
FINANCIAL STATEMENTS
AS AT 31.12.2020

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FINANCIAL STATEMENTS AND MANAGEMENT REPORT

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Liabilities and shareholders' equity

	31.12.2020	31.12.2019
	€	€ 1,000
A. Shareholders' equity		
I. Share capital		
Share capital drawn	718,336,602.72	718,337
Treasury shares	– 42,020,868.99	– 42,021
	676,315,733.73	676,316
II. Tied capital reserves	854,841,594.68	854,841
III. Tied reserves for treasury shares	42,020,868.99	42,021
IV. Net profit	897,604,901.81	907,530
of which profit carried forward: € 814,501,632.53; 31.12.2019: € 860,827 K		
	2,470,783,099.21	2,480,708
B. Grants from public funds	389,554.00	297
C. Provisions		
1. Provision for severance payment	504,984.00	336
2. Tax provisions	114,000.00	1,240
3. Provision for deferred taxes	161,502.73	352
4. Other provisions	42,658,967.29	17,932
	43,439,454.02	19,860
D. Liabilities		
1. Bonds	1,741,481,500.00	990,000
of which convertible: € 200,000,000.00; 31.12.2019: € 200,000 K		
thereof with a residual term of up to one year: € 107,450,000.00; 31.12.2019: € 0 K		
thereof with a residual term of more than one year: € 1,634,031,500.00; 31.12.2019: € 990,000 K		
2. Liabilities to banks	111,133,536.70	111,908
thereof with a residual term of up to one year: € 1,847,500.00; 31.12.2019: € 29,571 K		
thereof with a residual term of more than one year: € 109,286,036.70; 31.12.2019: € 82,337 K		
3. Trade payables	946,555.43	636
thereof with a residual term of up to one year: € 607,967.42 ; 31.12.2019: € 472 K		
thereof with a residual term of more than one year: € 338,588.01; 31.12.2019: € 164 K		
4. Payables to affiliated companies	67,135,728.87	5,047
thereof with a residual term of up to one year: € 67,135,728.87; 31.12.2019: € 5,047 K		
5. Other liabilities	18,969,038.56	15,288
of which from taxes: € 451,862.43; 31.12.2019: € 381 K		
of which social security related: € 150,969.47; 31.12.2019: € 115 K		
thereof with a residual term of up to one year: € 18,969,038.56; 31.12.2019: € 15,288 K		
	1,939,666,359.56	1,122,879
thereof with a residual term of up to one year: € 196,010,234.85; 31.12.2019: € 50,378 K		
thereof with a residual term of more than one year: € 1,743,656,124.71; 31.12.2019: € 1,072,501 K		
E. Deferred income	5,972,967.52	6,163
	4,460,251,434.31	3,629,907

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2020

	€	2020 €	€ 1,000	2019 € 1,000
1. Gross revenues		30,228,013.76		28,883
2. Other operating income				
a) Income from the reversal of impairment losses of fixed assets except of financial assets	5,137,241.57		6,235	
b) Income from the reversal of provisions	304,431.37		1,562	
c) Other income	439,716.79	5,881,389.73	676	8,473
3. Staff expense				
a) Salaries	- 12,901,612.89		- 11,643	
b) Social expenses	- 2,486,336.31	- 15,387,949.20	- 2,327	- 13,970
thereof expenses in connection with pensions: € 274,523.26; 2019: € 264 K				
thereof expenses for severance payments and payments into staff welfare funds: € 324,398.18; 2019: € 264 K				
thereof payments relating to statutory social security contributions as well as payments dependent on remuneration and compulsory contributions: € 1,743,166.33; 2019: € 1,658 K				
4. Depreciation on intangible fixed assets and tangible fixed assets		- 11,531,892.12		- 17,367
of which unscheduled depreciation in accordance with § 204 para. 2 Commercial Code: € 3,688,353.00; 2019: € 9,571 K				
5. Other operating expenses				
a) Taxes	- 26,296,987.43		- 549	
b) Other expenses	- 21,622,113.94	- 47,919,101.37	- 15,917	- 16,466
6. Subtotal from lines 1 to 5 (operating result)		- 38,729,539.20		- 10,447
7. Income from investments		123,377,727.50		192,269
of which from affiliated companies: € 122,303,430.31; 2019: € 182,882 K				
8. Income from loans from financial assets		19,796,015.83		21,803
of which from affiliated companies: € 19,796,015.83; 2019: € 21,528 K				
9. Other interest and similar income		431,168.91		12
of which from affiliated companies: € 409,444.94; 2019: € 11 K				
10. Income from the disposal and revaluation of financial assets		3,618,541.75		6,487
11. Expenses for financial assets and interest receivables in current assets, thereof		- 3,501,531.28		- 138,603
a) Impairment: € 3,239,000.00; 2019: € 137,045 K				
b) Bad debt allowance of interest receivables € 0.00; 2019: € 380 K				
c) Expenses from affiliated companies: € 3,239,000.00; 2019: € 137,462 K				
12. Interest and similar expenses		- 34,633,718.56		- 29,188
of which relating to affiliated companies: € 766,426.25; 2019: € 1,962 K				
13. Subtotal from lines 7 to 12 (financial result)		109,088,204.15		52,780
14. Result before taxes		70,358,664.95		42,333
15. Taxes on income		12,744,604.33		4,370
thereof deferred taxes: income € 190,749.79; expenses 2019: € 1,493 K				
16. Net profit for the year		83,103,269.28		46,703
17. Profit carried forward from the previous year		814,501,632.53		860,827
18. Net profit		897,604,901.81		907,530

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2020

ACCOUNTING AND VALUATION PRINCIPLES AND GENERAL INFORMATION

CA Immobilien Anlagen Aktiengesellschaft ("CA Immo AG") is classified as public interest entity according to section 189a Austrian Commercial Code (UGB) and as a large company according to section 221 Austrian Commercial Code (UGB).

The annual financial statements were prepared in accordance with Austrian Generally Accepted Accounting Principles in the current version and with the principles of proper accounting and general standards, to present a true and fair view of assets, financial situation and profit and loss. Furthermore, going concern principle, prudence and completeness as well as individual valuation of assets and liabilities were taken into account in the preparation of the financial statements.

For profit and loss, classification by nature was used.

Covid-19 pandemic - impact on CA Immo AG:

Business year 2020 was significantly impacted by the Covid-19 pandemic effects as many countries imposed general lockdowns and travel restrictions. As a result, market activity was severely affected in many sectors starting in the second quarter of 2020.

Hotels and retailers are increasingly requesting rent deferrals or rent reductions given the significant sales losses. The short- and long-term economic impact of the Covid-19 pandemic on real estate markets remains highly uncertain. The longer the crisis lasts, the more complex the issues become. The real estate markets have significantly declined transaction activity and liquidity. CA Immo AG did not make use of any state aid (neither short-time work, grants nor deferrals).

In order to ensure the safety of tenants and employees and to be able to react quickly if required, CA Immo AG has appointed a Health and Safety Taskforce, which starting March 2020, reacts on the developments and establishes hygienic measures to be taken at regional level in the respective office spaces. An action plan was set up and is updated whenever necessary, based on the actual infection numbers. These also include measures and internal rules of conduct for multiple scenarios and escalation levels to ensure a safe environment for all building users at all times.

Due to the Covid-19 pandemic a Home-Office rule is in place for all employees. Offices of CA Immo AG are open with voluntary office attendance, maximum 50% attendance and mandatory mask wearing in all office spaces. Business trips and meetings are only to be made in exceptional cases.

Going Concern

The Covid-19 pandemic had no significant impact on the financial position, financial performance and cash flows of CA Immo AG as at 31.12.2020.

However, due to further/ or lack of legal measures, it cannot be ruled out that the pandemic could have negative effects on real estate properties or tenant groups (in particular offices, hotels, retail). Thus the effects of the Covid-19 pandemic on the future financial position of CA Immo AG cannot be conclusively assessed and are continuously evaluated.

Financial Covenants

Bank financings in CA Immo AG and its subsidiaries are subject to so-called financial covenants. In case of investment properties, these are usually LTV (Loan to Value), ISCR (Interest Service Coverage Ratio) and DSCR (Debt Service Coverage Ratio) or, in the case of project financing, LTC (Loan to Cost) and ISCR (Interest Service Coverage Ratio).

Given the ongoing negative economic development, it cannot be ruled out that there will be a breach of contractual conditions (financial covenants, in particular DSCR) in the future due to tenant defaults. As at 31.12.2020 no financial covenants of the CA Immo AG and its subsidiaries were breached. The effects of the Covid-19 pandemic on possible future breaches of financial covenants of the CA Immo AG are continuously evaluated.

The Covid-19 pandemic has no impact on the accounting policies applied.

1. Fixed assets

Intangible and tangible fixed assets

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

	from	Years to
Software	3	4
Fit-outs	5	10
Buildings	33	50
Other assets, office furniture and equipment	2	20

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

Unscheduled depreciation is only carried out where it is anticipated that permanent value impairments will occur. Reversal of impairments recognised in prior periods are recorded if the fair value is higher than the book value at the balance sheet date, but below amortised costs.

Financial assets

Shares in affiliated companies and investments are stated at acquisition costs less unscheduled depreciation.

Loans to affiliated companies are stated at acquisition costs less repayments made and unscheduled depreciation.

Unscheduled depreciation is only recorded if permanent impairment losses are expected to occur. A reversal of impairment losses recognised in prior periods is recorded if the fair value is considerably higher than the book value at the balance sheet date. The valuation is done by a simplified subsidiary valuation model based on the fair value of the respective property for IFRS purposes adjusted for other assets or liabilities of the subsidiary.

2. Current assets

Receivables are stated at nominal value. Identifiable default risks are considered by carrying out individual value adjustments. Income from investments is recognised on the basis of shareholders' resolutions.

Reversal of short-term assets impairments or the release of allowances are made when the underlying reasons for such decreases are no longer valid. The basis for determining the fair values of interest receivables is the market value of the properties of the respective subsidiaries (based on market value appraisals used for the IFRS consolidated financial statements purposes).

3. Deferred charges and deferred income

Prepayments are recorded under deferred charges. Additionally the disagio of the bond is capitalised under this item and released over the redemption period, according to the effective interest rate method.

Rent prepayments and investment allowances from tenants are shown under deferred income and will be released over the minimum lease term.

4. Grants from public funds

These grants will be released over the remaining useful life of the building.

5. Deferred taxes

Provisions for deferred taxes are made using the 25% rate of corporate income tax, according to Art 198 par 9 and 10 in Austrian Commercial Code, using the liability method, i.e. on the temporary differences arising between tax basis of assets and liabilities and their accounting values and without discounting. Deferred taxes with a tax rate of 3% were also applied to deferred taxes of tax members, which themselves account for only 22% of group tax (instead of 25% corporate income tax). CA Immo AG records tax losses amounting to the maximum of netted deferred tax assets and deferred tax liabilities, taking into account the 75% threshold. As the tax planning does not provide sufficient evidence of future taxable profits, as at 31.12.2020 it was not possible to exercise the option to capitalize carried forward losses.

6. Provisions

Provisions for severance payments amount to 700 % (31.12.2019: 490%) of the imputed statutory notional severance payment obligations at the balance sheet date. The calculation is performed using the PUC method, which is recognised in international accounting, based on an interest rate of -0.34% (31.12.2019: -0.25%) and future salary increases (including inflation rate) of 3% (31.12.2019: 4%). For the computation of severance payments provisions, AVÖ 2018-P was used as actuarial basis. The period for build-up is until retirement, i.e. for a maximum of 25 years. Interest as well as effects from the change in interest rate were recorded in "personnel expenses".

Tax and other provisions are made on a prudent basis, in accordance with anticipated requirements. They take into account all identifiable risks and not yet finally assessed liabilities.

7. Liabilities

Liabilities are stated at the amount to be paid.

8. 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 Immo AG. In business year 2020 the tax group comprised 15 Austrian group companies (2019: 14), in addition to the group head entity.

The allocation method used by the CA Immo tax group is the distribution method where tax profits of a group member are offset against pre-group tax losses carried forward and the remaining profit of the group member taxed at a rate of 22%, respectively up to a tax rate of 25% if the tax group has a profit. Losses carried forward of a group member are retained. In case of termination of the tax group or the withdrawal of a tax group member, CA Immo AG, as group head entity, 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 would have potentially realized, 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 the professional opinion of a mutually appointed chartered accountant. As at 31.12.2020 the possible obligations against group companies resulting from a possible termination of the group, were estimated at € 23,028 K (31.12.2019: € 28,698 K). As at 31.12.2020 no group companies left tax group, so no provision for termination settlement was made.

Tax expenses in the profit and loss are reduced by the tax compensation of tax group members.

9. Note on currency translation

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

EXPLANATORY NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

10. Explanatory notes on the balance sheet

a) Fixed assets

The breakdown and development of fixed assets can be seen in the assets analysis in Appendix 1.

Tangible assets

Additions to property and buildings mainly relate to investments in Erdberger Lände. As at the balance sheet date, the tangible assets comprise 8 properties (31.12.2019: 8 properties).

In 2020 unscheduled depreciation on tangible assets amounted to € 3,688 K (2019: € 9,571 K) and reversals of impairment losses amounting to € 5,137 K (2019: € 6,235 K) were recorded.

Financial assets

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

Impairment losses on financial assets in the amount of € 3,239 K (2019: € 137,045 K) and reversals of impairment losses in the amount of € 3,397 K (2019: € 5,767 K) were recognized in 2020.

Book value of investments in affiliated companies amounts to € 2,938,724 K (31.12.2019: € 2,600,187 K). Current additions are mainly the result of various shareholders' contributions and of an acquisition of the company CA Immo P14 Sp.z.o.o., Warsaw.

Loans to affiliated companies are made up as follows:

€ 1,000	31.12.2020	31.12.2019
CA Immo Holding B.V., Amsterdam	130,758	240,787
EUROPOLIS ORHIDEEA B.C. S.R.L., Bucharest	54,424	59,703
4P - Immo. Praha s.r.o., Prague	39,589	41,389
RCP Amazon, s.r.o., Prague	33,488	33,888
Europolis Holding B.V., Amsterdam	31,690	31,690
Vaci 76 Kft, Budapest	28,976	30,876
INTERMED CONSULTING & MANAGEMENT S.R.L., Bucharest	28,200	37,200
BA Business Center s.r.o., Bratislava	25,000	28,000
EUROPOLIS City Gate Ingatlanberuházási Kft, Budapest	22,700	23,400
CA Immo Invest GmbH, Frankfurt	22,000	25,500
Duna Irodaház Kft., Budapest	20,239	20,239
Other up to € 20 m	101,176	107,858
	538,240	680,530

Loans to affiliated companies to the value of € 25,000 K (31.12.2019: € 18,010 K) have a remaining term of up to one year.

Impaired other loans were disposed in 2020 due to uncollectibility.

b) Current assets

All receivables – as in the previous year – have a due date of less than one year. There is no exchangeable securitization issued in connection with receivables.

Trade receivables amounting to € 461 K (31.12.2019: € 1,594 K) include outstanding rent and invoiced operating costs.

Receivables from affiliated companies are made up as follows:

€ 1,000	31.12.2020	31.12.2019
Trade receivable (current re-invoicings to affiliated companies)	987	944
Receivables from tax compensation	12,716	7,203
Receivables from interest	11,636	20,976
Receivables from loans	2,500	0
	27,839	29,123

Other receivables amounting to € 1,735 K (31.12.2019: € 1,281 K) mainly include receivables from the seller of CA Immo P14 Sp.z.o.o., Warsaw, due to a subsequent purchase price adjustment.

c) Deferred charges

€ 1,000	31.12.2020	31.12.2019
Disagio bonds	9,339	3,680
Other	591	157
	9,930	3,837

d) Shareholders' equity

Share capital is equivalent to the fully paid in nominal capital of € 718,336,602.72 (31.12.2019: € 718,336.602.72). It is divided into 98,808,332 (31.12.2019: 98,808,332) bearer shares and four registered shares of no par value. Out of nominal capital 5,780,037 treasury shares (31.12.2019: 5,780,037), each amounting to € 7.27, thus totaling € 42,020,868.99 (31.12.2019: € 42,020,868.99), were deducted from shareholders' equity. The registered shares are held by SOF-11 Klimt CAI S.à r.l., Luxemburg, an entity managed by Starwood Capital Group, each granting the right to nominate one member of the Supervisory Board. The Supervisory Board currently consists of six members elected by the Annual General Meeting as well as two members elected by the registered shares and four delegated by the works council.

As at 31.12.2020, CA Immobilien Anlagen AG held 5,780,037 treasury shares in total (31.12.2019: 5,780,037 treasury shares). Given the total number of voting shares issued (98,808,336), this is equivalent to around 5.8% (31.12.2019: 5.8%) of the voting shares.

In 2020 a dividend of € 1.00 (2019: € 0.90) for each entitled share, in total € 93,028 K (2019: € 83,725 K) was distributed to the shareholders.

The total net profit as at 31.12.2020 amounting to € 897,605 K (31.12.2019: € 907,530 K) is not subject to dividend payment constraints.

As at 31.12.2020 there is unused authorised capital amounting to € 359,168,301.36 that may be drawn on or before 18.9.2023, as well as conditional capital in the total amount of € 47,565,458.08 earmarked for the specified purpose of servicing 0.75% convertible bonds 2017-2025 (conditional capital 2013) as well as conditional capital in the amount of € 143,667,319.09 earmarked for the specified purpose of servicing convertible bonds which are issued prospectively based on the authorization from the Ordinary General Meeting as of 9.5.2018 (conditional capital 2018).

CA Immo AG has an outstanding non-subordinated unsecured convertible bond in an amount of € 200 m and a term until April 2025. The coupon payable semi-annually amounts to 0.75% p.a. and the initial conversion price has been set at € 30.5684 per share. This equaled a conversion premium of 27.50% above the volume weighted average price (VWAP) of the CA Immo shares amounting to € 23.9752 on the launch date. Following the dividend payment amounting to € 1.00 per share on 27.08.2020, the conversion price has most recently changed to € 29.7675 in accordance with section 11 (d) (ii) in issuance terms. The convertible bond was issued at 100% of its nominal value of € 100 K per bond and will be redeemed at 100% of the nominal value, if not previously repaid or converted. At the company's choice, the redemption may be effected by the provision of shares, cash or a combination of the two.

