

9M bottom line more than doubled, EBIT tripled, capital rotation program allows for a special dividend and increased overall asset quality and resilience – Buy and TP affirmed

Price (Euro) **37,50**
52 weeks range 38.30 / 24.30

Key Data

ISIN	AT0000641352
Reuters	CAIV.VI
Bloomberg	CAI AV
Reporting standard	IFRS
Market Cap (Euro million)	3.991
Number of shares (million)	106,4
Free Float	38%
Free Float Market Cap (Euro million)	1.517
CAGR EBITDA cash profit ('20 - '23e)	10,1%

Multiples	2020	2021e	2022e	2023e
Market Cap/ Total revenues	11,4	10,8	10,4	9,7
PE-Ratio	13,7	13,7	16,6	14,1
Dividend Yield	2,7%	9,6%	9,9%	3,5%
Price-to-Book-Ratio	1,12	1,14	1,18	1,13
P/ NAV-ratio	0,94	0,93	0,88	0,83

Key Data per share (Euro)	2020	2021e	2022e	2023e
Earnings per share (EPS)	2,73	2,74	2,26	2,66
Dividend per share (DPS)	1,00	3,60	3,70	1,30
Book Value per Share (BVPS)	33,63	32,95	31,85	33,19
EPRA NTA per share	40,09	40,45	42,85	45,12

Financial Data (Euro '000)	2020	2021e	2022e	2023e
Total revenues incl net disposal gains	348.913	368.969	382.462	410.623
Rental income	235.609	248.778	258.753	265.144
Admin expenses	-73.176	-53.747	-50.344	-55.102
EBITDA profit (cash-driven)	195.584	234.948	240.594	261.265
Net result from revaluations	183.499	250.672	116.403	141.802
Operating profit (EBIT)	375.448	482.790	353.443	404.467
Net financial result	-27.154	-108.149	-53.447	-56.701
Pre-tax profit (EBT)	348.295	374.641	299.996	347.766
Taxation	-94.341	-99.035	-72.270	-79.984
Net profit after minorities	253.948	275.586	227.704	267.753
Shareholders' equity (Euro million)	3.128	3.316	3.205	3.340
Property assets let (Euro million)	4.736	5.115	5.461	5.793
Property assets under development	702	1.056	846	815
RoE (pre-tax)	11,1%	11,3%	9,4%	10,4%
RoE (after tax)	8,3%	8,6%	7,0%	8,2%
Equity ratio	45,9%	46,7%	43,9%	45,2%

Main Shareholders

Starwood	57%
Own shares	5%

Financial calendar

Extraordinary general meeting	30 November 2021
2021 annual report	23 March 2022
AGM	5 May 2022
1Q 2022	24 May 2022

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Yesterday evening, the company released the 9M 2021 report. The 9M numbers unveiled a stable picture in terms of rental income and FFO and a clear hike in EBITDA, EBIT and bottom line results. Despite the sale of several non-strategic or sub-scale assets, the rental income remained more or less at an unchanged level of Euro 175.8m (9M 2020: Euro 177.6m). The FFO I was slightly down -4% from Euro 104.7m in 9M 2020 to Euro 100.1m. The FFO II, which includes the positive trading results, steeply increased by +11%, from Euro 94.9m to Euro 105.1m.

The 2021 full year target for FFO I of Euro 128m was confirmed but for 2022 the company stated that the Euro 140m FFO I target seems too ambitious from today's point of view after the lucrative sale transactions of non-strategic assets and a somewhat weaker letting momentum by a prevailing Covid situation in Europe, that might bring a later inflow of rental income from some new completions in 2022, like from the Frankfurt ONE office. The company might bring up FFO by some attractive acquisitions as done in last years, but the time of new portfolio additions to enter the P & L is difficult to predict.

The operating EBITDA was good with a steep 18% hike from Euro 136m to Euro 160m, the EBIT even tripled from Euro 111m to Euro 344m, thanks to the benign revaluation picture, driven by the start of construction of Berlin Upbeat office tower for DKB Bank, from Euro -21m last year to Euro 185m now.

With regards to the Euro 5.00 special dividend distribution, which was requested by the majority shareholder Starwood, the management stated in the quarterly report that this extra pay-out will have no influence in the business model or financial strength, as the balance sheet is rock-solid and 9M net LTV of only 29% (Dec. 2020: 34%) rather indicates an under-leveraged situation. Keep in mind that equity ratio was at 46% at year-end 2020 and climbed to now over 50% at 9M level. The cash and cash equivalents boosted to Euro 974m, +4% in the first nine months (Dec. 2020: Euro 935m). We commented on that issue quite recently on 4 November and an extraordinary general meeting will decide for the special distribution next week, on 30 November. **The ongoing capital rotation program helped to increase the portfolio quality and stability, by selling non-strategic assets like in Bratislava and some non-strategic German land plots. The second half of 2021 gave some more positive news like selling non-strategic Budapest Canada Square office in September and Meininger Hotel in Vienna on 2 November, right some days before the lockdown in Austria started. Now, the company can focus more on expanding the portfolio by buying some yielding core assets and to re-think the future of the Romanian portfolio (c. Euro 390m size, 6.6% EPRA net initial yield), where the company now stated to evaluate all strategic options, also a full sale.**

The numbers are in-line with our expectations and good in challenging Covid times. The portfolio quality is very high and the balance remains very robust, even with the extra dividend, that offers an extra income for all shareholders. We stay with the Buy and with our € 42.00 target, which is supported by the EPRA NTA per share, up +4% to € 41.81.

