INITIATION OF COVERAGE

Premia Properties

Premia Potential: Expanding and Yielding; initiating with a Buy

High yield, diversified RE portfolio – Premia Properties (PP) is one of the largest real estate investment companies (REICs) in Greece featuring a €307m portfolio and annualized rental income of c€23m, translating to a 7.6% yield on income-generating assets. PP's portfolio is quite diversified, comprising Logistics/Industrials (75% of annualized rental), Serviced apartments (11%), Social Infrastructure/Schools (8%) and Big boxes (6%). Its properties boast top-notch tenants and high occupancy (c99%) while incorporating long-term leases (c7 years WAULT) with inflation-indexed rents.

… **set to surge 40% by 2026 through €94m pipeline** – PP is pursuing an ambitious expansion strategy, with anticipated CapEx of c€94m by 2026, mostly focused on green offices, logistics & serviced apartments. 55% of the aforementioned amount has been penciled in for developing existing assets targeted for completion by H1'24, with the rest relating to the acquisition of new properties and participation in JVs. Additionally, with WAULT c7 years, there is great visibility on rental growth, further enhanced by indexation clauses in most contracts. The pipeline corresponds to additional income of >€8m (based on >7% yield) by 2026 on our estimates, accounting for c83% of total rental growth by then, with the remainder stemming from CPI indexation, rent reviews and new leases. Overall, we forecast c15% rental CAGR over 2023-26e.

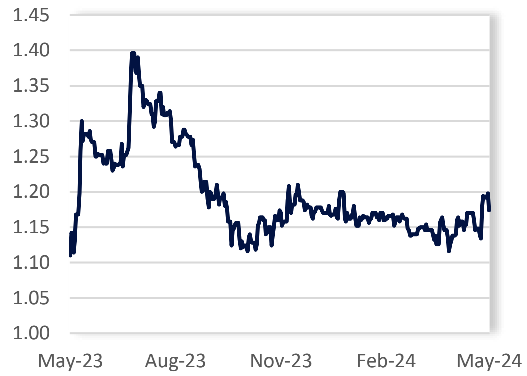
Solid financials and portfolio growth to drive c11% NAV CAGR through to 2026 – PP looks well placed to finance its investment budget given the reasonable leverage (c50% Net LTV) and the c4% average cost of debt. Notably, half of PP's debt (c€100m) is tied to a bond issued in 2022, bearing a 2.8% coupon and due in 2027. We expect Net LTV to peak at 57% in 2024 but stay below 60% throughout the investment period 2024-26e, with debt costs remaining around 4%. Overall, we forecast c12% CAGR in GAV through to 2026 (to €430m) driven by capex, development gains (c€10mn) and revaluations (c€31mn). This will correspond to c11% CAGR in NAV (far more compelling than the EU avg of c2%), further topped up by a c2% dividend yield (FFO payout c50%).

Valuation – Similar to other Greek REICs, PP shares have been weighed down by rising rates and stagflation fears, with most companies seeing their valuations retreating to near record lows to levels similar to those of EU peers (c30% discount to spot NAV). With this in mind, we see scope for a rebound as the monetary easing cycle is set to begin, with room for domestic yield contraction, particularly in logistics/industrials and student housing (especially post the recent legislation for private universities) where PP has notable presence. We note that PP is exposed in a structurally attractive market with favourable supply-demand dynamics, while standing out among its EU peers due to the prospects for strong NAV growth driven by yield compression, development gains, and rising operating profit. Our baseline valuation applies a 15% discount to adj. NAV, at the low end of PP's peer group current valuation given the aforementioned merits of the thesis, yielding a PT of €1.48/share. We thus initiate coverage with a Buy.

Estimates					
EUR mn	2022	2023	2024e	2025e	2026e
Gross rental income	15.1	19.0	22.8	28.0	29.0
EBITDA - adj.	7.5	10.8	13.3	17.6	18.4
Net profit - reported	16.0	7.2	26.5	19.4	18.8
NAV	141.3	147.2	171.4	188.5	202.8
EPS (EUR)	0.18	0.08	0.30	0.22	0.22
DPS (EUR)	0.02	0.03	0.03	0.05	0.05
Valuation					
Year to end December	2022	2023	2024e	2025e	2026e
P/E adj.	28.4x	25.3x	21.4x	11.4x	11.0x
Discount/Premium to NAV	-20.8%	-29.3%	-39.6%	-45.1%	-49.0%
Dividend Yield (%)	1.6%	2.2%	2.3%	4.4%	4.6%
FFO Yield (%)	3.6%	4.4%	4.5%	8.7%	9.1%
ROE (reported)	12.0%	5.0%	16.6%	10.8%	9.6%

Recommendation	**BUY**
Prior Recommendation	**N/A**
Target Price	**€1.48**
Prior Target Price	**N/A**
Closing Price (23/05)	€1.19
Market Cap (mn)	€103.5
Expected Return	24.6%
Expected Dividend	2.2%
Expected Total Return	26.8%

Premia Properties Share Price



Stock Data

Reuters RIC	PREMr.AT
Bloomberg Code	PREMIA GA
52 Week High (adj.)	€1.41
52 Week Low (adj.)	€1.11
Abs. performance (1m)	2.4%
Abs. performance (YTD)	1.5%
Number of shares	87.1mn
Avg Trading Volume (qrt)	€73k
Est. 3yr EPS CAGR	37.8%
Free Float	21%

Analysts

Andreas Souvleros, CFA
Equity Analyst
☏: +30 210 37 20 267
✉: asouvleros@eurobankequities.gr

Stamatios Draziotis, CFA
Equity Analyst, Head of Research
☏: +30 210 37 20 259
✉: sdraziotis@eurobankequities.gr

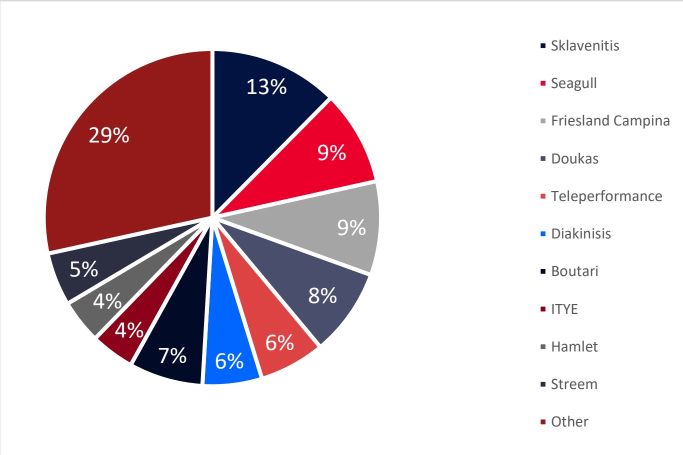
Sales/Trading
☏: +30 210 37 20 117 / 168 /110

This report was prepared and published in consideration of a fee payable by the European Bank for Reconstruction and Development (EBRD).

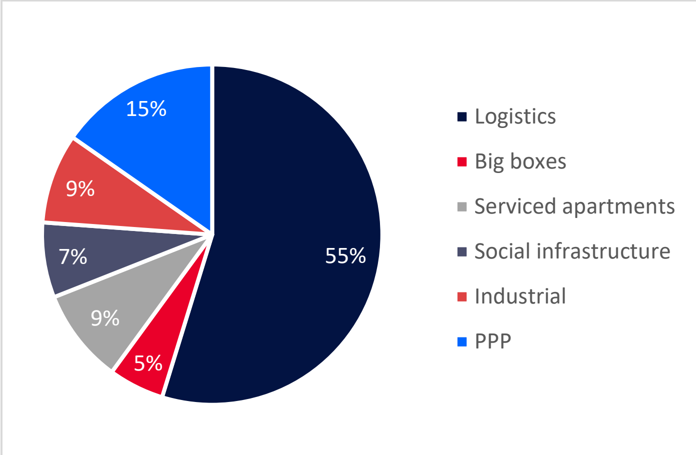
See Appendix for Analyst Certification and important disclosures.

The thesis in 6 charts

Strong tenant mix (% of annualized rental income)

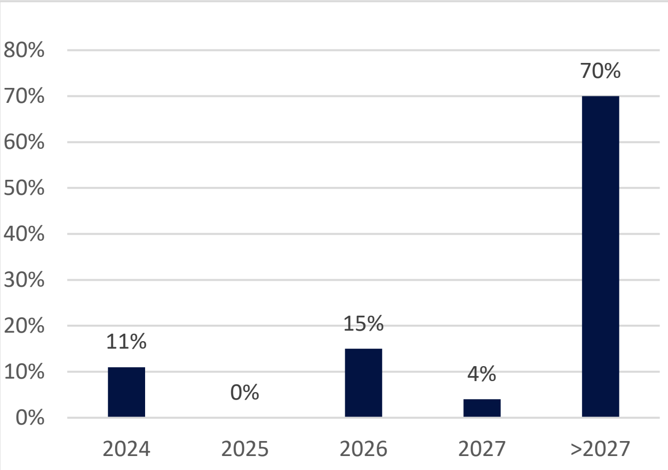


… diversified by segment (annualised rent mix incl. PPP)

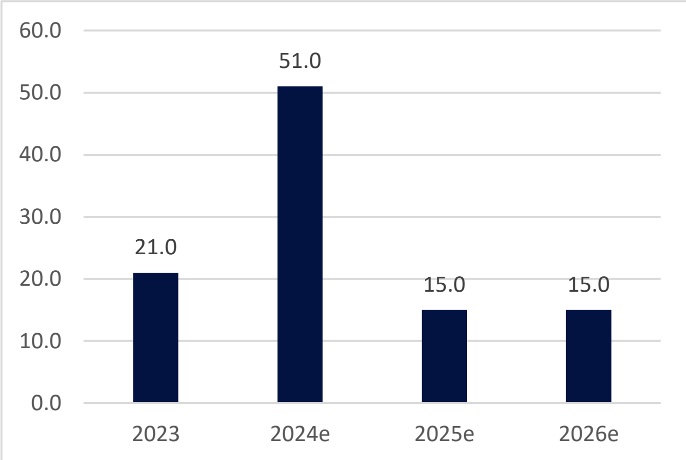


Source: Eurobank Equities Research, Company. Figures as of FY'23

Long-term rentals with WAULT* >7 years

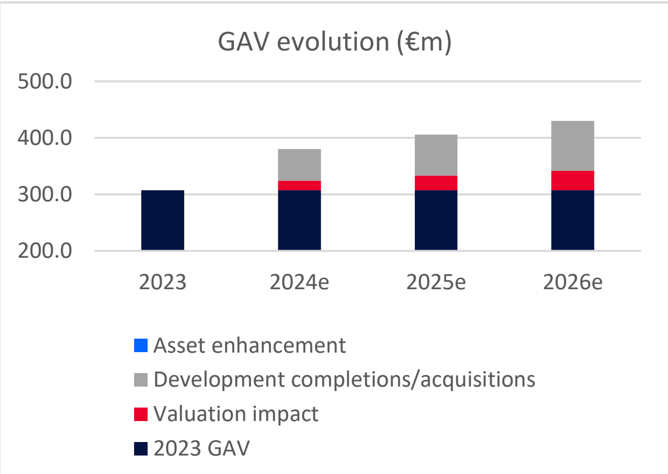


CapEx by 2025e (€mn)

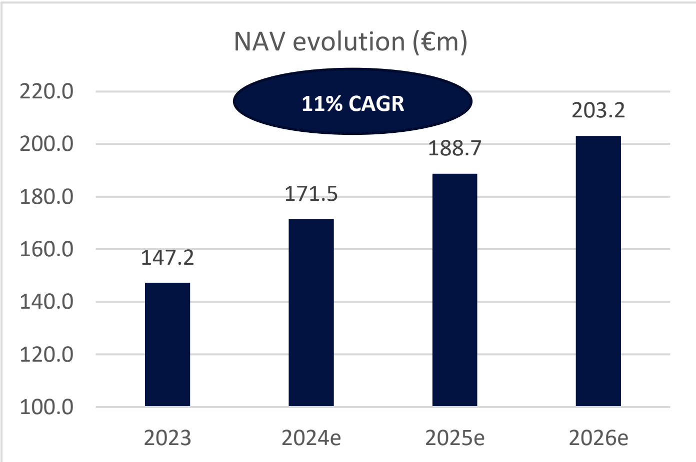


Source: Eurobank Equities Research, Company, as of FY'23, * for income producing assets excl. PPP

GAV to increase at 12% CAGR over 2023-26 to c€430mn



…thus leading to c11% 2023-26e CAGR in NAV



Source: Eurobank Equities Research, Company.

Contents

Investment summary

One of the largest Greek REICs boasting a diverse portfolio in resilient sectors, backed by key shareholders with expertise from the Swedish and European real estate markets

Premia Properties (PP) is one of the largest real estate investment companies (REICs) in Greece by gross asset value (GAV) and rental income, boasting a portfolio of real estate assets with GAV of €307m and annualized rental income of €22.8mn, as of FY'23. This extensive portfolio comprises 51 properties of >280k sqm Gross Buildable able Area (GBA), which are all located in Greece. Strategically positioned across different sectors, Premia's holdings include logistics & warehouses (accounting for 55% of rental income), Serviced apartments & Student housing (16%), Big Boxes (5%), Schools/PPP (15%), and industrial properties (9%). Premia Properties also benefits from the support of key shareholders, with Sterner Stenhus Greece and Fastighets AB Balder collectively owning a 59% stake. This partnership enriches the company with vast knowledge and experience from the Swedish and broader European real estate sectors.

The 2024-26 investment plan targets an average yield above 7% primarily through active management and investments in existing assets

Premia is actively pursuing an investment plan which we expect to exceed €90mn (incl. Skyline project) over 2024-2026, primarily allocated to existing assets, with most of the capex envelope penciled in for 2024e (>€50m). The company will seek to further diversify its portfolio by allocating a major part of the planned Capex, related to existing assets, to office properties, with a key focus on converting the Athens Heart property into a green office space. Additionally, in Feb'23, PP established a consortium along with Dimand and EBRD for the acquisition of a 65% stake in Alpha Bank's "Skyline" project. Within this consortium, PP holds a 25% stake, and is set to benefit after the transaction concludes in 2024, with Skyline acquiring a 573-property portfolio, part of which will be monetized and part of which will be held for redevelopment. In the long run, the company's vision is to reach €1bn GAV by acquiring prime, high-quality properties with solid fundamentals and stable income profile. Aiming for an average yield of over 7%, Premia is well-positioned within the Greek real estate market, which offers structural advantages over other EU regions due to a favorable supply-demand balance. This is evidenced by the scarcity of prime office spaces in Greece, one of the lowest penetration rates of retail parks in Europe, the minimal number of dwellings per 1,000 inhabitants, and a thriving tourism sector, all contributing to the strategic growth opportunities for Premia.

Quality tenants, favorable lease terms (CPI indexation) and high occupancy provide visibility for like-for-like rental growth

PP's properties are strategically located in areas offering accessibility and proximity to key transportation hubs, highways, and commercial centers, enjoying low vacancy rates (<2%) and being occupied by strong tenants. About 39% of PP's yearly rental income from income-producing assets (as of FY2023) comes from four tenants: Sklavenitis (12%), Seagull, Friesland Campina, and Doukas Schools but with the portfolio being quite diversified in terms of the tenant base. Furthermore, the long-term nature of leases, with PP's weighted average unexpired lease term at c7 years, is a key merit of the thesis, with visibility on like-for-like rental growth further propelled by the CPI indexation clauses and/or contractual rent step-up agreements included in most rental agreements.

Higher leverage than peers, albeit at reasonable levels, with Net LTV ≤60% upon full implementation of the capex plan

Premia maintains reasonable leverage, with Net LTV (incl. leases) of c50% and appetite for this to be increased up to 60%. As a result, it seems able to proceed with its investment plan without surpassing the aforementioned leverage target, although we note that the company constantly explores all available funding options as part of its active capital structure management. Of note is that despite the higher leverage than other peers, debt duration exceeds 3 years, while the hedging of interest costs (with c55% of debt fixed at <3% cost) limits balance sheet risks.

