

# S Immo Overview

March 2016

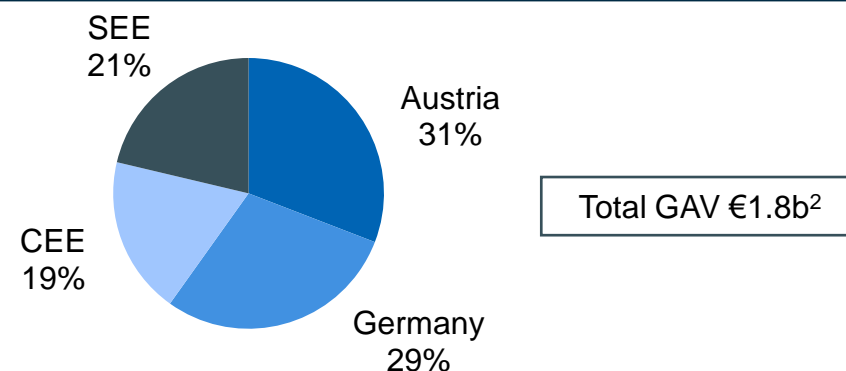


# Company Overview

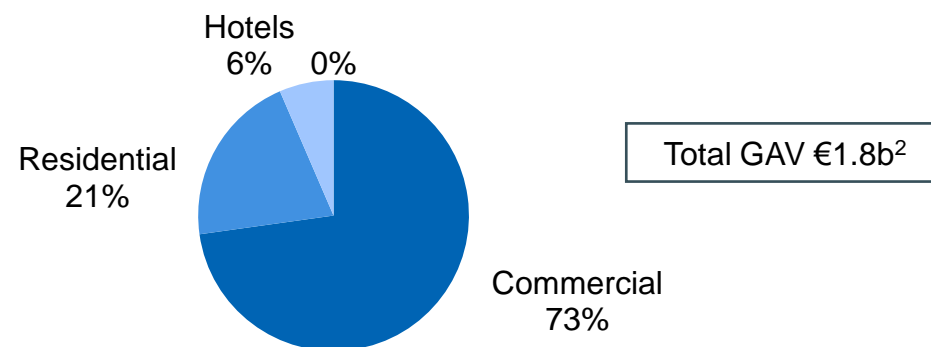
## Key stats

Share price <sup>1</sup>	€ 7.66
Shares issued <sup>2</sup>	66,917,179
Treasury shares <sup>2</sup>	101,500
Shares outstanding <sup>2</sup>	66,815,679
Market cap	€ 512m
Property GAV <sup>2</sup>	€ 1,833m
Net financial debt <sup>3</sup>	€ 1,164m
Average interest cost / Average maturity	3.51% / 6.7 years
IFRS NAV <sup>4</sup> / share / Discount to share price	€9.4 / 18.5%
EPRA NAV <sup>4</sup> / share / Discount to share price	€11.3 / 32.4%
FFO I per share <sup>5</sup> / FFO I yield	€0.53 / 7.0%

## Property GAV Country Split



## Property GAV Asset Classes Breakdown



1) Source: Bloomberg as of 8<sup>th</sup> March 2016.

2) Source: S Immo Quarterly Report as of 30 September 2015. Not pro-forma for announced write-ups in Q4 2015.

3) Financial debt – cash and cash equivalents as of 30 September 2015.

4) Based on the company reported value as of 30 September 2015. Includes an estimated €60m of additional revaluations as per the company ad-hoc release of the 22/01/2016 guiding for significantly higher revaluations vs. last year. Does not include any impacts of operating results in Q4 2015.

5) Annualized, Source: S Immo Quarterly Report as of 30 September 2015.

# Illustrative Sum of the Parts Valuation

€m, except where indicated	Book value <sup>1</sup>	Current yield <sup>1</sup>	Peer yield	EBITDA E	EBITDA multiple	GAV
Germany resi + commercial	531.1	6.0%	5.3% <sup>2</sup>			598.5
Austria resi + commercial	518.1	6.0%	5.7% <sup>3</sup>			550.2
CEE commercial	283.5	7.7%	7.4% <sup>4</sup>			297.0
SEE commercial	364.9	9.0%	8.5% <sup>5</sup>			386.3
Developments	15.3					15.3
Hotel operations				5.5 <sup>6</sup>	8.2x <sup>7</sup>	45.4
<b>Total</b>						<b>1,892.4</b>
Net financial debt						-1,164.0
Minorities						-26.2
Provisions						-4.4
Associates						8.6
<b>Market Cap</b>						<b>706.9</b>
# shares out						66.8
<b>Price (€)</b>						<b>10.6</b>
<i>Delta to current price</i>						<b>+38.1%<sup>8</sup></b>

Source: Company, Bloomberg, Broker estimates, CBRE, and Cushman

1) Company reported as of 30 September 2015.

