior to publication.

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