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CORPORATE GOVERNANCE  
REPORT 2015

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## SUPERVISORY BOARD REPORT



### DEAR SHAREHOLDERS,

During the business year 2015, the Supervisory Board of CA Immo undertook its tasks in accordance with legislation and the articles of association at a total of 11 plenary sessions.

The Supervisory Board was closely involved in the company's strategy, which included the voluntary partial public offer of CA Immo and O1 Group Limited ('O1') to the shareholders of IMMOFINANZ, the issue of a corporate bond and the takeover of minority shares from joint ventures (EBRD) as well as numerous real estate sales, future acquisitions and project undertakings.

Central themes in regular reporting included financing and liquidity issues, developments on real estate markets, resultant opportunities and threats and property valuations. 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 deviations 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, cooperation between the Supervisory Board and the Management Board was characterised by open discussion. Contact between the Supervisory Board chairman and the Management Board 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.

### Personnel changes in the Supervisory and Management Boards

By resolution of the 28th Ordinary General Meeting, the Supervisory Board was expanded from six to a total of eight members. At the request of the Supervisory Board and the main shareholder O1, Richard Gregson and John Nacos were newly elected to the Supervisory Board.

At the end of 2015, Dr. Bruno Ettenauer announced he would resign his mandate as Chief Executive Officer of CA Immobilien Anlagen AG as at 31 December 2015. Dr. Ettenauer joined the Management Board of CA Immo in 2006 and has served as CEO since 2009. His contract is terminated early by mutual agreement. The Supervisory Board would like to thank Dr. Ettenauer for his considerable contribution to the development of CA Immo as a leading real estate company. Frank Nickel, former CEO of Cushman & Wakefield LLP Germany, succeeded Dr. Ettenauer as the new Chief Executive Officer on 1 January 2016.

Special thanks are also due to Supervisory Board member Franz Zwickl, who resigned his Supervisory Board mandate with effect from 17 February 2016.

### Committee activity in 2015

The **Audit Committee** held three meetings in the business year 2015. The annual and consolidated financial statements for 2014 (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 2015. In accordance

with Section 270 para. 1a of the Austrian Commercial Code (UGB), 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 election 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 twice in 2015. The meetings focused on the extent to which targets were met for bonus payments in 2015 (for 2014) and the long-term incentive (LTI) programme for 2012-2014, the definition of targets for 2015 (performance-related pay) and the specification of criteria for the LTI programme for 2015-2017. (For details on the remuneration system at CA Immo, please refer to the 'Corporate Governance' section). The Committee was also heavily involved in the extending of Management Board mandates and the redrafting of contracts for Management Board members. The change in the composition of the Management Board was discussed at a plenary session in December.

The **Investment Committee** also held two meetings during the past business year, at which the implementation of projects in Germany, the approval of sales of non-strategic properties and various real estate acquisitions were on the agenda.

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 2015**

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft has audited the annual and consolidated financial statements for 2015 (including the management reports) and expressed its unqualified audi-

tor'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 2015 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 extend particular thanks to all employees for their hard work and unwavering commitment in a business environment characterised by constantly shifting challenges.



On behalf of the Supervisory Board  
Dr. Wolfgang Ruttenstorfer, Chairman  
Vienna, 22 March 2016

## MANAGEMENT BOARD

**FRANK NICKEL**  
**CHIEF EXECUTIVE OFFICER (CEO)**  
 (BORN 1959)

Frank Nickel was appointed Chief Executive Officer (CEO) of CA Immobilien Anlagen AG as of 1 January 2016 and is thus responsible for corporate strategy and the operational real estate divisions (investment management, asset and portfolio management, development and engineering) as well as the human resources, organisation and IT departments. Alongside other Group functions, Mr. Nickel is a member of the supervisory board of IREBS (International Real Estate Business School of University Regensburg) and a committee member of ZIA (Zentraler Immobilien Ausschuss e.V.).

Initial appointment: 1.1.2016  
 Term of office ends: 31.12.2018

**FLORIAN NOWOTNY**  
**MANAGEMENT BOARD MEMBER (CFO)**  
 (BORN 1975)

Florian Nowotny joined the CA Immo Group in 2008 and was appointed to the Management Board of CA Immobilien Anlagen AG on 1 October 2012. As the head of the company's financial department, he is in charge of accounting, controlling and financing as well as capital markets and investor relations – and since the beginning of 2014 also of the divisions legal affairs and corporate communications. Aside from various other functions within the Group, Mr. Nowotny does not hold any posts with external companies.

