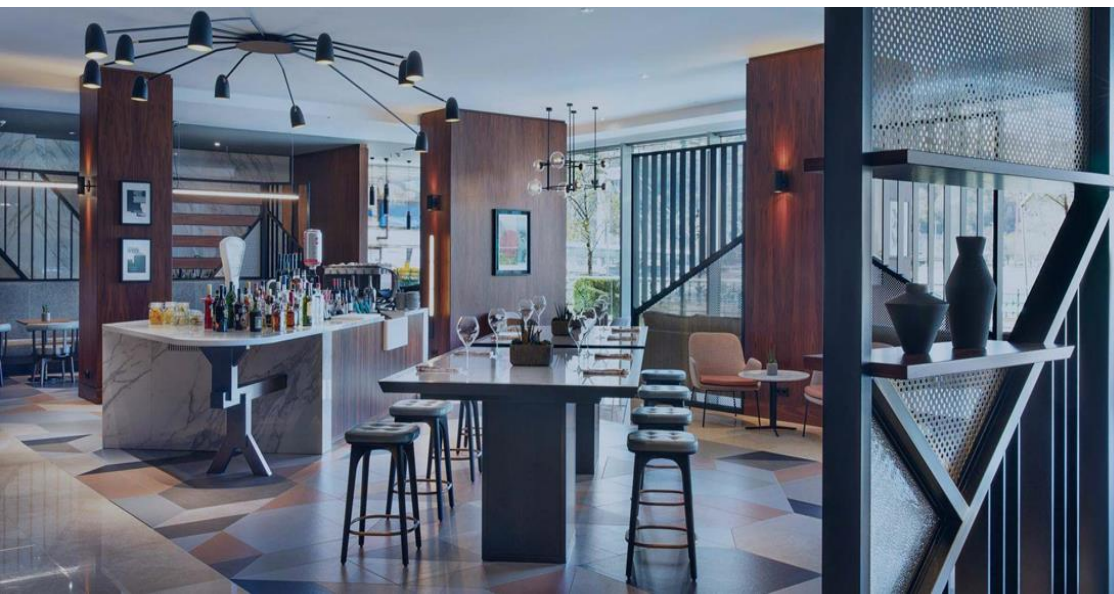


# Summary considerations on the proposed EGM resolution by IMMOFINANZ and takeover offer

(June 17, 2021)



# Executive summary



- 1 S IMMO delivered robust performance in the last decade, underpinned by strong enhancement of property value and positive share price development**
  - 11.3% EPRA NAV per share CAGR increase over the last 10 years (2010-2020), 15.7% CAGR over the past 5 years (2015-2020)
  - Above-market share price performance with 25.6% CAGR over the past 5 years pre-COVID<sup>1</sup>

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- 2 Today, S IMMO is well-positioned to accelerate its growth trajectory. A potential disposal of its equity investments in CA IMMO and IMMOFINANZ (c.€549mm<sup>2</sup>) will free-up a significant amount of growth capital**
  - Redeploy capital proceeds from sale of listed stakes to buy income generating property assets, develop existing landbank in the commuter belt of Berlin and execute the remaining development pipeline
    - In the short-term, S IMMO will be rotating assets from financial assets to higher yielding investment properties, i.e., focusing on investments in CEE/SEE, stabilizing the hotel segment and expediting own developments on existing land reserves
    - In the mid- to long-term, the asset repositioning and streamlining of asset classes will allow for a balanced portfolio with rental and valuation upside, increasing value in the landbank in Germany and crystallizing lease potential in residential properties

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- 3 For the upcoming EGM on June 24, 2021, IMMOFINANZ is proposing the cancellation of the maximum voting right – a condition precedent to the ongoing takeover offer by IMMOFINANZ announced on March 14, 2021 – combined with an amendment of the Articles of Association (AoA) subject to a condition precedent to reinstate the statutory maximum voting right, should the offer not become unconditionally binding**
  - Absent an attractive takeover offer, the abortion of the voting rights restriction is against the interests of the outstanding shareholders and hence an evaluation of the nature and attractiveness of the takeover by IMMOFINANZ is indicated

Source: Company information

<sup>1</sup> February 21, 2020 (defined as the last date prior to the sell-off witnessed in European capital markets as a result of the COVID-19 pandemic); <sup>2</sup> Valued at current market value as of June 14, 2021, and incl. value of mandatory convertible bonds held. Book value as Q1 2021 of €536mm

# Executive summary (cont'd)



## **4 The S IMMO Management and Supervisory Boards have assessed the revised offer of €22.25 p.s. by IMMOFINANZ (“Offer”) in detail and conclude that:**

