CA IMMO

ANNUAL FINANCIAL REPORT 2017
I.A.W. ARTICLE 124 OF THE
AUSTRIAN STOCK EXCHANGE ACT

CONTENT

GROUP MANAGEMENT REPORT

GROUP STRUCTURE

The CA Immo Group is an internationally active real estate concern. The parent company of the 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 an office in Ukraine. The Cyprus office was closed on 31 December 2017. The various branch offices act as largely autonomous profit centres. Other subsidiaries (without separate local teams) are present in Bulgaria, Croatia, the Netherlands, Slovakia and Slovenia. As at key date 31 December 2017, the Group comprised 200 companies (31.12.2016: 206) with approximately 378 employees (363 on 31.12.2016) in 16 countries[1].

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, Serbia, Slovakia and Romania. Business activity in Germany is focused on Munich, Frankfurt and Berlin; in other countries, the 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 subsidiary companies of CA Immobilien Anlagen AG. As at 31 December 2017, the parent company also directly held property assets of approximately € 257.8 m (€ 255.8 m on 31.12.2016). The total Austrian portfolio comprised investment properties with a market value of € 494.2 m as at 31 December 2017 (€ 547.0 m on 31.12.2016) along with three development projects in Vienna.

COMPANIES BY REGION

Number of companies[1]	**31.12.2017**	**31.12.2016**
Austria	20	21
- *of which joint ventures*	*3*	*3*
Germany	101	102
- *of which joint ventures*	*28*	*31*
Eastern Europe[2]	79	83
- *of which joint ventures*	*8*	*12*
Group-wide	**200**	**206**
- *of which joint ventures*	*39*	*46*

[1] Joint ventures involving consolidated companies
[2] Includes holding companies in Cyprus and the Netherlands established in connection with Eastern European investments

Germany

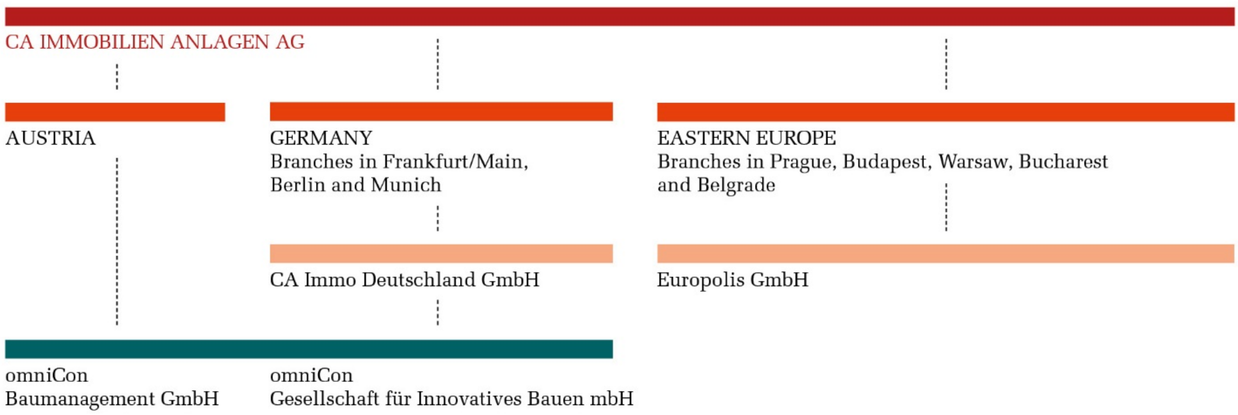
The operational platform for all Group activities in Germany is **CA Immo Deutschland GmbH**. As a former collecting society for state-owned railway properties in Germany, the company has a wealth of expertise in developing inner city real estate. With subsidiaries in Frankfurt, Berlin and Munich, an appropriate local profile 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. A number of development projects (in Munich and Mainz, for example), are being realised in the framework of joint ventures. 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.

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

Eastern Europe

In Eastern Europe, the focus is also on commercial class A buildings in regional capitals. The Group's portfolio of investment properties in Eastern Europe, along with a small proportion of development projects and undeveloped plots, is directly held via CA Immo participating interests and via **Europolis GmbH**, another wholly owned subsidiary of CA Immo acquired from the Volksbank Group early in 2011. All properties in Eastern Europe are managed by regional companies in Belgrade, Budapest, Bucharest, Prague and Warsaw under the name **CA Immo Real Estate Management**.

GROUP STRUCTURE



GROUP MANAGEMENT REPORT

ECONOMIC ENVIRONMENT

THE ECONOMIC TREND[1]

In its World Economic Outlook published in January 2018, the International Monetary Fund (IMF) painted an exceptionally positives picture of the global economy. The estimated economic growth of 3.7% in 2017 was followed by an upward revision of the forecast by 0.2 percentage points to 3.9% in 2018 and 2019, based both on stronger growth momentum and the tax reform initiated in the United States as driving force.

Most recent economic data and survey outcomes underline the recovery seen in the European Union, which has also gained momentum recently. The increase of 2.3% of the eurozone over the year 2017 represented the highest growth rate since 2007. Prospects for growth have been revised upward despite persistent geopolitical and economic uncertainties at the global level. The unemployment rate in the EU-28 has reached its lowest level since 2008.

REVIEW OF THE CA IMMO CORE MARKETS IN 2017[2]

Growth in the eurozone in 2017 came to 2.3%, and across the entire EU to 2.4%, compared to 1.8% and 2.0%, respectively, in the previous year. The (seasonally adjusted) unemployment rate was 8.6% (down from 9.6% in January 2017) in the eurozone and 7.3% (down from 8.1% in January 2017) for the EU as a whole in January 2018, which is the lowest rate since October 2008. The government debt stood at 88.1% in the eurozone at the end of the third quarter of 2017 (82.5% in the EU-28).

Annual inflation in the eurozone arrived at 1.3% in January 2018, clearly less than the rate targeted by the ECB of below, but close to 2.0% (January 2017: 1.8%), whereas the euro area reported 1.6% (January 2017: 1.7%). The inflation rate continued to arrive below the ECB target recently, but is expected to grow, given the monetary measures taken, sustained economic upswing and associated higher wage increases.

The economy of **Austria** grew strongly with real GDP rising by 2.9% in 2017. The inflation rate in Austria stood at 1.9% in January 2018. The current unemployment rate is 5.5%.

Employment has reached a new record level in **Germany**, underlining the extremely robust situation of the German economy, which has a positive effect also on other European countries, such as the Czechia. In EU comparison, Germany and Czechia reported the lowest unemployment rates at only 3.6% and 2.4%, respectively, according to the most recent publication of Eurostat.

The booming German economy recorded a GDP growth of 2.2% in 2017, representing a sound increase from last year's 1.9%. Strong export figures based on global economic recovery, rising tax revenues and a combination of real wage growth and a historically low interest rate level have also stimulated consumer spending in Europe's largest economy. The inflation rate for Germany was reported at 1.4% in January 2018.

As observed in preceding years, the positive economic trend in the core CA Immo markets in the CEE region gained further momentum throughout 2017. Supported by the tailwind of the positive development of the German economy, Eastern Europe posted its steepest growth in 9 years. Strong increases in employment combined with real wage growth stimulate private consumption. Additionally, there is a massive effect from large inflows of EU funds, representing an essential lever for the Eastern European economies.

Within the CEE core markets, Romania reported the highest GDP growth of 7.0 % (preliminary) in 2017, clearly exceeding expectations. The economy of **Poland** developed extremely well, as the GDP rose by 4.6%. The gross domestic product in **Czechia** grew by 4.3% in 2017, and in **Hungary** by 4.0% in the same period. The unemployment rate in the **CEE** countries is significantly lower than in the EU-28 and the euro area average; it stands at 2.4% in Czechia, 3.8% in Hungary, 4.5% in Poland and 4.6% in Romania.

Compared to the previous year, the inflation rate in 2017 displayed a rising trend and arrived above the eurozone average in all CEE core countries at the beginning of 2018. Czechia reported an inflation rate of 2.1% for January 2018, whereas the annual rate in Romania stood at 3.4%. The annual inflation rate in Poland was recorded at 1.6%, in Hungary at 2.1%.

[1] International Monetary Fund, European Commission, Bloomberg, Financial Times, The Economist

[2] Eurostat, European Commission, Bloomberg, Financial Times, The Economist

ECONOMIC DATA FOR CA IMMO CORE MARKETS

	Growth rate of real GDP [1]		Annual inflation rates [2]	Unemployment rate [3]	Public budget balance	Gross public debt	Growth rate of employment
	2017	2016	in %	in %	as % of GDP 3Q 2017	as % of GDP 3Q 2017	in % 4Q 2017
EU –28	2.4	2.0	1.6	7.3	-0.6	82.5	1.5
Eurozone –19	2.3	1.8	1.3	8.6	-0.3	88.1	1.6
Austria	2.9	1.5	1.9	5.5	-0.5	80.4	1.8
Germany	2.2	1.9	1.4	3.6	2.5	65.1	1.5
Poland	4.6	2.9	1.6	4.5	-0.7	52.0	0.5
Czechia	4.3	2.6	2.1	2.4	1.6	35.1	1.5
Hungary	4.0	2.2	2.1	3.8	-3.9	72.4	1.9
Romania	7.0	4.8	3.4	4.6	-2.5	35.7	1.8

Sources: European Commission, Eurostat, Bloomberg
[1] Forecast, change versus prior year (in %); [2] Change versus prior year, by December 2017; [3] by January 2018 except for Hungary (December 2017) (seasonally adjusted)

THE MONEY MARKET AND INTEREST ENVIRONMENT [1]

At its latest meeting held on 8 March 2018, the Governing Council of the ECB decided that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.00%, 0.25% and -0.40%, respectively. In a press release, the Governing Council expected "the key ECB interest rates to remain at their present levels for an extended period of time, and well past the horizon of the net asset purchases".

The expansive monetary market policy of the European Central Bank (ECB) was continued in 2017. The purchase programme for government bonds and other securities as a special monetary policy measure of currently € 30 bn per month remains in effect until the end of September 2018 and beyond, if required. According to the official publication of the European Central Bank, "until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim". As no mention was made that the multi-billion bond purchases could be extended if overall conditions deteriorate, this may be an indication that the extreme quantitative easing policy could come to an end. However, no specific final date was mentioned.

The 3-month Euribor remained in negative territory, fluctuating between –0.32% and –0.33% in the period under review. Due to the currently strong growth momentum, pressure to increase interest rates in Eastern European countries should be mounting. In 2017, the Czech central bank increased the interest rate twice. Romania surprised the market in January 2018, as the interest rate was raised for the first time since 2008 (increasing the key interest rate by 25 base points to 2.0%). Also in Poland, analysts expect the central bank to pursue a more restrictive course in the first half of 2018.

The yield on 10-year US Treasury bonds recently reached its 4-year high of 2.9%, in anticipation of a possibly faster interest rate increase by the Federal Reserve Bank. This market expectation based on the minutes of the FED meetings showing its readiness to increase interest rates at short notice has driven up volatility in the international financial markets massively.

OUTLOOK [2]

The European Central Bank (ECB) slightly raised its growth forecast of 2.4% for the eurozone in March 2018. The projection for the year 2019 of 1.9% remained unchanged from the last forecast of December 2017. The expected inflation rate was reduced by 0.1%, to 1.4% for 2018.

[1] Sources: European Central Bank, Eurostat, Central Statistical Offices, Bloomberg
[2] Sources: European Central Bank, Bloomberg, Financial Times, The Economist

PROPERTY MARKETS

THE REAL ESTATE MARKET IN AUSTRIA[1]

The investment market

In 2017 the total volume invested in commercial real estate in Austria was approximately € 4.9 bn, with Vienna being the focus, attracting around 80% of the total. Although this value was clearly above the former record volume of 2015 at around € 3.9 bn, it exceeded the five-year average figure by roughly 16%.

Stable economic framework conditions as well as increasing shortage of core properties in the German metropolitan cities increasingly moved Austria into the focus of international investors accounting for more than 80% of the overall transaction volume in 2017.

Like last year, the prime yield on office properties dropped significantly and currently stands at a historically low level of just 3.90 % for offices in Vienna's CBD. Yields in good and average locations fell more sharply in the second half of 2017, to 4.45% and 4.95%, respectively. CBRE Research expects demand for commercial properties in Austria to remain high in 2018 and, as a result – given limited product availability – further declining yields, especially in the office sector.

The office property market

The stock of floor space in the Viennese office property market amounted to around 11.0 m sqm at year end. The completion volume of office space totalled approximately 154,000 sqm in 2017, increasing by more than 130% compared to the previous year. For 2018, the completion volume is expected to be higher, while roughly half of the space being brought to the market has already been prelet or used by owners themselves. CA Immo will complete its core office project "ViE" in the second half of 2018.

Year on year, however, lettings performance declined, standing at around 192,000 sqm (2016: 329,000 sqm). Over the course of 2017, the vacancy rate – despite higher completion volumes – went down to 4.9%, by approximately 40 base points.

The peak monthly rent in Vienna remained stable at around € 26.0/sqm. Monthly rents rose by around 1.5% to € 17.00/sqm in good office locations, while monthly rents in average locations stood at about € 14.55/sqm.

OFFICE MARKET DEVELOPMENT IN VIENNA

	2017	2016	Change in %
Take up in sqm	192,000	329,000	–41.6
Vacancy rate in %	4.9	5.3	–7.5
Peak rent in €/sqm net exclusive	26.00	26.00	0.0
Prime yield in %	3.90	4.00	–2.5

Sources: CBRE: Vienna Office MarketView H2 2017, Austria Investment MarketView H2 2017
Note: Floor space take-up includes owner-occupied transactions

THE REAL ESTATE MARKET IN GERMANY[2]

The investment market

The transaction volume for commercial real estate in Germany totalled € 57.4 bn, 9% above the previous year's result, generating the second best result following the 2007 boom year. In spite of sharply falling yields, the German investment market continued to stand out as a stable and safe investment market that displayed extremely robust demand levels supported both by German and, increasingly, international investors. Office properties remain the investment focus of investors, attracting almost half of the total volume (a new record level since official figures were first taken, according to CBRE Research). The top locations accounted for around 79% of investment. Prime yields were subject to compression once again in 2017, albeit to a more moderate extent than in the previous years. The CBD net initial yield for the top 7 markets is reported at 3.28%.

The Berlin market posted undiminished strong demand, generating € 7.1 bn – the second best year in its history (49% above last year's level). Over the course of the year, the prime yield dropped to 3.10% (2016: 3.40%). The office market in Frankfurt recorded investment volumes of € 6.0 bn, including the sale of the Tower 185 of CA Immo together with both joint venture partners to Deka Immobilien, covering a volume worth € 775 m. Prime yields shrank to a record low, arriving at 3.20% at year end, down 20% from the end of the previous year (2016: 4.00%). The office investment market in Munich was characterised by numerous large-volume transactions and

[1] Sources: CBRE: Austria Investment MarketView H2 2017; Vienna Office MarketView H2 2017; Austria Real Estate Market Outlook 2018

[2] Sources: CBRE: Germany Office Investment MarketView Q4 2017; Berlin, Munich, Frankfurt Investment MarketView Q4 2017

recorded its third strongest year after 2007 and 2016, generating the same volume of € 6 bn. Year on year, the prime yield fell to 3.00%, 20 base points down since the end of 2016.

The office property market[3)]

The continued positive development of the German economy was reflected in GDP growth of 2.2% in 2017, a higher growth rate than in the previous years (2016: 1.9%, 2015: 1.7%). In 2017 the number of gainfully employed persons reached its peak since the German reunification. These highly positive framework conditions continue to drive up demand for office space, which, given the shortage of floor space in inner city areas, sustains the positive rental rate momentum.

The lettings market in **Munich** performed once again very strongly in 2017. Floor space take-up in 2017 totalled 982,600 sqm, approximately 24% above the previous year's value. Extremely tight supply coupled with continuing high demand brought about a rise in the peak monthly rent of more than 4% to € 36.50/sqm, while the weighted monthly average rent of € 17.30 was roughly 9% above last year's reading. The office vacancy rate of 3.1% (2016: 4.1%) reached a new historic low for the overall market at year end. At a vacancy rate of 1.9% Munich's city area was factually fully let. The completion volume of around 238,000 sqm in 2017 (new builds and core refurbishments) exceeded last year's level by 53%, just above the ten-year average figure. The stock of office floor space totalled approximately 21.4 m sqm at year end.

OFFICE MARKET DEVELOPMENT IN CA IMMO CORE MARKETS IN GERMANY

	2017	2016	Change
Berlin			
Take up in sqm	925,500	888,300	4.2
Vacancy rate in %	3.1	4.9	–36.7
Peak rent in €/sqm net exclusive	30.0	27.5	9.1
Prime yield in %	3.10	3.40	–8.8
Frankfurt am Main			
Take up in sqm	716,600	546,400	31.1
Vacancy rate in %	9.5	11.1	–14.4
Peak rent in €/sqm net exclusive	40.0	39.5	1.3
Prime yield in %	3.20	4.00	–20.0
Munich			
Take up in sqm	982,600	789,400	24.5
Vacancy rate in %	3.1	4.1	–24.4
Peak rent in €/sqm net exclusive	36.5	35.0	4.3
Prime yield in %	3.00	3.20	–6.3

Sources: CBRE: Munich, Frankfurt, Berlin Office MarketView Q4 2017
Note: Floor space take-up includes owner-occupied transactions

[3)] Sources: CBRE: Munich, Frankfurt, Berlin Office MarketView Q4 2017; Destatis

Office space take-up in **Frankfurt** stood at 716,600 sqm in 2017, a significant rise of more than 30% on the previous year and the highest value since 2000. Increasing demand reduced the vacancy rate to 9.5%, the first single-digit figure since the year 2003. Aside from rising demand for office space, demolition and conversion of older office premises to other uses underpinned this positive trend. Compared to last year, the peak monthly rent rose slightly to € 40.00/sqm. The weighted monthly average rent in the market is reported at € 20.70/sqm per month. The completion volume (new builds and core refurbishments) arrived at around 101,000 sqm, clearly below the 10-year average of 181,000 sqm, and is expected to remain below that level also in 2018. While an addition of about 193,000 sqm is expected for the year 2019, CBRE projects a volume of 172,000 sqm for 2020 (of which 50,000 sqm were reported to be already let at the end of 2017). Completion of "ONE", CA Immo‘s currently largest development project in Frankfurt, is scheduled for the year 2020. At the end of the year, the reported stock of office space was around 11.4 m sqm.

Office space take-up of 925,500 sqm registered for **Berlin** in 2017 was up by 4% on the previous year and a new record value exceeding the 10-year-average by 57%. The German capital therefore headed the field for another year in terms of letting activity in the office sector. In yearly comparison, the vacancy rate fell again substantially to its current level of 3.1% (2016: 4.9%). This shortage of floor space led to a 9% increase in the peak monthly rent of € 30.00/sqm. The weighted average rent also went up further to € 19.31/sqm per month, the strongest growth among the top locations in Germany. Over the course of 2017, about 182,000 sqm of new space were completed. Although an increase to more than 400.000 sqm is expected for 2018, the current development pipeline is struggling to keep pace with high demand. At the end of the year, the stock of office space totalled around 18.1 m sqm.

THE REAL ESTATE MARKET IN EASTERN EUROPE [1)]

The investment market

Also in Eastern Europe the positive momentum in the properties markets was sustained. The registered transaction volume of commercial properties of € 13.0 bn was 3.3% above the previous record value posted last year. In regional terms, Poland accounted for the largest volume (39%), followed by the Czechia (27%), Hungary (14%) and Romania (8%).

The volume of office transactions was approximately € 1.6 bn in Poland, while regional locations accounting for € 970 m generated clearly larger volumes than Warsaw. The registered prime yield in the Polish capital fluctuated between 5.00% and 5.25%. For 2018 JLL expects the investment volume to expand in the wake of large-scale deals. With its acquisition of the Warsaw Spire B prime office property CA Immo was also active in the market. Based on strong fundamental data, Prague further strengthened its position in the letting markets as an internationally sought-after investment market, with the prime yield standing at 4.85%.

Market liquidity rose sharply due to significantly improved investor sentiment regarding Hungary. Budapest recorded considerable yield compression of 6.00% for prime office projects (2016: 6.75%). Office properties accounted for roughly 43% of the overall investment volume of € 1.9 bn. Romania registered an investment volume of more than € 960 m in 2017, of which the office sector accounted for around 22%. The prime yield is reported at 7.5%.

The office property markets[2)]

Lettings continued to develop positively in all core cities of CA Immo (Warsaw, Prague, Budapest, Bucharest and Belgrade) in 2017, bringing about a decrease in vacancy rates over the course of the year.

By the end of 2017, total office space in **Warsaw** stood at around 5.3 m sqm, as approximately 275,000 sqm had been completed during the year. Currently, 860,000 sqm are under construction. By 2021, floor space is expected to expand to more than 6 m sqm. The office pipeline is heavily concentrated on the CBD of the Polish capital. Office floor space take-up arrived at 820,500 sqm in 2017, equalling the record level seen in the year 2015. At the end of the year, the vacancy rate stood at 11.7%, down

[1)] Sources: JLL: CEE Investment Market H2 2017; Budapest, Bucharest City Report Q4 2017

[2)] Sources: CBRE: Prague, Warsaw, Bucharest Office MarketView Q4 2017, JLL: Budapest City Report Q4 2017

2.6 percent from last year's value. Peak rents have fallen steadily in the past quarters, ranging from € 20.0 to € 23.0/sqm per month in central locations.

By the end of 2017 some 350,000 sqm of office space had been let in **Bucharest**, a decrease of 15% on the previous year. The stock of office space totalled 2.76 m sqm, following a completion volume of 120,000 sqm at the end of the year, and is set to rise by another 200,000 sqm in 2018. By completing the Orhideea Towers, CA Immo will play a major role in the process. In annual comparison, the vacancy rate fell sharply by the end of the year to 9.0%. The peak monthly rent in Bucharest was stable at € 18.50/sqm.

Annual take-up in **Budapest** amounted to 467,100 sqm in 2016, a high level above the 10-year average. For 2017, a similar strong result is expected. Total floor space came to approximately 3.4 m sqm at the end of the year. The vacancy rate continued its declining trend since 2012 and stood at 7.5 % at the end of the year (2016: 9.5%). The current peak monthly rent is reported at € 22.50/sqm.

