

S Immo

Successfully exploiting property market cycles

S Immo has a track record of cleverly anticipating regional/sectoral real estate cycles in Europe. This includes the expansion into CEE in the early 2000s, later investments in the German residential and office markets and subsequent diversification outside of Berlin. Its active approach has allowed the company to post five- and 10-year EPRA NAV total returns (TR) of c 23% and 14% pa, respectively. Its current focus is on secondary German residential and office markets (eg Erfurt) and selective CEE investments. In the longer term, it plans to pursue development projects using its extensive landbank in the Berlin commuter belt.

Benefiting from multiple NAV drivers

S Immo's robust NAV TR has been a function of 1) healthy property revaluation and disposal gains assisted by steady rental yield compression (5.4% at end-2019 vs 6.7% at end-2015), 2) successful property development projects, 3) recurring rental income with a gross margin at 76% in FY19, 4) growing profits from its owner-operated Marriott hotels in Vienna and Budapest and 5) the increase in value of its minority stakes in two listed peers (IMMOFINANZ and CA Immobilien Anlagen). Importantly, S Immo's FFO 1 per share grew at a 2015-2019 CAGR of c 25%.

Solid financials help withstand macro headwinds

While European property markets flourished in recent years on the back of strong take-up and investor demand, the focus at present is on the impact from COVID-19. We see a number of factors supporting S Immo in this environment, including moderate loan-to-value (LTV) at 46.9% at end-2019, good liquidity, strengthened by the €148.9m capital raise completed in January 2020, and a favourable debt maturity profile. While S Immo's exposure to retail properties is relatively limited (18% of gross property fair value at end-2019 according to our estimates), it also has noticeable exposure to the hotel segment (c 15% of portfolio fair value), which is being affected the most. The impact from the recently introduced Berlin rental cap should be limited (c 1% of total rental income, according to S Immo).

Valuation: 30% discount to last reported NAV

Following the recent broader market sell-off, S Immo currently trades at a P/NAV ratio of 0.62x (adjusted for the January 2020 issue) based on the last reported (FY19) EPRA NAV per share of €26.45. This is c 11% below peer group. Based on FY19 figures, the shares currently offer an FFO yield of 5.5% (vs the peer group at 6.2%).

Historic financials

Year end	Revenue (€m)	EPRA NAV/share	FFO 1* (€m)	DPS (€)	P/NAV (x)	Yield (%)
12/18	192.4	21.25	61.1	0.40	0.8	2.5
12/19	210.4	26.45	64.7	0.70	0.6**	4.3
12/20e	194.4	27.03	56.7	0.59	0.6	3.6
12/21e	218.8	28.30	73.4	0.74	0.6	4.6

Note: S Immo data, Refinitiv consensus at 5 May 2020. Note: *Funds from operations defined as net income excluding property revaluation/disposal gains, D&A and selected other non-cash charges. **Adjusted for the capital raise in January 2020.

Real estate

6 May 2020

Price €16.14
Market cap €1,177m

Share price graph



Share details

Code	SPI
Listing	Vienna
Shares in issue	72.9m
Net debt (€bn) at end 2019	1.41
LTV (net) at end 2019	46.9%

Business description

S Immo is a real estate investment company, with headquarters in Vienna, which invests in Austria, Germany and selected CEE/SEE markets. At end-2019, it held properties with a book value of €2.34bn, including commercial (71%) and residential (29%) properties.

Bull

- Solid track record as illustrated by NAV TR.
- Extensive management experience in leveraging property cycles.
- Moderate LTV and good liquidity.

Bear

- Impact from COVID-19, in particular on hotel and retail properties.
- Likely decline in property valuations and rental income decline amid a recession.
- Rental cap in Berlin from 2020 and possibly also in other German cities in the future.

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Active property investor in Germany, Austria and CEE

S Immo is a real estate investment company, with headquarters in Vienna, operating in Austria, Germany and CEE countries, including Czech Republic, Slovakia, Hungary, Romania and Croatia. It has been established as a result of the merger in 2002 of two listed subsidiaries of Erste Bank: Sparkassen Immobilienanlagen and Erste Immobilien. It acquires properties generating rental income across real estate sectors, including commercial properties (office, retail and hotels), which made up 71% of its book value at end-2019, with the remaining 29% invested in residential properties. The company follows a cycle-oriented business model based on a buy-manage-sell principle (see Exhibit 1) aiming to deliver sustainable dividend income to shareholders.

Exhibit 1: S Immo's value creation process



Source: S Immo

S Immo is also active in other parts of the real estate value chain, such as hotel management, property revitalisation and renovation, as well as property development (as discussed in more detail below). The company's strategy involves: 1) enhancing short-term earnings through the acquisition of properties with rental growth potential; 2) facilitating medium-term momentum through project development; and 3) securing long-term growth through land bank expansion.

An active approach to the property market cycle

Instead of following a pre-defined sector or regional allocation, the company's investment approach is based on anticipation of and benefiting from property cycles. To successfully execute the strategy, a group of local real estate experts is monitoring selected markets and associated trends to evaluate the attractiveness of potential acquisitions and disposals.

Expanding beyond the domestic market into the CEE region in early 2000s

S Immo's successful active approach is illustrated by its portfolio developments over the last two decades. In the early 2000s, the company decided to limit its new investments in Austria (where S Immo saw limited opportunities) and focus on the office and retail markets in the CEE region, which at that time was in a major secular upward trend (assisted further by EU admission).

Growing in Germany since 2005/06 with a particular emphasis on residential properties

By 2006, the CEE markets were already in full swing with more demanding property valuations and elevated risk of overheating, which encouraged S Immo to switch its acquisition focus again. Rather than pursuing further opportunities in emerging Europe (which was a 'hot topic' back then), the company decided to expand into Germany. Importantly, even though in CEE countries S Immo was mainly interested in commercial real estate, its particular focus in Germany was initially on

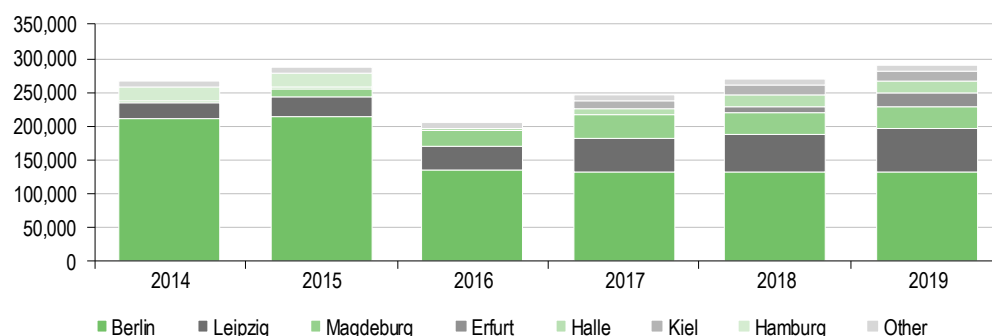
residential properties. At that time, the German residential market was close to the cycle trough (prices had been in a steady downward trend over many years), with high-quality properties attractively valued compared to emerging economies and thus offering significant value upside potential.

Stronger diversification outside of Berlin since 2016

While the company's residential portfolio in Germany was initially dominated by Berlin (c 80% of main lettable space in 2014), S Immo sold a large residential portfolio in Germany's capital city (as well as Hamburg) back in 2016. This was because the management anticipated that growth in Berlin residential property prices would not last too long and they also became wary of growing political efforts towards a rental cap (which was eventually introduced in 2020). The Berlin portfolio was sold at a price that was around three times the purchase price (which was €765 per sqm on average). This resulted in considerable revaluation gains in 2016 (which across its portfolio stood at close to €200m in that year).

Simultaneously, the company expanded its presence in cities where it saw greater potential (coming from a combination of economic and demographic factors), such as Leipzig, Magdeburg, Halle, Kiel, Erfurt and Rostock. As a result, properties outside of Berlin represented 55% of S Immo's German residential portfolio at end-2019 by main lettable space (see Exhibit 2). Moreover, from 2018, the company has increased its exposure to office properties (32% of main lettable space in Germany at end-2019 vs 17% at end-2017), while reducing its allocation to retail properties (particularly in Berlin and Leipzig).