### **i) The Offer is inadequate from a financial perspective**

- Offer price is at a 11.2% discount to EPRA NAV Q1 2021 of €25.05<sup>1</sup> and 15.2% discount to Revalued EPRA NAV of €26.24<sup>2</sup>
- Offer price at a discount to prevailing market prices pre-COVID (discount of 18.0% to S IMMO 2-year high<sup>3</sup> in March 2020)
- Premiums on stock prices refer to stock-price levels heavily impacted by the COVID-19-pandemic and ignore positive market development and news flow after the offer increase
- Offer price at a discount of 5.6% to book value of the S IMMO share in the Q1 2021 financial report of IMMOFINANZ
- Several equity research analysts publicly stated that Offer is inadequate<sup>4</sup> or that they recommend shareholders to not accept the Offer<sup>5</sup>
- An Inadequacy Opinion by J.P. Morgan and DCF-analyses supported by external appraisers further support the assessment

### **ii) The terms of the Offer are inadequate and do not reflect market standards**

- IMMOFINANZ distributes material transaction risks unilaterally to S IMMO shareholders (in particular anticipatory removal of the maximum voting right before end of the acceptance period)
- Timing unilaterally imposed by IMMOFINANZ failing to ensure shareholders' information needs are fully met
- Offer is non-transparent in some respects, in particular with regards to reference transactions in S IMMO by IMMOFINANZ's CEO in the last 12 months before intention to launch the Offer had been announced for approximately 15% of S IMMO shares

Source: Company information

<sup>1</sup> Last reported EPRA NAV (Q1 2021); <sup>2</sup> Last reported EPRA NAV (Q1 2021) of €25.05 per share, adjusted for the announced result of a value analysis on 10-May-21 of S IMMO's German and Austrian property portfolio at 30-Apr-21 carried out with the involvement of an independent external appraiser, disclosing an expected increase in value of c.€85mm (€1.20 per share) for the properties located in Germany and Austria as of that date compared to Q1 2021; <sup>3</sup> 2 year pre COVID-19 (21-Feb-18 to 21-Feb-20); <sup>4</sup> SRC Research (May 20, 2021); <sup>5</sup> Erste Group (May 21, 2021)

# Executive summary (cont'd)



In conclusion, Offer price and structure are inadequate and there is significant room for IMMOFINANZ to improve the Offer.

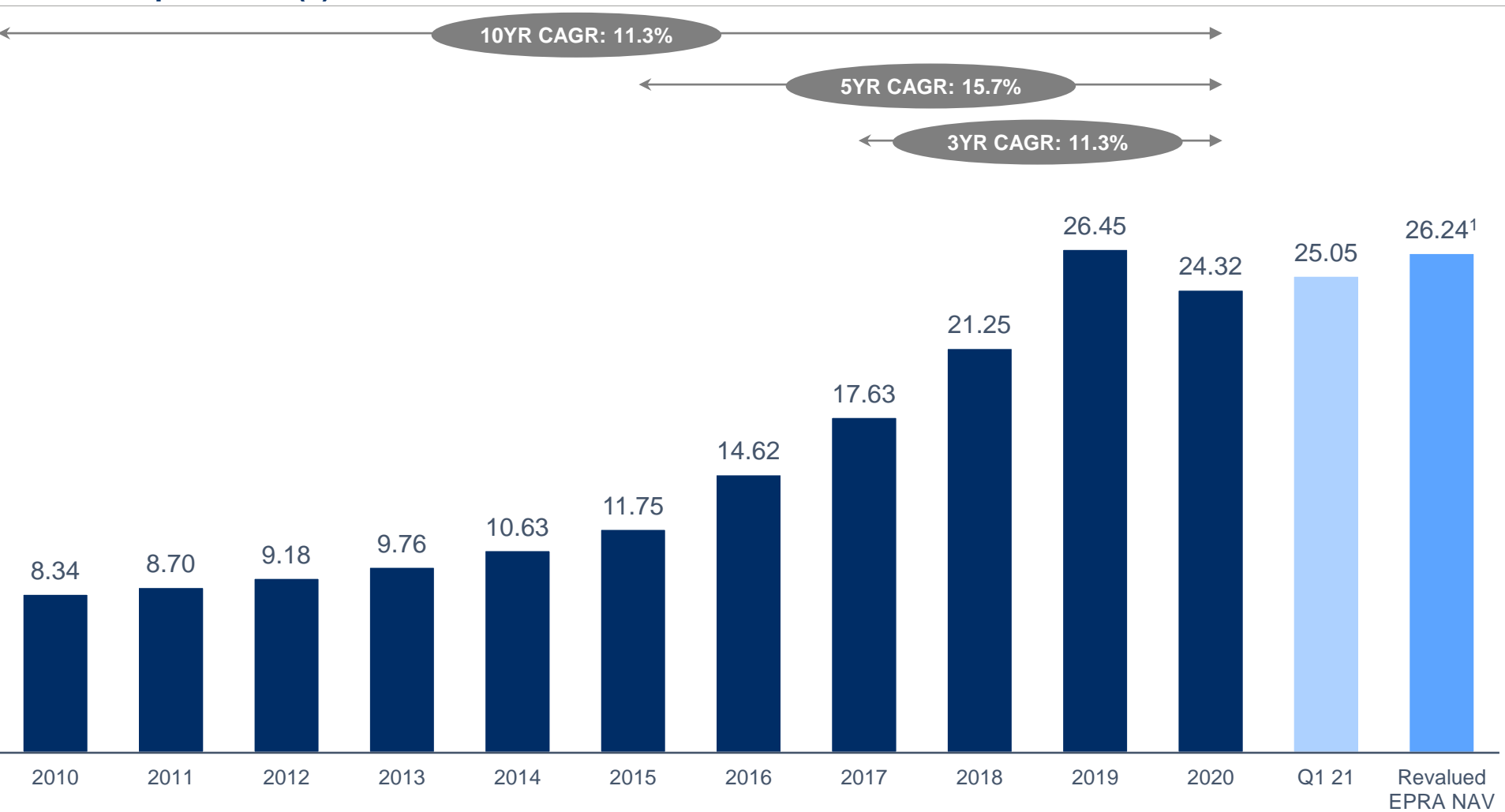
We therefore recommend to our shareholders to:

- Vote against the EGM resolution by IMMOFINANZ to cancel the maximum voting right and against any potential resolutions on the cancellation of the maximum voting right that are only made available after the record date
- Not accept the Offer by IMMOFINANZ

# Consistent ability of S IMMO's management to enhance value reflected in robust EPRA NAV growth in the last decade



EPRA NAV per share (€)



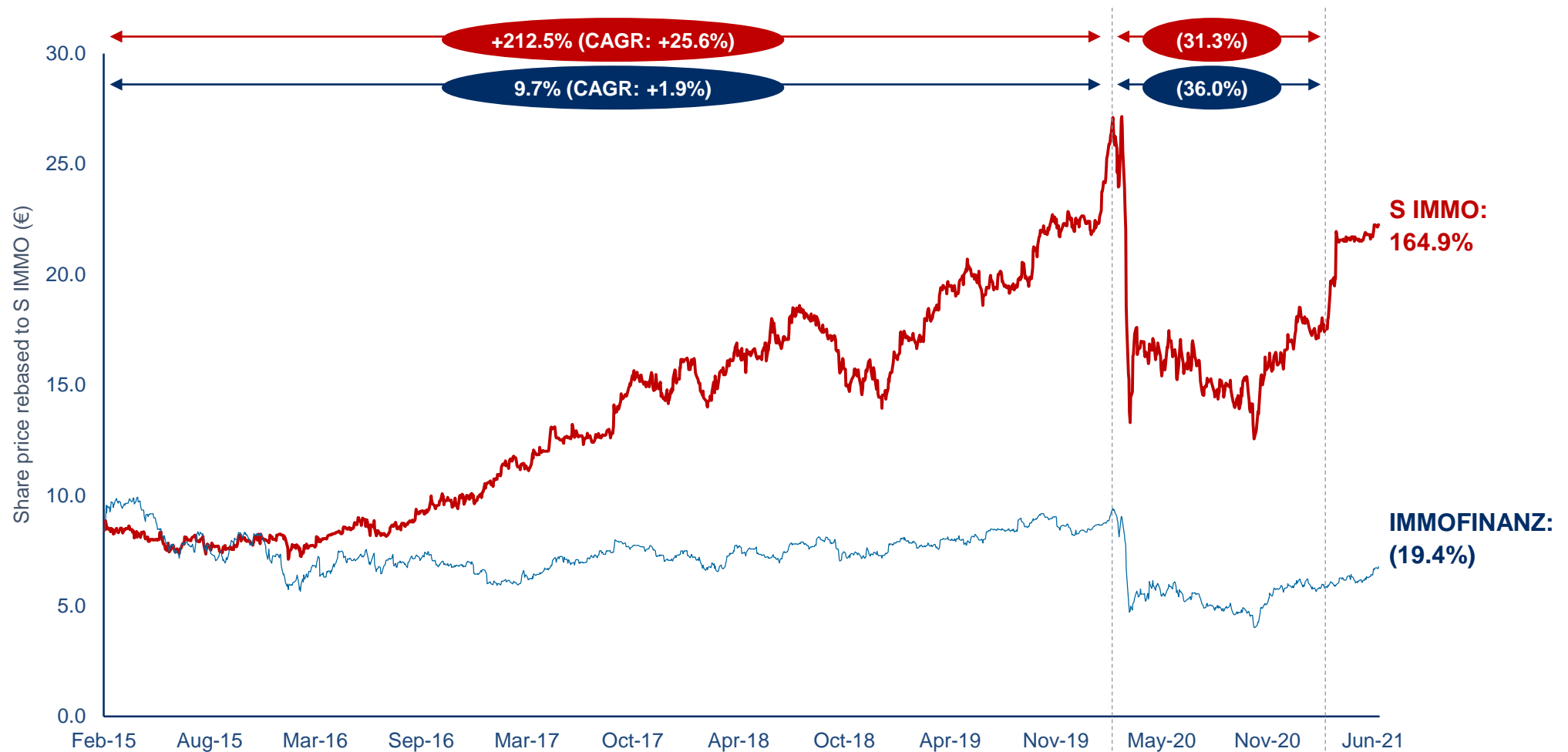
Source: Company information  
<sup>1</sup> Last reported EPRA NAV (Q1 2021) of €1,777mm, adjusted for the announced result of a value analysis on 10-May-21 of S IMMO's German and Austrian property portfolio at 30-Apr-21 carried out with the involvement of an independent external appraiser, disclosing an expected increase in value of c.€85mm (€1.20 per share) for the properties located in Germany and Austria as of that date compared to Q1 2021