The office property market in **Prague** posted a record year in 2017. The stock of office space of around 3.34 m sqm was expanded by roughly 136,000 sqm in 2017. In 2017, lettings performance of 540,000 sqm reached a historic record level. The vacancy rate fell substantially and arrived at 7.5% at the end of the year. Monthly peak rents in central locations stood at € 20.50/sqm.

OFFICE MARKET DEVELOPMENT IN CA IMMO CORE MARKETS IN EASTERN EUROPE

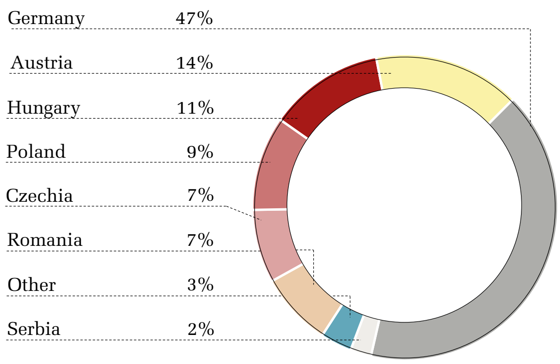
	2017	2016	Change in %
Budapest			
Take up in sqm	n.a.	467,100	n.a.
Vacancy rate in %	7.5	9.5	–21.1
Peak rent in €/sqm net exclusive	22.5	22.5	0.0
Prime yield in %	6.00	6.75	–11.1
Bucharest			
Take up in sqm	350,000	412,000	–15.0
Vacancy rate in %	9.0	11.7	–23.1
Peak rent in €/sqm net exclusive	18.5	18.5	0.0
Prime yield in %	7.50	7.50	0.0
Prague			
Take up in sqm	540,000	414,400	30.3
Vacancy rate in %	7.5	10.6	–29.2
Peak rent in €/sqm net exclusive	20.5	19.5	5.1
Prime yield in %	4.85	5.00	–3.0
Warsaw			
Take up in sqm	820,500	757,700	8.3
Vacancy rate in %	11.7	14.2	–17.6
Peak rent in €/sqm net exclusive	23.0	23.0	0.0
Prime yield in %	5.00	5.25	–6.5

Sources: CBRE: Prague, Warsaw, Bucharest Office MarketView Q4 2017; JLL: Budapest City Report Q4 2017, CEE Investment Market H2 2017, CEE Investment Market Pulse H2 2016; Note: Floor space take up includes owner-occupied transactions.

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, CA Immo specialises in commercial real estate with a clear focus on office properties in capital cities in the centre of Europe. The objective is to expand the focused portfolio of high quality and profitable investment properties within the core markets of Germany, Austria, Czechia, Poland, Hungary and Romania. Additional earnings will be generated through the preparation, development and utilisation of land reserves in the development area.

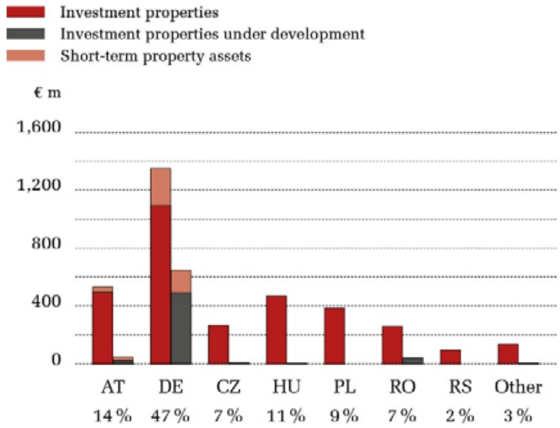
DISTRIBUTION OF BOOK VALUE PROPERTY ASSETS BY COUNTRY (Basis: € 4.3 bn)



€ 4.3 bn property assets

As at key date, the property assets of CA Immo were approximately € 4.3 bn (2016: € 3.8 bn) [1]. Of this figure, investment properties account for € 3.2 bn (75% of the total portfolio), property assets under development represent € 0.6 bn (14%) and short-term properties[2] € 0.5 bn (11%). With a proportion of 47% of total property assets, Germany is the biggest regional segment.

DISTRIBUTION OF PROPERTY ASSETS BY COUNTRY AND TYPE (incl. short-term properties)



Includes fully consolidated (wholly owned by CA Immo) and properties partially owned by CA Immo, consolidated at equity (pro-rata share)

PROPERTY ASSETS OF THE CA IMMO GROUP AS AT 31.12.2017 (PORTFOLIO VALUES)

in € m	Investment properties [3]			Investment properties under development			Short-term property assets [4]			Property assets			Property assets in %		
	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ
Austria	498	0	498	23	0	23	37	23	60	558	23	581	14	6	14
Germany	1,101	0	1,101	496	0	496	79	334	414	1,677	334	2,011	43	81	47
Czechia	267	0	267	11	0	11	0	0	0	277	0	277	7	0	7
Hungary	470	0	470	2	0	2	0	0	0	472	0	472	12	0	11
Poland	371	16	387	0	0	0	0	0	0	371	16	387	10	4	9
Romania	260	0	260	43	0	43	0	0	0	302	0	302	8	0	7
Serbia	96	0	96	0	0	0	0	0	0	96	0	96	3	0	2
Others	98	38	136	5	0	5	0	0	0	103	38	141	3	9	3
Total	**3,161**	**54**	**3,216**	**579**	**0**	**579**	**116**	**357**	**473**	**3,857**	**412**	**4,268**	**100**	**100**	**100**
Share of total portfolio			75%			14%			11%			100%			

Full: Fully consolidated properties wholly owned by CA Immo
At equity: Properties partially owned by CA Immo, consolidated at equity (pro-rata share)
[3] Includes properties used for own purposes
[4] Short-term property assets include properties intended for trading or sale

[1] Incl. properties fully consolidated and partially owned by CA Immo, consolidated at equity (pro-rata share)

[2] Incl. properties intended for trading or sale

Acquisitions

In January CA Immo acquired 49% shares in both the **Danube House office building in Prague** and the **Infopark office building in Budapest** from JV partner Union Investment, thereby raising its stake in these properties to 100%.

In September CA Immo agreed the acquisition of the 21,600 sqm **class A office building Warsaw Spire B**. Closing for the transaction took place as the contract was concluded. The transaction volume for the fully let property, which generates gross rental income of around € 5,5 m annually, was approximately €100 m. With this acquisition, CA Immo raised its profile on its core market of Warsaw while consolidating its highly growth-centred development activity in Germany.

Sales

In business year 2017, the strategic policy of focusing on large-scale, modern office properties in core cities was upheld across the Group. Accordingly, the majority of sales involved properties not classified as part of the core business of CA Immo in terms of regional, sectoral or other characteristics. Property assets sold[1] in 2017 generated total **trading income** of € 177.1 m and contributed € 46.7 m to the result (compared to € 37.6 m in 2016).

In addition to this contribution to earnings, **revaluation results** totalling €80.0 m[2] were confirmed for the properties sold[1] in 2017 in the reporting period. A large part of this came from the **sale of the Tower 185 office high-rise in Frankfurt** for a total purchase price of €775 m. The transaction was closed in January 2018; the CA Immo share of the property was roughly one third. Significant valuation gains were also secured in the run-up to the sale of the 3,250 sqm office and commercial building on Berlin's Lietzenburger Strasse.

At the end of November, CA Immo sold the 13,700 sqm **Infopark office building in Budapest**. Closing for the transaction took place at the end of 2017.

In **Austria**, a number of smaller properties with various types of use as well as superaedificates were sold with a total transaction volume of about € 53.3 m. The profit of these transactions was around € 12.1 m. As a result, the process of focussing the Austrian portfolio on office properties in Vienna is largely complete.

Investments

In 2017, CA Immo invested a total of € 257.4 m (2016: € 168.4 m) in their property portfolio (investments and maintenance). Of this figure, € 45.8 m was earmarked for modernisation and optimisation measures and € 211.6 m was devoted to the furtherance of development projects.

PROPERTY ASSETS BRIDGE 2016 TO 2017 AND KEY FIGURES 2017 [3]

		Austria	Germany	Eastern Europe	Total
Property assets 31.12.2016	**€ m**	**583.8**	**1,676.8**	**1,559.3**	**3,819.9**
Acquisition of new properties	€ m	0.0	21.9	142.8	164.7
Capital expenditure	€ m	30.8	176.5	44.0	251.3
Change from revaluation/impairment/depreciation	€ m	–5.2	199.2	–16.8	177.2
Changes Leaseincentive	€ m	–0.2	–1.6	1.0	–0.7
Disposals	€ m	–27.9	–61.9	–54.8	–144.6
other Changes	€ m	0.0	0.4	0.2	0.6
Property assets 31.12.2017	**€ m**	**581.3**	**2,011.2**	**1,675.8**	**4,268.3**
Annual rental income[4]	€ m	30.8	62.2	101.0	193.9
Annualised rental income	€ m	30.8	62.2	116.4	209.5
Economic vacancy rate for investment properties	%	3.8	1.8	6.3	4.8
Gross yield (investment properties)	%	6.0	4.7	7.2	6.2

[3] Incl. fully consolidated properties wholly owned by CA Immo and at properties partially owned by CA Immo, consolidated at equity (pro-rata share)

[4] Includes annual rental income from properties sold in 2017 (€ 3.2 m)

[1] Incl. properties partially owned by CA Immo, consolidated at equity (pro-rata share)

[2] Includes valuation result of sales and IFRS 5 in 2017 as well as revaluation result shown in the result from joint ventures

INVESTMENT PROPERTIES

Contributing around 75% of total property assets, the investment property area is CA Immo's main source of income. The principle objective of the company is the continual optimisation of its portfolio and the retention and acquisition of tenants with a view to securing stable and regular rental revenue. In total, 74% of the office portfolio[1)] of CA Immo is certified in line with LEED, DGNB or BREEAM standards (see also the Sustainability chapter).

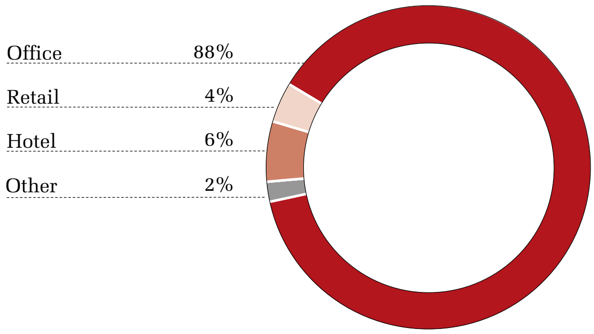
€3.2 bn investment portfolio

As at key date 31 December 2017, the Group's investment portfolio[2)] incorporated a total rentable effective area of 1.3 m sqm with an approximate book value of €3.2 bn (2016: €3.2 bn). Accounting for 50% of book value, the Eastern Europe segment accounts for the largest proportion of the investment portfolio. In 2017, CA Immo generated total rental income of €193.9 m (€183.0 m in 2016); the Eastern Europe segment accounted for roughly 52% of total rental revenue. On the basis of annualised rental revenue, the asset portfolio produced a yield of 6.2% (6.1% in 2016). In line with the strategic portfolio focus 2012-2016, the office share of the total portfolio has steadily increased and stands unchanged at the previous year's level of 88%.

Occupancy rate rises to 95.2%

The occupancy rate for the investment portfolio rose from 92.4% (31.12.2016) to 95.2% on 31 December 2017. In like-for-like comparisons of properties forming part of the portfolio as at 31 December 2016, the economic occupancy rate increased from 92.5% on that date to 95% on the balance sheet date for 2017.

DISTRIBUTION OF BOOK VALUE PORTFOLIO PROPERTIES BY MAIN USAGE (basis: €3.2 bn)



INVESTMENT PROPERTIES: KEY FIGURES BY COUNTRY [3)]

	Fair value property assets € m			Rentable area [4)] in sqm			Occupancy rate as %			Annualised rental income € m			Yield as %		
	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ
Austria	494.2	0.0	494.2	320.157	0	320.157	96.2	0.0	96.2	29.6	0.0	29.6	6.0	0.0	6.0
Germany	1,099.7	0.0	1099.7	294.087	0	294.087	98.2	0.0	98.2	51.9	0.0	51.9	4.7	0.0	4.7
Czechia	266.7	0.0	266.7	105.881	0	105.881	98.6	0.0	98.6	18.3	0.0	18.3	6.9	0.0	6.9
Hungary	470.2	0.0	470.2	234.684	0	234.684	89.6	0.0	89.6	32.8	0.0	32.8	7.0	0.0	7.0
Poland	370.9	15.9	386.9	115.131	7.048	122.178	96.0	98.2	96.1	25.6	1.2	26.8	6.9	7.5	6.9
Romania	259.9	0.0	259.9	105.781	0	105.781	95.4	0.0	95.4	20.4	0.0	20.4	7.8	0.0	7.8
Serbia	96.4	0.0	96.4	46.129	0	46.129	93.4	0.0	93.4	7.8	0.0	7.8	8.0	0.0	8.0
Others	97.8	38.4	136.2	69.305	23.591	92.896	88.0	94.9	90.1	7.1	3.3	10.4	7.3	8.6	7.6
Total	**3,155.7**	**54.4**	**3,210.0**	**1,291,155**	**30.639**	**1,321,794**	**95.2**	**95.8**	**95.2**	**193.4**	**4.5**	**197.8**	**6.1**	**8.2**	**6.2**

Full: Fully consolidated properties wholly owned by CA Immo
At equity: Properties partially owned by CA Immo, consolidated at equity (pro-rata share)
3) Excludes properties used for own purposes and short-term assets;
4) Includes land leases in Austria (around 106,000 sqm)

1) Basis: Book value, office properties with book value > €10 m

2) Excl. properties used for own purposes and short-term property assets

LIKE-FOR-LIKE COMPARISON OF PROPERTIES IN THE PORTFOLIO AS AT 31.12.2016

	Book values		Annualised rental income [1]		Gross yield in %		Occupancy rate	
€ m	2017	2016	2017	2016	2017	2016	2017	2016
Austria	494.2	506.6	29.6	28.8	6.0	5.7	96.2	94.8
Germany	1,099.7	970.2	51.9	47.3	4.7	4.9	98.2	94.9
Eastern Europe	1,485.3	1,481.2	109.1	105.7	7.3	7.1	93.3	90.9
Total	**3,079.2**	**2,958.0**	**190.5**	**181.8**	**6.2**	**6.1**	**95.0**	**92.5**

[1] Monthly contractual rent as at key date multiplied by 12

Lettings performance in 2017: 17% of usable space newly let or extended

Across the Group, CA Immo let 257,880 sqm of floor space in 2017, of which pre-lettings on development projects accounted for 14% (around 35,240 sqm). Excluding these pre-lettings, this equates to lettings performance of 17% for the Group's total investment portfolio, which amounts to 1.3 m sqm. New lettings and contract extensions by existing tenants accounted for around 46%; renewals by existing tenants represent 54%. Office space accounted for 95% of total lettings performance.

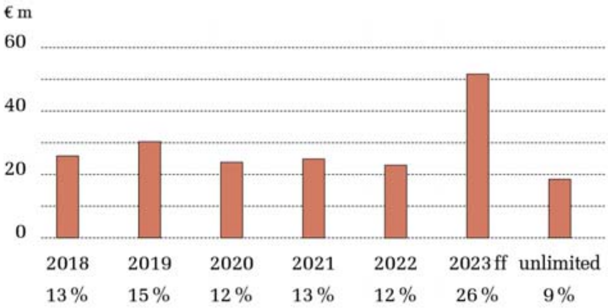
The market with the highest lettings performance in terms of regional rentable space in 2017 was Hungary with about 30% (70,880 sqm) of new lettings or contract extensions; this was followed by Romania with 20% (30,620 sqm) lettings performance. The biggest single new lease was agreed in Berlin: the Institute for Federal Real Estate (BImA) is renting 15,000 sqm of floor space at Schöneberger Ufer 1-3 for a term of at least 10 years. 35% of lease contracts (in terms of letting volume) are concluded for terms of more than five years, or for unlimited terms.

LETTINGS PERFORMANCE BY SEGMENT [1]

in sqm	Pre-lease development projects	New lease investment properties	Lease extensions	Total
Germany	25,975	26,953	2,386	55,314
Austria	0	12,123	8,446	20.569
Eastern Europe	9,267	64,316	108,419	182,001
Total	**35,242**	**103,392**	**119,251**	**257,884**

[2] Excl. properties sold or held for sale in 2017

EXPIRY PROFILE OF LEASE AGREEMENTS BASED ON EFFECTIVE RENTAL INCOME



BIGGEST TENANTS (TOP 10)

	Sector	Region	Share in % of total rent [1]
PwC	Auditor	Germany	6.1
Verkehrsbüro Hotellerie	Hotel sector	Austria/Eastern Europe	2.1
Morgan Stanley	Banks	Eastern Europe	2.0
Google	IT	Germany	2.0
TOTAL Deutschland	Energy supply	Germany	1.9
Land Berlin c/o Berliner Immobilienmanagement	Property administration	Germany	1.8
Frontex	Public administration	Eastern Europe	1.8
Robert Bosch	Industrial	Austria	1.6
Österreichische Post	Post	Austria	1.5
Bundesanstalt für Immobilienaufgaben	Public administration	Germany	1.4

[1] Based on annualised rental revenue

THE AUSTRIA SEGMENT

The asset portfolio in Austria comprises rentable effective area of 320,157 sqm with a market value of around € 494.2 m (2016: € 547.0 m) according to current valuations. In 2017, this portfolio generated rental income of € 30.8 m (€ 32.2 m in 2016), equivalent to an average yield of 6.0% (5.6% in 2016).

23% of the Austrian office portfolio[1]) is certified according to DGNB standards. In 2017 CA Immo invested around € 7.1 m in its Austrian investment portfolio (investments and maintenance costs), compared to € 6.0 m in 2016.

Lettings

In Austria, around 12,100 sqm of office space was newly let and contracts for approximately 8,400 were sqm extended in 2017. The economic occupancy rate in the asset portfolio was 96.2% as at the key date (94.8% in 2016).

INVESTMENT PROPERTIES AUSTRIA: KEY FIGURES [2)]

€ m	31.12.2017	31.12.2016	Change
Book value	494.2	547.0	-9.7%
Annualised rental income[3)]	29.6	30.7	-3.8%
Gross yield in %	6.0	5.6	0.4 pp
Economic vacancy rate in %	3.8	5.2	- 1.4 pp

[2)] Excludes properties used for own purposes
[3)] Monthly contractual rent as at key date multiplied by 12

THE GERMANY SEGMENT

As at the key date, CA Immo held investment properties in Germany with an approximate market value of € 1,099.7 m (€ 1,173.2 m in 2016) and rentable effective area of 294,087 sqm. By portfolio value, 47% of the total stock is in Germany. The German investment portfolio mainly comprises modern office buildings developed by CA Immo in central locations of Berlin, Munich and Frankfurt; 79% of rentable office space[2)] is certified according to DGNB or LEED standards.

Rental income of €62.2 m was generated in 2017, compared to €58.1 m in 2016. The yield on the portfolio was 4.7% as at 31 December 2017 (31 December 2016: 4.9%). CA Immo spent approximately €12.7 m on maintaining its German investment properties in 2017 (investments and maintenance costs).

Occupancy rate up from 94% to 98%

The occupancy rate for the asset portfolio in Germany increased from 93.9% on 31 December 2016 to 98.2% on 31 December 2017. In Germany, approximately 29,300 sqm of floor space (of which 24,200 sqm is office space) was newly let or extended during 2017. In addition, pre-letting of development projects accounted for nearly 26,000 sqm. In mid-July CA Immo finalised a large-scale let in Berlin: in August, the Institute for Federal Real Estate (BImA) began renting 15,000 sqm of floor space at Schöneberger Ufer 1-3 for a term of at least 10 years.

INVESTMENT PROPERTIES GERMANY: KEY FIGURES [4)]

€ m	31.12.2017	31.12.2016	Change
Book value	1,099.7	1,173.2	-6.3%
Annualised rental income[5)]	51.9	57.9	-10.5%
Gross yield in %	4.7	4.9	- 0.2 pp
Economic vacancy rate in %	1.8	6.1	- 4.3 pp

[4)] Excludes properties used for own purposes and short-term assets
[5)] Monthly contractual rent as at key date multiplied by 12

[1)] Basis: Book value; office properties with a portfolio value > €10 m

[2)] Basis: Book value; office properties with a portfolio value > €10 m; excludes properties held for sale (Tower 185)

THE EASTERN EUROPE SEGMENT

CA Immo has been investing in Eastern Europe since 1999. The company now maintains investment properties in nine countries of Central and Eastern Europe and South Eastern Europe.

With the acquisition in January 2017 of 49% shares in both the **Danube House office building in Prague** and the **Infopark office building in Budapest** (the sale of which took place in the final quarter of 2017) from JV partner Union Investment Real Estate GmbH, CA Immo increased its stake in these properties from 51% to 100%. Taking account of the acquisition of the **class A landmark office building Warsaw Spire Building B** in Warsaw as agreed in September 2017, these transactions will serve to boost all indicators relating to CA Immo's Eastern European asset portfolio in comparison with last year's figures (for details, see also the section on 'Property assets').

The value of the investment properties in Eastern Europe increased from € 1,492.4 m on 31 December 2016 to € 1,616.1 m as at key date 31 December 2017, equivalent to a share (by portfolio value) of around 50% of the total investment portfolio. In this region, CA Immo concentrates on high quality, centrally located office properties in capital cities of Eastern and South Eastern Europe, which make up 95% of the overall Eastern European portfolio. Approximately 79% of the office portfolio[1] is certified in accordance with LEED, BREEAM or DGNB standards (see also the Sustainability chapter). The portfolio is maintained and let by the company´s local teams on site.

52% of rental revenue from Eastern Europe

The company's asset portfolio comprises 707,549 sqm of rentable effective area which generated rental income of € 101.0 m in 2017 (compared to € 92.7 m in 2016). This represents 52% of CA Immo's total rental revenue. As in 2016, the portfolio produced a gross yield of 7.2%. In 2017, CA Immo invested € 26.0 m in its Eastern Europe investment portfolio (investments and maintenance costs).

