

REPORT OF THE MANAGEMENT BOARD

15th April 2008

REPORT OF THE MANAGEMENT BOARD OF CA IMMOBILIEN ANLAGEN AKTIENGESELLSCHAFT ON AGENDA ITEMS 6 AND 8 AT THE 21ST ANNUAL GENERAL MEETING ON 13 May 2008

- **In accordance with § 153 para. 4 in conjunction with § 65 para. 1b and 174 para. 4 of the Austrian Companies Act (AktG)**

At the 21st Annual General Meeting of CA Immobilien Anlagen Aktiengesellschaft on 13 May 2008,

1. The authorisation granted to the Management Board at the 20th Annual General Meeting on 29 May 2007 in accordance with § 174 para. 2 of the Austrian Companies Act (AktG) is to be amended so that, until 12 May 2013, the Management Board shall be entitled, with the consent of the Supervisory Board, to issue convertible bonds with a total nominal value of up to € 317,185,011.00 either once or several times with exclusion of the pre-emptive rights of the shareholders, and to grant to holders of convertible bonds conversion rights on up to 43,629,300 ordinary bearer shares in the company in accordance with more detailed instructions in the terms and conditions of convertible bonds to be laid down by the Management Board; and
2. The Management Board is to be authorised to dispose of the company's own shares, previously acquired in accordance with § 65 para. 1 of the Austrian Companies Act (AktG), by other means than via the stock exchange or in the course of public offers.

Since the authorisation under Point 1, above, involves exclusion of pre-emptive rights and since the regulations on the exclusion of pre-emptive rights are to be applied analogously in the course of the authorisation of buy back and resale of the company's own shares under Point 2, above, the Management Board of CA Immobilien Anlagen Aktiengesellschaft is meeting the requirements of the pertinent statutory regulations by making the following

Report.

Re Point 1.:

The proposed authorisation of the exclusion of pre-emptive rights on convertible bonds is in the interest of the company and the shareholders. The advantages of convertible bonds lie in the attractive financing opportunities for the company, the high conversion price and in opening up new investor groups.

- a. The company has for a long time been implementing active management of its capital structure, in order to keep capital costs as low as possible. Convertible bonds are and always have been an appropriate means of achieving this end. The high level of security for bond creditors means that the company acquires flexible and rapid access to attractive financing conditions, in some cases at a level lower than that of loan capital instruments. But attractive financing conditions can be achieved only if the company can react fast and flexibly to favourable market conditions. This advantage would be destroyed by a subscription rights issue with a time limit for subscription of at least two weeks.

Furthermore, issuing convertible bonds allows expansion of the company's capital structure and improvement of its balance-sheet structure. Either all or part of the loan capital raised via the convertible bonds can be assessed by the regulatory authorities or international rating agencies as equity capital, depending on the structure selected. Such an assessment in turn allows improved rating of the company and can thus result in lower financing costs for the company's future loan capital.

- b. In addition, convertible bonds give investors the right to acquire shares in the company in the future at a price that is already fixed when the convertible bonds are issued (conversion price) thus allowing access to the assets and earning power of the company. In this way, investors are also given the opportunity to participate in any increase in value of the company. Convertible bonds offer the opportunity to exploit for the benefit of the company the high volatility of company shares resulting from price movements and hence to reduce the company's capital costs. As a result of the conditions of the convertible bonds, the issue price of the shares to be issued will be set above the share price at the issue date so that more capital can be supplied to the company than would be the case with an immediate capital increase. Practice has shown that the conversion price for issues where pre-emptive rights are excluded can usually be set higher than equivalent issues where pre-emptive rights are granted. This is because of the structure of issues with rights, where a subscription time limit of at least two weeks must be observed. Consequently, if pre-emptive rights are excluded, more financial resources can be generated for the company for a lower number of shares issued. For this reason the exclusion of pre-emptive rights has also become conventional practice today when convertible bonds are issued on the capital markets.

Furthermore, convertible bond issues are often regarded on the capital market as a positive signal of management confidence regarding future share-price movements. This confidence is reflected in the conversion price, which can usually be set at a higher level if pre-emptive rights are excluded, for the reasons listed above.

