

# Acquisition of CA Immo stake, combination with CA Immo

18 April 2016

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# CONTENT

**01** Three steps towards the combination of IMMOFINANZ and CA Immo

**02** Compelling rationale for the combination

**03** Conclusion

# OVERVIEW OF TRANSACTION STEPS ANNOUNCED TODAY

**Step 1**

Purchase of 26% stake in CA Immo

**Step 2**

Disposal of IMMOFINANZ' Russian portfolio

**Step 3**

Statutory merger of IMMOFINANZ and CA Immo

# STEP 1: PURCHASE OF 26% STAKE IN CA IMMO

<b>CA Immo stake</b>	<ul style="list-style-type: none"> <li>– 25,690,167 ordinary shares, thereof             <ul style="list-style-type: none"> <li>– 25,690,163 bearer shares</li> <li>– four registered shares, each of which entitles its holder to delegate one member to CA Immobilien Anlagen AG's ("CA Immo") supervisory board</li> </ul> </li> <li>– Seller: O1 Group Limited ("O1") and Terim Limited ("Terim")</li> </ul>
<b>Purchase price</b>	<ul style="list-style-type: none"> <li>– EUR 23.50 per share             <ul style="list-style-type: none"> <li>– 34.7% premium to existing market price<sup>1</sup></li> <li>– 3.4% discount to EPRA NAV 2015</li> </ul> </li> <li>– Total purchase price: EUR 604 million</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>– Bank debt plus capital markets instruments (including convertible bonds)</li> </ul>
<b>Synergies</b>	<ul style="list-style-type: none"> <li>– Substantial income and cost synergies expected to be realised already with the stake acquisition             <ul style="list-style-type: none"> <li>– EUR 6.5 million pa on IMMOFINANZ side</li> <li>– EUR 3.5 million pa on CA Immo side</li> </ul> </li> </ul>
<b>Consolidation</b>	<ul style="list-style-type: none"> <li>– IMMOFINANZ expected to fully consolidate CA Immo already with the stake acquisition</li> </ul>
<b>Required approvals/ timeline</b>	<ul style="list-style-type: none"> <li>– Acquisition subject to             <ul style="list-style-type: none"> <li>– IMMOFINANZ supervisory board approval /Approval of CA Immo Management for transfer of golden shares</li> <li>– Merger control clearance</li> </ul> </li> <li>– Expected closing of the transaction in Summer 2016, assuming no phase two in merger clearance process</li> </ul>
<b>Call option</b>	<ul style="list-style-type: none"> <li>– Call option of IMMOFINANZ granted by EG Immobilien Europe Limited to buy back those IMMOFINANZ shares they are holding 12 months after the closing of the CA Immo stake purchase</li> <li>– Strike price of the call option: prevailing market price pre settlement of the call option</li> </ul>

<sup>1</sup> Premium to closing price as of 15-Apr-16

Source: Bloomberg

# STEP 2: DISPOSAL OF IMMOFINANZ' RUSSIAN PORTFOLIO

## RUSSIAN PORTFOLIO (KEY FIGURES)

Key figures – standing investments	
Number of properties	5
Carrying amount in MEUR	1,235
Rentable space in sqm	278,748
Occupancy rate	84.5%
LTM rental income in MEUR	75.1
Gross return	6.4%

## RATIONALE FOR PORTFOLIO DISPOSAL

- > Moscow shopping centres with different market dynamics and higher risk profile
- > IMMOFINANZ no longer the best owner for the assets
- > Required preparation for step 3 (statutory merger with CA Immo) as Russia assets do not fit with the combined group portfolio
- > Announced optimisation measures planned to be implemented by end of Q2 2016

## DISPOSAL PROCESS

- > Disposal by way of spin-off (demerger) to existing IMMOFINANZ shareholders or sale to a third party buyer
- > Timing: Disposal to be concluded prior to statutory merger with CA Immo

Note: IMMOFINANZ Russia portfolio data as of 31-Jan-16 (Q3-15/16), LTM rental income calculated as Russia - retail segment rental income for FY2014/15 less 9 months 14/15 plus 9 months 15/16