Exhibit 2: S Immo's German residential portfolio split by main lettable area (in sqm)



Source: Company data. Note: other includes Munich, Rostock and Weimar.

Recent focus on low-rent residential and development projects in a late-cycle phase

In 2018–19, amid the late stage of the German property cycle, S Immo performed acquisitions in selected larger (tier 2) cities, especially Leipzig, Erfurt and Halle. This includes in particular residential properties with a low rent level (and thus sustainable cash flows and value creation potential). In FY19 alone, S Immo acquired around 13,250 sqm of residential area and 17,840 sqm of office area. Moreover, the company purchased large land plots in the area surrounding Berlin (see details below). S Immo also purchased land in Budapest (to develop boutique offices with an area of 5,000 sqm) and Bucharest (with 30,000 sqm of office space planned) in 2019.

Emphasis on ESG considerations

In the investment process, S Immo is factoring in environmental, social and governance (ESG) aspects. This includes energy efficiency of their properties, both through energy-saving building services and devices, as well as deployment of renewable energy sources. The environmentally friendly approach is illustrated by the usage of ecological construction materials, including those recyclable and sourced regionally. Another key topic from S Immo's perspective is ensuring

sustainable mobility of managed properties with incentives to use environmentally friendly means of transport, providing access to a broad network of public transport, foot and bicycle paths, as well as e-mobility infrastructure. S Immo respects local architecture, trying to incorporate their buildings into the city skyline.

Portfolio overview

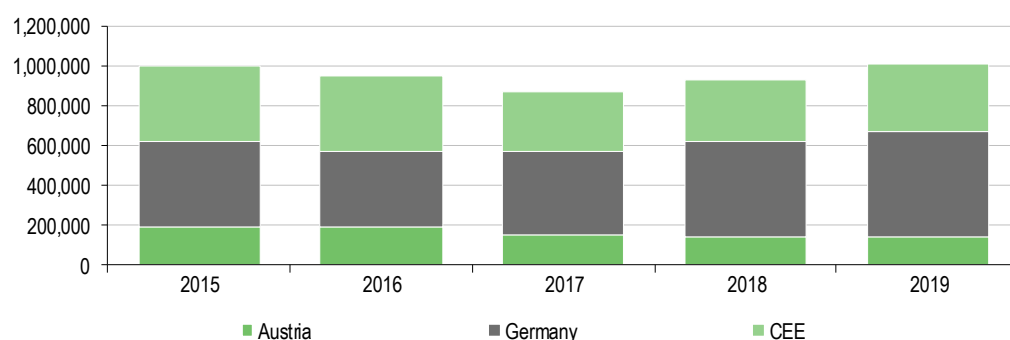
The company held a well-diversified portfolio of 331 properties as at end-2019, representing c 1.01m sqm of main leasable area (or 1.23m sqm total area) located exclusively in EU member countries. The average rental yield across S Immo's portfolio stood at 5.4% at end-2019 (2018: 5.7%), while the occupancy rate was 95.7% (2018: 95.8%; see Exhibit 3). As a consequence of the investment decisions described above (as well as the company's development projects), around 52% of the portfolio by lettable area at end-2019 was in Germany, followed by CEE (34%) and Austria (14%, see Exhibit 4). This compares with the following end-2015 regional split: Germany 42%, CEE 38% and Austria 20%.

Exhibit 3: S Immo basic portfolio statistics

	2015	2016	2017	2018	2019
No of properties at year-end	222	194	241	284	331
Property value* (€m)	1,960.6	2,063.9	1,839.7	2,121.4	2,371.0
Main lettable area (in '000 sqm)	1,001.1	955.9	878.7	935.1	1,011.1
Rental yield	6.7%	6.2%	6.1%	5.7%	5.4%
Occupancy rate	92.7%	93.9%	94.8%	95.8%	95.7%

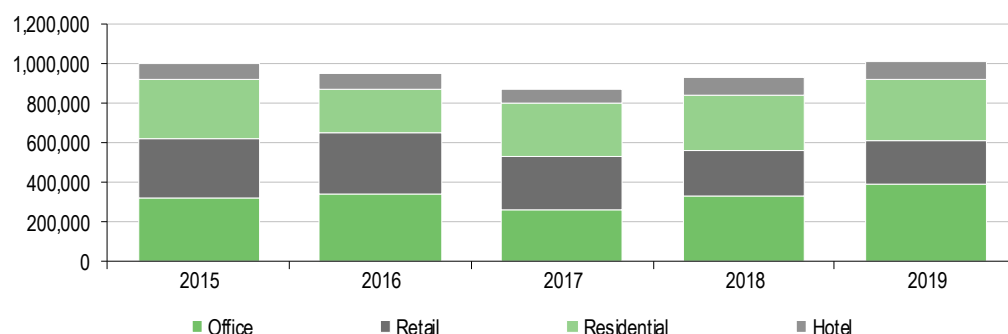
Source: Company data: Note: *Property value is based on external, independent valuation.

Exhibit 4: Regional portfolio split by main lettable area between 2014 and 2019 (sqm)



Source: Company data, Edison Investment Research. Note: *CEE includes Hungary, Czech Republic, Slovakia, Bulgaria, Croatia and Romania.

With respect to sector split by main lettable area, 39% of S Immo's portfolio at end-2019 represented office properties (across all regions), while residential made up 30% (mostly Germany and some minor exposure in Austria), retail 22% (of which 58% was in CEE) and hotel properties 9% (of which 68% was in CEE; see Exhibit 5). Over the last five years, the company increased its exposure to office (from 32% at end-2015) at the expense of retail (30% at end-2015). The FY19 sector split at fair value (with both Marriott hotels operated by S Immo accounted for at fair value as well) looks as follows: office 39%, residential 27%, retail 18% and hotels 15%.

Exhibit 5: S Immo's portfolio by real estate sector


Source: Company data

S Immo also has a landbank representing a potential total usable area in excess of 2m sqm, predominantly in Germany where the focus is on land for residential purposes, with the remaining 0.10m sqm in CEE countries. At the same time, it has some minor retail development projects with an indicative total area of 8,572 sqm. The total book value of development projects and undeveloped land stands at around €30.0m.

Austria

Even though the company originates from Austria, this market currently represents only 14% of S Immo's portfolio (with main lettable area at c 144.6k sqm) and is largely concentrated in Vienna except for two small retail projects in Breitenfurt and Feldkirchen (with a combined area of just 3,648 sqm). The Austrian portfolio consists of office (52% of main lettable area at end-2019), retail (24%) and residential (11%) properties. Moreover, the company also owns and operates the 328-room Hotel Marriot Vienna. All of its 22 Austrian properties held at end-2019 were acquired between 1998 and 2010, except for the two projects outside of Vienna, which have been held since 1987. At the same time, S Immo completed six disposals in Austria between 2015 and 2019, representing an aggregate main lettable space of around 75k sqm. This includes three office properties and one hotel in Vienna, as well as two smaller office projects in Salzburg and Neustadt. We note that the Hoch Zwei hotel and offices and Plus Zwei office property in Vienna were sold at a price €75m above acquisition costs.

Rental income from properties in Austria stood at €18.9m in FY19 (vs €18.4m in FY18), which together with the gross profit from the Marriot Vienna operations translated into an EBITDA of €10.1m (FY18: €11.5m). The occupancy rate of S Immo's Austrian properties was 94.7% in FY19 (FY18: 93.6%) and the average rental yield stood at 4.8% (FY18: 5.2%) compared to an overall portfolio average of 5.4%.

Germany

As discussed above, S Immo's focus historically was on residential properties, which at end-2019 made up 55% of the company's main lettable area. At present, Berlin represents 45% of S Immo's residential portfolio in Germany, followed by Leipzig (22%), Magdeburg (11%) and Erfurt (c 7%), with the remaining properties in Halle, Kiel, Rostock, Weimar and Munich. The company also identified German office as a compelling opportunity and grew this exposure to 32% at end-2019 from 17% at end-2017 (corresponding to an expansion from 72.6k sqm to 169.3 sqm). It is worth noting that two-thirds of the office portfolio is located outside of the capital city, including significant holdings in Leipzig, Halle and Erfurt. The company also has some limited exposure to retail (11%) and hotels (2%) in Germany.