# S IMMO share has outperformed IMMOFINANZ reflecting superior operational results



Performance of S IMMO and IMMOFINANZ share price (Last 5Y pre COVID-19<sup>1</sup>)



Source: Factset as of June 11, 2021

<sup>1</sup> Defined here as February 21, 2020

21-Feb-2020: Start of  
COVID-19 pandemic in  
Europe

12-Mar-2021: Last  
undisturbed trading day  
before takeover offer

# Overview of S IMMO's value upside potential



- Following the recent appointment of Dr Bruno Ettenauer as Chief Executive Officer (CEO) of S IMMO in March 2021 and Herwig Teufelsdorfer as Chief Investment Officer (CIO) in April 2021, the Management Board of S IMMO has conducted an **in-depth review of S IMMO's corporate strategy**
- As a result of this strategic review, S IMMO aims to achieve the following:

## Short-term (<2022)

- Asset rotation from financial assets to higher yielding investment properties, i.e., focused investments in CEE/SEE
- Stabilization of the hotel segment
- Expediting own developments on existing land reserves

## Mid- to long-term (>2022)

- Asset repositioning and streamlining of asset classes allowing for balanced portfolio with rental and valuation upside
- Increasing the value in the landbank in Germany (Berlin commuter belt) by achievement of zoning rights
- Crystallizing lease potential in residential properties

**As a result, sustainable strengthening of S IMMO's cash flow, securing ability to pay dividends and broadening of basis for future increases in value expected**

# Overview of S IMMO's value upside potential (cont'd)

- S IMMO has been **planning to dispose the equity investments in CA IMMO and IMMOFINANZ** in a standalone scenario (current market value excluding potential premium of approximately €549mm as of June 14, 2021)

## Short-term

- CA IMMO: 5.96% of share capital
  - At stock exchange price (June 14, 2021): €227mm
  - At EPRA NTA: €261mm
  - Dividend yield<sup>1</sup>: 2.8%

## Mid- to long-term

- IMMOFINANZ: 13.42% of share capital
  - At stock exchange price (June 14, 2021): €322mm
  - At EPRA NTA : €459mm
  - Dividend yield<sup>2</sup>: 0.0%

- Cleaner and improved corporate governance structure, providing investors with focused standalone business case supplemented by new strong management team and hands-on corporate and portfolio strategy**
- Efficient utilization of investor capital – facilitating strong and accretive FFO and NAV per share growth**

Source: Company information

<sup>1</sup> Based on dividend payment of €6.3mm received in 2020 related to the current value of the stake as of June 14, 2021; <sup>2</sup> Based on dividend payment received in 2020



# Proposed resolution by IMMOFINANZ for the S IMMO EGM convened for June 24, 2021



## IMMOFINANZ proposes an amendment of Section 13 of the Articles of Association

- (i) Cancellation of Section 13 para (3) of the Articles of Association (maximum voting right); and
- (ii) if the Offer does not become unconditionally binding pursuant to Section 25a Austrian Takeover Act, a new paragraph shall be added to Section 13, re-instating the previous paragraph (3)