GAV to reach €430m by 2026 growing by c40% (c12% CAGR) driven by the visible pipeline, revaluations & development gains

In FY 2023, Premia Properties reported GAV of €307m, indicating an attractive gross rental yield of c7.6% and a comfortable spread of >3% vs financing costs. This high-yielding portfolio provides a safeguard against potential yield expansion in the (rather unlikely) event of further monetary policy tightening. Considering the current state of the domestic real estate market, which differs from the trends in EU markets, and PP's primary segment exposure, we argue it is more likely that yields will contract rather than expand. Consequently, we see scope for material upward adjustments to the portfolio value, which will serve as a key driver of accounting returns and NAV growth. Even excluding asset revaluations, PP's pipeline corresponds to >65% of GAV growth by 2026. Our numbers envisage GAV expanding to c€380m in 2024e and reaching c€430m by 2026e, with investments (€81m without Skyline Project) further propelled by revaluation gains (c€31m) underpinned by rental growth and a 10bps yield shift as well as development gains (c€10m).

Development gains + yield compression + CPI indexation = NAV growth

Taking into account LFL rental growth, yield compression and development gains, we estimate NAV growth c11% per annum (CAGR) through to 2026e, which will constitute the bulk of total returns given PP's focus on scaling its portfolio rather than distributing cash to shareholders (dividend yield c2%). We emphasize that NAV growth is a pivotal aspect of the investment thesis, differentiating Premia from its EU peers, many of which are grappling with limited or negative property revaluations, resulting in more constrained NAV growth prospects.

EU REITs grapple with the higher-for-longer rates environment, with valuations at record lows; Potential for rebound on monetary easing cycle

EU REITs have been facing pressures from rising rates, stagflation worries, and record-low valuations (about 30-35% discount to NAV), but a potential rebound in real estate prices in 2024 could be on the cards as the monetary easing cycle commences. Yet, the impact on listed firms depends on the dynamics between real estate yields and government bond yields. With EU REITs currently trading at a 30% discount to NAV, compared to a historical average of around 13%, there does seem to be scope for a re-rating. However, the gap between property yields and government bond yields is below the norm, possibly limiting property value gains as interest rates decline. Interest rate reductions could alleviate leverage and refinancing concerns, but persistently high long-term rates and modest earnings and property value growth expectations might dampen investor enthusiasm. Nonetheless, the substantial yield spread, particularly in logistics/industrials (around 3%), where Premia Properties (PP) is mostly active (c60% of rental income) leaves scope for valuation upside. We note that our model incorporates just 10bps yield contraction by 2026, thus embedding fairly limited valuation gains (c25% of the GAV growth to 2026e).

Our PP baseline valuation of €1.48 /share applies a 15% discount to adj. NAV, reflecting the strong logistic sector exposure and superior NAV growth than EU peers

Our baseline valuation approach applies a conservative 15% discount to NAV (adjusted for organic capital generation in 2024). This valuation would place PP at the lower end of the current NAV discount spectrum observed among its peers, reflecting its superior NAV growth and significant exposure to the logistics/industrial sector, which currently benefits from the smallest sectoral discount to NAV, at <10% (compared to 30-35% on average for the broad RE sector). This results in a PT of €1.48/share, corresponding to a gross rental yield on income-producing assets of c8.6%, quite a compelling proposition in our view. We have also cross-validated this valuation using an EVA (Economic Value Added) model, which computes the surplus value generated by Premia's investments utilizing a WACC of 7.3% and an average ROIC (Return on Invested Capital) of c6.6% through 2030e and almost equal to WACC thereafter.

Share price performance and valuation

A. Stock price performance

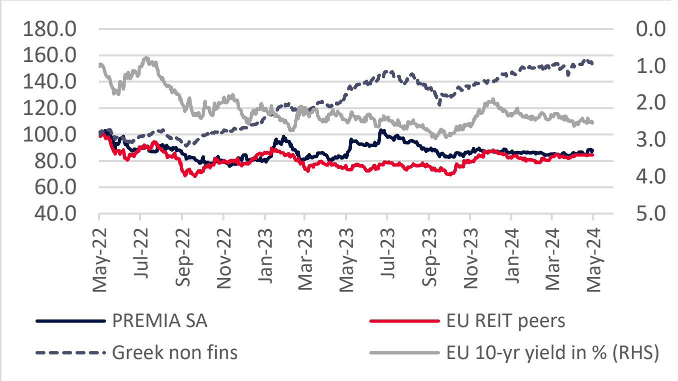
Weak performance since the launch of monetary tightening in early 2022

Premia Properties has experienced a somewhat disappointing performance since the onset of monetary tightening in early 2022, retreating c12% since May 2022 in stark contrast to the >50% surge for our broad Greek non-financials' universe during the same timeframe. The decline in PP's shares can be attributed to a variety of factors, including: 1) rising interest rates, which have negatively impacted the valuation of stocks sensitive to interest rates, such as real estate companies; 2) inflationary pressures on various raw materials, leading to increased costs for property development and consequently compressing returns across projects; and 3) tighter financial conditions resulting in weakened balance sheets for EU REITs.

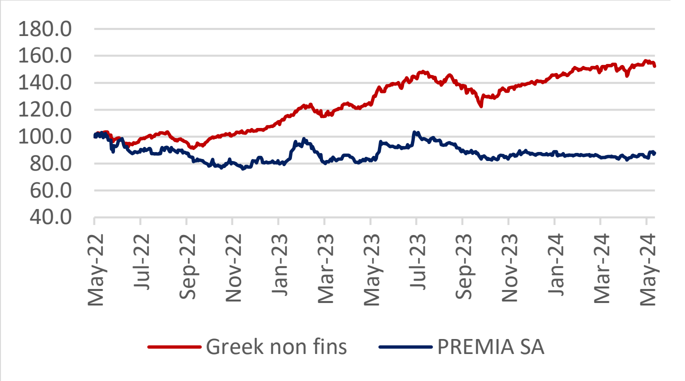
PP moving in sync with EU Peers, underperforming markedly other Greek non-financials

The correlation between rising rates and the performance of REICs is exemplified in the chart below, which shows how PP's stock has been moving in broad sync with its closest EU REIT peers. On the contrary, the stock has decoupled from other Greek non-financials, which have been propelled in the last few years by the strong operating momentum and falling risk premia attached to Greek assets.

PP performance vs peers and EU yields (RHS)



Premia vs Greek non fins

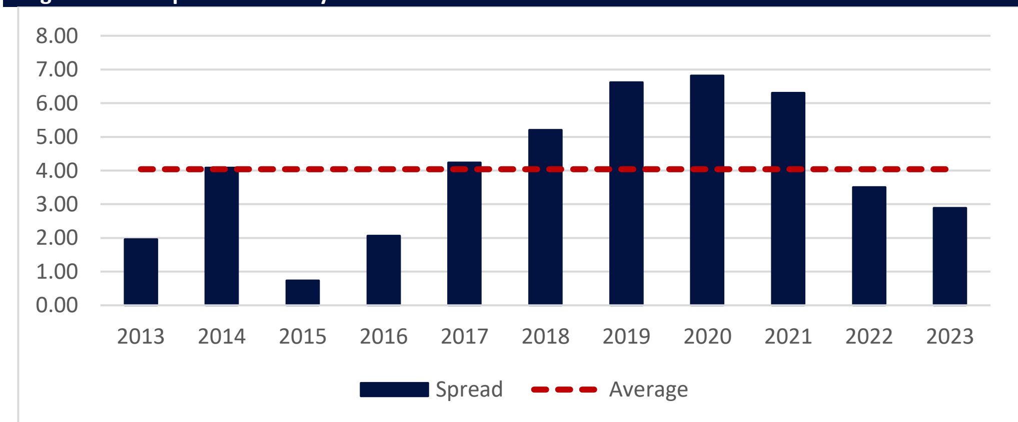


Source: Eurobank Equities Research, EPRA.

REITs' anticipated recovery may be tempered by low yield spreads and interest rate risks

In Europe, RE prices look likely to bounce in 2024 as the monetary-easing cycle begins, yet how the Greek-listed companies will be affected will depend on two relative property benchmarks, namely real estate yields vs GGB yields. Currently EU REITs are trading at c30% to NAV, higher than the historic average of c13%, so there is scope for re-rating which would help the shares of Greek-listed companies as well. Yet the yield spreads between property and GGBs remain below average, and property yields may not move as interest rates ease, thus potentially curbing property value upside. In any case though, interest rate cuts are likely to tame concerns about leverage and refinancing, although a "no landing" higher long-term rate could cap the upside. **With these in mind, we stress that the substantial yield spread (vs the 10-year GGB) in logistics/industrials (c3%) where PP is mainly active, suggests scope for valuation upside.**

Logistics Yield Spread over 10-year GGB



Source: Eurobank Equities Research, Company data, Bloomberg.

B. Valuation

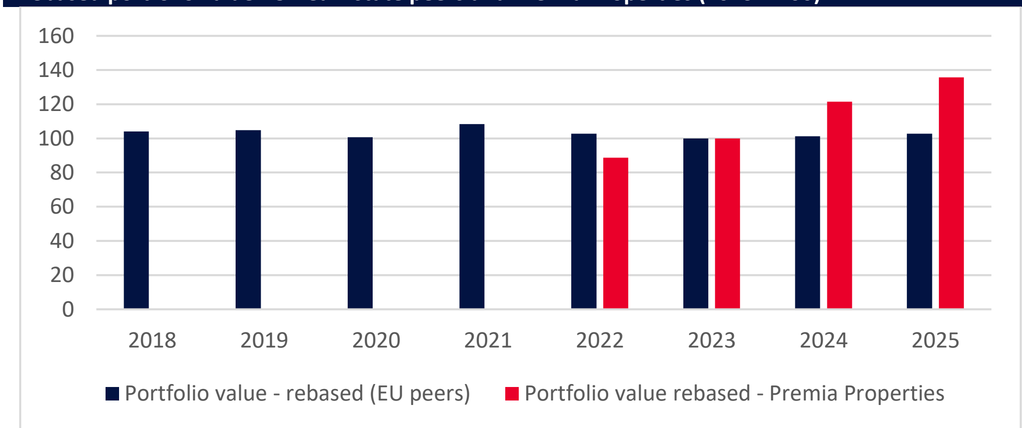
Before we proceed with the valuation of Premia Properties, it would be useful to make a few comments about the valuation of real estate companies, which we reckon investors should have in mind. In general, real estate companies' valuation is affected by:

- **Sector/market exposure:** Listed real estate companies are quite diverse in terms of sector exposure, facing different dynamics when it comes to both demand and supply. For example, office companies (e.g. British Land) face significant headwinds from the upcoming increase in supply (especially in the UK) in a period of subdued demand in the post-COVID period and limited deal activity. On the other hand, European retail (e.g. Klepierre) is also challenged, but less so given still resilient consumer demand (and improving vacancy rates) as wage growth offsets inflationary pressures and in-store retail sales recover post reopening. Industrial assets (e.g. Segro) look better placed as leases are index-linked and demand is healthy, although there does seem to be revaluation risk given the almost record-low yields. In Greece's case, as mentioned in the relevant section, there is still room for yield compression across all subsegments, with capacity being scarce for prime assets such as those of Premia Properties.

- **Bond yields/leverage:** The sector is correlated to (inverse) bond yields, given that it is considered a bond proxy producing a relatively visible recurring income. As such, during periods of rising yields, real estate stocks tend to come under pressure. This is especially the case for high LTV stocks (> 60%), given the higher debt levels and financing costs, as well as related refinancing risks. Headroom against LTV covenants is also an additional consideration related to interest rate movements and leverage.

- **Prospect for revaluations/portfolio value evolution:** The relevant state of each subsegment is reflected in prospects for revaluations. Segments/companies where there is generalized asset value de-basing tend to be valued lower, usually at big discount to spot NAV as investors price in negative future earnings momentum and/or prospective dividend cuts. Indicatively, our European real estate universe has reported a c8% cumulative decline in the overall portfolio value since 2021 and looks set to register a low single-digit growth through to 2025e. As can be seen below, this is in stark contrast to the outlook for Premia Properties.

Rebased portfolio value EU Real Estate peers and Premia Properties (2023 = 100)



Source: Eurobank Equities Research, Company data, Bloomberg.

All the above factors are effectively drivers of future NAV, whose evolution is a key component of shareholder returns (the other being the dividend yield). In short, companies belonging to sectors with positive prospects for rental growth, enjoying low or comfortable leverage and offering the prospect of positive revaluations exhibit higher NAV growth potential, and are (or ought to be) valued higher (vs their respective spot NAVs) than other peers.

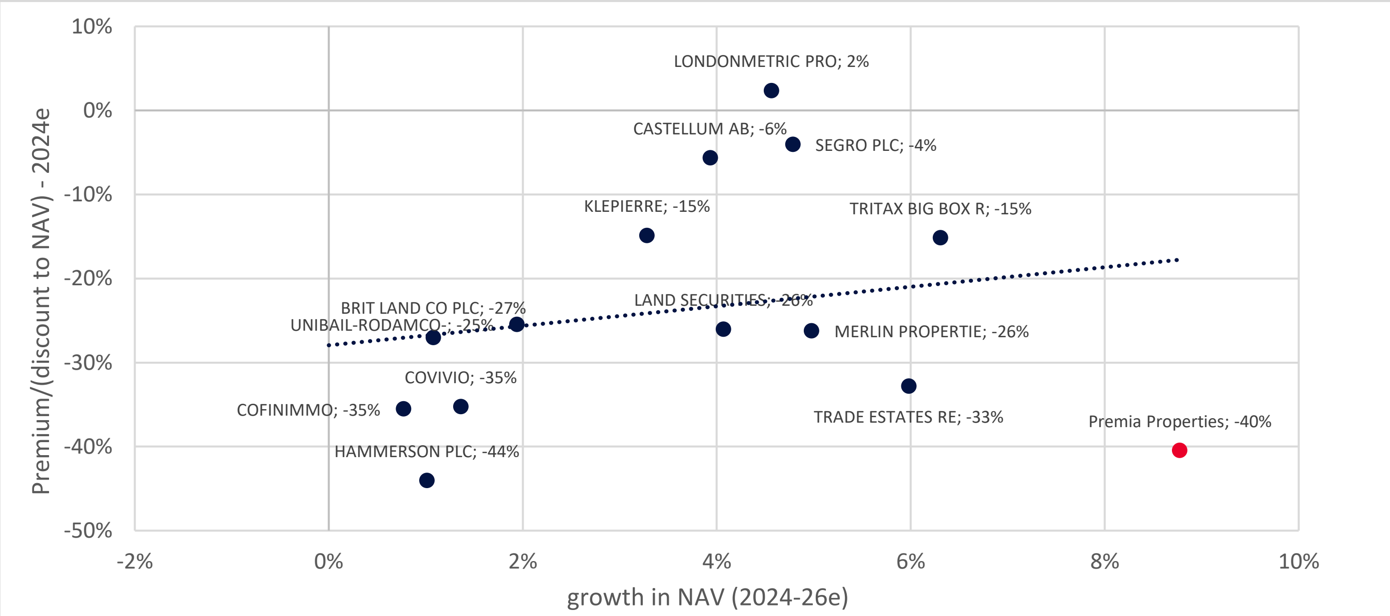
In the graph below, we present the peer group valuation compendium, contrasting the discount to spot NAV against each company's NAV growth profile over the next 2 years. We note the following:

- NAV growth does seem to be rewarded by investors, with the companies that enjoy the strongest NAV growth profile trading at a relatively limited discount to NAV.

- Sector exposure seems less relevant than NAV growth. Indeed, among the companies trading at the smallest discount to NAV are Klepierre (shopping centers), CTP (Industrial/logistics), Castellum (office), Swiss Prime (offices), Londonmetric (logistics/warehouses) and Tritax (big boxes). The most relevant peer that PP could be compared is Castellum (Offices/ schools/ warehousing / industrial) which trades at c2% discount.

- Leverage also plays a role, but this is more of a driver for LTVs >60%. In these cases, the high leverage seems to be a material headwind for valuation, largely explaining the low value attached to Covivio (c40% discount to NAV).

Valuation compendium: NAV growth vs premium/(discount) to NAV



Source: Eurobank Equities Research, Company data, Bloomberg.

