
FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014

14

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FINANCIAL STATEMENTS AND MANAGEMENT REPORT

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AUDITOR'S REPORT

DECLARATION OF THE MANAGEMENT BOARD DUE TO SECTION 82 (4) OF THE AUSTRIAN STOCK EXCHANGE ACT (BÖRSEGESETZ)

CONTACT

DISCLAIMER

IMPRINT

BALANCE SHEET AS AT 31.12.2014

Assets	31.12.2014	31.12.2013
	€	€ 1.000
A. Fixed assets		
I. Intangible fixed assets		
EDP software	632,651.32	605
	632,651.32	605
II. Tangible fixed assets		
1. Property and buildings	244,285,577.36	265,687
of which land value: € 44,395,040.45; 31.12.2013: € 48,585 K		
2. Other assets, office furniture and equipment	693,999.88	893
3. Prepayments made and construction in progress	1,010,834.44	2,813
	245,990,411.68	269,393
III. Financial assets		
1. Investments in affiliated companies	1,571,945,998.27	1,754,754
2. Loans to affiliated companies	206,625,630.11	154,789
3. Investments in associated companies	253,186.19	7
4. Loans to associated companies	67,000.00	67
5. Derivative financial instruments	54,207.79	1,311
6. Other loans	136,905,340.88	7,963
	1,915,851,363.24	1,918,891
	2,162,474,426.24	2,188,889
B. Current assets		
I. Receivables		
1. Trade debtors	63,626.20	215
2. Receivables from affiliated companies	26,293,922.40	37,612
3. Receivables from associated companies	25,341.55	0
4. Other receivables	8,724,721.40	2,729
	35,107,611.55	40,556
II. Other securities	13,657,800.00	33,055
III. Cash on hand, cash at banks	27,692,685.23	179,184
	76,458,096.78	252,795
C. Deferred expenses	222,309.05	525
	2,239,154,832.07	2,442,209

Liabilities and Shareholders' Equity

	31.12.2014	31.12.2013
	€	€ 1.000
A. Shareholders' Equity		
I. Share capital	718,336,602.72	638,714
II. Tied capital reserves	854,841,594.68	820,184
III. Net profit	235,953,402.38	221,976
of which profit carried forward: € 186,833,249.08 ; 31.12.2013: € 75,362 K		
	1,809,131,599.78	1,680,874
B. Grants from public funds	370,835.40	0
C. Provisions		
1. Provision for severance payment	410,166.00	299
2. Tax provisions	195,212.50	184
3. Other provisions	28,976,272.68	67,647
	29,581,651.18	68,130
D. Liabilities		
1. Bonds	200,000,000.00	485,000
of which convertible: € 0.00; 31.12.2013: € 135,000 K		
2. Liabilities to banks	137,785,163.75	118,915
3. Trade creditors	831,603.49	1,661
4. Payables to affiliated companies	55,147,825.04	79,346
5. Other liabilities	3,797,906.28	6,578
of which from taxes: € 439,014.22; 31.12.2013: € 670 K		
of which in connection with social security: € 101,011.19; 31.12.2013: € 102 K		
	397,562,498.56	691,500
E. Deferred income	2,508,247.15	1,705
	2,239,154,832.07	2,442,209
Contingent liabilities	324,442,439.53	331,045

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2014

	€	2014 €	€ 1.000	2013 € 1.000
1. Gross Revenues		26,508,556.95		24,939
2. Other operating income				
a) Income from the sale and reversal of impairment losses of fixed assets except of financial assets	3,097,368.31		11,358	
b) Income from the reversal of provisions	5,431,831.02		103	
c) Other income	5,256,672.74	13,785,872.07	4,863	16,324
3. Staff expense				
a) Wages	- 13,700.00		- 14	
b) Salaries	- 6,746,685.61		- 6,007	
c) Expenses for severance payments and payments into staff welfare funds	- 180,384.66		- 127	
d) Expenses in connection with pensions	- 175,531.54		- 163	
e) Payments relating to statutory social security contributions as well as payments dependent on remuneration and compulsory contributions	- 1,231,527.26		- 1,151	
f) Other social expenses	- 98,971.60	- 8,446,800.67	- 89	- 7,551
4. Depreciation on intangible fixed assets and tangible fixed assets		- 8,355,082.51		- 7,768
5. Other operating expenses				
a) Taxes	- 1,463,392.99		- 382	
b) Other expenses	- 26,531,237.01	- 27,994,630.00	- 14,396	- 14,778
6. Subtotal from lines 1 to 5 (operating result)		- 4,502,084.16		11,166
7. Income from investments		322,808,182.33		95,809
of which from affiliated companies: € 322,710,182.33; 2013: € 95,809 K				
8. Income from loans from financial assets		21,112,193.14		10,567
of which from affiliated companies: €10,580,075.93; 2013: € 9,893 K				
9. Other interest and similar income		8,683,860.91		16,451
of which from affiliated companies: € 5,294,101.79; 2013: € 5,514 K				
10. Income from the disposal and revaluation of financial assets		10,465,797.92		71,053
11. Expenses for financial assets and interest receivables in current assets, thereof		- 263,022,118.19		- 8,916
a) Impairment: € 258,982,405.68; 2013: € 9,417 K				
b) bad dept allowance of interest receivables 3,843,740.34 €, 2013: € 1,667 K				
c) Expenses from affiliated companies: € 257,679,261.98; 2013: € 8,915 K				
12. Interest and similar expenses		- 50,659,923.39		- 54,391
of which relating to affiliated companies: € 5,908,742.47; 2013: € 1,151 K				
13. Subtotal from lines 7 to 12 (financial result)		49,387,992.72		130,573
14. Result from usual business activity		44,885,908.56		141,739
15. Taxes on income		4,234,244.74		4,875
16. Net profit for the year		49,120,153.30		146,614
17. Profit carried forward from the previous year		186,833,249.08		75,362
18. Net profit		235,953,402.38		221,976

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2014

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.

1. Fixed assets

Intangible and tangible fixed assets

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

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

Unscheduled depreciation is only carried out where it is anticipated that permanent value impairments have occurred. 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.

2. Current assets

Receivables are valued at nominal value. Identifiable default 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”.

3. Deferred expenses and deferred income

Under Deferred expenses prepaid expenses are accrued. Additionally the disagio for bonds is capitalised in this position and distributed over the redemption period according to the principals of financial mathematics.

Rent prepayments and invest allowances from tenants are shown under Deferred income.

4. Grants from public funds

Grants from public funds include an allowance from Land Wien für innovatives Bauen (state of Vienna for innovative construction work). This allowance will be reversed over the remaining useful life of the building.

5. Provisions and liabilities

Provisions for severance payments amount to 165.68 % (31.12.2013: 139.63 %) 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 1.56 % (31.12.2013: 2.82%) and future salary increases of 2 % for employees plus an inflation rate of 2% and not taking into account a fluctuation discount. The interest rate was decreased by 1.26 % 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)). 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. At the same time, receivables/liabilities from/to affiliated companies for the identical (back-to-back) derivative financial instruments are not considered in the balance sheet as receivables/liabilities. 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.

6. 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

7. Explanatory notes on the balance sheet

a) Fixed assets

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

Tangible assets

Additions to Property and buildings and to Prepayments made and construction in progress mainly relate to current investments, in particular amalgamation and division of leased premises and preconstruction works for the Erdberger Lände and the Storchengasse. Disposals mainly relate to the sale of 3 properties and the demolition of a building. As at the balance sheet date the tangible assets include 13 properties (31.12.2013: 16 properties).

In 2014 – as in the previous year – no unscheduled depreciation on tangible assets were made. In business year 2014, reversals of impairment losses on tangible assets in the amount of € 879 K (2013: € 0 K) were made and none (2013: € 0 K) were omitted.

Financial assets

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

In 2014 impairment losses in the amount of € 258,982 K (2013: € 9,417 K) and reversal of impairment losses in the amount of € 2,701 K (2013: € 47,231 K) on financial assets were recognised.

The book value of the Investments in affiliated companies is € 1,571,946 K (31.12.2013: € 1,754,754 K). Current additions are mainly the result of various shareholder contributions. Disposals mainly consist of the liquidation of a subsidiary in Luxemburg in the amount of € 44,336 K.

The Loans to affiliated companies are made up as follows:

€ 1.000	31.12.2014	31.12.2013
CAINE B.V., Hoofddorp	56,949	7,000
BA Business Center a.s., Bratislava	28,000	28,000
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs OG, Vienna	20,350	0
Poland Central Unit Sp.z.o.o, Warsaw	18,703	30,000
TK Czech Development IX s.r.o., Prague	17,564	0
CA Immo Holding B.V., Hoofddorp	17,200	16,900
R70 Invest Budapest Kft., Budapest	12,004	12,004
Kapas Center Kft., Budapest	10,430	11,730
Other below € 10 m	25,426	49,155
	206,626	154,789

Loans to affiliated companies to the value of € 71,311 K (31.12.2013: € 127,412 K) have a remaining term of up to one year.

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

Other loans are made up as follows:

Tsd. €	31.12.2014	31.12.2013
EUROPOLIS PARK BUCHAREST ALPHA S.R.L., Bukarest	44.491	0
RCP Amazon, s.r.o., Prag	19.552	0
EUROPOLIS SEMA PARK S.R.L., Bukarest	12.439	0
COM PARK Ingatlanberuházási Kft, Budapest	12.436	0
EUROPOLIS PARK BUCHAREST BETA S.R.L., Bukarest	11.151	0
EUROPOLIS PARK BUCHAREST S.R.L., Bukarest	6.540	0
Sonstige unter 5 Mio. €	25.296	7.963
	136.905	7.963

Other loans to the value of € 103,112 K (31.12.2013: € 0 K) have a remaining term of up to one year.

b) Current assets

Trade debtors to the value of € 64 K (31.12.2013: € 215 K) include outstanding rent and operating cost payments.

Receivables from affiliated companies are made up as follows:

€ 1.000	31.12.2014	31.12.2013
Receivables from interest	17,219	11,124
Receivables from tax compensation	5,217	4,816
Trade debtors (current charging to affiliated companies)	3,858	7,252
Receivables from dividend payments	0	14,420
	26,294	37,612

Other receivables in the amount of € 8,725 K (31.12.2013: € 2,729 K) mainly include receivables from interest, unpaid purchase prices, receivables from the passing-on of costs and receivables from tax authorities. In 2014 expenses for bad debt allowances in the amount of € 2,306 K (2013: € 0 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 in the previous year additionally 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 € 222 K (31.12.2013: € 525 K) essentially comprise deferred discounts to the value of € 161 K (31.12.2013: € 446 K) for the issuance of a bond in the amount of € 200,000 K in 2006.

d) Shareholders' equity

Share capital equals the fully paid in nominal capital of € 718,336,602.72 (31.12.2013: € 638,713,556.20). It is divided into 98,808,332 (31.12.2013: 87,856,056) bearer shares and 4 registered shares of no par value. The registered shares are held by O1 Group Limited, Cypress, each granting the right to nominate one member to the Supervisory Board. This right is currently not exercised. All members of the Supervisory Board were elected by the General Meeting.

In November 2009, 5-years convertible bonds with a nominal value of € 135,000 K were issued. The coupon of the convertible bonds (payable semi-annually) was set at 4.125%. In November 2014, the convertible bonds were almost completely converted; the remaining nominal value of € 1,100 K was repaid. Owing to the exercising of conversion rights by owners of the 4.125% convertible bonds for 2009-2014, the company's capital stock increased during the reporting year by a total of € 79,623,046.52, from € 638,713,556.20 to € 718,336,602.72 (as at 31.12.2014) as a result of the issue of new shares from contingent capital. In 2014, convertible bonds with a nominal value of € 113,400 K were converted into capital stock and tied-up capital reserves. Convertible bonds with a nominal value of € 20,500 K were redeemed.

In 2014 a dividend amount of € 0.38 (2013: € 0.38) for each share entitled to dividend, in total € 35,142 K (2013: € 35,142) was distributed to the shareholders.