## Assessment by S IMMO

- As a result of IMMOFINANZ's acquisition of an interest in S IMMO in 2018, a constellation exists at S IMMO which justifies the abortion of the voting rights restriction only in the context of a takeover bid that is satisfactory from a shareholder perspective
- Without such a takeover offer, the abortion of the voting rights restriction is not in the interest of the remaining shareholders as it transfers voting power and value to IMMOFINANZ without consideration and sufficient justification
- S IMMO shareholders have voted down similar proposals twice in the past
- The developments since 2018, in particular the course of the merger talks between IMMOFINANZ and S IMMO and the presence of a takeover offer now, have proven that this was the right decision, preserving and enhancing value for all S IMMO shareholders

**S IMMO Management Board can therefore not recommend the abortion of the voting rights restriction per se and hence an evaluation of the nature and attractiveness of the takeover offer by IMMOFINANZ is indicated**

# IMMOFINANZ Offer – summary of key terms



## Offer price

- **€22.25 (cum dividend;** i.e. cum dividend in this context means that the Offer Price will be reduced by the amount of any dividend declared by S IMMO between the announcement of the Offer and settlement, provided that settlement of the Offer occurs after the relevant record date for such dividend)

## Subject of the Offer

- **The acquisition of all outstanding no-par value bearer shares of S IMMO** admitted to trading on the Vienna Stock Exchange (Prime Market), which are not owned by or attributable to the Bidder or any Party Acting in Concert with the Bidder (therefore c. 51.4mm no-par value shares or 69.9% of the share capital of S IMMO)<sup>1</sup>

## Offer structure

- **Voluntary takeover offer** to acquire control pursuant to Section 25a ATA

## Select conditions precedent

- Reaching the **statutory minimum acceptance of more than 50%**
- **Removal of maximum voting right:** The shareholders' meeting of S IMMO passed a resolution on the following amendments to the Articles of Association: (i) **an amendment to cancel the maximum voting right without replacement pursuant to Section 13 para (3) of the Articles of Association**, combined with (ii) an amendment with which the maximum voting right is reinstated in case the Offer does not become unconditionally binding
- Obtaining the **required merger control clearance** from relevant authorities

- **Removal of the maximum voting right** constitutes a **condition precedent to the Offer**
- **IMMOFINANZ requests removal of the maximum voting right in a first step** – independent of the outcome of the Offer – and **re-instatement only at a later stage**, in the case the Offer is not successful
- **As re-instatement is not guaranteed in case the Offer fails**, the **proposed vote leaves shareholders** with an – unnecessarily opened up – **risk that control is obtained without a fair exit**

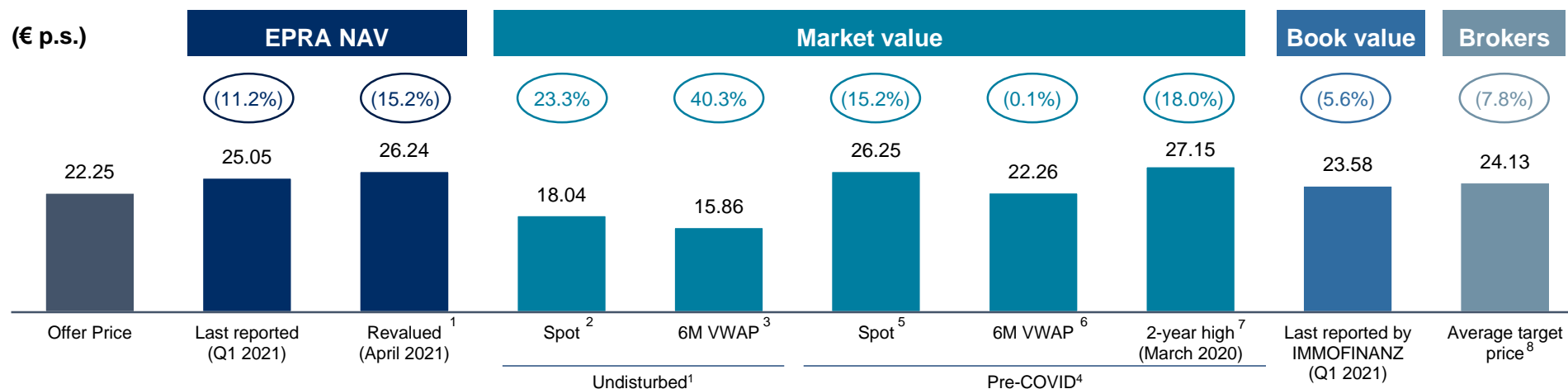
Source: Company information, offer document

