

P R E S S   R E L E A S E

24th March 2009

**CA IMMO PLANNING INVESTMENT OF SOME €300 M IN 2009**

- **Positive operational developments in 2008**
  - **Rental income increases 42 %, EBITDA up 52 %**
  - **Contribution of property sales to the result rises to €30 m**
  - **New lettings of over 100,000 sqm**
- **Result for 2008 adversely affected by property asset devaluation of -7 %**
- **All major development projects fully financed**
- **Difficult climate expected to persist throughout 2009**

Despite the generally tough conditions afflicting the property markets, the CA Immo Group can point to positive achievements in 2008. Operational business was satisfactory last year, establishing a basis on which we can face a challenging 2009 with confidence. Rental income increased by 42 % to stand at €175.3 m and properties with a total value exceeding €300 m were sold at a profit (13 % above the 2007 market value and the 2008 acquisition value); this prompted significantly rises in both the EBITDA (up 52 % to €137.8 m) and the operational cash flow (up 37 % to €114.6 m). Financing totalling around €850 m has been secured since October 2008, thus safeguarding the Group's key development projects. Liquidity, a critically important factor in the current climate, has been addressed through long-term financing: no significant financial liabilities are due to mature in the next two and a half years.

These achievements were counteracted, however, by a negative revaluation result of €-285.6 m. On account of devaluations, the operating result (EBIT) amounted to €-152.6 m. The value adjustment in property assets of around -7 % was typical for the sector across Europe and reflected the tough conditions that currently prevail on real estate markets. Gross yields (annualised actual rents in relation to book values) for the asset portfolio now stand at approximately 6.0 % in Germany, 6.1 % in Austria and 7.3 % in eastern and southeastern Europe. The financial result of €-142.8 m reflects higher financing costs of €-105.1 m as well as valuation costs linked to interest rate hedging posted in the final quarter of 2008 and the depreciation of shareholdings.

### **Property assets : Strong focus on Germany**

The CA Immo Group's consolidated balance sheet for 2008 shows property assets of around €3.8 bn, compared to €2.5 bn in 2007. Of this, rented properties (including owner-occupied properties and inventory intended for trading) accounted for 71 % (€2.7 bn), with property assets under development making up the remaining 29 %. As of key date 31 December 2008, the Group's property assets let comprised a total effective area of 1.38 m sqm, of which office premises accounted for around 57 %. The incorporation of the portfolio of German company Vivico, acquired at the turn of 2007/2008, significantly shifted the regional breakdown: as of 31 December 2008, Germany accounted for 59 % of the portfolio value (compared to 37 % on 31.12.2007), Austria made up 21 % (35 % in 2007) and the proportion for (south)eastern Europe dropped from 28 % in 2007 to 20 %. According to **Dr.**

**Bruno Ettenauer**, CA Immo Group Management Board member, "Eastern and southeastern Europe still holds major potential for us in the medium to long term, even though there's a lot of uncertainty over economic conditions in the region and the direction that developments will take. At present, we are focusing strongly on realising our big development projects in Germany".

### **Development projects: Financing for all major projects**

In the project development business area, the CA Immo Group's strategy revolves around the main west German cities, with a particular focus on completing projects with a high level of pre-letting. Flagship urban development projects such as the Europaviertel in Frankfurt and Arnulfpark in Munich are likely to deliver a major contribution to future revenue growth for the CA Immo Group. Over the years ahead, the high quality real estate reserves held by the Group – most of which enjoy inner city locations – will be adapted according to prevailing conditions on a step by step basis. There will be a strong emphasis on **minimising development risk**, both through securing high levels of pre-letting before construction starts, and through the incorporation of partners.

In view of falling raw material prices and the competitive situation in the construction sector, estimated building costs have been cut by 10–25 %. What's more, the strategy of focusing on quality construction is paying off, particularly in the current challenging climate. As **Dr. Ettenauer** explains, "The recent sale of the ATMOS office building in Munich for over €100 m, which was built for the long term, proves the value of outstanding quality – there's always a demand for it, even in tough times. We also know that our development strategy has earned us the trust of financing banks at home and abroad. We have secured financing and finance commitments amounting to around €850 m since October 2008, which means that ongoing projects can go ahead on a sound financial footing."

### **Income-producing properties: Securing cash flow through long-term rental agreements and creditworthy tenants**

In 2008, the Group generated rental income of €175.3 m, compared to €123.3 m in 2007. Of this, property assets let accounted for €149.6 m, yielding 6.3 % on the basis of book value. Vacancy was maintained at the very low level of 3.1 % as per the key date (compared to 4.5 % in 2007). More than 49 % of rental agreements had terms in excess of five years, and creditworthy tenants kept losses of rent to a minimum; this has secured a constant revenue stream for the Group.

## Outlook

The real estate sector remains beleaguered on two fronts. Firstly, access to finance is restricted; and secondly, the impact of the crisis on the real economy is serving to suppress demand for rental space and force rental prices into a downward spiral. These factors have reaffirmed the need to secure constant revenue, for example by taking steps to avoid vacancy over the long term. The company also plans to sell off specific properties in connection with development projects, thereby boosting the Group's capital resources and releasing capital for new projects. The Group envisages investment of around €300 m in 2009, predominantly in current development projects. As **Dr. Ettenauer** continues, "Thanks especially to our positive financing situation and high value asset portfolio, we have the right tools to get through what will surely be a difficult 2009. The CA Immo Group is on course to perform well."

Results for 2008		
	2008	2007
	€m	€m
Rental income	175.3	123.3
EBITDA	137.8	90.7
Unplanned depreciation/revaluation	-285.6	63.0
EBIT	-152.6	151.5
Financial results	-142.8	-45.3
Net income before taxes	-295.4	106.2
Consolidated net income after minorities	-237.1	52.1
NAV per share (in €)	18.9	22.0

## About CA Immo

In the 22 years since CA Immo was founded in 1987, the company has developed into one of the leading property investment companies not only in Austria, but in Europe. CA Immo develops and invests in commercial real estate (with the emphasis on offices and business hotels) in Austria and Germany, as well as eastern Europe through its subsidiary CA Immo International. CA Immo has consolidated its foothold on the German market in the past two years: on 31 December 2008, Germany accounted for around 60 % of the total property assets of €3.8 bn. CA Immo acquired the Vivico Group – Germany's leading urban district developer – at the end of 2007. CA Immo is listed on the Vienna Stock Exchange, with free float of around 90 % at the present time.

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