
FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2015

15

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FINANCIAL STATEMENTS AND MANAGEMENT REPORT

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AUDITOR'S REPORT

DECLARATION OF THE MANAGEMENT BOARD DUE TO SECTION 82 (4) OF THE AUSTRIAN STOCK EXCHANGE ACT (BÖRSEGESETZ)

CONTACT

DISCLAIMER

IMPRINT

BALANCE SHEET AS AT 31.12.2015

| Assets | 31.12.2015 | 31.12.2014 |
|--|-------------------------|-------------------|
| | € | € 1,000 |
| A. Fixed assets | | |
| I. Intangible fixed assets | | |
| EDP software | 679,711.32 | 633 |
| | 679,711.32 | 633 |
| II. Tangible fixed assets | | |
| 1. Property and buildings | 217,167,877.07 | 244,286 |
| of which land value: € 39,398,223.55; 31.12.2014: € 44,395 K | | |
| 2. Other assets, office furniture and equipment | 517,947.73 | 694 |
| 3. Prepayments made and construction in progress | 934,481.26 | 1,011 |
| | 218,620,306.06 | 245,991 |
| III. Financial assets | | |
| 1. Investments in affiliated companies | 1,922,568,499.69 | 1,571,946 |
| 2. Loans to affiliated companies | 336,107,979.74 | 206,625 |
| 3. Investments in associated companies | 280,686.19 | 253 |
| 4. Loans to associated companies | 380,000.00 | 67 |
| 5. Derivative financial instruments | 139,056.23 | 54 |
| 6. Other loans | 12,593,605.44 | 136,905 |
| | 2,272,069,827.29 | 1,915,850 |
| | 2,491,369,844.67 | 2,162,474 |
| B. Current assets | | |
| I. Receivables | | |
| 1. Trade debtors | 407,668.52 | 64 |
| 2. Receivables from affiliated companies | 29,273,063.63 | 26,294 |
| 3. Receivables from associated companies | 51,483.08 | 25 |
| 4. Other receivables | 12,190,840.29 | 8,725 |
| | 41,923,055.52 | 35,108 |
| II. Other securities and investments | | |
| 1. Treasury shares | 32,306,228.60 | 0 |
| 2. Other securities | 13,657,800.00 | 13,658 |
| | 45,964,028.60 | 13,658 |
| III. Cash on hand, cash at banks | 19,870,766.02 | 27,693 |
| | 107,757,850.14 | 76,459 |
| C. Deferred expenses | 702,591.56 | 222 |
| | 2,599,830,286.37 | 2,239,155 |

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2015

| | € | 2015 € | € 1,000 | 2014 € 1,000 |
|--|----------------|-----------------------|---------|-----------------|
| 1. Gross revenues | | 22,978,848.27 | | 26,509 |
| 2. Other operating income | | | | |
| a) Income from the sale and reversal of impairment losses of fixed assets except of financial assets | 35,628,848.92 | | 3,097 | |
| b) Income from the reversal of provisions | 92,972.63 | | 5,432 | |
| c) Other income | 4,166,377.90 | 39,888,199.45 | 5,257 | 13,786 |
| 3. Staff expense | | | | |
| a) Wages | -13,143.64 | | -14 | |
| b) Salaries | -6,468,203.65 | | -6,747 | |
| c) Expenses for severance payments and payments into staff welfare funds | -2,445,794.43 | | -180 | |
| d) Expenses in connection with pensions | -189,710.99 | | -176 | |
| e) Payments relating to statutory social security contributions as well as payments dependent on remuneration and compulsory contributions | -1,585,184.04 | | -1,232 | |
| f) Other social expenses | -94,717.50 | -10,796,754.25 | -98 | -8,447 |
| 4. Depreciation on intangible fixed assets and tangible fixed assets | | -7,508,280.11 | | -8,355 |
| 5. Other operating expenses | | | | |
| a) Taxes | -579,392.60 | | -1,463 | |
| b) Other expenses | -15,479,225.36 | -16,058,617.96 | -26,531 | -27,994 |
| 6. Subtotal from lines 1 to 5 (operating result) | | 28,503,395.40 | | -4,501 |
| 7. Income from investments | | 57,312,136.01 | | 322,808 |
| of which from affiliated companies: € 57,165,136.01; 2014: € 322,710 K | | | | |
| 8. Income from loans from financial assets | | 13,616,629.39 | | 21,112 |
| of which from affiliated companies: € 10,618,448.90; 2014: € 10,580 K | | | | |
| 9. Other interest and similar income | | 23,860,963.70 | | 8,684 |
| of which from affiliated companies: € 23,118,918.03; 2014: € 5,294 K | | | | |
| 10. Income from the disposal and revaluation of financial assets | | 219,997,219.06 | | 10,466 |
| 11. Expenses for financial assets and interest receivables in current assets, thereof | | -17,601,537.89 | | -263,022 |
| a) Impairment: € 15,310,269.13; 2014: € 258,982 K | | | | |
| b) Bad debt allowance of interest receivables 1,992,256.17 €, 2014: € 3,844 K | | | | |
| c) Expenses from affiliated companies: € 15,474,139.60; 2014: € 257,679 K | | | | |
| 12. Interest and similar expenses | | -41,808,257.12 | | -50,660 |
| of which relating to affiliated companies: € 887,229.11; 2014: € 5,909 K | | | | |
| 13. Subtotal from lines 7 to 12 (financial result) | | 255,377,153.15 | | 49,388 |
| 14. Result from usual business activity | | 283,880,548.55 | | 44,887 |
| 15. Taxes on income | | 5,003,774.33 | | 4,234 |
| 16. Net profit for the year | | 288,884,322.88 | | 49,121 |
| 17. Allocation to treasury share reserve | | -32,306,228.60 | | 0 |
| 18. Profit carried forward from the previous year | | 191,489,651.18 | | 186,833 |
| 19. Net profit | | 448,067,745.46 | | 235,954 |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2015

ACCOUNTING AND VALUATION PRINCIPLES AND GENERAL INFORMATION

The financial statements were prepared in accordance with the Austrian Commercial Code (UGB).

The financial statements were prepared in accordance with Austrian Generally Accepted Accounting Principles and the principle of true and fair view.

Specifically, the principle of going concern, prudence and completeness as well as the principle of individual valuation of assets and liabilities were applied.

The income statement is presented by nature of expenses.

1. Fixed assets

Intangible and tangible fixed assets

Intangible and tangible assets are stated at acquisition or production cost reduced by scheduled depreciation, where depreciable, and unscheduled depreciation, where required.

Scheduled depreciation is performed on a linear basis, with the depreciation period corresponding to useful life expectancy. Additions in the first half of the business year are subject to full annual depreciation, with additions in the second half are subject to half of annual depreciation.

Unscheduled depreciation is only carried out where it is anticipated that permanent value impairments have occurred. A reversal of impairment losses recognised in prior periods is recorded if the fair value is higher than the book value at the balance sheet date, but below amortised costs.

Financial assets

Investments in affiliated companies, investment in associated companies and derivative financial instruments (swap-tion) are stated at acquisition costs less unscheduled depreciation.

Loans to affiliated companies, associated companies and other loans are stated at acquisition costs less repayments made and unscheduled depreciation.

Unscheduled depreciation is only performed where it is anticipated that permanent value impairment losses have occurred. A reversal of impairment losses recognised in prior periods is recorded if the fair value is higher than the book value at the balance sheet date, but below acquisition costs.

2. Current assets

Receivables are stated at nominal value. Identifiable defaults risks are considered by carrying out individual value adjustments. Income from investments is recognised on the basis of shareholder resolutions.

Other securities and investments are stated at acquisition cost, though not higher than share price. Accrued interest attributable to securities is included in the item "other receivables".

3. Deferred expenses and deferred income

Prepaid expenses are accrued under deferred expenses. Additionally the disagio for bonds is capitalised in this item and distributed over the redemption period according to the principals of financial mathematics.

Rent prepayments and invest allowances from tenants are shown under deferred income.

4. Grants from public funds

Grants from public funds include an allowance from Land Wien für innovatives Bauen (state of Vienna support for innovative construction work). This allowance will be reversed over the remaining useful life of the building.

5. Provisions and liabilities

Provisions for severance payments amount to 188.06 % (31.12.2014: 165.68 %) of the imputed statutory severance payment obligations on the balance sheet date. The calculation is made using the PUC method, which is recognised in international accounting, based on an interest rate of 0.49 % (31.12.2014: 1.56 %) and future salary increases of 2 % for employees plus an inflation rate of 2 % and not taking into account a fluctuation discount. The interest rate decreased by 1.07 % compared to the previous year, otherwise the same parameters were applied for calculation of the provisions as in the previous year.

Tax and other provisions are made on a prudent basis in accordance with anticipated requirement. They take into account all identifiable risks and as yet incalculable liabilities.

Where possible in specific cases, derivative financial instruments (in this case interest rate swaps) were designated as hedging instruments for an underlying contract (a receivable from reimbursement to another affiliated company (back-to-back)). Positive fair values of derivative financial instruments were not considered at all. The derivative financial instruments from 31.12.2014 were terminated in 2015 before maturity.

Liabilities are stated on a prudent basis at their repayment amount.

6. Note on currency translation

Foreign exchange receivables are valued at the purchase price or the lower bid rate as at the balance sheet date. Foreign exchange liabilities are valued at the purchase price or the higher offer rate as at the balance sheet date.

EXPLANATORY NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

7. Explanatory notes on the balance sheet

a) Fixed assets

The breakdown and development of fixed assets can be seen from the assets analyses in appendix 1.

Tangible assets

Additions to property and buildings and to prepayments made and construction in progress mainly relate to current investments, and in particular the amalgamation and division of leased premises and preconstruction works for Erdberger Lände and Storchengasse. Disposals mainly relate to the sale of 6 properties and a section of a plot of land. As at the balance sheet date the tangible assets comprise 7 properties (31.12.2014: 13 properties).

In 2015 – as in the previous year – no unscheduled depreciation on tangible assets was made. In business year 2015, reversals of impairment losses on tangible assets in the amount of € 955 K (2014: € 879 K) were made.

Financial assets

The notes on affiliated companies can be found in appendix 2.

Impairment losses in the amount of € 15,310 K (2014: € 258,982 K) and reversals of impairment losses in the amount of € 184,627 K (2014: € 2,701 K) on financial assets were recognised in 2015.

The book value of investments in affiliated companies is € 1,922,568 K (31.12.2014: € 1,571,946 K). Current additions are mainly the result of various shareholder contributions. Disposals mainly consist of the liquidation of subsidiaries and the sale of investments in affiliated companies.

Loans to affiliated companies are made up as follows:

| € 1,000 | 31.12.2015 | 31.12.2014 |
|---|----------------|----------------|
| CAINE B.V., Hoofddorp | 58,266 | 56,949 |
| CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs OG, Vienna | 49,204 | 20,350 |
| CA Immo Holding B.V., Hoofddorp | 45,904 | 17,200 |
| CA Immo Invest GmbH, Frankfurt | 37,000 | 0 |
| BA Business Center s.r.o., Bratislava | 29,700 | 28,000 |
| RCP Amazon, s.r.o., Prague | 19,352 | 0 |
| TK Czech Development IX s.r.o., Prague | 16,564 | 17,564 |
| EUROPOLIS SEMA PARK SRL, Bucharest | 12,100 | 0 |
| R70 Invest Budapest Kft, Budapest | 12,004 | 12,004 |
| COM PARK Ingatlanberuházási Kft, Budapest | 11,436 | 0 |
| Kapas Center Kft., Budapest | 10,430 | 10,430 |
| POLAND CENTRAL UNIT 1 Sp.z o.o., Warsaw | 0 | 18,703 |
| Other below € 10 m | 34,148 | 25,425 |
| | 336,108 | 206,625 |

Loans to affiliated companies to the value of € 104,573 K (31.12.2014: € 71,311 K) have a remaining term of up to one year.

Additions to investments in associated companies include the formation of three companies.

The item derivative financial instruments include a swaption in this particular case.

Other loans are made up as follows:

| € 1,000 | 31.12.2015 | 31.12.2014 |
|--|---------------|----------------|
| EUROPOLIS PARK BUCHAREST ALPHA S.R.L., Bucharest | 0 | 44,491 |
| RCP Amazon, s.r.o., Prague | 0 | 19,552 |
| EUROPOLIS SEMA PARK S.R.L., Bucharest | 0 | 12,439 |
| COM PARK Ingatlanberuházási Kft, Budapest | 0 | 12,436 |
| EUROPOLIS PARK BUCHAREST BETA S.R.L., Bucharest | 0 | 11,151 |
| EUROPOLIS PARK BUCHAREST S.R.L., Bucharest | 0 | 6,540 |
| Office Center Mladost 2 EOOD, Sofia | 0 | 5,000 |
| Other below € 5 m | 12,594 | 25,296 |
| | 12,594 | 136,905 |

Other loans to the value of € 8,562 K (31.12.2014: € 103,112 K) have a remaining term of up to one year.

b) Current assets

Trade debtors to the value of € 408 K (31.12.2014: € 64 K) include outstanding rent and operating cost payments.

Receivables from affiliated companies are made up as follows:

| € 1,000 | 31.12.2015 | 31.12.2014 |
|--|---------------|---------------|
| Receivables from interest | 16,514 | 17,219 |
| Receivables from tax compensation | 7,419 | 5,217 |
| Trade debtors (current charging to affiliated companies) | 5,340 | 3,858 |
| | 29,273 | 26,294 |

Other receivables in the amount of € 12,191 K (31.12.2014: € 8,725 K) mainly include receivables from interest, unpaid purchase prices, receivables from the passing-on of costs and receivables from tax authorities. In 2015 the change for bad debt allowances amounted to € 389 K (2014: € 2,306 K).

As in the previous year, all receivables have a remaining term of up to one year.