Overall, NAV discounts depend on many factors, but we argue that the overriding driver of valuation is NAV growth, as the latter is effectively part of the total accounting return for shareholders, namely the one on top of dividend growth stemming from revaluations. In that regard, optically high discounts on NAV may be an indication of idiosyncratic issues of a specific company such as the need of balance sheet repair rather than indicating a valuation dislocation.

With these in mind, in order to produce a value for Premia Properties, we use a peer group valuation as per the comments above, while also cross-checking our valuation employing an Economic Value Added (EVA) model. In particular:

Applying a 15% NAV discount for Premia Properties; Target Price set at €1.48

1. **Peer group valuation:**

We apply a c15% discount to adj. NAV in our baseline valuation, which is at the low end of the broad peer group but consistent with the comments above, namely:

- PP's main exposure (>60%) in segments facing healthy demand/supply dynamics in Greece, namely logistics/industrials;
- Healthy balance sheet, featuring reasonable leverage with a 50% Net Loan-to-Value (LTV) ratio as of FY'23 and c55% of the debt at a fixed rate below 3%.
- A high-yielding portfolio that offers protection against potential further interest rate increases, with rental yield on income-producing assets >7%, indicating a comfortable cushion against interest rate increases (in fact, for Greece it is reasonable to expect yield compression) and plenty of headroom vs finance costs (c4%).
- **Significant NAV growth in the coming years, which effectively means that investors get the upside to NAV as optionality.**

By flexing the discount to 10-20%, we get a valuation range of €122m-€137m and a fair price range of €1.31-€1.57, with our baseline price target set at €1.48/share.

Valuation			
€m unless otherwise stated	**Baseline**	**Bull**	**Bear**
FY 2023 GAV	307		
- net debt / other adj.	-160		
FY 2023 NAV	**147**		
FY'24e Adj.Net Income/Other adj.	5		
Adj. NAV (incl. organic 2024 profit)	**152**		
Assumed discount to NAV	15%	10%	20%
Equity valuation	**129**	**137**	**122**
Target Price (EUR per share)	**1.48**	**1.57**	**1.31**

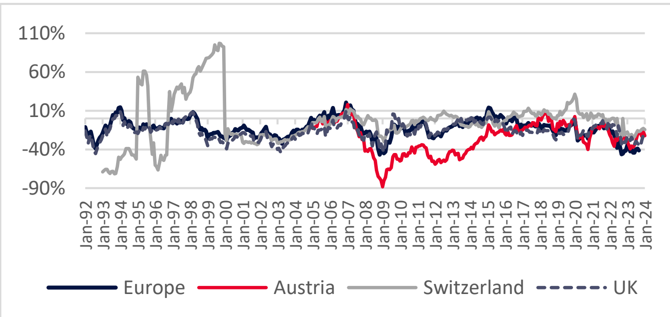
Source: Eurobank Equities Research

…. also justified by comparative and historical analysis

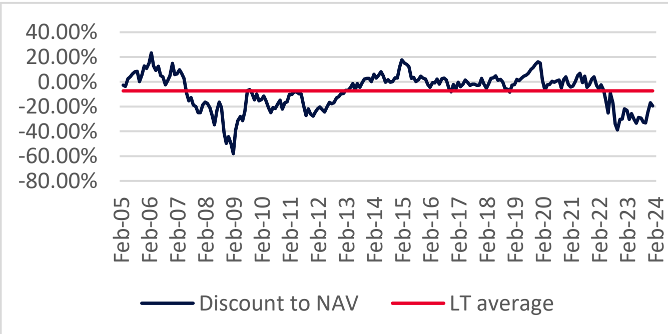
We note that historically EU REITs have traded at c13% discount across the cycle, as displayed in the chart below, while Greek real estate companies have traded at c10-15% discount to NAV on a long-term basis. In the figure on the right, we show that there tend to be differences among countries depending on the state of each market, as indicated by the relatively modest current discount in Austria/Switzerland (<25%) and the premium to NAV historically for countries such as Sweden. Across the sectors, besides healthcare, industrials and storage also seem to have attracted a higher valuation historically, having traded at a milder long-term discount to NAV (single-digit). Using PP's current rental mix to calculate a blended valuation, we estimate the historic discount of a REIC with similar sector exposure to that of PP at c7% across the cycle, which is lower than our valuation for Premia Properties. The most relevant peer that PP could be compared with is Castellum (Offices/schools/warehousing/industrial), which currently trades at <10% discount.

From a transaction perspective, we stress that the recent IPO of Trade Estates (€57m raising, GAV at c€456m) was priced at >25% discount to pre-money NAV, namely still a hefty discount to spot NAV but lower than the current discount at which EU REICS are trading. Our PT for Premia reflects our view that stocks with higher exposure to the logistics/industrial sector, offering higher NAV growth and further optionality from development assets and captive pipeline, deserve a lower discount.

Historic valuation EU real estate (discount to NAV)



Blended discount to NAV reflecting Premia's sector exposure



Source: Eurobank Equities Research, EPRA.

2. EVA valuation:

We have cross-checked the aforementioned valuation with an EVA (Economic Value Added) model, which calculates the surplus value created on Premia Property's investments. This effectively takes into account: 1) total accounting returns, namely the change in book values stemming from revaluations (these are factored in near-term net income and ROIC/ROE); 2) it allows for the modeling of Premia Property's profit stream through the entire investment cycle, while factoring in returns on investment from future projects. As per this framework (which is in essence a variation of a DCF), the extent of the spread between returns and WACC will determine the premium/discount to NAV at which a particular listed company ought to trade. Applying the spread to each period invested capital, summing up the present values of this stream, and adding the net result to NAV, we derive an estimate of the fair/intrinsic equity value.

The assumptions we utilize are a WACC of 7.3%, an average ROIC of c6.6% through to 2030e and a sustainable ROIC equal to the WACC level. Note that, effectively, this conservatively implies residual value creation solely in 2024 as a result of the upward portfolio revaluations, with dilution thereafter as returns trail the assumed cost of capital. The resulting valuation is in sync with our baseline estimated value using peer multiples.

EVA valuation

€m unless otherwise stated	Current	2024e	2025e	2026e	2027e	2028e	2029e	2030e	TV
Gross rental income		22.8	28.0	29.0	30.8	32.0	32.6	33.2	
Net Expenses/income (incl. revaluations)		12.1	0.0	-1.2	-0.2	-2.4	-2.5	-2.5	
EBITDA		**34.9**	**28.0**	**27.8**	**30.6**	**29.5**	**30.1**	**30.7**	**31.0**
- tax		-1.7	-1.5	-1.5	-1.5	-1.6	-1.6	-1.6	-1.7
NOPAT		**33.2**	**26.5**	**26.3**	**29.1**	**28.0**	**28.5**	**29.1**	**29.4**
Capital employed		386.7	412.4	437.2	448.4	457.5	466.9	476.4	
ROCE		8.59%	6.42%	6.03%	6.49%	6.11%	6.11%	6.11%	7.30%
WACC		7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%
Spread		**1.29%**	**-0.88%**	**-1.27%**	**-0.81%**	**-1.19%**	**-1.19%**	**-1.19%**	**0.00%**
EVA per annum		5.0	-3.6	-5.6	-3.6	-5.4	-5.5	-5.7	-
Terminal value									-
Sum of EVA PV	-18								
NAV 2023	147								
EVA fair value	**129**								

Source: Eurobank Equities Research

Business model and strategy

PP is a fast-growing REIC listed on Athex, investing in properties linked to structurally attractive sectors

Premia Properties (PP) has rapidly grown in the Greek real estate market (GAV up by c3x) since partnering with Swedish STERNER STENHUS in July 2020, which now holds a 42% stake after two capital increases worth €95mn in 2020-21. This strategic alliance, along with PP achieving REIC status by May 2022, has played a pivotal role in the company's strong growth in the real estate sector. PP boasts a diversified portfolio worth €307mn, primarily located in the Attica region, comprising 51 properties with weighted average leasing term (WALT) of c7 years. The portfolio spans across a range of sectors, including logistics and industrial, social infrastructure (schools), serviced apartments, and commercial assets. For FY'23, Premia announced a gross rental income of €19mn, which annualizes to €22.8mn, translating into a 7.6% rental yield and representing an elevenfold increase from the €1.7mn delivered in 2020.

Prime properties boasting c99% occupancy rate

PP's properties are strategically located in prime areas, offering accessibility and proximity to key transportation hubs, highways, and commercial centers. These favorable locations contribute to the properties' attractiveness and potential for capital appreciation over time. The quality of the assets is validated by the high occupancy rate, at c99.0%, indicative of the strong demand and supportive of stability in rental income.

…. underpinned by the diverse & high quality tenant mix

The quality of tenants is a critical factor in assessing the stability and profitability of a real estate investment. Premia Properties has a diversified tenant base that includes several market leaders and well-established local businesses, such as hypermarkets Sklavenitis, Seagull, Metro, and A.B. Vassilopoulos. About 39% of PP's annualized rental income from income-producing assets (as of fiscal year 2023) comes from just four tenants: Sklavenitis (accounting for c12% of rental income), Seagull (c9%), Friesland Campina, and Doukas Schools. The rest is distributed among various other tenants, indicative of the diverse tenant mix.

Long weighted lease maturity (c7 years) and inflation-linked rental escalations

Premia Properties' lease agreements are typically long-term in nature, as evidenced by the weighted average lease term, which stands at c7 years. Indicatively, 70% of rental income is generated by leases set to expire after 2027, with an additional c30% ending over 2024-27. On top of that, almost all leases are indexed to inflation (normally embedding extra CPI step-up or contractual rent step ups), thus providing downside protection against inflation and offering strong cash flow visibility.

Investment pipeline of €81m (excl. JVs) set to boost portfolio value by c26% through to 2026e; largely captive pipeline, limiting risk of overpaying for assets in an undersupplied market ; Total GAV growth by 2026 at c40%

Premia Properties is actively pursuing an investment plan valued at c€81mn (excl. JVs) for the 2024-2026 period, primarily allocated to existing assets. As of FY'23, the company has 4 properties designated for development, with a current (book) value of €59.3mn. These projects are targeted for completion by the first half of 2024. In an attempt to diversify the portfolio with quality tenants, a majority of planned Capital Expenditure (CapEx) is earmarked for green office properties, with a key focus on converting the Athens Heart property into a green office space. In the long run, the company's vision is to reach €1bn GAV by acquiring prime, high-quality properties with solid fundamentals and stable income profile. Targeting an average yield of over 7%, Premia Properties looks well-positioned within the Greek real estate market, which offers structural advantages over other EU regions due to a favorable supply-demand balance. Our numbers envisage GAV expanding to c€380m in 2024e and reaching c€430m by 2026e, with investments (€81m or 26% of 2023 GAV) further propelled by revaluation gains (c€31m or 10% of 2023 GAV) underpinned by rental growth, rising occupancies, and a 10bps yield shift as well as development gains (c€10m or 3% of 2023 GAV).

The JV of project "Skyline" further enhances PP's income generation capacity

Premia Properties is also actively monitoring the Greek market for suitable investment opportunities. It has identified and assessed a pool of potential investment opportunities while cultivating relationships with other real estate investors active in the Greek market. Indicatively, in Feb'23, PP, Dimand and the EBRD established a consortium to acquire a 65% stake in the Skyline project from Alpha Bank. Within this consortium, PP holds a 25% share, with Dimand/EBRD owning the remaining 75%. A large number of Skyline's assets are already being leased to Alpha Bank, whereas the rest are projected to be either redeveloped in the real estate market or sold.

…alongside with co-investment with TEMES

More recently, Premia announced a strategic co-investment along with TEMES S.A. aimed at the further development of the Navarino vineyards. In the context of this agreement, Premia Properties will acquire 50% of the entity Navarino Vineyards S.A. through a capital increase and will oversee the construction of a new €10m winery facility. The latter will have production capacity in excess of 300 thousand bottles per year, highlighting the potential and significance of the Peloponnesian vineyard as Greece's largest wine-producing region. This move not only diversifies Premia's investment portfolio but also reinforces the company's commitment to promoting Greek viticulture and enhancing the country's wine industry.

In more detail, PP’s growth strategy is predicated on the following:

Growth Strategy: Premia Properties has crafted a business model anchored in a strategic growth approach that emphasizes acquisitions of properties with solid fundamentals and attractive yields of >7%. With a focus on the Greek market, the company actively selects investment opportunities in sectors where it already has an established presence, while also selectively expanding into new segments. Its acquisition plan is centered around securing income-producing assets that are categorized as Core/Core Plus, while also engaging in "forward-funding" deals and value-adding redevelopment projects. This multi-tiered investment strategy is designed to enhance cash flows and asset quality, laying the groundwork for a sustainable and scalable business model that can position Premia as an agile and dynamic player in the real estate sector.

Asset Management: Asset management is a critical pillar of Premia’s operational framework, characterized by the cultivation of a well-diversified portfolio that boasts balanced, high-quality properties. The firm seeks to secure creditworthy tenants under long-term contracts of >5 years, fostering stable cash flows and optimizing rental yields through adjustments based on CPI indexation. Active management encompasses diligent oversight of property facilities, fostering enduring tenant relationships, and leveraging value from existing developments. Premia’s adeptness in asset management is underscored by high occupancy rates and an effective lease management approach, underscoring its dedication to value creation and preservation over time. In alignment with contemporary corporate priorities, Premia Properties has also placed a continuous focus on ESG initiatives. A key focus is attaining sustainability certifications, starting with the Athens Heart Building, which is set to be renovated under the framework of LEED (Leadership in Energy and Environmental Design) standards.

Financing: Premia adopts a prudent and disciplined approach to its capital structure with a twofold approach to financing: effective capital raising through equity/debt capital markets and meticulous bank financing tactics. The firm has a disciplined capital management strategy, targeting Loan to Value (LTV) of less than 60% and ensuring debt duration of over three years. This financial prudence is further exemplified by its dividend policy, which foresees the distribution of 50% of Funds From Operations (FFO), balancing the need to invest in growth with the desire to reward shareholders.

The portfolio

1. Snapshot

Diverse and high yielding (>7%) portfolio, with growth optionality through development

Premia Properties boasts a varied portfolio of 51 properties, with a Gross Asset Value (GAV) of €307mn and a Gross Leasable Area (GLA) of >280k sqm. The portfolio includes 32 income-generating properties with a combined value of c€202mn. Additionally, Premia manages 10 schools under a Public-Private Partnership (PPP) service concession contract, with the total value of the concession rights standing at €36.7mn. Together, these 43 properties, valued at €238.2mn, generate an annual income of around c€18.0mn, corresponding to a rental yield of 7.6%. The portfolio is further characterized by an occupancy rate of 98.7%. Furthermore, Premia owns 8 properties earmarked for future development, valued at €54.7mn, and land plots worth €4.6mn, which offer scope for further expansion and value creation.

Analysis per Type of Asset, FY'23

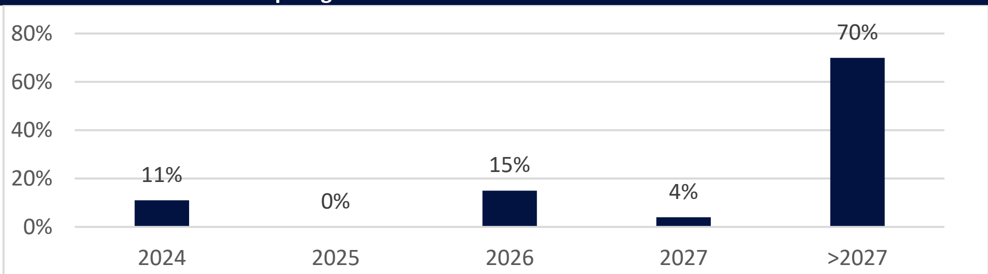
EURm unless otherwise stated	Number of Properties	Fair Value (FY'23)	% of total	G.B.A (K sqm)	% of total	*Annual rental (€m)	% of total	*Gross yield (%)	Occupancy rate (%)
Logistics	9	124.5	42%	174.9	61%	9.0	55%	7.9%	100.0%
Big boxes	3	11.1	4%	8.0	3%	1.0	5%	8.6%	100.0%
Serviced apartments	4	22.4	8%	10.9	4%	1.6	9%	7.2%	100.0%
Social infrastructure (Schools)	1	20.3	7%	23.1	8%	1.3	7%	6.3%	100.0%
Industrial	16	23.3	8%	34.	12%	1.5	9%	6.6%	100.0%
Total Inc. Producing Assets	**33**	**201.5**	**68%**	**251.2**	**87%**	**15.3**	**85%**	**7.6%**	**100.0%**
PPP	10	36.7	12%	36.5	13%	2.8	15%	7.5%	100.0%
Total Inc. Producing &PPP	**43**	**238.2**	**80%**	**287.7**	**100%**	**18.0**	**100%**	**7.6%**	**100.0%**
Land Plots	4	4.6	2%						
Under Development	4	54.7	18%						
Total	**51**	**297.6**	**100%**						

Source: Company, Eurobank Equities Research, *EE estimates

Favourable lease terms with 7 years WAULT and inflation indexation for almost all leases

Premia Properties generally engages in long-term lease agreements, as indicated by the weighted average unexpired lease term (WAULT), which is c7 years. In specific, 70% of leases are set to expire after 2027, with the remaining 30% expiring in 2024-27.