<sup>1</sup> S IMMO's share capital is divided into 73.6mm shares, of which 2.7mm are treasury shares and of which 19.5mm shares are held by IMMOFINANZ

# S IMMO rejects the Offer as insufficient



## Offer Price is inadequate from a financial perspective



- The **Offer Price** is at a **clear discount** to **EPRA NAV**, **market values (pre-COVID)** and **book value** as reported by IMMOFINANZ
- In contrast, in 2018 **IMMOFINANZ** acquired the stake in **S IMMO** at a **premium of approx. 15%** to last reported EPRA NAV at signing
- These metrics are still **before** inclusion of any potential control premium or synergy crystallisation, that would justify an even higher price
- **IMMOFINANZ** holds its investment in **S IMMO** at **€23.58 per share on balance sheet**, despite the fact that the stake does not confer control. Even disregarding known upsides after Q1 2021, an Offer including usual control premiums should therefore be considerably higher than the current book value reported by IMMOFINANZ
- **Inadequacy opinion** by J.P. Morgan and **DCF-analyses** supported by external appraisers **outline inadequacy of Offer Price**
- **S IMMO** will **publish the valuations for the real estate assets as of June 30, 2021** in good time before the end of the Acceptance Period. It is advisable for shareholders to **wait until the publication of the revaluation before accepting the Offer**. **EPRA NAV increased at a >15% CAGR in the last 5 financial years (2015-2020)**
- **Significantly positive recent news flow** on real estate markets in general and the company in particular **not priced in**
- **Therefore Offer price and structure are inadequate and there is significant room for IMMOFINANZ to improve the Offer**

Premium/(Discount) to Offer Price X.X%

Source: Company information, FactSet, offer document

<sup>1</sup> Last reported EPRA NAV (Q1 2021), adjusted for the result of a value analysis announced on 10-May-21 of S IMMO's German and Austrian property portfolio at 30-Apr-21 carried out with the involvement of an independent external appraiser, disclosing an expected increase of c.€85mm (€1.20 per share) for the properties located in Germany and Austria as of that date compared to Q1 2021; <sup>2</sup> Undisturbed spot price as of March 12, 2021; <sup>3</sup> Undisturbed 6M VWAP (September 14, 2020 – March 13, 2021); <sup>4</sup> Defined as COVID-induced market downturn in Europe (February 21, 2020); <sup>5</sup> Pre-COVID spot price as of February 21, 2020; <sup>6</sup> Pre-COVID 6M VWAP (August 22, 2020 – February 21, 2020); <sup>7</sup> Share price 2-year high pre-COVID as of March 4, 2020; <sup>8</sup> Based on updated research reports since Offer

# S IMMO rejects the Offer as insufficient (cont'd)



## Terms are inadequate and do not reflect market standards

- Offer structure distributes **material transaction risks unilaterally to S IMMO shareholders**, in particular regarding the complex proposed EGM resolution (see next page for additional details)
- IMMOFINANZ **did not try to find an agreement with S IMMO about the terms of the Offer nor the procedure**
- IMMOFINANZ **at no point offered the conclusion of a Business Combination Agreement** (considered market standard in real estate transactions of this nature and size)
- IMMOFINANZ **imposed timing of the transaction unilaterally**, which does not allow for an orderly, transparent information and decision-making process
- **Offer lacks transparency**, in particular regarding:
  - **Synergies and strategic near-term plan for the combined entity not outlined** in sufficient detail and not quantified
  - **Reference transaction by IMMOFINANZ's CEO** of approx. 15% S IMMO share capital **not disclosed** (last 12 months before the transaction)
  - **Material legal mechanisms not sufficiently explained** in the offer document

# Voting recommendation for the S IMMO EGM convened for June 24, 2021



## Voting recommendation and resolution proposal regarding voting item 1 – proposed by IMMOFINANZ

- The Management Board and the Supervisory Board of S IMMO **recommend that shareholders vote AGAINST the amendments to the Articles of Association** proposed by IMMOFINANZ in Section 13 para 3

