

## STRATEGY

CA Immo has built up an excellent market position in core Europe over more than three decades of steady development. As a long-term manager, investor and developer of high-quality office properties, we shape the urban landscape of Central European metropolises and create places where people love to work. Through our innovative strength, forward-looking portfolio management and holistic commitment to sustainability, we ensure the highest quality in the office segment and secure long-term competitiveness for CA Immo. Our high-quality investment portfolio – combined with extensive land reserves in central, inner-city locations and proven development expertise – offers a first-class capital and earnings base for sustainable growth.

### Company profile and business model

CA Immo's core competence is the development and management of modern, large office properties in core Europe. The company's core region comprises Austria, Germany, Poland, Czechia, Hungary, and Romania. While business activity in Germany is concentrated on the cities of Berlin, Munich and Frankfurt, the strategic focus in the other countries is directed at capital cities (Vienna, Warsaw, Prague, Budapest and Bucharest). In Germany, expansion into additional metropolitan areas with attractive characteristics and more than one million inhabitants is a strategic option.

From the design and development of entire urban districts to the active management of investment properties, value is generated for CA Immo shareholders through a comprehensive value chain. The CA Immo business model aims to ensure sustainable income from lettings to a first-class pool of tenants with high credit ratings while generating additional revenue from the development and sale of real estate.

### High-quality Investment Portfolio

The asset portfolio is clearly focused on office properties with an attractive yield in central and very well connected locations (the proportion of office properties was 90% of the overall property portfolio on the key date). Other usage types only serve to realise and optimise actual strategic real estate and account for a very small proportion of the total portfolio.

The company aims to enhance the attractiveness of the portfolio over the long term through active portfolio management, i.e. by means of continual investment and the ongoing sale of properties with limited value creation potential (strategic capital rotation). The company's core activities in several countries optimise risk diversification. A strategic investment property should not only be attractive in terms of location and fittings, but also technically innovative and sustainable in every respect; each should retain a strong market position combined with a distinctive image as an urban benchmark.

### Real estate development as significant growth driver

The key organic growth driver will continue to be the development of modern, energy-efficient core properties for our own portfolio in CA Immo's core markets, especially in Germany. The company has significant potential for organic growth in the coming years, based on extensive reserves of centrally located land in inner-city locations (especially in the German metropolises of Berlin, Munich and Frankfurt) and profound property development expertise with a strong track record of the construction management subsidiary omniCon. This potential offers the company's shareholders significant long-term earnings prospects by exploiting the entire depth of value creation through the achievement of building permits, the development and acquisition of strategic properties in the existing portfolio and the sale of non-strategic properties.

Regarding utilisation of its project completions, CA Immo pursues its strategy as office portfolio holder: Office properties are developed primarily for the company's own portfolio, whereas residential properties are earmarked for selling after completion (see section on "Development Potential of Land Reserve").

### Property acquisitions as additional growth driver

Beyond property development, selective acquisitions are intended to strengthen the portfolio in the Group's core markets and provide additional rental income impulses. The corporate platform, which has been optimised in recent years, combined with a robust balance sheet profile and the local market expertise of the internal asset management teams in all core markets, represents a fundamentally strong basis for value-creating growth.

### Successful implementation of strategic programmes

CA Immo successfully implemented the strategic programmes of prior years. In addition to the finalising of sales of non-strategic properties and further optimisation

of the financing structure, the strategic agenda was clearly focused on value-enhancing growth within defined core markets. The ongoing strengthening of CA Immo's sustainable cash flow (FFO I), the generation of an attractive return on equity and the implementation of a comprehensive agenda for sustainable business operations in support of the European Union's climate and environmental goals are key objectives in the implementation of the strategy.

#### **Attractive dividends**

CA Immo has positioned itself as a dividend payer with the long-term objective of offering shareholders attractive payouts on a regular basis. The long-term, stable profitability of lettings business is a critical indicator of the company's capacity to pay a dividend, which should be gradually raised by means of the measures outlined above.

