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CORPORATE GOVERNANCE  
REPORT 2018

18

## CONTENT

SUPERVISORY OAR REPORT	2
MANAGEMENT BOARD	5
SUPERVISORY OAR	6
CORPORATE GOVERNANCE REPORT	8
RENUMERATION REPORT	16
CONTACT/DISCLAIMER/IMPRINT	21

## SUPERVISORY BOARD REPORT



Torsten Hollstein, Supervisory Board Chairman

### DEAR SHAREHOLDERS,

For CA Immo, the business year 2018 was a year of radical change. The main events were the termination of merger talks with IMMOFINANZ AG, the entry of a fund managed by Starwood Capital Group ("Starwood") being now the largest shareholder and the changes to management already announced.

Once again, the Supervisory Board was provided with continual details of business developments and the general position of CA Immo in 2018 as it oversaw the running of the business by the Management Board and carried out all tasks assigned to the Supervisory Board in line with the law and the Articles of Association. The Management Board supplied information to the Supervisory Board by means of detailed quarterly reports and other verbal and written reports at the Supervisory Board meetings. The Supervisory Board was informed in full and in good time about measures requiring its approval.

#### **Main focus of Supervisory Board activity**

In its ten meetings, the Supervisory Board addressed issues of budgeting and profitability, the financing strategy of the company (including the issue of another corporate bond), the acquisition of the Campus 6.1 and Visionary office buildings in Bucharest and Prague respectively and, following the acquisition of section B of the Warsaw Spire in 2017, the purchase of section C in the same com-

plex. The sale of CA Immo's 49% share in Megapark in Sofia was approved, thus confirming the company's exit from its secondary market of Bulgaria. Not least, the Supervisory Board was heavily involved with the takeover bid by Starwood and the subsequent change in shareholding in response to the sale by IMMOFINANZ of the 26% stake to Starwood. With a shareholding of approximately 26% and four registered shares, Starwood is now the largest shareholder in CA Immo.

Central topics in regular reporting by the Management Board included financing and liquidity issues, current legal proceedings and risks, developments on financial and real estate markets, resultant opportunities and threats and property valuations. Evaluating the organisation and working methods of the Supervisory Board and its committees was central to an annual self-assessment exercise. The results of this evaluation and the annual activity report on compliance management were discussed and corporate governance was reviewed. Reports on risk management and the observations of Internal Auditing were discussed at regular intervals by the Audit Committee, which reported its findings to the Supervisory Board. The Management Board explained any deviations from planned values and targets. Decisions and measures taken by the Management Board were transparent.

Cooperation between the Supervisory Board and the Management Board was characterised by open discussion. Close contact between the Supervisory Board chairman and the CEO underlined the openness of exchanges on matters of relevance to decision-making. All developments in the company were reported to the Supervisory Board promptly and in full.

#### **Staffing changes to the Management Board**

Early in December 2017, Frank Nickel resigned his mandate as Chief Executive Officer with effect from 31 December 2017; on 31 March 2018, he stepped down from the Management Board of CA Immo entirely. Andreas Quint succeeded Mr. Nickel as CEO on 1 January 2018.

Against the background of terminated merger talks with IMMOFINANZ AG and the subsequent sale of this party's holding in CA Immo, Dr. Hans Volckens opted to terminate his mandate with the mutual consent of the Supervisory Board. Dr. Volckens duly resigned his post as a member of the Management Board as of midnight on 10 October 2018. At the end of September 2016, alongside the usual responsibilities associated with the remit

of the Chief Financial Officer, he took on all special tasks relating to the merger talks with IMMOFINANZ AG in order to represent and uphold the interests of CA Immo as effectively as possible. Dr. Andreas Schillhofer will succeed as the new CFO by 1 October 2019 at the latest. Dr. Schillhofer held executive positions with various financial institutions, amongst others Mediobanca, Bank of America Merrill Lynch and Greenhill & Co., before moving to PricewaterhouseCoopers in 2016 where he was responsible for listed and large private real estate companies.

In the course of the change of main shareholder, the mandate of Chief Executive Officer Andreas Quint was also extended prematurely by one year to 31 December 2021. Keegan Viscius, the long-serving Senior Vice President of Starwood Capital Group, also moved to the Management Board of CA Immo as of 1 November 2018, where he assumed responsibility for the investment and asset management area in his capacity as Chief Investment Officer (CIO). As Senior Vice President of Starwood, Keegan Viscius was responsible for real estate investment in Europe for more than six years. As part of his switch to the Management Board of CA Immo, he has resigned all of his duties with Starwood.

#### Changes to the Supervisory Board

In the course of the change of main shareholder, Dr. Oliver Schumy and Stefan Schönauer, the Supervisory Board members appointed by the IMMOFINANZ Group on the basis of registered shares, stepped down as members of the Supervisory Board with effect from midnight on 27 September 2018. At the same time, the new main shareholder exercised its rights of appointment associated with the registered shares to appoint three members to the Supervisory Board of CA Immo: Sarah Broughton, Laura Rubin and Jeffrey Dishner. The Supervisory Board members Gabriele Düker and Professor Sven Bienert resigned their mandates at the end of October 2018.

The Supervisory Board would like to thank the departing members of the Management Board and Supervisory Board for their dedication and valuable contributions.

These significant changes to the Management Board and shareholder structure of CA Immo bring to an end a lengthy period of transformation. CA Immo is ideally equipped to face a future that it expects to be defined by growth and continuity.

#### Main activities of the committees

The **audit committee** held six meetings in the last business year. The annual and consolidated financial statements for 2017 (including the management reports), the corporate governance report, the internal monitoring system and the effectiveness of risk management at CA Immo were discussed and examined with the auditor and the Management Board in March 2018. In accordance with article 270 subsection 1a of the Austrian Commercial Code, the statement was obtained from the proposed auditor, whose legal relationship with CA Immo and its senior executives was scrutinised; the fee for carrying out the audit was negotiated and a recommendation on the selection of Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. as the new (Group) auditor was submitted. The financial result and progress on current business activity, including the risk report, were discussed quarterly; no objections were raised. Moreover, the legally required advance approvals for non-audit-related services of the auditor have been granted.

The **investment committee** convened five times in 2018 to scrutinise potential real estate acquisitions and sales as well as the implementation of projects. The measures proposed by the Management Board were approved by a majority of the investment committee.

In five meetings, the **nomination committee** focused on succession planning in the Management Board; the committee put forward to the Supervisory Board proposals on the changes to the Management Board described above. The **remuneration committee** convened once in the past business year to determine the extent to which agreed targets were met in 2017, and to agree targets for 2018 (performance-related pay).

The web site [www.caimmo.com](http://www.caimmo.com) and the corporate governance report lists the current members of the Supervisory Board and the composition of the committees, and contains more information on the responsibilities of the Supervisory Board and its committees.

#### Consolidated and statutory annual financial statements for 2018

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. has audited the statutory and consolidated financial statements to 31 December 2018 (including the management reports for business year 2018) and expressed its unqualified auditor's opinion. The auditor also determined that the Management Board has established a risk

management system with a concept that allows it to operate in such a way as to identify developments hazardous to the company's survival at an early stage. Moreover, an evaluation of compliance with rules 1 to 76 of the Austrian Corporate Governance Code for business year 2018 found that declarations of conformity submitted by CA Immo with regard to compliance with the C and R Rules of the Code were correct.

