
FINANCIAL STATEMENTS
AS AT 31.12.2021

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FINANCIAL STATEMENTS AND MANAGEMENT REPORT

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BALANCE SHEET AS AT 31.12.2021

Assets	31.12.2021	31.12.2020
	€	€1,000
A. Fixed assets		
I. Intangible fixed assets		
Software	1,210,728.25	542
	1,210,728.25	542
II. Tangible fixed assets		
1. Land and buildings	219,074,284.65	246,783
of which land value: €34,870,999.81; 31.12.2020: €43,563 K		
2. Other assets, office furniture and equipment	962,159.02	1,294
	220,036,443.67	248,077
III. Financial assets		
1. Investments in affiliated companies	3,219,268,414.49	2,938,724
2. Loans to affiliated companies	292,666,035.74	538,240
3. Investments in associated companies	272,146.21	273
	3,512,206,596.44	3,477,237
	3,733,453,768.36	3,725,856
B. Current assets		
I. Receivables		
1. Trade receivables	730,509.57	461
2. Receivables from affiliated companies	52,558,324.66	27,840
3. Receivables from associated companies	0.00	12
4. Other receivables	19,384.86	1,735
	53,308,219.09	30,048
II. Cash and cash equivalents	286,215,922.83	694,418
	339,524,141.92	724,466
C. Deferred charges	7,845,148.47	9,929
D. Deferred tax asset	664,549.51	0
	4,081,487,608.26	4,460,251

Liabilities and shareholders' equity

	31.12.2021	31.12.2020
	€	€1,000
A. Shareholders' equity		
I. Share capital		
Share capital drawn	774,229,017.02	718,337
Treasury shares	– 42,020,868.99	– 42,021
	732,208,148.03	676,316
II. Tied capital reserves	998,958,619.09	854,841
III. Tied reserves for treasury shares	42,020,868.99	42,021
IV. Net profit	440,138,865.80	897,605
of which profit carried forward: €293,377,808.81; 31.12.2020: €814,502 K		
	2,213,326,501.91	2,470,783
B. Grants from public funds	377,300.76	390
C. Provisions		
1. Provision for severance payment	395,533.00	505
2. Tax provisions	464,000.00	114
3. Provision for deferred taxes	0.00	161
4. Other provisions	17,781,520.61	42,659
	18,641,053.61	43,439
D. Liabilities		
1. Bonds	1,434,031,500.00	1,741,481
of which convertible: €0.00; 31.12.2020: €200,000 K		
thereof with a residual term of up to one year: €142,410,500.00; 31.12.2020: €107,450 K		
thereof with a residual term of more than one year: €1,291,621,000.00; 31.12.2020: €1,634,031 K		
2. Liabilities to banks	100,833,286.70	111,134
thereof with a residual term of up to one year: €1,224,750.00; 31.12.2020: €1,847 K		
thereof with a residual term of more than one year: €99,608,536.70; 31.12.2020: €109,287 K		
3. Trade payables	818,459.57	946
thereof with a residual term of up to one year: €757,912.96 ; 31.12.2019: €608 K		
thereof with a residual term of more than one year: €60,546.61; 31.12.2020: €338 K		
4. Payables to affiliated companies	38,222,158.49	67,136
thereof with a residual term of up to one year: €38,222,158.49; 31.12.2020: €67,136 K		
5. Other liabilities	269,469,528.24	18,969
of which from taxes: €329,466.59 €; 31.12.2020: €452 K		
of which social security related: €163,010.72; 31.12.2020: €151 K		
thereof with a residual term of up to one year: €269,469,528.24; 31.12.2020: €18,969 K		
	1,843,374,933.00	1,939,666
thereof with a residual term of up to one year: €452,084,849.69; 31.12.2020: €196,010 K		
thereof with a residual term of more than one year: €1,391,290,083.31; 31.12.2020: €1,743,656 K		
E. Deferred income	5,767,818.98	5,973
	4,081,487,608.26	4,460,251

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2021

	€	2021 €	€1,000	2020 €1,000
1. Gross revenues		30,739,268.50		30,228
2. Other operating income				
a) Income from the disposal and reversal of impairment losses of fixed assets except of financial assets	14,683,348.65		5,137	
b) Income from the reversal of provisions	193,980.31		304	
c) Other income	644,135.17	15,521,464.13	440	5,881
3. Staff expense				
a) Salaries	– 13,502,990.73		– 12,902	
b) Social expenses	– 2,609,997.72	– 16,112,988.45	– 2,486	– 15,388
thereof expenses in connection with pensions: €253,573.27; 2020: €275 K				
thereof expenses for severance payments and payments into staff welfare funds: €364,490.52; 2020: €324 K				
thereof payments relating to statutory social security contributions as well as payments dependent on remuneration and compulsory contributions: €1,768,674.04; 2020: €1,743 K				
4. Depreciation on intangible fixed assets and tangible fixed assets		– 8,140,093.55		– 11,532
of which unscheduled depreciation in accordance with § 204 para. 2 Commercial Code: €0.00; 2020: €3,688 K				
5. Other operating expenses				
a) Taxes	– 860,545.08		– 26,297	
b) Other expenses	– 19,390,305.83	– 20,250,850.91	– 21,622	– 47,919
6. Subtotal from lines 1 to 5 (operating result)		1,756,799.72		– 38,730
7. Income from investments		179,485,702.94		123,378
of which from affiliated companies: €179,336,988.16; 2020: €122,303 K				
8. Income from loans from financial assets		14,108,603.56		19,796
of which from affiliated companies: €14,108,603.56; 2020: €19,796 K				
9. Other interest and similar income		3,315,421.20		431
of which from affiliated companies: €11,875.00; 2020: €409 K				
10. Income from the disposal and revaluation of financial assets		11,366,142.30		3,619
11. Expenses for financial assets, thereof		– 34,495,898.51		– 3,502
a) Impairment: €34,494,602.50; 2020: €3,239 K				
b) Expenses from affiliated companies: €34,489,692.22; 2020: €3,239 K				
12. Interest and similar expenses		– 31,460,104.14		– 34,634
of which relating to affiliated companies: €73,794.44; 2020: €766 K				
13. Subtotal from lines 7 to 12 (financial result)		142,319,867.35		109,088
14. Result before taxes		144,076,667.07		70,358
15. Taxes on income		2,684,389.92		12,745
thereof income deferred taxes: €826,052.24; 2020: €191 K				
16. Net profit for the year		146,761,056.99		83,103
17. Profit carried forward from the previous year		293,377,808.81		814,502
18. Net profit		440,138,865.80		897,605

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2021

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:

The year 2021 continued to be dominated by the effects of global Covid-19 pandemic. The outbreak of the Covid-19 pandemic in 2020 has affected global financial and real estate markets. Many countries again imposed general lockdowns and travel restrictions. As a result, market activity in many sectors continued to be severely impacted.

The real estate sector is also experiencing the consequences of the pandemic. Some real estate markets are still reporting significantly lower levels of transaction activity and liquidity. Hotels still have to close due to low occupancy rates. Retailers are increasingly requesting rent deferrals or rent reductions as a consequence of 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 and severe the effects will be. CA Immo AG did not make use of state aid (neither short-time work, grants nor deferrals).

Given the significant decline in transaction and letting activities, 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, CA Immo AG monitors how rental income from office spaces is developing. 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 in 2021 and was updated whenever necessary, based on the actual infection numbers. These also included 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 with mandatory mask wearing in all office spaces. Business trips and meetings will be restricted until further notice.

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 31.12.2021.

However, due to existing or future legal measures, it cannot be ruled out that the pandemic could have negative effects on real estate properties or tenant groups or subsidiaries. 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 and bonds in CA Immo AG and its subsidiaries are subject to so-called financial covenants. These usually refer to LTV (Loan to Value) 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, such as ISCR and LTV) in the future. As at

31.12.2021 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. 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. A surplus of tax losses carried forward is not recognized. CA Immo AG estimates that the tax reform passed in Austria in 2022 will result a reduction in deferred tax assets of approximately €148 K.

5. Grants from public funds

The grants relate entirely to buildings and are released over the remaining useful life of the building.

6. Provisions

Provisions for severance payments amount to 569 % (31.12.2020: 700%) 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 -0.04% (31.12.2020: -0.34%) and future salary increases (including inflation rate) of 3% (31.12.2020: 3%). 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 2021 the tax group comprised 12 Austrian group companies (2020: 15), 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 31.12.2021 the possible obligations against group companies resulting from a possible termination of the group, were estimated at €22,372 K (31.12.2020: €23,028 K). In 2021 one member of the tax group left before liquidation, whereby no payment was required for the final settlement.

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. In 2021 one investment property was sold. The acquisition/production costs of the buildings include capitalized interest in the amount of €133 K, which will be depreciated over a period of 40 years following the put into function in 2018. As at the balance sheet date, the tangible assets comprise 7 properties (31.12.2020: 8 properties).

In 2021 there was no unscheduled depreciation on tangible assets (2020: €3,688 K) and no reversals of impairment losses (2020: €5,137 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 €34,495 K (2020: €3,239 K) and reversals of impairment losses in the amount of €1,675 K (2020: €3,397 K) were recognized in 2021.

Book value of investments in affiliated companies amounts to €3,219,268 K (31.12.2020: €2,938,724 K). Current additions are mainly the result of various shareholders' contributions in the amount of €236,565 K and of intragroup acquisition of 7 companies in Poland €249,213 K. The disposals mainly relate the sale of a real estate company in Hungary and capital repayments amounting to €182,262 K, of which €49,567 K were not yet cashed in and consequently these are reported as receivables.

Loans to affiliated companies are made up as follows:

€1,000	31.12.2021	31.12.2020
4P - Immo. Praha s.r.o., Prague	36,589	39,589
RCP Amazon, s.r.o., Prague	31,388	33,488
Vaci 76 Kft, Budapest	27,526	28,976
INTERMED CONSULTING & MANAGEMENT S.R.L., Bucharest	23,200	28,200
EUROPOLIS City Gate Ingatlanberuházási Kft, Budapest	22,700	22,700
EUROPOLIS ORHIDEEA B.C. S.R.L., Bucharest	22,424	54,424
CA Immo Invest GmbH, Frankfurt	21,300	22,000
Duna Irodaház Kft., Budapest	19,439	20,239
CA Immo Holding B.V., Amsterdam	8,604	130,758
Europolis Holding B.V., Amsterdam	0	31,690
BA Business Center s.r.o., Bratislava	0	25,000
Other up to €17 m	79,496	101,176
	292,666	538,240

Loans to affiliated companies to the value of €41,708 K (31.12.2020: €25,000 K) have a remaining term of up to one year.

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 €731 K (31.12.2020: €461 K) include outstanding rent and invoiced operating costs.

Receivables from affiliated companies are made up as follows:

€1,000	31.12.2021	31.12.2020
Trade receivable (current reinvoicings to affiliated companies)	218	988
Receivables from capital repayment	49,567	0
Receivables from tax compensation	2,378	12,716
Receivables from interest	395	11,636
Receivables from loans	0	2,500
	52,558	27,840

Other receivables amounting to €19 K (31.12.2020: €1,735 K) mainly include invoiced expenses (31.12.2020: receivables from acquisition of shares, due to a subsequent purchase price adjustment).

c) Deferred charges

€1,000	31.12.2021	31.12.2020
Disagio bonds	7,376	9,338
Other	469	591
	7,845	9,929

d) Deferred tax assets/ Provisions for deferred taxes

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

€1,000	31.12.2021	31.12.2020
Land and buildings	- 8,935	- 12,426
Partnership	240	- 4,352
Ancillary bond expenses	5,343	7,882
Bank loans ancillary expenses	1,237	471
Provisions for severance payments	43	49
Deferred income	4,730	5,391
Base for tax rate 25 %	2,658	- 2,985
Out of which resulted deferred tax assets / provision deferred taxes	665	- 746
less: offsetting with tax losses carried forward	0	585
As at 31.12.	665	- 161

Movements in deferred taxes are presented below:

€1,000	2021	2020
As at 1.1. provision for deferred taxes	- 161	- 352
Changes in deferred taxes affecting profit and loss	826	191
As at 31.12. deferred tax assets / provision for deferred taxes	665	- 161

e) Shareholders' equity

Share capital is equivalent to the fully paid in nominal capital of €774,229,017.02 (31.12.2020: €718,336.602.72). It is divided into 106,496,422 (31.12.2020: 98,808,332) bearer shares and four registered shares of no par value. Out of nominal capital 5,780,037 treasury shares (31.12.2020: 5,780,037), each amounting to €7.27, thus totaling €42,020,868.99 (31.12.2020: €42,020,868.99), were deducted from shareholders' equity. The registered shares are held by SOF-11 Klimt CAI S.à r.l., Luxembourg, 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 five members elected by the Annual General Meeting as well as two members elected by the registered shares and four delegated by the works council.