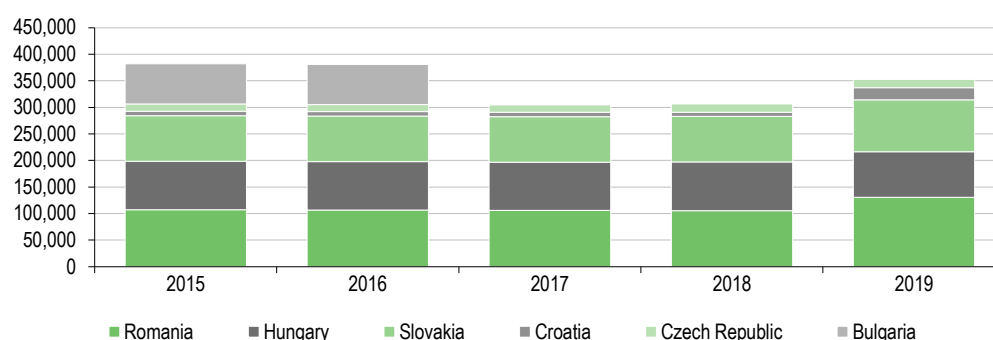
This region has contributed €50.3m to S Immo's rental income in FY19 (up from €41.8m in FY18) and generated EBITDA of €27.3m (FY18: €23.7m). The occupancy rate at end-2019 stood at 94.5% (FY18: 94.6%) and the average rental yield was 4.4% (FY18: 4.6%).

Importantly, alongside ready-built properties, S Immo has been expanding its landbank in the Berlin commuter belt (up to 40km from Berlin centre) to provide significant development opportunities in the long term. At present, it constitutes more than 2m sqm of space in c 28 projects, with an average acquisition cost at c €15 per sqm. All these projects are at an early development stage (zoning and planning) with realisation expected over a longer period. We believe that projects executed on this landbank constitute an interesting potential growth driver for S Immo, given favourable, migration-driven demographics and the housing shortage in Berlin.

CEE Countries

S Immo holds a commercial property portfolio in capital cities of selected countries in central and southern Europe, which includes in particular Romania (38% of lettable space at end-2019), Hungary and Slovakia (25% each), as well as Croatia (7%) and Czech Republic (5%; see Exhibit 6). The portfolio offers a rental yield of 7.1% as at end-2019 (FY18: 7.4%). It generated rental income of €50.1m in FY19 (FY18: €49.7m), which together with the gross profit from the Budapest Marriott hotel (operated by S Immo) translated into an EBITDA of €49.7m (FY18: €47.9m). The occupancy rate in S Immo's CEE property portfolio stood at 97.6% in FY19 (vs 98.6% in FY18).

Exhibit 6: S Immo's CEE portfolio by country (sqm of main lettable space)



Source: Company data. Note: Slovakia includes the Einsteinova office property developed through a JV on a pro rata basis (51%).

In 2019, S Immo executed selected new investments and project developments, which included:

- Completed development of The Mark office project in Bucharest and Einsteinova Business Center in Bratislava (see details below).
- Acquisition of the nearly fully let HOTO Tower office building in Zagreb (Croatia) located to the south-west of the central business district (CBD) with lettable area of close to 15,000 sqm
- Acquisition of land plots in Budapest and Bucharest as discussed above.

Meanwhile, the company conducted profitable disposals of two properties it has developed in Sofia (Bulgaria) in 2017: Serdika Center retail property with close to 47,000 sqm of lettable area (development completed in 2010) and the related Serdika Offices property with c 28,400 sqm of lettable area (development completed in 2012). Consequently, S Immo exited the Bulgarian market completely. Moreover, S Immo sold the Twin Center office building in Budapest (lettable area of close to 6,200 sqm) in 2019.

Development and redevelopment projects

In addition to investing in properties that are already generating rent, S Immo has also been involved in property (re)development (in some cases with JV partners). We outline selected recent projects below.

- **The Mark (Bucharest)** – the office project was completed in Q119 and is located in the central business district with leasable space of close to 25,500 sqm, which is fully occupied by Deloitte Romania, Dentons, WPP, Infosys and Starbucks. The company aims to obtain a BREEAM certification (ie sustainability assessment) for the project with a level of 'excellent'.
- **Einsteinova Business Center (Bratislava)** – office property with a main lettable area of 23,500 sqm), which was successfully let in 2018 and early 2019, with prominent tenants including IBM and UNIQA. This project was executed through a joint venture and is thus consolidated at equity by S Immo. It is also earmarked for an 'excellent' BREEAM certification.
- **Quartier Belvedere Central (Vienna)** – a large project at the new Vienna Central Station with a gross floor area of 130,000 sqm, of which around two-thirds is office space and the remaining space will be used to create two hotels, condominiums, serviced apartments and restaurants. The project is carried out through a joint venture with UBM development. Its last section encompassing buildings 1 and 2, with lettable floorspace of c 38,000 sqm, was forward sold to EPH Eastern Property Holdings in August 2019, with total sale proceeds at €233m (of which 33.8% or c €78m is attributable to S Immo). The transaction is expected to be closed upon construction completion in 2021. Total sale proceeds from the entire QBC project amount to €450m.
- **Siebenbrunnengasse (Vienna)** – a residential and commercial redevelopment project sold in July 2019 by S Immo to UBM development after obtaining building approval for its new concept. The project involves the construction of 165 residential units and refurbishment of the existing commercial part, representing a total area of more than 17,000 sqm.
- **Leuchtenfabrik (Berlin)** – an office building with lettable area of c 16,000 sqm acquired in 2015 for around €10m. Subsequently, S Immo spent another €10m on refurbishment and repositioning of the property. The current annual rental income potential stands at €2m (delivering a c 10% rental yield).
- **Sun Plaza (Bucharest)** – in this mixed-use (retail and office) project with a main lettable area of close to 90,000 sqm, S Immo conducted a redesign of a 20,000 sqm area and expanded the tenant structure (40 new shops), translating into new record sales in 2018 (it reopened in March 2018).

Crossholdings between listed Austrian property companies

Apart from its core direct property investments, S Immo also holds minority stakes in two of its Austrian peers: IMMOFINANZ (where S Immo holds a 11.94% stake) and CA Immobilien Anlagen (c 6% stake). One of the rationales behind investing in these companies was the fact that they were traded at a discount to NAV and were thus considered attractive opportunities, in particular amid the more demanding property valuations towards the end of the cycle in 2006–07. More importantly, however, this was part of a crossholding structure between the three companies, which was intended as a first step to a potential merger. We understand that the main triggers behind it were a saturated real estate market in Austria with limited organic growth opportunities, as well as consolidation efforts of foreign companies, in particular Vonovia (a large German residential property player) as illustrated by its merger with BUWOG and acquisition of Conwert. A merger could create a larger player that would be better placed to compete internationally.

In recent years, various configurations of the merger (involving any of the two or all three companies) were considered, but no deal has been struck so far. Meanwhile, in 2018, CA Immo

attracted private equity company Starwood Capital as an investor, which is now its largest shareholder with a 26% stake. At the same time, IMMOFINANZ sold its holdings in CA Immo. This suggests that CA Immo may no longer be interested in the potential combination of assets.

Despite the termination of negotiations in November last year, a business combination between IMMOFINANZ and S Immo is still being considered (as flagged by S Immo's CEO in April 2020). IMMOFINANZ acquired 19.5m shares in S Immo for €390m back in 2018 and is currently its largest shareholder with a c 26.5% stake. Moreover, we note that real estate investor and recently appointed CEO of IMMOFINANZ Ronny Pecik (together with his business partner Norbert Ketterer) has increased its stake in S Immo to 14.24% in January 2020 (after reaching 10.13% in October 2019). At the same time, he acquired a 10.7% stake in IMMOFINANZ in March 2020 (together with Peter Korbacka). Having said that, in the current turbulent economic environment (including volatile capital market valuations), a deal may not be at the top of the companies' agenda.

Management

S Immo has a two-tier board structure, where the management board (composed of two members) sits beneath the (non-executive) supervisory board.

Ernst Vejdovszky (CEO) has been on the company's board since 2001 and was previously board member of Sparkassen Immobilienanlagen AG (one of S Immo's predecessors as mentioned above) since 1986. At S Immo, he is responsible for finance, corporate communications, investor relations, acquisitions and disposals, risk management, audit and asset management in Germany.

