



## S IMMO intends a partial takeover offer for Immofinanz after the step of CPI Property Group on Friday - the right strategic measure to play an active role in a future consolidation process – Buy and Euro 26.00 target price affirmed

On Friday, 3 December, Luxembourg based CPI Property Group (CPIPG), which was founded by Czech investor Radovan Vitek, announced that they took over 10.8% of S IMMO shares from Mr. Walcher (his firms Revenite Austria and Hamamelis) and now hold a total 11.61% stake in S IMMO.

Furthermore, CPIPG announced that they took over Immofinanz shares from Mountford Investments S.a.r.l (Patrick Vitek, son of Radovan Vitek) and RPPK Immo GmbH from Mr. Korbacka and now hold all in all 32.0% of Immofinanz shares. **Thus, CPIPG decided for an anticipated mandatory takeover for all Immofinanz shares with a quite low Euro 21.20 cash offer per share on a cum dividend basis which is the closing price of Thursday 2 December and a tiny premium of a 4% on a 6 months weighted average. Keep in mind, that Immofinanz posted its 9M 2021 report recently on 29 November and released an EPRA NTA per share (net tangible assets) of Euro 30.77, a steep hike of approx. 11% compared to Euro 27.82 at the year-end 2020.**

The management of CPI Property Group stated in a Friday's press release to be not satisfied with the current situation of S IMMO and Immofinanz, the existing cross-holdings and the failed takeover in June 2021. The management further stated their intentions to influence future strategic steps at S IMMO including disposals, deleveraging and a potential merger with Immofinanz "if and when the time is right".

**Today, the S IMMO management and supervisory board reacted with the decision to launch a partial takeover offer to increase their 14.2% stake in Immofinanz to about 25%, pursuant to sections 4 et seq of Austrian takeover act. The cash offer price is much more attractive, at Euro 23.00 on a cum dividend basis, which means a premium of almost 8% to Friday's closing price and a premium of approx. 13% compared to the 6 months weighted average. S IMMO stated to reserve the right to expand their offer to a shareholding of up to 30% of the outstanding Immofinanz shares, also through further acquisitions of Immofinanz shares on or off the stock market. Keep in mind that for instance Petrus Advisers (Klaus Umek) holds a 4.1% stake in Immofinanz.**

**In our view, the reaction of the S IMMO management was quick and it was right. The price offer is much better and nearer to the intrinsic value of Immofinanz than the CPIPG offer. S IMMO wants to play an active role if there is a consolidation process and for this reason a higher shareholding in Immofinanz is almost inevitable. After the sale of the 6% stake in CA Immo in July (c. Euro 235m cash inflow) and the good operating performance in 9M (+18% FFO I) the company has a rock-solid balance (LTV under 33%) and pockets full of cash (> Euro 440m) as we stated in our recent 9M update on 29 November. The firm can afford the higher Immofinanz stake without stretching the balance too much. Quick answer, good decision, Buy and Euro 26.00 TP affirmed.**

