

**New structure in management and supervisory board after CPI gaining the majority of shares – 9M with a jump in rentals (+16%) and hotel revenues (+92%) – a shift in strategy**

On Monday, S IMMO released the 9M 2022 report. Since 1H report a lot of things happened, as CPI Property Group holds now after the takeover offer and the last deadline of 18 November 88.37% of shares directly or through Immofinanz. Old CEO Dr. Ettenauer left the firm on 6 September and board member Friedrich Wachernig followed some weeks later on 11 October. At this day, the supervisory board appointed MMag. Holger Schmidtmayr, very experienced in the real estate industry and already member of the S IMMO board in former years, from 2004 to 2013, to complete the new board together with Herwig Teufelsdorfer, who stays with S IMMO. Teufelsdorfer's contract was just some days ago extended until December 2025 to underline stability. The supervisory board of S IMMO also had some changes following the change of control, with Dr. Karin Rest remaining the chairwoman, but Aschauer, Böhm, Bomba, Rapf and Beckermann leaving after the extraordinary meeting on 6 September. Martin Nemecek and John Verpeleti were elected to join the new and smaller sized supervisory board. Coming from the new staff to 9M numbers and future strategy, we state a strong 16% hike in rental to 112.7m, based on some lucrative portfolio acquisitions, which stood for Euro 9m accretion and higher like-for-like rents, which stood for more than Euro 5m accretion. We also like the 9M hotel revenues, which doubled from Euro 20m to Euro 38m, bringing up hotel GOP to Euro 8.3m (+77%). Despite a hike in admin expenses from Euro 20m to over Euro 23m including higher staff expenses regarding the resignation of Ettenauer and some measurements for digitalization, the FFO I steeply increased +23% from Euro 39m to Euro 48m. Cash driven operating EBITDA was also +24% Euro to 76.4m. The net revaluation result was slightly positive in 3Q (Euro 7m) as well as for the total first nine months with Euro 27m, but clearly below the Euro 145m of last year, thanks to a rougher overall economic climate and deteriorating financing conditions that might followed by rising yields in future. For the moment, the cost of funding remained unchanged at 2.1% like at year-end 2021, but might go up a bit, as the bond cancellations of 4 bonds after the change of control (2 normal, 2 very cheap green) summed up to Euro 153m. That might increase refinancing needs but the debt maturity profile is not demanding. The more important is the strategy shift, away from the German resi market (Euro 850m portfolio, where the yields came down the last years, but might step up now). The new owners and new management are more geared towards offices in Austria and Hungary to shift the freed capital after German sales into additions in these countries, which offer more yield, but also have a higher risk profile. In October S IMMO announced first success here by selling 700 resi units in Rostock and Leipzig and more deals might come gradually in small packs, as big deals are not possible with financing problems for buyers. On the acquisition side S IMMO recently acquired 8 assets in Budapest for Euro 238m from CPI to double their Hungarian Euro 187m portfolio for an additional 16m annual rental income (6.7% yield). All in all, it is too early to judge the new strategy, which gives more chances but also more risks. **To sell the German resi needs time. And liquidity in the share is impaired by the low free float. Rating up to Accumulate after the slump in share price, but target down to Euro 18.00.**

Price (Euro)	14,78			
52 weeks range	23.45 / 14.76			
Key Data				
Country	Austria			
Industry	Real Estate			
Market Segment	Prime Market			
ISIN	AT0000652250			
WKN	902388			
Symbol	T1L			
Reuters	SIAG.VI			
Bloomberg	SPI AV			
Internet	www.simmoag.at			
Reporting Standard	IFRS			
Fiscal Year	31/12			
Founded	1986			
IPO	1987			
Market Cap (EUR million)	1087,9			
Number of shares (million)	73,6			
Free Float (approx.)	11,6%			
Free Float MarketCap (Euro million)	126,2			
CAGR (EBITDA '21-24e)	17,2%			
Multiples	2021	2022e	2023e	2024e
Market cap/ Revenues-Ratio	5,6	5,8	5,7	5,5
P/E-Ratio	4,6	8,4	8,6	7,0
Dividend Yield	4,4%	4,4%	4,7%	4,7%
Key Data per Share (Euro)	2021	2022e	2023e	2024e
Earnings per Share (EpS)	3,24	1,76	1,72	2,10
Dividends per Share (DpS)	0,65	0,65	0,70	0,70
Book Value per Share (BvpS)	20,75	21,78	22,71	24,03
EPRA NAV per share	29,29	31,28	33,19	34,75
FFO I per share	0,86	0,75	0,87	1,01
Financial Data (Euro '000)	2021	2022e	2023e	2024e
Revenues	196.856	228.690	247.433	268.671
Rental income	131.294	144.721	157.885	169.124
Net revaluation result	198.686	39.441	60.443	86.943
Operating cash profit (EBITDA)	81.297	97.206	117.601	130.960
Operating Profit (EBIT)	270.337	126.063	166.705	205.454
Pre-tax profit (EBT)	271.042	144.536	142.595	175.723
Net profit after minorities	229.521	123.591	120.367	148.518
Shareholders' Equity	1.527.194	1.602.939	1.671.780	1.768.772
RoE after tax	16,0%	7,9%	7,4%	8,6%
Financial Calendar				
2022 annual report		30 March 2023		
AGM		2 May 2023		
1Q 2023 report		26 May 2023		
Main Shareholders				
CPI Property Group SA		88,4%		
Analyst	Dipl.-Kfm. Stefan Scharff, CREA			
	Fon: +49-(0)69 400 313-80			
	scharff@src-research.de			
Internet	www.src-research.de			
	www.aktienmarkt-international.at			
	www.aktienmarkt-international.de			