#### **Investment grade as a strategic component**

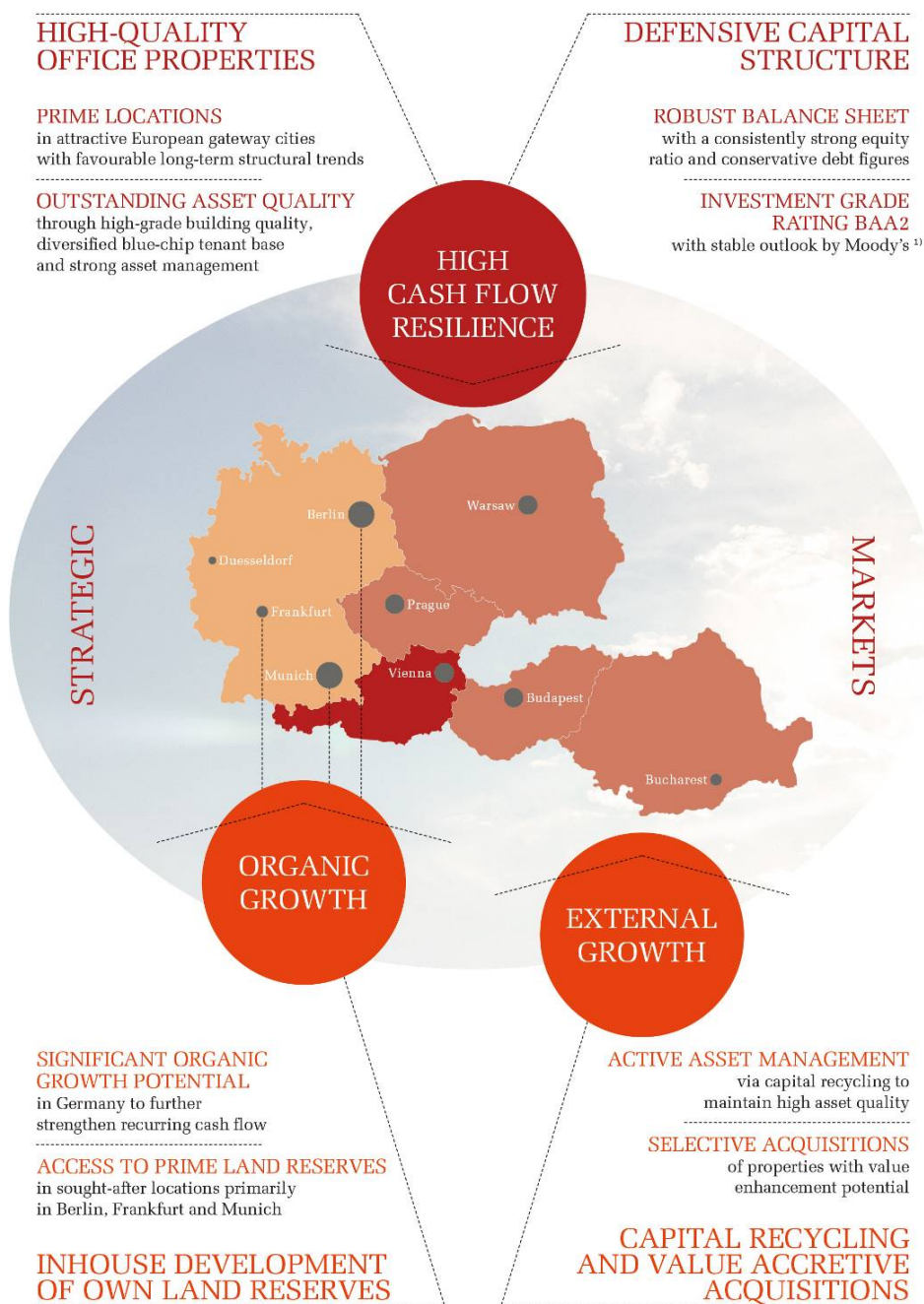
In December 2015 Moody's Investors Service, the international rating agency, classified CA Immobilien Anlagen AG with a Baa2 investment grade (long-term issuer)

rating with a stable outlook following a comprehensive analysis of creditworthiness. The key indicators for obtaining and retaining the investment grade rating, which is of high strategic significance to CA Immo, are primarily a strong balance sheet with low gearing, recurring earnings power, an associated solid interest coverage ratio and a sufficiently large quota of unsecured properties (see 'Financing' section).

#### **Strategic sustainability initiative: Tomorrow Proof by CA Immo**

Under the motto "Tomorrow Proof by CA Immo", CA Immo is pursuing a group-wide project to define and manage its strategic sustainability activities. The aim of this initiative is to support the general transition to a sustainable economy and to contribute to limiting global warming to below 2° Celsius. Key elements of this project include reducing the carbon footprint of the building stock and increasing the resilience of the portfolio to climate risks (for details see ESG report).

CA IMMO BUSINESS MODEL



<sup>1)</sup> When the core shareholder Starwood Capital made an anticipatory mandatory offer to the shareholders and owners of convertible bonds of CA Immo, the rating agency placed the rating 'under review for downgrade' as well as the outlook to 'under review' (refer to section "Financing").

## DEVELOPMENT POTENTIAL OF LAND RESERVE

### From a former freight station to a modern city quarter – the growth story of CA Immo

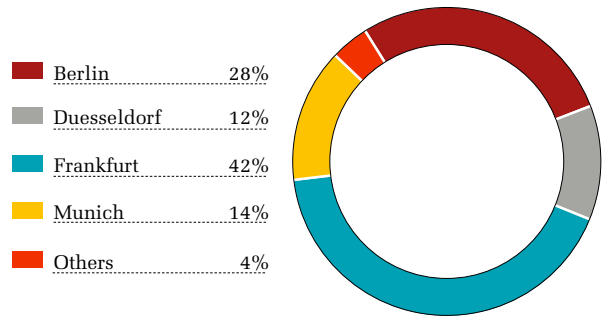
Since the acquisition of the federal subsidiary Vivico Real Estate early in 2008, CA Immo has held extensive land reserves in its property portfolio primarily in the German metropolises Berlin, Munich and Frankfurt. At the time of acquisition, the plots formerly owned by Deutsche Bundesbahn – no longer required for its operations and located, in part, in the city centre and originally largely dedicated to railways purposes – comprised a total space of approx. 5.8 m sqm.