All documents making up the financial statements, the proposal on the distribution of profit, the auditor's reports and the corporate governance report were discussed in detail by the Audit Committee in the presence of the auditor and the Management Board members and examined. After concluding the examination, no significant objections were raised. The Supervisory Board concurs with the report of the audit committee and thus the findings of the audit. The annual financial statements for 2018 were duly approved and adopted in accordance

with article 96 subsection 4 of the Austrian Stock Corporation Act. Taking into consideration the company's earnings performance and financial situation, the Supervisory Board indicated its consent to the Management Board's proposal on the distribution of profit.

The Supervisory Board would like to extend its thanks to all employees for their hard work and unswerving commitment, which ensured another extremely successful business year for CA Immo.

On behalf of the Supervisory Board  
Torsten Hollstein, Chairman  
Vienna, 27 March 2019



## MANAGEMENT BOARD <sup>\*)</sup>

### ANDREAS QUINT

CHIEF EXECUTIVE OFFICER, CEO (BORN 1960)

Andreas Quint was appointed CEO of CA Immobilien Anlagen AG as of 1 January 2018.

He had been Head of Corporate Finance & Portfolio Transactions of BNP Paribas Real Estate (BNPPRE) before joining the CA Immo Group. Prior to that Mr. Quint held various management positions, among others, at Jones Lang LaSalle (between 2008 and 2013 initially as CEO Germany, then as CEO Corporate Finance Europe), Catella (CEO Germany) and as a partner at Ernst & Young.

Initial appointment: 1.1.2018

Term of office ends: 31.12.2021

### KEEGAN VISCIUS

MANAGEMENT BOARD MEMBER, CIO (BORN 1981)

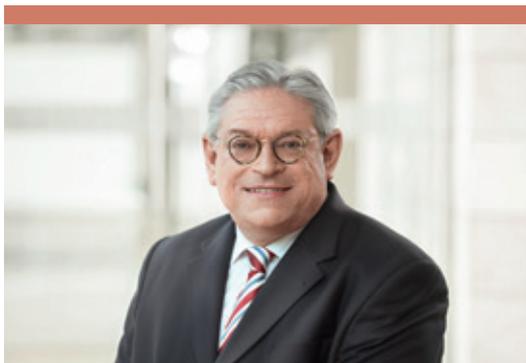
Keegan Viscius joined the Management Board of CA Immobilien Anlagen AG as Chief Investment Officer with effect from 1 November 2018.

Prior to that, US-born Viscius was a Senior Vice President in the European real estate acquisitions team of Starwood Capital responsible for sourcing, underwriting and executing investments across the entire range of real estate asset classes mainly in the Netherlands, Germany, CEE and Nordics.

Initial appointment: 1.11.2018

Term of office ends: 31.12.2021

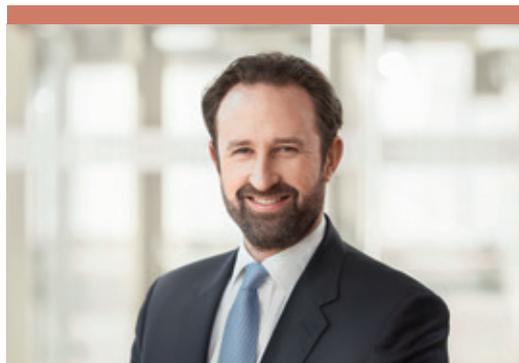
ANDREAS QUINT  
CEO



Development  
Engineering  
Property Valuation  
Corporate Strategy  
Corporate Office/ Compliance  
Human Resources  
Legal  
Corporate Communications

\*)  
Tax &  
Accounting  
Controlling/  
Risk Management  
Finance  
Capital Markets/  
Investor Relations

KEEGAN VISCIUS  
CIO



Investments  
Asset Management  
Fund Services  
Administration  
IT

INTERNAL AUDIT

FULL MANAGEMENT BOARD

<sup>\*)</sup> At the time of publication of this report, the Management Board of CA Immo comprised two members. All CFO responsibilities have been taken over by the CEO on an interim basis.

## SUPERVISORY BOARD\*)

### ELECTED BY THE SHAREHOLDERS' MEETING

#### TORSTEN HOLLSTEIN (born 1965)

- Chairman of the Supervisory Board
- Initial appointment: 3.5.2016
- Term of office ends: 2020 (33<sup>rd</sup> AGM)

Independent according to C Rule 53 and 54

Torsten Hollstein is a Managing Director and founding partner of CR Investment Management. He holds two state qualifications in law and was a lawyer with Lehman Brothers and German mid-market private equity company Hannover Finanz. Mr. Hollstein was Managing Director of Catella Property Germany prior to the spin-off of Catella Corporate Finance Germany and amalgamation with Deutsche River to create 'CR'.

#### RICHARD GREGSON (born 1966)

- Initial appointment: 28.4.2015
- Term of office ends: 2020 (33<sup>rd</sup> AGM)

Independent according to C Rule 53 and 54

Richard Gregson is an Associate of the Institute of Chartered Accountants and a Registered Company Auditor in Australia. He has over 30 years' professional experience, much of which was spent with PricewaterhouseCoopers as a partner in the financial services field, including many years leading the firm's real estate practice in Russia. Mr. Gregson currently holds several posts in the areas of accounting, audit and advisory.

#### MICHAEL STANTON (born 1960)

- Initial appointment: 19.12.2014
- Term of office ends: 2020 (33<sup>rd</sup> AGM)

Independent according to C Rule 53 and 54

Having held various positions with GLS Capital, Oppenheimer & Company and Westpac Banking Corporation in New York, USA, Michael Stanton can call on more than 20 years' experience in the areas of finance, investments and emerging markets. From 2006 to 2010 he was employed by the private equity group of Otkritie Financial Corporation. In 2010 he switched to O1 Group. Currently Michael Stanton works for CR Investment Management and EG Real Estate Advisors.

#### DR. FLORIAN KOSCHAT (born 1974)

- Deputy Chairman of the Supervisory Board
- Initial appointment: 3.5.2016
- Term of office ends: 2020 (33<sup>rd</sup> AGM)

Independent according to C Rule 53 and 54

Dr. Florian Koschat is the CEO and founding partner of Pallas Capital Advisory AG, a corporate finance and M&A consulting firm. Mr. Koschat has more than 15 years' experience in investment banking.

#### JOHN NACOS (born 1967)

- Initial appointment: 28.4.2015
- Term of office ends: 2020 (33<sup>rd</sup> AGM)

Independent according to C Rule 53 and 54

John Nacos worked for Merrill Lynch for 11 years, where he set up and oversaw mortgage financing as well as opportunistic real estate and MBS/ABS trading activities in Europe. Between 2001 and 2011 he held various positions in the field of commercial real estate at Deutsche Bank before being appointed to the Board of Directors of O1 Properties in September 2011. Among other things, John Nacos is a member of the board of directors of EG Real Estate Advisors and board member of CR Holding GmbH and Laurus Property Partners Ltd.