Friedrich Wachernig was first appointed to the management board on 15 November 2007, after holding various development and management roles at Strabag AG, Raiffeisen Evolution GmbH and Porr Solutions GmbH in several Eastern European countries. He is responsible for project development, asset management in CEE and Austria as well as legal, compliance, organisation, IT and HR areas. Current mandates of both board members run until 30 June 2021.

As at the end-2019, S Immo's supervisory board consisted of eight members, including Martin Simhandl, who serves as its chairman. He is one of four members sitting on the board for at least 10 years and his current mandate runs until the AGM in 2020.

Market outlook

COVID-19

While European property markets have demonstrated solid fundamentals in recent years, the coronavirus outbreak has introduced increased uncertainty, forcing governments to impose severe restrictions to limit the spread of the pandemic (see Exhibit 7). These measures, including the lockdown of hotels, shopping centres and, in some cases, unessential industrial production, have had a significant impact on the property markets in which S Immo operates.

Exhibit 7: Restrictions introduced in response to COVID-19

	Non-essential movement banned	Land borders closed	Non-essential shops closed	Non-essential business closed	Events suspended
Austria	16 March 2020	Not imposed*	16 March 2020	16 March 2020	10 March 2020
Croatia	21 March 2020	19 March 2020	18 March 2020	14 March 2020	09 March 2020
Czech Republic	16 March 2020	16 March 2020	14 March 2020	14 March 2020**	11 March 2020
Germany	22 March 2020	16 March 2020	22 March 2020	22 March 2020**	20 March 2020
Hungary	28 March 2020	17 March 2020	17 March 2020	17 March 2020**	11 March 2020
Romania	25 March 2020	21 March 2020	21 March 2020	21 March 2020	08 March 2020
Slovakia	16 March 2020	13 March 2020	16 March 2020	16 March 2020	10 March 2020

Source: Oxford COVID-19 Government Response Tracker. Note: *Although closed to most arrivals from Switzerland and Italy. **Closed along with non-essential shops.

At this stage it seems premature to quantify the impact, but it will likely involve:

- Decline in rental income as a consequence of temporary rents reduction/suspension (short term) or renegotiations (long term).
- Higher vacancy rates as some tenants reduce their business scope or become insolvent.
- Increase in capitalisation yields leading to lower property valuations, although the recent interest rate cuts and monetary stimulus may be a partial offsetting factor.

Hotel and retail properties are experiencing the strongest immediate impact, while office and residential markets seem to be affected to a lesser extent. However, a prolonged lockdown could weigh on rents and property prices in the latter two segments as well. In the long run, it may also potentially lead to corporates' willingness to introduce more extensive work-from-home arrangements, negatively affecting office space demand.

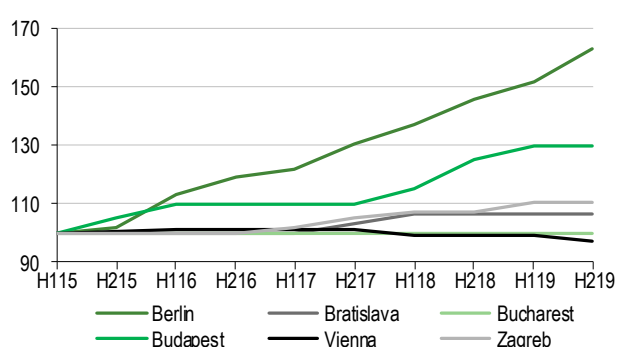
On the other hand, the increase in global risk awareness may attract capital to safe havens such as German residential and office properties. At the same time, we note there are multiple government support measures that have already been introduced or are being discussed. This includes, among others, partial funding of employee wages, full funding of social security contributions, as well as dedicated lending facilities, guarantees and tax deferrals for corporates.

S Immo's key office markets were buoyant in 2019

Prime office rents in S Immo's end markets have exhibited positive momentum overall, with Berlin and Budapest rents growing particularly strongly over 2016 to 2019 with a CAGR of 12.4% and 5.5%, respectively (see Exhibit 8). These markets represented 43% and 13% of S Immo's main lettable office area at end-2019.

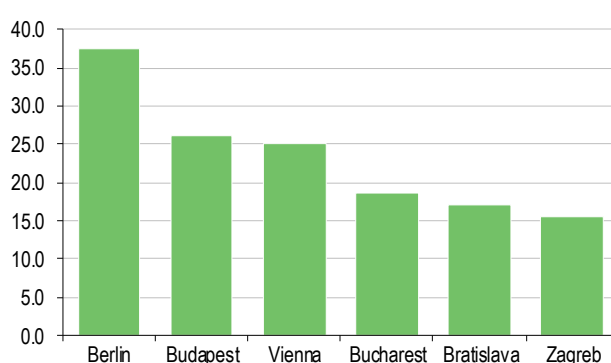
Berlin had a record-high take-up in FY19 at 998,500 sqm, assisted by higher lettings in the segment of office space in excess of 10,000 sqm, driven by a growing number of companies relocating to the capital centre or expanding their existing offices, according to JLL. The vacancy rate in the German capital city stood below 2% at end-2019 (1.8% as per JLL data). Prime yields in Berlin reached 2.7% after multiple years of compression (yields stood at 4.0% at end-2015, see Exhibit 10).

Exhibit 8: Prime office rents development in S Immo's end-markets (€ per sqm indexed)



Source: S Immo's annual reports based on CBRE estimates

Exhibit 9: Prime office rents in S Immo's end markets (H219, € per sqm)



Source: S Immo's annual report FY19 based on CBRE estimates

Budapest particularly strong in S Immo's CEE markets

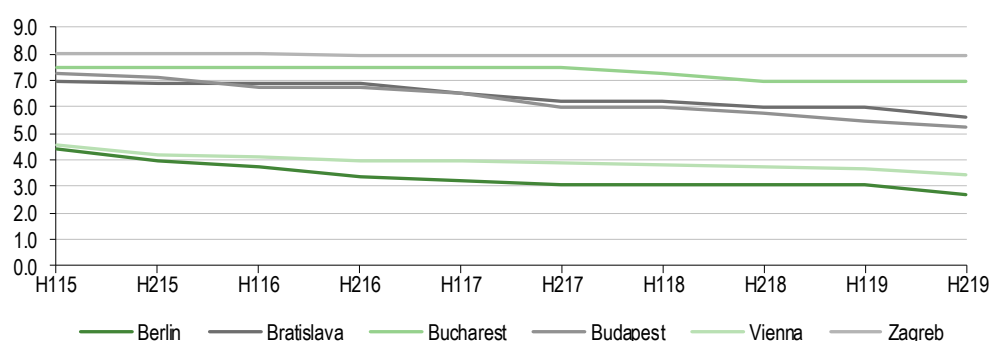
In Budapest, while take-up fell slightly in 2019 to 361,980 sqm, demand for office space remains high, as illustrated by the 10% increase in the share of pre-let agreements compared to 2018 according to BNP Paribas Real Estate. These now account for 35% of total annual take-up. Vacancy rate reached a historically low level at 5.6% and prime yields compressed further to 5.25% amid solid investor demand. Meanwhile, prime rents in Zagreb (c 6% of S Immo's office area) and

Bratislava (11%) increased on average by 2.6% and 1.5% per year over 2016 to 2019, respectively, while rates in Bucharest (9%) remained broadly flat. Prime yields in Bucharest and Zagreb remained stable in 2019 at 8.0% and 7.0%, respectively, while Bratislava saw some compression to 5.6% (compared to 6.0% at end-2018, according to CBRE).

High demand from foreign investors in Vienna

Vienna exhibits the characteristics of a stable and relatively saturated market, with prime rents remaining broadly stable at €25.50 per sqm in 2019, according to EHL. A low level of completions has translated into a lower take-up in 2019 compared to prior year (down by c 10–20% based on EHL and CBRE data). Amid limited supply of land plots in prime locations, tenant demand should be focused on high-quality refurbishments in CBD locations or new submarkets, according to EHL. Around 40% of the space to be completed in 2021 was already pre-let in 2019, according to CBRE. Prime yields continued to decline and reached 3.25% at end-2019, with a robust investment market driven by international investors (particularly from Asia).

