CA IMMO

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

13

CONTENT

BALANCE SHEET AS AT 31.12.2013

Assets

	31.12.2013 €	31.12.2012 € 1.000
A. Fixed assets		
I. Intangible fixed assets		
EDP software	604,766.01	334
	604,766.01	**334**
II. Tangible fixed assets		
1. Property and buildings	265,687,095.86	252,539
of which land value: € 48,584,830.97; 31.12.2012: € 50,719 K		
2. Other assets, office furniture and equipment	892,995.75	1,264
3. Prepayments made and construction in progress	2,812,715.91	25,633
	269,392,807.52	**279,436**
III. Financial assets		
1. Investments in affiliated companies	1,754,754,052.37	1,668,168
2. Loans to affiliated companies	154,788,910.25	252,993
3. Investments in associated companies	7,334.69	44
4. Loans to associated companies	67,000.00	0
5. Derivative financial instruments	1,311,250.00	0
6. Other loans	7,963,245.56	9,477
	1,918,891,792.87	**1,930,682**
	2,188,889,366.40	**2,210,452**
B. Current assets		
I. Receivables		
1. Trade debtors	214,580.69	299
2. Receivables from affiliated companies	37,611,741.21	19,755
3. Other receivables	2,728,643.24	8,906
	40,554,965.14	**28,960**
II. Other securities	**33,055,300.00**	**33,055**
III. Cash on hand, cash at banks	**179,183,877.68**	**49,449**
	252,794,142.82	**111,464**
C. Deferred expenses	**525,410.41**	**811**
	2,442,208,919.63	**2,322,727**

Liabilities and Shareholders’ Equity

	31.12.2013	31.12.2012
	€	€ 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	221,975,673.08	108,747
of which profit carried forward:€ 75,361,647.06 ; 31.12.2012: € 65,363 K		
	1,680,873,553.91	**1,567,645**
B. Provisions		
1. Provision for severance payment	298,801.00	263
2. Tax provisions	184,429.00	183
3. Other provisions	67,646,499.45	66,958
	68,129,729.45	**67,404**
C. Liabilities		
1. Bonds	485,000,000.00	485,000
of which convertible: € 135,000,000.00; 31.12.2012: € 135,000 K		
2. Liabilities to banks	118,915,063.53	128,913
3. Trade creditors	1,660,796.48	811
4. Payables to affiliated companies	79,346,324.97	65,807
5. Other liabilities	6,578,178.17	6,346
of which from taxes: € 670,282.40; 31.12.2012: € 0 K		
of which in connection with social security: € 102,011.10; 31.12.2012: € 110 K		
	691,500,363.15	**686,877**
D. Deferred income	**1,705,273.12**	**801**
	2,442,208,919.63	**2,322,727**
Contingent liabilities	379,412,691.00	477,333

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2013

		2013		2012
	€	€	€ 1.000	€ 1.000
1. Gross Revenues		**24,939,290.09**		**23,987**
2. Other operating income				
a) Income from the sale and reversal of impairment losses of fixed assets except of financial assets	11,357,673.60		7,454	
b) Income from the reduction of provisions	102,991.02		111	
c) Other income	4,863,325.25	**16,323,989.87**	4,495	**12,060**
3. Staff expense				
a) Wages	– 13,700.00		– 14	
b) Salaries	– 6,007,125.79		– 6,527	
c) Expenses for severance payments and payments into staff welfare funds	– 126,529.88		– 259	
d) Expenses in connection with pensions	– 163,163.98		– 312	
e) Payments relating to statutory social security contributions as well as payments dependent on remuneration and compulsory contributions	– 1,150,644.02		– 1,199	
f) Other social expenses	– 90,376.65	**– 7,551,540.32**	– 495	**– 8,806**
4. Depreciation on intangible fixed assets and tangible fixed assets		**– 7,767,849.44**		**– 7,621**
5. Other operating expenses				
a) Taxes	– 381,741.94		– 331	
b) Other expenses	– 14,396,298.74	**– 14,778,040.68**	– 16,516	**– 16,847**
6. Subtotal from lines 1 to 5 (operating result)		**11,165,849.52**		**2,773**
7. Income from investments		**95,808,985.35**		**154,595**
of which from affiliated companies: € 95,808,985.35; 2012: € 154,595 K				
8. Income from loans from financial assets		**10,567,054.91**		**11,931**
of which from affiliated companies: € 9,893,282.36; 2012: € 10,784 K				
9. Other interest and similar income		**16,450,958.82**		**9,027**
of which from affiliated companies: € 5,514,242.41; 2012: € 4,949 K				
10. Income from the disposal and revaluation of financial assets		**71,053,094.78**		**21,694**
11. Expenses for financial assets and interest receivables in current assets, thereof		**– 8,915,754.97**		**– 101,583**
a) Impairment: € 9,416,716.94; 2012: € 100,969 K				
b) Expenses from affiliated companies: € 8,915,754.97; 2012: € 100,094 K				
12. Interest and similar expenses		**– 54,391,290.68**		**– 59,306**
of which relating to affiliated companies: € 1,150,730.86; 2012: € 2,928 K				
13. Subtotal from lines 7 to 12 (financial result)		**130,573,048.21**		**36,358**
14. Result from usual business activity		**141,738,897.73**		**39,131**
15. Taxes on income		**4,874,861.40**		**4,253**
16. Net profit for the year		**146,613,759.13**		**43,384**
17. Dissolution of untaxed reserves				
Special item for investment grants		266.89		0
18. Profit carried forward from the previous year		**75,361,647.06**		**65,363**
19. Net profit		**221,975,673.08**		**108,747**

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2013

ACCOUNTING AND VALUATION PRINCIPLES AND GENERAL INFORMATION

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

The financial statements were prepared in accordance with Austrian Generally Accepted Accounting Principles and the principle of true and fair view.

Specifically, the principle of going concern, prudence and completeness as well as the principle of individual valuation of assets and liabilities were considered.

The income statement is presented by nature of expenses.

I. 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. A reversal of impairment losses recognised in prior periods is recorded if the fair value is higher than the book value at the balance sheet date, but below amortised costs.

Financial assets
Investments in affiliated companies, the investment in associated companies and swaption, which are shown as "derivative financial instruments", are stated at acquisition costs reduced by unscheduled depreciation.

The loans to affiliated companies, associated 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. A reversal of impairment losses recognised in prior periods is recorded if the fair value is higher than the book value at the balance sheet date, but below acquisition costs.

II. Current assets

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

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".

III.Deferred expenses and deferred income

Under Deferred expenses 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.

Rent prepayments and invest allowances are shown under Deferred income.

IV. Provisions and liabilities

Provisions for severance payments amount to 139.63 % (31.12.2012: 132.60 %) 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 2.82 % (31.12.2012: 2.96%) 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 0.14 % 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 rate 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 designated as hedging instrument is always considered as provision for contingent losses. A negative fair value of the derivative financial instrument is considered as provision for contingent losses in the amount of the negative fair value, if it is not possible to build a valuation group or if the circumstances have changed and it is not possible to build it anymore. Positive fair values of derivative financial instruments are not considered at all.

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

V. Note on currency translation

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

VI. 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 theWolfganggasse. Disposals mainly relate to the sale of 5 properties. As at the balance sheet date the tangible assets include 16 properties (31.12.2012: 21 properties).

In 2013 – as in the previous year – no unscheduled depreciation on tangible assets were made. In business year 2013, no reversals of impairment losses on tangible assets (2012: € 4,595 K) were made and none (2012: € 0 K) were omitted.

Financial assets

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

In 2013 impairment losses in the amount of € 9,417 K (2012: € 100,969 K) and reversal of impairment losses in the amount of € 47,281 K (2012: € 19,943 K) on financial assets were recognised.

The book value of the Investments in affiliated companies is € 1,754,754 K (31.12.2012: € 1,668,168 K). Current additions are mainly the result of various shareholder contributions in the amount of € 156,297. Disposals mainly consist of the repayment of capital (from tied capital reserves) of a German affiliated company in the amount of € 134,591 K. Impairment losses of investments in affiliated companies to the value of € 9,417 K (2012: € 100,611 K) and reversal of impairment losses to the value of € 47,281 K (2012: € 19,721 K) were recognised in 2013.

The Loans to affiliated companies are made up as follows:

Tsd. €	31.12.2013	31.12.2012
Poland Central Unit Sp.z.o.o, Warschau	30.000	30.000
BA Business Center a.s., Bratislava	28.000	24.922
CA Immo Holding B.V., Hoofddorp	16.900	16.900
R70 Invest Budapest Kft, Budapest	12.004	12.404
Kapas Center Kft, Budapest	11.730	12.180
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs OG, Wien	0	78.282
Sonstige unter 10.000 Tsd. €	56.155	78.305
	154.789	**252.993**

Loans to affiliated companies to the value of € 127,412 K (31.12.2012: € 177,039 K) have a remaining term of up to one year.

In the business year, two Investments in associated companies were liquidated.

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

The item Derivative financial instruments includes in this particular case swaption.

b) Current assets

Trade debtors to the value of € 215 K (31.12.2012: € 299 K) include outstanding rent and operating cost payments.

Receivables from affiliated companies are made up as follows:

€ 1.000	31.12.2013	31.12.2012
Receivables from dividend payments	14,420	2,825
Receivables from interest	11,124	10,305
Receivables from tax compensation	4,816	2,389
Trade debtors (current charging to affiliated companies)	7,252	4,236
	37,612	**19,755**

Other receivables in the amount of € 2,729 K (31.12.2012: € 8,906 K) mainly include receivables of short-term cash advances and receivables from the passing-on of costs and receivables from tax authorities. In 2013 expenses for bad debt allowances in the amount of € 0 K (2012: € 1,358 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.

c) Deferred expenses

Deferred expenses in the amount of € 525 K (31.12.2012: € 811 K) essentially comprise deferred discounts to the value of € 446 K (31.12.2012: € 760 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 (31.12.2012: € 638,713,556.20). It is divided into 87,856,056 (31.12.2012: 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 2013 a dividend amount of € 0.38 (2012: € 0.38) for each share entitled to dividend, in total € 33,385 K (2012: € 33,385 K) was distributed to the shareholders.

As at 31.12.2013 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 total amount of € 235,006,123.28; last one consists of a conditional capital I in the amount of € 135,000,003.28 for the conversion of the convertible bond issued in 2009 as well as a conditional capital II in the amount of € 100,006,120.00 for the conversion of possible future convertible bonds.

The net profit 2013 includes reversal of impairment losses for fixed assets in the amount of € 47,281 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.

