

## SUPERVISORY BOARD REPORT



### DEAR SHAREHOLDERS AND READERS,

CA Immo can look back on an eventful business year. The partial sale of logistical properties in the CEE enacted one of the final core measures in the strategic programme for 2012-2015, thereby raising the Group's strategic profile and operational efficiency. Alongside the arrival of a new main shareholder, this was one of the issues that dominated the agenda at the eight meetings of the Supervisory Board in 2014.

The Supervisory Board also carefully examined the utilisation of funds generated from the sales of last year, which were deployed to the benefit of net earnings and NAV with the repurchase of own liabilities from Österreichische Volksbanken AG early in 2014.

While resolutions on the sale of the 25% stake in UBM AG and the sale of two office towers at Airport City St. Petersburg – a joint venture between Austrian property developers Warimpex (55%), CA Immo (35%) and UBM (10%) – forced the strategic aim of re-assessing minority interests, the full takeover of the Kontorhaus office development in Munich consolidated CA Immo's position in the core office segment in one of Europe's most attractive property markets.

The Supervisory Board has approved a total budget of approximately € 192.7 m to realise planned projects in 2014. This budget was allotted to realisation of the second section of the new Baumkirchen Mitte district in Munich (comprising some 144 owner-occupied flats), which will be implemented in partnership with PATRIZIA subject to appropriate advance marketing, and a residential construction project at Lände 3 in Vienna, which will be sold to an investor upon completion. Other resolutions related to projects for realisation in Frankfurt and Berlin, the conclusion of urban planning contracts with the state of Berlin and sales of land and property in Vienna and Berlin.

Central themes in regular reporting included financing and liquidity issues, developments on real estate markets and resultant opportunities and threats, property valuations, corporate actions and personnel issues. The Supervisory Board and Management Board also discussed possible measures aimed at reducing the discount to NAV for the share price. 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 deviates 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 activity report on compliance management were discussed in detail and corporate governance was reviewed.

Generally speaking, it was confirmed 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 with regard to issues that require decisions. All developments in the company were reported to the Supervisory Board promptly.

#### Staff changes

There were three staff changes to the Supervisory Board of CA Immo, two of which involved shareholder representatives. Professor Waldemar Jud's term of office ended at the close of the 27th Ordinary General Meeting. His successor was Dr. Maria Doralt, who was elected by

the Ordinary General Meeting on 8th May 2014. In the course of selling a stake of around 16% in CA Immobilien Anlagen AG held by UniCredit Bank Austria AG to O1 Group Limited, Helmut Bernkopf and Reinhard Madlencnik resigned their mandates early (with effect from 28 October 2014). They were succeeded by Dmitry Mints and Michael Stanton. The Supervisory Board would like to thank the staff members who have stepped down for their years of positive collaboration.

The Board is convinced that in O1 Group Limited, CA Immo has gained a core strategic shareholder for the long haul. (For details on the current shareholder structure, please refer to the 'Investor Relations' section).

#### **Committee activity in 2014**

The **audit committee** convened three times in business year 2014. The annual and consolidated financial statements for 2013 (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 2014. 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 financial result and progress on current business activity were discussed quarterly; no objections were raised.

The **remuneration and nomination committee** convened once in 2014. This meeting focused on the extent to which targets were met for bonus payments in 2014 (for 2013) and the long-term incentive (LTI) programme for 2011-2013, the redefinition of targets for 2014 (performance-related pay) and the specification of criteria for the LTI programme for 2014-2016. (For details on the remuneration system at CA Immo, please refer to the 'Corporate Governance' section).

The **investment committee** did not convene in 2014; all decisions were taken by the full Supervisory Board.

The web site [www.caimmo.com](http://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 2014**

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft has audited the annual and consolidated financial statements for 2014 (including the management reports) 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 2014 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 endorsed the annual financial statements, which were thus 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 thank the members of the Management Board and all other Group employees for their commitment throughout such an eventful business year.



On behalf of the Supervisory Board  
Dr. Wolfgang Ruttenstorfer, Chairman

Vienna, 23 March 2015