Exhibit 10: Prime office yields development in S Immo's end-markets



Source: S Immo's annual reports based on CBRE estimates

The **Romanian retail market** saw 171,000 sqm of new modern stock in 2019, with Bucharest representing only 20%, according to CBRE. Around 40% of new supply were extensions of existing shopping centres. During the year, 14 new retail brands entered the Romanian market, with 50% being fashion retailers (eg Victoria's Secret). Prime rents remained at €60 per sqm for shopping centres in FY19.

Berlin rental cap affecting residential rents

Overall, the German residential market continued to expand, with building approvals up 4% to 360.6k in FY19, according to the Federal Statistical Office (Destatis). The Central Association of the German Construction Industry and the Ifo Institute for Economic Research estimates the number of completions for the year amounted to 300k, which represents a c 4.9% y-o-y increase. This has somewhat dampened rent growth across the major German cities (Berlin, Hamburg, Cologne, Frankfurt, Düsseldorf, Stuttgart and Leipzig) to 4.1% in FY19 (vs 2014 to 2018 average at 5% pa), according to JLL. However, housing prices continued to rise strongly at 10.2% y-o-y, assisted by the continued housing deficit.

Although overall demand-supply dynamics has been favourable for property investors, the Berlin residential market is subject to a five-year rental cap (covering 90% of rental properties in Berlin), which was approved by local authorities on 30 January 2020. The rents are effectively frozen at the levels of 18 June 2019, which implies an upper rent limit between €3.92 and €9.80 per sqm (depending on the construction year and fittings) for buildings with three or more residential units. For contracts signed after this date, the rent level cannot exceed that for the previous contract for the same residential unit (or the lowest regulatory rental cap). The regulation also limits the rent

increase as a result of property modernisation to a maximum of €1.00 per sqm (irrespective of the number of modernisations completed while the law is in force). No rent hikes can be introduced until 2021 and from 2022 only rental growth up to 1.3% pa will be possible.

While the new law came into effect on 23 February 2020, we note that the prohibition of excessive rents for existing contracts (which are more than 20% ahead of the level allowed for the given location) is effective after nine months, so from 23 November 2020. Moreover, we highlight that it is the responsibility of the tenant (not the district authorities) to follow through with the restriction. Finally, the regulation is now subject to Federal Constitutional Court after a Berlin district court found it unconstitutional and referred it for a definitive ruling (Deutsche Bank mentioned in its report from February 2020 that a verdict is expected in autumn 2020).

Sensitivities

Based on our examination of S Immo's business profile, as well as the current market environment, we have identified a number of sensitivity factors that we discuss below.

COVID-19

The coronavirus-induced lockdown is likely to have an adverse impact on S Immo's business, at least in the short term. Apart from the factors affecting property investors already discussed in the market outlook section above, we would also like to flag the likely lower earnings from the two hotels S Immo operates (Marriott Vienna and Marriott Budapest) due to lower level of bookings and revenue per available room (at least over the next few months).

We believe the COVID-19 lockdown will have the greatest drag on S Immo's hotel and retail properties, which overall represented c 15% and 18% of portfolio value at end-2019 (if both Marriott hotels are accounted for at fair value), with office (39%) and residential properties (27%) likely to see more moderate impact (although it could be exacerbated by a likely subsequent economic recession). S Immo is actively liaising with its tenants to identify optimal solutions on an individual basis, including rents reduction or suspension. At the same time, it explores trade-off opportunities, such as agreeing to a rent suspension for a certain short period in exchange for an earlier lease contract extension agreement. We also note that governments are considering various support measures which could improve the financial standing of S Immo's tenants and assist its continued rental income.

For hotels operated by S Immo, we understand that variable expenses represent around 65–75% of their cost base (with most staff employed through fixed-term contracts), which at least partially mitigates the negative financial impact. For illustrative purposes, based on S Immo's FY19 figures an 80% decrease in monthly hotel revenues (and corresponding variable costs assumed at 70% of total cost base) would translate into a decline in gross profit of c €2.0m per month (excluding any seasonality) or 1.8% of S Immo's total annual gross profit.

At the same time, we note that none of S Immo's fully owned development projects are in the construction phase, where completion could be delayed due to the supply chain economic activity and impaired interaction with local authorities amid the COVID-19 lockdown. As discussed earlier, the company completed two projects in FY19 (The Mark office building in Bucharest and Einsteinova Business Center in Bratislava) with both being already fully let. In addition, the Siebenbrunnengasse project was sold to UBM Development last year. However, we note that S Immo is a partner in the JV developing the QBC project in Vienna (see above) where the last two buildings (already forward sold) are still under construction. Ahead of the introduction of the rental cap in Berlin, S Immo largely ceased its refurbishment efforts in this market segment.

From a liquidity and indebtedness perspective, we believe S Immo is well placed to withstand the current turmoil, given the high cash position (assisted by the share issue in January this year),

moderate LTV ratio, favourable debt maturity profile and an EBITDA coverage ratio of 2.1x in FY19 (see a detailed discussion below).

Berlin rental cap

We understand the introduction of the rental cap in Berlin should have a relatively moderate impact on S Immo given that its residential portfolio in Germany's capital city largely consists of affordable housing projects, with average rent per sqm at €7.35 (at end-June 2019), though obviously varying between locations. Moreover, the company was able to reduce its Berlin exposure through the disposal of a residential portfolio back in 2016 and has been focusing on office investments in Berlin for several years now (as discussed earlier in the note). Consequently, according to management, the current residential portfolio in Berlin represents less than 10% of S Immo's total revenue. Based on our discussion with management, we understand that around 400 of its total 1,900 residential units in Berlin have rents above the rental cap, with a full adjustment reducing S Immo's total rental income by c €1.6m pa (c 1.3% of the company's rental income in FY19). On top of this, the new regulation limits prospective rental growth as discussed earlier. As a result, the average rental growth at mid-single digit percentage levels per year experienced in the past in Berlin will not continue over the next few years.

From a short-term perspective, it is important to note the ban on excessive rents is effective from November 2020, which suggests the FY20 impact should be minor. Furthermore, we note that projects that S Immo plans to develop on the land plots it acquired around Berlin are not subject to the rental cap as they are in Brandenburg.

Increase in interest rates

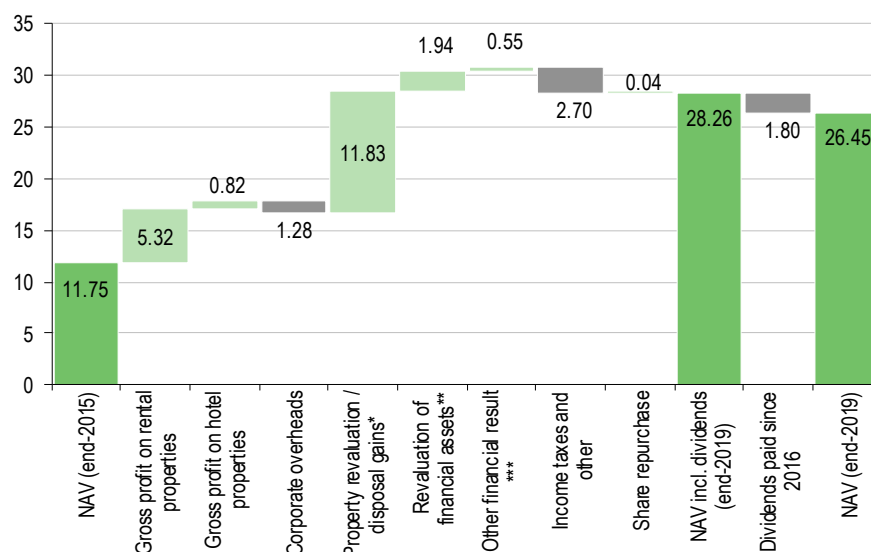
All of S Immo's corporate bonds have a fixed rate and are thus not subject to interest rate risk. While 85% of S Immo's loans were floating rate at end-2019, the company applies partial interest rate hedging. Still, an increase in EURIBOR by 100bp should translate into an increase in S Immo's cost of funding by 6bp, according to the stress test results disclosed in the company's 2019 annual report.