# STEP 3: STATUTORY MERGER OF IMMOFINANZ AND CA IMMO

<b>Transaction structure</b>	<ul style="list-style-type: none"> <li>– Statutory merger (Verschmelzung) of IMMOFINANZ and CA Immo</li> <li>– Merger direction to be decided following detailed analysis of relevant parameters including tax consequences</li> </ul>
<b>Exchange ratio</b>	<ul style="list-style-type: none"> <li>– To be determined on the basis of a fundamental valuation of both companies, taking into account last reported EPRA NAVs at the time of the valuation</li> <li>– Exchange ratio to be audited by court appointed merger auditor(s)</li> </ul>
<b>Synergies</b>	<ul style="list-style-type: none"> <li>– Income and cost synergies of EUR 33 million pa expected (includes EUR 10 million pa synergies expected to be achieved already post stake acquisition)</li> </ul>
<b>Shareholder approval</b>	<ul style="list-style-type: none"> <li>– Statutory merger to be approved by the shareholder meetings of both companies with a majority of 75% of the votes casts</li> </ul>
<b>Status of discussions with CA Immo</b>	<ul style="list-style-type: none"> <li>– CA Immo management and supervisory board support the concept of a statutory merger of the two companies</li> <li>– Intention to start with merger preparations in due course</li> </ul>
<b>Timing</b>	<ul style="list-style-type: none"> <li>– Shareholder meetings to approve the statutory merger to take place not earlier than Q2 2017</li> </ul>

# CONTENT

01 Three steps towards the combination of IMMOFINANZ and CA Immo

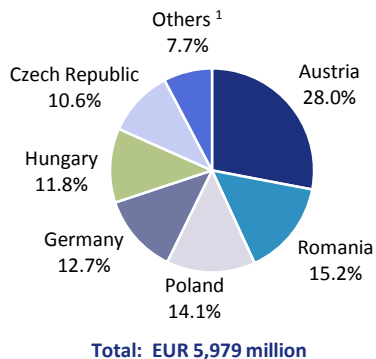
**02 Compelling rationale for the combination**

03 Conclusion

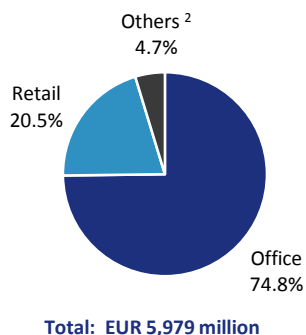


# REGIONALLY BALANCED STANDING PORTFOLIO WITH LEADING POSITIONS IN GERMANY, AUSTRIA AND THE MAIN CEE MARKETS

## REGIONAL DISTRIBUTION (STANDING ASSETS)



## ASSET CLASSES (STANDING ASSETS)



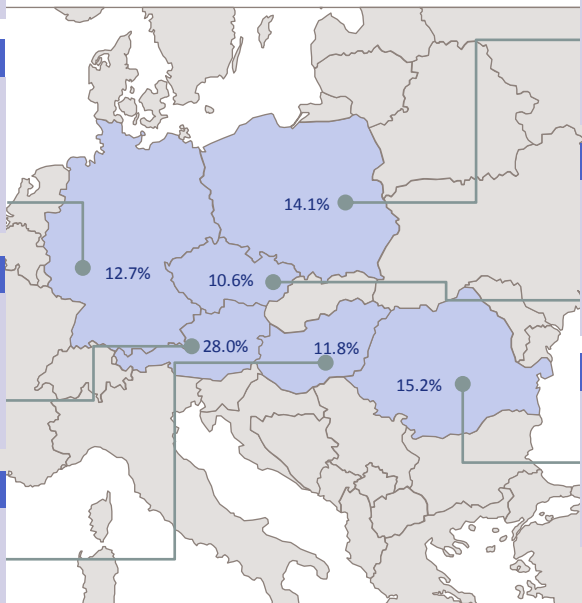
IMMOFINANZ & CA Immo (100%, excluding Russia)			
	IMMOFINANZ	CA Immo	Combined
Property value (MEUR)	3,500	2,479	5,979
Rentable space in msqm	2.0	1.2	3.2
Occupancy rate in %	83.1%	93.3%	87.2%
Annualised rental income	217	164	380
Yield	6.3%	6.6%	6.4%

Others	
	Combined
Property value (MEUR)	461
Rentable space in sqm	260,664
Occupancy rate in %	90.1%
Annualised rental income	34
Yield	7.3%