The declared revenues reserves are tied and the book value corresponds to the nominal value of the treasury shares deducted from the share capital.

€ 1,000	31.12.2020	31.12.2019
Other additional expenses for treasury shares	- 53,663	- 53,663
Nominal treasury shares in share capital	42,021	42,021
Reserves for other acquisition costs for treasury shares	53,663	53,663
Tied revenue reserves for treasury shares	42,021	42,021

The requirement of the legal reserve up to 10% of the share capital is fulfilled. The revenue reserves have not changed compared to the previous year.

e) Grants from public funds

Grants from public funds include an environmental grant (new building in energy efficient construction) from BMK awarded in 2020 for the construction of the office building VIE in the amount of € 103 K. The grants are expensed over the remaining useful life of the respective asset.

f) Provisions for deferred taxes

Deferred taxes comprise the offsetting of deferred tax liabilities and deferred tax assets and are based on the differences between tax and corporate value approaches for the following (+ deferred tax liabilities / - deferred tax assets):

€ 1,000	31.12.2020	31.12.2019
Land and buildings	12,426	10,987
Partnership	4,352	3,423
Other assets, office furniture and equipment	0	- 2
Ancillary bond expenses	- 7,882	- 3,565
Bank loans ancillary expenses	- 471	- 630
Provisions for severance payments	- 49	- 57
Deferred income	- 5,391	- 4,587
Base for tax rate 25 %	2,985	5,569
Differences in tax group members (basis for 3 % tax rate)	0	559
Out of which resulted provision for deferred taxes	746	1,409
less: offsetting with tax losses carried forward	- 585	- 1,057
As at 31.12.	161	352

Movements in deferred tax liabilities are presented below:

€ 1,000	2020	2019
As at 1.1. provision for deferred taxes / deferred tax asset	352	- 1,141
Changes affecting profit and loss for deferred tax asset	0	1,141
Changes affecting profit and loss provisions for deferred taxes	- 191	352
As at 31.12. provision for deferred taxes	161	352

g) Provisions

Provisions for severance payment amount to € 505 K (31.12.2019: € 336 K) and include severance payment entitlements of company employees and Management Board members.

Tax provisions in the amount of € 114 K (31.12.2019: € 1,240 K) mainly relate to provisions for corporate tax for the current year.

Other provisions are made up as follows:

€ 1,000	31.12.2020	31.12.2019
Court fees	25,475	0
Premiums	6,730	5,469
Derivative transactions	6,657	5,289
Construction services	1,001	3,440
Staff (vacation and overtime)	926	827
Legal, auditing and consultancy fees	460	1,173
Provision for land register	420	420
Other	990	1,314
	42,659	17,932

The provision for court fees includes the provision for a claim for damages filed in the 2020 financial year against the Republic of Austria and the state of Carinthia in the amount of approximately € 1.9 billion in connection with the privatisation of the Bundeswohnbaugesellschaften in 2004.

Long Term Incentive (LTI) Programm:

In order to promote a high level of identification with the company's objectives, all employees are entitled to variable remuneration in addition to their fixed salary, thus enabling them to participate in the company's success. In line with the compensation system of the Management Board, the prerequisite for this is the attainment of the budgeted quantitative and qualitative annual targets as well as a positive consolidated result. Furthermore, selected executives have the opportunity to participate in a share price-based compensation program. In contrast to the model for the Management Board (phantom shares), participation in the LTI programs started before the 2020 financial year was voluntary. The revolving programme had a term (retention period) of three years per tranche and required a personal investment (maximum of 35% of the fixed annual salary). The personal investment was valued at the average share price of the first quarter of the year the tranche started. The number of underlying shares is determined on the basis of this valuation. At the end of the respective three-year performance period, target achievement was defined by means of a target/actual comparison. Performance was measured by the following key figures: NAV growth, TSR (total shareholder return) and FFO (funds from operations) growth. The weighting for NAV and FFO growth was 30% each, and for TSR 40%. Payments were made in cash.

The LTI program was subject to a comprehensive revision (adjustment to market standards) in 2019; the new program provides for changes with regard to the group of participants, the conditions of participation, and the performance indicators and was applied for the first time in fiscal year 2020. The new LTI program is revolving and does not provide for any personal investment. The plan grants performance-related remuneration in the form of virtual shares in CA Immo. The final number of virtual shares is determined on the basis of performance criteria linked to the medium-term strategy and share performance. The target amount of the LTI is divided by the volume-weighted average CA Immo share price (= closing price on the Vienna Stock Exchange) over the 3-month period prior to 31.12. of the respective bonus year. This method is used to calculate the preliminary number of virtual shares. Based on the performance criteria measured at the end of the four-year performance period, the final number of virtual shares is determined. The LTI is

generally determined as of 31.12. of the last year of the four-year performance period. Equal-weighted performance criteria for the LTI are Funds From Operations ("FFO") I and Relative Total Shareholder Return ("TSR") against the EPRA Nareit Developed Europe ex UK Index. Each tranche starts with a target value based on the executive's respective function, which would be received at the end of the term of the respective tranche if 100% of the targets were achieved. The amount allocated to a performance criterion is determined by comparing agreed targets with values actually achieved and expressed as a percentage. Allocation between the performance thresholds is linear. The final number of virtual shares is capped at 200% of the preliminary number of virtual shares. For the payout, the final number of virtual shares is multiplied by the volume-weighted average price of the last three months of the performance period. The resulting amount is paid out in cash, subject to a cap of 250% of the LTI target amount.

The bonus payment for the Management Board is linked to long-term operational and quality-based targets and also takes account of non-financial performance criteria. It is limited to 200% of the annual salary. Of the variable remuneration, half is linked to the attainment of short-term targets defined annually by the remuneration committee (annual bonus). The other half is based on outperformance of the following indicators defined annually by the remuneration committee: return on equity (ROE), funds from operations (FFO) and NAV growth. The level of the bonus actually paid depends on the degree of target attainment: the values agreed and actually achieved at the end of each business year are determined by the Remuneration Committee. Half of performance-related remuneration takes the form of immediate payments (short term incentive); the remaining 50% is converted into phantom shares on the basis of the average rate for the last quarter of the business year relevant to target attainment. The payment of phantom shares is made in cash in three equal parts after 12 months, 24 months (mid term incentive) and 36 months (long term incentive) at the average rate for the last quarter of the year preceding the payment year.

For this kind of share-based remuneration, which is settled in cash, the liability incurred is recognised over the vesting period as a provision in the amount of the attributable fair value. Until the debt is settled, the attributable fair value is determined afresh on every closing date and settlement date. All changes are recognised in the income statement in the relevant business year.

h) Liabilities

31.12.2020 € 1,000	Maturity up to 1 year	Maturity 1 - 5 years	Maturity more than 5 years	Total
Bonds	107,450	984,032	650,000	1,741,482
Liabilities to banks	1,848	51,116	58,170	111,134
Trade payables	608	339	0	947
Payables to affiliated companies	67,136	0	0	67,136
Other liabilities	18,969	0	0	18,969
Total	196,011	1,035,487	708,170	1,939,668

31.12.2019 € 1,000	Maturity up to 1 year	Maturity 1 - 5 years	Maturity more than 5 years	Total
Bonds	0	640,000	350,000	990,000
Liabilities to banks	29,571	48,433	33,904	111,908
Trade payables	472	164	0	636
Payables to affiliated companies	5,047	0	0	5,047
Other liabilities	15,288	0	0	15,288
Total	50,378	688,597	383,904	1,122,879

In bonds, the convertible bond with its related maturity is also included. The bonds item for 31.12.2020 comprises the following liabilities:

	Nominal value € 1,000	Nominal interest rate	Issue	Repayment
Convertible bond 2017-2025	200,000	0.75%	04.10.2017	04.04.2025
Bond 2016-2021	107,450	1.88%	12.07.2016	12.07.2021
Bond 2015-2022	142,411	2.75%	17.02.2015	17.02.2022
Bond 2016-2023	116,621	2.75%	17.02.2016	17.02.2023
Bonds 2017-2024	175,000	1.88%	22.02.2017	22.02.2024
Bonds 2020-2025	350,000	1.00%	27.10.2020	27.10.2025
Bonds 2018-2026	150,000	1.88%	26.09.2018	26.03.2026
Bonds 2020-2027	500,000	0.88%	05.02.2020	05.02.2027
	1,741,482			

In 2020, three corporate bonds with a total nominal value of € 98,519 K were partly repurchased and redeemed. This results in a loss of € 4,862 K, which is reported under interest and similar expenses.

Liabilities to banks comprise investment loans amounting to € 111,134 K (31.12.2019: € 111,908 K), which are mainly secured by filed claims to entry in the land register and by pledge of bank credits as well as rental receivables as well claims from derivative transactions.

Trade payables item essentially comprises liabilities for construction services and liability guarantees as well as general administrative costs.

The liabilities shown under payables to affiliated companies relate to intra-group loans amounting to € 42,400 K (31.12.2019: € 4,870 K), grants to an affiliated company not paid but already granted amounting € 24,535 K and trade payables amounting to € 201 K (31.12.2019: € 177 K).

Other liabilities are essentially made up of accrued interest for bonds amounting to € 16,985 K (31.12.2019: € 14,265 K), unpaid liabilities to the property management company, liabilities to the tenants and liabilities arising from payroll-accounting and tax charges.

i) Deferred income

€ 1,000	31.12.2020	31.12.2019
Investment grants from tenants	5,391	5,686
Rent prepayments received	582	477
	5,973	6,163

j) Contingent liabilities

	Maximum amount as at 31.12.2020 1,000		Outstanding on reporting date 31.12.2020 € 1,000	Outstanding on reporting date 31.12.2019 € 1,000
Guarantees and letters of comfort in connection with sales made by affiliated companies	78,076	€	60,746	38,503
Guarantees for loans granted to affiliated companies	15,531	€	15,531	673
Guarantees in connection with sales made by other group companies	26,442	€	26,442	26,442
Guarantees for loans granted to other group companies	700	€	700	700
Letter of comfort in connection with acquisitions made by affiliated companies	0	€	0	286
Other guarantees in connection with affiliated companies	0	€	0	3,100
	120,749		103,419	69,704

The shares of CA Immo AG on Visionary Prague s.r.o., Prague, are secured by a pledge in favour of the bank financing the subsidiary.

In connection with the disposals, marketable guarantees for coverage of possible warranty and liability claims exist and - where necessary - financial provisions were made.

k) Liabilities from the utilisation of tangible assets

The lease-related liability from the utilisation of tangible assets not reported in the balance sheet is € 803 K (31.12.2019: € 819 K) for the subsequent business year and € 3,817 K (31.12.2019: € 3,798 K) for the subsequent five business years.

Out of this, € 722 K (31.12.2019: € 707 K) is attributable to affiliated companies for the subsequent business year and € 3,609 K (31.12.2019: € 3,536 K) for the subsequent five business years. The above mentioned amounts refers to the Rennweg office/ Mechelgasse 1. The rental agreement was concluded for an unlimited period, whereas a waiver of termination right until 31.12.2026 was agreed.

l) Details of derivative financial instruments - swaps

€ 1,000		Nominal value	Fixed interest rate	Interest reference	Fair value	thereof considered
Start	End	31.12.2020	as at 31.12.2020	rate	31.12.2020	as provisions 31.12.2020
12/2016	12/2024	9,135	0.44%	3M-EURIBOR	- 308	- 308
06/2017	06/2027	10,908	0.79%	3M-EURIBOR	- 832	- 832
06/2017	06/2027	27,776	0.76%	3M-EURIBOR	- 1,992	- 1,992
08/2017	12/2029	28,796	1.12%	3M-EURIBOR	- 3,524	- 3,524
		76,615			- 6,657	- 6,657

€ 1,000		Nominal value	Fixed interest rate	Interest reference	Fair value	thereof considered
Start	End	31.12.2019	as at 31.12.2019	rate	31.12.2019	as provisions 31.12.2019
12/2016	12/2024	9,788	0.44%	3M-EURIBOR	- 270	- 270
06/2017	06/2027	11,148	0.79%	3M-EURIBOR	- 643	- 643
06/2017	06/2027	28,731	0.76%	3M-EURIBOR	- 1,549	- 1,549
08/2017	12/2029	30,200	1.12%	3M-EURIBOR	- 2,828	- 2,828
		79,867			- 5,289	- 5,289

The fair value corresponds to the value CA Immo AG would receive upon termination of the contract at the balance sheet date. The value would be received from the financial institution, with which the contract was signed. The quoted value is a cash value. Future cash flows from variable payments as well as discount rates will be calculated based on generally accepted financial models. For the valuation, inter-bank middle rates are used. Specific bid/ ask rates as well as other termination expenses are not included in the valuation.

11. Explanatory notes on the income statement

Gross revenues

By type

€ 1,000	2020	2019
Rental income from real estate	15,430	14,039
Operating costs passed on to tenants	4,912	4,631
Income from management services	9,139	9,012
Other revenues	747	1,201
	30,228	28,883

In 2020 reductions in rental income in Austria due to Covid-19 amounted to € 232 K.

By region

€ 1,000	2020	2019
Austria	23,266	21,335
Germany	961	201
Eastern Europe	6,001	7,347
	30,228	28,883

Other operating income

The revenues from the release of provisions mainly refers to provisions for additional expenses of issuing a bond and expenses of remuneration supervisory board.

Other operating income of € 440 K (2019: € 676 K) results from expenses re-invoicing, insurance revenues and the release of the deferrals for government grants.

Staff expense

This item, totalling € 15,388 K (2019: € 13,970 K), includes expenses for the 70 staff members (2019: 69) employed by the company on average.

The expenses for retirement benefits are as follows:

	2020	2019
Pension fund contributions for Management Board members and senior executives	183	191
Pension fund contributions for other employees	92	73
	275	264

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

€ 1,000	2020	2019
Change in provision for severance payments to Management Board members and senior executives	174	159
Change in provision for severance payments to other employees	- 6	- 5
Pension fund contributions for Management Board members and senior executives	92	78
Pension fund contributions for other employees	64	32
	324	264

Depreciation

€ 1,000	2020	2019
Depreciation of intangible fixed assets	200	149
Scheduled depreciation of buildings	7,303	7,315
Unscheduled depreciation of real estate	3,688	9,571
Depreciation of other assets, office furniture and equipment	313	276
Low-value assets	28	56
	11,532	17,367

Other operating expenses

Where they do not fall under taxes on income, the taxes in the amount of € 26,297 K (2019: € 549 K) mainly comprise court fees provisions amounting to € 25,475 K for a claim for damages filed against the Republic of Austria and the state of Carinthia in the amount of approximately € 1.9 billion in connection with the privatisation of the Bundeswohnbaugesellschaften in 2004. In addition this position comprise real estate charges passed on to tenants in the amount of € 208 K (2019: € 207 K) and the non-deductible input VAT € 615 K (2019: € 341 K).

Other expenses are made up as follows:

€ 1,000	2020	2019
Expenses directly related to properties		
Operating costs passed on to tenants	4,707	4,431
Maintenance costs	2,377	1,513
Own operating costs (vacancy costs)	1,170	1,043
Administration and agency fees	156	265
Other	263	304
Subtotal	8,673	7,556
General administrative costs		
Bond issue related expenses	5,668	747
Legal, auditing and consultancy fees	3,533	2,992
Office rent including operating costs	735	652
Administrative and management costs	449	388
Advertising and representation expenses	382	890
Supervisory Board remuneration	357	435
Other fees and bank charges	248	252
Costs charged to group companies	215	238
Travel expenses	123	512
Other	1,239	1,255
Subtotal	12,949	8,361
Total other operating expenses	21,622	15,917

Income from investments

This item comprises dividends paid from companies in Austria in the amount of € 123,201 K (2019: € 191,517 K) as well as companies in Germany and Eastern Europe in the amount of € 177 K (2019: € 752 K).

Income from loans from financial assets

This item comprises interest income from loans.

Other interest and similar income

The interest income mainly refers to interest amounts from a intercompany loan granted to a subsidiary.

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

€ 1,000	2020	2019
Release of impairment due to increase in value	3,397	5,767
Repayment of loans above book value	204	0
Sale of financial assets	17	720
	3,618	6,487

Expenses for financial assets and interest receivables in current assets

€ 1,000	2020	2019
Depreciation of financial assets	3,239	137,045
Bad debt allowance for interest receivables	0	380
Loss from disposal	263	1,178
	3,502	138,603
of which due to dividends payments	1,026	136,736

Interest and similar expenses

€ 1,000	2020	2019
Interest costs for bonds	23,095	19,964
Expenses repurchase of bonds	4,862	0
Interest for bank liabilities for the financing of real estate assets	2,427	2,499
Expenses for derivative transactions	2,588	4,408
Interest costs in respect of affiliated companies	766	1,962
Other	896	355
	34,634	29,188

Taxes on income

€ 1,000	2020	2019
Tax compensation tax group members	12,741	7,251
Corporate income tax	- 187	- 1,388
Deferred taxes	191	- 1,493
Tax revenues	12,745	4,370

OTHER INFORMATION**12. Affiliated companies**

CA Immobilien Anlagen AG, Vienna, is the main parent company of CA Immo Group. The 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.

13. Corporate bodies of CA Immobilien Anlagen Aktiengesellschaft, Vienna**Management Board**

Andreas Quint (from 1.1.2018)

Dr. Andreas Schillhofer (from 1.6.2019)

Keegan Viscius (from 1.11.2018)

Total salary payments (excluding salary-based deductions) to Management Board members active in business year 2020 amounted to € 2,763 K (€ 1,512 K in 2019). The salary-based deductions totaled € 172 K (2019: € 97 K). Fixed salary components totaling € 1,465 K (€ 1,290 K in 2019) were made up of the basic salary of € 1,410 K (2019: € 1,254 K) and other benefits (in particular remuneration in kind for cars, expense allowances and travel expenses) of € 55 K (2019: € 36 K). Variable compensation components amounted to € 1,175 K (2019: € 0 K). There were no special payments (2019: € 106 K).

In business year 2020, a total of € 123 K (2019: € 117 K) was paid out for Management Board members in the form of contributions to pension funds. As at the balance sheet date 31 December 2020, severance payment provisions for Management Board members totaled € 412 K (31.12.2019: € 238 K). There were no payment obligations to former members of the Management Board. No loans or advances were granted to members of the Management Board.

