

# CA Immo

## Accumulate

(old: Buy) Target: Euro 39.00 (old: Euro 37.00)



Der Spezialist für Finanzaktien

29 | January | 2021

<b>Price (Euro)</b>	<b>35.70</b>			
52 weeks range	41.85 / 20.65			
<b>Key Data</b>				
ISIN	AT0000641352			
Reuters	CAIV.VI			
Bloomberg	CAI AV			
Reporting standard	IFRS			
Market Cap (Euro million)	3,527			
Number of shares (million)	98.8			
Free Float	68%			
Free Float Market Cap (Euro million)	2,399			
CAGR EBITDA cash profit ('19 - '22e)	6.9%			
<b>Multiples</b>				
Market Cap/ Total revenues	11.9	12.0	10.5	9.8
<b>PE-Ratio</b>	<b>8.4</b>	<b>23.1</b>	<b>22.2</b>	<b>19.2</b>
Dividend Yield	2.8%	2.8%	2.8%	3.1%
<b>Price-to-Book-Ratio</b>	<b>1.12</b>	<b>1.08</b>	<b>1.04</b>	<b>0.99</b>
<b>P/ NAV-ratio</b>	<b>0.93</b>	<b>0.91</b>	<b>0.87</b>	<b>0.82</b>
<b>Key Data per share (Euro)</b>				
<b>Earnings per share (EPS)</b>	<b>4.23</b>	<b>1.55</b>	<b>1.61</b>	<b>1.86</b>
Dividend per share (DPS)	1.00	1.00	1.00	1.10
<b>Book Value per Share (BVPS)</b>	<b>31.90</b>	<b>33.15</b>	<b>34.36</b>	<b>36.17</b>
<b>EPRA NAV per share</b>	<b>38.37</b>	<b>39.25</b>	<b>41.22</b>	<b>43.47</b>
<b>EPRA NNAV</b>	<b>33.69</b>	<b>34.35</b>	<b>37.28</b>	<b>39.08</b>
<b>Financial Data (Euro '000)</b>				
<b>Total revenues incl net disposal gains</b>	<b>295,364</b>	<b>294,970</b>	<b>337,163</b>	<b>359,539</b>
<b>Rental income</b>	<b>220,730</b>	<b>225,600</b>	<b>240,591</b>	<b>256,110</b>
Admin expenses	-43,464	-45,571	-52,147	-53,447
<b>EBITDA profit (cash-driven)</b>	<b>171,728</b>	<b>156,241</b>	<b>193,901</b>	<b>209,652</b>
<b>Net result from revaluations</b>	<b>462,767</b>	<b>38,123</b>	<b>58,219</b>	<b>79,779</b>
<b>Operating profit (EBIT)</b>	<b>633,693</b>	<b>190,910</b>	<b>247,495</b>	<b>284,067</b>
Net financial result	-94,363	-12,445	-50,957	-53,447
<b>Pre-tax profit (EBT)</b>	<b>539,330</b>	<b>178,465</b>	<b>196,538</b>	<b>230,620</b>
Taxation	-146,026	-34,445	-46,775	-57,881
<b>Net profit after minorities</b>	<b>393,283</b>	<b>144,009</b>	<b>149,752</b>	<b>172,727</b>
Shareholders' equity (Euro million)	2,968	3,084	3,197	3,365
<b>Property assets let (Euro million)</b>	<b>4,024</b>	<b>4,656</b>	<b>5,005</b>	<b>5,421</b>
Property assets under development	597	426	259	212
<b>RoE (pre-tax)</b>	<b>18.2%</b>	<b>5.8%</b>	<b>6.1%</b>	<b>6.9%</b>
<b>RoE (after tax)</b>	<b>14.0%</b>	<b>4.8%</b>	<b>4.8%</b>	<b>5.3%</b>
Equity ratio	50.4%	50.9%	50.7%	52.1%
<b>Main Shareholders</b>				
Starwood	30%			
S IMMO	6%			
Own shares	6%			
<b>Financial calendar</b>				
Annual report 2020	24 March 2021			
AGM	6 May 2021			
1Q 2021 report	26 May 2021			
1H 2021 report	25 August 2021			
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### High portfolio news flow in recent weeks – Starwood to launch anticipatory mandatory takeover offer – target up to Euro 39.00, rating down to Accumulate after surge of share

Over the course of the recent weeks, CA Immo delivered a high news flow regarding the firm's portfolio. Furthermore, an anticipatory mandatory offer by Starwood was announced.

