

29 February 2024

## Commissioned research: Cibus – Dividend unchanged at EUR 0.90 and earnings capacity suggests dividend could be sustained

*Marketing material commissioned by Cibus*

Cibus posted Q4 net operating income of EUR 30.1m, up 6% y/y and in line with Infront consensus. Income from property management (IFPM) excluding one-offs was EUR 12.4m, flat y/y and 10% below our estimate, and 7% below consensus. The reported IFPM was EUR 11.8m. Reported IFPM included EUR -0.6m of one-off items. The dividend proposal is EUR 0.90, same as consensus and unchanged y/y. Fair value changes were EUR -31.2m (-1.7% of portfolio) as average valuation yield expanded 0.21 pp and was 6.4% (6.2% in Q3). Earnings capacity-based IFPM per share was slightly up q/q at EUR 0.95 from EUR 0.93 owing to higher rental income. Net financial expenses in earnings capacity is EUR 51.5m versus EUR 51.1m in Q3. EPRA NRV was EUR 12.5 (SEK 140), down from EUR 13.0 in Q3. Cibus is currently trading at a ~20% discount to EPRA NRV and an implied yield of 7.0% versus the average valuation yield of 6.4%. Cibus has effectively capped interest rates until H1 2025 and the average interest rate was 4.5% at the end of 2023. We expect a slightly negative share price reaction on the IFPM miss and relatively large negative fair value changes. However, the sustainable 9% dividend yield should offer support.

### Q4 IFPM adjusted for one-offs 7% below consensus

- Net operating income was EUR 28.1m, up 6% y/y and in line with our estimate and consensus.
- Income from property management adjusted for one-offs (IFPM) was EUR 12.4m, flat y/y but 10% below our estimate, and 7% below consensus. Reported IFPM of EUR 11.8m included EUR -0.6m in total one-offs.
- Total net financial costs were EUR 12.6m including limit fees, expenses for derivatives, arrangement fees and site leasehold fees; we expected EUR 12.3m. The average interest rate in the loan portfolio was 4.5% at the end of Q4 (4.4% in Q3). Earnings capacity-based interest costs were EUR 51.5m; we expect 2024 total net financials to amount to EUR 48.9m.
- Negative fair value changes of EUR -31.2m as the average valuation yield increased by 0.21 pp and stood at 6.4% (6.2% in Q3).
- EPRA NRV was EUR 12.5 (SEK 140 on current FX rate), down from EUR 13.0 in Q3. Cibus is trading at a ~20% discount to the Q4 EPRA NRV and an implied yield of ~7.0%, we estimate.

- Earnings capacity-based IFPM per share increased from EUR 0.93 to EUR 0.95 mainly due to higher rental income. Net financial expenses in earnings capacity is EUR 51.5m, slightly up from EUR 51.1m in Q3 2023.
- The company disclosed that current hedges will cap interest rate of bank loans at 3.95% from September 2023 to December 2024 and the to reach 4.05% in H1 2025. After that, the interest rate hedges will gradually mature. ICR was 2.2x on a 12 month rolling basis. Bond covenants are at 1.75x and the company's target is >2.0x.
- The reported net LTV was 57.5% at the end of Q4. The average bank loan margin was 1.7% at the end of Q4 (1.7% in Q3) and average capital maturity 1.9 years. The company keeps its LTV target range at 55-65% and intends to stay close to the lower end of the range.

### We expect initially a slightly negative share price reaction

Operationally, the Q4 report was largely as expected. However, fair value changes were clearly more negative than we expected. The hedging activity has been high in recent quarters and the company is safeguarding its dividend payments going forward, evidenced by the increase in earnings capacity-based EPS of EUR 0.95. We expect initially a slightly negative share price reaction

#### Cibus: Deviation table

	Actual	NDA est.	Deviation		Cons est.	Deviation		Actual	Actual		
EURm	Q4 2023	Q4 2023E	vs. actual		Q4 2023E	vs. actual		Q4 2022	y/y	Q3 2023	q/q
Rental income	30.1	30.1	0	0%	30.0	0	0%	28.3	6%	29.8	1%
Net operating income	28.1	28.2	0	0%	28.0	0	1%	26.5	6%	31.0	-9%
NOI margin	93.6%	93.9%	-0.3pp		93.3%	0.2pp	0.2pp	93.7%	-0.2pp	104.0%	-10pp
Income from property mgmt	12.4	13.7	-1	-10%	13.3	-1	-7%	12.4	0%	16.8	-26%
EPS	(0.60)	0.07	-0.67	-953%	-	n.a.	n.a.	(0.22)	175%	0.14	-527%

Source: Infront and Nordea estimates

The Q4 presentation will start at 10.00 CET and can be joined via telephone or the web and will be available on-demand on the company's website.

If you wish to participate via webcast, please use the link below. Via the webcast you can ask written questions.

<https://ir.financialhearings.com/cibus-nordic-real-estate-q4-report-2023>

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<https://conference.financialhearings.com/teleconference/?id=5002038>

## SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	74	94	124	139	140	144
NOI margin	82.5%	81.4%	80.3%	82.5%	82.8%	83.1%
EPS (adj, EUR)	0.92	1.18	1.12	0.92	0.94	0.94
EPS (adj) growth	5.0%	28.8%	-5.5%	-17.3%	2.2%	-0.2%
P/E (adj)	18.1	24.0	11.5	10.9	10.7	10.7
DPS, EUR	0.94	0.99	0.90	0.90	0.90	0.90
NAV per share	11	12	12	13	14	15
NAV growth	-2.1%	10.7%	2.4%	7.2%	9.0%	8.2%
NOI/EV (adj)	4.2%	3.6%	5.8%	7.2%	7.3%	7.6%
P/NAV	156.5%	241.4%	107.1%	78.3%	71.9%	66.4%
P/EPRA NAV	152.9%	213.3%	87.9%	76.0%	69.8%	64.6%
Dividend yield	5.7%	3.5%	7.0%	8.9%	8.9%	8.9%
Loan-to-value (net debt)	61.3%	58.0%	59.1%	55.6%	55.0%	54.3%
Net debt/EBITDA(adj)	14.3	12.5	12.1	9.5	9.4	9.1

Source: Company data and Nordea estimates

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