Provisions of € 3,460 K (31.12.2019: € 2,773 K) had been formed for the Management Board under the variable remuneration system as of 31.12.2020. Of this, immediate payments amounting to € 1,269 K are due for payment by 31.5.2021 at the latest. An amount of € 2,191 K is attributable to the LTIP (multi-year bonus). As of December 31, 2020, the conversion rate for the relevant annual bonus portion of phantom shares was € 27.54.

Supervisory BoardElected by the General Meeting:

Torsten Hollstein, Chairman

Jeffrey G. Dishner, Deputy Chairman (from 9.5.2019)

Dr. Florian Koschat, Deputy Chairman

Univ.-Prof. MMag. Dr. Klaus Hirschler

Michael Stanton

Dr. Monika Wildner (from 9.5.2019)

John Nacos (until 9.5.2019)

Richard Gregson (until 9.5.2020)

Delegated by registered share:

Sarah Broughton (from 28.9.2018)

Laura Rubin (from 28.9.2018)

Jeffrey G. Dishner (from 28.9.2018 to 9.5.2019)

Delegated by works council:

Georg Edinger, BA, REAM (IREBS)

Nicole Kubista

Sebastian Obermair
Walter Sonnleitner (from 10.2.2020)
Franz Reitermayer (until 10.2.2020)

As at the balance sheet date, the Supervisory Board comprised six capital representatives elected by the Annual General Meeting, two capital representatives appointed by means of registered shares and four employee representatives.

In business year 2020 (for 2019), total remuneration of € 309 K (2019: € 380 K) was paid out (including attendance fees of € 84 K (€ 106 K in 2019)). Moreover, expenditure of € 78 K was reported in connection with the Supervisory Board in business year 2020 (2019: € 205 K). Of this, cash outlays for travel expenses accounted for approximately € 9 K (2019: € 62 K) and other expenditure (including training costs and license costs) accounted for € 52 K (2019: € 39 K). Legal and other consultancy services accounted for € 17 K (2019: € 103 K). No other fees (particularly for consultancy or brokerage activities) and no loans or advances were paid to Supervisory Board members.

Total Supervisory Board remuneration of € 328 K for business year 2020 will be proposed to the Annual General Meeting on the basis of the same criteria (fixed annual payment of € 30 K per Supervisory Board member plus attendance fee of € 1,000 per meeting), taking account of the waiver of remuneration for Supervisory Board members appointed on the basis of registered shares or related to the Starwood Group respectively. The remuneration was taken into account in the financial statements as at 31.12.2020.

All business transactions conducted between the company and members of the Supervisory Board which oblige such members to perform services for the CA Immo AG outside of their Supervisory Board activities in return for remuneration of a not inconsiderable value must conform to industry standards and be approved by the Supervisory Board. The same applies to contracts with companies in which a Supervisory Board member has a significant business interest. Dr. Monika Wildner is also member of the Supervisory Board of Volksbank Wien AG. At the end of 2019, Volksbank Wien became a long-term tenant of around 14,000 sqm of office space in the CA Immo portfolio building at Erdberger Lände 26. The lease contract was concluded prior to the acceptance of the Supervisory Board mandate at CA Immo and corresponds to standard market conditions. No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members. No loans or advances were granted.

Starwood Capital Group (Starwood)

Since 27.9.2018, SOF-11 Klimt CAI S.à r.l. (former SOF-11 Starlight 10 EUR S.à r.l.) is the largest single shareholder of the company.

In business year 2020, Starwood Capital Group (via its vehicle SOF-11 Klimt CAI S.à r.l.) increased its stake in CA Immo AG from around 26% of the share capital to around 28%, which is equivalent to just under 30% of the voting rights in the company. As of 31.12.2020, SOF-11 Klimt CAI S.à r.l. holds 27,908,386 bearer shares and four registered shares of CA Immo AG. SOF-11 Klimt CAI S.à r.l. is a controlled affiliate of Starwood Capital Group and an indirect 100% owned subsidiary of SOF-11 International, SCSp. Starwood Capital Group is a privately owned global alternative investment company and is an investor focusing on global real estate investments.

14. Employees

The average number of staff employed by the company during the business year was 70 (2019: 69).

15. Auditor's remuneration

There is no indication of the auditor's remuneration for the business year pursuant to section 237 para 14 of the Austrian Commercial Code (UGB), as this information is contained in the consolidated financial statements of CA Immo AG.

16. Events after the balance sheet date

On 8.1.2021, SOF-11 Klimt CAI S.à r.l. announced its intention to launch an anticipated mandatory takeover offer to the shareholders and convertible bondholders of CA Immo and to further increase its shareholding in the company from currently 29.999893% of the total outstanding voting rights. The offer document has been published on 22.2.2021. Starting from the same day, shareholders and convertible bondholders of CA Immo will be able to accept the offer and tender their shares and convertible bonds into the offer. The acceptance period will end at 5pm (CET) on 9.4.2021.

The price initially offered to CA Immo shareholders of € 34.44 per CA Immo share was increased to € 36.00 on 26.2.2021 ("Share Offer Price"). The price offered to convertible bondholders is are being offered a price of approx. € 138,628.59 (initially € 132,621.35) for each convertible bond with nominal value of € 100,000 ("Convertible Bond Offer Price"). The Share Offer Price and the Convertible Bond Offer Price are on a cum dividend basis.

The anticipated mandatory takeover offer is aimed at acquiring all outstanding CA Immo AG shares and convertible bonds that are not held by the Bidder or CA Immo AG, though there will be no minimum acceptance threshold. The completion of the offer will be subject to merger control clearance in Austria, Germany and Poland.

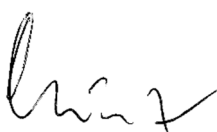
The statement of the Management and Supervisory Boards regarding this offer was published on 8.3.2021 and is available – along with the offer document – on the company's website at [Take over offer Starwood 2021 \(caimmo.com\)](https://www.caimmo.com/take-over-offer-starwood-2021).

17. Proposal for the appropriation of net earnings

It is proposed to use part of the net retained earnings of € 897,604,901.81 to pay a dividend of € 1.00 per share, i.e. a total of € 93,028,299.00, to the shareholders. The remainder of the net retained earnings in the amount of € 804,576,602.81 is intended to be carried forward.

Vienna, 24.3.2021

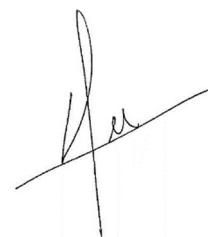
The Management Board



Andreas Quint
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Member of the Management Board)



Keegan Viscius
(Member of the Management Board)

ASSET ANALYSIS FOR THE BUSINESS YEAR 2020

	Acquisition and production costs as at 1.1.2020 €	Addition €	Disposal €	Acquisition and production costs as at 31.12.2020 €
I. Intangible fixed assets				
Software	2,858,192.74	327,497.64	12,218.75	3,173,471.63
	2,858,192.74	327,497.64	12,218.75	3,173,471.63
II. Tangible fixed assets				
1. Land and buildings				
a) Land value	50,658,941.08	0.00	0.00	50,658,941.08
b) Building value	308,735,274.87	1,741,248.42	0.00	310,476,523.29
	359,394,215.95	1,741,248.42	0.00	361,135,464.37
2. Other assets, office furniture and equipment	3,874,482.14	160,561.02	28,431.61	4,006,611.55
	363,268,698.09	1,901,809.44	28,431.61	365,142,075.92
III. Financial assets				
1. Investments in affiliated companies	2,783,542,427.93	338,378,977.30	17,500.00	3,121,903,905.23
2. Loans to related companies	686,679,046.53	321,260.09	148,760,500.10	538,239,806.52
3. Investments in associated companies	274,251.50	0.00	0.00	274,251.50
4. Other loans	22,870,000.00	0.00	22,870,000.00	0.00
	3,493,365,725.96	338,700,237.39	171,648,000.10	3,660,417,963.25
	3,859,492,616.79	340,929,544.47	171,688,650.46	4,028,733,510.80

Accumulated depreciation as at 1.1.2020	Depreciation and amortisation in 2020	Reversal of impairment losses in 2020	Accumulated depreciation disposal	Accumulated depreciation as at 31.12.2020	Book value as of 31.12.2020	Book value as at 31.12.2019
€	€	€	€	€	€	€
2,430,869.17	200,121.30	0.00	0.00	2,630,990.47	542,481.16	427,323.57
2,430,869.17	200,121.30	0.00	0.00	2,630,990.47	542,481.16	427,323.57
3,407,941.27	3,688,353.00	0.00	0.00	7,096,294.27	43,562,646.81	47,250,999.81
105,091,166.22	7,302,347.04	5,137,241.57	0.00	107,256,271.69	203,220,251.60	203,644,108.65
108,499,107.49	10,990,700.04	5,137,241.57	0.00	114,352,565.96	246,782,898.41	250,895,108.46
2,400,029.45	341,070.78	0.00	28,431.61	2,712,668.62	1,293,942.93	1,474,452.69
110,899,136.94	11,331,770.82	5,137,241.57	28,431.61	117,065,234.58	248,076,841.34	252,369,561.15
183,356,060.34	3,239,000.00	3,397,331.03	17,499.00	183,180,230.31	2,938,723,674.92	2,600,186,367.59
6,148,992.00	0.00	0.00	6,148,992.00	0.00	538,239,806.52	680,530,054.53
899.00	0.00	0.00	0.00	899.00	273,352.50	273,352.50
22,869,999.00	0.00	0.00	22,869,999.00	0.00	0.00	1.00
212,375,950.34	3,239,000.00	3,397,331.03	29,036,490.00	183,181,129.31	3,477,236,833.94	3,280,989,775.62
325,705,956.45	14,770,892.12	8,534,572.60	29,064,921.61	302,877,354.36	3,725,856,156.44	3,533,786,660.34

INFORMATION ABOUT GROUP COMPANIES

Direct investments

Company	Registered office	Share capital		Interest in %	Profit/loss 31.12.2020		Shareholders' equity as at 31.12.2020		Profit/loss 31.12.2019		Shareholders' equity as at 31.12.2019	
					in 1,000		in 1,000	in 1,000	in 1,000	in 1,000		
CA Immo Holding B.V.	Amsterdam	51,200,000	EUR	100	- 11,627	EUR	292,591	EUR	15,537	EUR	204,218	EUR
CA Immo d.o.o.	Belgrad	32,822,662	RSD	100	2,660	RSD	3,561	RSD	1,733	RSD	601	RSD
CA Holding Szolgáltató Kft	Budapest	13,000,000	HUF	100	74,314	HUF	795,006	HUF	28,577	HUF	720,692	HUF
Canada Square Kft.	Budapest	12,510,000	HUF	100	- 172,636	HUF	885,228	HUF	- 31,856	HUF	1,057,864	HUF
Duna Irodaház Kft., Budapest	Budapest	277,003,015	HUF	100	- 682,339	HUF	13,099,924	HUF	- 83	EUR	32,274	EUR
Duna Termál Hotel Ingatlanfejlesztő Kft.	Budapest	390,906,655	HUF	100	- 388,493	HUF	14,505,387	HUF	331	EUR	38,676	EUR
Duna Business Hotel Ingatlanfejlesztő Kft.	Budapest	452,844,530	HUF	100	- 196,421	HUF	16,994,538	HUF	783	EUR	42,131	EUR
Kapas Center Kft.	Budapest	772,560,000	HUF	50	38,017	HUF	1,832,221	HUF	175,038	HUF	1,794,203	HUF
Kilb Kft.	Budapest	30,000,000	HUF	100	381,707	HUF	3,523,106	HUF	360,628	HUF	3,141,399	HUF
Millennium Irodaház Kft.	Budapest	997,244,944	HUF	100	- 290,336	HUF	9,736,453	HUF	48	EUR	26,509	EUR
R 70 Invest Budapest Kft.	Budapest	5,270,000	HUF	100	- 311,388	HUF	1,463,107	HUF	- 139,426	HUF	1,774,495	HUF
Váci 76 Kft.	Budapest	3,100,000	HUF	100	- 259,925	HUF	5,385,683	HUF	225,432	HUF	5,645,607	HUF
CA Immo Invest GmbH	Frankfurt	50,000	EUR	51	- 23	EUR	17,522	EUR	869	EUR	17,545	EUR
DRG Deutsche Realitäten GmbH	Frankfurt	500,000	EUR	49	455	EUR	955	EUR	303	EUR	856	EUR
CAINE B.V.	Hoofddorp	18,151	EUR	100	- 465	EUR	48,769	EUR	- 3,926	EUR	49,234	EUR
Visionary Prague, s.r.o.	Prague	200,000	CZK	100	- 46,624	CZK	267,286	CZK	- 47,213	CZK	313,909	CZK
CA Immo New City Sp.z.o.o	Warsaw	116,000	PLN	100	- 34	PLN	82	PLN	established 2020		established 2020	
CA Immo P14 Sp.z.o.o	Warsaw	10,000	PLN	100	3,677	PLN	153,690	PLN	Acquisition 2020		Acquisition 2020	
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs KG	Vienna	7,000	EUR	100	234	EUR	8,051	EUR	1,262	EUR	9,079	EUR
CA Immo BIP Liegenschaftsverwaltung GmbH	Vienna	3,738,127	EUR	39	1,042	EUR	10,985	EUR	6,168	EUR	9,943	EUR
CA Immo International Holding GmbH	Vienna	35,000	EUR	100	30,504	EUR	1,971,285	EUR	51,848	EUR	2,061,781	EUR
CA Immo Konzernfinanzierungs GmbH	Vienna	35,000	EUR	100	271	EUR	203,406	EUR	established 2020		established 2020	
CA Immo Rennweg 16 GmbH	Vienna	35,000	EUR	100	- 409	EUR	455	EUR	2,110	EUR	863	EUR
EBL Nord 2 Immobilien GmbH	Vienna	35,000	EUR	50	7	EUR	49	EUR	7	EUR	42	EUR
EBL Nord 2 Immobilien Eins GmbH & Co KG	Vienna	10,000	EUR	50	- 47	EUR	519	EUR	732	EUR	2,467	EUR
EBL Nord 2 Immobilien Zwei GmbH & Co KG	Vienna	10,000	EUR	50	- 12	EUR	7	EUR	2	EUR	53	EUR
omniCon Baumanagement GmbH	Vienna	100,000	EUR	100	0	EUR	100	EUR	9	EUR	140	EUR

Information on participations for 2020 is based on preliminary figures in financial statements prepared according to local accounting standards.

MANAGEMENT REPORT 2020

ONE
Frankfurt



GROUP STRUCTURE

CA Immo is a real estate company with its headquarters in Vienna and branch offices in Germany, Poland, Romania, Serbia, Czech Republic and Hungary. The parent company of the Group is **CA Immobilien Anlagen Aktiengesellschaft**, a listed company based in Vienna whose main activity is the strategic and operational management of subsidiary companies at home and abroad. The various branch offices act as largely decentralised profit centres. Other subsidiaries (without separate local teams) are present in the Netherlands, Slovakia and Cyprus. With the sale of the Zagrebtower office building in the 3rd quarter of 2020, the exit from Croatia took place. As at key date 31 December 2020, the Group comprised 184 companies (31.12.2019: 185) with 437 employees (414 on 31.12.2019).

The core business of the CA Immo Group is the letting, management and development of high quality commercial real estate with a clear focus on office properties. The company, which has a high degree of in-house construction expertise, covers the entire value chain in the field of commercial real estate. The objective is to build up a focused portfolio of high quality, high earning investment properties within the core markets of Germany, Austria, the Czech Republic, Poland, Hungary and Romania. Additional earnings will be generated through the preparation and utilisation of land reserves in the development area. CA Immo either transfers completed projects to its portfolio or sells them to investors. The Group currently controls property assets of around € 5.6 bn in Germany, Austria and Eastern Europe.

Austria

The company's domestic properties are overseen in subsidiary companies of CA Immobilien Anlagen AG. As at 31 December 2020, the parent company also directly held property assets of approximately € 322.9 m (€ 317.3 m on 31.12.2019). As at 31 December 2019, the total Austrian portfolio comprised solely investment properties with a market value of € 530.0 m (€ 572.9 m on 31.12.2019).

COMPANIES BY REGION

Number of companies ¹⁾	31.12.2020	31.12.2019
Austria	19	19
- <i>Of which joint ventures</i>	3	3
Germany ²⁾	98	98
- <i>Of which joint ventures</i>	23	27
Central and Eastern Europe ³⁾	67	68
- <i>Of which joint ventures</i>	2	2
Group-wide	184	185
- <i>Of which joint ventures</i>	28	32

¹⁾ Joint ventures involving consolidated companies.

²⁾ Includes one company in Switzerland.

³⁾ Includes holding companies in Cyprus and the Netherlands established in connection with Eastern European investments.

Germany

The operational platform for all Group activities in Germany is **CA Immo Deutschland GmbH**, which has branches in Berlin, Frankfurt and Munich. Aside from investment properties, 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 Austrian estate agent and property management firm ÖRAG. A number of development projects (in Munich and Mainz, for example) are being realised through joint ventures. Construction management is carried out by CA Immo subsidiary **omniCon**, which also performs these services for third parties.

Eastern Europe (CEE)

In the CEE region, the strategic focus is also on commercial class A buildings in the respective capitals. The portfolio of investment properties in CEE and one development project are directly held via CA Immo participating interests. All Eastern European properties are managed by regional subsidiaries under the name **CA Immo Real Estate Management**.

ECONOMIC ENVIRONMENT

THE ECONOMIC TREND¹⁾

Following the outbreak of the Covid-19 pandemic and the severe recession in 2020, the International Monetary Fund (IMF) illustrated a positive picture of the global economy in its World Economic Outlook Update published in January 2021. Although recent vaccine approvals have raised hopes of a turnaround in the fight against the pandemic this year, renewed waves and new variants of the virus are a cause for concern. Amid this extraordinary uncertainty, the global economy is projected to grow by 5.5% in 2021 and 4.2% in 2022. The forecast for 2021 has been revised upwards by 0.3 percentage points from the previous forecast, reflecting expectations of a vaccine-triggered pick-up in economic activity later in the year and additional political support in some major economies. The projected growth rebound this year follows a severe collapse in 2020 that had an acute negative impact on the global economy. The decline in global growth for 2020 is estimated at -3.5%, 0.9 percentage points above the previous forecast, reflecting stronger-than-expected momentum in the second half of 2020.