As at 31.12.2014 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 € 100,006,120.00 for the conversion of possible future convertible bonds.

The net profit 2014 includes reversal of impairment losses for fixed assets in the amount of € 3,580 K. According to section 235 no. 1 of the Austrian Commercial Code (UGB), the net profit is subject to a limitation on profit distribution in this amount.

e) Grants from public funds

For the rebuilding of Erdberg building element A a public grant was requested. This was granted because of innovative construction work with the maximum amount of € 380 K. The calculation is not finalised. This allowance will be reversed over the remaining useful life of the building.

f) Provisions

Provisions for severance payment amount to € 410 K (31.12.2013: € 299 K) and include severance payment entitlements of employees of the company.

The Tax provisions in the amount of € 195 K (31.12.2013: € 184 K) mainly relate to provisions for German corporation tax.

The Other provisions are made up as follows:

€ 1.000	31.12.2014	31.12.2013
Derivative transactions	15,195	43,960
Provision for contributions to group companies	7,131	15,450
Premiums	2,928	2,268
Real property tax and land transfer tax	1,368	1,377
Construction services	720	2,704
Staff (vacation and overtime)	558	776
Legal, auditing and consultancy fees	470	482
Annual report and expert opinions	114	185
Other	492	445
	28,976	67,647

Since the business year 2010 the option to participate in an LTI (long term incentive) programme with a term of three years is offered each year to the Management Board. Participation requires personal investment limited to 50% of the annual basic salary. Such investment is valued respectively at the closing rate of the previous year balance sheet date, for the first time 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) (until 2013), TSR (total shareholder return) and since 2014 FFO growth (funds from operations), in which the emphasis and target values are adjusted annually. 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.

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.

g) Liabilities

31.12.2014	Maturity	Maturity	Maturity	Total
€ 1.000	up to 1 year	1– 5 years	more than 5 years	
Bonds	0	200,000	0	200,000
Liabilities to banks	9,918	83,141	44,725	137,784
Trade creditors	456	376	0	832
Payables to affiliated companies	55,148	0	0	55,148
Other liabilities	3,798	0	0	3,798
Total	69,320	283,517	44,725	397,562

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

The Bonds item 31.12.2014 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
	200,000			

The Liabilities to banks comprise investment loans to the value of € 137,784 K (31.12.2013: € 118,915 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 (€ 2,813 K) which only become cash-effective in autumn 2015, unpaid liabilities to the property management company, liabilities arising from payroll-accounting and tax charge.

h) Deferred income

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

i) Contingent liabilities

	Maximum amount as at 31.12.2014 Tsd.		Outstanding on reporting date 31.12.2014 € 1.000	Outstanding on reporting date 31.12.2013 € 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	192,479	€	89,028	93,722
Guarantee to Europolis GmbH, Vienna, for sale of real estate of a subsidiary	107,535	€	107,535	0
Irrevocable guarantee for a loan granted to Vaci 76 Kft., Budapest	45,600	€	32,958	33,837
Irrevocable guarantee for a loan granted to S.C. BBP Leasing S.R.L., Bucharest	33,150	€	11,185	12,837
Irrevocable guarantee for a loan granted to Kilb Kft., Budapest	21,000	€	10,986	11,904
Liability for a loan granted to CA Immo Sava City d.o.o., Belgrad	18,612	€	16,692	17,520
Guarantee for a loan granted to Com Park Ingatlanberuházásu Kft., Budapest	12,350	€	12,350	0
Irrevocable guarantee for a loan granted to CA Immo Wspolna Sp.z.o.o., Warsaw	8,500	€	5,947	6,297
Guarantee for financing project to Z.A.O. Avielen AG, St. Petersburg	8,469	€	8,469	0
Irrevocable guarantee for a loan granted to Canada Square Kft., Budapest	8,200	€	5,500	6,000
Guarantee in connection for sale to Z.A.O. Avielen AG, St. Petersburg	6,992	€	6,992	0
Performance guarantee in connection with sale to Skogs Buda Business Center Kft., Budapest	6,000	€	6,000	0
Letter of comfort for obligation of purchase (Kontorhaus) to CA Immo Deutschland GmbH, Frankfurt	4,900	€	4,900	0
Guarantee for interest to CA Immo Saski Point Sp.z.o.o., Warsaw	1,826	€	1,826	0
Guarantee to Software Park Kraków Sp.z.o.o., Warsaw	1,224	€	1,224	0
Guarantee for interest to Poleczki Development Sp.z.o.o., Warsaw	1,200	€	1,200	0
Guarantee in connection with Europort Airport Center to Mariott Hotels International B.V., Prague	1,000	€	1,000	0
Guarantee for a loan granted to Poleczki Development Sp.z.o.o., Warsaw	650	€	650	0
Guarantee for CA Immo CEE Beteiligungs GmbH, Vienna, for the acquisition of Europolis GmbH granted to the sellers	0	€	0	136,426
Letter of comfort for a loan granted to 2P s.r.o., Pilsen	0	€	0	9,237
Irrevocable guarantee for a loan granted to CA Immo Rennweg 16 GmbH, Vienna	0	€	0	2,300
Liability for a loan granted to Europort Airport Center, Prague	0	€	0	382
Guarantee for a loan granted to FCL Property a.s., Prague	0	CZK	0	583
			324,442	331,045

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

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
 Pannonia Shopping Center Ingatlanfejlesztési Kft., Budapest
 CA Immobilien Anlagen d.o.o., Laibach
 2P s.r.o., Pilsen
 RCP ISC s.r.o., Prague

The arbitration case of the partner from a Russian project from 2011 was finished in 2014. The arbitration court determined the claim in favour of CA Immo Group.

j) Liabilities from utilisation of tangible assets

The lease-related liability from utilisation of tangible assets not reported in the balance sheet is € 641 K for the subsequent business year and € 3,204 K for the subsequent five business years.

Of this € 612 K is attributable to affiliated companies for the subsequent business year and € 3,062 K for the subsequent five business years.

k) 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	31.12.2014	31.12.2014		31.12.2014	31.12.2014	31.12.2014	31.12.2014
12/2007	12/2017	109,375	4.41%	3M-EURIBOR	- 13,809	- 13,436	- 373	- 373
12/2007	12/2022	54,688	4.55%	3M-EURIBOR	- 16,315	- 1,759	- 14,556	- 14,556
12/2008	12/2017	70,400	4.41%	3M-EURIBOR	- 8,879	0	- 8,879	- 8,879
		234,463			- 39,003	- 15,195	- 23,806	- 23,808

€ 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

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.

l) Details of derivative financial instruments – swaption

€ 1.000		Nominal value	fixed interest rate as at	interest reference rate	Fair Value	Book value
Start	End	31.12.2014	31.12.2014		31.12.2014	31.12.2014
06/2016	06/2021	50,000	2.50%	6M-EURIBOR	20	20
06/2016	06/2021	50,000	2.50%	6M-EURIBOR	34	34
		100,000			54	54

€ 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.

m) Hedging relationship

As at 31.12.2014, provisions for derivative financial instruments not considered in the balance sheet which are subject to a hedging relationship (hedge accounting) amount to € 23,808 K (31.12.2013: € 20,965 K). Like in the previous year, these are related to accounting units in the same amount and at same conditions with (back-to-back) derivatives passed on to affiliated companies.

8. Explanatory notes on the income statement

Gross revenues

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

€ 1.000	2014	2013
Rental income for real estate	20,426	18,990
Operating costs passed on to tenants	6,083	5,949
	26,509	24,939

Income from the reversal of provisions

This item mainly results from the reversal of a provision for an arbitration claim in the amount of € 5,315 K.

Other operating income

The other income item of the other operating income of € 5,257 K (2013: € 4,863 K) results from management fees charged to subsidiaries in the amount of € 3,668 K (2013: € 3,420 K), cost re-charging and insurance revenues.

Staff expense

This item includes wages, salaries, statutory social welfare contributions and expenses for severance payments and pensions totalling € 8,447 K (2013: € 7,551 K) for the 54 staff (2013: 52) 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	2014	2013
Change of provision for severance payments to directors and executive employees	97	32
Allocation to provision for severance payments to other employees	14	3
Pension fund contributions for directors and executive employees	41	52
Pension fund contributions for other employees	28	40
	180	127

Expenses in connection with pensions are made up as follows:

€ 1.000	2014	2013
Pension fund contributions for directors and executive employees	136	121
Pension fund contributions for other employees	40	42
	176	163

Depreciation

€ 1.000	2014	2013
Depreciation of intangible fixed assets	430	191
Scheduled depreciation of buildings	7,579	7,192
Depreciation of other assets, office furniture and equipment	343	382
Low-value assets	3	3
	8,355	7,768

Other operating expenses

Where they do not come under taxes on income the taxes in the amount of € 1,463 K (2013: € 382 K) mainly comprise capital transaction tax from the capital increase caused by the conversion of bonds in the amount of € 1,134 K (2013: € 0 K), real estate charges passed on to tenants in the amount of € 303 K (2013: € 325 K) and the non-deductible input VAT of the current year.

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

€ 1.000	2014	2013
Other expenses directly related to properties		
Operating costs passed on to tenants	5,769	5,628
Maintenance costs	3,772	1,532
Own operating costs (vacancy costs)	267	551
Administration and agency fees	115	168
Asset disposal based on demolition of a building	6,390	0
Other	550	264
Subtotal	16,863	8,143
General administrative costs		
Legal and consulting fees	4,426	1,996
Advertising and representation expenses	777	611
Office rent including operating costs	609	595
Expenses of bonds and convertible bond	357	328
Other fees and bank charges	926	119
Claims and reserves for bad debts of other receivables	141	0
Other	2,432	2,604
Subtotal	9,668	6,253
Total other operating expenses	26,531	14,396

Income from interest

This item comprises dividends paid from companies from Austria in the amount of € 321,343 K (2013: € 75,599 K) and from Germany and Eastern Europe or from intermediate holding companies for investments in Eastern Europe in the amount of € 1,465 K (2013: € 20,210 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 investments in securities and cash at bank, accrued interest for acquired bonds, revaluation from derivative financial instruments, realised swap income as well as from swap interest transfers to affiliated companies.

Income from the sale and revaluation of financial assets

In the financial year 2014 reversals of impairment losses of investment in affiliated companies to the value of € 2,701 K were carried out (2013: € 47,231 K). Additionally in 2014, the sale of a Czech affiliated company and the liquidation of an affiliated company in Luxembourg as well as the repayment of loans above the book value are considered.

Expenses for financial assets and interest receivables in the current assets

€ 1.000	2014	2013
Depreciation of financial assets	258,982	9,417
Bad debt allowance for interest receivables	3,844	1,667
Loss from disposal of investments in affiliated companies	196	0
Use of provisions for contributions to group companies	0	- 2,168
	263,022	8,916

In 2014, depreciation of financial assets is mainly caused by paid dividends.

Interest and similar expenses

€ 1.000	2014	2013
Interest costs for bonds	20,752	25,006
Expenses for derivative transactions	20,072	25,271
Interest for loans taken up and bank liabilities for the financing of real estate assets	3,925	2,956
Interest costs in respect of affiliated companies	5,909	1,151
Other	2	7
	50,660	54,391

Taxes on income

This item essentially comprises the income from tax compensation of group members in the amount of € 4,499 K (2013: € 4,904 K).

As at 31.12.2014 CA Immobilien Anlagen Aktiengesellschaft has losses carried forward in the amount of € 352,125 K (31.12.2013: € 332,659 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 € 62,107 K (31.12.2013: € 17,812 K) that have not yet been claimed for tax purposes.

OTHER INFORMATION**9. Affiliated companies**

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

10. Tax group

In business year 2005 a group and tax compensation agreement was concluded for the formation of a tax group within the meaning of section 9 of the Austrian Corporation Tax Act (KStG) effective from business year 2005. In the subsequent years this was expanded to include additional group members. The group is headed by CA Immobilien Anlagen Aktiengesellschaft, Vienna. In business year 2014 the tax group comprises beside the head of the group 20 Austrian group companies (2013: 24). 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 31.12.2014 the possible obligations against group companies from a possible termination of the group were estimated to € 31 K (31.12.2013: € 18 K). As at 31.12.2014 no group company has left the tax group, so that no provision was considered for that case.