On the sales side, multiple sales were announced at material premiums to book value. A 10k sqm land plot in Dortmund was sold at a significant premium of 1,100% on top of the 3Q 2020 book value. Closing will occur in the current first quarter. Furthermore, the sale of two land lease retail plots in Graz at a premium of about 50% to the book value at 1H 2020 was closed, marking the firm's exit from the last secondary city in Austria. Shortly before Christmas, two more sales were announced. On the one hand a land plot in Duesseldorf was sold jointly with the owner of the adjacent site for gross sales proceeds of Euro 62m, representing a premium of 146% to 3Q book value. The closing is to take place at the end of the current quarter. On the other hand, a land plot in Lubeck was sold at an 800% premium to book value at 3Q 2020. Two weeks ago, the notarization of a sale of the two construction sites "Hafeninsel I" and "Marina" in Mainzer Zollhafen to LBBW Real Estate was announced. While no specific details were given in that regard, the sales price, of which CA Immo has a 50% share due to the joint venture with Zollhafen Mainz GmbH, is supposed to be significantly higher than the book value at 3Q 2020. Closing of the transaction is scheduled for the current first quarter 2021. Furthermore, on 21 December, CA Immo announced the conclusion of a long-term rental contract with Bundesanstalt für Immobilienaufgaben for a space of 3.5k sqm in the NEO office and hotel building in Munich. As a result of that agreement, the building is now 64% let.

On 8 January, the largest CAI shareholder, Starwood, has announced to launch an anticipatory mandatory offer, as an increase of the holding rate from currently 29.99% is intended. The anticipatory mandatory takeover offer is for all shares and convertible bonds. The consideration is at Euro 34.44 per share cum dividend, while the offer price for the convertible bonds will be derived from the share offer price. A statement from the management is yet to come. In our opinion, however, we see this rather as a value driver than a real takeover intention, as we believe Starwood only wants to increase its holding rate above the 30% mark, as it still sees a lot of potential and upside at the current price level and places trust in the development of the company.

This was also received well by the market. Since the announcement, the share has gained more than 15% and is now trading on top of the offer price. While this is making it very unlikely for tenders by shareholders at the moment, we believe the offer price of Euro 34.44 can be seen as a floor for the share price of CA Immo for the moment. Given the positive portfolio news flow of the recent weeks and the continued interest of Starwood as well as speculations about a possible interest of Aggregate Holding in the company, which gives the share further momentum, we lift our target price from Euro 37.00 to Euro 39.00 target price. We reduce our rating from Buy to Accumulate at an upside of about 10%.

**CA Immobilien Anlagen AG**

**Industry:** Real Estate  
**Sub-segment:** Office/ Commercial  
**Country:** Austria  
**Headquarter:** Vienna  
**Foundation:** 1990  
**Employees (year-end 2019):** 414

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**Supervisory Board of CA Immo**  
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Dr. Florian Koschat (Dep. Chairman)  
Prof. Dr. Klaus Hirschler (Nicole Kubista)  
Jeffrey G. Dishner (Sarah Broughton)  
Georg Edinger (Dr. Monika Wildner)  
Richard James Gregson (Sebastian Obermayer)  
Franz Reitermayer (Laura M. Rubin)

Founded in 1987 CA Immo is one of the major property owners in Europe. The Vienna-based company is a specialist in property management and the development of premium large-scale office properties as well as mixed city quarters and had on year-end 2019 a gross asset value of about Euro 5.2bn allocated in Germany (50%, mainly Berlin, Frankfurt and Munich), Austria (11%, mainly Vienna) and CEE (39%, mainly Warsaw, Budapest, Prague and Bucharest).

