

# EYEMAXX Real Estate

Buy (unchanged) Target: Euro 12.00 (old: Euro 11.50)

08 | June | 15



Der Spezialist für Finanzaktien

■ <b>Price (Euro)</b>	<b>5.83</b>			
52 weeks range	7.72 / 4.49			
■ <b>Key Data</b>				
Country	Germany			
Industry	Real Estate			
Segment	General Standard			
ISIN	DE000A0V9L94			
Sec. ID-No.	A0V9L9			
Symbol	BNT1			
Bloomberg	BNT1:GR			
Internet	www.eyemaxx.com			
Reporting Standard	IFRS			
Fiscal Year	31/10			
IPO	2011			
Ø Daily Turnover in € (1M)	1,567			
Market Cap (EUR million)	18.6			
Number of shares (million)	3.19			
Free Float	30.0%			
Free Float MCap (million)	5.6			
CAGR pre tax profit 2015-18e	20.0%			
■ <b>Multiples</b>	<b>2013/14</b>	<b>2014/15e</b>	<b>2015/16e</b>	<b>2016/17e</b>
<b>PE-Ratio</b>	<b>10.2</b>	<b>5.3</b>	<b>3.9</b>	<b>3.8</b>
Dividend Yield	3.4%	3.4%	5.1%	5.1%
■ <b>Key Data per Share (Euro)</b>	<b>2013/14</b>	<b>2014/15e</b>	<b>2015/16e</b>	<b>2016/17e</b>
<b>Earnings per share (EPS)</b>	<b>0.57</b>	<b>1.09</b>	<b>1.49</b>	<b>1.52</b>
Dividends per share (DPS)	0.20	0.20	0.30	0.30
Book value per share (BVPS)	6.97	7.25	7.78	8.30
■ <b>Financial Data (Euro '000)</b>	<b>2013/14</b>	<b>2014/15e</b>	<b>2015/16e</b>	<b>2016/17e</b>
<b>Revenues</b>	<b>1,571</b>	<b>2,200</b>	<b>2,900</b>	<b>3,550</b>
Operating profit (EBITDA)	7,611	8,288	11,329	11,413
<b>Operating profit (EBIT)</b>	<b>7,402</b>	<b>8,098</b>	<b>11,139</b>	<b>11,223</b>
Pre-tax profit (EBT)	3,851	4,458	6,089	6,808
<b>Net profit</b>	<b>2,330</b>	<b>3,938</b>	<b>5,839</b>	<b>6,558</b>
Adjusted shareholders' equity	22,254	25,383	29,951	35,102
Book value per share	6.97	7.25	7.78	8.30
<b>RoE after tax</b>	<b>14.3%</b>	<b>13.8%</b>	<b>12.9%</b>	<b>12.1%</b>
■ <b>Financial Calendar</b>				
AGM			24 June 2015	
1H 2014/2015 report			30 June 2015	
<b>SRC Forum Financials &amp; Real Estate 2015</b>			<b>10 September 2015</b>	
■ <b>Main Shareholders</b>				
CEO Dr. Michael Müller		70.0%		
■ <b>Analyst</b>	<b>Dipl.-Kfm. Stefan Scharff, CREA</b>			
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## Good trading news from all business units – Kittsee as well as residential development project and the first nursing home already sold

Last week, on 3 June, Eyemaxx, a renowned project developer and property manager specializing in the development of CEE retail parks as well as selected residential and nursing home projects in Germany and Austria, released **positive news regarding the complete sale of Austrian Kittsee-based retail park** with almost 11k sqm and EUROSPAR and Hofer as anchor tenants. After the company already sold a part of its stake to a family office last year in July, EYEMAXX now sold the remaining 49% stake together with the other owners to a private investor. The transaction volume for the 100% stake in the Kittsee project company is at approx. Euro 19m, higher than we expected (Euro 18.0m – 18.5m).

EYEMAXX will use the proceeds from this sale to re-invest in its existing huge pipeline of new retail parks and residential and nursing homes developments in Germany and Austria.