Initial appointment: 1.10.2012  
 Term of office ends: 30.9.2018

**FRANK NICKEL**  
 CEO



Corporate Strategy  
 Investment-Management  
 Asset-Management  
 Development  
 Engineering  
 Human Resources  
 Administration-Services  
 (ORG/IT)



**FLORIAN NOWOTNY**  
 CFO



Accounting  
 Controlling  
 Finance  
 Capital Markets /  
 Investor Relations  
 Legal  
 Corporate  
 Communications



FULL MANAGEMENT

RISK MANAGEMENT

COMPLIANCE

INTERNAL AUDIT

## SUPERVISORY BOARD



f.l.t.r: Franz Zwickl (resigned as of 17 February 2016), Dr. Maria Doralt, John Nacos, Dr. Wolfgang Rutenstorfer, Barbara A. Knoflach, Richard Gregson, Michael Stanton, Dmitry Mints

### DR. WOLFGANG RUTTENSTORFER

Chairman of the Supervisory Board (born 1950)

Initial appointment: 13.5.2009

Term of office ends: 2019 (32<sup>nd</sup> AGM)

Independent according to C Rules 53 and 54.

Wolfgang Rutenstorfer was a member of the Management Board from 1992 to 1997 and Chief Executive Officer and Director General of OMV from January 2002 to March 2011. From 1997 to 1999, he served as State Secretary at the Federal Ministry of Finance. **Current mandates:** Supervisory Board Chairman at Telekom Austria AG; member of the Supervisory Boards of Flughafen Wien AG and RHI AG; member of the Administration Board of NIS a.d. Naftna industrija Srbije in Serbia. He also holds various mandates in non-listed companies.

### DMITRY MINTS

Deputy Chairman of the Supervisory Board (born 1981)

Initial appointment: 19.12.2014

Term of office ends: 2020 (33<sup>rd</sup> AGM)

Independent according to C Rule 53.

Between 2006 and 2011, Dmitry Mints held executive roles in various departments of Otkritie Holding, Russia's largest independent financial group. From 2009, he served on the Management Board of Birobidzhansky Plant of Power Transformers, a company belonging to the JSC Electronic Group; he is also Chairman of the Board for O1 Properties and the O1 Group. **Current mandates:** Chief Executive Officer of O1 Group Ltd. and O1 Properties Ltd.; member of the Management Board of OJSC NPF 'Telecom-Soyuz' and OJSC NPF 'BLAGOSOSTOYANIE OPS'.

**DR. MARIA DORALT (born 1973)**

Initial appointment: 8.5.2014

Term of office ends: 2019 (32<sup>nd</sup> AGM)

Independent according to C Rules 53 and 54.

Maria Doralt studied law, commerce and economics in Vienna, London, Paris and Madrid. She began her career as an investment banker with Goldman Sachs in Frankfurt before gaining a licence to practise law in Austria in 2007. Ms. Doralt has been a partner at the international law firm DLA Piper since November 2013.

**Current mandates:** She holds no posts with listed companies at home or abroad aside from her Supervisory Board function at CA Immo.

**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 auditor in Australia. He has more than 27 years' professional experience, most of which was spent with PricewaterhouseCoopers as a partner in the financial services field, including 17 years heading the company's real estate operations at its Moscow site. Mr. Gregson currently holds several advisory posts in the audit, accounting and governance fields. Since June 2012, he has been an independent, non-executive director of O1 Properties Ltd., where he chairs the auditing and risk committee. **Current mandates:** Management Board member at Walker Wayland Audit (WA) Pty Ltd. and Pur Integrity Pty Ltd.; member of the Administrative Board in various auditing and consulting firms and non-profit organisations.

**BARBARA A. KNOFLACH (born 1965)**

Initial appointment: 10.5.2011

Term of office ends: 2020 (33<sup>rd</sup> AGM)

Independent according to C Rules 53 and 54.