Annualized rental income expiring %

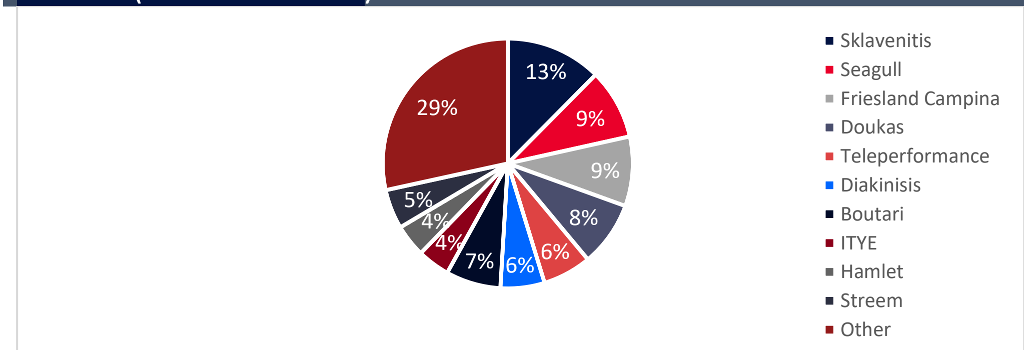


Source: Eurobank Equities Research, Company data.

Strong tenant mix

Regarding the tenant mix, as of FY'23, the top four tenants represented approximately 39% of total annualized revenue. Sklavenitis is the leading tenant in terms of annualized revenue, contributing c12% of the total, while Seagull follows closely with 9%. Overall, Premia's tenant mix includes several leaders in their respective industries and is highly diversified.

Tenant mix (% of annualized rental)



Source: Eurobank Equities Research, Company data.

Premia's portfolio skewed to Attica region, which accounts for >75% of the value and the leasable area of income producing assets and PPPs

Premia is focused on the Greek market, presenting a strategically concentrated geographical portfolio. As of Dec'23, the Attica region is the most prominent area in Premia's portfolio, representing 76% of the GBA of income-producing assets & PPPs while accounting for 78% of the overall portfolio value of these assets. The Thessaloniki region contributes another 10% of both GBA and portfolio value. The remaining 12% is spread across other Greek regions, including the Cyclades, Patra, and Crete, illustrating Premia's commitment to diversifying its portfolio within the confines of the Greek market.

Geographical Distribution, FY'23

Geography	Number of Properties	G.B.A. (K sq.m.)	% of total	Fair Value (FY'23, €m)	% of total
Income Producing Assets	**32**	**251**		**202**	
o/w Attica	*13*	*184*	*63%*	*148*	*62%*
o/w Thessalonica	*3*	*29*	*10%*	*25*	*10%*
o/w Rest of Greece	*17*	*37*	*13%*	*29*	*12%*
PPP	**10**	**37**		**37**	
o/w Attica	*10*	*37*	*13%*	*37*	*16%*
Total	**42**	**288**		**238**	

Source: Company, Eurobank Equities Research

2. Key operating assets in detail

a. Logistics and Industrial

Logistics and industrials account for c63% of the portfolio's annual rental income

Logistics and industrials account for c63% of the portfolio's annualized rental income. This category includes quite sizeable and valuable assets, such as the warehouse buildings located in Kyrillos, Aspropyrgos with a GBA of c54K, Elefsina with a GLA of 35K and Sindos with a GBA of c25K. Notable tenants include Diakinisis, Henkel Schenker, Sklavenitis, Metro, and Seagull.

Key Logistics Assets	Kyrillos	Elefsina	Sindos	Dyo Pefka
GBA ('000 sqm)	54K sqm	35K sqm	25K sqm	14K sqm
GAV (EURm)	c€35m	c€24m	c€16m	c€17m
Tenants	Multiple	Sklavenitis	Seagull	Friesland Campina
Occupancy (%)	100%	100%	100%	100%

b. Social Infrastructure (Schools)

Social Infrastructure (Schools) properties including PPPs make up c22% of Premia's rental income

Social Infrastructure properties including the PPPs make up c22% of Premia's rental income, and c20% of GBA and GAV. The most important asset in this category is Doukas, located in Marousi, Attica, and 10 schools in Attica operating under a public sector partnership (PPP). More specifically, regarding the PPPs, Premia, through its subsidiary JPA S.A. and with partnership rights extending until 2041, has developed and now manages 10 state-of-the-art school facilities in the prefecture of Attica, showcasing the company's significant involvement and investment in the education sector through modern infrastructure development.

Key Social Infrastructure Assets	**Doukas**	**PPP**
GBA ('000 sqm)	23.5K sqm	36.5K sqm
GAV (EURm)	€20.3 m	€36.7m
Tenants	Doukas School S.A.	Greek State
Occupancy	100%	100%

c. Service apartment assets

Service apartments account for 9% of rental income

Service apartments account for 9% of rental income, 8% of GAV and 4% of GBA. Such properties are located in Piraeus, Patra, Thessaloniki, and Kypseli. The property in Piraeus is used by Teleperformance Hellas S.A., whereas the rest are leased by Hamlet Student Flats P.C. Moreover, Hamlet is expected to lease another building in Xanthi after the reconstruction phase comes to an end.

Key service ap/t assets	Piraeus	Thessaloniki	Kypseli	Patra
GBA ('000 sqm)	3.4K sqm	4.7K sqm	0.5k sqm	2.2K sqm
GAV (EURm)	€11.5m	€5.8m	€1.4m	€3.7m
Tenants	Teleperformance Hellas S.A.	Hamlet Student Flats	Hamlet Student Flats P.C.	Hamlet Student Flats P.C.
Occupancy	100%	100%	100%	100%

d. Commercial assets (big boxes)

Big boxes contribute 5% of rental income

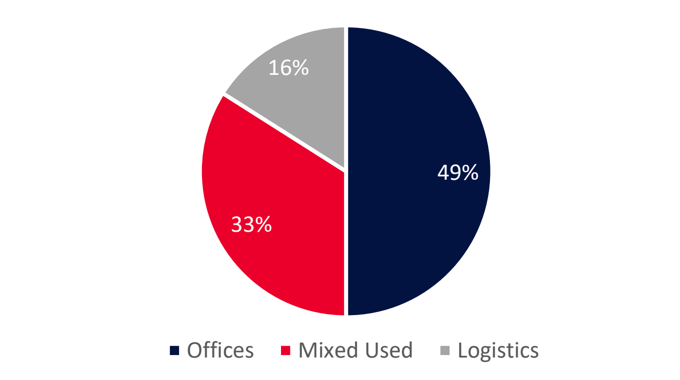
Big boxes contribute 5% of rental income and include 3 retail properties in Paiania, Katerini, and Kalamata. The properties are leased by leading food retailers such as AB Vassilopoulos and Sklavenitis, as well as by Praktiker, the well-known retailer of home improvement and repair products.

Key Commercial Assets	Paiania	Katerini	Kalamata
GBA ('000 sqm)	2K sqm	1.5K sqm	4.5K sqm
GAV (EURm)	€3.9m	€7.2m	
Tenants	AB Vassilopoulos S.A.	Sklavenitis S.A.	Praktiker
Occupancy	100%	100%	100%

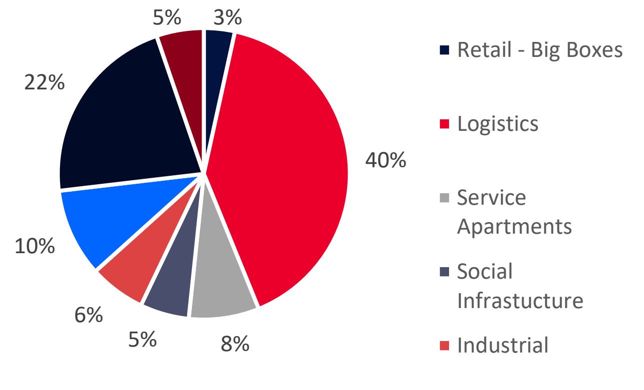
3. The pipeline in detail

Premia Properties is actively pursuing an ambitious investment plan, earmarking €81m (excl. JVs) for the 2024-2026 period. As of Dec'23, the company has 4 properties designated for future development, with a current (book) value of €54.7mn (excl. land plots). These projects are targeted for completion by the end of FY'24e. The total capital expenditure (capex) allocated for these developments is c€51mn (excl. JVs), with c50% of these dedicated for green office development, 16% for logistics and the rest 44% for mixed-use. The incremental revenue anticipated from these capital expenditures (CapEx) is c€7.0mn, indicating a yield of c8% on total cost, namely including both the CapEx and the initial (book) value. In our numbers, we have assumed another €30mn CapEx in 2025-26e, given the room vs the target of a Net LTV of <60%.

CapEx by asset category (in existing assets)



***Investment Portfolio value by Asset Category in 2026 ***



Source: Eurobank Equities Research, Company data, *EE estimates as the investment pipeline, especially post 2024e, is dynamic

Below, we present a summary of Premia's investment pipeline, including most of the properties currently under development or exploitation.

Overview of Premia's Captive Pipeline

Location	Type	Status	Prefecture	Area (sqm)	GBA (sqm)
Athens Heart	Offices	Redevelopment / Pre-leased to AADE	Attica	12,482	59,728
Aspropyrgos	Logistics	Acquisition/Preleased to Iron Mountain	Attica		11,300
Xanthi	Student residencies	Redevelopment	Xanthi	1,295	5,253
Pikermi	Industrial	Under examination	Attica	14,851	4,772
Kordelio	Industrial	Under examination	Thessalonica	6,727	2,258
Chalkida	Land plot	Under examination	Evvoia	81,362	0
Lavrio	Land plot	Under examination	Attica	34,313	0
Agia Kyriaki, Paros	Land plot	Pre-sale Agreement	Cyclades	18,906	0
Kato Marathi, Paros	Land plot	Pre-sale Agreement	Cyclades	31,038	0

Source: Company, Eurobank Equities Research

In more detail, the Athens Heart project is the centerpiece of these investments, with plans to transform it into a LEED Gold certified green office building. This development, which will be leased to the Greek Independent Authority for Public Revenue (IAPR), underscores a major commitment from Premia, entailing an investment of approximately €35m (with c€10mn already implemented).

In Xanthi, Premia has acquired a property for €2.1mn, currently undergoing reconstruction. The property's ground floor is designated for commercial use, while the upper floors are being developed into student accommodation. We expect this project to generate annual income of c€0.3-0.4m.

Additionally, PP has contracted to acquire a state-of-the-art, pre-leased logistics property to Iron Mountain, expected to be completed and delivered within Q2 2024. The property is located in the prime logistics area of Aspropyrgos, Attica.

Premia Properties has also entered into an investment partnership with "P & E INVESTMENTS S.A. PROPERTY DEVELOPMENT", through a 25% stake in the latter (and Dimand/EBRD holding the rest). This investor consortium collectively holds a 65% stake in Skyline, whose portfolio encompasses 573 assets in various sectors, including offices, commercial real estate, retail, residential properties, and industrial/logistics spaces, totaling c500k sqm in gross area. significant portion of these assets is currently leased to Alpha Bank. The remaining assets are earmarked for redevelopment, market repositioning, or direct sale, as part of a strategic effort to enhance their value and utility within the portfolio. According to Dimand, the consortium's CapEx is estimated to be c€40mn-€65mn, hence PP's CapEx is estimated at c€13mn.

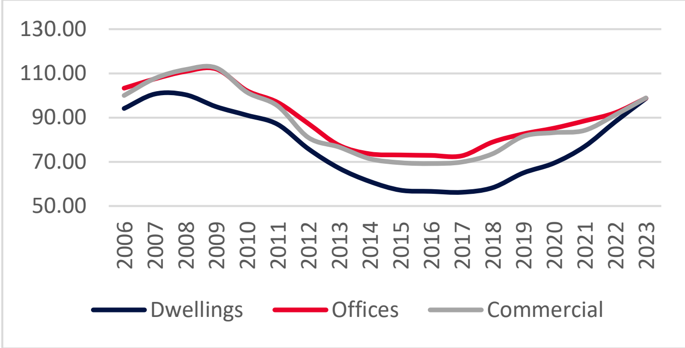
More recently, Premia announced a strategic co-investment with TEMES S.A. aiming to enhance the development of the Navarino vineyards. Specifically, Premia will acquire a 50% stake in the "Navarino Vineyards S.A." through a capital increase taking on the responsibility to build a new €10m winery facility. This new facility will have production capacity in excess of 300 thousand bottles per year, thereby emphasizing the potential and vitality of the Peloponnesian vineyard, recognized as Greece's largest wine-producing region.

Sector overview

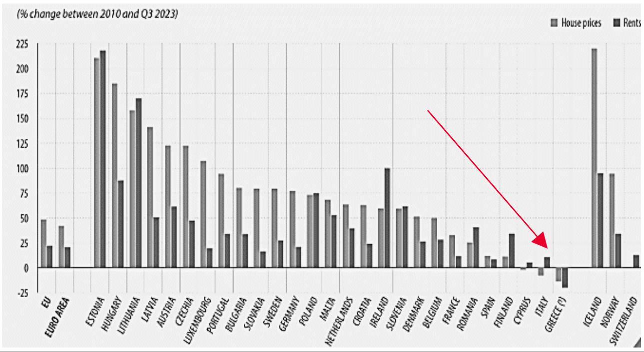
Domestic real estate is poised for further growth underpinned by tourism boost and RRF

The Greek real estate sector currently finds itself in a distinct phase compared to the rest of Europe. Property values in Greece have not yet fully rebounded from the multi-year recession, while the economic outlook remains positive, buoyed by a strong tourism sector and the momentum from investments driven by the Recovery and Resilience Facility (RRF).

Real Estate Price Indexes in Athens



House Prices in Greece still below 2010

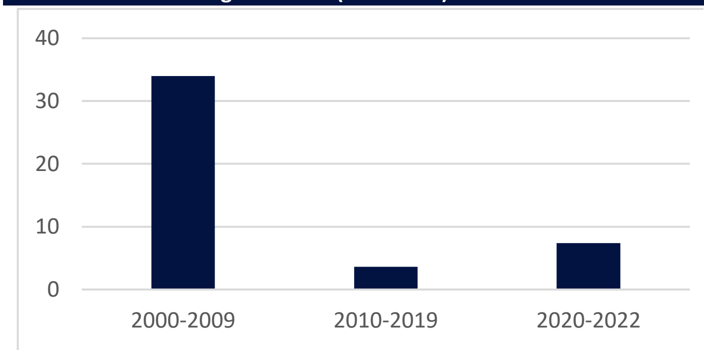


Source: Eurobank Equities Research, BoG, Eurostat

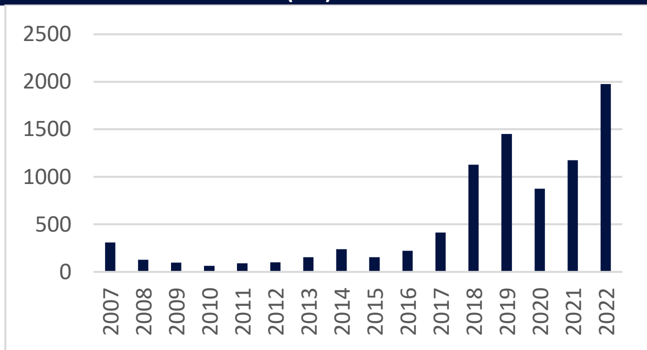
Foreign investment surge and development rebound fuel growth in real estate

Meanwhile, development is only starting to catch up to pre-crisis levels, leaving ample room for growth. Additionally, there has been a considerable rise in foreign investments, primarily targeting the residential sector, supported by government incentive schemes (such as golden visa and programs for digital nomads).