Other securities and investments include own 2006-2016 bonds redeemed from the market in 2011 with a book value of € 13,658 K and a nominal value of € 14,008 K as well as 2,000,000 own bearer shares of CA Immobilien Anlagen Aktiengesellschaft. At the balance sheet date the share price of the CA Immo share was € 16.83 and above the acquisition costs. As the own securities and investments should not be kept permanently, they are shown as current assets.

c) Deferred expenses

Deferred expenses in the amount of € 703 K (31.12.2014: € 222 K) essentially comprise deferred discounts to the value of € 612 K (31.12.2014: € 161 K) for the issuance of bonds.

d) Shareholders' equity

Share capital is equivalent to the fully paid in nominal capital of € 718,336,602.72 (31.12.2014: € 718,336.602.72). It is divided into 98,808,332 bearer shares and four registered shares of no par value. The registered shares are directly or indirectly held by O1 Group Limited, Cyprus, each granting the right to nominate one member to the Supervisory Board. This right has currently not been exercised to date. All members of the Supervisory Board were elected by the Ordinary General Meeting.

At the 27th Ordinary General Meeting held on 8.5.2014, the Management Board was authorised to acquire treasury shares to the maximum degree admissible by law (10 % of the capital stock, article 65 section 1 line 8 of the Stock Corporation Act) for a period of 30 months, and if necessary to withdraw or sell treasury shares via the stock exchange, or by other means, or via a public offer. On the basis of this enabling resolution, the company acquired a total of 2,000,000 bearer shares (ISIN AT0000641352) in the company for a total purchase price of approximately € 32,306K between 12.5.2015 and 9.12.2015. The weighted equivalent value was approximately € 16.14 per share. The highest/lowest equivalent value per share in the buyback programme was € 17.00/€ 14.93 respectively. As at 31.12.2015, CA Immobilien Anlagen AG had acquired a total of 2,000,000 treasury shares through the 2015 share buyback programme (around 2 % of the voting shares).

For compensation of the book value shown under current assets a reserve for treasury shares was allocated in the same amount.

In 2015 a dividend of € 0.45 (2014: € 0.40) for each entitled share, in total € 44,464 K (2014: € 35,142 K) was distributed to the shareholders.

As at 31.12.2015 there is unused authorised capital amounting to € 215,500,975.00 that may be drawn on or before 31.8.2018, as well as conditional capital in the total amount of € 100,006,120.00 for the conversion of possible future convertible bonds.

The net profit for 2015 includes the reversal of impairment losses for fixed assets in the amount of € 185,583 K. According to section 235 para 1 of the Austrian Commercial Code (UGB), the net profit is subject to a limitation on profit distribution in this amount.

e) Grants from public funds

A public grant was requested for the rebuilding of section A of the Erdberg building. A grant of € 320 K was duly provided because of the innovative nature of construction work. The allowance will be reversed over the remaining useful life of the building.

f) Provisions

Provisions for severance payment amount to € 274 K (31.12.2014: € 410 K) and include severance payment entitlements of company employees and Management Board member.

Tax provisions in the amount of € 2,648 K (31.12.2014: € 196 K) mainly relate to provisions for corporation tax in 2015.

The other provisions are made up as follows:

| € 1,000 | 31.12.2015 | 31.12.2014 |
|--|--------------|---------------|
| Premiums | 2,691 | 2,928 |
| Real property tax and land transfer tax | 1,548 | 1,368 |
| Construction services | 1,495 | 720 |
| Legal, auditing and consultancy fees | 724 | 470 |
| Staff (vacation and overtime) | 504 | 558 |
| Annual report and expert opinions | 159 | 114 |
| Derivative transactions | 0 | 15,195 |
| Provision for contributions to group companies | 0 | 7,131 |
| Other | 654 | 492 |
| | 7,775 | 28,976 |

As a part of their variable remuneration components, Management Board members and managerial staff of the company are invited to participate in a long term incentive scheme (LTI) since business years 2010. LTI is a revolving programme with a term (vesting period) of three years per tranche; it presupposes a personal investment limited to 50% of the fixed annual salary for Management Board members, respectively 35% of the basic salary for managerial staff. The investment is evaluated at the closing rate on 31 December, with the number of associated shares 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. Within the remuneration system for the Management Board, the LTI programme was dissolved in 2015 and replaced by bonus payments based on phantom shares. The LTI programme remains effective for managerial staff.

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.

For this kind of share-based remuneration, which is settled in cash, the liability incurred is recognised as a provision in the amount of the attributable fair value. Until the debt is settled, the attributable fair value is determined afresh on every closing date and settlement date. All changes are recognised in the income statement in the relevant business year.

g) Liabilities

| 31.12.2015 € 1,000 | Maturity up to 1 year | Maturity 1– 5 years | Maturity more than 5 years | Total |
|----------------------------------|--------------------------|------------------------|-------------------------------|----------------|
| Bonds | 200,000 | 0 | 175,000 | 375,000 |
| Liabilities to banks | 23,099 | 46,078 | 44,264 | 113,441 |
| Trade creditors | 591 | 309 | 0 | 900 |
| Payables to affiliated companies | 33,309 | 0 | 0 | 33,309 |
| Other liabilities | 10,311 | 0 | 0 | 10,311 |
| Total | 267,310 | 46,387 | 219,264 | 532,961 |

| 31.12.2014 € 1,000 | Maturity up to 1 year | Maturity 1– 5 years | Maturity more than 5 years | Total |
|----------------------------------|--------------------------|------------------------|-------------------------------|----------------|
| Bonds | 0 | 200,000 | 0 | 200,000 |
| Liabilities to banks | 9,918 | 83,141 | 44,725 | 137,784 |
| Trade creditors | 456 | 376 | 0 | 832 |
| Payables to affiliated companies | 55,148 | 0 | 0 | 55,148 |
| Other liabilities | 3,798 | 0 | 0 | 3,798 |
| Total | 69,320 | 283,517 | 44,725 | 397,562 |

The bonds item for 31.12.2015 comprises the following liabilities:

| | Nominal value € 1,000 | Nominal interest rate | Issue | Repayment |
|----------------|--------------------------|--------------------------|------------|------------|
| Bond 2006–2016 | 200,000 | 5.125% | 22.09.2006 | 22.09.2016 |
| Bond 2015–2022 | 175,000 | 2.750% | 17.02.2015 | 17.02.2022 |
| | 375,000 | | | |

Liabilities to banks comprise investment loans to the value of € 113,441 K (31.12.2014: € 137,784 K), which are mainly secured by filed claims to entry in the land register, by pledge of bank credits and rental receivables.

The trade creditors item essentially comprises liabilities for construction services and liability guarantees as well as general administrative costs.

The liabilities shown under payables to affiliated companies mainly relate to internal cash advances.

Other liabilities are essentially made up of accrued interest for bonds (€ 6,972 K) which only become cash-effective in February and September 2016, unpaid liabilities to the property management company, liabilities arising from payroll-accounting and tax charge.

h) Deferred income

This item mainly shows rent prepayments for some buildings and investment allowances from tenants.

i) Contingent liabilities

| | Maximum amount as at 31.12.2015 1,000 | | Outstanding on reporting date 31.12.2015 € 1,000 | Outstanding on reporting date 31.12.2014 € 1,000 |
|---|--|---|---|---|
| Guarantees and letters of comfort in connection with sales by affiliated companies | 274,676 | € | 143,966 | 113,535 |
| Guarantees for loans granted to affiliated companies | 132,154 | € | 81,369 | 174,122 |
| Guarantees for loans granted to other group companies | 54,318 | € | 52,738 | 23,893 |
| Letter of comfort in connection with construction contracts of affiliated companies | 32,720 | € | 32,720 | 0 |
| Guarantees in connection with sales by other group companies | 5,014 | € | 5,014 | 6,992 |
| Letter of comfort in connection with acquisitions by affiliated companies | 0 | € | 0 | 4,900 |
| Other guarantees for affiliated companies | 0 | € | 0 | 1,000 |
| | | | 315,807 | 324,442 |

In connection with sales guarantees regular market conditions are granted for possible warranty and liability claims in favour of buyers. A sales contract for a plot of land with a sales price of € 9,161 K includes a withdrawal in case that a planning permission is not settled legally effective until 30.6.2016.

Furthermore, the stakes of CA Immobilien Anlagen Aktiengesellschaft in the following companies are pledged in favour of the lenders financing the subsidiaries:

Kilb Kft., Budapest
Váci 76 Kft., Budapest
BBP Leasing S.R.L., Bucharest

j) Liabilities from the utilisation of tangible assets

The lease-related liability from the utilisation of tangible assets not reported in the balance sheet is € 641 K for the subsequent business year and € 3,203 K for the subsequent five business years.

Of this € 609 K is attributable to affiliated companies for the subsequent business year and € 3,043 K for the subsequent five business years.

k) Details of derivative financial instruments – interest rate swaps

In 2015 all interest rate swaps as at 31.12.2014 were terminated and an amount of € 34,005 K was paid, of which € 20,661 K was charged to affiliated companies.

| € 1,000 | | Nominal value | Fixed interest rate as at | Interest reference rate | Fair value | thereof considered as provisions | thereof not considered as provisions | thereof charged derivatives to affiliated companies |
|---------|---------|----------------|---------------------------|-------------------------|-----------------|----------------------------------|--------------------------------------|---|
| Start | End | 31.12.2014 | 31.12.2014 | | 31.12.2014 | 31.12.2014 | 31.12.2014 | 31.12.2014 |
| 12/2007 | 12/2017 | 109,375 | 4.41% | 3M-EURIBOR | - 13,809 | - 13,436 | - 373 | - 373 |
| 12/2007 | 12/2022 | 54,688 | 4.55% | 3M-EURIBOR | - 16,315 | - 1,759 | - 14,556 | - 14,556 |
| 12/2008 | 12/2017 | 70,400 | 4.41% | 3M-EURIBOR | - 8,879 | 0 | - 8,879 | - 8,879 |
| | | 234,463 | | | - 39,003 | - 15,195 | - 23,808 | - 23,808 |

l) Details of derivative financial instruments – swaption

| € 1,000 | | Nominal value | Fixed interest rate as at | Interest reference rate | Fair value | Book value |
|---------|---------|----------------|---------------------------|-------------------------|------------|------------|
| Start | End | 31.12.2015 | 31.12.2015 | | 31.12.2015 | 31.12.2015 |
| 06/2016 | 06/2021 | 50,000 | 2.50% | 6M-EURIBOR | 0 | 0 |
| 06/2016 | 06/2021 | 50,000 | 2.50% | 6M-EURIBOR | 0 | 0 |
| 11/2017 | 11/2022 | 10,000 | 1.25% | 6M-EURIBOR | 70 | 70 |
| 11/2017 | 11/2022 | 10,000 | 1.25% | 6M-EURIBOR | 69 | 69 |
| | | 120,000 | | | 139 | 139 |

| € 1,000 | | Nominal value | Fixed interest rate as at | Interest reference rate | Fair value | Book value |
|---------|---------|----------------|---------------------------|-------------------------|------------|------------|
| Start | End | 31.12.2014 | 31.12.2014 | | 31.12.2014 | 31.12.2014 |
| 06/2016 | 06/2021 | 50,000 | 2.50% | 6M-EURIBOR | 20 | 20 |
| 06/2016 | 06/2021 | 50,000 | 2.50% | 6M-EURIBOR | 34 | 34 |
| | | 100,000 | | | 54 | 54 |

The fair value corresponds to the amount that CA Immobilien Anlagen Aktiengesellschaft would receive upon termination of the contract on the balance sheet date. These values were determined by the financial institute with which the transactions were concluded. The book value corresponds to the acquisition costs or the lower fair value.

8. Explanatory notes on the income statement

Gross revenues

The gross revenues relate in full to real estate on the domestic market, and are made up as follows:

| € 1,000 | 2015 | 2014 |
|--------------------------------------|---------------|---------------|
| Rental income for real estate | 17,304 | 20,426 |
| Operating costs passed on to tenants | 5,675 | 6,083 |
| | 22,979 | 26,509 |

Income from the reversal of provisions

This item mainly results from the reversal of provisions for maintenance.

Other operating income

Other income of € 4,166 K (2014: € 5,257 K) results from management fees charged to subsidiaries in the amount of € 3,383 K (2014: € 3,668 K) as well as cost re-charging and insurance revenues.

Staff expense

This item includes wages, salaries, statutory social welfare contributions and expenses for severance payments and pensions totalling € 10,797 K (2014: € 8,447 K) for the 56 staff members (2014: 54) employed by the company on average.

Expenses for severance payments as well as payments dependent on remuneration and compulsory contributions are made up as follows:

| € 1,000 | 2015 | 2014 |
|--|--------------|------------|
| Change of provision for severance payments to Management Board members and senior executives | - 147 | 97 |
| Allocation to provision for severance payments to other employees | 11 | 14 |
| Severance payments to Management Board members and senior executives | 2,490 | 0 |
| Pension fund contributions for Management Board members and senior executives | 59 | 41 |
| Pension fund contributions for other employees | 33 | 28 |
| | 2,446 | 180 |

Expenses in connection with pensions are made up as follows:

| € 1,000 | 2015 | 2014 |
|---|------------|------------|
| Pension fund contributions for Management Board members and senior executives | 146 | 136 |
| Pension fund contributions for other employees | 44 | 40 |
| | 190 | 176 |

Depreciation

| € 1,000 | 2015 | 2014 |
|--|--------------|--------------|
| Depreciation of intangible fixed assets | 483 | 430 |
| Scheduled depreciation of buildings | 6,698 | 7,579 |
| Depreciation of other assets, office furniture and equipment | 322 | 343 |
| Low-value assets | 5 | 3 |
| | 7,508 | 8,355 |

Other operating expenses

Where they do not fall under taxes on income, the taxes in the amount of € 579 K (2014: € 1,463 K) mainly comprise the adjustment of real estate tax for a merger in previous years in the amount of € 177 K (2014: € 0 K), real estate charges passed on to tenants in the amount of € 257 K (2014: € 296 K) and the non-deductible input VAT (2014: capital transaction tax in the amount of € 1,134 K).