As early as the 21st Ordinary Shareholders' Meeting of 13.5.2008 the Management Board was authorised, with the approval of the Supervisory Board, to issue convertible bonds in one or more tranches in a total nominal amount of up to € 317,185 K by 12.5.2013 (excluding the subscription rights of shareholders or otherwise) and to grant conversion rights to convertible bond holders for up to 43,629,300 bearer shares of CA Immobilien Anlagen Aktiengesellschaft. On the basis of this authorisation, a five-year convertible bond with a volume of € 135,000 K was issued in November 2019. The coupon of the bond (payable semi-annually) was set at 4.125% and the original conversion price was set at € 11.5802 (equivalent to a premium of 27.5% above the reference price). On account of the payment of a cash dividend of 0.38 € per share to the shareholders of CA Immobilien Anlagen Aktiengesellschaft in 2012 and 2013, this conversion price was adjusted to € 10.6620 in accordance with article 10 (e) of the conditions governing convertible bonds for 2009-2014. Creditors have the right to convert their bond at any time (i.e. also before the end of the term of the bond in November 2014) into shares of CA Immobilien Anlagen Aktiengesellschaft. As a result of the issue of shares (nominal value of € 650 K) prompted by the exercising of conversion rights by owners of the convertible bonds, the company’s capital stock at the end of February 2014 stood at € 639,190,853.51, divided into four registered shares and 87,921,709 bearer shares each with a proportionate amount of the capital stock of € 7.27.

e) Provisions

Provisions for severance payment amount to € 299 K (31.12.2012: € 263 K) and include severance payment entitlements of employees of the company.

The Tax provisions in the amount of € 184 K (31.12.2012: € 183 K) mainly relate to provisions for German corporation tax.

The Other provisions are made up as follows:

€ 1.000	**31.12.2013**	**31.12.2012**
Derivative transactions	43,960	45,646
Provision for contributions to group companies	15,450	14,439
Construction services	2,704	1,377
Premiums	2,268	1,995
Real property tax and land transfer tax	1,377	1,427
Other	1,888	2,074
	67,647	**66,958**

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

31.12.2013 € 1.000	Maturity up to 1 year	Maturity 1– 5 years	Maturity more than 5 years	Total
Bonds	285,000	200,000	0	485,000
Liabilities to banks	74,941	43,974	0	118,915
Trade creditors	1,223	438	0	1,661
Payables to affiliated companies	79,346	0	0	79,346
Other liabilities	6,578	0	0	6,578
Total	**447,088**	**244,412**	**0**	**691,500**

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**

The Bonds item comprises the following liabilities:

	Nominal value € 1.000	Nominal interest rate	Issue	Repayment
Bond 2006– 2016	200,000	5.125%	22.09.2006	22.09.2016
Bond 2009– 2014	150,000	6.125%	16.10.2009	16.10.2014
Convertible bond 2009– 2014	135,000	4.125%	09.11.2009	09.11.2014
	485,000			

The Liabilities to banks comprise investment loans to the value of € 118,915 K (31.12.2012: € 128,913 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 2014, unpaid liabilities to the property management company, liabilities arising from payroll-accounting and tax charge.

g) Deferred income

Rent prepayments for some buildings and invest allowances are shown under this item.

h) Contingent liabilities

	Maximum amount as at 31.12.2013 Tsd.		Used as at reporting date 31.12.2013 € 1.000	Used as at reporting date 31.12.2012 € 1.000
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	€	142,090	179,122
Guarantee for CA Immo CEE Beteiligungs GmbH, Vienna, for the acquisition of Europolis AG granted to the sellers	136,426	€	136,426	136,424
Irrevocable guarantee for a loan granted to Vaci 76 Kft., Budapest	45,600	€	33,837	34,365
Irrevocable guarantee for a loan granted to S.C. BBP Leasing S.R.L., Bucharest	33,150	€	12,837	14,484
Irrevocable guarantee for a loan granted to Kilb Kft, Budapest	21,000	€	11,904	13,150
Liability for a loan granted to CA Immo Sava City d.o.o., Belgrad	18,612	€	17,520	18,612
Letter of comfort for a loan granted to 2P s.r.o., Pilsen	9,237	€	9,237	0
Irrevocable guarantee for a loan granted to CA Immo Rennweg 16 GmbH, Vienna	8,900	€	2,300	4,610
Irrevocable guarantee for a loan granted to Doratus Sp.z.o.o., Warsaw	8,500	€	6,297	6,734
Irrevocable guarantee for a loan granted to Canada Square Kft., Budapest	8,200	€	6,000	6,097
Liability for a loan granted to Europort Airport Center, Prague	1,118	€	382	1,235
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
Guarantee for loans granted to CA Immo Frankfurt Tower 185 Projekt GmbH & Co KG, Frankfurt	0	€	0	34,000
Liability for a loan granted to CA Immo Frankfurt Tower 185 Projekt GmbH & Co KG, Frankfurt	0	€	0	25,000
Liability for a loan granted to Europolis Sienna Center Sp.z.o.o., Warsaw	0	€	0	3,500
Guarantee for a loan granted to FCL Property a.s., Praque	16,000	CZK	583	0
			379,413	**477,333**

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
Váci 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

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 in relation with the enforcement of CA Immo's legal position.

i) Liabilities from utilisation of tangible assets

The lease-related liability from utilisation of tangible assets not reported in the balance sheet is € 632 K for the subsequent business year and € 3,105 K for the subsequent five business years.

Of this € 605 K is attributable to affiliated companies for the subsequent business year and € 3,023 K for the subsequent five business years.

j) Details of derivative financial instruments – interest rate swaps

€ 1.000		Nominal value	fixed interest rate as at	interest reference rate	Fair Value	thereof considered as provisions	thereof not considered as provisions	thereof charged derivatives to affiliated companies
Start	End	31.12.2013	31.12.2013		31.12.2013	31.12.2013	31.12.2013	31.12.2013
12/2007	12/2017	111,875	4.41%	3M-EURIBOR	– 15,321	– 14,907	– 414	– 414
12/2007	12/2017	65,000	4.82%	3M-EURIBOR	– 10,185	– 10,185	0	0
12/2007	12/2022	55,938	4.55%	3M-EURIBOR	– 11,996	– 1,293	– 10,703	– 10,703
01/2008	12/2017	40,500	4.41%	3M-EURIBOR	– 5,546	– 5,546	0	0
01/2008	12/2022	56,250	4.55%	3M-EURIBOR	– 12,029	– 12,029	0	0
12/2008	12/2017	72,000	4.41%	3M-EURIBOR	– 9,848	0	– 9,848	– 9,848
		401,563			**– 64,925**	**– 43,960**	**– 20,965**	**– 20,965**

€ 1.000		Nominal value	fixed interest rate as at	interest reference rate	Fair Value	thereof considered as provisions	thereof not considered as provisions	thereof charged derivatives to affiliated companies
Start	End	31.12.2012	31.12.2012		31.12.2012	31.12.2012	31.12.2012	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**

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.

k) Details of derivative financial instruments – swaption

€ 1.000		Nominal value	fixed interest rate as at	interest reference rate	Fair Value	Book value
Start	End	31.12.2013	31.12.2013		31.12.2013	31.12.2013
06/2016	06/2021	50,000	2.50%	6M-EURIBOR	1,130	685
06/2016	06/2021	50,000	2.50%	6M-EURIBOR	979	626
		100,000			**2,109**	**1,311**

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 book value corresponds to the acquisition costs or the lower fair value.

With the swaption the CA Immo Group gained the maximum flexibility to transfer the attractive interest rates at this point to 2021. This instrument makes it possible to react to real estate asset changes until mid 2016 at a short notice without effecting negative cash positions.

l) Hedging relationship

As at 31.12.2013, provisions for derivative financial instruments not considered in the balance sheet which are subject to a hedging relationship (hedge accounting) amount to € 20,965 K (31.12.2012: € 41,334 K). These (31.12.2012: € 28,085 K) are related to accounting units with (back-to-back) derivatives passed on to affiliated companies (back-to-back derivatives) as well as in the year before plus € 13,249 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 was considered as provision as at 31.12.2012. As at 31.12.2013 the conditions for building accounting units between variable interest bearing liabilities and derivative financial instruments are not fulfilled, whereby an amount of € 9,201 K is considered as additional interest expense in 2013.

VII. 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	2013	2012
Rental income for real estate	18,990	18,360
Operating costs passed on to tenants	5,949	5,627
	24,939	**23,987**

Other operating income

The other income item of the other operating income of € 4,863 K (2012: € 4,495 K) results from management fees paid to subsidiaries in the amount of € 3,420 K (2012: € 3,553 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 € 7,552 K (2012: € 8,806 K) for the 51 staff (2012: 62) 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	2013	2012
Change of provision for severance payments to directors and executive employees	32	– 448
Allocation to provision for severance payments to other employees	3	15
Severance payments to directors and executive employees	0	602
Pension fund contributions for directors and executive employees	52	39
Pension fund contributions for other employees	40	51
	127	**259**

Expenses in connection with pensions are made up as follows:

€ 1.000	2013	2012
Pension fund contributions for directors and executive employees	121	260
Pension fund contributions for other employees	42	52
	163	**312**

Depreciation

€ 1.000	2013	2012
Depreciation of intangible fixed assets	191	85
Scheduled depreciation of buildings	7,192	7,033
Depreciation of other assets, office furniture and equipment	382	500
Low-value assets	3	3
	7,768	**7,621**

Other operating expenses

Where they do not come under taxes on income the taxes in the amount of € 382 K (2012: € 331 K) mainly comprise the non-deductible input VAT of the current year and real estate charges passed on to tenants in the amount of € 303 K (2012: € 325 K).

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

€ 1.000	2013	2012
Other expenses directly related to properties		
Operating costs passed on to tenants	5,628	5,284
Maintenance costs	1,532	1,915
Own operating costs (vacancy costs)	551	956
Administration and agency fees	168	922
Other	264	507
Subtotal	**8,143**	**9,584**
General administrative costs		
Legal and consulting fees	1,996	2,578
Advertising and representation expenses	611	900
Office rent including operating costs	595	850
Expenses of bonds and convertible bond	328	313
Other fees and bank charges	119	114
Other	2,604	2,177
Subtotal	**6,253**	**6,932**
Total other operating expenses	**14,396**	**16,516**

Income from interest

This item comprises dividends paid from affiliated companies from Austria in the amount of € 75,599 K (2012: € 135,378 K) and from Germany and Eastern Europe or from intermediate holding companies for investments in Eastern Europe in the amount of € 20,210 K (2012: € 19,500 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, revaluation from derivative financial instruments as well as from swap interest transfers to affiliated companies.

Income from the sale and revaluation of financial assets

In the financial year 2013 reversals of impairment losses of investment in affiliated companies to the value of € 47,231 K were carried out (2012: € 19,721 K and provisions for contributions to group companies in the amount of € 1,417 K were reversed). Additionally in 2013, the capital repayment of a German affiliated company occurred where the difference between book value and payment amount in the amount of € 23,381 K is considered as income from disposals.

Expenses for financial assets and interest receivables in the current assets

€ 1.000	2013	2012
Depreciation of financial assets	9,417	100,969
Use of provisions for contributions to group companies	– 2,168	– 1,258
Bad debt allowance for interest receivables	1,667	1,865
Loss from disposal of investments in affiliated companies	0	7
	8,916	**101,583**

Interest and similar expense

€ 1.000	2013	2012
Interest costs for bonds	25,006	25,006
Expenses for derivative transactions	17,716	27,533
Interest for loans taken up and bank liabilities for the financing of real estate assets	2,955	3,638
Interest costs in respect of affiliated companies	1,151	2,928
Other	7	201
	46,835	**59,306**

Taxes on income

This item essentially comprises the income from tax compensation of group members in the amount of € 4,904 K (2012: € 4,252 K).