#### UNIV.-PROF. DR. MMAG. KLAUS HIRSCHLER (born 1966)

- Initial appointment: 11.5.2017\*\*)
- Term of office ends: 2022 (35<sup>th</sup> AGM)

Independent according to C Rule 53 and 54

Dr. Klaus Hirschler is a university professor at the Institute for Accounting and Auditing at Vienna University of Economics and Business. He is mainly active in the fields of accounting, reorganisations and analysing annual financial statements; he is also Deputy Chairman of the expert committee on fiscal law at the Austrian Chamber of Public Accountants. Dr. Hirschler is a member of AFRAC (the Austrian Financial Reporting and Auditing Committee), member of the Supervisory Board of the Austrian Academy of Certified Public Accountants as well as a lecturer and the author of many specialist publications.

### DELEGATED BY REGISTERED SHARES

#### JEFFREY G. DISHNER (born 1964)

- Delegated through registered share: 28.9.2018
- Term of office ends: until further notice

Independent according to C Rule 53

Jeffrey G. Dishner is a Senior Managing Director at Starwood Capital Group, where he is responsible for overseeing the Firm's acquisition efforts on a worldwide basis. In this role, Mr. Dishner assists the team in

originating, structuring, underwriting and closing investments in all property types. He has also helped drive Starwood Capital's ongoing expansion of operations in Europe. Mr. Dishner is a member of the

\*) With the exception of J. Dishner, no member holds supervisory board mandates or comparable functions in domestic and foreign listed companies.

\*\*) Delegated through registered share from 1 December 2016 until 11 May 2017.

company's Executive and Investment Committees, and also serves on the Investment Committee and board of trustees of Starwood Property Trust (NYSE: STWD), an affiliate of Starwood Capital that is the largest commercial mortgage REIT in the U.S.

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**LAURA M. RUBIN (born 1964)**

- Delegated through registered share: 28.9.2018
  - Term of office ends: until further notice
- Independent according to C Rule 53**

Laura M. Rubin is a Managing Director and Head of Portfolio Management at Starwood Capital Group, with responsibility for overseeing and reporting on the company's real estate opportunity funds. She is a member of the company's Investment, Valuation and Disposition Committees. Prior to joining Starwood Capital in 2002, Ms. Rubin was a Vice President in Goldman Sachs & Co.'s real estate

investment banking division, where she worked on both principal and brokerage transactions. She also worked at JMB Realty and Urban Development Corp. in Chicago in the mid-1980s. Laura Rubin holds a B.S. degree, summa cum laude, in economics from the Wharton School at the University of Pennsylvania and an MBA from the Kellogg School of Management at Northwestern University.

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**SARAH BROUGHTON (born 1976)**

- Delegated through registered share: 28.9.2018
  - Term of office ends: until further notice
- Independent according to C Rule 53**

Sarah Broughton is a Managing Director and Chief Financial Officer at Starwood Capital Europe, where she is responsible for overseeing the company's internal financial functions in Europe. She also spearheads the operations and investor reporting for

Starwood European Real Estate Finance. Since joining Starwood in 2007, Sarah Broughton has played a key role in the asset management of a diverse portfolio of assets throughout Europe. She previously spent five years as a Financial Reporting Manager for Whitbread Plc. Ms. Broughton earned a first-class honours degree in economics from Brunel University and qualified as a Chartered Accountant in 2001. She is a member of the Institute of Chartered Accountants of England and Wales, as well as the Securities Institute.

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**EMPLOYEE REPRESENTATIVES**

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**MAG. (FH) SEBASTIAN OBERMAIR (born 1980)**

- Employee representative
- Delegated since: 22.3.2016
- Term of office: open-ended

Sebastian Obermair completed a degree in business consultancy at the University of Applied Sciences Wiener Neustadt. In 2013, he was appointed head of the Group Accounting division of CA Immo. Prior to this, he had spent around six years working for the consolidation area of IMMOFINANZ AG.

Georg Edinger studied European business and corporate management in Vienna followed by real estate asset management at IRE|BS in Germany. In 1992, he began his career in sales for Austrian trading companies. He joined the Organisation division of CA Immo in 2012.

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**MAG. NICOLE KUBISTA (born 1974)**

- Employee representative
- Delegated since: 3.5.2016
- Term of office: open-ended

Nicole Kubista started her career with BDO in Vienna in 1999, successfully qualifying as a tax consultant in 2003. In 2007, she joined CA Immo, where she is currently deputy head of the Tax and Accounting division. Amongst other things, she is responsible for compiling consolidated financial statements for Austria and Germany in particular.

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**MAG. (FH) FRANZ REITERMAYER (born 1979)**

- Employee representative
- Delegated since: 3.5.2016
- Term of office: open-ended

Franz Reitermayer studied at the University of Applied Sciences Wiener Neustadt. He joined CA Immo immediately after graduating, and has worked for the company's Asset Management CEE division since 2004.

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**GEORG EDINGER, BA, REAM (IRE|BS) (born 1976)**

- Employee representative
- Delegated since: 3.5.2016
- Term of office: open-ended



## CORPORATE GOVERNANCE REPORT

### RESPONSIBLE CORPORATE MANAGEMENT

For CA Immo, corporate governance is an all-embracing concept of responsible, transparent and value-based corporate leadership. The Management Board, Supervisory Board and managerial team ensure corporate governance is actively applied and continually developed across all departments. Alongside the Austrian Corporate Governance Code and the specifications of the Institut für Corporate Governance der deutschen Immobilienwirtschaft e.V. (ICG), good company management incorporates the standards of the internal monitoring system (IMS), risk management, compliance and, particularly, internal regulations on organisational and supervisory duties (allocation of responsibilities).

#### Commitment to compliance with corporate governance standards

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 Code<sup>1)</sup> and thus to transparency and principles of good corporate management. This corporate governance report is also available on the company's web site at <https://www.caimmo.com/de/investor-relations/corporate-governance/>.

#### External evaluation

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 2018 found that declarations of conformity submitted by CA Immo with regard to compliance with the C and R Rules of the Code were correct.

### COMPLY OR EXPLAIN

The rules and recommendations of the version of the Corporate Governance Code applicable in business year 2018 (January 2018 amendment) are implemented almost in full. Discrepancies are noted in respect of C Rules no. 2 (right of appointment to the Supervisory Board), no. 38 (appointment of Management Board members) and no. 45 (executive positions with competitor companies).

**C Rule no. 2:** Formulation of shares in accordance with the 'one share – one vote' principle.

**Explanation/reason:** The ordinary shares of the company (98,808,332 bearer shares and four registered shares) were issued in accordance with the 'one share – one vote' principle.

The registered shares in existence since the founding of the company confer the right of nominating up to four Supervisory Board members. Partial use was made of this right of appointment: the Supervisory Board currently comprises six shareholder representatives elected by the Ordinary General Meeting, three shareholder representatives appointed by registered shares and four employee representatives. Transfer of registered shares requires the approval of the company. In the view of the company, the right of all shareholders to participate in the composition of the Supervisory Board is upheld in spite of the registered shares. The Austrian Stock Corporation Act provides for the delegation of members to the Supervisory Board, whereby the total number of appointed members may not exceed one third of all Supervisory Board members. Moreover, appointed members of the Supervisory Board may also be removed from office at the request of a minority (10% of the capital stock) where there is good cause relating to an individual member personally; however, this depends on a majority required for resolutions of 75% of the capital stock represented at the Ordinary General Meeting (article 21 of the Articles of Association of CA Immo). There are no preference shares or restrictions on issued ordinary shares of the company. The Austrian Takeover Act also ensures that all shareholders would receive the same price for their CA Immo shares in the event of a takeover bid (mandatory offer). The shareholders alone would decide whether to accept or reject any such bid.

