

**Rating Action: Moody's assigns a Baa2 rating to CA Immo's planned senior unsecured bond**

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12 Sep 2018

London, 12 September 2018 -- Moody's Investors Service (Moody's) has today assigned a Baa2 rating to the planned senior unsecured bond with a sub-benchmark volume (below EUR300 million) and a maturity of 7.5 years to be issued by CA Immobilien Anlagen AG (CA Immo). CA Immo's Baa2 issuer rating is unchanged and the outlook is stable.

**RATINGS RATIONALE**

"CA Immo's planned bond issuance is credit positive because it will lengthen the debt maturity profile, further diversify sources of funding by increasing unsecured borrowing, and increase unencumbered assets as some of the proceeds will be used to refinance secured debt", says Ramzi Kattan, Moody's Vice President -- Senior Analyst and lead analyst for CA Immo.

The Baa2 rating of the planned senior unsecured bond is in line with CA Immo's Baa2 long-term issuer rating. The bond, which will be issued by CA Immo, will rank pari passu with all other existing and future senior unsecured obligations. The bond benefits from a financial covenant that limits CA Immo's loan to value at 60%. Proceeds from the bond will mostly be used to refinance existing secured bank debt as well as financing the company's recent and upcoming acquisitions and future development projects.

**FACTORS THAT COULD LEAD TO AN UPGRADE**

- » If the company continues to demonstrate solid execution and prudent financial policies through real estate cycles and maintains moderate leverage, strong interest coverage, a long-dated debt maturity profile and strong liquidity.
- » If leverage, as measured by Moody's-adjusted total gross debt/gross assets, is sustained below 40%, alongside financial policies that support the lower leverage and a Moody's-adjusted fixed-charge coverage above 3.5x.
- » If the company maintains a high proportion of unsecured borrowing in its funding mix, supported by a large pool of high-quality unencumbered assets across all its markets.

**FACTORS THAT COULD LEAD TO A DOWNGRADE**

- » Leverage is sustained above 45%.
- » Fixed-charge coverage is sustained below 2.5x.
- » If the company does not maintain adequate liquidity at all times.

The principal methodology used in this rating was REITs and Other Commercial Real Estate Firms published in September 2018. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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