Other expenses are made up as follows:

| € 1,000 | 2015 | 2014 |
|--|---------------|---------------|
| Other expenses directly related to properties | | |
| Operating costs passed on to tenants | 5,401 | 5,769 |
| Maintenance costs | 2,205 | 3,772 |
| Own operating costs (vacancy costs) | 449 | 267 |
| Administration and agency fees | 13 | 115 |
| Asset disposal based on demolition of a building | 0 | 6,390 |
| Other | 514 | 550 |
| Subtotal | 8,582 | 16,863 |
| General administrative costs | | |
| Legal and consulting fees | 2,472 | 4,426 |
| Advertising and representation expenses | 951 | 777 |
| Office rent including operating costs | 629 | 609 |
| Expenses of bonds and convertible bond | 376 | 357 |
| Other fees and bank charges | 112 | 926 |
| Claims and reserves for bad debts of other receivables | 3 | 141 |
| Other | 2,354 | 2,432 |
| Subtotal | 6,897 | 9,668 |
| Total other operating expenses | 15,479 | 26,531 |

Income from investments

This item comprises dividends paid from companies in Austria in the amount of € 56,762 K (2014: € 321,343 K) and as well as companies in Germany and Eastern Europe in the amount of € 550 K (2014: € 1,465 K).

Income from loans from financial investments

This item comprises interest income from loans.

Other interest and similar income

The interest income originates from investments in securities and cash at bank, accrued interest for acquired bonds, realised swap income as well as from swap interest transfers to affiliated companies.

Income from the sale and revaluation of financial assets

In the business year 2015 reversals of impairment losses of investment in affiliated companies and other loans to the value of € 184,627 K were carried out (2014: € 2,701 K). The profit from the disposal of financial assets results mainly from the repayment of loans above the book value in the amount of € 34,159 K.

Expenses for financial assets and interest receivables in the current assets

| € 1,000 | 2015 | 2014 |
|---|---------------|----------------|
| Depreciation of financial assets | 15,310 | 258,982 |
| Bad debt allowance for interest receivables | 1,993 | 3,844 |
| Loss from disposal of investments in affiliated companies | 299 | 196 |
| | 17,602 | 263,022 |

Interest and similar expenses

| € 1,000 | 2015 | 2014 |
|--|---------------|---------------|
| Interest costs for bonds | 14,409 | 20,752 |
| Expenses for derivative transactions | 23,346 | 20,072 |
| Interest for loans taken up and bank liabilities for the financing of real estate assets | 3,159 | 3,925 |
| Interest costs in respect of affiliated companies | 887 | 5,909 |
| Other | 7 | 2 |
| | 41,808 | 50,660 |

Taxes on income

This item essentially comprises the income from tax compensation of group members in the amount of € 7,762 K (2014: € 4,499 K) and corporate income tax 2015 in the amount of € 2,675 K.

As at 31.12.2015 CA Immobilien Anlagen Aktiengesellschaft has tax losses carried forward in the amount of € 311,089 K (31.12.2014: € 352,125 K) for which, pursuant to the provisions of the Austrian Commercial Code (UGB), no deferred taxes were shown in the financial statements. Furthermore, no deferred tax assets were recognised for depreciation on financial assets in the amount of € 53,076 K (31.12.2014: € 62,107 K) that have not yet been claimed for tax purposes.

OTHER INFORMATION**9. Affiliated companies**

CA Immobilien Anlagen Aktiengesellschaft, Vienna, is the main parent company of CA Immobilien Anlagen AG Group. The consolidated financial statements are drawn up pursuant to International Financial Reporting Standards (IFRS) and the supplementary provisions of section 245a of the Austrian Commercial Code (UGB) and filed at the Vienna Commercial Court.

10. Tax group

In business year 2005 a group and tax compensation agreement was concluded for the formation of a tax group within the meaning of section 9 of the Austrian Corporation Tax Act (KStG) effective from business year 2005. In the subsequent years this was expanded to include additional group members. The group is headed by CA Immobilien Anlagen Aktiengesellschaft, Vienna. In business year 2015 the tax group comprised 20 Austrian group companies (2014: 20) beside the head of the group.

The allocation method used by the CA Immo tax group is the distribution method where tax profits of a group member are offset against pre-group tax losses carried forward. Forwarded losses of a group member are retained. In case of termination of the tax group or the withdrawal of a tax group member, CA Immobilien Anlagen Aktiengesellschaft is obliged to pay a final compensation payment for unused tax losses that have been allocated to the head of the group. These compensation payments are based on the fair value of all (notional) prospective tax reductions, which the group member could potentially realise if it had not joined the tax group. Upon withdrawal of a tax group member or termination of the tax group the final compensation payment will be determined through the professional opinion of a mutually appointed chartered accountant. As at 31.12.2015 the possible obligations against group companies from a possible termination of the group were estimated at € 14,926 K (31.12.2014: € 13,279 K). As at 31.12.2015 no group company has left the tax group, so no provision was made.

11. Executive bodies and employees**Supervisory Board**

Dr. Wolfgang Ruttenstorfer, Chairman
Dmitry Mints, Deputy Chairman
MMag. Dr. Maria Doralt
Richard Gregson (from 28.4.2015)
Barbara A. Knoflach
John Nacos (from 28.4.2015)
Michael Stanton
Mag. Franz Zwickl (to 17.2.2016)

As at 31.12.2015 all members of the Supervisory Board had been elected by the Ordinary General Meeting.

The remuneration of the Supervisory Board paid in 2015 (for business year 2014) amounts to € 196 K (2014 for business year 2013: € 122 K). Additionally, cash outlays for travel expenses in the amount of € 13 K (2014: € 12 K) and other expenditures in the amount of € 4 K (2014: € 1 K) were paid to the Supervisory Board. No other consultancy fees were paid to members of the Supervisory Board.

Management Board

Frank Nickel (CEO from 1.1.2016)
Dr. Bruno Ettenauer (CEO to 31.12.2015)
Mag. Florian Nowotny

In business year 2015, total salary payments to active Management Board members stood at € 1,485 K (€ 1,326 K in 2014). Of this amount € 101 K (2014: € 93 K) were related to salary-based deductions. 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 totaling € 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). During business year 2015, contributions to pension funds for Management Board members (defined contribution plan) totalled € 60 K (€ 56 K in 2014). 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). No loans or advances were paid to Management Board members. A total of € 137 K was paid to former Management Board members from maturity of the LTI tranche for 2012-2014.

Employees

The average number of staff employed by the company during the business year was 56 (2014: 54).

12. Auditor's remuneration

There is no indication of the auditor's remuneration for the business year pursuant to section 237 para 14 of the Austrian Commercial Code (UGB), as this information is contained in the consolidated financial statements of CA Immobilien Anlagen Aktiengesellschaft.

13. Proposal for the appropriation of net earnings

It is proposed to use part of the net retained earnings of € 448,067,745.46 to pay a dividend of € 0.50 per share, i.e. a total of € 48,404,168.00, to the shareholders. The remainder of the net retained earnings in the amount of € 399,663,577.46 is intended to be carried forward to new account.

Vienna, 17 March 2016

The Management Board



Frank Nickel
(Chairman)



Florian Nowotny
(Member of the Management Board)

ASSET ANALYSES FOR THE BUSINESS YEAR 2015

| | Acquisition and production costs as at 1.1.2015 | Addition | Disposal | Transfer | Acquisition and production costs as at 31.12.2015 | Depreciation and amortisation (accumulated) | Book value as of 31.12.2015 | Depreciation and amortisation in 2015 | Reversal of impairment losses in 2015 | Book value as at 31.12.2014 |
|---|---|-----------------------|-----------------------|-------------------|---|---|--------------------------------|---|---|--------------------------------|
| | € | € | € | € | € | € | € | € | € | € 1,000 |
| I. Intangible fixed assets | | | | | | | | | | |
| Rights and EDP software | 1,526,254.37 | 541,180.45 | 11,000.00 | 0.00 | 2,056,434.82 | 1,376,723.50 | 679,711.32 | 483,120.45 | 0.00 | 633 |
| | 1,526,254.37 | 541,180.45 | 11,000.00 | 0.00 | 2,056,434.82 | 1,376,723.50 | 679,711.32 | 483,120.45 | 0.00 | 633 |
| II. Tangible fixed assets | | | | | | | | | | |
| 1. Property and buildings | | | | | | | | | | |
| a) Land value | 59,374,260.86 | 0.00 | 4,996,816.90 | 0.00 | 54,377,443.96 | 14,979,220.41 | 39,398,223.55 | 0.00 | 0.00 | 44,395 |
| b) Building value | 304,552,475.19 | 894,527.66 | 35,278,097.03 | 692,678.87 | 270,861,584.69 | 93,091,931.17 | 177,769,653.52 | 6,697,513.85 | 955,300.16 | 199,891 |
| | 363,926,736.05 | 894,527.66 | 40,274,913.93 | 692,678.87 | 325,239,028.65 | 108,071,151.58 | 217,167,877.07 | 6,697,513.85 | 955,300.16 | 244,286 |
| 2. Other assets, office furniture and equipment | 3,334,060.47 | 162,774.03 | 640,992.62 | 0.00 | 2,855,841.88 | 2,337,894.15 | 517,947.73 | 327,645.81 | 0.00 | 694 |
| 3. Prepayments made and construction in progress | 1,010,834.44 | 1,393,799.53 | 777,473.84 | - 692,678.87 | 934,481.26 | 0.00 | 934,481.26 | 0.00 | 0.00 | 1,011 |
| | 368,271,630.96 | 2,451,101.22 | 41,693,380.39 | 0.00 | 329,029,351.79 | 110,409,045.73 | 218,620,306.06 | 7,025,159.66 | 955,300.16 | 245,991 |
| III. Financial assets | | | | | | | | | | |
| 1. Investments in affiliated companies | 2,405,380,931.41 | 187,467,911.68 | 63,437,891.32 | 159,445.24 | 2,529,570,397.01 | 607,001,897.32 | 1,922,568,499.69 | 12,142,502.00 | 184,423,141.08 | 1,571,946 |
| 2. Loans to related companies | 223,738,412.05 | 200,836,000.00 | 133,617,427.99 | 52,798,611.68 | 343,755,595.74 | 7,647,616.00 | 336,107,979.74 | 2,389,928.01 | 0.00 | 206,625 |
| 3. Investments in associated companies | 262,178.33 | 27,500.00 | 0.00 | 0.00 | 289,678.33 | 8,992.14 | 280,686.19 | 0.00 | 0.00 | 253 |
| 4. Loans to associated companies | 67,000.00 | 350,000.00 | 37,000.00 | 0.00 | 380,000.00 | 0.00 | 380,000.00 | 0.00 | 0.00 | 67 |
| 5. Derivative financial instruments | 1,311,250.00 | 176,300.00 | 0.00 | 0.00 | 1,487,550.00 | 1,348,493.77 | 139,056.23 | 91,451.56 | 0.00 | 54 |
| 6. Other loans | 163,261,485.67 | 1,800,000.00 | 73,349,017.96 | - 52,958,056.92 | 38,754,410.79 | 26,160,805.35 | 12,593,605.44 | 686,387.56 | 204,352.00 | 136,905 |
| | 2,794,021,257.46 | 390,657,711.68 | 270,441,337.27 | 0.00 | 2,914,237,631.87 | 642,167,804.58 | 2,272,069,827.29 | 15,310,269.13 | 184,627,493.08 | 1,915,850 |
| | 3,163,819,142.79 | 393,649,993.35 | 312,145,717.66 | 0.00 | 3,245,323,418.48 | 753,953,573.81 | 2,491,369,844.67 | 22,818,549.24 | 185,582,793.24 | 2,162,474 |