Barbara A. Knoflach began her career at Deutsche Bank AG in 1986. From 1994 to 2014 Ms. Knoflach was employed by SEB AG. She was appointed head of the fund management companies in 1997 and Managing Director of the investment company SEB Investment GmbH in 1999. Ms. Knoflach was appointed CEO of SEB Asset Management AG in August 2005. She has been Global Head of Investment Management at BNP Paribas Real Estate since the middle of 2015. **Current mandates:** Member of the Supervisory Boards of HQ Capital GmbH & Co. KG.

**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.

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. **Current mandates:** Independent, non-executive director of O1 Properties Ltd.; founder and Executive Board member of EG Real Estate Advisors; member of the senior management team of CR Investment Management; member of the advisory council of Laurus Property Partners Ltd.

**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.

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, where he holds various positions in subsidiaries. **Current mandates:** Independent, non-executive director at O1 Properties Ltd., founder member of EG Real Estate Advisors; member of the senior management team of CR Investment Management.

**FRANZ ZWICKL (born 1953)**

Initial appointment: 10.5.2011

Resigned as of: 17.2.2016

Independent according to C Rules 53 and 54.

Franz Zwickl began his career in 1977 in the auditing association of a non-profit housing developer. He was made a cooperative auditor in 1979 before moving to KPMG Austria Wirtschaftsprüfungsgesellschaft mbH. Mr. Zwickl was appointed to the Management Board of Österreichische Postsparkasse AG in 1991, subsequently moving to the Management Board of Bank Austria AG in 1996. Since October 2002, Mr. Zwickl has worked as an independent auditor for Austrian Tax Advisory & Trustee GmbH. **Current mandates:** Franz Zwickl is a partner and senior executive in several asset management companies, sits on the executive boards of private foundations and performs Governing and Supervisory Board functions for banks (e.g. Oesterreichische Kontrollbank AG, Österreichische Volksbanken AG) and service companies.

## CORPORATE GOVERNANCE REPORT

### 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. We organise our business in such a way that we are able to comply with all applicable compliance standards in our everyday business dealings. The Management Board and Supervisory Board are committed to observing the Austrian Corporate Governance Code<sup>1)</sup> and thus to transparency and uniform principles of good corporate management.

### COMPLY OR EXPLAIN

The rules and recommendations of the version of the Corporate Governance Code applicable in business year 2015 (January 2015 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) and no. 45 (executive positions with competitor companies).

#### External evaluation

The evaluation carried out by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft concerning compliance with rules 1 to 76 of the Austrian Corporate Governance Code for business year 2015 found that declarations of conformity submitted by CA Immo with regard to compliance with the C and R Rules of the Code were correct.

**C Rule no. 2:** Shares are to be construed 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. Of the voting rights, 74% are in free float with 26% held indirectly via the EG Real Estate Fund I Limited of O1 Group Limited ('O1'). The registered shares in existence since the founding of the company, which confer the right of nominating up to four Supervisory Board members, are also held by O1. The Supervisory Board currently only comprises members elected by the Ordinary General Meeting. Transfer of registered shares requires the approval of the company. The Austrian

Stock Corporation Act also 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; in such instances, the company upholds the right of all shareholders to participate in the composition of the Supervisory Board. There are no preference shares or restrictions on issued ordinary shares of the company. The Austrian Takeover Act ensures that all shareholders would receive the same price for their CA Immo shares in the event of a takeover bid (mandatory offer). In all cases, the shareholders alone would decide whether to accept or reject any such bid.

**C-Rule no. 38:** The supervisory board shall define a profile for the management board members that takes into account the enterprise's business focus and its situation, and shall use this profile to appoint the management board members in line with a predefined appointment procedure. The supervisory board shall take care that no member of the management board has been convicted by law for a criminal act that would compromise the professional reliability as a management board member. Furthermore, the supervisory board shall also give due attention to the issue of successor planning.

Explanation/reason: Due to the unplanned withdrawal of Dr. Bruno Ettenauer from the Management Board, a prompt decision in terms of his replacement was in the company's as well as the shareholders' interest. Therefore, the Supervisory Board waived the appointment procedures usually applied for Management Board members (executive search; selection of potential candidates via long or short lists). Nevertheless this was a decision that carefully weighed discussions within the remuneration and nomination committee and the full Supervisory Board.

