

2020 numbers far above our expectations, good cash earnings, friendly revaluation, healthy balance sheet, high liquidity to exploit market opportunities, target up to € 41.00

Yesterday evening, CA Immo delivered very pleasing numbers with the publication of the 2020 annual report. The rental income was up 7% to Euro 236m, the net rental income even +8% to Euro 210m. **The cash-driven EBITDA operating profit was up +14% to Euro 196m and far above our expectation (Euro 156m). Without one-off reserves for the BUWOG compensation lawsuit, it would have even rocketed to Euro 221m, by 29%. Despite the Covid 19 pandemic and a low number of negative one-offs at rentals (Euro -7.8m), the firm managed a stable FFO I of Euro 133.8m (2019: 133.3m) and above the firm's target (> Euro 126m), and keep in mind, this time without the Immofinanz dividend (Euro 4.7m in 2019). FFO II including the trading gains and taxes steeply increased from Euro 122m in 2019 to Euro 141m, by 15%.**

The revaluation picture was friendly, as they already stated with adhoc from 10 February. The net revaluation result was at Euro +183.5m (2019: 462.8m). Our reval forecast was positive, as well, but clearly below, at only Euro 38m. **The significant portfolio growth of 8% to Euro 5.6bn was achieved by own completions (one in Berlin and one in Munich) and by three acquisitions (two in Berlin, one in in Warsaw).** The capital allocation was improved by selling non-strategic assets, like in Zagreb and some land plots in Germany, as well as the lucrative sale of landmark office cube Berlin (17.5k sqm) in July 2020 to Nuveen Real Estate. All sales have been above the book value and monetized future profits.

The overall portfolio is very stable, with an occupancy level of 94.8%, just a notch below 2019 (96.1%) and stable yielding at 5.2% (2019: 5.5%). The project pipeline is well filled with three properties to be completed in the second half of 2021 for the own stock (one in Mainz/ Germany, two in Prague), the ONE landmark office in Frankfurt (68k sqm) to be completed in 1Q 2022 and the two Berlin based Grasblau office near Potsdamer Platz (13k sqm) and Highrise at Europaplatz (23k sqm) to be completed in 2022 and 2023. In addition, on 10 March, CAI announced a rental contract with Deutsche Kreditbank about 35k sqm (100% pre-let) that will lead to start the Upbeat highrise development in Berlin in 2H 2021, a Euro 300m project to be completed in 2025 with DGNB Gold / WiredScore Platin level.

The balance sheet remains very healthy with an equity ratio of 46% (2019: 50%), the low net LTV of 34% did not too much change to 2019 (32%). The cost of debt significantly came down from 1.79% to 1.50%, as CAI tapped the bond market twice in last year (Euro 400m benchmark bond at 0.875% for 7 years and Euro 350m green bond with 1.0% for 5 years). The liquidity position is very high as cash position doubled to Euro 935m (2019: Euro 439m). **The full pockets allow to start new lucrative developments like DKB or to strengthen the own book by some more acquisitions. EPRA NAV per share was up +7% from Euro 38.36 to Euro 41.05. With the good numbers and profitable growth in past and in coming years, we lift our target now to Euro 41.00 and our rating from Accumulate to Buy. The stable dividend of Euro 1.00 yielding for almost 3% at present is another argument. More positive news expected with 1Q report on 26 May, also including a new FFO guidance.**

Price (Euro)	35,90			
52 weeks range	41.85 / 20.65			
Key Data				
ISIN	AT0000641352			
Reuters	CAIV.VI			
Bloomberg	CAI AV			
Reporting standard	IFRS			
Market Cap (Euro million)	3.547			
Number of shares (million)	98,8			
Free Float	58%			
Free Float Market Cap (Euro million)	2.057			
CAGR EBITDA cash profit ('20 - '23e)	11,1%			
Multiples				
	2020	2021	2022e	2023e
Market Cap/ Total revenues	10,2	9,8	9,1	8,5
PE-Ratio	13,2	17,7	14,7	12,2
Dividend Yield	2,8%	3,1%	3,3%	3,6%
Price-to-Book-Ratio	1,07	1,01	0,97	0,93
P/ NAV-ratio	0,87	0,84	0,80	0,77
Key Data per share (Euro)				
	2020	2021	2022e	2023e
Earnings per share (EPS)	2,73	2,03	2,45	2,95
Dividend per share (DPS)	1,00	1,10	1,20	1,30
Book Value per Share (BVPS)	33,63	35,51	37,00	38,56
EPRA NAV per share	41,05	42,55	44,69	46,87
EPRA NNNAV	36,15	37,95	39,58	41,89
Financial Data (Euro '000)				
	2020	2021	2022e	2023e
Total revenues incl net disposal gains	348.913	363.083	388.446	417.478
Rental income	235.609	248.778	265.443	271.999
Admin expenses	-73.176	-52.147	-53.447	-55.102
EBITDA profit (cash-driven)	195.584	230.662	238.559	268.120
Net result from revaluations	183.499	66.420	112.710	141.802
Operating profit (EBIT)	375.448	294.252	347.750	411.322
Net financial result	-27.154	-48.319	-53.447	-56.701
Pre-tax profit (EBT)	348.295	245.933	294.303	354.621
Taxation	-94.341	-57.441	-66.591	-79.984
Net profit after minorities	253.948	188.481	227.700	274.608
Shareholders' equity (Euro million)	3.128	3.303	3.442	3.587
Property assets let (Euro million)	4.736	5.091	5.461	5.793
Property assets under development	702	1.056	846	815
RoE (pre-tax)	11,1%	7,4%	8,5%	9,9%
RoE (after tax)	8,3%	5,9%	6,8%	7,8%
Equity ratio	45,9%	47,8%	48,5%	48,6%
Main Shareholders				
Starwood	30%			
S IMMO	6%			
Own shares	6%			
Financial calendar				
AGM			6 May 2021	
1Q 2021 report			26 May 2021	
1H 2021 report			25 August 2021	