Annual New Dwellings in Attica ('000 units)



Net FDI in Greek real estate (€m)

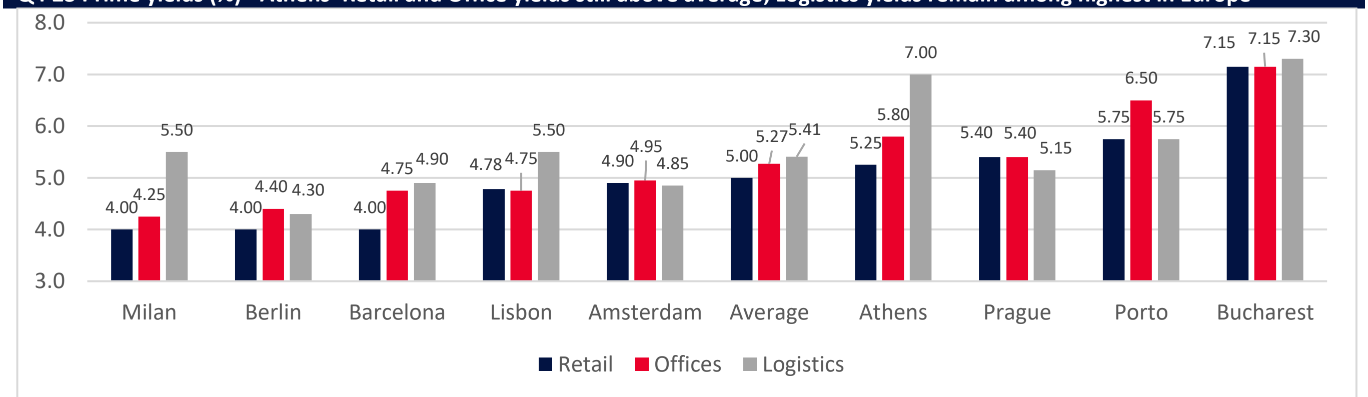


Source: Eurobank Equities Research, ELSTAT, BoG

Higher than EU average yields spur real estate investment opportunities

In Athens, retail and office yields are still above the European average, by 25 basis points and 50 basis points respectively. Furthermore, the country's yield gap in the logistics sector remains greater than 150 basis points, indicating potential for significant growth and investment opportunities in the Greek real estate market.

Q4'23 Prime yields (%) - Athens' Retail and Office yields still above average; Logistics yields remain among highest in Europe

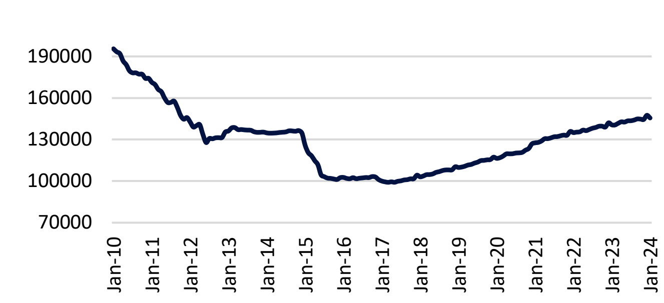


Source: Eurobank Equities Research, CW.

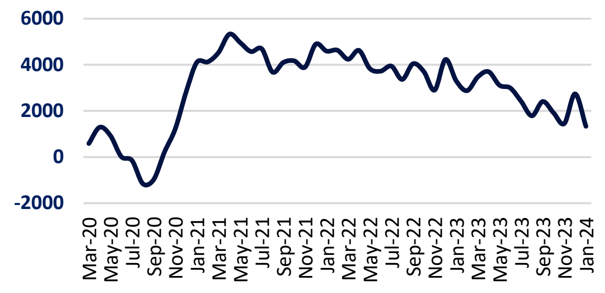
Consumer strength fuels demand in a market of limited high-quality supply

In more detail, as far as **retail/commercial real estate** is concerned, the supply vs demand balance is quite healthy as household cash flows support retailer performance (and occupancies) while quality assets are relatively scarce.

Retail Deposits back to 2011 levels (€m)



Retail Excess Savings (Post – Covid) not yet consumed, €bn

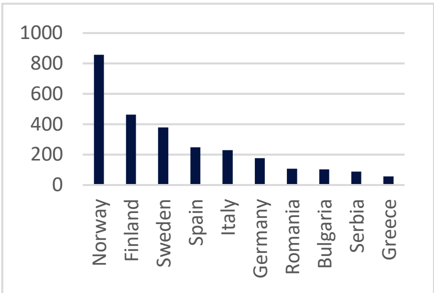


Source: Eurobank Equities Research, BoG

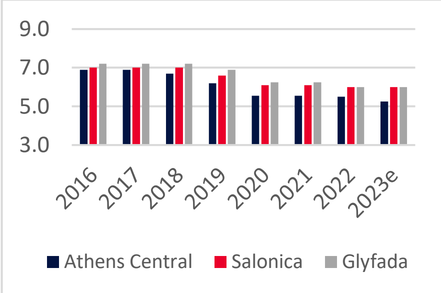
Low density and strategic developments bolster Shopping Centers

From a structural perspective, shopping centers are much better placed than other markets given the low density in Greece, with retail parks still in nascent phase. As can be seen, domestic prime retail yields have been on a downward trajectory since 2018, reflecting the high base, country de-risking and relatively muted development activity, with Ellinikon effectively being the only large-sized project in the pipeline (including 3 shopping centers), with prime high-street assets still yielding near 6% and big-box retail assets/shopping malls >7%. Finally, retail yields in Athens are still higher by >25bps than EU average and >50bps vs Lisbon, a city similar to Athens with regard to the real estate outlook.

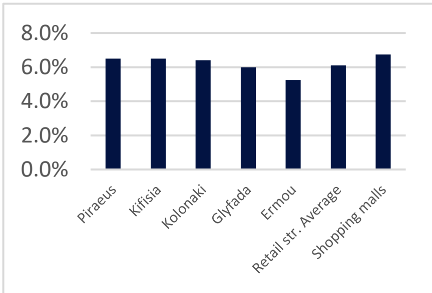
Shopping mall density in Greece vs Europe



Retail real estate price index yoy (%)



Yields for prime retail real estate (Q4'23)

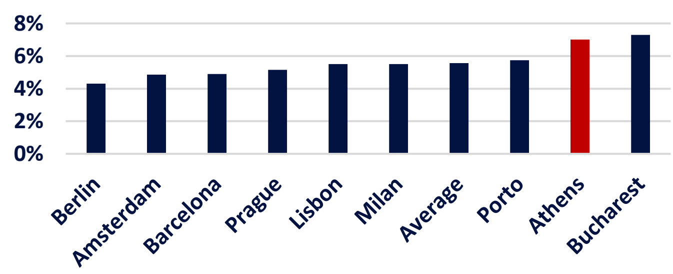


Source: Eurobank Equities Research, Company data, Lamda.

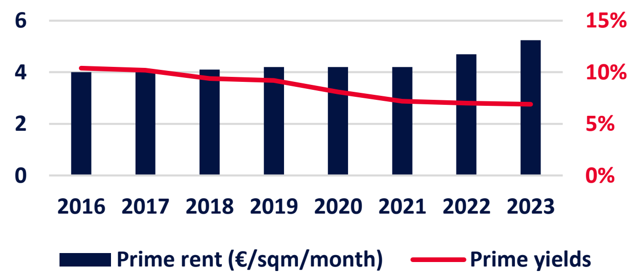
Greece's logistics market faces supply deficit amid surging demand; Yield gap signals scope for higher valuations

In the **logistics** space, the sector is also structurally supported domestically due to the lack of modern assets, with demand continuing to outstrip the supply of warehouse space. Due to limited supply, major supermarket chains acquired land within 2023 to construct their warehouse facilities in the area of Aspropyrgos. Sound demand for modern urban space has been recorded from smaller to medium-sized occupier groups leading to the upgrading of large parts of the current Industrial and logistics property stock in urban locations. This is manifested by the retreating yields (and rising rents), which, for prime assets, are still near 7.0% (rents at €5.25/sqm), far higher than an average of 5.5% evident in Europe, although lower than some Balkan cities (e.g. Bucharest).

Greece vs Europe logistics yields Q4'23



Logistics yields & rents evolution in Athens



Source: : Eurobank Equities Research, Cushman & Wakefield

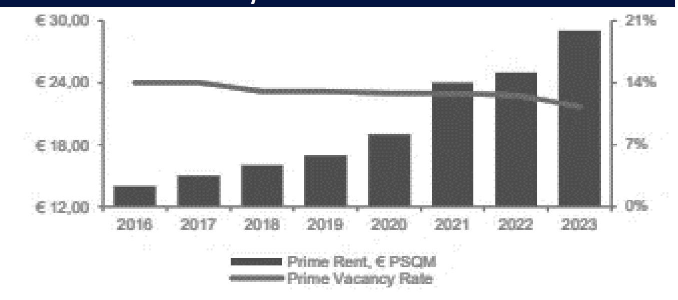
Demand for office quality spaces outstrips supply; yields set to tighten further

When it comes to **office spaces**, there is growing and pent-up demand for high-quality properties, especially as vacancies due to work-from-home dynamics are not a major issue in Greece. On the supply front, there is scarcity of high-quality office spaces, fact that further underpins office rents and asset values. In addition, despite the yield compression in the last 10 years, we reckon there is scope for further tightening. This perspective is supported by the fact that domestic yields, as exemplified by Athens, remain 50bps higher than those in other European markets, and 100bps higher compared to Lisbon. The latter serves as a comparable city to Athens in terms of the real estate market outlook, offering an indication for the magnitude of potential yield compression.

As far as the latest transactions are concerned, Grade A LEED-certified office spaces have accounted for 80% of recent volumes, confirming that quality, energy efficiency and sustainability remain the primary drivers of demand. There are currently nearly 230,000 sqm under construction which are expected to be completed over the next two years and 232,000 sqm in the pipeline. It is worth highlighting that of the current projects under construction, around 45% are reconstructions of existing buildings. The strongest submarket in terms of take-up in 2023 was in Central Business District (CBD) followed by Northeast Athens.

Take-up higher than construction completion

Prime Rents and Vacancy rates



Source: Eurobank Equities Research, Company data, CW Proprius.

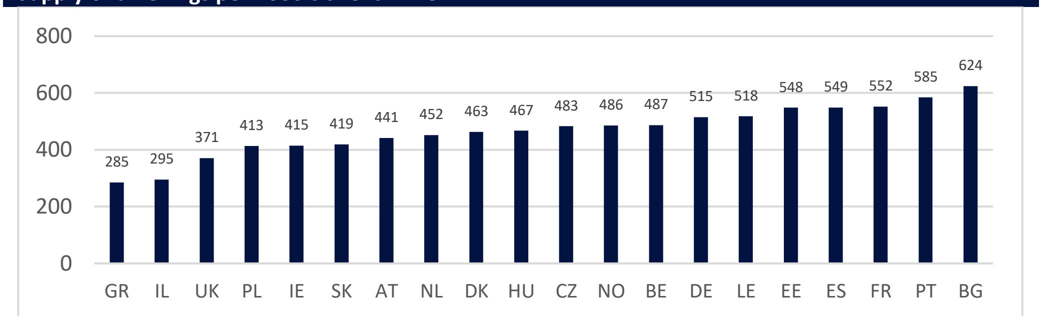
Greek residential market has enjoyed >35% price increases in the last 5 years, but remains below the 2008 peak

Regarding the **residential sector**, property prices have been increasing steadily in the last 5 years bouncing >35% over 2018-22 as the Greek market emerged from the multi-year economic crisis. The retracement in property values was accompanied by a surge in market activity driven by a combination of factors, namely:

- Domestic pent-up demand further exacerbated by a shortage of housing supply given the limited development activity in the previous decade, with Greece having one of the lowest numbers of dwellings per capita among European countries;
- Increasing tourism arrivals which fueled investments in properties for short-term rentals;
- Rising availability of mortgage lending, facilitating the entrance of home buyers into the market;
- The boost from foreign buyers, due to the higher affordability of Greek properties compared to other European markets and the appeal of Golden Visas;
- Govt interventions, including the suspension of the VAT on sale prices;

It is worth noting that despite the multi-year bounce, residential prices remain about 15% below the previous peak of 2008. Looking ahead, elevated borrowing costs are likely to weigh on demand, particularly from domestic households, thereby denting the rate of price increases.

Supply of dwellings per 1000 citizens in EU



Source: Eurobank Equities Research, Deloitte.

New legislation spurs growth in Greek student housing market

Finally, the recent legislation allowing the establishment of authorized private universities in Greece marks a significant shift in the domestic student housing market. The introduction of private universities is likely to pave the way for substantial capital investment in student accommodation in the country. This development has already started to draw the attention from both large and small market players, who are either developing related projects or planning to construct residences specifically designed for students. This shift signifies not only reflects a dynamic change in the educational landscape but also marks an evolving real estate sector where student housing is emerging as a highly attractive investment opportunity. The potential for high occupancy rates, consistent demand, and relatively stable rental incomes makes student housing a compelling sector for investors looking to diversify their portfolios and capitalize on new growth avenues within the Greek real estate market.

Greek REICs have significantly expanded their asset base in the last 5 years, doubling the appraised value of real estate assets and their revenues. This growth has been driven by new investments and revaluations in light of rising income and yield compression. Most REICs have diversified portfolios comprising logistics, hospitality, residential, and office assets, while being increasingly active in real estate development and asset enhancement due to limited ready-made quality properties. REICs tend to follow strict ESG guidelines and some have issued "green" bonds for sustainable investments.

Greek REICs snapshot – 2023

Name	GAV (€m)	Y/Y growth	NAV 2023 (€m)	Discount to NAV	Y/Y NAVgrowth	
Prodea Investments	2,420	-5.7%	1,506	32%	2.1%	Listed
Noval Property	571	17.4%	427		16.8%	IPO in May'24
Trastor	469	19.4%	274	1%	29.2%	Listed
Trade Estates	477	65% *	298*	-28%	14.0% **	Listed
Premia Properties	202	6.6%	147	-30%	4.3%	Listed
Briq Properties	149	9.2%	156	-54%	9.8%	Listed
Orilina Properties	111	11.4%	159	-19%	29.7%	Listed
Ble Kedros	119	10.4%	111	31%	-0.4%	Listed
Intercontinental International	53	4.0%	83	-42%	3.7%	Listed
Total	**4,221**	2.2%	**3,162**		10.5%	

Source: Eurobank Equities Research, Bloomberg, Company data. *Post acquisition of Smart Park. **Organic

REIC framework background

REITs serve as an efficient platform for holding investment property

In the next few paragraphs, we briefly lay out a summary of the REIC framework in Greece. REICs are an investment instrument similar to real estate investment trusts (REITs) met in other international markets. In general, REITs enable developers to generate liquidity by selling income-generating assets while also offering investors the opportunity to invest in liquid real estate equity. REITs normally distribute a substantial part of their earnings in the form of dividends, are tax efficient and are considered less risky than other real estate investments since they are normally related with completed properties with regular income.

REICs in Greece are governed by a specific institutional/tax framework as well as stock market legislation, whose main points we summarize below:

In Greece, REICs enjoy tax benefits, must be listed within 2 years, and have a minimum 50% distribution policy

I. **Asset and legal requirements:**
   - A minimum of 80% of the asset base must be invested in real estate.
   - A single property must not exceed 25% of the REIC's investments
   - REICs must file an application for listing within 2 years from establishment with a possibility of additional 36 months extension.