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

Explanation/reason: The following Supervisory Board members hold executive positions with similar companies: Barbara A. Knoflach is Global Head of Investment Management at BNP Paribas Real Estate. Franz Zwickl is a partner in various real estate management companies. Dmitry Mints is the Chairman of the Management Board

<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).



of O1 Properties, a holding of O1 Group and one of the most important owners of prime office real estate in central Moscow. Richard Gregson, John Nacos and Michael Stanton serve on the Board of Non-Executive Directors of O1 Properties. A full list of executive functions performed by our Management and Supervisory Board members is published at [www.caimmo.com](http://www.caimmo.com).

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 Supervisory Board. 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.

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. Supervisory Board members are not 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. Potential conflicts of interest must be declared to the Supervisory Board Chairman immediately; where the chairperson is the subject of a conflict of interest, disclosure must be made to the deputy chairperson. Similarly, Management Board members are obliged to declare close personal interests in transactions of the CA Immo Group and other conflicts of interest to the Supervisory Board, and to inform their colleagues without delay. 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, 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 applies to 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 article 228 section 3 of the Austrian Commercial Code) and to contracts with companies in which a Supervisory Board member has a significant business interest. Since Supervisory Board member Maria Doralt is also a partner at DLA Piper, this relates in particular to the mandate agreement with DLA Piper UK LLP in place since the end of 2012 regarding consultancy for the letting of the Kontorhaus in Munich. On behalf of the refinancing banks DLA Piper Weiss-Tessbach Rechtsanwälte GmbH acted in an advisory capacity in connection with two refinancing operations in Hungary. The relevant fees correspond to usual hourly rates for the sector and totalled to € 164 K for business year 2015 (€ 59 K in 2014). CA Immo and O1 are also parties acting in concert under the terms of the Austrian Takeover Act in connection with the voluntary partial public offer made to the shareholders of IMMOFINANZ AG in 2015. A joint declaration of intent was made with O1.

As the result of a competitive process, a purchase agreement for a site earmarked for residential construction in Berlin (Kunstkubus, Europacity) was concluded in the second quarter of 2015 with Vesper Real Estate (Cyprus) Limited, a company indirectly controlled by Boris Mints (beneficial owner of O1). The agreed purchase price was € 7 m. The customary arms-length nature of the transaction, which contributed significantly to a positive result for CA Immo, was confirmed by an external fairness opinion.

The company is not permitted to grant loans to members of the Supervisory Board outside the scope of its ordinary business activity. 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.

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## THE EXECUTIVE BODIES OF CA IMMO<sup>1)</sup>

### Management and supervisory structure

Unless legally regulated, the responsibilities of Management and Supervisory Boards and cooperation between Board members are defined by 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 information provision and reporting by the Management Board apply to all subsidiaries of CA Immo. The full Supervisory Board rules on matters of critical importance as well as general strategy. The Supervisory Board also executes its duties through three competent committees and (in urgent matters) the presiding committee. The Supervisory Board report describes its main activities in business year 2015. The rules of procedure of the Supervisory Board and associated business matters requiring approval (which covers all Group subsidiaries) are published on the Internet at [www.caimmo.com](http://www.caimmo.com).

### Collaboration within the Management Board

The Management Board of CA Immo currently has two members. Since 1 January 2016, Frank Nickel has been the **Chief Executive Officer** and spokesperson for the Management Board. He is responsible for overall organisation and management, the strategic direction and future development of the company and for representing the company to its supervisory boards and owners. As the Management Board spokesperson, he also issues statements to the general public and the media. 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 constantly 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. The **entire Management Board** is responsible for realising the objectives of company policy and to this end bears general managerial responsibility at both company and Group

level. These objectives are based on a wide-ranging corporate social responsibility (CSR) strategy that takes account of economic, environmental and social aspects and defines exemplary corporate governance and compliance.

### The Supervisory Board and its committees

As at balance sheet date the Supervisory Board of CA Immo comprised eight members, all of whom possess personal integrity, market knowledge and experience. 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. Five of the eight Supervisory Board members (Wolfgang Ruttenstorfer, Barbara A. Knoflach, Maria Doralt, Richard Gregson and Franz Zwickl) meet the criteria of C Rule no. 54 in that they do not represent the interests of any shareholder with a stake of more than 10% (O1). 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. Full details are found under 'Comply or explain' (explanation/reason for C Rule no. 45) and in the 'Related party disclosures' in the notes. The independence criteria defined by the Supervisory Board are published on the Group's web site along with a list of all mandates held by Board members outside the CA Immo Group.