As at 31.12.2013 CA Immobilien Anlagen Aktiengesellschaft has losses carried forward in the amount of € 332,659 K (31.12.2012: € 312,636 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 € 17,812 K (31.12.2012: € 25,325 K) that have not yet been claimed for tax purposes.

OTHER INFORMATION

VIII. 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.

IX. 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 2013 the tax group comprises beside the head of the group 24 Austrian group companies (2012: 32). The reduction of members in 2013 results from mergers and liquidations.

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 31.12.2013 the possible obligations against group companies from a possible termination of the group were estimated to € 18 K (31.12.2012: € 257 K). As at 31.12.2013 no group company has left the tax group, so that no provision was considered for that case.

X. 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

As at 31.12.2013 all members of the Supervisory Board had been elected by the General Meeting.

The remuneration of the Supervisory Board paid in 2013 (for financial year 2012) amounts to € 125 K (2012 for fiscal year 2011: € 116 K). Additionally, remunerations for previous years in the amount of € 28 K and travel expenses in the amount of € 9 K were paid to the Supervisory Board. Other remunerations were not granted to members of the Supervisory Board.

Management Board

Dr. Bruno Ettenauer
Mag. Florian Nowotny
Bernhard H. Hansen (until 31.12.2013)

In business year 2013, total salaries paid to the Management Board (including incidental wage costs and expense allowances) amounted to € 950 K (2012: € 1,775 K); thereof salary-based deductions accounted for € 91 K. In 2013, remuneration for Management Board members includes a variable salary component of € 311 K (2012: € 990 K). In 2012, all payments related to the retirement of the Management Board member Wolfhard Fromwald after 23 years of services were included additionally to the bonus payments for the current year. 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 € 537 K (2012: € 393 K) were considered as expenses. As part of the LTI (long term incentive) programme, as at 31.12.2013 there are provisions with a total value of € 608 K (31.12.2012: € 525 K); thereof € 242 K (2012: € 155 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 51 (2012: 62).

XI. 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.

XII. Proposal for the appropriation of net earnings

It is proposed to use part of the net retained earnings of € 221,975,673.08 to pay a dividend of € 0.40 per share, i.e. a total of € 35,142,424.00, to the shareholders. The rest of the net retained earnings in the amount of € 186,833,249.08 is intended to be carried forward to new account.

Vienna, 18 March 2014

The Management Board

Bruno Ettenauer
(Chairman)

Florian Nowotny
(Member of the Management Board)

ASSET ANALYSES FOR THE BUSINESS YEAR 2013

	Acquisition and production costs as at 1.1.2013	Addition	Disposal	Transfer	Acquisition and production costs as at 31.12.2013	Depreciation and amortisation (accumulated)	Book value as of 31.12.2013	Depreciation and amortisation in 2013	Reversal of impairment losses in 2013	Book value as at 31.12.2012
	€	€	€	€	€	€	€	€	€	€ 1.000
I. Intangible fixed assets										
Rights and EDP software	611,203.01	467,314.96	8,620.00	0.00	1,069,897.97	465,131.96	604,766.01	190,705.26	0.00	334
	611,203.01	**467,314.96**	**8,620.00**	**0.00**	**1,069,897.97**	**465,131.96**	**604,766.01**	**190,705.26**	**0.00**	**334**
II. Tangible fixed assets										
1. Property and buildings										
a) Land value	66,279,419.90	0.00	2,144,789.39	0.00	64,134,630.51	15,549,799.54	48,584,830.97	0.00	0.00	50,719
b) Building value	312,593,394.99	8,218,016.72	20,981,594.69	25,733,503.90	325,563,320.92	108,461,056.03	217,102,264.89	7,191,817.19	0.00	201,820
	378,872,814.89	**8,218,016.72**	**23,126,384.08**	**25,733,503.90**	**389,697,951.43**	**124,010,855.57**	**265,687,095.86**	**7,191,817.19**	**0.00**	**252,539**
2. Other assets, office furniture and equipment	4,080,214.17	36,541.66	854,866.74	0.00	3,261,889.09	2,368,893.34	892,995.75	381,992.35	0.00	1,264
3. Low-value assets	0.00	3,334.64	3,334.64	0.00	0.00	0.00	0.00	3,334.64	0.00	0
4. Prepayments made and construction in progress	25,733,503.90	2,812,715.91	0.00	– 25,733,503.90	2,812,715.91	0.00	2,812,715.91	0.00	0.00	25,633
	408,686,532.96	**11,070,608.93**	**23,984,585.46**	**0.00**	**395,772,556.43**	**126,379,748.91**	**269,392,807.52**	**7,577,144.18**	**0.00**	**279,436**
III. Financial assets										
1. Investments in affiliated companies	2,384,093,620.01	160,207,887.40	134,902,729.66	177,572.36	2,409,576,350.11	654,822,297.74	1,754,754,052.37	9,416,716.94	47,231,000.00	1,668,168
2. Loans to related companies	257,741,366.60	6,131,000.00	104,314,500.00	– 177,572.36	159,380,294.24	4,591,383.99	154,788,910.25	0.00	50,385.58	252,993
3. Investments in associated companies	2,733,232.69	0.00	2,716,905.86	0.00	16,326.83	8,992.14	7,334.69	0.00	0.00	44
4. Loans to associated companies	0.00	67,000.00	0.00	0.00	67,000.00	0.00	67,000.00	0.00	0.00	0
5. Derivative financial instruments	0.00	1,311,250.00	0.00	0.00	1,311,250.00	0.00	1,311,250.00	0.00	0.00	0
6. Other loans	34,053,778.35	0.00	1,514,000.00	0.00	32,539,778.35	24,576,532.79	7,963,245.56	0.00	0.00	9,477
	2,678,621,997.65	**167,717,137.40**	**243,448,135.52**	**0.00**	**2,602,890,999.53**	**683,999,206.66**	**1,918,891,792.87**	**9,416,716.94**	**47,281,385.58**	**1,930,682**
	3,087,919,733.62	**179,255,061.29**	**267,441,340.98**	**0.00**	**2,999,733,453.93**	**810,844,087.53**	**2,188,889,366.40**	**17,184,566.38**	**47,281,385.58**	**2,210,452**

INFORMATION ABOUT GROUP COMPANIES

Direct investments

Company	Registered office	Share capital		Interest in %	Profit/loss for fiscal 2013 in 1,000		Shareholders' equity as at 31.12.2013 in 1,000		Profit/loss for fiscal 2012 in 1,000		Shareholders' equity as at 31.12.2012 in 1,000	
CA Immo d.o.o.	Belgrad	390,500	EUR	100	1,917	RSD	2,873	RSD	728	RSD	957	RSD
CA Holding Szolgáltató Kft	Budapest	13,000,000	HUF	100	20,735	HUF	541,473	HUF	– 22,296	HUF	520,738	HUF
Canada Square Kft.	Budapest	12,500,000	HUF	100	39,076	HUF	394,746	HUF	277,663	HUF	355,670	HUF
Kapas Center Kft.	Budapest	772,560,000	HUF	50	103,558	HUF	1,470,804	HUF	300,384	HUF	1,483,762	HUF
Kilb Kft.	Budapest	30,000,000	HUF	100	413,741	HUF	1,710,473	HUF	600,964	HUF	1,500,635	HUF
R 70 Invest Budapest Kft.	Budapest	5,270,000	HUF	100	48,778	HUF	2,445,669	HUF	431,225	HUF	2,542,536	HUF
Skogs Buda Business Center II. Kft.	Budapest	327,000,000	HUF	100	– 337,370	HUF	– 123,752	HUF	– 210,016	HUF	213,618	HUF
Váci 76 Kft.	Budapest	3,100,000	HUF	100	255,776	HUF	4,693,566	HUF	1,210,140	HUF	4,729,080	HUF
Opera Center One S.R.L.	Bukarest	27,326,150	RON	0.24	5,677	RON	77,990	RON	4,139	RON	61,195	RON
Opera Center Two S.R.L.	Bukarest	7,310,400	RON	0.14	164	RON	15,478	RON	1,312	RON	11,793	RON
S.C. BBP Leasing S.R.L.	Bukarest	14,637,711	RON	0.02	12,901	RON	74,657	RON	11,676	RON	73,128	RON
CA Immo Invest GmbH	Frankfurt	50,000	EUR	50.5	33,465	EUR	43,338	EUR	83	EUR	282,220	EUR
DRG Deutsche Realitäten GmbH	Frankfurt	500,000	EUR	49	205	EUR	730	EUR	85	EUR	525	EUR
Pannonia Shopping Center Kft.	Györ	520,000	HUF	50	– 64,104	HUF	– 60,758	HUF	– 235,116	HUF	– 100,686	HUF
CA Immo Holding B.V.	Hoofddorp	51,200,000	EUR	100	47,093	EUR	103,007	EUR	5,445	EUR	55,915	EUR
CA Immobilien Anlagen d.o.o.	Ljubljana	50,075	EUR	100	– 761	EUR	– 11,373	EUR	– 2,364	EUR	– 11,713	EUR
CA IMMO NEW EUROPE PROPERTY FUND S.C.A. SICAR	Luxembourg	153,569,000	EUR	100	– 18,293	EUR	44,226	EUR	1,791	EUR	62,519	EUR
CA Immo S.á.r.l.	Luxembourg	33,000	EUR	100	– 17	EUR	– 3	EUR	– 18	EUR	14	EUR
2P s.r.o.	Pilsen	240,000	CZK	100	19,632	CZK	61,211	CZK	18,024	CZK	37,185	CZK
Hotel Operations Plzen Holding s.r.o.	Pilsen	200,000	CZK	10	– 12,216	CZK	2,948	CZK	– 5,776	CZK	4,664	CZK
Europort Airport Center a.s.	Prague	14,100,000	CZK	100	– 62,877	CZK	– 4,725	CZK	26,361	CZK	40,168	CZK
FCL Property a.s.	Prague	2,000,000	CZK	100	3,100	CZK	29,878	CZK	5,832	CZK	24,250	CZK
Hotel Operations Europort s.r.o.	Prague	200,000	CZK	10	– 6,653	CZK	2,444	CZK	– 2,881	CZK	9,097	CZK
Office Center Mladost 2 EOOD	Sofia	5,000	BGN	100	694	BGN	1,354	BGN	646	BGN	658	BGN
Office Center Mladost EOOD	Sofia	5,000	BGN	100	466	BGN	895	BGN	408	BGN	429	BGN
PBP IT-Services Sp.z.o.o.	Warsaw	50,000	PLN	50	56	PLN	92	PLN	56	PLN	35	PLN
Avielen Beteiligungs GmbH	Vienna	35,000	EUR	100	– 2	EUR	– 5,102	EUR	– 342	EUR	– 5,100	EUR
Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OG	Vienna	4,135,427	EUR	100	– 261	EUR	6,296	EUR	2,421	EUR	6,557	EUR
CA Immo BIP Liegenschaftsverwaltung GmbH	Vienna	3,738,127	EUR	38.9	13,670	EUR	31,231	EUR	– 1,989	EUR	28,561	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 2013 in 1,000		Shareholders' equity as at 31.12.2013 in 1,000		Profit/loss for fiscal 2012 in 1,000		Shareholders' equity as at 31.12.2012 in 1,000	
CA Immo International Beteiligungsverwaltungs GmbH	Vienna	35,000	EUR	100	817	EUR	20,490	EUR	824	EUR	20,498	EUR
CA Immo International Holding GmbH	Vienna	35,000	EUR	100	109,361	EUR	1,377,871	EUR	64,666	EUR	1,271,584	EUR
CA Immo Investment Management GmbH	Vienna	100,000	EUR	100	– 72	EUR	67	EUR	2,031	EUR	2,139	EUR
CA Immo ProjektentwicklungsgmbH	Vienna	72,500	EUR	100	– 4,080	EUR	– 3,912	EUR	– 1,175	EUR	168	EUR
CA Immo Rennweg 16 GmbH	Vienna	35,000	EUR	100	– 2,235	EUR	– 1,103	EUR	– 684	EUR	1,132	EUR
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs OG	Vienna	77,837,600	EUR	100	– 176	EUR	77,217	EUR	– 108	EUR	2,093	EUR
CAII Projektmanagement GmbH	Vienna	35,000	EUR	100	– 13	EUR	53	EUR	– 213	EUR	16	EUR
omniCon Baumanagement GmbH	Vienna	100,000	EUR	100	– 5	EUR	78	EUR	– 6	EUR	82	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 2013

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 2013, 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 16 properties in Austria (as of 31 December 2013).