II. **Distribution of profits and leverage:**
   - REICs must distribute at least 50% of their net profits. Capital gains from the sale of real estate do not need to be distributed
   - REICs may borrow up to 75% of their total assets
   - REICs have a minimum capital requirement of €25m (funds or contribution of real estate assets).

III. **Tax considerations:**
   - There is no capital gains tax, real estate transfer tax or dividend tax
   - REICs are burdened with an annual property tax (as is the case with all property owners) defined by the tax authorities based on the individual property characteristics (mostly the location), namely ENFIA tax.
   - REICs are exempt from income tax. The latter is substituted by a tax on investments and liquid assets, at a rate equal to 10% x (ECB rate + 1%).

REIT structures are in general a way property owners seek to unlock the value of the real estate

REIT structures are one of the ways that property owners seek to crystallize value. A typical REIT structure is one in which an operating company (OpCo) demerges property assets into a property company (REIT). The latter then leases the property back to the OpCo securing an income stream through the collection of the rents. The portfolio of assets in the REIT may be further enriched with new property injected into it either by the OpCo or by other investors. Given the mandatory IPO requirement, the REIC gets listed on a stock exchange resulting in the initial shareholder giving up part of its ownership share. The main rationale for the demerger is to unlock the value of the real estate: this is more properly reflected in a pure-play real estate company than in cases where the property is held within an operating company. Through the IPO process, the OpCo also seeks to bolster its financial flexibility by potentially using the related proceeds to reduce debt remaining with the OpCo.

The aforementioned high-level description of a typical REIT structure brings to the forefront the key benefit arising from a REIT spin-off, namely value crystallization. One extra reason for the latter is the fact that REITs have different optimal capital structures than operating companies, and on that basis, they can be eventually levered-up. Similarly, due to the steady income typically associated with a REIT, such a structure can lower the cost of capital for the REIT enabling it to pursue projects previously not meeting internal hurdle rates.

Upcoming reforms set to propel Greek REICs

Finally, domestic REIC's are set for a significant boost thanks to the anticipated new institutional framework aligned with international practices. Key proposals include halving the supplementary ENFIA tax and revising the asset tax calculation to stabilize it against monetary policy shifts by setting floor and ceiling rates. Additionally, operational reforms are proposed to eliminate constraints on residential investments and financial leasing, and to permit direct operation of tourist properties, bypassing the need for third-party leasing.

Financial overview

FY'23 operating profitability improved markedly y/y on favorable rental adjustments, efficient property management and new additions

1. FY'23: Strong performance on improved operating profitability

Premia reported a 26% y/y increase in FY'23 revenues, which settled at €19.0m. This growth was primarily driven by active property management, including the impact of rent renewals and the benefit from the inbuilt CPI indexation to existing lease contracts and incremental rents that derived from the new investments. Total income includes income from rents of properties amounting €15.4mn and income from services amounting to €3.63mn, of which the majority relates to income of the subsidiary JPA ATTICA SCHOOLS S.A. Adj. EBITDA (before revaluations & profits from the sale of properties & JVs) was up 41% y-o-y to €10.6m, also underpinned by opex curtailment thanks to lower third-party fees, energy costs and more efficient property management, leading to a 7ppts increase in the EBITDA margin y/y. That said, profits were impacted by reduced pre-tax revaluation gains and the touch comparative of profits from property sales, which totaled €3.5mn in FY'23, down from €17mn in FY'22. This led to a reported net income of €7.2mn, a decrease from the previous year's €15.9mn.

GAV rose by 34% vs FY'22 to €307m, as a result of revaluation gains, organic profitability, asset acquisitions and developments. NAV also increased c10%, largely mirroring the organic profitability as well as revaluation and development gains, reaching €147m (€1.71 per share) from €133m (€1.64 per share) in FY'22. Finally, Net Debt (incl. leases) rose to €155m from €95m in FY'22, leading to a net LTV of 50% vs. 42% in FY'23.

FY'23 Results			
Year to end Dec (€m unless otherwise stated)	**FY'22**	**FY'23**	**yoy**
Gross rents	**15.1**	**19.0**	**26%**
Property operating expenses	-3.8	-5.3	**37%**
Property Tax Expense	0.0	0.0	
Net rental income	**11.2**	**13.7**	**22%**
Interest receivable	2.9	2.9	
Total income	**14.1**	**16.6**	**17%**
Interest payable	-6.0	-7.7	
General and admin expenses	-4.0	-3.4	
Share in the net result from JV	0.0	0.0	
Pre-exceptional pre-tax profits	**4.2**	**5.5**	**32%**
Profits on property disposals	0.0	0.0	
Change in valuation of investment property	16.9	3.5	-79%
Other	-4.9	-0.3	
Pre-tax profits	**16.2**	**8.7**	**-47%**
- Tax	-0.4	-1.4	
Reported net profit	**16.0**	**7.2**	**-55%**
EBITDA adj.	**7.5**	**10.6**	**41%**
GAV	**228.5**	**307.2**	**34%**
Net debt	95.0	154.5	63%
NAV	**133.3**	**147.2**	**10%**
Net LTV (incl. leases)	**41.6%**	**50.3%**	
Source: Company, Eurobank Equities Research.			

2. Estimates

Looking further out, pillars of revenue growth will be:

Several drivers of rental growth including mainly CPI indexation and portfolio growth

- **CPI and Indexation:** The majority of the annual rent adjustments are indexed with CPI plus 0%-1%, thereby providing protection against future inflation along with prospect for like-for-like revenue growth. Our numbers assume inflation of 2.7% in 2024e followed by 2.0% in 2025e and 1.5% thereafter.

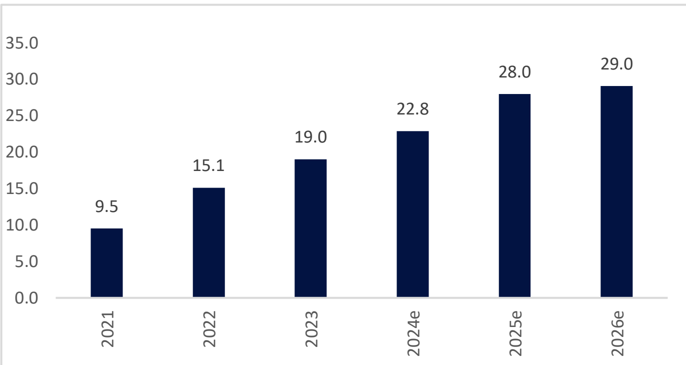
- **Occupancy:** Average occupancy is very high at 98.7% and on that basis, we do not envisage occupancy gains in the future.

- **Portfolio developments/acquisitions:** Premia has a significant investment pipeline totaling c€64mn, including the JV of Skyline project (c€13mn), scheduled for completion in 2024. Considering the potential for further leveraging, an additional investment of around €30mn is anticipated for 2025-26e. Therefore, total investments, including joint ventures (JVs), will reach c€94mn during the 2024-26 period, on our numbers. Most of these, namely c€51mn, relate to the development of existing assets with the rest concerning investments in associates such as Skyline, other JVs and new acquisitions. Of the total CapEx allocated for the development of existing assets, c50% will be set aside for green office development, 16% for logistics and the rest 44% for mixed-use. The incremental revenue (without inflation adjustments) anticipated from these capital expenditures (CapEx) will be near c€7mn, on our estimates. This would indicate a yield of c7% on the total cost (incl. both CapEx and the initial book value). We also assume another c€1.1mn (or €2.4mn upon completion) incremental revenues from developments in 2025-26e.

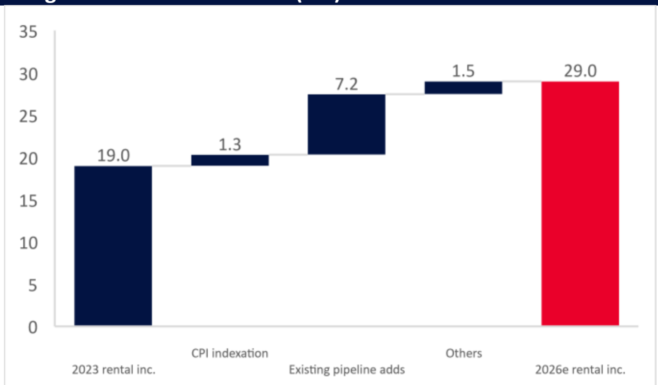
… coalescing into c15% rental CAGR over 2023-26e

In our projections, we come up with a CAGR of c15% for gross rental income from 2023 to 2026. We expect rental income to reach €29.0mn by 2026e, driven by the implementation of the development pipeline and the CPI indexation. More specifically, we expect the development pipeline to add c€8.3mn to rental income, with the rest coming from rent indexation.

Rental Income evolution (€m)



Bridge of 2023-26e revenues (€m)

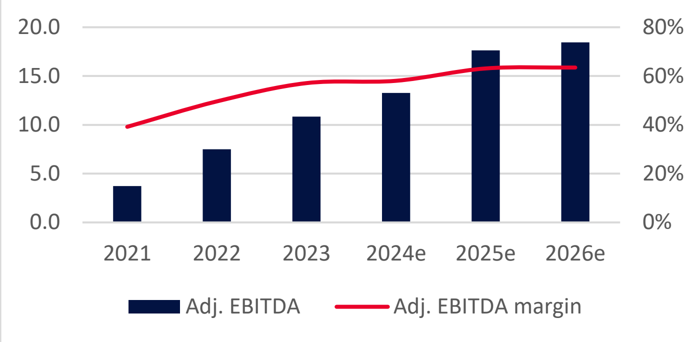


Source: Eurobank Equities Research, Company.

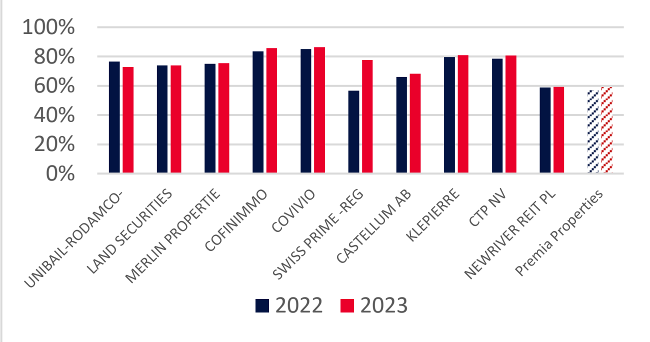
… and c19% Adj. EBITDA CAGR over 2023-26e

Regarding the cost structure, we calculate property taxes (i.e. ENFIA) as percentage of the Gross Asset Value (GAV), while gauging other direct investment property expenses (excluding PPP-related expenses) as percentage of revenues (also excluding PPP income). For personnel expenses, we incorporate the impact of inflation and the additional cost base related to the business expansion. As for the remaining General and Administrative expenses (G&As), we estimate these at c6% of revenues. Taking all these factors into account, we come up with adj. EBITDA (excluding revaluations and net results from JVs) of c€13.3mn in 2024 from €10.8m in 2023, rising further to c€18mn by 2026. We anticipate the resulting adjusted EBITDA margin to gradually increase to c63% by 2026 from 57% in 2023, propelled by scale benefits and the utilization of currently non-producing assets which are now burdened by expenses (i.e., property taxes, property management expenses etc.).

Adj.EBITDA in EURm (LHS) and Adj. EBITDA margin (RHS)



PP 's EBITDA Margin vs EU peers



Source: Eurobank Equities Research, Company data. * Eurobank Equities Estimates

Revaluation gains and large fixed component of financial expenses to support further bottom line growth

Below the adj. EBITDA line, the key items are revaluation gains/profits from property sales, finance costs and net results from JVs, as deprecation is trivial. Our estimates incorporate on average c€14m revaluations annually underpinned by LFL rental growth and a mild yield compression (c10bps) in 2024e and capital gains on development projects. As far as finance costs are concerned, c55% of the debt is on fixed rate through the €100m bond issued in Jan'22 (2.8% coupon maturing in 2027). The overall average cost of debt for 2023 stands at c4.3% on our estimates, with the blended interest expense set to fall to c3.7% by 2026, considering the anticipated path in interest rates and Premia's financial requirements. Notably, we remind that Premia is to raise at least a total of c€20mn through the Recovery and Resilience Facility (RRF) by 2024, benefiting from the low associated cost (c1.0%-2.0%). Bottom line results could also be boosted by Skyline project not currently embedded in our model.

As a result, we forecast adjusted pre-tax profit of €6.5mn for the current year, marking an increase of over 19% y/y, thanks to improved operating results. Looking ahead to 2026, we expect a cumulative surge of over 100% in pre-tax profits buoyed by the full realization of income from assets currently under development. This is set to more than fully counterbalance the rise in finance costs, which will nonetheless remain more than manageable, as mentioned above. As far as taxation is concerned, we remind that REICs in Greece are exempt from income tax. The latter is substituted by a tax on investments and liquid assets at a rate equal to 10% x (ECB rate + 1%), with overall taxation for the REIC settling near 0.4-0.5% of GAV on our estimates.

Premia Properties - P&L

EURm unless otherwise stated	2023	2024e	2025e	2026e
Revenues	**19.0**	**22.8**	**28.0**	**29.0**
Property related expenses	-5.3	*-6.3*	*-7.7*	*-8.0*
o/w Property taxes	-1.0	*-1.2*	*-1.3*	*-1.4*
OpEx	-3.4	*-4.1*	*-4.3*	*-4.5*
Other opex / income (net)	*-4.7*	*-5.5*	*-6.0*	*-6.1*
Total opex	**-8.1**	**-9.6**	**-10.3**	**-10.6**
Adj. EBITDA	**10.8**	**13.3**	**17.6**	**18.4**
Depreciation	-0.3	-0.3	-0.4	-0.4
Adj. EBIT	**10.6**	**12.9**	**17.3**	**18.0**
Financials	-4.8	-6.5	-6.7	-7.1
Associate company income/expense	-0.3	0.0	0.0	0.0
Adj. PBT	**5.5**	**6.5**	**10.6**	**10.9**
+ Fair value adj. / other	3.2	21.7	10.3	9.4
Reported PBT	**8.7**	**28.2**	**20.9**	**20.3**
- tax	-1.4	-1.7	-1.5	-1.5
Reported net income	**7.2**	**26.5**	**19.4**	**18.8**
Adj. net income excl. revaluations	**4.1**	**4.8**	**9.1**	**9.4**
FFO	4.6	4.7	9.1	9.4
FFO % of adj. EBITDA	42%	35%	51%	51%

Source: Company, Eurobank Equities Research

3. Cash flow and dividends

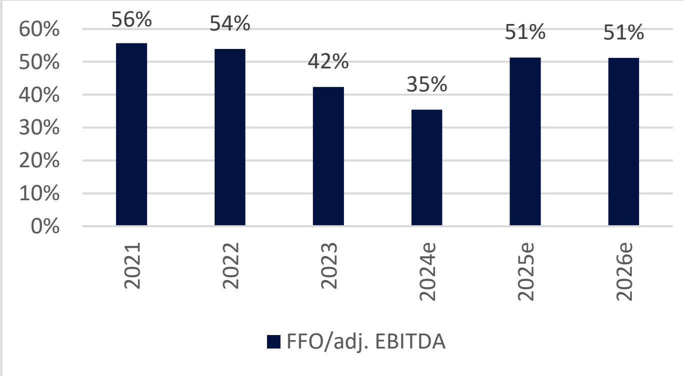
PP's healthy leverage status is set to underpin cash conversion; Mgt targets distribution of 50% of FFO

Funds from operations (FFO) increased to €4.6m in 2023, corresponding to c42% of adjusted EBITDA, vs €4.0mn in 2022 despite the higher net interest expenses of €7.7mn (vs 6.0mn in previous year). We anticipate that cash conversion (FFO/adjusted EBITDA) will settle in the 35-50% range from 2024 onwards, expecting growth in profitability to offset the increase in financing costs, as leverage levels do not increase significantly, with the net Loan to Value (LTV) ratio hovering around the 54%-57% mark throughout the entire forecast period. We note that the company plans to finance its capital expenditures (CapEx) for the years 2024-2025, estimated at €94mn (€81mn in investment properties and €13m in JVs), through a financing mix adhering to a 60/40 debt-to-equity ratio. Consequently, we forecast a modest increase in the net Loan to Value (LTV) ratio to 57% by the end of 2024, up from 50% in 2023. However, we anticipate this to gradually decrease to 54% by 2026, thanks to strong operating cash flow.