INFORMATION ABOUT GROUP COMPANIES

Direct investments

| Company | Registered office | Share capital | | Interest in % | Profit/loss for fiscal 2015 | | Shareholders' equity as at 31.12.2015 | | Profit/loss for fiscal 2014 | | Shareholders' equity as at 31.12.2014 | |
|---|-------------------|---------------|-----|---------------|-----------------------------|-----|---------------------------------------|----------|-----------------------------|----------|---------------------------------------|------|
| | | | | | in 1,000 | | in 1,000 | in 1,000 | | in 1,000 | | |
| CA Immo d.o.o. | Belgrad | 32,523,047 | RSD | 100 | -3,375 | RSD | 2,278 | RSD | 2,780 | RSD | 5,653 | RSD |
| CA Holding Szolgáltató Kft | Budapest | 13,000,000 | HUF | 100 | 9,353 | HUF | 650,159 | HUF | 99,333 | HUF | 640,806 | HUF |
| Canada Square Kft., Budapest | Budapest | 12,500,000 | HUF | 100 | 31,079 | HUF | 411,312 | HUF | -13,262 | HUF | 380,233 | HUF |
| Kapas Center Kft., Budapest | Budapest | 772,560,000 | HUF | 50 | 323,147 | HUF | 1,676,960 | HUF | 47,201 | HUF | 1,401,014 | HUF |
| Kilb Kft. | Budapest | 30,000,000 | HUF | 100 | 494,958 | HUF | 2,515,627 | HUF | 315,387 | HUF | 2,020,670 | HUF |
| R 70 Invest Budapest Kft. | Budapest | 5,270,000 | HUF | 100 | -87,491 | HUF | 2,207,666 | HUF | -144,342 | HUF | 2,295,157 | HUF |
| Skogs Buda Business Center II. Kft. | Budapest | 327,010,000 | HUF | 100 | -13,642 | HUF | 209,197 | HUF | -121,122 | HUF | 222,839 | HUF |
| Váci 76 Kft. | Budapest | 3,100,000 | HUF | 100 | 428,359 | HUF | 4,702,154 | HUF | -343,180 | HUF | 4,273,796 | HUF |
| CA Immo Invest GmbH, Frankfurt | Frankfurt | 50,000 | EUR | 50.5 | -28,194 | EUR | 8,863 | EUR | 21,677 | EUR | 39,557 | EUR |
| DRG Deutsche Realitäten GmbH | Frankfurt | 500,000 | EUR | 49 | 243 | EUR | 829 | EUR | 337 | EUR | 886 | EUR |
| Pannonia Shopping Center Kft. | Győr | 3,020,000 | HUF | 50 | 47,585 | HUF | 74,052 | HUF | -204,795 | HUF | -73,553 | HUF |
| CAINE B.V., Hoofddorp | Hoofddorp | 18,151 | EUR | 100 | 10,725 | EUR | -33,970 | EUR | -9,984 | EUR | -47,293 | EUR |
| CA Immo Holding B.V., Hoofddorp | Hoofddorp | 51,200,000 | EUR | 100 | 13,693 | EUR | 113,748 | EUR | 4,521 | EUR | 103,352 | EUR |
| Pulkovo B.V. | Hoofddorp | 25,000 | EUR | 100 | -10 | EUR | -11 | EUR | Acquisition | 2015 | Acquisition | 2015 |
| CA Immobilien Anlagen d.o.o. | Ljubljana | 50,075 | EUR | 100 | -658 | EUR | 3,848 | EUR | -2,621 | EUR | -13,994 | EUR |
| Office Center Mladost EOOD | Sofia | 5,000 | BGN | 100 | 654 | BGN | 659 | BGN | 539 | BGN | 652 | BGN |
| PBP IT-Services Sp.z.o.o. | Warsaw | 50,000 | PLN | 50 | 174 | PLN | 382 | PLN | 108 | PLN | 199 | PLN |
| Avielen Beteiligungs GmbH | Vienna | 35,000 | EUR | 100 | -1,375 | EUR | -6,906 | EUR | -428 | EUR | -5,531 | EUR |
| Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OG | Vienna | 4,135,427 | EUR | 100 | -1,422 | EUR | 4,791 | EUR | -83 | EUR | 6,213 | EUR |
| CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs OG | Vienna | 147,817,600 | EUR | 100 | 4,268 | EUR | 156,022 | EUR | 4,557 | EUR | 151,754 | EUR |
| CA Immo BIP Liegenschaftsverwaltung GmbH | Vienna | 3,738,127 | EUR | 38.9 | -1,743 | EUR | 4,879 | EUR | 2,911 | EUR | 8,582 | EUR |
| CA Immo International Holding GmbH | Vienna | 35,000 | EUR | 100 | 237,372 | EUR | 1,570,058 | EUR | 92,185 | EUR | 1,219,964 | EUR |
| CA Immo Investment Management GmbH in liquidation | Vienna | 100,000 | EUR | 100 | -1 | EUR | 34 | EUR | -32 | EUR | 35 | EUR |
| CA Immo Rennweg 16 GmbH | Vienna | 35,000 | EUR | 100 | 367 | EUR | -5,511 | EUR | -4,776 | EUR | -5,878 | EUR |
| EBL Nord 2 Immobilien GmbH | Vienna | 35,000 | EUR | 50 | 2 | EUR | 37 | EUR | Founded | 2015 | Founded | 2015 |
| EBL Nord 2 Immobilien Eins GmbH & Co KG | Vienna | 10,000 | EUR | 50 | -73 | EUR | -63 | EUR | Founded | 2015 | Founded | 2015 |
| EBL Nord 2 Immobilien Zwei GmbH & Co KG | Vienna | 10,000 | EUR | 50 | -15 | EUR | -5 | EUR | Founded | 2015 | Founded | 2015 |
| omniCon Baumanagement GmbH | Vienna | 100,000 | EUR | 100 | 11 | EUR | 105 | EUR | 16 | EUR | 94 | EUR |

Information on participations for 2015 is based on preliminary figures in financial statements prepared according to local accounting standards.

MANAGEMENT REPORT

GROUP STRUCTURE

The CA Immo Group is an internationally active real estate group. The parent company of the CA Immo Group is **CA Immobilien Anlagen Aktiengesellschaft**, a listed company based in Vienna whose main activity is the strategic and operational management of subsidiary companies at home and abroad. The company has branch offices in Austria, Germany, Hungary, the Czech Republic, Romania, Poland and Serbia; the Group also has offices in Cyprus and Ukraine. Each site acts as a largely autonomous profit centre. Other subsidiaries (without separate local teams) are present in Bulgaria, Croatia, the Netherlands, Slovakia and Slovenia. As at key date 31 December 2015, the Group comprised 211 subsidiaries (227 on 31.12.2014) employing an approximate total of 357 people (355 on 31.12.2014) in 16 countries¹⁾. The CA Immo Group's core field of expertise involves developing and managing modern and spacious office properties in Central and Eastern Europe. In regional terms, the company focuses on Austria, Germany, Poland, Hungary, the Czech Republic, Slovakia and Romania. Business activity in Germany is focused on Munich, Frankfurt and Berlin; in other countries, the main strategic emphasis is on the capital cities. Aside from office properties, the asset portfolio of the Group includes hotels, speciality retail outlets, shopping malls and a small proportion of residential and logistical properties. From the design and development of entire urban districts to the active management of investment properties, value is generated through a comprehensive value chain.

Austria

The company's domestic properties are overseen in direct holdings of CA Immobilien Anlagen AG. As at 31 December 2015, the parent company also directly held property assets of approximately € 217.2 m (€ 245.3 m on 31.12.2014). As at 31 December 2015, the total Austrian portfolio comprised investment properties with a market value of € 587.6 m (€ 659.3 m on 31.12.2014) along with two development projects.

¹⁾ Includes holding companies in Cyprus and the Netherlands and another company in Switzerland.

COMPANIES BY REGION

| Number of companies ¹ | 31.12.2015 | 31.12.2014 |
|----------------------------------|------------|------------|
| Austria | 27 | 24 |
| - Of which joint ventures | 1 | 0 |
| Germany | 94 | 95 |
| - Of which joint ventures | 15 | 15 |
| Eastern Europe ² | 90 | 108 |
| - Of which joint ventures | 8 | 30 |
| Group-wide | 211 | 227 |
| - Of which joint ventures | 24 | 45 |

1 Joint ventures at property or project level

2 Includes holding companies established in connection with Eastern European investments

Germany

The operational platform for all Group activities in Germany is **CA Immo Deutschland GmbH**. As a former collecting society for state-owned railway properties in Germany, the company has a wealth of expertise in developing inner city real estate. With subsidiaries in Frankfurt, Berlin and Munich, an appropriate local presence is assured. Aside from investment properties, the company's property assets mainly comprise properties under construction and undeveloped plots alongside a portfolio of properties intended for trading or sale. Investment properties are largely held in direct holdings and let and managed by **DRG Deutsche Realitäten GmbH**, a joint venture set up with the Austrian estate agent and property management firm ÖRAG. Construction management – which encompasses construction management, project management and construction supervision – is carried out by CA Immo's German subsidiary **omniCon**, which also performs these services for third parties.

Eastern Europe

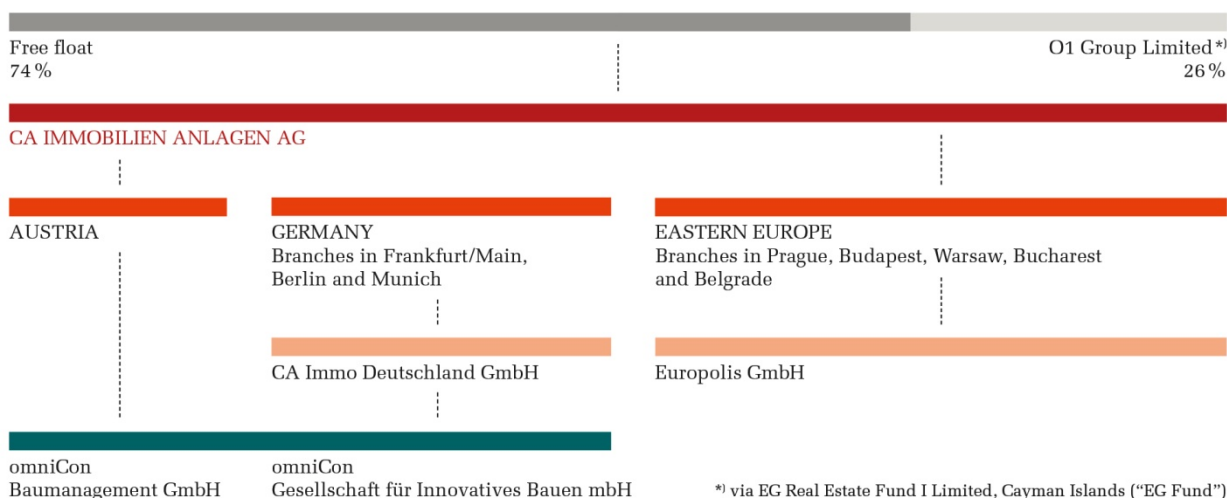
The Group's investment property portfolio in Eastern Europe and a small proportion of development projects and undeveloped plots in Poland, Slovakia, Hungary and Ukraine are directly held via CA Immo participating interests and via **Europolis GmbH** (formerly Europolis AG), another wholly owned subsidiary of CA Immo acquired from the Volksbank Group early in 2011. The Europolis Group, which was established in 1990, focuses on class A commercial properties in Eastern Europe. The overall Europolis portfolio is split into four sub-portfolios. In July 2015 CA Immo acquired the minority share (approximately 35%) of the European Bank for Reconstruction and Development

(EBRD) in the 'E-portfolio'. Another partnership was established with Union Invest, which holds a 49% stake in the 'C1 portfolio'. All properties in Eastern Europe are managed by **Europolis Real Estate Asset**

Management GmbH (EREAM) of Vienna alongside a group of regional companies in Prague, Budapest, Warsaw, Bucharest and Belgrade trading as **CA Immo Real Estate Management**.

GROUP STRUCTURE

As at 31.12.2015



ECONOMIC ENVIRONMENT

The economic trend¹⁾

In 2015 the global economy was characterised by geo-political instability, and thus volatility. Growth in emerging markets and developing economies declined for the fifth consecutive year. In particular, the effect of sanctions against Russia was felt by the economies of Western Europe. Here economic woes were intensified by rapid falls in the oil price and the rouble, the gradual slow-down of economic activity in China and the gradual tightening of monetary policy in the United States. According to the International Monetary Fund (IMF), however, the economies of Europe in particular are expected to expand at modest rates in 2016 and 2017. The economic prospects of the eurozone have indeed brightened in 2015. The pressure of the austerity policy will ease in future, leaving greater scope for economic growth.

¹⁾ Sources: International Monetary Fund (IMF), World Economic Outlook, January 2016

Review of the CA Immo core markets in 2015²⁾

Growth in the eurozone amounted to 1.5% in 2015, with the EU as a whole achieving 1.8%; both figures are in line with consensus expectations for 2015. The unemployment rate for the EU as a whole was 9.0%, the lowest rate recorded since 2009. In 2016 eurozone growth should improve marginally to 1.7% and further to 1.9% in 2017; this will depend crucially on a rebound in investment. A budget deficit of 2.7% is expected for the eurozone (2.6% in 2014). The total average national debt for the eurozone stood at 91.6% (EU: 93.2%).

The economy of **Austria** continues to grow at a slow but steady rate, with real GDP rising by 0.7% in 2015. The increase was mainly driven by government spending and positive foreign trade. With improving dynamics in private consumption and investments, GDP growth is expected to double in 2016 and 2017. The inflation rate in Austria decreased to 0.8% in 2015 (1.5% in 2014), and is likely to remain at this low level in 2016 and 2017 owing to the falling oil price. Compared to the general price

²⁾ Sources: Eurostat Eurostatistics 01/2015 edition, EU Commission forecast (04.02.2016)

trend in 2015 for the eurozone (0.5%) and the EU (0.6%), Austria is well above average. The 2015 unemployment rate increased to 6% (5.6% in 2014), mainly on account of the increased inflow of asylum seekers, a trend that is expected to continue in 2016.

The German economy was mainly driven by government spending and private and public consumption. Gross domestic product rose by 1.7%. In EU comparison, **Germany** and the Czech Republic reported the lowest unemployment rates at just 4.5%. The inflation rate in Germany has been moving in and out of negative territory during the course of the year, and has not been at or above 1% since January 2014. Debt as a percentage of GDP fell from 74.8% in 2014 to 70.8% in 2015.

Although economic growth in Hungary slowed to 3.0% in 2015 compared with the previous year's robust growth of 3.7%, this was still well above the 2.7% expected. The Romanian economy also performed well in 2015, recording GDP growth of 3.6% in line with the forecasts. Gross domestic product in Poland grew to 3.6% in 2015, continuing its path of strong and stable growth. The Czech Republic experienced a fall in GDP between the third and the fourth quarter of 2015, but annual growth still reached 3.9%. Apart from the Czech Republic, the unemployment rate in the **CEE** nations is higher than that for the rest of the EU; it stands at 7.1% in Poland, 7.3% in Hungary and 6.7% in Romania.

The inflation rates in most CEE countries turned negative and remained below the respective targets. Main reason for the decrease has been the continual fall in oil prices. The Czech Republic reported a negative inflation rate of -0.1%, while the inflation rate in Romania dropped to a record low in August 2015 and produced an annual value of -0.7%. The interest rate in Poland remained at the record low of 1.50%, yielding annual inflation of -0.5%.

The money market and interest environment¹⁾

Monetary policy was highly expansive in 2015 and characterised by the continuance of historically low interest rates. Throughout 2015 the European Central Bank (ECB) held interest rates at an unchanged level, until the bank decided in December to cut interest rates on deposit facilities for the eurozone from -0.20% to -0.30%. The rate remained negative during the whole year to make lending more attractive to banks. According to Eurostat, the rate of price increases in the eurozone was just 0.4% at the end of 2015, well below the 2% target set by the ECB. To counter the threat of deflation and support business, the ECB resolved in January 2015 to extend its programme of buying government bonds and other securities from eurozone countries up to a volume of € 60 bn; the programme is expected to continue until September 2016. The 3 month Euribor, the interest reference rate for floating rate bonds, hit records lows between 0.6% and -0.15% in 2015. It entered negative territory for the first time in April 2015.

The decline in the second half of the year continued into the first weeks of 2016, with a new low of -0.2% confirmed. Yields on government bonds from eurozone countries and corporate bonds with good credit ratings also reached historic lows in 2015.

Currencies²⁾

The ECB's monetary policy measures led to a weakening of the single European currency in 2015, especially against the US dollar. The Polish and Hungarian currencies displayed greater volatility around the second quarter of 2015: EUR/PLN was trading between 3.96 and 4.36, while the EUR/HUF fluctuated between 296 and 323. The currencies of the CEE nations declined in value after the Swiss National Bank abruptly abandoned its minimum exchange rate of 1.20 francs to the euro on 15 January 2015; countries were quickly able to compensate for these losses, however.