11. Executive bodies and employees

Supervisory Board

Dr. Wolfgang Ruttenstorfer, Chairman
Dmitry Mints, Deputy Chairman (since 19.12.2014)
MMag. Dr. Maria Doralt (since 8.5.2014)
Barbara A. Knoflach
Michael Stanton (since 19.12.2014)
Mag. Franz Zwickl
O.Univ.-Prof.DDr. Waldemar Jud (until 8.5.2014)
Mag. Helmut Bernkopf, Deputy Chairman (until 28.10.2014)
Mag. Reinhard Madlencnik (until 28.10.2014)

As at 31.12.2014 all members of the Supervisory Board had been elected by the General Meeting.

The remuneration of the Supervisory Board paid in 2014 (for financial year 2013) amounts to € 122 K (2013 for fiscal year 2012: € 125 K). Additionally, cash outlays for travel expenses in the amount of € 12 K (2013: € 9 K) and other expenditures in the amount of € 1 K (2013: € 0 K) were paid to the Supervisory Board. No other consultancy fees were paid to members of the Supervisory Board.

Management Board

Dr. Bruno Ettenauer
Mag. Florian Nowotny

Total salary payments to active Management Board members in business year 2014 stood at € 1.326 K. The corresponding value for the previous year was € 968 K. Remuneration for Management Board members included a short-term variable salary component of € 541 K (2013: € 240 K) for meeting strategic targets (ZVB bonuses for 2013) and € 74 K (2013: € 34 K) from the LTI tranche for 2011-2013. Fixed salary components made up 53.6% of Management Board remuneration (2013: 71.7%), with variable salary components accounting for 46.4% (2013: 28.3%). Provisions of € 537 K (including incidental charges) were allocated at Management Board level for variable salary components payable in 2015 on the basis of 2014 targets (ZVB bonuses for 2014). As at 31.12.2014, provisions totalling € 2,709 K (including incidental charges) had been formed in connection with the LTI programme (€ 1,265 K on 31.12.2013); of this, the current Management Board accounted for € 483 K (€ 242 K in the previous year). No loans or advances were paid to either Management Board. A total of € 125 K was paid to former Management Board members (2013: €87 K) from the maturity of the LTI tranche for 2011-2013.

Employees

The average number of staff employed by the company during the fiscal year was 54 (2013: 52).

12. Auditor's remuneration

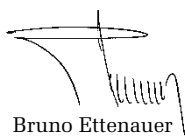
There is no indication of the auditor's remuneration for the fiscal year pursuant to section 237, no. 14 of the Austrian Commercial Code (UGB), as this information is contained in the Group Consolidated Financial Statements of CA Immobilien Anlagen Aktiengesellschaft.

13. Proposal for the appropriation of net earnings

It is proposed to use part of the net retained earnings of € 235,953,402.38 to pay a dividend of € 0.45 per share, i.e. a total of € 44,463,751.20, to the shareholders. The rest of the net retained earnings in the amount of € 191,489,651.18 is intended to be carried forward to new account.

Vienna, 23 March 2015

The Management Board



Bruno Ettenauer
(Chairman)



Florian Nowotny
(Member of the Management
Board)

ASSET ANALYSES FOR THE BUSINESS YEAR 2014

	Acquisition and production costs as at 1.1.2014	Addition	Disposal	Transfer	Acquisition and production costs as at 31.12.2014	Depreciation and amortisation (accumulated)	Book value as of 31.12.2014	Depreciation and amortisation in 2014	Reversal of impairment losses in 2014	Book value as at 31.12.2013
	€	€	€	€	€	€	€	€	€	€ 1.000
I. Intangible fixed assets										
Rights and EDP software	1,069,897.97	471,561.40	15,205.00	0.00	1,526,254.37	893,603.05	632,651.32	429,894.60	0.00	605
	1,069,897.97	471,561.40	15,205.00	0.00	1,526,254.37	893,603.05	632,651.32	429,894.60	0.00	605
II. Tangible fixed assets										
1. Property and buildings										
a) Land value	64,134,630.51	0.00	4,760,369.65	0.00	59,374,260.86	14,979,220.41	44,395,040.45	0.00	178,877.84	48,585
b) Building value	325,563,320.92	3,427,180.37	27,191,385.00	2,753,358.90	304,552,475.19	104,661,938.28	199,890,536.91	7,579,886.12	700,419.85	217,102
	389,697,951.43	3,427,180.37	31,951,754.65	2,753,358.90	363,926,736.05	119,641,158.69	244,285,577.36	7,579,886.12	879,297.69	265,687
2. Other assets, office furniture and equipment	3,261,889.09	144,283.75	72,112.37	0.00	3,334,060.47	2,640,060.59	693,999.88	342,697.62	0.00	893
3. Low-value assets	0.00	2,604.17	2,604.17	0.00	0.00	0.00	0.00	2,604.17	0.00	0
4. Prepayments made and construction in progress	2,812,715.91	1,010,834.44	59,357.01	-2,753,358.90	1,010,834.44	0.00	1,010,834.44	0.00	0.00	2,813
	395,772,556.43	4,584,902.73	32,085,828.20	0.00	368,271,630.96	122,281,219.28	245,990,411.68	7,925,187.91	879,297.69	269,393
III. Financial assets										
1. Investments in affiliated companies	2,409,576,350.11	115,422,594.29	119,695,491.50	77,478.50	2,405,380,931.40	833,434,933.13	1,571,945,998.27	247,413,281.52	2,696,808.09	1,754,754
2. Loans to related companies	159,380,294.24	95,414,347.09	22,332,899.28	-8,723,330.00	223,738,412.05	17,112,781.94	206,625,630.11	8,532,469.95	4,219.17	154,789
3. Investments in associated companies	16,326.83	0.00	0.00	245,851.50	262,178.33	8,992.14	253,186.19	0.00	0.00	7
4. Loans to associated companies	67,000.00	0.00	0.00	0.00	67,000.00	0.00	67,000.00	0.00	0.00	67
5. Derivative financial instruments	1,311,250.00	0.00	0.00	0.00	1,311,250.00	1,257,042.21	54,207.79	1,257,042.21	0.00	1,311
6. Other loans	32,539,778.35	122,321,707.32	0.00	8,400,000.00	163,261,485.67	26,356,144.79	136,905,340.88	1,779,612.00	0.00	7,963
	2,602,890,999.53	333,158,648.70	142,028,390.78	0.00	2,794,021,257.45	878,169,894.21	1,915,851,363.24	258,982,405.68	2,701,027.26	1,918,891
	2,999,733,453.93	338,215,112.83	174,129,423.98	0.00	3,163,819,142.78	1,001,344,716.54	2,162,474,426.24	267,337,488.19	3,580,324.95	2,188,889

INFORMATION ABOUT GROUP COMPANIES

Direct investments

Company	Registered office	Share capital		Interest in %	Profit/loss for fiscal 2014 in 1,000		Shareholders' equity as at 31.12.2014 in 1,000		Profit/loss for fiscal 2013 in 1,000		Shareholders' equity as at 31.12.2013 in 1,000	
CA Immo d.o.o.	Belgrad	390,500	EUR	100	2,780	RSD	5,653	RSD	1,917	RSD	2,873	RSD
BA Business Center a.s.	Bratislava	7,503,200	EUR	0.01	- 3,026	EUR	4,002	EUR	Acquisition 2014		Acquisition 2014	
CA Holding Szolgáltató Kft.	Budapest	13,000,000	HUF	100	99,326	HUF	640,799	HUF	20,735	HUF	541,473	HUF
Canada Square Kft.	Budapest	12,500,000	HUF	100	- 13,262	HUF	380,233	HUF	37,825	HUF	393,495	HUF
Kapas Center Kft.	Budapest	772,560,000	HUF	50	47,201	HUF	1,401,014	HUF	95,366	HUF	1,462,612	HUF
Kilb Kft.	Budapest	30,000,000	HUF	100	315,387	HUF	2,020,669	HUF	408,551	HUF	1,705,283	HUF
R 70 Invest Budapest Kft.	Budapest	5,270,000	HUF	100	- 144,342	HUF	2,295,157	HUF	42,607	HUF	2,439,498	HUF
Skogs Buda Business Center II. Kft.	Budapest	327,010,000	HUF	100	- 121,122	HUF	222,839	HUF	- 339,917	HUF	- 126,299	HUF
Váci 76 Kft.	Budapest	3,100,000	HUF	100	- 343,993	HUF	4,272,982	HUF	239,185	HUF	4,676,975	HUF
Opera Center One S.R.L.	Bukarest	27,326,150	RON	0.24	6,195	RON	117,460	RON	4,457	RON	115,488	RON
Opera Center Two S.R.L.	Bukarest	7,310,400	RON	0.14	- 668	RON	22,633	RON	- 160	RON	23,301	RON
S.C. BBP Leasing S.R.L.	Bukarest	14,637,711	RON	0.02	12,405	RON	71,271	RON	12,547	RON	71,370	RON
CA Immo Invest GmbH	Frankfurt	50,000	EUR	50.5	939	EUR	18,820	EUR	10,916	EUR	20,789	EUR
DRG Deutsche Realitäten GmbH	Frankfurt	500,000	EUR	49	211	EUR	761	EUR	225	EUR	750	EUR
Pannonia Shopping Center Kft.	Győr	3,000,000	HUF	50	- 443,955	HUF	- 312,713	HUF	- 64,104	HUF	- 60,758	HUF
CA Immo Holding B.V.	Hoofddorp	51,200,000	EUR	100	4,998	EUR	94,405	EUR	47,093	EUR	103,007	EUR
CAINE B.V.	Hoofddorp	18,151	EUR	100	109	EUR	- 36,978	EUR	Acquisition 2014		Acquisition 2014	
CA Immobilien Anlagen d.o.o.	Ljubljana	50,075	EUR	100	- 2,621	EUR	- 13,994	EUR	- 761	EUR	- 11,373	EUR
CA Immo S.á.r.l.	Luxembourg	33,000	EUR	100	- 3	EUR	- 6	EUR	- 17	EUR	- 3	EUR
CAINE S.á.r.l.	Luxembourg	12,500	EUR	100	- 35	EUR	- 95	EUR	Acquisition 2014		Acquisition 2014	
2P s.r.o.	Pilsen	240,000	CZK	100	6,993	CZK	68,204	CZK	19,632	CZK	61,211	CZK
Hotel Operations Plzen Holding s.r.o.	Pilsen	200,000	CZK	10	6,778	CSK	9,725	CSK	- 12,216	CSK	2,948	CSK
Europort Airport Center a.s.	Prague	14,100,000	CZK	100	- 249,420	CZK	- 202,430	CZK	- 62,877	CZK	- 4,725	CZK
Hotel Operations Europort s.r.o.	Prague	200,000	CZK	10	- 2,682	CZK	- 238	CZK	- 6,653	CZK	2,444	CZK
Office Center Mladost EOOD	Sofia	5,000	BGN	100	540	BGN	652	BGN	466	BGN	895	BGN
PBP IT-Services Sp.z.o.o.	Warsaw	50,000	PLN	50	116	PLN	208	PLN	56	PLN	92	PLN
Avielen Beteiligungs GmbH	Vienna	35,000	EUR	100	- 155	EUR	- 5,257	EUR	- 2	EUR	- 5,102	EUR
Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OG	Vienna	4,135,427	EUR	100	- 83	EUR	6,213	EUR	- 261	EUR	6,296	EUR
CA Immo BIP Liegenschaftsverwaltung GmbH	Vienna	3,738,127	EUR	38.9	2,911	EUR	8,582	EUR	13,670	EUR	31,231	EUR