S IMMO AG Company Profile

Industry: Real Estate
Sub-segment: mixed (71% commercial)
Country: Austria
Headquarter: Vienna
Foundation: 1986
Employees (without Hotels): 133

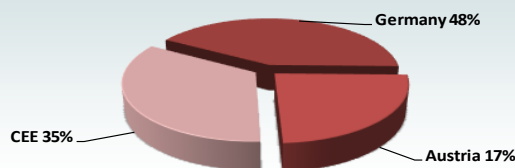
Management Board:
 Holger Schmidtmayr, MRICS
 Herwig Teufelsdorfer, MRICS

Supervisory Board:
 Dr. Karin Rest, EMBA (Chairwoman)
 Martin Nemecek (First Deputy Chairman)
 Ulrich Steffen Ritter (Second Deputy Chairman)
 Andreas Feuerstein
 John Verpeleti
 Elisabeth Wagerer

IR Contact
 Andreas Feuerstein
 (Andreas.Feuerstein@simmoag.at)

S IMMO is a Vienna-based real estate holding company founded in 1986. Since 1987 the company is listed on the Vienna stock exchange and therefore Austria's longest existing property investment company. The share is member of ATX blue chip index since September 2017. Expansion activities to foreign countries were started close to the millenium. Within recent years the company acquired, according to its Buy and Develop and Hold strategy, a real estate portfolio that comprises more than 350 properties, a lettable space of more than 1,300k sqm amounting to a value of more than Euro 2.8bn at December 2021 (+14.3% compared to year-end 2020). In average, investments have a volume of a lower double digit million. The portfolio contains a widely diversified range of office, retail and hotel properties as well as residential properties selected for a sustainable value growth. All in all, office properties have a 44% weighting, retail 14%, hotels 7% and residential have 32% (thereof 93% in Germany). The remaining 3% are land plots. mainly in Germany. S IMMO aims on a long investment horizon but also strongly exploits opportunities for trading in these low yielding times - as done in a bigger magnitude in 2016 and 2017, in particular in Germany and Austria. In terms of the current portfolio value of Euro 2.8bn a large share of 48% is located in Germany (more than Euro 1.3bn). Austria stands for over 17% (approx. Euro 0.5bn) while CEE stands for the remaining 35% (approx. Euro 1.0bn) of the total portfolio. In 2021, the high occupancy of 93.9% in 2020, was kept stable despite the ongoing Covid-19 pandemic, at 94.0%. S IMMO released the 2021 annual report on 28 April and presented a record bottom line result for another challenging year. The company has prosperous mid and long term growth options by about 2 million sqm undeveloped land (mainly around Berlin) which gives room to grow the residential portfolio or to realize mark-ups in value. The pockets full of cash (probably more than Euro 500m at the end of 3Q 2022) opens some financial scope for a profitable portfolio expansion, which is geared to offices in Austria and Hungary and away from quite low yielding but stable german residential, after a strategy shift in September 2022, coming from the new owners CPI Property Group.

