CA IMMO

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

12

CONTENT

BALANCE SHEET AS OF 31.12.2012

Assets

	31.12.2012	31.12.2011
	€	€ 1,000
A. Fixed assets		
I. Intangible fixed assets		
EDP software	333,911.31	41
	333,911.31	**41**
II. Tangible fixed assets		
1. Property and buildings	252,539,060.53	248,555
of which land value: € 50,719,055.93; 31.12.2011: € 51,058 K		
2. Other assets, office furniture and equipment	1,263,587.86	1,343
3. Prepayments made and construction in progress	25,633,503.90	12,282
	279,436,152.29	**262,180**
III. Financial assets		
1. Investments in affiliated companies	1,668,167,870.66	1,741,907
2. Loans to affiliated companies	252,993,053.61	217,875
3. Prepayments made on investments in affiliated companies	0.00	1,900
4. Investments in associated companies	43,533.69	57
5. Other loans	9,477,245.56	14,344
	1,930,681,703.52	**1,976,083**
	2,210,451,767.12	**2,238,304**
B. Current assets		
I. Receivables		
1. Trade debtors	298,787.47	455
2. Receivables from affiliated companies	19,755,083.21	66,324
3. Other receivables	8,905,881.22	5,271
	28,959,751.90	**72,050**
II. Other securities	**33,055,300.00**	**33,055**
III. Cash on hand, cash at banks	**49,449,269.95**	**44,935**
	111,464,321.85	**150,040**
C. Deferred expenses	**810,801.82**	**1,067**
	2,322,726,890.79	**2,389,411**

Liabilities and Shareholders' Equity

	31.12.2012	31.12.2011
	€	€ 1,000
A. Shareholders' Equity		
I. Share capital	638,713,556.20	638,714
II. Tied capital reserves	820,184,324.63	820,184
III. Net profit	108,746,949.86	98,748
of which profit carried forward: € 65,362,636.47; 31.12.2011: € 0 K		
	1,567,644,830.69	**1,557,646**
B. Untaxed reserves		
Other untaxed reserves		
Special item for investment grants	**266.89**	**0**
C. Provisions		
1. Provision for severance payment	263,375.00	697
2. Tax provisions	182,900.00	215
3. Other provisions	66,958,064.18	62,917
	67,404,339.18	**63,829**
D. Liabilities		
1. Bonds	485,000,000.00	485,000
of which convertible: € 135,000,000.00; 31.12.2011: € 135,000 K		
2. Liabilities to banks	128,913,465.45	136,881
3. Trade creditors	810,492.92	607
4. Payables to affiliated companies	65,806,963.31	137,308
5. Other liabilities	6,345,838.75	6,994
of which from taxes: € 0.00; 31.12.2011: € 421 K		
of which in connection with social security: € 110,153.77; 31.12.2011: € 99 K		
	686,876,760.43	**766,790**
E. Deferred income	**800,693.60**	**1,146**
	2,322,726,890.79	**2,389,411**
Contingent liabilities	477,332,511.00	378,318

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2012

	2012		2011	
	€	€	€ 1,000	€ 1,000
1. Gross Revenues		**23,986,941.51**		**20,998**
2. Other operating income				
a) Income from the sale and reversal of impairment losses of fixed assets except of financial assets	7,453,596.15		8,132	
b) Income from the reduction of provisions	111,121.54		245	
c) Other income	4,495,211.50	**12,059,929.19**	4,645	**13,022**
3. Staff expense				
a) Wages	– 13,500.00		– 14	
b) Salaries	– 6,527,047.61		– 6,976	
c) Expenses for severance payments and payments into staff welfare funds	– 258,821.75		– 175	
d) Expenses in connection with pensions	– 311,944.56		– 160	
e) Payments relating to statutory social security contributions as well as payments dependent on remuneration and compulsory contributions	– 1,198,794.09		– 1,161	
f) Other social expenses	– 495,531.54	**– 8,805,639.55**	– 91	**– 8,577**
4. Depreciation on intangible fixed assets and tangible fixed assets		**– 7,621,026.15**		**– 7,846**
5. Other operating expenses				
a) Taxes	– 330,947.02		– 344	
b) Other expenses	– 16,516,208.37	**– 16,847,155.39**	– 14,919	**– 15,263**
6. Subtotal from lines 1 to 5 (operating result)		**2,773,049.61**		**2,334**
7. Income from investments		**154,595,541.58**		**163,526**
of which from affiliated companies: € 154,595,541.58; 2011: € 163,526 K				
8. Income from loans from financial assets		**11,930,732.12**		**10,477**
of which from affiliated companies: € 10,784,194.48; 2010: € 9,333 K				
9. Other interest and similar income		**9,027,460.39**		**33,611**
of which from affiliated companies: € 4,949,026.79; 2011: € 4,202 K				
10. Income from the disposal and revaluation of financial assets and short-term securities		**20,276,084.71**		**18,034**
11. Expenses for financial assets and interest receivables in current assets, thereof		**– 100,165,786.34**		**– 60,789**
a) Impairment: € 100,968,958.64; 2011: € 58,267 K				
b) Expenses from affiliated companies: € 98,676,440.06; 2011: € 56,541 K				
12. Interest and similar expenses		**– 59,306,077.17**		**– 74,004**
of which relating to affiliated companies: € 2,927,550.45; 2011: € 19,021 K				
13. Subtotal from lines 7 to 12 (financial result)		**36,357,955.29**		**90,855**
14. Result from usual business activity		**39,131,004.90**		**93,189**
15. Taxes on income		**4,253,296.50**		**5,481**
16. Net profit for the year		**43,384,301.40**		**98,670**
17. Dissolution of untaxed reserves				
Special item for investment grants		11.99		78
18. Profit carried forward from the previous year		**65,362,636.47**		**0**
19. Net profit		**108,746,949.86**		**98,748**

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2012

ACCOUNTING AND VALUATION PRINCIPLES AND GENERAL INFORMATION

The financial statements were prepared in accordance with the Austrian Commercial Code (UGB).

1. Fixed assets

Intangible and tangible fixed assets
Intangible and tangible assets are stated at acquisition or production cost reduced by scheduled depreciation, where depreciable, and unscheduled depreciation, where required.

The scheduled depreciation is carried out on a linear basis, with the depreciation period corresponding to the useful life expectancy. Additions in the first half of the business year are subject to full annual depreciation, additions in the second half are subject to half of annual depreciation.

Unscheduled depreciation is only carried out where it is anticipated that permanent value impairments have occurred. In 2012 - as in the previous year - no unscheduled depreciation on tangible assets were made.

In business year 2012, reversal of impairment losses on tangible assets in the amount of € 4,595 K (2011: € 2,511 K) were made and none (2011: € 64 K) were omitted.

Financial assets
Investments in affiliated companies including prepayments and the investment in associated companies are stated at acquisition costs reduced by unscheduled depreciation.

The loans to affiliated companies and other loans are stated at acquisition costs reduced by repayments made and unscheduled depreciation.

Unscheduled depreciation is only carried out where it is anticipated that permanent value impairment losses have occurred. In 2012 impairment losses in the amount of € 100,969 K (2011: € 58,267 K) and reversal of impairment losses in the amount of € 19,943 K (2011: € 15,919 K) on financial assets were recognised.

The income from investments is recognised on the basis of shareholder resolutions or on the basis of documented dividend distributions at the same balance sheet date.

2. Current assets

Receivables are valued at nominal value. Identifiable defaults risks are considered by carrying out individual value adjustments.

Securities are stated including accrued interest attributable to the securities, though not higher than at market value. Accrued interests are included in the item “other receivables”.

3. Deferred assets

Under Deferred assets prepaid expenses are accrued. Additionally the bond premium are capitalised in this position and distributed over the redemption period according to the principals of financial mathematics.

4. Other untaxed reserves

The construction cost subsidies received from the public sector are shown as Special item for investment grants and are reversed on a pro rata basis in accordance with the effective life of the projects they are used to part-finance.

5. Provisions and liabilities

Provisions for severance payments amount to 132.6 % (31.12.2011: 103.41 %) of the imputed statutory severance payment obligations existing on the balance sheet date. The calculation is made using the PUC method, which is recognised in international accounting, based on an interest rate of 2.96 % (31.12.2011: 4.75 %) and future salary increases of 2 % for employees plus an inflation rate of 2% and not taking into account a fluctuation discount. The interest rate was decreased by 1.79 % compared to the previous year, otherwise the same parameters were applied for calculation of the provisions as in the previous year.

The Tax and Other provisions are made on a prudent basis in accordance with the anticipated requirement. They take into account all identifiable risks and as yet incalculable liabilities.

If it is possible in the respective cases, Derivative financial instruments (in this case interest swaps) are designated as hedging instrument for an underlying contract (a receivable from the reimbursement to another affiliated company (back-to-back) or a floating interest-bearing financial liability). According to the AFRAC Comment Letter "Accounting for Derivatives and Hedging Instruments under Company Law" these derivatives are deemed to form a valuation group, if the hedging relationship is sufficiently effective. For the calculation of the prospective efficiency of the hedging instrument the “critical term match” is determined, while for the calculation of the retrospective efficiency the “hypothetical derivative method” is ascertained. Upon a valuation group there is neither a receivable nor a provision for contingent losses built in case of a positive or negative fair value of the derivative financial instrument. In case of derivative financial instruments with the purpose of hedging floating interest payments of the future together with financial liabilities of the company, no provision for contingent losses is built if the efficiency criteria are met, if cash-flow payments in the opposite direction from the underlying transaction (for example lower interest payments) can be expected with almost absolute certainty. The inefficient part of derivative financial instruments designed as hedging instrument are always considered as provision for contingent losses. If it is not possible to build a valuation group, a negative fair value of the derivative financial instrument is considered as provision for contingent losses in the amount of the negative fair value. Positive fair values of derivative financial instruments are not considered at all.

Liabilities are stated on a prudent basis at their repayment amount.

6. Note on currency conversion

Foreign exchange receivables are valued at the purchase price or at the lower bid rate as at the balance sheet date. Foreign exchange liabilities are valued at the purchase price or at the higher offer rate as at the balance sheet date.

EXPLANATORY NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

7. Explanatory notes on the balance sheet

a) Fixed assets

The breakdown and development of the fixed assets can be seen from the assets analyses in appendix 1.

Tangible assets

Additions to Property and buildings and to Prepayments made and construction in progress mainly relate to current investments, in particular amalgamation and division of leased premises and preconstruction works for the Erdberger Lände and the Storchengasse. Disposals relate to the sale of two properties. As at the balance sheet date the tangible assets include 21 properties (31.12.2011: 23 properties).

Financial assets

The notes on affiliated companies can be found in appendix 2.

The book value of the Investments in affiliated companies is € 1,668,168 K (31.12.2011: € 1,741,907 K). Current additions are mainly the result of various shareholder contributions in the amount of € 6,680 K to companies in Eastern Europe. The disposal results from the liquidation of a company in Eastern Europe. Impairment losses of investments in affiliated companies to the value of € 100,611 K (31.12.2011: 53,017 K) and reversal of impairment losses to the value of € 19,721 K (31.12.2011: € 14,219 K) were recognised in 2012.

The Loans to affiliated companies are made up as follows:

€ 1,000	**31.12.2012**	**31.12.2011**
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs OG, Vienna	78,282	86,767
BA Business Center a.s., Bratislava	24,922	11,000
CA Immo Holding B.V., Hoofddorp	16,900	29,190
R70 Invest Budapest Kft, Budapest	12,404	12,704
Kapas Center Kft, Budapest	12,180	13,480
Other below € 10,000 K	108,305	64,734
	252,993	**217,875**

Loans to affiliated companies to the value of € 177,039 K (31.12.2011: € 134,044 K) have a remaining term of up to one year.

The prepayment made on investments in affiliated companies was sold in 2012.

In the business year, impairment losses to the value of € 14 K (2011: € 15 K) were recognised on Investments in associated companies.

Other loans mainly relate to long-term loans to not affiliated group companies and business partners.

b) Current assets

Trade debtors to the value of € 299 K (31.12.2011: € 455 K) include outstanding rent and operating cost payments.

Receivables from affiliated companies are made up as follows:

€ 1,000	**31.12.2012**	**31.12.2011**
Receivables from interest	10,305	7,192
Receivables from dividend payments	2,825	49,815
Receivables from tax compensation	2,389	5,399
Trade debtors (current charging to affiliated companies)	4,236	1,068
Other receivables	0	2,850
	19,755	**66,324**

Other receivables in the amount of € 8,906 K (31.12.2011: € 5,271 K) mainly include receivables from the sale of a property, short-term cash advances and receivables from the passing-on of costs and receivables from tax authorities. In 2012 expenses for bad debt allowances in the amount of € 1,358 K (2011: € 190 K) are considered.

As in the previous year, all receivables have a remaining term of up to one year.

Other securities include own 2006-2016 bonds redeemed from the market in 2011 with a book value of € 13,658 K and a nominal value of € 14,008 K as well as convertible bonds with a book value of € 19,397 K and a nominal value of € 20,500 K. The convertible bond is registered for trading on the unlisted securities market of the Vienna Stock Exchange. However, the trading volumes on the stock exchange are very low and transactions are made only sporadically. Due to the low trading volume, the prices observed on the stock exchange do not reflect the market price of this paper so that the valuation of the own convertible bond held by the company was calculated on the basis of internal valuation models.

c) Deferred expenses

Deferred expenses in the amount of € 811 K (31.12.2011: € 1,067 K) essentially comprise deferred discounts to the value of € 760 K (31.12.2011: € 1,059 K) for the issuance of a bond in the amount of € 200,000 K in 2006 and a bond issued in business year 2009 to the value of € 150,000 K.

d) Shareholders' equity

Share capital equals the fully paid in nominal capital of € 638,713,556.20 (31.12.2011: € 638,713,556.20). It is divided into 87,856,056 (31.12.2011: 87,856,056) bearer shares and 4 registered shares of no par value. The registered shares are held by UniCredit Bank Austria AG, Vienna, each granting the right to nominate one member to the Supervisory Board. UniCredit Bank Austria AG, Vienna is currently not exercising this right. All members of the Supervisory Board were elected by the General Meeting.

In 2012 a dividend amount of € 0,38 for each share entitled to dividend, in total € 33,385 K (2011: € 0 K) was distributed to the shareholders.