Occupancy rate rises from 91% to 94%

The economic occupancy rate (measured on the basis of expected annual rental income) was 93.7% as at 31 December 2017 (31.12.2016: 91.0%). Total lettings performance for the Eastern Europe segment amounted to roughly 179,000 sqm of rentable office space in 2017; this corresponds to lettings performance of 24% based on total stock for the region.

Information on sustainability aspects of the business area of portfolio properties can be found in the Sustainability chapter.

INVESTMENT PROPERTIES IN EASTERN EUROPE: KEY FIGURES [1)]

	Fair value property assets € m			Annualised rental income [2)] € m			Occupancy rate in %			Yield in %		
	full	at equity	Total	full	at equity	Total	full	at equity	Total	full	at equity	Total
Poland	370.9	15.9	386.9	25.6	1.2	26.8	96.0	98.2	96.1	6.9	7.5	6.9
Hungary	470.2	0.0	470.2	32.8	0.0	32.8	89.6	0.0	89.6	7.0	0.0	7.0
Romania	259.9	0.0	259.9	20.4	0.0	20.4	95.4	0.0	95.4	7.8	0.0	7.8
Czechia	266.7	0.0	266.7	18.3	0.0	18.3	98.6	0.0	98.6	6.9	0.0	6.9
Serbia	96.4	0.0	96.4	7.8	0.0	7.8	93.4	0.0	93.4	8.0	0.0	8.0
Others	97.8	38.4	136.2	7.1	3.3	10.4	88.0	94.9	90.1	7.3	8.6	7.6
Total	**1,561.8**	**54.4**	**1,616.1**	**111.9**	**4.5**	**116.4**	**93.6**	**95.8**	**93.7**	**7.2**	**8.2**	**7.2**

Full: Fully consolidated properties wholly owned by CA Immo
At equity: Properties partially owned by CA Immo, consolidated at equity (pro-rata share)
[1)] Excludes short-term property assets
[2)] Monthly contractual rent as at key date multiplied by 12

[1] Basis: Book value; office properties with a portfolio value > €10 m

INVESTMENT PROPERTIES UNDER DEVELOPMENT

Project development as a driver of organic growth
CA Immo enhances the quality and ensures the organic growth of its portfolio by developing properties and transferring them subsequently to its portfolio. CA Immo benefits in this from its extensive stock of land reserves in Germany (mostly in central locations of Munich, Frankfurt and Berlin) as well as an internal development platform that enables the company to exploit the full depth of added value. From site development and the acquisition of building rights to construction management, letting and the transfer of completed properties to its own portfolio or sales to investors, CA Immo performs the full range of project development services.

Information on CA Immo's land reserves and their development potential is found in the chapter of the same name; information on sustainability aspects of the business area of investment properties under development can be found in the Sustainability chapter.

86% of development activity in Germany
As at 31 December 2017, the development division[1] represented around 18% (equivalent to approximately € 757.3 m) of CA Immo's total property assets. Accounting for a share of 86%, the focus of project development activity is still firmly on Germany. Developments and land reserves in Eastern Europe (8%) and in Austria (6%) account for the remainder of property assets under development. Investment properties under development in Germany with a total book value of € 651.5 m are divided into projects under construction accounting for around € 372.4 m and plots subject to property use approval and long-term land reserves (€ 279.1 m).

THE AUSTRIA SEGMENT

In the **Vienna district of Lände 3**, CA Immo has made rapid progress on utilisation of the last three construction sites on Erdberger Lände itself, a process that began in 2015.

In 2016 CA Immo embarked on large-scale residential construction on the Lände 3 site, partly through a joint venture with JP Immobilien. The Laendyard Living project, which comprises roughly 500 apartments on two construction sites, will provide high quality units for buying, renting and investment. In October, CA Immo celebrated completion of the structural shell for the 14,700 sqm office building ViE. Completion of the apartments and office building for the Lände 3 district is scheduled for 2018.

INVESTMENT PROPERTIES UNDER DEVELOPMENT BY COUNTRY [1]

	Landbank		Projects under construction		Total Investment properties under development	
in € m	Book value	Book value in %	Book value	Book value in %	Book value	Book value in %
Austria	**0.0**	**0.0**	**46.2**	**10.0**	**46.2**	**6.1**
Frankfurt	118.0	39.8	140.9	30.6	259.0	34.2
Berlin	73.3	24.7	140.2	30.4	213.5	28.2
Munich	87.7	29.6	91.3	19.8	179.0	23.6
Germany	**279.1**	**94.1**	**372.4**	**80.8**	**651.5**	**86.0**
Czechia	10.6	3.6	0.0	0.0	10.6	1.5
Hungary	1.6	0.5	0.0	0.0	1.6	0.2
Poland	0.0	0.0	0.0	0.0	0.0	0.0
Romania	0.4	0.1	42.2	9.2	42.6	5.6
Others	4.9	1.7	0.0	0.0	4.9	0.6
Eastern Europe	**17.4**	**5.9**	**42.2**	**9.2**	**59.6**	**7.9**
Total	**296.5**	**100.0**	**460.8**	**100.0**	**757.3**	**100.0**

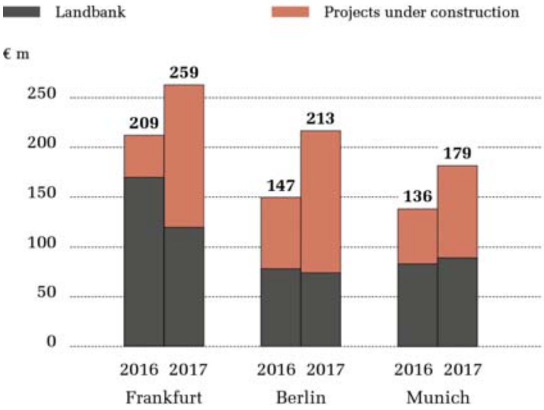
[1] Incl. projects under construction and plots held for trading or sale, which are categorised as short-term property assets

THE GERMANY SEGMENT

CA Immo's development activity in Germany focuses mainly on large scale, mixed-use urban projects in Berlin, Munich and Frankfurt. As at 31 December 2017, CA Immo held rentable effective area under construction amounting to 214,734 sqm in Germany with a total investment volume (including plots) of around €992.4 m.

In addition to the current project volume, CA Immo holds German land reserves with a value of € 279.1 m (incl. properties held for trading or sale). These existing reserves will form the basis of further value-creating development activity by CA Immo over the years ahead. Details on this issue can be found in the 'Development potential' chapter.

GERMANY:
ASSETS UNDER DEVELOMENT



Includes plots and development projects intended for trading or sale (short-term property assets)

PROJECTS UNDER CONSTRUCTION

in € m	Total investment volume [1]	Outstanding construction costs	Planned rentable effective area in sqm	Gross yield on cost in %	City	Main usage	Share in %[2]	Preletting rate in %	Start of construction	Scheduled completion
Projects (own stock)										
Erdberger Lände, ViE	37.8	18.7	14,727	6.3	Vienna	Residential	100	6	Q3 2016	Q3 2018
MY.O	96.0	73.1	26,183	6.1	Munich	Office	100	20	Q2 2017	Q4 2019
Europacity, KPMG-Gebäude	56.7	10.8	12,827	6.1	Berlin	Office	100	90	Q4 2015	Q2 2018
Europacity, Bürogebäude am Kunstcampus (BT2)	12.6	9.2	2,710	5.2	Berlin	Office	100	0	Q4 2016	Q2 2019
Europacity, MY.B	67.3	48.9	14,348	5.4	Berlin	Office	100	0	Q3 2017	Q2 2019
Zollhafen Mainz, ZigZag	17.8	14.3	4,389	4.1	Mainz	Office	100	0	Q1 2018	Q3 2019
Steigenberger [3]	58.1	26.2	17,347	6.2	Frankfurt	Hotel	100	99	Q3 2016	Q1 2019
Baumkirchen, NEO	64.3	44.5	13,457	4.9	München	Office	100	27	Q1 2017	Q2 2020
Europaviertel, ONE	332.3	287.9	63,386	5.4	Frankfurt	Office	100	28	Q3 2017	Q4 2020
Orhideea Towers	73.4	44.1	36,918	8.6	Bucharest	Office	100	50	Q4 2015	Q3 2018
Subtotal	**816.5**	**577.7**	**206,292**	**5.8**						
Projects (for sale)										
Europacity, cube berlin	99.9	60.4	16,990	n.m.	Berlin	Office	100	100	Q4 2016	Q4 2019
Europacity, Bürogebäude am Kunstcampus (BT1)	30.8	21.8	5,215	n.m.	Berlin	Office	100	100	Q4 2016	Q2 2019
Rheinallee III	59.9	26.4	19,668	n.m.	Mainz	Residential	100	100	Q3 2016	Q4 2018
JV Baumkirchen WA 2	33.8	1.6	5,616	n.m.	Munich	Residential	50	99	Q2 2015	Q1 2018
JV Baumkirchen WA 3	35.1	14.7	6,831	n.m.	Munich	Residential	50	82	Q3 2016	Q4 2018
Baumkirchen Mitte MK	27.6	19.1	5,767	n.m.	Munich	Residential	100	0	Q1 2017	Q2 2020
Laendyard Living	29.1	7.5	9,417	n.m.	Vienna	Residential	50	100	Q3 2016	Q3 2018
Wohnbau Süd	31.2	1.4	14,023	n.m.	Vienna	Residential	100	100	Q2 2016	Q1 2018
Subtotal	**347.5**	**152.9**	**83,527**							
Total	**1,164.0**	**730.6**	**289,819**							

[1] Including plot [2] All figures refer to the project share held by CA Immo [3] The Mannheimer Strasse bus station next to the hotel (now completed with a value of € 4.5 m) is still assigned to property assets under development as temporary usage and is not included in the table.

GROUP MANAGEMENT REPORT

DEVELOPMENT OF URBAN DISTRICT EUROPACITY IN BERLIN

INTERCITYHOTEL BERLIN

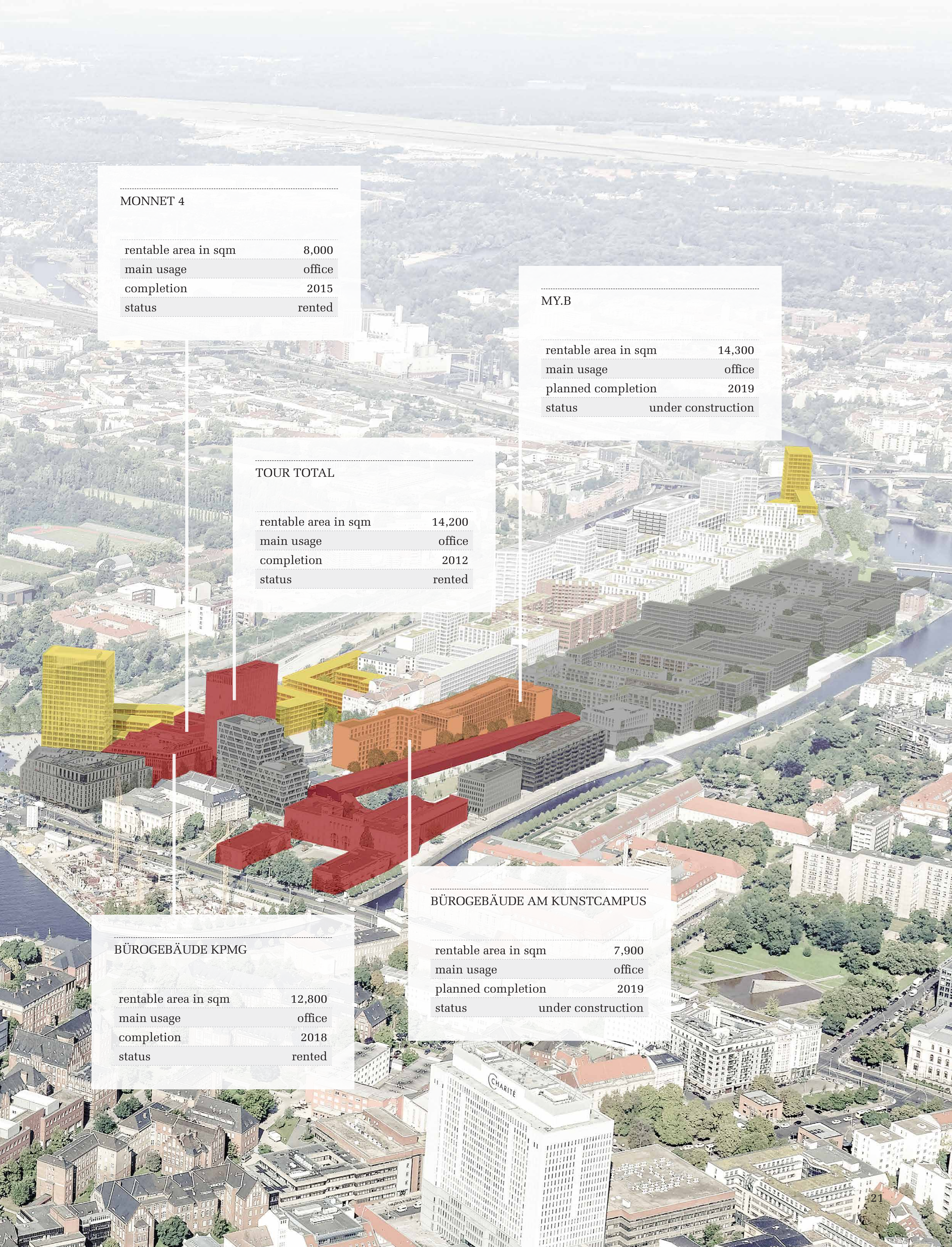
rentable area in sqm	20,600
main usage	hotel
opened	2013
status	rented

JOHN F. KENNEDY HAUS

rentable area in sqm	18,000
main usage	office
completion	2015
status	rented

CUBE BERLIN

rentable area in sqm	17,000
main usage	office
planned completion	2019
status	under construction



MONNET 4

rentable area in sqm	8,000
main usage	office
completion	2015
status	rented

MY.B

rentable area in sqm	14,300
main usage	office
planned completion	2019
status	under construction

TOUR TOTAL

rentable area in sqm	14,200
main usage	office
completion	2012
status	rented

BÜROGEBÄUDE AM KUNSTCAMPUS

rentable area in sqm	7,900
main usage	office
planned completion	2019
status	under construction

BÜROGEBÄUDE KPMG

rentable area in sqm	12,800
main usage	office
completion	2018
status	rented

Main focus of current development activity in Germany

Berlin

The **Europacity district** is taking shape around Berlin's main rail station, drawing together office, residential, hotel and cultural uses across some 40 hectares. Reputable companies such as KPMG, the mineral oil group TOTAL and Steigenberger have already signed up as tenants. CA Immo was developing three office projects in this district as at the key date.

Even before it is completed, the **office building on the Kunstcampus** with gross floor space of approximately 9,500 sqm has been 70% let to the Federal Union of German Associations of Pharmacists (ABDA). ABDA will initially rent the building section specifically developed to meet its needs for two years before taking over ownership. The remaining floor space of the building (section 2) will continue to be held by CA Immo.

Next to this, CA Immo is also constructing the **MY.B office building** and another office structure with gross floor space of around 15,000 sqm for its own portfolio; the latter was fully let to the auditing firm **KPMG** AG before construction began.

CA Immo is building the 18,500 sqm standalone structure **cube berlin** on the central location of Washingtonplatz, close to Berlin's main station. Prominently located by the bend in the River Spree, opposite the Federal Chancellery, the building was sold to a major institutional fund manager under the terms of a forward sale at the end of 2016. CA Immo will build and let the property on behalf of the investor.

Munich

A total of 560 high-quality housing units and attractive office spaces are expected to be completed by the end of 2018 on the **Baumkirchen Mitte development project site** in the Munich district of Berg am Laim, which spans approximately 130,000 sqm. All privately financed apartments in the first three residential sections have been sold. The remaining 50 subsidised apartments in the third building section are expected to be sold in the first half of 2018. Preparation for apartment sales on the NEO site are also under way.

In March, CA Immo started construction of the **NEO office, hotel and residential complex**, which has rentable area of around 19,200 sqm. At the same time, CA Immo acquired a 50% stake in the development project previously held by joint venture partner PATRIZIA and is now the sole owner. The tristar GmbH hotel group has signed up as a long-term tenant for the hotel, which occupies the first six floors. At the NEO building the group will operate a Hampton by Hilton hotel with 143 rooms.

In June, CA Immo signed a lease for approximately 5,000 sqm in the **MY.O office building in Munich**'s Nymphenburg district; construction of the office building spanning some 25,000 sqm started in summer 2017. The seven-storey complex is being built in a central location close to the S-Bahn station.

Frankfurt

Directly adjacent to the southern exit of the Frankfurt mainline station, CA Immo is developing an eight-storey hotel with some 400 rooms along with 82 underground parking spaces for the **Steigenberger Hotel** Group. The hotel's opening is planned for the end of 2018.

In May, CA Immo decided to start construction of the **office and hotel high-rise structure ONE** in Frankfurt. The 190-metre building will be situated in the Europaviertel, centrally located between the banking district and the exhibition grounds. The driving force behind the decision was the signing of a long-term lease agreement with the international NH Hotel Group, which will open a nhow lifestyle hotel with 375 rooms in the ONE building in early 2021.

Mainz

In the Zollhafen Mainz district jointly developed by CA Immo and Stadtwerke, construction of the residential and retail building Rheinallee III, which has total rentable space of some 20,000 sqm, began in summer 2016. CA Immo is realising the building for an investor on a ready-to-occupy basis. Development of the ZigZag office building and other residential buildings is under preparation on the same site.

THE EASTERN EUROPE SEGMENT

The Eastern Europe segment accounts for property assets under development (including land reserves) with an approximate market value of € 59.6 m. As at 31 December 2017, CA Immo had one development project under construction in Eastern Europe: the **Orhideea Towers office project** in Bucharest spans some 37,000 sqm.

PROPERTY VALUATION

Property valuation constitutes the fundamental basis on which a real estate company is appraised, and is thus the most important factor in determining net asset value. In addition to property-specific criteria, there are many economic and political factors that can affect the development of property values. In the office property sector, which represents the core business of the CA Immo Group, the general economic pattern – especially where economic growth and the employment rate are concerned – directly influences the real estate cycle. Moreover, factors such as interest rates and geopolitical developments constitute another key variable with a major influence on the demand situation on real estate investment markets.

External valuation reports to international standards

The value of real estate is generally determined by independent expert appraisers outside the company using recognised valuation methods. External valuations are carried out in line with standards defined by the Royal Institution of Chartered Surveyors (RICS). RICS defines fair value as the estimated value at which an asset or liability can be sold to a willing buyer by a willing seller on the valuation date in the framework of a transaction in the usual course of business after a reasonable marketing period, whereby the parties each act knowledgeably, prudently and without compulsion.

The **valuation method** applied by the expert appraiser in a particular case is mainly determined by the stage of development and usage type of a property.

Rented commercial real estate (which makes up the bulk of the CA Immo Group's portfolio) is generally valued according to the **investment method**; fair values are based on capitalised rental revenue or the discounted cash flow expected in future. In addition to current contractual rents and lease expiry profiles, the qualified assessment of the expert appraiser determines and takes account of other parameters such as, in particular, the attainable market rent and the equivalent yield for a property.

The **residual value** procedure is applied to **sites at the development and construction phase**. In this case, fair values are determined following completion, taking account of outstanding expenses and imputing an appropriate developer profit. Other possible risks are considered, amongst other things, in future attainable rents, starting yields and financing rates. Interest rates are influenced in particular by general market behaviour as well as locations and usage types. The closer a project comes to the point of completion, the larger the proportion of parameters derived from actual and contractually stipulated figures. Sites are valued according to the investment method shortly before and after completion.

In the case of **land reserves** where no active development is planned for the near future, the **comparable value method** (or the **liquidation, costing or residual value method**) is used, depending on the property and the status of development.

For over 99% of the total property assets, external evaluations were carried out on the key date 31.12.2017 or values were based on binding purchase agreements. The remaining property assets were valued or updated internally.

The valuations as at 31 December 2017 were compiled by the following companies:

- CB Richard Ellis (Austria, Germany, Eastern Europe)
- Cushman & Wakefield (Eastern Europe)
- MRG Metzger Realitäten Beratungs- und Bewertungsgesellschaft (Austria)
- Knight Frank (Eastern Europe)
- Ö.b.u.v.SV Dipl.-Ing. Eberhard Stoehr (Germany, Eastern Europe)
- BNP Paribas Real Estate (Germany)

Market environment in 2017

As in the previous year, the environment on the core markets of Germany, Austria and the CEE nations was highly positive in 2017 (see also the 'Property markets' section). The strong investment activity continued on the German real estate market, leading to a record transaction volume in the office property segment and ongoing suppression of yields. Key indicators for the lettings market – including lettings performance, occupancy rates and the average rent level in the main office centres of Germany – were also largely positive. Thanks to its strong position in Munich, Frankfurt and Berlin, the CA Immo Group took significant advantage of these encouraging market trends. The office property market in Vienna also benefited from rising interest on the part of investors in a stable operating environment. The Eastern European core markets of Prague, Budapest and Bucharest were similarly characterised by encouraging operational development in 2017. The office property market in Warsaw remains defined by intensive construction activity in the office sector, although the lettings volume has been high with strong interest from international investors; this has clearly resulted in yield suppression on core properties. Transaction activity on investment markets in the CEE region was again very positive in 2017 as a record volume was achieved. For 2017 as a whole, the CA Immo Group posted a highly positive revaluation result of € 104.0 m (2016: € 138.3 m).

AUSTRIA

Compared to the previous year, the amount of office space completed on the Viennese office market more than doubled; owing to the high level of pre-letting, however, lettings performance was well below that of 2016. The market was thus largely stable, with vacancy staying below 5% according to CBRE. The highly positive value development included the extremely profitable sale of a non-strategic property in Salzburg, closing for which took place in January 2018. This was counterbalanced by the depreciation in value of an office property in Vienna, caused by a reduction in floor space linked to the new letting. The revaluation result as at the key date amounted to € -5.3 m (2016: € 2.4 m). In annual comparison, the average gross yield for investment properties rose from 5.6% to 6.0% (fully consolidated real estate), thanks largely to the sales of non-strategic properties.