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 annual 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. In addition, the committee monitors the independence of the auditing company, particularly with regard to any additional services; it also prepares a proposal for the selection of the (Group) auditor to the Supervisory Board. All members of the audit committee (and especially Richard Gregson) are acknowledged as financial experts on the basis of their experience and professional track records.

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<sup>1)</sup> For more information on remuneration paid to all Management Board and Supervisory Board members in business year 2015, refer to the remuneration report.

For more information on Supervisory Board mandates or similar posts held by Management Board and Supervisory Board members with listed companies at home or abroad, refer to the corporate governance report on the Internet at [www.caimmo.com](http://www.caimmo.com).

## COMPOSITION OF THE COMMITTEES

The audit committee	The investment committee	The remuneration and nomination committee/presiding committee
Richard Gregson (Chairman)	Wolfgang Ruttendorfer (Chairman)	Wolfgang Ruttendorfer (Chairman)
Wolfgang Ruttendorfer	Maria Doralt	Barbara A. Knoflach
Michael Stanton	John Nacos	Dmitry Mints
Franz Zwickl (to 17.2.2016)	Michael Stanton	
	Franz Zwickl (to 17.2.2016)	

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 **remuneration and 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 selected according to a defined appointment procedure, taking corporate strategy and the current position of the company into consideration.

The remuneration and nomination committee also scrutinises the remuneration system for the Management Board and (in the case of exceptional bonuses) employees. On account of their lengthy professional track records, all members of the remuneration and nomination committee possess sufficient knowledge and experience of remuneration policy.

The **presiding committee** of CA Immo is identical to the remuneration and nomination committee. It rules on transactions generally requiring the approval of the Supervisory Board where a delay in convening a Supervisory Board meeting might expose the company to significant pecuniary disadvantage.

Details of committee activity in business year 2015 are provided in the Supervisory Board report.

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

CA Immo had no employee representatives so far; only the CA Immo subsidiary Europolis Real Estate Asset Management GmbH had an employees' representative body. Despite this, staff members had the opportunity to submit recommendations to the Management Board which were considered at weekly Group Management Board meetings and, where there was an authorisation requirement by the Supervisory Board, had been forwarded to the Supervisory Board.

CA Immo held its first works council elections in February 2016. The works council for the employees of CA Immobilien Anlagen AG has since been constituted and has commenced its activities.

### CO-DETERMINATION OF SHAREHOLDERS

Three of the eight (with effect of 17.2.2016 seven) Supervisory Board members (Dmitry Mints, John Nacos and Michael Stanton) directly or indirectly represent a shareholder (O1) with a participating interest of more than 10% (C Rule no. 54). In response to a supplementary motion submitted properly and on time by O1, two items were added to the agenda of this year's (28th) Ordinary General Meeting. The new items concerned the extension of the terms of office of existing Supervisory Board mandates and an amendment to the Articles of Association regarding legal majority requirements for resolutions passed by the Ordinary General Meeting. O1 also made counterproposals to the agenda items announced by CA Immo regarding expansion of the Supervisory Board from six to eight members, and nominated John Nacos for election to the Supervisory Board alongside the candidate put forward by the Supervisory Board. All resolutions proposed by O1 were adopted with the legally required majority. Information on the organisation of shares may be found under 'Comply or explain' (explana-

tion/reason for C Rule no. 2). Information on the rights of shareholders as regards Ordinary General Meetings is published at [www.caimmo.com](http://www.caimmo.com).

#### **Advancement of women at CA Immo**

The Group management report (see the 'Employees' section) contains information on human resources management, and in particular the advancement of women at CA Immo.

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### **CORPORATE RESPONSIBILITY**

For CA Immo, integrity is the basis of good business. That involves observing legislation, respecting fundamental ethical values and doing business in a sustainable manner. The code of conduct of the CA Immo Group 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. The Group compliance officer works with the compliance steering committee to monitor observance of the code of conduct. In the past business year the committee convened twice to assess industry-specific compliance risks as well as the effectiveness of adopted measures.

#### **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 Supervisory Board or by the Group Auditing department based on special audit mandates issued by the Management Board. All operational Group companies are investigated for corruption risks at regular intervals. No instances of corruption were uncovered in 2015.