Since then, CA Immo has become a successful project developer in Germany and completed construction projects with a total investment volume of more than € 3.0 bn over the past 15 years or so. Most of the project completions were integrated into the company's own investment portfolio, while the rest was sold. This long-term value-accretive development activity in the form of continuous development and utilisation of the land reserves represents a significant growth driver and strategic competitive advantage for CA Immo.

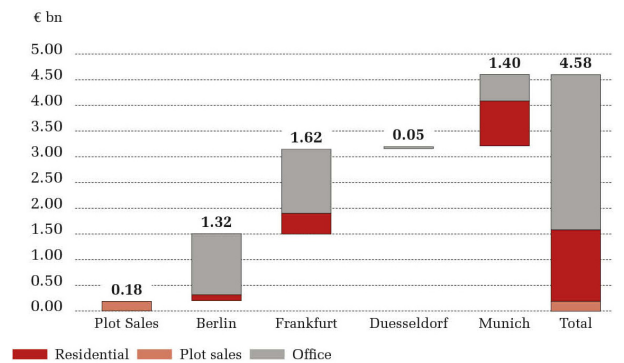
### Development potential based on existing land reserves of more than € 4.4 bn

As at key date 31 December 2020, CA Immo holds land reserves worth € 355 m<sup>1)</sup>, a portion of which (approximately 10% in value) is recognised in current assets at amortised cost, in addition to its projects under construction (with a total investment volume of around € 700 m). On the remaining sites, CA Immo has development potential of more than 600,000 sqm of usable space in its core cities of Berlin, Frankfurt and Munich, or more than € 4.4 bn over a period of around 10 years. Residential properties account for around 30%, office buildings for 70% of the overall development volume.

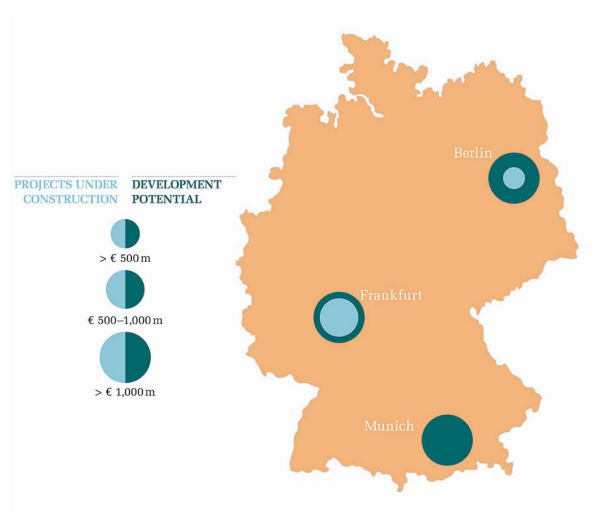
LANDBANK BY CITIES (BASIS: FAIR VALUE)



DEVELOPMENT POTENTIAL BY CITIES AND USAGE (FAIR VALUE)



DEVELOPMENT PIPELINE IN GERMANY



Projects under construction: Investment volume

<sup>1)</sup> Fully consolidated landbank (100% ownership of CA Immo)

### Value-maximising utilisation of land reserves along the entire value chain

In addition to its extensive stock of land reserves in top German locations, CA Immo also benefits from its internal development platform with its construction management subsidiary omniCon. This enables us to cover the entire value chain: from land preparation and the creation of building rights to construction management and controlling, initial letting and the transfer of completed buildings to our own investment portfolio or sale to end investors.

### Development strategy

In the utilisation of its project completions, CA Immo follows its strategy as an office portfolio holder: office properties are primarily developed for the company's own portfolio, while residential property projects are earmarked for sale. Of the total development potential of around € 4.4 bn, around € 3.0 bn is attributable to office properties (of which 40% in Berlin, 43% in Frankfurt and 17% in Munich).

### Strategic advantage in a competitive market environment

The German market for high-quality buildings in urban centres is highly competitive and prices have been continually rising. Thanks to the land reserves acquired in

2007, CA Immo is able to grow organically through its own project developments without having to acquire the required land at high prices on the market. This means that highly attractive margins can be achieved: rental yields on investment costs in Germany are well above the current market level, averaging between 5.5 and 6.5%; the development value after completion includes around 15-20% profitability on the total investment costs (including land).

### Top location quality as a long-term value retention factor

CA Immo's property reserves are largely located in central inner-city locations (office) or well-connected peripheral city locations (residential) in Germany's most important metropolises. This location quality ensures stable to rising value development and good marketability of future properties. Prominent examples of well located land reserves in the CA Immo portfolio are the prime office plots in the Europacity district around Berlin's main railway station, near the Reichstag and the Chancellory, and the development sites in Munich's city (periphery) location, most of which are earmarked for residential use and offer excellent public and private transport connections (see chart below).

## CA IMMO LAND RESERVES IN MUNICH