In the 21st Ordinary Shareholders' Meeting of 13.5.2008 the Management Board was authorised with the approval of the Supervisory Board and up to 12.5.2013 to issue convertible bonds to a total nominal value of up to € 317,185 K on a one-off basis or repeatedly, also under exclusion of the subscription rights of the shareholders, and to grant the bearers of convertible bonds conversion rights on up to 43,629,300 bearer shares of CA Immobilien Anlagen Aktiengesellschaft. In November 2009, on the basis of this authorisation, a five-year convertible bond with a volume of € 135,000 K was issued. The coupon of the convertible bond (payable every six months) was fixed at 4,125% and the conversion price at € 11.5802 (this corresponds to a premium of 27.5% above the reference price on the date of issuance). As result of the dividend payment in an amount of 0.38 € per share the conversion price according to section 10 (e) of the terms and conditions of issuance of the convertible bond has been adjusted to € 11.0575. According to the issuing conditions of the convertible bond, the creditors have the right to convert their bonds at any time (i.e. also before the end of the term of the bond in 2014) into shares of CA Immobilien Anlagen Aktiengesellschaft at the conversion price. As at the balance sheet date of 31.12.2012 the share price of the CA Immo share was € 10.47 and thus below the conversion price. No bonds have been submitted for conversion by the balance sheet date or the date when the balance sheet was drawn up.

As at 31.12.2012 there is unused authorised capital amounting to € 319,356,778.10 that can be drawn on or before 11.9.2015, as well as conditional capital in the amount of € 317,185,011.00.

The net profit 2012 includes reversal of impairment losses for fixed assets in the amount of € 24,538 K. According to section 235 no. 1 of the Austrian Commercial Code (UGB), the net profit is subject to a limitation on profit distribution in this amount.

e) Provisions

Provisions for severance payment amount to € 263 K (31.12.2011: € 697 K) and include severance payment entitlements of employees of the company.

The Tax provisions in the amount of € 183 K (31.12.2011: € 215 K) mainly relate to provisions for German corporation tax.

The Other provisions are made up as follows:

€ 1,000	31.12.2012	31.12.2011
Derivative transactions	45,646	37,812
Provision for contributions to group companies	14,439	17,114
Premiums	1,995	2,370
Real property tax and land transfer tax	1,427	1,367
Construction services	1,377	2,503
Other	2,074	1,751
	66,958	**62,917**

In business year 2010 the Management Board was, for the first time, offered the option to participate in an LTI (long term incentive) programme with a term of three years. Participation requires personal investment limited to 50% of the annual basic salary. Such investment was evaluated at the closing rate as at 31.12.2009, with the number of associated shares thereby determined. Performance will be measured according to the following indicators: NAV growth, ISCR (interest service coverage ratio) and TSR (total shareholder return). First-level managerial staff was also entitled to take part in the LTI programme. For these staff members, the personal investment is limited to 35% of the basic salary. The LTI programme was continued in the following years, and the Management Board and the first-level management staff were again given the opportunity to take part. As with the 2010 LTI programme, NAV growth, ISCR and TSR were used as performance indicators; however, their weighting was modified and the target values were increased.

With such cash-settled share-based payment, the accrued debt is recognised as a provision in the amount of the fair value. Until this debt has been settled, the fair value will be newly determined on each reporting date and on the date of settlement. All changes will be recognised in the operating income in each business year.

f) Liabilities

31.12.2012 € 1,000	Maturity up to 1 year	Maturity 1-5 years	Maturity more than 5 years	Total
Bonds	0	485,000	0	485,000
Liabilities to banks	14,175	84,735	30,003	128,913
Trade creditors	661	150	0	811
Payables to affiliated companies	65,807	0	0	65,807
Other liabilities	6,346	0	0	6,346
Total	**86,989**	**569,885**	**30,003**	**686,877**

31.12.2011 € 1,000	Maturity up to 1 year	Maturity 1-5 years	Maturity more than 5 years	Total
Bonds	0	485,000	0	485,000
Liabilities to banks	35,510	52,581	48,790	136,881
Trade creditors	430	177	0	607
Payables to affiliated companies	126,293	6,040	4,975	137,308
Other liabilities	6,994	0	0	6,994
Total	**169,227**	**543,798**	**53,765**	**766,790**

The Bonds item comprises the following liabilities:

	Nominal value € 1,000	Nominal interest rate
Bond 2006-2016	200,000	5,125%
Bond 2009-2014	150,000	6,125%
Convertible bond 2009-2014	135,000	4,125%
	485,000	

The maturity of the convertible bond was assigned on the basis of the end of its term.

The Liabilities to banks comprise investment loans to the value of € 128,913 K (31.12.2011: € 136,881 K), which are mainly secured by filed claims to entry in the land register, by pledge of bank credits and rental receivables.

The Trade creditors item for the most part comprises liabilities for construction services and liability guarantees as well as general administrative costs.

The liabilities shown under the Payables to affiliated companies item mainly relate to group-internal cash advances.

Other liabilities are essentially made up of accrued interest for bonds and convertible bonds (€ 5,503 K) which only become cash-effective in the spring or autumn of 2013, unpaid liabilities to the property management company and liabilities arising from payroll-accounting.

g) Contingent liabilities

	Maximum amount as at 31.12.2012 Tsd.		Used as at reporting date 31.12.2012 € 1,000	Used as at reporting date 31.12.2011 € 1,000
Liability for a loan granted to CA Immo Frankfurt Tower 185 Projekt GmbH & Co KG, Frankfurt	25,000	€	25,000	25,000
Guarantee for loans granted to CA Immo BIP Liegenschaftsverwaltung GmbH, BIL-S Superädifikatsverwaltungs GmbH, CA Immo Galleria Liegenschaftsverwaltung GmbH, Betriebsobjekte Verwertung Gesellschaft mbH & Co. Leasing OG and CA Immo Deutschland GmbH	192,479	€	179,122	97,792
Guarantee for CA Immo CEE Beteiligungs GmbH, Vienna, for the acquisition of Europolis AG granted to the sellers	136,424	€	136,424	136,884
Irrevocable guarantee for a loan granted to Vaci 76 Kft., Budapest	45,600	€	34,365	35,445
Guarantee for loans granted to CA Immo Frankfurt Tower 185 Projekt GmbH & Co KG, Frankfurt	34,000	€	34,000	33,333
Irrevocable guarantee for a loan granted to S.C. BBP Leasing S.R.L., Bucharest	33,150	€	14,484	16,156
Irrevocable guarantee for a loan granted to Kilb Kft, Budapest	21,000	€	13,150	13,579
Liability for a loan granted to CA Immo Sava City d.o.o., Belgrad	18,612	€	18,612	0
Irrevocable guarantee for a loan granted to CA Immo Rennweg 16 GmbH, Vienna	8,900	€	4,610	6,800
Irrevocable guarantee for a loan granted to Doratus Sp.z.o.o., Warsaw	8,500	€	6,734	7,157
Irrevocable guarantee for a loan granted to Canada Square Kft., Budapest	8,200	€	6,097	6,172
Liability for a loan granted to Europolis Sienna Center Sp.z.o.o., Warsaw	3,500	€	3,500	0
Liability for a loan granted to Europort Airport Center, Prague	1,235	€	1,235	0
Liability for a hotel management contract agreed with Europort Airport Center, Prague	1,000	€	0	0
Liability for fulfilment of a selling contract with CA Immo Deutschland GmbH, Frankfurt, granted to a business partner	1,000	€	0	0
Liability for interest payment for a selling contract with CA Immo Deutschland GmbH, Frankfurt, granted to a business partner	750	€	0	0
			477,333	**378,318**

CA Immobilien Anlagen Aktiengesellschaft and CA Immo CEE Beteiligungs GmbH, Vienna, acquired the shares in Europolis AG, Vienna, on 1.1.2011. CA Immobilien Anlagen Aktiengesellschaft is liable towards the seller for the purchase price of € 136 m, which was still outstanding on 31.12.2012. The outstanding purchase price is deferred until 31.12.2015.

Furthermore, the stakes of CA Immobilien Anlagen Aktiengesellschaft in the following companies are pledged in favour of the lenders financing the subsidiaries:

Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OG, Vienna
CA Immo BIP Liegenschaftsverwaltung GmbH, Vienna
CA Immo International Holding GmbH, Vienna
Canada Square Kft., Budapest
Kilb Kft., Budapest
Vaci 76 Kft., Budapest
BBP Leasing S.R.L. , Bucharest
2P s.r.o., Pilsen
FCL Property a.s., Prague
Office Center Mladost II EOOD, Sofia

Furthermore, the following letters of comfort were issued for subsidiaries to financial institutions financing them:

BIL S Superädifikationsverwaltungs GmbH, Vienna
Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OHG, Vienna
CA Immobilien Anlagen d.o.o., Laibach
2P s.r.o., Pilsen
FCL Property a.s., Prague

In 2011 the partner from a Russian project has filed an arbitration action in the amount of approx. € 48 m, which has been increased in 2012 to approx. € 110 m plus interest. However, the chance of success is assumed to be low. Appropriate provisions were set up in the balance sheet for the expected payment outflow.

h) Liabilities from utilisation of tangible assets

The lease-related liability from utilisation of tangible assets not reported in the balance sheet is € 605 K for the subsequent business year and € 2,979 K for the subsequent five business years.

Of this € 592 K is attributable to affiliated companies for the subsequent business year and € 2,962 K for the subsequent five business years.

i) Details of derivative financial instruments

€ 1,000 Start	End	Nominal value 31.12.2012	fixed interest rate as at 31.12.2012	interest reference rate	Fair Value 31.12.2012	thereof considered as provisions 31.12.2012	thereof not considered as provisions 31.12.2012	thereof charged derivatives to affiliated companies 31.12.2012
12/2007	12/2017	114,375	4.41%	3M-EURIBOR	– 20,740	– 8,608	– 12,132	– 560
12/2007	12/2017	65,000	4.82%	3M-EURIBOR	– 13,552	– 13,552	0	0
12/2007	12/2022	57,188	4.55%	3M-EURIBOR	– 15,908	– 38	– 15,870	– 14,193
01/2008	12/2017	41,400	4.41%	3M-EURIBOR	– 7,473	– 7,473	0	0
01/2008	12/2022	57,500	4.55%	3M-EURIBOR	– 15,975	– 15,975	0	0
12/2008	12/2017	73,600	4.41%	3M-EURIBOR	– 13,332	0	– 13,332	– 13,332
		409,063			**– 86,980**	**– 45,646**	**– 41,334**	**– 28,085**

€ 1,000 Start	End	Nominal value 31.12.2011	fixed interest rate as at 31.12.2011	interest reference rate	Fair Value 31.12.2011	thereof considered as provisions 31.12.2011	thereof not considered as provisions 31.12.2011	thereof charged derivatives to affiliated companies 31.12.2011
12/2007	12/2012	58,438	4.25%	3M-EURIBOR	– 1,865	– 1,865	0	0
12/2007	12/2017	116,875	4.41%	3M-EURIBOR	– 17,383	– 5,828	– 11,555	– 469
12/2007	12/2017	65,000	4.82%	3M-EURIBOR	– 11,648	– 11,648	0	0
12/2007	12/2022	58,438	4.55%	3M-EURIBOR	– 12,076	– 5	– 12,071	– 10,774
01/2008	12/2017	42,525	4.41%	3M-EURIBOR	– 6,288	– 6,288	0	0
01/2008	12/2022	59,063	4.55%	3M-EURIBOR	– 12,178	– 12,178	0	0
12/2008	12/2017	75,200	4.41%	3M-EURIBOR	– 11,167	0	– 11,167	– 11,167
		475,539			**– 72,605**	**– 37,812**	**– 34,793**	**– 22,410**

The fair value corresponds to the amount that CA Immobilien Anlagen Aktiengesellschaft would receive or pay upon termination of the contract on the balance sheet date. These values were determined by the financial institute with which the transactions were concluded. The cited figures are present values. Future cash-flows from variable payments and discount rates are determined on the basis of generally recognised financial models. Interbank mid-rates are used for valuation. Specific bid/offer spreads and other liquidation costs are not included in the valuation.

j) Hedging relationship

As at 31.12.2012, provisions for derivative financial instruments not considered in the balance sheet which are subject to a hedging relationship (hedge accounting) amount to € 41,334 K (31.12.2011: € 34,793 K). Thereof € 28,085 K (31.12.2011: € 22,410 K) are related to accounting units with (back-to-back) derivatives passed on to affiliated companies (back-to-back derivatives) as well as € 13,249 K (31.12.2011: € 12,383 K) not built provisions for contingent losses related to accounting units with floating interest bearing liabilities. The redemption periods of the loans designated as underlying contract are either at least equal to the term of the derivative or - if the interest bearing liability underlying the hedging relationship has a shorter term - it is expected to receive a follow-up financing.

The inefficient part of the hedging relationship in amount of € 558 K (31.12.2011: € 189 K) is considered as provision as at 31.12.2012.

8. Explanatory notes on the income statement

Gross revenues

The gross revenues relate in full to real estate located in the domestic market and are made up as follows:

€ 1,000	2012	2011
Rental income for real estate	18,360	16,404
Operating costs passed on to tenants	5,627	4,594
	23,987	**20,998**

Other operating income

The other income item of the other operating income of € 4,495 K (2011: € 4,645 K) results from management fees paid to subsidiaries in the amount of € 3,553 K (2011: € 4,131 K, cost re-charging and insurance revenues.

Staff expense

This item includes wages, salaries, statutory social welfare contributions and expenses for severance payments and pensions totalling € 8,806 K (2011: € 8,577 K) for the 62 staff (2011: 60) employed by the company on average.

Expenses for severance payments as well as payments dependent on remuneration and compulsory contributions are made up as follows:

€ 1,000	2012	2011
Change of provision for severance payments to directors and executive employees	– 448	81
Allocation to provision for severance payments to other employees	15	4
Severance payments to directors and executive employees	602	0
Pension fund contributions for directors and executive employees	39	44
Pension fund contributions for other employees	51	46
	259	**175**

Expenses in connection with pensions are made up as follows:

€ 1,000	2012	2011
Pension fund contributions for directors and executive employees	260	123
Pension fund contributions for other employees	52	37
	312	**160**

Depreciation

€ 1,000	2012	2011
Depreciation of intangible fixed assets	85	244
Scheduled depreciation of buildings	7,033	7,134
Depreciation of other assets, office furniture and equipment	500	468
Low-value assets	3	0
	7,621	**7,846**

Other operating expenses

Where they do not come under taxes on income the taxes in the amount of € 331 K (2011: € 344) mainly comprise the non-deductible input VAT of the current year and real estate charges passed on to tenants in the amount of € 325 K (2011: € 330 K).

The Other expenses item of the other operating expenses is made up as follows:

€ 1,000	2012	2011
Other expenses directly related to properties		
Operating costs passed on to tenants	5,284	4,247
Maintenance costs	1,915	1,659
Own operating costs (vacancy costs)	956	1,815
Administration and agency fees	922	227
Other	507	194
Subtotal	**9,584**	**8,142**
General administrative costs		
Legal and consulting fees	2,578	2,307
Advertising and representation expenses	900	862
Office rent including operating costs	850	820
Expenses of bonds and convertible bond	313	297
Other fees and bank charges	114	128
Claims and reserves for bad debts of other receivables	59	348
Other	2,118	2,015
Subtotal	**6,932**	**6,777**
Total other operating expenses	**16,516**	**14,919**

Income from interest

This item comprises dividends paid from affiliated companies from Austria in the amount of € 135,3780 K (2011: € 102,340 K) and from Eastern Europe or from intermediate holding companies for investments in Eastern Europe in the amount of € 19,500 K (2011: € 61,186 K).