Due to the change-of-control clause of the convertible bond triggered by the offer of SOF-11 Klimt CAI S.à r.l., nearly all convertible bond holders exercised their conversion rights. As of 30.4.2021, respectively 13.9.2021, the conversion rights were serviced by contingent capital and partly by issuing new shares. Overall, the share capital increased by €55,892,414.30 from €718,336,602.72 to €774,229,017.02 in the reporting year and is divided into 106,496,422 ordinary bearer shares and four registered shares. The remaining outstanding convertible bonds with a nominal value of €100 K were repaid in cash.

As at 31.12.2021, CA Immobilien Anlagen AG held 5,780,037 treasury shares in total (31.12.2020: 5,780,037 treasury shares). Given the total number of voting shares issued 106,496,426 (31.12.2020: 98,808,336), this is equivalent to around 5.4% (31.12.2020: 5.8%) of the voting shares.

In May 2021, a dividend amount of €1.00 (2020: €1.00) for each share entitled to dividend, totalling €100,645 K (2020: €93,028 K), was distributed to the shareholders in accordance with the resolution of the 34th Annual General Meeting. In its letter

dated 3.11.2021, the majority shareholder SOF-11 Klimt CAI S.à r.l., Luxembourg, requested to convene an extraordinary shareholders' meeting to resolve on special dividends totaling €5.00 per dividend-bearing share. In accordance with the resolution of the Extraordinary General Meeting on 30.11.2021, the special dividends will be distributed in two tranches of €2.50 per dividend-bearing share. The first tranche was paid out on 15.12.2021; the second tranche was paid on 15.3.2022.

The total net profit as at 31.12.2021 amounting to €440,139 K (31.12.2020: €897,605 K) is subject to a distribution restriction in the amount of the deferred tax asset of €665 K.

As at 31.12.2021, there exists unused authority capital in the amount of €350,069,852.74, which can be utilized until 18.9.2023 at the latest, as well as contingent capital in the amount of €143,667,319.09 earmarked for servicing convertible bonds that will be issued in the future based on the authorization of the Annual General Meeting as of 9.5.2018 (contingent capital 2018).

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	31.12.2021	31.12.2020
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.

f) Grants from public funds

The grants are expensed over the remaining useful life of the respective asset. These were granted in previous years for the construction of buildings and a photovoltaic system.

g) Provisions

Provisions for severance payment amount to €396 K (31.12.2020: €505 K) and include severance payment entitlements of company employees and Management Board members.

Tax provisions in the amount of €464 K (31.12.2020: €114 K) mainly relate to provisions for corporate tax.

Other provisions are made up as follows:

€1,000	31.12.2021	31.12.2020
Premiums	8,774	6,730
Derivative transactions	3,547	6,657
Borrowing costs	1,354	420
Legal, auditing and consultancy fees	1,262	460
Staff (vacation and overtime)	1,059	926
Construction services	723	1,001
Court fees	0	25,475
Other	1,063	991
	17,782	42,659

In the previous year, the provision for court fees included 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. Following a dismissive ruling by the Federal Administrative Court on 22 October 2021 with regard to the claimed exemption from court fee, CA Immo AG had to pay the court fees in 2021. On 2.12.2021 CA Immo AG filed an appeal against this ruling at the Constitutional Court pursuant to Art. 144 B-VG.

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

31.12.2021 €1,000	Maturity up to 1 year	Maturity 1 - 5 years	Maturity more than 5 years	Total
Bonds	142,411	791,621	500,000	1,434,032
Liabilities to banks	1,225	43,807	55,801	100,833
Trade payables	757	61	0	818
Payables to affiliated companies	38,222	0	0	38,222
Other liabilities	269,470	0	0	269,470
Total	452,085	835,489	555,801	1,843,375

31.12.2020 €1,000	Maturity up to 1 year	Maturity 1 - 5 years	Maturity more than 5 years	Total
Bonds	107,450	984,031	650,000	1,741,481
Liabilities to banks	1,847	51,117	58,170	111,134
Trade payables	608	338	0	946
Payables to affiliated companies	67,136	0	0	67,136
Other liabilities	18,969	0	0	18,969
Total	196,010	1,035,486	708,170	1,939,666

In bonds, the maturities are accounted for based on the repayment date. The bonds item for 31.12.2021 comprises the following liabilities:

	Nominal value €1,000	Nominal interest rate	Issue	Repayment
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
	1,434,032			

For the convertible bond existing as of 31.12.2020 in the amount of €200,000 K, based on an offer by SOF-11 Klimt CAI S.á r.l., the option to convert into shares was exercised in 2021 and a nominal amount of €100 K was paid in cash.

Liabilities to banks comprise investment loans amounting to €100,803 K (31.12.2020: €111,134 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 and claims from derivative transactions.

Trade payables item essentially comprises liabilities for consulting, software changes and liability guarantees as well as general administrative costs.

The liabilities shown under payables to affiliated companies relate to capital contributions to an affiliated company not yet paid but already granted, amounting to €38,000 K (31.12.2020: €24,535 K) and trade payables amounting to €222 K (31.12.2020: €201 K).

Other liabilities are mainly made up of the second installment of the special dividend decided on 30.11.2021 in the amount of €251,791 K and accrued interest for bonds amounting to €15,747 K (31.12.2020: €16,985 K).

i) Deferred income

€1,000	31.12.2021	31.12.2020
Investment grants from tenants	4,730	5,391
Rent prepayments received	1,037	582
	5,768	5,973

j) Contingent liabilities

	Maximum amount as at 31.12.2021 1,000		Outstanding on reporting date 31.12.2021 €1,000	Outstanding on reporting date 31.12.2020 €1,000
Guarantees and letters of comfort in connection with sales made by affiliated companies	132,734	€	115,546	60,746
Guarantees for loans granted to affiliated companies	15,345	€	15,345	15,531
Guarantees in connection with sales made by other group companies	19,699	€	19,699	26,442
Guarantees for loans granted to other group companies	700	€	700	700
	168,478		151,290	103,419

The shares of in the following companies are secured by a pledge in favour of the financing banks of the subsidiaries:

- CA Immo AG in Visionary Prague, s.r.o., Prague
- CA Immo Saski Point Sp. Z o.o., Warsaw
- CA Immo Bitwy Warszawskiej Sp. Z o.o., Warsaw
- CA Immo Sienna Center sp. Z o.o., Warsaw
- CA Immo Warsaw Towers sp. Z o. o., Warsaw

Out of reported bank balances, an amount of €2,000 K is pledged in favour of the financing banks of the subsidiaries.

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 €825 K (31.12.2020: €803 K) for the subsequent business year and €3,892 K (31.12.2020: €3,817 K) for the subsequent five business years.

Out of this, €740 K (31.12.2020: €722 K) is attributable to affiliated companies for the subsequent business year and €3,693 K (31.12.2020: €3,609 K) for the subsequent five business years. The above mentioned amounts refer 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	31.12.2021	as at 31.12.2021	rate	31.12.2021	as provisions 31.12.2021
06/2017	06/2027	10,668	0.79%	3M-EURIBOR	- 440	- 440
06/2017	06/2027	26,821	0.76%	3M-EURIBOR	- 1,041	- 1,041
08/2017	12/2029	28,796	1.12%	3M-EURIBOR	- 2,066	- 2,066
		66,285			- 3,547	- 3,547

€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

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	2021	2020
Rental income from real estate	16,877	15,430
Operating costs passed on to tenants	5,335	4,912
Income from management services	7,825	9,139
Other revenues	702	747
	30,739	30,228

In 2021 reductions in rental income in Austria due to Covid-19 amounted to €139 K (2020: €232 K).

By region

€1,000	2021	2020
Austria	24,091	23,266
Germany	186	961
Eastern Europe	6,462	6,001
	30,739	30,228

Other operating income

The income from the disposal of fixed assets fully relates to the sale of a property at the end of 2021 (2020: fully related to income from the reversal of impairment losses of fixed assets).

The revenues from the release of provisions mainly refers to provisions for legal fees, Annual General Meeting related expenses and other consulting expenses (2020: additional expenses related to a bond issuance and Supervisory Board remuneration).

Other operating income of €644 K (2020: €440 K) results from expenses re-invoicings, insurance revenues and the release of the deferrals for government grants.

Staff expense

This item, totalling €16,113 K (2020: €15,388 K), includes expenses for the 72 staff members (2020: 70) employed by the company on average.

The expenses for retirement benefits are as follows:

€1,000	2021	2020
Pension fund contributions for Management Board members and senior executives	180	183
Pension fund contributions for other employees	74	92
	254	275

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

€1,000	2021	2020
Change in provision for severance payments to Management Board members and senior executives	- 102	174
Change in provision for severance payments to other employees	- 8	- 6
Severance payments to Management Board members	307	0
Pension fund contributions for Management Board members and senior executives	92	92
Pension fund contributions for other employees	75	64
	364	324

Depreciation

€1,000	2021	2020
Depreciation of intangible fixed assets	309	200
Scheduled depreciation of buildings	7,534	7,303
Unscheduled depreciation of real estate	0	3,688
Depreciation of other assets, office furniture and equipment	289	313
Low-value assets	8	28
	8,140	11,532

Other operating expenses

Taxes, which do to fall under taxes on income are made up as follows:

€1,000	2021	2020
Real estate charges passed on to tenants	208	208
Non- deductible input VAT	653	614
Court fees	0	25,475
	861	26,297

The court fees were 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.

Other expenses are made up as follows:

€1,000	2021	2020
Expenses directly related to properties		
Operating costs passed on to tenants	5,132	4,707
Maintenance costs	955	2,377
Own operating costs (vacancy costs)	717	1,170
Administration and agency fees	47	156
Other	162	263
Subtotal	7,013	8,673
General administrative costs		
Legal, auditing and consultancy fees	7,977	3,533
Office rent including operating costs	748	735
Administrative and management costs	725	449
Advertising and representation expenses	520	382
Costs charged to group companies	362	215
Supervisory Board remuneration	308	357
Licence costs	301	162
Other fees and bank charges	255	248
Bond issue related expenses	0	5,668
Other	1,181	1,200
Subtotal	12,377	12,949
Total other operating expenses	19,390	21,622

Income from investments

This item comprises dividends paid from companies in Austria in amount of €53,623 K (2020: €123,201 K) as well as companies in Germany and Central Eastern Europe in amount of €125,863 K (2020: €177 K).

Income from loans from financial assets

This item comprises interest income from loans.

Other interest and similar income

The income mainly refers to valuation of derivatives (2020: interest amounts from an intercompany loan granted to a subsidiary).

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

€1,000	2021	2020
Release of impairment due to increase in value	1,675	3,397
Repayment of loans above book value	375	204
Sale of financial assets	9,316	18
	11,366	3,619

Expenses for financial assets and interest receivables in current assets

€1,000	2021	2020
Depreciation of financial assets	34,495	3,239
Loss from disposal	1	263
	34,496	3,502
of which due to dividends payments	34,174	1,026

Interest and similar expenses

€1,000	2021	2020
Interest costs for bonds	24,691	23,095
Interest for bank liabilities for the financing of real estate assets	2,161	2,200
Expenses for derivative transactions	1,074	2,588
Costs and commitment interest for other loans	1,222	227
Negative interest	2,238	896
Interest costs in respect of affiliated companies	74	766
Expenses for repurchase of bonds	0	4,862
	31,460	34,634

Taxes on income

€1,000	2021	2020
Tax compensation tax group members	2,340	12,741
Corporate income tax	- 482	- 187
Deferred taxes	826	191
Tax revenues	2,684	12,745

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.

The main shareholder SOF-11 Klimt CAI S.à.r.l., Luxembourg, is not obliged to prepare consolidated financial statements in Luxembourg and is not obliged to publish voluntarily prepared consolidated financial statements.

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

Silvia Schmitt-Walgenbach (from 1.1.2022)
Dr. Andreas Schillhofer (from 1.6.2019)
Keegan Viscius (from 1.11.2018)
Andreas Quint (until 31.12.2021)

Total salary payments (excluding salary-based deductions) to Management Board members amounted to €3,464 K (€2,763 K in 2020). The salary-based deductions totaled €198 K (2020: €172 K). Total fixed salary components amounted to €1,581 K (€1,588 K in 2020) and were made up of the basic salary of €1,410 K (2020: €1,410 K), other benefits (in particular remuneration in kind for cars, expense allowances and travel expenses) of €48 K (2020: €55 K) and contributions to pension funds of €123 K (2020: €123 K). Variable compensation components amounted to €1,269 K (2020: €1,175 K). Special payments amounted to €307 K (2020: €0 K).