ECONOMIC ENVIRONMENT

The cyclical trend [1]

The main factors influencing the operational business development of the CA Immo Group are economic growth, which drives the demand for office space, as well as liquidity and interest rates. Global activity and world trade picked up in the second half of 2013, mainly driven by stronger final demand in advanced economies and an export rebound in emerging markets. The International Monetary Fund (IMF) expects the euro area to continue its path out of recession in 2014, albeit highlights high debt on both public and private and financial fragmentation as major downside risks to financial stability.

The money market and interest rate environment [2]

The ECB's monetary policy remained accommodative throughout 2013. Central Bank interest rates were cut twice throughout the year to record lows of 25 bps, to ensure peripheral countries can bring down their budget deficits and to spur growth via investments in the euro area after 6 quarters of economic contraction. The 3 month Euribor, the reference rate for floating rate loans stayed on historical low levels between 0.20% and 0.23% for most of the year, following ECB rate cuts and pledges to keep rates low for an extended period of time. The 3 month Euribor rate increased to 0.30% in December 2013 after banks said they would return more of the long-term loans to the ECB than estimated which will lead to a reduction in excess liquidity in the system.

CEE economies continued their monetary easing cycles in 2013. Positive global market sentiment and benign inflationary pressures/deflation allowed the National Banks of Poland, Hungary and Romania to cut interest rates in several steps to record low levels of 2.50%, 3.00%, 4.00% respectively during the year (since then, further cuts have taken place in Hungary and Romania in early 2014). The Czech Republic had to intervene in FX markets to weaken the CZK as a way to further assist the recovery of the export-driven economy after already cutting interest rates to almost zero levels (0.05%) during the course of 2012.

[1] Source: International Monetary Fund (IMF), World Economic Outlook, January 2013

[2] Sources: Eurostat, Central Statistical Offices, Bloomberg

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]
	2013	2014	in %	in %	in %	in % of the GDP 2012	in bn €
EU (28)	0.1	1.5	0.9	10.7	86.8	–3.9	49.9
Euro zone (17)	−0.4	1.2	0.8	12	92.7	–3.7	153.8
Austria	0.3	1.5	1.5	4.9	77.1	–2.5	−5.3
Germany	0.4	1.8	1.2	5.1	78.4	0,1	185.5
PL	1.6	2.9	0.6	10.1	58	–3.9	−1.8
CZ	−1.2	1.8	0.3	6.7	46	–4.4	13.2
HU	1.1	2.1	0.8	9.3	80.2	–2.0	6.1
RO	3.5	2.3	1.2	7.1	38.9	–3.0	−5.2

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

Currencies [1]

The euro appreciated 4.5% vs the USD during the course of 2013 to levels of EUR/USD 1.3789. The gradual improvement in the euro zone's economy starting in the second quarter of 2013 helped the EU currency despite two ECB rate cuts during the year and the announcement of the start of the progressive phase-out of the US Fed's bond purchases in December 2013. Most currency strategists forecast a weakening of the euro during 2014, as the monetary policies of the ECB and Fed are set to diverge. Eurozone inflation rate of +0.7% in 2013 (well below the ECB's 2% target) allows for further accommodative policies in the euro zone, while the stronger US economy supports the Fed' stapering.

The euro strengthened against all major CEE currencies which fell sharply during the month of May 2013, the start of US tapering discussions. After CEE currencies appreciated in the third and fourth quarter against the euro on supportive macro data, another wave of selling materialised in January and Febuary 2014, as the major emerging market currency sell-off spilled over into solid current account balance CEE currencies as well. The EUR/PLN rose 2.1% during 2013 to 4.1554. Polish macro data was supportive for the currency during the year, however US tapering discussions weighed on the currency. Expectations of interest rate hikes in H2 2014 may support the currency in the following year. The 9% strengthening of the EUR/CZK to 27.35 was mainly caused by the Czech National Bank's intervention in the FX markets as of November 2013 to weaken the Czech currency in order to increase export competitiveness.

The EUR/HUF strengthened 2% in 2013 to 297.22. Several aggressive rate cuts totalling 250bps put pressure on the HUF during the year, whereas good economic momentum supported the currency. The turbulences in EM currencies in January and February 2014 particularly affected the HUF among CEE currencies. The EUR/RON stayed largely stable over the year of 2013 increasing 0.6% to 4.4725, proving to be the most resilient CEE currency. As a result of improving fundamentals backed by an IMF programme, Romanian GDP is estimated to grow at 2.8% in 2013, low external balances and a low public budget deficit were supportive for the currency. Given that nearly all of CA Immo's lease contracts are concluded in euro, CEE currency depreciation does not impact rental revenues of the Group directly.

[1] Sources: European Central Bank, Central Statistical Offices, Bloomberg

Outlook [1]

The European Commission ('EC') forecasts growth of 1.5% in the EU and 1.2% in the Eurozone for 2014. The EC believes in a turning point of the European economy, following fiscal consolidation efforts and structural reforms in many countries that have provided a good basis for economic growth. The EC forecasts that consumer-price inflation is expected to stay subdued in 2014 at 1.5%, below the 2% target.

The European Commission also expects more robust growth in CEE3 economies in 2014 compared to 2013. In Poland, GDP is expected to grow at 2.9% in 2014, with domestic demand projected to gradually replace external trade as the main growth engine. Hungarian GDP growth is expected to reach 2.1% in 2014 as exports are forecast to gain impetus in tandem with improving external demand. In the Czech Republic, growth is more fragile, nevertheless the economy is expected to grow 1.8% in 2014 after expectations of - 1.2% contraction in 2013. Romania's economy is expecting to remain buoyant in 2014, with GDP estimated to grow by 2.3%, after 3.5% in 2013, while growth drivers are expected to gradually switch from net exports in 2013 to domestic demand in 2014.

THE REAL ESTATE MARKET IN AUSTRIA [2]

The investment market

In 2013, an investment volume of approximately € 1.7 bn was recorded on the Austrian commercial real estate market. After four years of positive growth, last year showed a 6% decline year on year, despite a strong second half of the year. 32% of investor interest was focused on office properties, followed by retail properties (23%). As in previous years, Austrian investors were responsible for most of the transaction activity (2013: 70%), followed by German investors. With an investment volume of approximately € 750 m, a strong fourth quarter in 2013 is viewed as an indicator for considerable growth in 2014.

The office property market

Total space on the Vienna office property market recorded a slight upturn of approximately 1% in 2013, to 10.76 m sqm. This estimated expansion in supply of newly created and completely renovated space of approx. 150,000 sqm is clearly below the previous year's figure of over 300,000 sqm. Lettings performance of approximately 295,000 sqm was also lower (2012: approx. 345,000 sqm). Most completions were on the Donau City office location, in North East Vienna. The largest demand for space came from the public sector (over 30%), followed by the services sector. The low completion volume had a stabilising effect on the vacancy rate. At 6.6% it remained constant against the previous year. A similar level of space as came onto the market in 2013 is expected for 2014. The market anticipates the vacancy rate to remain below 7%. At the end of 2013, prime yields for office properties were approx. 4.75%.

OFFICE MARKET DEVELOPMENT IN VIENNA

	2013	2012	Change in %
Take up in sqm	295,000	345,000	–14.5
Vacancy rate in %	6.6	6.6	0.0
Peak rent in €/sqm net exclusive	25.25	24.75	2.0
Prime yield in %	4.75	5	–5.0

Sources: BNP Paribas Real Estate 2012; CBRE, Vienna Office Market View, Q4 2012, EMEA Rents and Yields Q4 2012

THE REAL ESTATE MARKET IN GERMANY [3]

The investment market

In 2013, just over € 30 bn was invested in commercial property in Germany (up 21% year on year). With transaction volumes at their highest point since 2007, the German investment market continued its strong development and further consolidated its position as a global investment market and Europe's top location after the UK (transaction volume 2013: € 52.3 bn). Investors continue to focus on the core segment. Although the risk aversion of many market participants has diminished significantly, large-volume investments continue to focus on top properties. This results in a shortage on the supply side, which is leading to yield compression for core properties.

Germany's polycentric economic structure is also reflected in the flow of investments. In 2013, approximate-

[1] Source: European Commission autumn forecasts

[2] Sources: CBRE MarketView Austria Investment Q4 2013, Vienna Office Market Q4 2013

[3] Sources: Jones Lang LaSalle: German Investment Market Q4 2013; CBRE: MarketView Germany Investment Quarterly Q4 2013; MarketView European Investment Quarterly Q4 2013

ly 55% of total investment volume concentrated on the top 5 locations of Munich, Frankfurt, Dusseldorf, Berlin and Hamburg. With transactions of approx. € 4.7 bn, Munich headed the field, ahead of Frankfurt (€ 3.6 bn) and Berlin (€ 3.3 bn). According to type of usage, office properties were a key focus at approx. 46%, followed by retail properties with a share of around 26%. Strong demand in Germany is driven by both domestic and foreign investors. In 2013, despite strong foreign investment interest, the share of German investors in the total volume rose from 58% to 67%. This was also illustrated by CA Immo's major transactions in 2013 – both the sale of the Hesse portfolio and the partial sale of Tower 185 in Frankfurt, as well as the disposal of the Mercedes-Benz sales headquarters in Berlin, were to German investors.