¹⁾ Sources: Eurostat, Central Statistical Offices, Bloomberg

²⁾ Sources: European Central Bank, Central Statistical Office, Bloomberg

Outlook¹⁾

In view of the present economic situation and the development of the inflation rate in the eurozone, we expect the base rate to remain at an historic low in 2016. The decision by the ECB to extend its bond purchase programme, together with the investment programme unveiled by the European Commission in November 2014 (which should release investment of at least € 315 bn for strategic infrastructure projects) should further benefit the economy. With the steep fall in the oil price having slowed the rate of price increases in 2015, the EU Commission expects the inflation rate to fall further, although concerns of deflation risks have decreased due to the easing programmes of the ECB.

According to experts, the CEE nations should benefit from more vigorous domestic demand and increased investment activity in years ahead, with growth averaging 3.3% this year (the fastest pace since 2008). With GDP forecast to expand by 4.5% in 2015, the Czech Republic is likely to become the fastest growing member of the CEE region. Growth of 3.6% is expected for Poland in 2015, with Hungary expanding by 3.0%. With government expenditure likely to decrease, the Hungarian economy might grow at a slower rate.

THE REAL ESTATE MARKET IN AUSTRIA²⁾**The investment market**

The volume invested in commercial real estate during the fourth quarter of 2015 (€ 1.8 bn) represented the highest ever quarterly total and accounted for almost half of total annual investment. Main reason for the increase was the closing of a number of large-volume deals at the end of the year. In 2015, office properties accounted for 40% of transactions, followed by retail properties with 31%. The total investment volume of € 2.7 bn in 2015 was nearly similar to last year's result of 2.8 bn. The prime yield on office properties stood at 4.20% in quarter four, marginally down on the previous quarter (4.30%). Yields in good locations were very slightly lower (10 bps) than those for quarter three (4.95% compared to 5.05%). The proportion of foreign capital exceeded 50% of the year's total for the first time in 10 years. During the fourth

quarter, the proportion of international investors rose from 26% (in Q3) to almost 65%. Domestic investors were responsible for around 35% of investments, with German investors accounting for approximately 21%.

The office property market

The stock of premises on the Viennese office property market expanded by approximately 198,000 sqm, representing an increase of 75% on the last year's value (113,000 sqm). The total office stock was approximately 11.0 m sqm in the fourth quarter, which represented a minor increase on the value of 2014 (10.9 m sqm). The main reason for the overall stability of the stock was the significantly lower volume of new completion. New supply only slightly exceeded 7,000 sqm while no significant office projects were completed in the last quarter. Lettings performance of 61,000 sqm in the fourth quarter of 2015 was 50% above the result for the third quarter (32,000 sqm). However, total lettings performance in 2015 (200,000 sqm) was slightly below the previous year's figure of 210,000 sqm. In 2015, new office space was either fully pre-let or owner occupied, a trend that is expected to continue until 2017 or 2018. The vacancy rate fell to a record low level of 6.3% on account of the low completion volume in 2015 and the continuing demand for office space. The peak monthly rent in Vienna in the final quarter of 2015 rose slightly to € 25.85/sqm as compared to the previous quarter (€ 25.75/sqm). Rents in good and average locations varied somewhat, with both rising by the fourth quarter to stand at around € 15.50/sqm per month in good locations and € 13.50/sqm per month in average locations.

THE REAL ESTATE MARKET IN GERMANY³⁾**The investment market**

The commercial transaction volume in Germany reached € 55.1 bn in 2015, up almost 40% on last year's value. Over 30% of the annual result (€ 17 bn) was attributed to the fourth quarter of 2015 alone, making this the strongest quarter of the past 5 years. Approximately € 23 bn was invested in office properties in Germany during 2015, followed by € 17 bn invested in retail. Together, these two categories represent approximately 75%

¹⁾ Sources: European Central Bank, Central Statistical Office, Bloomberg

²⁾ Sources: CBRE: Austria Investment MarketView Q4 2015, Vienna Office MarketView Q4 2015, MarketView EMEA Rents and Yields Q4 2015

³⁾ Sources: Jones Lang LaSalle: German Investment Market Q4 2015; CBRE: MarketView Deutschland Investment Quarterly Q4 2015, Investment Market Overview Berlin, Munich; MarketView European Investment Quarterly Q4 2015

of the total German investment market for commercial real estate. In the last quarter of 2015, investment in office properties reached the highest quarterly level since 2007. The proportion of foreign investors in Germany has increased from 39% to almost 50%.

The proportion of investment in office properties in the overall transaction volume doubled between 2010 and 2015. In Berlin, € 4.4 bn was invested in office properties (57% of the total Berlin investment market), while the figure in Munich was € 4.3 bn (73%). The highest proportion of investment in offices was reported in Frankfurt (€ 4.9 bn or 81% of the total volume). In response to high demand for investment, the prime yield in Munich declined on the previous year to 3.65% (compared to 4.0% in Berlin and 4.4% in Frankfurt).

The office property market¹⁾

In comparison with 2014, office space take-up in Germany increased by 21% to approximately 3.6 m sqm in 2015. Development was variable in the main property centres, however. With floor space turnover at a record high of 879,400 sqm, Berlin recorded a rise of 43% compared to 2014, while turnover in Düsseldorf rose by 46% to 342,500 sqm. Floor space turnover for the five other core cities was between these levels, with Frankfurt, Stuttgart, Munich and Cologne improving on the previous year. The volume of new space decreased by 12% to 870,000 sqm in 2015. Of the floor space completed in 2015, 65% was pre-let or owner-occupied.

Total vacancy decreased by 16% to 5.69 m sqm in 2015, dropping below the six million sqm threshold for the first time since 2013. In 2015, the average vacancy rate across the core cities reached a new low of 6.4%, representing the lowest level since 2002. Vacancies are expected to further fall in 2016 due to high levels of demand. In 2015 there was a rise in prime rents in all cities except for Cologne and Düsseldorf. The aggregate prime rent rose by 3% in 2015; average rents also rose by 4%, with similar results expected for 2016.

Office space take-up in **Munich** totalled 761,000 sqm in 2015, mainly thanks to a strong fourth quarter (248,000 sqm); a total take-up of approximately 700,000 sqm is expected in 2016. In 2015, 178,500 sqm of

new or redeveloped office space was completed. The office vacancy level stood at 5.3%, its lowest level since 2003. Compared to the same period of 2014, the peak monthly rent increased by € 1 to € 34.00/sqm in the fourth quarter of 2015 due to excess demand for top quality space. In 2015, 180,000 sqm of newly built offices were completed.

Office space take-up in **Frankfurt** was approximately 391,200 sqm in 2015, below the 400,000 sqm level for the fourth time since 2004 and around 12% below the ten-year average. At the same time, the highest number of new leases for more than a decade was completed in 2015 (although this mainly comprised smaller-scale transactions). Quality is still the primary focus: 63% of all take-up related to top quality properties while four of the 10 largest transactions concerned development projects. The vacancy rate fell further to 9.1% in the final quarter of 2015; it is currently at its lowest level for over 10 years. Compared to the previous year, the prime rent increased slightly from € 35/sqm to € 35.5/sqm per month. A further increase in high demand locations is expected in 2016.

Office space take-up in **Berlin** reached the record level of 879,400 sqm in 2015, the highest level achieved in the market. With this volume Berlin ranked first among the Big 7 office locations in Germany for the first time. Floor space turnover was approximately 294,200 sqm in quarter four of 2015. The vacancy rate fell to a low of 6.3% in the final quarter, while the completion volume reached its highest level since 2005 and is expected to continue growing in 2016. The peak monthly rent increased to its highest level since 2002 (€ 24/sqm per month); this is reflected in an increase in the average rent to over € 15/sqm per month.

THE REAL ESTATE MARKET IN EASTERN EUROPE²⁾

The investment market

The investment volume in the CEE nations (excluding Russia) amounted to around € 9.5 bn in 2015, equivalent to growth of approximately 25% compared to last year. Poland remained the leading regional market with an approximate share of 46% (€ 4.1 bn), followed by the Czech Republic (30%, € 2.7 bn), Hungary (9%, € 0.7 bn),

¹⁾ Sources: Jones Lang LaSalle: Office Market Overview BIG 7 4Q 2015, Office Market Profile Berlin, Frankfurt, Munich 4Q 2015, CBRE: German Investment Quarterly MarketView Q4 2015, MarketView EMEA Rents and Yields Q4 2015

²⁾ Sources: Jones Lang LaSalle: CEE Investment Market Pulse/2015; CBRE: CEE Property Investment MarketView Q4 2015

Romania (7.5%, € 0.6 bn) and Slovakia (4.5%, € 0.3 bn). Driven by transactions in the Czech Republic and Poland, the retail sector reached the record level of € 4.5 bn (+160% or 45% of the total investment volume). In the CEE countries, the office transaction market declined by 17% to € 3.9 bn as compared to the previous year's value of € 4.7 bn. Yields decreased in the CEE regions due to the multitude of transactions closed in 2015, the result of increased interest from investors. Prime yields have also sharpened on the core markets of CA Immo, but remained relatively stable until the end of the year. In quarter four prime yields in Poland and Czech Republic remained stable at 5.75%, while Hungary stood at 7.15% and Romania at 7.50%.

In the second half of 2015, the transaction volume in **Poland** rose to the record level of € 2.88 bn, bringing the total annual volume to € 4.1 bn. Investment activity exceeded expectations. Some transactions signed in the second half of 2015 are due to be closed in 2016, which is forecast to result in significant transaction volumes in the subsequent quarters. Thanks to solid performance in 2014, Poland retained the primary focus of many institutional investors, even though its share of the total CEE transaction market fell from 70% in 2012 to around 46% in 2015 as other countries of the region attracted higher volumes – a promising trend for the region as a whole. For the first time, the volume of transactions in regional cities exceeded the volume registered in Warsaw. In the second half of 2015 office transactions concluded in regional cities accounted for 61%, while Warsaw's share of the transaction volume for the period was only 39%.

The transaction volume in the **Czech Republic** reached € 1.45 bn in the second half of 2015, resulting in a full-year figure of € 2.65 bn, an increase of 65% on the last year's value. In H2 2015 **Hungary** reached € 500 m, of which 58% represented investments in office. The investment volume in **Romania** was dominated by industrial transactions (41%), followed by office transactions (38%). The property investment volume resulted in approximately € 650 m; Bucharest accounted for more than 80% of the transaction volume.

The office property markets¹⁾

In all four core cities of CA Immo (Warsaw, Prague, Budapest and Bucharest), increasing floor space turnover and decreasing vacancy rates were observed in 2015.

At the end of 2015, total floor space in **Warsaw** stood at approximately 4.7 m sqm. The completion volume was 277,600 sqm in 2015, with a further 400,000 sqm due to follow by 2016. Of the newly constructed space, 46% is located in the central business district. Total take-up activity reached 833,200 sqm in 2015, with 221,140 sqm leased in the final quarter. At the end of 2015, the vacancy rate was recorded at 12.3% (13.3% in 2014); year-on-year, vacancy has fallen by 1%. Due to the extensive pipeline, the prime rent has decreased to € 23.50/sqm (€ 25.00/sqm in 2014).

By the end of 2015, 240,000 sqm of office space had been leased in **Bucharest**, with lettings activity declining by 20% compared to the previous year. The completion volume in 2015 stood at 72,500 sqm. Office space in Bucharest totalled 2.35 m sqm in 2015 and is expected to expand by 408,000 sqm in 2016. The vacancy rate decreased to 11.9% at year end, mainly due to the low level of new supply in 2015; it is expected to grow in the forthcoming quarters. However, there are big differences between the various submarkets. Vacancy in class A properties was just 5.3% since 58% of the transactions were signed in Class A office buildings, while the rate for B-class properties was 15.9%. The prime monthly rent in Bucharest remained stable at € 18.5/sqm in the fourth quarter of 2015.

Annual take-up in **Budapest** rose by 51% to 364,800 sqm in 2015 compared to last year's value. Lettings performance in the office sector in 2015 exceeded the half-million sqm threshold for the first time to expand by 18%, a similar rate to that reported in 2014. The completion volume in 2015 declined to 50,900 sqm, 25% below the comparable value for last year; supply is expected to increase to approximately 100,000 sqm in 2016, with 57% of the new premises already let. The vacancy rate fell by 4.1% in 2015 to stand at the current level of 12.1%. The fall in vacancy was similar for all building categories, with class A properties registering the lowest average vacancy of 8.8%. The average prime monthly rent in Budapest currently stands at € 19-21/sqm.

¹⁾ Sources: Jones Lang La Salle: Prag Office Market Q4 2015; CBRE: Office MarketView Prague, Warsaw, Bucharest and Budapest Q4 2015, EMEA Rents and Yields Q4 2015

In the final quarter of 2015 the office market in **Prague** grew by 32,200 sqm. The portfolio of office space in Prague thus reached 3.22 m sqm. Lettings performance in 2015 reached 449,800 sqm, of which 272,900 sqm is newly leased, resulting in the highest figures in the market's history. The vacancy rate in Prague reached its peak during 2015 before decreasing in the final quarter to 14.6%, mainly due to strong net take-up. Further significant declines in the vacancy rate are not expected in the following year. Prime monthly rents in the city stand at € 18.50-19.50/sqm, with the inner city figure ranging from € 14.50-16/sqm and peripheral areas ranging from € 13.00-14.50/sqm.

PROPERTY ASSETS

The CA Immo Group divides its core activity into the business areas of letting investment properties and developing real estate. In both of these business areas, the Group specialises in commercial real estate with a clear focus on office properties in capital cities in the centre of Europe. The objective is to build up a focused portfolio of high quality and sustainable investment properties within the core markets of Germany, Austria, the Czech Republic, Poland, Hungary, Romania and Slovakia. The company generates additional revenue through the utilisation of developed land reserves.

CA Immo Group's property assets

As at key date 31 December 2015, CA Immo Group held property assets of approx. € 3.7 bn (31.12.2014: € 3.6 bn). Of this figure, investment properties account for € 3.2 bn (89% of the total portfolio)¹⁾ and property assets under development represent € 0.4 bn (11% of the total portfolio). Germany is the biggest regional segment with a proportion of 41% of total property assets.