As at the balance sheet date 31.12.2021, severance payment provisions for Management Board members totaled €311 K (31.12.2020: €412 K). There were no payment obligations to former members of the Management Board (i.e. not in office in the reporting year). As a consequence of the termination of the activity for one Management Board member, as at 31.12.2021, provisions for bonuses (at 100% target achievement level) in amount of €2,157 K as well as a payable from contract termination in amount of €307 K are booked. No loans or advances were granted to members of the Management Board.

As at 31.12.2021, based on assumption of 100% target achievement, provisions amounting to €5,329 K (31.12.2020: €3,460 K) had been made up for the Management Board under the variable remuneration system.

Supervisory BoardElected by the General Meeting:

Torsten Hollstein, Chairman
Jeffrey G. Dishner, Deputy Chair
Dr. Monika Wildner, Deputy Chair
Univ.-Prof. MMag. Dr. Klaus Hirschler
Michael Stanton
Dr. Florian Koschat (until 6.5.2021)

Delegated by registered share:

Sarah Broughton
Laura Rubin

Delegated by works council:

Georg Edinger, BA, REAM (IREBS)
Nicole Kubista
Sebastian Obermair
Walter Sonnleitner

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

In business year 2021 (for 2020), total remuneration of €328 K (2020: €309 K) was paid out (including attendance fees of €113 K; €84 K in 2020). Moreover, expenditure of €202 K was reported in connection with the Supervisory Board in business year 2021 (2020: €78 K). Of this, cash outlays for travel expenses accounted for approximately €13 K (2020: €9 K) and other expenditure (including training costs and license costs) accounted for €33 K (2020: €52 K). Legal and other consultancy services accounted for €156 K (2020: €17 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 €299 K for business year 2021 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 K 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 31.12.2021.

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 economic interest. Sarah Broughton, Laura Rubin and Jeffrey G. Dishner perform comprehensive management functions within Starwood Capital Group. In the business year 2021, Starwood Capital Group (via its vehicle SOF-11 Klimt CAI S.à r.l.) increased its stake in CA Immo AG from around 28.25% of the share capital to around 57.89% as part of an anticipated mandatory offer pursuant to Sections 22 et seq. of the Austrian Takeover Act as well as further acquisitions on and off the stock exchange.

Starwood Capital Group (Starwood)

Since 27.9.2018, SOF-11 Klimt CAI S.à r.l. is the company's largest single shareholder.

As of 31.12.2021, SOF-11 Klimt CAI S.à r.l. held 61,654,765 bearer shares and four registered shares of CA Immo AG, this corresponds to 57.89% of the company's share capital. SOF-11 Klimt CAI S.à r.l. is a company controlled by Starwood Capital Group ("Starwood"). Starwood is a private investment company with a global focus on real estate, energy, infrastructure, oil and natural gas.

14. Employees

The average number of staff employed by the company during the business year was 72 (2020: 70).

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

In January 2022 an affiliated company in Hungary was sold.

CA Immo AG has drawn in the first quarter 2022 the revolving credit facility in the amount of €300 M.

On 18.03.2022, CA Immobilien Anlagen AG was served with an action for annulment directed against the resolutions on the distribution of an additional basic dividend and a super dividend adopted by the Extraordinary General Meeting on 30.11.2021.

Ukraine

Russia's invasion of Ukraine has distressed the world economy. The immediate global implications are higher inflation and lower economic growth. The crisis has substantially increased uncertainty and volatility to global financial markets. Major equity indices have deteriorated since the outbreak of the crisis and debt capital markets have been completely closed for a certain time or are only very limited accessible. The risk of further escalations in the conflict as well as additional geopolitical tensions will remain a key topic.

CA Immo AG and its subsidiaries have not any properties in Russia or Ukraine in its portfolio. CA Immo AG continuously monitors the development of the stock and financial markets. There is no significant currency risk for the subsidiaries of CA Immo AG as rents are generally linked to the EUR and the amount of liquid funds in foreign currencies is regularly monitored.

The war in Ukraine and the resulting sanctions and countermeasures may have an impact on the CA Immo AG financial statements. The global impact of war could impact the valuation of real estate properties and the determination of expected credit losses. Furthermore, there could be effects on project developments, eg. due to delays in the supply chains, fluctuating financing rates and rising construction costs. The increased uncertainty could also lead to extended marketing periods. The effects cannot be finally assessed due to the dynamic development, but are subject to ongoing evaluations. Despite the uncertainty and possible direct and indirect effects, the CA Immo AG assumes that the Russia-Ukraine war will not affect the company's ability to continue as a going concern.

17. Proposal for the appropriation of net earnings

It is proposed that from the net retained earnings of €440,138,865.80 no dividend is distributed to the shareholders. The net retained earnings in the amount of €440,138,865.80 is intended to be carried forward. The profit appropriation proposal reflects the current assessment of the Management and Supervisory Boards. Besides the current geopolitical environment and the increased uncertainty and volatility of the markets, the background for this decision is the fact that after the first tranche of €2.50 per share was paid out on 15.12.2021, also the second tranche of €2.50 special dividend per share was paid on 15.3.2022, which was decided in the Extraordinary General Meeting on 30.11.2021.

Vienna, 23.3.2022

The Management Board



Silvia Schmitt-Walgenbach
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Chief Financial Officer)



Keegan Viscius
(Chief Investment Officer)

ASSET ANALYSIS FOR THE BUSINESS YEAR 2021

	Acquisition and production costs as at 1.1.2021 €	Addition €	Disposal €	Acquisition and production costs as at 31.12.2021 €
I. Intangible fixed assets				
Software	3,173,471.63	980,242.05	28,937.00	4,124,776.68
	3,173,471.63	980,242.05	28,937.00	4,124,776.68
II. Tangible fixed assets				
1. Land and buildings				
a) Land value	50,658,941.08	0.00	14,329,831.68	36,329,109.40
b) Building value	310,476,523.29	164,500.62	27,960,295.58	282,680,728.33
	361,135,464.37	164,500.62	42,290,127.26	319,009,837.73
2. Other assets, office furniture and equipment	4,006,611.55	72,507.05	536,398.74	3,542,719.86
	365,142,075.92	237,007.67	42,826,526.00	322,552,557.59
III. Financial assets				
1. Investments in affiliated companies	3,121,903,905.23	497,555,075.58	184,196,939.78	3,435,262,041.03
2. Loans to related companies	538,239,806.52	0.00	245,573,770.78	292,666,035.74
3. Investments in associated companies	274,251.50	5,000.00	0.00	279,251.50
	3,660,417,963.25	497,560,075.58	429,770,710.56	3,728,207,328.27
	4,028,733,510.80	498,777,325.30	472,626,173.56	4,054,884,662.54

Accumulated depreciation as at 1.1.2021 €	Depreciation and amortisation in 2021 €	Reversal of impairment losses in 2021 €	Accumulated depreciation disposal €	Accumulated depreciation as at 31.12.2021 €	Book value as of 31.12.2021 €	Book value as at 31.12.2020 €
2,630,990.47	308,994.96	0.00	25,937.00	2,914,048.43	1,210,728.25	542,481.16
2,630,990.47	308,994.96	0.00	25,937.00	2,914,048.43	1,210,728.25	542,481.16
7,096,294.27	0.00	0.00	5,638,184.68	1,458,109.59	34,870,999.81	43,562,646.81
107,256,271.69	7,533,933.16	0.00	16,312,761.36	98,477,443.49	184,203,284.84	203,220,251.60
114,352,565.96	7,533,933.16	0.00	21,950,946.04	99,935,553.08	219,074,284.65	246,782,898.41
2,712,668.62	297,165.43	0.00	429,273.21	2,580,560.84	962,159.02	1,293,942.93
117,065,234.58	7,831,098.59	0.00	22,380,219.25	102,516,113.92	220,036,443.67	248,076,841.34
183,180,230.31	34,488,396.23	1,675,000.00	0.00	215,993,626.54	3,219,268,414.49	2,938,723,674.92
0.00	0.00	0.00	0.00	0.00	292,666,035.74	538,239,806.52
899.00	6,206.29	0.00	0.00	7,105.29	272,146.21	273,352.50
183,181,129.31	34,494,602.52	1,675,000.00	0.00	216,000,731.83	3,512,206,596.44	3,477,236,833.94
302,877,354.36	42,634,696.07	1,675,000.00	22,406,156.25	321,430,894.18	3,733,453,768.36	3,725,856,156.44

INFORMATION ABOUT GROUP COMPANIES

Direct investments

Company	Registered office	Share capital		Interest in %	Profit/loss 31.12.2021		Shareholders' equity as at 31.12.2021		Profit/loss 31.12.2020		Shareholders' equity as at 31.12.2020	
					in 1.000		in 1.000		in 1.000		in 1.000	
CA Immo Holding B.V.	Amsterdam	32,000,000	EUR	100	-2,083	EUR	29,801	EUR	-11,627	EUR	292,859	EUR
CA Immo d.o.o.	Belgrad	32,822,662	RSD	100	1,540	RSD	5,101	RSD	2,660	RSD	3,561	RSD
CA Holding Szolgáltató Kft	Budapest	13,000,000	HUF	100	41,992	HUF	836,997	HUF	74,314	HUF	795,006	HUF
Duna Irodaház Kft., Budapest	Budapest	277,003,01	HUF	100	-153,186	HUF	14,688,47	HUF	-682,339	EUR	13,099,924	EUR
Duna Termál Hotel Ingatlanfejlesztő Kft.	Budapest	390,906,65	HUF	100	-384,787	HUF	14,411,02	HUF	-388,493	EUR	14,505,387	EUR
Duna Business Hotel Ingatlanfejlesztő Kft.	Budapest	452,844,53	HUF	100	267,716	HUF	19,203,78	HUF	-196,421	EUR	16,994,538	EUR
Kapas Center Kft.	Budapest	772,560,00	HUF	100	326,997	HUF	2,159,218	HUF	38,017	HUF	1,832,221	HUF
Kilb Kft.	Budapest	30,000,000	HUF	100	410,356	HUF	3,933,462	HUF	381,707	HUF	3,523,106	HUF
Millennium Irodaház Kft.	Budapest	997,244,94	HUF	100	-93,680	HUF	10,131,82	HUF	-290,336	EUR	9,736,453	EUR
R 70 Invest Budapest Kft.	Budapest	5,270,000	HUF	100	-100,826	HUF	1,362,262	HUF	311,407	HUF	1,463,088	HUF
Váci 76 Kft.	Budapest	3,100,000	HUF	100	338,197	HUF	5,723,879	HUF	-259,925	HUF	5,385,683	HUF
CA Immo Invest GmbH	Frankfurt	50,000	EUR	51	-330	EUR	17,193	EUR	-23	EUR	17,522	EUR
DRG Deutsche Realitäten GmbH	Frankfurt	500,000	EUR	49	169	EUR	669	EUR	303	EUR	803	EUR
CAINE B.V.	Hoofddorp	101,000,00	EUR	100	-314	EUR	4,349	EUR	-465	EUR	48,769	EUR
Visionary Prague, s.r.o.	Prague	200,000	CZK	100	49,974	CZK	241,000	CZK	-46,624	CZK	267,286	CZK
CA Immo Bitwy Warszawskiej Sp, z o.o.	Warsaw	47,956,320	PLN	100	5,008	PLN	73,220	PLN	Acquisition 2021		Acquisition 2021	
CA Immo New City Sp.z.o.o	Warsaw	116,000	PLN	100	-385	PLN	-304	PLN	-34	PLN	82	PLN
CA Immo P14 Sp.z.o.o	Warsaw	10,000	PLN	100	-944	PLN	152,747	PLN	3,677	PLN	153,690	PLN
CA Immo Saski Crescent Sp, z o.o.	Warsaw	140,921,25	PLN	100	-2,367	PLN	151,646	PLN	Acquisition 2021		Acquisition 2021	
CA Immo Saski Point Sp, z o.o.	Warsaw	55,093,000	PLN	100	6,407	PLN	66,384	PLN	Acquisition 2021		Acquisition 2021	
CA Immo Sienna Center Sp, z o.o.	Warsaw	116,912,64	PLN	100	2,794	PLN	156,636	PLN	Acquisition 2021		Acquisition 2021	
CA Immo Warsaw Spire B Sp, z o.o.	Warsaw	5,050,000	PLN	100	10,861	PLN	286,281	PLN	Acquisition 2021		Acquisition 2021	
CA Immo Warsaw Spire C Sp, z o.o.	Warsaw	2,050,000	PLN	100	17,742	PLN	259,522	PLN	Acquisition 2021		Acquisition 2021	
CA Immo Warsaw Towers Sp, z o.o.	Warsaw	155,490,90	PLN	100	8,312	PLN	174,304	PLN	Acquisition 2021		Acquisition 2021	
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs KG	Vienna	7,000	EUR	100	5,470	EUR	13,288	EUR	234	EUR	8,051	EUR
CA Immo BIP Liegenschaftsverwaltung GmbH	Vienna	3,738,127	EUR	39	357	EUR	10,342	EUR	1,042	EUR	10,985	EUR
CA Immo International Holding GmbH	Vienna	35,000	EUR	100	194,642	EUR	2,112,927	EUR	30,504	EUR	1,971,285	EUR
CA Immo Konzernfinanzierungs GmbH	Vienna	100,000	EUR	100	2,817	EUR	432,888	EUR	271	EUR	203,406	EUR
CA Immo Rennweg 16 GmbH	Vienna	35,000	EUR	100	-1,902	EUR	8,553	EUR	-409	EUR	454	EUR
EBL Nord 2 Immobilien GmbH	Vienna	35,000	EUR	50	7	EUR	56	EUR	7	EUR	49	EUR
EBL Nord 2 Immobilien Eins GmbH & Co KG	Vienna	10,000	EUR	50	-18	EUR	501	EUR	-47	EUR	519	EUR
EBL Nord 2 Immobilien Zwei GmbH & Co KG	Vienna	10,000	EUR	50	-9	EUR	8	EUR	-12	EUR	7	EUR

Information on participations for 2021 is based on preliminary figures in financial statements prepared according to local accounting standards,

MANAGEMENT REPORT
AS AT 31.12.2021

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GROUP STRUCTURE

CA Immo is a real estate company with its headquarters in Vienna and branch offices in Germany, Poland, Romania, Serbia, Czechia 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. Following the liquidation of almost all Cypriot companies and the exit from Slovakia, further subsidiaries exist in the Netherlands. As at key date 31 December 2021, the Group comprised 165 companies (31.12.2020: 184) with 441 employees (437 on 31.12.2020).