#### **Compliance**

CA Immo regards compliance as a risk management tool. New staff in particular are therefore familiarised with compliance structures, core values, standards of conduct, the treatment of insider information and all other aspects relevant to compliance as early as the 'welcome day'

event. Moreover, managerial staff and employees in Germany and Austria and all managers and staff of relevant areas in Eastern Europe are required to undertake web-based training annually or bi-annually. The aim of this is to facilitate the resolution of conflict situations in the workplace (e.g. anti-corruption) in line with CA Immo's system of compliance and values through the application of practical examples from the real estate area (dealing with authorities, construction companies and suppliers, tenants, other business partners and so on) together with case studies on insider trading law. Across the Group, 146 employees (41%) completed the training in 2015 (compared to 63 employees/17% in 2014); 23 managers underwent training in the year under review (0 in 2014).

To prevent insider trading, all executive bodies, employees and persons otherwise active on behalf of CA Immo are instructed in prohibiting the misuse of insider information; organisational measures are adopted with a view to preventing the improper use and passing on of insider information and other compliance-relevant information. The Group Compliance Officer is responsible for upholding capital market compliance guidelines. Acquisitions and sales of CA Immo securities by the company's executive bodies are reported to the Financial Market Authority and published on both the FMA web site and at [www.caimmo.com](http://www.caimmo.com).

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### **AUDITING COMPANY SERVICES AND FEES**

By resolution of the Ordinary General Meeting, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was appointed to audit the annual and consolidated financial statements. In the case of foreign subsidiaries, local partner law firms of KPMG 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 € 433 K in the last business year (against € 420 K in 2014). Project-related and other (assurance) services amounted to € 273 K in the reporting period (€ 255 K in 2014). In the course of the issuance of the corporate bond 2016-2023, further € 90 K has been paid for other attestation services. No consulting services which could compromise independence were rendered by the Group auditor.

## REMUNERATION REPORT

The remuneration report draws together the principles on which remuneration for the Management Board and Supervisory Board of CA Immo is defined, clarifies the level and structure of Management and Supervisory Board earnings and contains details of share ownership by members of the Management and Supervisory Boards.

### GENERAL PRINCIPLES OF THE REMUNERATION SYSTEM

On the basis of preparatory work undertaken by the remuneration and nomination committee, the Supervisory Board is responsible for determining remuneration for individual Management Board members. Management Board remuneration comprises a fixed, non-performance-related annual salary, performance-related (variable) components, fringe benefits and contributions to 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.

In the course of the extension of Management Board mandates, external advisors were consulted to discuss contracts with Management Board members and the compensation structure for the Management Board in detail. In March 2015, a number of key changes to the variable remuneration system for all Management Board members were resolved. Performance-related pay is now divided into three components and comprises an annual bonus (short term incentive) and a medium-term (mid term incentive) along with long-term variable remuneration (long term incentive). 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, outside 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); in principle, all Board members are entitled to these benefits in equal measure. Since they qualify as remuneration components, Management Board members must pay tax on these benefits.

#### Restructuring of variable remuneration components

Starting in 2015, performance-related payments to the Management Board were restricted to 200% of the gross annual salary. The bonus payment is linked to long-term operational and quality-based targets and also takes account of non-financial performance criteria. Of the variable remuneration, 50% is linked to the attainment of short-term targets defined annually (annual bonus); the other half of the performance-related components depends on the exceeding of annually defined indicators such as 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 Supervisory Board. 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 parts after 12 months, 24 months (**mid term incentive**) and 36 months (**long term incentive**) at the average rate for the last quarter of the payment year.

#### Profit sharing scheme to encourage entrepreneurship

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 budgeted quantitative and qualitative annual targets and positive consolidated net income after minorities. Executive bonuses are also linked to the attainment of specific operational annual targets. Managerial staff have the additional option of participating in an LTI programme.