**C Rule no. 38:** The Supervisory Board must define a requirements specification in accordance with the company's direction and situation, and appoint members of the Management Board in line with a defined appointment procedure.

The Supervisory Board must ensure no member of the Management Board has been convicted by a court of an

<sup>1)</sup> 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](http://www.corporate-governance.at).

offence that would cast doubt on their professional integrity as a Management Board member. The Supervisory Board also needs to take account of succession planning.

**Explanation/reason:** Expansion of the Management Board was discussed with Starwood, which emerged as the new main shareholder. After careful consideration and taking account of the corporate strategy of future growth, the Supervisory Board endorsed the appointment of Keegan Viscius as Chief Investment Officer (CIO). As the long-serving Senior Vice President of Starwood involved in the acquisition of the 26% stake in CA Immo, Keegan Viscius was already known to the Supervisory Board; in interviews he impressed the Board with his understanding of real estate and financial markets as well as his obvious expertise. For this reason, there was no need for a structured appointment procedure in this case.

**C Rule no. 45:** Supervisory Board members may not take up executive positions with companies that are competitors of CA Immo.

**Explanation/reason:** According to L Rule no. 52, the Ordinary General Meeting considers the professional and personal qualifications of candidates and aims to maintain a balance of expertise across the Supervisory Board in the selection of Supervisory Board members. Aspects of diversity are considered in terms of the representation of both genders, the age profile and the international make-up of the members of the Supervisory Board. The act governing the gender balance of women and men on Supervisory Boards, which has been in force since 1 January 2018, will ensure the proportion of women on the Supervisory Boards of listed stock corporations (with six or more Supervisory Board members and a proportion of women of at least 20% in the overall workforce) and companies with over a thousand employees is at least 30%. Failure to meet this quota will render Supervisory Board elections void. The law has applied to Supervisory Board elections since the start of 2018; current Supervisory Board mandates are unaffected.

To meet these criteria and uphold an in-depth knowledge of the real estate sector, there will clearly be a preference for persons with a background in a similar industry environment. For this reason, the possibility that Supervisory Board members will hold positions with broadly similar companies cannot be ruled out. However, persons proposed for election to the Supervisory Board must present to the Ordinary General Meeting their professional qualifications, state their vocational or similar

functions and disclose all circumstances that could give rise to concern over partiality.

Some members of the Supervisory Board hold executive positions with companies in related sectors; there is no direct competition with these companies at present. A full list of executive functions performed by Management and Supervisory Board members is published at [www.caimmo.com](http://www.caimmo.com).

The following Supervisory Board members hold executive positions with similar companies: Sarah Broughton, Laura Mestel Rubin and Jeffrey Gordon Dishner, the Supervisory Board members appointed by Starwood, also perform a full range of managerial functions within the Starwood Capital Group, a financial investor specialising in global real estate investment.

As well as performing numerous functions for various companies having a focus on the property sector, Torsten Hollstein is the Managing Director and founding member of CR Holding GmbH, a leading pan-European consultancy and asset/investment management business specialising in commercial real estate. John Nacos is a member of the Advisory Board of CR Holding GmbH. John Nacos and Michael Stanton are also the founders and managing directors of EG Real Estate Advisors (EGREA), which focuses on investment management for commercial real estate in Western and Central Europe. Furthermore, John Nacos is a member of the advisory board of Laurus Property Partners, a leading real estate finance business offering independent advice and capital procurement in respect of property transactions on the German real estate market.

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## THE GOVERNING BODIES OF CA IMMO

### Management and supervisory structure

The responsibilities of Management and Supervisory Boards and cooperation between Board members are defined by the law, the Articles of Association and rules of procedure passed by the Supervisory Board (including the schedule of responsibilities for the Management Board). The obligations therein defined as regards business matters requiring approval and information provision and reporting by the Management Board apply to all subsidiaries of CA Immo. The rules of procedure for the Supervisory Board may be inspected at [www.caimmo.com](http://www.caimmo.com). The full Supervisory Board rules on matters of critical importance as well as general strategy.

The Board also executes its duties through four competent committees. A presiding committee was also established to rule on urgent matters.

#### The Executive Board

As of 31 December 2018, the Management Board of CA Immo had two members. The **Chief Executive Officer** (CEO) is responsible for overall organisation and management, the strategic direction and future development of the company and for representing the company to its Supervisory Board members and shareholders. As the Management Board spokesperson, he also issues statements to the general public and the media. The **full Management Board** is responsible for achieving the aims of business policy; in this regard, the Board bears overall corporate responsibility at both company and Group level. Regardless of individual departmental and Board responsibilities, all agendas are discussed openly by the Board members at regular Management Board meetings, with departmental representatives included in the discussions. The implementation of resolutions passed is continually monitored. The Supervisory Board is informed immediately of any significant discrepancies from planned values. Irrespective of the division of authority, each member of the Management Board shares responsibility for the overall running of the company's business affairs.

Information on staff changes in the Management Board and Supervisory Board are detailed in the Supervisory Board report.

#### The Supervisory Board and its committees

As at the balance sheet date, the Supervisory Board of CA Immo comprised six members elected by the Ordinary General Meeting, three shareholder representatives appointed by registered shares and four employee representatives. Their task is to oversee the management of the company and influence the company's strategic development. To ensure this, the Supervisory Board can demand all information on the company and associated Group companies from the Management Board. Major transactions such as investments, financing, plant closures and share deals may only be undertaken with the consent of the Supervisory Board. The members of the Supervisory Board are subject to the same duty of care as Managing Directors and Management Board members, regardless of their status as representatives of shareholders and employees. Negligent conduct on the part of Supervisory Board members is countered by liability for damage resulting from such negligence.

The **audit committee** is responsible for overseeing the entire process of financial reporting, the (Group) auditing process, the effectiveness of the internal monitoring system, the internal auditing system and risk management. Auditing the statutory and consolidated financial statements (including the management reports) and examining the corporate governance report and proposals on the distribution of profit are also tasks of the audit committee. The committee also checks the independence of the (Group) auditor – especially with regard to additional

#### CURRENT COMPOSITION OF THE COMMITTEES

The audit committee	The investment committee	The nomination committee	The remuneration committee	The presiding committee
Professor Klaus Hirschler <sup>1)</sup>	Torsten Hollstein <sup>1)</sup>	Torsten Hollstein <sup>1)</sup>	Torsten Hollstein <sup>1)</sup>	Torsten Hollstein <sup>1)</sup>
Richard Gregson <sup>2)</sup>	John Nacos	John Nacos	John Nacos	Dr. Florian Koschat
Michael Stanton	Michael Stanton	Michael Stanton	Michael Stanton	John Nacos
Sarah Broughton	Jeffrey Dishner	Jeffrey Dishner	Jeffrey Dishner	Georg Edinger <sup>3)</sup>
Nicole Kubista <sup>3)</sup>	Georg Edinger <sup>3)</sup>	Georg Edinger <sup>3)</sup>		Sebastian Obermair <sup>3)</sup>
Sebastian Obermair <sup>3)</sup>	Franz Reitermayer <sup>3)</sup>	Sebastian Obermair <sup>3)</sup>		

<sup>1)</sup> Chairperson

<sup>2)</sup> Deputy Chairperson

<sup>3)</sup> Employee representative

services performed on behalf of the company (non-audit services) – and puts forward proposals for the choice of (Group) auditor to the Supervisory Board. All members of the audit committee (and especially Professor Klaus Hirschler, Richard Gregson and Sarah Broughton) are acknowledged as financial experts on the basis of their experience and professional track records.