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, Poland, Romania, the Czech Republic and Hungary. For Romania, the evaluation of all strategic options, including a potential sale of the entire portfolio, was started at the end of November 2021. Additional earnings contributions are generated by the preparation and utilisation of land reserves in the development business area. CA Immo either transfers completed projects to its portfolio or sells them to investors. The Group currently controls property assets of around €6.3 bn in Germany, Austria and Eastern Europe (€5.6 bn on 31.12.2020).

Austria

The company's domestic properties are held in direct or indirect subsidiaries of CA Immobilien Anlagen AG. As at 31 December 2021, the parent company also directly held property assets of approximately €302 m (€323 m on 31.12.2020). As at 31 December 2021, the total Austrian portfolio comprised solely investment properties with a market value of €497 m (€530 m on 31.12.2020).

COMPANIES BY REGION

Number of companies ¹⁾	31.12.2021	31.12.2020
Austria	18	19
- <i>Of which joint ventures</i>	3	3
Germany ²⁾	98	98
- <i>Of which joint ventures</i>	22	23
Central and Eastern Europe ³⁾	50	67
- <i>Of which joint ventures</i>	2	2
Group-wide	165	184
- <i>Of which joint ventures</i>	25	28

¹⁾ Joint ventures involving consolidated companies.

²⁾ Includes one company in Switzerland.

³⁾ Includes three holding companies in the Netherlands and one company in Cyprus 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 CEE investment property portfolio is held by direct or indirect CA Immo subsidiaries. All Eastern European properties are managed by regional subsidiaries under the name **CA Immo Real Estate Management**.

ECONOMIC ENVIRONMENT

THE ECONOMIC TREND¹⁾

Over the past decade intensifying geopolitical risk has been a constant feature of world politics, yet the world economy and financial markets have shrugged it off. Russia's invasion of Ukraine is likely to break this pattern, because it will result in the isolation of the world's 11th-largest economy and one of its largest commodity producers. The immediate global implications will be higher inflation, lower growth and disruption to financial markets as deeper sanctions take hold. The longer-term fall-out could be a further debilitation of the system of globalised supply chains and integrated financial markets. The impact of the Russia-Ukraine crisis on the world's economy cannot be quantified properly yet and depends on further geopolitical development. Therefore it has not been taken into account in the latest economic forecasts.

Following the outbreak of the Covid-19 pandemic with a severe recession in 2020 and the subsequent economic recovery in 2021, the International Monetary Fund (IMF) drew a more cautious but still positive outlook for the global economy in its World Economic Outlook update published in January 2022 (and therefore not taking into account latest geopolitical happenings). The global economy was entering 2022 weaker than previously expected. Countries had reimposed mobility restrictions with the spread of the new Omicron Covid-19 variant. Rising energy prices and supply disruptions have led to higher and broader-based inflation than anticipated, particularly in the United States and many emerging and developing economies.

Global growth is expected to slow from 5.9% in 2021 to 4.4% in 2022 - half a percentage point lower for 2022 than anticipated in the October 2021 World Economic Outlook, mainly due to forecast cuts in the two largest economies (USA, China). Revised assumptions related to the "Build Back Better" fiscal policy packages, as well as an earlier withdrawal of accommodative monetary policy and persistent supply constraints, led to a downward revision of 1.2 percentage points for the United States. In China, pandemic-related disruptions associated with the Covid-19 zero-tolerance policy and protracted financial tensions among real estate companies led to a downgrade of 0.8 percentage point.

Furthermore, high inflation is expected to persist longer than projected in the October 2021 World Economic Outlook, with continued supply chain disruptions and high energy prices in 2022, further fuelled by the Russia-Ukraine crisis.

According to an initial estimate of the annual growth rate for 2021, based on seasonally and calendar-adjusted quarterly data, GDP in the euro area and the EU increased by 5.2%. According to the current forecast, GDP in the EU shall increase by around 4.0% in 2022 and by around 2.8% in 2022. This means that the output of the European economy at the end of this year would be roughly back at its pre-crisis level.

CA IMMO CORE MARKETS IN 2021²⁾

Compared with the previous quarter, seasonally adjusted GDP increased by 0.3% in the euro area and by 0.4% in the EU in Q4 2021. This is the result of a preliminary flash estimate published by Eurostat. In Q3 2021, GDP had increased by 2.3% in the euro area and by 2.2% in the EU. Compared to the corresponding quarter of the previous year, seasonally adjusted GDP in the fourth quarter of 2021 increased by 4.6% in the euro area and by 4.8% in the EU, after +3.9% in the euro area and +4.1% in the EU in the previous quarter.

In December 2021, the seasonally adjusted unemployment rate in the euro area was 7.0%, down from 7.1% in November 2021 and from 8.2% in December 2020, and the unemployment rate in the EU was 6.4% in December 2021, down from 6.5% in November 2021 and from 7.5% in December 2020.

At the end of the third quarter of 2021, the government debt-to-GDP ratio was 97.7% in the euro area, compared to 98.3% at the end of the second quarter of 2021, while in the EU the ratio decreased from 90.9% to 90.1%. In both the euro area and the EU, the public debt-to-GDP ratio decreased at the end of the third quarter due to the recovery in GDP, while debt continued to increase due to the financing needs of government responses to the Covid-19 pandemic measures used to mitigate the economic and social impact. Compared to the third quarter of 2020, the government debt-to-GDP ratio increased in

¹⁾ Sources: Eurostat, European Commission, Bloomberg, Financial Times, The Economist

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

both the euro area (from 96.6% to 97.7%) and the EU (from 89.2% to 90.1%).

Annual inflation in the euro area in January 2022 is estimated at 5.1%, up from 5.0% in December 2021, according to a flash estimate published by Eurostat, the statistical office of the European Union. In terms of the main components of inflation in the euro area, energy is expected to have the highest annual rate in January (28.6%, up from 25.9% in December).

The economy in **Austria** grew by 4.5% in real GDP terms in 2021. The inflation rate was 3.8% and the unemployment rate was 4.9% in December 2021. Gross public debt as a percentage of GDP decreased to 84.1% in the third quarter of 2021.

Positive economic momentum in **Germany** was reflected in GDP growth of 2.9% in 2021. In a pan-European comparison, Germany is below the average for the EU and the euro zone though. The unemployment rate in Germany decreased from 4.0% to 3.2% over the course of

the year. The inflation rate for Germany in December 2021 was reported at 5.7%.

Within the core Central and Eastern European markets, **Hungary** and **Romania** showed the strongest economic growth in 2021 at 7.1% and 5.9%, respectively. GDP in **Poland** and **Czechia** increased by 5.7% and 3.3%, respectively.

The unemployment rate in the Central and Eastern European countries remains significantly lower than in the EU-27 and the euro area average. It is 2.1% in Czechia, 2.9% in Poland, 3.7% in Hungary and 5.4% in Romania.

The inflation rate showed a significant increase in 2021 and was above the euro area average in all core Central and Eastern European countries. Poland reported an inflation rate of 8.0% for December 2021, while the annual figure in Hungary was 7.4%. Annual inflation was registered at 6.7% in Romania and 5.4% in Czechia.

ECONOMIC DATA FOR CA IMMO CORE MARKETS

	Growth rate of real GDP ¹⁾		Annual inflation rates ²⁾ in %	Unemployment rate ³⁾ in %	Public budget balance as % of GDP 3Q 2021	Gross public debt as % of GDP 3Q 2021	Growth rate of employment as % of GDP 3Q 2021
	2021	2020					
EU – 27	5.3	-5.9	5.3	6.4	-3.7	90.1	0.9
Eurozone – 19	5.3	-6.4	5.0	7.0	-4.0	97.7	1.0
Austria	4.5	-6.7	3.8	4.9	-1.4	84.1	1.4
Germany	2.9	-4.6	5.7	3.2	-2.4	69.4	0.4
Poland	5.7	-2.5	8.0	2.9	-1.0	56.6	-0.5
Czechia	3.3	-5.8	5.4	2.1	-6.0	40.5	0.2
Hungary	7.1	-4.7	7.4	3.7	-5.6	80.3	0.8
Romania	5.9	-3.7	6.7	5.4	-7.1	48.5	-0.4

Source: Eurostat

¹⁾ Change on the previous year (%); ²⁾ Change on the previous year as at December 2021; ³⁾ As at December 2021

THE MONEY MARKET AND INTEREST ENVIRONMENT¹⁾

At its most recent meeting on March 10, 2022, the Governing Council expressed its full support to the people of Ukraine. It said it will ensure smooth liquidity conditions and implement the sanctions decided by the European Union and European governments. They will take whatever action is needed to fulfil the ECB's mandate to pursue price stability and to safeguard financial stability.

Based on its updated assessment and taking into account the uncertain environment, the Governing Council revised the purchase schedule for its Asset Purchase Programme (APP) for the coming months. Monthly net purchases under the APP will amount to €40 bn in April, €30 bn in May and €20 bn in June. The calibration of net purchases for the third quarter will be data-dependent and reflect its evolving assessment of the outlook. If the incoming data support the expectation that the medium-term inflation outlook will not weaken even after the end

¹⁾ Sources: European Central Bank, Eurostat, Bloomberg

of its net asset purchases, the Governing Council will conclude net purchases under the APP in the third quarter. If the medium-term inflation outlook changes and if financing conditions become inconsistent with further progress towards the 2% target, the Governing Council stands ready to revise its schedule for net asset purchases in terms of size and/or duration.

The Governing Council also intends to continue reinvesting, in full, the principal payments from maturing securities purchased under the APP for an extended period of time past the date when it starts raising the key ECB interest rates and, in any case, for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation.

Moreover, 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. Any adjustments to the key ECB interest rates will take place some time after the end of the Governing Council's net purchases under the APP and will be gradual. The path for the key ECB interest rates will continue to be determined by the Governing Council's forward guidance and by its strategic commitment to stabilise inflation at 2% over the medium term. Accordingly, the Governing Council expects the key ECB interest rates to remain at their present levels until it sees inflation reaching 2% well ahead of the end of its projection horizon and durably for the rest of the projection horizon, and it judges that realised progress in underlying inflation is sufficiently advanced to be consistent with inflation stabilising at 2% over the medium term.

In the first quarter of 2022, the Governing Council has been conducting net asset purchases under the Pandemic Emergency Purchase Programme (PEPP) at a lower pace than in the previous quarter. It will discontinue net asset purchases under the PEPP at the end of March 2022. The Governing Council intends to reinvest the principal payments from maturing securities purchased under the PEPP until at least the end of 2024. In any case, the future roll-off of the PEPP portfolio will be managed to avoid interference with the appropriate monetary policy stance. The Council said, that "the pandemic has shown that, under stressed conditions, flexibility in the design and conduct of asset purchases has helped to counter the

impaired transmission of monetary policy and made the Governing Council's efforts to achieve its goal more effective".

The Governing Council will continue to monitor bank funding conditions and ensure that the maturing of operations under the third series of targeted longer-term refinancing operations (TLTRO III) does not hamper the smooth transmission of its monetary policy. It will also regularly assess how targeted lending operations are contributing to its monetary policy stance. As announced before, it expects the special conditions applicable under TLTRO III to end in June this year.

