

STRATEGY

Over three decades of continual development, CA Immo has become distinctly competitive and secured an excellent market position in Central Europe. By letting, managing and developing high quality office buildings, the company has built up property assets worth € 4.3 bn in Central Europe, obtained attractive land reserves and established a first class capital and earnings basis for many more years of high value creation.

Company profile and business model

Developing and managing modern and spacious office properties in Central and Eastern Europe is CA Immo's core field of expertise. The company's core region comprises Austria, Germany, Poland, Hungary, Czechia, Serbia and Romania. While business activity in Germany is concentrated on the cities of Munich, Frankfurt and Berlin, the strategic focus in the other countries is directed at capital cities (Vienna, Warsaw, Prague, Budapest, Belgrade and Bucharest). In Germany, expansion into additional metropolitan areas with attractive characteristics and more than 500,000 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 stable revenue 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

While 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 approximately 87% of the overall property portfolio on the key date), hotel properties are also held long-term as a supplementary usage type. Other usage types only serve to 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. The company's core activities in several countries enable 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 significant growth driver

In-house development and the incorporation of modern, energy efficient core properties on the main markets of CA Immo will continue to be the main drivers of organic growth. In Germany in particular, land reserves in the portfolio and the company's development expertise constitute a strategic competitive advantage in a very competitive market for high quality buildings in urban locations.

Aside from its far-reaching stock of land reserves in German prime locations, CA Immo also benefits from its internal development platform (including, among others, construction subsidiary omniCon) enabling utilisation of the entire value-chain depth. From land preparation to procurement of building rights to construction management, letting and transfer of completed buildings to its own portfolio or selling them to final investors, CA Immo covers the full range of project development services.

Many successfully completed projects in Germany – including large-scale, complex undertakings for such reputable tenants as PricewaterhouseCoopers, Bosch, Mercedes-Benz and Google – have highlighted the development expertise of the company and improved access to leading tenants as the basis for new development projects.

As in recent years, the company's development activity will focus on the German market. The CA Immo Group's strong positioning as an established, nationally successful real estate developer in Germany is critical to the future growth strategy of the company as this enables sustained access to high quality office properties and thus the organic expansion of rental cash flow. Returns attained on production costs are well above the current market level.

Regarding utilisation of its project completions, CA Immo pursues its strategy as office portfolio holder: Office and hotel 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 also driving growth

Aside from property development, the portfolio for the Group's core markets will be bolstered by selective acquisitions, which will also provide additional rental revenue. Value-enhancing growth opportunities to strengthen market position are most evident on the core markets of CA Immo in Eastern Europe. Combined with a robust balance sheet profile and the local market expertise of inter-

nal asset management teams on all core markets, the corporate platform optimised over recent years constitutes a sound basis for raising value through growth.

With the acquisition of the Warsaw Spire B prime office in the Polish capital, which spans roughly 21,000 sqm and generates annual rental income of around € 5.5 m, this objective was successfully met in 2017 as cash flow from the asset portfolio was increased.

Strategic agenda for 2015-2017

CA Immo successfully implemented the strategic agenda 2015-2017. In addition to the finalising of sales of non-strategic properties and further optimisation of the financing structure, the strategic agenda for 2015-2017 was clearly focused on value-enhancing growth within defined core markets. Continuing to strengthen long-term cash flow for CA Immo while generating an attractive return on equity will continue to be the priority when it comes to strategy implementation (see section on 'Financial performance indicators').

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. This continual enhancement of long-term earning power as a core strategic objective is to be reflected in dividend growth, with an approximate payout ratio of 70% of FFO I.

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 in retaining and upholding the corporate credit investment grade rating, which is of high strategic significance to CA Immo, are a strong balance sheet with low gearing, recurring earning power, an associated solid interest coverage ratio and a sufficiently large quota of unsecured properties (see 'Financing' section)

CA IMMO BUSINESS MODEL



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 subsidiary Vivico Real Estate early in 2008, CA Immo has held large-volume land reserves in its property portfolio above all in 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 large-scale project developer in Germany and completed construction projects with a total investment volume of around € 2 bn over the past 10 years. Most of the project completions were integrated into the company's own asset portfolio, while the rest was sold. This long-term value-adding development activity in the form of continuous development and utilisation of the land reserves is CA Immo's most important lever to reach its growth targets.