Portfolio of CA Immobilien Anlagen AG

Property assets directly held by CA Immobilien Anlagen AG represent a rentable effective area of 141,475 sqm (2014: 160,935 sqm). As at the balance sheet date, these assets comprised 7 properties (13 in 2014) and two project developments in Austria with a market value (including prepayments made and construction in progress)

of € 218,102 K (€ 245,296 K on 31.12.2014). This portfolio generated rental income of € 17,304 K in 2015 (€ 20,426 K in 2014).

Lettings

An approximate total of 5,915 sqm of floor space newly let or extended in 2015. Contracts were also concluded for another 1,490 sqm or so of floor space that will be occupied in 2016. The economic occupancy rate in the asset portfolio rose to approximately 95% in yearly comparison (96% in 2014). The biggest tenants of CA Immobilien Anlagen AG are Österreichische Post AG and Robert Bosch AG.

Investments

The company invested € 2.288 K in its asset portfolio in 2015 (€ 4,438 K in 2014). Of this figure, € 2.205 K was earmarked for modernisation and optimisation measures (especially for tenant fit-out and reconstruction of Erdberger Lände, Wolfganggasse, Erlachgasse and Storchengasse and of Donau Business Center at Handelskai) (€ 3,772 K in 2014); € 364 K (€ 361 K in 2014) was devoted to the furtherance of development projects.

Disposals

As part of its portfolio streamlining, 6 investment properties of various asset classes in Vienna, Lower Austria, Salzburg and Tirol with a value of € 23,751 K were sold in 2015 (compared to 3 investment properties with a value of € 14,492 K in 2014). These sales generated total income of € 35,629 K (compared to € 3,097 K in 2014).

Development projects

As at key date 31 December 2015, two development projects were in progress.

COURSE OF BUSINESS FOR CA IMMOBILIEN ANLAGEN AG

Results

As a result of sales during the previous year **rental income** decreased by – 15.3% (from € 20,426 K to € 17,304 K). **Operating expenses** passed on to tenants declined in line from € 6,083 K to € 5,675 K. Overall this led to a – 13 decrease in **gross revenues** from € 26,509 K to € 22,979 K.

¹⁾ Includes properties used for own purposes, self-administrated properties and short-term property assets

From property sales **other operating income** of € 39,888 K had been gained (€ 13,786 K in 2014). Other operating income of € 4,166 K (2014: € 5,257 K) results from management fees charged to subsidiaries in the amount of € 3,383 K (2014: € 3,668 K) as well as cost re-charging and insurance revenues.

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). Hence, **staff expenses** increased by 28% from € 8,447 K in 2014 to € 10,797 K as of 31.12.2015 for the 56 staff members (2014: 54) employed by the company on average.

Comparing the two periods, **depreciation of tangible assets** decreased by – 10% to € 7,508 K (€ 8.355 K in 2014).

Primarily caused by a significant reduction of operating expenses charged to the tenants (from € 16.863 K in 2014 to € 8,582 K in 2015; – 49%) and of general administrative expenses (particularly legal, auditing and consultancy costs) from € 9,668 K to € 6,897 K (– 29%), other **operating expenditures** dropped by – 43% to € – 16.059 K (€ – 27.994 K in 2014). Taxes (also included in this item) mainly comprise the adjustment of real estate tax for mergers in previous years, real estate charges passed on to tenants and the non-deductible input VAT (2014: capital transaction tax in the amount of € 1,134 K for the contingent capital increase owing to the exercising of conversion rights by owners of the 4.125% convertible bond for 09-14).

In overall terms, the developments outlined above resulted in an **operating profit** of € 28,503 K as at 31 December 2015 (€ – 4,501 K on 31 December 2014).

The company received total **income from investments** of € 57,312 K (€ 322,808 K in 2014) via subsidiary dividend payouts. Of this figure, € 56,762 K (2014: € 321,343 K) was generated in Austria and € 550 K stems from Germany, Eastern Europe (2014: € 1,465 K). In 2015, this item was counterbalanced by expenses linked to financial assets and interest receivables on current assets of € – 17,602 K compared to € – 263,022 K in 2014. Loans granted mainly to subsidiary companies produced revenue of € 13,617 K (€ 21,112 K in 2014). As of 31 December

2015, **other interest and similar income** stood at € 23,861 K (compared to € 8,684 K in 2014). The interest income originates from investments in securities and cash at bank, accrued interest for acquired bonds, realised swap income as well as from swap interest transfers to affiliated companies.

Income from financial investments stood at € 219,997 K (€10,466 K in 2014) and include investment appreciations in an amount of € 184,423 K (€ 2,701 K in 2014) and revenues from the repayment and the disposal of loans above book value in an amount of € 34,159 K. This item is offset by write-offs of participations in an amount of € 12,143 K (2014: € 247,413 K).

As a consequence of the reduction in the debt ratio and optimisation of the financing structure, **interest and similar expenditure** fell in 2015. Other interest and similar expenditures accounted for € – 41,808 K versus € – 50,660 K in 2014. Interest for bank loans or **real estate financing** fell by 20% to € – 3,159 K (€ – 3,925 K in 2014). In contrast, expenses for derivative transactions rose by 16% to € – 23,346 K (€ – 20,072 K in 2014). Interest costs in respect of affiliated companies decreased significantly from € – 5,909 K as of 31.12.2014 to € – 887 K as of 31.12.2015. Moreover, repayment of corporate bond 2009-2014 (CA Immo's most expensive financing instrument with a coupon of 6.125%) in the fourth quarter positively influenced the average financing costs of the company. **Interest expenses for bonds** decreased by 31% from € – 20,752 K in 2014 to € – 14,409 K on 31 December 2015. As of 31 December 2015, the company has two outstanding bonds, registered for trading on the unlisted securities market of the Vienna Stock Exchange. The bonds provide unsecured financing for CA Immobilien Anlagen AG; they are on equal footing to one another and to all other unsecured financing of CA Immobilien Anlagen AG. The conditions of the bonds do not provide for any relevant financial covenants.

Overall, the factors outlined above led to a significant increase in the **financial result**, from € 49,388 K in 2014 to € 255,377 K in 2015. **Earnings before interest and taxes** stood at € 283,881 K (against € 44,887 K in 2014). After taking account of **tax revenue** of € 5,004 K (2014: € 4,234 K), the annual **net profit** as at 31 December 2015 stands at € 288,884 K, compared to € 49,121 K on 31 December 2014. Taking into consideration the allocation to revenue reserve of € – 32,306 (€ 0 in 2014) for 2,000,000 treasury shares held by the company as of the

balance sheet date as well as the profit brought forward from the previous year of € 191,490 K (€ 186,833 K in the previous year), the annual financial statements of CA Immobilien Anlagen AG show **net retained earnings** of € 448,068 K (€ 235,954 K in 2014).

Proposed dividend

At the Ordinary General Meeting to be held on 3 May 2016, the Management Board will propose payment of a dividend for business year 2015 of 50 cents per share, payable on 10 May 2016 (Ex-date: 6 May 2016, record date dividend: 9 May 2016). This equates to a dividend yield of around 3% in relation to the closing rate for 2015 (€ 16.83).

Cash-flow

Cash flow from operating activities (operating cash flow plus changes in net working capital) stood at € 39,455 K in the past business year (€ 266,883 K in 2014). Cash flow from investment activities was € – 131,790 K (2014: € – 226,430 K) and cash flow from financing activities was € 84,513 K (2014: € – 191,945 K).

Balance sheet: assets

Compared to the previous year, the **total assets** of CA Immobilien Anlagen AG increased from € 2,239,155 K as at 31 December 2014 to € 2,599,830 K as at 31 December 2015.

Fixed assets rose by 15.2% from € 2,162,474 K as at 31 December 2014 to € 2,491,370 K on 31 December 2015. As a proportion of total assets, the share of fixed assets amounted to 96% on 31 December 2015 (31.12.2014: 97%). Intangible assets, which solely comprise EDP software, increased to € 680 K (31.12.2014: € 633 K). **Tangible fixed assets** fell by 11.1% on the previous year's total to € 218,620 K (€ 245,991 K on 31.12.2014) owing to

property sales closed in 2015. As at the balance sheet date, the company's **property assets** comprised 7 properties in Austria with a market value (including prepayments made and construction in progress) of € 218,620 K (compared to 13 properties with market value of € 245,991 K on 31.12.2014). **Financial assets** increased by 18.6% to € 2,272,070 K (31.12.2014: € 1,915,850 K). The book value of investments in affiliated companies stood at € 1,922,568 K (31.12.2014: € 1,571,946 K); current additions were mainly the result of positive valuation results.

Current assets increased from € 76,459 K as at 31 December 2014 to € 107,758 K on 31 December 2015. Trade receivables of € 408 K (31.12.2014: € 64 K) include outstanding rental and operating expense payments. The item 'Other securities' contains own bonds repurchased from the market in 2011 with a book value of € 13,658 K and a nominal value of € 14,008 K as well as 2,000,000 treasury shares of the company with a book value of € 32,306 K. On 31 December 2015 the company has cash holdings of € 19,871 K (2014: € 27,693 K).

Balance sheet: liabilities

Shareholders' equity rose to € 2,053,552 K as at the balance sheet date (€ 1,809,132 K on 31.12.2014). The equity ratio on the key date was approximately 79% (31.12.2014: 81%). Equity covered 82% of fixed assets (31.12.2014: 84%). **Provisions** amounted to € 10,697 K (31.12.2014: € 29,582 K). As a result of the issuance of the 2.75% corporate bond 2015-2022 with a nominal value of € 175 m, **liabilities** increased from € 397,562 K at the end of 2014 to € 532,961 K as at 31 December 2015. In contrast, bank liabilities as well as payables to affiliated companies and other liabilities could have been reduced significantly.

DEVELOPMENT OF SHAREHOLDERS' EQUITY

| € 1,000 | 31.12.2014 | Capital increase | Dividend payments | Annual result | Appropriation to reserves | 31.12.2015 |
|-----------------------|------------------|------------------|-------------------|----------------|---------------------------|------------------|
| Share capital | 718,337 | 0 | 0 | 0 | 0 | 718,337 |
| Tied capital reserves | 854,842 | 0 | 0 | 0 | 0 | 854,842 |
| Retained Earnings | 0 | 0 | 0 | 0 | 32,306 | 32,306 |
| Net profit | 235,953 | 0 | -44,464 | 288,884 | -32,306 | 448,067 |
| Total equity | 1,809,132 | 0 | -44,464 | 288,884 | 0 | 2,053,552 |

SHAREHOLDER STRUCTURE AND CAPITAL DISCLOSURES (INFORMATION PROVIDED UNDER SECTION 243A UGB (AUSTRIAN COMMERCIAL CODE))

The company's capital stock amounted to € 718,336,602.72 on the balance sheet date. This was divided into four registered shares and 98,808,332 bearer shares each with a proportionate amount of the capital stock of € 7.27. The bearer shares trade on the prime market segment of the Vienna Stock Exchange (ISIN: AT0000641352). With a holding of 26% indirectly held via the EG Real Estate Fund I Limited of O1 Group Limited ('O1 Group'), the O1 Group is the largest shareholder of CA Immo. The remaining shares of CA Immo (approximately 74% of the capital stock) are in free float with both institutional and private investors. The second largest shareholder is AXA S.A. with a holding of approximately 4%, held in turn via various mutual funds. The company is not aware of any other shareholders with a stake of more than 4% or 5%.

The registered shares, which are held by O1 Group Limited of Cyprus, confer the right of nominating up to four Supervisory Board members. The Supervisory Board currently only comprises members elected by the Ordinary General Meeting. Transfer of registered shares requires the approval of the company. There are no preference shares or restrictions on issued ordinary shares of the company. Apart from O1 Group, there are no holders of shares with special inspection rights. Employees who hold shares directly exercise their rights to vote at the Ordinary General Meeting.

At the 28th Ordinary General Meeting of 28 April 2015, the Management Board was authorised to increase the capital stock by up to € 215,500,975 (approximately 30% of current capital stock) by 31 August 2018 through cash

or contribution in kind against the issue of up to 29,642,500 bearer shares (in several tranches if required), thereby observing the statutory subscription right (article 153 section 6 of the Austrian Stock Corporation Act) and determining the issue price and conditions by agreement with the Supervisory Board.

At the 27th Ordinary General Meeting held on 8 May 2014, the Management Board was authorised to acquire treasury shares to the maximum degree admissible by law (10% of the capital stock, article 65 section 1 line 8 of the Stock Corporation Act) for a period of 30 months, and if necessary to withdraw or sell treasury shares via the stock exchange, or by other means, or via a public offer. On the basis of this enabling resolution, the company acquired a total of 2,000,000 bearer shares (ISIN AT0000641352) in the company for a total purchase price of approximately € 32.3 m between 12 May 2015 and 9 December 2015. The weighted equivalent value was approximately € 16.14 per share. The highest/lowest equivalent value per share in the buyback programme was € 17.00/€ 14.93 respectively. As at 31 December 2015, CA Immobilien Anlagen AG had acquired a total of 2,000,000 treasury shares through the 2015 share buyback programme (around 2% of the voting shares).

At the 26th Ordinary General Meeting, the Management Board, with the approval of the Supervisory Board, was again authorised to issue by 6 May 2018, in several tranches if required, convertible bonds associated with conversion or subscription rights on up to 13,756,000 bearer shares of the company with a proportionate amount of the capital stock of up to € 100,006,120, up to a total amount of approximately € 100 m, and to stipulate all other conditions, the issue itself and the conversion procedures for the convertible bonds. The subscription

rights of shareholders (article 174 section 4 of the Stock Corporation Act in conjunction with article 153 of the Act) were excluded.

According to the articles of association, the Management Board of CA Immo comprises one, two or three persons. The age limit for Management Board members is defined as 65 in the Articles of Association. The final term of office for Management Board members concludes at the end of the Ordinary General Meeting that follows the 65th birthday of a Board member. The Supervisory Board comprises no less than three and no more than 12 members. At any time, Supervisory Board members appointed through registered shares may be asked to step down by the person entitled to nominate and replaced by another. The provisions of the Articles of Association regarding terms of office and elections to appoint replacements do not apply to them. The other Supervisory Board are elected by the Ordinary General Meeting. The age limit for Supervisory Board members is defined as 70 in the Articles of Association. Supervisory Board members must step down from the Board at the end of the Ordinary General Meeting that follows their 70th birthday.