GERMANY

As in previous years, the strong development of the German office property market generated a highly positive value trend for the Group's German segment. This was mainly due to the successful implementation of development projects, highly profitable sales of non-strategic properties and successful new lettings or re-lettings as well as the general market trend. As at 31 December 2017, the valuation result for the Group was € 128.7 m (2016: € 144.0 m). The largest contributions to the revaluation gain in terms of amount came from the Königliche Direktion, InterCity Hotel and KPMG (under development) properties in Berlin as well as the Skygarden, Kontorhaus, Ambigon and MY.O. (under development) properties in Munich. Year on year, the gross yield fell from 4.9% to 4.7% (fully consolidated real estate).

VALUATION RESULT FOR AUSTRIA [1)]

	Book value (in € m)	Revaluation/ impairment	Gross yield (in %)	
	31.12.2017	€ m	31.12.2016	31.12.2017
Income producing investment properties[2)]	494.2	-17.0	5.6	6.0
Investment properties under development	23.2	2.8		
Assets held for sale	36.9	8.8		
Total	**554.3**	**-5.3**		

[1)] Based on fully consolidated real estate
[2)] Excludes properties used for own purposes

VALUATION RESULT FOR GERMANY [1]

	Book value (in € m) 31.12.2017	Revaluation/ Impairment in € m	Gross yield (in %) 31.12.2016	31.12.2017
Income producing investment properties [2]	1,099.7	119.6	4.9	4.7
Investment properties under development	496.4	10.3		
Assets held for sale	0.0	0.0		
Properties held for trading	79.3	–1.2		
Total	**1,675.5**	**128.7**		

[1] Based on fully consolidated real estate
[2] Excludes properties used for own purposes

EASTERN EUROPE

The revaluation result for the Eastern Europe segment as at the key date amounted to € -20.5 m (2016: € -8.2 m). The market environment brightened across large swathes of CA Immo's core region in 2017. One exception to this was Warsaw, where the supply of modern office space continues to outpace demand in the short term owing to vigorous building activity, impacting negatively on property valuations. The recovery of the CEE markets is also apparent from rising investment levels, which increased marginally on the prior year in 2017 to hit a new record high. Year on year, the gross yield for the CA Immo portfolio rose from 7.1% to 7.2% (fully consolidated real estate).

VALUATION RESULT FOR EASTERN EUROPE [1]

	Book value (in € m) 31.12.2017	Revaluation/ impairment € m	Gross yield (in %) 31.12.2016	31.12.2017
Investment properties	1,561.8	-20.5	7.1	7.2
Investment properties under development	59.6	-0.1		
Assets held for sale	0.0	0.0		
Total	**1,621.4**	**-20.5**		

[1] Based on fully consolidated real estate

FINANCING

As a real estate company, CA Immo operates in a capital-intensive sector where success is heavily dependent on access to debt. It is critical to establish the most effective possible structuring and optimisation of financing with outside capital; alongside successful management of the real estate portfolio, this is one of the key factors in the overall result of CA Immo.

Balance sheet profile remains strong

As at 31 December 2017, the total financial liabilities of the CA Immo Group stood at € 1,753,089 K, above the previous year's value of € 1,565,639 K. Net debt after deduction of the Group's cash and cash equivalents amounted to € 1,368,604 K at year end (2016: € 1,167,656 K). The company thus has an extremely robust balance sheet with a consistently strong equity ratio of 50.3% (51.2% in 2016), which in conservative debt figures equates to gearing of 57.1% (2016: 53.0%) and a loan-to-value (LTV) ratio of 35.5% (2016: 34.2%).

In addition to financing already secured and reflected on the balance sheet, the CA Immo Group has non-utilised credit lines that will be used to finance development projects under construction in Germany; payment dates will be set by the banks as construction work progresses. This financing framework amounted to € 218,630 K as at the key date, whereby joint ventures are recognised according to the amount of the holding. Through continual optimisation of the financing structure, financing costs – a key element in long-term earnings – remained stable at €–41,029 K (2016: €–41,622 K) despite the higher financing volume.

Confirmation of investment grade rating

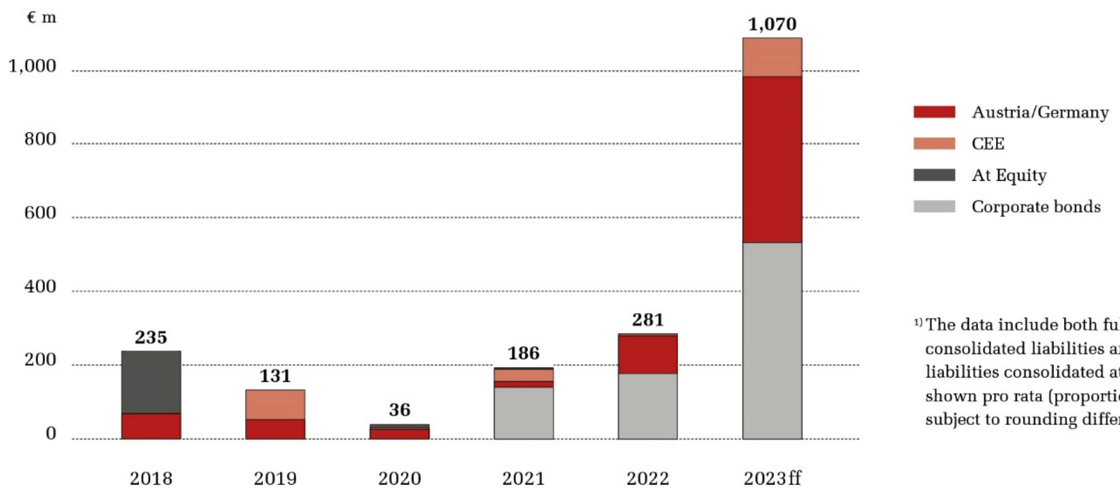
In December 2015 Moody's Investors Service, the international rating agency, classified CA Immobilien Anlagen AG with a Baa2 investment grade (long-term issuer) rating with stable prospects. The credit report published by Moody's emphasised the high quality and regionally diversified portfolio of office properties, the low tenant concentration risk, the low level of gearing and the conservative financing policy as particularly positive factors. Following acquisition of a 26% share by Immofinanz and the associated merger plans announced in April 2016, Moody's outlook was lowered from neutral to negative. In reaction to the publication in March 2018 of Immofinanz AG, announcing the merger talks to remain suspended and other strategic options including a sale of the 26% stake to be under evaluation, Moody´s confirmed the rating and changed the outlook from negative to stable.

The investment grade rating of CA Immo facilitates greater flexibility and further optimisation of the financing structure through improved access to the institutional debt capital market; this means the range of usable financing possibilities can be expanded. The key indicators in retaining and upholding the corporate credit investment grade rating are a strong balance sheet with low gearing, consistent earning power, an associated solid interest coverage ratio and a sufficiently large quota of unsecured properties.

Expiry profile

The diagram below shows the maturity profile for the financial liabilities of the CA Immo Group as at 31 December 2017 (assuming options to extend are exercised). The

EXPIRATION PROFILE FINANCIAL LIABILITIES[1] (as at 31.12.2017, basis: 1.9 € bn)



[1] The data include both fully consolidated liabilities and liabilities consolidated at equity shown pro rata (proportionately); subject to rounding difference

due amounts shown for 2018, including fully secured mortgage loans, totalled approximately € 235 m as at the key date. Of this, proportionate financing in joint ventures accounted for approximately € 166 m on 31 December 2017. Secured loans due in Germany account for some € 64 m of the liabilities of approximately € 69 m fully consolidated by due amounts. The at equity volume in 2018 includes the loan of around € 97 m attributable to Tower 185 in Frankfurt. This liability was repaid with the closing of the sales transaction in January 2018.

Falling financing costs

As the table shows, average financing costs for the CA Immo Group based on total financial liabilities (i.e. including proportionate joint venture financing) stood at 1.9% as at key date 31 December 2017. This figure contains derivatives used for interest rate hedging in the form of interest rate swaps. Where the latter are disregarded, the average interest rate is lower at 1.75%.

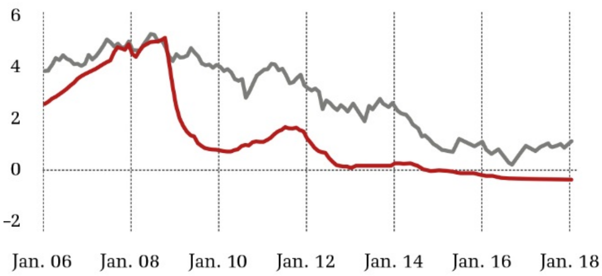
As a result, average financing costs fell significantly during 2017, as in previous years (the figure on key date 31.12.2016 was 2.3%). Using part of the issue proceeds from the issue of the corporate bond in February 2017 and the convertible bond in October 2017 for the repayment of costly loans, and using derivatives for interest rate hedging, were key instruments in the continued optimisation of the financing structure. In view of base rates (Euribor) remaining historically low and even negative in some instances and the persistently competitive bank financing environment, especially in Germany (which entails lower financing margins), the trend in 2017 on all core markets of CA Immo was once again for decreasing financing costs.

INTEREST RATE DEVELOPMENT

3M-EURIBOR 10-year-Pfandbrief-curve

Source: Deutsche Bundesbank

Interest rate in %



FINANCING COSTS [1]

€ m	Outstanding nominal value	Nominal value swaps	Ø Cost of debt excluding derivatives	Ø Cost of debt including derivatives	Ø Debt maturity	Ø Swap maturity
Income producing investment properties						
Austria	143.0	53.4	2.0	2.3	8.8	9.0
Germany	617.7	178.9	1.4	1.6	9.5	9.5
Czechia	29.2	29.2	1.5	1.8	4.0	4.0
Hungary	93.6	86.3	2.4	2.6	6.5	6.0
Poland	105.6	85.5	1.7	1.7	2.5	2.5
Romania	0.0	0.0	0.0	0.0	0.0	0.0
Serbia	0.0	0.0	0.0	0.0	0.0	0.0
Others	35.1	0.0	3.5	3.5	0.1	0.0
Total	**1,024.3**	**433.2**	**1.7**	**1.9**	**6.1**	**7.0**
Development projects	146.1	30.2	1.2	1.5	9.8	12.0
Short-term property assets	17.6	0.0	1.7	1.7	1.0	0.0
Financing on parent company level	840.3	0.0	1.9	1.9	5.4	0.0
Total	**2,028.3**	**463.4**	**1.7**	**1.9**	**6.0**	**7.3**

[1] The data includes both fully consolidated financing and financing consolidated at equity and represented pro rata (proportionately); incl. available credit line

BASIC PARAMETERS OF THE FINANCING STRATEGY

Financing structure

The focus of the current financing structure is on mortgage credit secured with property; credit is taken up in the (subsidiary) companies in which the respective real estate is held. Since financing is provided at subsidiary level, there is no recourse to the parent company or other parts of the Group. Covenants linked to such project financing relate only to the property in question and not to key figures for the Group as a whole.

Higher proportion of unsecured financing

The ratio of unsecured financing at Group parent company level has risen steadily since the investment grade rating was granted. As at the key date, there were four corporate bonds placed on the capital market with a total volume of approximately € 640 m and one convertible bond with a volume of € 200 m. The book value of unmortgaged properties – a key criterion in the Group's investment grade rating – was approximately € 1.7 bn on 31 December 2017, a substantial increase on the reference value for the same period last year (31.12.2016: € 1.0 bn).

Long-term financial indicators

Retention of the investment grade rating on the basis of a sound balance sheet structure with a strong equity basis is strategically important to the CA Immo Group. As regards financial indicators, long-term objectives fluctuate between 45-50% for the Group's equity ratio and around 40-45% for the loan-to-value ratio (net financial liabilities to property assets). In the mid-term, the interest rate hedging ratio (around 92% as at the key date) is to be maintained at that level.

Long-term interest rate hedging

Since interest paid makes up the biggest expense item in the income statement for most real estate companies, interest rate rises can have a major impact on earnings – especially since rental revenue is usually based on long-term agreements, which means increases in financing costs cannot be counterbalanced by higher revenue. For this reason, the CA Immo Group's financing policy partly involves hedging a substantial proportion of interest expenditure against fluctuation over the long term. Interest swaps are currently used as interest hedging tools. The ratio of fixed-interest bonds, which has been rising over recent quarters, also makes up a major part of the interest rate hedging ratio.

Of the derivatives deployed, interest swap agreements account for a nominal value of € 455,987 K. The weighted average term remaining on derivatives used for interest rate hedging is around 7.3 years, compared to a weighted remaining term of 6.0 years on financial liabilities.

In terms of the balance sheet, a distinction is drawn between those contracts directly attributable to a loan (thus meeting the criteria for hedge accounting as cash flow hedges) and those for which these preconditions are not met (fair value derivatives). For cash flow hedges, the change in fair value on the relevant key date is directly recognised in equity; for fair value derivatives, by contrast, the change is recognised as expenditure in the income statement under 'Result from derivatives'. As at key date 31 December 2017, contracts with a nominal value of € 455,987 K and a fair value of € -2,795 K were classified as fair value derivatives. As at 31 December 2017, the company had no contracts classified as cash flow hedges.

Bonds

As at key date 31 December 2017, CA Immo had the following outstanding bonds registered for trading on the unlisted securities market of the Vienna Stock Exchange (with the exception of the convertible bond, which is listed on the Third Market):

ISIN	Type	Outstanding volume	Maturity	Coupon
AT0000A1CB33	Corporate bond	€175 m	2015-2022	2.750%
AT0000A1JVU3	Corporate bond	€150 m	2016-2023	2.750%
AT0000A1LJH1	Corporate bond	€140 m	2016-2021	1.875%
AT0000A1TBC2	Corporate bond	€175 m	2017-2024	1.875%
AT0000A1YDF1	Convertible bond	€200 m	2017-2025	0.75%

The bonds provide unsecured financing at Group parent company level; they are on equal footing to one another and to all other unsecured financing of CA Immobilien Anlagen AG. Except for the 2015-2022 corporate bond and the convertible bond, bond conditions contain a loan-to-value (LTV) covenant.

Bond issues in 2017

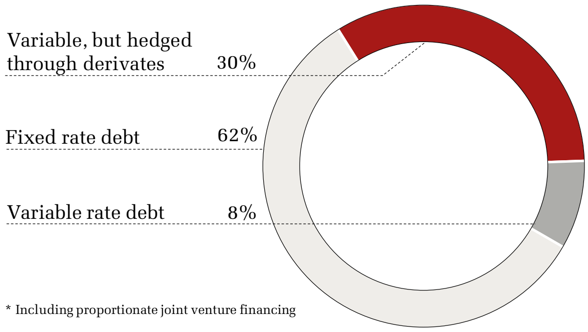
In February 2017 the company issued the corporate bond 2017-2024 with a volume of € 175 m and an interest rate of 1.875%. The bond is listed on both the unlisted securities market of the Vienna Stock Exchange and the regulated market of the Luxembourg Stock Exchange (ISIN AT0000A1TBC2) and was also rated Baa2 by Moody's. More than two thirds of the issue, which was oversubscribed almost twice over, was placed with private and institutional investors in Austria. The issue proceeds were targeted at rescheduling secured financing with mainly variable interest rates, and at substituting planned bank financing arrangements.

Convertible bonds with a volume of € 200 m and a term of 7.5 years were also successfully issued in October 2017. The coupon (payable semi-annually) is 0.75% while the initial conversion price was fixed with a conversion premium of 27.50% above the volume-weighted average price (VWAP) for the CA Immo shares on the day of issue. The convertible bonds will be redeemed at 100% of the nominal amount at the end of the term in the absence of premature conversion or repayment. For conversion, the company may choose to effect repayment through the provision of shares in the company, payment or a combination of the two. At the end of the term, the company has the right to redeem the convertible bonds through the provision of shares in the company, payment or a combination of the two.

Sources of financing

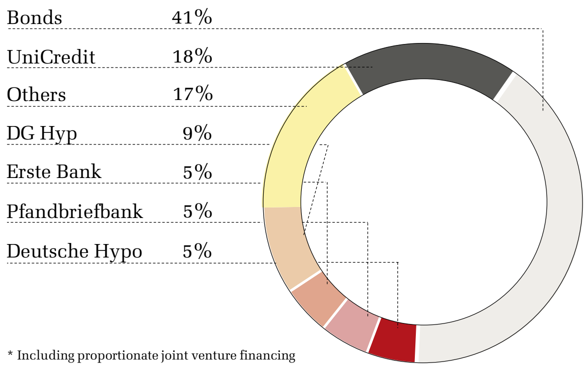
CA Immo has business relations with a large number of financing partners. With around 17% of total outstanding financial liabilities, the main financing bank in terms of the credit volume is the UniCredit Group. As the diagram shows, DG Hyp, Pfandbriefbank, Deutsche Hypo and Erste Group also accounted for significant shares as at the key date.

FINANCIAL DEBT AS OF 31.12.2017*
(Basis: € 1.9 bn)



* Including proportionate joint venture financing

FINANCING SPLIT BY BANKS*
(Basis: € 1.9 bn)



* Including proportionate joint venture financing

RESULTS

KEY FIGURES FROM THE INCOME STATEMENT

Sustained earnings

Rental income for CA Immo increased by 8.9% to € 180,281 K in 2017. This positive trend was essentially made possible by the acquisition of the Millennium Towers in Budapest as well as the minority share of Joint Venture partner Union Investment and the increase in rent this entailed.

As the following table shows, the company was able to more than compensate for the drop in rent of € 7,484 K resulting from property sales thanks to inflows from this acquisitions.

Incentive arrangements from various lease agreements (in particular rent-free periods) are linearised for the total term of the lease contract. Rental income therefore shows the effective economic rent and not the actual cash-relevant rent during the period. Of the rental income for business year 2017, linearisation of this kind accounted for € 678 K (€ –278 K in 2016).

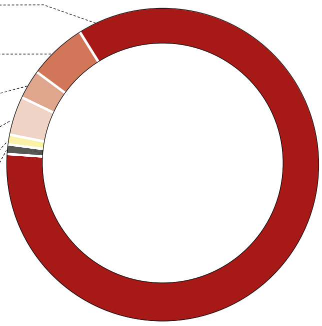
In year-on-year comparison, property expenses directly attributable to the asset portfolio, including own operating expenses, declined by –8.3% from € –18,453 K to € –16.923 K. The main expenditure items are vacancy costs and operating expenses that cannot be passed on (€–4,433 K), agency fees (€ –3,577 K), maintenance (€ –5.884 K), allowances for bad debt (€ –54 K) and other directly attributable expenses (€ –2,974 K). While bad debt losses, agency fees, individual value adjustments and other expenses fell, maintenance rose compared to the previous year.

The net result from renting attributable to letting activities rose by 11.0% (from € 147,150 K to € 163,358 K) after the deduction of direct management costs. The operating margin on letting activities (net rental income in relation to rental income), an indicator of the efficiency of rental business, increased from 88.9% to 90.6%.

Other expenditure directly attributable to project development stood at € –2,844 K at year end (€ –2,333 K in 2016).

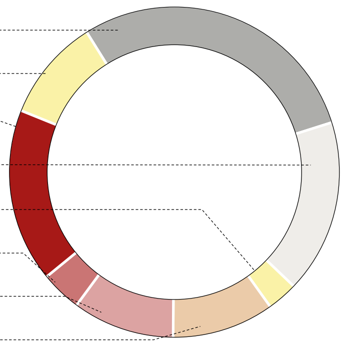
RENTAL INCOME BY MAIN USAGE (Basis: € 180.3 m)

Office	85%
Hotel	6%
Retail	3%
Other	4%
Logistic	1%
Residential	1%



RENTAL INCOME BY COUNTRY (Basis: € 180.3 m)

Germany	29%
Poland	10%
Hungary	17%
Austria	17%
Serbia	3%
Other	4%
Romania	10%
Czechia	10%



CHANGE IN RENTAL INCOME FROM 2016 TO 2017

€ m	Austria	Germany	Eastern Europe	Total
2016	**32.2**	**48.6**	**84.8**	**165.6**
Change				
Resulting from indexation	0.7	0.8	1.7	3.2
Resulting from change in vacancy rate or reduced rentals [1)]	1.2	4.2	–2.0	3.4
Resulting from new acquisitions	0.0	0.0	6.9	6.9
Resulting from whole-year rental for the first time	0.0	0.0	8.7	8.7
Resulting from completed projects	0.0	0.0	0.0	0.0
Resulting from sale of properties	–3.4	–0.8	–3.3	–7.5
Total change in rental income	**–1.4**	**4.2**	**11.9**	**14.7**
2017	**30.8**	**52.8**	**96.7**	**180.3**

INDIRECT EXPENSES

€ 1,000	2017	2016
Personnel expenses	–37,093	–33,318
Legal, auditing and consulting fees	–7,412	–8,611
Third party acquired development services	–3,250	–2,975
Office rent	–1,694	–1,514
Travel expenses and transportation costs	–1,242	–1,194
Other expenses internal management	–2,636	–2,682
Other indirect expenses	–4,030	–3,696
Subtotal	**–57,357**	**–53,989**
Own work capitalised in investment property	10,138	8,136
Change in properties held for trading	2,601	1,713
Indirect expenses	**–44,618**	**–44,140**

Property sales result
Trading income of € 29,216 K (previous year: € 28,099 K) was earned in 2017 in connection with the scheduled sale of properties held in current assets and construction services. This income was counteracted by book value deductions and other directly attributable expenditure of €–15,664 K. The trading portfolio thus contributed a total of € 13,552 K to the result, compared to € 9,430 K in 2016. As at year end, the remaining volume of properties intended for trading stood at € 79,317 K.

Profit from the sale of investment properties of € 32,132 K was below the previous year's value of € 23,340 K. Germany delivered the largest contribution to earnings from property sales in the amount of € 23,551 K. The biggest contribution came from a non-strategic property sale in Berlin.

Income from services
Gross revenue from services declined by –16.3% in yearly comparison to stand at € 11,109 K (€ 13,265 K in 2016). Alongside development revenue for third parties via the subsidiary omniCon, this item contains revenue from asset management and other services to joint venture partners.