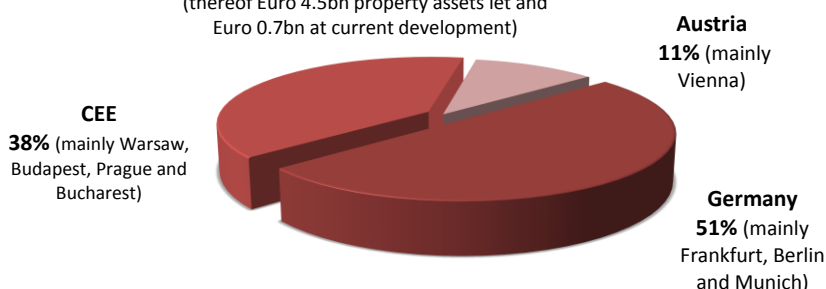
In the last 5 years CA Immo further sharpened its specialist profile, especially by disposing some non-strategic assets like logistics assets or assets which do not belong to the core regions of activity. By doing this, CA Immo rebalanced the group's portfolio picture towards office and towards the more stable economies of Germany and Austria and some promising markets in CEE like Budapest and Bucharest, gaining a critical mass by some landmark acquisitions in the last three years (Millenium Towers in Budapest and Campus 6.1 in Bucharest to give two examples). Another important focus besides the sharpening of the profile by selling non-core assets was to grow the portfolio by several significant own developments (also developing the own residential land bank) and by acquisitions which make sense to strongly and sustainably uplift the future FFO results. The 2018 net rental income jumped by 7% to Euro 175m and again by more than 11% to Euro 195m in 2019. The FFO I jumped by 11% to Euro 118.5m in 2018 and even surged 12.5% in 2019 to Euro 133.3m. In 2019 CA Immo completed several promising developments, in particular in Germany, like Kunstcampus Berlin and Munich MY.O offices. These properties will contribute to the rental top-line from 2020 on with about Euro 7m. The Munich NEO office and hotel tower will be completed soon (investment volume Euro 29m), in the second half of FY 2020. Furthermore, the CUBE Berlin with 17k sqm (investment volume Euro 114m) will be also completed soon, also in 2H 2020. It is already sold in a forward sale agreement. For both buildings as well as for other projects the firm strives for DGNB Gold certification.

Another highlight of the last years was the significant reduction of the financing costs. The average cost of debt remarkably came down, from an initial 2.3% at year-end 2016 to 1.9% at year-end 2017 and to only 1.7% at year-end 2018. It remained on this very low level in 2019. The optimisation of the financing structure was completed by an inaugural Euro 500m Benchmark Bond issued in January 2020, with a 7 years duration and a coupon of only 0.875% (final yield 0.998%). This issue helps in a challenging COVID-19 pandemic year as well as the comfortable debt maturity profile and the rock solid balance with an equity ratio of almost 48%, a net LTV of only 32.5% and liquid funds of almost Euro 800m in 1H 2020.

CAI is listed on Vienna Stock Exchange since 1988 and member of ATX Blue Chip index and clearly beat the ATX performance in 2018 as well as in 2019 (+36% / ATX: +16%). The firm will maintain to pay a high 70% of the FFO I cash earnings as dividend to the shareholders. Thus, the dividend steeply increases again, from 80 Cents for 2017 to 90 Cents for FY 2018 and now even Euro 1.00 for FY 2019 (dividend proposal for the AGM on 25 August). For the next years the firm has about Euro 280m land reserves to develop / exploit which are almost 100% in Germany (more or less a split of Frankfurt, Munich and Berlin) and would offer a high additional approx. Euro 4.2bn book value potential to be realized in the next ten years. The current development portfolio of over Euro 700m is about 85% for the own standing portfolio and should be more or less realized within the next three or four years.

**Euro 5.2bn property portfolio at the end of June**

(thereof Euro 4.5bn property assets let and Euro 0.7bn at current development)