<b>Price (Euro)</b>	<b>21,45</b>			
52 weeks range	22,55 / 15,44			
<b>Key Data</b>				
Country	Austria			
Industry	Real Estate			
Market Segment	Prime Market			
ISIN	AT0000652250			
WKN	902388			
Symbol	T1L			
Reuters	SIAG.VI			
Bloomberg	SPI AV			
Internet	www.simmoag.at			
Reporting Standard	IFRS			
Fiscal Year	31/12			
Founded	1986			
IPO	1987			
Market Cap (EUR million)	1578,9			
Number of shares (million)	73,6			
Free Float (approx.)	53%			
Free Float MarketCap (Euro million)	830,5			
CAGR (EBITDA '20-23e)	16,3%			
<b>Multiples</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Market cap/ Revenues-Ratio	8,1	8,4	8,3	7,9
P/E-Ratio	27,2	8,3	12,5	11,5
Dividend Yield	2,3%	3,3%	3,3%	3,3%
<b>Key Data per Share (Euro)</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
<b>Earnings per Share (EpS)</b>	<b>0,79</b>	<b>2,60</b>	<b>1,72</b>	<b>1,86</b>
Dividends per Share (DpS)	0,50	0,70	0,70	0,70
Book Value per Share (BVpS)	18,31	20,17	21,15	22,27
EPRA NAV per share	24,32	28,33	29,78	31,12
FFO I per share	0,59	0,77	0,93	1,00
<b>Financial Data (Euro '000)</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
<b>Revenues</b>	<b>173.915</b>	<b>193.999</b>	<b>220.384</b>	<b>240.278</b>
Rental income	123.255	131.025	142.522	153.129
Net revaluation result	39.056	165.004	86.943	91.495
<b>Operating cash profit (EBITDA)</b>	<b>71.132</b>	<b>91.411</b>	<b>100.176</b>	<b>111.951</b>
<b>Operating Profit (EBIT)</b>	<b>100.956</b>	<b>246.738</b>	<b>176.997</b>	<b>192.992</b>
Pre-tax profit (EBT)	71.586	230.890	148.550	160.878
<b>Net profit after minorities</b>	<b>56.537</b>	<b>188.843</b>	<b>124.158</b>	<b>134.869</b>
Shareholders' Equity	1.294.259	1.347.524	1.484.340	1.556.471
RoE after tax	4,3%	13,3%	8,2%	8,4%
<b>Financial Calendar</b>				
2021 annual report		28 April 2022		
1Q 2022 report		30 May 2022		
AGM		10 June 2022		
2Q 2022 report		29 August 2022		
<b>SRC Forum Financials &amp; Real Estate</b>		<b>13 September 2022</b>		
<b>Main Shareholders</b>				
Immofinanz		26,5%		
CPI Property Group		11,6%		
EUROVEA Services s.r.o.		5,2%		
Own shares		4,1%		
<b>Analyst</b>	<b>Dipl.-Kfm. Stefan Scharff, CREA</b>			
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### S IMMO AG Company Profile

<b>Industry:</b>	Real Estate	<b>Management Board:</b>	
<b>Sub-segment:</b>	mixed (71% commercial)	CEO Dr. Bruno Ettenauer, MRICS	
<b>Country:</b>	Austria	COO Friedrich Wachernig, MBA	
<b>Headquarter:</b>	Vienna	CIO DI Herwig Teufelsdorfer, MRICS	
<b>Foundation:</b>	1986		
<b>Employees (without Hotels):</b>	115		
		<b>Supervisory Board:</b>	
		Dr. Karin Rest, EMBA (Chairman)	
		Christian Hager (Deputy Chairman)	
		Mag. Hanna Bomba	DI Manfred Rapf
<b>IR Contact</b>		MMag. Holger Schmidtmayr, MRICS	Mag. Elisabeth Wagerer
Andreas Feuerstein			
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S IMMO is a Vienna-based real estate holding company founded in 1986. Since 1987 the company is listed on the Vienna stock exchange and therefore Austria's longest existing property investment company. The share is member of ATX blue chip index since September 2017. Expansion activities to foreign countries were started close to the millenium. Within recent years the company acquired, according to its Buy and Develop and Hold strategy, a real estate portfolio that comprises more than 350 properties, a lettable space of more than 1,300k sqm amounting to a value of almost Euro 2.5bn at December 2020 (+4.5% compared to year-end 2019). In average, investments have a volume of a lower double digit million. The portfolio contains a widely diversified range of office, retail and hotel properties as well as residential properties selected for a sustainable value growth. All in all, office properties have a 43% weighting, retail 18%, hotels 9% and residential have 30% (thereof 93% in Germany). S IMMO aims on a long investment horizon but also strongly exploits opportunities for trading in these low yielding times - as done in a bigger magnitude in 2016 and 2017, in particular in Germany and Austria. The last years the acquisitions have been a bit higher than the disposals to strenghten the long term cash producing portfolio which had an overall yield of 5.1% in 2020 (5.4% in 2019). In terms of portfolio value a large share of 49% is located in Germany (more than Euro 1.2bn). Austria stands for almost 19% (approx. Euro 0.5bn) while CEE stands for the remaining 32% (Euro 0.8bn) of the total portfolio. In 2020, the high occupancy of 95.5% in 2019, was almost kept stable despite the Covid-19 pandemic, at 93.9%. S IMMO released the 2020 annual report on 8 April and presented a decent result for a very challenging year. The company has prosperous mid and long term growth options by about 2 million sqm undeveloped land (mainly around Berlin) which gives room to grow the residential portfolio or to realize mark-ups in value. For 2018 the dividend was strongly lifted from 40 Cents to 70 Cents, meaning a payout ratio of clearly more than 70% of FFO cash earnings. The firm decided for a stable dividend of 70 Cents for FY 2019, despite the outbreak of COVID-19 pandemic in March 2020. In October 2021 the firm paid 50 Cents dividend for fiscal year 2020.