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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 Keegan Viscius (CIO)
 Dr. Andreas Schillhofer (CFO)

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 Walter Sonnleitner Sebastian Obermayer

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).

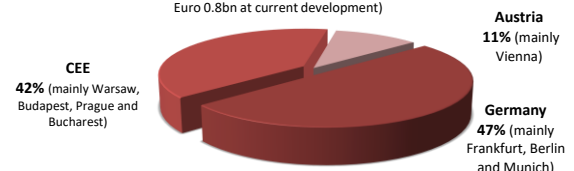
In the last years CA Immo further sharpened its specialist profile, especially by disposing some non-strategic assets like logistics assets or assets which do not belong to the core regions of activity. By doing this, CA Immo rebalanced the group's portfolio picture towards office and towards the more 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. In the course of capital rotation the company recently exited the markets in Croatia, in October 2020 with the sale of Zagrebtower, and Slovakia, in March 2021, with the sale of two office properties.

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. 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. A rental contract with DKB bank for the full space was signed in March 2021. Another development highlight is the Frankfurt based ONE highrise, which 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

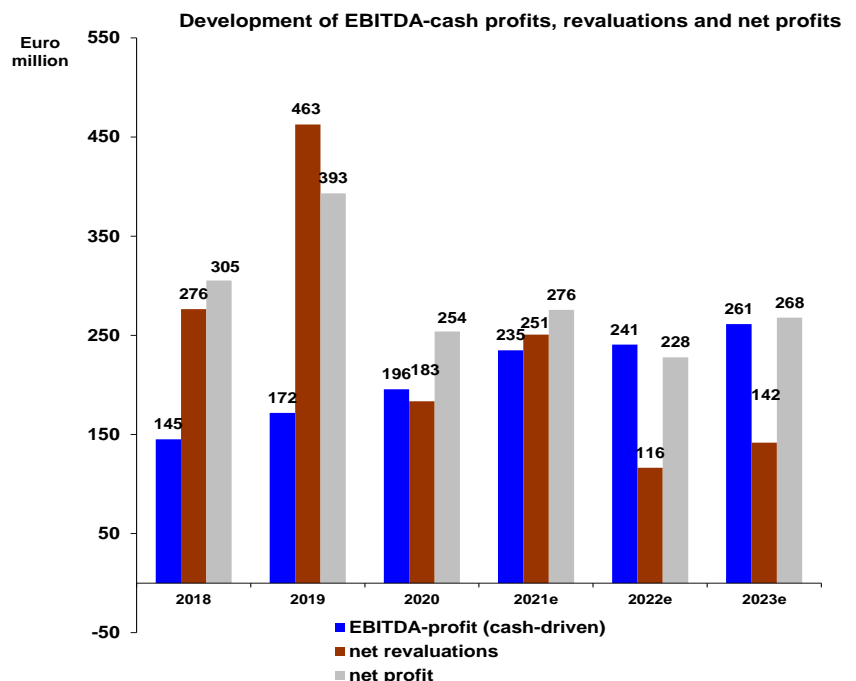
31/12 IFRS ('000)