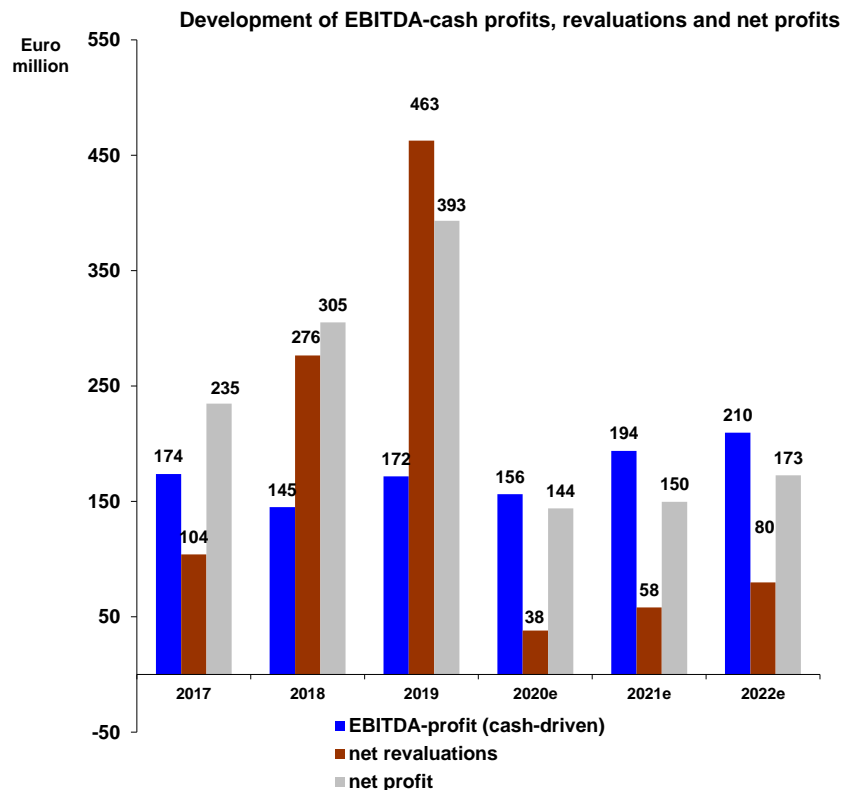
Source: Company Data, SRC Research

**CA Immobilien Anlagen AG**

31/12 IFRS ('000)