The office property market [1]

The stable conditions in the German economy were also evident with robust demand on Germany's most important office property markets. However, in the core locations of Berlin, Dusseldorf, Hamburg, Frankfurt, Cologne, Munich and Stuttgart there was a slight year-on-year decline in turnover of 3.5% to 2.93 m square metres (new leases and occupancies by owner-occupiers), although letting activities remained at a high level. Vacancy levels totalling 7.3 m square metres were registered in the above major cities. This means that the average vacancy rate fell from 8.8% to 8.3% over the course of the year – the lowest level since 2002, according to JLL Research. Against 2012, the completion volume in the top 7 locations increased by 8% to approx. 890,000 sqm. Peak rents in the cities of Dusseldorf, Frankfurt and Munich edged up by an aggregate 1.9% (2012: 3%). There was also positive development in average rents across all cities. Continuously high demand from German and international investors in the increasingly narrow core segment led to a further decline in prime yields, which currently range between 4.55% in Munich and 4.80% in Dusseldorf for the office segment.

Munich recorded slight growth in floor space of 0.5% in 2013, to approx. 21 m square metres. The Bavarian capital generated 16% less office take up than in the previous year – lettings performance was down 24% despite higher owner-occupier turnover. At approximately 7.2% the vacancy rate remained constant compared with the end of 2012. The completion figure of approx. 186,000 sqm for 2013 is clearly below the average of the last five years and is expected to increase only slightly in the coming years. The share of space not let at the point of completion was only 19%. Strong demand for core office properties led to a prime yield of 4.55%, down 0.2 percentage points. During the course of the year, there was an increase in the peak rent level for the top segment of approximately 3%.

Frankfurt likewise recorded a drop in floor space turnover of approximately 448,000 sqm (–12%) for 2013, although this was strongly impacted by a high volume of contract extensions. Total office space developed in a stable fashion compared with the previous year. To the end of the year, it totalled approximately 11.8 m sqm. The vacancy rate also stabilised at 14.7%. Floor space turnover of 470,000 sqm is expected in 2014, which corresponds to the 10-year average. Steady demand for high-value office space had a stabilising effect on the development of peak rent levels. CBRE Research expects a completion volume of approximately 286,000 sqm, which corresponds to an increase of 48% compared with 2012 but is only just above the average value for the last ten years. Of this expected new floor space, approximately 75% has already been absorbed by own usage and pre-letting.

In **Berlin,** office take up of around 470,000 sqm was recorded. This corresponds to a decline of approx. 15% when looked at on an annual basis, primarily due to a lower number of large-volume deals, but only just below the average value for the last ten years. Office space vacancy levels inched up by 0.3% compared with the end of the previous year, currently amounting to approximately 8.8%. Total office space rose slightly year on year, totalling approx. 17.86 m square metres at the end of the year. The completion volume was essentially at the same level as the previous year, in total approx. 127,000 sqm (including renovated floor space). In 2014, a clear expansion in completions is expected, although the share of speculative projects is low. The pre-letting rate for floor space finished in 2013 amounted to over 80% and a similar level is also expected for 2014. Ongoing and high investor interest in office property as the asset class with the strongest demand also was evident in the prime yield decline of 0.25 percentage points for the top segment in Berlin to 4.75%.

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[1] Sources: Jones Lang LaSalle Office market Overview 4Q 2013, CBRE Germany Investment Quarterly MarketView Q4 2013, CBRE Office Market Munich MarketView Q4 2013, CBRE Office Market Frankfurt MarketView Q4 2013, CBRE Office Market Berlin MarketView Q4 2013

THE REAL ESTATE MARKET IN EASTERN EUROPE [1]

The investment market

Investment activity in CEE experienced strong growth of 31% to just over € 10 bn, thus posting the second strongest year since the crisis. While all sub-markets showed higher transaction volumes, the upturn was driven primarily by the Russian market, which increased by 40% and was the location of more than 50% of total investments. As in previous years, Poland followed Russia as the most liquid market. Compared with 2012, total investment in commercial property increased by approx. 9% to € 2.97 bn. Hungary and Romania likewise achieved growth in line with the previous year. However, their overall significance was low, accounting for less than 5% of the total CEE market in 2013. The clearly less restrictive behaviour of lenders in the region as well as an increasing risk appetite among international investors should continue to lead to growth in CEE investment volumes.

The office property markets [2]

In modern office space in **Warsaw** amounts to over 4.1 m square metres, approximately 30% of which is in the city centre. In 2013, the office property market recorded the highest completion volume since 2000, at approximately 300,000 sqm. Similarly high growth of approximately 320,000 sqm is expected in 2014, with a pre-letting rate of approximately 35%. The high level of building activity in the Polish capital, a considerable part of which was started speculatively, led to a slight increase in vacancy levels, which amounted to 11.7% at the end of 2013. In contrast however, fundamental demand is strong and surged to over 630,000 sqm in 2013, beating the record levels of 2012 by approximately 4%. Intensive competition in the market led to a slight drop in rents (approximately 5%) in the top market segment. The prime yield for core office properties was in the region of 6.25%.

Lettings performance on the office market in **Bucharest** achieved its highest value for six years with approximately 300,000 sqm, essentially resulting from a strong increase in contract extensions and renegotiations. The completions on the market came to approx. 122,000 sqm (a jump of 35% year-on-year), with a total modern office property floor space of approximately 2.14 m sqm. A largely constant completion volume is expected for 2014, much of which is on a speculative basis. Vacancy levels dropped slightly from 15.4% to 15.1%, with substantial differences between the different sub-markets. Prime rents in the core segment are stable, as is the prime yield at approximately 8.25%, thus continuing to offer a premium over other capitals in the CEE region.

Lettings performance on the office space market in **Budapest** moved upwards by 21% compared with the previous year. Including contract extensions, total letting activity amounted to approximately 396,000 sqm (up 15% compared with 2012). The market continues to be characterised by the strong optimisation efforts by tenants. This means rentals are very small-scale. Completion volumes were at a very low level compared to that in other CEE capitals – approx. 30,000 sqm of new floor space was offered in 2013. As a result, the total of modern office space remained largely constant, at 3.17 m sqm. Development activity for the coming year is also expected to be low and should have a stabilising effect on existing office space. The vacancy level fell sharply by 2.6 percentage points, but remained at the relatively high level of approx. 18.4%. Prime yields in the core segment remained unchanged at around 7.50-7.75%.

At the end of the fourth quarter 2013, office space in **Prague** totalled approx. 2.96 m sqm. Space expansion through completions came to approx. 78,000 sqm, around 20% lower than the previous year. In contrast, lettings performance grew by approx. 10% to around 298,000 sqm compared with last year, just 25,000 sqm less than in the record year of 2011 and clearly over the average value for the last ten years. Vacancy levels showed stable development and amounted to just over 13% at the end of the year. A large, partly speculative development pipeline with expected completions of 150,000 sqm in 2014 should put pressure on lower-quality buildings in particular. Prime yields in the core area remained steady at 6.25%.

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, the Group specialises in commercial real estate with a clear focus on office properties in capital cities in the centre 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

[1] Sources: CBRE Property Investment MarketView Q4 2013

[2] Sources: Jones Lang LaSalle: Warsaw Office Market Profile Q4 2013; Warsaw, Bucharest und Budapest City Report Q4 2013, Prague Office Market Q4 2013; CBRE: Warsaw, Bucharest und Budapest Office Market View Q4 2013, CZ Property Investment MarketView H2 2013

Republic, Poland, Hungary, Romania and Slovakia. The company generates additional revenue through the utilisation of developed land reserves.

As at key date 31 December 2013, the property assets of CA Immo were approximately € 3.8 bn (€ 5.3 bn as at 31.12.2012). Of this figure, investment properties account for € 3.3 bn (87% of the total portfolio)[1)] and property assets under development represent € 0.5 bn (13% of total portfolio). On account of the substantial volume of sales of investment properties transacted in Germany during the second half of 2013, the share of the German segment in total property assets fell from approximately 48% on 31 December 2012 to 29% on 31 December 2013; Eastern Europe is now the biggest regional segment with a proportion of 52% of total property assets.

Property assets directly held by CA Immobilien Anlagen AG represent a rentable effective area of 206,498 sqm. As at the balance sheet date, these assets comprised 16 properties in Austria with a market value of € 268,500 K (21 properties with market value of € 278,172 K on 31.12.2012). This portfolio generated rental income of € 18,990 K in 2013 (€ 18,360 K in 2012). The company invested € 11,301 K in its asset portfolio in 2013 (€ 25,283 K in 2012) while spending € 1,532 K on maintaining its investment properties (against € 1,915 K in 2012).

The business area of investment properties is the most important source of revenue for CA Immo. The principle objective of the company is the continual optimisation of its portfolio and the retention and acquisition of tenants with a view to securing stable and regular rental revenue. The key performance indicators of operational property business are as follows:

- The vacancy rate and average rent indicate the quality of the portfolio and our success in managing it.
- The quality of a location and its infrastructure are critical to the marketability of properties.
- Local presence and market knowledge: CA Immo has branch offices on its core markets to ensure efficient management and tenant retention.

Lettings

An approximate total of 13,000 sqm of floor space (of which around 10,190 sqm was office space) newly let or extended in 2013. Contracts were also concluded for another 6,000 sqm or so of floor space that will be occupied in 2014. The economic occupancy rate in the asset portfolio rose to 91% in yearly comparison (89% in 2012). The biggest tenants of CA Immobilien Anlagen AG are Österreichische Post AG and Robert Bosch AG.Sales

Sales

Five investment properties with a value of € 13,516 K were sold in 2013 (compared to two investment properties with a value of € 5,541 K in 2012). These sales generated total income of € 11,327 K (compared to € 2,827 K in 2012).

Development projects

There were no current development projects as at 31 December 2013. The **Silbermöwe office building** in the Lände 3 district, which was fully renovated by CA Immo, was handed over to the tenant Robert Bosch AG at the end of September 2013. Comprising a seven-level low-rise building and a 10-storey high-rise structure, the office building has an effective area of approximately 21,500 sqm. It is part of the CA Immo asset portfolio with immediate effect. The lease contract will have a term of at least 10 years and the total investment volume is approximately € 37 m. The large-scale inner city development and restoration project known as **Lände 3** offers some 80,000 sqm of existing office space across several 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.

COURSE OF BUSINESS FOR CA IMMOBILIEN ANLAGEN AG

Results

Rental income increased by 3.4% (from € 18,360 K to € 18,990 K) as a result of the handover of the Silbermöwe office building to the tenant early in September 2013. Operating expenses passed on to the tenant rose from € 5,627 K to € 5,949 K. Overall this led to a 4% increase in gross revenues from € 23,987 K to € 24.939 K.

Other operating income rose from € 12,061 K to € 16,324 K in yearly comparison owing to the sales of five properties generating income of € 11,358 K (up 52%). Other operating income also includes management fees charged to subsidiaries, cost allocations and insurance proceeds.

[1] Includes properties used for own purposes, self-administrated properties and short-term property assets; excludes Tower 185 which is accounted for using the equity method

Comparing the two years, personnel spending fell by 14%, from € 8,807 K in 2012 to € 7,552 K on 31 December 2013. CA Immo had an average of 51 employees over the past business year (62 in 2012).

Comparing the two periods, depreciation of tangible assets increased by 2% to € 7,768 K owing to the completion of the Silbermöwe office property (€ 7,621 K in 2012).

Other operating expenditure was reduced by 12% to € 14,778 K (€ 16,847 K in 2012) thanks to savings on property-related costs (€ - 1.441 K), general administrative expenses (€ - 679 K) and particularly legal, auditing and consultancy costs (€ - 582 K).