Information on participations 2014 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 2014		Shareholders' equity as at 31.12.2014		Profit/loss for fiscal 2013		Shareholders' equity as at 31.12.2013	
					in 1,000	EUR	in 1,000	EUR	in 1,000	EUR	in 1,000	EUR
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs OG	Vienna	147,817,600	EUR	100	4,557	EUR	151,754	EUR	- 176	EUR	77,217	EUR
CA Immo International Holding GmbH	Vienna	35,000	EUR	100	92,185	EUR	1,219,964	EUR	109,361	EUR	1,377,871	EUR
CA Immo Investment Management GmbH	Vienna	100,000	EUR	100	- 32	EUR	35	EUR	- 72	EUR	67	EUR
CA Immo ProjektentwicklungsgmbH in liquidation	Vienna	72,500	EUR	100	- 108	EUR	1	EUR	- 4,080	EUR	- 3,912	EUR
CA Immo Rennweg 16 GmbH	Vienna	35,000	EUR	100	- 4,326	EUR	- 5,429	EUR	- 2,235	EUR	- 1,103	EUR
omniCon Baumanagement GmbH	Vienna	100,000	EUR	100	0	EUR	78	EUR	- 5	EUR	78	EUR

Information on participations 2014 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 2014

The CA Immo Group is an international real estate business based in Vienna. The Group, which comprises numerous companies, controls a significant number of properties in various jurisdictions. Its core field of expertise involves developing and managing modern and spacious office properties in Central and Eastern Europe. In regional terms, the company focuses on Austria, Germany, Poland, Hungary, the Czech Republic, Slovakia and Romania. Business activity in Germany is focused on the cities of Munich, Frankfurt and Berlin; in other countries, the main strategic emphasis is on the capital cities. The proportion of office properties stands at around 78% of the fully consolidated asset portfolio, a figure that is likely to rise. Aside from office properties, the Group's asset portfolio includes residential and logistics properties, hotels, speciality store centers and shopping malls. From the design and development of entire urban districts to the active management of investment properties, value is generated through a comprehensive value chain. As at 31 December 2014, the Group had around 355 employees in total (31.12.2013: 355). In business year 2014 CA Immobilien Anlagen AG itself employed 54 people in average compared to 52 people in 2013.

COMPANIES BY REGION

Number of subsidiaries ¹	31.12.2014	31.12.2013
Austria	24	30
- thereof Joint Ventures	0	0
Germany	95	106
- thereof Joint Ventures	15	13
Eastern Europe ²	108	127
- thereof Joint Ventures	30	31
Across the Group	227	263
- thereof Joint Ventures	45	44

¹ Joint ventures at property/project level

² Including companies established in connection with Eastern European investments

The parent company of the CA Immo Group is the Vienna-based listed company **CA Immobilien Anlagen Aktiengesellschaft**, whose main activity revolves around the strategic and operational management of domestic and foreign subsidiaries. The company has

branch offices in Austria, Germany, Hungary, the Czech Republic, Romania, Poland and Serbia; the Group also has offices in Cyprus and Ukraine. Each site acts as a largely autonomous profit centre. Other subsidiaries (without separate local teams) are present in Bulgaria, Croatia, Luxembourg, the Netherlands, Slovakia and Slovenia. Following of a wide-ranging programme of restructuring in Austria and Poland, the Group had a total of 227 subsidiaries in 17 countries as at 31 December 2014 (263 on 31.12.2013)¹.

Austria

The company's domestic properties are overseen in direct holdings of CA Immo. As at 31 December 2014, approximate property assets of € 245.3 m were directly held by CA Immobilien Anlagen AG (against € 268.5 m on 31.12.2013). At present, the Austria portfolio comprises purely investment properties.

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. The company's property assets mainly comprise properties under construction and undeveloped plots alongside a portfolio of properties intended for trading or sale. Investment properties are largely held in direct holdings and let and managed by **DRG Deutsche Realitäten GmbH**, a joint venture set up with the estate agent and property management firm **ÖRAG**. Construction management – which encompasses project monitoring, tendering, contract awarding, construction supervision and general planning – is carried out by CA Immo's German subsidiary **omniCon**, which also performs these services for third parties.

Eastern Europe: Active management of investment properties

The Group's portfolio of investment properties in Eastern Europe is directly held via CA Immo participating interests and via **Europolis GmbH** (formerly Europolis AG), another wholly owned subsidiary of CA Immo acquired from the Volksbank Group early in

¹ Includes holding companies in Cyprus, Luxembourg and the Netherlands and another company in Switzerland.

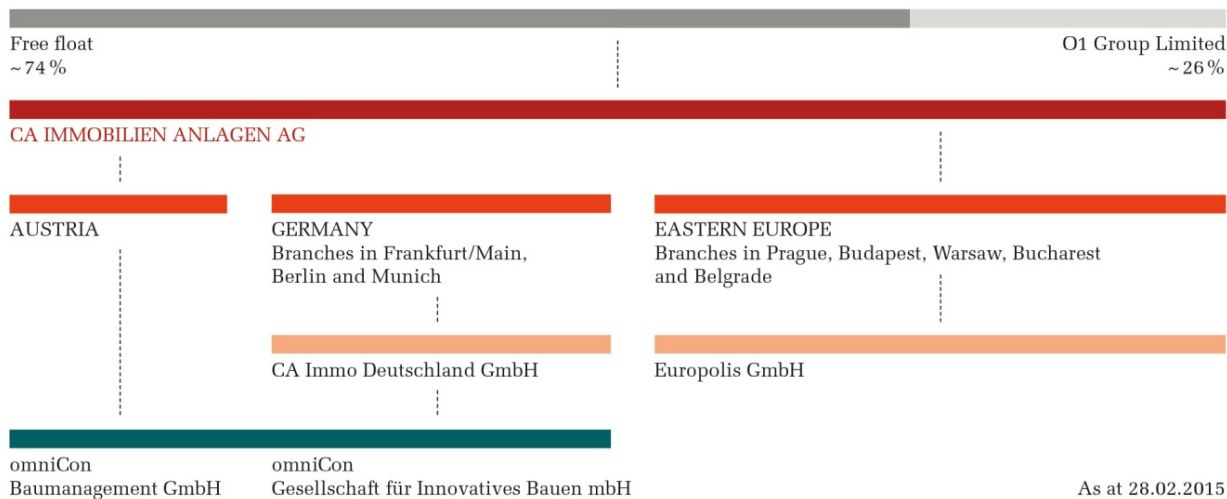
2011. The Europolis Group, which was established in 1990, focuses on class A commercial properties in Eastern Europe. The overall Europolis portfolio is split into four sub-portfolios. Reputable partners such as EBRD and Union Invest hold stakes from 25% to 49% in two of these portfolios. The properties are managed by **Europolis Real Estate Asset Management GmbH (EREAM)** of Vienna alongside a group of regional companies in Prague, Budapest, Warsaw, Bucharest and Belgrade trading as **CA Immo Real Estate Management**.

Eastern European development projects originally held in the **CA Immo New Europe Property Fund (CAINE)** – a project development fund structured under Luxembourg law as a SICAR (Société d'Investissement en Capital à Risque) – and three other investment properties have also been directly held by CA Immo

since early December 2014. The fund terminated at the end of 2013 when it was dissolved in a voluntary liquidation process. The Europolis portfolio also includes a small number of development projects and undeveloped plots in Poland, Hungary and Ukraine.

Until recently, CA Immo held 25% plus eight shares in the listed Vienna-based property developer UBM Realitätenentwicklung AG through one of its subsidiaries; this holding was successfully sold to PORR subsidiary PIAG Immobilien AG in the second half of 2014. The purchase price for the 1,500,008 bearer shares was € 36.0 m. Projects realised in partnership with UBM – the Polezki Business Park in Warsaw and Airport City in St. Petersburg – are unaffected by the transaction.

GROUP STRUCTURE



ECONOMIC ENVIRONMENT

The economic trend¹⁾

In 2014 the global economy was characterised by geopolitical instability, and thus volatility. In particular, the effect of sanctions against Russia was felt by the economies of Western Europe. Here economic woes were intensified by the rapid drop of the oil price and the rouble, the flare-up of the debt crisis in Europe and the end of the Federal Reserve's bond purchase programme in the USA. According to the International Monetary Fund (IMF), however, the mood around the world is set to change in 2015 with the economies of Europe in particular experiencing a modest upturn. The economic prospects in the eurozone have indeed brightened since mid-January 2015. The pressure of the austerity policy will ease in future, leaving greater scope for economic growth.

Review of the core markets in 2014²⁾

Growth in the eurozone amounted to 0.8% in 2014, with the EU as a whole achieving 1.3%; both figures are below expectations for the first half of 2014. In 2015 eurozone growth should improve marginally to 1.1%, with the EU returning 1.5% (the values also fall short of the 2014 spring forecast of 1.7% and 2% respectively). A budget deficit of 2.6% is expected for the eurozone (overall EU: 2.7%). The total average national debt for the eurozone stood at 92.1% (EU: 86.6%).

Economic growth in Austria was 0.7%, below the spring target of 1.6%; the Austrian economy grew by 0.3% (real value) in 2014. In spite of low interest rates, companies are still reluctant to invest as the income and private consumption trend remains subdued. The inflation rate in Austria stood at 1.5% in 2014, and is likely to remain at this low level in 2015 owing to the falling oil price. Compared to the general price trend in 2014 for the eurozone (0.5%) and the EU (0.6%), Austria is thus well above average. The 2014 unemployment rate of 5.3% (forecast for 2015: 5.4%) remains among the lowest in the EU.

The German economy was mainly driven by foreign trade, with the trade balance (seasonally and calendar adjusted) rising from € 16.9 bn in 2013 to € 21.8 bn in 2014. Gross domestic product also rose by 1.5%. In EU

comparison, Germany has the lowest unemployment rate at just 5.1%. The inflation rate in Germany has been hovering around the 0% mark, missing deflation by a hair's breadth at the end of the year. Debt in Germany as a percentage of GDP fell from 78.4% in 2013 to 74.8% in 2014.

Economic growth in Hungary amounted to a surprising 3.5% at the end of 2014, above the expected figure of 3.2%. The Romanian economy also performed well in 2014, recording GDP growth of 2.9% in place of the predicted 2.5%. Gross domestic product in Poland grew by 3.0% in 2014, slightly below the forecast of 3.3% at the start of the year. In the Czech Republic, the economy expanded by 2% in 2014, well below the forecast figure of 2.6%. The unemployment rate in the CEE nations is higher than that for the rest of the EU; it stands at 8.0% in Poland, 5.8% in the Czech Republic, 9.3% in Hungary and 7.1% in Romania.

The inflation rates in CEE countries remained below the respective targets. In yearly comparison, the inflation rate in Poland was 1.3% at the end of January 2015; the interest rate is therefore expected to fall by possibly 2% as things stand. The price trend in Hungary was -1.4% in January 2015, implying scope for an interest rate reduction of 2.1% at present. The inflation rate in the Czech Republic was 0.1% above the previous year's value in January 2015, and 0.4% above in Romania.

The money market and interest environment³⁾

Monetary policy was highly expansive in 2014 and characterised by the continuance of historically low interest rates. Around mid-year, the European Central Bank (ECB) cut base rates for the eurozone from 0.25% to 0.15% in two stages; in September the rate fell again to the record low of 0.05%. To make lending more attractive for banks, deposit rates remain negative at -0.20%. According to Eurostat, the rate of price increases in the eurozone was just 0.3% at the end of 2014, well below the 2% target set by the ECB. To counter the threat of deflation and support business, the ECB resolved in January 2014 to extend its programme of buying government bonds and other securities from eurozone countries up to a volume of € 60 bn. The 3 month Euribor, the interest reference rate for floating rate bonds, hit records lows of between 0.3% and 0.08% in 2014.

¹⁾ International Monetary Fund (IMF), World Economic Outlook, January 2015

²⁾ Eurostat Eurostatistics 01/2015 edition, EU Commission forecast for 17.02.2015, Raiffeisen Research, CEE Economics Q4 (16.2.2015)

³⁾ Sources: Eurostat, Central Statistical Offices, Bloomberg

The decline in the second half of the year continued into the opening weeks of 2015, with a new low of 0.05% confirmed. The 1 month Euribor actually briefly entered negative territory in January 2015. Yields on government bonds from eurozone countries and corporate bonds with good credit ratings also reached historic lows in 2014.

