
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- and Eastern 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 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 prime office properties in core Europe. Our strategic business model is geared towards sustainable value creation, taking into account ecological, economic, social and legal dimensions. This goes hand in hand with the aspiration to meet the diverse interests and needs of our stakeholders in a responsible balance and thereby secure our competitiveness in the long-term. Value generation for CA Immo stakeholders is based on a comprehensive value chain ranging from the conception and development of entire urban districts to the active management of existing properties. The CA Immo business model aims to generate stable and sustainable rental income from a first-class tenant pool with a high credit rating as well as additional income from the development and sale of properties.

Strategic core cities

The core regions are Germany, Austria, Poland, Czechia and Hungary. While business activities in Germany are concentrated in the cities of Berlin, Munich, Frankfurt and Duesseldorf, the strategic focus in the other countries is on the respective capitals (Vienna, Warsaw, Prague, Budapest). Germany is an important anchor market for the company, accounting for around 66% of the total portfolio. In the medium term, the portfolio share of Germany and Austria is expected to exceed 80%.

In addition to the increased focus of the portfolio on prime office buildings in the core markets of Berlin, Munich, Vienna, Prague and Warsaw, our focus remains on sustainability and intensive tenant retention. The goal

with our buildings is to offer the best product, the best support and the greatest possible flexibility for our tenants.

The special synergy of being an experienced developer of sustainable buildings and manager of an international Class A office portfolio in attractive metropolises makes us the ideal partner for blue-chip companies. We intend to leverage and develop these strengths in order to build on our strong market position in the long-term.

CA Immo is thus concentrating its activities on European metropolises that are economically interconnected and offer attractive long-term structural trends such as:

- increasing urbanization;
- positive demographic change;
- structural undersupply of high-quality office space;
- below-average unemployment;
- sustainable demand for space;
- and high investment liquidity.

In addition to established city centres/CBD locations, CA Immo is positioning itself in emerging submarkets that appeal to tenants from various sectors, thereby creating synergies within the portfolio and competitive advantages.

FIRST-CLASS INVESTMENT PORTFOLIO

We aim to offer our tenants high-quality buildings in top locations. The existing portfolio is focused on modern office properties with a high technological standard in central locations with excellent connections. Part of this comprehensive quality standard is to maintain sustainable and energy-efficient buildings in the portfolio and to operate them in a way that conserves resources as much as possible.

As of the reporting date, office buildings accounted for around 94% of the total investment property portfolio. Other types of use serve the realisation or optimisation of the actual strategic properties and have only a very small share of the total portfolio.

Effective management through decentralised organisational structure

Local teams on the ground in all strategic markets enable us to provide first-class services to our tenants, maintain close relationships with key market participants, internalise service margins and generate stable cash flow through high occupancy rates and the realisation of rental growth potential. A critical portfolio size in the respective submarkets ensures the utilisation of synergies and economies of scale to efficiently manage our property portfolio.

Value-creating capital rotation

Active portfolio management with continuous investments and the disciplined sale of properties with limited value-creation potential (strategic capital rotation) is designed to maintain and enhance the quality, sustainability and attractiveness of the portfolio in the long-term. The regional distribution of the core business across several countries enables optimal risk diversification. A strategic portfolio property should not only be attractive to our tenants in terms of its location and amenities, but also in balance with the environment from a social and sustainable perspective and thus have a strong market position in the long-term.

Since the beginning of the 2018 financial year, gross sales proceeds totalling around €1.7 bn have been generated as part of the strategic capital rotation programme. The majority of these transactions were concluded at prices that were higher than the book values of the sold properties.

REAL ESTATE DEVELOPMENT AS SIGNIFICANT ORGANIC GROWTH DRIVER

The central organic growth driver for CA Immo is the development of modern, energy-efficient prime properties for its own portfolio in our core markets, especially in Germany. CA Immo experts cover the entire value chain: From the preparation of the land, involvement in the master plan and the creation of building rights, to the implementation of the surrounding infrastructure and the construction and operation of new buildings. This creates mixed-use inner-city districts with short distances and a high quality of life. Buildings developed by CA Immo are characterised by high technical and architectural quality, flexible use of space and low energy consumption.

German land reserves and development expertise as a strategic competitive advantage

Since the takeover of the Deutsche Bundesbahn subsidiary Vivico Real Estate at the beginning of 2008, CA Immo has held extensive land reserves in its property portfolio - primarily in the German metropolises of Berlin, Munich and Frankfurt. At the time of purchase, these properties, which at that time were no longer required for operational purposes, were largely located in inner cities and originally mainly used by the railways, comprised a total of around 5.8 m sqm of space.