**Value of portfolio by region**  
(Euro 2.5bn at FY 2020)



Source: Company data (FY 2020)

The lion's share of the company's historical development activity was done in Austria and CEE. Hence, a significant share of already finished properties (like Sun shopping mall in Bucharest), held within the CEE portfolio, results from own developments. The core shareholder is Immofinanz with a 26.5% stake, striving for a takeover at the moment. The other way round S IMMO holds a 13.4% stake in Immofinanz.

The company aimed to lift FFO I to more than Euro 40m until 2018 and already managed to reach this target already in 2016, as FFO I increased by 15% from Euro 35.0m to Euro 40.1m. The FY 2017 FFO I then was at almost Euro 43m. After two years (2018 and 2019) with FFOs at record levels above Euro 60m, the 2020 came back more or less on the 2017 level, with no support from hotel GOP and almost Euro 11m missing from Immofinanz paying no dividend for FY 2019 in 2020. We like the improving numbers on the financing side. Cost of Funding (incl. hedging) came down from 2.67% in 2017 to 2.53% in 2018 and then very low 2.30% in 2019 and 2.29% in 2020. In 2020 LTV remained almost unchanged at 46.8%, after 46.9% in 2019. The 2020 equity ratio of 44.3% underlines the healthy balance sheet (2019: 42.9%).