Germany	
	Combined
Property value (MEUR)	757
Rentable space in sqm	281,144
Occupancy rate in %	88.3%
Annualised rental income	40
Yield	5.2%

Austria	
	Combined
Property value (MEUR)	1,674
Rentable space in sqm	992,358
Occupancy rate in %	90.2%
Annualised rental income	97
Yield	5.8%

Hungary	
	Combined
Property value (MEUR)	704
Rentable space in sqm	448,326
Occupancy rate in %	84.3%
Annualised rental income	46
Yield	6.5%



Poland	
	Combined
Property value (MEUR)	843
Rentable space in sqm	409,384
Occupancy rate in %	80.7%
Annualised rental income	54
Yield	6.4%

Czech Republic	
	Combined
Property value (MEUR)	635
Rentable space in sqm	364,044
Occupancy rate in %	84.6%
Annualised rental income	42
Yield	6.7%

Romania	
	Combined
Property value (MEUR)	906
Rentable space in sqm	441,594
Occupancy rate in %	89.0%
Annualised rental income	68
Yield	7.5%

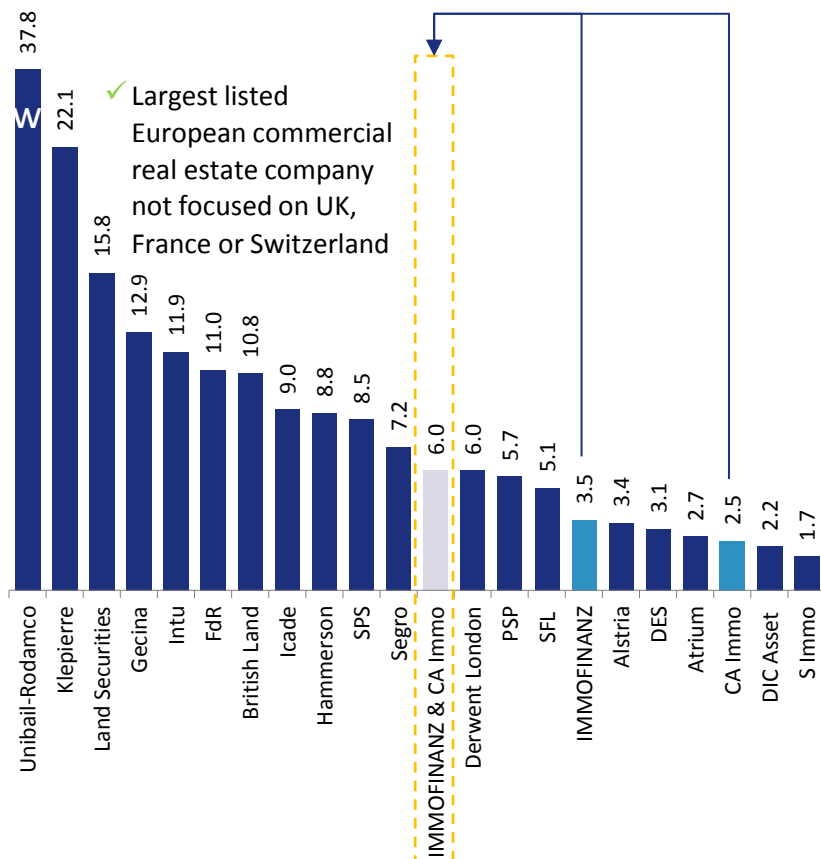
Note: Portfolio overview excluding at equity investments, development and pipeline projects and IMMOFINANZ Russia properties; data as of 31-Jan-16 for IMMOFINANZ and as of 31-Dec-15 for CA Immo

1 Bulgaria, Croatia, Moldavia, Serbia, Slovakia, Slovenia, Turkey, Ukraine  
 2 Comprises all other business activities that cannot be allocated to the office or retail segments