**In this context, the company already delivered another two favorable trading news some weeks ago, at the end of April. Firstly, the company's first nursing home project in German Rhineland-Palatinate near the capital city Mainz was already sold as a forward sale to a German institutional investor. The 6,000 sqm property will offer 95 places for therapy and 23 residential units for elderly people for an assisted accommodation. After this successful and quick first transaction in this asset class EYEMAXX is encouraged to further grow the business in this promising asset class. Experts say that Germany has a demand for up to 3,000 new nursing homes in the next 15 years, due to the ageing of the population. The completion of this first EYEMAXX nursing home is scheduled for 2Q 2016.**

**Secondly, EYEMAXX sold a residential property project in the 23<sup>rd</sup> district of Vienna. After the initial plan was to develop 11,000 sqm with 135 units by its own, EYEMAXX received a very lucrative offer to sell it in this early state. Also these proceeds can be re-invested in the pipeline which has a volume of Euro 200m. With all these deals the firm underlines its ability not only to develop promising and sought-after properties but also to close lucrative deals for its shareholders. With the good recent deal flow we see a positive impetus for the share price and lift our target to €12.00.**

EYEMAXX Real Estate AG		Company profile
<b>Industry:</b>	Real Estate	<b>Management Board of EYEMAXX Real Estate AG:</b>
<b>Sub-segment:</b>	Developer (multi-asset)	CEO Dr. Michael Müller
<b>Region:</b>	Austria, Germany, CEE	
<b>Headquarter:</b>	Aschaffenburg	<b>Supervisory Board of EYEMAXX Real Estate AG:</b>
<b>Foundation</b>	1996	Dr. Philip Jessich
<b>Employees:</b>	33	Franz Gulz                      Richard Fluck
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EYEMAXX Real Estate AG is an international project developer for commercial real estate with a clear balance point on the CEE region, Austria and Germany. The company develops first and foremost retail parks and strip malls and works together with well-known western retail brands participating from their expansion to Central European countries like Poland, Czech Republic or Slovakia. In terms of retail parks the company became one of the market leaders in CEE. A pre-let quota of at least 50% is the pre-condition to start construction activities at a certain location. Furthermore popular and well-known trade chains like Hofer, DM, Takko, New Yorker, Bauhaus, Deichmann, Rossmann or C&A, to mention only a few, are among tenants. The retail parks themselves are being distributed under a brand like "BIG BOX" "MyBOX" or "STOP.SHOP" (a trade-mark of Immofinanz). Finally developments within the portfolio are mostly sold after completion to an investor. However, the company has changed its business model in 2012 and aims now on selling more developments after their completion to achieve higher profits than with a forward-sale. In the past six years twenty developments with a transaction volume of about Euro 250m were successfully built and sold. In addition, the company develops and realizes logistic properties, a factory outlet center and tailor-made solutions on customer order. In February 2014 Eyemaxx announced to enter a new field of business by developing German and Austrian residential properties in the German Top 7 cities and surrounding areas and in Vienna as well as nursing homes in Germany. This new business field will be done in a strategic partnership with Austrian VST Building Technologies AG. The current total pipeline is Euro 200m, thereof c. Euro 100m in retail parks (Fachmarktzentren) and c. Euro 100m in residential and nursing homes (Wohnimmobilien und Pflegeheime). Three German nursing homes projects are in current preparation and the first residential development has started in autumn 2014 and was recently sold (Vienna Liesing).

The firm was founded in 1996 as EYEMAXX International Holding & Consulting GmbH. In the course of a capital increase in 2011 the company used the shell company Amictus AG to become a public listed company. EYEMAXX Real Estate AG is listed at the General Standard of the Frankfurt Stock Exchange since July 2011 (ISIN: DE000A0V9L94). Furthermore the firm issued four corporate bonds (DE000A1K0FA0, DE000A1MLWH7, DE000A1TM2T3 and DE000A12T374) which are listed within the Frankfurt Entry Standard (total volume of all bonds Euro 52m). The German corporate rating agency Creditreform recently confirmed the BB corporate rating for EYEMAXX Real Estate and also confirmed the BBB- investment grade rating for the first bond, which runs until July 2016.