The 3-month Euribor continued to move in negative territory and fluctuated between -0.53% and -0.61% in the reporting period. Since December 2021, a clear upward trend in the Euribor has been noticeable.

Following historic lows in bond yields on 10-year government bonds issued by eurozone members at the end of 2020, a slight upward trend was recognizable in the course of 2021. Since the fourth quarter of 2022, this trend has intensified. After the 10-year German Bund turned positive in spring 2021 for the first time since 2019, there were recurring crossings above and below the zero percent mark. Since the end of last year, however, the yield has risen steadily to just under 0.5% in the meantime.

OUTLOOK ²

Even though the future impact of the Russia-Ukraine crisis on the world's economy cannot be assessed properly at this point in time it already has substantially increased uncertainty and volatility on global markets, which has also been reflected in deteriorating financial market conditions. The Russian invasion has, beyond the human cost of the conflict, already driven commodity prices higher — and there could be profound and protracted effects on macroeconomic prospects around the world such as energy supply disruptions or price shocks and sustained inflationary pressures. The risk of further escalations in the conflict as well as additional geopolitical tensions will remain a key topic to watch in 2022.

²Sources: European Commission, European Central Bank, Financial Times, The Economist

In its January 2022 World Economic Outlook, the International Monetary Fund projects economic growth of 4.4% in 2022 and 3.8% in 2023. Inflation is expected to remain high in the near future, averaging 3.9% in developed economies and 5.9% in developing and emerging economies in 2022 before declining in 2023. The impact of the Russia-Ukraine crisis has not been taken into account in these forecasts.

Assuming that the pandemic reduces its impact, higher inflation could ease if supply chain disruptions subside, monetary policy tightens, and demand shifts from goods-intensive consumption to services. However, the Russia-Ukraine crisis has opposite effects due to the sharp rise in commodity costs and the renewed impairment of supply chains.

“The Russian invasion of Ukraine is a watershed for Europe,” the ECB said in a statement after its governing council’s meeting in Frankfurt on March 10, adding that it would “take whatever action is needed to pursue price stability and to safeguard financial stability”. Market participants interpreted the move to speed up the ECB’s exit from buying more bonds as a signal that it could raise interest rates in the fourth quarter in an effort to contain soaring inflation — which would be the

first such move for more than a decade. However, the ECB also gave itself more leeway to wait longer before raising interest rates after its bond-buying ends. Christine Lagarde said Russia’s invasion of Ukraine had created “a major shock” for the eurozone economy, adding that the central bank was forecasting higher inflation and lower growth over the next three years. “Inflation could be considerably higher in the near term,” Lagarde said. “However, in all scenarios, inflation is expected to stabilise around our target by 2024.”

The emergence of new Covid-19 variants could further prolong the pandemic and cause renewed economic disruption. Global access to vaccines, tests and treatments is essential to reduce the risk of further dangerous Covid-19 variants. This will require increased stockpile production, as well as better supply systems in each country and more equitable international distribution. In addition, supply chain disruptions, energy price volatility, and local wage pressures mean that uncertainty about inflation and the stance of monetary policy is high. If leading economies raise policy rates, risks could emerge for financial stability and emerging and developing economies’ capital flows, currencies, and fiscal positions, especially as debt has increased significantly over the past two years.

PROPERTY MARKETS

THE REAL ESTATE MARKET IN AUSTRIA ¹⁾

The investment market

Due to the seasonal slowdown of the pandemic and governmental support for companies, a further slump in the investment market, as seen in the previous year, was interrupted; thus, an increase of around 25% (€4.3 bn) was reported in Austrian real estate in 2021 compared to the previous year. Around €2.8 bn (65%) of the investments were registered in Vienna. Office investments with a focus on core properties in premium locations in combination with residential properties accounted for the largest share of the total volume. Contrary to the general trend, retail also recorded an upswing, which can be attributed to two large deals and therefore does not appear to be a long-term trend.

The Austrian investment market has been stable last year and was able to continue the trend of the previous year. The prime yield for office properties fell moderately and is currently at the historically low level of 3.20% (-15 bps compared to the previous year) for properties in Vienna's Central Business District (CBD).

The office property market

Vienna's total office stock amounted to approximately 11.4 m sqm at the end of 2021 and was therefore almost unchanged from the previous year. The completion volume of office space totaled around 65,000 sqm in 2021, around 32% less than in 2020. The low completion volume continues to highlight the lack of new office properties in Vienna.

The letting performance was also somewhat below the previous year's level and, at around 166,200 sqm, recorded a decline of approximately 18.2%. The Covid-19 pandemic-related economic crisis has also had a negative impact on the office market in 2021. CBRE Research therefore assumes a slightly rising letting performance in the next two years, also due to the still tense situation with regard to low new supply coming to the market.

The vacancy rate fell by around 40 bps to approximately 4.2% over the course of 2021. CBRE Research expects the vacancy rate to settle at approximately 4.0% in 2022 and 2023 due to limited additional space, high level of pre-letting and a slight increase in demand. The

monthly prime rent in Vienna rose by around 4% over last year to €26.0 per sqm per month. Above all, top offices in attractive locations remain in demand, whereas properties with lower building standards in weaker locations will probably have to expect less demand in the future. A steady increase in focus on the topic of ESG and certifications can also be observed on the market.

OFFICE MARKET DEVELOPMENT VIENNA

	2021	2020	Change in %/bps
Take up in sqm	166,200	203,300	-18.2
Vacancy rate in %	4.2	4.6	-40 bps
Prime rent in €/sqm net	26.00	25.00	4.0
Prime yield in %	3.20	3.35	-15 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

In 2021, the German real estate market was unaffected by the Covid-19 pandemic developments, achieving a record result of €111.0 bn; this represents an increase of approximately 40% compared to 2020 results. The record merger activity in the residential segment has had a major positive impact on this development. The commercial real estate sector contributed €62.1 bn (+5% y-o-y); there continues to be a strong focus on office properties in prime locations that can adapt to hybrid work thanks to their flexibility and location. With a turnover of around €30.0 bn, office properties accounted for 50% of the total commercial real estate investment volume.

The share of the top 7-markets in Germany increased from around 53.0% in 2020 to 57.0% in 2021. Berlin, Cologne, Munich and Stuttgart showed significantly higher volumes of transactions, whereas supply-related declines had to be recorded in Frankfurt, Düsseldorf and Hamburg. In 2021, a total of 125 major transactions above the €100 m mark were registered of which 79 transactions were in the office segment, 23 transactions related to logistics properties and 13 were retail deals. In the top 7-locations there was a clear trend towards individual transactions, as a result of which portfolio transactions in

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 2022, Berlin, Munich, Frankfurt Office MarketView Q4 2021; Oxford Economics

these markets fell by around 32% y-o-y. Furthermore, the excess demand in all top 7-markets for prime properties is leading to a compression of prime yields.

CBRE Research expects the German commercial real estate investment market to achieve a transaction volume of well above €55.0 bn in 2022, which would be only slightly below the record levels of 2021. The decisive factor will be product availability, which already proved to be a challenge in some markets in the previous year. From an investor's perspective office properties remain in focus. Particularly in the current exceptional times, the trend is moving even more towards core and core-plus properties in established locations in the major office market centers. Defensive investment products with solid tenants have experienced an additional boost in demand, which, however, could not be fully met on the supply side. CBRE Research therefore assumes that yields for these products will sharpen even further.

The share of foreign investment declined from 46% in 2020 to 39% in 2021 in line with strong domestic demand. Nevertheless, the share of North American investors increased significantly, by 34% y-o-y to €6.7 bn and approximately 11% of total investments.

The **Berlin** investment market for commercial real estate recorded a record value of €11.8 bn and an increase of more than 50% compared to the previous year. Main contribution to this result has been a large number of transactions over €100 m in the last quarter of the year. The prime yield for office properties fell slightly to 2.50% due to the high demand for high quality office space (-15 bps y-o-y).

In 2021, a transaction volume of around €2.5 bn has been registered on the commercial property market in **Düsseldorf**. This is around a third less than in 2020. Nevertheless, the Düsseldorf commercial real estate market showed a positive trend towards the end of the year. In the last quarter of 2021, €1.3 bn has been invested; more than in the three preceding quarters combined. Office properties represent the core of Düsseldorf's commercial property market, accounting for approximately 73% of the total transaction volume. Prime yields fell by around 25 bps y-o-y to a record low of 2.75%.

The commercial property market in **Frankfurt** registered investments of €5.5 bn. With a decline of approximately 23% y-o-y, the market recorded the weakest overall result since 2014; this is due to a lack of product, which does not allow demand to be matched. As in the previous year, office properties accounted for well over 80% of transactions. The prime yield for CBD offices fell by 20 bps to 2.70% in 2021.

The commercial investment market in **Munich** recorded a 46% increase y-o-y with a volume of €7.2 bn, slightly less than in the record year 2019, due to a strong fourth quarter in which around €3.2 bn was transacted. Office properties accounted for approximately 83% of the total volume at around €6.0 bn. Due to unabated strong demand for real estate locations with stable values, the prime yield fell slightly by 5 bps to 2.50%.

The office property market ³⁾

2021 again has been characterized by further lockdowns and restrictions of public gatherings which had an impact on the economic situation. Various industries as well as inflation and GDP were negatively impacted by global supply chain disruptions. Furthermore, hybrid forms of work have been adapted in most industries due to restrictions and expansion of digital infrastructure. Nevertheless, in Germany in particular, there is a strong confidence in offices as a sustainable real estate investment while at the same time demand for office space started rising again significantly in all markets. Lack of prime inner-city space generally resulted in an upward trend in rental price dynamics.

Berlin registered a 23.7% y-o-y take-up increase in 2021 with office take-up of 817,000 sqm. The vacancy rate rose slightly over the course of the year to approximately 2.8% (2020: 2.4%). Lettings recorded a significant gain compared to the previous year, not least due to the unbroken confidence in the importance of the office for companies in Germany. Due to the comparably low vacancy rate in Berlin combined with the lack of premium space the prime rent rose by €2.5 per sqm to €41.00 per sqm per month. The weighted average monthly rent remains almost unchanged from the previous year at €27.99 per sqm (€28.02 per sqm in 2020). Around 510,700 sqm of new space was completed in 2021, which is significantly less compared to the forecast

³⁾ Sources: CBRE; Data supplied by CBRE Research, Munich, Frankfurt, Berlin Office MarketView Q4 2021; Oxford Economics

at the beginning of the year. According to CBRE Research, around 1.2 m sqm of space is now expected to be added

to the market in 2022. The office stock at the end of the year was around 20.2 m sqm.

OFFICE MARKET DEVELOPMENT IN CA IMMO CORE MARKETS IN GERMANY

	2021	2020	Change in %/bps
Berlin			
Take up in sqm	817,000	660,500	23.70
Vacancy rate in %	2.80	2.40	40 bps
Prime rent in €/sqm net	41.00	38.50	6.50
Prime yield in %	2.50	2.65	-15 bps
Frankfurt am Main			
Take up in sqm	436,800	330,200	32.30
Vacancy rate in %	8.60	7.00	160 bps
Prime rent in €/sqm net	45.50	44.00	3.40
Prime yield in %	2.70	2.90	-20 bps
Düsseldorf			
Take up in sqm	301,500	293,500	2.70
Vacancy rate in %	9.00	7.50	150 bps
Prime rent in €/sqm net	28.50	28.50	0.00
Prime yield in %	2.75	3.00	-25 bps
Munich			
Take up in sqm	643,900	558,500	15.30
Vacancy rate in %	4.50	3.80	70 bps
Prime rent in €/sqm net	41.50	39.50	5.10
Prime yield in %	2.50	2.55	-5 bps

Sources: Data provided by CBRE Research

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

Office take-up in **Frankfurt** amounted to 436,800 sqm in 2021 (+32.3% y-o-y). The fall of pandemic-related restrictions in the second half of the year generally improved results in the last quarters of 2021. High quality office space with high-class fit outs was the focus of leasing activities accounting for 62% of take-up. The vacancy rate amounted to 8.6% and thus increased by 160 bps y-o-y. The prime rent in Frankfurt also saw an increase to €45.50 per sqm per month (+3% y-o-y) due to a lack of premium space. The weighted average rent, on the other hand, fell by 7% to €21.57 per sqm under the pressure from rising vacancy. The completion volume of around 200,400 sqm was slightly above the level of the previous year (185,800 sqm).

According to current forecasts, a total of around 587,000 sqm is in the completion pipeline by the end of 2024. The total stock was reported at around 11.5 m sqm at the end 2021.

Düsseldorf confirmed a take-up of 301,500 sqm, showing little change from the 293,500 sqm in the previous year. Prime quality properties with a high standard of fit-out are sought after by tenants in Düsseldorf and account for 57% of total take-up. The vacancy rate increased by around 150 bps y-o-y to approximately 9.00%. Nevertheless, the monthly prime rent, unaffected by increased pressure from growing vacancies, remained unchanged at €28.50 per sqm. The weighted average monthly rent increased from around €15.20 per sqm per month to €16.30. Completions of 96,300 sqm were on par with previous year's level (99,300 sqm). The office stock at the end of the year amounted to around 9.5 m sqm.