According to an initial estimate of the annual growth rate for 2020, based on seasonally and calendar-adjusted quarterly data, GDP fell by 7.2% in the euro area and by 6.8% in the EU. As suggested by the current forecast, GDP in the EU will rise by about 4% in 2021, which is less than previously projected, and by about 3% in 2022. This means that the output of the European economy in 2022 would be roughly back at pre-crisis levels. The depth of the recession seen in 2020 and the speed of recovery in 2021 and 2022 are expected to vary widely across member states.

CORE MARKETS OF CA IMMO IN 2020²⁾

Compared with the previous quarter, seasonally adjusted GDP fell by 0.7% in the euro area and by 0.5% in the EU in the fourth quarter of 2020. This is according to a preliminary flash estimate published by Eurostat. These declines follow a strong recovery in the third quarter of 2020 (+12.4% in the euro area and +11.5% in the EU) and the sharpest falls since the start of the time series in 1995 in the second quarter (-11.7% in the euro area and -11.4% in the EU).

In December 2020, the seasonally adjusted unemployment rate in the euro area was 8.3%, unchanged from November 2020 and an increase of 90 basis points from December 2019. The unemployment rate in the EU came to 7.5% in December 2020, also unchanged compared with November 2020 and an increase of 100 basis points from December 2019.

At the end of the third quarter of 2020, with the impact of government action in response to the Covid-19 containment measures still reflected in increased financing needs, the public debt-to-GDP ratio stood at 97.3% in the euro area, compared with 95.0% at the end of the second quarter of 2020. In the EU, the ratio increased from 87.7% to 89.8%. Compared with the third quarter of 2019, the public debt-to-GDP ratio increased in both the euro area (from 85.8% to 97.3%) and the EU (from 79.2% to 89.8%). The increases are due to two factors – significant rises in public debt and falling GDP.

Annual inflation of -0.3% in the euro area in December 2020 was well below the ECB's target of below, but close to 2.0% (December 2019: 1.3%). This compares to 0.3% in the European Union (December 2019: 1.6%). The lowest annual rates were recorded in Greece (-2.4%), Slovenia (-1.2%) and Ireland (-1.0%). The highest annual rates were recorded in Poland (3.4%), Hungary (2.8%) and the Czech Republic (2.4%).

The economy in **Austria** contracted in 2020, with real GDP falling by 7.5%. The inflation rate stood at 0.3% in December 2020, with the unemployment rate at 7.5%. Gross public debt as % of GDP climbed to 79.1%.

The negative economic growth in **Germany** was reflected in a GDP decline of 5.5%. In pan-European comparison, Germany is thus below the corresponding averages of the EU or the euro area. The unemployment rate in Germany increased from 3.2% to 4.6% in the course of the year. The inflation rate for Germany was reported at -0.7% in December 2020.

The positive economic trend of previous years on CA Immo's core markets in **Central and Eastern Europe** did not remain intact throughout 2020. The effects of the Covid-19 pandemic led to negative growth rates, as in Germany and Austria.

¹⁾ Sources: International Monetary Fund, European Commission, Oxford Economics

²⁾ Sources: Eurostat, European Commission, Bloomberg, Financial Times

Within the Central and Eastern European core markets, **Poland** and **Romania** showed the smallest decline in 2020 at -3.0% and -5.3% respectively. GDP in **Hungary** dropped by 5.6% in 2020, in the **Czech Republic** by 6.8%. The unemployment rate in the Central and Eastern European countries remains significantly lower than in the EU-27 and the euro area average. It stands at 3.1% in the Czech Republic, 3.3% in Poland, 4.3% in Hungary and 4.9% in Romania.

The inflation rate was robust in 2020 and also above the euro area average in all core Central and Eastern European countries. Romania reported an inflation rate of 1.8% for December 2020, while the 2020 annual rate in the Czech Republic was 2.4%. The annual inflation rate in Hungary arrived at 2.8%, in Poland at 3.4%.

The strong employment growth of previous years slowed down in the Czech Republic and Hungary and declined slightly in Poland and Romania.

ECONOMIC DATA FOR CA IMMO CORE MARKETS

	Growth rate of real GDP ¹⁾		Annual inflation rates ²⁾	Unemployment rate ³⁾	Public budget balance as % of GDP 3Q 2020	Gross public debt as % of GDP 3Q 2020	Growth rate of employment as % of GDP 3Q 2020
	2020	2019	in %				
EU – 27	-6.8	1.6	0.3	7.5	-5.6	89.6	0.1
Eurozone – 19	-7.2	1.3	-0.3	8.3	-5.8	97.3	0.1
Austria	-7.5	1.4	1.0	5.8	-6.8	79.1	0.5
Germany	-5.5	0.6	-0.7	4.6	-4.6	70.0	0.1
Poland	-3.0	4.6	3.4	3.3	-4.6	56.7	-0.1
Czech Republic	-6.8	2.3	2.4	3.1	-4.4	38.4	0.3
Hungary	-5.6	4.6	2.8	4.3	-3.8	74.3	0.0
Romania	-5.3	4.2	1.8	4.9	-10.0	43.1	-0.3

Source: Oxford Economics, Eurostat

¹⁾ Change on the previous year (%); ²⁾ Change on the previous year as at December 2020; ³⁾ As at December 2020, except Hungary: November 2020

THE MONEY MARKET AND INTEREST ENVIRONMENT¹⁾

At its most recent meeting on 21 January 2021, the Governing Council of the ECB decided to leave the interest rate for main refinancing operations and the interest rates for the marginal lending facility and the deposit facility unchanged at 0.00%, 0.25% and -0.50% respectively. "The Governing Council expects the key ECB interest rates to remain at their present or lower levels until it has seen the inflation outlook robustly converge to a level sufficiently close to, but below, 2% within its projection horizon, and such convergence has been consistently reflected in underlying inflation dynamics."

The European Central Bank's expansionary monetary market policy of previous years culminated in 2020 with the outbreak of the Covid-19 pandemic and the accompanying recession. In addition to the asset purchase programme (APP) of € 20 bn per month, the Governing Council has approved purchases under the Pandemic

Emergency Purchase Programme (PEPP) with a total envelope of € 1.85 bn. "The Governing Council will continue the purchases under the pandemic emergency purchase programme (PEPP) until at least the end of March 2022 and, in any case, until it judges that the coronavirus crisis phase is over." The purchases under the PEPP will be conducted to preserve favourable financing conditions over the pandemic period. If favourable financing conditions can be maintained with asset purchase flows that do not exhaust the envelope over the net purchase time horizon of the PEPP, the envelope need not be used in full. Equally, the envelope can be recalibrated if required to maintain favourable financing conditions to help counter the negative pandemic shock to the path of inflation.

The ECB Governing Council will continue to reinvest the redemption amounts from maturing securities purchased under the PEPP until at least the end of 2023. In any case, the future roll-off of the PEPP portfolio will be

¹⁾ Sources: European Central Bank, Eurostat, Bloomberg, Moody's Analytics

²⁾ Sources: European Commission, European Central Bank, Financial Times

managed to avoid interference with the appropriate monetary policy stance. In addition, the Governing Council will continue to provide ample liquidity through its refinancing operations. In particular, the third series of targeted longer-term refinancing operations (TLTRO III) remains an attractive source of funding for banks, supporting bank lendings to firms and households.

The 3-month Euribor rate remained in negative territory, fluctuating between -0.16% and -0.55% in the period under review. After hitting historic lows at the beginning of 2020, yields on 10-year government bonds issued by euro area members jumped in March, due to the global outbreak of the Covid-19 pandemic and the accompanying economic crisis, trading at around mid-2019 levels. In the following months, prices fell again due to the economic recovery and a more positive outlook, ending the year at around pre-crisis levels.

Both the supportive development of government bonds and the expansive monetary policy of central banks had a strong impact on the corporate bond market. As a result, a record amount of more than USD 2.9 tn of investment-grade corporate bonds were issued globally in 2020 (+20% year-on-year). Nevertheless, the percentage changes in the global offer differed significantly over the four quarters of 2020. Following annual increases of 14% in the first quarter and 69% in the second quarter (to an unrivalled US\$ 1.1 tn), the world's largest estimate of investment-grade corporate bond issuance saw annual declines of 6% in the third quarter and 3% in the fourth quarter. CA Immo also took advantage of the excellent conditions to issue two large-volume bonds in February and October 2020.

OUTLOOK ²⁾

The fundamental challenge of the current year will remain the fight against the Covid-19 pandemic. Despite initial progress in the global vaccination campaigns, the incidence of infection is likely to remain dynamic. Above all, the various mutations represent a factor of uncertainty that will make substantial easing of restrictive measures in Europe, for example, much more difficult in the first quarter. In spring, more favourable weather conditions could lead to a decline in new infections. In addition, vaccine availability should improve from the summer onwards, making infection protection accessible to the wider population. With a potential improvement in the pandemic situation from spring onwards, a recovery in economic growth could then be felt across the board.

The European Commission expects global containment measures to remain in place during 2021 before being increasingly relaxed later on. As a result, the global economy should grow strongly again in 2021.

Furthermore, in its most recent growth forecast from autumn 2020, the European Commission expects the European economy to grow by about 4% in 2021 and by about 3% in 2022, thus returning to pre-crisis levels in the course of 2022. However, the speed of recovery in 2021 and 2022 is believed to vary considerably across member states. This reflects not only differences in the severity of the pandemic and the stringency of containment measures, but also differences in economic structures and domestic policy responses.

Christine Lagarde, President of the ECB, recently warned governments and central banks against reacting to the first signs of economic recovery from the coronavirus crisis in the coming months by reducing incentives too quickly, even as inflation begins to rise. Tightening policy measures too hastily could lead to "very serious risks".

PROPERTY MARKETS

THE REAL ESTATE MARKET IN AUSTRIA ¹⁾

The investment market

Owing to the Covid-19 pandemic and the consequent economic slump, the total amount invested in real estate in Austria plummeted by almost 50% to approximately € 3.3 bn in 2020; Vienna accounted for around 72% of this figure. Residential properties represented the largest proportion of the total investment volume (37%) followed by office investments (around 33%); industrial and logistical properties accounted for approximately 14%.

International investors, especially from Germany, were notably active in 2020 and responsible for more than two thirds of the investment volume. Five large-volume acquisitions (transactions with a value in excess of € 100 m) in the office and residential sectors were the main reason for this high proportion. Based on expected transactions, an investment volume of roughly € 4.0 bn is forecasted for 2021.

In 2020, the pandemic had a partly significant impact on the development of yields in Europe. Austria proved relatively stable, although even here considerable write-ups and write-downs were reported at times. As in the previous year, prime yields for office properties declined moderately and now stand at the historic low level of 3.35% for properties in Vienna's central business district (CBD).

The office property market

The total office stock in Vienna amounted to approximately 11.4 million sqm at year end. The completion volume for office premises totalled approximately 94,500 sqm in 2020, an increase of around 130% compared to the previous year. However, the completion volume for 2020 was some 30% below the average value for the last five years.

Compared to the previous year, lettings performance was stable in 2020 at approximately 203,300 sqm. Although the pandemic-induced economic crisis was already impacting the office market in 2020, the worst of the effects are expected to be seen during 2021. For this reason, CBRE Research is working on the assumption that lettings performance will decline, partly in view of the persistently fraught situation as regards the levels of new construction in the next two years.

In the course of 2020, the vacancy rate fell by around 20 basis points to 4.6%. Given the low levels of new construction and the high level of pre-letting, CBRE Research expects the vacancy rate to fall further in 2021 in spite of suppressed demand.

Monthly peak rents in Vienna remained steady at € 25.00/sqm. Throughout the crisis, demand has remained high for prime quality offices in attractive locations, whereas lower-standard properties in less favourable locations will have to contend with lower demand in future.

OFFICE MARKET DEVELOPMENT VIENNA

	2020	2019	Change in %/bps
Take up in sqm	203,300	218,100	-6.80
Vacancy rate in %	4.60	4.75	-15 bps
Peak rent in €/sqm net exclusive	25.00	25.00	0.00
Prime yield in %	3.35	3.55	-10 bps

Sources: Data provided by CBRE Research

Note: floor space take-up includes owner-occupied transactions

THE REAL ESTATE MARKET IN GERMANY ²⁾

The investment market

Approximately € 79 bn was invested on the German real estate investment market in 2020. This represented a fall of 5.5% on the all-time high of the previous year – yet still constituted the second best result since records began. Thanks to a rally towards the end of the year, some € 23 bn was invested in the final quarter. The transaction volume for commercial real estate in Germany totalled approximately € 59 bn (12% below the previous year's value). Office properties remained the asset class in highest demand, accounting for a proportion of just under 47%.

In contrast to the overall market, the top seven markets reported sharp declines. Seven large-volume transactions of € 500 m or more were registered in 2019, with just two transactions of that size reported in 2020. Moreover, far fewer hotels and shopping centres were traded. With the exception of Stuttgart and Munich, the transaction volume reported for 2020 exceeded the respective 10-year

¹⁾ Sources: CBRE; Data supplied by CBRE Research Austria Real Estate Market Outlook 2021

²⁾ Sources: CBRE; Data supplied by CBRE Research, Germany Real Estate Market Outlook 2021, Berlin, Munich, Frankfurt Office MarketView Q4 2020; Oxford Economics

average, significantly in some instances. This underlined the attractiveness of these investment destinations for both national and international investors. The high degree of pressure to invest has meant prime yields on office properties have remained at an all-time low.

On Germany's commercial real estate investment market, CBRE Research expects a transaction volume well in excess of € 50 bn in 2021. This will be driven by success in the fight against the Covid-19 pandemic and, above all, product availability. From an investor's viewpoint, the focus is still on office properties. Given the exceptional circumstances that currently prevail, there is a growing trend towards core and core-plus properties in established locations within the big office markets. In the present climate, defensive investment products with reliable tenants are experiencing a surge in demand. Since it will not be possible to meet this demand on the supply side, however, CBRE Research is expecting yields on these products to compress further.

Although the investment market for commercial real estate in **Berlin** reported a 34% drop on the previous year's record value, the result of € 7.6 bn exactly matched the level for the last five years. Despite the decline in comparison with the prior year, Berlin remains one of the most attractive markets in the Federal Republic or indeed Europe. In view of the high demand, the prime yield for office properties has fallen marginally to 2.65%.

An investment volume of € 7.2 bn was reported on the commercial property market in **Frankfurt**, which achieved 3% growth on the previous year – its third highest result after 2007 and 2018. The final quarter of the year accounted for just under half of the volume. As in the previous year, office properties accounted for roughly 80% of the transaction volume. Even during the pandemic, the prime yield for centrally located office properties held stable at 2.90%.

The commercial investment market in **Munich**, meanwhile, was 54% down on the previous (record) year with a

volume of € 4.9 bn. Office properties contributed almost two thirds of the total volume (€ 3.1 bn, or 63%). Owing to continually high demand for real estate locations offering stable value, the prime yield declined marginally to 2.55%.

The office property market ¹⁾

In 2020, the outbreak of the Covid-19 pandemic led to a severe global recession. In common with many other countries, Germany introduced general lockdowns and travel restrictions in the spring and again in the winter. As a result, market activity was severely impaired across many sectors – as reflected in the total GDP decline of 5.3% (against +0.6% in 2019 and +1.3% in 2018). The challenging conditions presented by the pandemic and the economic consequences thereof served to suppress demand for office space in comparison with the previous year. Given the shortage of floor space in many inner city areas, though, this did not lead to lower rental rates (even if the pace of rental rate rises seen in recent years has slowed).

Floor space take-up in **Munich** totalled 558,500 sqm in 2020. This was equivalent to a 27% decrease on the prior year, and the lowest annual result since 2009. Following on from the historic low of 2019 (2.9%), the office vacancy rate had reached 3.8% by year end. This was partly due to the larger number of vacated premises, and partly due to a rise in unlet premises owing to completions. Office rents have been unaffected by the pandemic to date. The attainable peak monthly rent remained unchanged year-on-year at € 39.50/sqm. The weighted average rent was approximately € 21.41 per month, 7% above the previous year's figure. Given the persistent shortage of high quality, modern premises, tenants are still showing a willingness to pay appropriate rates for superior quality in good locations.

The completion volume of approximately 338,500 sqm in 2020 (new buildings and core refurbishments) was more than 30% above the value for the previous year. Twelve percent of floorspace was unlet when it came onto the market. The stock of office space was approximately 22.0 million sqm at year end.

¹⁾ Sources: CBRE: Data supplied by CBRE Research, Munich, Frankfurt, Berlin Office MarketView Q4 2020; Oxford Economics

OFFICE MARKET DEVELOPMENT IN CA IMMO CORE MARKETS IN GERMANY

	2020	2019	Change in %/bps
Berlin			
Take up in sqm	660,500	998,900	-33.90
Vacancy rate in %	2.60	1.20	140 bps
Peak rent in €/sqm net exclusive	38.50	37.50	2.70
Prime yield in %	2.65	2.70	-5 bps
Frankfurt am Main			
Take up in sqm	330,200	552,500	-40.20
Vacancy rate in %	7.00	6.90	10 bps
Peak rent in €/sqm net exclusive	44.00	44.00	0.00
Prime yield in %	2.90	2.90	0 bps
Munich			
Take up in sqm	558,500	763,500	-26.90
Vacancy rate in %	3.80	2.90	90 bps
Peak rent in €/sqm net exclusive	39.50	39.50	0.00
Prime yield in %	2.55	2.60	-5 bps

Sources: Data provided by CBRE Research

Note: floor space take-up includes owner-occupied transactions

Office space take-up in **Frankfurt** stood at 330,200 sqm in 2020, equivalent to a decline of 40% on the previous year. This was mainly due to poor performance in the first half, with users reluctant to commit to leases during the first lockdown. High quality office premises with first class fit-out were the focus of lettings activity, accounting for 65% of floor space take-up. The vacancy rate stood at 7.0%, only slightly above the previous years' level. The peak monthly rent was also unchanged at € 44.00/sqm per month. Compared to the previous year, the weighted average market rent increased by 7% to € 23.13 per sqm owing to the higher number of rental agreements concluded in the higher-priced segment. The completion volume exceeded the prior year's figure of 158,700 sqm at 185,800 sqm.

According to the information currently available, the completion pipeline contains an approximate total of 587,000 sqm to the end of 2023, of which 40% has already been absorbed by the market in the form of leasing and owner-occupancy. The pre-letting rate for 2021 alone stands at 68%. Completion of the high-rise office/hotel

building ONE in Frankfurt, CA Immo's largest development project at present, is scheduled for 2022. The stock of office space was approximately 11.5 million sqm at the end of the year.