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CA Immobilien Anlagen AG

Industry: Real Estate
Sub-segment: Office/ Commercial
Country: Austria
Headquarter: Vienna
Foundation: 1990
Employees (year-end 2019) 437

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Management Board of CA Immo

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 Keegan Viscius (CIO)
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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 2020 a gross asset value of about Euro 5.6bn allocated in Germany (47%, mainly Berlin, Frankfurt and Munich), Austria (11%, mainly Vienna) and CEE (42%, mainly Warsaw, Budapest, Prague and Bucharest).

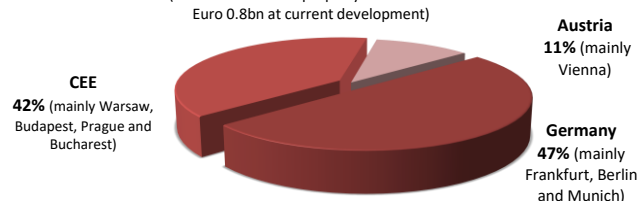
In the last years CA Immo further sharpened its specialist profile, especially by disposing some non-strategic assets like logistics assets or assets which do not belong to the core regions of activity. By doing this, CA Immo rebalanced the group's portfolio picture towards office and towards the more 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 four years (Millenium Towers in Budapest and Campus 6.1 in Bucharest in former years and Warsaw Postepu 14 office in 2020 to give three 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 pandemic year 2020 offered another significant 8% jump to almost Euro 210m. The FFO I jumped by 11% to Euro 118.5m in 2018 and even surged 12.5% in 2019 to Euro 133.3m. The pandemic year 2020 offered a quite stable FFO I of Euro 133.8m. Keep in mind that the 2019 FFO was flattered by more than 4m in Immofinanz dividend payment, which was not included in the 2020 numbers. In 2020 CA Immo completed two developments, one in Berlin and one in Munich, and expanded the portfolio by three acquisitions (two in Berlin, one in Warsaw). These properties will contribute to the rental top-line from 2021 on as well as three completions coming throughout the year (one in Mainz / Germany and two in Prague). On the trading side, the CUBE Berlin with 17k sqm (investment volume Euro 114m) with the highest standards in sustainability and technology (DGNB Gold) was completed in 1H 2020 and handed over to Nuveen Real Estate in July 2020.

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. In 2020 the cost of debt even declined to 1.5%. 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%). A second Euro 350m green bond also came in last year with a 5 years duration and a 1.0% coupon. This issues helped 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 46%, a net LTV of only 34% and liquid funds of Euro 935m at year-end 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 remains stable at Euro 1.00 for FY 2020 (dividend proposal for the AGM on 6 May). 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 about Euro 1bn is over 90% for the own standing portfolio and should be more or less realized within the next four years. The newest addition to development portfolio is the Upbeat highrise in Berlin for DKB bank with 35k sqm to be finished until 2025. The Frankfurt based ONE highrise is to be finished in the first half of next year and has a current pre-let status of c. 50% (68k sqm).