	2016	2017	2018	2019	2020e	2021e	2022e	CAGR '19 - '22e
<b>Rental income</b>	<b>165.603,0</b>	<b>180.281,0</b>	<b>192.440,0</b>	<b>220.730,0</b>	<b>225.600,4</b>	<b>240.591,3</b>	<b>256.110,0</b>	<b>5,1%</b>
Proceeds from property sale (Trading Portfolio)	28.099,0	29.216,0	44.417,0	12.344,0	78.500,0	54.114,0	65.447,0	
Expenses from property disposal (Trading Portfolio)	-18.669,0	-15.664,0	-37.011,0	-13.617,0	-75.445,0	-49.775,0	-55.687,0	
<b>Subtotal Trading Portfolio</b>	<b>9.430,0</b>	<b>13.552,0</b>	<b>7.406,0</b>	<b>-1.273,0</b>	<b>3.055,0</b>	<b>4.339,0</b>	<b>9.760,0</b>	
<b>sale margin (Trading Portfolio)</b>	<b>33,6%</b>	<b>46,4%</b>	<b>16,7%</b>	<b>-10,3%</b>	<b>3,9%</b>	<b>8,0%</b>	<b>14,9%</b>	
Proceeds from property sale (Hold Portfolio)	274.030,0	107.849,0	45.842,0	45.312,0	144.552,0	156.442,0	98.774,0	
Expenses from property disposal (Hold Portfolio)	-250.691,0	-75.717,0	-37.616,0	-29.662,0	-134.550,0	-135.119,0	-84.775,0	
<b>Result from property sales (Hold Portfolio)</b>	<b>23.339,0</b>	<b>32.132,0</b>	<b>8.226,0</b>	<b>15.650,0</b>	<b>10.002,0</b>	<b>21.323,0</b>	<b>13.999,0</b>	
<b>sale margin (Hold Portfolio)</b>	<b>8,5%</b>	<b>29,8%</b>	<b>17,9%</b>	<b>34,5%</b>	<b>6,9%</b>	<b>13,6%</b>	<b>14,2%</b>	
Operating costs passed on to tenants	46.906,0	51.263,0	55.828,0	51.757,0	49.558,0	63.355,2	71.445,0	
Revenues from construction	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Income from services	13.265,0	11.109,0	12.145,0	8.500,0	6.755,0	7.554,1	8.225,0	
<b>Total revenues including the net gains from disposals</b>	<b>258.543,0</b>	<b>288.337,0</b>	<b>276.045,0</b>	<b>295.364,0</b>	<b>294.970,4</b>	<b>337.162,6</b>	<b>359.539,0</b>	<b>6,8%</b>
Operating expenses	-52.726,0	-55.696,0	-60.107,0	-55.326,0	-58.949,1	-59.114,0	-61.440,0	
Other expenses directly related to Hold-Portfolio	-12.633,0	-12.489,0	-12.961,0	-22.410,0	-26.558,0	-28.778,0	-30.004,0	
Expenses for construction	-2.333,0	-2.845,0	-6.141,0	-3.157,0	-8.771,0	-5.210,0	-6.554,0	
Admin expenses	-44.140,0	-44.618,0	-53.246,0	-43.464,0	-45.571,0	-52.146,9	-53.447,0	
Own works capitalised	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Other operating income	873,0	1.051,0	1.485,0	721,0	1.120,0	1.987,0	1.558,0	
<b>EBITDA-profit (cash-driven operating profit)</b>	<b>147.584,0</b>	<b>173.740,0</b>	<b>145.075,0</b>	<b>171.728,0</b>	<b>156.241,3</b>	<b>193.900,7</b>	<b>209.652,0</b>	<b>6,9%</b>
Gains from Fair Value Adjustments (IAS 40)	179.094,0	182.045,0	293.220,0	491.752,0	124.004,0	98.772,0	122.114,0	
Losses from Fair Value Adjustments (IAS 40)	-40.834,0	-78.021,0	-16.759,0	-28.985,0	-85.881,0	-40.553,0	-42.335,0	
<b>Net result from Revaluations (IAS 40)</b>	<b>138.260,0</b>	<b>104.024,0</b>	<b>276.461,0</b>	<b>462.767,0</b>	<b>38.123,0</b>	<b>58.219,0</b>	<b>79.779,0</b>	
Depreciation and amortisation of long-term assets	-3.460,0	-2.658,0	-2.385,0	-4.626,0	-5.141,0	-6.322,0	-6.899,0	
Depreciation of properties of Trading-Portfolio	29,0	-1.189,0	-234,0	95,0	-557,0	-677,5	-320,0	
<b>Result from investments in joint ventures</b>	<b>11.420,0</b>	<b>66.585,0</b>	<b>23.354,0</b>	<b>3.729,0</b>	<b>2.243,2</b>	<b>2.374,4</b>	<b>1.855,0</b>	
<b>Operating Profit (EBIT)</b>	<b>293.833,0</b>	<b>340.502,0</b>	<b>442.271,0</b>	<b>633.693,0</b>	<b>190.909,5</b>	<b>247.494,6</b>	<b>284.067,0</b>	<b>-23,5%</b>
<b>Net financial result</b>	<b>-56.228,0</b>	<b>-40.683,0</b>	<b>-46.071,0</b>	<b>-94.363,0</b>	<b>-12.445,0</b>	<b>-50.957,0</b>	<b>-53.447,0</b>	