Currencies ¹⁾

The ECB's monetary policy measures led to a weakening of the single European currency in 2014, especially

against the US dollar. The Polish and Hungarian currencies displayed greater volatility around the end of 2014 and the start of 2015: EUR/PLN was trading between 4.15 and 4.38, while the EUR/HUF fluctuated between 305 and 323. The currencies of the CEE nations declined in value after the Swiss National Bank abruptly abandoned its minimum exchange rate of 1.20 francs to the euro on 15 January 2015; the bank quickly compensated for these losses, however.

¹⁾ Sources: European Central Bank, Central Statistical Office, Bloomberg

ECONOMIC DATA OF CA IMMO CORE MARKETS

	Growth rate of the real GDP ¹⁾		Annual inflation rates ²⁾	Rate of unemployment ³⁾	Employment rate YoY ⁴⁾	Gross public debt ⁵⁾	Trade balance ⁶⁾
	2014	2015	in %	in %	in %	in % of GDP 2014	in € bn
EU –28	1.3	1.5	0.9	10.0	0.9	86.6	7.6
Euro zone –18	0.8	1.1	0.8	11.5	0.6	92.1	24.0
AT	0.7	1.2	1.1	5.3	0.7	80.7	90.6
GER	1.3	1.1	0.19	5.1	0.9	74.8	15.6
PL	3.0	2.8	-0.89	8.0	1.9	48.6	-1.4
CZ	2.0	2.7	0.08	5.8	0.5	43.8	0.4
HU	3.5	2.5	-0.9	9.3	3.7	80.3	-0.3
RO	2.9	2.4	1.0	6.5	-0.3	38.1	0.1

Source: Eurostat, Bloomberg

¹⁾ Forecast, Change versus prior year (in %); ²⁾ by January 2014; ³⁾ by December 2014 (seasonally adjusted); ⁴⁾ by third quarter 2014; ⁵⁾ as a percent of GDP 2014

⁶⁾ January to November 2014 (not adjusted for seasonal variation)

Outlook ²⁾

In view of the present economic situation and the development of the inflation rate in the eurozone, we expect the base rate to remain at an historic low in 2015. The decision by the ECB to extend its bond purchase programme, together with the investment programme that the European Commission unveiled in November, which should release investment of at least € 315 bn for strategic infrastructure projects over the next three years, will benefit the economy. With the steep fall in the oil price having slowed the rate of price increases in 2014, the EU Commission expects the inflation rate to fall further, and actually anticipates a deflationary trend for 2015.

According to experts, the CEE nations should benefit from more vigorous domestic demand and increased investment activity in 2015, with growth averaging 2.5% this year (twice as strong as that in the eurozone). With GDP expanding by 3.1% in 2015, Poland is likely to remain the fastest growing member of the CEE region. Growth of 2.4% is expected for the Czech Republic in 2015, with Hungary expanding by 2.3% and Slovakia achieving 2.5% growth. With government expenditure likely to decrease, the Hungarian economy will grow at a slower rate.

²⁾ Sources: European Central Bank, Central Statistical Office, Bloomberg

THE REAL ESTATE MARKET IN AUSTRIA ¹⁾**The investment market**

The volume invested in commercial real estate during the fourth quarter of 2014 (€ 700 m) was lower than the figure for the comparable period of 2013 (€ 800 m). Retail properties accounted for 33% of transactions, followed by office properties with 32%. The total investment volume of € 2.8 bn in 2014 exceeded the 2013 level (€ 1.75 bn) by 60%. The peak yield on office properties stood at 4.6% in quarter four, marginally down on the previous quarter (4.65%). Yields in good locations were very slightly lower (5 bps) than those for quarter three (5.25% compared to 5.30%). During the fourth quarter, the proportion of domestic investors rose from 25% (in Q3) to 73%. Investors from Russia were responsible for around 14% of investments, with German investors accounting for approximately 13%. In view of current market trends, it is likely that the interest of foreign investors will grow, leading to large-scale transactions in 2015.

The office property market

The stock of premises on the Viennese office property market expanded only marginally in 2014 to the current level of approximately 10.83 million sqm (10.81 million sqm in 2013). The main reason for the stability of the total portfolio was the relatively low completion volume. The main project completions in Vienna included the ÖBB Tower at the new main station and new properties for the office district of Wienerberg. Lettings performance of 43,000 sqm in the fourth quarter of 2014 was 52% below the result for the third quarter (90,000 sqm). However, total lettings performance in the second half (133,000 sqm) was much stronger than in the first six months (77,000 sqm). In 2014, 80% of all completions were pre-let, a trend that is expected to continue in 2015. The vacancy rate was stable at 6.6% on account of the low completion volume in 2014 and the continuing demand for office space. The prime monthly rent in Vienna in the final quarter of 2014 was unchanged at € 25.75/sqm, a trend expected to continue in 2015. Rents in good and average locations varied somewhat, with both rising steadily since early 2014 to stand at around € 15.00/sqm per month in good locations and € 13.50/sqm per month in average locations by the fourth quarter.

¹⁾ Sources: CBRE: Austria Investment MarketView Q4 2014, Vienna Office MarketView Q4 2014, MarketView EMEA Rents and Yields Q4 2014

OFFICE MARKET DEVELOPMENT IN VIENNA

	2014	2013	Change in %
Take up in sqm	210,000	295,000	- 28.8
Vacancy rate in %	6.6	6.6	+/- 0.0
Peak rent in €/sqm net exclusive	25.75	25.25	+2.0
Prime yield in %	4.60	4.75	- 3.16

Sources: CBRE: Austria Investment MarketView Q4 2014, Vienna Office MarketView Q4 2014

Note: floor space turnover includes owner-occupier transactions

THE REAL ESTATE MARKET IN GERMANY ²⁾**The investment market**

Approximately € 20.3 bn was invested in office properties in Germany during 2014, with € 7.3 bn of this invested in the final quarter. This represents 51% of the total German investment market for commercial real estate (up 32% on the previous year). Over the past 10 years, the average transaction volume in Germany has risen by a third every year. The proportion of foreign investors in Germany has increased from 25% to almost 39%.

The proportion of investment in office properties in the overall investment volume doubled between 2010 and 2014. In Berlin, € 2.3 bn was invested in office properties (64% of the total Berlin investment market); in Düsseldorf the figure was € 1.2 bn (63%) and in Munich € 3.7 bn (34%). The highest proportion of investment in offices was reported in Frankfurt (€ 3.9 bn or 77% of the total volume). In response to high demand for investment, the peak yield in Munich declined on the previous year to 4.30% (compared to 4.55% in Berlin and 4.6% in Frankfurt).

The office property market ³⁾

Despite negative forecasts, office space take-up in Germany actually increased in comparison with 2013. The total volume of turnover was 3.0 million sqm (up 30% in quarter four), with a similar volume anticipated for 2015. Development was variable in the main property centres,

²⁾ Sources: Jones Lang LaSalle: German Investment Market Q4 2014; CBRE: MarketView Deutschland Investment Quarterly Q4 2014; MarketView European Investment Quarterly Q4 2014

³⁾ Jones Lang LaSalle: Office Market Overview BIG 7 4Q 2014; CBRE: German Investment Quarterly MarketView Q4 2014, MarketView, Office Market Frankfurt, Berlin MarketView Q4 2014, MarketView EMEA Rents and Yields Q4 2014

however. With floor space turnover of 616,600 sqm, Berlin recorded a rise of 35% compared to 2013, while turnover in Düsseldorf fell by 22% to 324,000 sqm. Floor space turnover for the five other core cities lay between these levels, with Hamburg, Stuttgart and Munich improving on the previous year. The volume of new building increased by a moderate 11% to 998,000 sqm in 2014. Of the premises completed in 2014, 80% were pre-let or owner-occupied.

Total vacancy in the seven core cities reached a low of 7.6% (6.81 million sqm) in 2014, dropping below the seven million sqm threshold. Stabilisation at this level is expected in 2015. Demand for office space led to a marginal rise in peak rents in inner city areas of Hamburg, Cologne, Frankfurt, Munich, Stuttgart and Berlin. The aggregate peak rent rose by 0.6% in 2014; the only decrease (of 5.5%) was reported in Düsseldorf. Average rents also rose by 2%, with similar results expected for 2015.

Office space take-up in **Munich** totalled 641,000 sqm in 2014, mainly thanks to a strong fourth quarter (214,800 sqm); a similar level is anticipated for 2015. In 2014, 204,000 sqm of new or redeveloped office space was completed. The office vacancy level stood at 6.6%, its lowest level since 2003. Compared to the same period of 2013, the prime monthly rent increased by € 1.50 to € 33.00/sqm in the fourth quarter of 2014. Rental rates are expected to climb further in inner city areas especially, where demand is high; the peak rental rate for prime office space should also rise.

Office space take-up in **Frankfurt** was approximately 378,100 sqm in 2014, below the 400,000-sqm level for the third time since 2004. This value is around 18% below the ten-year average, mainly because of the decision by many tenants to extend existing contracts rather than relocate. At the same time, the largest volume of newly built premises for more than a decade was completed in 2014 (approximately 300,000 sqm); 75% of new floor space was pre-let prior to completion. Partly due to various disposals of older portfolio buildings, the vacancy rate fell further to 10.4% in the final quarter of 2014; it is currently at its lowest level for over 10 years. The prime rent stabilized at € 35/sqm per month.

Office space take-up in **Berlin** reached the record level of 616,600 sqm in 2014 (up 35% on the 2013 figure of 455,000 sqm). Floor space turnover was approximately 219,000 sqm in quarter four of 2014. The vacancy rate fell to the low level of 7.7% in the final quarter thanks to the

rise in demand for office space. Vacancy was very low in all peripheral city areas. The average rent in this segment increased by 7.6% to € 13.70/sqm per month. The prime monthly rent is currently stable at € 22.00/sqm.

THE REAL ESTATE MARKET IN EASTERN EUROPE ¹⁾

The investment market

The investment volume in the CEE nations (excluding Russia) amounted to around € 7.9 bn in 2014, equivalent to growth of approximately 27% (€ 6.2 bn in 2013). Poland remained the leading regional market with an approximate share of 41% (€ 3.2 bn), followed by the Czech Republic (25%, € 2.0 bn), Romania (16%, € 1.3 bn), Slovakia (8%, € 0.6 bn) and Hungary (7%, € 0.6 bn). In the CEE countries, the office transaction market achieved a particularly strong result with € 3.7 bn, around 54% above the previous year's value of € 2.4 bn. There has been a significant increase in investment in the logistics sector, with the figure rising by some € 1.6 bn (35%) in year-on-year comparison.

Thanks to solid performance in 2014, **Poland** retained the primary focus of many institutional investors, even though its share of the total CEE transaction market fell from 70% in 2012 to around 41% in 2014 as countries of the region invested higher volumes – a promising trend for the whole region. The transaction volume in Warsaw, the most important investment market in Eastern Europe, expanded from € 913 m in 2013 to € 1.2 bn in 2014.

In the **Czech Republic**, the transaction volume rose to € 1.28 bn in the second half of 2014 (up 78% on the first six months and 52% on the same period of 2013). In 2014 **Hungary** recorded its highest transaction volume since 2007 at just over € 580 m. The investment volume in **Romania** was dominated by retail transactions (41%).

The office property markets ²⁾

Floor space turnover increased sharply in 2014 in three of CA Immo's four core cities (Prague, Budapest and Bucharest); the vacancy level fell further in Bucharest

¹⁾ SOURCES: Jones Lang LaSalle: CEE Investment Market Pulse/2014; CBRE: Property Investment MarketView Q4 2014

²⁾ Sources: Jones Lang LaSalle: Warsaw Office Market Profile Q4 2014, Warsaw, Bucharest and Budapest City Report Q4 2014, Prague Office Market Q4 2014; CBRE: Prague, Warsaw, Bucharest and Budapest Office MarketView Q4 2014, CZ Property Investment MarketView H2 2014, MarketView EMEA Rents and Yields Q4 2014

and Budapest. Prime yields remained at a stable level on the core markets of CA Immo. Bucharest was also stable at 7.75% in the fourth quarter after the prime yield rose by 50 bsp since the opening quarter of 2014.