Financials

Solid EPRA NAV total return at c 25% pa in recent years

Over the 10 years ending 2019, S Immo was able to deliver an EPRA NAV TR at around 14.3% per year (according to our estimates). More recently, it has achieved particularly strong returns, with a 2016–2019 EPRA NAV TR at 25.2% pa, which we have decomposed in Exhibit 11. This four-year period is the longest timeframe for which we have the required data granularity to perform the analysis.

Given the current challenging environment, it is instructive to examine the company's performance during the global financial crisis of 2008/09 as well. However, we note that the company's portfolio exposures were quite different from the current ones (eg Germany was 29% of portfolio value vs c 48% at end-2019), including several ongoing development projects (representing 23% of portfolio value at that time). According to our estimates, S Immo's NAV per share in the 2-year period between end-2007 and end-2009 declined by 20% (no dividends were paid in these years) and the company was able to fully recover these losses around 2013-2014.

Exhibit 11: S Immo's EPRA NAV growth decomposition 2016–19 (€ per share)


Source: S Immo data, Edison Investment Research. Note: *Includes revaluation of owner-operated hotels. **Includes predominantly S Immo's stakes in IMMOFINANZ and CA Immobilien Anlagen, as well as some minor group interests. ***Includes dividends from IMMOFINANZ and CA Immobilien Anlagen.

We believe the company's strong performance in recent years is a function of the successful implementation of its active approach to property cycles (as discussed above). S Immo's NAV TR was particularly driven by property revaluation and disposal gains, which contributed 18.8pp per year (before any operating/financial expenses and taxes). In the period 2016–2019, the company's rental revenue (excluding operating costs recharged to tenants) grew slightly by c 2% overall (adjusted for the reclassification of €5.4m revenues in 2019, which until 2018 were classified as an operating cost recharge). This was accompanied by a minor net increase in main lettable space (1,011,097 sqm at end-2019 compared to 1,001,126 sqm at end-2015), as the company sold around 1,500 residential units in Berlin and Hamburg in 2016 (one-third of its German residential portfolio at that time), but subsequently continued expanding its German residential and office portfolio. Meanwhile, it sold seven commercial properties in Vienna, Sofia and Budapest over 2017–2019, while acquiring the HOTO Tower office building in Zagreb and completing the development of The Mark office property in Bucharest in 2019.

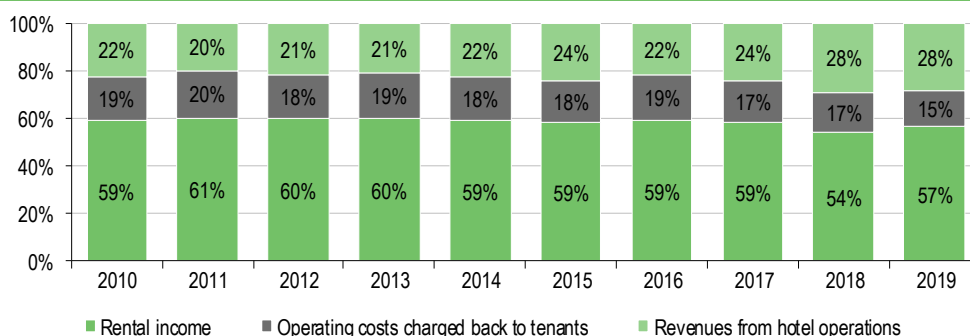
Rents per square metre across S Immo's portfolio remained broadly stable during the period 2016 to 2019 and the company's gross margin on rental activities was 76% in FY19 (see Exhibit 12) versus its five-year average of 78%. At the same time, S Immo benefitted from a compression in rental yield, which across its portfolio went down from 6.7% in 2015 to 5.4% in 2019. The occupancy rate across S Immo's portfolio improved to 95.7% at end-2019 from 92.7% at end-2015.

On top of rental income, the company also generates recurring revenue from the hotels it operates under management agreements. These include Vienna Marriott and Budapest Marriott, which were acquired in 2000 and 2005, respectively. The company generated a gross profit on its hotel operations at €16.9m in FY19 (vs €16.7m in FY18) with a gross margin at 29% (FY18: 31%). We estimate that income from hotel operations added around 1.3pp per year to S Immo's NAV TR in 2016–2019. The split of S Immo's recurring revenue is presented in Exhibit 13.

Exhibit 12: S Immo's selected financials

€000s unless otherwise stated	2016	2017	2018	2019
Total revenues	198,754	191,421	192,441	210,427
Gross profit	105,970	98,178	102,956	109,706
<i>of which:</i>				
Gross profit on rental activities	91,679	85,578	84,282	90,373
Gross profit on hotel operations	10,886	9,734	16,726	16,852
Other operating income	3,405	2,866	1,948	2,481
<i>gross margin on rental activities</i>	<i>78%</i>	<i>76%</i>	<i>81%</i>	<i>76%</i>
<i>gross margin on hotel operations</i>	<i>25%</i>	<i>21%</i>	<i>31%</i>	<i>29%</i>
Gains on property disposals	5,133	10,341	0	0
Management expenses	(18,635)	(18,963)	(19,863)	(22,669)
EBITDA	92,468	89,556	83,093	87,037
Results from property revaluation	194,035	127,592	167,814	192,671
IFRS EPS (€)	2.98	1.97	3.08	3.21
EPRA EPS (€)	0.45	0.53	0.78	0.77

Source: S Immo data, Edison Investment Research

Exhibit 13: Revenue split


Source: S Immo data, Edison Investment Research

Recurring income and revaluation of S Immo's properties were supplemented by an increase in value of its minority stakes in IMMOFINANZ and CA Immobilien Anlagen. Between the summer of 2016 (around the time when S Immo started investing in these companies) and end-2019, their share prices went up by around 20% and 150%, respectively. Consequently, the value of S Immo's holdings was €556.2m compared to acquisition costs at €425.8m. This added c 2.4pp pa to S Immo's NAV TR over 2016–2019. In 2020 to date, however, their share prices declined by 32% and 24% amid the broader market selloff, respectively (bringing the value of S Immo's stakes to around €387m). We estimate that if these share price levels persist, this will have a negative impact on S Immo's NAV of c 8.8% (or €2.34 per share). At the same time, we note that at end-2019, these companies traded at a discount to their last reported NAVs of c 19% and 2%, respectively.

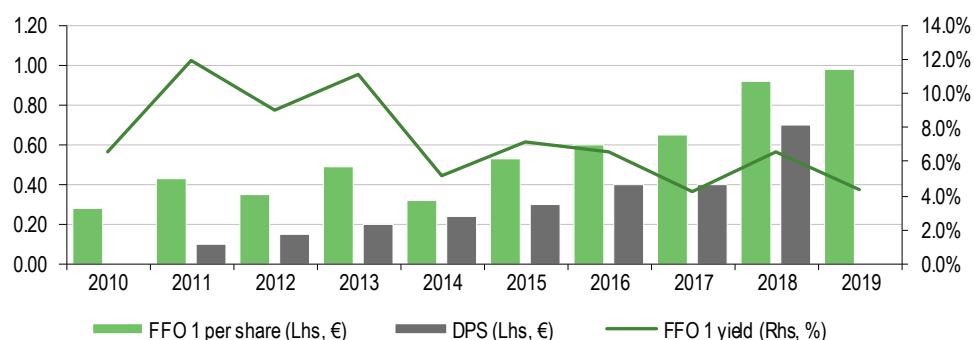
S Immo has also received dividends from IMMOFINANZ and CA Immobilien, representing a total income of €36.4m. In FY19 alone, this amounted to €17m based on a dividend from IMMOFINANZ at €0.85 per share and from CA Immobilien Anlagen at €0.90 per share. The management of CA Immobilien Anlagen has already recommended a dividend increase to €1.00 per share.

IMMOFINANZ plans a dividend distribution from FY19 figures at 75% of the pre-tax FFO 1 (incl. dividend received from S Immo), which according to our calculations implies c €0.96 per share.