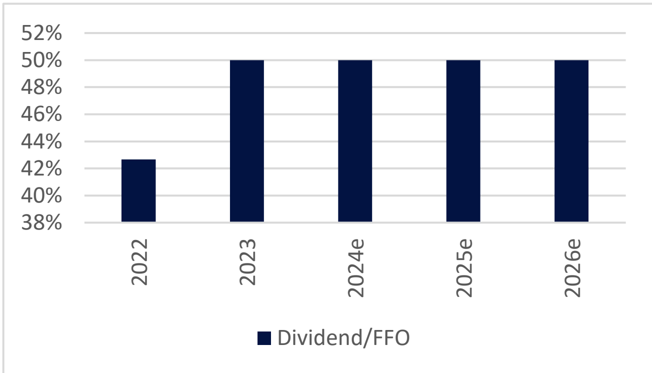
… with the equity proposition tilted towards growth in NAV rather than cash returns

Given the healthy cash generation as well as the existence of a solid portfolio base capable of generating recurring income, we have penciled in a dividend payout of 50% of FFO, in sync with mgt's target. This would correspond to a dividend yield of c2%. This relatively low yield underscores the strategic orientation of capital towards growth initiatives, and as such, we expect most of the value creation for shareholders to come through the growth in NAV, which is set to grow at c11% CAGR through to 2026 on our estimates.

FCF Conversion (FFO/adj. EBITDA)



Dividend payout (dividend % of FFO)



Source: Eurobank Equities Research, Company.

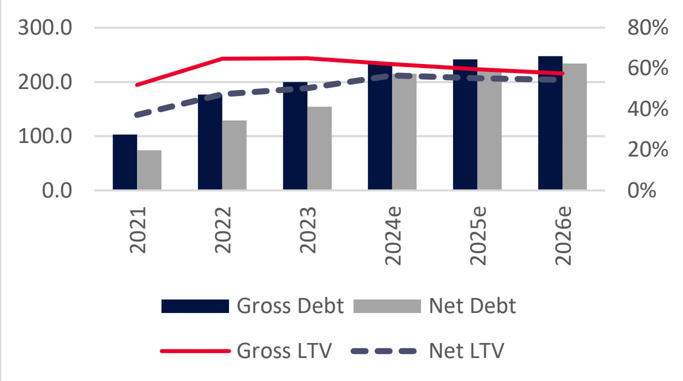
4. Balance Sheet

Net LTV to remain ≤60% on our estimates throughout the pipeline execution

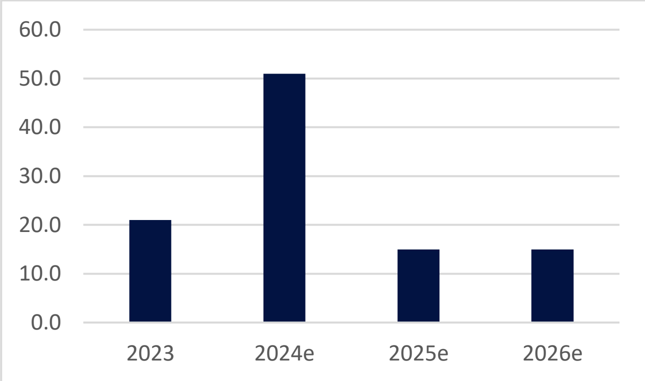
In 2023, Premia Properties (PP) witnessed a modest increase in its gross debt levels, which rose to €200mn from €177mn in 2022. This uptick was primarily due to capital expenditures (CapEx) of approximately €30mn during the year. The Gross Loan-to-Value (LTV) ratio remained relatively stable y/y, while the net LTV ratio (net debt/portfolio value) saw a slight uptick, moving to 50% from 47%. Notably, half of this debt, or €100mn, is associated with a bond issued in 2022, featuring a 2.8% coupon rate and a maturity date in 2027. The balance of the debt comprises mainly bank loans.

As previously mentioned, PP has planned CapEx of €64mn (€51mn in investment properties and €13mn in JVs) for 2024, likely to be financed by the remaining proceeds (c€17mn) from the 2022 bond issuance, supplemented by bank and Recovery and Resilience Facility (RRF) loans. As a result, the net LTV is set to increase to 57% on our estimates, an 7ppts rise from the previous year, attributed to the utilization of available cash within the same period.

Gross Debt and Net Debt Evolution (€m)



Total CapEx (€m) in Investment Properties

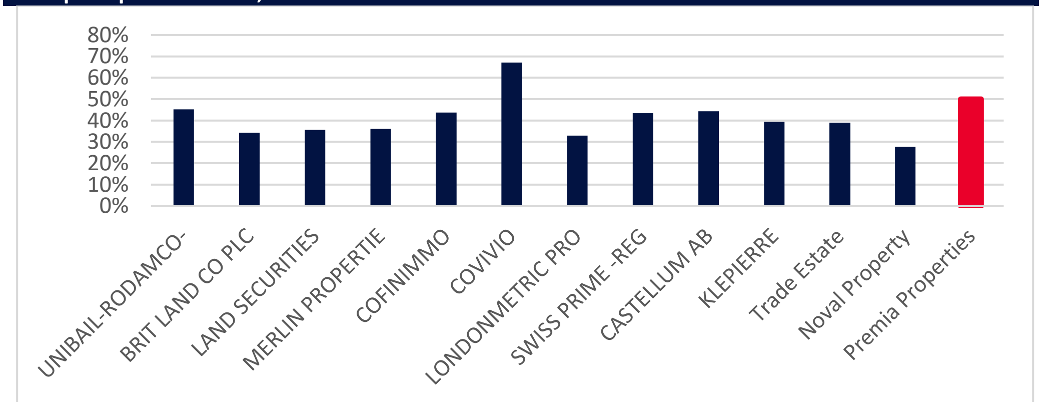


Source: Eurobank Equities Research, Company data.

… at levels higher than most of its peers

With this in mind, it looks to us that Premia will be able to press ahead with its investments, investing another €30mn in 2025-26e, without surpassing its leverage target of 60% Net LTV. Moving forward, as CapEx dissipates, PP's leverage will fall to 53% by 2026e on our projections, helping Premia narrow the gap vs leverage ratios commonly seen among continental European peers (<50%).

European peers Net LTV, 2023

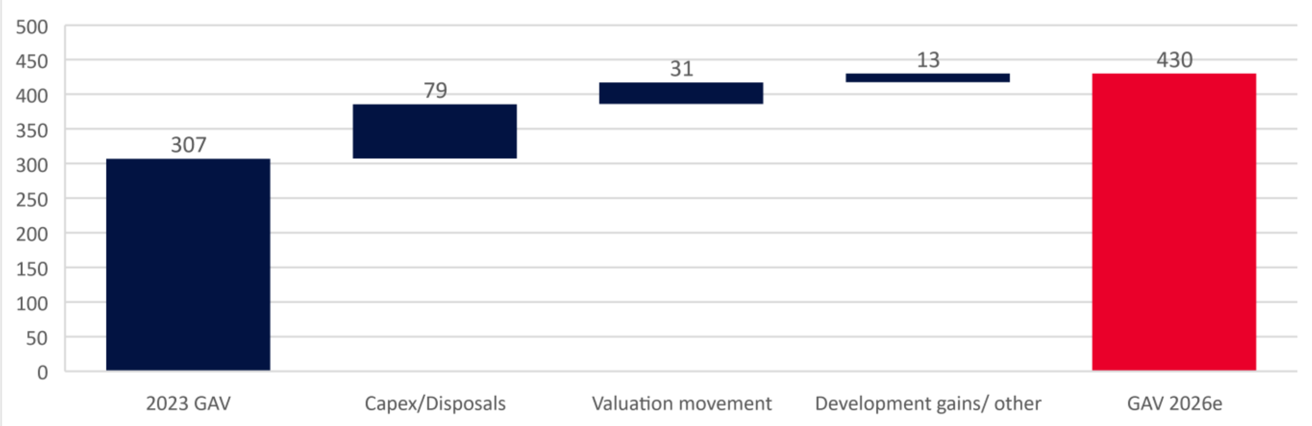


Source: Eurobank Equities Research, Bloomberg.

GAV CAGR c12% between 2023 and 2026

Regarding GAV, this is set to increase to €430m by 2026e from €307m in 2023 on our estimates. This represents c40% growth in the portfolio value, or 12% CAGR over the 3-year period. The increase in the GAV will be driven by Net CapEx (€79mn), development gains/others (€13mn), and asset revaluations (€31mn), as per our projections.

Bridge of 2023-26e GAV (€m)

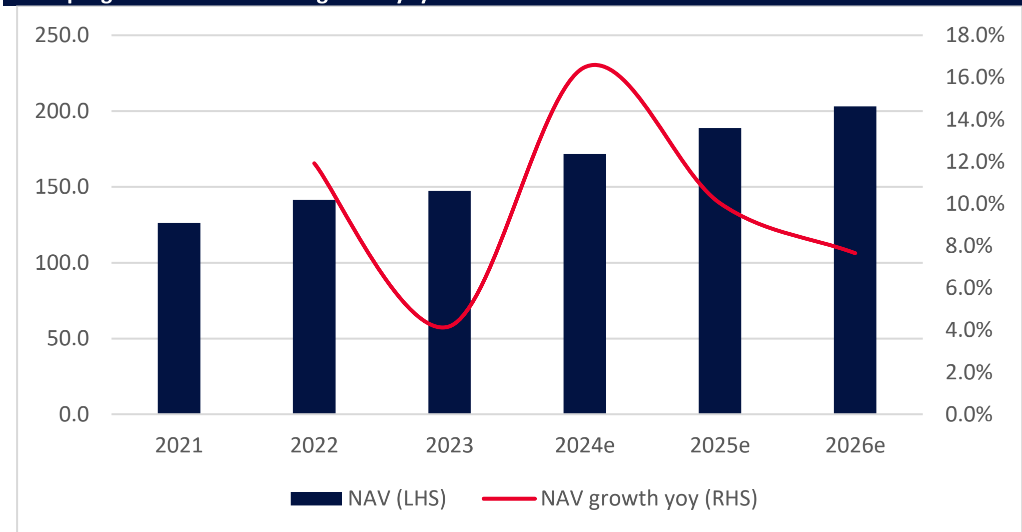


Source: Eurobank Equities Research, Company.

NAV CAGR through to 2026e at c11%

We expect significant NAV growth in the coming years to be driven both by the organic profitability of the current portfolio (given the 50% of FFO retention) and property revaluations gains. Driving the latter will be rental growth, pipeline execution, filling-in of GBA with quality tenants, potential yield compression (c10bps assumed in our model, given the status of the Greek market) and capital gains from development projects. Overall, we estimate NAV growth of c11% per annum (CAGR) through to 2026e. We argue that NAV growth is a key merit of the investment thesis, setting apart Premia among its EU peers, most of which experience limited (or even negative) property revaluations, thereby offering the prospect of more limited NAV growth.

NAV progression in €m and % growth yoy



Source: Eurobank Equities Research, Company data.

Main assumptions and estimates

Rental income & adj. EBITDA CAGR of 15% and 19% respectively over 2023-26 driven by new assets and CPI indexation

We forecast a c15% 3-year CAGR (2023-26e) in PP's gross rental income stemming from CPI indexation, and the addition of new assets from the investment pipeline. This will translate into c19% CAGR in adj. EBITDA in the same period.

On the valuation front, we expect a c€123m cumulative increase in the portfolio value through to 2026e vs FY'23. This increase is largely attributed to development completions, contributing c€81mn (c66%) of this growth, and development gains of €10mn (c8%). Additionally, we foresee a cumulative incremental increase of approximately €31mn (c25%) due to yield shifts and rental income growth. Consequently, we estimate that the portfolio value will approach €430mn in 2026, with an associated gross yield attractively above 7% by our estimates. These factors translate to a compelling c11% CAGR in Net Asset Value (NAV) through to 2026.

Main assumptions and estimates				
EURm unless otherwise stated	**2023**	**2024e**	**2025e**	**2026e**
Operating assumptions				
Yield shift (bps)		-10 bps	0 bps	0 bps
CPI Indexation		2.6%	1.8%	1.4%
Rent Reviews		0.3%	0.2%	0.3%
Acquisitions/devt		16.4%	20.0%	1.9%
Provisions/Common Charges		1.0%	0.4%	0.3%
Gross rental growth		**20.3%**	**22.4%**	**3.9%**
Operating estimates				
Gross rents	**19.0**	**22.8**	**28.0**	**29.0**
Property operating expenses	-5.3	-5.9	-6.3	-6.5
Net rental income	**13.7**	**17.0**	**21.6**	**22.5**
Adj. EBITDA	10.8	13.3	17.6	18.4
FFO	4.6	4.7	9.1	9.4
Conversion (% of EBITDA)	42%	35%	51%	51%
Valuation assumptions				
Valuation impact (yield shieft)		14.0	9.4	8.1
Asset enhancement		2.8	0.0	0.0
Acquisitions/disposals		-2.3	0.0	0.0
Capex/development gains		58.7	15.9	16.4
Increase in Portfolio Value		**73.2**	**25.3**	**24.4**
Valuation estimates				
GAV	307.2	380.4	405.8	430.2
NAV	147.2	171.4	188.5	202.8
Implied Gross rental yield	7.6%	7.5%	6.8%	6.6%

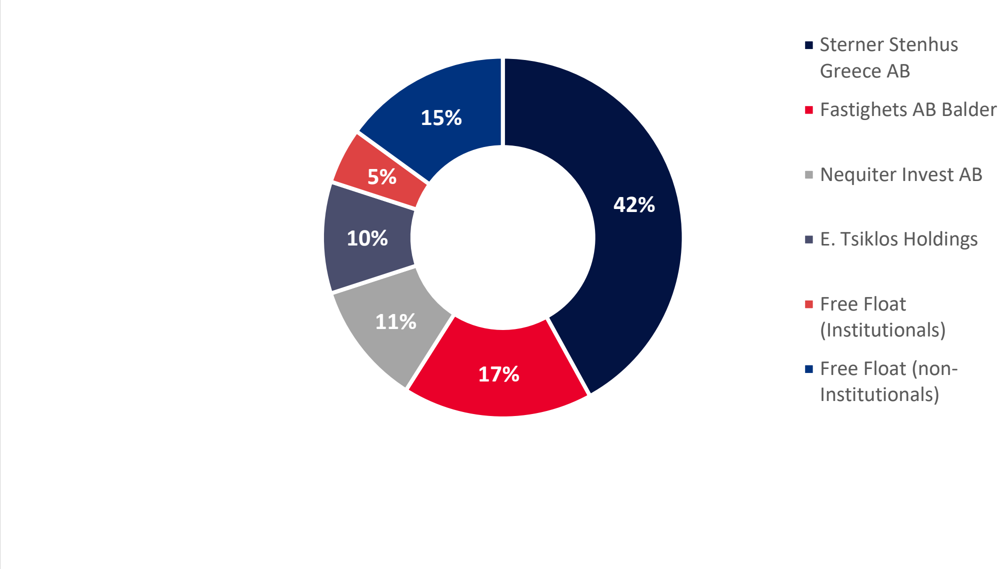
Source: Company, Eurobank Equities Research.

Shareholder structure

Premia's main shareholder is Sterner Stenhus., with a direct stake of 42%

Regarding the shareholder composition, Sterner Stenhus directly owns a 42% stake, Fastighets AB Balder has 17%, Nequiter Invest AB holds 11%, and E Tsiklso owns another 10%. The remaining 20% of the share capital is collectively held by other shareholders, each owning less than 5%.

Shareholder Structure as of FY'23 (€m)



Source: Eurobank Equities Research, Company data.

Sterner Stenhus Greece AB ("SSG"), the largest shareholder of PREMIA, is 100% subsidiary of Sterner Stenhus Holding AB ("SSH"), a Sweden-based holding company owned by Mr. Elias Georgiadis (70%) and Mr. Thomas Georgiadis (30%). SSH is active in the real estate and construction sectors. It holds participations primarily in listed companies (e.g. Stenhus Fastigheter I Norden AB , Fasadgruppen Group AB, Vestum AB) while also owning and managing directly properties and projects in Sweden and Greece.