<b>Pre-tax profit (EBT)</b>	<b>237.605,0</b>	<b>299.819,0</b>	<b>396.200,0</b>	<b>539.330,0</b>	<b>178.464,5</b>	<b>196.537,6</b>	<b>230.620,0</b>	<b>-24,7%</b>
taxes on income	-53.688,0	-64.960,0	-90.896,0	-146.026,0	-34.445,0	-46.775,0	-57.881,0	
tax-rate	22,6%	21,7%	22,9%	27,1%	19,3%	23,8%	25,1%	
minorities	-7,0	-5,0	-11,0	-21,0	-11,0	-11,0	-12,5	
<b>Net Profit after minorities</b>	<b>183.910,0</b>	<b>234.854,0</b>	<b>305.293,0</b>	<b>393.283,0</b>	<b>144.008,5</b>	<b>149.751,6</b>	<b>172.726,5</b>	<b>-24,0%</b>
number of shares without own shares ('000)	94.995,3	93.226,3	93.028,3	93.028,3	93.028,3	93.028,3	93.028,3	
<b>Earnings per share (Euro)</b>	<b>1,94</b>	<b>2,52</b>	<b>3,28</b>	<b>4,23</b>	<b>1,55</b>	<b>1,61</b>	<b>1,86</b>	<b>-24,0%</b>
<b>Dividends per share (Euro)</b>	<b>0,65</b>	<b>0,80</b>	<b>0,90</b>	<b>1,00</b>	<b>1,00</b>	<b>1,00</b>	<b>1,10</b>	
<b>Book Value per share (Euro)</b>	<b>23,21</b>	<b>25,73</b>	<b>28,37</b>	<b>31,90</b>	<b>33,15</b>	<b>34,36</b>	<b>36,17</b>	<b>4,3%</b>
<b>EPRA NAV per share (Euro)</b>	<b>26,74</b>	<b>29,90</b>	<b>33,30</b>	<b>38,37</b>	<b>39,25</b>	<b>41,22</b>	<b>43,47</b>	
<b>NNNAV per share (Euro)</b>	<b>24,56</b>	<b>27,13</b>	<b>30,08</b>	<b>33,69</b>	<b>34,35</b>	<b>37,28</b>	<b>39,08</b>	<b>5,1%</b>
<b>Key Data</b>								
<b>Shareholders' Equity</b>	<b>2.204.495,0</b>	<b>2.398.459,0</b>	<b>2.639.635,0</b>	<b>2.967.884,0</b>	<b>3.083.928,3</b>	<b>3.196.800,0</b>	<b>3.364.632,0</b>	<b>4,3%</b>
<b>Property assets let (only fully owned from 2014 on)</b>	<b>3.219.333</b>	<b>3.155.736</b>	<b>3.514.700</b>	<b>4.023.700</b>	<b>4.655.802</b>	<b>5.004.987</b>	<b>5.421.035</b>	
thereof Germany ('000)	1.175,6	1.262,3	1.311,3	1.576,7	2.039,2	2.252,2	2.493,7	
thereof Austria ('000)	551,3	536,5	513,6	517,2	586,6	565,6	558,4	
thereof CEE and SEE ('000)	1.492,4	1.357,0	1.689,8	1.929,8	2.029,9	2.187,2	2.369,0	
<b>Gross yield property assets let</b>	<b>6,1%</b>	<b>5,9%</b>	<b>5,8%</b>	<b>5,5%</b>	<b>5,5%</b>	<b>5,4%</b>	<b>5,4%</b>	
<b>Vacancy rate property assets let*</b>	<b>8,0%</b>	<b>10,5%</b>	<b>5,6%</b>	<b>3,9%</b>	<b>5,8%</b>	<b>5,6%</b>	<b>6,0%</b>	
<b>Property assets under current construction</b>	<b>438.485</b>	<b>579.295</b>	<b>406.100</b>	<b>597.400</b>	<b>425.667</b>	<b>258.770</b>	<b>212.005</b>	<b>-29,2%</b>
RoE (pre-tax)	10,8%	12,5%	15,0%	18,2%	5,8%	6,1%	6,9%	
RoE (after tax)	8,5%	10,2%	12,1%	14,0%	4,8%	4,8%	5,3%	
<b>Total balance sheet sum</b>	<b>4.309.138,0</b>	<b>4.768.707,6</b>	<b>5.355.504,0</b>	<b>5.888.690,0</b>	<b>6.053.573,3</b>	<b>6.301.769,8</b>	<b>6.455.870,0</b>	<b>3,1%</b>
<b>Equity ratio</b>	<b>51,2%</b>	<b>50,3%</b>	<b>49,3%</b>	<b>50,4%</b>	<b>50,9%</b>	<b>50,7%</b>	<b>52,1%</b>	

\* from 2018 shown as economic vacancy rate



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Rating Chronicle	Date	Rating	former share price	former target
CA Immo	November 26, 2020	Buy	29.45 €	37.00 €
CA Immo	August 25, 2020	Buy	26.65 €	37.00 €
CA Immo	May 28, 2020	Buy	28.75 €	35.00 €
CA Immo	March 30, 2020	Accumulate	29.05 €	33.00 €
CA Immo	November 21, 2019	Accumulate	34.75 €	37.50 €
CA Immo	August 22, 2019	Accumulate	31.55 €	36.00 €
CA Immo	May 22, 2019	Hold	34.15 €	36.00 €
CA Immo	April 2, 2019	Accumulate	31.90 €	36.00 €
CA Immo	March 6, 2019	Buy	30.12 €	34.00 €

#### Please note:

The CA Immo share price mentioned in this report is from 28 January 2021. CA Immo mandated SRC Research for covering the CA Immo share.

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