S Immo has been a regular dividend payer since 2012 (from 2011 earnings) and has increased its dividend per share every year except for the dividend paid from FY17 earnings which was stable y-o-y. Consequently, its DPS grew at a solid 2011–2018 CAGR of c 32%. This was assisted by continuous growth in FFO 1 (2010–2019 CAGR at c 15%), as illustrated in Exhibit 14 and translated into an FFO 1 pay-out ratio of around 40–75%. The dividend proposal from FY19 earnings has not been communicated yet, although the management flagged earlier that it intends to propose the distribution of €0.70 per share (in line with the prior year). Moreover, the company repurchased a

total of 2.8% of S Immo's share capital in the period 2011–2016, providing some minor NAV PS accretion. In March 2020, the company launched a new buyback programme with a total volume of up to 2.2m shares (representing c 3% of its share capital), which is expected to end on 30 September 2020.

Exhibit 14: S Immo's FFO 1 per share and DPS over 2010–2019 (€)



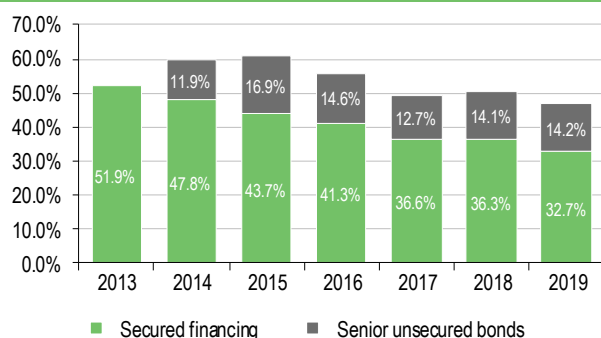
Source: S Immo data. Note: Dividends shown are per the year of earnings they are paid out from. The dividend for FY19 has not been declared yet. FFO 1 calculation method changed in 2012. FFO 1 yield based on share price at the end of the respective calendar year.

Balance sheet: Moderate LTV below 50%

S Immo's leverage at group level has become more conservative in recent years, with its net LTV improving to 46.9% at end-2019 (with 32.7% attributable to secured financing and 14.2% to unsecured bonds) from 60.6% in 2015 (see Exhibit 15). While we consider this level moderate, it is at the upper bound of the corresponding range for its peers (included in the peer valuation section) at around 32-45%. Here, it is worth pointing out the property value used to calculate the ratio includes S Immo's stake in listed IMMOFINANZ and CA Immobilien Anlagen (at end-2019, it stood at €553m of €2.92bn). If we account for their year-to-date share price declines, the LTV will stand at around 50%. Simultaneously, S Immo's EBITDA interest coverage ratio (excl. valuation/disposal gains) remained at a relatively safe level, 2.1x in FY19 (see Exhibit 16).

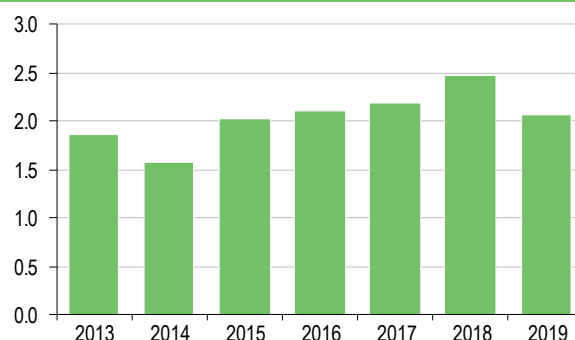
The company's equity ratio (calculated as total equity to total assets) went up to 43% at end-2019 from 31% in 2015. This was largely a function of accumulated profits (derived from both recurring rental income as well as property revaluations/disposal gains) and modest growth in total debt outstanding (€1.52bn at end-2019 compared to €1.27bn in 2015). The equity ratio was further assisted by the successful share issue (representing 10% of the company's share capital) completed in January 2020, with gross proceeds of €148.9m.

Exhibit 15: S Immo's loan to value evolution



Source: Company data, Edison Investment Research. Note: As interest paid on participating notes was a function of group EBIT (see below), they have not been included in the LTV calculations.

Exhibit 16: S Immo's EBITDA interest coverage ratio

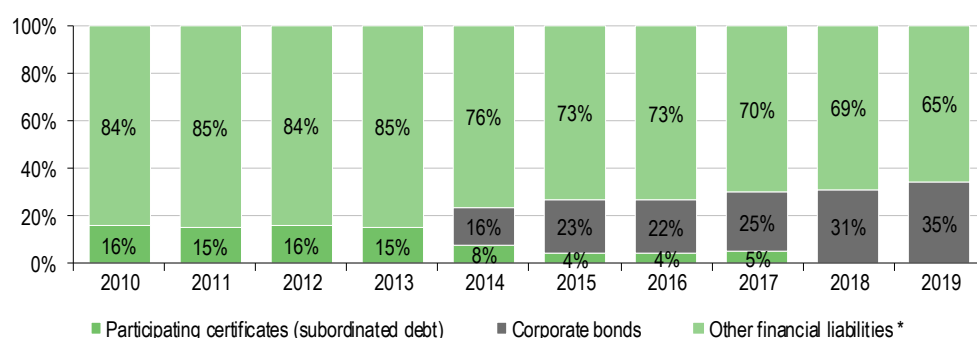


Source: Company data, Edison Investment Research. Note: calculated based on EBITDA excluding valuation/disposal gains and interest expense excluding participating certificates and effects arising from hedge accounting and the measurement of derivatives through profit and loss.

Higher-cost subordinated debt replaced by bonds

Over 2010–2013, the company's debt structure was broadly stable with other financial liabilities (mostly mortgage-backed loans) making up 85% with the remaining 15% (or c €186.7m at end-2013) attributable to the so-called participating certificates, which is a form of subordinated debt (see Exhibit 17). Holders of these certificates received an annual interest calculated as the ratio of consolidated EBIT to the average value of S Immo's property portfolio (excluding development projects) multiplied by the sum of participating certificate capital and profit brought forward. Over time, however, the company gradually retired this form of subordinated debt through repayment as well as successful offers to exchange these for newly issued senior unsecured corporate bonds.

Exhibit 17: S Immo's debt structure evolution



Source: Company data, Edison Investment Research. Note: *Includes primarily mortgage-backed loans, as well as derivative liabilities, leasing liabilities and deposit.

We estimate the average cost of funding associated with participating certificates based on S Immo's consolidated EBIT to average portfolio value in the period 2013–2017 at c 10% per year (certificates were fully repaid in 2018). At the same time, the effective (fixed) interest rate of senior unsecured corporate bonds issued by the company in 2014 and more recently in 2018–2019 is visibly lower at around 1.90–4.66% (with a weighted average 2.45% at end-2019, see Exhibit 18). Total nominal value of outstanding bonds at end-2019 stood at €525.4m, which represented around 35% of the company's total debt. Meanwhile, S Immo's interest rate on its long-term loans (after accounting for hedging) was assisted by the decline in three-month EURIBOR. Consequently, the company's average interest rate (including bonds and hedging) stood at 2.30% at end-2019 (vs 3.46% at end-2015).

Exhibit 18: S Immo's outstanding senior unsecured bonds

ISIN	Nominal value (€000s)	Effective interest rate	Maturity	Tenure	Year of issue
AT0000A177D2	28,549	4.66%	2021-06-17	Seven years	2014
AT0000A1DBM5	33,994	3.36%	2025-04-09	10 years	2015
AT0000A1DWK5	65,000	3.31%	2027-04-21	12 years	2015
AT0000A1Z9D9	100,000	1.90%	2024-02-06	Six years	2018
AT0000A1Z9C1	50,000	2.93%	2030-02-06	12 years	2018
AT0000A285H4	150,000	1.96%	2026-05-22	Seven years	2019
AT0000A2AEA8	100,000	2.01%	2029-10-15	10 years	2019
Total	527,543	2.45%	2026-09-21	-	-

Source: Company data, Edison Investment Research

Favourable maturity profile

At end-2019, only 15% (€157.6m) of S Immo's other financial liabilities had a maturity below one year, while the weighted average final maturity of its long-term loans was 5.6 years. At the same time, we note that none of its corporate bonds mature in 2020 (see Exhibit 18). Finally, the company's liquidity is assisted by unused credit lines of €83.3m it had at its disposal at end-2019 (on top of cash and equivalents of €111.7m, before the capital raise in January 2020). We also note

that S Immo's senior unsecured bonds have no embedded covenants other than a change of control clause.