Value of portfolio by region
(Euro 2.8bn at FY 2021)



Source: Company data (FY 2021)

The lion's share of the company's historical development activity was done in Austria and CEE. Hence, a significant share of already finished properties (like Sun shopping mall in Bucharest), held within the CEE portfolio, results from own developments. The new core shareholder is CPI Property Group with a 42.3% stake, which might strive to hold a majority of over 50% in the future. The company aimed to lift FFO I to more than Euro 40m until 2018 and already managed to reach this target already in 2016, as FFO I increased by 15% from Euro 35.0m to Euro 40.1m. The FY 2017 FFO I then was at almost Euro 43m. After two years (2018 and 2019) with FFOs at record levels above Euro 60m, the 2020 came back more or less on the 2017 level, with no support from hotel GOP and almost Euro 11m missing from Immofinanz paying no dividend for FY 2019 in 2020. In 2021 the FFO strongly bounced back to Euro 60.8m, thereof Euro 19.5m coming from dividend payments of Immofinanz and CA Immo. Both big listed real estate participations, 6.4% in CA Immo, and 12.7% in Immofinanz, were sold in July 2021 and January 2022 respectively. We like the improving numbers on the financing side. Cost of Funding (incl. hedging) came down from 2.67% in 2017 to 2.53% in 2018 and then very low 2.30% in 2019 and 2.29% in 2020. In 2021 it came down again, to only 2.09%. In 2021 LTV came down significantly, from 46.8% to only 40.4%. The 2021 equity ratio of 45.2% underlines the healthy balance sheet, as it improved to 2020 (44.3%).