**Long-term incentive programme**

Within the remuneration system for the Management Board, the LTI programme was dissolved in 2015 and replaced by phantom shares as described above. The LTI programme remains effective for managerial staff: LTI is a revolving programme with a term (vesting period) of three years per tranche; it presupposes a personal investment (maximum of 35% of the fixed annual salary). The investment is evaluated at the closing rate on 31 December, and the number of associated shares is determined on the basis of this evaluation. At the end of each three-year performance period, a target/actual comparison is applied to define target attainment. The LTI programme takes account of value creation at CA Immo over the medium to long term. The critical factor is the value generated within the Group in terms of NAV growth, ICR (interest coverage ratio, to 2013) and TSR (total shareholder return) and, from 2014, growth of FFO (funds from operations). The weighting for NAV growth and the ICR (and FFO growth from 2014) is 30%, and 40% for the TSR. Payments are made in cash. At the end of 2014, the degree of target attainment confirmed by the auditor for the second LTI tranche for 2012-2014 was approximately 81%, equivalent to a monetary value of € 11.43 per share in the LTI programme for 2012-2014. On the basis of these calculations, a total amount of € 887 K was paid out in 2015 for 77,609 participating shares. Management Board members serving in 2015 accounted for around 20% of this figure.

**Pension regulations**

Members of the Management Board have pension fund agreements into which the company pays annually agreed contributions (approximately 10% of the fixed salary). The company has no further obligations. During business year 2015, contributions to pension funds for Management Board members (defined contribution plan) totalled € 60 K (€ 56 K in 2014).

**Regulations governing the premature termination of employment contracts**

A change of control clause was added to the contracts of Management Board members in 2015. It regulates payment obligations in the event a board member is terminated prematurely following a change in the control of the company. A change of control occurs where a shareholder is obliged to make a mandatory takeover bid (where the investment threshold of 30% is exceeded), the O1 Group sells its 26% holding in CA Immo to a third party or a corporate merger takes place. The change of control clauses provide special termination rights and

entitle to continued remuneration (including variable remuneration) for the remaining term of the employment contract.

**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. Payment is forfeited in the event of the employee serving notice of termination. All contracts with Management Board members continue to include adjustment payments to cover instances of termination for good cause. These payments are limited to a maximum of two annual salaries (including fringe benefits), depending on the remaining term of the employment contract.

Following early termination of his Management Board contract by mutual agreement, Dr. Bruno Ettenauer received a severance payment of € 2,490 K in business year 2015; appropriate provision was made on the balance sheet date for payment of an additional € 150 K on 30 June 2016. Corresponding salary-based deductions amounted to € 197 K (2014: € 0 K). There are no further obligations. Payments to form a reserve for severance payment claims (defined benefit plan) amounted to € 65 K in the last business year (compared to € 97 K in 2014). As at 31 December 2015, severance payment provisions totalled € 189 K (€ 337 K on 31.12.2014).

Payments have been made to former members of the Management Board as follows: A total of € 320 K was paid to former Management Board members from maturity of the LTI tranche for 2012-2014. After resigning his mandates as a member of the CA Immo Management Board and Chief Executive Officer of CA Immo Deutschland GmbH, Bernhard H. Hansen continued to receive a salary (including variable salary components) until the expiry of his contracts in September 2015, which were provided for in the consolidated financial statements for 2013. In total, therefore, € 320 K was paid to former members of the Management Board (€ 393 K in 2014).

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**PAYMENTS TO THE MANAGEMENT BOARD IN 2015**

In business year 2015, total salary payments to active Management Board members stood at € 1,485 K (€ 1,326 K in 2014). Management Board remuneration contains € 545 K in short term incentives (€ 541 K in 2014) and € 175 K from the LTI tranche for 2012-2014

(€ 74 K in 2014). Fixed salary components made up 52% of Management Board remuneration (54% in 2014), with variable salary components accounting for 48% (46% in 2014). Provisions of € 467 K (including incidental charges) were allocated at Management Board level for variable salary components payable in 2016 on the basis of targets

agreed in business year 2015. Provisions totalling € 1,835 K (including incidental charges; € 2,226 K on 31.12.2014) had been formed in connection with the LTI programme as at 31.12.2015; of this, the Management Board accounted for € 206 K (€ 483 K in the previous year).

