
SUPERVISORY BOARD REPORT



DEAR SHAREHOLDERS AND READERS,

the CA Immo Group can look back on an extremely healthy business year 2013, during which we prepared much of the ground for successful implementation of our corporate strategy for 2012 to 2015. The two biggest transactions of the year – the partial sale of Tower 185 in Frankfurt and the sale of the Hesse portfolio – were among the main issues discussed at the six Supervisory Board meetings which took place in 2013.

Realisation of the Kontorhaus (a 50% joint venture with E&G Bridge Equity Fonds GmbH & Co. KG involving total investment costs of approximately € 100 m) and the Baumkirchen WA 1 project (both in Munich) along with the sale of Mercedes Benz Vertrieb Deutschland in Berlin and the Tower 2 site at the Frankfurt Europaviertel were also on the agenda.

Moreover, the Supervisory Board was heavily involved with the portfolio in Eastern Europe. In the course of portfolio optimisation, the Supervisory Board passed a series of framework sale resolutions relating to properties in Poland and the Czech Republic (including Lipowy Office Park in Warsaw), the realisation of an office building in Krakow (to be undertaken as a joint venture), the buy-out of minority joint venture shareholders linked to the Europolis “P1” sub-portfolio and the CA Immo New

Europe Property Fund and the acquisition of the shares of co-investor EBRD in two properties connected with the amalgamation of other Europolis sub-portfolios.

In Austria, implementation progress on “Silbermöwe” – currently the only development project in Vienna – was discussed, along with the utilisation rate of the portfolio. Owing to the low transaction volume (less than € 15 m) on individual projects, sales transactions were approved within the framework of the budget. Concrete sale decisions of this magnitude must be approved by the Management Board in accordance with the relevant provisions of the rules of procedure.

Issues of financing, liquidity and optimum funds allocation, the Group’s hedging strategy, developments on the property markets and the resultant opportunities and risks, company law measures and personnel matters were central themes in regular reporting. Reports on risk management, current legal proceedings and threats 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 departures from planned values and targets in full. Decisions and measures taken by the Management Board were transparent and raised no objections. 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 report on compliance management were discussed in detail and corporate governance was reviewed. Compliance with the Corporate Governance Code was evaluated by KPMG Wirtschaftsprüfungs- und Steuerberatungs AG on the basis of the official questionnaire of the Austrian Working Group for Corporate Governance. The evaluation found that declarations of conformity submitted by CA Immo with regard to compliance with the C and R Rules of the Austrian Corporate Governance Code were correct.

Generally speaking, it was established that cooperation between the Supervisory Board and the Management Board was characterised by open discussion. The close contact between the Supervisory Board chairman and the Management Board underlines the atmosphere of trust and open exchange as regards issues that require decisions. All developments in the company were reported to the Supervisory Board promptly and in full.

Changes to the Management Board

Following the successful conclusion of some key large-scale projects, Bernhard H. Hansen resigned his post as CDO (Chief Development Officer) and Chief Executive Officer of CA Immo Deutschland GmbH on 31 December 2013 and left the company with the consent of the Supervisory Board. The position of the CDO will be allowed to lapse. Alongside the downsizing of the Management Board of CA Immo, the Supervisory Board resolved to amend the allocation of responsibilities¹. The duties of Bernhard Hansen will be taken on by the CEO Bruno Ettenauer. We would like to take this opportunity to thank Bernhard Hansen once again for a productive working relationship and his commitment to CA Immo.

Committee activity in 2013

The **investment committee** did not convene in 2013; all decisions were taken by the full Supervisory Board.

In 2013 the **audit committee** held four meetings. The annual and consolidated financial statements for 2012 (including the management reports) and the corporate governance report were discussed and examined with the auditor and the Management Board in March 2013. A 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 an auditor was submitted. The internal monitoring system and the effectiveness of risk management in the company were also examined. In its quarterly meetings, the audit committee discussed the financial result and progress on current business activity. No objections were raised at any meeting. The results of internal auditing for business year 2013 and the audit plan for 2014 were discussed and approved in November 2013.

The **remuneration and nomination committee** convened once in the period under review. This meeting focused on the extent to which targets were met for bonus payments in 2013 (for 2012) and the long-term incentive (LTI) programme for 2010-2012, the redefinition of targets for 2013 (performance-related pay) and the specification of criteria for the LTI programme for 2013-2015.² Outside of regular meetings, the termination agreement linked to Bernhard Hansen's mandate resignation was

agreed and issues of succession planning were discussed in detail.

Three mandates in the Supervisory Board will terminate at the close of the 27th Ordinary General Meeting on 8th May 2014. The remuneration and nomination committee will produce appointment proposals in good time and forward appropriate nomination proposals to the General Meeting.

The web site www.caimmo.com and the corporate governance report contain more information on the responsibilities of the Supervisory Board and its committees.

Consolidated and annual financial statements for 2013

KPMG Wirtschaftsprüfungs- und Steuerberatungs AG has audited the annual and consolidated financial statements for 2013 (including the management reports) and expressed its unqualified auditor's opinion. 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 endorsed the annual financial statements, which were thus adopted in accordance with article 96 subsection 4 of the Austrian Stock Corporation Act, and indicated its consent to the Management Board's proposal on the distribution of profit.

The Supervisory Board would like to thank the Management Board and all employees for the commitment they have shown.



On behalf of the Supervisory Board
Dr. Wolfgang Ruttenstorfer, Chairman
Vienna, 18 March 2014

¹ See diagram 'Division of responsibilities in the Management Board' in the section on corporate governance

² See also the remuneration report in the section on corporate governance