Munich recorded a take-up of 643,900 sqm in 2021. This corresponds to an increase of 15.3% y-o-y. The office vacancy rate increased to approximately 4.5% in Q4 2021 (+70 bps y-o-y) due to more vacant space in ex-

isting stock but also more unlet space from recent completions. Prime rents were unaffected by the pandemic and the growing vacancy rate. The achievable monthly prime rent rose y-o-y to €41.50 per sqm (+5% y-o-y). At around €23.95 per month the weighted average rent is 11.9% above the previous year's level. Due to the continuing shortage of modern and high quality space, tenants continue to be willing to pay corresponding prices for higher quality in central locations.

The completion volume of around 321,900 sqm in 2021 (new buildings and core refurbishments) fell by approximately 5% y-o-y. Total office space stock amounted to around 22.0 m sqm at the end of the year.

THE REAL ESTATE MARKET IN CENTRAL AND EASTERN EUROPE ¹⁾

The investment market

In Central and Eastern Europe, the effects of the Covid-19 pandemic and its economic consequences on the real estate markets are already slightly less visible than in 2020. The positive momentum of the last few years before the start of the pandemic could slowly be resumed. This is also evident in CA Immo's core cities Warsaw, Prague, Budapest and Bucharest. The commercial property transaction volume of €9.1 bn registered in these cities has exceeded the 2020 values by almost 60%. The office investment volume in the cities mentioned rose by just over 26% y-o-y from €2.9 bn to €3.7 bn, Warsaw accounted for the largest volume (46%), followed by Budapest (26%), Prague (17%) and Bucharest (11%).

In **Warsaw**, an investment volume of €5.6 bn was registered in 2021 of which approximately 31% was in the office sector. The prime office yield is approximately 4.50% (2020: 4.60%).

Despite a continued decline in investment volume of 1.8 bn in 2021 (2020: €2.7 bn) in **Prague**, demand from national and international investors for high quality, ESG compliant properties in good locations remained strong. The sharp decline can be explained by a persistent lack of corresponding products. As in the previous year, the prime yield was stable at 4.25%.

In 2021, the investment volume in **Budapest** shows a positive trend and rose to €1.2 bn (2020: €1.0 bn), of

which around 82% was accounted for by offices. Prime yields for top office properties fell by 50 bps y-o-y and stood at 5.25%.

Bucharest registered an investment volume of around €490 m in 2021 (-11% y-o-y), of which around 81% was in the office sector. The prime yield is reported at 6.75%, 25 bps below the previous year's result.

The office property market²⁾

All of CA Immo's Central and Eastern European core markets (Warsaw, Prague, Budapest and Bucharest) achieved a modest increase in take-up with the exception of Warsaw, where activity fell slightly. All markets saw further increases in vacancy rates, with the lowest increase in Budapest and the highest in Warsaw. Prime rents, on the other hand, remained largely constant with a minimal negative trend, with the exception of Prague, where a positive trend can be observed.

At year-end 2021, the total office space in **Warsaw** was around 6.1 m sqm, following the completion of around 325,000 sqm during the year. Currently, 323,000 sqm space is under construction and new supply of around 230,000 sqm is expected during 2022. The office pipeline is heavily concentrated in the CBD of the Polish capital. At 356,600 sqm, office take-up in 2020 was only slightly below the previous year's level. The vacancy rate increased by 280 bps y-o-y to approximately 12.7% at year-end. The prime rent in central locations was around €25.50 per sqm per month (+€0.5 per sqm y-o-y). The weighted average rent in central locations improved slightly from the previous year to €19.5 per sqm.

The office property market in **Prague** experienced another quiet year in 2021, characterized by a lack of new space. The office stock was expanded by around 57,000 sqm to around 3.8 m sqm by the end of 2021. Take-up reached around 217,300 sqm, approximately 21.5% above the previous year's volume, but still well below 2019 levels. The vacancy rate increased by 80 basis points to 7.8% at the end of the year. Due to the lack of new supply prime rents in central locations were nevertheless rising to €24.00 per sqm per month.

The annual take-up in **Budapest** in 2021 was around 217,900 sqm, which is approximately 14.7% above the previous year's level. The total office space at the end of

¹⁾ Sources: Data supplied by CBRE Research

²⁾ Sources: Data supplied by CBRE Research

the year was around 4.0 m sqm. As expected, the completion volume in 2021 was significantly below the 2020 level at 44,500 sqm. CBRE Research nevertheless expects a new record figure of up to 303,000 sqm for the coming year. The vacancy rate increased slightly by 10 bps to 9.2%. Due to the high number of expected completions in 2022 and 2023, a further increase in vacancy is expected. The prime rent decreased over the year and is now stated at €24.00 per sqm per month.

By the end of 2021, about 162,800 sqm of office space was let in **Bucharest**, an increase of approximately 16.0% compared to the previous year. The office stock totaled 3.2 m sqm at the end of the year, following a completion volume of around 245,100 sqm. The vacancy rate increased by further 70 bps and stood at 13.1% at year-end. The prime rent in Bucharest remained stable at €18.75 per sqm per month.

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

	2021	2020	Change in %/bps
Warsaw			
Take up in sqm	356,600	383,000	-6.90
Vacancy rate in %	12.70	9.90	280 bps
Peak rent in €/sqm net	25.50	25.00	2.00
Prime yield in %	4.50	4.60	-10 bps
Prague			
Take up in sqm	217,300	178,800	21.50
Vacancy rate in %	7.80	7.00	80 bps
Peak rent in €/sqm net	24.00	22.50	6.7
Prime yield in %	4.25	4.25	0 bps
Budapest			
Take up in sqm	217,900	190,000	14.70
Vacancy rate in %	9.20	9.10	10 bps
Peak rent in €/sqm net	24.00	25.00	-4.0
Prime yield in %	5.25	5.75	-50 bps
Bucharest			
Take up in sqm	163,800	141,200	16.00
Vacancy rate in %	13.10	12.40	70 bps
Peak rent in €/sqm net	18.75	18.75	0.00
Prime yield in %	6.75	7.00	-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, Poland, the Czech Republic, 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 2021 by 12% up to €6.3 bn (2020: €5.6 bn). Of this figure, investment properties account for €5.0 bn (80% of the total portfolio), property assets under development represent €1.1 bn (18%) and short-term properties¹⁾ €162 m (3%). With a proportion of 60% 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 122,805 sqm (2020: 142,751 sqm). As at the balance sheet date, these assets comprised seven investment properties in Austria with a market value (including prepayments made and construction in progress) of €219,074 K (eight investment properties; €246,783 K on 31.12.2020). This portfolio generated rental income of €15,484 K in 2021 (€15.662 K in 2020).

Lettings

An approximate of 20,670 sqm of floor space was newly let or extended in 2021 (21,800 sqm in 2020). Of this, around 17,480 sqm relates to extensions or renewals of existing contracts. The economic occupancy rate in the investment portfolio is around 84% (2020: 88%).

Investments

In 2021, the company invested €165 K in its asset portfolio (€1,741 K in 2020). Investments concerned tenant fit-outs in the ViE office building.

Disposals

In 2021, CA Immo continued its path of selling non-core property assets with the successful sale of Wolfgang-gasse 58-60 office building (20,300 sqm) in Vienna. Income of €14,683 K was generated from the sale.

¹⁾ Incl. properties intended for trading or sale

RESULTS

KEY FIGURES FROM THE INCOME STATEMENT

CA Immo recorded a 9% increase in **rental income** to €16,877 K in 2021 (€15,430 K in 2020). **Operating expenses** passed on to tenants also increased by 9% from €4,912 K in 2020 to €5,335 K in 2021. **Management revenue** for services provided to subsidiaries fell by –14% year-on-year to €7,825 K (€9,139 K in 2020). As a result, this led to a 2% increase in **gross revenues** to €30,739 K (€30,228 K in 2020), distributed as follows: Austria 78%, Germany 1% and 21% in Eastern Europe.

Other operating income increased by 164% to €15,521 K (€5,881 K in 2020). In 2021, income of €14,683 K (€0 K in 2020) was generated from the sale of the property Wolfganggasse 58-60 in Vienna. No write-ups were made to tangible assets in 2021 (€5,137 K in 2020). Income from the reversal of provisions amounted to €194 K (€304 K in 2020) and mainly relates to provisions for legal fees, the Annual General Meeting and frustrated expenses in connection with the acquisition of a company. The other operating income of €644 K (2020: €440 K) resulted from cost transfers, insurance proceeds and the reversal of deferred income from public grants.

Personnel expenses increased by 5% from €15,388 K in 2020 to €16,113 K in 2021. In 2021, the company employed 72 staff members on average (70 staff members in 2020).

Depreciation charged to tangible assets totalled €–8,140 K (€–11,532 K in 2020). No impairment losses were recognised on real estate in the financial year 2021 (€–3,688 K in 2020).

Other operating expenditures totalled €–20,251 K (€–47,919 K in 2020). Of this, an amount of €–861 K was attributable to tax expense. The prior-year comparative amounted to €–26,297 K and included, 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 €–7,013 K (€8,673 K in 2020). An amount of €–12,377 K (€–12,949 K in 2020) was spent on general administrative costs such as project-related legal, auditing and consulting fees, advertising and marketing or administrative management costs.

As a result, the developments described above led to a positive **operating result** of €1,757 K compared to €–38,730 K in the previous year.

The company received **income from investments** totalling €179,486 K (€123,378 K in 2020) via subsidiary dividend distributions. This item was offset by expenses linked to financial assets of €–34,496 K compared to €–3,502 K in 2020.

Income of €14,109 K (€19,796 K in 2020) was generated from loans granted to subsidiaries. The item **other interest and similar income** stood at €3,315 K (compared to €431 K in 2020).

Income from the disposal and revaluation of financial investments amounted to €11,366 K (€3,619 K in 2020) and include write-ups on investments in affiliated companies amounting to €1,675 K (€3,397 K in 2020). This item was offset by write-downs on equity holdings of €–34,496 K (€–3,239 K in 2020), of which €–34,174 K due to dividend distributions (€–1,026 K in 2020).

Interest expense decreased in total by –9% to €–31,460 K (€–34,634 K in 2020). Interest for bank loans or **real estate financing** declined by –2% to €–2,161 K (€–2,200 K in 2020). The costs and commitment interest for other bank financing amounted to €–1,222 K (€–227 K in 2020). Negative interest increased from €–896 K in 2020 to €–2,248 K in 2021. Expenses for derivative transactions fell to €–1,074 K (€–2,588 K in 2020). Interest costs in respect of affiliated companies declined from €–766 K in 2020 to €–74 K in 2021. The largest amount, totalling €–24,691 K, concern **interest costs for bonds**; last year, this figure stood at €–27,957 K and also included the expenses from the purchase of bonds.

Due to the factors outlined above, the **financial result** rose by 30% to €142,320 K (€109,088 K in 2020). **Earnings before taxes** stood at €144,077 K (against €70,358 K in 2020). After taking into account **taxes on income** of €2,684 K (€12,745 K in 2020), the annual **net profit** as at 31 December 2021 stands at €146,761 K, compared to €83,103 K on 31 December 2020 (+77%). After taking into account the profit carried forward from the previous year in the amount of €293,378 K (€814,502 K in 2020) remaining after the dividend payment of €6.00 per dividend-bearing share, the annual financial statements of CA Immobilien Anlagen AG show a **net profit** of €440,139 K (€897,605 K in 2020).

Proposed dividend for 2021

After a thorough evaluation, the Management Board has decided to propose to the Annual General Meeting to be held on 5 May 2022, to deviate from the previous dividend policy and to carry forward the entire net profit for the 2021 financial year to new account. The background to this decision is the fact that from the net profit reported as of 31 December 2020 a dividend totaling €3.50 per share was already distributed in the 2021 financial year, and a further dividend of €2.50 per share was distributed to shareholders in the current financial year on 15 March 2022. Especially, in view of the current geopolitical environment and the increased market uncertainty and volatility, no additional dividend payment is planned for the 2021 financial year.

Cash-flow

In the year under review, cash-flow from operating activities (operating cash-flow plus changes in net working capital) stood at €160,577 K (€139,521 K in 2020). Cash-flow from investment activities was €-56.312 K (€-195,735 K in 2020) and cash-flow from financing activities was €-512.467 K (€690,347 K in 2020).

BALANCE SHEET ANALYSES

Assets

CA Immobilien Anlagen AG's total assets declined year-on-year from €4,460,251 K as at 31 December 2020 to €4,081,488 K as at 31 December 2021.

