MOODY'S
INVESTORS SERVICE

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

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 for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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