Berlin confirmed office space take-up of 660,500 sqm in 2020, down 34% on the previous year's figure. The vacancy rate rose to 2.6% in the course of the year (2019: 1.2%). On the lettings market, many leasing decisions were deferred in 2020. Although the result fell well short of the very strong performance of previous years, this was pandemic-related and does not point to a structural crisis. Despite the decline in floor space take-up and the rising vacancy rate caused by the Covid-19 pandemic, the peak monthly rent level rose by € 1.00 per sqm to stand at € 38.50 per sqm. The weighted average rent also maintained its strong upward trend, rising 8.1% to € 28.02/sqm per month. Approximately 296,700 sqm of new floor space was completed during 2020. According to CBRE Research, more than 50% of the one million sqm of floor space expected to come to the market in 2021 has already been pre-let. The stock of office space was approximately 18.4 million sqm at year end.

THE REAL ESTATE MARKET IN CENTRAL AND EASTERN EUROPE ¹⁾

The investment market

The impact of the Covid-19 pandemic and the economic implications for real estate markets are also being felt in Central and Eastern Europe. In 2020, a year defined by economic recession, it was not possible to maintain the rapid pace of recent years. This was also the case in CA Immo's core cities of Warsaw, Prague, Budapest and Bucharest. The volume of commercial real estate transactions registered in these cities (€ 5.7 bn) was a little more than 30% short of the previous year's value. Compared to 2019, the office investment volume in the aforementioned cities declined by just over 40% to € 2.9bn. By city, Warsaw accounted for the largest volume (43%), followed by Budapest (21%), Prague (20%) and Bucharest (16%).

An investment volume of € 1.5 bn was reported in **Warsaw**, with the office sector accounting for over 85%. The prime yield was approximately 4.50% (4.25% in 2019).

Despite the decline in the investment volume in **Prague** (from € 3.1 bn in 2019 to € 2.7 bn), demand from national and international investors for high quality, sustainable real estate in good locations remained high. A shortage of suitable products was responsible for the downturn. As in the previous year, the prime yield stood at 4.25%.

In 2020, the investment volume in **Budapest** fell by 41% to € 1.0 bn (€ 1.7 bn in 2019). Yields on prime office properties experienced a widening to 5.75%.

Bucharest reported an approximate investment volume of € 550 m (down 15% on the previous year), with the office sector accounting for some 85%. The prime yield remains at 7.00%.

The office property markets²⁾

In all core cities of CA Immo (Warsaw, Prague, Budapest and Bucharest), it was not possible to sustain the positive development of lettings seen over recent years due to the impact of the Covid-19 pandemic. Vacancy rates were seen to increase on all core markets. While prime yields remained unchanged in Prague and Bucharest, they expanded by 25 and 50 basis points respectively in Warsaw

and Budapest. By contrast, peak rents remained largely stable.

At the end of 2020, total office space in **Warsaw** was approximately 5.9 million sqm, with some 314,000 sqm completed in the course of the year. With 576,800 sqm currently under construction, total floor space is expected to exceed six million sqm in the course of 2021. The office pipeline is heavily focused on the CBD of the Polish capital. Office space take-up amounted to 383,000 sqm in 2020, below the prior year's level. The vacancy rate increased by 210 basis points on the previous year's value to stand at 9.9% at year end. The peak monthly rent level in central locations was approximately € 25.00 per sqm.

The office property market in **Prague** experienced a subdued 2020. By the end of 2020, the stock of office space had increased by roughly 149,600 sqm to some 3.7 million sqm. Lettings performance only accounted for around 65% of the previous year's value at approximately 178,800 sqm. The vacancy rate had risen 150 basis points to 7.0% by the end of the year. For this reason, peak rents in central locations declined only marginally to € 22.50/sqm per month.

Floor space take-up for the year in **Budapest** was approximately 190,000 sqm in 2020, around 47% below the previous year's level. Total office space was around 3.9 million sqm by the end of the year. As expected, the completion volume for 2020 comfortably exceeded the prior year's figure with 231,900 sqm, just above the previous record figure attained in 2018 (approximately 230,000 sqm). The vacancy rate rose by 350 basis points to 9.1%, reversing the downward trend seen since 2012. Compared to the previous year's figure, the peak monthly rent fell slightly to € 25.00/sqm.

Around 141,200 sqm of office space was let in **Bucharest** by the end of 2020, down 52% on the previous year. The stock of office space totalled 3.0 million sqm by year end thanks to a completion volume of approximately 155,200 sqm. The vacancy rate increased by 130 percentage points to stand at 12.4% at year end. Despite this, the peak monthly rent in Bucharest rose marginally to € 18.75 per sqm.

¹⁾ Sources: Data supplied by CBRE Research

²⁾ Sources: Data supplied by CBRE Research

OFFICE MARKET DEVELOPMENT IN THE CA IMMO CORE MARKETS IN CENTRAL AND EASTERN EUROPE

	2020	2019	Change in %/bps
Budapest			
Take up in sqm	190,000	362,000	-47.50
Vacancy rate in %	9.10	5.60	350 bps
Peak rent in €/sqm net exclusive	25.00	26.00	-3.80
Prime yield in %	5.75	5.25	50 bps
Bucharest			
Take up in sqm	141,200	291,300	-51.50
Vacancy rate in %	12.40	11.10	130 bps
Peak rent in €/sqm net exclusive	18.75	18.50	1.40
Prime yield in %	7.00	7.00	0 bps
Prague			
Take up in sqm	178,800	276,100	-35.20
Vacancy rate in %	7.00	5.50	150 bps
Peak rent in €/sqm net exclusive	22.50	23.00	-2.20
Prime yield in %	4.25	4.25	0 bps
Warsaw			
Take up in sqm	383,000	584,000	-34.4
Vacancy rate in %	9.90	7.80	210 bps
Peak rent in €/sqm net exclusive	25.00	25.00	0.00
Prime yield in %	4.50	4.25	25 bps

Sources: Data provided by CBRE Research.

Note: floor space take-up includes owner-occupied transactions

PROPERTY ASSETS

The CA Immo Group divides its core activity into the business areas of letting investment properties and developing real estate. In both of these business areas, CA Immo specialises in commercial real estate with a clear focus on office properties in capital cities in the centre of Europe. The objective is to expand the focused portfolio of high quality and profitable investment properties within the core markets of Germany, Austria, the Czech Republic, Poland, Hungary and Romania. Additional earnings will be generated through the development, construction and utilisation of land reserves in the development area.

CA IMMO GROUP'S PROPERTY ASSETS

As a result of the transfer of own project completions into the investment portfolio as well as a positive valuation result, CA Immo has increased the value of its property assets in 2020 by 8% up to € 5.6 bn (2019: € 5.2 bn). Of this figure, investment properties account for € 4.7 bn (85% of the total portfolio), property assets under development represent € 0.8 bn (14%) and short-term properties⁹⁾ € 69 m (1%). With a proportion of 54% of total property assets, Germany is the biggest regional segment.

PORTFOLIO OF CA IMMOBILIEN ANLAGEN AG

Property assets directly held by CA Immobilien Anlagen AG represent a rentable effective area of 142,751 sqm (2019: 142,567 sqm). As at the balance sheet date, these assets comprised eight investment properties in Austria with a market value (including prepayments made and construction in progress) of € 246,783 K (eight investment properties; € 250,895 K on 31.12.2019). This portfolio generated rental income of € 15,430 K in 2020 (€ 14,039 K in 2019).

Lettings

An approximate of 21,800 sqm of floor space was newly let or extended in 2020 (33,600 sqm in 2019). ÖGK - Österreichische Gesundheitskassa moved into around 5,300 m² in Erdberger Lände. A further lease agreement for around 1,740 m² was concluded in the ViE office building. The economic occupancy rate in the investment portfolio remained unchanged at around 88% (2019: 88%).

Investments

In 2020, the company invested € 1,741 K in its asset portfolio (€ 19,198 K in 2019). Investments were made in particular in tenant fit-outs in the ViE office building.

Disposals

No property disposals occurred in business year 2020.

⁹⁾ Incl. properties intended for trading or sale

RESULTS

KEY FIGURES FROM THE INCOME STATEMENT

CA Immo recorded a 10% increase in **rental income** to € 15,430 K in 2020 (2019: € 14,039 K). **Operating expenses** passed on to tenants increased by 6% from € 4,631 K in 2019 to € 4,912 K in 2020. **Management revenue** for services provided to subsidiaries increased by 1% year-on-year to € 9,139 K (2019: € 9,012 K). As a result, this led to a 5% increase in **gross revenues** to € 30,228 K (€ 28,883 K in 2019), distributed as follows: Austria 77%, Germany 3% and 20% in Eastern Europe.

Other operating income decreased by 31% to € 5,881 K (€ 8,473 K in 2019). Write-ups to tangible assets amounted to € 5,137 K (€ 6,235 K in 2019). In 2020, provisions were released in the amount of € 304 K (€ 1,562 K in 2019).

Personnel expenses increased by 10% from € 13,970 K in 2019 to € 15,388 K in 2020. In 2020, the company employed 70 staff members on average (69 in 2019).

Depreciation charged to tangible assets totalled € -11,532 K (€ -17,367 K in 2019). Of this amount, € -3,688 K relates to impairment losses on real estate.

Other operating expenditures totalled € -47,919 K (€ -16,466 K in 2019). Of this, an amount of € -26,297 K was attributable to tax expense (previous year: € -549 K), which includes in particular court fees of € 25,475 K for the damages proceedings of € 1.9 bn initiated in 2020 in connection with the privatisation of Federal Residential Property companies in 2004 ('BUWOG') and for the unlawful failure to win the best bidder procedure. Other expenses directly related to properties stood at € -8,673 K (€ 7,556 K in 2019). An amount of € -12,949 K (€ -8,361 K in 2019) was spent on general administrative costs such as project-related legal, auditing and consulting fees, advertising and marketing or administrative management costs; the increase in this item is mainly related to costs in connection with the issue of two corporate bonds.

The above developments led to a negative **operating result** of € -38,730 K compared with € -10,447 K in the previous year.

The company received **income from investments** totalled € 123,378 K (€ 192,269 K in 2019) via subsidiary dividend distributions. This item was offset by expenses linked to financial assets and interest receivables on current assets of € -3,502 K compared to € -138,603 K in 2019.

Income of € 19,796 K (€ 21,803 K in 2019) was generated from loans granted mainly to subsidiaries. The item **other interest and similar income** stood at € 431 K (compared to € 12 K in 2019).

Income from financial investments amounted to € 3,619 K (€ 6,487 K in 2019) and include write-ups on investments in affiliated companies amounting to € 3,397 K (€ 5,767 K in 2019). This item was offset by write-downs on equity holdings of € -3,239 K (€ -137,045 K in 2019), of which € -1,026 K due to dividend distributions (€ -136,736 K in 2019).

Interest expense rose in total by 19% to € -34,634 K (€ -29,188 K in 2019). Interest for bank loans or **real estate financing** decreased by 3% to € -2,427 K (€ -2,499 K in 2019). Expenses for derivative transactions fell to € -2,588 K (€ -4,408 K in 2019). Interest costs in respect of affiliated companies declined from € -1,962 K in 2019 to € 766 K in 2020. The largest amount, totalling € -27,957 K, concern **interest costs for bonds**; last year, this figure stood at € -19,964 K. As at the balance sheet date, seven CA Immo corporate bonds were trading on the unlisted securities market of the Vienna Stock Exchange and partly on the regulated market of the Luxembourg Stock Exchange (Bourse de Luxembourg). The convertible bonds issued in the fourth quarter of 2017 were included in trading on the unregulated third market (multilateral trade system) of the Vienna Stock Exchange. The bonds provide unsecured financing at Group parent company level; they are on equal footing to one another and to all other unsecured financing of CA Immobilien Anlagen AG. Except for the 2015-2022 corporate bond and the convertible, bond conditions contain a loan-to-value (LTV) covenant.

Early in 2020, CA Immo entered the Eurobond market for the first time, issuing a € 500 m fixed-rate, non-subordinate and unsecured **benchmark bond** with a term of seven years and an annual coupon of 0.875%. The international rating agency Moody's Investors Service Ltd. gave the bond, which is registered for official trading on the Vienna Stock Exchange, an investment grade rating of Baa2. Net proceeds will mainly be used to (re)finance properties, future acquisitions and future development projects, and to optimize the loan capital structure (e.g. financing of the following cash buyback offers on outstanding bonds); it will also serve other, more general corporate goals.

At the same time, the company decided to invite holders of the bonds shown in the table below to submit offers for cash buyback.

Issue title	Repurchase rate in %	Total nominal value offered in €
1,875% CA Immo Bonds 2016-2021 ISIN: AT0000A1LJH1	102.55	32,550,000
2,75% CA Immo Bonds 2015-2022 ISIN: AT0000A1CB33	105.10	32,589,500
2,75% CA Immo Bonds 2016-2023 ISIN: AT0000A1JVU3	107.10	33,379,000

The invitation to submit buyback offers was originally subject to a maximum volume of € 60 m. However, CA Immo decided not to proceed on a pro rata basis and to accept the total nominal amounts offered in full. The repurchase of the outstanding corporate bonds with a total nominal value of € 98,518 K resulted in a negative one-off effect on financial results amounting to € -4.862 K, which is recognized in the item other financial result.

In October 2020, CA Immo took advantage of the good market conditions once again and issued a € 350 m fixed-rate non-subordinated unsecured **Green Bond** with a maturity of five years and an annual coupon of 1.00%. The issue was more than 5 times oversubscribed, with strong demand from more than 150 investors. The international rating agency Moody's Investors Service Ltd. assigned an investment grade rating of Baa2 to the bond, which was admitted to official trading on the Vienna Stock Exchange. The net proceeds are earmarked for the full or partial financing and refinancing of sustainable buildings in accordance with the Sustainability Bond Framework. This includes the financing and refinancing of commercial real estate that either has sustainability certificates (including LEED or DGNB Gold Standard) or whose primary energy requirements are at least 25% below nationally defined standards such as the Energy Saving Ordinance (EnEV) in Germany or the PENB in the Czech Republic.

Due to the factors outlined above, the **financial result** rose by 107% to € 109,088 K (€ 52,780 K in 2019). **Earnings before taxes** stood at € 70,359 K (against € 42,333 K in 2019). After taking account of **tax revenue** of € 12,745 K (€ 4,370 K in 2019), the annual **net profit** as at

31 December 2020 stands at € 83,103 K, compared to € 46,703 K on 31 December 2019. After taking into account a profit carried forward from the previous year in the amount of € 814,502 K (€ 860,827 K in the previous year), the annual financial statements of CA Immobilien Anlagen AG show **net retained earnings** of € 897,605 K (€ 907,530 K in 2019).

Proposed dividend for 2020

For business year 2020, the Management Board again proposes a dividend of € 1.00 per share with dividend entitlement. In relation to the closing rate as at 31 December 2020 (€ 31.35), the dividend yield was approximately 3%. The dividend payment date is 12 May 2021 (ex-dividend date and record date for the dividend are 10 or 11 May 2021, respectively).

Cash-flow

In the year under review, cash-flow from operating activities (operating cash-flow plus changes in net working capital) stood at € 139,521 K (€ 197,163 K in 2019). Cash-flow from investment activities was € -195,735 K (€ 39,611 K in 2019) and cash-flow from financing activities was € 690,347 K (€ -271,555 K in 2019).

BALANCE SHEET ANALYSES

Assets

CA Immobilien Anlagen AG's total assets increased year-on-year from € 3,629,907 K as at 31 December 2019 to € 4,460,251 K as at 31 December 2020.

Fixed assets increased from € 3,533,787 K as at 31 December 2019 to € 3,725,856 K on 31 December 2020. Fixed assets accounted for 84% of total assets on 31 December 2020 (97% on 31.12.2019). Intangible assets, which solely comprise EDP software, increased to € 542 K (€ 427 K on 31.12.2019). As at the balance sheet date, the company's **property assets** comprised eight properties in Austria with a market value of € 246,783 K (€ 250,895 K on 31.12.2019). **Tangible fixed assets** totalled € 248,077 K (€ 252,370 K on 31.12.2019). In 2020, impairment losses of € 3,688 K (€ 9,571 K in 2019) and impairment reversals of € 5,137 K (€ 6,235 K) were recognized on property, plant and equipment.

Financial assets rose by 6% to € 3,477,237 K (€ 3,280,990 K on 31.12.2019). As of the balance sheet date, the book value of investments in affiliated companies stood at € 2,938,724 K (€ 2,600,187 K on 31.12.2019). The change mainly results from shareholder contributions and

the purchase of CA Immo P14 Sp. z o.o., which holds the office building Postepu 14 in Warsaw. In addition, a subsidiary in Austria was liquidated in 2020.

Current assets recorded an increase from € 92,283 K as at 31 December 2019 to € 724,466 K on 31 December 2020. The increase is a result of the issuance of the bonds mentioned above. **Receivables** recorded a decrease of –6% to € 30,048 K (€ 31,998 K on 31.12.2019). On 31 December 2020, the company has **cash and cash equivalents** of € 694,418 K (€ 60,285 K on 31.12.2019).

Liabilities

Shareholders' equity decreased slightly to € 2,470,783 K as at the balance sheet date (€ 2,480,708 K on 31.12.2019). The equity ratio on the key date was approximately 55% (68% on 31.12.2019). Equity covered 66% of fixed assets (70% on 31.12.2019).

Provisions amounted to € 43,439 K (€ 19,860 K on 31.12.2019). With an amount of € 25,475 K (€ 0 K on 31.12.2019), the provision for court fees for the damages proceedings initiated in 2020 in connection with the privatisation of Federal Residential Property companies in 2004 ('BUWOG') represents the largest item. The court fees were recognised in other tax expense. An amount of € 6,730 thousand was recognized for bonuses (€ 5,469 K on 31.12.2019). Provisions for derivative transactions amount to € 6,657 K (€ 5,289 K on 31.12.2019).

Liabilities increased from € 1,122,879 K at the end of 2019 to € 1,939,666 K as at 31 December 2020, including in particular liabilities from bonds amounting to € 1,741,482 K (€ 990,000 K on 31.12.2019). Liabilities to banks comprise only investment loans amounting to € 111,134 K (€ 111,908 K on 31.12.2019).