In overall terms, the developments outlined above brought about a significant rise in operating profit (from € 2,773 K as at 31 December 2012 to € 11,166 K on 31 December 2013).

The company received total income from investments of € 95,809 K (€ 154,595 K in 2012) via subsidiary dividend payouts. Of this figure, € 75,599 K (2012: € 135,378 K) was generated in Austria; Germany, Eastern Europe and various interim holdings for investments in Eastern Europe accounted for € 20,210 K (2012: € 19,500 K). In 2013, this item was counterbalanced by expenses linked to financial assets and interest receivables on current assets of € - 8,916 K compared to € – 101,583 K in 2012, which mainly resulted from write-downs of shares in affiliated companies linked to dividend payments. Loans granted mainly to subsidiary companies produced revenue of € 10,567 K (€ 11,931 K in 2012).

A recovery in the value of interest rate derivatives led to a 82% increase in the item 'Other interest and similar income' from € 9,027 K in 2012 to € 16,451 K as at 31 December 2013.

Income from financial investments rose to € 71,053 K (2012: € 21,694 K). The change was the result of write-ups on investments driven by value increases of € 47,281 K (2012: € 19,943 K) as well as the reversal of precautionary provisions of € 1,417 K formed for Group companies in 2012. Also in 2013, a capital repayment of € 23,381 K was made to a German subsidiary in connection with the sale of the Hesse portfolio (held by a holding company), whereby the difference between the book value and the capital repayment is posted as income from the disposal.

The item 'Interest and similar expenditure' also rose to € – 54,391 K as at 31 December 2013 (€ – 59,306 K on 31.12.2012) on account of the recovery in the value of interest rate derivatives. This item includes interest paid on loans amounting to € – 25,006 K.

The inefficient part of the hedging relationship in amount of € 558 K was considered as provision as at 31.12.2012. As at 31.12.2013 the conditions for building accounting units between variable interest bearing liabilities and derivative financial instruments are not fulfilled, whereby an amount of € 9,201 K is considered as additional interest expense in 2013. Overall, the factors outlined above led to a significant rise in the financial result, from € 36,358 K in 2012 to € 130,573 K in 2013. Earnings before interest and taxes stood at € 141,739 K (against € 39,131 K in 2012).

After taking account of tax revenue (essentially derived from the offsetting of Group charges) of € 4,875 K (2012: € 4,253 K), the annual net profit as at 31 December 2013 stands at € 146,614 K, compared to € 43,384 K on 31 December 2012. Taking into consideration profit brought forward from the previous year of € 75,362 K (€ 65 K in the previous year), the annual financial statements of CA Immobilien Anlagen AG show net retained earnings of € 221,976 K (€ 108,747 K in 2012).

Proposed dividend

At the Ordinary General Meeting to be held on 8 May 2014, the Management Board will propose payment of a dividend for business year 2013 of 40 cents per share, payable on 14 May 2014. This equates to a dividend yield of around 3.1% in relation to the closing rate for 2013 (€ 12.88).

Cash-flow

Cash flow from operating activities (operating cash flow plus changes in net working capital) stood at € 89,945 K in the past business year (€ 128,630 K in 2012). The downward movement is caused by gains realised by property sales and appreciations to financial assets. Cash flow from investment activities was € 69,620 K (2012: € – 11,245 K) and cash flow from financing activities was € – 29,831 K (2012: € – 112,870 K). The main reason for the change was the payment of a dividend to shareholders of CA Immobilien Anlagen AG.

Balance sheet: assets

Compared to the previous year, the total assets of CA Immobilien Anlagen AG increased from € 2,322,727 K as at 31 December 2012 to € 2,442,209 K as at 31 December 2013.

Fixed assets decreased by 1% from € 2,210,452 K as at 31 December 2012 to € 2,188,889 K on 31 December 2013. As a proportion of total assets, the share of fixed assets amounted to 90% on 31 December 2013 (31.12.2012: 95%). Intangible assets, which solely comprise EDP software, increased to € 605 K (31.12.2012: € 334 K). Tangible fixed assets fell by 3.6% on the previous year's total to € 269,393 K (€ 279,436 K on 31.12.2012). As at the balance sheet date, the company's property assets comprised 16 properties in Austria with a market value of € 268,500 K (compared to 21 properties with market value of € 278,172 K on 31.12.2012). The decline in property assets was prompted by real estate sales at Fleschgasse, Heiligenstätter Strasse, Zimmermannplatz, Schäffergasse and Rüdengasse. Financial assets fell to € 1,918,892 K (31.12.2012: € 1,930,682 K). The book value of shares in affiliated companies stood at € 1,754,754 K (31.12.2012: € 1,668,168 K). Current additions were mainly the result of various shareholder subsidies of € 156,297 K. Disposals were mainly the result of a capital repayment to a German subsidiary of € 134,591 K.

Currents assets increased from € 111,464 K as at 31 December 2012 to € 252,794 K on 31 December 2013. The main reason for the increase was profit distributions from holding companies (and particularly the Hesse holding). Trade receivables of € 215 K (31.12.2012: € 299 K) include outstanding rental and operating expense payments. The item 'Other securities' contains own bonds repurchased from the market in 2011 (2006-2016) with a book value of € 13,658 K and a nominal value of € 14,008 K along with own convertible bonds with a book value of € 19,397 K and a nominal value of € 20,500 K. The company has three outstanding bonds at present, registered for trading on the unlisted securities market of the Vienna Stock Exchange. The bonds provide unsecured financing for CA Immobilien Anlagen AG; they are on equal footing to one another and to all other unsecured financing of CA Immobilien Anlagen AG. The conditions of the bonds do not provide for any relevant financial covenants. The sale of the Hesse participation also brought about a substantial rise in cash holdings to € 179,184 K (2012: € 49.449 K).

Balance sheet: liabilities

Shareholders' equity rose to € 1,680,874 K as at the balance sheet date (€ 1,567,645 K on 31.12.2012). The equity ratio on the key date was approximately 69% (31.12.2012: 67%). Equity covered 77% of fixed assets (31.12.2012: 71%). Comparing the two years, provisions expanded by 1.1% to € 68,130 K, taking account of obligations arising from derivative transactions with an amount of € 43,960 K (31.12.2012: € 45,646 K). Liabilities rose marginally, from € 686,877 K at the end of 2012 to € 691,500 K as at 31 December 2013.

DEVELOPMENT OF SHAREHOLDERS' EQUITY

€ 1,000	31.12.2012	Capital increase	Dividend payment	Annual result	Release of capital reserves	31.12.2013
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	108,747	0	–33,385	146,614	0	221,976
Total equity	**1,567,645**	**0**	**–33,385**	**146,614**	**0**	**1,680,874**

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

According to article 243a of the Austrian Commercial Code, the following information must be supplied:

The capital stock of CA Immo amounted to € 638,713,556.20 on the balance sheet date, and remains divided into four registered shares and 87,856,056 bearer shares traded on the prime market segment of the Vienna Stock Exchange (ISIN: AT0000641352). Around 18% of the capital stock and the registered shares are held by

UniCredit Bank Austria AG, the company's largest shareholder. The registered shares entitle the holders to appoint one Supervisory Board member for each share; this right has not been exercised to date. All members of the Supervisory Board have been elected by the Ordinary General Meeting. In recent years, UniCredit Bank Austria has also constituted the majority of the capital represented at the Ordinary General Meeting of CA Immo. The company is not aware of any other shareholders with a stake of more than 5%. The remaining shares of CA Immo (approximately 82% of the capital stock) are in free float with both institutional and private investors. As at 31 December 2013 the company itself, as in the previous year, did not hold any own shares. There are no restrictions on voting rights. Transfer of registered shares requires the approval of the company. Apart from UniCredit Bank Austria AG, there are no holders of shares with special inspection rights. Employees who hold shares directly exercise their rights to vote at the Ordinary General Meeting.

Development of shareholders‘ equity is shown in section "Business development of CA Immobilien Anlagen AG".

According to the Articles of Association, the company's Management Board must consist of one, two or three persons. The age limit for Management Board members is defined as 65 in the Articles of Association. The final term of office for Management Board members concludes at the end of the Ordinary General Meeting that follows the 65th birthday of a Board member. The Supervisory Board comprises no less than three and no more than 12 members. Holders of the four registered shares are entitled to nominate one Supervisory Board member for each share. At any time, an appointed Supervisory Board member may be asked to step down by the person entitled to nominate and replaced by another. The provisions of the Articles of Association on the term of office and replacement elections do not apply to nominated members. The other Supervisory Board are elected by the Ordinary General Meeting. The age limit for Supervisory Board members is defined as 70 in the Articles of Association. Supervisory Board members must step down from the Board at the end of the Ordinary General Meeting that follows their 70th birthday.

At the 25th Ordinary General Meeting of 8th May 2012, the Management Board was authorised to increase the capital stock by up to € 319,356,778.10 by 11th September 2015 through cash contributions against the issue of up to 43,928,030 bearer shares (in several batches if required), thereby observing the statutory subscription right (article 153 section 6 of the Austrian Stock Corporation Act) and determining the issue price and conditions by agreement with the Supervisory Board. At the same meeting, the Management Board was authorised to acquire own shares to the maximum degree admissible by law (10% of the capital stock, article 65 section 1 line 8 of the Stock Corporation Act) for a period of 30 months, and if necessary to withdraw or sell own shares via the share market, or by other means, or via a public offer. This authorisation had not been utilised as at 31 December 2013.

As early as the 21st Ordinary General Meeting of 13 May 2008, the Management Board was authorised, with the approval of the Supervisory Board, to issue convertible bonds in one or more tranches in a total nominal amount of up to € 317,185,011.00 by 12 May 2013 (excluding the subscription rights of shareholders or otherwise) and to grant conversion rights to convertible bond holders for up to 43,629,300 bearer shares of the company. On the basis of this authorisation, a five-year convertible bond with a volume of € 135 m was issued in November 2009. The coupon on the bond (payable semi-annually) was set at 4.125% and the original conversion price was set at € 11.5802 (equivalent to a premium 27.5% above the reference price). On account of the payment of a cash dividend of € 0.38 per share to the shareholders of CA Immobilien Anlagen Aktiengesellschaft of Vienna in 2012 and 2013, this conversion price was adjusted to € 10.6620 in accordance with article 10e of the conditions governing convertible bonds for 2009-2014. The last adjustment came into effect on 10 May 2013. Given the currently outstanding volume of approximately € 114.5 m, a maximum of 10,739,073 shares can thus be issued should conversion rights be exerted.

The contingent capital I approved in this regard at the 26th Ordinary General Meeting on 7 May 2013 (article 159 of the Stock Corporation Act) amounts to € 135,000,003.28.