Source: Company Data, SRC Research

P&L Account for S IMMO AG

31/12 IFRS (Euro '000)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR '21 - '24e
Revenues	191.421	192.441	210.427	173.915	196.856	228.690	247.433	268.671	10,9%
L thereof rental income	112.020	104.313	119.373	123.255	131.294	144.721	157.885	169.124	
L thereof revenues from service charges	33.435	33.379	31.952	32.871	34.359	36.421	39.403	43.027	
L thereof revenues from hotel operations	45.966	54.749	59.102	17.789	31.203	47.548	50.145	56.520	
Other operating income	2.866	1.948	2.481	2.501	3.175	2.912	3.205	3.573	
Expenses directly attributable to properties	-59.877	-53.410	-60.952	-66.760	-66.795	-66.502	-69.125	-73.798	
<i>Gross margin property segment</i>	<i>58,8%</i>	<i>61,2%</i>	<i>59,7%</i>	<i>57,2%</i>	<i>59,7%</i>	<i>63,3%</i>	<i>65,0%</i>	<i>65,2%</i>	
Hotel operating expenses	-36.232	-38.023	-42.250	-18.126	-23.702	-36.448	-39.773	-42.608	
Gross operating profit hotels (GOP)	9.734	16.726	16.852	-337	7.501	11.100	10.372	13.912	
<i>Gross margin within hotel segment</i>	<i>21,2%</i>	<i>30,6%</i>	<i>28,5%</i>	<i>-1,9%</i>	<i>24,0%</i>	<i>23,3%</i>	<i>20,7%</i>	<i>24,6%</i>	
Gross profit (revenues less directly attributable expenses)	98.178	102.956	109.706	91.530	109.534	128.652	141.740	155.838	12,5%
<i>Total Gross margin</i>	<i>51,3%</i>	<i>53,5%</i>	<i>52,1%</i>	<i>52,6%</i>	<i>55,6%</i>	<i>56,3%</i>	<i>57,3%</i>	<i>58,0%</i>	
Net operating income (NOI)	95.312	101.008	107.225	89.029	106.359	125.740	138.535	152.265	12,7%
<i>NOI-margin</i>	<i>49,8%</i>	<i>52,5%</i>	<i>51,0%</i>	<i>51,2%</i>	<i>54,0%</i>	<i>55,0%</i>	<i>56,0%</i>	<i>56,7%</i>	
Net Gains on property disposal	10.341	0	0	0	0	0	0	0	
Management expenses	-18.963	-19.863	-22.669	-20.398	-28.237	-31.446	-24.139	-24.878	
L thereof personnel expenses	-8.796	-10.601	-11.513	-12.272	-14.608	-15.230	-15.988	-16.744	
EBITDA	89.556	83.093	87.037	71.132	81.297	97.206	117.601	130.960	17,2%
<i>EBITDA-margin</i>	<i>46,8%</i>	<i>43,2%</i>	<i>41,4%</i>	<i>40,9%</i>	<i>41,3%</i>	<i>42,5%</i>	<i>47,5%</i>	<i>48,7%</i>	
Depreciation	-8.999	-7.672	-8.264	-9.232	-9.646	-10.584	-11.339	-12.449	
Property Revaluation	127.592	167.814	192.671	39.056	198.686	39.441	60.443	86.943	
Operating profit (EBIT)	208.149	243.235	271.444	100.956	270.337	126.063	166.705	205.454	-8,7%
<i>EBIT-margin</i>	<i>108,7%</i>	<i>126,4%</i>	<i>129,0%</i>	<i>58,0%</i>	<i>137,3%</i>	<i>55,1%</i>	<i>67,4%</i>	<i>76,5%</i>	
EBIT-profit without revaluation result	80.557	75.421	78.773	61.900	71.651	86.622	106.262	118.511	18,3%
Net financial result	-41.437	-7.263	-20.021	-29.370	705	18.473	-24.110	-29.731	
Participating certificates expenses (hybrid capital)	-5.964	0	0	0	0	0	0	0	
Earnings before tax (EBT)	160.748	235.972	251.423	71.586	271.042	144.536	142.595	175.723	-13,5%
<i>EBT margin</i>	<i>84,0%</i>	<i>122,6%</i>	<i>119,5%</i>	<i>41,2%</i>	<i>137,7%</i>	<i>63,2%</i>	<i>57,6%</i>	<i>65,4%</i>	
Income tax expense	-27.278	-31.822	-38.116	-14.674	-40.484	-19.887	-20.982	-25.850	
<i>Tax rate</i>	<i>17,0%</i>	<i>13,5%</i>	<i>15,2%</i>	<i>20,5%</i>	<i>14,9%</i>	<i>13,8%</i>	<i>14,7%</i>	<i>14,7%</i>	
Net profit	133.470	204.150	213.307	56.912	230.558	124.649	121.613	149.873	
Minorities	-3.379	-460	-533	-375	-1.037	-1.058	-1.246	-1.355	
Net profit after minorities	130.091	203.690	212.774	56.537	229.521	123.591	120.367	148.518	-13,5%
<i>Return on sales</i>	<i>68,0%</i>	<i>105,8%</i>	<i>101,1%</i>	<i>32,5%</i>	<i>116,6%</i>	<i>54,0%</i>	<i>48,6%</i>	<i>55,3%</i>	
Number of shares (in million)	66,9	66,9	66,9	73,6	73,6	73,6	73,6	73,6	
Earnings per Share (EPS) in Euro	1,97	3,08	3,21	0,79	3,24	1,76	1,72	2,10	-13,5%
Dividends per Share (DPS) in Euro	0,40	0,70	0,70	0,50	0,65	0,65	0,70	0,70	
Book Value per Share (BVPS) in Euro	13,66	15,88	19,34	18,31	20,75	21,78	22,71	24,03	
Total assets	2.272.255	2.720.134	3.137.688	3.122.610	3.688.121	3.972.106	4.162.767	4.356.336	5,7%
Shareholders' equity (after dividend payment)	914.335	1.062.513	1.294.259	1.347.524	1.527.194	1.602.939	1.671.780	1.768.772	5,0%
Shareholders' equity incl. participating certificates	971.052	1.062.513	1.294.259	1.347.524	1.527.194	1.602.939	1.671.780	1.768.772	
Equity ratio without minorities with hybrid capital	43%	39%	41%	43%	41%	40%	40%	41%	
Return on Equity (RoE)	15,5%	20,6%	18,1%	4,3%	16,0%	7,9%	7,4%	8,6%	
Key ratios & figures	2017	2018	2019	2020	2021	2022e	2023e	2024e	
Growth rates in %									
Revenues	-3,7%	0,5%	9,3%	-17,4%	13,2%	16,2%	8,2%	8,6%	
EBITDA	-3,1%	-7,2%	4,7%	-18,3%	14,3%	19,6%	21,0%	11,4%	
EBIT	-25,3%	16,9%	11,6%	-62,8%	167,8%	-53,4%	32,2%	23,2%	
EBT	-25,7%	46,8%	6,5%	-71,5%	278,6%	-46,7%	-1,3%	23,2%	
Net profit after minorities	-34,7%	53,0%	4,5%	-73,3%	305,1%	-45,9%	-2,4%	23,2%	
Margins in %									
EBITDA	46,8%	43,2%	41,4%	40,9%	41,3%	42,5%	47,5%	48,7%	
EBIT	108,7%	126,4%	129,0%	58,0%	137,3%	55,1%	67,4%	76,5%	
EBT	84,0%	122,6%	119,5%	41,2%	137,7%	63,2%	57,6%	65,4%	
Expense ratios in %									
Depreciation to sales	-4,7%	-4,0%	-3,9%	-5,3%	-4,9%	-4,6%	-4,6%	-4,6%	
Tax rate	17,0%	13,5%	15,2%	20,5%	14,9%	13,8%	14,7%	14,7%	
Profitability in %									
Profit margin	69,7%	106,1%	101,4%	32,7%	117,1%	54,5%	49,1%	55,8%	
Return on equity (RoE) after tax	15,5%	20,6%	18,1%	4,3%	16,0%	7,9%	7,4%	8,6%	
Return on Assets (RoA)	5,9%	7,5%	6,8%	1,8%	6,3%	3,1%	2,9%	3,4%	
Return on Investment (Rol)	5,9%	7,5%	6,8%	1,8%	6,3%	3,1%	2,9%	3,4%	
Valuation									
P/E-ratio	7,49	4,79	4,60	18,75	4,56	8,40	8,62	7,05	
P/S-ratio	5,68	5,65	5,17	6,26	5,53	4,76	4,40	4,05	
Price/BVpS (PBV)	1,08	0,93	0,76	0,81	0,71	0,68	0,65	0,62	
Dividend yield in %	2,7%	4,7%	4,7%	3,4%	4,4%	4,4%	4,7%	4,7%	
Data per share									
Number of shares (in million)	66,9	66,9	66,9	73,6	73,6	73,6	73,6	73,6	
EPS	1,97	3,08	3,21	0,79	3,24	1,76	1,72	2,10	
DPS	0,40	0,70	0,70	0,50	0,65	0,65	0,70	0,70	
BVPS	13,66	15,88	19,34	18,31	20,75	21,78	22,71	24,03	
FFO I per share	0,64	0,92	0,98	0,59	0,86	0,75	0,87	1,01	