The **investment committee**, in cooperation with the Management Board, prepares the ground for all investment decisions that must be taken by the full Supervisory Board. The investment committee may also approve investments in and sales of real estate and companies and the implementation of development projects and similar measures with total investment volumes of up to € 50 m; beyond this limit, the approval of the full Supervisory Board is required.

The **nomination committee** is responsible for succession planning for the Management Board and the Supervisory Board. Candidates for vacant Supervisory Board mandates put forward to the Ordinary General Meeting are considered on the basis of their professional and personal qualifications, with particular efforts made to maintain diversity and a balance of expertise across the Supervisory Board. Management Board members are basically selected according to a defined appointment procedure, taking corporate strategy and the current position of the company into consideration. The **remuneration committee** also scrutinises the remuneration system for the Management Board. On account of their lengthy professional track records, all members of the remuneration committee possess sufficient knowledge and experience of remuneration policy.

The **presiding committee** rules on urgent matters and measures where no delay is possible and the approval of the Supervisory Board cannot be obtained in good time. Its decisions must be presented to the Supervisory Board for authorisation as soon as possible.

Details of the main activities of the Supervisory Board and the committees in business year 2018 are provided in the Supervisory Board report.

#### **Co-determination by employees on the Supervisory Board**

Four employee representatives from the works council were delegated to the Supervisory Board. Although works council members are always numerically inferior owing to the one-third parity rule, their Supervisory

Board activity affords them faster and fuller access to important information on happenings within the company and a right to be consulted on far-reaching corporate decisions. The works council may also enter into direct dialogue with shareholder representatives with a view to informing the owners of any managerial problems directly.

#### **Co-determination of shareholders**

The rights and obligations of the shareholders derive from the Stock Corporation Act and the Articles of Association of CA Immo. The most important shareholder rights are the right of profit-sharing, the right to attend Ordinary General Meetings (with associated voting rights) and the right to demand additions to an agenda and submit motions to an Ordinary General Meeting. Given their voting rights, shareholders are entitled to vote not only on the appropriation of corporate profit, but also on the future direction of the company (for example by approving takeovers, capital measures or the actions of Management and Supervisory Board members). Another right of shareholders is the right to information: shareholders have the right to be informed on all key matters affecting the joint stock company. Further information on the rights of shareholders as regards Ordinary General Meetings is published at [www.caimmo.com](http://www.caimmo.com).

At the 31st Ordinary General Meeting, shareholders did not call for additions to the agenda nor approve resolutions deviating from those of the Management Board. With the exception of the enabling resolution for the acquisition and sale of treasury shares, all resolutions proposed by the company had the legally required majority.

#### **Independence and dealing with conflicts of interest**

In accordance with the independence criteria laid down by the Supervisory Board (C Rule no. 53), a Supervisory Board member is deemed to be independent where he or she has no business or personal relationship with the company or its Management Board which could give rise to a material conflict of interests and thus influence the conduct of that member. All members of the Supervisory Board have declared their independence according to C Rule no. 53. With the exception of the members appointed by registered shares, all members of the Supervisory Board meet the criteria under C Rule no. 54 in that they do not represent the interests of any shareholder with a stake of more than 10% (Starwood). However, some members of the Supervisory Board perform functions in related companies or similar organisations that have the potential to create a conflict of interests. For details, refer to the 'Related party disclosures' in the notes

to the consolidated financial statements. The independence criteria defined by the Supervisory Board are published on the company's web site along with a list of all mandates held by Board members outside the CA Immo Group.

Neither Management Board nor Supervisory Board members are permitted to make decisions in their own interests or those of persons or organisations with whom they are closely acquainted where such interests are counter to the (business) interests of the CA Immo Group. All conflicts of interests must be declared immediately. In the event of a contradiction of interests arising, the member in question shall be required to abstain from taking part in voting procedures or leave the meeting while the relevant agenda item is being discussed.

Moreover, members of the Management Board are not permitted to run a company, own another business enterprise as a personally liable partner or accept Supervisory Board mandates in companies outside the Group without the consent of the Supervisory Board. Senior executives may only enter into secondary activities (and in particular accept executive positions with non-Group companies) with the approval of the Management Board.

All business transactions conducted between the company and members of the Management Board as well as persons or organisations with whom they are closely acquainted must conform to industry standards and have the approval of the Supervisory Board. The same goes for contracts between the company and members of the Supervisory Board which oblige those members to perform services outside of their Supervisory Board activities for the CA Immo Group in return for remuneration of a not inconsiderable value (L Rule no. 48) and for contracts with companies in which a Supervisory Board member has a significant business interest. This applied to a deed of donation concluded between CA Immo and IRE|BS on 16 September 2014 and last extended early in 2018. According to the deed of donation, the foundation receives an annual ringfenced amount of € 25 K from CA Immo, 50% of which is made freely available to former Supervisory Board member Professor Sven Bienert for teaching and research activity at the IRE|BS International Real Estate Business School. The company is not permitted to grant loans to members of the Supervisory Board outside the scope of its ordinary business activity.

## COMPLIANCE

Compliance is a central component of good corporate management and the precondition for long-term success in business. For CA Immo, compliance is a risk management tool that establishes the framework for business activity. CA Immo's compliance management system is based on the pillars of prevention, identification, communication and intervention. Our compliance strategy aims to establish integrity as a firm part of corporate culture. That involves observing legislation and internal regulations while respecting fundamental ethical values and doing business in a sustainable manner. For CA Immo, integrity and fair dealings with partners are the basis of good business. The code of conduct of CA Immo is published at [www.caimmo.com](http://www.caimmo.com); it is binding on all executive bodies, employees and contractual partners, including architects, construction firms, estate agents, other service providers involved in lettings and joint venture partners. In particular, the code sets out regulations on conformity with the law, dealings with business partners and third parties, handling company equipment and confidential information, avoiding conflicts of interest and so on. It also contains information on dealing with complaints, violations of the code of conduct and other provisions binding on CA Immo.

Our values are shared and consistently practised by all employees. To this end, we continually seek to upgrade our training concepts, incorporate compliance into our business processes and tailor communication to target groups. However, compliance also means promoting entrepreneurial risk-taking by creating a clear framework for calculable business risks and establishing a culture of dealing with mistakes. Breaches of legal provisions and internal regulations are incompatible with the law and our understanding of compliance, and appropriate sanctions will be taken in such cases.