Warsaw represents some 48% of the Polish office property market with total floor space of around 4.4 million sqm. The completion volume was 276,900 sqm in 2014, with a further 834,000 sqm due to follow by 2016. In 2014, 3% less office space (612,400 sqm) was let than in the previous year, although the final quarter of 2014 saw the strongest performance of the past four years with 190,700 sqm let. Between the third and fourth quarters of 2014, the vacancy rate declined by 0.5% to 13.3%; the reduction was mainly due to the low completion volume in the final quarter. The prime rent was € 25/sqm per month in central locations and € 15/sqm per month in peripheral districts. Given the extensive project pipeline, the peak rent level is likely to fall.

Lettings performance on the **Bucharest** office market exceeded 108,000 sqm in the fourth quarter, of which 65% was newly let. Lettings activity expanded by 20% in comparison with previous quarters. The completion volume in the fourth quarter stood at 41,200 sqm. Office space in Bucharest totalled 2.27 million sqm in 2014 and is expected to expand by 150,000 sqm in 2015. Floor space turnover was 315,000 sqm in 2014, a rise of 5% on the previous year. The vacancy rate fell from 15% at the start of the year to 13% at year end; it is expected to stand at 12% in 2015. However, there are big differences between the various submarkets. Vacancy in class A properties was just 6.2% thanks to strong demand for modern office premises with good transport connections, while the rate for B-class properties was 17.3%. The prime monthly rent in Bucharest amounted to € 18/sqm in the fourth quarter of 2014.

Office space take-up in **Budapest** rose from 396,000 sqm in 2013 to 465,600 sqm in 2014 (a rise of 17%). Lettings performance in the office sector expanded by 19% in 2014, a similar rate to that reported in 2013. The completion volume in 2014 was low at 68,200 sqm; 72% of the new premises were already let. Another 45,000 sqm of new office space is expected to be completed in 2015. The vacancy rate fell by 2.2 bsp in 2014 to stand at the current level of 16.2%, the lowest for six years. The fall in vacancy was steepest (5.5 bsp) among class B properties; among class A properties, the vacancy rate was generally constant. A further reduction is expected in

2015. The average prime monthly rent in Budapest currently stands at € 19-21/sqm.

In 2014 the office market in **Prague** recorded its strongest annual growth since 2009, and a 90% rise on the figure for 2013, with a completion volume of 148,900 sqm. The portfolio of office space in Prague thus broke through the three million sqm threshold. In total 15 new buildings came onto the market, nearly all of which were aimed at the upscale market segment. Lettings performance in 2014 was up 32% on the 2013 figure at 331,900 sqm. The vacancy rate in the final quarter was 15.3%, with variation across individual submarkets. Vacancy amounts to 20.7 % in Prague, with 14.3% of office space vacant in inner city areas and just 13.5% standing empty in outlying areas. In 2015 the vacancy level in Prague is expected to reach the provisional high of 16%. Prime monthly rents in the city stand at € 18.50-19.50/sqm, with the inner city figure at € 15.00-17.50/sqm and peripheral areas commanding € 13.00-14.50/sqm.

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

CA Immo Group's property assets

As at key date 31 December 2014, CA Immo Group held property assets of € 3.6 bn. Of this figure, investment properties account for € 3.0 bn (84% of the total portfolio)¹⁾ and property assets under development represent € 0.6 bn (16% of total portfolio). Eastern Europe is now the biggest regional segment with a proportion of 41% of total property assets.

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

Portfolio of CA Immobilien Anlagen AG

Property assets directly held by CA Immobilien Anlagen AG represent a rentable effective area of 174,039 sqm (2013: 206,498 sqm). As at the balance sheet date, these assets comprised 13 properties (16 in 2013) in Austria with a market value of € 245,296 K (€ 268,500 K on 31.12.2013). This portfolio generated rental income of € 20,426 K in 2014 (€ 18,990 K in 2013).

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 11,740 sqm of floor space newly let or extended in 2014. Contracts were also concluded for another 383 sqm or so of floor space that will be occupied in 2015. The economic occupancy rate in the asset portfolio rose to approximately 97% in yearly comparison (91% in 2013). The biggest tenants of CA Immobilien Anlagen AG are Österreichische Post AG and Robert Bosch AG.

Investments

The company invested € 4,438 K in its asset portfolio in 2014 (€ 11,301 K in 2013) while spending € 3,772 K on maintaining its investment properties (against € 1,532 K in 2013) and € 361 K (€ 18 K in 2013) for the preparation of development projects.

Disposals

As part of its portfolio streamlining, three investment properties with a value of € 14,492 were sold in 2014 (compared to five investment properties with a value of € 13,516 K in 2013). These sales generated total income of € 3,097 K (compared to € 11,327 K in 2013).

Development projects

There were no current development projects as at 31 December 2014.

COURSE OF BUSINESS FOR CA IMMOBILIEN ANLAGEN AG

Results

Rental income improved by 7.6% (from € 18,990 K to € 20,426 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 € 5,949 K to € 6,083 K. Overall this led to a 6% increase in gross revenues from € 24,939 K to € 26,509 K.

Other operating income lowered by 16% from € 16,324 K to € 13,786 K in yearly comparison owing to less property sales compared to the previous year. Other operating income also includes management fees charged to subsidiaries, cost allocations and insurance proceeds.

Primarily as a result of salary adjustments, staff expenses increased by 12% from € 7,551 K in 2013 to € 8,447 K as of 31.12.2014.

Comparing the two periods, depreciation of tangible assets increased by 8% to € 8,355 K (€ 7,768 K in 2013), owing to the recognition of the Silbermöwe office property which was completed in September 2013 for the entire financial year.

Primarily caused by demolitions of hall buildings on the Lände 3 area (part B) and an increase of operating expenses charged to the tenants and maintenance expenses as well as from general administrative expenses – particularly legal, auditing and consultancy costs, other operating expenditures rose by 89% to € – 27,995 K (€ – 14,778 K in 2013). Taxes (also included in this item) comprise primarily corporate income tax of € 1,134 K (€ 0 K in 2013) for the contingent capital increase owing to the exercising of conversion rights by owners of the 4.125% convertible bond for 09-14.

In overall terms, the developments outlined above brought about a significant decline in operating profit (from € 11,166 K as at 31 December 2013 to € – 4.502 K on 31 December 2014).

The company received total income from investments of € 322,808 K (€ 95,809 K in 2013) via subsidiary dividend payouts. Of this figure, € 321,343 K (2013: € 75,599 K)

was generated in Austria and € 1,465 K stems from Germany, Eastern Europe and various interim holdings for investments in Eastern Europe (2013: € 20,210 K). In 2014, this item was counterbalanced by expenses linked to financial assets and interest receivables on current assets of € – 263,022 K compared to € – 8,916 K in 2013, which mainly resulted from write-downs of shares in affiliated companies linked to dividend payments. Loans granted mainly to subsidiary companies produced interest income of € 21,112 K (€ 10,567 K in 2013). As of 31 December 2014, other interest and similar income stood at € 8,684 K (compared to € 16,451 K in 2013).

In a year-on-year comparison the lower income from financial investments (€10,466 K in 2014 compared to € 71,053 Tsd. € as of 31 December 2013) include investment appreciations in an amount of € 2,697 K (€ 47,231 K in 2013) and revenues from the repayment of loans above book value. In 2014, one Czech investment has been sold and a further participation in Luxembourg was has been liquidated.

'Interest and similar expenditure' accounted for € – 50,660 K versus € – 54,391 K in 2013. Driven by the repayment of the 6.125% bond 09-14 interest expenses for bonds decreased by 17% from € – 25,006 K in 2013 to € – 20,752 K on 31 December 2014. Expenses for derivative transactions recorded a decrease by 21% to € – 20,072 K (2013: € – 25,271 K); expenses for financing of real estate assets rose by 33% to € – 3,925 K (2013: € – 2,956 K). Interest costs in respect of affiliated companies increased to € – 5,909 K (€ – 1,151 K in 2013). Overall, the factors outlined above led to a significant decline in the financial result, from € 130,573 K in 2013 to € 49,388 K in 2014. Earnings before interest and taxes stood at € 44,886 K (against € 141,739 K in 2013). After taking account of tax revenue (essentially derived from the offsetting of Group charges) of € 4,234 K (2013: € 4,875 K), the annual net profit as at 31 December 2014 stands at € 49,120 K, compared to € 146,614 K on 31 December 2013. Taking into consideration profit brought forward from the previous year of € 186,833 K (€ 75,362 K in the previous year), the annual financial statements of CA Immobilien Anlagen AG show net retained earnings of € 235,953 K (€ 221,976 K in 2013).

Proposed dividend

At the Ordinary General Meeting to be held on 30 April 2015, the Management Board will propose payment of a dividend for business year 2014 of 45 cents per share, payable on 7 May 2015. This equates to a dividend yield

of around 2.9% in relation to the closing rate for 2014 (€ 15.50).

Cash flow

Cash-flow from operating activities (operating cash-flow plus changes in net working capital) stood at € 265,176 K in the past business year (€ 89,946 K in 2013). Cash flow from investment activities was € – 224.723 K (2013: € 69,620 K) and cash-flow from financing activities was € – 191,945 K (2013: € – 29,831 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 decreased from € 2,442,209 K as at 31 December 2013 to € 2,239,155 K as at 31 December 2014.

Fixed assets fell by 1,2% from € 2,188,889 K as at 31 December 2013 to € 2,162,474 K on 31 December 2014. As a proportion of total assets, the share of fixed assets amounted to 97% on 31 December 2014 (31.12.2013: 90%). Tangible fixed assets fell by 8,7% on the previous year's total to € 245,990 K (€ 269,393 K on 31.12.2013). As at the balance sheet date, the company's property assets comprised 13 properties in Austria with a market value of € 245,296 K (compared to 16 properties with market value of € 268.500 K on 31.12.2013). The decline in property assets was prompted by real estate sales at Klosterneuburger Straße 23-25, Zetschegasse 17 and Freilinger Straße – Marchtrenk. Financial assets fell to € 1,918,892 K (31.12.2013: € 1,930,682 K). The book value of shares in affiliated companies stood at € 1,915,851 K (31.12.2013: € 1,918,891 K). Book value of investments in affiliated companies was € 1,571,946 K (31.12.2013: € 1,754,754 K). Current additions were mainly the result of various shareholder subsidies. Disposals were mainly the result of the liquidation of the Luxembourg subsidiary CA Immo New Europe Propertay Fund S.C.A. SICAR of € 44,336 K.

Current assets declined from € 252,795 K as at 31 December 2013 to € 76,458 K on 31 December 2014. The main reason for the decline was the repayment of the 6.125% bond 09-14 with a nominal value of € 150 m. The item 'Other securities' contains own bonds repurchased from the market in 2011 with a book value of € 13,658 K and a nominal value of € 14,008 K. In the previous year this item also included repurchased own convertible bonds with a book value of € 19,397 K and a nominal

value of € 20,500 K. On 31 December 2014 the company has cash holdings of € 27,693 K (31.12.2013: € 179,184 K).

Balance sheet: liabilities

Shareholders' equity rose to € 1,809,132 K as at the balance sheet date (€ 1,680,874 K on 31.12.2013). The equity ratio on the key date was approximately 81% (31.12.2013: 69%). Equity covered 84% of fixed assets (31.12.2013: 77%). Provisions amounted to € 29,582 K, taking account of obligations arising from derivative transactions with an amount of € 15,195 K (31.12.2013: € 43,960 K). Liabilities

fell from € 691,500 K at the end of 2013 to € 397,562 K as at 31 December 2014 taking into account the discontinuation of the 6.125% bond and the conversion of the convertible. As at balance sheet date, the company has one outstanding bond, registered for trading on the unlisted securities market of the Vienna Stock Exchange. The bond provides unsecured financing for CA Immobilien Anlagen AG; it is on equal footing to all other unsecured financing of CA Immobilien Anlagen AG. The conditions of the bond do not provide for any relevant financial covenants.