Project pipeline worth € 4.1 bn by 2025

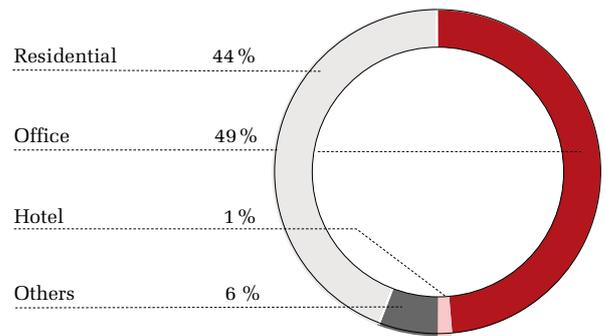
As at key date 31 December 2017, CA Immo holds German land reserves worth € 297 m in addition to its projects under construction (with a total investment volume of around € 1.2 bn). These land reserves can be used to build properties covering a usable area of about 745,000 sqm with a value of € 4.1 bn (after completion) in

the company's core cities of Berlin, Frankfurt, Munich as well as Düsseldorf, Mainz and Eastern Europe (mainly in Prague) by the year 2025. This development volume comprises the entire investment volume (including plots) and a developer profit of 15–20%.

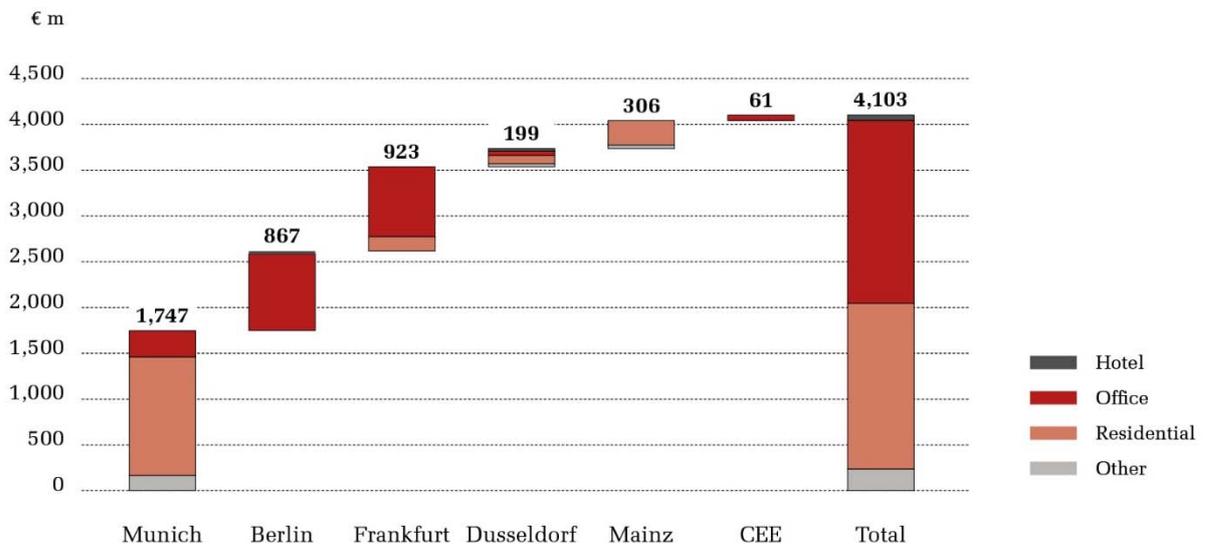
Residential properties account for around 44%, office buildings for 49% and hotel or other usages for the remaining 7% of the overall development volume.

DEVELOPMENT POTENTIAL BY USAGE

Basis: € 4.1 bn



DEVELOPMENT POTENTIAL BY CITIES AND USAGE



Optimal utilisation of land reserves along the entire value chain

Aside from its far-reaching stock of land reserves in German prime locations, CA Immo also benefits from its internal development platform (including, among others, construction subsidiary omniCon) enabling utilisation of the entire value-chain depth. From land preparation to procurement of building rights to construction management, letting and transfer of completed buildings to its own portfolio or selling them to final investors, CA Immo covers the full range of project development services.

Development strategy: Office completions worth € 2 bn for transfer to company's own portfolio by 2025

Regarding utilisation of its project completions, CA Immo pursues its strategy as office portfolio holder: Office and hotel properties are developed primarily for the company's own portfolio, whereas residential properties are earmarked for selling after completion. This applies to the core cities of CA Immo (in Germany: Berlin, Munich and Frankfurt). Of the total development volume of € 4.1 bn by the year 2025, approx. € 2.1 bn are earmarked for transfer to the company's own portfolio, with office properties accounting for € 2 bn (thereof 42% in Berlin, 38% in Frankfurt).