A change-of-control clause was added to the employment contracts of Management Board members in September 2015. Otherwise there are no significant agreements in place that would become effective, change or terminate in the event of a change of control in the company resulting from a takeover bid.

We now turn our attention to the key features of the internal monitoring and risk management systems in terms of the financial reporting process. Minimum standards for internal monitoring systems are defined in a set of internal Group guidelines. To oversee compliance with these standards, CA Immo set up an Internal Auditing unit under the control of the full Management Board alongside the Risk Management division. On the basis of an auditing plan and by agreement with the Compliance division, it monitors the observance of legal provisions, internal guidelines and rules of conduct as well as potential for risk in operational processes (upholding the dual verification principle in all organisational entities, continual reporting and so on) while assessing the potential for efficiency improvements (regular audits of individual Group companies). Reports on the auditing plan and assessment results will be submitted to audit committee and the Supervisory Board at least once every year. The internal monitoring system (IMS) is also being continual-

ly expanded to assist in the early identification and monitoring of risks. Standard Group regulations for compiling annual and interim financial statements are also defined in internal Group guidelines. The Group employs a comprehensive risk management system. The financial reporting process was analysed to define key sub-processes; the effectiveness of the sub-processes thereby identified will be evaluated and they will be aligned with best practice (e.g. derivatives, claims management) on the basis of a rotating schedule. The risk management system is subject to regular appraisal by the auditor. The results of audits are reported to the Supervisory Board's audit committee.

For details of the development of equity, please refer to the section 'Course of business for CA Immobilien Anlagen AG'.

COMMITTED TO OBSERVING THE AUSTRIAN CORPORATE GOVERNANCE CODE

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 Code¹⁾ and thus to transparency and uniform principles of good corporate management. 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). 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.

¹⁾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.

RISK MANAGEMENT AT CA IMMO

The Group is subject to all risks typically associated with the acquisition, development, management and sale of real estate. These include general market fluctuations linked to the economic cycle, delays and budget overruns in land development, project realisations and redevelopments and risks linked to financing and interest rates. To ensure the success of CA Immo as a business over the long term and enable the company to meet its strategic objectives, effective management of new and existing risks is essential. A commensurate measure of risk must be accepted if we are to utilise market opportunities and exploit the potential for success they hold. For this reason, risk management and the internal monitoring system (IMS) deliver an important contribution to the Group's corporate governance (defined as the principle of responsible and positive management).

Strategic alignment and tolerance of risk

The Management Board, with the approval of the Supervisory Board, defines the strategic direction of the CA Immo Group as well as the nature and extent of the risk the Group is prepared to accept in pursuit of its strategic objectives. The Risk Management division supports the Management Board in assessing the risk environment and the development of potential strategies to raise long-term shareholder value. The aim of this is to ensure the company adopts the best possible direction from the alternatives available. CA Immo evaluates the current opportunity/threat situation through quarterly reporting. Risk is assessed in relation to specific properties and projects as well as (sub)portfolios. The company incorporates early warning indicators such as rent forecasts, vacancy analyses, continual monitoring of lease agreement periods and the possibility of terminations; construction costs are also tracked during project implementation. Scenarios are envisaged regarding the value trend for the real estate portfolio, exit strategies and liquidity planning; these supplement risk reporting and promote reliable planning. CA Immo observes the precautionary principle by applying the full investment horizon to long-term planning and investment decisions. The company also evaluates specific risks at regular intervals (most recently in 2015), focusing on content, effect and likelihood of occurrence. The Management Board uses this data as the basis for determining the severity and type of risks that it regards as acceptable in pursuing its strategic objectives. Strategies adopted by the Management Board are incorporated into the Group's three-year planning; this assists the Group in communicating its willingness to take risks

and its expectations both internally and externally. The risk policy of CA Immo is defined by a range of guidelines, observance of which is continually monitored and documented by controlling processes. Risk management is obligatory at all levels of the company. The Management Board is involved in all risk-relevant decisions and bears overall responsibility for such decisions. At all levels, decisions are subject to the dual verification principle. Internal Auditing, an independent division, audits operational and business processes; it acts independently in reporting and evaluating the audit results. The audit committee is responsible for overseeing the proper functioning of risk management processes.

KEY FEATURES OF THE INTERNAL MONITORING SYSTEM (IMS)

CA Immo's internal monitoring system covers all principles, procedures and measures designed to ensure the effectiveness, cost-effectiveness and correctness of accounting as well as compliance with relevant legal regulations and company guidelines. The IMS is integrated into individual business processes, taking account of management processes. The objectives of the IMS are to preclude and expose errors in accounting and financial reporting, thus enabling amendments to be introduced in good time. Transparent documentation makes it possible to depict processes of accounting, financial reporting and audit activity. All operational areas are incorporated into the financial reporting process. Competent local management teams are responsible for implementing and monitoring the IMS; the managing directors of the subsidiaries are required to perform self-checks in order to assess and document compliance with monitoring measures. The effectiveness of the IMS is regularly assessed by the Group Auditing department while the cost-effectiveness of business processes is continually evaluated. The results of these assessments are reported to the responsible executive boards, the full CA Immo Management Board and (at least once a year) the Supervisory Board. The proper functioning of the risk management system is evaluated annually by the Group auditor in line with the requirements of C Rule no. 83 of the Austrian Corporate Governance Code. The results are reported to the Management Board, the Supervisory Board and the audit committee.

STRATEGIC RISKS

CA Immo defines strategic risk as the danger of unexpected losses that can result from management policy decisions on the direction taken by the company. Such risks generally arise from unexpected changes to market and environmental circumstances that have a negative impact on earnings. In this regard, capital market/geopolitical risks, growth, market and liquidation risks and concentration (cluster) risks are especially relevant to CA Immo.

The global **financial market and economic crisis** and the sovereign debt crisis (especially in the eurozone) have in the past had a significant negative impact on the asset, financial and revenue positions of CA Immo. Further worsening of the crisis in future could have considerably negative consequences for CA Immo as long-term recovery remains a distant prospect. A more relaxed **monetary policy** and the possible reintroduction of national currencies by individual eurozone members would have grave consequences for the economies and financial markets of Europe. Moreover, low interest rates are defining the current economic environment; an **interest rate rise** could have a negative impact on the real estate market and, in turn, the disinvestment plans of CA Immo. Procurement of equity and loan capital could become significantly more difficult, making expansion plans impossible or only partially feasible. There are also **geopolitical factors** which could potentially have negative effects on the capital market; in the event of an excessive concentration of properties in one region, the impact on the earnings of the CA Immo Group could be substantial. Many of these risks are not actively manageable at all times; where they arise, CA Immo has a range of precautions in place to minimise the risk.

PROPERTY-SPECIFIC RISKS

Risks linked to the market environment and composition of the portfolio

The level of revenue that the Group can earn from real estate is heavily dependent on the liquidity of real estate investment markets. Under certain conditions, **real estate values** can be subject to substantial fluctuation caused by falling real estate prices, lack of financing, falls in demand and so on. A poor market climate, legal provisions and contractual regulations can impair the ability of CA Immo to sell specific properties with a view to strategically adjusting its real estate portfolio. CA Immo counters **mar-**

ket risk by spreading its portfolio across various countries. To minimise risk, CA Immo depends on market knowledge, continual evaluation of strategy and monitoring of the portfolio, purposeful portfolio management in the context of strategic decision-making (e.g. defining exit strategies, medium-term planning of sales) and active portfolio management to circumvent **concentration risks**. In the wake of numerous sales over the past few years (partial sale of Tower 185, sale of the Hesse portfolio and non-core properties, and especially the logistics portfolio), regional distribution in the portfolio is approaching the desired levels of 40% for both Eastern Europe and Germany and 20% for Austria. Germany remains the biggest single market of CA Immo. The aim here is to maintain property assets of € 250-300 m per core city to uphold consistent market relevance. For **single investments**, CA Immo defines concentration risk as a limit value of 5% of the total portfolio. At present, no properties in the portfolio exceed this limit value. The concentration risk in respect of **single tenants** is manageable. At present, the top 25 tenants are generating some 36% of rental revenue. Accounting for a share of approximately 7% of total rental income, PricewaterhouseCoopers is the largest single tenant in the portfolio at present. The generally high risk arising from the high capital commitment to **land reserves** and **land development projects** was further reduced in 2015 through the sale of non-strategic land reserves. In addition, land development will be accelerated and partners involved at an early stage. The future development volume is indicated at approximately 15% of the equity of the CA Immo Group.

The Group's portfolio also includes **special asset classes** such as shopping malls, specialist retail centres and hotels whose operation involves certain risks. Poor running of the centre, inadequate corporate management of tenants, declining footfall and increasing competition can force rental rates down and lead to the loss of key tenants, which leads to rent losses and problems with new lettings. The Group's earnings situation also depends on the quality of hotel management and the development of hotel markets. To minimise risk, CA Immo is continuing its withdrawal from these special asset classes.

CA Immo counters **country-specific risk** by concentrating on defined core regions through local subsidiaries with their own on-site staff, and through appropriate regional allocation within those core markets. Continual monitoring of the portfolio and specific portfolio management enable the company to respond quickly to economic and political events. CA Immo negates **transfer**

risk by repatriating liquid assets from investment markets with a low credit standing.

Risks associated with the real estate sector and CA Immo markets

The Group is exposed to numerous general risks associated with real estate investment. The real estate market is determined by macroeconomic development and demand for properties. Economic instability and restricted access to loan capital and equity-based financing can lead to business partners opting out. Where the liquidity of the real estate market is insufficient, there is a risk that properties may prove impossible to sell or only saleable under unacceptable conditions. The general market environment continues to pose the danger of starting yields for commercial real estate being adjusted upwards. Many factors that can lead to unfavourable developments are outside of CA Immo's control. These include changes to available income, economic output, interest rates and tax policy. Economic growth, unemployment rates and consumer confidence also influence the supply and demand of real estate at a local level, which in turn can affect market prices, rents and occupancy rates while adversely affecting the value of properties and associated income. For this reason, highly negative effects on **property valuations** cannot be ruled out.

Political and economic trends in the countries in which CA Immo is active also have a significant impact on **occupancy rates** and rent losses. The market value of a property is affected where the Group is unable to extend a rental agreement due to expire under favourable conditions or find (and retain for the long term) suitably solvent tenants. The creditworthiness of a tenant, especially during an economic downturn, may diminish over the short or medium term, which can affect rental revenue in turn. In critical situations, the Group can opt to cut rents in order to maintain an acceptable occupancy rate. Through careful monitoring and proactive measures (such as demanding securities and screening the creditworthiness and reputation of tenants), the Group's **loss of rent risk** has settled at a moderate level. At present, most outstanding rental payments relate to Eastern Europe. All outstanding receivables are evaluated quarterly and adjusted according to the associated level of risk; around 40% of outstanding receivables are adjusted on average. The risk of lost rent was taken into account to a sufficient degree in the estimation of property values. Many of the Group's lease agreements contain stable value clauses, usually taking account of consumer price indices for particular countries. The level of revenue from such

rental contracts and new lettings depends heavily on the inflation trend (**sustainable value risk**).

Competition for reputable tenants is intense on the lettings market; rent levels are coming under pressure on many markets. To remain attractive to tenants, CA Immo could be forced to accept lower rental rates. Moreover, incorrect assessments of the attractiveness of **locations** or potential **usages** can make lettings more difficult or significantly impair desired lease conditions.

Risks associated with the project development area

Costs are generally sustained at the early stages of real estate development projects; revenue is not generated until the later phases of a project. Many development projects may be associated with **cost overruns** and **delays** in completion that are frequently caused by factors beyond the control of CA Immo. This can adversely affect the economic viability of individual projects and lead to **contractual penalties** and **compensation claims**. If no suitable tenants are found, this can produce vacancy after completion. CA Immo takes various steps to keep such risks largely under control (cost monitoring, variance analyses, long-term liquidity planning and so on). Projects are basically launched subject to appropriate pre-letting. All projects are being implemented within their approved timeframes and budgetary frameworks.

Risks associated with sales transactions

Sales in 2013 and 2014 (such as those of the Hesse portfolio, Tower 185, Skyline Plaza, BelsenPark and Lipowy) can give rise to risks linked to contractual agreements and assurances. These might be based on **guaranteed** income from rental payments, and can subsequently reduce purchase sums agreed or received. Sufficient financial provisions have been made in response to recognised risks to revenue from transacted sales, and liquidity risk is considered in liquidity planning. Contractual obligations in the form of follow-on costs (e.g. residual construction work) form part of relevant project cost estimates.

Environmental risks

Environmental and safety regulations serve to standardise active and latent obligations to remediate contaminated sites, and complying with these provisions can entail considerable investment expenses and other costs. These obligations may apply to real estate currently or formerly owned by CA Immo, or currently or formerly managed or developed by the company. In particular, the provisions cover **contamination** with undiscovered harmful materi-

als or noxious substances, munitions and other environmental risks such as soil pollution, etc. Several regulations impose sanctions on the discharge of emissions into air, soil and water: this can make CA Immo **liable** to third parties, significantly impact the sale and letting of affected properties and adversely affect the generation of rental revenue from such properties. **Natural disasters** and extreme weather conditions can also cause considerable damage to real estate. Unless sufficient **insurance** is in place to cover such damage, this can have an adverse impact. To minimise the risk, CA Immo incorporates these considerations into its assessments prior to every purchase and appropriate guarantees are required from sellers. Wherever possible, the CA Immo Group makes use of environmentally sustainable materials and energy-saving technologies. CA Immo observes the ecological precautionary principle by ensuring all (re)development projects qualify for certification: in this way, stringent specifications regarding green buildings and sustainability are satisfied while the usage of environmentally unsound products is ruled out.