SRC Research

- The Specialist for Financial and Real Estate Stocks -

SRC - Scharff Research und Consulting GmbH

Klingerstrasse 23

D-60313 Frankfurt

Germany

Fon: +49 (0)69 / 400 313-80

Mail: scharff@src-research.de

Internet: www.src-research.de

Rating Chronicle

Company	Date	Rating	Former Price	Former Target
S IMMO	29 August 2022	Accumulate	€ 22,85	€ 23,00
S IMMO	30 May 2022	Accumulate	€ 23,30	€ 26,00
S IMMO	28 April 2022	Buy	€ 22,55	€ 28,00
S IMMO	06 December 2021	Buy	€ 21,45	€ 26,00
S IMMO	29 November 2021	Buy	€ 19,50	€ 26,00
S IMMO	27 August 2021	Buy	€ 20,35	€ 26,00
S IMMO	28 May 2021	Buy	€ 21,60	€ 26,00
S IMMO	20 May 2021	Buy	€ 21,80	€ 26,00
S IMMO	08 April 2021	Buy	€ 21,55	€ 25,00
S IMMO	15 March 2021	Buy	€ 18,04	€ 23,00
S IMMO	24 November 2020	Buy	€ 15,78	€ 21,00
S IMMO	26 August 2020	Buy	€ 14,52	€ 21,00
S IMMO	26 May 2020	Buy	€ 16,72	€ 20,00
S IMMO	12 May 2020	Buy	€ 16,50	€ 20,00
S IMMO	23 March 2020	Buy	€ 14,44	€ 20,00

Please note:

The S IMMO AG share price mentioned in this report is the price of 29 November 2022.
S IMMO mandated SRC Research for covering the S IMMO share.

Disclaimer © 2022: This equity research report is published by: SRC-Scharff Research und Consulting GmbH, Klingerstr. 23, D-60313 Frankfurt, Germany (short name: SRC Research). All rights reserved.

Although we feel sure that all information in this SRC report stem from carefully selected sources with a high credibility, we cannot give any guarantee for accuracy, trueness and completeness. All opinions quoted in this report give the current judgement of the author that not necessarily is the same opinion as SRC-Scharff Research und Consulting GmbH or another staff member. All in this report made opinions and judgements might be changed without a pre-announcement. Within the scope of German regulative framework author and SRC-Scharff Research und Consulting GmbH do not assume any liability for using this document or its content. This report is just for information purposes and not a request or an invitation or a recommendation to buy or sell any stock that is mentioned here. Private clients should search for personal advice at their bank or investment house and should keep in mind that prices and dividends of equities might rise and fall and that nobody can give a guarantee of the future development of equities. The author of this report and the SRC-Scharff Research und Consulting GmbH commit themselves on a unsolicited basis to have no long- or short-positions in equities or derivatives related to equities mentioned in this report.

Reproduction, distribution and publishing of this report and its content as a whole or in parts is only allowed with an approval of SRC management board in written form. With acceptance of this document you agree with all regulations mentioned here and all general terms and conditions you will find at anytime at our website www.src-research.de.