Euro 5.6bn property portfolio at the year-end 2020

(thereof Euro 4.8bn property assets let and
 Euro 0.8bn at current development)



Source: Company Data, SRC Research

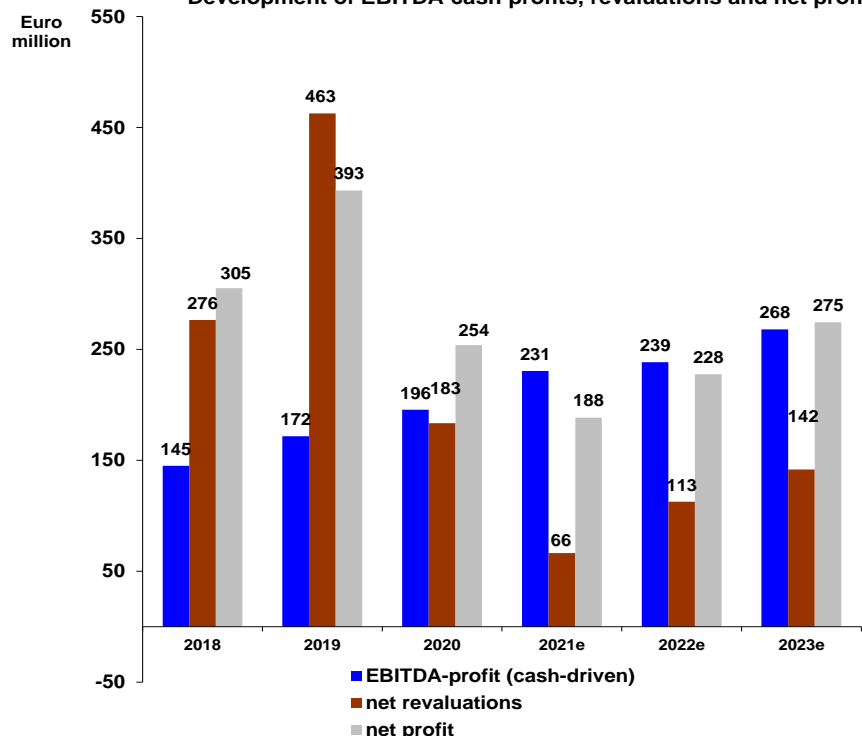
CA Immobilien Anlagen AG

31/12 IFRS ('000)

