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**STATEMENT FROM THE MANAGEMENT BOARD**

**of**

**CA Immobilien Anlagen AG**

**on the Voluntary Partial Takeover Offer submitted by**

**SOF-11 Starlight 10 EUR S.à.r.l., Luxembourg**

**pursuant to sections 4 et seqq. of the Austrian Takeover Act (*Übernahmegesetz, ÜbG*)**

## 1. Introduction

SOF-11 Starlight 10 EUR S.à.r.l., a limited liability company incorporated under the laws of Luxembourg (*société à responsabilité limitée*), registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés de Luxembourg*) under registration number B 220972, and with its business address at 2-4, rue Eugène Ruppert, L-2453, Luxembourg, (the "**Bidder**"), an indirect, wholly-owned subsidiary of SOF-11 International, SCSp, part of a group of companies known as the Starwood Global Opportunity Fund XI (the "**SOF-XI**") and a member company of the Starwood Capital Group ("**Starwood**"), announced its intention on 22 March 2018 of making a voluntary partial takeover offer in accordance with section 4 et seqq. of the Austrian Takeover Act (**ÜbG**) to the shareholders of CA Immobilien Anlagen AG ("**CA Immo**" or the "**Target Company**" or the "**Company**") with its corporate seat in Vienna and registered with the company register of the Commercial Court (*Handelsgericht*) in Vienna under FN 75895 k for the acquisition of up to 25,690,167 no-par value ordinary bearer shares of CA Immo (ISIN AT0000641352) (the "**Offer**"). The Offer was published on 18 April 2018. On 27 April 2018, the Bidder has published an amendment of the Offer pursuant to which the acceptance period shall be extended (see section 3.4(a)).

In parallel to the Offer, the Bidder launched a public takeover offer for shares in IMMOFINANZ AG for up to 5% of the issued share capital of IMMOFINANZ AG. The Offer and the public takeover offer for shares of IMMOFINANZ AG are independent of each other.

In accordance with section 14 para 1 ÜbG, the management board of a target company is required to draft a substantiated statement as soon as an offer document has been published and to publish such statement within ten trading days of the publication of the offer document but no later than five trading days before the expiry of the acceptance period. In particular, the statement has to contain an assessment of whether the consideration offered and the other terms of the offer adequately take the interests of all shareholders into account and of the impact that the offer is expected to have on the target company and on its employees in particular (with respect to jobs, employment terms and the future prospects of business locations), creditors and the public interest.

Should the management board conclude that it is not in a position to issue a definitive recommendation, it should in any event set out the arguments for and against the acceptance of an offer and in doing so underscore key considerations.

If such statement refers to the offer price or the future development of the target company in the event that an offer is successful, it depends to a substantial degree on future trends and forecasts that inherently involve estimates of an uncertain nature. With regard to legal issues, it should be noted that the Austrian Takeover Commission (*Übernahmekommission*) and other decision-making bodies may arrive at different assessments.

Furthermore, the management board explicitly points out that it is unable to comprehensively review the accuracy of the information unrelated to the Target Company that has been provided by the Bidder in the Offer and that it has not performed any such review as well.

Having familiarised himself with the statement and recommendation issued by the management board as well as the underlying considerations, the chairman of CA Immo's supervisory board announced that the supervisory board had resolved to issue a statement declaring that it concurred with the statement issued by the management board concerning the Offer.

On such basis, the management board of the Target Company states the following about the Offer:

## **2. Current Situation**

### **2.1 Information Regarding the Bidder**

The Bidder is an indirect, wholly-owned subsidiary of SOF-11 International, SCSp. SOF-11 International, SCSp is part of a collection of entities known as SOF-XI, a discretionary fund with total committed capital of approximately USD 7.56 billion. SOF-XI is controlled by enterprises affiliated with Starwood, a privately held global alternative investment firm with more than 80 partners. The Starwood Capital Group is a financial investor focusing on real estate investment worldwide. Since Starwood's inception in

1991, it has, according to the offer document, raised over USD 44 billion in equity capital and managed assets comprising of 7.2 million square meters of office, 5.0 million square meters of retail, 3.7 million square meters of industrial, 50,000 residential lots/homes, 170,000 apartments/condos and 2,900 hotels. Currently, Starwood manages approximately USD 56 billion in assets (assets under management).

According to the partial takeover offer, the Bidder intends to undertake a long-term, strategic investment in the Target Company by acquiring 26% of the bearer shares of the Target Company. With the financial resources to be made available by the Bidder as well as the requisite industry knowledge, the Company is to be supported in the pursuit of its long-term goals and cooperation is to be engaged in with the Company in a way that will benefit all the stakeholders. The Bidder would, according to the offer document, offer its investment expertise in the industry sector to the Target Company to the extent this is viewed as being favourable by the management of the Target Company and is committed to supporting the current management team through the next phase of Company growth. Thus the Bidder is planning to support the long-term growth of the Company as well as its continuing efforts to increase net asset value per share.