### Grounds:

- **Removal of maximum voting right is not in the interest of the S IMMO shareholders**, except for IMMOFINANZ
  - Without a successful takeover offer, that is satisfactory from a shareholder perspective, the removal of the maximum voting right is not justified
  - A removal **would strongly increase the voting rights exercisable by IMMOFINANZ, at the expense of other shareholders** and give **IMMOFINANZ de-facto control**
  - Evaluation of the nature and attractiveness of the takeover offer is indicated
- **Even those shareholders who consider accepting the Offer should vote AGAINST the amendment** due to the numerous risks for shareholders and S IMMO associated with the anticipatory abortion of the maximum voting right and the offer structure
  - Shareholders can still accept the Offer until the end of the Acceptance Period (July 16, 2021)
  - S IMMO will publish the valuations for the real estate assets as of June 30, 2021 in good time before the end of the Acceptance Period

# Voting recommendation for the S IMMO EGM convened for June 24, 2021 (cont'd)



**Voting recommendation regarding all potential additional proposals regarding voting item 1 – which are only made available on the company's website after the record date or which are only made or amended in the course of the EGM**

- The Management Board and the Supervisory Board of S IMMO **recommend that shareholders vote AGAINST all proposals for resolutions on item 1 of the agenda**, which are only made available on the company's website after the record date or which are only made or amended in the course of the EGM

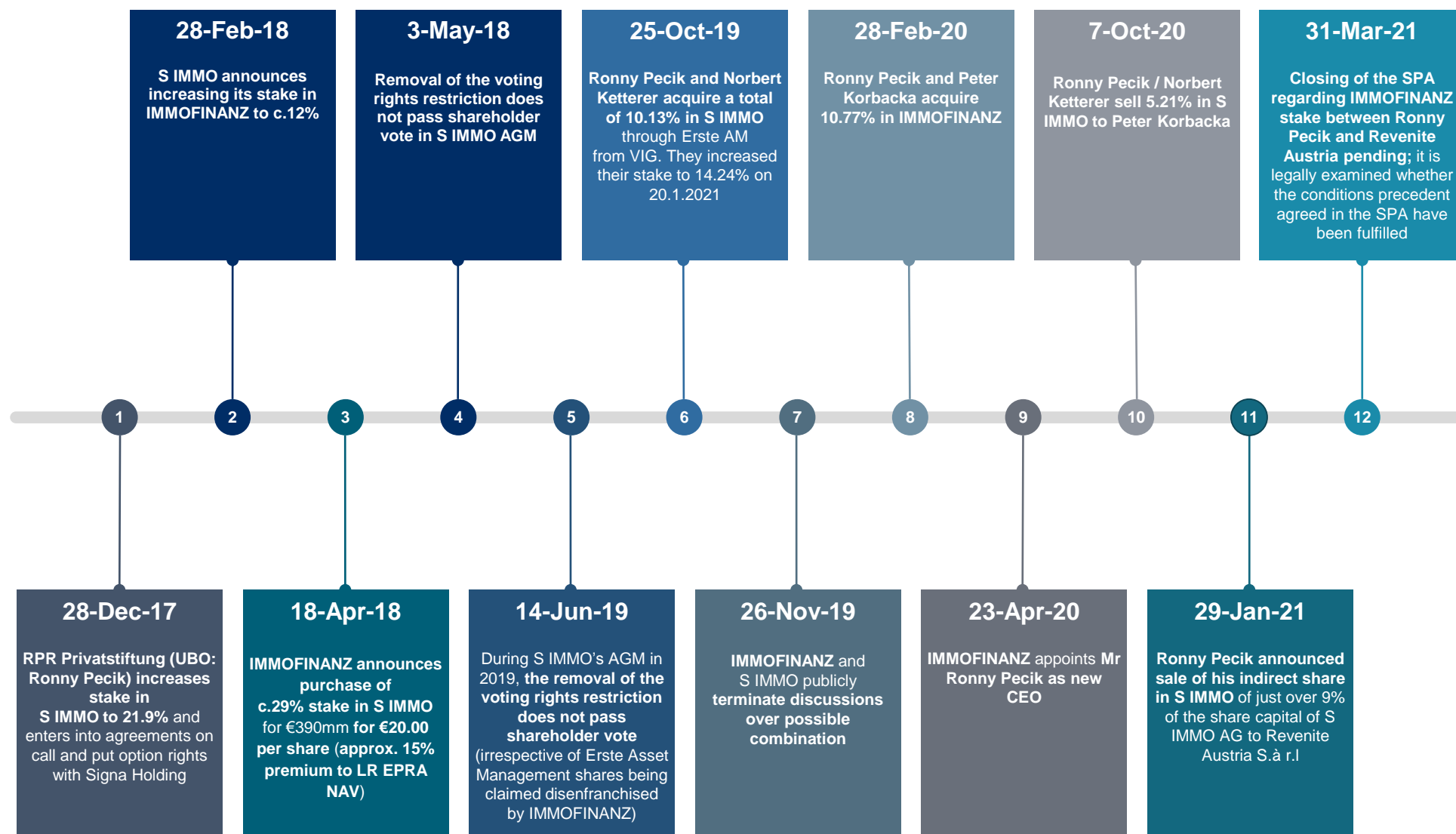
## **Grounds:**

- **Majorities required** for resolutions at the EGM **should not be influenced by unannounced resolution proposals or ad hoc motions** because **shareholders will not be able to provide timely instructions** to special proxies
- **Particular importance** because **shareholders can only be represented by special proxies due to the virtual setup** of the EGM