Source: Company Data, SRC Research

## P&L Account for S IMMO AG

31/12 IFRS (Euro '000)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR '20 - '23e
<b>Revenues</b>	<b>191.421</b>	<b>192.441</b>	<b>210.427</b>	<b>173.915</b>	<b>193.999</b>	<b>220.384</b>	<b>240.278</b>	<b>11,4%</b>
└ thereof rental income	112.020	104.313	119.373	123.255	131.025	142.522	153.129	
└ thereof revenues from service charges	33.435	33.379	31.952	32.871	35.229	36.421	37.004	
└ thereof revenues from hotel operations	45.966	54.749	59.102	17.789	27.745	41.441	50.145	
Other operating income	2.866	1.948	2.481	2.501	2.855	2.912	3.205	
Expenses directly attributable to properties	-59.877	-53.410	-60.952	-66.760	-62.658	-66.502	-69.125	
<i>Gross margin property segment</i>	<i>58,8%</i>	<i>61,2%</i>	<i>59,7%</i>	<i>57,2%</i>	<i>62,3%</i>	<i>62,8%</i>	<i>63,6%</i>	
Hotel operating expenses	-36.232	-38.023	-42.250	-18.126	-21.505	-34.501	-39.773	
<b>Gross operating profit hotels (GOP)</b>	<b>9.734</b>	<b>16.726</b>	<b>16.852</b>	<b>-337</b>	<b>6.240</b>	<b>6.940</b>	<b>10.372</b>	
<i>Gross margin within hotel segment</i>	<i>21,2%</i>	<i>30,6%</i>	<i>28,5%</i>	<i>-1,9%</i>	<i>22,5%</i>	<i>16,7%</i>	<i>20,7%</i>	
<b>Gross profit (revenues less directly attributable expenses)</b>	<b>98.178</b>	<b>102.956</b>	<b>109.706</b>	<b>91.530</b>	<b>112.691</b>	<b>122.293</b>	<b>134.585</b>	<b>13,7%</b>
<i>Total Gross margin</i>	<i>51,3%</i>	<i>53,5%</i>	<i>52,1%</i>	<i>52,6%</i>	<i>58,1%</i>	<i>55,5%</i>	<i>56,0%</i>	
<b>Net operating income (NOI)</b>	<b>95.312</b>	<b>101.008</b>	<b>107.225</b>	<b>89.029</b>	<b>109.836</b>	<b>119.381</b>	<b>131.380</b>	<b>13,8%</b>
<i>NOI-margin</i>	<i>49,8%</i>	<i>52,5%</i>	<i>51,0%</i>	<i>51,2%</i>	<i>56,6%</i>	<i>54,2%</i>	<i>54,7%</i>	
<b>Net Gains on property disposal</b>	<b>10.341</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Management expenses	-18.963	-19.863	-22.669	-20.398	-21.280	-22.117	-22.634	
└ thereof personnel expenses	-8.796	-10.601	-11.513	-12.272	-13.291	-12.320	-12.877	
<b>EBITDA</b>	<b>89.556</b>	<b>83.093</b>	<b>87.037</b>	<b>71.132</b>	<b>91.411</b>	<b>100.176</b>	<b>111.951</b>	<b>16,3%</b>
<i>EBITDA-margin</i>	<i>46,8%</i>	<i>43,2%</i>	<i>41,4%</i>	<i>40,9%</i>	<i>47,1%</i>	<i>45,5%</i>	<i>46,6%</i>	
Depreciation	-8.999	-7.672	-8.264	-9.232	-9.677	-10.122	-10.454	
Property Revaluation	127.592	167.814	192.671	39.056	165.004	86.943	91.495	
<b>Operating profit (EBIT)</b>	<b>208.149</b>	<b>243.235</b>	<b>271.444</b>	<b>100.956</b>	<b>246.738</b>	<b>176.997</b>	<b>192.992</b>	<b>24,1%</b>
<i>EBIT-margin</i>	<i>108,7%</i>	<i>126,4%</i>	<i>129,0%</i>	<i>58,0%</i>	<i>127,2%</i>	<i>80,3%</i>	<i>80,3%</i>	
<b>EBIT-profit without revaluation result</b>	<b>80.557</b>	<b>75.421</b>	<b>78.773</b>	<b>61.900</b>	<b>81.734</b>	<b>90.054</b>	<b>101.497</b>	<b>17,9%</b>
Net financial result	-41.437	-7.263	-20.021	-29.370	-15.848	-28.447	-32.114	
Participating certificates expenses (hybrid capital)	-5.964	0	0	0	0	0	0	
<b>Earnings before tax (EBT)</b>	<b>160.748</b>	<b>235.972</b>	<b>251.423</b>	<b>71.586</b>	<b>230.890</b>	<b>148.550</b>	<b>160.878</b>	<b>31,0%</b>
<i>EBT margin</i>	<i>84,0%</i>	<i>122,6%</i>	<i>119,5%</i>	<i>41,2%</i>	<i>119,0%</i>	<i>67,4%</i>	<i>67,0%</i>	
Income tax expense	-27.278	-31.822	-38.116	-14.674	-41.033	-23.441	-24.955	
<i>Tax rate</i>	<i>17,0%</i>	<i>13,5%</i>	<i>15,2%</i>	<i>20,5%</i>	<i>17,8%</i>	<i>15,8%</i>	<i>15,5%</i>	
<b>Net profit</b>	<b>133.470</b>	<b>204.150</b>	<b>213.307</b>	<b>56.912</b>	<b>189.857</b>	<b>125.109</b>	<b>135.923</b>	