Since then, CA Immo has been extremely successful as a project developer in Germany, completing construction projects with a total investment volume of more than €3.0 bn over the past fifteen years. The majority of these project completions were integrated into the company's own portfolio, the rest were sold. This long-term and value-creating development activity in the form of continuous construction and utilisation of the land reserves represents a significant growth lever and strategic competitive advantage for the company.

These land reserves held on the balance sheet as at the reporting date with a book value of around €220 m are largely located in city centre locations (office) or well-connected suburban locations (residential) in Germany's most important conurbations. This location quality ensures value-accretive development and good marketability of the plots and properties to be developed on them. Prominent examples of land reserves in the CA Immo portfolio are the prime office sites in the Europacity district around Berlin's main railway station, close to the Reichstag and the Chancellor's Office, and the development sites in Munich's city periphery location, most of which are earmarked for residential use and are very well connected to both public and private transport (refer to the section "Investment Properties under Development"). Based on these sites in inner-city locations as well as profound property development expertise with a strong track record of the construction management subsidiary omniCon, CA Immo also has significant potential for organic growth in Germany in the coming years. This lies in exploiting the entire depth of value creation by obtaining building permits, developing and taking over strategic properties in the existing portfolio and selling non-strategic properties, offering the company's shareholders significant earnings prospects in the long-term.

In the realisation 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 projects are intended for sale after completion or after planning permissions are obtained. The German market in particular is highly attractive for high-quality buildings in urban centres. Thanks to the land reserves already acquired in 2008, CA Immo can grow organically through its own project developments in the highest quality market segment without having to acquire the land required for this purpose at a currently high price on the market - this means that extremely attractive margins can be achieved in the high-priced German market.

The current pipeline of project developments under construction with a total investment volume of around €520 m includes the office buildings Upbeat and Hochhaus am Europaplatz in Berlin. Both projects, 100% pre-let each, are intended for the company's own investment portfolio and will generate significant growth impetus for the company. The currently forecast average rental yield on production costs of 5.5% is well above the current market level.

PROPERTY ACQUISITIONS AS AN ADDITIONAL GROWTH DRIVER

In addition to realising property development profits from current projects under construction and on land reserves, selective acquisitions are intended to strengthen the portfolio in selected core markets of the Group and provide additional rental income growth. The corporate platform, which has been continuously 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. In addition to acquisitions in the Central- and Eastern European core markets in recent years, acquisitions in Berlin and Duesseldorf have recently been realised to complement the strong organic growth momentum in Germany.

ROBUST BALANCE SHEET STRUCTURE AS A SOLID BASIS FOR GROWTH

CA Immo's financing strategy is based on a balanced and flexible use of secured bank financing and unsecured

capital market financing. The investment grade financing structure with a defensive balance sheet and an extensive pool of unencumbered properties has increased the robustness of the CA Immo Group on the one hand and reduced financing costs to an extremely competitive level on the other, with a correspondingly positive effect on the sustainable profitability of the company (refer to the section on "Financing").

STRONG FINANCIAL PERFORMANCE

CA Immo's ability to invest in, develop and manage properties in a value-creating way over many years and to generate synergies with its corporate platform has led to strong financial performance over time.

Since 2011, we have paid a dividend to our shareholders that is linked to the sustainable profitability of the company. On this basis, and in combination with income from strategic capital rotation and property development, we have generated double-digit returns on equity on average in recent years (2018-2022: 10%). As a result, CA Immo has been able to generate an attractive total return from share price increases and dividends for its shareholders in recent years (total shareholder return, 2018-2022: 44%), and significantly outperformed the European property index EPRA Developed Europe.

ESG: TRANSFORMATION INTO A SUSTAINABLE COMPANY

The evaluation and management of the impact of our business activities on our ecological and social environment is an integral part of our quality standards. With our ESG commitment, we want to actively contribute to achieving the climate and environmental goals defined by the European Union and the general transition to a sustainable economy. To ensure this, CA Immo is committed to strategic sustainability management that is consistent across the Group. As part of this, a wide range of measures are implemented, including minimising the carbon footprint and resource consumption over the entire life cycle of buildings and setting high social standards within our sphere of influence. Detailed information on this commitment can be found in the ESG Report.

CA IMMO BUSINESS MODEL