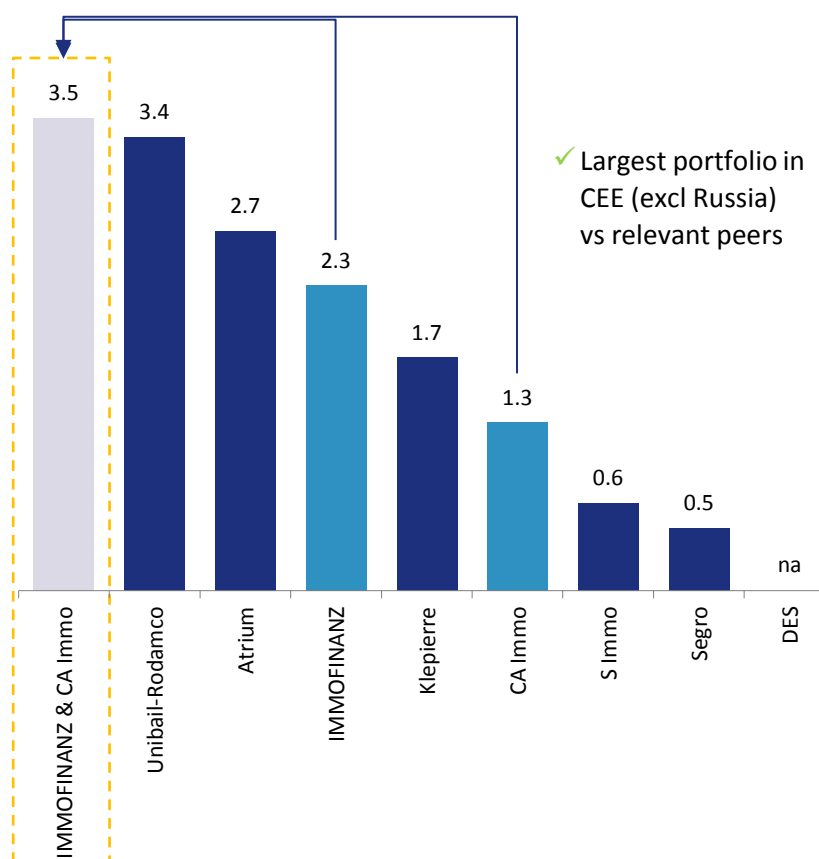
Source: CA Immo company information

# CREATING A LEADING COMMERCIAL REAL ESTATE COMPANY IN EUROPE AND THE CLEAR MARKET LEADER IN CEE

LARGEST LISTED EUROPEAN COMMERCIAL REAL ESTATE COMPANIES BY GAV (TOTAL GAV, BNEUR, latest available)



LARGEST LISTED COMMERCIAL REAL ESTATE COMPANIES WITH CEE PORTFOLIO BY GAV (CEE GAV, BNEUR, latest available)



Note: CA Immo/IMMOFINANZ portfolio overview excluding at equity investments; IMMOFINANZ figures include non-core countries and exclude Russian properties, GAV including Russia is EUR 4.7 billion; Alstria incl. Deutsche Office; DES has exposure to CEE region via Galeria Baltycka in Gdansk (Poland) and Árkád in Pécs (Hungary); DES CEE GAV na

Source: Latest company information of peers

# STANDING INVESTMENTS: SIGNIFICANT EXPOSURE TO TOP GERMAN OFFICE REGIONS

## GEOGRAPHIC OVERVIEW



## COMBINED PRO-FORMA OFFICE PORTFOLIO BY CITY

	Total space (in ksqm)	Fair value <sup>2</sup> (in MEUR)	Rental income <sup>2,3</sup> (in KEUR)
Berlin	82.7	211.5	12,180
Cologne	28.0	60.8	2,564
Dusseldorf	20.9	89.8	3,946
Frankfurt <sup>1</sup>	19.7	24.1	1,370
Munich	39.3	229.8	11,536
Stuttgart	13.2	21.7	838
Others	4.3	24.2	1,717
<b>Total</b>	<b>208.1</b>	<b>661.9</b>	<b>34,152</b>

Note: Overview excludes CA Immo at-equity office investments (Tower 185 in Frankfurt) as well as projects Kontorhaus, Monnet 4 and Kennedy-Haus which were completed in 2015 but are still in the stabilization phase

1 Frankfurt including Neu-Isenburg

2 Fair value and rental income including minor contributions from CA Immo 'non-office' areas

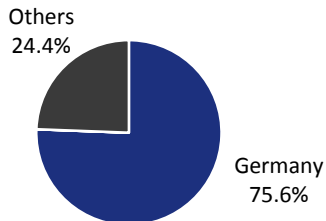
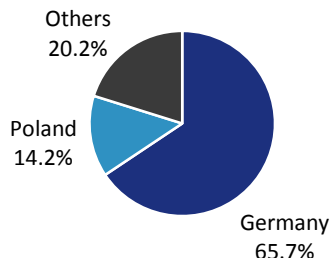
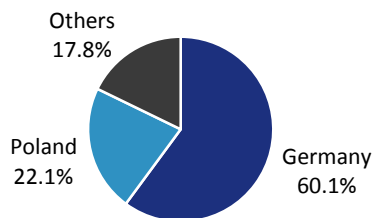
3 CA Immo annualised rental income; IMMOFINANZ Q3-15/16 rental income times four