Income from loans from financial investments

This item comprises interest income from loans to affiliated companies and from other loans.

Other interest and similar income

The interest income originates from fixed term deposits, investments in securities and cash at bank, accrued interest for acquired shares as well as from swap interest transfers to affiliated companies. In the previous year in relation to the change in the accounting method used for derivative financial instruments qualified as parts of hedging relationships, provisions for anticipated losses to the total value of € 24,935 K were reversed on 1.1.2011.

Income from the sale and revaluation of financial assets and short-term securities

In the financial year 2012 reversals of impairment losses of investment in affiliated companies to the value of € 19,721 K (2011: € 14,219 K) were carried out and provisions for contributions to group companies in the amount of € 1,417 K (2011: € 0 K) were reversed. In addition income from the sale of short-term securities from current assets to the value of € 815 K was generated in 2011.

Expenses for financial assets and interest receivables in the current assets

€ 1,000	2012	2011
Depreciation of financial assets	100,969	58,267
Reversal/addition of provisions for contributions to group companies	– 1,258	2,522
Bad debt allowance for interest receivables	1,865	0
Loss from disposal of investments in affiliated companies	7	0
	101,583	**60,789**

Interest and similar expense

€ 1,000	2012	2011
Interest costs for bonds	25,006	25,006
Expenses for derivative transactions	27,533	26,090
Interest for loans taken up and bank liabilities for the financing of real estate assets	3,638	3,879
Interest costs in respect of affiliated companies	2,928	19,021
Other	201	8
	59,306	**74,004**

In relation to the change in the accounting method used for derivative financial instruments qualified as parts of valuation group, swap receivables from affiliated companies to the total value of € 15,191 K were adjusted as at 1.1.2011 and considered in the previous year.

Taxes on income

This item essentially comprises the income from tax compensation of group members in the amount of € 4,252 K (2011: € 5,409 K).

As at 31.12.2012 CA Immobilien Anlagen Aktiengesellschaft has losses carried forward in the amount of € 312,642 K (31.12.2011: € 262,116 K) for which, pursuant to the provisions of the Austrian Commercial Code (UGB), no deferred taxes were shown in the financial statements. Furthermore, no deferred tax assets were recognised for depreciation on financial assets in the amount of € 25,325 K (31.12.2011: € 30,569 K) that have not yet been claimed for tax purposes.

OTHER INFORMATION

9. Affiliated companies

CA Immobilien Anlagen Aktiengesellschaft, Vienna, is the ultimate parent company of CA Immobilien Anlagen AG Group. The Group Consolidated Financial Statements are drawn up pursuant to International Financial Reporting Standards (IFRS) and the supplementary provisions of section 245a of the Austrian Commercial Code (UGB) and filed at the Vienna Commercial Court.

10. Tax group

In business year 2005 a group and tax compensation agreement was concluded for the formation of a tax group within the meaning of section 9 of the Austrian Corporation Tax Act (KStG) effective from business year 2005. In the subsequent years this was expanded to include additional group members. The group is headed by CA Immobilien Anlagen Aktiengesellschaft, Vienna. In business year 2012 the tax group comprises beside the head of the group 32 Austrian group companies (2011: 34).

The allocation method used by CA Immo tax group is the distribution method where tax profits of a group member are offset against pre-group tax loss carried forward. Forwarded losses of a group member are kept evident. In case of termination of the tax group or withdrawal of a tax group member, CA Immobilien Anlagen Aktiengesellschaft is obliged to pay a final compensation payment for unused tax losses that have been allocated to the head of the group. These compensation payments are based on the fair value of all (notional) prospective tax reductions, which the group member could potentially realise if it had not joined the tax group. Upon withdrawal of a tax group member or termination of the tax group the final compensation payment will be determined through a professional opinion by a mutually appointed chartered accountant.As of 31.12.2012 the possible obligations against group companies from a possible termination of the group were estimated to € 257 K. As at 31.12.2012 no group company has left the tax group, so that no provision was considered for that case.

11. Executive bodies and employees

Supervisory Board
Dr. Wolfgang Ruttenstorfer, Chairman
Mag. Helmut Bernkopf, Deputy Chairman
O.Univ.-Prof.DDr.Waldemar Jud
Barbara A. Knoflach
Mag. Reinhard Madlencnik
Mag. Franz Zwickl
Detlef Bierbaum (until 10.5.2011)
Mag. DDr. Regina Prehofer (until 10.5.2011)

As at 31.12.2012 all members of the Supervisory Board had been elected by the General Meeting.

The remuneration of the Supervisory Board paid in 2012 (for financial year2011) amounts to € 116 K (2011for fiscal year 2010: € 113 K). No additional remunerations were paid to members of the Supervisory Board.

Management Board
Dr. Bruno Ettenauer
Bernhard H. Hansen
Mag. Florian Nowotny (since 1.10.2012)
Mag. Wolfhard Fromwald (until 30.09.2012)

In business year 2012, the total costs of the Management Board (including incidental wage costs, remuneration in kind and expense allowances) amounted to € 1,775 K (2011: € 1,332 K); thereof, salary-based deductions accounted for € 80 K. In 2012, the remuneration of the Management Board included variable salary components in an amount of € 990 K (2011: € 584 K). In addition to bonus payments for 2011 this amount includes all payments related to Wolfhard Fromwald's retirement after 23 years of services. The remuneration of Management Board member Bernhard H. Hansen was totally paid by CA Immo Deutschland GmbH, Frankfurt am Main, without charging the company. For variable salary components including charges on this component provisions in an amount of € 393 K (2011: € 622 K) were considered as expenses. As part of the LTI (long term incentive) programme, as at 31.12.2012 there are provisions with a total value of € 525 K (31.12.2011: € 596 K); thereof € 155 K (2011: € 281 K) relates to the current Management Board. No loans or prepayments were granted to the Management Board.

Employees
The average number of staff employed by the company during the fiscal year was 62 (2011: 60).

12. Auditor's remuneration

There is no indication of the auditor's remuneration for the fiscal year pursuant to section 237, no. 14 of the Austrian Commercial Code (UGB), as this information is contained in the Group Consolidated Financial Statements of CA Immobilien Anlagen Aktiengesellschaft.

13. Proposal for the appropriation of net earnings

It is proposed to use part of the net retained earnings of € 108,746,949.86 to pay a dividend of € 0.38 per share, i.e. a total of € 33,385,302.80, to the shareholders. The rest of the net retained earnings in the amount of € 75,361,647.06 is intended to be carried forward to new account.

The Management Board

Bruno Ettenauer (Chairman)	Bernhard H. Hansen (Member of the Management Board)	Florian Nowotny (Member of the Management Board)

Vienna, 19 March 2013

ASSETS ANALYSES FOR THE BUSINESS YEAR 2012

	Acquisition and production costs as at 1.1.2012	Addition	Disposal	Transfer	Acquisition and production costs as at 31.12.2012	Depreciation and amortisation (accumulated)	Book value as of 31.12.2012	Depreciation and amortisation in 2012	Reversal of impairment losses in 2012	Book value as at 31.12.2011
	€	€	€	€	€	€	€	€	€	€ 1,000
I. Intangible fixed assets										
Rights and EDP software	233,595.34	377,607.67	0.00	0.00	611,203.01	277,291.70	333,911.31	85,032.50	0.00	41
	233,595.34	**377,607.67**	**0.00**	**0.00**	**611,203.01**	**277,291.70**	**333,911.31**	**85,032.50**	**0.00**	**41**
II. Tangible fixed assets										
1. Property and buildings										
a) Land value	68,437,656.06	0.00	2,158,236.16	0.00	66,279,419.90	15,560,363.97	50,719,055.93	0.00	1,443,692.00	51,058
b) Building value	308,201,930.66	2,963,862.97	8,362,643.69	9,790,245.05	312,593,394.99	110,773,390.39	201,820,004.60	7,033,252.85	3,151,468.15	197,497
	376,639,586.72	**2,963,862.97**	**10,520,879.85**	**9,790,245.05**	**378,872,814.89**	**126,333,754.36**	**252,539,060.53**	**7,033,252.85**	**4,595,160.15**	**248,555**
2. Other assets, office furniture and equipment	4,061,712.23	464,332.85	445,830.91	0.00	4,080,214.17	2,816,626.31	1,263,587.86	499,737.28	0.00	1,343
3. Low-value assets	0.00	3,003.52	3,003.52	0.00	0.00	0.00	0.00	3,003.52	0.00	0
4. Prepayments made and construction in progress	12,381,422.15	24,270,316.49	1,127,989.69	– 9,790,245.05	25,733,503.90	100,000.00	25,633,503.90	0.00	0.00	12,282
	393,082,721.10	**27,701,515.83**	**12,097,703.97**	**0.00**	**408,686,532.96**	**129,250,380.67**	**279,436,152.29**	**7,535,993.65**	**4,595,160.15**	**262,180**
III. Financial assets										
1. Investments in affiliated companies	2,376,015,079.91	7,617,211.24	560,671.14	1,022,000.00	2,384,093,620.01	715,925,749.35	1,668,167,870.66	100,610,930.57	19,721,143.70	1,741,907
2. Loans to related companies	218,876,577.91	68,749,500.00	35,762,711.31	5,878,000.00	257,741,366.60	4,748,312.99	252,993,053.61	168,000.00	221,781.29	217,875
3. Prepayments made on investments in affiliated companies	5,413,882.39	0.00	5,413,882.39	0.00	0.00	0.00	0.00	0.00	0.00	1,900
4. Investments in associated companies	2,733,232.69	0.00	0.00	0.00	2,733,232.69	2,689,699.00	43,533.69	14,000.00	0.00	57
5. Other loans	43,546,278.35	157,500.00	2,750,000.00	– 6,900,000.00	34,053,778.35	24,576,532.79	9,477,245.56	176,028.07	0.00	14,344
	2,646,585,051.25	**76,524,211.24**	**44,487,264.84**	**0.00**	**2,678,621,997.65**	**747,940,294.13**	**1,930,681,703.52**	**100,968,958.64**	**19,942,924.99**	**1,976,083**
	3,039,901,367.69	**104,603,334.74**	**56,584,968.81**	**0.00**	**3,087,919,733.62**	**877,467,966.50**	**2,210,451,767.12**	**108,589,984.79**	**24,538,085.14**	**2,238,304**

INFORMATION ABOUT GROUP COMPANIES

Direct investments

Company	Registered office	Share capital		Interest in %	Profit/loss for fiscal 2012 in 1,000		Shareholders' equity as at 31.12.2012 in 1,000		Profit/loss for fiscal 2011 in 1,000		Shareholders' equity as at 31.12.2011 in 1,000	
CA Immo d.o.o.	Belgrad	390,500	EUR	100	728	RSD	957	RSD	– 2,974	RSD	229	RSD
CA Holding Szolgáltató Kft	Budapest	13,000,000	HUF	100	– 22,296	HUF	520,738	HUF	4,351	HUF	854,163	HUF
Canada Square Kft.	Budapest	12,500,000	HUF	100	277,663	HUF	355,670	HUF	– 228,021	HUF	78,007	HUF
Kapas Center Kft.	Budapest	772,560,000	HUF	50	300,384	HUF	1,483,762	HUF	– 195,689	HUF	1,183,379	HUF
Kilb Kft.	Budapest	30,000,000	HUF	100	600,964	HUF	1,500,635	HUF	– 43,842	HUF	1,210,058	HUF
R 70 Invest Budapest Kft.	Budapest	5,270,000	HUF	100	431,225	HUF	2,542,536	HUF	– 315,848	HUF	850,281	HUF
Skogs Buda Business Center II. Kft.	Budapest	327,000,000	HUF	100	– 210,016	HUF	213,618	HUF	– 286,990	HUF	423,634	HUF
Váci 76 Kft.	Budapest	3,100,000	HUF	100	1,210,140	HUF	4,729,080	HUF	– 1,430,118	HUF	3,518,940	HUF
Opera Center One S.R.L.	Bukarest	27,326,150	RON	0.24	4,139	RON	61,195	RON	1,175	RON	61,306	RON
Opera Center Two S.R.L.	Bukarest	7,310,400	RON	0.14	1,312	RON	11,793	RON	1,063	RON	11,552	RON
S.C. BBP Leasing S.R.L.	Bukarest	14,637,711	RON	0.02	11,676	RON	73,128	RON	8,755	RON	24,585	RON
CA Immo AG	Frankfurt	50,000	EUR	50.5	83	EUR	282,220	EUR	2,052	EUR	297,022	EUR
DRG Deutsche Realitäten GmbH	Frankfurt	500,000	EUR	49	85	EUR	525	EUR	– 72	EUR	428	EUR
Pannonia Shopping Center Kft.	Györ	500,000	HUF	50	– 235,116	HUF	– 100,686	HUF	– 861,973	HUF	– 774,645	HUF
CA Immo Holding B.V.	Hoofddorp	51,200,000	EUR	100	5,445	EUR	55,915	EUR	4,235	EUR	59,085	EUR
CA Immobilien Anlagen d.o.o.	Ljubljana	50,075	EUR	100	– 2,364	EUR	– 11,713	EUR	– 3,415	EUR	– 12,349	EUR
CA IMMO NEW EUROPE PROPERTY FUND S.C.A. SICAR	Luxembourg	153,569,000	EUR	70	1,791	EUR	62,519	EUR	– 5,995	EUR	60,728	EUR
CA Immo S.á.r.l.	Luxembourg	33,000	EUR	100	– 18	EUR	14	EUR	– 17	EUR	– 14	EUR
2P s.r.o.	Pilsen	240,000	CZK	100	18,024	CZK	37,185	CZK	– 52,479	CZK	8,930	CZK
Hotel Operations Plzen Holding s.r.o.	Pilsen	200,000	CZK	10	– 5,776	CZK	4,664	CZK			acquired	2012
Europort Airport Center a.s.	Prague	14,100,000	CZK	100	26,361	CZK	40,168	CZK	– 145,595	CZK	– 45,423	CZK
FCL Property a.s.	Prague	2,000,000	CZK	100	5,832	CZK	24,250	CZK	3,911	CZK	18,417	CZK
Hotel Operations Europort s.r.o.	Prague	200,000	CZK	10	– 2,881	CZK	9,097	CZK			acquired	2012
Office Center Mladost 2 EOOD	Sofia	5,000	BGN	100	646	BGN	658	BGN	– 713	BGN	– 622	BGN
Office Center Mladost EOOD	Sofia	5,000	BGN	100	408	BGN	429	BGN	– 711	BGN	– 704	BGN
PBP IT-Services Sp.z.o.o.	Warsaw	50,000	PLN	50	56	PLN	35	PLN	– 33	PLN	– 21	PLN
Avielen Beteiligungs GmbH	Vienna	35,000	EUR	100	– 342	EUR	– 5,100	EUR			acquired	2012
Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OG	Vienna	4,135,427	EUR	100	2,421	EUR	6,557	EUR	1,235	EUR	5,370	EUR
CA Immo Beratungs- und Beteiligungs GmbH in Liqu.	Vienna	35,000	EUR	100	– 12	EUR	20	EUR	– 3	EUR	32	EUR
CA Immo BIP Liegenschaftsverwaltung GmbH	Vienna	3,738,127	EUR	38.9	– 1,989	EUR	28,561	EUR	7,860	EUR	41,487	EUR

Information on participations is based on preliminary figures in financial statements prepared according to local accounting standards.