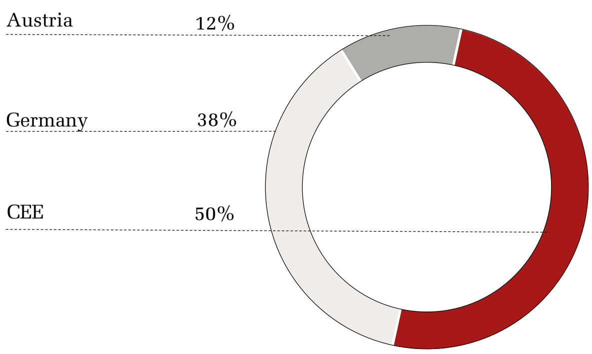
Indirect expenditures
In 2017 indirect expenditures rose 1.1% from the previous year's figure of €–44,140 K to €–44,618 K. Unlike in previous periods, this item also contains expenditure counterbalancing the aforementioned gross revenue from services. As the above table shows, total indirect expenditure includes the item 'Internal expenditure capitalised', which was 24.6% up on the 2016 figure at € 10,138 K. This item may be regarded as an offsetting item to the indirect expenditures which counterbalance that portion of internal project development expenditure, provided it is directly attributable to individual development projects and thus qualifies for capitalisation.

Other operating income
Other operating income stood at € 1,051 K compared to the 2016 reference value of € 873 K.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)
Earnings before interest, taxes, depreciation and amortisation (EBITDA) stood at € 173,740 K, up 17.7% on the previous year's level of € 147,585 K. This positive development was made possible thanks to higher rental revenue as well as a higher property sales result in yearly comparison.

The contribution of the various regional segments to overall earnings is as follows: with an EBITDA of € 86,798 K, the CEE segment generated a share of approximately 50%. Germany accounted for € 65,517 K (38%) and the Austria segment contributed € 21,425 K (12%).

EBITDA (Basis: € 173,7 m)



Revaluation result
The total revaluation gain of € 182,045 K in 2017 was counterbalanced by a revaluation loss of €–78,021 K. The cumulative revaluation result of € 104,023 K was therefore highly positive (€ 138,260 K in 2016).

This results reflects the extremely positive market environment specifically in Germany, the most important core market of CA Immo. In the German real estate market, as in the previous year, the booming investment activity and further yield compression continued in 2017 – in combination with strong fundamental data of the letting markets. This was reflected accordingly in CA Immo's valuation result and the figures for business year 2017.

The biggest contribution to the revaluation gain was delivered by the investment properties Königliche Direktion, Intercity Hotel and KPMG office building in Berlin as well as Skygarden, Kontorhaus, Ambigon and the development project MY.O in Munich.

In Austria, a major contribution was delivered by the sale of a non-strategic property in Salzburg (closing in January 2018). Negative effects from revaluations largely stemmed from the Group's Eastern Europe segment as well as two individual properties in Austria and Germany; the current market situation on the office property market in Warsaw in particular has led to devaluations.

In regional terms, the revaluation result for Germany totalled € 129,903 K. Austria reported negative results with €–5,339 K, as well as Eastern Europe with a loss of €–20,451 K.

Result from joint ventures

Current results of joint ventures consolidated at equity are reported under ‘Result from joint ventures’ in the consolidated income statement. In 2017 this contribution totalled € 66,585 K (2016: 11,420 K). Amongst other things, this result reflects a significantly positive revaluation effect of € 60,099 K linked to the sale of Tower 185 in Frankfurt, which was contractually agreed in November 2017 (the transaction was closed in January 2018).

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) stood at € 340,502 K on key date 31 December 2017, 15.9% up from the corresponding figure for last year of € 293,833 K – in spite of a lower revaluation result.

In regional terms, the Germany segment contributed the biggest share to Group EBIT with € 255,294 K, or 75%. On an EBIT basis, Austria generated € 13,780 K in 2017 (4%), with Eastern Europe contributing € 71,429 K (21%).

Financial result

The financial result for 2017 was €–40,684 K, compared to €–56,228 K last year. In detail, the elements of the financial result developed as follows:

The Group's financing costs, a key element in long-term earnings, remained basically stable at €–41,029 K despite a higher financing volume (2016: €–41,622 K). Loan repayments linked to sales and continual optimisation of the financing structure had positive effects. Lower costs of floating-rate financing also had a positive impact.

In addition to interest paid as shown in the income statement, financing costs of € 5,514 K (€ 3,832 K in 2016) with a weighted average interest rate of 2.38% (2016: 3.29%) were capitalised at production cost in business year 2017 in connection with the construction of real estate.

The result from derivatives delivered a negative contribution of €–8,068 K (against €–1,662 K in 2016). The result for 2017 includes a derivative valuation for the convertible bond in the amount of €–5,308 K issued in October 2017. The result from financial investments of € 7,456 K was above the reference period´s level (€ 7,229 K in 2016). This result includes income from dividends in the amount of € 4,947 K.

Other items in the financial result (other financial income/expense, result from other financial assets and result from associated companies and exchange rate differences) totalled € 957 K (€–20,174 K in 2016). The result from other financial assets includes depreciation linked to the subsequent valuation of securities available for sale of €–3,398 K (€–15,768 K in 2016), which was booked in the first quarter.

Earnings before taxes (EBT)

On the basis of the earnings performance outlined above, earnings before taxes (EBT) of € 299,819 K increased by 26.2% year-on-year (2016: € 237,605 K).

Taxes on income

Taxes on earnings amounted to €–64,960 K in 2017 (compared to €–53,688 K in 2016).

Result for the period

The result for the period reached € 234,854 K, 27.7% above the previous year's value of € 183,910 K and the highest level in the history of the company. Earnings per share amounted to € 2.52 on 31 December 2017 (€ 1.94 per share in 2016).

Cash flow

Gross cash flow stood at € 133,388 K in 2017, compared to 130,052 K in 2016. Cash flow from operating activities takes account of changes in current assets linked to the sale of properties intended for trading and totalled € 132,460 K as at key date 31 December 2017 (€ 125,368 K in 2016).

Cash flow from investment activities, which comprises the net balance between investments and real estate sales, stood at €–193,756 K in 2017 compared to the previous year's value of € 39,474 K. Amongst other things, this item includes the acquisition of the office complex Warsaw Spire Building B in Warsaw.

Cash flow from financing activities of € 49,968 K (€ 23,455 K in 2016) includes the corporate bond issuances in February 2017 (€ 175 m) and the convertible bond in October 2017 (€ 200 m).

CASH FLOW STATEMENT: SHORT VERSION

€ m	2017	2016	Change in %
Cash flow from			
- business activities	132.5	125.4	6
- Investment activities	–193.8	39.5	n.m.
- financing activities	50.0	23.5	>100
Changes in cash and cash equivalents	**–11.3**	**188.3**	**n.m.**
Cash and cash equivalents			
- beginning of the business year	395.1	207.1	91
- changes in the value of foreign currency	0.7	–0.3	n.m.
- Changes due to classification of disposal group acc.	–0.9	0.0	n.m.
- the end of the business year	383.5	395.1	–3

Funds from operations (FFO)

An FFO I of € 106,769 K was generated in 2017, 16.4% above the previous year's value of € 91,712 K. FFO I per share stood at € 1.14 at the reporting date, an increase of 18.5% in year-on-year comparison (2016: € 0.97 per share). The FY 2017 guidance of > € 100 m and > 1.05 € per share respectively was therefore solidly exceeded by 6.7% and 8.6% respectively. FFO I, a key indicator of the Group's long-term earnings power, is reported before taxes and adjusted for the sales result and other non-permanent effects.

FFO II, which includes the sales result and applicable taxes and indicates the Group's overall profitability totalled € 169,711 K (€ 113,671 K in 2016). FFO II per share amounted to € 1.82 at the reporting date (2016: € 1.20 per share).

FUNDS FROM OPERATIONS (FFO)

€ m	2017	2016
Net rental income (NRI)	163.4	147.1
Result from hotel operations	0.0	0.0
Income from services rendered	11.1	13.3
Other expenses directly related to properties under development	–2.8	–2.3
Other operating income	1.1	0.9
Other operating income/expenses	9.3	11.8
Indirect expenses	–44.6	–44.1
Result from investments in joint ventures [1]	8.0	7.9
Finance costs	–41.0	–41.6
Result from financial investments	7.5	7.2
Other adjustment [2]	4.3	3.4
FFO I (excl. Trading and pre taxes)	**106.8**	**91.7**
Trading result	13.6	9.4
Result from the sale of investment properties	32.1	23.3
Result from sale of joint ventures	0.9	0.9
At-Equity result property sales	0.1	3.9
Result from property sales	46.7	37.6
Other financial results	0.0	0.0
Current income tax	–16.3	–10.1
current income tax of joint ventures	–1.7	–1.6
Other adjustments	–14.3	–3.9
Other adjustments FFO II [3]	48.6	0.0
FFO II	**169.7**	**113.7**

[1] Adjustment for real estate sales and non-sustainable results
[2] Adjustment for other non-sustainable results
[3] Includes the sale of Tower 185 in Frankfurt and AVA-Hof in Salzburg (closed in January 2018)

BALANCE SHEET ANALYSIS

Assets

As at the balance sheet date, long-term assets amounted to € 4,047,393 K (84.9% of total assets). The growth of investment property assets on balance sheet to € 3,155,677 K (€ 2,923,676 K in 2016) was among other factors driven by the acquisition of the Warsaw Spire B office complex in Warsaw.

The balance sheet item 'Property assets under development' increased by 33.8% to € 579,274 K compared to 31 December 2016, mainly due to construction progress on active development projects. Total property assets (investment properties, hotels and other properties used for own purposes, property assets under development and property assets held as current assets) amounted to € 3,859,875 K on the key date, hence up on the level for the end of 2016 (€ 3,424,269 K).

The net assets of joint ventures are shown in the balance sheet item 'Investments in joint ventures', which stood at € 207,182 K on the key date (€ 191,369 K in 2016).

Cash and cash equivalents stood at € 383,512 K on the balance sheet date, mostly at the level for 31 December 2016 (€ 395,088 K).

Liabilities

Equity

At year end, the Group's equity stood at € 2,398,510 K, 8.8% up compared to € 2,204,541 K on 31.12.2016. Aside from the result for the period of € 234,854 K, this also reflects the payment of a dividend (€ –60,691 K) and the acquisition of own shares (€ –4,034 K). As at 31 December 2017, the negative valuation result of these cash flow hedges recognised in equity stood at € –842 K.

Since the start of the year, the Group's total assets have increased by around 10.7% to € 4,768,653 K (31 December 2016: € 4,309,138 K). Despite the increase in assets, the equity ratio of 50.3% as at the key date remained stable and within the strategic target range (31.12.2016: 51.2%).

Interest-bearing liabilities

As at the key date, interest-bearing liabilities amounted to € 1,753,089 K, 12.0% above the previous year's value of € 1,565,639 K. Net debt (interest-bearing liabilities less cash and cash equivalents) increased from € 1,167,656 K in the previous year to € 1,368,604 K. Gearing (ratio of net debt to shareholders' equity) was 57.1% at year end (31.12.2016: 53.0%). Year on year, the loan-to-value ratio (financial liabilities less cash and cash equivalents to property assets) stood at 35.5% after 34.2% in 2016.

100% of interest-bearing financial liabilities are in euros. CA Immo has a comprehensive interest rate hedging strategy to hedge against interest rate risk; for more details, see the section on 'Financing'.

KEY FINANCING FIGURES

€ m	2017	2016
Shareholders' equity	**2,398.5**	**2,204.5**
Long-term interest-bearing liabilities	1,684.2	1,412.6
Short-term interest-bearing liabilities	68.9	153.0
Cash and cash equivalents	–383.5	–395.1
Restricted cash	–1.0	–2.9
Net debt	**1,368.6**	**1,167.7**
Equity ratio	50.3	51.2
Gearing	57.1	53.0
Loan to Value (Net)	35.5	34.2
EBITDA/Net interest expenses [1] (factor)	5.2	4.3

[1] Net interest expenses: Finance costs minus Result from financial investments

CONSOLIDATED STATEMENT OF FINANCIAL POSITION: SHORT VERSION

	2017		2016		Change
	€ m	in %	€ m	in %	in %
Properties	3,740.5	79	3,363.4	78	11
Investments in joint ventures	207.2	4	191.4	5	8
Intangible assets	6.7	0	8.2	0	–18
Financial and other assets	91.0	2	95.3	2	–4
Deferred tax assets	2.0	0	1.6	0	30
Long-term assets	**4,047.4**	**85**	**3,659.8**	**85**	**11**
Assets held for sale and relating to disposal groups	40.1	1	26.8	1	50
Properties held for trading	79.3	2	34.1	1	>100
Receivables and other assets	100.7	2	91.8	2	10
Securities	117.7	2	101.6	2	16
Cash and cash equivalents	383.5	8	395.1	9	–3
Short-term assets	**721.3**	**15**	**649.3**	**15**	**11**
Total assets	**4,768.7**	**100**	**4,309.1**	**100**	**11**
Shareholders' equity	*2,398.5*	50	*2,204.5*	51	9
Shareholders' equity as a % of total assets	50.3%		51.2%		
Long-term interest-bearing liabilities	1,684.2	35	1,412.6	33	19
Short-term interest-bearing liabilities	68.9	2	153.0	3	–55
Other liabilities	325.7	7	299.0	7	9
Deferred tax assets	291.3	6	240.0	6	21
Total liabilities and shareholders' equity	**4,768.7**	**100**	**4,309.1**	**100**	**11**

Net asset value

NAV (shareholders' equity) stood at € 2,398,510 K on 31 December 2017 (€ 25.73 per share) against € 2,204,541 K at the end of 2016 (€ 23.60 per share); this represents an increase per share of 9.0%. Aside from the annual result, the change reflects the other changes to equity outlined above. Adjusted to account for the dividend payment of € 60,691 K and 0.65 € per share, the growth in EPRA NAV per share for business year 2017 was 11.8%.

The table below shows the conversion of NAV to NNNAV in compliance with the best practice policy recommendations of the European Public Real Estate Association (EPRA). The EPRA NAV was € 29.90 per share as at the key date (2016: € 26.74 per share). The EPRA NNNAV per share after adjustments for financial instruments, liabilities and deferred taxes, stood at € 27.13 per share as at 31 December 2017 (€ 24.56 per share in 2016). The share buyback programme has slightly reduced the number of shares outstanding to 93,226,282 on the key date (93,405,017 on 31.12.2016).

NET ASSET VALUE (NAV AND NNNAV AS DEFINED BY EPRA)

€ m	**31.12.2017**	**31.12.2016**
Equity (NAV)	**2,398.5**	**2,204.5**
Exercise of options	0.0	0.0
NAV after exercise of options	**2,398.5**	**2,204.5**
NAV/share in €	**25.73**	**23.60**
Value adjustment for [1]		
- Own used properties	6.3	6.0
- Short-term property assets	89.0	39.9
- Financial instruments	0.8	3.2
Deferred taxes	292.7	243.9
EPRA NAV after adjustments	**2,787.3**	**2,497.5**
EPRA NAV per share in €	**29.90**	**26.74**
Value adj. for financial instruments	–0.8	–3.2
Value adjustment for liabilities	–41.8	–24.2
Deferred taxes	–215.9	–175.7
EPRA NNNAV	**2,528.8**	**2,294.4**
EPRA NNNAV per share in €	**27.13**	**24.56**
Change of NNNAV against previous year	10.4%	8.3%
Price (31.12.) / NNNAV per share – 1	–4.9	–28.9
Number of shares excl. treasury shares	93,226,282	93,405,017

[1] Includes proportionate values from joint ventures

OUTLOOK

LIKELY DEVELOPMENTS AND THE MAIN OPPORTUNITIES AND RISKS

Many forecasts point to positive economic development in Europe in the years 2018 and 2019, which has picked up pace in recent quarters. We believe the general conditions on the relevant 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 2018.

Strategy

Following successful implementation of the strategic programme for 2012-2015, the subsequent strategic agenda for 2015-2017 was also implemented successfully. In 2017 CA Immo largely concluded the sales of non-strategic properties as well as its wide-ranging optimisation of the financing structure; together with a further reduction in average financing costs, this has significantly enhanced the robustness of the financing profile. The pool of unmortgaged properties has been significantly expanded while the average term of financial liabilities and the interest rate hedging ratio have both risen substantially.

Critical growth momentum was also secured through dynamic realisation of the development pipeline and acquisition of the prime Warsaw Spire B office building in the Polish capital. As in the previous year, the strategic focus for 2018 will again be firmly on raising value through expansion of the CA Immo portfolio within defined core markets. The main aim will be to continuously raise the profitability of the CA Immo Group over the long term. For more information and details, please refer to the „Strategy“ section.

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 terms of the company's growth strategy. In 2018 the office development projects KPMG (Berlin), ViE (Vienna) and Orhideea Towers (Bucharest) are scheduled for completion and will be incorporated in the investment portfolio. Rheinallee III (Mainz), Baumkirchen WA3 (Munich) and Laendyard Living (Vienna), projects earmarked for sale, will also be completed and handed over to the buyers. Further rapid progress will also be made on development projects under construction.

Moreover, dates for the commencement of construction work will quickly be assigned to development projects at the preparation stage. At present, this applies, amongst others, to several residential projects, which are achievable on existing land reserves earmarked for residential units. For more information and details, please refer to the "Strategy", 'Project development' and "Development potential" section.

Rental business

In like-for-like comparison, rental levels are expected to be generally stable across the portfolio. The increase in rent from the Warsaw Spire B office complex acquisition in Warsaw should more than make up for losses of rent linked to finalised sales of fully consolidated 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. Thanks to a significant rise in the interest rate hedging ratio in 2017 to over 90% on the key date, the robustness of the Group's cash flow is assured, even in the event of rising interest rates. For more information and details, please refer to the 'Financing' section.

Key factors that may influence our business plans for 2018 include:

- Economic developments in the regions in which we operate and their impact on demand for rental premises and rental prices (key indicators comprise GDP growth, unemployment and inflation).
- 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.

FINANCIAL PERFORMANCE INDICATORS

The strategic focus of business activity at CA Immo is the long-term increase in the value of the company. This is supported by key financial performance indicators which are important tools to identify the factors that contribute to the sustained increase in enterprise value and quantifying those factors for the purposes of value management.

The primary financial performance indicator is the net income generated with the money shareholders have invested **(return on equity** or RoE). The aim is to produce a figure higher than the calculatory cost of capital (assuming a medium-term rate of around 7.0%), thus generating shareholder value. At 10.2% in 2017 (2016: 8.5%), this figure was above the target value. Mit der Umsetzung of the Strategy programme 2015-2017, the ground was prepared for generating a return on equity over the long term, and one that exceeds the cost of equity (see the "Strategy" section).

The other quantitative factors used to measure and manage our shareholders' long-term return include the change in NAV per share, operating cash flow per share, and Funds from Operations (FFO I and FFO II) per share (please refer to the table “Balance Sheet” and “Key Figures per Share” in the flap of the annual report).

FFO I, a key indicator of the Group’s long-term earning power, is reported before taxes and adjusted for the sales result and other non-permanent effects. For business year 2017 the FFO I target was defined as >€100 m (>€1.05 per share); this was achieved with actual values of €106.8 m or €1.14 per share. FFO II, which includes the sales result and applicable taxes, is an indicator of the overall profitability of the Group.

Since the key financial indicators ultimately demonstrate the operational success of the property business, they are preceded by a series of other non-financial performance indicators which are key to measuring and managing the operational business.

The **key performance indicators of operational property business** are as follows:

- The **vacancy rate** indicates the quality of the portfolio and the success in managing it. With an occupancy rate of 95.2%, CA Immo is above market average.
- The **quality of a location** and its infrastructure are critical to the marketability of properties. The majority of CA Immo office properties are situated in CBD- or central business locations of Central European cities.
- **Sustainability Certificate**: As at reporting date, 74%[1)] of the CA Immo office portfolio is certified according to LEED, DGNB or BREEAM standard (please refer to section Sustainability).
- **Local presence** and market knowledge: CA Immo has branch offices on its core markets to ensure efficient management and tenant retention

[1)] Basis: Book value, office properties with a portfolio value > € 10 m

EMPLOYEES

Stable employee structure

As at 31 December 2017 the number of international employees totaled 378[1] employees across the Group (31.12.2016: 363[2]). Germany is CA Immo's core market for staff with around 47% working here, followed by Eastern Europe (27%) and Austria (21%). 85 employees worked for the wholly owned specialist construction subsidiary omniCon, including 19 staff members of the omniCon branch in Basel, which was founded in 2014.

Branch offices on core markets

CA Immo has head offices in Vienna, from where the company also oversees local branch offices in Frankfurt, Berlin and Munich as well as Budapest, Warsaw, Prague, Bucharest and Belgrade. The branch offices employ regional staff at both employee and managerial level; new appointments are made by agreement with local branch managers and the Group's Human Resources department.

Employee profit sharing scheme

CA Immo envisages variable profit sharing for all employees linked to the attainment of budgeted annual targets and positive consolidated net income. Managerial staff have the additional option of participating in a long term incentive programme. This employee participation model takes account of mid- to long-term value creation at CA Immo, which is measured in terms of growth in NAV (net asset value), TSR (total shareholder return) and growth in FFO (funds from operations). For full details, refer to the remuneration report.

KEY ASPECTS IN HUMAN RESOURCES MANAGEMENT

Promoting personal career paths, establishing and enhancing professional expertise and management skills, team building measures, organisational develop-ment and company health promotion are the cornerstones of human resource management at CA Immo.

Training and supporting young talents

The CA Immo Academy offeres training and modular courses in the three core areas of professional expertise, social skills and health. Since 2016, CA Immo closely cooperates with the International Real Estate Business School (IREBS) at Regensburg university; where CA Immo staff members continuously participate in courses. Moreover, CA Immo provides specific support for international best practice exchange among employees. Under the project FIRE (Focus International Relation Experience) working groups were held also in 2017, aiming at exchanging innovations, international networking and internal promotion of young talents ("Fit for Future").

Fit2Work: Health and Efficiency in everyday office life

The fit2work project ensures promoting and maintaining employees' capacity to work and performance levels. Appropriate Trainings and tutorials are offered to staff members in order to minimise health risks.

