

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 BOARD¹⁾

€ 1,000	Andreas Quint ²⁾		Keegan Viscius ³⁾		Hans Volckens ⁴⁾		Frank Nickel ⁵⁾		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
Total fixed salary components	895	0	126	0	621	446	276	603	1,918	1,050
<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
Total variable salary components	1,420	0	0	0	2,076	76	1,593	400	5,088	476
<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>
Total fixed and variable salary components	2,315	0	126	0	2,696	522	1,869	1,003	7,006	1,526
Compensatory and severance payments (CoC)	1,120	0	0	0	419	0	57	0	1,596	0
Total salary payments	3,435	0	126	0	3,115	522	1,926	1,003	8,601	1,526

¹⁾ 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.

²⁾ Chief Executive Officer since 1.1.2018

³⁾ Management Board member (CIO) since 1.11.2018

⁴⁾ Management Board member (CFO) until 10.10.2018

⁵⁾ 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
		1,288.1

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 BOARD¹⁾

€ 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
Total	361	368

¹⁾ 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.