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CA IMMO

URBAN
BENCHMARKS.

Report
of the Management Board
# of CA Immobilien Anlagen AG
(FN 75895 k)
Pursuant to Section 65 para 1b in Conjunction with Sections 171 para 1, 153 para 4 of the Austrian Stock Corporation Act (*Aktiengesetz,* AktG)

1. Introduction

As at the date hereof, CA Immobilien Anlagen AG (the **Company** or **CA Immo**) holds 5,780,037 of its treasury shares (**Treasury Shares**), which were acquired between Mai 2015 and February 2018 at a price of between EUR 14.39 and EUR 24.20 on the basis of an authorisation resolved by the general meeting. The Treasury Shares currently held were bought for an average price of EUR 16.55 per share.

At the 29th ordinary general meeting held on 3 May 2016, the management board of the Company was authorised, pursuant to section 65 para 1b AktG as stated in agenda item 8, point c (3), to sell, with the approval of the supervisory board over a period of five years as of the adoption of the resolution, Treasury Shares without or with the partial or complete exclusion of general purchase possibilities, in any legally permissible manner, including doing so off-market.

A similar authorisation is to be granted the management board under agenda item 9, point 3 (iii) at the ordinary general meeting scheduled for 9 May 2018.

2. Public Partial Takeover Offer

On 22 March 2018, SOF-11 Starlight 10 EUR S.à.r.l., Luxembourg, (the **Bidder**), publicly announced its intention of submitting a voluntary offer to the shareholders of CA Immo pursuant to sections 4 et seqq. of the Austrian Takeover Act (*Übernahmegesetz*, **ÜbG**). The takeover offer addressed to the shareholders of CA Immo is directed at the acquisition of up to 25,690,167 bearer shares of CA Immo (the **Offer**). This figure corresponds to up to 26% of the issued bearer shares of CA Immo (including Treasury Shares). The offer price amounts to EUR 27.50 per share (reduced by a dividend declared by CA Immo before the day of the settlement of the Offer). The offer document was published on 18 April 2018 and can be downloaded from the website of the Company at www.caimmo.com as well as of the Austrian Takeover Commission (*Übernahmekommission*) at www.takeover.at.

The management board and the supervisory board of the Company have each issued a statement concerning the Offer pursuant to section 14 ÜbG. The statements were published on 27 April 2018 and can also be downloaded from the website of the Company at www.caimmo.com as well as from www.takeover.at.

The management board of the Company considers to make use of the aforementioned existing authorisation to sell Treasury Shares by means other than via the stock exchange or a public offer and to tender the Treasury Shares held by the Company (5,780,037 shares) under the Offer, as the case may be. In such case, the repurchase rights of shareholders would be excluded in favour of the Bidder.

For the event of actual tendering of the Treasury Shares, the management board herewith submits, by way of a precautionary action, the following report:

3. Management Board Report

3.1 The Bidder/Starwood

The Bidder is a limited liability company (*société à responsabilité limitée)* incorporated under the laws of Luxembourg, with its corporate seat in Luxembourg and registered with the Luxembourg trade and companies register *(Registre de commerce et des sociétés de Luxembourg)* under registration number B 220972, and having its business address at 2-4, rue Eugène Ruppert, L-2453, Luxembourg. The Bidder is an indirect, wholly-owned subsidiary of SOF-11 International, SCSp. It is, in turn, part of a collection of entities known as Starwood Global Opportunity Fund XI (**SOF-XI**), a discretionary fund with total committed capital of approximately USD 7.56 billion. SOF-XI is controlled by affiliates of the Starwood Capital Group (**Starwood**), a privately held global alternative investment firm with more than 80 partners.

Starwood enjoys an excellent reputation as a financial investor focusing on real estate investment worldwide. According to the offer document, Starwood has, since its inception in 1991, 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. Starwood has hitherto invested about USD 3.8 billion of equity capital in Europe. According to information provided by the Bidder, Starwood currently manages approximately USD 56 billion in assets (assets under management).

According to the Offer, the Bidder intends to undertake a long-term, strategic investment in the Company by acquiring 26% of the bearer shares of the 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 offer its investment expertise in the industry sector to the Company to the extent this is viewed as being desirable by the management of the Target Company and is committed to supporting the current management team over the next phase in the growth of the Company.

Thus, as far as apparent from the Offer, 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.

3.2 Authorization to tender Treasury Shares under the Offer

Treasury Shares would be sold on the basis of authorisation granted by the ordinary general meeting of the Company. The authorisation would allow the management board to sell treasury shares in any legally permissible manner while excluding shareholder repurchase rights, which would include the tendering of own shares under the Offer.

3.3 Objective Justification for the Exclusion of Repurchase Rights

(a) Company Interest

The exclusion of shareholder repurchase rights with regard to the tendering of Treasury Shares under the Offer submitted by the Bidder could be in the interest of the Company. At EUR 27.50 per share, the offer price is EUR 0.96 higher than the closing price on the final trading day before the publication of the intention of launching an Offer (21 March 2018), which corresponds to a premium of 3.62%.

Under the Offer, the offer price of shares that confer a right to receive a dividend is EUR 27.50 *cum* dividend per 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. According to the offer document, 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. Treasury Shares do not confer a right to receive a dividend. 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.