Minorities	-3.379	-460	-533	-375	-1.014	-951	-1.054	
<b>Net profit after minorities</b>	<b>130.091</b>	<b>203.690</b>	<b>212.774</b>	<b>56.537</b>	<b>188.843</b>	<b>124.158</b>	<b>134.869</b>	<b>33,6%</b>
<i>Return on sales</i>	<i>68,0%</i>	<i>105,8%</i>	<i>101,1%</i>	<i>32,5%</i>	<i>97,3%</i>	<i>56,3%</i>	<i>56,1%</i>	
Number of shares (in million)	66,9	66,9	66,9	73,6	73,6	73,6	73,6	
<b>Earnings per Share (EPS) in Euro</b>	<b>1,97</b>	<b>3,08</b>	<b>3,21</b>	<b>0,79</b>	<b>2,60</b>	<b>1,72</b>	<b>1,86</b>	<b>33,2%</b>
Dividends per Share (DPS) in Euro	0,40	0,70	0,70	0,50	0,70	0,70	0,70	
Book Value per Share (BVPS) in Euro	13,66	15,88	19,34	18,31	20,17	21,15	22,27	
<b>Total assets</b>	<b>2.272.255</b>	<b>2.720.134</b>	<b>3.137.688</b>	<b>3.122.610</b>	<b>3.197.553</b>	<b>3.307.868</b>	<b>3.458.509</b>	<b>3,5%</b>
<b>Shareholders' equity (after dividend payment)</b>	<b>914.335</b>	<b>1.062.513</b>	<b>1.294.259</b>	<b>1.347.524</b>	<b>1.484.340</b>	<b>1.556.471</b>	<b>1.639.312</b>	<b>6,8%</b>
Shareholders' equity incl. participating certificates	971.052	1.062.513	1.294.259	1.347.524	1.484.340	1.556.471	1.639.312	
Equity ratio without minorities with hybrid capital	43%	39%	41%	43%	46%	47%	47%	
Return on Equity (RoE)	15,5%	20,6%	18,1%	4,3%	13,3%	8,2%	8,4%	
<b>Key ratios &amp; figures</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	
<b>Growth rates in %</b>								
Revenues	-3,7%	0,5%	9,3%	-17,4%	11,5%	13,6%	9,0%	
EBITDA	-3,1%	-7,2%	4,7%	-18,3%	28,5%	9,6%	11,8%	
EBIT	-25,3%	16,9%	11,6%	-62,8%	144,4%	-28,3%	9,0%	
EBT	-25,7%	46,8%	6,5%	-71,5%	222,5%	-35,7%	8,3%	
Net profit after minorities	-34,7%	53,0%	4,5%	-73,3%	233,6%	-34,1%	8,6%	
<b>Margins in %</b>								
EBITDA	46,8%	43,2%	41,4%	40,9%	47,1%	45,5%	46,6%	
EBIT	108,7%	126,4%	129,0%	58,0%	127,2%	80,3%	80,3%	
EBT	84,0%	122,6%	119,5%	41,2%	119,0%	67,4%	67,0%	
<b>Expense ratios in %</b>								
Depreciation to sales	-4,7%	-4,0%	-3,9%	-5,3%	-5,0%	-4,6%	-4,4%	
Tax rate	17,0%	13,5%	15,2%	20,5%	17,8%	15,8%	15,5%	
<b>Profitability in %</b>								
Profit margin	69,7%	106,1%	101,4%	32,7%	97,9%	56,8%	56,6%	
Return on equity (RoE) after tax	15,5%	20,6%	18,1%	4,3%	13,3%	8,2%	8,4%	
Return on Assets (RoA)	5,9%	7,5%	6,8%	1,8%	5,9%	3,8%	3,9%	
Return on Investment (RoI)	5,9%	7,5%	6,8%	1,8%	5,9%	3,8%	3,9%	
<b>Valuation</b>								
P/E-ratio	9,88	6,32	6,08	24,74	7,51	11,36	10,47	
P/S-ratio	7,50	7,46	6,82	8,25	7,40	6,51	5,97	
Price/BVpS (PBV)	1,43	1,23	1,01	1,07	0,97	0,92	0,88	
Dividend yield in %	2,1%	3,6%	3,6%	2,6%	3,6%	3,6%	3,6%	
<b>Data per share</b>								
Number of shares (in million)	66,9	66,9	66,9	73,6	73,6	73,6	73,6	
EPS	1,97	3,08	3,21	0,79	2,60	1,72	1,86	
DPS	0,40	0,70	0,70	0,50	0,70	0,70	0,70	
BVPS	13,66	15,88	19,34	18,31	20,17	21,15	22,27	
FFO I per share	0,64	0,92	0,98	0,59	0,77	0,93	1,00	

## SRC Research

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### Rating Chronicle

Company	Date	Rating	Former Price	Former Target
S IMMO	29 November 2021	Buy	€ 19,50	€ 26,00
S IMMO	27 August 2021	Buy	€ 20,35	€ 26,00
S IMMO	28 May 2021	Buy	€ 21,60	€ 26,00
S IMMO	20 May 2021	Buy	€ 21,80	€ 26,00
S IMMO	08 April 2021	Buy	€ 21,55	€ 25,00
S IMMO	15 March 2021	Buy	€ 18,04	€ 23,00
S IMMO	24 November 2020	Buy	€ 15,78	€ 21,00
S IMMO	26 August 2020	Buy	€ 14,52	€ 21,00
S IMMO	26 May 2020	Buy	€ 16,72	€ 20,00
S IMMO	12 May 2020	Buy	€ 16,50	€ 20,00
S IMMO	23 March 2020	Buy	€ 14,44	€ 20,00

### Please note:

The S IMMO AG share price mentioned in this report is the price of 3 December 2021.  
S IMMO mandated SRC Research for covering the S IMMO share.

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