Source: CA Immo company information

# COMBINING STRONG DEVELOPMENT CAPABILITIES

## GEOGRAPHIC BREAKDOWN

**IMMOFINANZ development pipeline: EUR 1.3 billion  
(thereof EUR 0.6 billion outstanding investments)**



**CA Immo development pipeline: EUR 0.7 billion  
(thereof EUR 0.5 billion outstanding investments)**

## COMPLEMENTARY DEVELOPMENT CAPABILITIES

- > Both companies with successful track record of project development for own use or disposal to third parties
- > With a combined development pipeline of EUR 2.0 billion with a strong focus on the key European market Germany, the high quality pipeline value will be a significant driver of future stable growth

### IMMOFINANZ:

- > Focus on project development in Germany and STOP.SHOP & VIVO in other core countries; significant land bank to use for project development

### CA Immo:

- > Focus on office project development in Germany (eg Tower One in Frankfurt, Cube in Berlin, Nymphenburg and Neo in Munich)

### Combined:

- > Significant development activities in key growth regions in Germany (Berlin, Cologne, Dusseldorf, Frankfurt and Munich)<sup>1</sup>

Note: IMMOFINANZ excluding pipeline projects and Russia development; figures as of 31-Jan-16 for IMMOFINANZ and 31-Dec-15 for CA Immo

<sup>1</sup> Additional development activities in Germany are in Aachen, Mainz and Regensburg

Source: CA Immo company information

# ATTRACTIVE INCOME AND COST SYNERGIES

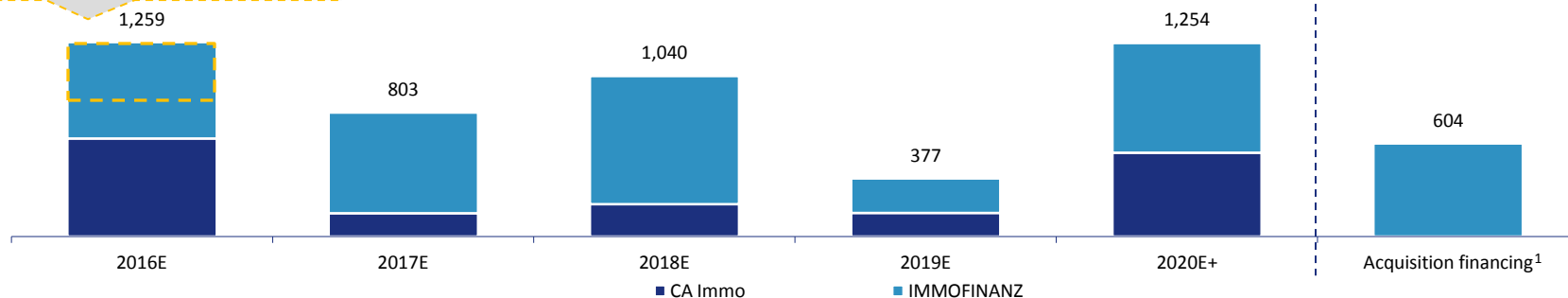
Source	Size	Achievable	
		Post stake acquisition	Post merger
<b>Cost synergies</b>			
Corporate overheads / Asset Management (combination of platform as well as country hubs)	Synergy potential of c 35% of CA Immo operating cost base results in c EUR 15 million pa Thereof assumed EUR 2 million can already be achieved post stake acquisition, e.g. by reduced letting costs		✓
Maintenance / capex (increased purchasing power)			✓
Letting costs (better terms with brokers)		✓	✓
Funding costs	Lower funding cost on c EUR 600 million corporate debt due to significantly higher share of properties in Germany/ Austria – 50bps improvement results in c EUR 3 million pa	✓	✓
<b>Income synergies</b>			
Vacancy reduction and rent increase due to pricing	Synergy potential of c 3% of combined LTM rent of EUR 506 million resulting in c EUR 15 million pa Around EUR 5 million (1% of combined LTM rental income) per year estimated to be achievable already post stake acquisition/pre merger	✓	✓
Additional acquisition opportunities (less competition, higher visibility in the market)			
<b>Total synergies pa (pre-tax run-rate)</b>		<b>EUR 10 million</b>	<b>EUR 33 million</b>
Synergy allocation to IMMOFINANZ		EUR 6.5 million pa	Irrelevant post merger
Synergy allocation to CA Immo		EUR 3.5 million pa	