In the event that some or all of the Treasury Shares were tendered, the provisions of the general meeting would be complied with. The average, unweighted closing price at the end of the ten trading days preceding the publication of the offer document was about EUR 26.16 per share. Over the ten trading days preceding the publication of this report, the average, unweighted closing price was EUR 27.53 per share. Thus, a potential sale of the shares would also comply with the provisions of the authorization that is potentially resolved upon in the general meeting on 9 Mai 2018.

By tendering the Treasury Shares under the Offer, the Company would essentially receive liquidity, without incurring any particular charges and without any expenses for the Company, totalling up to EUR 154.3 million, which would in turn result in an improvement in the Company's financial indicators. All current shareholders would participate proportionately in such improved financial indicators.

In addition, the Company would post an accounting profit, as the offer price significantly exceeds the average purchase price. Even if the offer price, in the perspective of the management board, is slightly below the intrinsic value of the CA Immo share and also below some common key performance indicators, it has to be taken into account that the average acquisition price for the Treasury Shares was EUR 16.55 per share and thus, the shares could be sold at an accounting profit.

As a result of the placing of the Treasury Shares while excluding shareholder repurchase rights, it would be possible to expand the shareholder structure of the Company. The sale of Treasury Shares could be used, above all, to obtain an investor as a new shareholder that could generate new business for the Company as a result of the shareholder's industry knowledge and/or investment capital and that would be in a position to consolidate and to strengthen the market position of the Company. In the opinion of the management board, Starwood can be viewed as this kind of new benchmark investor, especially as the Bidder has expressly stated in the offer document that, as a long-term investor, it wishes to support the Company in the upcoming growth phase and with the attainment of its long-term goals in order to cooperate in a way that will benefit all stakeholders.

The ultimate intention behind authorising the management board to resolve the selling of shares in a different way while also excluding the general purchase possibilities for shareholders is to take advantage of opportunities for the sale of blocks of treasury shares quickly and flexibly as well as at a price that is customary in the market and close to the stock exchange price. This is of particular importance for the Company in order to exploit market opportunities swiftly and flexibly, as the case may be. In the opinion of the management board, such market opportunity is, in any event, to be viewed in the public offer submitted by the Bidder irrespective of whether the authorisation to tender Treasury Shares is ultimately exercised.

(b) The Exclusion of Repurchase Rights is Appropriate, Necessary and Proportionate

The decision of the management board to sell Treasury Shares by means other than via the stock exchange or a public offer while excluding the repurchase rights of shareholders would be appropriate and necessary to conduct a sale that, as the case may be, lies in the interest of the Company.

The acceptance of the Offer could result in Starwood being part of the shareholder structure of the Company. To this end, it is necessary to exclude the repurchase rights of shareholders to ensure the tendering of the Treasury Shares under the Offer. This is the only way of guaranteeing that the Treasury Shares can be used to gain a new strategic investor.

The resolution of the management board would exclude the repurchase rights of all shareholders equally. Thus, all shareholders would be treated in the same way (section 47a AktG) under the same conditions applicable in this case. In addition, all shareholders have the possibility of tendering their shares under the Offer on the same terms and, in accordance with section 20 ÜbG, they will be taken into account on a proportionate basis.

As the sale price for the Treasury Shares is, in the light of the explanations provided above, not below the average stock market prices during the last months before the publication of this report, there would be no such danger of dilution for shareholders comparable to that associated with a capital increase, for example. While it is indeed true that the proportion of shares held by a shareholder will change as a result of a sale of Treasury Shares, what would actually happen is that the proportion obtained before the buyback of the Treasury Shares by the Company will be restored and will only have changed temporarily as a result of the restrictions on the rights attached to Treasury Shares for the Company (section 65 para 5 AktG).

A consideration of the interests of the Company in the disposal of the Treasury Shares by way of tendering them under the Offer, on the one hand, and the interest of the existing shareholders in retaining their proportionate holdings on the other hand would mean that the decision to sell Treasury Shares while excluding the repurchase rights of shareholders is to be viewed as proportionate. That is because the interests of the Company clearly take precedence over the repurchase rights of the excluded shareholders.

(c) Summary

In conclusion, the disposal of Treasury Shares, in whole or in part, by way of the tendering of them under the Bidder's Offer at the offer price and for the purposes of obtaining a long-term strategic investor that possesses a high degree of competence and enjoys a high reputation in the real estate sector along with the prospect of capital being available for investment can benefit the Company in the present case. Furthermore, the exclusion of the repurchase rights of the shareholders would be, from the perspective of the management board, necessary, appropriate and proportionate after taking into consideration all the circumstances set out above.

Thus, the contemplated sale of Treasury Shares, in whole or in part by way of tendering them under the Bidder's Offer and under the exclusion of the shareholders' repurchase rights would be objectively justified and necessary in the predominant interest of the Company.

3.4 Justification of the Sale Price

In the event of the disposal of Treasury Shares along with the exclusion of the repurchase rights of shareholders, the consideration is based on the content of the Offer submitted by the Bidder in the light of the shares being tendered under the Offer. The offer price significantly exceeds the average price at which the Treasury Shares were bought. In addition, reference can be made to the extensive information provided in sections 4.4 and 4.5 of the offer document as well as to the statement issued by the management board of the Company that was published on 27 April 2018.

4. Final Resolutions

It should be noted that final resolutions of the Company's competent boards regarding an actual tendering of the Treasury Shares into the Offer are still required, which can be passed two weeks after the publication of this report at the earliest.

27 April 2018, Vienna

The Management Board