Company	Registered office	Share capital		Interest in %	Profit/loss for fiscal 2012 in 1,000		Shareholders' equity as at 31.12.2012 in 1,000		Profit/loss for fiscal 2011 in 1,000		Shareholders' equity as at 31.12.2011 in 1,000	
CA Immo International Beteiligungsverwaltungs GmbH	Vienna	35,000	EUR	100	824	EUR	20,498	EUR	767	EUR	20,439	EUR
CA Immo International Holding GmbH	Vienna	35,000	EUR	100	64,666	EUR	1,271,584	EUR	70,539	EUR	1,332,718	EUR
CA Immo Investment Management GmbH	Vienna	100,000	EUR	100	2,031	EUR	2,139	EUR	279	EUR	388	EUR
CA Immo ProjektentwicklungsgmbH	Vienna	72,500	EUR	100	– 1,175	EUR	168	EUR	– 1,346	EUR	443	EUR
CA Immo Rennweg 16 GmbH	Vienna	35,000	EUR	100	– 684	EUR	1,132	EUR	487	EUR	1,816	EUR
CAII Projektmanagement GmbH	Vienna	35,000	EUR	100	– 213	EUR	16	EUR	– 1,579	EUR	209	EUR
CEE Hotel Development GmbH in Liqu.	Vienna	70,000	EUR	50	– 14	EUR	54	EUR	– 3	EUR	68	EUR
CEE Hotel Management und Beteiligungs GmbH in Liqu.	Vienna	35,000	EUR	50	– 14	EUR	18	EUR	– 3	EUR	32	EUR
omniCon Baumanagement GmbH	Vienna	100,000	EUR	100	– 6	EUR	82	EUR	– 2	EUR	88	EUR

Information on participations is based on preliminary figures in financial statements prepared according to local accounting standards.

MANAGEMENT REPORT

MANAGEMENT REPORT OF CA IMMOBILIEN ANLAGEN AKTIENGESELLSCHAFT FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2012

CA Immobilien Anlagen Aktiengesellschaft ("CA Immo") is the parent company of the CA Immo Group. Its head office is at Mechelgasse 1, 1030 Vienna. The CA Immo Group is an internationally active property group. It has subsidiaries in Bulgaria, Germany, Croatia, Luxembourg, the Netherlands, Austria, Poland, Romania, Russia, Serbia, Slovakia, Slowenia, the Czech Republic, Ukraine, Hungary and Cyprus. As of 31 December 2011, the CA Immo Group owned real estate and properties in all of the aforementioned countries except Luxembourg, the Netherlands and Cyprus. The company's main activity involves the strategic and operational management of the domestic and foreign subsidiaries. It also owns 21 properties in Austria (as of 31 December 2012).

ECONOMIC ENVIRONMENT

The cyclical trend

The main factors influencing the operational business development of CA Immo are economic growth, which drives the demand for office space, as well as liquidity and interest rates. The continuing debt crisis is impacting on general economic stability and feeding insecurity on markets and amongst investors accordingly.

The pace of economic expansion across the EU slowed in 2012 with average GDP growth of 0.3%, compared to 1.6% in 2011. Against this background of tension as individual economies drifted even further apart within the eurozone, CA Immo's core markets returned above average growth figures. Compared to most eurozone nations, economic output on most of CA Immo's core markets in Eastern Europe proved more stable, with higher growth rates and far lower levels of debt. With GDP expansion of 2.4%, Poland took centre stage in impressive fashion. Over the same period, CA Immo's other core markets achieved economic output above the EU average with GDP increases of around 1.0%. According to Eurostat forecasts, Poland and Romania will have the highest growth rates in 2013.

The money market and interest rate environment [1]

The average inflation rate in the eurozone for 2012 was 2.2%, 0.5% below the previous year's value but above the indicator of price stability of below two percent as specified by the European Central Bank (ECB). Once again, prices were driven by energy and other commodities. Despite the marginal decline in the inflation rate, the ECB upheld its low interest rate policy, introducing a further cut to the base rate (from 1.0% to 0.75%) in July.

Interest rates on the unsecured money market underwent a downward slide in 2012, levelling off at a record low level in the final quarter. The 3 month Euribor, the reference rate for floating rate loans, stood at 1.2% at the start of the year and had fallen to 0.19% by December. Despite the low interest level, total financing costs remained the same or higher than in previous years owing to higher bank margins. This was partly due to high risk premiums for financing as well as higher capital requirements on the part of financing banks (see also 'Outlook' on the next page).

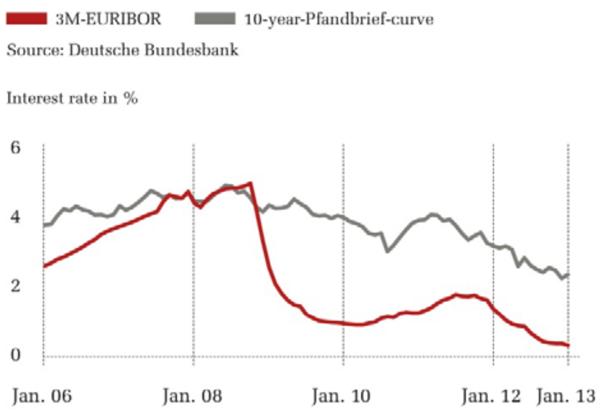
[1] Sources: Eurostat 2012, European Central Bank, Monthly Bulletin January 2012

ECONOMIC DATA OF CA IMMO CORE MARKETS

	Growth rate of the real GDP [1]		Annual inflation rates [2]	Rate of unemployment [3]	Gross public debt [4]	Public deficit/ -surplus	Balance of trade [5]
	2012	2013	in %	in %	in %	in % of the GDP 2011	in bn €
EU (27)	0.3	0.4	2.3	10.7	80.1	–4.4	–9.8
Euro zone (17)	0.4	0.1	2.2	11.8	85.3	–4.1	9.3
AT	0.8	0.9	2.9	4.5	73.7	–2.5	7.2
D	0.7	0.8	2.0	5.4	81.7	–0.8	157.7
PL	2.4	1.8	2.2	10.6	55.9	–5	–7.5
CZ	1.3	0.8	2.4	7.4	44.9	–3.3	10.8
HU	1.2	0.3	5.1	10.9	78.6	4.3	6
RO	0.8	2.2	4.6	6.7	35.2	–5.5	–8.3

Source: Euostat
[1] Prognosis, change from previous year (in %)
[2] as of January 2013
[3] as of November 2012 (saisonally adjusted)
4 as of third quarter of 2012 (saisonally adjusted)
5 January to October 2012 (not saisonally adjusted)

INTEREST RATE DEVELOPMENT



Currencies [2]

The development of the euro remained volatile as the sovereign debt crisis in various European nations persisted. The nominal effective exchange rate of the euro has been falling sharply against the currencies of the 20 main trading partners since the end of August. Against the US dollar, the euro fell by -0.5% on average to stand at US$ 1.2848 at year end. Given that nearly all of CA Immo's lease contracts are concluded in euros, this did not impact directly on rental revenue.

Outlook

The economy of Europe is set to expand in 2013, albeit at a moderate pace, and growth indicators are pointing to the stabilisation of economic activity. Economic data also suggests healthy stability for the core markets of CA Immo. Interrelations between these markets are strong, and trading activity – the main factor driving the European economy – will remain buoyant. Highly stable market conditions would therefore seem to be guaranteed for CA Immo.

Despite the positive signals, though, there is little sign that economic growth will pick up in the crisis-afflicted nations of Europe (such as Greece and Spain) during 2013. Although structural obstacles on labour and goods markets are still impeding the pace of expansion as regards investment, employment and consumption, the mood among business players is more optimistic than before.

During January 2013, tension on the money market eased tangibly; interbank transactions revived as many banks on core markets regained access to liquidity via the free markets. Accordingly, these institutions are generally repaying funds borrowed from the ECB early. At present,

[2] Sources: European Central Bank, Monthly Bulletin January 2013, www.finanzen.net; closing rate on 30.12.2012

it is not possible to foresee the extent to which the ECB will tie its base rate to the pattern of interbank transactions or continue to support countries still in crisis via low base rates, which mean cheap money.

We must also wait and see whether, when and to what extent the positive banking sector developments noted early in the year will influence actual lending. Financing in the real estate environment is likely to remain costly and bound by strict requirements. In particular, long-term loans and loans for non-core products will become more expensive due to high risk premiums.

As regards the yield prospects for AAA-rated government bonds, which are presently low, higher-yield investments such as real estate and shares are likely to attract more capital in 2013. Demand for real estate investment (especially in the core category) is thus expected to rise, leading to price increases in at least some areas.

REAL ESTATE MARKETS

The core markets of CA Immo revealed sound economic foundations in 2012, with performance indicators proving highly stable on the property investment and rental markets. The investment and office markets in Austria were vibrant, offering a healthy basis for business. Germany continues to act as the stabilising influence of the eurozone, a fact reflected on real estate markets in the consistent levels of investment turnover and continuously high demand. CA Immo's core markets in Eastern Europe are still defined by widely varying conditions; overall, there is a clear north-south divide on the lettings and investment markets of Europe.

Once again, certainty was the main factor for investors making purchase decisions in 2012. As a result, the gap has widened between high quality real estate in European capital cities and older properties in B-class areas and locations that fall short of modern technical standards. This trend is expected to continue in 2013.

THE REAL ESTATE MARKET IN AUSTRIA [3]

The investment market

Around € 1.8 bn was invested in Austrian real estate in 2012, an increase of 7% on the transaction volume for 2011. The majority of transactions (70%) took place in the second half of the year. Investors were strongly attracted to high quality retail properties (41%) and offices (33%). In year-on-year comparison, peak yields fell by 20 base points to stand at 5.0% at the turn of the year. Another marginal yield compression is expected in 2013.

The office property market

In Vienna, 345,000 sqm of office space was let in 2012, equivalent to a 34% rise in lettings performance compared to the previous year. CA Immo delivered a major contribution to this increase with, amongst other things, the letting of the Silbermöwe building (21,500 sqm) in the Lände 3 district. Despite this large-scale let, most floor space turnover was generated through small-scale lettings of less than 5,000 sqm. Lettings performance is likely to fall in 2013, levelling off around the level of 2011.

Compared to 2011, the production of office space (including general redevelopment) has increased by 92%. Another 176,000 sqm of office space is expected to be produced in 2013 as various projects are completed. Given the expected drop in demand, vacancy levels (especially in previously occupied properties not conforming to the latest standards) could well increase. Peak rent levels were hovering around € 24.75/sqm at the end of 2012. Another slight rise in rental rates in prime locations is likely during 2013.

THE REAL ESTATE MARKET IN GERMANY [4]

The investment market

Once again economic stability, a polycentric structure and large, liquid real estate markets made Germany a magnet for investors in 2012. Nationally, around € 25.6 bn (a rise of 9% on the previous year) was invested in the commercial purchase of real estate. Demand also remained strong for high quality properties with good letting levels (core segment), especially in the usage

[3] Sources: CBRE, Vienna Office MarketView Q4 2012; EHL Market Research 2012

[4] Sources: BNP Paribas Real Estate 2013; CBRE EMEA Rents and Yields Q4 2012; CBRE MarketView, Office Market Frankfurt/Munich Q4 2012

categories of offices (42% of the total investment volume) and retail (30.5%). The value of peak yields has fallen in most locations.

Berlin now leads the German investment market in terms of sales, with the transaction volume on the commercial investment market rising by 65% to € 3.85 bn; it was followed by Munich with turnover of € 3.62 bn (up 26%) and Frankfurt with € 3.23 bn (up 9%). The reason for this was not a lack of demand from investors, however, but a shortage of suitable core status assets. Looking ahead, a similar transaction volume should be attainable in 2013.

The office property market

As regards the office rental market in Germany, office space totalling 1.84 m square metres was let on the core CA Immo markets of Berlin, Frankfurt and Munich in 2012 (compared to 1.75 m square metres in 2011). Strong demand for high quality premises coupled with falling (speculative) construction levels will reduce vacancy further in the quality segment during 2013. Structural vacancy will rise at the same time, with the trend towards redesignation of vacant office properties no longer marketable to alternative (e.g. residential) usages accelerating rapidly in some prime office locations.

The supply of new premises in **Berlin** is moderate owing to the fact that construction has only been carried out as required in recent years (and subject to appropriate levels of pre-letting). Demand for modern properties in central locations is rising continually, driving a steady increase in peak rents. This positive market trend, which is reflected on the investment market, is expected to continue in 2013.

During 2012, **Frankfurt** achieved good results on the investment market (up 9%) and especially the office rental market (up 20%). The supply of modern premises available at short notice is limited while structural vacancy is rising markedly outside of the prime segment, producing strong competition for older premises and forcing down average rents outside the core segment. The trend for refurbishing or redesignating older, vacant office space to alternative usage types (residential in particular) is set to continue in 2013.

Despite strong demand in central city locations, floor space turnover in **Munich** fell 19% to 611,450 sqm in year-on-year terms. Rental rates rose sharply in central areas, with the peak rent level overtaking Frankfurt for the first time. Vacancy decreased by around 14% compared to 2011 owing to the declining completion volume. Demand for modern office premises in central locations is likely to be sustained in 2013.

THE REAL ESTATE MARKET IN EASTERN EUROPE [5]

The investment market

During 2012, commercial investment activity in the CEE region was characterised by a fall in transactions; the total investment volume was around € 7.4 bn (down 35% on the previous year). Investors looking for core properties in capital cities were particularly attracted to Poland (€ 1.54 bn) and Russia (€ 1.19 bn). Only a handful of banks are prepared to finance real estate purchases in Eastern Europe. Poland and the Czech Republic alone emerged as relatively liquid markets. In Poland, the fourth quarter of 2012 saw the highest quarterly volume of transactions since 2006. Investors deserted the smaller nations of South Eastern Europe in droves owing to deteriorating economic conditions, restrictive financing options and a short supply of core assets as the investment market in the region virtually ground to a halt. Peak yields on class A office properties were largely stable in 2012; they were unchanged at 6.25% in Poland and 6.50% in the Czech Republic.