At the 26th Ordinary General Meeting, the Management Board, with the approval of the Supervisory Board, was again authorised to issue, in several batches if required, convertible bonds associated with conversion or subscription rights on up to 13,756,000 bearer shares of the company with a proportionate amount of the capital stock of up to € 100,006,120, up to a total amount of approximately € 100 m, and to stipulate all other condi tions, the issue itself and the conversion procedures for the convertible bonds. The subscription rights of shareholders (article 174 section 4 of the Stock Corporation Act in conjunction with article 153 of the Act) were excluded. Since the convertible bonds already issued are unaffected by this new authorisation, the amount hereby authorised can be fully exploited by the Management Board. To secure conversion rights, contingent capital II (article 159 of the Stock Corporation Act) of the same amount (€ 100,006,120) was approved.Otherwise there are no significant agreements in place that would become effective, change or terminate in the event of a change of control in the company resulting from a takeover bid. Moreover, there are no remuneration agreements with Management Board members, Supervisory Board members or employees that would become effective in the case of a public takeover bid. We now turn our attention to the key features of the internal monitoring and risk management systems in terms of the financial reporting process. Minimum standards for internal monitoring systems are defined in a set of internal Group guidelines. To oversee compliance with these standards, CA Immo set up an Internal Auditing unit under the control of the full Management Board alongside the Risk Management division. On the basis of an auditing plan and by agreement with the Compliance division, it monitors the observance of legal provisions, internal guidelines and rules of conduct as well as potential for risk in operational processes (upholding the dual verification principle in all organisational entities, continual reporting and so on) while assessing the potential for efficiency improvements (regular audits of individual Group companies). Reports on the auditing plan and assessment results will be submitted to audit committee and the Supervisory Board at least once every year. The internal monitoring system (IMS) is also being continually expanded to assist in the early identification and monitoring of risks. Standard Group regulations for compiling annual and interim financial statements are also defined in internal Group guidelines. The Group employs a comprehensive risk management system. The financial reporting process was analysed to define key sub-processes; the effectiveness of the sub-processes thereby identified will be evaluated and they will be aligned with best practice (e.g. derivatives, claims management) on the basis of a rotating schedule. The risk management system is subject to regular appraisal by the auditor. The results of audits are reported to the Supervisory Board’s audit committee.

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 Code9 and thus to transparency and principles of good corporate management. In business year 2013, 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)[1].

RISK MANAGEMENT AT ALL LEVELS OF THE COMPANY

Risk management and the internal monitoring system are integral parts of the CA Immo Group's current management systems. Internal Auditing, an independent division within the company, oversees operational and business processes and the internal monitoring system; it acts independently in reporting and evaluating the audit results. The risk policy of CA Immo is defined by a series of guidelines, observance of which is continually monitored and documented by controlling processes. Risk management is implemented at every level of the company and is binding on all organisational divisions. The aim is to identify potential opportunities and hazardous developments at an early stage and assess their impact so that relevant decision-makers can take suitable measures. 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. CA Immo evaluates the current opportunity/threat situation through quarterly reporting. Risk is assessed in relation to specific properties and projects as well as (sub)portfolios. The company utilises early warning indicators such as rent forecasts, vacancy analyses, 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

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

for the real estate portfolio, exit strategies and liquidity planning; these supplement risk reporting and promote reliable planning. 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. All potential risks and opportunities are assessed according to substance, effect and the likelihood of occurrence. Concrete measures aimed at eliminating or alleviating risks identified in the past have now been defined and implemented to a large extent. Furthermore, the proper functioning of the risk management system is evaluated annually by the Group auditor in line with the requirements of C Rule no. 83 of the Austrian Corporate Governance Code. The results are reported to the Management Board, the Supervisory Board and the audit committee.

Overall assessment of opportunities and risks

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 in Eastern Europe, rising yields and declining property values. Project development is typically associated with cost and performance risks; the main risks facing the Group have thus remained largely unchanged over recent years.

THE INTERNAL MONITORING SYSTEM (IMS)

The internal monitoring system (IMS) at CA Immo is based on the continual analysis and evaluation of risk. The IMS is integrated into individual business processes, taking account of management processes. The system incorporates all measures designed to ensure compliance with legislation and company guidelines and prevent errors. The objectives of the IMS are to preclude (preventive monitoring) and expose (detective monitoring) errors in accounting and financial reporting, thus enabling amendments to be introduced in good time. Transparent documentation makes it possible to depict processes of accounting, financial reporting and audit activity. All operational areas are incorporated into 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 IMS; the managing directors of the various subsidiaries are required to perform self-checks in order to assess and document compliance with the monitoring measures. The effectiveness of the IMS is regularly assessed by the Group Auditing department while the cost-effectiveness of business processes 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.

STRATEGIC RISKS

Portfolio structure, concentration (cluster) risk

Risk potential increases where investments lead to over-representation of a particular region, usage type or tenant structure in the overall portfolio. Even after the sales of Tower 185 and the Hesse portfolio, Germany remains the biggest single market of CA Immo, while the regional focus has shifted from Germany to Eastern Europe. Although CA Immo counters market risk by spreading its portfolio across various countries, the emphasis is on the company's core regions. We are seeking to balance our German and Eastern European portfolios by the end of 2015. For single investments, CA Immo defines concentration risk as a limit value of 5 % of the total portfolio. Since the proportionate sale of Tower 185, no properties exceed this limit value in the portfolio. The asset portfolio has only three specific properties with an IFRS market value of over € 100 m (the share in Tower 185 in Frankfurt, the Skygarden in Munich and River Place in Bucharest). Moreover, exposure to secondary cities and concentration risk linked to an individual tenant (the state of Hesse) have been reduced through the sale of the Hesse portfolio. As regards land reserves and land development projects, a general risk arises from the high capital commitment. Further property sales are therefore in the pipeline for 2014; wherever possible, measures will be put in place to accelerate land development projects and involve partners at an early stage. The future development volume is indicated at around 15% of the equity of the CA Immo Group.

PROPERTY-SPECIFIC RISKS

Risks linked to the market environment

Transaction volumes on European markets were among the best since 2007 in the past business year, with volumes in Germany increasing by 17%[1]. In 2014, growth is expected for residential and commercial properties in particular. The boom on the German real estate market, which is currently the most attractive location for investors, is thus set to continue. In general, high risk investments are no longer necessarily regarded as negative; the reluctance to take risks is apparently diminishing. The investment volume in Eastern Europe has also developed well, although the transaction rate continues to lag. A number of transaction markets (including Hungary and Romania) appear to have ground to a complete halt, threatening to make CA Immo's planned portfolio optimisation unfeasible in some parts of Eastern Europe (**transaction risk**). Whereas some transactions outside of the core segment were reported on the Austrian and German markets, demand in Eastern Europe is still restricted to core properties; financing and trading for other asset classes is only possible to a limited degree. The potential for **country-specific and transfer risk** still needs to be monitored in view of the fraught economic and political situations in the Ukraine, Hungary and the Czech Republic, for example. CA Immo negates transfer risk by repatriating liquid assets from investment markets with a low credit standing. 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.

Real estate prices may also be subject to considerable fluctuation owing to changing economic conditions. In view of the continued marginal prospect of rental growth and the fact that the (re)financing market in Eastern Europe is only slowly recovering, there is still a danger that starting yields for commercial real estate will be adjusted upwards. **Changes in value** will also pose a significant risk until the end of 2014 since a rise in yields continues to be reflected in valuation reports while influencing consolidated net income and reducing shareholders' equity through changes in market value that must be recognised under IAS 40.

In like-for-like comparison, **lettings** were relatively stable on the core markets of CA Immo in 2013. The logistics asset class remains problematic in Eastern Europe owing to expired rental agreements. Despite extensive floor space in this segment, the material risk is lower than average thanks to lower rental rates than is usual for the market: the vacancy rate amounted to approximately 3.5% of rental income in the overall portfolio. The sale of other fully let properties could adversely affect vacancy levels without risks to absolute vacancy volumes becoming apparent.

Through careful monitoring and proactive measures (such as demanding securities and screening the creditworthiness and reputation of tenants), the **loss of rent risk** has settled at a moderate level. At present, most outstanding rental payments relate to Eastern Europe. All outstanding receivables are evaluated quarterly and adjusted according to the associated level of risk; around one third of outstanding receivables are adjusted on average. The risk of lost rent was taken into account to a sufficient degree in the estimation of property values. Reduced income following contract extensions is also likely in some instances where rent levels have to be reduced or greater incentives are offered.

Risks associated with sales transactions

Sales can give rise to risks linked to contractual agreements and assurances. These might relate to guaranteed income from rental payments, and can subsequently reduce purchase sums agreed or received. Sufficient financial provisions have been made in response to recognised risks to revenue from transacted sales, and liquidity risk is considered in liquidity planning. Contractual obligations in the form of follow-on costs (e.g. residual construction work) form part of relevant project cost estimates.

Project development risks

The main danger (aside from the usual risks associated with projects, which include delays in the property use approval or planning permission processes, cost/deadline overruns, construction defects, lack of demand for rental space and delays in approving credit) is posed by extensions of the stabilisation phase (initial letting) in response to market conditions; this can impact negatively on development outcomes and adversely affect cash flow where rental income is impaired. With all of this in mind, CA Immo mo takes various steps to control such risks (cost monitoring, variance analyses, long-term liquidity planning, observance of minimum pre-letting quotas, and so on). Projects are only launched subject to detailed, long-term liquidity planning and an appropriate level of pre-letting (40-60% in Germany for example, depending on location). All projects are being implemented within their approved timeframes and budgetary frameworks.

[1] Source: Jones Lang LaSalle

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. The Group's legal division is responsible for monitoring and overseeing legal disputes. Sufficient provisions are formed as necessary. 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. Almost all pending actions relate to conventional cases of operational business activity. The joint venture partner in the Maslov project also brought an arbitrational action in 2011. The amount in dispute is approximately € 110 m plus interest, with the chances of success in favour of the plaintiff regarded as minimal. Sufficient financial provisions have been made for the anticipated outflow of funds in relation to the enforcement of CA Immo's legal position. At present, no lawsuits or arbitration proceedings that could threaten the company's survival are thus imminent or pending. 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. The main impact on CA Immo in this regard in the past business year was the transposing of AIFM (Alternative Investment Fund Managers) guidelines into national law. It was initially unclear whether listed real estate corporations would be covered by the AIFM definition, which would entail more wide-ranging documentation requirements and the obligation to introduce depositories and so forth, thus generating higher costs for the company and its investors. Following a full examination of the arguments presented, the Financial Market Authority (FMA) ruled that CA Immo could not be considered as an AIFM, subject to future developments in Europe.