## **2.2 Information Regarding the Target Company**

CA Immobilien Anlagen AG is a stock corporation incorporated under Austrian law with its corporate seat in Vienna and its business address at Mechelgasse 1, 1030 Vienna, Austria, entered in the company register of the Commercial Court (*Handelsgericht*) in Vienna under registration number FN 75895 k. The registered share capital (*Grundkapital*) of the Target Company amounts to EUR 718,336,602.72 and is divided into 98,808,336 ordinary shares (four registered shares and 98,808,332 bearer shares) (the "**CA Immo Shares**"), each of which represents the same proportion of the registered share capital of the Target Company and confers the same voting rights. The four registered shares are currently indirectly held by IMMOFINANZ AG. The bearer shares are listed on the Official Market (*Amtlicher Handel*) (Prime Market) of the Vienna Stock Exchange (*Wiener Börse*) under ISIN AT0000641352. There are no different share classes. CA Immo has issued a convertible bond in the amount of EUR 200 million maturing on 4 April 2025 (ISIN AT0000A1YDF1) as well as several bonds.

The Target Company is the leading company in the CA Immo group. As such, it performs central administrative tasks for the entire CA Immo group on the one hand and, on the other hand, holds and also directly manages properties located in Austria. The Target Company holds numerous equity interests in companies that hold real property or perform administrative activities.

The CA Immo group is a real estate group that is active internationally and invests in commercial property in Central Europe with a particular focus on office space. The group's core competence is concentrated in two business segments: Portfolio management with an emphasis on optimizing yields for portfolio properties as well as project development.

Regionally, the group is active in Austria through the leading company CA Immobilien Anlagen AG and in Germany, through the subsidiary CA Immo Deutschland GmbH and its subsidiaries. In eastern and south-eastern Europe, the CA Immo group is represented by numerous direct and indirect subsidiaries.

### **2.3 Current Shareholder Structure**

Taking into account the disclosures made pursuant to section 135 of the Austrian Stock Exchange Act (*Börsegesetz*), the shareholder structure of the Company as at 25 April 2018 is as follows:

Shareholder	Shares Held	Share of Voting Rights in % (after rounding)	Proportion of CA Immo Shares in % (after rounding)
IMMOFINANZ AG	25,690,163 bearer shares plus four registered shares	26.00	26.00
S Immo AG	4,960,823 bearer shares	5.02	5.02
BlackRock, Inc.	3,394,162 bearer shares, 689,312+48,697 other instruments	4.18	4.18
AXA S.A.	3,948,070 bearer shares	3.99	3.99
Treasury shares	5,780,037 bearer shares	---	5.85

If the Offer is accepted to the maximum extent, the Bidder's holding in the Target Company would amount to 26%. The Bidder will be able to exercise its voting rights deriving from such holding without any statutory voting right limitations. Voting right limitations (section 26a ÜbG) would only have to be observed if the voting right threshold of 26% is exceeded.

#### 2.4 Recent developments with regards to the Shareholder Structure

In an ad hoc disclosure issued on 19 April 2018, IMMOFINANZ AG announced that it would open a structured auction process with regard to the 25,690,163 bearer shares held by it as well as the 4 registered shares and invited investors to communicate expressions of interest by 30 April (the "**IF Auction Process**"). The Target Company therefore assumes that it is not unlikely that this block of shares will be sold in the coming months. The Target Company will engage in the IF Auction Process in a constructive manner and will actively support it in the interest of the Company and in the interest of all the shareholders of CA Immobilien Anlagen AG.

Since the publication of the Bidder's intention to launch the present Offer, a number of different international investors have approached the Target Company and have stated their general interest to invest in shares of the Target Company. While the majority of the talks remained unsubstantiated, individual investors have expressed their specific, but non-binding interest in launching a partial or full takeover offer to the shareholders of the Target Company. So far, no other bidder has publicly announced its intention to launch

an offer pursuant to section 5 ÜbG. However, given these developments, the management board cannot exclude that an alternative (partial or full) takeover offer could be launched at different conditions by a third party investor.

Against this background it should be noted that the content of this statement only reflects the knowledge of the members of the management board as of today and only refers to the offer document published by the Bidder on 18 April 2018.

### **3. Assessment of the Offer**

#### **3.1 Subject of the Offer**

The Offer relates to the acquisition of up to 25,690,167 no-par value ordinary bearer shares of the Target Company (ISIN AT0000641352) admitted to official trading (*Amtlicher Handel*) in the Prime Market segment of the Vienna Stock Exchange. This corresponds to up to 26% of the share capital of the Target Company.