The office property markets [6]

In spite of the tough economic conditions in Europe, the office market in the CEE region was again stable if patchy. Demand in **Poland** remained constant, with stable floor space turnover and good absorption levels for newly built premises. The vacancy rate is likely to rise over the years ahead, however, as more new projects and fully renovated office properties come onto the market. Lettings were also stable on the **office property market in the Czech Republic** in 2012. Although lettings performance declined by around 16%, vacancy levels and rents remained around the same levels. Completions of new office premises are likely to increase on the office markets of Poland and the Czech Republic in 2013. The absorption of these premises is expected to be generated largely through relocations from old offices. Vacancy is poised to increase, especially in outdated buildings.

[5] Sources: CBRE Market View, CEE Offices February 2013; CBRE EMEA Rents and Yields Q4 2012

[6] Sources: CBRE Market View, CEE Offices February 2013; CBRE EMEA Rents and Yields Q4 2012

Lettings activity in **Hungary and Romania** in 2012 was characterised by contract extensions and expansions of premises by existing tenants, resulting in low net absorption and a concurrent rise in the vacancy rate. An upturn on these office markets is not anticipated in the year ahead.

With the exception of Warsaw, **vacancy rates** on most markets remain above 10%. Owing to the limited availability of financing, high levels of pre-letting on new development projects are required, and this should continue to suppress vacancy. Some cities in the SEE region in particular (including Sofia and Belgrade) are still struggling with high (22% and beyond) rates of vacancy, and this is turn is forcing down rental rates. By contrast, rent levels are stable or declining slightly on core CA Immo markets such as Budapest.

Logistics [7]

The logistics segment – which traditionally has shorter lease agreement terms, higher volumes of floor space and direct links to the business environment – generally responds more quickly to international trends than the office property sector. Accordingly, transaction volume and lettings performance in the logistics area during 2012 showed moderate to good results on the more economically stable CEE markets such as Poland, the Czech Republic and Russia. This positive demand was seen alongside a large supply and thus strong competition of logistic space in these regions. Other markets in Eastern and South Eastern Europe saw investors withdraw as floor space turnover fell sharply.

Thanks to the country's strong domestic market, stable economic growth and close trading links with Western Europe, domestic and foreign demand in Poland has expanded steadily, encountering a high supply of logistic space available. Until October 2012, floor space turnover in the commercial sector broadly matched the level of the previous year. At the end of Q3 2012, the logistics vacancy rate averaged 12%, varying from 5% to 30% according to location. Rent levels remained stable at € 2.8/sqm to € 5.0/sqm. Peak yields fell marginally (down 25 base points) to the current level of 7.50%. Rents and yields are not expected to change significantly in 2013.

[7] Sources: Jones Lang LaSalle, European Industrial Bulletin, September 2012; CBRE Big Box Poland Industrial Market View, Q4 2012

PROPERTY ASSETS

The CA Immo Group divides its core activity into the business areas of letting investment properties and developing real estate. In both of these business areas, CA Immo specialises in commercial real estate with a clear focus on office properties in the center of Europe. The objective is to build up a focused portfolio of high quality and sustainable investment properties within the core markets of Germany, Austria, the Czech Republic, Poland, Hungary, Romania and Slovakia. The company generates additional revenue through the utilisation of developed real estate reserves.

As at key date 31 December 2012, the property assets of CA Immo were approximately € 5.3 bn (€ 5.2 bn as at 31.12.2011). Of this figure, investment properties[8] account for € 4.5 bn (86% of the total portfolio) and property assets under development represent € 0.7 bn (14% of the portfolio as a whole). The proportion of the Eastern European segment fell from around 41 % of total property assets as at 31 December 2011 to 38 % as at 31 December 2012; the Germany segment rose to 47% of total property assets (45% as at 31.12.2011).

The property assets directly held by CA Immobilien Anlagen AG as of the reporting date encompassed 21 properties in Austria with a recognised value of € 278.173 K (property and buildings and down-payments, including construction in progress) (as of 31 December 2011: 23 properties, recognised value € 260.837 K). The economic occupancy rate was 89% (2011: 85%).

During 2012 CA Immo sold two investment properties in Vienna with a value of € 5,541 K (2011: five investment properties with a value of € 11,530 K). Total income of € 2,827 K was generated from sales (2011: € 5,608 K).

Project development sustains portfolio quality

CA Immo Group also acts as a project developer on its markets. One objective of development activity is to raise the quality of the company's portfolio by absorbing projects as they are completed. On the other hand, the company increases the value of land reserves by acquiring building rights and utilises them by means of sales or joint venture developments. CA Immo either transfers completed projects to its portfolio or sells them (through forward sales or to investors upon completion). In the

[8] Including properties used for own purposes and intended for trading or sale

course of its development activity, CA Immo covers the entire value chain from site development and property use approval to project management, construction management and the letting or sale of completed properties.

CA Immobilien Anlagen AG's development activities in Austria are centred on Vienna and span property assets under development with a total value of around € 60.2 m. As at 31 December 2012, the company was realising one development project in Vienna.

Early in 2010, CA Immo launched a large-scale inner city development and restoration project known as **Lände 3** at Erdberger Lände in the capital. The site, which currently offers some 80,000 sqm of existing office space, comprises a number of sections. Following an initial phase of restoration, Post AG signed up as an anchor tenant for approximately 31,000 sqm of office space in 2011.

A redevelopment project was launched on the Lände 3 site in connection with the urban development scheme in March 2011: the Silbermöwe office building has now been thoroughly refurbished, thereby observing stringent sustainability criteria. Completion of the structural shell of the building, which has 10 floors and stands at just under 40 m, was celebrated in May 2012; an application for ÖGNI certification has been made. In November, Robert BOSCH AG agreed to rent the entire gross floor space of the building (21,500 sqm) for at least 10 years; the company will take up residence during quarters two and three of 2013. This agreement was by far CA Immo's largest new letting of 2012 on the Vienna office market.

PATTERN OF BUSINESS AT CA IMMOBILIEN ANLAGEN AG

Earnings

In view of new leases concluded in business year 2011, rental income rose by 11,9%, from € 16,404 K to € 18,360 K. Operating costs passed on to tenants also increased, from € 4,594 K to € 5,627 K. This rise was associated with an advance of 14% in the gross revenues recognised in the annual financial statements of CA Immobilien Anlagen AG as of 31 December 2012, from € 20,998 K to € 23,987 K.

Other operating income fell to € 12,060 K (2011: € 13,022 K). The downturn is attributable to the decrease in management fees passed on to the CA Immo New Europe Property Fund, from € 4,131 K in 2011 to € 3,553 K in 2012. This item also includes cost allocations and insurance proceeds.

The staff expenses item contains wages, salaries, statutory social security contributions, and expenses for severance payments and retirement pensions in the total amount of € 8,806 K (2011: € 8,577 K); the average number of employees was 62 (2011: 60).

Amortisation of intangible assets and depreciation of tangible assets together fell slightly (– 3%) year on year, to € 7,621 K (2011: € 7,846 K). In contrast, other operating expenses climbed by 10% to € 16,847 K because of an increase in both the other expenses directly related to properties and the general administrative expenses – in particular in connection with the investment in the Hotel Europort in Prague and the insolvency of the tenant ECM.

Overall, the operating result rose by 19% to € 2,773 K as of 31 December 2012 (2011: € 2,334 K).

Dividends from subsidiaries in Germany, Austria and Eastern Europe gave rise to income from investments in the amount of € 154,596 K (2011: € 163,526 K). Expenses from financial investments and securities held as current assets totalled € – 100,166 K (2011: € – 60,789 K). They arose predominantly from the dividend-related depreciation of shares in affiliated companies.

The company generated proceeds from loans, largely from subsidiaries, in the amount of € 11,931 K (2011: € 10,477 K). Interest income declined from € 33,611 K in 2011 to € 9,027 K as of 31 December 2012; it arises from fixed deposits, cash advances, deferred interest for purchased bonds, and interest on swaps charged to affiliated companies. In the previous year, in the context of revising the method of accounting for derivative financial instruments qualified as valuation units, provisions for onerous contracts in the total amount of € 24,935 K were reversed as of 1 January 2011.

Income from the disposal and write-up of financial investments and securities held as current assets rose by 20% to € 21,694 K (previous year: € 18,034 K). In business year 2012, the reversal of write-downs at CA Immo Rennweg 16 GmbH (Vienna); Váci 76 Kft., Kilb Kft., Kapas Center Kft. (all Budapest); and 2P s.r.o. (Prague) prompted the reversal of impairment losses for shares in affiliated companies in the amount of € 19,721 K (2011: € 14,219 K). In the previous year, income in the amount of € 815 K was also generated from the sale of an ABS fund.

Interest and similar expenses in the business year came to € – 59,306 K (previous year: € – 74,004 K), arising primarily from interest expenses for bonds (€ – 25,006 K) and expenses for derivatives (€ – 27,533 K) of CA Immobilien Anlagen AG.

In combination, the forenamed factors pushed down the financial result substantially, from € 90,855 K in 2011 to € 36,358 K in 2012. The result from ordinary business activities totalled € 39,131 K (2011: € 93,189 K).

After tax income (chiefly from accounting for group apportionments) in the amount of € 4,253 K (2011: € 5,481 K), the annual surplus as of 31 December 2012 stood at € 43,384 K, which was significantly less than the € 98,670 K posted as of 31 December 2011. Giving due consideration to the reversal of both untaxed reserves and profit brought forward from the previous year in the amount of € 65,363 K (previous year: € 0 K), the annual financial statements of CA Immobilien Anlagen AG show a net profit of € 108,747 K (2011: € 98,748 K).

In 2012, cash flow from business activities (operating cash flow plus changes in net current assets) stood at € 128,630 K (2011: € 68,174 K), and cash flow from investment activities at € – 11,245 K (2011: € – 59,176 K). Cash flow from financing activities totalled € – 112,870 K (2011: € – 7,618 K). The change originated primarily from the dividend payout to the shareholders of CA Immobilien Anlagen AG.

Statement of financial position: assets

The total assets of CA Immobilien Anlagen AG edged down year on year, from € 2,389,411 K as of 31 December 2011 to € 2,322,727 K as of 31 December 2012. Fixed assets fell marginally, by – 1.2%, from € 2,238,304 K as of 31 December 2011 to € 2,210,452 K as of 31 December 2012. As of 31 December 2012, the ratio of fixed assets to total assets stood at approximately 95% (31 December 2011: 94%).

Measured against the previous year, tangible fixed assets rose by 6.6% to € 279.436 K (31 December 2011: € 262,180 K). As of the reporting date, the company's property assets comprised a total of 21 properties in Austria with a book value of € 278,173 K (31 December 2011: 23 properties, book value € 260,837 K). The increase in property assets originates chiefly from current investments and progress made with projects, in particular the Silbermöwe project in Vienna. These developments stood alongside a decline in the carrying value of property and buildings following the disposal of the Comeniusgasse and Rilkeplatz properties.

Intangible assets climbed from € 41 K as of 31 December 2011) to € 334 K as of 31 December 2012 and consist exclusively of EDP software.

Financial investments dropped by – 2.3% to € 1,930,682 K. The decrease is largely attributable to the repayment of contributions to CA Immo International Holding GmbH (Vienna). The loans to affiliated companies consist of a loan to CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs OG, Vienna, in the amount of € 78,282 K (31 December 2011: € 86,767 K), for the purpose of refinancing various subsidiaries in Austria and Germany in connection with property investments, and loans to various Eastern European subsidiaries in the aggregate amount of € 174,711 K (31 December 2011: € 131,108 K).

Current assets fell by – 25.7% to € 111,464 K as of 31 December 2012. The decrease originates chiefly from dividend payments adopted in the previous year by the affiliated companies. The trade receivables in the amount of € 299 K (31.12.2011: € 455 K) contain outstanding rent and operating cost payments. The other receivables in the amount of € 8,906 K (31.12.2011: € 5,271 K) primarily concern receivables from the sale of a property; this item also contains short-term cash advances and receivables from passed-on costs. Write-downs in 2012 totalled € 1,358 K (2011: € 190 K).

The "other securities" item encompasses own bonds (2006-2016) with a carrying value of € 13,658 K and a principal of € 14,008 K, and own convertible bonds with a carrying value of € 19,397 K and a principal of € 20,500 K, which were repurchased in 2011. The convertible bond is listed on the Second Regulated Market of Vienna Stock Exchange, but the trading volume is very small and transactions take place only sporadically. Thus, the prices observed on the stock exchange do not reflect the bond's fair value, so that internal valuation models were applied to measure the own convertible bonds held by the company.

At present, the company possesses three outstanding bonds that are listed on the Second Regulated Market of Vienna Stock Exchange. The bonds were issued to obtain unsecured financing for CA Immobilien Anlagen AG; the bonds are equal-ranking, one to another, and rank pari passu with all other unsecured financing of CA Immobilien Anlagen AG. The bond terms do not envisage any relevant financial covenants.

Statement of financial position: liabilities and shareholders' equity

Equity remained more or less unchanged year on year; it stood at € 1,567,645 K (31 December 2011: € 1,557,646 K). As of the reporting date, the equity ratio was around 67% (31 December 2011: 65%). The equity to fixed assets ratio was 71% (31 December 2011: 70%). The provisions increased year on year by 5.6% to € 67,404 K and largely consist of obligations arising from derivative transactions in an amount of € 45,646 K (31 December 2011: € 37,812 K).

The fall in liabilities, from € 766,790 K at the end of 2011 to € 686,877 K as of 31 December 2012, is attributable in particular to a year-on-year decrease in the volume of financing (from financial institutions) and to the settlement of payables to affiliated companies.

Dividend proposal

The Management Board is to propose to the General Meeting on 7 May 2013 the distribution of a dividend for business year 2012 in the amount of € 0.38 per share, payable on 14 May 2013. This corresponds to a dividend return of around 3.6%, measured against the closing price of 2012.

INFORMATION PROVIDED UNDER SECTION 243A UGB (AUSTRIAN COMMERCIAL CODE)

The following information must be declared according to Section 243a UGB:

As of the reporting date, the share capital of CA Immo totals € 638,713,556.20 and, as before, is divided into four registered shares and 87,856,056 bearer shares that are traded in the prime market segment of Vienna Stock Exchange (ISIN: AT0000641352). Around 18% of the share capital and the registered shares are held by UniCredit Bank Austria AG, the company's largest shareholder. Each of the registered shares entitles the holder to nominate one member of the Supervisory Board; this right has not been exercised thus far. All Supervisory Board members were elected by the General Meeting. UniCredit Bank Austria held the majority of the capital represented in the General Meeting of CA Immo in recent years as well. Apart from the largest shareholder, no others are known to hold an investment of more than 5%. The other shares of CA Immo (around 82% of the share capital) are publicly held by institutional and private investors. As in the previous year, the company did not hold any treasury shares as of 31 December 2012. The voting rights are not subject to any restrictions. The transfer of the registered shares is subject to the company's consent. Apart from UniCredit Bank Austria AG, no shareholders own shares with special rights of control. Employees who hold shares exercise their voting rights directly at the General Meeting.