2) 66.9% of the 2016E rental yield for Deutsche Wohnen (4.6%) and 33.1% of the median 2016E rental yield for WCM (5.8%), DIC Asset (6.8%), TLG Immobilien (6.7%) and Hamborner REIT (7.1%).

3) Based on the median latest reported rental yield for Austria by CA Immo (5.6%) and Immofinanz (5.7%).

4) Based on the median latest reported rental yield for Hungary, Slovakia, and Czech Republic by CA Immo (7.3%, n.a., and 8.1%), Atrium (9.2%, 7.6%, and 6.3%) and Immofinanz (6.1%, 7.4%, and 6.3%).

5) Based on the median office and retail prime yield for Zagreb, Sofia, and Bucharest from CBRE and Cushman Wakefield (8.5%) as per H2 2015 (Zagreb) and Q4 2015 (all others).

6) Based on the annualised YTD Q3 2015 EBITDA (€4.1m / 3 x 4).

7) Assumes a 10% discount to the 2015E median EV/EBITDA multiple for NH (14.2x), Accor (8.7x), Intercontinental (12.2x), Melia (8.9x), and Millenium & Capthorne (9.1x) as per 8 March 2016.

8) Share price of €7.66 as of 08/03/2016 from Bloomberg.

# Hidden Reserves / Write-down Reversion Potential Illustration

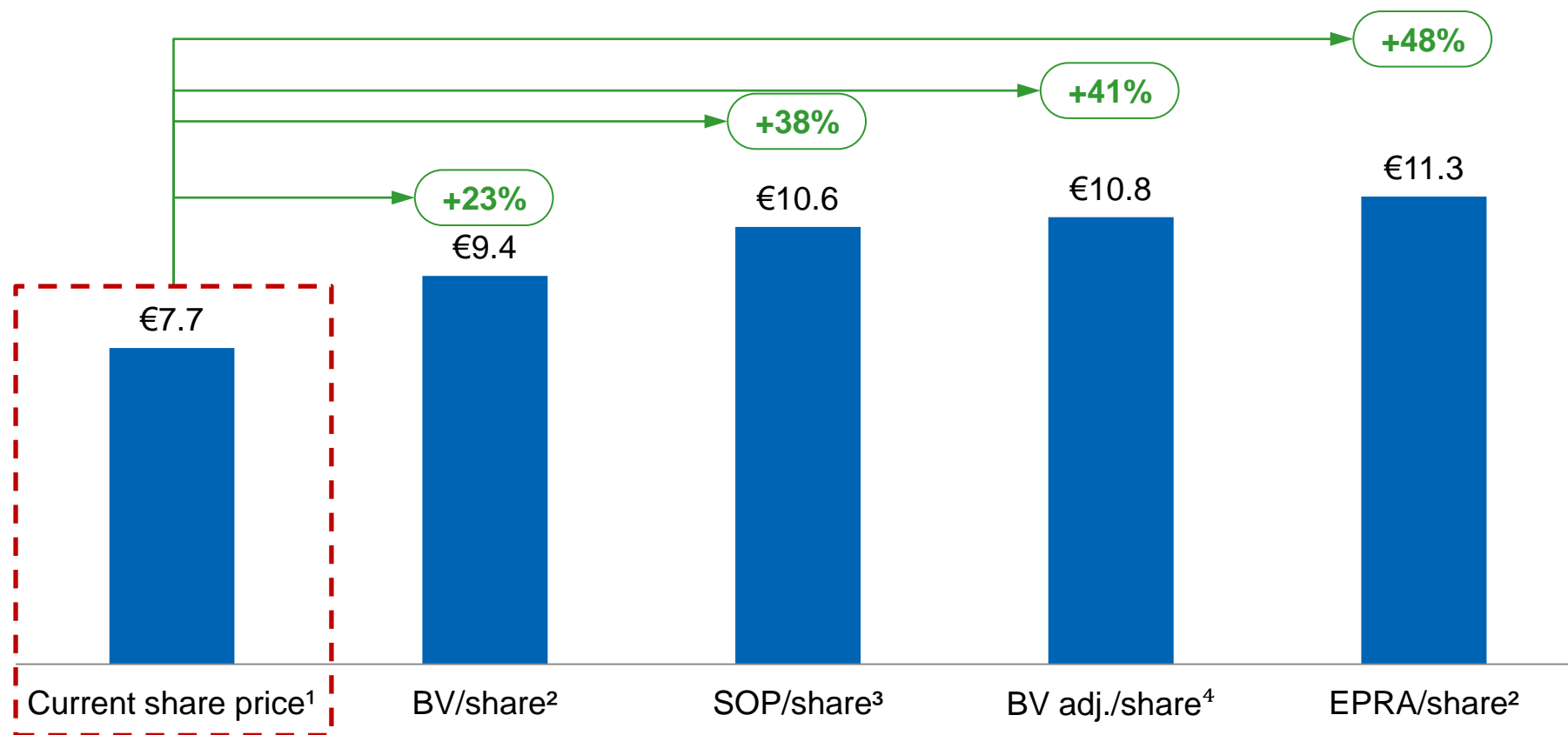
- The company has communicated approx. €190 million of historical devaluations (mainly in SEE and CEE) with the potential to be reversed
- We estimate about 50-60% could be reversed over the next couple of years, leading to an additional €95-114 million (€1.4 - €1.7/ share) of NAV accretion over such time horizon