The Target Company currently holds 5,780,037 of its own shares ("**Treasury Shares**"). This corresponds to approximately 5.85% of the entire registered share capital of the Target Company. In the absence of information to the contrary, the Offer also pertains to Treasury Shares, which can therefore also be tendered under the Offer. In addition, the Offer also explicitly refers to all the bearer shares of the Company held by IMMOFINANZ AG.

The Offer is explicitly not directed at the convertible bond issued by the Target Company in the amount of EUR 200 million and maturing on 4 April 2025 (ISIN AT0000A1YDF1) and therefore does not apply to it. However, settlement shares (i.e., bearer shares that are to be issued to the holders of the convertible bonds upon the exercise of conversion rights) are the subject of the Offer and can therefore be tendered during the acceptance period if they are issued sufficiently in advance before the end of the acceptance period.

#### **3.2 Offer Price**

The Bidder is offering to buy the shares held by the shareholders of CA Immo from them at price of EUR 27.50 *cum* dividend for each no-par value ordinary bearer share. *Cum*

dividend means that the offer price per share will therefore be reduced by the amount of any dividend declared per share between the announcement of the Offer and settlement, provided that settlement of the Offer occurs after the relevant record date for such dividend. The Offer is expected to be settled in mid-June 2018; the ordinary general meeting of the Target Company is scheduled to take place on 9 May 2018; the dividend record date is 14 May 2018. Assuming that the dividend of EUR 0.80 per share proposed to the general meeting by management will be resolved, the (reduced) offer price will therefore effectively amount to EUR 26.70 per bearer share.

As the offer is a voluntary takeover offer within the meaning of sections 4 et seqq. ÜbG, the Bidder can freely determine the offer price. No statutory minimum price limits are applicable in such case.

(a) *Offer Price in Relation to Historical Share Price*

On the last trading day prior to the announcement of the intention to launch the Offer (21 March 2018), the bearer shares were listed at a closing price of EUR 26.54 on the Vienna Stock Exchange. The Offer Price therefore exceeds the closing price by EUR 0.96, which corresponds to a premium of 3.62%.

The following table shows the volume-weighted average exchange price ("VWAP") per bearer share for the past 3, 6, 12, 24 and 60 calendar months as well as the spot price at the time of the announcement of the intention to launch an offer\*:

	<b>Spot Price</b> 21 March 2018 (closing price)	<b>3 months</b> (22 Decem- ber 2017 to 21 March 2018)	<b>6 months</b> (22 Septem- ber 2017 to 21 March 2018)	<b>12 months</b> (22 March 2017 to 21 March 2018)	<b>24 months</b> (22 March 2016 to 21 March 2018)	<b>60 months</b> (22 March 2013 to 21 March 2018)
* VWAP	26.54	24.91	24.81	23.13	19.62	16.59
*Premium (offer price minus VWAP)	EUR 0.96 / 3.62%	EUR 2.59 / 10.40%	EUR 2.69 / 10.84%	EUR 4.37 / 18.89%	EUR 7.88 / 40.16%	EUR 10.91 / 65.76%

Source: Bloomberg; Based on an offer price of EUR 27.50 (without factoring in a dividend)

The 2018 high before the announcement of the intention to launch an offer was EUR 26.66, the low was EUR 22.90. The corresponding figures for 2017 were EUR 25.98 and EUR 17.46.

(b) *Offer Price in Relation to Analysts' Estimates*

The latest analyses prepared by investment banks and financial institutions about the share before the announcement of the intention to launch an offer indicated the target prices shown in the table below:

Institution	Date	Target Price (EUR)	Period	Recommendation
HSBC	5 March 2018	30.00	12 months	Buy
SRC Research	2 March 2018	27.50	12 months	Accumulate
Baader-Helvea	1 March 2018	28.00	12 months	Buy
Goldman Sachs	1 February 2018	23.50	12 months	Neutral
Wood & Company	11 January 2018	29.00	12 months	Hold
Raiffeisen Centrobank	8 January 2018	27.40	12 months	Hold
Kepler Cheuvreux	3 January 2018	28.00	12 months	Buy
Erste Group	29 November 2017	30.00	12 months	Buy
Median		28.00		
Average		27.93		

Source: Bloomberg

The offer price of EUR 27.50 is therefore 1.8% below the median for the respective target prices provided by the investment banks and financial institutions referred to above. In terms of averages, the offer price is about 1.5% below the average indicated in the analyses prepared by the investment banks and financial institutions.