Fixed assets increased slightly from €3,725,856 K as at 31 December 2020 to €3,733,454 K on 31 December 2021. Fixed assets accounted for 91% of total assets on 31 December 2021 (84% on 31.12.2020). Intangible assets, which solely comprise EDP software, increased to €1,211 K (€542 K on 31.12.2020). Following the successful sale of the property Wolfganggasse 58-60 in Vienna, the company's **property assets** at the balance sheet date comprised a total of seven properties in Austria with a book value of €219,074 K (€246,783 K on 31.12.2020). **Tangible fixed assets** recorded a decrease of -11% totalled €220,036 K (€248,077 K on 31.12.2020). In 2021, no impairment losses (€3,688 K in 2020) and no write-ups (€5,137 K in 2020) were recognized on property, plant and equipment.

Financial assets rose by 1% to €3,512,207 K (€3,477,237 K on 31.12.2020). As of the balance sheet date, the book value of investments in affiliated companies stood at €3,219,268 K (€2,938,724 K on 31.12.2020). The

change mainly results from shareholder contributions and the acquisition of several companies. In addition, two subsidiaries in Austria were merged in 2021.

Current assets showed a significant decrease by -53% from €724,466 K as at 31 December 2020 to €339,524 K on 31 December 2021. The downturn is mainly the result of the payment of the additional basic dividend of €2.50 per dividend-bearing share resolved by the Extraordinary General Meeting at the end of November 2021, which was paid out on 15 December 2021, as well as the payment of subsidies to subsidiaries. **Receivables** recorded an increase of 77% to €53,308 K (€30,048 K on 31.12.2020). On 31 December 2021, the company has **cash and cash equivalents** of €286,216 K (€694,418 K on 31.12.2020).

Liabilities

As at the balance sheet date **shareholders' equity** decreased by -10% to €2,213,327 K (€2,470,783 K on 31.12.2020). The equity ratio on the key date was approximately 54% (55% on 31.12.2020). Equity covered 59% of fixed assets (66% on 31.12.2020).

Provisions amounted to €18,641 K (€43,439 K on 31.12.2020). In the previous year, the provision for court fees (amounting to €25,475 K) for the damages proceedings initiated in 2020 in connection with the privatisation of Federal Residential Property companies in 2004 ('BUWOG') represented the largest item. These court fees were recognised in other tax expense in the previous year. An amount of €8,774 K was recognized for bonus payments (€6,730 K on 31.12.2020). Provisions for derivative transactions amount to 3,547 K (€6,657 K on 31.12.2020).

Liabilities declined from €1,939,666 K at the end of 2020 to €1,843,375 K as at 31 December 2021. The proportion of unsecured financing at the Group parent company level has steadily grown since the company was rated investment grade in 2015. Following the complete conversion of the convertible bond with a volume of €200 m and the redemption of a corporate bond maturing in July 2021 (€107 m), six CA Immo corporate bonds (including one green bond) 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) as of the balance sheet date. The total nominal value of the corporate bonds amounted to €1,434,032 K (€1,741,481 K on 31.12.2020).

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, bond conditions contain a loan-to-value (LTV) covenant. The two bonds issued in 2020 contain two further

covenants relating to the secured financing volume and the Group's interest rate coverage.

Liabilities to banks comprise only investment loans amounting to €100,833 K (€111,134 K on 31.12.2020).

DEVELOPMENT OF SHAREHOLDERS' EQUITY

€1.000	31.12.2020	Capital increase	Dividend payments	Annual result	31.12.2021
Share capital	676,316	55,892	0	0	732,208
Tied capital reserves	854,841	144,118	0	0	998,959
Retained Earnings	42,021	0	0	0	42,021
Net profit	897,605	0	-604,227	146,761	440,139
Total equity	2,470,783	200,010	-604,227	146,761	2,213,327

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** is an indicator of 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 84% (around 88% on 31 December 2020).
- 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 16% as of 31 December 2021 (around 12% on 31 December 2020).
- 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 2021 (3.9 years on 31 December 2020).

- 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:** The development of sustainable buildings for its own stock to enhance the quality of the investment portfolio has been an important part 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:** A decentralised organisational structure with own branches in the core markets ensures efficient management and tenant retention.
- Reduction of the carbon intensity** of the investment portfolio as an indication for a targeted active improvement of the energy performance of the buildings and thus an increase in the attractiveness of the existing portfolio. CA Immo focuses in particular on measures such as increasing the energy efficiency of buildings. This includes renovation and modernization measures, a gradual switch to renewable energy sources, and the incorporation into the company's own portfolio of its own project completions that have been realised with a view to sustainability.

The non-financial performance indicators relating to environmental, employee and social issues as well as respect for human rights and the fight against corruption and bribery are presented and explained in detail in the Group Management Report ("ESG Report" section).

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 Group Management Report ('ESG Report' chapter).

PERSONNEL DISTRIBUTION WITHIN THE CA IMMO GROUP ¹⁾

Headcount	Number of employees				Share of women 31.12.2021 in %	Joining / Leaving 2021	New hires ²⁾ 2021 in %	Turnover ³⁾ 2021 in %
	31.12.2020	31.12.2021	Change in %	2021 Ø				
Austria	80	92	15	86	62	21/10	24	12
Germany/Switzerland ⁴⁾	252	247	-2	250	39	15/20	6	8
CEE	105	102	-3	106	72	10/13	9	12
Total	437	441	1	442	51	46/43	10	10

¹⁾ Headcounts, thereof around 11% part-time staff, incl. 31 employees on unpaid leave; excl. 20 employees of joint venture companies, the calculations for this table are based on the GRI guidelines (GRI 401-1, 402)

²⁾ New hires: Joiners 2021 / average number of employees in 2021 (Headcount)

³⁾ Turnover: Leavers 2021 / average number of employees in 2021 (Headcount);

⁴⁾ At the end of 2021, 19 local employees were employed at the Basel branch of the 100% CA Immo construction subsidiary omniCon, which was established in 2014

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

SHARE CAPITAL & SHAREHOLDER STRUCTURE

Due to the change-of-control clause of the convertible bond triggered by the Starwood offer, almost all convertible bond holders have exercised their conversion rights. Since the end of April, the conversion rights have been serviced by conditional capital and partly by issuing new shares. Overall, the total number of voting rights increased by 7,688,090 from 98,808,336 to a total of 106,496,426 voting rights. As of the end of April 2021, the share capital increased by a total of €55,892,414.30 from €718,336,602.72 and amounted to €774,229,017.02 at the balance sheet date, divided into four registered shares and 106,496,422 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 58% as at 31 December 2021 (61,654,765 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 held in free float by both institutional and private investors who, with the exception of Petrus Advisers Ltd. (4.57% as of 18 March 2022), each hold a stake below the 4% threshold required by law to be reported. 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). In addition to the conditional capital available for this purpose, authorised capital of €9,098,448.62 was used to service the conversion rights exercised by holders of convertible bonds, resulting in unused authorised capital of €350,069,852.74 as of 31 December 2021, which can be drawn down until 18 September 2023 at the latest.

In the same Annual General Meeting 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 34th Annual General Meeting held on 6 May 2021, 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 5 November 2023), 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 2021, CA Immobilien Anlagen AG held 5,780,037 treasury shares in total; given the total number of 106,496,426 voting shares issued, this corresponds to approximately 5% 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

The new Management Board contracts concluded in fiscal year 2021 do not contain any commitments assuring payments in the event of premature termination of Management Board duties following a change of control ("change of control" provisions).

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 Code¹¹⁾ 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 2021 (January 2021 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 2021 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).

¹¹⁾ 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

Russia's invasion of Ukraine has shaken the global economy. The immediate global impact will be higher inflation, lower growth and dislocations in financial markets. The crisis has significantly increased uncertainty and volatility in global equity and financial markets. Major equity indices have performed negatively since the onset of the crisis and debt capital markets have been completely closed for a period of time or are currently very limited in access. The risk of a further escalation of the conflict and additional geopolitical tensions must continue to be monitored.

The CA Immo Group has no properties in Russia or Ukraine in its portfolio and monitors developments on the stock and financial markets. In addition, we counter exchange rate risk by generally pegging rents to the euro and converting liquid funds in foreign currencies into euros on an ongoing basis. This means that the CA Immo Group is not exposed to any significant currency risk.

The war in Ukraine and the resulting sanctions and countermeasures may have an impact on the CA Immo Group's balance sheet. The global consequences of the war could have an impact on the valuation of receivables and the calculation of expected credit losses. Furthermore, increased caution is required in property valuations due to the uncertainty. We are constantly evaluating current developments and possible effects on the company. Despite the uncertainty and possible direct and indirect effects, the CA Immo Group assumes that the Russia-Ukraine war will not affect the company's long-term ability to conduct business successfully.

The emergence of new Covid-19 variants could further prolong the pandemic and cause renewed economic disruption. Global access to vaccines, tests and treatments is essential to reduce the risk of further dangerous Covid-19 variants. This will require increased stockpile production, as well as better supply systems in each country and more equitable international distribution. In addition, supply chain disruptions, energy price volatility, and local wage pressures mean that uncertainty about inflation and the stance of monetary policy is high. If leading economies raise policy rates, risks could emerge for financial stability and emerging and developing economies' capital flows, currencies, and fiscal positions, especially as debt has increased significantly over the past two years.

Portfolio strategy

In addition to the increased focus of the portfolio on Class A office buildings in the core markets of Berlin, Munich, Vienna, Prague and Warsaw, our focus remains on sustainability and intensive tenant retention. The goal with our buildings is to offer the best product, the best support and the greatest possible flexibility for our tenants.

The special synergy of being an experienced developer of green buildings and manager of an international Class A office portfolio in attractive metropolitan areas makes us the ideal partner for blue-chip companies. We want to use and further develop these strengths to expand our good market position in the long term.

The profitable sale of non-strategic properties as part of the strategic capital rotation programme should also lead to a strong EBITDA-effective sales result and a corresponding inflow of liquidity. The 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.

As part of this portfolio optimisation programme, we decided, together with the Supervisory Board of CA Immo, to start evaluating all strategic options for Romania, including a potential sale of the entire portfolio.

Development

In 2021, we were able to add three more of our own project completions to our portfolio as planned with the completion of office projects in Prague and Mainz. CA Immo's largest development project ONE in Frankfurt with a total investment volume of around €430 m is due for completion in the second quarter of 2022. In addition, the Grasblau office project in Berlin (total investment volume of around €70 m) is expected to complete towards the end of the business year.

The development of extensive land reserves in central locations in the German cities of Munich, Frankfurt and Berlin represents significant long-term organic growth potential for CA Immo, which is to be realized successively once the necessary conditions and requirements have been met.

Key business factors

Key factors that may influence the business development planned for 2022 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.
- CA Immo is relying on companies returning to their physical offices as the pandemic recedes. In this context, it remains to be seen how the crisis-induced expansion of digital work processes and the establishment of work-from-home will affect demand for office property in the medium term.
- Political, fiscal, legal and economic risks, transparency and the development level on our real estate markets.

Dividend

At the beginning of November 2021, the majority shareholder SOF-11 Klimt CAI S.à r.l. requested that an extraordinary general meeting be convened to resolve on special dividends totaling €5.00 per dividend-bearing share to be paid to all shareholders in two tranches. The Extraordinary General Meeting was held virtually on November 30, 2021 and resolved to adopt the proposed resolutions.

After a thorough evaluation, we have decided to propose to the Annual General Meeting to be held on 5 May 2022 to deviate from the previous dividend policy and to carry forward the entire balance sheet profit for the 2021 financial year. The background to this decision is the fact that, as outlined above, dividends totalling €3.50 per share

have already been distributed in the 2021 financial year from the net profit reported as at 31 December 2020, and a further dividend of €2.50 per share was distributed to shareholders in the current financial year on March 15, 2022. Especially in view of the current geopolitical environment and the increased uncertainty and volatility in the markets, no additional dividend payment is planned for the 2021 financial year.

Earnings target 2022

Due to numerous dynamic change factors, both in terms of the general conditions for the office sector and from an operational perspective for the current financial year, we plan to specify the FFO I target for the 2022 financial year in the second quarter.

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 UNIVERSE OF CA IMMO

Development risks

Cost risk
Quality risk
Permit risk
Partner risk
Time risk

Investment Property Risks

Vacancy risk
Portfolio risk
Valuation risk
Tenant default risk

Financial risks

Currency risk
Capital market risk
Transaction risk
Liquidity risk
Tax risk

ESG Risks

Climate risk
Governance risk
Social risk

Other risks

Operating risk
Legal risk
IT risk
HR risk
Insurance risk

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 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).