### Compliance organisation

All Group compliance and governance activity is handled by the Corporate Office division. The Corporate Office works closely with the Risk Management and Internal Auditing divisions to perform an advisory, coordinating and consolidating role; it reports directly to the CEO and the Supervisory Board or its audit committee. Responsibility for the content of compliance rests with the various Group divisional heads. The Corporate Office coordinates the compliance management system, develops the compliance programme, compiles and advises on

guidelines, accepts comments and complaints (anonymously or otherwise) and oversees the resolution of compliance issues with Internal Auditing or external advisors. Moreover, employees regularly undergo training on preventing corruption, capital market compliance and other subjects.

A compliance steering committee was also set up, thus far comprising one member of the Management Board and the heads of the Group's Corporate Office, Internal Auditing and Risk Management divisions as well as the operational areas. In particular, the committee is responsible for identifying typical compliance risks within the sector and assessing the effectiveness of agreed compliance measures.

#### **Key compliance issues**

In business year 2018, compliance activity focused on the introduction of a new web-based whistleblower system alongside the continual monitoring of compliance with guidelines. 'Compliance Operative' training courses focusing on internal guidelines, (personal) liability and market abuse were offered for all operational areas in Austria, Germany and Eastern Europe. Once again, the main focus of activity was on the many bilateral consultations on compliance and governance issues as well as internal processes and guidelines and so on.

#### **Preventing corruption**

CA Immo rejects every kind of corruption and to this end has defined compulsory principles (zero tolerance). Counter-corruption measures are reported to the Supervisory Board at least once a year. Instances of potential corruption are investigated on the basis of the auditing plan approved by the audit committee or based on special audit mandates issued by the Management Board, audit committee or full Supervisory Board. All operational Group companies are investigated for corruption risks at regular intervals.

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### **ADVANCEMENT OF WOMEN AT CA IMMO**

CA Immo ensures equality and balance in the composition of its employee structure, both across the workforce as a whole and at all managerial and executive levels, and especially in male-dominated areas such as construction. Aside from professional qualifications, the recruitment process adheres to a strict policy of non-discrimination between women and men. The proportion of women working for the Group stood at 53% in reporting year

2018 (54% in 2017). The proportion of women was highest in the Eastern European subsidiaries (78%), followed by Austria (57%) and Germany (40%). There are still no women on the Management Board of CA Immo.

Following the resignation of Gabriele Düker and the appointment of Sarah Broughton and Laura Rubin, the Supervisory Board of CA Immo now has three female representatives. The proportion of women in the Supervisory Board is therefore 23%; analysed separately, women make up 22% of the shareholder representatives and 25% of the employee representatives. In the wake of the aforementioned equality law, the proportion of women in the Supervisory Board will steadily rise to 30%.

The proportion of female managers has remained unchanged year on year; on the key date the figure stood at 23%. In filling managerial vacancies, the focus is on internal succession planning and raising the proportion of women by deliberately targeting women in the recruitment process. Where qualification backgrounds are equivalent, preference is given to female applicants. Part-time employment does not preclude a managerial position. No managerial staff members are making use of this model at present (2017: 2%).

To raise the proportion of women in managerial roles still further, CA Immo pursues a 'shared leadership' model where the management team comprises one woman and one man to oversee a department. Graduate and talent management programmes will also aim to raise the proportion of women steadily.

Amongst other things, CA Immo is a main sponsor of the German Property Federation (ZIA) and supports the federation's commitment to diversity management. Since October 2017, the ZIA has been working with the Fraunhofer institute on a study examining diversity in connection with the prospects for the real estate sector. Together, the role played by diversity (i.e. respect for the multiplicity of employees) in the real estate sector was examined along with the success of real estate businesses.

CA Immo makes it possible to reconcile professional and family life by offering flexible working hours, part-time options, working from home, paternity leave and 'fathers' month'. Employees on a leave of absence remain linked to the internal information network and are invited to participate in annual team meetings and company events. CA Immo also takes part in the 'berufund-familie' initiative; the company is particularly keen to

learn from other organisations and implement new ideas wherever possible. In the area of occupational health, CA Immo offers employees various possibilities – everything from first aid and medical check-ups to advice on crisis and conflict situations, therapy and leisure and relaxation activities.

As an international company, CA Immo takes into account cultural diversity which is used as a platform for further development and know-how transfer across borders. CA Immo (through its German subsidiary) has now also acceded to the "Diversity Charter" and has publicly committed to appreciation and diversity in the world of work.

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#### AUDITING COMPANY SERVICES AND FEES

By resolution of the Ordinary General Meeting, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (EY) was appointed for the second time to audit the annual and consolidated financial statements for business year 2018. In the case of foreign subsidiaries, local law firms of the EY network are generally charged with reviewing and auditing the semi-annual and annual financial statements and with overseeing the conversion to IFRS. Auditing charges paid to the Group auditor totalled € 352 K in the last business year (against € 343 K in 2017). In the reporting period, project-related and other advisory and assurance services (non-audit services) accounted for € 276 K (€ 142 K in 2017). The consolidated income statement shows outgoings of € 1,175 K for auditing services, including the review (2017: € 1,331 K). Of this, EY companies accounted for € 1,160 K (€ 1,171 K in the previous year). No consulting services which could compromise independence were rendered by the Group auditor.

## REMUNERATION REPORT

The remuneration report details the remuneration system for the Management Board and the Supervisory Board as well as the amounts and structure of remuneration. It also contains details of share ownership by members of the Management and Supervisory Boards.

### GENERAL PRINCIPLES OF THE REMUNERATION SYSTEM FOR THE MANAGEMENT BOARD

The remuneration committee of the Supervisory Board is responsible for determining the pay of individual Management Board members. Management Board remuneration comprises a fixed, non-performance-related annual salary, performance-related (variable) components, fringe benefits and a pension fund. The criteria for the appropriateness of Management Board remuneration are the field of activity and responsibility, personal performance, the economic situation, the company's success/future prospects and the national and international standards for the property sector. The variable salary components are linked to a long-term increase in the value of the company and continually adjusted in line with strategic targets defined jointly by the Management Board and Supervisory Board. There are no stock option plans.

#### Fixed salaries and fringe benefits

The level of fixed salaries depends on spheres of competence as determined in the schedule of responsibilities. To avoid conflicts of interest, secondary employment for Management Board members requires the approval of the Supervisory Board. No separate payment is made for accepting mandates in Group companies. The basic salary is paid in advance in 14 monthly payments as a non-performance-related component. Management Board members also receive fringe benefits in the form of remuneration in kind (company car, telephone, travel expenses, etc) on the basis of individual regulations in employment contracts. Since they qualify as remuneration components, Management Board members must pay tax on these benefits.

### FIXED SALARY

€ 1,000	Annual gross salary
Andreas Quint (since 1.1.2018)	560
Keegan Viscius (since 1.11.2018)	475
Dr. Hans Volckens (until 10.10.2018)	350
Frank Nickel (until 31.3.2018)	400

#### Variable remuneration components

The bonus payment 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 compared and confirmed by the remuneration committee after verification by the auditor.

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**). In this way, long-term incentives for corporate development are established and ultimately reflected in the share price. Phantom shares are converted at the average rate for the last quarter of the year preceding the payment year.

### Pension regulations

All Management Board contracts contain pension fund agreements into which the company pays annually agreed contributions of up to 10% of the fixed salary. The company has no further obligations. In business year 2018, contributions to pension funds for Management Board members (defined contribution plan) totalled € 74 K (€ 41 K in 2017).