(c) *Offer Price in Relation to Comparable Market Transactions*

An analysis of past partial takeover offers in Austria has shown that the average premium offered compared with the volume-weighted average exchange price for the past 3, 6 and 12 calendar months has been approximately 20%, 22% and 27%, respectively.<sup>1, 2</sup>

(d) *Company Valuation*

Insofar as is evident from the offer document, the Bidder did not perform a comprehensive valuation of the Target Company to determine the offer price according to the information contained in the offer document, but only estimated its value based on its industry expertise.

To assess the offer price, the management board of the Target Company engaged J.P. Morgan Limited, London ("**JPMorgan**") to conduct a valuation of the Target Company. To this end, JPMorgan performed a stand-alone valuation of the Target Company using valuation methods that are commonly employed by financial advisors (such as discounted cash flow analyses, a comparison of the premium vs. the share price, NAV and customary multiples). JPMorgan found that the resultant value of the CA Immo share exceeded the offer price. The valuation is based on the multi-year business plan prepared by the Target Company which assumes certain future expectations and trends that naturally involve elements of uncertainty.

(e) *Target Company Performance Indicators*

The following table shows selected financial indicators in EUR for the Target Company for the past three years that have been taken from the consolidated annual financial statements prepared in accordance with IFRS.

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<sup>1</sup> Source: *Austrian Takeover Commission* ([www.takeover.at](http://www.takeover.at)).

<sup>2</sup> Based on the following partial takeover offers (target company/ bidder): Flughafen Wien / IFM Fund, March 2016; Immofinanz / CA Immo, O1 Group, February 2015; CA Immo / O1 Group, October 2014; Flughafen Wien / IFM Fund, October 2014; CA Immo / UniCredit, January 2011.

<b>Indicator</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
IFRS NAV per Share	21.90	23.60	25.73
EPRA NNNNAV per Share	22.69	24.56	27.13
EPRA NAV per Share	24.32	26.74	29.90
FFO I per Share	0.82	0.97	1.14
Dividend per Share	0.50	0.65	0.80
Rental income in EURm	154.8	165.6	180.3
EBITDA in EURm	148.6	147.6	173.7
EBIT in EURm	402.7	293.8	340.5
EBIT in EURm	316.0	237.6	299.8
Group Profit in EURm	220.8	183.9	234.9
EPS	2.25	1.94	2.52

### **3.3 Offer Conditions**

The offer submitted by the Bidder is subject to the following conditions precedent:

(a) *Merger Control Clearance*

The transaction has received clearance from the competition authorities in Austria and Germany no later than 90 (ninety) calendar days following the end of the acceptance period (not taking into account the extension of the acceptance period published on 27 April 2018; see section 3.4(a)), i.e., no later than by 14 August 2018, or the statutory waiting period in Austria and Germany has expired by such date, with the result that the transaction may be consummated without the explicit approval of the responsible competition authorities, or the competition authorities in Austria and Germany have declared that they are not competent for conducting a review of the transaction.

(b) *No Material Adverse Change*

None of the following events has occurred before the expiry of the acceptance period:

- (i) CA Immo resolved or distributed an in-kind dividend.

- (ii) With the exception of shares issued by CA Immo to service the claims of holders of the convertible bond, the registered share capital of CA Immo has been increased or the general meeting of CA Immo or the CA Immo management board or the CA Immo supervisory board has adopted any resolution that, if implemented, would result in an increase in the registered share capital of the Target Company excluding (i) a capital increase from own funds (conversion of profits, retained earnings or reserves into share capital) or (ii) authorisation resolutions adopted by the general meeting pursuant to sections 159 et seqq. and 169 et seqq. of the Austrian Stock Corporation Act (*Aktiengesetz, AktG*).
  - (iii) The general meeting of CA Immo resolved an amendment to the articles of association that would affect the rights attaching to the CA Immo shares or the nature (class) of the shares.
  - (iv) The general meeting of CA Immo resolved a liquidation, merger, split or spin-off.
- (c) *No Approval to Transfer the Registered Shares*
- Until the expiry of the acceptance period, CA Immo has not made public that CA Immo (represented by its management board) or any court has approved any transfer of one or more of the four registered shares currently held indirectly by IMMOFINANZ AG to any natural or legal person other than the Bidder.

The Bidder reserves the right to waive the fulfilment of any one or of more of the conditions precedent so that they are deemed to have been fulfilled. The fulfilment of the statutory condition precedent concerning merger control clearance cannot be waived.

### **3.4 Acceptance Period and Settlement of the Offer**

#### *(a) Acceptance Period*

The period for the acceptance of the Offer initially amounted to four weeks. However, the Bidder has explicitly reserved the right to extend the acceptance period. On 27 April 2018, the Bidder has published an amendment of the Offer pursuant to which the

acceptance period shall be extended by two weeks to a total of six weeks. Thus, the Offer can now be accepted from 18 April 2018 up to and including 30 May 2018, 5 pm Vienna time. In the event that a competing offer is submitted, the acceptance period would be automatically extended for all offers already made until the end of the acceptance period for the competing offer in accordance with section 19 para 1c ÜbG.