1) Based on the company reported value as of 30 September 2015. Includes an estimated €60m of revaluations in Q4 2015 as per the company ad-hoc release of the 22/01/2016 guiding for significantly higher revaluations vs. last year.

2) Bottom of the range.

# Illustrative Fair Value Per Share Overview



1) As of 08/03/2016.

2) Based on the company reported value as of 30 September 2015. Includes an estimated €60m of revaluations in Q4 2015 as per the company ad-hoc release of the 22/01/2016 guiding for significantly higher revaluations vs. last year.

3) Illustrative sum-of-the-parts value as per Petrus Advisers analysis.

4) Based on the company reported value as of 30 September 2015. Includes an estimated €60m of revaluations in Q4 2015 as per the company ad-hoc release of the 22/01/2016 guiding for significantly higher revaluations vs. last year. Further adjusted for write-down reversion potential as per managements comments.

# Petrus Advisers Recommendations for S-Immo

## Item / Comment

### Strategy

- Design and communicate coherent strategy that goes beyond opportunistic acquisition / disposal / development of individual properties across office / retail / residential segments
- Address issues of lack of scale and liquidity
- Address non-core operations such as operated hotels

### Capital Markets Communication

- Intensify IR work
- Increase quality and quantity of reported information (e.g. data on rental income, vacancies, and financing per city and asset type, etc.)
- Publish a dividend and buyback policy for the company

### Strengthen Team

- Bring in strong CFO to improve market communication and drive financing

### Financing

- Achieve best-in-class financing costs
- Target and communicate interest cost savings of at least 25-50 bps
- Systematically exploit revaluation potential in CEE/SEE to optimize LTV/ reduce interest costs

# Disclaimer

***This document is issued by Petrus (UK) LLP (“Petrus”) which is authorised and regulated by the Financial Conduct Authority (“FCA”). It is only directed at those who are Professional Clients or Eligible Counterparties only (as defined by the FCA). Securities will only be offered for purchase or sale pursuant to the term sheet which must be read in their entirety.***

The information included within this presentation and any supplemental documentation provided is confidential and should not be copied, reproduced or redistributed without the prior written consent of Petrus. The information and opinions contained in this document are for background purposes only and do not purport to be full or complete and do not constitute investment advice. No reliance may be placed for any purpose on the information and opinions contained in this document or their accuracy or completeness. No representation, warranty or undertaking, expressed or implied, is given as to the accuracy or completeness of the information or opinions contained in this document.

**Investment information** Any investment with Petrus should form part of a diversified portfolio and be considered a long term investment. Past performance should not be used as a guide to future performance, which is not guaranteed. The value of an investment and any income from it fluctuate and therefore an investor may not get back the amount invested. Prospective investors should be aware that returns over the short term may not match potential long term returns and should always seek independent financial advice before making any investment decision.

**Risks involved** Currency movements may affect both the income received and the capital value of investments in overseas markets. Where a fund or strategy invests in fast growing economies or limited or specialist sectors it may be subject to greater risk and above average market volatility than an investment in a broader range of securities covering different economic sectors.

**Detailed information** can be obtained from Petrus (UK) LLP, 100 Pall Mall, London, SW1Y 5NQ; or by telephoning 0207 933 88 08 between 9am and 5pm Monday to Friday; or by visiting [www.petrusadvisers.com](http://www.petrusadvisers.com). Telephone calls with Petrus may be recorded.

This presentation therefore does not constitute an offer, invitation or inducement to distribute or purchase shares or to enter into an investment agreement by Petrus in any jurisdiction in which such offer, invitation or inducement is not lawful or in which Petrus is not qualified to do so or to anyone to whom it is unlawful to make such offer, invitation or inducement.

Investors should take their own legal advice prior to making any investment. In particular, investors should make themselves aware of the risks associated with any investment before entering into any investment activity. The information contained in the presentation shall not be considered as legal, tax or other advice. All information is subject to change at any time without prior notice or other publication of changes.