DEVELOPMENT OF SHAREHOLDERS' EQUITY

€ 1,000	31.12.2019	Change treasury share reserve	Dividend payments	Annual result	Addition to reserves	31.12.2020
Share capital	676,316	0	0	0	0	676,316
Tied capital reserves	854,841	0	0	0	0	854,841
Retained Earnings	42,021	0	0	0	0	42,021
Net profit	907,530	0	–93,028	83,103	0	897,605
Total equity	2,480,708	0	–93,028	83,103	0	2,470,783

FINANCIAL PERFORMANCE INDICATORS

The strategic focus of business activity at CA Immo is the long-term increase in the value of the company. This is supported by key financial performance indicators which are important tools to identify the factors that contribute to the sustained increase in enterprise value and quantifying those factors for the purposes of value management.

Performance indicators of the CA Immo Group

The primary financial performance indicator is the net income generated on the Company's average equity (**return on equity** or RoE). The aim is to produce a figure higher than the calculated cost of capital (assuming a medium-term rate of around 7.0%), thus generating shareholder value.

The other quantitative factors used to measure and manage our shareholders' long-term return include the change in NAV per share, operating cash flow per share, and Funds from Operations (FFO I and FFO II) per share.

FFO I, a key indicator of the Group's long-term earning power, is reported before taxes and adjusted for the sales result and other non-permanent effects. **FFO II**, which includes the sales result and applicable taxes, is an indicator of the overall profitability of the Group.

NON-FINANCIAL PERFORMANCE INDICATORS

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

The key non-financial performance indicators of operational property business are among others as follows:

- The **occupancy rate** indicates the quality of the portfolio and the success in managing it. The economic occupancy rate of CA Immobilien Anlagen AG in its investment property portfolio remained unchanged year-on-year at around 88%.
- The **vacancy rate** shows the ratio of unlet space to the total space in the real estate portfolio and therefore plays an important role in terms of the return to be generated. The higher the vacancy rate, the lower the rental income. The real estate portfolio of CA Immobilien Anlagen AG has a vacancy rate of around 12% as of 31 December 2020 (around 13% on 31 December 2019).
- WAULT – Weighted Average (Unexpired) Lease Term** is a key indicator in the commercial real estate sector. It provides information on the average remaining lease term of the real estate portfolio and amounts to 3.9 years at CA Immobilien Anlagen AG as of 31 December 2020 (3.9 years on 31 December 2019).
- The **quality of a location** and its **infrastructure** are critical to the marketability of properties. The majority of CA Immo office properties are situated in CBD- or central business locations of Central- and Eastern European cities.
- Sustainability Certificate**: Sustainable in-house project development for its own stock to enhance the quality of the investment portfolio has been an important component of CA Immo's sustainability strategy for many years. In order to provide transparent, internationally comparable and objective proof of building quality across the entire portfolio, CA Immo also has strategic core investment properties certified.
- Local presence** and market knowledge: CA Immo has branch offices on its core markets to ensure efficient management and tenant retention.

ENVIRONMENT AND SOCIAL ASPECTS

CA Immo is an investor, developer and long-term holder of high-quality office buildings. Our strategic business model is geared towards sustainable value creation, taking into account ecological, economic, social and legal dimensions. This goes hand in hand with our claim to meet the diverse interests and needs of CA Immo stakeholders in a targeted and responsible manner, thereby securing competitiveness in the long term. With this in mind, we evaluate and manage the requirements of our stakeholders as well as the impact of our business activities on our ecological and social environment.

CA Immo wants to make a contribution to keeping global warming below 2° Celsius and protecting the environment. We have therefore set ourselves the goal of reducing the carbon footprint of our buildings, increasing the resilience of our portfolio to climate risks and evaluating and, if necessary, intensifying the measures we have taken to date to protect the environment.

Social, environmental and economic impacts, risks and opportunities arising from CA Immo business activities

A key step in identifying and weighting the sustainability issues relevant to CA Immo was to evaluate the impact of our business activity on the environment, society and the economy across the entire value chain. This included the following direct (own activities) and indirect (supply chain) material impacts, risks and opportunities.

Environment:

- Environmental standards in project development (energy efficiency and CO₂ emissions in the construction process as well as product definition, material selection, resource consumption and circular economy)
- Brownfield vs. greenfield development (biodiversity)
- Management of energy efficiency and CO₂ emissions, waste generation and water consumption in building operations

Society and economy:

- Social standards in urban district and project development (product definition, e.g. social infrastructure, affordable housing), response to social change
- Health and safety for tenants, contractors and own employees in building operations and on construction sites, dealing with pandemic risks

- Working conditions and income effects of own and external employees (contractors), employee rights, staff development and retention
- Independent and responsible corporate governance, compliance with social and environmental requirements, observance of human rights, avoidance of corruption and bribery, reputational risk

CA Immo climate risks and opportunities

The analysis of specific climate risks for our business is extremely complex and involves a number of unknown variables. In 2020, we reviewed our general risk catalog for completeness in this regard and partially supplemented and evaluated the climate risks relevant to our business as well as general sustainability risks. In future, these risks will be re-evaluated and assessed annually and approved by the Management Board. If the assessments reveal the need for additional measures or changes in strategy, these are subsequently implemented accordingly by the responsible departments. CA Immo pursues a proactive approach to ensure that any risks are minimised through early countermeasures and that the company can react to any changes in good time.

Social engagement

CA Immo also takes measures in the social sphere to set positive impulses and responsible standards within its sphere of influence. Our strategy focuses in particular on health & safety, employment & working conditions and the social aspects of a sustainable supply chain and urban district development.

Further information on the topic of "Environment and Social Responsibility" can be found in the Group Management Report ('ESG Report' chapter).

Employees

Our employees are our most valuable resource; their expertise and commitment are crucial to our success. CA Immo values a corporate culture that is characterized by pride, trust and self-determined work. As an employer, we want to create the best possible conditions for our employees to develop their potential, strengths and competencies to the full. We offer safe and attractive working environments, a wide range of international development opportunities and careful, forward-looking personnel development with the aim of offering our employees what our office properties stand for: a "place where people love to work".

As an employer, CA Immo has been locally anchored in its markets for many years and employs almost exclusively local staff in its international branches. In principle, CA Immo employs staff on full-time, permanent contracts. CA Immo supports the work-life-balance and compatibility of career and family at different stages of employees' lives by offering flexible working hours and part-time models, home office arrangements, individual parental leave models and paternity leave. Employees on leave are integrated into the internal information network

and have the opportunity to participate in annual team meetings and company events. In addition, a large number of employee-related regulations were defined in cooperation with the Austrian Works Council within the framework of company agreements.

For information on diversity, equality, inclusion and employee rights, please refer to the Corporate Governance Report.

PERSONNEL DISTRIBUTION WITHIN THE CA IMMO GROUP ¹⁾

Headcount	Number of employees				Share of women 31.12.2020 in %	Joining / Leaving 2020	New hires ²⁾ 2020 in %	Turnover ³⁾ 2020 in %
	31.12.2019	31.12.2020	Change in %	2020 Ø				
Austria	80	80	0	80	63	12/11	15	14
Germany/Switzerland ⁴⁾	233	252	8	244	38	45/23	18	9
CEE	101	105	4	102	72	11/5	11	8
Total	414	437	6	426	51	68/39	16	9

¹⁾ Headcounts. Thereof around 11% part-time staff, incl. 26 employees on unpaid leave; excl. 22 employees of joint venture companies.

²⁾ New hires: Joiners 2020 / average number of employees in 2020 (Headcount)

³⁾ Turnover: Leavers 2020 / average number of employees in 2020 (Headcount);

⁴⁾ At the end of 2020, 25 local employees were employed at the Basel branch of CA Immo's wholly owned construction subsidiary omniCon, which was established in 2014.

INFORMATION ACC. SECTION 243A UGB (AUSTRIAN COMMERCIAL CODE)

SHAREHOLDER STRUCTURE

The company's capital stock amounted to € 718,336,602.72 on the balance sheet date. 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 bearer shares trade on the prime market segment of the Vienna Stock Exchange (ISIN: AT0000641352).

With a shareholding of around 28% as at 31 December 2020 (27,908,386 bearer shares and four registered shares), SOF-11 Klimt CAI S.à r.l., Luxembourg, a company managed by Starwood Capital Group, is the largest shareholder of CA Immo. Starwood is a global financial investor focusing on real estate investments. The remaining shares of CA Immo are in free float held by both institutional and private investors. S IMMO Group and BlackRock Inc. count to the larger shareholders of CA Immo with stakes of about 6% and 4% respectively. No other shareholders with a stake of more than 4% are identified. For more information on the organisation of the shares and the rights of shareholders, please refer to the Corporate Governance Report ([Corporate Governance \(caimmo.com\)](http://caimmo.com)).

CAPITAL DISCLOSURES

At the 31st Annual General Meeting of 9 May 2018, the Management Board was authorized, with the consent of the Supervisory Board, to increase the capital stock by up to € 359,168,301.36 (approx. 50% of the current capital stock) by issuance of up to 49,404,168 new ordinary bearer shares in return for contributions in cash or in kind (also in several tranches and by exclusion of shareholders' subscription rights if required). The authorisation is valid until 18 September 2023.

In the same annual general meeting, the 'contingent capital 2013' was reduced from € 100,006,120 to € 47,565,458.08 in order to serve the 0.75% convertible bonds 2017-2025. Further, the Management Board was authorized, with the consent of the Supervisory Board, until 8 May 2023 to issue convertible bonds up to a total nominal amount of € 750 m with conversion and/or subscription rights in respect of up to 19,761,667 ordinary bearer shares of the company representing a pro-rata amount of the share capital of the company of up to

€ 143,667,319.09 ('contingent capital 2018'), also in several tranches and to determine all other terms of the convertible bonds as well as in respect of the issuance and the conversion procedure. Under this authorisation, convertible bonds may only be issued, if the total number of new shares for which conversion and/or subscription rights are granted by such convertible bonds shall not exceed 20% of the share capital at the time this authorisation is resolved upon. The shareholders' subscription rights were excluded (article 174 para 4 in connection with article 153 Austrian Stock Corporation Act (AktG)).

At the 32nd Annual General Meeting held on 9 May 2019, the Management Board was authorised in accordance with article 65 para 1 no 8 and para 1a and para 1b Austrian Stock Corporation Act (AktG) for a period of 30 months from the date of the adopted resolution (until 8 November 2021), with the consent of the Supervisory Board, to repurchase treasury shares in the company, whereas the company's stock of treasury shares must not exceed 10% of its share capital. The consideration shall not be lower than 30% and shall not exceed 10% of the average unweighted market price at the close of the market on the ten trading days preceding the repurchase. The Management Board is further authorised to determine the respective other terms and conditions of the repurchase, whereby the treasury shares may be acquired at the discretion of the Management Board via the stock exchange, by way of a public offer, or by any other lawful and appropriate way, in particular off market, and/or from individual shareholders and under exclusion of the shareholders' pro rata rights (reverse subscription right). The authorisation may be exercised in full or in part or in multiple partial amounts and in pursuit of one or more purposes by the company, subsidiaries (article 189a no 8 Commercial Code (UGB)) or by third parties for their account. The authorisation may be repeatedly exercised. In addition, the Management Board was authorised, with the consent of the Supervisory Board, to transfer the acquired treasury shares by all legally permissible means and to determine the terms and conditions of the transfer of shares or to cancel the treasury shares without an additional resolution by the General Meeting.

No use has been made of the share buyback programme in the year under review. As at 31 December 2020, CA Immobilien Anlagen AG held 5,780,037 treasury shares in total; given the total number of voting shares issued (98,808,336), this is equivalent to around 6% of the voting shares.

INFORMATION ON THE MANAGEMENT AND SUPERVISORY BOARDS

According to the articles of association, the Management Board of CA Immo comprises 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 Annual General Meeting that follows the 65th birthday of a Board member. The Supervisory Board comprises no less than three and no more than twelve members. At any time, Supervisory Board members appointed through registered shares may be asked to step down by the person entitled to nominate and replaced by another. The provisions of the Articles of Association regarding terms of office and elections to appoint replacements do not apply to them. The other Supervisory Board members are elected by the Annual 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 Annual General Meeting that follows their 70th birthday. The Shareholder's Meeting resolves on the dismissal of members of the Supervisory Board on the basis of a majority of at least 75% of the capital stock represented (article 21 of the Articles of Association of CA Immo).

CHANGE-OF-CONTROL CLAUSES

All Management Board contracts contain a change of control clause assuring payments in the event of premature termination of Management Board duties following a change of control. A change of control occurs either where a shareholder or group of shareholders attains 25% of voting rights in the Annual General Meeting, or they are obliged to make a mandatory takeover bid where the investment threshold of 30% is exceeded. Corporate mergers always constitute a change of control. The contractual regulations provide for

extraordinary termination rights as well as continued remuneration (including variable remuneration) for the remaining term of the employment contract. According to the calculation basis, compensation for fixed remuneration may not exceed two years' fixed salary. Moreover, the company has to grant the Management Board member a contractually agreed percentage part payment to compensate for the loss of variable remuneration not exceeding 80% of two years' fixed salary, depending on the specific sphere of activity and the position of the Management Board member in question. The exercising of a special right of termination in the event of a change of control in the sphere of Starwood Capital, the major shareholder, has been contractually excluded for all Management Board members.

COMMITTED TO OBSERVING THE AUSTRIAN CORPORATE GOVERNANCE CODE

Compliance with legal provisions applicable in the CA Immo Group's target markets is a high priority for the company. The Management Board and Supervisory Board are committed to observing the Austrian Corporate Governance Code¹⁰⁾ and thus to transparency and principles of good corporate management. The rules and recommendations of the version of the Corporate Governance Code applicable in business year 2020 (January 2020 amendment) are implemented almost in full. Discrepancies are noted in respect of C Rules no. 2 (right of appointment to the Supervisory Board) and no. 45 (executive positions with competitor companies). The evaluation carried out by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. concerning compliance with rules 1 to 76 of the Austrian Corporate Governance Code for business year 2020 found that declarations of conformity submitted by CA Immo with regard to compliance with the C and R Rules of the Code were correct. The corporate governance report is also available on the company's web site at [Corporate Governance \(caimmo.com\)](https://www.caimmo.com/corporate-governance).

¹⁰⁾ The Austrian Corporate Governance Code may be viewed on the web site of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

OUTLOOK

ANTICIPATED DEVELOPMENTS AND MAIN OPPORTUNITIES AND THREATS

The fundamental challenge of the current year will remain the fight against the Covid-19 pandemic. Despite initial progress in the global vaccination campaigns, the incidence of infection is likely to remain dynamic. With a potential improvement in the pandemic situation from spring onwards, a recovery in economic growth could then be felt across the board.

It can be expected that global containment measures remain in place during 2021 before being increasingly relaxed later on. As a result, the global economy should grow strongly again in 2021. Current economic growth forecasts expect the European economy to grow by about 4% in 2021 and by about 3% in 2022, thus returning to pre-crisis levels in the course of 2022.

The long-term impact of the pandemic and its economic consequences cannot be conclusively assessed given the dynamic situation, and is subject to ongoing evaluation. Temporary restrictions on current operations (also caused by exit restrictions, curfews, border closings, school/business shutdowns and other constraints) may affect the CA Immo Group, tenants, customers and suppliers as well as authorities. The consequences in terms of finance, general business and real estate in particular cannot be fully gauged (e.g. payments by tenants which are not in accordance with contracts, delays in construction activities, effects on real estate markets, development of covenants for current financings, effects on planned real estate transactions). The CA Immo Group applies a wide range of possible measures to minimise the impact.

Strategy

Thanks to the successfully implemented strategy programs of recent years, CA Immo enjoys an excellent market position in its core markets. Despite the challenging economic conditions resulting from the Covid-19 pandemic, the core segment of investment properties is expected to continue to perform robustly.

Furthermore, in addition to the continuation of organic growth through profitable project development activities, selective acquisitions of investment properties with value creation potential in the core markets are to be realised. The expected increase in annual rental income, combined with an optimized financing structure, should further enhance the sustainable profitability of CA Immo.

The company's portfolio strategy continues to be based on a high-quality portfolio in terms of both location and building quality and a clear focus on attractive metropolitan areas in Central and Eastern Europe. In this context, strategic capital rotation will be implemented on an ongoing basis. Following the exit from the non-strategic markets of Zagreb (September 2020), Graz (December 2020) and Bratislava (March 2021), a sale of the two office buildings in Belgrade is also planned. Sales within the office portfolios in the strategic core markets and reinvestment of the sales proceeds in acquisitions of strategic investment properties or in the company's development pipeline are aimed at optimizing the quality of the portfolio in terms of location, physical and sustainable building quality, and management efficiency.

Financing

CA Immo has an extremely robust balance sheet and financing structure with a very solid liquidity position. The inaugural issuance of a benchmark bond and a green bond in 2020 represents a milestone in the implementation of the growth strategy, which has significantly accelerated the diversification of the financing structure and its optimization.

Moody's confirmed both the Baa2 rating and the stable outlook in a credit opinion on 18 January 2021. When the core shareholder Starwood Capital made an anticipatory mandatory offer to the shareholders and owners of convertible bonds of CA Immo, the rating agency placed the rating 'under review for downgrade' as well as the outlook to under review. According to an announcement by Moody's, this change reflects uncertainty over whether Starwood will "acquire control of CA Immo and whether this will mean changes to the business, finance and liquidity profile of CA Immo".

Key factors that may influence our business plans for 2021 include:

- Economic developments in the regions in which CA Immo is active and the effects of these on demand for rental premises and rental prices (core indicators include GDP growth, employment and inflation).
- The development of general interest rate levels.
- The financing environment as regards the availability and cost of long-term financing with outside capital (both secured financing from banks on property level and unsecured capital market financing on group level), and accordingly the development of the market for real

estate investment, price trends and their impact on the valuation of the CA Immo portfolio.

- The speed at which planned development projects are realised will also depend on the market factors outlined above and the availability of necessary debt and equity.
- Political, fiscal, legal and economic risks, transparency and the development level on our real estate markets.

Dividend and annual earnings target 2021

For business year 2020, the Management Board plans to propose a dividend of € 1.00 per share with dividend entitlement.