DEVELOPMENT OF SHAREHOLDERS' EQUITY

€ 1,000	31.12.2013	Capital Increase	Dividend payments	Annual result	Release of capital reserves	31.12.2014
Share capital	638,714	79,623	0	0	0	718,337
Tied capital reserves	820,184	34,658	0	0	0	854,842
Retained earnings	0	0	0	0	0	0
Net profit	221,976	0	-35,143	49,120	0	235,953
Total equity	1,680,874	114,281	-35,143	49,120	0	1,809,132

SHAREHOLDER STRUCTURE AND CAPITAL DISCLOSURES (INFORMATION PROVIDED UNDER SECTION 243A UGB (AUSTRIAN COMMERCIAL CODE))

Owing to the exercising of conversion rights by owners of the 4.125% convertible bond for 09-14, the company's capital stock increased during the reporting year by a total of € 79,623,046.52, from € 638,713,556.20 to € 718,336,602.72 (as at 31.12.2014) as a result of the issue of new shares from contingent capital. This was divided into four registered shares and 98,808,332 bearer shares each with a proportionate amount of the capital stock of € 7.27. The shares trade on the prime market segment of the Vienna Stock Exchange (ISIN: AT0000641352).

In quarter four UniCredit Bank Austria AG – formerly the largest shareholder in CA Immo with roughly 16% of the capital stock – sold its 15,954,891 shares in CA Immo (including four registered shares, each of which entitles the hold to appoint one Supervisory Board member) to O1 Group Limited ('O1'). The purchase price was € 18.50 per share. The total volume of the transaction was € 295 m.

The registered shares which are now held by O1 Group Limited entitle to nominate one Supervisory Board member for each share; O1 has informed the company that it has no intention of utilising this right of appointment in

the foreseeable future. All members of the Supervisory Board have been elected by the Ordinary General Meeting. Transfer of registered shares requires the approval of the company. There are no preference shares or restrictions on ordinary shares of the company issued prior to 31 December 2014.

O1 Group Limited is a private holding company based in Cyprus which focuses on strategic investments and asset management in various sectors (including real estate, industry and financial services). The holdings also include a majority stake in O1 Properties, one of the most important owners of prime office real estate in central Moscow.

On 28 November 2014, O1 issued a voluntary partial public offer for another 9,735,276 bearer shares (approximately 10% of the capital stock) to the shareholders of CA Immo. The offer price (i.e. the price paid by O1 to UniCredit) was € 18.50 per share. The term of acceptance closed on 6 February 2015. The offer was accepted for a total of 40,790,659 bearer shares (approximately 41.28% of the total capital stock). Owing to oversubscription, declarations of acceptance could only be considered on a pro rata basis. The allocation quota stood at approximately 23.87%. Together with the shares acquired by

UniCredit, O1 has thereby amassed a proportion of 26% of the outstanding share capital of CA Immo.

The company is not aware of any other shareholders with a stake of more than 4% or 5%. The remaining shares of CA Immo (approximately 74% of the capital stock) are in free float with both institutional and private investors. Apart from O1 Group Limited, 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.

At the 27th Ordinary General 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. As at 31 December 2014 the company itself did not hold any own shares. On 25 November 2014 CA Immo announced its intention to utilise the authorisation of the Management Board granted at the 27th Ordinary General Meeting on 8 May 2014 to acquire own company shares in line with article 65 subsection 1 line 8 of the Stock Corporation Act. Firstly, shares with a total value of up to € 20 m will be acquired via the Vienna Stock Exchange subject to a limit value of € 14.25 per share. On the basis of the current share price (€ 17.37 closing price on 17.3.2015), this equates to roughly 1.2% of capital stock. The repurchase will be carried to support the purposes permitted by resolution of the Annual General Meeting, and in particular to establish a currency for corporate and real estate acquisitions and raise demand for the CA Immo share on the Vienna Stock Exchange. The buyback programme started on 1 December 2014 and will end by 7 October 2016 at the latest.

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 conditions, 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. To secure conversion rights, contingent capital II

(article 159 of the Stock Corporation Act) of the same amount (€ 100,006,120) was approved.

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.

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. 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.

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.

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

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 Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft)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 management systems. Internal Auditing, an independent division, 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 obligatory at all levels of the company. The aim is to identify and analyse both potential opportunities and hazardous developments at an early stage. The Management Board is involved in all risk-relevant decisions and bears overall responsibility for such decisions. At all 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 incorporates 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 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. The legal department is responsible for monitoring debate on legal policy at European and local level to ensure compliance; it is also responsible for overseeing legal disputes. The company also evaluates specific risks at regular intervals, focusing on content, effect and likelihood of occurrence.

Overall assessment of opportunities and risks

CA Immobilien Anlagen AG is subject to all risks typically associated with the acquisition, development, management and sale of real estate. These include general market fluctuations linked to the economic cycle, delays and budget overruns in land development, project realisations and redevelopments and risks linked to financing and interest rates. By valuing participating interests, these risks can also impact the company's annual accounts.

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

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. Competent local management teams are responsible for implementing and monitoring the IMS; the managing directors of the subsidiaries are required to perform self-checks in order to assess and document compliance with 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, the full CA Immo Management Board and (at least once a year) the Supervisory Board. 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.

STRATEGIC RISKS

Portfolio structure, concentration (cluster) risk

Risk potential increases where investments lead to overrepresentation of a particular region in the overall portfolio. CA Immo counters **market risk** by spreading its portfolio across various countries. Following on from the sales of 2013 and 2014 (partial sale of Tower 185, sale of the Hesse portfolio and non-core properties), regional distribution in the portfolio almost matches the desired level of 40% for both Eastern Europe and Germany and 20% for Austria. Germany remains the biggest single market of CA Immo. The aim here is to maintain property assets of € 250-300 m per core city to uphold consistent market relevance. For **single investments**, CA Immo defines concentration risk as a limit value of 5% of the total portfolio. At present, no properties in the portfolio ex-

ceed this limit value. The sale of the Hesse portfolio has served to reduce concentration risk in respect of **individual tenants**. At present, the top 10 tenants are generating some 22% of rental revenue. Accounting for an approximate share of 6% of total rental income, PricewaterhouseCoopers is the largest single tenant in the portfolio at present. The high **capital commitment** is raising the general risk level as regards land reserves and land development projects; for this reason, the sale of non-strategic land reserves is planned for 2015 as land development projects are accelerated and partners are involved at an early stage. The future development volume is indicated at approximately 15% of the equity of the CA Immo Group.

PROPERTY-SPECIFIC RISKS

Risks linked to the market environment

The level of revenue that the Group can earn from real estate is heavily dependent on the liquidity of real estate investment markets. Under certain conditions, **real estate values** can be subject to substantial fluctuation caused by falling real estate prices, lack of financing, falls in demand and so on. A poor market climate, legal provisions and contractual regulations can impair the ability of CA Immo to sell specific properties with a view to strategically adjusting its real estate portfolio.

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. Continual monitoring of the portfolio and specific portfolio management enable the company to respond quickly to economic and political events.

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. In the Eastern European states in particular, there are considerable political risks that could potentially have major negative effects on **property valuation**. The political situations in Hungary, Russia and Ukraine, for instance, are already adversely affecting the real estate market. Many factors that can lead to unfavourable developments are outside of CA Immo's control. These include changes to available

income, economic output, interest rates and tax policy. Economic growth, unemployment rates and consumer confidence also influence the supply and demand of real estate at a local level, which in turn can affect market prices, rents and occupancy rates while adversely affecting the value of properties and associated income. Changes in value will continue to represent a significant risk in 2015.

Political and economic trends in the countries in which CA Immo is active also have a significant impact on **occupancy rates** and rent losses. In like-for-like comparison, lettings were relatively stable on the core markets of CA Immo in 2014. As at 31 December 2014, the Group vacancy rate for the investment portfolio stood at 9.3%. Vacancy for the core segment of office properties amounted to 9.8% on the key date. The sale of more fully let properties could adversely affect vacancy levels further. The market value of a property is affected where the Group is unable to extend a rental agreement due to expire under favourable conditions or find (and retain for the long term) suitably solvent tenants. The creditworthiness of a tenant, especially during an economic downturn, may diminish over the short or medium term, which can affect rental revenue in turn. In critical situations, the Group can opt to cut rents in order to maintain an acceptable occupancy rate. 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 45% 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. Many of the Group's lease agreements contain stable value clauses, usually taking account of consumer price indices for particular countries. The level of revenue from such rental contracts and new lettings depends heavily on the inflation trend (**sustainable value risk**).

The Group's portfolio also includes **shopping malls and specialist retail centres** whose operation involves certain risks. Poor running of the centre, inadequate corporate management of tenants, declining footfall and increasing competition can force rental rates down and lead to the loss of key tenants, which leads to rent losses and problems with new lettings. The CA Immo portfolio also includes **hotels**, some of which are operated on the company's own account (to that extent, the Group bears the

economic operator risk in full). For this reason, the Group's earnings situation also depends on the quality of hotel management and the development of hotel markets.

As regards letting real estate, the Group is exposed to **competition** from local and international investors (real estate companies, project developers and owners) on all markets. Rent levels are under pressure on many markets; competition for reputable tenants between real estate investors is intense and could get stronger still. To remain attractive to tenants, CA Immo could be forced to accept rental rates lower than those forecast.

Where the attractiveness or potential usage of a **location** is incorrectly assessed, it may prove difficult to let a property in full or at the rent level predicted. This can have a long-term effect on profitability. To ensure a property remains attractive to tenants and appropriate revenue is generated over the long term, its condition and **technical attributes** must be maintained and improved, which can entail significant costs for the company.

Risks associated with sales transactions

Sales in 2013 and 2014 (such as those of the Hesse portfolio, Tower 185, Skyline Plaza, BelsenPark and Lipowy) can give rise to risks linked to contractual agreements and assurances. These might be based on 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

Costs are generally sustained at the early stages of real estate development projects; revenue is not generated until the later phases of a project. Development projects are often associated with cost overruns and delays in completion that are frequently caused by factors beyond the control of CA Immo. This can adversely affect the economic viability of individual projects and lead to contractual penalties and compensation claims. If no suitable tenants are found, this can produce vacancy after completion. CA Immo takes various steps to keep such risks largely under control (cost monitoring, variance analyses, long-term liquidity planning, and so on). Projects are only launched subject to appropriate pre-letting (40-60% in Germany for example, depending on location).

All projects are being implemented within their approved timeframes and budgetary frameworks.

GENERAL BUSINESS RISKS

Legal risks

The companies of the Group become involved in **legal disputes**, both as plaintiffs and as defendants, in the course of normal business activity. Legal cases are heard in various jurisdictions. In each case, different procedural law means that competent courts are not always equally efficient; moreover, in certain cases the complexity of issues in dispute can make for protracted proceedings or lead to other delays. CA Immo believes it has made sufficient financial provisions for legal disputes. At present, no lawsuits or arbitration proceedings that could threaten the Groups' or the parent company's survival are imminent or pending. Provisions were formed, depending on the likelihood of a claim being asserted.

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 of the CA Immo Group.

Organised crime, and particularly fraud and extortion, is a general risk to commercial activity. Many countries continue to perform very poorly in combating **corruption**. Such illegal activity can lead to considerable financial repercussions and negative publicity.

Taxation risk

On the markets of Eastern Europe especially, CA Immo is subject to uncertainty linked to taxation systems with provisions that are frequently amended and adapted, leading to high expenses for the Group. Exceptional tax rises are 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.