GENERAL BUSINESS RISKS

Operational and organisational risks

Weaknesses in the CA Immo Group's **structural and process organisation** can lead to unexpected losses or additional expenditure. This risk can arise from shortcomings in **EDP** and other **information systems** as well as human error and inadequate internal inspection procedures. Flawed program sequences as well as automated EDP and information systems pose a significant operational risk where their type and scope fails to take account of current and potential business volumes. Human risk factors include an insufficient understanding of corporate strategy, inadequate internal risk monitoring (and especially business process controls) and excessive decision-making authority at an individual level, which can also lead to unconsidered actions or, conversely, a proliferation of decision-making bodies that hinder flexible responses to changes in the market. Moreover, some real estate management tasks and other administrative duties are outsourced to third parties outside the company. In the process of transferring administrative tasks, it is possible that knowledge of managed properties and administrative processes can be lost, and that CA Immo could prove incapable of identifying and contractually committing suitable service providers within the necessary timeframe. Nonetheless, the **expertise** possessed by a company and its workforce constitutes a significant com-

petitive factor and thus a unique point of distinction over competitors.

CA Immo takes various measures to counter these risk factors. In the case of corporate mergers (e.g. the former Vivico and Europolis), CA Immo observes structured processes of organisational integration. Process organisation (i.e. system/process integration) is firmly established; activities to ensure the long-term implementation of operational processes are ongoing. The Group structure is regularly scrutinised and examined to ensure predefined structures take account of the size of the company. CA Immo counters risks linked to individual expertise (which can arise with the resignation of key knowledge holders) through regular transfers of knowledge (in training courses) and by documenting know-how (in manuals, etc.) as well as far-sighted staff planning.

Legal risks

In the course of normal business activity the companies of the Group become involved in **legal disputes**, both as plaintiffs and as defendants. Such cases are heard in various jurisdictions. In each case, different procedural law means that competent courts are not always equally efficient; moreover, in certain cases the complexity of issues in dispute can make for protracted proceedings or lead to other delays. CA Immo believes it has made sufficient financial provisions for legal disputes. At present, no lawsuits or arbitration proceedings that could threaten the company's survival are imminent or pending.

It is not possible to predict changes to **legal provisions**, case law and administrative practice or their impact on business results; such changes may adversely affect real estate values or the cost structure of the CA Immo Group.

Organised crime, and particularly fraud and extortion, is a general risk to commercial activity. Many countries continue to perform very poorly in combating **corruption**. Such illegal activity can lead to considerable financial repercussions and negative publicity.

Taxation risk

On the markets of Eastern Europe especially, CA Immo is subject to uncertainty linked to taxation systems with provisions that are frequently amended and adapted, leading to high expenses for the Group. Exceptional tax rises are a constant risk to revenue. For this reason, all relevant discussions and decisions taken by national legislators are continually monitored. Sufficient financial

provisions are made for known risks linked to tax audits and fiscal or extra-judicial proceedings.

Partner risks

Since CA Immo undertakes numerous development projects as **joint ventures**, the company depends on partners to some extent (partner risks). Part of the portfolio of investment properties in Eastern Europe is jointly held with Union Investment Real Estate GmbH. CA Immo is party to a **co-investment agreement** here, whereby various obligations and restrictions are imposed on investors. This can influence the value of investments; moreover, the Group is exposed to **credit risk** in respect of its counterparties. Depending on the agreement in question, CA Immo could also bear joint liability for costs, taxes and other third-party claims with its co-investors and, where a co-investor **opts out**, be forced to accept liability for their credit risk or share of costs, taxes or other liabilities.

FINANCIAL RISKS

Liquidity, investment and refinancing risk

(Re)financing on the financial and capital markets is one of the most important considerations for real estate companies. CA Immo requires loan capital to refinance existing loans and to finance development projects and acquisitions in particular. In effect, therefore, the company is dependent on the readiness of banks to provide additional loan capital and extend existing financing agreements under acceptable terms. Market conditions for real estate financing are constantly changing. The attractiveness of financing alternatives depends on a range of factors, not all of which can be influenced by the Group (market interest rates, level of necessary financing, taxation aspects, required securities and so on). This can significantly impair the ability of the Group to raise the completion level of its development portfolio, invest in suitable acquisition projects or meet its obligations arising from financing agreements. Although the CA Immo Group has a sufficient level of liquidity as things stand, we must take account of restrictions at individual subsidiary level; access to cash and cash equivalents is limited owing to obligations to current projects and a liquidity requirement to stabilise loans exists in certain instances. There is also a risk that planned sales will be prevented, delayed or transacted at prices lower than expected. Other risks arise from unforeseen **additional funding obligations** in relation to project financing and breaches of covenant in the property financing area. Where these requirements are violated or default occurs, the relevant

contractual partners are entitled to accelerate financing and demand immediate repayment. This could impel the Group to sell real estate or arrange refinancing under unfavourable terms.

CA Immo has fluctuating stocks of cash and cash equivalents which the company invests according to its particular operational and strategic needs and objectives. In some cases, an **investment** may take the form of listed securities or funds, which are subject to a higher risk of loss. Sufficient equity capitalisation will be required for the company to retain its Baa2 investment grade (long-term issuer) **rating** (granted by Moody's in December 2015).

CA Immo counters risk of this kind by continually monitoring covenant agreements and effectively planning and securing liquidity. The financial consequences of strategic aims are also taken into account. This also ensures the Group can meet unexpected cash flow requirements. To this end, various liquidity deployment measures have been identified and successfully implemented in some instances. The use of trading income to repay liabilities falling due in the next two years has had a highly positive effect on the **maturity profile**, which is now largely stable for the years ahead. In line with the investment horizon for real estate, loans are invariably agreed on a long-term basis. As an alternative and supplement to established means of (equity) capital procurement, the company enters into equity partnerships (joint ventures) at project level. Even with meticulous planning, however, liquidity risk cannot be eliminated, particularly where capital requests linked to joint venture partners are not viable. CA Immo Deutschland has a high capital commitment, which is typical in the case of development projects. Financing has been secured for all projects under construction; additional financing is required for new project launches.

Interest rate risk

Market-led fluctuations in the interest rate affect both the level of financing costs and the fair value of interest hedging transactions concluded. In its financing, CA Immo opts for a mix of long-term fixed-rate and floating-rate loans; the latter are not entirely secured by means of derivative financial instruments. However, CA Immo continually undertakes hedging transactions, particularly to hedge against **interest rate changes** and associated fluctuations in its financing costs. Hedging transactions of this kind may prove to be inefficient or unsuitable for achieving targets; they may also result in

losses that affect earnings. Moreover, the **valuation of derivatives** can impact negatively on profits and shareholders' equity. The extent to which the Group utilises derivative instruments is guided by assumptions and market expectations in respect of the future interest level, and especially the 3 month Euribor rate. Should these assumptions prove incorrect, the result can be a significant rise in interest expenditure. Continual monitoring of the interest rate risk is therefore essential. No risks constituting a serious and permanent threat to the company exist at the present time. Sufficient provisions have been formed for all risks identified.

Currency risk

Since CA Immo is active on a number of markets outside the eurozone, the company is subject to various currency risks. Where rents are payable in currencies other than the euro on these markets and cannot be fully adjusted to current exchange rates in time, **incoming payments may be reduced** by exchange rate changes. Where expenses and investments are not transacted in euros, exchange rate fluctuations can impair the **payment capacity** of Group companies and adversely affect the Group's profits and earnings situation. CA Immo generally counters such risk in that foreign currency inflows are secured by pegging rents to the euro; no significant and direct currency risk exists at present. The pegging of rents affects the **creditworthiness of tenants** and thus produces an indirect currency risk that can result in payment bottlenecks and loss of rent. Since incoming payments are mainly received in local currency, however, free liquidity (rental revenue less operating costs) is converted into euros upon receipt. This process is continually overseen by the responsible country coordinators. There is no currency risk on the liabilities side. Currency risks linked to construction projects are hedged according to need on a case-by-case basis, taking account of the currency underlying the order and lease agreement, likely exchange rate development and the calculation rate.

LIKELY DEVELOPMENTS AND THE MAIN OPPORTUNITIES AND RISKS

Many forecasts, including that of the International Monetary Fund (IMF), point to positive economic development in Europe in the years 2016 and 2017. We believe the general conditions on CA Immo's core markets should remain conducive to business. With the environment in Germany remaining fundamentally strong, core markets in Eastern Europe are also reporting clear growth

trends. The financing and interest environment will continue to define the real estate sector in 2015.

Strategy

The strategic programme for 2012-2015, which was successfully implemented ahead of time, was succeeded last year by a new strategic agenda for 2015-2017. Alongside the finalising of sales of non-strategic properties and further optimisation of the financing structure, the focus for CA Immo now switches back to raising value through growth within the defined core markets. The main aim will be to raise the profitability of the CA Immo Group over the long term.

Development

The development of high quality core office properties on the core markets of CA Immo as a driver of organic growth, especially in Germany, will remain critically important in the business years ahead. In 2015 specific efforts will be made to advance development projects under construction in Berlin (KPMG), Frankfurt (Mannheimer Strasse) and Bucharest (Orhideea Towers). Moreover, dates for the commencement of construction work will quickly be assigned to development projects at the preparation stage; at present, this applies to the MY.O project in Munich as well as the ZigZag project in Mainz and the ViE and Laendyard Living projects in Vienna. Investment in ongoing development projects should average € 150-200 m annually.

Rental business

In like-for-like comparison, rents levels are expected to be generally stable across the portfolio. The increase in rent from development projects completed in 2015 (the Kontorhaus in Munich and the John F. Kennedy Haus and Monnet 4 in Berlin) together with the acquisition of EBRD's minority share in the E-portfolio should more than make up for losses of rent linked to finalised sales of non-strategic properties as part of portfolio optimisation. The level of portfolio utilisation, which has risen steadily over recent years, is expected to be stable.

Financing

The environment for refinancing from expiring project financing of the CA Immo Group is still assessed as positive. In the property development area, we also expect the availability of bank financing under competitive conditions to remain healthy on our core market of Germany. Provision has been made for the maturity of a corporate bond in September 2016 with the issue of a new bond in February 2016.

Our expectations are based on certain assumptions regarding general and specific conditions. Key factors that may influence our business plans for 2016 include:

- Economic developments in the regions in which we operate and their impact on demand for rental premises and rental prices.
- The general progression of interest rates.
- The financing environment as regards availability and the cost of long-term financing with outside capital and, accordingly, the development of the market for real estate investment, price trends and their impact on the valuation of our portfolio. The speed at which planned development projects are realised will also depend largely on the availability of necessary external loan capital and equity.
- Political, fiscal, legal and economic risks; the transparency and development level on our real estate markets

RESEARCH AND DEVELOPMENT

In April 2016, CA Immo became a partner to the OF-FICE 21@ joint research project of the Fraunhofer IAO Institute. The research phase extending from 2016 to 2018 is focusing on the success factors in creating a working environment that promotes innovation while linking analyses of best practice to exclusive research findings.

The cornerstones of the research activity are:

- Devising exemplary working environments and processes to optimise and stimulate the responsiveness and creativity of organisations
- Exploring different working cultures and subsequently producing optimised workplace models
- Developing answers to the changing requirements of office environments through the increasingly hyper-flexible, multi-site and digital workplace

The aim of the partnership is to produce specific research findings to enable the development of innovative new office properties and thereby ensure the competitiveness of the company for the long term.

SUPPLEMENTARY REPORT

The following activities are reported for the opening months of business year 2016:

In February 2016, CA Immobilien Anlagen AG issued a **corporate bond** with a volume of € 150 m and a term of seven years. The coupon rate of the fixed interest bond is 2.75%.

On 8 January 2016 the Management Board decided to implement another buyback programme for up to one million treasury shares (approximately 1% of the current capital stock). In the course of this **share buyback programme**, a total of 1,000,000 bearer shares (ISIN AT0000641352) had been acquired for a total purchase price of approximately € 15.4 m between 13 January 2016 and 19 February 2016, so that the company now holds a total of 3,000,000 treasury shares (approximately 3% of voting shares).

Sales

In January 2016, the sale of CA Immo's 50%-share in **Poleczki Business Park** located at Warsaw airport to its long-term joint venture partner UBM Development AG was closed. The transaction volume of the sale was more than € 80 m.

Development projects

In February CA Immo concluded a lease agreement covering 8,000 sqm of the **Bucharest office project Orhideea Towers**, which offers 37,000 sqm of gross rentable floor space in total. The global financial software provider Misys will occupy the premises in March 2018, with the lease agreement running for 10 years.

In January 2016, CA Immo decided to develop an office building spanning some 9,500 sqm of gross office space in **Europacity**, Berlin. A leasing contract with ABDA - Bundesvereinigung Deutscher Apothekerverbände (Federal Union of German Associations of Pharmacists) concerning some 70% of the office space is already concluded. CA Immo's investment volume for this property will be around € 35 m; the construction of the building is scheduled to be completed at the beginning of 2019.

Vienna, 17 March 2016

The Management Board



Frank Nickel
(Chairman)



Florian Nowotny
(Member of the Management Board)

AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of

CA Immobilien Anlagen Aktiengesellschaft,

Vienna, Austria,

that comprise the statement of financial position as of 31 December 2015, the income statement for the fiscal year then ended, and the notes.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31 2015, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Report on Other Legal Requirements (Management Report)

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 17 March 2016

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Helmut Kerschbaumer

Wirtschaftsprüfer

(Austrian Chartered Accountants)

This report is a translation of the original report in German, which is solely valid.

The financial statements together with our auditor's opinion may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

DECLARATION OF THE MANAGING BOARD DUE TO SECTION 82 (4) OF THE AUSTRIAN STOCK EXCHANGE ACT (BÖRSENGESETZ)

The managing board confirms to the best of their knowledge that the financial statements of CA Immobilien Anlagen Aktiengesellschaft, which were prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the CA Immobilien Anlagen Aktiengesellschaft and that the management report gives a true and fair view of the development and performance of the business and position of the company, together with a description of the principal risks and uncertainties the CA Immobilien Anlagen Aktiengesellschaft faces.

Vienna, 17 March 2016

The Management Board



Frank Nickel
(Chairman)



Florian Nowotny
(Member of the Management Board)

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DISCLAIMER

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

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