Source: Company Data, SRC Research

## SWOT-Analysis

### Strengths

- ▶ Focus on markets in central Europe with a reliable legal status and an above average economic growth like Poland, Czech Republic or Slovakia. Beyond that investment locations are often situated at mid-sized or smaller cities which have fewer competitors and are less challenging. EYEMAXX is among the market leading project developers for retail parks in CEE.
- ▶ In February 2014 EYEMAXX started new business units with a focus on residential and nursing homes in Germany and Austria. Some investors might argue a dilution of the initial focus, but the widening of focus might surely help to stabilize and accelerate future profits as the pipeline of future products steeply rises from Euro 120m to Euro 200m. And Germany and Austria are the most sought-after markets in Europe. The recent lucrative sale of the 130 residential units in Vienna Liesing in an early planning phase speak a clear language. Also the early forward sale of the first nursing home in Germany / Rhineland-Palatinate is a promising sign to continue this growth path with the second business unit.
- ▶ The track record contains numerous successfully finished developments with a cumulated transaction size of c. Euro 250m since 2006. The average RoI is about 20%. The average equity in the project financing is c. 25% - 35%.
- ▶ For the future the company has an investment pipeline containing various attractive projects with a cumulated volume of c. Euro 200m. The pipeline is a mix of about half in retail parks and logistics in Central Europe and half in residential properties and nursing homes in Germany and Austria.
- ▶ Several well-known and popular brands in the retail business like Hofer, dm, Takko, Bauhaus, Deichmann, Rossmann, to mention only a few, work together with EYEMAXX. Company's network and the long-term contact to prominent tenants is very valuable for being successful. As a pre-let quota of at least 50% is the pre-condition to start construction activities at a certain location, local developers often do not have the international network, which is decisive for activities.
- ▶ In a specific corporate structure that implies that each development is linked to its own property company (SPV), development profits are mostly tax free. The major conditions to achieve tax exemption in Austria in case of a company disposal are: a participation of more than 10% in the SPV must be located outside Austria and ownership longer than one year. EYEMAXX fulfills all these criteria.

### Weaknesses

- ▶ The business case of EYEMAXX assumes to realize projects with a small equity portion and a high leverage. Due to the fact that banks finance on average only up to 70% of the total investment volume, EYEMAXX needs additional financing partners like joint ventures or a co-fund that take further equity to realize a higher leverage for the company. The new business residential and nursing homes might speak for a higher equity base. The firm did a 10% capital hike in March 2014.

### Opportunities

- ▶ Due to its vast know-how and high degree of brand awareness, EYEMAXX has project opportunities with low equity requirements in best case starting at 10% only, but benefits with a much higher profit share of up to 50% of the development profit (in some cases even more than 50%).
- ▶ There is a broad market niche for new nursing homes in Germany due to the ageing society. About 3,000 new nursing homes were needed the next 15 years.
- ▶ A standardized and plain vanilla construction method provides low and stable construction costs for developments and reduces construction risks.

### Threats

- ▶ Vienna-based Immofinanz, one of the largest European real estate companies, pursues a similar strategy in terms of retail parks and has a portfolio of c. 50 developed properties (thereof one third was realized as joint venture with EYEMAXX) located in Czech Republic, Poland, Slovakia and Hungary under the brand name "Stop.Shop". We see Immofinanz as the main competitor.