Partner risks

In Germany in particular, CA Immo is involved in numerous development projects with partners and is thus dependent on those partners to a degree (**partner risk**). Part of the portfolio of investment properties in Eastern Europe is jointly held by the European Bank for Reconstruction and Development (EBRD) and Union Investment Real Estate GmbH. CA Immo is party to a co-

investment agreement here, whereby various obligations and restrictions are imposed on investors. This can influence the value of investments; moreover, the Group is exposed to credit risk in respect of its counterparties. Depending on the agreement in question, CA Immo could also bear joint liability for costs, taxes and other third-party claims with its co-investors and, where a co-investor opts out, be forced to accept liability for their credit risk or share of costs, taxes or other liabilities.

The Group outsources some real estate management tasks and other administrative duties to third parties outside the company. In the process of transferring administrative tasks, it is possible that knowledge of managed properties and administrative processes can be lost, and that CA Immo could prove incapable of identifying and contractually committing suitable service providers within the necessary timeframe.

Environmental risk

Environmental and safety regulations serve to standardise active and latent obligations to remediate contaminated sites, and complying with these provisions can entail considerable investment expenses and other costs. These obligations may apply to real estate currently or formerly owned by CA Immo, or currently or formerly managed or developed by the company. In particular, the provisions cover contamination with undiscovered harmful materials or noxious substances, munitions and other environmental risks such as soil pollution, etc. Several regulations impose sanctions on the discharge of emissions into air, soil and water: this can make the Group liable to third parties, significantly impact the sale and letting of affected properties and adversely affect the generation of rental revenue from such properties. Natural disasters and extreme weather conditions can also cause considerable damage to real estate. Unless sufficient insurance is in place to cover such damage, this can have an adverse impact. 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 satisfied while the usage of environmentally unsound products is ruled out.

FINANCIAL RISKS

Liquidity, investment and refinancing risk

(Re)financing on the financial and capital markets is one of the most important considerations for real estate companies. CA Immo requires loan capital to refinance existing loans and to finance development projects and acquisitions in particular. In effect, therefore, the company is dependent on the readiness of banks to provide additional loan capital and extend existing financing agreements under acceptable terms. Market conditions for real estate financing are constantly changing, and deteriorated significantly during the financial and economic crisis in particular. In Hungary especially, financing for real estate projects is very difficult to secure at present. The attractiveness of financing alternatives depends on a range of factors, not all of which can be influenced by the Group (market interest rates, level of necessary financing, taxation aspects, required securities and so on). This can significantly impair the ability of the Group to raise the completion level of its development portfolio, invest in suitable acquisition projects or meet its obligations arising from financing agreements. The refinancing requirement on existing loans is approximately € 294 m in 2015, with Austria and Germany accounting for some € 164 m of this and approximately € 130 m in Eastern Europe. Although the CA Immo Group has a sufficient level of liquidity as things stand, we must take account of restrictions at individual subsidiary level; access to cash and cash equivalents is limited owing to obligations to current projects and 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 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. Where these requirements are violated or default occurs, the relevant contractual partners are entitled to accelerate financing and demand immediate repayment. This could impel the Group to sell real estate or arrange refinancing under unfavourable terms. CA Immo does not rule out financing future business activity by issuing more shares (**equity-based financing**). If investors cannot be found to invest in real estate company shares owing to their assessment of the market and the risk profile, it may be difficult for the Group to raise any more equity at all, let alone equity under acceptable conditions. This would necessitate a change of strategy.

CA Immo has fluctuating stocks of cash and cash equivalents which the company invests according to its particular operational and strategic needs and objectives. In some cases, an **investment** may take the form of listed securities or funds, which are subject to a higher risk of loss.

CA Immo counters risk of this kind by continually monitoring covenant agreements and effectively planning and securing liquidity. The financial consequences of strategic aims are also taken into account. This also ensures the Group can meet unexpected cash-flow requirements. To this end, various liquidity deployment measures have been identified and successfully implemented in some instances. 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. 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 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. In its financing, CA Immo opts for a mix of long-term fixed-rate and floating-rate loans; the latter are not entirely secured by means of derivative financial instruments. However, CA Immo continually undertakes hedging transactions, particularly to hedge against **interest rate changes** and associated fluctuations in its financing costs. Hedging transactions of this kind may prove to be inefficient or unsuitable for achieving targets; they may also result in losses that affect earnings. Moreover, the **valuation of derivatives** can impact negatively on profits and shareholders' equity. The extent to which the Group utilises derivative instruments is guided by assumptions and market expectations in respect of the future interest level, and especially the 3 month Euribor rate. Should these assumptions prove incorrect, the result can be a significant rise in interest expenditure. Continual monitoring of the

interest rate risk is therefore 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 is active on a number of markets outside the eurozone, the company is subject to various currency risks. Where rents are payable in currencies other than the euro on these markets and cannot be fully adjusted to current exchange rates in time, incoming payments may be reduced by exchange rate changes. Where expenses and investments are not transacted in euros, exchange rate fluctuations can impair the payment capacity of Group companies and adversely affect the Group's profits and earnings situation. CA Immo counters such risk in that foreign currency inflows are generally secured by pegging rents to the euro; no significant and direct currency risk exists at present. The pegging of rents affects the creditworthiness of tenants and thus produces an indirect currency risk that can result in payment bottlenecks and loss of rent. 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. Due to the repayment of CZK loans which was caused by disposals by the end of 2014 the currency risk on the liabilities side is no longer relevant. 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 INSTRUMENTS¹

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.

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

THE COMPANY'S FUTURE DEVELOPMENT

While 2015 may well see more of the geopolitical instability of 2014, there are signs of a continuing economic recovery in Europe. The bond purchase programme initiated by the ECB in January 2015 and the European Commission's programme of investment in strategic infrastructure projects published last November should provide further economic momentum. As was the case last year, we are working on the assumption that the core markets of CA Immo will remain stable, and that real estate market conditions in Germany will remain highly positive. The presently advantageous financing environment will continue to define the real estate sector in 2015.

Strategy

With key milestones in the programme of strategic measures for 2012 to 2015 having been implemented early, the focus for the CA Immo Group now switches back to raising value through growth. The company's healthy balance sheet and equity ratio of over 50 % is strengthening the organic growth area of real estate development, which will continue to revolve around the German market. Transferring in-house developments to the asset portfolio constitutes a major competitive advantage for CA Immo, securing access to high quality real estate with long-term cash flow. To consolidate the competitive position of the company on existing core markets, the potential for realising value from sites through investment is continually reviewed.

Further sales of non-strategic real estate, which are synchronised with new investment, will supplement the ongoing optimisation of the real estate portfolio and the expansion of the proportion of office properties as key tools for raising operational profitability. As in the last two years, currently high levels of liquidity on real estate investment markets should provide a promising climate for planned sales.

Development

We will continue to push ahead with the development of core office properties in Germany as a driver of organic expansion. Around € 150-200 m will be invested in current development projects during 2015.

Routine business

In like-for-like comparison, rents levels are expected to be generally stable. The completion and incorporation of new developments will make up for rent losses from property sales. Further optimisation of the financing

structure and the associated reduction in interest expenditure should boost the long-term earning power of the Group.

Financing

In view of the present economic situation and the development of the inflation rate in the eurozone, we expect the interest rate to remain at an historic low in 2015. Given the quality of the portfolio and the strong balance sheet indicators, we expect the availability of financing with outside capital, both for the refinancing of investment properties and for the financing of development projects, to remain positive. The environment for bank financing will remain competitive, especially in Germany. The positive conditions should enable us to reduce the Group's average financing costs still further. For more information and details, please refer to the 'Financing' section.

Our expectations are based on certain assumptions regarding general and specific conditions. Key factors that may influence our business plans for 2015 include:

- Economic developments in the regions in which we operate and their impact on demand for rental premises and rental prices.
- The general progression of interest rates.
- The financing environment as regards availability and the cost of long-term financing with outside capital and, accordingly, the development of the market for real estate investment, price trends and their impact on the valuation of our portfolio. The speed at which planned development projects are realised will also depend largely on the availability of necessary external loan capital and equity.
- Political, fiscal, legal and economic risks; the transparency and development level on our real estate markets.

RESEARCH AND 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 2015:

In February 2015, the acceptance period for the voluntary partial public takeover offer by O1 Group Limited to the shareholders of CA Immobilien Anlagen AG ended. The offer was accepted for a total of 40,790,659 bearer shares, which corresponds to approximately 41.28% of CA Immo's total share capital and voting rights. The allocation quota stood at approximately 23.87%. Together with the shares acquired from UniCredit, O1 therefore holds 26% of CA Immo's total share capital and voting rights.

At the same time CA Immo issued a new corporate bond with a total volume of € 175 m (division into shares per nominal amount of € 500) and a term of seven years. The subscription period for the partial bonds for 2015-2022 extended from 12 February to 16 February 2015 for private investors in Austria. The value date for the transaction was 17 February 2015. The interest rate stood at 2.75%. Interest is paid annually for a period starting on 17 February 2015 (inclusive) and ending on the day before maturity (16 February 2022). Interest is payable retroactively on 17 February of each calendar year, with the first payment on 17 February 2016. Unless fully or partially repaid or acquired and devalued sooner, the partial bonds will be repaid at the nominal amount on 17 February 2022. The net proceeds from the issue of the partial bonds will be used for potential acquisitions, the optimisation of existing financing, the cancellation of existing interest-rate hedges and other general corporate purposes. The joint lead managers in the transaction were Erste Group Bank AG and UniCredit Bank Austria AG. The bond is admitted to trading on the Semi-official Market (Geregelter Freiverkehr) of the Vienna Stock exchange (ISIN AT0000A1CB33).

In March CA Immo and O1 Group Limited announced to jointly launch a partial voluntary tender offer to the shareholders of Immofinanz AG to acquire up to 150,893,280 bearer shares that correspond to approximately 13.5% of the total issued shares in Immofinanz AG (i.e., including treasury shares) or approximately 15.0% of the outstanding shares in Immofinanz AG (i.e., excluding treasury shares). All documents related to this voluntary partial offer are subject to prior clearance by the Austrian Takeover Commission and are expected to be published in March 2015.

Sales

In February, CA Immo sold two hotels in Czech Republic: Europort Airport Center, a hotel directly located at the Prague Airport with some 13,800 sqm gross floor area, and Diplomat Center in Pilsen, spanning some 10,000 sqm floor area. The sale of Europort Airport Center has already been closed, the buyer was a local investor.

The sale of two office towers at Airportcity St. Petersburg, which was contractually agreed in November 2014, was successfully closed in early March. For details of the transaction please see chapter Property assets.

In October, a purchase agreement for the sale of a logistics portfolio with a total area of approx. 467.000 sqm was successfully completed. The closing was in the beginning of February 2015. This transaction includes a logistic park in Romania (215.000 sqm), two investment

properties in Poland (252.000 sqm) and approx. 165 acres undeveloped property development, primarily in Poland and Romania. The properties were held by CA Immo in a joint venture with the European Bank of Re-construction and development (EBRD).

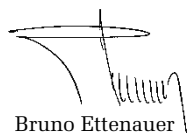
The sale of Europolis Park Budapest M1, a logistical property spanning some 69,000 sqm space, which was held as part of a joint venture with Union Investment, was closed in March.

Project development

In early March, the construction of 220 privately financed rental apartments and 141 parking spaces at the Vienna project area Lände 3 was contractually agreed. CA Immo is developing this project under the terms of a forward sale for a local investor. Start of construction is scheduled in the fourth quarter of 2015.

Vienna, 23 March 2015

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 2014 to 31 December 2014**. These financial statements comprise the statement of financial position as of **31 December 2014**, the income statement for the fiscal year 2014, 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 2014 and of its financial performance for the year from 1 January 2014 to 31 December 2014 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, 23 March 2015

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Helmut Kerschbaumer

ppa Mag. Christoph Erik Balzar

Wirtschaftsprüfer

Wirtschaftsprüfer

(Austrian Chartered Accountants)

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

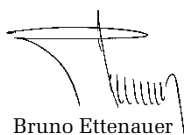
The financial statements together with our auditor's opinion may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

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, 23 March 2015

The Management Board



Bruno Ettenauer
(Chairman)



Florian Nowotny
(Member of the Management
Board)

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DISCLAIMER

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

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

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