According to the Articles of Association, the company's Management Board must comprise one, two or three persons. The age limit for members of the Management Board is determined in the Articles of Association and fixed at the age of 65. The final term of office as a member of the Management Board ends upon the closing of the Annual General Meeting following the member's 65th birthday. The Supervisory Board shall consist of at least three and no more than twelve members. The holders of the four registered shares are entitled to appoint one member of the Supervisory Board each. The appointed Supervisory Board members can be dismissed by the entitled party and replaced by other members at any time. The provisions of the Articles of Association governing the term of office and elections to fill vacancies do not apply to the thus appointed members. The other members of the Supervisory Board are elected by the General Meeting. The age limit for members of the Supervisory Board is determined in the Articles of Association and fixed at the age of 70. Members of the Supervisory Board leave the Supervisory Board upon the closing of the Annual General Meeting following their 70th birthday.

In the 25th Annual General Meeting on 8 May 2012, the Management Board was authorised in the period until 11 September 2015 (once or from time to time) to increase the share capital by up to € 319,356,778.10 by cash contribution in return for the issue of up to 43,928,030 no-par bearer shares, observing the statutory subscription right (Section 153 (6) AktG (Austrian Joint Stock Companies Act)) and to determine the issue price and the conditions governing the issue in agreement with the Supervisory Board. Furthermore, the same General Meeting authorised the Management Board for a period of 30 months to acquire treasury shares (Section 65 (1) No. 8 AktG) to the maximum extent permitted by law, namely 10% of the share capital, and if applicable also to redeem or sell treasury shares – including other than on the stock exchange or by way of a public offering. In the period until 31 December 2012, this authority was not exercised.

The Annual General Meeting of 13 May 2008 authorised the Management Board until 12 May 2013, with the approval of the Supervisory Board, to issue convertible bonds in the total nominal amount of up to € 317,185,011.00 once or from time to time and excluding the subscription right of existing shareholders, and to grant conversion rights to the holders of convertible bonds in respect of up to 43,629,300 ordinary bearer shares in the company. In this connection, the same General Meeting granted authority for a contingent capital increase (under Section 159 AktG) in the amount of € 317,185,011.00. On the basis of this authority, a five-year convertible bond with a principal of € 135,000 K was issued in November 2009. The coupon of the convertible bond, payable half-yearly, was fixed at 4.125%. In view of the dividend payout in 2012 (for 2011), the original conversion price (€ 11.5802) was revised to € 11.0575 in compliance with section 10 e of the terms concerning the 2009-2014 convertible bond. The adjustment became effective on 10 May 2012. As a consequence, given the currently outstanding volume of around € 114.5 m, no more than 10,354,963 no-par shares can be issued if the conversion right is exercised. From the end of Q4 2012, the convertible bonds can be redeemed early by CA Immo, provided that its share price (in certain periods) corresponds to at least 130% of the conversion price applicable at the time.

Otherwise, there are no significant agreements becoming effective, changing or terminating in connection with a change of control within the company resulting from a takeover bid. There are likewise no compensation agreements in place with Management Board members, Supervisory Board members or employees for the event of a public takeover bid. As regards the accounting process, the main features of the internal monitoring and risk management system are as follows: minimum standards for internal monitoring systems are defined in a set of internal Group guidelines; to ensure these standards are observed, an internal auditing unit has been set up alongside the risk management unit. The internal auditing section, which is under the control of the full Management Board, took up its assigned duties for the first time in business year 2010. It monitors compliance with legal provisions, internal guidelines and codes of conduct on the basis of an auditing plan; it also reviews the functioning of operational processes (upholding the dual verification principle across all organisational units, continual reporting, etc.) as regards possible risk, and assesses the potential for efficiency improvements (regular auditing of Group companies). Reports on the auditing plan and the assessment results are submitted to the Supervisory Board at least once a year. The internal monitoring system (IMS) has been expanded to assist in the early identification and monitoring of risks. The definition of standard Group rules governing the compilation of annual and interim financial statements is also regulated in a set of internal Group guidelines. The Group has a comprehensive risk management system. Key sub-processes in the accounting process have been identified and analysed, with their effectiveness assessed on the basis of a rolling timetable; the sub-processes were also adapted according to best practice (e.g. derivatives, management of receivables). The risk management system is regularly assessed by the auditor of the annual financial statements. The outcomes of the performed audits are reported to the audit committee of the Supervisory Board.

The changes in shareholders' equity are indicated below:

DEVELOPMENT OF SHAREHOLDERS‘ EQUITY

€ 1,000	**31.12.2011**	**Capital increase**	**Dividend payments**	**Annual result**	**Release of capital reserves**	**31.12.2012**
Share capital	638,714	0	0	0	0	638,714
Tied capital reserves	820,184	0	0	0	0	820,184
Retained earnings	0	0	0	0	0	0
Net profit	98,748	0	–33,385	43,384	0	108,747
Total equity	**1,557,646**	**0**	**–33,385**	**43,384**	**0**	**1,567,645**

COMMITTED TO OBSERVING THE AUSTRIAN CORPORATE GOVERNANCE CODE

Compliance with the appropriate legal provisions in Austria is very important to the Management Board and Supervisory Board of CA Immo. Needless to say, our subsidiaries in Germany and Eastern Europe comply with local legislation. CA Immo is committed to observing the Austrian Corporate Governance Code[9] and thus to transparency and principles of good corporate management. In business year 2012, CA Immo implemented almost in full the regulations and recommendations of the Code as amended in July 2012. Discrepancies were noted in respect of C Rules no. 2 (right of appointment to the Supervisory Board) and 45 (executive positions with competitor companies). Compliance with the Code is evaluated annually (most recently by KPMG Wirtschaftsprufungs- und Steuerberatungs AG)[9].

SUPPORTING SUSTAINABLE CORPORATE DEVELOPMENT: RISK MANAGEMENT

Risk management is very important to the CA Immo Group: it has a direct bearing on strategic and operational decision-making within the company and therefore delivers a significant contribution to the long-term development of the company. The aim of risk management is to identify potential opportunities and hazardous developments at an early stage and properly assess their impact so that relevant decision-makers can be informed in good time and suitable measures can be taken. CA Immo evaluates the current opportunity/threat situation through quarterly reporting. Risk is continually assessed in relation to specific properties and projects as well as (sub)portfolios. The company circumvents unexpected risk by means of early warning indicators such as rent forecasts and vacancy analyses as well as the continual monitoring of lease agreement periods and the possibility of terminations; construction costs are also tracked during project implementation. Scenarios are envisaged regarding the value trend for the real estate portfolio, exit strategies and liquidity planning; these supplement risk reporting and promote reliable planning of the company's future development. CA Immo observes the precautionary principle by applying the full investment horizon to long-term planning and investment decisions and producing appropriate management templates. The company also evaluates specific risks at regular intervals, thereby consulting external advisors. All potential risks and opportunities are assessed according to substance, effect and the likelihood of occurrence. On that basis, risk management is implemented at every level of the company and is binding on all organisational divisions. The Management Board is involved in all risk-relevant decisions and bears overall responsibility for such decisions. At all process levels, decisions are subject to the dual verification principle. Clear internal guidelines and strategies, business and investment plans and continuous reporting systems have made it possible to monitor and control the economic risks associated with everyday business activity. Measures are applied to all Group subsidiaries. Investment plans are also subject to the scrutiny and approval of the Supervisory Board or its investment committee. The Controlling department supports risk management by providing structured information and data; individual matters are spot-checked by the Internal Auditing division.

THE INTERNAL MONITORING SYSTEM (IMS)

Designed to identify risk, the accounting-based internal monitoring system (IMS) – part of the risk management system – is incorporated into individual business processes. The system incorporates all measures designed to ensure compliance with legislation and specific company guidelines (Group manual, allocation of responsibilities, authority to sign, dual verification principle, regulations for release, etc.) and prevent errors. The objectives of the IMS are to preclude (preventive monitoring) and identify (detective monitoring) errors in accounting and financial reporting, thus enabling amendments to be introduced in good time. Based on precise information concerning accounting and financial reporting processes, the IMS also covers related upstream processes. Operational divisions are involved to ensure a complete overview of the financial reporting process. Individual measures and checks operate in parallel with operations or apply directly upstream or downstream of working processes. In line with the organisational structure of the CA Immo Group, local management teams are responsible for the implementation and supervision of the internal monitoring system; the managing directors of the various subsidiaries are required to perform self-checks in order to assess and document compliance with the monitoring measures.

Alongside the Risk Management division, CA Immo has set up an Internal Auditing unit under the control of the full Management Board with a view to consolidating the

[9] Results of the evaluation see www.caimmo.com.

IMS. On the basis of an annual auditing plan and ad-hoc assessments performed as needs dictate, the two units oversee compliance with legal provisions and internal guidelines throughout the Group. The effectiveness of the IMS is regularly assessed by the Group Auditing department while the cost-effectiveness of business processes and the potential for efficiency gains is continually evaluated. The results of these assessments are reported to the responsible executive boards as well as the full CA Immo Management Board. The Supervisory Board is informed as to the auditing plan and the assessment results at least once a year. Furthermore, the proper functioning of the risk management system is evaluated annually by the Group auditor in accordance with the requirements of C-Rule no. 83 of the Austrain Corporate Governance Code, with the findings presented to the Management Board and Supervisory Board or its audit committee.

OVERALL ASSESSMENT OF OPPORTUNITIES AND RISKS

The most significant risk to CA Immo and its business activities is posed by the persistently tough economic climate. The main risks to the Group continue to derive from the market-linked danger of rising vacancy rates, tenant insolvency, the difficult environment for real estate transactions created by the restrictive lending policy of banks and, accordingly, short-term liquidity bottlenecks, rising yields and declining property values. The risk categories outlined below were evaluated following an assessment of risk carried out in 2011; the major risks facing the Group have not changed significantly from previous years.

STRATEGIC RISKS

Concentration (cluster) risk

Risk potential increases where investments lead to overrepresentation of a particular region, usage type or tenant structure in the overall portfolio. From a regional perspective, the focusing of its portfolio in Germany and Eastern Europe exposes CA Immo to risk of this kind; as for Germany, however, the overall risk is neutral given the stability of the market and the portfolio structure. The restrictive situation on certain Eastern European markets (including Hungary and Romania) has the potential for a certain level of market risk; CA Immo counters this by spreading its portfolio across various countries.

At individual property level, CA Immo defines the limit value for concentration/cluster risk at 5% of the total portfolio. The only property in this category at present is Tower 185 in Frankfurt. Preparations for a planned (partial) exit have already been enacted. The next-largest properties account for roughly 2.5% of the total portfolio value (e.g. Skygarden in Munich). These properties do not create concentration risk owing to wide regional distribution.

The package of investment properties acquired from the state of Hesse in 2006 (which makes up around 15% of the total portfolio) produced a 'cluster risk' from smaller portfolios. This particular portfolio is, however, divided between 36 properties that were individually sold. In view of the long-term nature of existing lease contracts and the satisfactory creditworthiness of the tenant (the state of Hesse), the portfolio represents a calculated risk. As regards land reserves and land development projects, risk arises from the high capital commitment. With the prevailing market climate hampering development projects, further property sales are in the pipeline for 2013. Measures have been put in place to accelerate land development projects where possible and partners are being involved at an early stage (especially in the residential construction segment) with a view to cutting the capital commitment.

Country-specific risk and transfer risk

Country-specific and transfer risk is linked to economic or political instability. Given the CA Immo Group's high level of investment activity abroad (particularly in Eastern Europe), inflows of capital and liquidity to which the company is undoubtedly entitled can fail to materialise owing to a lack of foreign currency or transfer restrictions in other countries. There is no generally effective way to hedge against this kind of transfer risk. CA Immo counters country-specific risk by concentrating on defined core regions through local subsidiaries with their own on-site staff, and through appropriate regional allocation within those core markets. The company is able to respond quickly to economic and political events through continual portfolio monitoring and specific portfolio management. CA Immo negates transfer risk by repatriating liquid assets from investment markets with a low credit standing.

PROPERTY-SPECIFIC RISKS

Risks linked to the market environment

The continuing reluctance of banks to provide real estate finance slowed the transaction rate perceptibly on some **property investment markets** in Eastern Europe last business year. Since this had an adverse effect on CA Immo's sales targets for 2012, the planned portfolio optimisation proved economically unfeasible in some parts of Eastern Europe. Demand was almost exclusively restricted to core real estate, especially in Warsaw; trading of other properties was limited. Germany continues to act as the stabilising influence of the eurozone, a fact reflected on real estate markets in the consistent levels of investment turnover and continuously high demand. The investment and office markets in Austria were vibrant, offering a healthy basis for business.

With everything pointing to the continuance of this trend, continual evaluation of key real estate indicators such the quality of locations and properties, changes in the market and emerging trends in order to determine ideal resale times will remain a top priority in 2013. This will also enable the company to counter in advance the danger of either being unable to sell properties, or only able to sell them at a discount. Market risk is thereby identified at an early stage, applied to evaluations of investment and project plans and thus to medium-term liquidity and corporate planning. Properties with heightened risk potential are managed by a specially formed restructuring unit with a view to securing their sale at the earliest opportunity after restructuring.

Real estate prices are also subject to considerable fluctuation owing to changing economic conditions. CA Immo counters **property valuation risk** by subjecting its properties to annual valuation by an outside party; value changes during the year are identified by internal specialists. The past few years have shown how a rise in yields continues to be reflected in valuation reports owing to the discount and capitalisation rates assessed; it also influences consolidated net income and reduces shareholders' equity through changes in market value that must be recognised under IAS 40. The low prospect of rental growth will again pose the danger of starting yields for commercial real estate being adjusted upwards in 2013. Changes in value will continue to represent a significant risk in 2013.