Peer valuation

For valuation purposes we have prepared a peer group of real estate investment companies active in S Immo's end-markets. These include its two closest domestic competitors: CA Immobilien Anlagen and IMMOFINANZ. Both companies invest in commercial properties, with the former specialising in office buildings in the capital cities across Central European countries, while the latter has a broader focus comprising retail properties in the seven core markets in CEE: Austria, Germany, Poland, Czech Republic, Slovakia, Hungary and Romania. Given a significant part of S Immo's portfolio is located in Germany, we have added local comparators including LEG Immobilien and Grand City Properties, focused on residential units located around the largest and up-and-coming cities. We have also added TLG Immobilien and Demire, which manage portfolios of commercial properties (mainly office and retail) with the former holding also several hotels located in Berlin, Dresden, Leipzig, and Rostock (see Exhibit 19).

Exhibit 19: Peer group valuation

Company name	Market cap (€m)	P/NAV (x)			FFO yield (%)			Dividend yield (%)	
		2019	2020e	2021e	2019	2020e	2021e	2020e	2021e
CA Immobilien Anlagen	2,826	0.74	0.88	0.85	4.7	4.5	4.9	3.7	4.0
IMMOFINANZ	1,831	0.53	0.58	0.57	5.1	6.4	6.8	5.8	6.3
LEG Immobilien	7,244	0.99	1.09	1.02	4.7	5.2	5.5	3.6	3.8
TLG Immobilien	1,772	0.48	0.51	0.51	8.3	9.7	10.0	6.8	7.1
Grand City Properties	3,167	0.77	0.65	0.65	6.7	6.5	6.8	4.6	4.8
Demire	462	0.68	0.55	0.55	7.5	8.4	9.5	0.0	2.7
Peer average	-	0.70	0.73	0.69	6.2	6.8	7.2	4.1	4.8
S Immo	1,177	0.62*	0.60	0.57	5.5	4.8	6.2	3.6	4.6
Premium/(Discount) to peers	-	(11%)	(18%)	(18%)	(66bp)	(196bp)	(99 bp)	(43bp)	(24bp)

Source: Refinitiv. Note: Priced at 5 May 2020. Note: *Adjusted for the share issue in January 2020.

It is instructive to review the key market multiples at which S Immo and its peers are trading. As we have not prepared our own forecasts for S Immo, we have examined P/NAV, FFO yield and dividend yield, calculated on reported figures for FY19 and Refinitiv consensus data for 2020e and 2021e. That said, we note that consensus forecasts may not be completely reliable at this stage as they may not be fully updated to reflect the impact of COVID-19. The positive NAV and FFO growth in 2020 versus 2019 for several companies implied by current Refinitiv numbers may suggest this is the case. At present, most companies from the analysed group trade at a significant discount to their last reported NAV (close to c 30% on average). S Immo is trading at a P/NAV ratio of c 0.62x based on last reported figure (adjusted for the capital raise in January 2020), which represents an 11% discount to peer group. It trades at a c 18% discount to peers on 2020e and 2021e consensus estimates. As highlighted earlier, we note that S Immo's end-2019 net LTV is broadly in line with the peer group (though at the upper end of the range). S Immo's FFO yield (calculated as FFO 1 divided by the current share price) and dividend yield are somewhat below the peer group average.

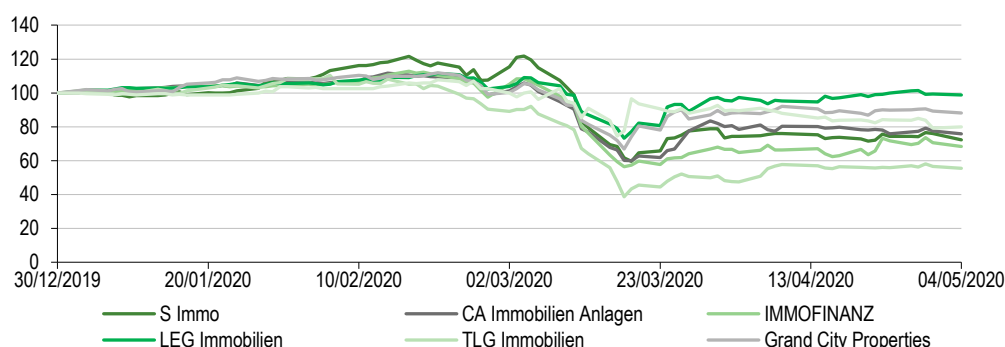
We note that NAV reported at end-2019 does not account for the potential decline in property values in response to the current adverse macro environment. We understand the near-term impact varies depending on the real estate sector, with hotel and retail being hit more than office and residential. Consequently, we have compared S Immo's sector exposure to its peers (see Exhibit 20).

Exhibit 20: S Immo and peer group sector exposure (based on carrying value at end-2019)

	Office	Retail	Residential	Hotel	Other
S Immo	39%	18%	27%	15%	-
CA Immobilien Anlagen	89%	2%	-	7%	2%
IMMOFINANZ	63%	37%	-	-	-
LEG Immobilien	-	-	~100%	-	-
TLG Immobilien	60%	28%	-	7%	5%
Grand City Properties	-	-	100%	-	-
Demire	63%	26%	-	-	10%

Source: Company reports, Edison Investment Research. Note: S Immo figures calculated based on fair value of owner-operated hotels.

While the extent of discount to NAV at which the respective companies are trading at the moment may be due to various factors, we note that IMMOFINANZ, which has the highest exposure to retail in the group, is traded at a deeper discount. At the same time, LEG Immobilien (a pure-play residential company) and CA Immobilien (largely focused on office real estate) are traded closer to NAV. In this context, we note S Immo's limited exposure to retail, but more significant exposure to hotel properties. In Exhibit 21, we present the ytd share price performance of S Immo and its peers.

Exhibit 21: Ytd share price performance of S Immo vs peers


Source: Refinitiv

We have also examined how S Immo compares to its peers with respect to historical NAVPS TR (see Exhibit 22). The company has been the top-performer over the five-year period ending 2019. Moreover, its 10-year NAVPS TR of 14.3% per year is ahead of both of its domestic peers: CA IMMO (c 9%) and IMMOFINANZ (close to 0%), according to our estimates. This suggests that no additional discount to the peer group on the P/NAV ratio is warranted by its historical performance relative to peers.

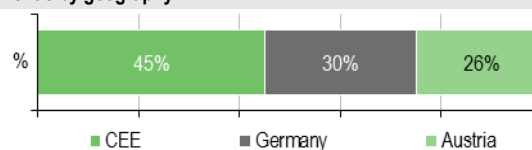
Exhibit 22: Historical NAVPS TR performance S Immo vs peers

	Five-year EPRA NAVPS TR
S IMMO AG	22.6%
CA Immobilien Anlagen	14.4%
IMMOFINANZ	(5.0%)
LEG Immobilien	18.7%
TLG Immobilien	20.5%
Grand City Properties*	20.5%
Demire	17.3%
Average (excl. S Immo)	14.4%

Source: Company data, Edison Investment Research. Note: *Excluding perpetual notes.

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Revenue by geography

Management team
CEO: Ernst Vejdovsky

Ernst Vejdovsky has been on S Immo's board since 2001 and was previously board member of Sparkassen Immobilienanlagen AG (one of S Immo's predecessor as mentioned above) since 1986. At S Immo, he is responsible for finance, corporate communications and investor relations.

Board member: Friedrich Wachernig

Friedrich Wachernig was first appointed to the board on 15 November 2007, after holding various development and management roles at Strabag AG, Raiffeisen Evolution GmbH and Porr Solutions GmbH in several Eastern European countries. He is responsible for project development, asset management in CEE and Austria as well as legal, compliance, organisation, IT and HR areas. Current mandates of both board members run until 30 June 2021.

Principal shareholders

	(%)
IMMOFINANZ	26.5
Ronny Pecik and Norbert Ketterer (indirectly through ETAMIN GmbH and HAMAMELIS GmbH)	14.2
Free Float	59.2

Companies named in this report

IMMOFINANZ, CA Immobilien Anlagen, Demire, TLG Immobilien, LEG Immobilien, Grand City Properties, UBM Development, Vonovia, Conwert, Erste Bank

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