- c. Convertible bonds are customarily subscribed by institutional investors who have specialised in this form of investment and whom it is also intended to develop as target investors by means of the convertible bonds to be issued. This means that by issuing convertible bonds with the exclusion of pre-emptive rights, the company can open up a new investor base. Institutional investors make specific requirements of the subdivisions, organisation and flexibility of convertible bonds over time. Attractive financing conditions can be achieved only if the company is able to react fast and flexibly. The issue of convertible bonds with rights would mean, as a result of the subscription rights period of two weeks, that placement of the bonds with institutional investors would be impossible or only possible to a limited extent. Exclusion of pre-emptive rights is therefore necessary for reasons of strategy, finance and company organisation so that the benefits to the company associated with the issue of convertible bonds can be optimally exploited. It should further be noted that assessment of a convertible bond with rights in line with the market (i.e. at the best conditions achievable on the market for the company) renders the rights worthless. By dispensing with the time-consuming, and hence also cost-intensive, procedures of pre-emptive rights the capital needs of the company arising from market opportunities presenting themselves at short notice can be met with very little delay and additional new investors can also be acquired both in Austria and abroad. The possibility of the exclusion of pre-emptive rights therefore provides additional strength in the company's capital resources and a reduction in financing costs, in the interest of the company and all shareholders.
- d. The issue price of the shares to be issued when conversion rights are exercised (conversion price) is calculated from the market price of the shares plus a surcharge corresponding to the expected price movements of the company in conjunction with similar transactions on the relevant market. In this way, the company will be in a position to set attractive issue conditions within the period of authorisation. At the same time, account can be taken of the anticipated development of the share price and attention paid to the conditions and standard practices that are customary on the international financial markets at the time of the issue.

The proposed authorisation regarding the exclusion of pre-emptive rights is objectively justified by the desired objective of guaranteeing optimisation of the capital structure and the reduction of financing costs and hence ensuring further reinforcement and improvement of the competitive position of the company, in the interest of the company and the shareholders. Moreover, the exclusion of pre-emptive rights is also reasonable and necessary because the anticipated supply of equity capital resulting from the target group-specific orientation of the convertible bonds will replace more cost-intensive capital adjustments, offer favourable financing conditions and secure long-term and flexible business planning and the realisation of the planned corporate objectives for the benefit of the company and, in conjunction with this, of all shareholders as well. Without the exclusion of pre-emptive rights it will not be possible for the company to react fast and flexibly to favourable market conditions. The Management Board of the company anticipates that the advantage to the company deriving from the issue of convertible bonds with the exclusion of pre-emptive rights will benefit all shareholders and

that the interest of the company therefore outweighs the disadvantage to the shareholders of excluding pre-emptive rights. In summary, if all the circumstances listed above are weighed up, it can be stated that the authorisation of the exclusion of pre-emptive rights within the limits described is necessary, appropriate and reasonable, and is objectively justified and advisable in the predominant interest of the company.

Re Point 2.:

The proposed authorisation for the exclusion of pre-emptive rights of disposal by other means than via the stock exchange or in the course of public offers is in the interest of the company and the shareholders.

- a. When disposing of the company's own shares, it should be possible to offer shares preferentially, within the framework of employee share option schemes, to employees, senior executives and members of the Management Board of the company or of the companies associated with the company. To this end, pre-emptive rights should be excluded to the extent required for this to be achieved. The group of entitled persons, the number of shares to be issued in each case, the issue price and the other conditions of issue will be established by the Management Board with the agreement of the Supervisory Board. The issue price must be established in accordance with the current stock market price of the shares in each case, taking into account an appropriate discount. It should be possible for all of the company's own shares to be disposed of within the framework of employee share option schemes. Insofar as the Management Board is affected, the conditions of issue will be established by the Supervisory Board. In accordance with § 153 para. 5 of the Austrian Companies Act (AktG), the priority issue of shares to the group of persons listed above shall constitute sufficient grounds for the exclusion of pre-emptive rights.
- b. In the past, the company has consistently implemented its strategic goal of expanding into the countries of Central and Eastern Europe. Continuing this expansion and opening up new markets will also be a fundamental cornerstone of the company's strategy in the future. This can only be achieved by means of acquisition of relevant holdings in the countries of Central and Eastern Europe. The application made at the same time for authorisation to exclude pre-emptive rights in the disposal of the company's own shares must also be seen in connection with this goal. Authorisation of the exclusion of pre-emptive rights is intended to provide the Management Board with the necessary flexibility in implementing its acquisition strategy, by using the company's own shares if required as whole or part of the purchase price for business transactions. The precise organisation of transactions of this type will be laid down for each individual case in accordance with the Articles of Association and internal rules of procedure for the Supervisory Board and Management Board, in agreement with the Supervisory Board.

- c. The sales authorisation will also be of use in servicing convertible bonds being issued by CA Immobilien Anlagen Aktiengesellschaft on the basis of the decision by the Annual General Meeting on 13 May 2008.

In summary, if all the circumstances listed above are weighed up, it can be stated that authorisation of the exclusion of pre-emptive rights within the limits described is necessary, appropriate and reasonable, and is objectively justified and advisable in the predominant interest of the company. Acquisition of holdings or other property assets, or specific transaction structures that are in the interest of the company and the shareholders might make it necessary to dispose of the company's own shares with the exclusion of pre-emptive rights. Should the Management Board utilise the authorisation granted to it to exclude pre-emptive rights, the Management Board must draw up a further written report on the reason for the exclusion of pre-emptive rights and publish this report in accordance with § 171 para. 1 of the Austrian Companies Act (AktG).

According to § 169 para. 2 of the Austrian Companies Act (AktG), this authorisation must be restricted to a maximum period of 5 years. The period is fully utilised in the proposed decision.

The Management Board