## P&amp;L Account for EYEMAXX (year ending 31 October)

EYEMAXX Real Estate AG 31/10 IFRS (Euro '000)	2011	2011/12	2012/13	2013/14	2014/15e	2015/16e	2016/17e	2017/18e	2018/19e	CAGR '15 - '18e
<b>Revenues</b>	<b>4,232</b>	<b>1,534</b>	<b>2,397</b>	<b>1,571</b>	<b>2,200</b>	<b>2,900</b>	<b>3,550</b>	<b>4,100</b>	<b>4,200</b>	<b>23.1%</b>
Increase in finished products	-1,616	905	449	1,158	1,450	1,036	-500	-850	500	
Other operating income (including revaluation result)	4,767	3,615	3,904	3,917	4,450	4,405	5,100	5,000	4,000	
<b>Total operating income</b>	<b>7,383</b>	<b>6,054</b>	<b>6,750</b>	<b>6,646</b>	<b>8,100</b>	<b>8,341</b>	<b>8,150</b>	<b>8,250</b>	<b>8,700</b>	
Cost of material	-1,150	-497	-89	-398	-923	1,211	-800	-296	-205	
Personnel expenses	-1,203	-1,760	-1,597	-1,920	-2,289	-2,223	-2,318	-2,414	-3,005	
Other operating expenses	-3,301	-3,335	-2,988	-4,113	-4,300	-4,500	-3,502	-3,012	-4,100	
Net income from investments accounted for using the equity method	213	4,503	4,836	7,396	7,700	8,500	9,883	10,000	12,000	
<b>EBITDA</b>	<b>1,942</b>	<b>4,965</b>	<b>6,912</b>	<b>7,611</b>	<b>8,288</b>	<b>11,329</b>	<b>11,413</b>	<b>12,528</b>	<b>13,390</b>	<b>14.8%</b>
<i>EBITDA-margin</i>	<i>45.9%</i>	<i>323.7%</i>	<i>288.4%</i>	<i>484.5%</i>	<i>376.7%</i>	<i>390.7%</i>	<i>321.5%</i>	<i>305.6%</i>	<i>318.8%</i>	
Amortization of intangible assets and depreciation of property, plant and equipment and investment properties	-175	-136	-178	-209	-190	-190	-190	-200	-220	
<b>Operating profit (EBIT)</b>	<b>1,768</b>	<b>4,829</b>	<b>6,734</b>	<b>7,402</b>	<b>8,098</b>	<b>11,139</b>	<b>11,223</b>	<b>12,328</b>	<b>13,170</b>	<b>15.0%</b>
<i>EBIT-margin</i>	<i>41.8%</i>	<i>314.8%</i>	<i>280.9%</i>	<i>471.2%</i>	<i>368.1%</i>	<i>384.1%</i>	<i>316.1%</i>	<i>300.7%</i>	<i>313.6%</i>	
Interest earnings	383	1,061	1,154	1,089	1,845	500	885	500	690	
Income from disposal of investments	9	0	0	0	0	0	0	0	0	
other financial earnings	0	0	0	0	0	0	0	0	0	
Interest expenses	-1,026	-2,703	-4,246	-4,640	-5,485	-5,550	-5,300	-5,125	-3,802	
other financial costs	0	0	0	0	0	0	0	0	0	
<b>Financial result</b>	<b>-635</b>	<b>-1,642</b>	<b>-3,092</b>	<b>-3,551</b>	<b>-3,641</b>	<b>-5,051</b>	<b>-4,416</b>	<b>-4,626</b>	<b>-3,113</b>	
<b>Pre-tax Profit (EBT)</b>	<b>1,134</b>	<b>3,187</b>	<b>3,642</b>	<b>3,851</b>	<b>4,458</b>	<b>6,089</b>	<b>6,808</b>	<b>7,703</b>	<b>10,058</b>	<b>20.0%</b>
<i>EBT-margin</i>	<i>26.8%</i>	<i>207.8%</i>	<i>151.9%</i>	<i>245.1%</i>	<i>202.6%</i>	<i>210.0%</i>	<i>191.8%</i>	<i>187.9%</i>	<i>239.5%</i>	
Tax expenses	182	-614	-533	-1,521	-520	-250	-250	-920	-1,355	
<i>Tax rate</i>	<i>n.s.</i>	<i>19.3%</i>	<i>14.6%</i>	<i>39.5%</i>	<i>11.7%</i>	<i>4.1%</i>	<i>3.7%</i>	<i>11.9%</i>	<i>13.5%</i>	
<b>Net Profit</b>	<b>1,316</b>	<b>2,573</b>	<b>3,109</b>	<b>2,330</b>	<b>3,938</b>	<b>5,839</b>	<b>6,558</b>	<b>6,783</b>	<b>8,703</b>	<b>19.9%</b>
Minorities	36	38	-40	20	-54	-50	-75	-100	-125	
Other comprehensive income	n.a.	n.a.	-98	-522	-55	-66	-63	-45	-40	
<b>Net Profit after minorities</b>	<b>1,352</b>	<b>2,611</b>	<b>2,971</b>	<b>1,828</b>	<b>3,829</b>	<b>5,723</b>	<b>6,420</b>	<b>6,638</b>	<b>8,538</b>	
<i>Return on sales</i>	<i>31.9%</i>	<i>170.2%</i>	<i>123.9%</i>	<i>116.4%</i>	<i>174.0%</i>	<i>197.3%</i>	<i>180.8%</i>	<i>161.9%</i>	<i>203.3%</i>	
Number of shares ('000, at year-end)	2,651	2,651	2,901	3,191	3,500	3,850	4,230	4,610	4,990	
<b>Earnings per share (Euro)</b>	<b>0.50</b>	<b>0.98</b>	<b>1.02</b>	<b>0.57</b>	<b>1.09</b>	<b>1.49</b>	<b>1.52</b>	<b>1.44</b>	<b>1.71</b>	
Dividends per Share (DPS) in Euro	0.00	0.30	0.00	0.20	0.20	0.30	0.30	0.30	0.30	
Adjusted shareholder's equity	14,489.00	16,548.00	20,064.00	22,253.86	25,382.86	29,950.86	35,101.86	40,356.86	47,397.86	
BookValue per Share (BVPS) in Euro	5.12	6.24	6.92	6.97	7.25	7.78	8.30	8.75	9.50	