PERSONNEL DISTRIBUTION WITHIN THE CA IMMO GROUP [3]

	31.12.2017		31.12.2016	Change		Joining / Leaving	Fluctuation rate [4]
	Total employees (Headcounts)	Thereof women in %	Total employees (Headcounts)	absolute	in %		in %
Austria	81	56	77	4	5	15/7	19,7
Germany/Switzerland[5]	195	41	180	15	8	33/15	17,4
Eastern Europe	102	78	106	-4	-4	5/8	4,8
Total	**378**	**54**	**363**	**15**	**4**	**53/30**	**14,3**

[3] Includes employees on a leave of absence; excludes 12 headcounts of joint venture companies [4] Fluctuation rate: workforce attrition x 100 / average number of employees [5] At the end of 2017, 19 local employees were employed at the branch of wholly owned CA Immo construction subsidiary omniCon in Basel, which was founded in 2014

[1] Of which around 9% are part-time staff; including 18 employees on unpaid leave across the Group.

[2] Of which around 10% are part-time staff; including 18 employees on unpaid leave.

AVERAGE ABSENCES FROM WORK BY REGIONS

in days		Vacation	Illness [1]	Qualifi-cation
	Women	19	5	3
Austria	Men	20	3	3
	Women	27	11	3
Germany	Men	29	6	3
	Women	20	7	2
Eastern Europe	Men	20	3	3

[1] Excludes one long-term sick leave case in Austria. Including this long-term sick leave, the average of sick leaves of women in Austria would be 11 days.

Safety at work

CA Immo employees on construction sites received regular safety guidance along with health and safety plans. The safety of subcontractor staff has to be ensured by the subcontractor companies. A total of three accidents on the way to or from work were reported in Germany during reporting year 2017, resulting in absences of not longer than one month in each case. No other serious occupational injuries[1], illnesses or absences by CA Immo employees were reported in 2017.

The corporate governance report contains details on measures aimed at **advancement of women** and **reconciling professional and family life**.

PERSONNEL DISTRIBUTION BY AGE AND CATEGORIES (Total: 378 employees) [1]

Employees [2]

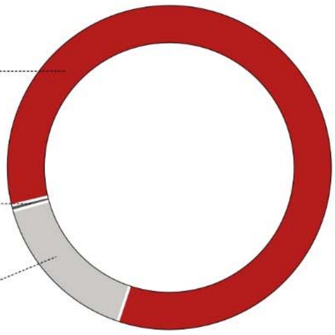
312 employees	<28	29–48	49<
F	7 %	43 %	11 %
M	3 %	24 %	12 %

Management Board

2 employees	<28	29–48	49<
F	0 %	0 %	0 %
M	0 %	50 %	50 %

Executives [3]

64 employees	<28	29–48	49<
F	0 %	22 %	1 %
M	2 %	44 %	31 %



[1] Excludes 12 employees (as at 31 December 2017) of the Joint Venture companies.
[2] thereof 1 % with handicap.

[3] Executives include Group Managers, Managing Directors of the regional offices, heads of departments, divisional heads, team leaders.

SUPPLEMENTARY REPORT

The following activities are reported for the opening months of business year 2018:

On 28 February 2018 IMMOFINANZ AG, which is a 26% shareholder in CA Immo, announced to further suspend detailed discussions over a possible merger between both companies for the time being and to evaluate other strategic options, among others, the possible sale of its CA Immo investment. For details, please see the Investor Relations chapter.

On 22.3.2018 SOF-11 Starlight 10 EUR S.à r.l., Luxembourg, an affiliate of Starwood Capital Group ("Starwood"), made an announcement pursuant to Sec 5 para 3 Austrian Takeover Act ("ATA"), that it decided to launch a **voluntary public takeover offer** pursuant to article 4 et seq ATA to the shareholders of CA Immobilien Anlagen AG. The takeover offer to the shareholders of CA Immo is aimed at acquiring up to 25,690,167 bearer shares of CA Immo (ISIN AT0000641352) representing up to 26.00% of the overall issued bearer shares of CA Immo. The shareholders of CA Immo are offered an offer price of € 27.50 per CA Immo share on a cum dividend basis. The

[1] Serious injuries are defined as those requiring the employee to consult a doctor

GROUP MANAGEMENT REPORT

completion of the takeover offer for CA Immo will be subject to the following offer conditions: (i) merger control clearance; (ii) no material adverse change at CA Immo including but not limited to merger, spin-off or split; and (iii) no consent by CA Immo management to transfer the four registered shares.

Share buyback

By the publication date in March 2018, further 197,983 shares had been acquired in course of the share buy-back programme.

Sales

In January 2018 the closing of the sale of the office high-rise Tower 185, which was held by a joint venture, as well as the closing of the sale of a subsidiary with a property in Salzburg (AVA-Hof) took place.

Project development

In January, CA Immo completed the first construction phase oft he residential project Laendyard (Wohnbau Süd) in Vienna and handed over 220 rental apartments to the investor ESTRELLA Immobilien Invest AG.

RESEARCH AND DEVELOPMENT

Technological and social change continues to transform the office environment and the knowledge-based economy. To develop office properties today in such a way that they can be efficiently and profitably managed in future, CA Immo monitors changes to working processes and corporate requirements in terms of premises; at the same time, it trials new technical solutions along with space and building concepts on selected development projects. Current examples of this approach include **cube berlin –** a fully digitised structure with artificial intelligence ('brain').

In the course of theoretical and practical research activity, CA Immo maintains partnerships with other companies and research institutions. For example, CA Immo is a **partner to the Office 21 joint research project of the Fraunhofer IAO Institute** (www.office21.de). The current research phase extending from 2016 to 2018 is focused on the success factors in creating a working environment that promotes innovation while linking analyses of best practice to pertinent research findings.

CA Immo continues to collaborate with **RWTH Aachen, Germany's largest technical university**, for the cube berlin testing laboratory. Here the latest technologies for cube, the smart building project in Berlin, are tested and developed.

CA Immo actively participates in the main platforms for the real estate sector through cooperation agreements and memberships of such bodies as the **Urban Land Institute (ULI)**, the **German Property Federation (ZIA)**, the **German Sustainable Building Council** and its Austrian equivalent the **Austrian Society for Sustainable Real Estate (ÖGNI)**. In this way we can influence the development of the sector while contributing to research into sustainable urban and structural development.

The aim of these pilot projects and research activity is to influence the market by presenting innovative offers. We ensure the long-term competitiveness of the company by developing innovative new office properties, drawing on our own findings and applying external best practice in the process.

EPRA REPORTING

To enhance transparency and facilitate comparisons with other listed property companies, CA Immo publishes a range of key performance measures pursuant to EPRA ("European Public Real Estate Association"), the leading interest body for listed property companies, standards. These figures may differ from the values reported under IFRS guidelines. CA Immo applies the latest version of EPRA's "Best Practices Recommendations" for the figures stated. These recommendations are available on the EPRA website (http://www.epra.com/regulation-and-reporting/bpr/).

EPRA KEY PERFORMANCE MEASURES [1]

		31.12.2017
EPRA NAV	€ m	2,787.3
EPRA NAV per share	€	29.90
EPRA NNNAV	€ m	2,528.8
EPRA NNNAV per share	€	27.13
EPRA Net Initial Yield	%	5.2
EPRA "topped-up" Net Initial Yield	%	5.2

[1] Key figures include fully consolidated real estate (wholly owned by CA Immo) and real estate in which CA Immo holds a proportionate share (at equity)

RISK REPORT

THE CA IMMO RISK CATALOGUE

STRATEGIC RISKS

CAPITAL MARKET
Acquiring equity/ loan capital

GEOPOLITICAL RISKS
Country-specific risk

EXPANSION
Strategic portfolio risk

MARKET AND LIQUIDATION RISK
Know-how risk
Market cycle risk

CLUSTER RISK
Region
Property size
Tenants

PROPERTY-SPECIFIC RISKS

REAL ESTATE
Costing/valuation risk

ASSET MANAGEMENT
Operational and geographical risks

LOCATION
Site risk

INVESTMENT
Due diligence
Project development risks
Partner risks

PROFIT FLUCTUATION
Risk to revenue, vacancy
Market risk, yield
Resale risk
Loss of rent risk, tenants
Legal changes (rent, operating costs)

PROPERTY MANAGEMENT
Quality (property management, ageing properties, technical design, sabotage/ terrorism)

CONTRACTUAL RISK
Contract partners, Legal certainty, land register

ENVIRONMENT
Contaminated sites
Construction materials

GENERAL BUSINESS RISKS

FINANCIAL RISKS
Liquidity risk
Foreign exchange risk
Interest rate risk
financial information and communication
IMS controlling

CORPORATE ORGANISATION
Organisational structure
Expertise
Personnel
EDP/information systems
Regulatory changes

INSURANCE/LEGAL RISKS
Risk of legal changes, accounting
Taxation risk
Insufficient insurance cover

CORPORATE GOVERNANCE
(corporate management)

DISASTER

GLOBAL ECONOMIC RISKS
Stock market crash
Inflation

PROPERTY MARKET
Real estate crash

LOSS OF REAL ESTATE
Destruction of real estate
Uninsurable catastrophic loss

RISK MANAGEMENT AT CA IMMO

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 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 risks 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. An internal risk committee comprising representatives of all departments and the Management Board was also set up in 2017; the committee meets quarterly. The purpose of the committee is to further secure the assessment of the Group's risk situation across departmental boundaries regularly as well as the introduction of measures as necessary. The aim of this is to ensure the company adopts the best possible direction from the alternatives available. CA Immo evaluates the 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 2017), 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, checks operational and business processes, appointing experts from outside as necessary; it acts independently in reporting and evaluating the audit results.

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 and 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 audit committee. 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 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. These risks generally arise from unexpected changes in the macroeconomic market environment.

The Federation of German Industries (BDI), for example, is warning that businesses will be exposed to increasing global risks in 2018 that could curtail economic progress despite faster growth rates. The biggest threats emanate from China, the USA and the United Kingdom, the three main trading partners. At its annual conference on national and sector-specific risks, credit insurer Coface[1] identified overheating in developed nations, the Chinese banking sector and social instability in emerging markets as the three greatest threats in 2018.

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. Another future crisis could have highly adverse consequences for CA Immo. Although capital market experts at Deutsche Bank are predicting in their Capital Markets Outlook 2018 that the global economy will continue to expand solidly this year as US monetary policy gradually returns to normal, they also point to potential economic dangers. In particular, spiralling inflation could force central banks to abandon their zero interest rate policy faster than planned, with correspondingly adverse effects on economic development around the world. In their view, 2018 will be defined by two market-influencing factors: the strong global economy on the one side and the central banks on the other, who will need to ensure a smooth transition to a less expansive monetary policy.

Although the economic environment remains characterised by low interest rates and relatively high property portfolio valuations, the possibility of an **interest rate rise** negatively affecting the real estate market – and thus property valuations and the disinvestment plans of CA Immo – cannot be discounted. Acquiring equity and loan capital could become significantly more difficult, making expansion plans impossible or only partially feasible.

Moreover, the effects of the relaxed **monetary policy** pursued by central banks over recent years cannot be foreseen at present. A further extension to expansive monetary policy could give rise to financial instability, resulting in asset and financial bubbles that would adversely impact economic growth.

The possible reintroduction of national **currencies** by individual eurozone members would also have grave consequences for the economies and financial markets of Europe. Finally, the departure of other nations from European currency union could lead to a complete collapse of the monetary system.

Geopolitical risks and unexpectedly strong inflationary developments could also slow the upturn in 2018, with potentially negative effects for the capital market. Where properties are concentrated too strongly in a single region, these factors can also have a considerable influence on the profitability of the CA Immo Group. Although the positive political and economic developments of last year have tempered the risk in certain regions, fresh geopolitical friction must be borne in mind. The boom of 2017 continues unabated thanks to the robust development of the global economy and anticipated tax reforms in the USA. In Japan, the triumph of the LPD party in parliamentary elections delivered a boost to Abenomics while in China, President Xi Jinping consolidated his reform project by defining its direction in more detail. At the same time, however, new geopolitical frictions have surfaced. Problem areas include further destabilisation in the Middle East. Any escalation of tension would have an effect on oil prices, while political factors could also heighten investment risk. North Korea may continue to be a source of problems: while it is clear that China and the USA are seeking a joint solution, the foreign policy direction of North Korea is unforeseeable. Within the eurozone, Brexit and the U.S. trade war could have an underappreciated effect on financial markets. There will also be a focus on Germany, where the difficult process of setting up a governing coalition have brought political life to a standstill.

Many of these risks are not actively manageable. CA Immo has a range of precautions in place to minimise the risk.

[1] Coface handbook: Country & Sector Risks 2018.

PROPERTY-SPECIFIC RISKS

Risks linked to the market environment and composition of the portfolio

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 investment market is insufficient, there is a risk that sales of individual properties with a view to strategically adjusting the real estate portfolio may prove impossible or only possible 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 supply and demand levels for real estate at a local level. This 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 earning power and property valuations cannot be ruled out. Given the continuing urbanisation trend world-wide, residential property markets in conurbations remain attractive. This applies to Germany, CA Immo's largest core market, where supply cannot keep pace with rising demand in many major cities. In the commercial property sector, according to experts, office premises in global metropolitan regions could benefit from the increasing importance of the service sector. However, property values depend not just on the development of rental rates, but also real estate starting yields. The historically high price of property investment is combining with low real estate yields to create risks to the value of properties in the CA Immo portfolio. The possibility of an increase in general interest rates forcing property yields up and values down cannot be ruled out.

CA Immo counters **market risk** by spreading its portfolio across various countries. 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. Market knowledge, continual evaluation of strategy and monitoring of the portfolio and purposeful portfolio management in the context of strategic decision-making (e.g. defining exit strategies, medium-term planning of sales) 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.

Active portfolio management is aimed at minimising **concentration risk**. In the wake of numerous sales over the past few years (sale of the Hesse portfolio and non-core properties, and especially the logistics portfolio, and more recently shares in Tower 185 in Frankfurt), regional distribution in the portfolio is approaching the desired levels of up to 20% for Austria and apart from that an equal proportion of Germany and Eastern Europe. Germany remains the biggest single market of CA Immo, accounting for a share of 47%. 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. The only properties in this category at present are Tower 185 (closing of the sale in January 2018) and the Skygarden office building in Munich. The concentration risk in respect of **single tenants** is manageable. As at 31 December 2017 present, the top 10 tenants were generating some 22% of rental revenue. With an approximate share of 6% of total rental income, PricewaterhouseCoopers was the biggest individual tenant in the portfolio on the balance sheet date; the sale of Tower 185 will reduce this share to around 3%. **Land reserves** and **land development projects** also present specific risks owing to the high capital commitment and absence of steady cash inflows; however, they also offer considerable potential for value increases through the securing or enhancement of building rights. Risks are regularly reduced via the sale of non-strategic land reserves. The acquisition of building rights on remaining land will be accelerated through the company's own capacity. The development volume is indicated at approximately 15% of the equity of the CA Immo Group.

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 earning power and market value of a property is adversely 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 the low level of under 1% of rental income. 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 20% 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.

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. For this reason, the Group's earnings situation also depends on the quality of hotel management and the development of hotel markets.

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). With few exceptions, projects are only launched subject to appropriate pre-letting.

Saturation of the construction industry, especially in Germany – the core market for CA Immo's development projects – presents risk to the company as regards the (on time) availability of construction services and the level of building costs. Last year saw a massive rise in **construction costs** driven by high demand. Rates for constructing a conventional residential building in Germany, for example, rose by 3.4% between November 2016 and November 2017. According to the Federal Statistical Office (Destatis), this was the steepest rise in construction prices for 10 years (November 2007: +5.8%). Between August 2017 and November 2017, construction prices expanded by 0.7%. With the construction volume in Germany likely to remain high, further rises in building costs cannot be ruled out; this in turn would create risks to budget compliance and overall project success. Projects currently in progress are generally on time and within the approved budget; they are continually evaluated as regards current cost risks.

Risks from sales transactions

Sales transactions can give rise to risks linked to contractual agreements and assurances. These might relate to **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 materials 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 also 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 fail to take account of business volumes or they are vulnerable to cybercrime. 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 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. The **expertise** possessed by a company and its workforce constitutes a significant competitive factor and 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. As publicly announced, CA Immo has become a private party to the BUWOG criminal proceedings (privatisation of state residential construction companies in 2004) with preliminary damages of €200 m. However, the existence of any claims largely depends on the factual circumstances and the outcome of proceedings.

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
For all companies, rental revenue, capital gains and other income is subject to income tax in the respective country. Important discretionary decisions must be taken regarding the level of tax provisions that need to be formed. The extent to which active deferred taxes are recognised must also be determined.

Subject to compliance with certain requirements, revenue from the sale of participating interests is fully or partially exempted from income tax. Even where a company's intention is to meet the requirements, passive deferred taxes are fully applied to property assets according to IAS 12.

Key assumptions must also be made regarding the extent to which deductible temporary differences and loss carry forwards are set off against future taxable profits, and thus the extent to which active deferred taxes can be recognised. Uncertainty arises regarding the amount and timing of future income and the interpretation of complex tax regulations. Where there is uncertainty over the application of income tax to business transactions, an assessment will be required as to whether or not the responsible tax authority is likely to accept the interpretation of the tax treatment of such transactions. On the basis of that assessment, the CA Immo Group enters the tax obligation as the most likely amount in case of doubt. Such doubt and complexity can mean that future tax payments are significantly higher or lower than the obligations currently assessed as probable and recognised in the balance sheet.

The CA Immo Group holds a large part of its real estate portfolio in Germany, where many complex tax regulations must be observed. In particular, these include (i) provisions on the transfer of hidden reserves to other assets, (ii) legal regulations on real estate transfer tax charges and the possible accrual of real estate transfer tax in connection with direct or indirect changes of control in German partnerships and corporations and (iii) the deduction of input taxes on construction costs in the case of development projects. The CA Immo Group makes every effort to ensure full compliance with all tax regulations. Nonetheless, there are circumstances (some of which are outside the CA Immo Group's control) such as changes to the shareholding structure, changes in legislation or changes in interpretation on the part of tax authorities and courts which could lead to the aforementioned taxation cases being treated differently, which in turn would influence the assessment of tax in the consolidated financial statements.

Partner risks
Since CA Immo undertakes a number of development projects as **joint ventures**, the company depends on the solvency and performance capability of partners to an extent; 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). The planned repayment of financial liabilities in Eastern Europe will expand the pool of unencumbered assets – a key criterion in the company's investment grade rating.

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. To control liquidity peaks, the Group has secured a revolving overdraft facility at parent company level. 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. For financing purposes, CA Immo uses banks at home and abroad and issues corporate bonds, thereby opting for a mix of long-term fixed-rate and floating-rate loans. To hedge against impending **interest rate changes** and associated fluctuations in financing costs, greater use is made of derivative financial instruments (interest rate caps and swaps) in the case of floating-rate loans. Swaptions are also used to manage interest rate risk. However, 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. Moreover, CA Immo is increasingly obtaining finance from the capital market. Unsecured financing currently accounts for less than 10% of the total financing volume, including in the form of corporate bonds. Continually optimising the financing structure has served to improve the maturity profile and raise the quota of hedged financial liabilities while reducing average borrowing costs. The pool of unencumbered assets – a key factor in the company's investment grade rating – was also raised and the rating of CA Immo was consolidated. The financing profile has thus become more robust.

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. Currency movements can also lead to fluctuating property values where funds are converted into currencies other than the euro for investors (exit risk).