#### PAYMENTS TO THE MANAGEMENT BOARD

€ 1,000	Bruno Ettenauer		Florian Nowotny		Total	
	2015	2014	2015	2014	2015	2014
Fixed salary	343	320	246	225	589	545
Salary-based deductions	63	58	37	35	101	93
Remuneration in kind, company car	9	9	4	4	13	13
Expense allowances	1	1	1	2	2	4
<b>Total fixed salaries</b>	<b>416</b>	<b>388</b>	<b>290</b>	<b>267</b>	<b>706</b>	<b>655</b>
<i>Total fixed salaries as % (including contributions to pension funds)</i>	<i>50%</i>	<i>53%</i>	<i>53%</i>	<i>55%</i>	<i>52%</i>	<i>54%</i>
Short-term variable payments ('ZVB bonuses')	320	318	225	223	545	541
Mid-term variable payments (LTI programme)	126	62	49	12	175	74
<b>Total variable payments</b>	<b>446</b>	<b>380</b>	<b>274</b>	<b>235</b>	<b>720</b>	<b>615</b>
<i>Total variable payments as %</i>	<i>50%</i>	<i>47%</i>	<i>47%</i>	<i>45%</i>	<i>48%</i>	<i>46%</i>
Contributions to pension funds	35	33	25	23	60	56
<b>Total salary payments</b>	<b>896<sup>1)</sup></b>	<b>801</b>	<b>589</b>	<b>525</b>	<b>1,485</b>	<b>1,326</b>

<sup>1)</sup> Exclusive severance payment of € 2,490 K following early termination of the Management Board contract and corresponding salary-based deductions of € 197 K.

#### SHARE OWNERSHIP OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

As at 31 December 2015, a total of 31,120 CA Immo shares were privately held by Management Board and Supervisory Board members (a figure unchanged from the previous year). In addition, a total of 43,977 CA Immo shares (50,054 in 2014) were held by CA Immo employees and former Management Board members under the terms of the LTI programme for 2015-2017 on key date 31 December 2015. The company itself held 2,000,000 treasury shares on the balance sheet date.

#### SHARE OWNERSHIP OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

Number	31.12.2015	31.12.2014
Bruno Ettenauer (to 31.12.2015)	11,000	11,000
Florian Nowotny	9,120	9,120
Wolfgang Ruttendorfer	10,000	10,000
Franz Zwickl (to 17.2.2016)	1,000	1,000
<b>Total</b>	<b>31,120</b>	<b>31,120</b>

**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 2014, the 28th Ordinary General Meeting held on 28th April 2015 adopted a fixed fee of € 25 K per Supervisory Board member alongside the reimbursement of cash expenses. The chairman receives double that amount, with the deputy chairman paid one and a half times the fixed fee. In addition, committee and Supervisory Board members received an attendance fee of € 500 per meeting day. Remuneration is

paid pro rata where a Supervisory Board member steps down during the year.

In business year 2015, total expenditure for the Supervisory Board was € 215 K (against € 135 K last year). Of this, fixed salaries for business year 2014 accounted for approximately € 198 K (previous year: € 122 K; figure includes attendance fees of € 19 K against € 10 K in previous year), cash outlays for travel expenses represented € 13 K (2014: € 12 K) and other expenditure represented € 4 K (2014: € 1 K). No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members.

For business year 2015, total remuneration amounting to € 306 K shall be proposed to the 29<sup>th</sup> Ordinary General Meeting; in connection with this provisions had been formed in the same amount.

No loans or advances were paid to either Management Board or Supervisory Board members. No company pension plans are provided for Supervisory Board members at CA Immo.

**REMUNERATION OF THE SUPERVISORY BOARD**

€ 1,000	2015	2014
Wolfgang Ruttenstorfer, Chairman	54	33
Helmut Bernkopf, Deputy Chairman (to 28.10.2014)	33	25
Dmitry Mints, Deputy Chairman (from 19.12.2014)	1	-
Maria Doralt (from 8.5.2014)	19	-
Richard Gregson (from 28.4.2015)	-	-
Waldemar Jud (to 8.5.2014)	9	15
Barbara A. Knoflach	29	15
Reinhard Madlencnik (to 28.10.2014)	23	17
John Nacos (from 28.4.2015)	-	-
Michael Stanton (from 19.12.2014)	1	-
Franz Zwickl (to 17.2.2016)	28	17
<b>Total</b>	<b>198</b>	<b>122</b>



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## DISCLAIMER

This Corporate Governance 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 Corporate Governance 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 Corporate Governance Report largely had to be abandoned for the sake of undisturbed readability of complex economic matters.

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