	2017	2018	2019	2020	2021e	2022e	2023e	CAGR '20 - '23e
Rental income	180.281,0	192.440,0	220.730,0	235.609,0	248.778,0	265.443,0	271.999,4	4,9%
Proceeds from property sale (Trading Portfolio)	29.216,0	44.417,0	12.344,0	43.335,0	56.447,0	84.771,0	112.443,0	
Expenses from property disposal (Trading Portfolio)	-15.664,0	-37.011,0	-13.617,0	-35.387,0	-42.583,0	-63.331,0	-83.737,0	
Subtotal Trading Portfolio	13.552,0	7.406,0	-1.273,0	7.948,0	13.864,0	21.440,0	28.706,0	
sale margin (Trading Portfolio)	46,4%	16,7%	-10,3%	18,3%	24,6%	25,3%	25,5%	
Proceeds from property sale (Hold Portfolio)	107.849,0	45.842,0	45.312,0	200.076,0	156.442,0	98.774,0	145.003,0	
Expenses from property disposal (Hold Portfolio)	-75.717,0	-37.616,0	-29.662,0	-156.146,0	-124.470,0	-79.170,0	-114.772,0	
Result from property sales (Hold Portfolio)	32.132,0	8.226,0	15.650,0	43.930,0	31.972,0	19.604,0	30.231,0	
sale margin (Hold Portfolio)	29,8%	17,9%	34,5%	22,0%	20,4%	19,8%	20,8%	
Operating costs passed on to tenants	51.263,0	55.828,0	51.757,0	53.260,0	59.011,0	71.445,0	75.668,0	
Revenues from construction	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Income from services	11.109,0	12.145,0	8.500,0	8.166,0	9.458,0	10.514,0	10.874,0	
Total revenues including the net gains from disposals	288.337,0	276.045,0	295.364,0	348.913,0	363.083,0	388.446,0	417.478,4	6,2%
Operating expenses	-55.696,0	-60.107,0	-55.326,0	-57.738,0	-56.114,0	-61.440,0	-62.101,0	
Other expenses directly related to Hold-Portfolio	-12.489,0	-12.961,0	-22.410,0	-21.466,0	-24.700,0	-30.004,0	-30.550,0	
Expenses for construction	-2.845,0	-6.141,0	-3.157,0	-2.154,0	-1.447,0	-6.554,0	-3.225,0	
Admin expenses	-44.618,0	-53.246,0	-43.464,0	-73.176,0	-52.146,9	-53.447,0	-55.102,0	
Own works capitalised	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Other operating income	1.051,0	1.485,0	721,0	1.204,0	1.987,0	1.558,0	1.620,0	
EBITDA-profit (cash-driven operating profit)	173.740,0	145.075,0	171.728,0	195.584,0	230.662,1	238.559,0	268.120,4	11,1%
Gains from Fair Value Adjustments (IAS 40)	182.045,0	293.220,0	491.752,0	352.110,0	122.856,0	145.522,0	155.243,0	
Losses from Fair Value Adjustments (IAS 40)	-78.021,0	-16.759,0	-28.985,0	-168.611,0	-56.436,0	-32.812,0	-13.441,0	
Net result from Revaluations (IAS 40)	104.024,0	276.461,0	462.767,0	183.499,0	66.420,0	112.710,0	141.802,0	
Depreciation and amortisation of long-term assets	-2.658,0	-2.385,0	-4.626,0	-4.662,0	-5.020,0	-5.054,0	-1.030,0	
Depreciation of properties of Trading-Portfolio	-1.189,0	-234,0	95,0	-871,0	-185,0	-320,0	-20,0	
Result from investments in joint ventures	66.585,0	23.354,0	3.729,0	1.898,0	2.374,4	1.855,0	2.450,0	
Operating Profit (EBIT)	340.502,0	442.271,0	633.693,0	375.448,0	294.251,5	347.750,0	411.322,4	3,1%
Net financial result	-40.683,0	-46.071,0	-94.363,0	-27.154,0	-48.319,0	-53.447,0	-56.701,0	
Pre-tax profit (EBT)	299.819,0	396.200,0	539.330,0	348.295,0	245.932,5	294.303,0	354.621,4	0,6%
taxes on income	-64.960,0	-90.896,0	-146.026,0	-94.341,0	-57.441,0	-66.591,0	-79.984,0	
tax-rate	21,7%	22,9%	27,1%	27,1%	23,4%	22,6%	22,6%	
minorities	-5,0	-11,0	-21,0	-5,0	-11,0	-12,5	-29,0	
Net Profit after minorities	234.854,0	305.293,0	393.283,0	253.948,0	188.480,5	227.699,5	274.608,4	2,6%
number of shares without own shares ('000)	93.226,3	93.028,3	93.028,3	93.028,3	93.028,3	93.028,3	93.028,3	
Earnings per share (Euro)	2,52	3,28	4,23	2,73	2,03	2,45	2,95	2,6%
Dividends per share (Euro)	0,80	0,90	1,00	1,00	1,10	1,20	1,30	
Book Value per share (Euro)	25,73	28,37	31,90	33,63	35,51	37,00	38,56	4,7%
EPRA NAV per share (Euro)	29,90	33,30	38,37	41,05	42,55	44,69	46,87	4,5%
NNNAV per share (Euro)	27,13	30,08	33,69	36,15	37,95	39,58	41,89	5,0%
Key Data								
Shareholders' Equity	2.398.459,0	2.639.635,0	2.967.884,0	3.128.218,0	3.303.398,2	3.442.140,9	3.586.710,9	4,7%
Property assets let (only fully owned from 2014 on)	3.155.736	3.514.700	4.023.700	4.736.000	5.091.200	5.461.030	5.793.021	
thereof Germany ('000)	1.262,3	1.311,3	1.576,7	2.271,4	2.443,8	2.566,7	2.780,7	
thereof Austria ('000)	536,5	513,6	517,2	524,7	575,3	562,5	596,7	
thereof CEE and SEE ('000)	1.357,0	1.689,8	1.929,8	1.939,9	2.072,1	2.331,9	2.415,7	
Gross yield property assets let	5,9%	5,8%	5,5%	5,2%	5,4%	5,4%	5,6%	
Vacancy rate property assets let*	10,5%	5,6%	3,9%	5,2%	5,5%	5,8%	5,5%	
Property assets under current construction	579.295	406.100	597.400	701.600	1.056.041	845.741	814.571	5,1%
RoE (pre-tax)	12,5%	15,0%	18,2%	11,1%	7,4%	8,5%	9,9%	
RoE (after tax)	10,2%	12,1%	14,0%	8,3%	5,9%	6,8%	7,8%	
Total balance sheet sum	4.768.707,6	5.355.504,0	5.888.690,0	6.820.289,0	6.904.860,6	7.104.411,1	7.385.920,0	2,7%
Equity ratio	50,3%	49,3%	50,4%	45,9%	47,8%	48,5%	48,6%	

* from 2018 shown as economic vacancy rate

Development of EBITDA-cash profits, revaluations and net profits



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Rating Chronicle	Date	Rating	former share price	former target
CA Immo	January 29, 2021	Accumulate	35,70 €	39,00 €
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 €
CA Immo	November 21, 2018	Buy	28,52 €	33,00 €
CA Immo	August 24, 2018	Hold	32,46 €	33,00 €
CA Immo	May 24, 2018	Hold	29,08 €	29,00 €
CA Immo	March 22, 2018	Hold	27,48 €	27,50 €
CA Immo	March 2, 2018	Accumulate	25,50 €	27,50 €

Please note:

The CA Immo share price mentioned in this report is from 24 March 2021. CA Immo mandated SRC Research for covering the CA Immo share.

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