(b) *No Sell-out Period*

As the Offer is structured as a voluntary partial offer pursuant to sections 4 et seqq. ÜbG, the triggering of a sell-out pursuant to section 19 3 ÜbG is not possible. Insofar as shareholders of CA Immo want to accept the Offer, such acceptance must be declared within the acceptance period in accordance with the conditions set forth in the offer document.

(c) *Settlement*

Regarding details concerning the settlement of the Offer, reference is made to section 6 of the offer document.

### **3.5 Announcements and Publication of the Result**

The result of the Offer will be published without undue delay after expiry of the acceptance period in the form of an announcement in the newspaper *Wiener Zeitung* as well as on the websites of the Target Company [www.caimmo.com](http://www.caimmo.com) and the Austrian Takeover Commission (*Österreichische Übernahmekommission*), [www.takeover.at](http://www.takeover.at).

The same shall apply to all other declarations and notices of the Bidder relating to the Offer.

### **3.6 Equal Treatment**

The Bidder confirms in its offer that the offer price of EUR 27.50 is the same for all holders of bearer shares.

The Bidder and the parties acting in concert with it must not make any legal declarations directed to the acquisition of securities under conditions that are more favourable than those contained in the Offer until the end of the acceptance period, unless the Bidder

improves the Offer or the Austrian Takeover Commission grants an exemption for good cause.

If the Bidder or, if applicable, any party acting in concert with it nevertheless declares that it will acquire shares on terms that are more favourable than those contained in the Offer, then those more favourable terms will also apply to all other shareholders of the Target Company even if they have already accepted this takeover offer.

Any improvement in the Offer shall also apply to all those shareholders who have already accepted the Offer at the time of the improvement, unless they object to such improvement.

If the Bidder or any party acting in concert with it acquires shares within a period of nine months after the expiry of the acceptance period, and higher consideration than provided in the Offer is paid or agreed for such acquisition, the Bidder shall be obliged to pay the difference to all shareholders who have accepted the Offer pursuant to section 16 para 7 ÜbG. The foregoing shall not apply if the Bidder or any party acting in concert with it acquires shares of the Target Company in the event of a capital increase in connection with the exercise of statutory subscription rights or higher consideration is rendered in the course of a procedure pursuant to the Austrian Squeeze-Out Act (*Gesellschafter - Ausschlussgesetz, GesAusG*).

If the Bidder resells a controlling interest in the Target Company within a period of nine months after the expiry of a sell-out period, a *pro rata* portion of the capital gain must be paid to all the shareholders that have accepted an offer pursuant to section 16 para 7 ÜbG.

Should such event giving rise to an additional payment occur, the Bidder is required to provide immediate notification thereof. The Bidder shall settle the additional payment via the tender and payment agent at its own costs within ten trading days of the above publication. If the event giving rise to an additional payment does not occur within the nine-month period, the Bidder is to submit an appropriate declaration to the Takeover Commission. The Bidder's expert will review and confirm the declaration.

## **4. Future Business Policy**

### **4.1 Business Policy Objectives and Intentions**

In the offer document, the Bidder expressed the following intentions on the part of the Bidder and of Starwood with regard to investing in and supporting the Target Company:

- Starwood considers becoming a long-term investor in the Target Company;
- Starwood has both the financial capacity and the industry expertise to support the Target Company through the Bidder in achieving its long-term objectives and working together for the benefit of all stakeholders involved;
- Starwood would offer its investment expertise in the industry sector to the Target Company to the extent this is viewed as being favourable by the management of the Target Company and is committed to supporting the current management team through the next phase of growth of the Target Company;
- Depending on the result of the Offer, Starwood does not exclude the possibility of acquiring additional shares;
- The Offer is not aimed at acquiring control. Thus the future options relating to CA Immo are yet to become clear. Further, only control would allow Starwood to implement potential structural changes including a merger, spin off or conversion. Therefore, Starwood has no current plan as to a merger of CA Immo and IMMOFINANZ AG; and
- Starwood would welcome receiving appropriate representation in the supervisory board of CA Immo. However, Starwood is aware of the legal requirements and terms of office and thus will consider any such request only after a successful offer. Thus Starwood will only consider any applications following a successful offer.