Fastighets AB Balder ("Balder"), the second largest shareholder of PREMIA, is listed on Stockholm Stock Exchange and is a property group that owns, manages and develops residential and commercial properties such as apartments, offices, shops, banks, hotels and warehouses. It operates in Sweden, Denmark, Finland, Norway, Germany and the United Kingdom.

Risks and sensitivities

- **Weaker-than-expected retail real estate market in Greece:** with >50% of rental income stemming from logistic-related assets, consumer trends and investors confidence are quite a significant value driver, while also affecting the P&L through vacancy rates and sales-based rent. Although our assumptions are by no means aggressive, a weaker macro environment would have a negative impact on our rental assumptions. That said, we note the mitigating effects of secular tailwinds driven by the expansion of e-commerce and the diversification of warehouse demand, fuelled by cost savings and sustainability objectives. This trend emphasizes the importance of proximity to infrastructure and end-consumers, underscoring a strategic focus that could bolster resilience in the face of economic fluctuations.
- **Lower revaluation gains than included in our forecast:** we forecast relatively modest increase in the net LTV ratio despite the significant investments, as we incorporate asset revaluations stemming from the rental growth, asset optimization, and yield shift. Should valuations increase less than we expect, or the asset base gets de-valued due to a rise in yields, this would affect our forecast net income, NAV growth, leverage ratios, and total accounting returns (NAV growth plus dividends). Higher LTVs may also result in delays in the company's investment program or the need for cash-preserving measures.
- **Higher-than-expected interest rates:** should interest rates settle above our assumptions, this would push interest costs higher while also increasing our cost of capital assumption, thus resulting in lower portfolio values.
- **Weaker pass-through of inflation into rentals:** Given inflation indexations in place for the bulk of rentals, we assume a full pass-through of headline inflation (plus a 0.5% mark-up). Any indication that this pass-through is only partial following re-negotiation with tenants would result in weaker rent growth forecasts than currently embedded in our numbers.
- **Sensitivities:** We estimate that flexing our implicit yield assumption by 50bps would result in c€22m changes in the group's portfolio valuation, thus translating to a c15% impact on PP's NAV.

Group Financial Statements

EURmn					
P&L	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Gross rental income	**15.1**	**19.0**	**22.8**	**28.0**	**29.0**
Property expenses	-4.0	-5.3	-5.9	-6.3	-6.5
Net operating income (NOI)	**11.0**	**13.7**	**17.0**	**21.6**	**22.5**
% change	*73.0%*	*24.5%*	*23.7%*	*27.2%*	*4.2%*
NOI margin (%)	*73.2%*	*72.3%*	*74.4%*	*77.3%*	*77.5%*
EBITDA - adjusted	**7.5**	**10.8**	**13.3**	**17.6**	**18.4**
Financial income (expense)	-3.1	-4.8	-6.5	-6.7	-7.1
Revaluations/other income (net)	11.8	2.6	21.3	10.0	9.0
PBT - reported	**16.2**	**8.7**	**28.2**	**20.9**	**20.3**
Income tax	-0.4	-1.4	-1.7	-1.5	-1.5
Non-controlling interest	0.1	0.0	0.0	0.0	0.0
Net Profit - reported	**16.0**	**7.2**	**26.5**	**19.4**	**18.8**
Adj. EPS (EUR)	0.05	0.05	0.06	0.10	0.11
DPS (EUR)	0.02	0.03	0.03	0.05	0.05
Cash Flow Statement	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Adj. EBITDA	7.5	10.8	13.3	17.6	18.4
Change in Working Capital	-2.0	0.2	0.0	0.0	0.0
Net Interest	-6.0	-7.7	-9.1	-9.0	-9.3
Tax	-0.1	-1.0	-1.7	-1.5	-1.5
Other	6.7	3.0	2.3	2.0	1.8
Operating Cash Flow	**6.1**	**5.4**	**4.8**	**9.1**	**9.4**
Capex	0.0	0.0	-51.0	-15.0	-15.0
Other investing	-57.7	-28.9	-10.8	0.0	0.0
Net Investing Cash Flow	**-57.8**	**-28.9**	**-61.8**	**-15.0**	**-15.0**
Dividends	0.0	-1.7	-2.3	-2.3	-4.5
Other	-3.4	-0.5	-1.2	-0.3	-0.3
Net Debt (cash)	**128.9**	**154.6**	**215.0**	**223.6**	**233.9**
FFO (adj.)	**4.0**	**4.6**	**4.7**	**9.1**	**9.4**
Balance Sheet	**2022**	**2023**	**2024e**	**2025e**	**2026e**
Investment prop.(incl. financial assets)	270.0	304.4	377.6	403.0	427.4
Intangible Assets	0.0	0.0	0.0	0.0	0.0
Other Long-term assets (incl. associates)	0.0	0.0	13.0	13.0	13.0
Non-current Assets	**270.0**	**304.4**	**390.6**	**416.0**	**440.4**
Other assets	1.6	1.7	-0.7	-0.3	0.0
Trade Receivables	0.7	0.9	0.9	0.9	0.9
Other receivables	2.2	1.3	1.3	1.3	1.3
Cash & Equivalents	47.8	45.0	21.2	17.8	13.6
Current assets	**52.3**	**49.0**	**22.7**	**19.7**	**15.9**
Total Assets	**324.9**	**356.1**	**416.1**	**438.5**	**459.1**
Shareholder funds	141.1	147.2	171.5	188.7	203.1
Non-controlling interest	0.3	0.0	0.0	0.0	0.0
Total Equity	**141.3**	**147.2**	**171.5**	**188.7**	**203.2**
Long-term debt	165.8	188.7	224.4	229.5	235.7
Other long-term liabilities	10.6	10.6	10.6	10.6	10.6
Long Term Liabilities	**176.3**	**199.2**	**235.0**	**240.1**	**246.3**
Short-term debt	4.9	4.9	4.9	4.9	4.9
Trade Payables	0.7	0.7	0.7	0.7	0.7
Other current liabilities	1.6	1.6	1.6	1.6	1.6
Current liabilities	**7.2**	**9.7**	**9.7**	**9.7**	**9.7**
Equity & Liabilities	**324.9**	**356.1**	**416.1**	**438.5**	**459.1**
Key Financial Ratios	**2022**	**2023**	**2024e**	**2025e**	**2026e**
P/E adj.	28.4x	25.3x	21.4x	11.4x	11.0x
Discount/Premium to NAV	-20.8%	-29.3%	-39.6%	-45.1%	-49.0%
EV/EBITDA	32.0x	23.7x	23.9x	18.5x	18.2x
EBIT/Interest expense	2.4x	2.2x	2.0x	2.6x	2.5x
Net Loan to Value (LTV)	47%	50%	57%	55%	54%
ROE	12.0%	5.0%	16.6%	10.8%	9.6%
Dividend Yield (%)	1.6%	2.2%	2.3%	4.4%	4.6%
FFO Yield (%)	3.6%	4.4%	4.5%	8.7%	9.1%

Source: Eurobank Equities Research (2024e-2026e), Company (2021-23)

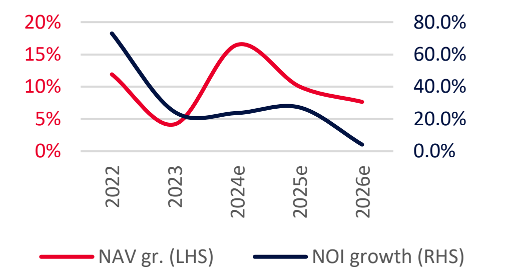
Company description

As of FY'23, Premia Properties (PP) is one of the largest REICs in GAV and rental income, boasting a portfolio of real estate assets with GAV of €307m and annualized rental income of €22.8mn. This extensive portfolio comprises 51 properties of >280k sqm GLA, which are all located in Greece. Strategically positioned across different sectors, Premia's holdings include logistics & warehouses (accounting for 55% of rental income), Serviced apartments & Student housing (16%), Big Boxes (5%), Schools (15%), and industrial properties (9%).

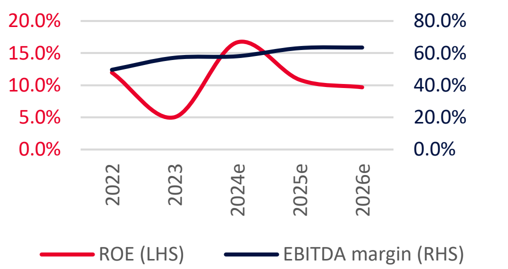
Risks and sensitivities

- **Macro:** A weaker macro environment could potentially impact rental growth for existing assets as well as occupancy rates and leasing prospects for the group's pipeline.
- **Property revaluations:** Significant property revaluations on the existing asset base materially below the numbers embedded in our current estimates would result in higher LTV ratios, thus leading to a weaker balance sheet, higher cost of capital and lower total accounting returns.
- **Higher-than-expected interest rates:** should interest rates settle above our assumptions, this would push interest costs higher while also increasing our cost of capital assumption, thus resulting in lower portfolio values.
- **Weaker pass-through of inflation into rentals:** Given inflation indexation in place for the bulk of rentals, we assume a full pass-through of headline inflation. Any indication that this pass-through is only partial following re-negotiation with tenants would result in weaker rent growth forecasts than currently embedded in our numbers.
- **Sensitivity:** We estimate that flexing our implicit yield assumption by 50bps would result in >€22m changes in the group's portfolio valuation, thus translating to a c15% impact to the group's NAV.

NAV and NOI growth



Profitability and returns



Eurobank Equities Investment Firm S.A.
Member of Athens Exchange,
Cyprus Stock Exchange and Eurobank Group.

Regulated by the Hellenic Capital Markets Commission
Authorisation No: 6/149/12.1.1999
VAT No: 094543092, Reg. No. 003214701000

10 Filellinon Street
105 57 Athens, Greece

Telephone: +30 210-3720 000
Facsimile: +30 210-3720 001
Website: www.eurobankequities.gr
E-mail: research@eurobankequities.gr

IMPORTANT DISCLOSURES

This report has been issued by Eurobank Equities Investment Firm S.A., a member of the Athens Exchange, a member of the Cyprus Stock Exchange and a member of Eurobank S.A. Group. Eurobank Equities Investment Firm S.A., is regulated by the Hellenic Capital Markets Commission (HCMC) with authorization number 6/149/12.1.1999. This report may not be reproduced in any manner or provided to any other persons. Each person that receives a copy /accesses the content of the report by acceptance thereof represents and agrees that it will not distribute or provide it to any other person. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell securities mentioned herein. The investments discussed in this report may be unsuitable for investors, depending on their specific investment objectives and financial position. The investments discussed in this report are subject to risks and in respect of some investments there is risk for multiplied losses to be caused in respect to the capital invested.

The information on this research report is only intended to be available to non U.S. investors and/or residents outside of the United States, Australia, Canada, Japan and South Africa. In certain jurisdictions, including but not limited to the United States, Australia, Canada, Japan and South Africa, the furnishing of such information may be restricted or prohibited by applicable laws. Potential users of the information are requested to inform themselves about and observe any such restrictions, and if you are not permitted to view material on this report or are in any doubt as to whether you are permitted to view these materials, please discard/ignore this report.

By reading this research report, you warrant that you are not located in the United States or in any other jurisdiction in which the furnishing of such information may be restricted or prohibited and you agree that you will not transmit or otherwise send any information contained in this report to any person in the United States or to publications with a general circulation in the United States or any other restricted jurisdiction.

Any information provided on this report does not constitute or implicitly substitute a recommendation for the purchase, sale, subscription, redemption, exchange, retention of a specific financial instrument or the exercise of any right a specific financial instrument grants for the purchase, sale, subscription, exchange or redemption of a financial instrument and thus, it cannot be considered as provision of investment advice or as any solicitation whatsoever.

The information contained in the report has been obtained from sources believed to be reliable, but it has not been verified by Eurobank Equities Investment Firm S.A. The opinions expressed in the report and the podcast may not necessarily coincide with those of any member of the Eurobank Group. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness of fairness of the information or opinions in the report, all of which are subject to change without notice. No responsibility of liability whatsoever or howsoever arising is accepted in relation to the contents of the report and the podcast by Eurobank Equities Investment Firm S.A. or any of its directors, officers or employees.

Eurobank Equities Investment Firm S.A. follows procedures under Eurobank Group policies that set up Chinese Walls, restricting communication between Research and other departments inside the Company or the Group so that Eurobank Equities Investment Firm S.A. complies with regulations on confidential information and market abuse.

Eurobank Equities Investment Firm S.A., or any of its related legal persons, does not hold shareholdings exceeding 0.5% (net long or short position) of the total issued share capital in Premia Properties.

None of the subject companies mentioned in this report hold shareholdings exceeding 5% of the total issued share capital of Eurobank Equities Investment Firm S.A., or any of its related legal persons.

Eurobank Equities Investment Firm S.A., or any of its related legal persons, is not a market maker of Premia Properties.

Eurobank Equities Investment Firm S.A. prepared and published this report in consideration of a fee payable by EBRD. Fees are always paid in cash only.

Eurobank Equities Investment Firm S.A, or any of its related investment banking services' legal persons, has not received compensation for investment banking services provided within the last twelve months from Premia Properties.

Eurobank Equities Investment Firm S.A. occasionally trades for own account on investment instruments related to Premia Properties.

This report was sent to the company for factual verification prior to publication. There have been no significant changes to the initially sent report.

EBRD may, as of the date hereof or in the future, have an investment in, provide other advice or services to, or otherwise have a financial interest in, certain of the companies and parties contained or named in this investment research or in their affiliates.

Analyst Certification:
This report has been written by Andreas Souvleros, CFA (Equity Analysts), and Stamatios Draziotis, CFA. The views expressed in this report reflect the personal views of the analysts about the subject issuer and the securities of the issuer.

Analyst Compensation:
The remuneration of Andreas Souvleros, CFA, and Stamatios Draziotis, CFA is not tied to the investment banking services performed by Eurobank Equities Investment Firm S.A. or any of its related legal persons.
Andreas Souvleros, CFA, and Stamatios Draziotis, CFA did not receive or purchase the shares of Noval Property prior to a public offering of such shares.
Andreas Souvleros, CFA , and Stamatios Draziotis, CFA do not have a significant financial interest in one or more of the financial instruments which are the subject of this report or a significant conflict of interest with respect to the subject companies mentioned in this report a) that are accessible or reasonably expected to be accessible to the persons involved in the preparation of this report or b) known to persons who, although not involved in the preparation of this reports, had or could reasonably be expected to have access to this report and the podcast prior to its dissemination to customers or the public.

Planned Frequency of Updates:
Eurobank Equities Investment Firm S.A. provides daily and monthly updates as well as updates on companies based on company-specific developments or quarterly financial results announcements or any other publicly available information.

12-month Rating History of Pemia Properties:

Date	Rating	Stock price	Target price
24/05/2024	Buy	€ 1.19	€ 1.48

EUROBANK Equities Investment Firm S.A. Rating System:

Stock Ratings	Coverage Universe		Investment Banking Clients		Other Material Investment Services Clients (MISC) - as of 15th Apr 2024	
	Count	Total	Count	Total	Count	Total
Buy	24	71%	3	13%	10	48%
Hold	2	6%	0	0%	1	50%
Sell	0	0%	0	0%	0	0%
Restricted	1	3%	0	0%	1	100%
Under Review	2	6%	1	50%	2	100%
Not Rated	5	15%	2	40%	3	60%
Total	34	100%				

Coverage Universe: A summary of historic ratings for our coverage universe in the last 12 months is available here.

Analyst Stock Ratings:

Buy:	Based on a current 12-month view of total shareholder return (percentage change in share price to projected target price plus projected dividend yield), we recommend that investors buy the stock.
Hold:	We adopt a neutral view on the stock 12-months out and, on this time horizon, do not recommend either Buy or Sell.
Sell:	Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock.
Restricted:	Under Eurobank Group policy and / or regulations which do not allow ratings
Under Review:	Our estimates, target price and recommendation are currently under review
Not rated:	Refers to Sponsored Research reports