# SOLID CREDIT PROFILE

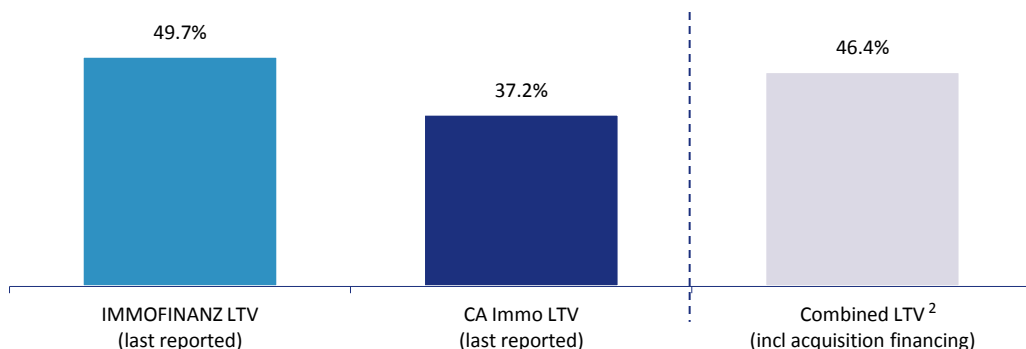
## COMBINED PRO-FORMA MATURITY PROFILE (MEUR, excluding IMMOFINANZ Russia business)

EUR 372 million of the IMMOFINANZ 2016E maturities to be repaid or refinanced already by end of April 2016

- ✓ Average debt maturity of below 4 years
- ✓ Near term maturities provide opportunity to further lower financing costs with new financings



## COMBINED PRO-FORMA LTV (%)



- > Combined LTV excluding IMMOFINANZ Russia business: 46.4%
- > Combined company will aim for IG rating

Note: IMMOFINANZ LTV reflects adjusted LTV definition

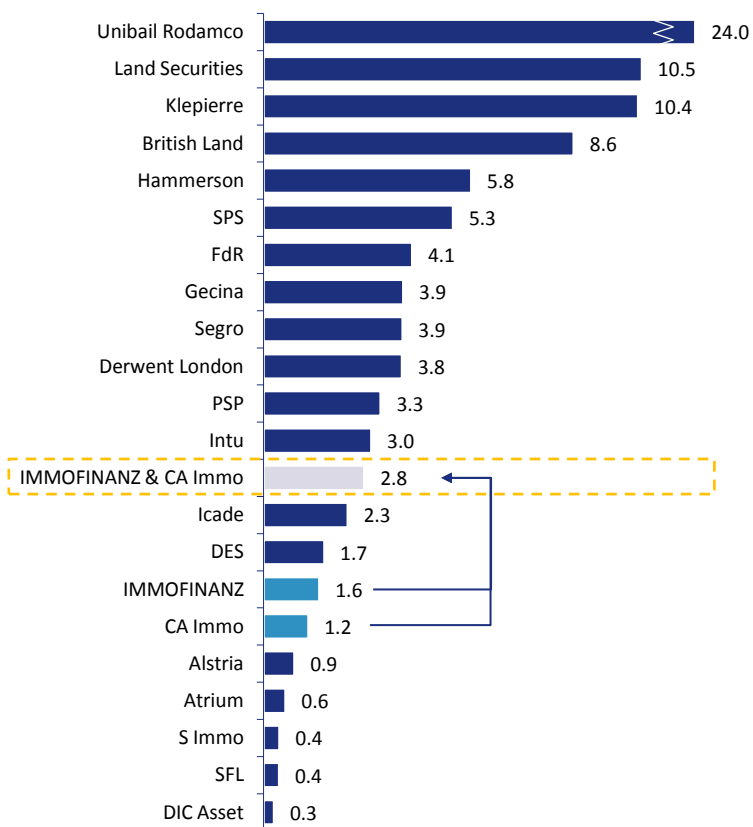
1 Maturity subject to final terms of used financing instruments