FINANCIAL RISK MANAGEMENT

RISK	EFFECT	COUNTERMEASURE
UNFORESEEABLE LIQUIDITY REQUIREMENT - Lack of liquidity - Capital requests linked to joint venture partners not viable	- Non-utilisation of opportunities - Distress sales - Insolvency	- Continual analysis, planning and monitoring of liquidity - Optimisation of investment - Cash pooling
FINANCING - Breach of covenants - Non-extension of expiring credit - Follow-up financing not secured after project phase	- Cost disadvantages during credit term - Additional requirement for equity or liquidity	- Continual monitoring of the viability of real estate and the fulfilment of covenants from loan agreements - Conclusion of project-related loan agreements, ideally for the long term - Establishment of a liquidity reserve
DEVELOPMENT OF EXCHANGE RATES - Evaluation of EUR/foreign currency relations	- Significant fluctuation in earnings owing to exchange rate gains/losses	- Harmonising of loan and rental agreements - Rapid conversion of free liquidity into EUR - Forward cover, especially for construction contracts - Restrictive approach to foreign currency loans
INTEREST RATE CHANGES/ EVALUATION OF INTEREST RATE HEDGING - Evaluation of interest rate developments	- Significant fluctuation in earnings and change in equity ratio due to changing interest level (financing costs, evaluation of interest-rate hedges)	- Mix of long-term fixed-rate and floating-rate loans - On-schedule use of derivatives (swaps/swaptions) - Continuous monitoring of interest rate forecasts

CONSOLIDATED FINANCIAL STATEMENT

CONTENT

CONTENT

A. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31.12.2017

€ 1,000	Note	2017	2016
Rental income	2	180,281	165,603
Operating costs charged to tenants	3	51,263	46,906
Operating expenses	3	–55,696	–52,726
Other expenses directly related to properties rented	3	–12,489	–12,633
Net rental income		**163,358**	**147,150**
Other expenses directly related to properties under development	**4**	**–2,844**	**–2,333**
Income from the sale of properties and construction works		29,216	28,099
Book value of properties sold incl. ancillary and construction costs		–15,664	–18,669
Result from trading and construction works	**5**	**13,552**	**9,430**
Result from the sale of investment properties	**6**	**32,132**	**23,340**
Income from services rendered	7	11,109	13,265
Indirect expenses	8	–44,618	–44,140
Other operating income	9	1,051	873
EBITDA		**173,740**	**147,585**
Depreciation and impairment of long-term assets		–2,658	–3,460
Changes in value of properties held for trading		–1,188	29
Depreciation and impairment/reversal	**10**	**–3,846**	**–3,432**
Revaluation gain		182,045	179,094
Revaluation loss		–78,021	–40,834
Result from revaluation		**104,023**	**138,260**
Result from joint ventures	11	66,585	11,420
Result of operations (EBIT)		**340,502**	**293,833**
Finance costs	12	–41,029	–41,622
Foreign currency gains/losses	17	–617	–328
Result from derivatives	13	–8,068	–1,662
Result from financial investments	14	7,456	7,229
Result from other financial assets	15	–3,459	–15,768
Result from associated companies	16	5,034	–4,077
Financial result	**17**	**–40,684**	**–56,228**
Net result before taxes (EBT)		**299,819**	**237,605**
Current income tax		–16,319	–10,136
Deferred taxes		–48,641	–43,552
Income tax expense	**18**	**–64,960**	**–53,688**
Consolidated net income		**234,859**	**183,916**
thereof attributable to non-controlling interests		5	6
thereof attributable to the owners of the parent		**234,854**	**183,910**
Earnings per share in € (basic)	**44**	**€2.52**	**€1.94**
Earnings per share in € (diluted)	**44**	**€2.48**	**€1.94**

B. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31.12.2017

€ 1,000	Note	2017	2016
Consolidated net income		**234,859**	**183,916**
Other comprehensive income			
Cash flow hedges - changes in fair value		1,314	2,433
Reclassification cash flow hedges		1,980	177
Foreign currency gains/losses		1,106	359
Assets available for sale - changes in fair value		21,802	1,128
Income tax related to other comprehensive income		–3,100	–980
Other comprehensive income for the period (realised through profit or loss)	**19**	**23,102**	**3,116**
Revaluation IAS 16		816	0
Revaluation IAS 19		263	–413
Income tax related to other comprehensive income		–347	149
Other comprehensive income for the period (not realised through profit or loss)	**19**	**732**	**–264**
Other comprehensive income for the period	**19**	**23,834**	**2,852**
Comprehensive income for the period		**258,693**	**186,769**
thereof attributable to non-controlling interests		5	6
thereof attributable to the owners of the parent		**258,688**	**186,763**

C. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2017

€ 1,000	Note	31.12.2017	31.12.2016
ASSETS			
Investment properties	20	3,155,677	2,923,676
Investment properties under development	20	579,274	433,049
Own used properties	20	5,500	6,643
Office furniture and equipment	21	5,462	5,599
Intangible assets	21	6,703	8,195
Investments in joint ventures	22	207,182	191,369
Financial assets	24	85,570	89,713
Deferred tax assets	25	2,025	1,563
Long-term assets		**4,047,393**	**3,659,806**
Long-term assets as a % of total assets		84.9%	84.9%
Assets held for sale and relating to disposal groups	26	40,106	26,754
Properties held for trading	27	79,317	34,147
Receivables and other assets	28	81,314	76,235
Current income tax receivables	29	19,343	15,552
Securities	30	117,668	101,555
Cash and cash equivalents	31	383,512	395,088
Short-term assets		**721,259**	**649,332**
Total assets		**4,768,653**	**4,309,138**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		718,337	718,337
Capital reserves		794,493	819,068
Other reserves		22,940	–894
Retained earnings		862,689	667,984
Attributable to the owners of the parent		**2,398,459**	**2,204,495**
Non-controlling interests		51	46
Shareholders' equity	**32**	**2,398,510**	**2,204,541**
Shareholders' equity as a % of total assets		50.3%	51.2%
Provisions	33	5,646	13,242
Interest-bearing liabilities	34	1,684,170	1,412,635
Other liabilities	35	86,434	87,180
Deferred tax liabilities	25	291,305	239,969
Long-term liabilities		**2,067,555**	**1,753,026**
Current income tax liabilities	36	17,638	16,736
Provisions	33	100,658	84,766
Interest-bearing liabilities	34	68,920	153,004
Other liabilities	35	115,303	97,064
Liabilities relating to disposal groups	26	71	0
Short-term liabilities		**302,588**	**351,571**
Total liabilities and shareholders' equity		**4,768,653**	**4,309,138**

D. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.12.2017

€ 1,000	2017	2016
Operating activities		
Net result before taxes	299,819	237,605
Revaluation result incl. change in accrual and deferral of rental income	–104,702	–137,982
Depreciation and impairment/reversal	3,846	3,432
Result from the sale of long-term properties and office furniture and other equipment	–32,171	–23,399
Taxes paid/refunded excl. taxes for the sale of long-term properties and investments	–7,502	5,588
Finance costs, result from financial investments and other financial result	33,573	34,393
Foreign currency gains/losses	617	328
Result from derivatives	8,068	1,662
Result from other financial assets and non-cash income from investments in at equity consolidated entities	–68,160	8,426
Cash flow from operations	**133,388**	**130,052**
Properties held for trading	–29,230	–12,050
Receivables and other assets	789	–11,355
Provisions	2,558	5,193
Other liabilities	24,955	13,527
Cash flow from change in net current assets	**–928**	**–4,684**
Cash flow from operating activities	**132,460**	**125,368**
Investing activities		
Acquisition of and investment in long-term properties incl. prepayments	–144,829	–92,915
Acquisition of property companies, less cash and cash equivalents of € 2,454 K (2016: € 1,602 K)	–128,901	–160,128
Acquisition of office equipment and intangible assets	–939	–1,191
Acquisition/repayment of financial assets	–210	36,300
Acquisition of assets available for sale	0	–12,073
Investments in joint ventures	–3,463	–2,354
Disposal of investment properties and other assets	58,176	145,437
Disposal of investment property companies, less cash and cash equivalents of € 1 K (2016: € 1,746 K)	10,644	45,528
Disposal of joint ventures	12,158	34,616
Loans made to joint ventures	–1,169	–616
Loan repayments made by joint ventures	1,999	1,278
Taxes paid/refunded relating to the sale of long-term properties and investments	–11,365	3,938
Dividend distribution/capital repayment from at equity consolidated entities and assets available for sale	17,942	40,192
Interest paid for capital expenditure in investment properties	–4,889	–3,462
Interest received from financial investments	1,090	4,924
Cash flow from investing activities	**–193,756**	**39,474**
Financing activities		
Cash inflow from loans received	106,974	300,560
Cash inflow from the issuance of bonds	173,389	288,131
Cash inflow from the issuance of convertible bonds	197,894	0
Cash inflow of loans received from joint ventures	600	0
Acquisition of treasury shares	–4,922	–53,885
Dividend payments to shareholders	–60,691	–47,904
Repayment/payment related to the acquisition of shares from non-controlling interests and dividends to minority interests	1,410	–1,675
Repayment of loans incl. interest rate derivatives	–331,764	–238,502
Repayment of bonds	0	–185,992
Other interest paid	–32,921	–37,277
Cash flow from financing activities	**49,968**	**23,455**
Net change in cash and cash equivalents	**–11,328**	**188,297**
Cash and cash equivalents as at 1.1.	395,088	207,112
Changes in the value of foreign currency	682	–320
Changes due to classification of disposal group acc.	–930	0
Cash and cash equivalents as at 31.12.	**383,512**	**395,088**

The interests paid in 2017 totalled € –37,810 K (2016: € –40,739 K). The income taxes paid respectively refunded in 2017 added up to € –18,868 K (2016: € 9,526 K).

Additional information for the cashflow statement is provided in note 37.

E. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.12.2017

€ 1,000	Note	Share capital	Capital reserves - Others	Capital reserves - Treasury share reserve
As at 1.1.2016		**718,337**	**954,052**	**–32,306**
Valuation / reclassification cash flow hedges	19	0	0	0
Foreign currency gains/losses	19	0	0	0
Revaluation of assets available for sale	19	0	0	0
Revaluation IAS 19	19	0	0	0
Consolidated net income		0	0	0
Comprehensive income for 2016		**0**	**0**	**0**
Dividend payments to shareholders	32	0	–47,904	0
Acquisition of treasury shares	32	0	0	–54,773
As at 31.12.2016	**32**	**718,337**	**906,148**	**–87,080**
As at 1.1.2017		**718,337**	**906,148**	**–87,080**
Valuation / reclassification cash flow hedges	19	0	0	0
Foreign currency gains/losses	19	0	0	0
Change of reserve according to IAS 16	19	0	0	0
Revaluation of assets available for sale	19	0	0	0
Revaluation IAS 19	19	0	0	0
Consolidated net income		0	0	0
Comprehensive income for 2017		**0**	**0**	**0**
Dividend payments to shareholders	32	0	–20,541	0
Acquisition of treasury shares	32	0	0	–4,034
As at 31.12.2017	**32**	**718,337**	**885,607**	**–91,113**

Retained earnings	Valuation result (hedging - reserve)	Other reserves	Attributable to shareholders of the parent company	Non-controlling interests	Shareholders' equity (total)
484,074	**–5,131**	**1,385**	**2,120,410**	**40**	**2,120,450**
0	1,930	0	1,930	0	1,930
0	0	359	359	0	359
0	0	827	827	0	827
0	0	–264	–264	0	–264
183,910	0	0	183,910	6	183,916
183,910	**1,930**	**922**	**186,763**	**6**	**186,769**
0	0	0	–47,904	0	–47,904
0	0	0	–54,773	0	–54,773
667,984	**–3,201**	**2,307**	**2,204,495**	**46**	**2,204,541**
667,984	**–3,201**	**2,307**	**2,204,495**	**46**	**2,204,541**
0	2,359	0	2,359	0	2,359
0	0	1,106	1,106	0	1,106
0	0	556	556	0	556
0	0	19,637	19,637	0	19,637
0	0	176	176	0	176
234,854	0	0	234,854	5	234,859
234,854	**2,359**	**21,475**	**258,688**	**5**	**258,693**
–40,149	0	0	–60,691	0	–60,691
0	0	0	–4,034	0	–4,034
862,689	**–842**	**23,782**	**2,398,459**	**51**	**2,398,510**

F. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.12.2017

GENERAL NOTES

1. Information concerning the Company

CA Immobilien Anlagen Aktiengesellschaft and its subsidiaries constitute an international real estate group (the "CA Immo Group"). The parent company is CA Immobilien Anlagen Aktiengesellschaft ("CA Immo AG"), which has its head office at 1030 Vienna, Mechelgasse 1. CA Immo Group owns, develops and manages office, commercial, logistics and residential properties in Austria and Germany as well as in Eastern Europe. CA Immo AG is listed on the prime market segment of the Vienna Stock Exchange and is included in the ATX (Austrian Traded Index of leading companies).

2. Accounting principles

The consolidated financial statements of CA Immo AG were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and thereby fulfil the additional requirements of § 245a par. 1 of the Austrian Commercial Code (UGB). The consolidated financial statements are based on the acquisition cost method, with the exception of investment properties (including standing investments and properties under development), properties held for sale, available-for-sale financial assets, derivative financial instruments and provisions for cash-settled share-based payment plans, which are measured at fair value. The net item from pension obligations is presented as a provision, comprising the present value of the obligations less the fair value of the plan asset.

The consolidated financial statements are presented in thousand of Euros ("€ K"), rounded according to the commercial rounding method. The use of automatic data processing equipment may lead to rounding differences in the addition of rounded amounts and percentage rates.

3. Significant aspects of presentation and accounting principles

a) Presentation and structuring of group notes

The preparation and presentation of the financial statements requires management to make relevant decisions regarding the choice of the accounting methods as well as the sequence and the relevance of the disclosures, taking into account the requirements of the users of the financial statements. CA Immo Group presents at the beginning of the group notes main decisions, assumptions and estimations and subsequently the accounting policies used. The explanatory notes to the items in the consolidated income statement and in the consolidated statement of financial position are listed in accordance with order of the main statements. This structure allows the users of the financial statements to easily find the relevant information for individual items.

The financial statements contain financial information prepared by taking into account materiality considerations. The materiality of the CA Immo Group is determined by quantitative and qualitative aspects. The quantitative aspects are evaluated by means of ratios to balance sheet total, performance indicators and/or main items of cash flow. The disclosures in the notes of the CA Immo Group are assessed at every financial statement period end, weighing the efficient preparation of the financial statements and the transparent presentation of the relevant information.

b) Significant judgments, assumptions and estimates

When preparing the consolidated financial statements, senior management is required to make judgments, assumptions and estimates that affect both the recognition and measurement of assets, liabilities, income and expenses and the information contained in the notes. Actually, future amounts can differ from the initial assumptions and estimates.

Property valuation

The global financial systems are subject to considerable fluctuations. Especially in commercial real estate markets, these fluctuations may have significant effects on prices and values. In particular, restricted liquidity in the capital markets can make it more difficult to successfully sell the properties in the short term.

All valuations represent an estimate of the price that could be obtained in a transaction taking place at the valuation date. Valuations are based on assumptions, such as the existence of an active market in the region concerned. Unforeseen macroeconomic or political crises could have a significant influence on the market. Such events can trigger panic buying or selling, or a general reluctance to conclude business transactions. If a valuation date falls within a period immediately following an event of this kind, the data underlying the valuation may be questionable, incomplete or inconsistent, which inevitably affects the reliability of the estimate.

For properties that currently have a high vacancy rate or short-term leases, the influence of the appraiser's assumptions on the property value is higher than it is in case of properties with cash flows that are secured by long-term contracts.

The property values established by external appraisers depend on several parameters, some influence each other in a complex way. For the purposes of a sensitivity analysis for sub-portfolios in respect of changes in value caused by the change in one parameter, individual input factors vary (while other factors stay unchanged) in order to present possible changes.

The below tables illustrate the sensitivity of the fair values to a change in expected rental income (for the purposes of this model, defined as market rent) and in the yields (term yield – capitalization interest rate for the average remaining term of the current rental contracts and reversionary yield – capitalization interest rate for expected rental income after expiration of the current rental contracts) for all investment properties, other than non-current assets held for sale.

2017 Office Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	1.55%	6.40%	11.24%	16.09%	20.94%
–5%	–3.75%	0.79%	5.33%	9.86%	14.40%
0%	–8.52%	–4.26%	0.00%	4.26%	8.52%
+5%	–12.85%	–8.83%	–4.82%	–0.81%	3.21%
+10%	–16.78%	–12.99%	–9.20%	–5.41%	–1.63%

2016 Office Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	2.51%	6.87%	11.23%	15.59%	19.95%
–5%	–2.81%	1.25%	5.32%	9.38%	13.45%
0%	–7.60%	–3.80%	0.00%	3.80%	7.60%
+5%	–11.94%	–8.37%	–4.81%	–1.25%	2.31%
+10%	–15.88%	–12.53%	–9.19%	–5.84%	–2.50%

2017 Office Germany Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	2.03%	6.65%	11.27%	15.89%	20.52%
–5%	–3.30%	1.02%	5.34%	9.66%	13.98%
0%	–8.10%	–4.05%	0.00%	4.05%	8.10%
+5%	–12.45%	–8.64%	–4.83%	–1.02%	2.79%
+10%	–16.39%	–12.81%	–9.22%	–5.63%	–2.04%

2016 Office Germany Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	2.21%	6.85%	11.50%	16.14%	20.78%
–5%	–3.23%	1.11%	5.44%	9.78%	14.12%
0%	–8.13%	–4.06%	0.00%	4.06%	8.13%
+5%	–12.56%	–8.74%	–4.93%	–1.11%	2.71%
+10%	–16.59%	–13.00%	–9.40%	–5.81%	–2.22%

2017 Office Eastern Europe Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	2.05%	6.88%	11.72%	16.55%	21.38%
–5%	–3.51%	1.02%	5.55%	10.08%	14.61%
0%	–8.52%	–4.26%	0.00%	4.26%	8.52%
+5%	–13.05%	–9.04%	–5.02%	–1.00%	3.01%
+10%	–17.17%	–13.38%	–9.58%	–5.79%	–1.99%

2016 Office Eastern Europe Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	1.90%	6.73%	11.57%	16.41%	21.25%
–5%	–3.60%	0.94%	5.48%	10.02%	14.56%
0%	–8.54%	–4.27%	0.00%	4.27%	8.54%
+5%	–13.02%	–8.99%	–4.96%	–0.93%	3.10%
+10%	–17.09%	–13.28%	–9.47%	–5.66%	–1.85%

2017 Retail Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	0.33%	5.80%	11.27%	16.73%	22.20%
–5%	–4.97%	0.18%	5.34%	10.49%	15.64%
0%	–9.74%	–4.87%	0.00%	4.87%	9.74%
+5%	–14.06%	–9.45%	–4.83%	–0.21%	4.41%
+10%	–17.99%	–13.60%	–9.22%	–4.83%	–0.45%

2016 Retail Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	0.31%	5.82%	11.32%	16.82%	22.33%
–5%	–5.02%	0.17%	5.36%	10.55%	15.74%
0%	–9.81%	–4.91%	0.00%	4.91%	9.81%
+5%	–14.15%	–9.50%	–4.85%	–0.20%	4.45%
+10%	–18.10%	–13.68%	–9.26%	–4.84%	–0.42%

2017 Retail Eastern Europe Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	3.34%	8.00%	12.66%	17.31%	21.97%
–5%	–2.68%	1.66%	5.99%	10.33%	14.66%
0%	–8.09%	–4.05%	0.00%	4.05%	8.09%
+5%	–12.99%	–9.20%	–5.41%	–1.63%	2.16%
+10%	–17.44%	–13.88%	–10.33%	–6.77%	–3.22%

2016 Retail Eastern Europe Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	3.18%	7.73%	12.28%	16.82%	21.37%
–5%	–2.66%	1.58%	5.81%	10.05%	14.28%
0%	–7.92%	–3.96%	0.00%	3.96%	7.92%
+5%	–12.67%	–8.96%	–5.25%	–1.55%	2.16%
+10%	–16.99%	–13.51%	–10.03%	–6.55%	–3.07%

2017 Hotel Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	3.36%	7.30%	11.24%	15.18%	19.12%
–5%	–1.97%	1.68%	5.32%	8.97%	12.62%
0%	–6.77%	–3.39%	0.00%	3.39%	6.77%
+5%	–11.12%	–7.97%	–4.82%	–1.67%	1.49%
+10%	–15.07%	–12.13%	–9.19%	–6.25%	–3.31%

2016 Hotel Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	3.84%	7.55%	11.26%	14.97%	18.68%
–5%	–1.52%	1.91%	5.33%	8.76%	12.18%
0%	–6.34%	–3.17%	0.00%	3.17%	6.34%
+5%	–10.70%	–7.76%	–4.82%	–1.88%	1.06%
+10%	–14.67%	–11.94%	–9.21%	–6.47%	–3.74%

2017 Hotel Germany Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	4.89%	7.87%	10.85%	13.82%	16.80%
–5%	–0.31%	2.41%	5.14%	7.86%	10.58%
0%	–5.00%	–2.50%	0.00%	2.50%	5.00%
+5%	–9.24%	–6.94%	–4.65%	–2.35%	–0.05%
+10%	–13.10%	–10.99%	–8.87%	–6.75%	–4.63%

2016 Hotel Germany Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	5.60%	8.37%	11.15%	13.93%	16.71%
–5%	0.22%	2.75%	5.28%	7.81%	10.34%
0%	–4.62%	–2.31%	0.00%	2.31%	4.62%
+5%	–9.01%	–6.90%	–4.78%	–2.66%	–0.54%
+10%	–13.01%	–11.07%	–9.12%	–7.18%	–5.24%

2017 Hotel Eastern Europe Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	3.29%	7.19%	11.09%	14.99%	18.90%
–5%	–1.98%	1.64%	5.25%	8.87%	12.49%
0%	–6.73%	–3.36%	0.00%	3.36%	6.73%
+5%	–11.02%	–7.89%	–4.75%	–1.62%	1.52%
+10%	–14.93%	–12.00%	–9.07%	–6.14%	–3.21%

2016 Hotel Eastern Europe Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	4.13%	7.59%	11.06%	14.53%	17.99%
–5%	–1.15%	2.04%	5.24%	8.43%	11.63%
0%	–5.90%	–2.95%	0.00%	2.95%	5.90%
+5%	–10.21%	–7.47%	–4.74%	–2.00%	0.73%
+10%	–14.12%	–11.58%	–9.04%	–6.50%	–3.96%

2017 Other Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	1.00%	6.99%	12.97%	18.96%	24.94%
–5%	–5.13%	0.51%	6.14%	11.78%	17.42%
0%	–10.64%	–5.32%	0.00%	5.32%	10.64%
+5%	–15.63%	–10.60%	–5.56%	–0.52%	4.51%
+10%	–20.17%	–15.39%	–10.61%	–5.83%	–1.06%

2016 Other Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	1.61%	7.61%	13.60%	19.59%	25.58%
–5%	–4.81%	0.81%	6.44%	12.07%	17.70%
0%	–10.60%	–5.30%	0.00%	5.30%	10.60%
+5%	–15.83%	–10.83%	–5.83%	–0.82%	4.18%
+10%	–20.59%	–15.86%	–11.12%	–6.39%	–1.66%

2017 Other Germany Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	0.48%	5.92%	11.35%	16.78%	22.21%
–5%	–4.85%	0.26%	5.38%	10.49%	15.61%
0%	–9.66%	–4.83%	0.00%	4.83%	9.66%
+5%	–14.00%	–9.43%	–4.86%	–0.29%	4.28%
+10%	–17.96%	–13.62%	–9.28%	–4.95%	–0.61%

2016 Other Germany Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	0.64%	6.00%	11.37%	16.73%	22.09%
–5%	–4.70%	0.34%	5.38%	10.43%	15.47%
0%	–9.52%	–4.76%	0.00%	4.76%	9.52%
+5%	–13.87%	–9.37%	–4.87%	–0.37%	4.13%
+10%	–17.83%	–13.57%	–9.30%	–5.03%	–0.77%

For the development projects, the table below illustrates the sensitivity of the fair value to an increase or decrease in the calculated outstanding development and construction costs. Existing development projects under construction were used as basis.

2017					Still outstanding capital expenditures
in € m	–10%	–5%	Initial value	+5%	+10%
Still outstanding capital expenditures	572.9	604.7	636.5	668.3	700.2
Fair value	428.6	396.8	364.9	333.1	301.3
Changes to initial value	17.4%	8.7%	0.0%	–8.7%	–17.4%

2016					Still outstanding capital expenditures
in € m	–10%	–5%	Initial value	+5%	+10%
Still outstanding capital expenditures	608.1	641.8	675.6	709.4	743.2
Fair value	267.8	234.0	200.2	166.4	132.7
Changes to initial value	33.7%	16.9%	0.0%	–16.9%	–33.7%

The sensitivity analysis of the projects under development are based on an average percentage of completion of approximately 33% (2016: 15%) as at balance sheet date, related to total construction costs. The sensitivity only relates to the outstanding costs of the building constructions works. The outstanding capital expenditures will reduce with the increase of the percentage of completion. Based on the residual value method this leads to an increase of the fair value of the projects under development. An increase or decrease of the still outstanding capital expenditures leads to an inversely development of the fair value of the projects under development, within the residual value method.

Taxes

All companies are subject to local income tax on current results and capital gains in their respective countries. Significant estimates are required in respect of the amount of income tax provisions to be recognised. Moreover, it needs to be determined to which extent the deferred tax assets should be recognised in the group consolidated financial statements.