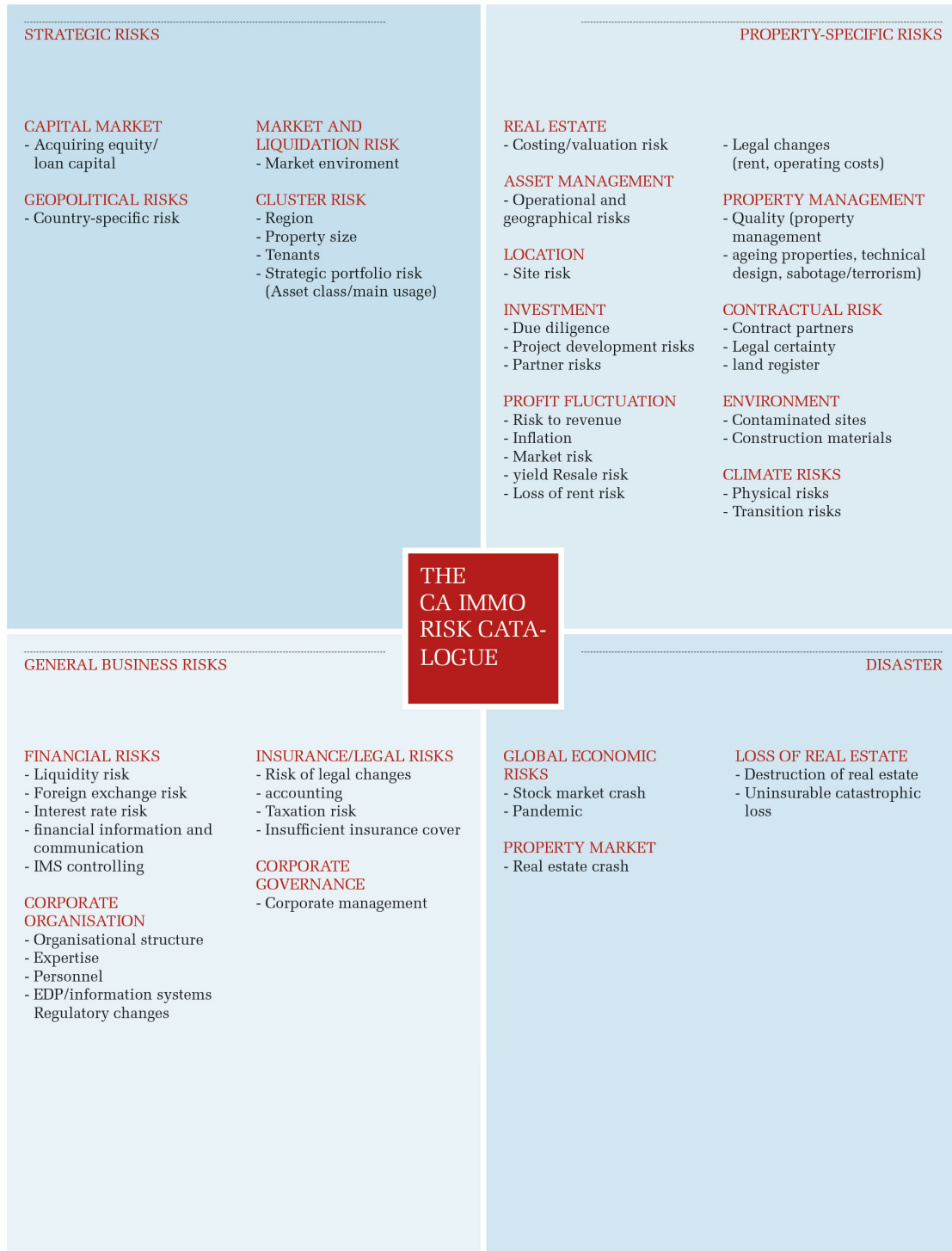
The annual target for FFO I, a key indicator of the Group's recurring earnings power, will be announced in the context of the presentation of the first quarter in May 2021.

RESEARCH AND DEVELOPMENT

Technological and social change continues to transform the office environment and the knowledge-based economy. In order to develop and revitalize office properties today in such a way that they can be efficiently and profitably managed in future, CA Immo monitors changes to working processes and corporate requirements in terms of premises; at the same time, it trials new technical solutions along with space and building concepts on selected development projects. The current focus is on new requirements relating to energy efficiency, environmental protection and protective measures in relation to viral infections (pandemic protection).

In the course of theoretical and practical research activity, CA Immo maintains partnerships with institutions involved in real estate related research. For example, CA Immo is a **partner to the Office 21 joint research project of the Fraunhofer IAO Institute (www.office21.de)** and the **Innovation platform RE!N (Real Estate Innovation Network)**, with the objective of pilot testing external and own innovation approaches at an early stage. CA Immo is also an active member of relevant platforms in the real estate industry.

RISK REPORT



RISK MANAGEMENT AT CA IMMO

To ensure the success of CA Immo as a business in the long term and enable the company to meet its strategic objectives, effective management of new and existing risks is essential. A commensurate measure of risk must

CA Immo's risk management system is based on the following elements:

- Risk culture: CA Immo's reputation is central to our identity and business success. Therefore, compliance with established principles of corporate governance and value management is a matter of course. For CA Immo, risk culture implies the raising of risk awareness and the establishment of a conscious approach to risk in day-to-day business –for managers and individual employees alike.
- Risk strategy: The risk strategy describes how risks stemming from business strategy are managed and identifies the risks in terms of their impact on the company's economic situation and the relevant guidelines on managing risks.

Strategic alignment and tolerance of risk

With the approval of the Corporate Development committee established in 2019 and the Supervisory Board, the Management Board defines the strategic direction of the CA Immo Group as well as the nature and extent of risks the Group is prepared to accept in pursuit of its strategic objectives. The Risk Management department supports the Management Board in assessing the risk environment and developing potential strategies to raise long-term stakeholder value. An internal risk committee comprising representatives from all business areas and the CFO has also been set up; this convenes quarterly or, if necessary, in special sessions (in response to the Covid-19 situation, for example). The purpose of the committee is to provide additional assurance in regularly assessing the Group's risk situation across departmental boundaries and introducing measures as necessary. The aim of this is to ensure the company adopts the best possible direction from the alternatives available.

Identification of risks and assessment

CA Immo evaluates the 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

be accepted if we are to utilise market opportunities and exploit the potential for success they hold. For this reason, risk management and the internal monitoring system (IMS) deliver an important contribution to the Group's corporate governance (defined as the principle of responsible management).

of lease agreement periods and the possibility of terminations; construction costs are also tracked throughout 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 company also evaluates specific risks at regular intervals every three years, focusing on content, effect and likelihood of occurrence. An annual update is also carried out with regard to the estimated impact on the result, assets or liquidity of CA Immo ('extent of damage') and the probability of occurrence within a period of one year. Measures and controls already implemented are taken into account to determine the net risk. The Management Board uses this data as the basis for determining the severity and type of risks that it regards as acceptable in pursuing its strategic objectives. Strategies adopted by the Management Board are incorporated into the Group's three-year planning; this assists the Group in communicating its willingness to take risks and its expectations, both internally and externally.

The risk policy of CA Immo is defined by a range of guidelines, observance of which is continually monitored and documented by controlling processes. Risk management is obligatory at all levels of the company. 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. Internal Auditing, an independent division, reviews operational and business processes, appointing experts from outside as necessary; it acts independently in reporting and evaluating audit results.

Evaluating the functionality of risk management

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 and the audit committee.

KEY FEATURES OF THE INTERNAL MONITORING SYSTEM (IMS)

CA Immo's internal monitoring system covers all principles, procedures and measures designed to ensure the effectiveness, cost-effectiveness and accuracy of accounting as well as compliance with relevant legal regulations and company guidelines. The IMS is integrated into individual business processes, taking account of management processes. The objectives of the IMS are to preclude and expose errors in accounting and financial reporting, thus enabling amendments to be introduced in good time. Transparent documentation makes it possible to depict accounting, financial reporting and auditing processes. 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 subsidiaries are required to perform their own 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 audit committee.

STRATEGIC RISKS

CA Immo defines strategic risk as the danger of unexpected deviations from company plans or the losses that can result from management policy decisions on the direction taken by the company. These risks generally arise from unexpected changes in the macroeconomic market environment. Many of the risks mentioned here are not actively manageable.

Amongst other things, the economic success of CA Immo depends on the **development of real estate markets of relevance to the Group**. Key factors influencing the economic trend include the general situation of the global economy, the trend in rental prices, the inflation rate, levels of national debt and interest rates. In the office properties segment, factors such as economic growth, industrial activity, the unemployment rate and consumer confidence play a major role alongside other factors critical to the economic trend. These circumstances – all of which are beyond the company's control – may have a negative impact on the broad economic picture in Europe and thus adversely affect economically powerful countries like Germany and Austria; they may

also impair the finance and real estate sector generally. Any downturn in the economic situation has the potential to reduce demand for real estate, which in turn can adversely affect occupancy rates, property values and even the liquidity of real estate.

Although the economic environment remains characterised by low interest rates and relatively high property portfolio valuations, the possibility of an **interest rate rise** negatively affecting the real estate market – and thus property valuations and the divestment plans of CA Immo – cannot be discounted. Acquiring equity and loan capital could become significantly more difficult, making expansion plans almost or completely impossible. The possible reintroduction of national **currencies** by individual eurozone members would also have grave consequences for the economies and financial markets of Europe. Finally, the departure of individual nations from European currency union could lead to a complete collapse of the monetary system.

Geopolitical risks such as political instability, lack of basic legislation and arbitrary government practices offset the economic opportunities offered by enterprises in other countries. Consequently, enterprises operating in unstable regions must allow for significant impacts on their business activities, such as tax increases, customs duties, export bans, expropriations and asset seizures. Where properties are concentrated too strongly in a single region, these factors can also have a considerable influence on the profitability of the CA Immo Group.

Impact of the Covid-19 pandemic

Across the board, business year 2020 was impacted by the global Covid-19 pandemic as many countries imposed general lockdowns and travel restrictions. As a result, market activity was severely affected in many sectors as of the second quarter of 2020.

The pandemic continues to have Europe firmly in its grip. As infection figures skyrocketed practically everywhere from the third quarter of 2020 onwards, countries once again responded with far-reaching restrictions. Renewed lockdowns are likely to cause the European economy to contract even more sharply than had been expected in mid-2020 (see also "Economic environment" chapter).

The real estate sector is also experiencing the consequences of the pandemic already, with some real estate markets reporting significantly lower levels of transaction

activity and liquidity. Hotels are closing due to low occupancy rates and retailers are increasingly requesting rent deferrals or rent reductions in the face of significant sales losses. Some construction sites cannot operate as planned. The short- and long-term economic impact of the Covid-19 pandemic on real estate markets remains highly uncertain. The longer the crisis lasts, the more complex and severe the effects become.

Due to the pandemic and the associated economic slump, the **real estate transaction market** has declined sharply, with the exception of Germany. The volume of commercial property transactions registered in CA Immo's core markets was between 30% (Eastern Europe) and 50% (Austria) down on the previous year. In Germany, the decline amounted to less than 6% in comparison with the record result of the previous year. Transactions were paused or even cancelled due to difficulties in pricing and financing.

With the exception of Vienna, where **letting performance** has remained steady so far and the effects are only expected in 2021, all of CA Immo's core cities have seen a decline in demand for office space and/or an increase in vacancy rates due to the challenging conditions caused by the pandemic and its economic impact. Now that both transaction and letting activities have declined significantly, extended marketing and vacancy periods for unlet units are also likely in the future. As demand for office space is primarily dependent on macroeconomic developments, it remains to be seen how the significant decline in office space take-up in 2020 will actually develop in fiscal year 2021. It also remains unclear how the expansion of digital working processes linked to the crisis and the rise of the home office will affect demand for office space in the medium term. The possibility of the office market being more strongly influenced in future by the trends towards flexible office space leases and co-working cannot be ruled out.

Across its tenant base (office, hotel, retail), the Group is confronted with requests for waivers, reductions or deferrals of rental payments. The legal framework varies from country to country. In the event of Covid-19-related official shut-downs or restrictions of operations, Austrian law provides for a special statutory right to reduce rent, whereas in other countries, in the absence of specific statutory provisions, there is generally an obligation to pay rent; a right to reduce rent can only be established by way of exception and in individual cases via general legal pro-

visions (such as the lapse of the contractual basis). However, deviating contractual provisions can also justify a tenant's right to reduce rents. The extent to which the measures taken to contain the Covid-19 pandemic will lead to **insolvencies of individual tenants** and thus to an increase in vacancy rates cannot yet be estimated and will largely depend on the duration of the crisis. In particular the hotel, restaurant and non-systematically relevant retail sectors are suffering disproportionately from the prevailing situation. Depending on the asset class, further rent waivers, rent reductions and rent deferrals are likely. CA Immo responds to this risk by analysing the property portfolio, tenant structure and cash flow, among other things, and performs various scenarios to assess the risks. Case-by-case assessment is generally necessary.

In view of the uncertain future impact of the Covid-19 pandemic and the related current and future measures on the property markets, plus the fact that it is difficult to distinguish between short-term effects and longer-term structural market changes, CA Immo regularly reviews its **property valuations**. Following a near-complete external valuation of the Group's portfolio in the fourth quarter of 2020, values for the property assets as at the reporting date of 31 December 2020 were updated or adjusted on the basis of binding purchase agreements or external valuations. Taking into account the current exceptional circumstances and low levels of transactions, property valuations must continue to be handled with greater caution than is normally necessary, especially in the core markets of Austria and Eastern Europe.

Given the current market conditions – with rising construction costs, supply and timing problems, fluctuating financing rates, uncertain marketing periods and a lack of comparative values – it is inevitable that a higher uncertainty factor will apply to **project developments**. Land values could therefore fluctuate much more than would be the case under normal circumstances.

The long-term effects of the outbreak of the Covid-19 pandemic remain to be seen, although volatility and uncertainty on stock markets, corporate profit warnings and negative economic forecasts underline the potential dangers to the European and global economies. The effects cannot be conclusively assessed given the fast-moving situation, and are subject to ongoing evaluation. Temporary restrictions on current operations (also caused by exit restrictions, curfews, border closings, school/business shut-downs and other constraints) may affect the CA Immo

Group, tenants, customers and suppliers as well as authorities. The consequences in terms of finance, general business and real estate in particular cannot be fully gauged (e.g. payments by tenants which are not in accordance with contracts, delays in construction activities, effects on real estate markets, development of covenants for current financings, effects on planned real estate transactions). The CA Immo Group applies a wide range of possible measures to minimise the impact.

PROPERTY-SPECIFIC RISKS

Risks linked to the market environment and composition of the portfolio

The real estate market is determined by macroeconomic development and demand for properties. Economic instability and restricted access to loan capital and equity-based financing can lead to business partners opting out. Where the liquidity of the real estate investment market is insufficient, there is a risk that sales of individual properties with a view to strategic adjustment of the real estate portfolio may prove impossible or only possible under unacceptable conditions. 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 supply and demand levels for real estate at a local level. This can affect prices of properties, market rents and occupancy rates while adversely affecting the value of properties and associated income. For this reason, strongly negative effects on earning power and property valuations cannot be ruled out.

Property values depend not only on the development of rental rates, but also on real estate starting yields. Given the general market environment, there is still a risk that starting yields for commercial real estate will be adjusted upwards. The historically high price of property investment is combining with low real estate yields to create risks to the **value of properties** in the CA Immo portfolio. Due to sustained pressure from investors, there is also the risk that properties are only available to purchase at inflated prices. The possibility of an increase in general interest rates that forces property yields up and subsequently property values down cannot be ruled out.

CA Immo counters **market risk** by spreading its portfolio across various countries. CA Immo counters **country-specific risk** by concentrating on strategic core regions through local subsidiaries with their own on-site staff,

and through appropriate regional allocation within those core markets. The focus here is on markets that exhibit the long-term structural trends of increasing urbanisation, positive demographic change, and structural supply shortages as well as high investment liquidity. Market knowledge, continual evaluation of strategy, monitoring of the portfolio and purposeful portfolio management in the context of strategic decision-making (e.g. defining exit strategies, medium-term planning of sales) enable the company to respond quickly to economic and political events. CA Immo negates **transfer risk** by repatriating liquid assets from investment markets with a low credit standing. Active portfolio management aims to prevent **concentration risk** and maintain a balanced portfolio structure. CA Immo is currently active in Germany, Austria and selected CEE markets. Germany is currently the largest single market of CA Immo, accounting for a share of 55% of the total portfolio, although regional portfolio target distribution envisages a medium-term increase in the German share to 60-65%. CA Immo is part of the EPRA Developed Europe Index, which supports the capital market positioning and the overall rating. To this end, an aggregate EBITDA contribution of Germany, Austria and Poland of more than 50% is targeted. In order to maintain critical market relevance, real estate assets of approximately € 500 m are to be held in each core city. In terms of asset classes, CA Immo concentrates on modern, high-quality office properties, with a focus on prime inner-city locations. The development business segment also realises property developments and construction projects with other usage types (e.g. residential, hotel), which are generally sold after successful development or completion.

For **single investments**, CA Immo currently defines concentration risk as a limit value of 5% of the total portfolio. The only property in this category as at the balance sheet date was the Skygarden office building in Munich. The portfolio as a whole is highly diversified: the top ten Group assets represent less than 30% of the total portfolio. The concentration risk in respect of **single tenants** is also manageable. As at 31 December 2020, the top ten tenants were generating some 21% of rental revenue. With an approximate share of 3% of total rental income, PricewaterhouseCoopers followed by Intercity Hotel GmbH are currently the biggest individual tenants in the portfolio. In general, single tenants should not account for more than 5% of total annual rental income over an extended period, although tenants with excellent credit ratings (AAA/AA) may be an exception. For **single-tenant build-ings**, such scenarios should be avoided unless the tenant's

credit rating is considered excellent (AAA/AA). A single-tenant scenario is defined as a case where more than 75% of the annual rental income (single property level) is attributable to a single tenant. Generally, rental income from single-tenant buildings should not exceed 20% of total annual rental income. In addition, the average lease term for single-tenant properties should exceed 10 years.