2 Excluding IMMOFINANZ and CA Immo shares, including BUWOG shares as cash equivalent at current market value, excluding Russia business

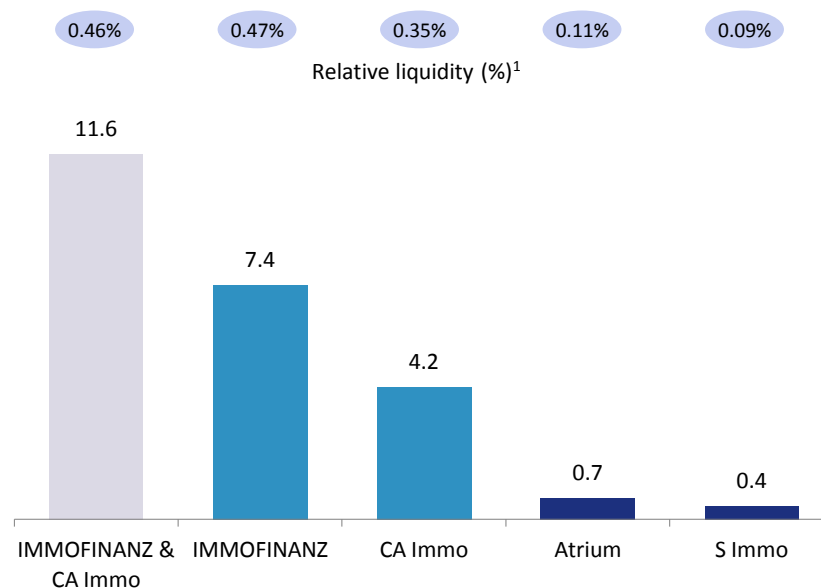
Source: Company information as of 31-Jan-16 for IMMOFINANZ and as of 31-Dec-15 for CA Immo, Bloomberg as of 15-Apr-16

# HIGHLY LIQUID AND INVESTABLE STOCK

EUROPEAN COMMERCIAL REAL ESTATE LANDSCAPE (FREE FLOAT MARKET CAP, BNEUR)



TRADING VOLUME CEE PLAYERS (6M ADTV, MEUR)



- ✓ Significant upscaling within the European Real Estate landscape
- ✓ Largest CEE player by free float market capitalisation
- ✓ Strong 6M average daily traded volume vs peers (~0.5% of free float)

Note: 6M ADTV and relative liquidity based on all European trading platforms (as per Bloomberg)