### **4.2 Regulatory Framework and Listing**

Legally, a delisting from the Official Market of the Vienna Stock Exchange would be required if the statutory listing requirements set out in section 40 para 1 of the 2018

Austrian Stock Exchange Act (*Börsegesetz*, **BörseG**) (in particular, the minimum statutory free float) were no longer fulfilled. As the Offer is structured as a partial takeover offer, the Bidder will hold a minority position in the Target Company following a successful offer. Thus, a full acceptance of the Offer shall not result in the Target Company missing its minimum listing requirements for the Vienna Stock Exchange's Official Market, segment Prime Market.

#### **4.3 Effects on Employment and Headquarters**

##### *(a) Employees*

The considerations outlined by the Bidder in the offer document do not indicate any direct impact on personnel policy and employment terms at this point in time. There is also no intention at the present time to move the location of the Target Company or the locations of direct subsidiaries immediately after the completion of the takeover.

##### *(b) Creditors and Public Interest*

There is nothing to indicate that there would be any deterioration in the current position of creditors as a result of the takeover offer.

There is nothing to suggest that the completion of the Offer could result in changes that would affect the public interest.

#### **4.4 Interests of Target Company Board Members**

##### *(a) Management Board*

No close or personal ties presently exist between members of the management board of the Target Company and the Bidder or parties acting in concert with it as well as between members of the management board of the Target Company and members of the boards of the Bidder or of parties acting in concert with it. Similarly, there is no close relationship between the members of the management board of the Bidder or of parties acting in concert with it and the Target Company.

Neither the Bidder nor parties acting in concert with the Bidder, have granted, offered, or promised any material benefits to the members of the management board of the Target Company in connection with the Offer. The members of the management board of the

Target Company have also not been granted, offered or promised any material benefits by any party in the event that the Offer is unsuccessful.

(b) *Supervisory Board*

No close or personal ties presently exist between members of the supervisory board of the Target Company and the Bidder or parties acting in concert with it as well as between members of the supervisory board of the Target Company and members of the boards of the Bidder or of parties acting in concert with it. Similarly, there is no close relationship between the members of the supervisory board of the Bidder or of parties acting in concert with it and the Target Company.

Neither the Bidder, nor parties acting in concert with the Bidder, have granted, offered, or promised any material benefits to the members of the supervisory board of the Target Company in connection with the Offer. The members of the supervisory board of the Target Company have also not been granted, offered or promised any material benefits by any party in the event that the Offer is unsuccessful.

## **5. Management Board Position on the Offer**

### **5.1 Fundamental Considerations**

Essentially, the Starwood decision, by way of the Offer, to invest by means of a transparent procedure and at the same price per share for the all the shareholders of CA Immo and, along with existing shareholders, to participate as a new long-term investor is to be welcomed. Starwood enjoys an excellent reputation as a financial investor focusing on real estate investment worldwide. This impression was confirmed during the discussions held by the Target Company with Starwood in the context of investor relations activities. The interest displayed by this renowned, international investor underscores the positive development experienced by CA Immo in recent years.

In the opinion of the management board, there are no indications that the Offer, which only relates to up to 26% of the shares, will result in any material change in current positions or have any other negative impact for the employees (jobs, employment terms and business locations), customers and creditors of CA Immo.

The management board expressly advises that an assessment of whether the Offer is advantageous or not for shareholders at the individual level is something that can only be decided by each shareholder on the basis of the shareholder's personal position (purchase, long-term or short-term investment, etc.), with the future development of the capital market anticipated by the shareholder being of great importance.

From the perspective of the Target company and with respect to the currently held 5,780,037 Treasury Shares, the management board of CA Immo is evaluating, in the exercise of its duty of care, an acceptance of the Offer. The management board has thus, as a precautionary measure and in order to keep all potential courses of action open, concurrently with the publication of this statement, published a report pursuant to section 65 1b in conjunction with section 171 AktG and will submit the matter to the supervisory board before the end of the acceptance period.

The management board advises that, in light of the partial nature of the present takeover offer, there is no certainty that the shareholders will be able to sell off their total holdings under such public partial takeover offer and they may remain shareholders as a result of retaining some of their shares in CA Immo. Accordingly, every shareholder who wishes to tender shares into the voluntary partial offer, must, by also taking into account the shareholder's personal position, determine what the shareholder intends to do with any remaining shareholding in the event that the voluntary partial offer is oversubscribed.

## **5.2 Reasons for Accepting the Offer**

In the view of the management board, the following considerations can be deemed reasons for accepting the offer (the order does not necessarily reflect the weight of the individual arguments):

- a) The offer price is 3.6% higher than the CA Immo closing price on 21 March 2018 (EUR 26.54), the last trading day before the Bidder announced its intention of launching a takeover offer. Compared to the weighted average prices for 3, 6, 12, 24 and 60 calendar months before the announcement of the Offer, this gives a premium of 10.40% 10.84%, 18.89%, 40.16% and 65.76%. In addition, the offer price exceeds the IFRS Net Asset Value (NAV) per share as at 31 December 2017

by 6.88%. As at 21 March 2018, the last trading day before the Bidder announced its intention of wanting to submit a takeover offer, the offer price also corresponded to the historical high for the CA Immo share and, in such regard, is attractive from a shareholder perspective, as it can be ruled out that a shareholder bought a CA Immo share at higher price than the offer price before 21 March 2018.