CA Immo creates sustainable value through a comprehensive value chain, from leasing and management to the construction, planning and development of investment properties with highly developed in-house expertise. This reduces functional (performance) risks while maximizing opportunities along the value chain (developer profit). Although, **land reserves** and **land development projects** present specific risks owing to the high capital commitment and absence of steady cash inflows, they also offer considerable potential for value increases through the securing or enhancement of building rights. Risks are regularly reduced via the sale of non-strategic land reserves. The acquisition of building rights on remaining land will be accelerated through the company's own capacity. Overall, CA Immo is aiming for a balanced portfolio; on the basis of balance sheet values, this means around 85% profitable properties and 15% development projects under construction, including land bank reserves.

Other concentration risks arising from factors such as the existence of several properties with a market value of more than € 100 m in the same city, the sector mix of tenants, the identity of contractual partners, suppliers or lenders, etc., which cannot be effectively measured or limited in quantitative terms, are subject to regular review.

Political and economic trends in the countries in which CA Immo is active also have a significant impact on **occupancy rates** and rent losses. The earning power and market value of a property is adversely 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 cut rents 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 Group's **rent default risk** has remained at the low level, despite the negative impact of the Covid-19 pandemic on individual

tenants. Subject to the unpredictable economic impact of the pandemic, a decline in rental income cannot be excluded. All outstanding receivables are evaluated quarterly and adjusted according to the level of risk. The risk of lost rent is taken into account to a sufficient degree in the estimation of property values. Many of the Group's lease agreements contain stable value clauses, often 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**).

Competition for reputable tenants is intense on the lettings market; rent levels are under pressure in many markets. To remain attractive to tenants, CA Immo could be forced to accept lower rental rates. Moreover, incorrect assessments of the attractiveness of **locations** or potential **usages** can make lettings more difficult or significantly impair desired lease conditions.

To a lesser extent, the Group's portfolio also includes **special asset classes** such as shopping malls and hotels whose operation involves certain risks. Poor running of a 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 in turn leads to rent losses and problems with new lettings. Although CA Immo does not operate any hotels itself, the Group's earnings situation also depends on the quality of external hotel management and the development of hotel markets. As mentioned earlier, the negative effects of the Covid-19 pandemic-related lockdowns imposed by the authorities have had a particularly severe impact on hotel operators and the retail sector.

Risks associated with the project development area

Costs are generally sustained at the early stages of real estate development projects; revenue is not generated until the latter phases of a project. Many development projects may be associated with **cost overruns** and **delays** in completion that are frequently 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 lead to vacancy after completion. CA Immo takes steps such as cost monitoring, variance analyses and long-term liquidity planning to manage such risks to a large extent. With few exceptions, projects are only started subject to appropriate pre-letting that can cover future debt service through rental income. Except-

tions are only made in special project and/or market situations (e.g. extreme regional shortage of leasable space with foreseeable rising rents and low letting risk during the project phase) and require explicit reviews when obtaining project approval.

Saturation of the construction industry presents risk to CA Immo as regards the (on time) availability of construction services and the level of building costs. This is now noticeable not only in Germany – the core market for the company's development projects – but in all CA Immo's core regions. Despite making provision for rising costs within project reserves, the fact that further rises in **construction costs** could present a risk to budget compliance and the overall success of a project cannot be ruled out. Another risk is that current property yields might change, thereby reducing target developer profits, even though projects have been calculated defensively. For this reason, CA Immo is increasingly reliant on appropriate market and cost analyses in the development area as well. Projects currently in progress are generally on time and within approved budgets; they are continually monitored as regards cost risk.

Risks from sales transactions

Sales transactions can produce risks linked to contractual agreements and assurances. These might relate to **guaranteed** income from rental payments and can subsequently reduce purchase sums agreed or received. Sufficient financial provision has been made to counter 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.

Environmental and climate risks

Environmental and safety regulations include active and latent obligations to remediate contaminated sites. 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 render CA Immo **liable** to third parties, significantly impact the sale and letting of affected prop-

erties 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. In principle, insurable risks are insured to the usual extent (e.g. all-risk insurance for development projects). 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 due diligence audit prior to every purchase; appropriate guarantees are required from sellers. Wherever possible, the CA Immo Group makes use of environmentally sustainable materials and energy-saving technologies. CA Immo observes the ecological precautionary principle by ensuring all (re)development projects qualify for certification.



As a responsible player in the European real estate sector, CA Immo fully supports the **United Nations' climate goals** and the associated transition to a low-carbon, sustainable economy. In order to meet the associated requirements in the best possible way and to secure long-term competitiveness, CA Immo has anchored corresponding measures, processes and goals in its strategic approach (including sustainability certification, sustainability reporting, ESG reporting and green financing).

GENERAL BUSINESS RISKS

Operational and organisational risks

Weaknesses in the CA Immo Group's **structural and process organisation** can lead to unexpected losses or additional expenditure. This risk can arise from shortcomings in **EDP** and other **information systems** as well as human error and inadequate internal inspection procedures. Flawed program sequences as well as automated EDP and information systems pose a significant operational risk where their type and scope fail to take account of business volumes or prove vulnerable to cybercrime. Human risk factors include an insufficient understanding of corporate strategy, inadequate internal risk monitoring (and especially business process controls) and excessive decision-making authority at individual level, which can lead to unconsidered actions or a proliferation of decision-making bodies that hinder flexible responses to changes in the market. Some real estate management tasks and other administrative duties are outsourced to external third parties. 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.

Nonetheless, the **expertise** possessed by a company and its workforce constitutes a significant competitive factor and a unique point of distinction over competitors. When key members of staff leave, therefore, the company is exposed to the risk of loss of expertise, which generally requires a significant commitment of corporate resources (money, time, recruitment of new employees) to redress the balance. CA Immo takes various measures to counter these risk factors. In the case of corporate mergers, structured processes of organisational integration are observed. Process organisation (i.e. system/process integration) is firmly established; activities to ensure the long-term implementation of operational processes are ongoing. The Group structure is regularly scrutinised and examined to ensure predefined structures take account of the size of the company. CA Immo counters risks linked to personal expertise (which can arise with the resignation of key knowledge holders) through regular transfers of knowledge (via training courses) and by documenting know-how (in manuals, etc.); far-sighted staff planning also plays a part.

Legal risks

In the course of normal business activity, the companies of the Group can become involved in **legal disputes**, both as plaintiffs and as defendants. Such 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 company's survival are imminent or pending. In the spring of 2020, CA Immo filed a claim for damages against the Republic of Austria and the state of Carinthia for unlawful and culpably biased influence on the best bidder procedure in the context of privatisation of Federal Residential Property companies in 2004 ('BUWOG') and for the unlawful failure to win the best bidder procedure. The first-instance (though not yet final) criminal verdicts against the defendants (ex-Federal Minister of Finance Grasser et al.), announced in early December 2020, confirmed that actions taken in connection with the BUWOG privatisation proceedings were unlawful and biased. The criminal court referred CA Immo to the civil courts with the asserted private party claims against the

defendants for damages of € 1.9 bn. A more detailed assessment of the specific effects of the criminal proceedings on the pending proceedings for damages will only be possible after written judgment has been issued and, subsequently, appeal proceedings have been concluded with a final criminal judgment. A criminal judgment has no procedural binding effect on civil claims for damages asserted against the Republic of Austria and the state of Carinthia. As a precautionary measure, a provision of approximately € 25 m has been formed for court fees in connection with the damages proceedings.

It is not possible to predict changes to **legal provisions**, case law and administrative practice, or the impact of these on business results; such changes may adversely affect real estate values or the cost structure of the CA Immo Group. CA Immo proactively manages such legal risks by taking numerous measures. These include the regular assessment of historical and existing legal risks, continual monitoring of legislative changes and changes in case law, the incorporation of lessons learned into business processes and continuous informative and training measures.

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. The risk of corruption is addressed by the code of conduct ('zero tolerance') and the related gifts and donations policy. Employees are required to report any suspicions internally. Employees and external third parties can also report suspected misconduct anonymously via the electronic whistleblower system set up by CA Immo ([Whistleblower System \(caimmo.com\)](http://caimmo.com)). The Supervisory Board is informed at least once a year about measures taken to combat corruption. Corruption-related matters are audited on the basis of the audit plan approved by the audit committee or on the basis of special audit assignments issued by the Management Board, audit committee or full Supervisory Board. All operating Group companies are reviewed for corruption risks on a regular basis.

Taxation risk

For all companies, current income and capital gains is subject to income tax in the respective country. Important discretionary decisions must be taken regarding the level of tax provisions that need to be formed. The extent to which active deferred taxes are recognised must also be determined.

Subject to compliance with certain requirements, revenue from the sale of participating interests is fully or partially exempted from income tax. Even where a company intends to meet the requirements, passive deferred taxes are fully applied to property assets according to IAS 12.

Key assumptions must also be made regarding the extent to which deductible temporary differences and loss carry forwards are set off against future taxable profits, and thus the extent to which active deferred taxes can be recognised. Uncertainty arises regarding the amount and timing of future income and the interpretation of complex tax regulations. Where there is uncertainty over the application of income tax to business transactions, an assessment will be required as to whether or not the responsible tax authority is likely to accept the interpretation of the tax treatment of such transactions. In case of doubt, the CA Immo Group enters the tax obligation as the most likely amount on the basis of that assessment. Such doubt and complexity can mean that future tax payments turn out to be significantly higher or lower than the obligations currently assessed as probable and recognised in the balance sheet. The CA Immo Group holds a large part of its real estate portfolio in Germany, where many complex tax regulations must be observed. In particular, these include (i) provisions on the transfer of hidden reserves to other assets, (ii) legal regulations on real estate transfer tax charges and the possible accrual of real estate transfer tax in connection with direct or indirect changes of control in German partnerships and corporations and (iii) the deduction of input taxes on construction costs in the case of development projects. The CA Immo Group makes every effort to ensure full compliance with all tax regulations. Nonetheless, there are circumstances (some of which are outside the CA Immo Group's control) such as changes to the shareholding structure, changes in legislation or changes in interpretation on the part of tax authorities and courts which could lead to the aforementioned taxation cases being treated differently, which in turn would influence the assessment of tax in the consolidated financial statements.

Partner risks

Since CA Immo undertakes a number of development projects as **joint ventures**, the company depends on the solvency and performance capability of partners to some extent; 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 their share of costs, taxes or other liabilities.

FINANCIAL RISKS

Liquidity, investment and refinancing risk

(Re)financing on the financial and capital markets is one of the most important considerations for a real estate company. In particular, CA Immo requires loan capital to refinance existing loans and to finance development projects and acquisitions. In effect, therefore, the company is dependent on the readiness of banks and capital markets to provide additional loan capital and extend existing financing agreements under acceptable terms. Market conditions for real estate financing are constantly changing. The attractiveness of financing alternatives depends on a range of factors, not all of which can be influenced by the Group (market interest rates, 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 in connection with financing agreements.

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 or corporate bonds and convertible bonds issued by CA Immo. 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 has fluctuating stocks of cash and cash equivalents which the company invests according to its particular operational and strategic needs and objectives. Sufficient equity capitalisation will be required for the company to retain its Baa2 investment grade (long-term issuer) **rating** as granted by Moody's in December 2015.

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. To control liquidity peaks, the Group has secured a revolving overdraft facility at parent company level. This also ensures the Group can meet unexpected cash flow requirements. In line with the investment horizon for real estate, loans are invariably agreed on a long-term basis. In principle, appropriate financing (e.g. loan or bond) must be guaranteed before binding contracts are concluded in connection with real estate acquisitions. As an alternative and supplement to established means of (equity) capital procurement, the company has also entered into equity partnerships (joint ventures) at project level in the past.

Even with meticulous planning, it is not possible to eliminate liquidity risk, particularly where capital requests linked to joint venture partners are not viable. CA Immo Deutschland has a high capital commitment, which is typical 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 interest rates affect both the level of financing costs and the fair value of interest hedging transactions concluded. For financing purposes, CA Immo uses banks at home and abroad and issues corporate bonds, thereby opting for a mix of long-term fixed-rate and floating-rate loans. To hedge against impending **interest rate changes** and associated fluctuations in financing costs, greater use is made of derivative financial instruments (interest rate caps, swaps and floors) in the case of floating-rate loans. However, 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. Moreover, CA Immo is increasingly obtaining finance from the capital market. Fixed-interest loans (in the form of corporate bonds, for example) and loans hedged through derivatives currently account for 94% of the total financing volume. Continual optimisation of the financing structure in recent years has served to improve the maturity profile and raise the quota of hedged financial liabilities while reducing average borrowing costs. The pool of unencumbered assets – a key factor in the company's investment grade rating – was also raised, and the rating of CA Immo was consolidated. The financing profile has thus become more robust.

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 means of 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 generally counters such risk in that foreign currency inflows are secured by pegging rents to the euro; no significant and direct currency risk exists at present.

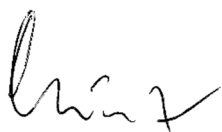
The pegging of rents affects the **creditworthiness of tenants** and thus produces an indirect currency risk that can result in payment bottlenecks and loss of rent. Since incoming payments are mainly received in local currency, however, free liquidity (rental revenue less operating costs) is converted into euros upon receipt. This process is continually overseen by the responsible country managers. There is no currency risk on the liabilities side. 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 RISK MANAGEMENT

RISK	EFFECT	COUNTERMEASURE
UNFORESEEABLE LIQUIDITY REQUIREMENT - Lack of liquidity - Capital requests linked to joint venture partners not viable	- Non-utilisation of opportunities - Distress sales - Insolvency	- Continual analysis, planning and monitoring of liquidity - Optimisation of investment
FINANCING - Breach of covenants - Non-extension of expiring credit - Follow-up financing not secured after project phase	- Cost disadvantages during credit term - Additional requirement for equity or liquidity	- Continual monitoring of the viability of real estate and the fulfilment of covenants from loan agreements - Conclusion of project-related loan agreements, ideally for the long term - Establishment of a liquidity reserve
DEVELOPMENT OF EXCHANGE RATES - Development of foreign currency rates	- Fluctuation in earnings owing to exchange rate gains/losses	- Harmonising of loan and rental agreements - Rapid conversion of free liquidity into EUR - Forward cover, especially for construction contracts
INTEREST RATE CHANGES/ EVALUATION OF INTEREST RATE HEDGING - Evaluation of interest rate developments	- Significant fluctuation in earnings and change in equity ratio due to changing interest level (financing costs, evaluation of interest-rate hedges)	- Mix of long-term fixed-rate and floating-rate loans - On-schedule use of derivatives (Swaps/Floors/Caps) - Continuous monitoring of interest rate forecasts

Vienna, 24.3.2021

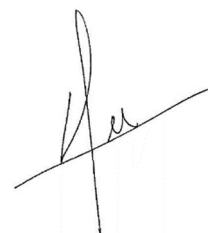
The Management Board



Andreas Quint
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Member of the Management Board)



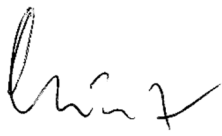
Keegan Viscius
(Member of the Management Board)

DECLARATION OF THE MANAGEMENT BOARD DUE TO SECTION 124 OF THE AUSTRIAN STOCK EXCHANGE ACT (BÖRSEGESETZ)

The Management 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, March 24, 2021

The Management Board



Andreas Quint
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Member of the Management Board)



Keegan Viscius
(Member of the Management Board)

AUDITOR'S REPORT ^{*)}
Report on the Financial Statements**Audit Opinion**

We have audited the financial statements of

CA Immobilien Anlagen Aktiengesellschaft, Vienna,

These financial statements comprise the balance sheet as of December 31, 2020, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of December 31, 2020 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters that we identified:

<i>Titel</i>	Valuation of investments in and loans to affiliated companies
<i>Risk</i>	The financial statements of CA Immobilien Anlagen Aktiengesellschaft as of December 31, 2020 show material investments in affiliated companies (TEUR 2,938,724) as well as material loans to affiliated companies (TEUR 538,240). Furthermore, the financial statements show impairments of investments in and loans to affiliated companies of TEUR 3,239 and income from revaluation of such of TEUR 3,397.

All investments in and loans to affiliated companies are tested for impairment. These impairment assessments require significant assumptions and estimates.

Due to the fact that most of the affiliated companies are real estate companies the impairment test is based on a simplified entity value which is mainly influenced by the property

valuation reports by external, independent valuation experts or contractually agreed purchase prices. The material risk within the valuation reports exists when determining assumptions and estimates such as the discount-/capitalization rate and rental income and for properties under development the construction and development costs to completion and the developer's profit. A minor change in these assumptions and estimates can have a material impact on the valuation of investments in and loans to affiliated companies.

The respective disclosures relating to investments in and loans to affiliated companies are shown in Section "1 – Financial assets", in Section "10 a) – Financial assets" and in appendix 2 – Information about group companies in the financial statements as of December 31, 2020.

Consideration in the audit

To address this risk, we have critically assessed the assumptions and estimates made by management and the external valuation experts and performed, among others, the following audit procedures with involvement of our internal property valuation experts:

- Assessment of concept and design of the underlying business process
- Assessment of the applied methods and the mathematical accuracy of the calculations and supporting documentation
- Assessment of the competence, capability and objectivity of the external valuation experts engaged by management
- Assessment of the applied methods and the mathematical accuracy of selected property-valuation reports as well as assessment of the plausibility of the underlying assumptions (eg. Rental income, discount-/capitalization rate, usable space, vacancy rate) by means of comparison with market data if available
- Check of certain input-data as included in the valuation reports with data in the accounting system or underlying agreements
- Inquiry of project-management for selected properties under development regarding reasons for deviations between plan and actual costs and current estimation of cost to completion; review of actual costs for those projects through review of project-documentation and vouching on a sample basis as well as evaluation of the derived percentage of completion

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report and the annual financial report, but does not include the financial statements, the management report and the auditor's report thereon.

We received the consolidated Corporate Governance Report until the date of this audit opinion; the rest of the annual report is estimated to be provided to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Additional information in accordance with Article 10 EU regulation

We were elected as auditor by the ordinary general meeting at August 25, 2020. We were appointed by the Supervisory Board on October 15, 2020. We are auditors since the financial year 2017.

We confirm that the audit opinion in the Section "Report on the financial statements" is consistent with the additional report to the audit committee referred to in Article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner is Alexander Wlasto, Certified Public Accountant.

Vienna, March 24, 2021

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. (FH) Isabelle Vollmer mp

MAG. ALEXANDER WLASTO MP

Wirtschaftsprüferin / Certified Public Accountant

Wirtschaftsprüfer / Certified Public Accountant

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- *) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

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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 risks 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.

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