### Change of control regulations

All Management Board contracts contain a change of control clause (CoC) assuring payments in the event of premature termination of Management Board duties following a change of control. A change of control occurs either where a shareholder or group of shareholders attains 25% of voting rights in the Ordinary General Meeting, or they are obliged to make a mandatory takeover bid where the investment threshold of 30% is exceeded. Corporate mergers always constitute a change of control. The contractual regulations provide for extraordinary termination rights as well as continued remuneration (including variable remuneration) for the remaining term of the employment contract. The exercising of a special right of termination in the event of a change of control in the sphere of Starwood, the new core shareholder, has been contractually excluded for all Management Board members. Details of payments made in business year 2018 on the basis of the existing change of control clause are listed under 'Payments to the Management Board in 2018'.

### Claims where an employment contract is terminated

Where a Management Board member steps down, the amount of the severance payment shall be determined by the legal provisions (criteria being the total salary level and length of service), with the maximum payout equating to one full year's salary (including the bonus for the relevant business year). Payment is forfeited in the event of the Management Board member serving notice of termination without good cause. All contracts with Management Board members include adjustment payments to cover a Management Board member serving notice of termination for good cause; depending on the remaining term of the Management Board mandate, this is limited to a maximum of two annual salaries (including fringe benefits). As at the balance sheet date 31 December 2018, severance payment provisions for Management Board members totalled € 79 K (€ 138 K on 31.12.2017). There were no payment obligations to former members of the Management Board.

### PAYMENTS TO THE MANAGEMENT BOARD IN 2018

As a consequence of the change of control arising from the sale of the 26% stake in CA Immo held by the IM-MOFINANZ Group to a Luxembourg fund managed by Starwood Capital, total salary payments to Management Board members active in business year 2018 rose to € 8,601 K (€ 1,526 K in 2017) in the year under review.

Total expenditure on fixed salary components was € 1,918 K (€ 1,050 K in 2017). Fixed salaries amounted to € 1,060 K (€ 750 K in 2017). In addition, remuneration in kind was € 79 K (previous year: € 114 K), expense allowances were € 5 K (previous year: € 8 K) and pension fund contributions stood at € 74 K (€ 41 K in 2017). Taking into account variable salary components paid in 2018 (excluding severance and redundancy payments), the proportion of fixed remuneration was 27% (previous year: 69%). Payroll-related taxes and contributions accounted for € 701 K (€ 136 K in 2017).

Variable salary components totalled € 5,088 K (previous year: € 476 K). These include the payment of all short-, medium- and long-term bonuses. Further compensatory and severance payments totalling € 1,596 K were paid in connection with the aforementioned change of control (previous year: € 0 K).

Target attainment was 100% in business year 2017. This resulted in bonus entitlement of € 1,500 K (previous year: € 931 K), of which € 1,150 K (previous year: € 466 K) was payable on confirmation of target attainment (immediate payment). Having terminated his employment contract ahead of time, Frank Nickel received all outstanding bonus payments (immediate payments and phantom shares) of € 1,593 K prematurely. The remaining 50% of the bonus entitlement for Dr. Hans Volckens in business year 2017 (€ 350 K) was based on the average rate for the final quarter of 2017 (€ 24.82 per share) with a total of 14,101 phantom shares.

In the course of the change of control, Andreas Quint received a retention bonus of € 1,120 K for remaining at CA Immo. In addition, target attainment for business year 2018 was determined as 100% in negotiations with the CEO and all bonus payments due for business year 2018 (€ 1,120 K) were settled early and paid in full and in cash on 31 October 2018. There was no conversion to phantom shares as otherwise provided for in the remuneration system. In addition to these payments, Andreas Quint re-

ceived a signing bonus in the amount of € 300 K as compensation for bonus payments not paid by his previous employer owing to his premature resignation. The signing bonus was accrued in the consolidated financial statements for 31 December 2017.

Dr. Hans Volckens received compensatory and severance payments totalling € 476 K in connection with the early resignation of his position as CFO of CA Immo. In addition, all bonus entitlement outstanding since 2016 (including phantom shares) became due for payment. Target attainment of 100% was also agreed with Dr. Volckens for business year 2018. The short term incentives indi-

cated thus comprised immediate payments of € 350 K for 2017 and 2018 and a proportionate payment of € 408 K for the period up to and including 31 July 2019 as well as a special bonus for business year 2017 (€ 50 K). All 18,017 phantom shares earned since business year 2016, originally with a lock-up, were valued at an agreed price of € 32.00 per share and also paid in full in the amount of € 917 K.

As at 31 December 2018, there was no requirement for provisions in connection with the variable remuneration system for the tranches of phantom shares beginning in 2016, 2017 and 2018 (€ 2,191 K as at 31.12.2017).

PAYMENTS TO THE MANAGEMENT BOARD<sup>1)</sup>

€ 1,000	Andreas Quint <sup>2)</sup>		Keegan Viscius <sup>3)</sup>		Hans Volckens <sup>4)</sup>		Frank Nickel <sup>5)</sup>		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Fixed salary	560	0	79	0	321	350	100	400	1,060	750
Payroll-related taxes and contributions	276	0	13	0	258	56	154	81	701	136
Remuneration in kind, company car, etc	0	0	28	0	39	34	12	80	79	114
Expense allowances	1	0	0	0	3	6	0	2	5	8
Contributions to pension funds (non-cash)	57	0	6	0	0	0	10	41	74	41
<b>Total fixed salary components</b>	<b>895</b>	<b>0</b>	<b>126</b>	<b>0</b>	<b>621</b>	<b>446</b>	<b>276</b>	<b>603</b>	<b>1,918</b>	<b>1,050</b>
<i>Total fixed salary components as %</i>	<i>39%</i>	<i>0%</i>	<i>100%</i>	<i>0%</i>	<i>23%</i>	<i>85%</i>	<i>15%</i>	<i>60%</i>	<i>27%</i>	<i>69%</i>
Short-term incentive (down payment)	860	0	0	0	1,158	76	600	400	2,619	476
Short-term incentive (phantom shares)	560	0	0	0	917	0	992	0	2,470	0
<b>Total variable salary components</b>	<b>1,420</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,076</b>	<b>76</b>	<b>1,593</b>	<b>400</b>	<b>5,088</b>	<b>476</b>
<i>Total variable salary components as %</i>	<i>61%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>77%</i>	<i>15%</i>	<i>85%</i>	<i>40%</i>	<i>73%</i>	<i>31%</i>
<b>Total fixed and variable salary components</b>	<b>2,315</b>	<b>0</b>	<b>126</b>	<b>0</b>	<b>2,696</b>	<b>522</b>	<b>1,869</b>	<b>1,003</b>	<b>7,006</b>	<b>1,526</b>
Compensatory and severance payments (CoC)	1,120	0	0	0	419	0	57	0	1,596	0
<b>Total salary payments</b>	<b>3,435</b>	<b>0</b>	<b>126</b>	<b>0</b>	<b>3,115</b>	<b>522</b>	<b>1,926</b>	<b>1,003</b>	<b>8,601</b>	<b>1,526</b>

<sup>1)</sup> Includes salary components paid/utilised in 2017 and 2018 only (excl. annual leave payments in the amount of € 66 K for Dr. Volckens or € 116 K for Frank Nickel). As at 31.12.2017, provision totalling € 2,191 K was made for bonus claims for business years 2016 and 2017.