- b) The profitability of future growth by means of developing reserve real estate is dependent on numerous factors, such as, in particular, the successful obtaining of planning permissions as well as the construction of properties in compliance with defined cost and time parameters as well as the long-term rental of such properties. Any negative trend in such factors, such as, for example, rising construction costs or weaker demand for office space could weaken or diminish the pace of such growth and thus impact the CA Immo share price.
- c) While low interest rates and comparatively high valuations of property portfolios continue to shape the current economic environment, a possibility that cannot be ruled out is a rise in interest rates that would negatively impact the property market and, in turn, the property valuations and the Target Company's divestment plans. This could severely impede the procurement of equity or borrowed capital, resulting in undertakings driving growth being only partially implemented or not at all. In addition, it is still not possible to estimate the impact of the expansionary monetary policy that has been vigorously pursued by central banks over the past few years. Its weakening could negatively impact economic growth and, in turn, how the company is valued.
- d) A possibility that cannot be ruled out is that the IF Auction Process with regards to the 26% stake and the 4 registered shares in CA Immobilien Anlagen AG may result in a sale to an investor that enjoys little acceptance on the capital market and/or is not prepared to submit a takeover offer, which could cause the CA Immo share to drop in the future.

- e) Geopolitical risks might also weaken the pace of economic growth and potentially have a negative impact on the capital market. In the event of a too strong concentration of properties in a given region, such factors which cannot be actively managed could have a negative influence on the results of the CA Immo group.
- f) Whether the share price will remain on its current level and/or develop positively is uncertain against the backdrop of the recent rise in market volatility. In addition, a significant selloff of shares that were not allocated following the end of the offer procedure could create pressure to sell on the market and this could negatively impact the future trend of the share price. From the perspective of investors who follow a short term investment strategy, this would be an argument to accept the Offer.
- g) Under the Offer, the Bidder intends to hold the block of shares it intends to buy as a stable core shareholder. If this intention of the Bidder is executed, this could cause a decrease of the liquidity of the CA Immo share following the completion of the Offer as a result of a lower free float. This could be expected to lower average daily trading volumes for the CA Immo share, which might reduce the attractiveness of the share following the completion of the Offer. Lack of liquidity might make a future divestment more difficult. In any event, it might be more difficult for shareholders in the future to sell their shares at a price comparable to the offer price. For the 12 months preceding the announcement of the intention to launch an offer, the average daily trading volume for the CA Immo share on the Vienna Stock Exchange was about 120,000 shares (single counting).
- h) Acceptance of the Offer within the acceptance period (there will be no statutory sell-out period as a result of the structure of the Offer) means that it will also be possible to sell a higher number of CA Immo shares without the price being negatively affected. When the Offer ceases to apply (and, as a result, the support effect on the share price), it might be difficult in the future to achieve consideration corresponding to that provided under the Offer for larger volumes of shares.

- i) In the event that the Offer proposed by the Bidder is successful, the shareholder structure of the Target Company would possibly include two dominant shareholders, each of them enjoying a blocking minority. A possible conflict of interest between the two shareholders and the expression of such conflict in the exercise of voting rights could hinder decision-making within the Target Company and cause the CA Immo share price to fall.

### **5.3 Reasons for Rejecting the Offer**

In the view of the management board, the following considerations can be deemed reasons for rejecting the Offer (the order does not necessarily reflect the weight of the individual arguments):

- a) The CA Immo share price has been rising continuously during the past few months. In financial year 2017, the CA Immo share gained 45.2% and it has posted a further increase of 6.5% since the start of 2018 (as at 18 April 2018). This is primarily due to the positive way in which the business of the Target Company has been evolving. There is a possibility that the CA Immo share price will see further gains reflecting the positive trend in the figures reported by the Target Company. Thus, on some trading days, the CA Immo share has already traded above the offer price of EUR 27.50 on an intra-day basis. It should be noted that future price trends cannot be inferred from past price movements.
- b) The offer price falls short of the expectations of analysts, who forecast a 12-month target price of EUR 28.0 (median) (see section 3.2(b)).
- c) In the estimation of the management board, which is based on the multi-year business plan prepared by the Target Company, the offer price is below the fundamental "stand-alone" value of the CA Immo share.
- d) The offer premium is below that for past, comparable offers in Austria. Nevertheless, it has to be taken into account that a comparison with these offers is only possible to a limited extent since the companies are not directly comparable with regards to their business models, their financial key performance indicators and their future strategic positioning. In addition, today's general circumstances

with respect to the interest rate environment and the real estate investment market are potentially not comparable to the conditions at the time of the publication of the past offers.