Taxation risk

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

Environmental risk

In common with many companies, CA Immo faces the problem of causing unintentional damage to the environment in the course of its business activity, the impact or elimination of which (toxic substances and materials, contamination and so on) can entail considerable costs. It is also possible that changes to existing legislation may require previously acceptable materials to be eliminated. It is not always 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; changes could adversely affect real estate values and thus the company's assets, financial and revenue positions. To varying degrees from one country to another, risks are arising from stricter legal obligations in certain regions and a greater awareness of environmental factors on the part of tenants. This can necessitate investment. 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 specifications regarding green buildings and sustainability are automatically satisfied while the usage of environmentally unsound products is ruled out. These criteria will be observed in the 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

The (re)financing situation has improved markedly in comparison with the previous year. The Austrian and German financing markets are generally stable, and large-scale financing (up to € 100 m) is posing no problems at present. The entry onto the German market of new providers of real estate financing is contributing to more financing possibilities, which in turn is leading to lower margins and higher loan-to-values (LTV). Insurance companies in particular are offering attractive bullet solutions at moderate LTVs (around 50%). The situation in Eastern Europe has also improved somewhat, which should ease capital procurement. Despite this, rating agencies such as Standard & Poor's (S&P) are yet to give the all-clear as banks continue to consolidate their equity bases and closely monitor their refinancing risks. This is manifested in a substantial rise in credit margins where new loans are agreed or loans are extended. **Acquiring loan capital** is always difficult in certain regions of Eastern Europe (such as Hungary and Romania) and for certain asset classes (such as logistics), which can mean a greater **capital requirement** on specific properties. Although the CA Immo Group has access to sufficient liquidity at the time of writing, restrictions at individual subsidiary level must also be taken into consideration. This is because existing 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 or a liquidity requirement to stabilise loans exists in certain instances. There is also a risk that planned sales will be prevented, delayed or transacted at prices somewhat lower than expected. Other risks arise from unforeseen **additional funding obligations** in relation to project financing and breaches of covenant in the property financing area. Given that refinancing on the financial and capital markets is one of the most important measures open to CA Immo, the company counters any 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, amongst other things, the repaying of costly loans at holding level and the repayment of project financing in certain cases. Some measures have already been successfully implemented: early in 2014, CA Immo acquired a financing portfolio with a nominal value of approximately € 428 m from Österreichische Volksbanken AG. Secured real estate loans of CA Immo Group companies in Eastern Europe and unsecured financing at holding level each account for around half of this amount. The use of trading income to repay liabilities falling due in the next two years has had a highly positive effect on the **maturity profile**, which is now largely stable for the years ahead. Aside from the extension of loans collateralised by real estate at property or project level, the 6.125% CA Immo bond 09-14 and the convertible bond represent the biggest refinancing positions for the coming year; plans are in place to secure both repayments. In line with the investment horizon for real estate, loans are invariably agreed on a long-term basis. 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 partners (**partner risks**) are not viable. CA Immo Deutschland has a high capital commitment, which is typical in the case of development projects. Financing has been secured for all projects under construction; additional financing is required for new project launches.

Interest rate risk

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, CA Immo opts for a mix of long-term fixed-rate and floating-rate loans; more than 50% of the latter are secured by means of derivative financial instruments (mainly in the form of interest rate caps/swaps) which can also have negative cash values owing to market conditions. Overall, less than 40% of interest-bearing liabilities are unsecured or bear variable rates of interest. Although the European base rate now stands at a record low of 0.25% following the latest reduction in November 2013, a further reduction of 10 to 15 base points cannot be ruled out. In short, interest rates and swap rates are set to remain at low levels for some time to come, so constant 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.

Currency risk

Since CA Immo invests in various currency areas, the company is exposed to certain currency risks linked to the inflow of rental income and rents receivable in BGN, CZK, HUF, PLN, RON and RSD. These foreign currency inflows are secured by pegging rents to the EUR or USD, so no significant currency risk exists at present. Since incoming payments are mainly received in local currency, however, free liquidity (rental revenue less operating costs) is converted into euros upon receipt. This process is constantly overseen by the responsible country coordinators. However, the pegging of rents to the EUR/USD affects the creditworthiness of tenants and thus produces an indirect currency risk that can result in payment bottlenecks and loss of rent (especially in Hungary). To hedge against the currency risk on the liabilities side (financing in CZK and USD), these loans are generally counterbalanced by rental income in the same currency. Loans are generally taken out in the currency underlying the relevant lease. Currency risks linked to construction projects are hedged according to need on a case-by-case basis, taking account of the currency underlying the order and lease agreement, likely exchange rate development and the calculation rate.

FINANCIAL INSTRUMENTS[1]

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.

GROUP STRUCTURE

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. CA Immo was originally active solely on the Austrian market. From 1999 onwards the company began investing in Eastern Europe, moving into project development business two years later; the acquisition of the Europolis Group in 2011 confirmed CA Immo as a major investor. 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 CA Immo Deutschland GmbH (formerly Vivico Real Estate GmbH) early in 2008. 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. Other subsidiaries (without a separate team on site) are located in Bulgaria, Croatia, Luxembourg, the Netherlands, Slovakia and Slovenia. As at key date 31 December 2013, the Group had 256 subsidiaries (compared to 265 on 31.12.2012) in 17 countries[2]. The main activity of the parent company involves the strategic and operational management of subsidiaries at home and abroad.

Austria

The company's domestic properties are held in direct holdings of CA Immo. As at 31 December 2013, 16 properties were also directly owned by CA Immobilien Anlagen AG (compared to 21 properties on 31.12.2012). At present, the Austria portfolio comprises purely investment properties along with one development project in Vienna.

COMPANIES BY REGION

No. of Companies[1]	31.12.2013	31.12.2012
Austria	30	40
- *thereof Joint-Ventures*	*0*	*0*
Germany	98	110
- *thereof Joint-Ventures*	*18*	*18*
Eastern Europe	128	115
- *thereof Joint-Ventures*	*31*	*39*
Across the Group	**256**	**265**
- *thereof Joint-Ventures*	*49*	*57*

1 Joint-Ventures at SPV level
2 Including all subsidiaries in the scope of our Eastern European investments

Germany: Expanding the portfolio through project development

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. With subsidiaries in Frankfurt, Berlin and Munich, an appropriate local profile is assured. Construction management – which encompasses project monitoring, ten-

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

[2] Includes holding companies in Cyprus, Luxembourg and the Netherlands and another company in Switzerland.

dering, contract awarding, construction supervision and 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 are maintained by Frankfurt-based **CA Immo Invest GmbH** (formerly CA Immo AG), another fully consolidated company in which CA Immobilien Anlagen Aktiengesellschaft has direct and indirect holdings amounting to 100%. These investment properties make up the 'Hesse portfolio', a package of properties let to the state of Hesse for the long term with approximate market value of € 0.8 bn comprising 36 properties at 19 sites in Hesse. The portfolio was sold to PATRIZIA Immobilien AG in accordance with the company's strategic objectives for 2012-2015. The transaction was concluded in December 2013.

DRG Deutsche Realitäten GmbH was finally 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.

Eastern Europe: Emphasis on portfolio management

The Group's portfolio of investment properties 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 total portfolio of Europolis AG was originally divided into six sub-portfolios; three of these were merged into one in 2013; with the acquisition of AXA's 49% share in the "P1" Portfolio in 2013, two of these four sub-portfolios became fully held by Europolis. Reputable partners such as EBRD and Union Invest hold stakes from 25% to 49% in two portfolios. The portfolios are managed by **Europolis Real Estate Asset Management GmbH** (EREAM) of Vienna, 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**.

Since 2007, CA Immo has essentially concentrated its Eastern European project development activity within the **CA Immo New Europe Property Fund** (CAINE), a project development fund structured under Luxembourg law as a SICAR (societé d'investissement en capital à risque) in which CA Immo participated with three institutional investors. The fund, whose term expired at year end 2013, is also managed by a subsidiary of CA Immo. All shares held by external partners of CA Immo had been regained, giving the company a 100% holding as at 31 December 2013. The commitment period for new projects ended back at the end of 2009. 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. In future, new projects will be initiated directly within CA Immo or Europolis.

UBM investment

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. The investment in UBM contributed a total of € 3,359 K to the earnings of CA Immo in 2013 (€ 2,711 K in 2012). CA Immo thus received a dividend for business year 2012 of € 825 K (€ 825 K in the previous year).

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".

EMPLOYEES

As at 31 December 2013, the CA Immo Group had 355[1]) employees (compared to 405[2] on 31 December 2012). In business year 2013 CA Immobilien Anlagen AG itself employed 51 people in average compared to 62 people in 2012.

EXPECTED DEVELOPMENT, INCLUDING MATERIAL OPPORTUNITIES AND RISKS

Following positive development in the second half of 2013, the European Commission expects the economic recovery to continue in Europe in 2014. We expect the key CA Immo core markets to continue to develop in a stable fashion, with very positive real estate market conditions continuing in Germany. The lending climate will also be decisive for the real estate industry in 2014.

Strategy

2014 will also be characterised by the effective implementation of measures in line with the 2012 – 2015 Strategy. After strengthening the statement on financial position, the priority is to further optimise the property portfolio as a significant lever to increase operating profitability.

Existing business

On a like-for-like basis, it is expected that rents will be largely stable. As far as possible, the decline in rents resulting from the sale of properties is to be compensated for by a significant reduction in gearing and subsequently financing expenses.

Costs

In 2014, it is expected that the cost-cutting objectives defined in 2012 will be achieved in full.

Financing trends

On the basis of the quality of the portfolio and the improved figures on the statement of financial position, we expect a stable environment for refinancing CA Immo Group's expiring loans.

Our expectations are based on certain assumptions concerning both general and specific general conditions. The following key parameters could affect the pattern of business anticipated for business year 2014:

- Economic developments in the regions where we operate and the resulting impact on both rental demand and rent levels.
- 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 key factor driving the speed that the planned development projects are realised also depends on the availability of the necessary loans and equity.
- Political, fiscal, legal and economic risks, and the transparency and development level of the individual property market.

RESEARCH & DEVELOPMENT

CA Immo has no expenditures in the research and development area.

SUPPLEMENTARY REPORT

The following activities are reported for the opening months of business year 2014:

Increase in voting rights due to conversions

On account of the issue of shares in response to the exercising of conversion rights by holders of the 4.125% convertible bonds for 2009-2014, the company's capital stock amounted to € 639,190,853.51 at the end of February 2014. This was divided into four registered shares and 87,921,709 bearer shares each with a proportionate amount of the capital stock of € 7.27. The delivery shares, currently held under ISIN AT0000A154Z4, have dividend entitlement from their business year of issue.

Buyback of own liabilities for a nominal value of approx. € 428 m

In January, CA Immo has acquired a financing portfolio with an approximate nominal value of € 428 m from Österreichische Volksbanken AG. Secured real estate

[1] 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.

[2] Davon rund 7% Teilzeitarbeitskräfte; inklusive der konzernweit 30 karenzierten Mitarbeiter; exkl. der 108 Mitarbeiter, die im Zuge des Erwerbs von zwei tschechischen Hotelgesellschaften im dritten Quartal 2012 übernommen wurden.

loans of CA Immo Group companies in Eastern Europe and unsecured financing at holding level each account for around half of the nominal amount. An agreement was made not to disclose the purchase price, which is below the nominal value. With inclusion of this repayment, the target equity ratio of 40% was exceeded.

Vienna, 18 March 2014

The Management Board

Bruno Ettenauer
(Chairman)

Florian Nowotny
(Member of the Management Board)

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 2013 to 31 December 2013**. These financial statements comprise the balance sheet as of **31 December 2013**, the income statement for the fiscal year ended **31 December 2013**, 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 2013 and of its financial performance for the year from 1 January 2013 to 31 December 2013 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, 18 March 2014

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.

Vienna, 18 March 2014

The Management Board

Bruno Ettenauer
(Chairman)

Florian Nowotny
(Member of the Management Board)

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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.

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