## Key ratios &amp; figures

	2011	2011/12	2012/13	2013/14	2014/15e	2015/16e	2016/17e	2015/16e	2016/17e
<b>Growth rates in %</b>									
Revenues	-70.1%	-63.8%	56.3%	-34.5%	40.0%	31.8%	22.4%	15.5%	2.4%
EBITDA	14.0%	155.7%	39.2%	10.1%	8.9%	36.7%	0.7%	9.8%	6.9%
EBIT	20.3%	173.1%	39.4%	9.9%	9.4%	37.6%	0.8%	9.8%	6.8%
EBT	38.8%	181.0%	14.3%	5.7%	15.8%	36.6%	11.8%	13.1%	30.6%
Net profit after minorities	n.a.	n.a.	n.a.	432.7%	-89.5%	20.0%	-4.5%	-28.6%	-11.1%
<b>Margins in %</b>									
EBITDA (total operating income)	26.3%	82.0%	102.4%	114.5%	102.3%	135.8%	140.0%	151.9%	153.9%
EBIT (total operating income)	23.9%	79.8%	99.8%	111.4%	100.0%	133.5%	137.7%	149.4%	151.4%
EBT (total operating income)	15.4%	52.6%	54.0%	57.9%	55.0%	73.0%	83.5%	93.4%	115.6%
<b>Expense ratios in %</b>									
Personnel costs quote (total operating income)	16.3%	29.1%	23.7%	28.9%	28.3%	26.7%	28.4%	29.3%	34.5%
Depreciation to total operating income	2.4%	2.2%	2.6%	3.1%	2.3%	2.3%	2.3%	2.4%	2.5%
Tax rate	n.a.	19.3%	14.6%	39.5%	11.7%	4.1%	3.7%	11.9%	13.5%
<b>Profitability in %</b>									
Net profit to total operating income ratio	n.a.	n.a.	-1.5%	-7.9%	-0.7%	-0.8%	-0.8%	-0.5%	98.1%
Return on equity (RoE) after tax	18.3%	16.0%	14.5%	14.3%	13.8%	12.9%	12.1%	11.4%	18.0%

## SRC Research

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Rating Chronicle	Date	Rating	former share price	former target
EYEMAXX Real Estate	05 March 2015	Buy	5.85 €	11.50 €
EYEMAXX Real Estate	22 September 2015	Buy	5.50 €	11.50 €
EYEMAXX Real Estate	12 August 2014	Buy	5.31 €	11.50 €
EYEMAXX Real Estate	07 July 2014	Buy	6.32 €	11.50 €
EYEMAXX Real Estate	25 March 2014	Buy	5.67 €	11.50 €

#### Please note:

The EYEMAXX Real Estate AG share price mentioned in this report is from 8 June 2015. EYEMAXX Real Estate AG mandated SRC Research for monitoring the EYEMAXX Real Estate AG share.

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