Demand for commercial real estate is mainly determined by economic developments. Although the core markets of CA Immo maintained a sound economic basis in 2012 and performance indicators for the various **rental markets** were stable, the vacancy rate for the company remained high at over 20%, especially in Eastern Europe. The logistics asset class is largely responsible for vacancy. By comparison, vacancy rates on most core markets of CA Immo in Eastern Europe (with the exception of Warsaw) stand at more than 10%. Owing to the limited availability of financing, however, high levels of pre-letting on new development projects are required, and this is certain to reduce vacancy. With no upturn on office markets anticipated in 2013, no significant reduction in vacancy rates is likely in Eastern Europe. By contrast, lettings performance on the Austrian office market expanded dramatically in 2012. CA Immo played a major part in the upturn with, amongst other things, the letting of the Silbermöwe building in the Lände 3 district. Although vacancy in Austria is currently just under 7%, available floor space is likely to increase during 2013 as numerous projects are completed and demand falls. This will serve to suppress lettings performance. The vacancy level on the Viennese office market is thus expected to rise. Compared to the previous year, vacancy rates for the German asset portfolio have also risen owing to properties in a stabilisation phase (Tower 185 and Ambigon). However, strong demand for high quality premises coupled with falling construction levels are likely to reduce vacancy levels in this segment during 2013.

Given the economic conditions, it is also possible that existing tenants will be unable to meet their rent payments (**loss of rent risk**); this risk is countered by demanding securities (bank guarantees). To keep rent losses and attendant vacancy to a minimum, CA Immo screens the creditworthiness and reputation of potential tenants. The budgeted and actual revenues generated by all properties are continually monitored, and structured quality checks are carried out; restructuring is introduced where risk potential increases. At present, nearly all outstanding rental payments relate to Eastern Europe; these are linked in particular to hotels, two logistics parks and a shopping centre. All outstanding receivables have been evaluated according to the associated level of risk. The risk of lost rent was taken into account to a sufficient degree in the estimation of property values. Reduced income following contract extensions remains a risk where rent levels have to be reduced or greater incentives are offered. Overall, however, the aforementioned problematic cases do not constitute a major threat.

Project development risks

The main risks associated with development projects include delays in the property use approval or planning permission processes, cost/deadline overruns, construction defects, lack of demand for rental space and so on. Given the high value that can be created through development projects, there is a chance of generating additional revenue. For projects to be realised, it is essential in any event that equity or additional loan capital (project financing) is available. After all, delays in approving credit can lead to postponements in project implementation as well as the imposition of contractual penalties in the case of pre-letting; loss of rental revenue can have serious implications for the company's cash flow. Increases in construction costs can in turn bring about stricter financing conditions. The start-up losses that typically arise in connection with project development also have a detrimental effect on earnings. Price trends in the raw materials sector (steel, aluminium, copper, etc.) are exposed to a risk of cost variation. With this in mind, cost pools are formed for large-scale projects, with the risk of rising commodity prices and production costs passed on to contractors. All projects are being implemented within their approved budgetary frameworks. Extensions of the stabilisation phase (initial letting) in response to market conditions and the risk of rising yields caused by restrictive lending place particular pressure on development outcomes. With all of this in mind, CA Immo takes various steps to control the risks associated with project development (cost monitoring, variance analyses, long-term liquidity planning, observance of minimum pre-letting quotas, and so on). Projects are only launched following detailed, long-term liquidity planning and an appropriate level of pre-letting (50–60% on average in Germany, for example). In Eastern Europe, compliance with a certain pre-letting rate may not be achievable (or only possible to a limited degree) on account of the specific market situation: most lease contracts can only be signed when project completion is foreseeable. Certain projects in the region are initiated with low levels of pre-letting, although financing is generally secured first. Generally speaking, we select partners and service providers with care and uphold strict internal and external controlling, including continual cost monitoring and variance analyses.

GENERAL BUSINESS RISKS

Legal risks

In addition to the usual legal disputes that arise in the sector (especially against tenants and construction service contractors), CA Immo faces the risk of disputes with, amongst others, joint venture and project partners as well as disputes linked to past and future sales of real estate. There is also potential for disputes arising over annulment actions brought by shareholders against resolutions of the Ordinary General Meeting or review of the exchange ratio applied in the 2010 merger of CA Immo International AG and CA Immo. Almost all pending actions relate to conventional cases of operational business activity. Our joint venture partner on “Maslov” project, for example, initiated arbitration proceedings for € 48 m in 2011, an amount that rose to approx. € 110 m (plus interest) in 2012; the chances of success had been seen as minimal. Sufficient financial provisions have been made for the anticipated outflow of funds. At present, no lawsuits or arbitration proceedings that could threaten the company's survival are thus imminent or pending. The Group's Legal & Compliance division is responsible for monitoring and overseeing legal disputes. Sufficient provisions are formed as necessary; for the Group as a whole. No provisions have been formed for active and passive lawsuits where the likelihood of prevailing is high or the risk of losing is below 50% respectively.

It is not possible to predict changes to legal provisions, case law and administrative practice or their impact on business results; such changes may adversely affect real estate values or the cost structure and thus the assets, financial and revenue positions of the CA Immo Group. One current case in point is the enactment of the AIFM (Alternative Investment Fund Managers) Directive, which will be transposed into national law by 22 July 2013. Given the broad definition of the term AIF (alternative investment fund), the directive will apply to classic hedge funds and private equity funds as well as property funds and special funds. Currently, it is still unclear whether the definition of AIF will cover listed real estate corporations, which would mean an even more extensive duty to inform investors and supervisory authorities for such companies. Some requirements specified in the AIFM directive represent a departure from established practice for the sector. Provisions on depositories and extensive associated provisions on liability also represent a break from earlier sector standards, as do the organisational requirements and remuneration provisions in the directive. Far-reaching documentation requirements, the obligation to introduce depositories and so forth would generate higher costs for the company and its investors. The challenges ahead are therefore considerable and imprecisely defined in many cases given the ongoing absence of sufficiently detailed Level II provisions. Since there is no definite prospect of the legislative implementation of Level I directive in Austria at present, regulations that underlie options at national level (such as de minimis exceptions) also remain imponderable factors for the sector for now.

Taxation risk

National taxation systems are subject to continual change on the target markets of the CA Immo Group. All relevant discussions and decisions taken by national legislators are continually monitored. Despite this, exceptional tax rises linked to changing legal frameworks pose a constant risk to revenue. Sufficient financial provisions are made for known risks linked to tax audits and fiscal or extra-judicial proceedings.

Organisational risk

At the end of 2012, CA Immo began implementing measures aimed at increasing efficiency and 'redimensioning'. These included closure of the subsidiary in Cologne, the amalgamation of back office units and the resolution of international dual appointments. Over the next few years these initiatives will, amongst other things, cut staffing costs across the Group by around 20%; restructuring provisions have been formed for this. From an organisational viewpoint, however, there is a risk that working processes and flows will be adapted late or not at all, particularly in the departments most affected. An associated project aimed at improving existing workflows, which involves external advisors, should be completed in the near future.

SUSTAINABILITY: OPPORTUNITIES AND THREATS

Since the sustainable development of the CA Immo Group is of such central concern, pursuing a comprehensive set of environmental, economic and social sustainability goals forms part of our strategic thinking. To an increasing degree, our shareholders, customers and business partners feel similarly obliged to adopt a long-term approach to business. Sustainable practices that take account of environmental, economic and social aspects present more opportunities than risks to the company and its stakeholders. The business activity of CA Immo is based on value-oriented corporate management that is guided by the following (sustainability) criteria:

- Full transparency in relation to publication and documentation requirements to ensure any present risks are properly assessed.
- Corporate governance that obliges employees and business partners alike to observe substantive sustainability criteria as appropriate in corporate governance and risk management structures (regarding corruption, breaches of human rights, violation of working conditions, reputation, etc.).
- A portfolio and project development strategy oriented towards sustainability, tenant quality and the long-term upholding of marketability and utilisation quality: tenants increasingly view real estate as a statement, and the demands of the market can only be met through continual enhancement of the portfolio.
- Active tenant support (insourcing of property management activities in Eastern Europe and joint ventures in Germany) as tenant satisfaction is critical to long-term business relationships.
- Establishment of a balanced financing structure as markets becoming increasingly volatile.
- Long-term optimisation of profitability and lasting competitiveness, bearing in mind the needs of shareholders.

Environmental risk

The CA Immo Group can incur significant costs in preventing environmental damage (from toxic substances/materials and contamination); there is also a risk that legal changes may require previously acceptable materials to be eliminated. It is not possible to predict changes to legal provisions, case law or administrative practice, or the consequences that such changes will have on the earning power of real estate; such changes may adversely affect real estate values and thus the company's assets, financial and earnings position. As far as environmental sustainability is concerned, CA Immo – as a real estate company focused on the long term – takes account of the impact of climate change and associated risks in determining the general direction of its business activity. To varying degrees from one country to another, risks are arising from stricter legal obligations (such as the EnEV energy saving ordinance for new buildings in Germany) and a greater awareness of environmental factors on the part of tenants. This can make investments necessary. At the same time, gaining a competitive advantage via early adaptation presents opportunities. To minimise the risk, CA Immo incorporates these considerations into its assessments prior to every purchase and appropriate guarantees are required from sellers. Wherever possible, the CA Immo Group makes use of environmentally sustainable materials and energy-saving technologies. Environmental risks associated with investment properties are assessed using the CA Immo Sustainability Tool (CAST). CA Immo observes the ecological precautionary principle by ensuring all (re)development projects qualify for certification: in this way, stringent green building and sustainability specifications are automatically satisfied while the usage of environmentally unsound products is ruled out. This criterion will be observed in the future acquisition of real estate.

FINANCIAL RISKS

Risks linked to liquidity, credit, interest rates and currencies make up the main financial risks.

Liquidity and refinancing risk

Refinancing on the financial and capital markets is one of the most important considerations for CA Immo. The (re)financing situation remains generally troublesome and lending policy will continue to be restrictive, especially in Eastern Europe. In regions such as Hungary and Romania, difficulty in refinancing could necessitate an influx of capital resources. By contrast, the Austrian and German markets will continue to offer sufficient liquidity in the next few years, making the procurement of capital easier. However, there is also a danger that credit margins will rise substantially on these markets where new loans are agreed or loans are extended, depending on market trends and corporate creditworthiness.

Although the CA Immo Group had access to sufficient liquidity at the end of 2012, restrictions at individual subsidiary level must be taken into consideration. This is mainly because of the following factors:

– liquidity is made available not within the parent company itself but at various levels of the company;
– access to cash and cash equivalents is limited owing to obligations to current projects;
– a liquidity requirement to stabilise loans exists in certain instances;
– planned sales activities are not current viable, or only possible subject to delays or price reductions.

The general liquidity situation had improved somewhat by year end thanks to sales (including that of the Warsaw Financial Center). Nonetheless, given the reluctance of banks to take risks, liquidity risks cannot be ruled out in the short term (for example, where financing arrangements expire and are not extended). Other risks arise from unforeseen additional funding obligations in relation to project financing and breaches of covenant in the property financing area. CA Immo counters this risk by continually monitoring covenant agreements and effectively planning and securing liquidity. Planning also takes account of the financial consequences of strategic targets (such as the steady depletion of the project pipeline and real estate sales); this also ensures the Group can meet unexpected cash flow requirements. To this end, various liquidity deployment measures have been identified; these provide, for example, for the early redemption of loans with very high margins. Loans are invariably agreed on a long-term basis in accordance with the investment horizon for real estate. As an alternative and supplement to established means of (equity) capital procurement, the company enters into equity partnerships (joint ventures) at project level. Even with meticulous planning, however, liquidity risk cannot be eliminated, particularly where capital requests linked to joint venture and fund partners (partner risks) are not viable. Capital commitments are typical in the case of development projects; the Group company CA Immo Deutschland has a particularly high commitment in the case of the Tower 185 project. Financing has been secured for all projects under construction; additional financing is required for new project launches. The expiry profile of financial liabilities for the CA Immo Group is stable until business year 2014; loans maturing by that date are linked solely to financing at property or project level. The refinancing of the 6.125% CA Immo bond 09-14 (ISIN: AT0000A0EXE6) and the convertible bond are scheduled for 2014, provided conversion rights are not exerted.

Interest rate risk

In response to the euro crisis, the European Central Bank lowered its base rate from 1.0% to a record low of 0.75% in the summer of 2012, a rate subsequently confirmed in February 2013. It is likely that the rate (at which commercial banks obtain refinancing from the central bank) will remain at this low level for the next four quarters. Swap rates are also unlikely to rise significantly. These market-led fluctuations in the interest rate affect both the level of financing costs and the fair value of interest hedging transactions concluded, which influence CA Immo's earnings and equity. In line with its investment strategy, the CA Immo Group opts for a mix of long-term fixed-rate and floating-rate loans; more than 60%

of the latter are secured by means of derivative financial instruments (mainly in the form of interest rate caps/swaps) which have negative cash values owing to market conditions. According to the latest interest rate forecasts, however, the floor may already have been reached; from the present standpoint, the swap result could again be neutral in 2013. Despite this, continual monitoring of the interest rate risk is essential. No risks constituting a serious and permanent threat to the company exist at the present time. Sufficient provisions have been formed for all risks identified.

FINANCIAL INSTRUMENTS[10]

Given that the interest paid makes up the biggest expense item in the income statement for most real estate companies, interest rate rises can have a serious impact – especially since the income side (rent) is usually based on long-term agreements, which means increases in financing costs cannot be counterbalanced by higher revenue. For this reason, the CA Immo Group's financing policy partly involves hedging a substantial proportion of finance against fluctuation over the long term. Interest swaps (and, to a lesser extent, interest rate caps) are used as interest hedging tools.

BRANCH OFFICES

The CA Immo Group has its head office in Austria and also has a presence in Germany via the subsidiary CA Immo Deutschland GmbH in Frankfurt, Berlin and Munich, as well as in Eastern Europe via subsidiaries in Budapest, Belgrade, Bucharest, Prague and Warsaw.

INVESTMENTS AND FUNDS

Although originally active on the Austrian market only, CA Immo began investing in Eastern Europe in 1999. Two years later, the company embarked on project development in the region. Having since acquired the Europolis Group in 2011, CA Immo now ranks as one of the biggest investors. As it expanded in Eastern Europe, the company built its portfolio of real estate in Austria and Germany, obtaining a package of properties from the German federal state of Hesse in 2006 and finalising the acquisition of Vivico Real Estate GmbH (now CA Immo Deutschland GmbH) early in 2008. Today, the CA Immo Group is established in Central Europe as an active holder of commercial real estate with strong development expertise. The parent company of the CA Immo Group is **CA Immobilien Anlagen Aktiengesellschaft**, a Vienna-based firm listed on the Vienna Stock Exchange since 1988. The company has subsidiaries in Austria, Germany, Hungary, the Czech Republic, Romania, Poland and Serbia as well as offices in Russia, the Ukraine and Cyprus. Each site acts as a largely autonomous profit centre. As at key date 31 December 2012, the Group had 272 subsidiaries (compared to 263 as at 31.12.2011) in 17 countries[11].