- e) It should be noted that the fair value adjustment reflected in the EPRA NAV for the properties included under inventories (IAS 2) still represents a substantial valuation reserve.
- f) A possible continuation of current positive economic trends on the core markets of CA Immobilien Anlagen AG combined with robust economic growth and lower rates of unemployment could in essence provide a sound basis for a stable, prosperous course of business that could be reflected in a rising enterprise value and share price.
- g) In combination with point b), a fundamental property market trend that remains positive along with high occupancy rates, rising rents and declining net purchase prices can generate value in the future too with respect to both operating profitability (FFO) and equity growth (NAV). It is therefore possible that the CA Immo share price will continue to grow and will therefore exceed the offer price insofar as the price increases exceed the increase that is currently already factored into the share price.
- h) CA Immobilien Anlagen AG has significant potential for achieving organic growth over the coming years based on reserves of high quality plots of land in inner city locations (mainly in the German metropolitan centres of Munich, Frankfurt and Berlin) as well as profound competence in property development. The utilisation of this potential by obtaining planning permission, the development and acquisition of strategic properties for portfolio inclusion and the sale of non-strategic properties offers very promising long-term earnings prospects for the company's shareholders that are not sufficiently reflected in the offer price of EUR 27.50.
- i) A possibility that cannot be excluded is that the IF Auction Process with regards to the 26% stake and the 4 registered shares in CA Immobilien Anlagen AG will

result in the submission of a further takeover offer providing consideration exceeding the current offer price set by the Bidder.

- j) The higher the acceptance rate for the Bidder's present Offer will be, the lower could be the probability of another investor launching an offer to the shareholders of the Target Company. A situation can thus also arise in which, if this Offer by the Bidder is successful, a further third-party takeover offer for the Target Company will be less likely.

#### **5.4 Additional Considerations from the Perspective of the Company**

As a long-term investor, the Bidder offers both the financial capacity as well as the necessary industry expertise to support the Target Company in realizing its long-term objectives and to work together for the benefit of all stakeholders. In addition, the Bidder has offered to support the current management in the upcoming growth phase for the Target Company. Against the backdrop of an increasingly challenging market environment, this could provide the Target Company with greater room to manoeuvre.

Thus, the Offer can have a positive effect on the further economic development of the Target Company and additionally secure the attainment of its long-term growth goals. In addition, a possibility that cannot be excluded is that further growth opportunities might be identified and exploited with the support of the Bidder.

#### **5.5 Assessment in Summary Form**

After conducting an in-depth examination of all relevant angles, the management board chooses not to expressly recommend the acceptance or the rejection of the Offer to the shareholders of CA Immobilien Anlagen AG. With regard to financial considerations, each shareholder must decide whether to accept or reject the offer on the basis of the shareholder's own investment strategy and personal assessment of the opportunities and risks associated with the further course of business of the Target Company.

From the perspective of the Company, the management board of the Target Company essentially welcomes the interest displayed by an internationally renowned investor such as Starwood in a strategic relationship with CA Immobilien Anlagen AG

For its part, the management board of the Target Company will assess the financial and strategic implications of the Offer in order to have a sound basis on which to arrive at a decision on tendering the Treasury Shares and will submit such decision to the supervisory board before the end of the acceptance period. To this effect, a report regarding the sale of treasury shares under exclusion of the shareholders' rights to repurchase pursuant to section 171 AktG was published concurrently to this statement as a mere precautionary measure.

## **6. Further Information**

### **6.1 Additional Information**

Contact person for additional information concerning the Offer

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CA Immobilien Anlagen AG

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Further information can be downloaded from the Company website ([www.caimmo.com](http://www.caimmo.com)).

### **6.2 Advisors to the Target Company**

JPMorgan Limited London was retained as financial advisor to the Target Company.

Freshfields Bruckhaus Deringer LLP, Seilergasse 16, 1010 Wien was retained as legal advisor to the Target Company.

### **6.3 Expert Pursuant to Section 13 ÜbG**

The Target Company appointed LeitnerLeitner Audit Partners GmbH Wirtschaftsprüfer, Am Heumarkt 7, 1030 Vienna, as experts pursuant to section 13 ÜbG.

27 April 2018, Vienna

The Management Board of CA Immobilien Anlagen AG

Andreas Quint (CEO)

Dr. Hans Volckens (CFO)