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 (Code of Ethics, Code of Conduct) is a matter of course. For CA Immo, risk culture implies raising of risk awareness and consciously addressing risks in day-to-day business – both for managers and individual employees.
- Risk strategy: The risk strategy describes how risks arising from CA Immo's business strategy or business model are managed. It sets out the framework for the nature, extent and appropriateness of risks, thus reflecting the company's own definition of a "sensible" approach to risks and describing these risks in terms of their impact on the economic situation of the company and the guidelines for managing risks that are to be derived from this.

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 (for example, on the topic of the Covid-19 pandemic). 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

At CA Immo, the opportunity/risk situation is assessed on a quarterly basis within the framework of reports that are prepared, among other things, on the basis of the results of the risk committee. 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, continuous monitoring 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 now also evaluates specific risks once a year, 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 ensuring 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 assessed on a random basis 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.

IMPACT OF THE COVID-19 PANDEMIC

As in the previous fiscal year, 2021 overall was dominated by the effects of the global Covid-19 pandemic. Many countries again imposed general lockdowns and travel restrictions. As a result, market activity in many sectors continued to be severely impacted.

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 still have to close 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 be operated as planned. CA Immo is experiencing the first effects on construction sites, but even after two years of the pandemic, there have been no significant time or financial shortfalls

to date. However, 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 will be. Developments remain to be seen.

Volatility and uncertainty on stock markets, corporate profit warnings and negative economic forecasts related to the Covid-19 pandemic underline its potential threat to the European and global economies. The real effects cannot be conclusively assessed given the fast-moving situation, and are subject to constant evaluation. Temporary restrictions on the course of 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. rent payments not received in accordance with the contract, delays in construction activities, effects on real estate markets, development of covenants for financings, consequences for planned real estate transactions). However, CA Immo relies on a wide range of possible measures to minimise the impact on the Group.

INVESTMENT PROPERTY RISKS

Risks linked to the market environment and composition of the portfolio (portfolio risk)

The economic success of CA Immo depends, among other things, on the development of real estate markets of relevance to the Group. Key factors influencing the economic trend include the overall 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. Economic instability and limited 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.

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.

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 2021, values for the property assets as at the reporting date of 31 December 2021 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.

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 60% of the total portfolio. The regional portfolio target distribution envisages a medium-term target for the German share of 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 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 properties in this category as at the balance sheet date were the Skygarden office building in Munich and the ONE project development in Frankfurt. The portfolio as a whole is highly diversified: the top ten Group assets represent less than one-third of the total portfolio. The concentration risk in respect of **single tenants** is also manageable. As at 31 December 2021, the top ten tenants were generating some 22% 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 buildings**, 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 ten years.

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.

All of CA Immo's core cities have already seen a decline in demand for office space and/or an increase in vacancy rates due to the challenging conditions and economic impact of the pandemic. After 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 in some cases decline in office space take-up in 2021 will develop in fiscal year 2022. 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), CA Immo is confronted with different requests for rent reduction. 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 provisions (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. 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 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 its own 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. Among other things, there are pandemic measures ordered by the authorities, such as lockdowns, which have a particularly severe impact on hotel operators and the retail sector.

RISKS ASSOCIATED WITH THE PROJECT DEVELOPMENT FIELD

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 these 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. Exceptions 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 and quality. 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. 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. Projects currently in progress are generally on time and within approved budgets; they are continually monitored as regards cost risk.

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 (e.g. permit risk) 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 investment properties and 15% development projects under construction, including land bank reserves.

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 (**partner risks**); 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

Capital market, 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 relies on debt 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 debt capital and extend existing financing agreements under acceptable terms. Market conditions for real estate financing are constantly changing. The attractiveness of financing options depends on a range of factors, not all of which can be influenced by the Group (market interest rates, required collateral 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 ongoing 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 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 force the Group to sell properties 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. In order to maintain the investment grade - long-term issuer rating from Moody's (currently Baa3 with negative outlook) at an acceptable level, adequate equity capitalisation is also required.

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 facility at parent company level (e.g. 3-year RCF of €300 m). 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.

Despite careful 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

Although the current economic environment remains characterised by low interest rates and relatively high valuations of real estate portfolios, 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. Raising equity or debt capital could become considerably more difficult, making expansion plans almost or completely impossible.

Market-related 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 96% 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 was also raised. The financing profile has thus become more robust.

Tax risks

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 may be 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 or the possible accrual of real estate transfer tax in connection with direct or indirect changes of control in German partnerships and corporations, (iii) the fiscal recognition of outsourcing operating equipment or (iv) 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.

Moreover, in connection with past restructuring measures in Eastern Europe, there are uncertainties regarding the possible retroactive application of any subse-

quent tax changes. However, CA Immo considers the probability of an actual charge to be low.

With regard to the tax deductibility of internal service charges within the Group, CA Immo always attempts to charge an arm's length price for internal services and to adequately record this in order to comply with all legal requirements (transfer pricing documentation). However, it is possible that the tax authorities may take a different view and come to a different conclusion, which could have tax consequences with regard to the deductibility of internal cost transfers undertaken in the past and thus trigger subsequent tax payments.

Currency risks

The possible reintroduction of national **currencies** by individual Eurozone members would also have serious consequences for the European economies and financial markets. Finally, the exit of individual nations from European Monetary Union could lead to a complete collapse of the monetary system.

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.

Transaction risk and risks from sales transactions

The German real estate transaction market was unimpressed by the pandemic and developments in the surrounding countries in 2021 and achieved a record result in terms of investment volume. Due to a seasonal slowdown in the pandemic and government aid for companies, there was no further slump in the Austrian real estate market as seen in the previous year. In Central and Eastern Europe, too, the impact of the pandemic and its economic consequences on the real estate markets in 2021 were already less noticeable than in the previous year. The positive momentum of the last few years before the start of the pandemic was slowly resumed. This is also evident in CA Immo's core cities of Warsaw, Prague, Budapest and Bucharest. However, in the current situation, it cannot be excluded that the **real estate transaction market** will decline again and that transactions will be suspended or even canceled due to problems in pricing and financing.

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.

OTHER 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 high operational risk where their type and scope fail to take account of business volumes or prove vulnerable to cybercrime (**IT and cyber risks**). 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 (**HR risk**).

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. The law applicable in each case, the varying degrees of efficiency of the competent courts and the complexity of the matters in dispute may in some cases result in a considerable length of proceedings or other delays. CA Immo is confident that 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 of January 2022 against the defendants, ex-Federal Minister of Finance Grasser et al., which are relevant for these civil proceedings, essentially confirmed that illegal and biased actions were taken to the detriment of CA Immo in connection with the BUWOG privatization proceedings. An assessment of the impact of the criminal proceedings on the pending civil proceedings for damages will only be possible once all appeal proceedings have been concluded with a final criminal verdict. In 2020, a provision of approximately €25 m has been recognised for court fees in connection with the damages proceedings; the payment of the court fees was made following a ruling of the Federal Administrative Court in 2021. CA Immo has filed an appeal against this ruling with the Constitutional Court.

It is not possible to predict changes to **legal regulations**, case law and administrative practice, or the impact of these on business results and operations; such changes may in particular 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.

ESG RISKS

Current developments on the capital market (e.g. sustainable finance) and new legal requirements are creating pressure for companies to report more prominently than before on ESG risks resulting from their business activities. Environmental, social and governance aspects have also become increasingly important across the real estate sector. Buildings are seen as one of the key factors for climate protection due to their high energy consumption, which is why attention is currently still primarily focused on environmental issues, however, the social and governance factors are also becoming increasingly relevant.

Environmental risks

Energy use in buildings for lighting, heating or cooling leads to direct or indirect CO₂ emissions. Building materials contain carbon that is produced during their extraction, manufacture, transportation and processing. Since

carbon is contained in almost every phase of the construction and operation of buildings, companies should start implementing appropriate **real estate decarbonisation programmes** in time to contribute to the ambitious goal of climate neutrality in Europe by 2050.



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).

For CA Immo, improving energy efficiency in existing buildings is a key factor in achieving climate neutrality. Since carbon efficiency results depend significantly on decisions made in the planning phase, we pay attention to future environmental impacts at a very early stage in our project developments. Where possible, we focus on increasing the proportion of bio-based materials, paying attention to the CO₂ footprint of conventional materials and on-site energy generation (solar panels, heat pumps, heat grids, etc.). Our procurement process also ensures that the high green standards are met in accordance with the certification levels set for the building in question. We require our construction service providers to comply with the sustainability standards according to DGNB Gold or LEED Gold (e.g. material declaration, worker protection).

Detailed information on this – in particular on climate risks and opportunities including risk assessment – can be found in the in the Group Management Report ("ESG Report" section).

Other 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 properties and adversely affect the generation of rental revenue from such properties. **Natural disasters** and extreme weather conditions can also cause considerable damage to real estate. 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.

Social risks

 In the social sector, our strategic focus is on the following topics in particular: Compliance with human rights, health & safety, employment & working conditions, and social aspects of sustainable urban development. In the case of construction services, for example, CA Immo requires and monitors its contractors for compliance with statutory regulations on occupational health and safety, workplace and working time regulations, and collective bargaining agreements.

Information on the key social risks faced by CA Immo and the wide-ranging protective measures implemented by CA Immo in the course of the Covid-19 pandemic to ensure a safe working environment for CA Immo employees, tenants and workers on CA Immo construction sites can be found in the in the Group Management Report ("ESG Report" section).

Governance risks

 Best practice in corporate governance represents an opportunity for CA Immo to increase its value in the long term. Conversely, failure to comply with governance and compliance standards entails high risks, ranging from penalties and fines to loss of reputation. These include not only compliance with legal requirements, governance standards and (internal) guidelines, but also a transparent approach to conflicts of interest, granting

of appropriate remuneration, promotion of open communication with all stakeholders, and adherence to our ethical principles and corporate values. CA Immo clearly opposes any form of unequal treatment, human rights violations, organized crime (e.g. fraud, extortion, bribery and corruption), money laundering or terrorism financing. In contrast, we want to promote integrity and diversity at all levels.

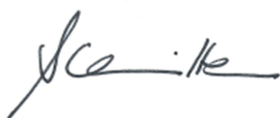
The risk of corruption is addressed, for example, by the code of conduct ('zero tolerance') and the related gifts and donations policy. Employees are required to report any suspicions internally. Employees and external third parties can also report suspected misconduct anonymously via the electronic whistleblower system set up by CA Immo ([Whistleblower System \(caimmo.com\)](https://www.aimmo.com/whistleblower)). 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.

Already as part of the tender process, we require our contractors and suppliers (vendors) to accept and comply with our Code of Ethics and Code of Conduct as well as the governance, social and environmental standards we have defined. CA Immo screens its business partners – including construction companies in particular – as part of the tender process not only in terms of their professional qualifications and economic situation, but also with regard to social aspects. As part of a third-party compliance check, questionnaires and the use of company and risk databases for undesirable media, sanctions, watchlists, etc. are also used to check compliance with governance, social and environmental standards and taken into account in tendering processes. In the governance field, we pay particular attention to compliance with the law, our internal requirements for contractual partners, for example, with regard to business ethics, ensuring compliance, and measures to combat corruption, money laundering, and terrorism financing.

Details of our key standards and related control mechanisms are available at [Our values \(caimmo.com\)](https://www.aimmo.com/values).

Vienna, 23.3.2022

The Management Board



Silvia Schmitt-Walgenbach
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Chief Financial Officer)



Keegan Viscius
(Chief Investment Officer)

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, 23.3.2022

The Management Board



Silvia Schmitt-Walgenbach
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Chief Financial Officer)



Keegan Viscius
(Chief Investment Officer)

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, 2021, 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, 2021 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:

Titel

Valuation of investments in and loans to affiliated companies

Risk

The financial statements of CA Immobilien Anlagen Aktiengesellschaft as of December 31, 2021 show material investments in affiliated companies (TEUR 3,219,268) as well as material loans to affiliated companies (TEUR 292,666). Furthermore, the financial statements show impairments of investments in and loans to affiliated companies of TEUR 34,488 and in-come from revaluation of such of TEUR 1,675.

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, 2021.

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 design and effectiveness of relevant key controls in the property valuation process based on a sample
- 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
- Assessment of the adequacy and completeness of the disclosures made in the financial statements by the management

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 May 6, 2021. We were appointed by the Supervisory Board on September 14, 2021. 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 23, 2022

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Alexander Wlasto mp

Mag. (FH) Isabelle Vollmer mp

Wirtschaftsprüfer / Certified Public Accountant

Wirtschaftsprüferin / Certified Public Accountant

¹⁾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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IMPRINT

Published by: CA Immobilien Anlagen AG
1030 Vienna, Mechelgasse 1
Text: Claudia Höbart, Julian Wöhrle
Graphic design and setting: Cornelia Kellner
Photographs: CA Immo
Production: 08/16



produced according to the Austrian Eco-Label criteria UZ 24 "low pollutant printed products"
Druckerei Janetschek GmbH · UWNr. 637

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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