COMPANIES BY REGION

Number of subsidiaries	31.12.2012	31.12.2011
Austria[1]	40	42
thereof Joint-Ventures	*8*	*8*
Germany	110	103
thereof Joint-Ventures	*22*	*20*
Eastern Europe	122	118
thereof Joint-Ventures	*23*	*24*
Konzernweit	**272**	**263**
thereof Joint-Ventures	***53***	***52***

1 Excluding CA Immobilien Anlagen AG
2 Including all subsidiaries in the scope of our Eastern European investments

CA IMMO IN GERMANY

CA Immo Deutschland GmbH has functioned as the operational platform for all Group activity in Germany since 2008. As a former collecting society for state-owned railway properties in Germany, the company has a wealth of expertise in developing inner city real estate. Projects on these sites are at various stages of preparation and will be rapidly progressed to construction readiness over the coming years. On completion, development projects are either sold, transferred to the company's asset portfolio or sold to property developers as construction-ready real estate. With subsidiaries in Frankfurt, Berlin and Munich, an appropriate local profile is assured. Construction management – which encompasses project monitoring, tendering, contract awarding, construction supervision and

[10] For full details on the derivative financial instruments of CA Immobilien Anlagen AG, see the notes section.

[11] Includes holding companies in Cyprus, Luxembourg and the Netherlands

general planning – is carried out by **omniCon**, the CA Immo subsidiary acquired in 2008. omniCon also performs these services for third parties. CA Immo Deutschland GmbH is fully consolidated in the consolidated financial statements of CA Immo. The company's property assets mainly comprise properties under construction and undeveloped plots alongside a portfolio of properties intended for trading or sale.

Most of the investment properties in Germany, including the package of properties acquired from the state of Hesse, are maintained by Frankfurt-based **CA Immo AG** (in the future CA Immo Invest GmbH), in which CA Immobilien Anlagen Aktiengesellschaft of Vienna has direct and indirect holdings amounting to 100%. The company is also fully consolidated in the consolidated financial statements.

DRG Deutsche Realitäten GmbH was also founded as a joint venture with the estate agent and property management firm ÖRAG in 2011. DRG undertakes tenant management, service charge accounting, rental revenue enhancement, cost reduction, maintenance tasks and letting for CA Immo's office investment properties in Germany. To ensure the cost structure can be adapted flexibly, external service providers are brought in to carry out certain other activities.

POOLING OF EASTERN EUROPEAN ACTIVITY IN CA IMMO AND EUROPOLIS

The Group's portfolio in Eastern Europe is directly held via CA Immo participating interests and via **Europolis AG**, another wholly owned subsidiary of CA Immo acquired from the Volksbank Group early in 2011. The Europolis Group, which has been in existence since 1990, focuses on class A office, logistical and retail buildings in Eastern Europe. The Europolis AG portfolio also includes a small number of development projects and undeveloped plots in Poland, Hungary and the Ukraine. The overall portfolio is divided into six smaller portfolios in which reputable partners such as the EBRD, AXA and Union Invest hold shares of between 25% and 49%. The portfolios are managed by **Europolis Real Estate Asset Management GmbH** of Vienna (EREAM), a wholly owned subsidiary of Europolis AG, alongside a group of regional companies in Prague, Budapest, Warsaw, Bucharest and Belgrade trading as CA Immo Real Estate Management.

SPECIAL FUND FOR DEVELOPMENT PROJECTS IN EASTERN EUROPE

Since 2007, CA Immo has largely managed development projects in Eastern Europe through the **CA Immo New Europe Property Fund** (CAINE), a project development fund structured under Luxembourg law as a SICAR (Société d'Investissement en Capital à Risque). CA Immo holds 70% of the shares in the fund; the remaining 30% is held by three institutional investors. The planned lifespan of the fund, which is managed by a CA Immo subsidiary, is seven years in total (with the option to extend). The commitment period (in which new projects can be initiated) came to a close at the end of 2009. Investment activity has fallen far short of the levels originally intended owing to changed market conditions; agreement was reached with co-partners only to proceed with development projects that were already in progress. In future, new projects will be launched directly by CA Immo unless the fund partner decides in favour of individual involvement in the implementation. As at the balance sheet date, the CA Immo New Europe Property Fund had a book value of around € 147 m (compared to € 142 m in the previous year). Three projects are in progress at present; three more completed since the fund was set up are currently held by the fund as investment properties.

INVESTMENT IN UBM

CA Immo holds a stake of 25% plus four shares (vetoing minority holding) in the listed Vienna-based real estate developer **UBM Realitätenentwicklung AG** through a subsidiary company. The main shareholder in UBM is the PORR Group with a holding of approximately 41%. With development expertise in the CEE region, UBM is an ideal partner to the CA Immo Group. Projects realised with UBM include the Poleczki Business Park in Warsaw and the Airport City project in St. Petersburg.

PENDING LAWSUITS

The company is involved in several lawsuits arising from the ordinary course of business. Provisions were formed, depending on the likelihood of a claim being asserted. Remarks concerning the existing legal risks are contained under the heading "Risk management".

FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

In strategic terms, the business activity of CA Immo revolves around raising the value of the company over the long term. Central financial performance indicators (key figures) are an important tool as regards identifying the main factors that contribute to the long-term increase in corporate value and quantifying those factors for the purposes of value management.

The primary financial performance indicator is the net income generated with the money shareholders have invested (return on equity, RoE). The aim is to produce a ratio higher than the imputed cost of equity (assuming a medium-term rate of around 7.0%) and thereby generate shareholder value. The return on equity for 2012 was approximately 3.2% below the target value (3.8% in 2011). Despite this, the measures defined under our strategy will lead to an acceptable return on equity in the medium term.

Among the other quantitative factors used to measure and manage our shareholders' long-term yield are the change in NAV per share, the operating cash flow per share, return on capital employed (ROCE) and economic value added (EVA; see table VALUE-INDICATORS).

VALUE-INDICATORS OF CA IMMO GRUPPE

		2012	2011	2010	2009
Key figures per share					
NAV/share	€	19.30	19.20	18.70	17.90
Chance in NAV/share	%	0.5	2.7	4.5	–5.3
Operating cash flow / share	€	2.20	2.18	1.38	1.40
RoE 1) in %	%	3.2	3.8	2.8	–4.8
ROCE 2) in %	%	4.4	5.5	4.77	0.1
EVA 3)	€ m	10.3	44.04	Negative	Negative

[1] Return on equity = consolidated net income after minorities/Ø shareholders' equity (excluding minority interests)
[2] Return on capital employed (ROCE) = net operating profit after tax (NOPAT)/capital employed
[3] EVA (economic value added) is a registered trademark of Stern Stewart & Co; EVA = capital employed * (ROCE – WACC); WACC 2012 = 4.18

The key factors for CA Immo AG include the equity ratio, net debt (bonds and liabilities to bank less cash and cash equivalents) and equity-to-fixed-assets ratio. The equity ratio reflects the portion of the company's financing that is covered by its equity. It is an important indicator when assessing a company's creditworthiness. The equity-to-fixed-assets ratio indicates the extent to which, measured in percent, equity covers the fixed assets of CA Immo AG.

VALUE-INDICATORS OF CA IMMOBILIEN ANLAGEN AG

		2012	2011	2010	2009
Equity ratio	%	67	65	65	66
Net debt	€ m	531	544	586	406
Equity-to-fixed-assets ratio	%	71	70	70	75

Since the financial indicators ultimately demonstrate the operational success of the property business, they are preceded by a series of other non-financial performance indicators which are key to measuring and managing the operational business:

Vacancy rate and average rent

Sound economic data feeds the demand for commercial premises and invigorates both building activity and the property market. Cyclical discrepancies between supply and demand are reflected in the utilisation rate and attainable rents. Viewed over time, the vacancy rate and average rent are key indicators of a portfolio's quality and its successful management; they are also indicative of the asset managers' ability to respond in a timely fashion to economic influences.

Location quality

The quality of a site is a major criterion in property marketing: the accessibility of a location, determined by infrastructure, plays a particularly crucial role. Changes in the quality of a location take place gradually and are eventually reflected not only in price, but also in the difficulty of attracting new tenants.

Local presence

Local knowledge and familiarity with markets are key to the effective cultivation of highly diverse regional markets. For this reason, CA Immo maintains branch offices in its main markets of Germany and Eastern Europe.

Expertise and synergy

The competitive edge of CA Immo stems from the local knowledge of its employees and the utilisation of synergies in the Group, especially in the fields of project development and property marketing.

EMPLOYEES

As at 31 December 2012, CA Immo had 375[12]) employees (compared to 390 on 31 December 2011). A total of 38 new staff members[13] joined the Group in 2012. CA Immo has head offices in Vienna, from where the company oversees local branch offices in Frankfurt, Berlin and Munich as well as Budapest, Warsaw, Prague, Belgrade and Bucharest. In business year 2012 CA Immobilien Anlagen AG itself employed 62 people in average compared to 60 people in 2011.

Consolidation following period of rapid growth

Largely as a consequence of the big corporate acquisitions of recent years, the number of CA Immo staff almost doubled from 203 as at 31 December 2007 to 390 as at 31 December 2011. Alongside the intended redimensioning of the real estate portfolio, the company now plans to boost efficiency across the value chain with a view to cutting Group staff costs by some 20% over the years ahead, amongst other things. The process was supported by an external consultancy firm which analysed working practices within the company and pinpointed areas that could be improved. Suitable measures were then introduced and implemented at the end of 2012. These included closure of the subsidiary in Cologne, the amalgamation of back office units and the resolution of international dual appointments.

OUTLOOK

Expected development, including material opportunities and risks

Despite some positive indications, growth in the European economy still shows little sign of accelerating in 2013. We nonetheless expect the key core markets of CA Immo to make steady progress. The lending climate will remain the determining factor for the property segment in 2013.

Financing trends

The availability and rising cost of loan capital has been exerting a restrictive influence in the property investment market for some time. Tight lending policies are affecting the whole of Europe, but Eastern Europe in particular. Banks are still prepared to finance premium properties with a proven track record, good long-term occupancy rates and stable rental income, but only on expensive terms. It is becoming increasingly difficult, however, to obtain suitable financing for commercial properties with high vacancy rates. Provided that key parameters (preletting ratio, own capital contribution of at least 40%) were satisfied, project financing was never a problem for CA Immo thus far. While banks are making funds readily available in Germany in particular, finance is a rather scarce commodity in some Eastern European markets, for example.

Yield optimisation and cash flow growth provide operating and strategic opportunities

From a strategic perspective, we intend determinedly to pursue our Group-wide resizing programme with a view to substantially enhancing efficiency throughout the

[12] Around 7 % of those are part-time staff; 30 Group employees on unpaid leave and 108 employees gained through the acquisition of two hotel businesses in the Czech Republic in the third quarter of 2012 were not counted.

[13] Excludes 108 employees gained through the acquisition of two hotel businesses in the Czech Republic in the third quarter of 2012.

value chain. The goal is to safeguard additional stability and profitability for the company, and to align it as closely as possible with both the current and the prospective economic landscape.

Even though the economic climate remains difficult and beset by significant uncertainties, we anticipate the following developments in business year 2013:

- Largely stable rents on a like-for-like basis. Additional rental income from project completions will make good the revenue decrease triggered by property sales.
- Disposals of around € 300 m, chiefly consisting of non-core properties in Eastern Europe and land banks in Germany. We also expect to sell part of the Tower 185 building (75%); initial indicative offers are expected in the course of the first half 2013.
- Released funds will be used primarily to amortise debt (bond liabilities).
- A half-size portion of the benefits from tightening overheads and reducing material costs is to be delivered in 2013.
- Investments of around € 200 m are to be made in current development projects in particular.

Our expectations are based on certain assumptions concerning both general and specific outline conditions. The following key parameters could affect the pattern of business anticipated for business year of 2013:

- Economic developments in the regions in which we operate, and the impact of such trends on both rental demand and rents.
- The development of the general interest rate level.
- The lending climate, especially the availability and cost of long-term loans, and therefore the development of the property investment market and price trends, as well as the effect of these factors on the valuation of our portfolio. The speed at which the planned development projects are realised also depends in particular on the availability of the requisite outside borrowed and equity capital.

RESEARCH & DEVELOPMENT

To facilitate the ongoing redevelopment and modernisation of the real estate portfolio, staff qualification is an investment priority for CA Immo; the support of external experts is selectively enlisted as required.

SUPPLEMENTARY REPORT

No material events apart from those recorded in the annual financial statements as of 31 December 2012 have taken place since the reporting date.

The Management Board

Bruno Ettenauer
(Chairman)

Bernhard H. Hansen
(Member of the Management Board)

Florian Nowotny
(Member of the Management Board)

Vienna, 19 March 2013

AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of

CA Immobilien Anlagen Aktiengesellschaft,
Vienna,

for the fiscal year from **1 January 2012 to 31 December 2012**. These financial statements comprise the balance sheet as of **31 December 2012**, the income statement for the fiscal year ended **31 December 2012**, and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility and Description of Type and Scope of the statutory audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance for the year from 1 January 2012 to 31 December 2012 in accordance with Austrian Generally Accepted Accounting Principles.

Report on Other Legal Requirements (Management Report)

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 19 March 2013

KPMG
Wirtschaftsprüfungs- und Steuerberatungs AG

Mag. Helmut Kerschbaumer	ppa Mag. Christoph Erik Balzar
Wirtschaftsprüfer	Wirtschaftsprüfer

(Austrian Chartered Accountants)

Publication of the financial statements together with our auditor's opinion may only be made if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

This report is a translation of the original report in German, which is solely valid.

DECLARATION OF THE MANAGING BOARD DUE TO SECTION 82 (4) OF THE AUSTRIAN STOCK EXCHANGE ACT (BÖRSENGESETZ)

The managing board confirms to the best of their knowledge that the financial statements of CA Immobilien Anlagen Aktiengesellschaft, which were prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the CA Immobilien Anlagen Aktiengesellschaft and that the management report gives a true and fair view of the development and performance of the business and position of the company, together with a description of the principal risks and uncertainties the CA Immobilien Anlagen Aktiengesellschaft faces.

The Management Board

Bruno Ettenauer (Chairman)	Bernhard H. Hansen (Member of the Management Board)	Florian Nowotny (Member of the Management Board)

Vienna, 19 March 2013

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DISCLAIMER

This Report contains statements and forecasts which refer to the future development of CA Immobilien Anlagen AG and their companies. The forecasts represent assessments and targets which the Company has formulated on the basis of any and all information available to the Company at present. Should the assumptions on which the forecasts have been based fail to occur, the targets not be met or the risks set out in the risk management report materialise, then the actual results may deviate from the results currently anticipated. This Report does not constitute an invitation to buy or sell the shares of CA Immobilien Anlagen AG.

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We ask for your understanding that gender-conscious notation in the texts of this Report largely had to be abandoned for the sake of undisturbed readability of complex economic matters.

This Report is printed on environmentally friendly and chlorine-free bleached paper.