<sup>1</sup> Calculated as average daily trading volume in shares/free float

Source: Company information of peers, Bloomberg as of 15-Apr-16

# CONTENT

**01** Three steps towards the combination of IMMOFINANZ and CA Immo

**02** Compelling rationale for the combination

**03 Conclusion**



# THE COMBINATION OF IMMOFINANZ AND CA IMMO – A STRATEGICALLY COMPELLING AND VALUE ENHANCING COMBINATION



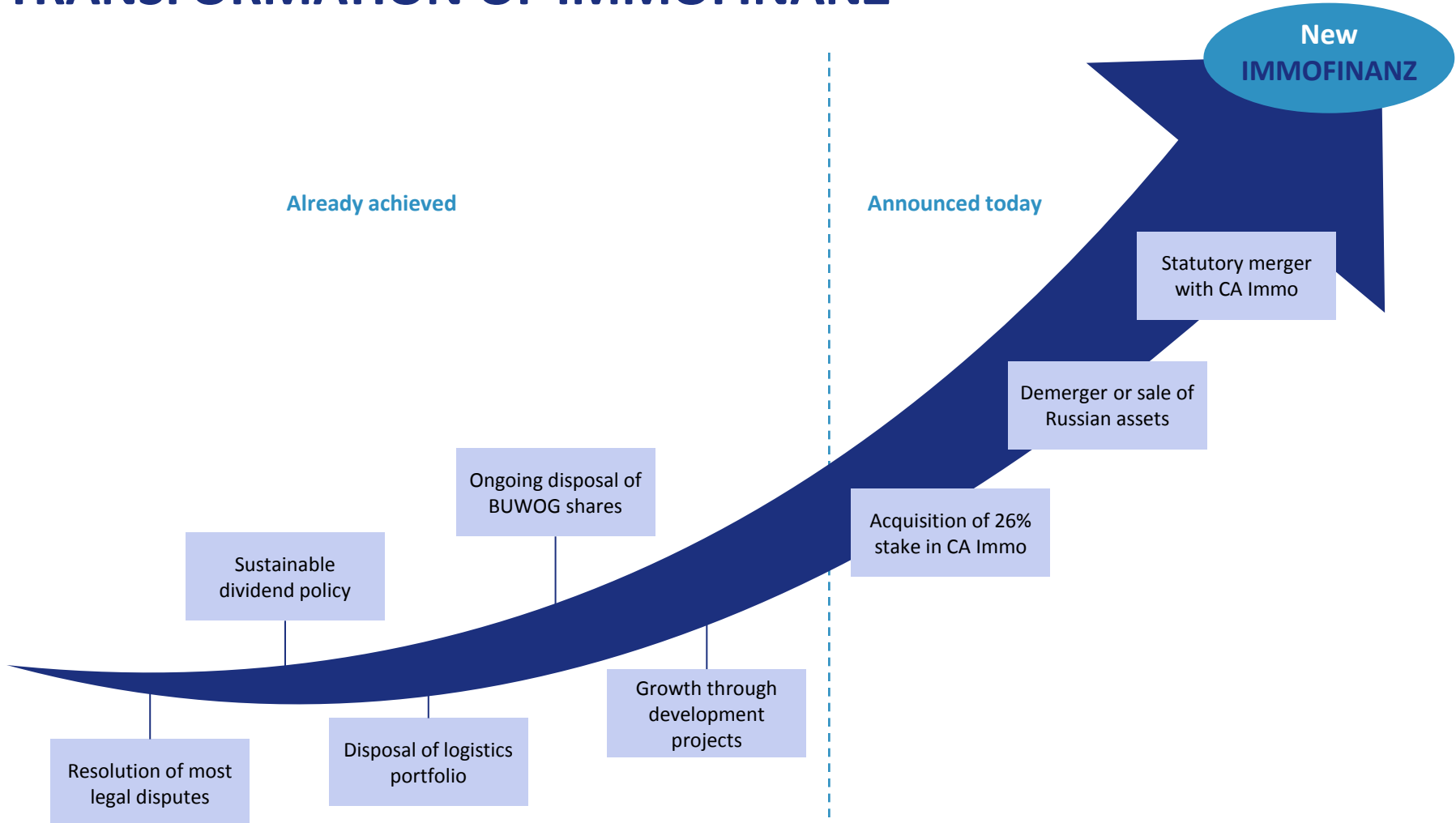
<sup>1</sup> Differential of approx five percentage points belongs to "Other" segment (comprises all other business activities that cannot be allocated to the office or retail segments)

<sup>2</sup> Excluding at equity investments

<sup>3</sup> As of 15-Apr-16

Source: CA Immo company information, Bloomberg

# THE COMBINATION WITH CA IMMO COMPLEMENTS THE TRANSFORMATION OF IMMOFINANZ



# CONTACT DETAILS AND FINANCIAL CALENDAR

## INVESTOR RELATIONS

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[www.immofinanz.com](http://www.immofinanz.com)

## FINANCIAL CALENDAR

<b>FY 2015/16 results</b>	27 July 2016 <sup>1</sup>
<b>FY 2015/16 report</b>	11 August 2016

## STOCK SYMBOLS

Vienna Stock Exchange	IIA
Warsaw Stock Exchange	IIA
ISIN	AT0000809058
Reuters	IMFI.VI
Bloomberg	IIA AV

## ADR PROGRAMME

Ticker symbol: IMNZY      CUSIP: 45253U201      ISIN: US45253U2015      ADR-Ratio: 1 ADR: 4 Ordinary Shares  
 Depository bank: Deutsche Bank Trust Company Americas

ADR broker helpline:      E-Mail: [adr@db.com](mailto:adr@db.com)  
 New York: +1 212 250 9100      ADR Website: [www.adr.db.com](http://www.adr.db.com)  
 London: +44 207 547 6500      Depository bank's local custodian: Deutsche Bank, Frankfurt