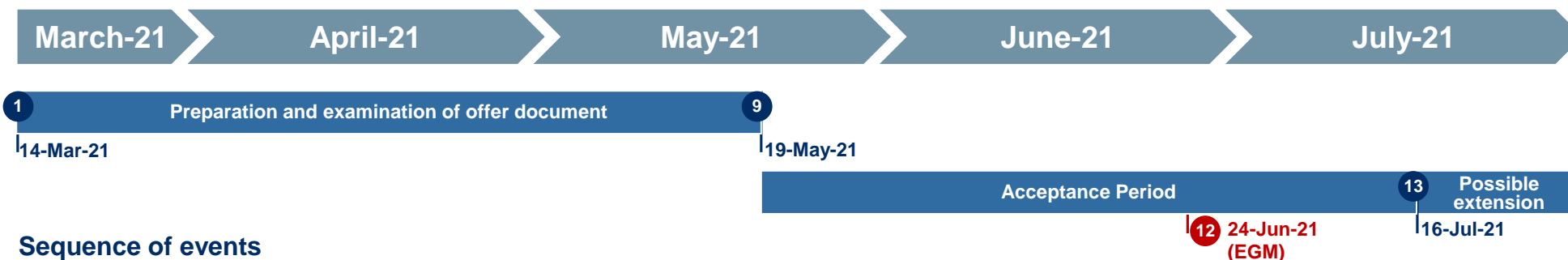
# Appendix

# Recent history of S IMMO and IMMOFINANZ



Source: Company information, press releases

# IMMOFINANZ takeover offer – timeline of events



## Sequence of events

- 1** 14-Mar-21: IMMOFINANZ announces **intention to acquire all outstanding S IMMO shares** (excl. treasury shares)<sup>1</sup>, currently not owned by IMMOFINANZ, at **€18.04 per share** on a *cum* dividend basis on an all-cash basis
- 2** 25-Mar-21: IMMOFINANZ **increases Offer Price to €22.25 per share** (the “Offer Price”) on a *cum* dividend basis (the “Offer”)
- 3** 26-Mar-21: **Start of examination** of offer document by the Austrian Takeover Commission
- 4** 30-Mar-21: **S IMMO postpones its AGM**, originally scheduled for 30-Apr-21
- 5** 07-Apr-21: IMMOFINANZ **requests S IMMO to convene a shareholders’ meeting on 30-Apr-21** to vote on the removal of the maximum voting right (condition precedent of the Offer)
- 6** 08-Apr-21: S IMMO:
  - **Declines the request for an EGM on legal grounds** (inter alia due to the offer not even officially being launched thus violating information rights of the shareholders and the announced intent to reserve a conversion into a mandatory bid)
  - **Reiterates offer to align timing of an AGM**
  - States that **request to remove vote right restriction is mainly in the interest of IMMOFINANZ and against protection of shareholders** and only a legitimate proposal in the context of a successful takeover
- 7** 15-Apr-21: Austrian Takeover Commission temporarily interdicts launching of the offer thereby extending examination period
- 8** 14-May-21: IMMOFINANZ filed a **modified offer document** which was finally approved by the ATC
- 9** 19-May-21: The **offer document** for the voluntary takeover offer **is published** by the Austrian Takeover Commission
- 10** 19-May-21: In the offer document IMMOFINANZ re-emphasizes its request for a shareholders’ meeting of S IMMO to vote on the resolution regarding the maximum voting right as a condition precedent to occur before the expiration of the acceptance period (if not waived)
- 11** 03-Jun-21: **S IMMO Management and Supervisory Board reject the Offer** as inadequate from a financial perspective as well as regarding offer conditions
- 12** 24-Jun-21: **S IMMO EGM convened on extremely short notice** to enable a material condition precedent of the offer to be fulfilled (Articles of Association, section 13 para 3)
- 13** 16-Jul-21: **End of Acceptance Period** of 8 weeks and 2 trading days; possible extension

Source: Company information

<sup>1</sup> S IMMO’s share capital is divided into 73.6mm shares, of which 2.7mm are treasury shares