	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	258.753,0	265.144,2	4,0%
Proceeds from property sale (Trading Portfolio)	29.216,0	44.417,0	12.344,0	43.335,0	56.447,0	87.951,0	112.443,0	
Expenses from property disposal (Trading Portfolio)	-15.664,0	-37.011,0	-13.617,0	-35.387,0	-42.583,0	-64.138,0	-83.737,0	
Subtotal Trading Portfolio	13.552,0	7.406,0	-1.273,0	7.948,0	13.864,0	23.813,0	28.706,0	
<i>sale margin (Trading Portfolio)</i>	<i>46,4%</i>	<i>16,7%</i>	<i>-10,3%</i>	<i>18,3%</i>	<i>24,6%</i>	<i>27,1%</i>	<i>25,5%</i>	
Proceeds from property sale (Hold Portfolio)	107.849,0	45.842,0	45.312,0	200.076,0	178.447,0	115.441,0	145.003,0	
Expenses from property disposal (Hold Portfolio)	-75.717,0	-37.616,0	-29.662,0	-156.146,0	-138.781,0	-91.254,0	-114.772,0	
Result from property sales (Hold Portfolio)	32.132,0	8.226,0	15.650,0	43.930,0	39.666,0	24.187,0	30.231,0	
<i>sale margin (Hold Portfolio)</i>	<i>29,8%</i>	<i>17,9%</i>	<i>34,5%</i>	<i>22,0%</i>	<i>22,2%</i>	<i>21,0%</i>	<i>20,8%</i>	
Operating costs passed on to tenants	51.263,0	55.828,0	51.757,0	53.260,0	57.203,0	65.195,0	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	368.969,0	382.462,0	410.623,2	5,6%
Operating expenses	-55.696,0	-60.107,0	-55.326,0	-57.738,0	-56.114,0	-58.043,0	-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	-28.485,0	-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	-53.746,9	-50.344,0	-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	234.948,1	240.594,0	261.265,2	10,1%
Gains from Fair Value Adjustments (IAS 40)	182.045,0	293.220,0	491.752,0	352.110,0	305.445,0	151.114,0	155.243,0	
Losses from Fair Value Adjustments (IAS 40)	-78.021,0	-16.759,0	-28.985,0	-168.611,0	-54.773,0	-34.711,0	-13.441,0	
Net result from Revaluations (IAS 40)	104.024,0	276.461,0	462.767,0	183.499,0	250.672,0	116.403,0	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	-5.089,0	-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	482.789,5	353.443,0	404.467,2	2,5%
Net financial result	-40.683,0	-46.071,0	-94.363,0	-27.154,0	-108.149,0	-53.447,0	-56.701,0	
Pre-tax profit (EBT)	299.819,0	396.200,0	539.330,0	348.295,0	374.640,5	299.996,0	347.766,2	-0,1%
taxes on income	-64.960,0	-90.896,0	-146.026,0	-94.341,0	-99.035,0	-72.270,0	-79.984,0	
tax-rate	21,7%	22,9%	27,1%	27,1%	26,4%	24,1%	23,0%	
minorities	-5,0	-11,0	-21,0	-5,0	-20,0	-22,0	-29,0	
Net Profit after minorities	234.854,0	305.293,0	393.283,0	253.948,0	275.585,5	227.704,0	267.753,2	1,8%
number of shares without own shares ('000)	93.226,3	93.028,3	93.028,3	93.028,3	100.645,1	100.645,1	100.645,1	
Earnings per share (Euro)	2,52	3,28	4,23	2,73	2,74	2,26	2,66	-0,9%
Dividends per share (Euro)	0,80	0,90	1,00	1,00	3,60	3,70	1,30	
Book Value per share (Euro)	25,73	28,37	31,90	33,63	32,95	31,85	33,19	-0,4%
EPRA NTA per share (Euro)	29,90	33,30	38,33	40,09	40,45	42,85	45,12	

Key Data

Shareholders' Equity	2.398.459,0	2.639.635,0	2.967.884,0	3.128.218,0	3.316.168,5	3.205.447,6	3.340.076,4	2,2%
Property assets let (only fully owned from 2014 on)	3.155.736	3.514.700	4.023.700	4.736.000	5.114.880	5.461.030	5.793.021	
thereof Germany ('000)	1.262,3	1.311,3	1.576,7	2.271,4	2.455,1	2.566,7	2.780,7	
thereof Austria ('000)	536,5	513,6	517,2	524,7	578,0	562,5	596,7	
thereof CEE and SEE ('000)	1.357,0	1.689,8	1.929,8	1.939,9	2.081,8	2.331,9	2.415,7	
Gross yield property assets let	5,9%	5,8%	5,5%	5,2%	4,9%	4,8%	4,8%	
Vacancy rate property assets let*	10,5%	5,6%	3,9%	5,2%	8,1%	8,5%	7,9%	
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%	11,3%	9,4%	10,4%	
RoE (after tax)	10,2%	12,1%	14,0%	8,3%	8,6%	7,0%	8,2%	
Total balance sheet sum	4.768.707,6	5.355.504,0	5.888.690,0	6.820.289,0	7.099.920,8	7.305.108,6	7.385.920,0	2,7%
Equity ratio	50,3%	49,3%	50,4%	45,9%	46,7%	43,9%	45,2%	

* from 2018 shown as economic vacancy rate



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Rating Chronicle	Date	Rating	former share price	former target
CA Immo	November 4, 2021	Buy	38,30 €	42,00 €
CA Immo	August 26, 2021	Buy	36,55 €	42,00 €
CA Immo	May 27, 2021	Buy	35,60 €	41,00 €
CA Immo	March 25, 2021	Buy	35,90 €	41,00 €
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 €

Please note:

The CA Immo share price mentioned in this report is from 25 November 2021 (02:30 pm Vienna time). CA Immo mandated SRC Research for covering the CA Immo share.

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