Implementation in three development phases

CA Immo divides its long-term development pipeline, based on current land reserves, into three phases: 2018–2021 (development volume of € 670 m), 2022–2025 (€ 3.4 bn) and 2026+. The current development volume amounting to € 4.1 bn includes only Phases 1 and 2; after 2025 an additional volume coming to at least € 300 m is expected from today's perspective. The **first development phase (2018-2021)** contains a share of approx. 36% for office developments in Berlin (€ 239 m) and 37% for residential developments in Munich (€ 250 m). The table below shows selected projects:

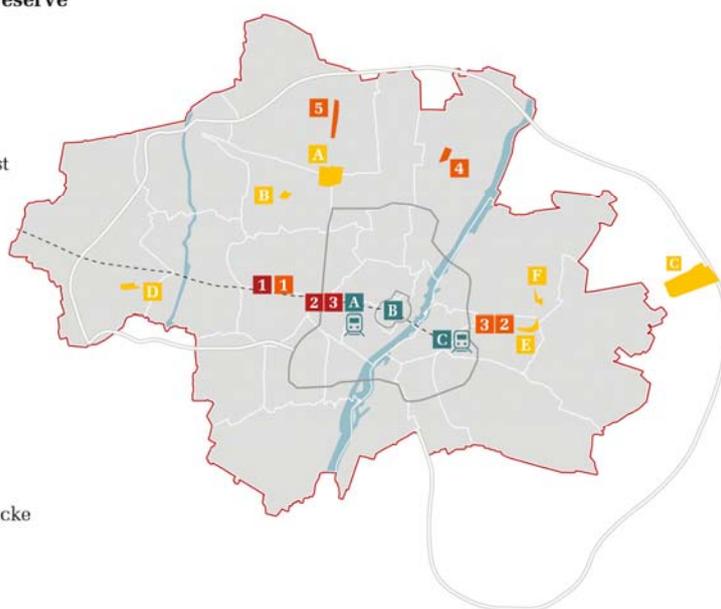
PROJECTS IN PREPARATION FOR CONSTRUCTION 2018–2021 (SELECTION)

in sqm	Project	Usage	GFA (estimate)
Berlin	Europacity, plot 4	Office	30,000
Berlin	Nordhafen project	Office	35,000
Mainz ¹⁾	Hafeninsel IV-V (JV)	Residential	7,600
Munich	Freimann, plot A	Office	13,500

¹⁾ Joint Venture, GFA shows CA Immo-share (50%)

CA IMMO LAND RESERVE IN MUNICH

- CA Immo investment properties
 - 1 Ambigon
 - 2 Kontorhaus
 - 3 Skygarden
- CA Immo projects under construction
 - 1 MY.O
 - 2 NEO
 - 3 Urban quarter Baumkirchen Mitte
 - 4 Innovationscampus Freimann
 - 5 Wohnquartier Ratoldstraße
- Landmarks
 - A Central Station
 - B Marienplatz
 - C Train Station East
- CA Immo land reserve
 - A Eggartensiedlung
 - B Moosach
 - C Feldkirchen
 - D Bodenseestraße
 - E Rangierbahnhof Ost
 - F Daglfing
- S-Bahn Stammstrecke
- == Äußerer Ring
- Mittlerer Ring
- Altstadt Ring



Residential construction to be continued without joint venture partner

To make the best possible use of the significant organic growth potential from these areas in terms of earnings, CA Immo will develop also plots dedicated to residential usage on its own and generate profits from selling fully for itself. Due to the large share of residential construction in the development pipeline (€ 1.8 bn), this will further strengthen the earnings power of CA Immo over the next years.

Competitive advantage in a competitive market environment

The German market for high-quality buildings in urban centres is extremely competitive and shows continuously rising price levels. Thanks to the land reserves acquired back in 2007, CA Immo is able to grow organically through its own project developments without having to purchase the plots needed for this purpose at a high price, and thus to generate very attractive margins in the high-priced German market: Rental yields on production

costs arrive at values from 5.5 to 6% in Germany, clearly above the current market level; the development value after completion includes a profitability of around 15–20% on overall investment costs (including plots).

Top location quality as long-term stable-value factor

Most of CA Immo's land reserve is located in cities (offices, hotels) or in well connected peripheral city locations (residential) in the most important German metropolitan areas (Munich, Frankfurt and Berlin). This quality of locations ensures a stable or even rising value development and good marketability of future properties. Impressive examples of top locations held in the portfolio of CA Immo are the office plots in the Europacity urban district around Berlin main railway station, near the Reichstag building and the chancellor's office as well as the building plots located at the periphery of the city of Munich, which are designated largely for residential usage and offer excellent public and private transport connections (see diagram on previous page).

CA IMMO LAND RESERVE IN BERLIN (URBAN DISTRICT EUROPACITY)