<sup>2)</sup> Chief Executive Officer since 1.1.2018

<sup>3)</sup> Management Board member (CIO) since 1.11.2018

<sup>4)</sup> Management Board member (CFO) until 10.10.2018

<sup>5)</sup> Chief Executive Officer until 31.12.2017, Management Board member until 31.3.2018

## PROFIT SHARING SCHEME FOR EMPLOYEES

To promote strong identification with its objectives and ensure employees have a stake in the success of CA Immo, variable remuneration is paid to all staff alongside fixed salaries. In line with the Management Board remuneration system, the precondition is the attainment of agreed quantitative and qualitative annual targets and positive consolidated net income. Managerial staff have the additional option of participating in a remuneration scheme based on share prices.

### Long term incentive programme ('LTI') for executives

The LTI programme takes account of value creation of CA Immo over the medium to long term. The critical factor is the value generated within the Group in terms of NAV growth, TSR (total shareholder return) and growth of FFO (funds from operations). The weighting for NAV and FFO growth is 30%, and 40% for the TSR. Unlike the phantom shares model for the Management Board, participation in the LTI programme is voluntary. At present, 20 executives are entitled to join the LTI programme (18 executives in 2017). The revolving programme has a term (retention period) of three years per tranche; it presupposes a personal investment (maximum of 35% of the fixed annual salary). The personal investment is evaluated on the basis of the average rate for the first quarter of the year the tranche begins, and the number of associated shares is determined on the basis of that evaluation. At the end of each three-year performance period, a target/actual comparison is applied to define target attainment. Payments are made in cash.

At the end of 2017, the degree of target attainment for the sixth LTI tranche for 2015-2017 was 98.5%, equivalent to a monetary value of € 24.46 per share in the LTI programme. On the basis of these calculations, a total amount of € 885 K was paid out in 2018 for 40,662 participating shares. As at 31 December 2018, provisions totaling € 1,288 K (including incidental charges) had been formed in connection with the LTI programme for the

tranches beginning in 2016, 2015 and 2018 (€ 1,714 K on 31.12.2017; of this, former Management Board members accounted for € 47 K).

On 31 December 2018, employees of CA Immo held the following shares as part of the LTI programme:

### OVERVIEW SHARE PORTFOLIO UNDER LTI-TRANCHES

	Participating shares	Provisions incl. incidental charges as at 31.12.2018 in € 1,000
2016-2018	24,498 pcs.	714.0
2017-2019	21,486 pcs.	445.9
2018-2020	19,670 pcs.	128.2
		<b>1,288.1</b>

### SHARE OWNERSHIP OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

No CA Immo shares were privately held by members of the Management Board or Supervisory Board as at 31 December 2018.

### D&O INSURANCE

At CA Immo Group level, D&O manager liability insurance with coverage of €50 m was taken out for the executive bodies (Management Board members, administrative authorities, supervisory bodies and senior executives) of the parent company and all subsidiary companies. On account of the general premium payment for all insured persons, there is no specific assignment of premium payments to Management Board members. The insurance does not provide for any excess.

### REMUNERATION OF THE SUPERVISORY BOARD

In line with the Articles of Association of CA Immo, remuneration for the Supervisory Board for the past business year is determined annually by the Ordinary General Meeting.

For business year 2017, the fixed annual payment was increased from € 25 K to € 30 K. As before, the chairman receives double that amount, with the deputy chairman paid one and a half times the fixed fee. Where a Supervisory Board member joins or steps down during the year, remuneration is paid pro rata in line with the articles of association. In addition, committee and Supervisory Board members received an attendance fee of € 1,000 per meeting day as well as the reimbursement of cash expenses associated with Supervisory Board activity. No company pension plans are provided for Supervisory Board members at CA Immo.

In business year 2018 (for 2017), € 361 K (previous year: € 368 K) was paid out in fixed salaries (including total attendance fees of € 88 K; € 93 K in the previous year).

Moreover, expenditure of € 206 K was reported in connection with the Supervisory Board in business year 2018 (2017: € 660 K). Of this, cash outlays for travel expenses accounted for approximately € 90 K (2017: € 35 K) and other expenditure (including training costs) accounted for € 43 K (2017: € 5 K). Legal and other consultancy services accounted for € 74 K (2017: € 620 K; of which € 595 K was linked to the executive search in connection with the CEO succession process). Consulting costs of € 150 K relating to the CFO search process were also taken into account in the 2018 consolidated financial statements. 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 € 380 K for business year 2018 will be proposed to the Ordinary General Meeting on the basis of the same criteria (fixed annual payment of € 30 K per Supervisory Board member plus attendance fee of € 1,000 per meeting day), taking account of the waiver of remuneration for Supervisory Board members appointed on the basis of registered shares. As at 31 December 2018, the remuneration was recognized in the consolidated financial statements.

### REMUNERATION OF THE SUPERVISORY BOARD<sup>1)</sup>

€ 1,000	2018	2017
Prof. Dr. Sven Bienert (from 1.12.2016 to 26.10.2018)	38	2
Dr. Maria Doralt (until 10.11.2016)	-	31
Dipl. BW Gabriele Düker (from 11.5.2017 to 25.10.2018)	25	-
Timothy Fenwick (from 3.5.2016 to 30.11.2016)	-	20
Richard Gregson (since 28.4.2015)	42	38
Univ.-Prof. Dr. Klaus Hirschler (since 1.12.2016)	42	2
Torsten Hollstein, Chairman (since 3.5.2016)	74	41
Barbara A. Knoflach (until 10.11.2016)	-	28
Dr. Florian Koschat, Deputy Chairman (since 3.5.2016)	52	33
Dmitry Mints (until 21.12.2016)	-	38
John Nacos (since 19.12.2014)	41	39
Dr. Wolfgang Renner (from 3.5.2016 to 2.8.2016)	-	8
Marina Rudneva (from 3.5.2016 to 2.8.2016)	-	6
Dr. Wolfgang Rutenstorfer (until 10.11.2016)	-	40
Michael Stanton (since 19.12.2014)	47	39
Franz Zwickl (until 17.2.2016)	-	3
<b>Total</b>	<b>361</b>	<b>368</b>

<sup>1)</sup> The table shows remuneration paid to elected capital market representatives, including attendance fees, in business years 2018 and 2017. The Supervisory Board members appointed by registered shares and the employee representatives received no remuneration.

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## CONTACT

CA Immobilien Anlagen AG  
Mechelgasse 1  
1030 Wien  
Tel +43 1 532 59 07-0  
Fax +43 1 532 59 07-510  
office@caimmo.com  
www.caimmo.com

Investor Relations  
Free info hotline in Austria: 0800 01 01 50  
Christoph Thurnberger  
Claudia Höbart  
Tel. +43 1 532 59 07-0  
Fax +43 1 532 59 07-595  
ir@caimmo.com

Corporate Communications  
Susanne Steinböck  
Cornelia Kellner  
Tel. +43 1 532 59 07-0  
Fax +43 1 532 59 07-595  
presse@caimmo.com

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## DISCLAIMER

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

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

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