Income from the disposal of investments in real estate companies in Germany and Eastern Europe is wholly or partially exempt from income tax in Austria, when certain conditions are met. Even if the group intends to meet these conditions, the full amount of deferred taxes according to IAS 12 is recognized for investment properties.

Material assumptions also need to be assessed if temporary differences and losses carried forward can be offset against taxable profits in the future and if the deferred tax assets can be capitalised. Uncertainties exist concerning the amount and effective date of future taxable income and the interpretation of complex tax regulations. Where there is uncertainty over income tax treatments of transactions and assessment is required in order to evaluate whether it is probable or not that the tax authority will accept the tax treatment. Based on this judgement CA Immo Group recognizes the tax obligations with their most likely classified amount. These uncertainties and complexities can result in the fact that future tax payments which are much higher or lower than those currently estimated and recognised in the balance sheet as liabilities or assets.

CA Immo Group holds a significant part of its real estate portfolio in Germany, being subject to numerous complex tax regulations. In particular, CA Immo Group has to constantly deal with (i) roll-over schemes in order to transfer undisclosed, hidden reserves to other investments, (ii) legal provisions relevant to the real estate transfer tax liability/possible incurrence of real estate transfer tax in the event of direct or indirect shareholder changes in German partnerships and corporations, as well as (iii) the deduction of input VAT on construction costs, as an ongoing issue in the development phase of projects. CA Immo Group takes all necessary steps in order to comply with the relevant tax rules. However, because of circumstances that are out of CA Immo Groups control, such as changes in ownership structure, tax laws as well as alterations of interpretation by the tax administration and courts, the aforementioned tax issues might be treated differently and, therefore, could have an impact on the tax position in the consolidated financial statements.

Uncertainties also relate to the retrospective application of subsequent tax changes concerning completed and law-aligned restructurings in Eastern Europe. CA Immo Group estimates the possibility of incurring actual expenses due to the subsequent change of tax law and their implications for past restructurings, as low.

Currently existing uncertainties are continually evaluated and may lead to adjustments of estimates.

Measurement of interest rate derivatives

CA Immo Group uses interest rate swaps, caps and swaptions in order to mitigate the risk of interest rate fluctuations. These interest rate derivatives are recognised at fair value. The fair values are calculated by discounting the future cash flows from variable payments on the basis of generally recognised finance-mathematical methods. The interest rates for discounting the future cash flows are estimated by reference to an observable market yield curve. The calculation is based on inter-bank middle rates. The fair value of interest rate derivatives corresponds therefore to level 2 of the measurement hierarchy according to IFRS 13.

A correction of the measurement of the interest rate derivatives due to CVA (Credit Value Adjustment) and DVA (Debt Value Adjustment) is only conducted when the adjustment reaches a significant extent.

The application of cash flow hedge accounting (hedging of future cash flows) for interest rate swaps requires an assessment of the probability of occurrence of the future hedged cash flows from variable interest payments for financial liabilites. The probability depends on the existence of the financial liability. As soon as it is no longer highly probable that the hedged cash flows will occur, hedge accounting is no longer used.

Valuation of the derivative convertible bond

A convertible bond requires in principle a split out of the financial instrument between an equity component, a debt component and if applicable, embedded derivatives. The convertible bond issued in 2017 has no equity component. It consists of a debt component and, due to the repayment option in shares of CA Immo AG, an embedded derivative subject to separation. The fair value of the separate embedded derivative corresponds at issuance date to the residual amount between the fair value of the convertible bond and the fair value of the debt component. The fair values are determined based on generally accepted financial mathematics models and parameters observable on the market. Thus, the fair value of the derivative of the convertible bond corresponds to level 2 of the measurement hierarchy, in accordance to IFRS 13.

Business Combinations

CA Immo Group determines at the time of acquisition of companies (legal entities) whether the acquisition is a business or a group of assets and liabilities. The following indicators are used for the assessment of business units:

- the acquired entity comprises a number of properties
- the acquired entity conducts major processes, apart from owning and letting properties
- the entity employes personnel carrying out major processes

Consolidation

The concept of control under IFRS 10 leads to the existence of joint ventures in the the CA Immo Group, which, due to contractual arrangements, despite a shareholding percentage higher than 50% are included in the consolidated financial statements using the at-equity method in line with IFRS 11.

Effective date of initial or deconsolidation

The consolidation of a subsidiary begins on the day on which the group acquires control over the subsidiary. It ends when the group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary are recognized in the financial statements as of the date on which the group acquires control of the subsidiary until the date the control ceases. For efficiency and materiality considerations, CA Immo Group determines the date of the initial consolidation and the deconsolidation respectively with an available reporting date.

Determination of the functional currency

In determining the functional currency CA Immo Group differentiates basically between property entities and management entities.

Functional currency: property entities

In the real estate transaction market in the countries where CA Immo Group owns investment properties, the properties and property entities are usually purchased and sold in Euro due to the active international investors in those markets. In addition, CA Immo Group predominantly concludes lease contracts in Euro, or, in case these contracts are not concluded in Euro, they are indexed to the Euro exchange rate.

Hence, the Euro has the most influence on the sales price of goods (real estate sales) and services (rental services) offered by CA Immo. This fact is also stated in external valuation reports, as values are stated in EUR.

Moreover, CA Immo mainly finances its property in Euro. The price of the most essential cost factor of a real estate company is therefore also determined in Euro.

In consideration of the above mentioned factors, the Euro is determined as the functional currency of CA Immo’s property companies, which are included in the consolidated financial statements and located outside the territory of the European Monetary Union.

Functional currency: management entities

The invoicing of services (management services provided to the property companies by management companies) in Eastern Europe is carried out in the respective local currency. The prices are set in the respective local currency, which therefore have the most significant influence on the sales prices of the provided services. Furthermore, these companies also employ staff who are paid in the respective local currency. The prices for the key cost factors are therefore determined based on the respective local currency. Cash flow is generated mostly independently from the parent company.

In consideration of the above mentioned factors, the respective local currency is the functional currency of CA Immo's management companies, which are included in the consolidated financial statements and located outside the territory of the European Monetary Union.

Classification of real estate assets with mixed utilisation

Some properties are of mixed use – they are used both to generate rental income and appreciation in value as well as partially for management functions. If these respective portions can be sold individually, CA Immo Group recognises them separately. If the portions cannot be separated, the entire property is only classified as an investment property if the own used part occupies less than 5.0% of the total useful area. Otherwise, the entire property is classified as own used.

Classification of real estate assets with change in use

Changes in classification for real estate assets (standing investments, investments under development, own used, available for sale) are to be considered when a change in the use is made. Transfers in or out from investment property are made, for example when:

- beginning or ending of owner occupied property (transfer in or from own used properties),
- beginning of the actual development with the purpose of sale (transfer from investment property to assets held for sale).

Classification of leases as operating lease

CA Immo Group classifies leases as operating lease when the underlying contract does not represent a finance lease. A finance lease exists when:

- at the end of the lease term the ownership of the asset will be transferred to the lessee;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable that at the inception of the lease it is reasonably certain that the option will be exercised;
- the lease term is for the major part of the economic life of the asset, even if title is not transferred;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of a specialized nature such that only the lessee can use them without major modifications being made.

4. Scope of consolidation

The consolidated financial statements comprise the ultimate parent company CA Immo AG and the companies listed in Annex I.

Changes in scope

	Full consolidation	Joint ventures at equity	Associated companies at equity
As at 1.1.2017	**160**	**45**	**1**
Acquisition of shares in companies	1	0	0
New establishment of companies	1	1	0
Disposal of companies due to liquidation or restructuring	–4	0	0
Transition consolidation	4	–4	0
Sales of entities	–1	–4	0
As at 31.12.2017	**161**	**38**	**1**
thereof foreign companies	143	35	1

a) Acquisitions of companies/ company shares

CA Immo Group acquired following entities in 2017:

Company name/domicile	Interest held in %	Purpose	Purchase price in € 1,000	Initial consolidation date
CA Immo Real Estate Management Poland Sp.z o. o. PI. Europejski 6 Spólka Komandytowo-Akcyjna	100%	Property company	8,782	30.9.2017
Total investments - Initial consolidation			**8,782**	
RCP Alfa, s.r.o. (previously 51%)	49%	Property company	16,325	1.1.2017
Europolis Infopark Ingatlanüzemelteto kft. (previously 51%)	49%	Property company	8,098	1.1.2017
Baumkirchen Mitte MK Projektgesellschaft (previously 50%)	50%	Project company	6,560	31.3.2017
Baumkirchen MK Verwaltungs GmbH (previously 50%)	50%	Project company	0	31.3.2017
Total investments - Transition consolidation			**30,983**	
Total			**39,765**	

Initial consolidation

In September 2017 CA Immo Group acquired shares in a property company (fair value of Part B of Warsaw Spire Complex in Warsaw of € 101,694 K at initial consolidation date) amounting to € 8,782 K. This transaction is an acquisition of assets and not a business combination in accordance with IFRS 3.

Net assets acquired are presented below:

€ 1,000	Total
Properties	101,694
Other assets	821
Cash and cash equivalents	67
Provisions	–332
Other liabilities	–237
Receivables from/payables to affiliated companies	–93,231
Net assets acquired	**8,782**

As at 31.12.2017 the open purchase price amounts to € 2,214 K.

Transitional consolidation

Following the acquisition of remaining stakes from former joint ventures partners, the CA Immo Group increased its shareholding from 51% and respectively 50%, to 100%. The investments were accounted for as shares in joint ventures under the equity method until the acquisition date, due to the lack of control. Since the acquisition, the four companies are fully consolidated. This transaction is an acquisition of assetsand not a business combination in accordance with IFRS 3.

The acquisition price for the purchased shares amounts to € 30,983 K and was fully paid.

The acquisition of the four companies led to a revaluation of the before held investment of € 2,441 K which is included in the result from joint ventures in the consolidated income statement.

Net assets acquired are presented below (purchase price for 49%/50% amounting to € 30,983 K, as well as the investment in joint ventures held until now 51%/50% amounting to € 30,727 K, totaling € 61,709 K):

€ 1,000	Total
Properties	93,168
Other assets	8,501
Cash and cash equivalents	2,387
Deferred taxes	385
Financial liabilities	–18,739
Provisions	–2,074
Other liabilities	–27,425
Receivables from/payables to affiliated companies	5,506
Net assets acquired	**61,709**
thereof decrease investments in joint ventures	–30,727

The revaluation carried out immediately after the acquisition of the investment properties resulted in a gain of € 2,282 K, resulting from the difference between the acquisition costs and the fair value of the investment properties.

Newly established companies
For all newly founded companies, equity amounting to € 25 K was paid.

b) Disposals of companies/ company shares
CA Immo Group disposed the following interests in entities in the business year 2017:

Company name/domicile	Interest held in %	Consolidation method before change in participation	Sales price € 1,000	Deconsolidation date
RCP Residence, s.r.o.	100	Full consolidation	4,350	16.10.2017
Total affiliated entities			**4,350**	
Joint ventures				
EUROPOLIS ABP Ingatlanberuházási Kft	51	At-equity Joint Ventures	12,848	31.3.2017
K&K Investments S.R.L.	90	At-equity Joint Ventures	0	29.12.2017
Isargärten Bauträger GmbH & Co. KG	33	At-equity Joint Ventures	100	31.12.2017
Isargärten Bauträger Verwaltungs GmbH	33	At-equity Joint Ventures	0	31.12.2017
Total joint ventures			**12,948**	
Total			**17,298**	

The sales prices were fully cashed in. The fully consolidated entities comprised the following net assets as of the date of the sale:

€ 1,000	Total
Properties	–5,122
Other assets	–3
Cash and cash equivalents	–1
Deferred taxes	827
Net change	**–4,300**
thereof proportional net assets sold	–4,300

Investments in unconsolidated structured entities
As at 31.12.2017, as in the previous year, there are no investments in unconsolidated structured entities.

5. Summarized presentation of accounting methods
a) Changes in the accounting methods
With the exception of the following changes concerning disclosures, the presentation applied and accounting methods remain unchanged compared with the previous year.

CA Immo Group has changed the presentation of the segment reporting. Following the decision of the Management Board, the main decision maker, the internal reporting was changed so that Serbia will now be part of the Eastern Europe core region segment, while Slovakia will be part of the Eastern Europe other region segment. Consequently, a transfer between the two reported regions is recognized: Serbia will be included in Eastern Europe core region segment (until now Eastern Europe other region segment) and Slovakia will be included in Eastern Europe other region segment (until now in Eastern Europe core region segment).

Reporting segment Eastern Europe core region will now comprise Czech Republic, Hungary, Poland, Romania and Serbia, while the reporting segment Eastern Europe other region will include Bulgaria, Croatia, Slovenia, Russia, Ukraine and Slovakia. The 2016 comparative amounts were correspondingly restated.

2016 € 1,000	Income producing (as reported)	Development (as reported)	Eastern Europe core regions Total (as reported)	Income producing (as reported)	Development (as reported)	Eastern Europe other regions Total (as reported)	Income producing adjustment
Rental income	82,474	1,681	84,155	16,421	0	16,421	3,345
Rental income with other operating segments	0	0	0	0	0	0	0
Operating costs charged to tenants	29,543	728	30,271	5,540	0	5,540	1,505
Operating expenses	–32,090	–657	–32,747	–6,011	0	–6,011	–1,269
Other expenses directly related to properties rented	–7,178	–162	–7,341	–552	0	–552	84
Net rental income	**72,750**	**1,589**	**74,339**	**15,398**	**0**	**15,398**	**3,665**
Other expenses directly related to properties under development	0	–131	–131	0	–51	–51	0
Result from trading and construction works	0	0	0	0	0	0	0
Result from the sale of investment properties	675	425	1,100	–1,149	0	–1,149	0
Income from services rendered	1,300	0	1,300	0	0	0	0
Indirect expenses	–11,445	–807	–12,252	–1,428	–102	–1,530	–388
Other operating income	65	11	77	10	0	10	10
EBITDA	**63,345**	**1,087**	**64,432**	**12,831**	**–153**	**12,678**	**3,287**
Depreciation and impairment/reversal	–717	–55	–772	–1	0	–1	–1
Result from revaluation	–21,357	–101	–21,458	2,173	–1,480	693	4,741
Result from joint ventures	0	0	0	0	0	0	0
Result of operations (EBIT)	**41,270**	**932**	**42,202**	**15,002**	**–1,633**	**13,369**	**8,026**
31.12.2016							
Properties	1,358,965	79,739	1,438,704	229,200	1,920	231,120	54,340
Other assets	255,894	11,859	267,753	7,624	8,820	16,444	–43,521
Deferred tax assets	936	88	1,024	0	0	0	–276
Segment assets	**1,615,795**	**91,686**	**1,707,481**	**236,824**	**10,740**	**247,564**	**10,543**
Interest-bearing liabilities	780,914	62,861	843,775	136,578	14,796	151,374	–35,296
Other liabilities	41,740	6,435	48,175	5,135	8	5,143	1,451
Deferred tax liabilities incl. current income tax liabilities	34,806	2,789	37,594	7,621	0	7,621	4,885
Liabilities	**857,460**	**72,085**	**929,545**	**149,334**	**14,804**	**164,138**	**–28,960**
Shareholders' equity	**758,335**	**19,601**	**777,936**	**87,490**	**–4,064**	**83,426**	**39,502**
Capital expenditure	184,696	12,481	197,177	7,115	0	7,115	5,257

Development adjustment	Eastern Europe core regions Total adjustment	Income producing adjustment	Development adjustment	Eastern Europe other regions Total adjustment	Income producing restated	Development restated	Eastern Europe core regions Total restated	Income producing restated	Development restated	Eastern Europe other regions Total restated
–9	3,336	–3,345	9	–3,336	85,819	1,672	87,491	13,076	9	13,085
0	0	0	0	0	0	0	0	0	0	0
0	1,505	–1,505	0	–1,505	31,048	728	31,776	4,035	0	4,035
0	–1,270	1,269	0	1,269	–33,359	–657	–34,017	–4,742	0	–4,742
8	93	–84	–9	–93	–7,094	–154	–7,247	–636	–9	–645
–1	**3,664**	**–3,665**	**0**	**–3,664**	**76,414**	**1,589**	**78,003**	**11,733**	**0**	**11,734**
11	11	0	–11	–11	0	–120	–120	0	–62	–62
0	0	0	0	0	0	0	0	0	0	0
–425	–425	0	426	425	675	0	675	–1,149	426	–724
0	0	0	0	0	1,300	0	1,300	0	0	0
24	–365	388	–24	364	–11,833	–783	–12,617	–1,040	–126	–1,166
0	10	–10	0	–10	75	11	86	0	0	0
–391	**2,895**	**–3,286**	**391**	**–2,895**	**66,631**	**697**	**67,327**	**9,545**	**238**	**9,783**
0	–1	1	0	1	–718	–55	–773	0	0	0
650	5,391	–4,742	–650	–5,392	–16,616	549	–16,067	–2,569	–2,130	–4,699
0	0	0	0	0	0	0	0	0	0	0
259	**8,286**	**–8,027**	**–259**	**–8,286**	**49,296**	**1,191**	**50,488**	**6,976**	**–1,892**	**5,084**
–3,910	50,430	–54,340	3,910	–50,430	1,413,305	75,829	1,489,134	174,860	5,830	180,690
–50	–43,570	83	50	133	212,373	11,809	224,183	7,707	8,870	16,577
0	–277	277	0	277	660	88	747	277	0	277
–3,960	**6,583**	**–53,980**	**3,960**	**–50,021**	**1,626,338**	**87,726**	**1,714,064**	**182,844**	**14,700**	**197,543**
0	–35,295	–8,142	0	–8,142	745,618	62,861	808,480	128,436	14,796	143,232
–7	1,444	–1,450	7	–1,444	43,191	6,428	49,619	3,685	15	3,699
–562	4,324	–4,886	561	–4,325	39,691	2,227	41,919	2,735	561	3,296
–568	**–29,527**	**–14,478**	**568**	**–13,910**	**828,500**	**71,517**	**900,018**	**134,856**	**15,372**	**150,228**
–3,392	**36,111**	**–39,502**	**3,392**	**–36,110**	**797,837**	**16,209**	**814,047**	**47,988**	**–672**	**47,316**
–52	5,205	–5,256	52	–5,204	189,953	12,429	202,382	1,859	52	1,911

b) Consolidation methods

All companies under the control of the parent company are fully consolidated in the consolidated financial statements. A company is initially consolidated as of the time control is transferred to the parent. Companies are deconsolidated when control ceases. All intra-group transactions between companies included in the scope of full consolidation, the related revenues and expenses, receivables and payables, as well as unrealised intra-group profits, are fully eliminated. Profit and loss amounts resulting from "upstream" and "downstream" transactions with joint ventures or associated companies are eliminated in accordance with the share of CA Immo Group in these companies (except for real estate properties measured at fair value). If the company (legal entity) acquired is not a business, the acquisition is not a business combination according to IFRS 3. Correspondingly, the acquisition is only an acquisition of assets and liabilities, which are recognised with their proportional acquisition cost. The acquisition cost is allocated to the acquired assets (especially properties) and liabilities as well as the non-controlling interests, based on their relative fair value at the date of acquisition of the subsidiary.

If a business is acquired, the acquisition is classified as a business combination according to IFRS 3. The subsidiary is consolidated for the first time using the acquisition method, by recognising its identifiable assets and liabilities at fair value as well as goodwill and non-controlling interests, if applicable. The goodwill represents any amount by which the fair value of the transferred amount (usually the purchase price for the acquired business) and (if applicable) for the non-controlling interest, exceeds the fair value of the identifiable assets and liabilities, including any deferred taxes.

Non-controlling interests are initially recognized proportionally at the fair value of the identifiable net assets of the entity acquired and subsequently measured according to the changes in shareholders' equity attributable to the non-controlling interests. Total comprehensive income is attributed to the non-controlling interests even if this results in a negative balance of non-controlling interests. According to the classification of capital interest as shareholders' equity or liabilities, the non-controlling interests are recognized within shareholders' equity respectively as other liabilities.

Acquisitions or sales of shares in a subsidiary that do not result in an establishment or loss of control are accounted for as equity transactions. The book values of the controlling and non-controlling interests are adjusted to reflect the changes in the respective interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholders of the parent company.

In case a partial sale of shares in a subsidiary, previously fully consolidated, all assets and liabilities of the former subsidiary are excluded from the consolidated balance sheet, at the moment control is lost. As a result, the remaining shares are recognised as joint ventures, associated entities or financial instrument according to IAS 39, with applicable fair value at the transition consolidation date through profit and loss.

If an acquisition of shares in an entity, previously accounted for as joint venture, associate or financial instrument according to IAS 39, leads to control over that entity, then its assets and liabilities are recognized in the consolidated statement of financial position following the transitional consolidation and previously held investment is derecognized at their fair value with impact in the consolidated income statement.

Joint ventures

CA Immo Group enters into joint ventures with one or more partner companies in the course of establishing property rental or project development partnerships, whereby joint management of these ventures is established by contract. Interests in jointly managed companies are accounted for according to the equity method in the consolidated financial statements of CA Immo Group (AEJV – at equity joint ventures).

Associated companies

An associated company is an entity under significant influence of the Group that is neither a subsidiary nor an interest in a joint venture. The results, assets and liabilities of associated companies are included in the financial statements using the equity method of accounting (AEA – at equity associates).

Equity method

According to the equity method, investments in joint ventures and associates are initially recognised at the date of acquisition in the consolidated statement of financial position at cost, including directly attributable ancillary costs. The subsequent measurement is affected by any increase/decrease of this value, based on the group's share in the period profit or loss and the other comprehensive income (corrected by interim gains and losses resulting from transactions with the group), dividends, contributions and other changes in the equity of the associated company, as well as by impairment.

Once the book value of the interests in an associated company has decreased to zero and possible long-term loans to the associated companies are impaired to zero as well, additional losses are recognised as a liability only to the extent that CA Immo Group has incurred a legal or effective obligation to make further payments to the associated company.

c) Foreign currency translation

Transactions in foreign currencies

The individual group companies record foreign currency transactions at the exchange rate prevailing at the date of the relevant transaction. Monetary assets and liabilities in foreign currency existing at the reporting date are translated into the particular functional currency at the exchange rate prevailing at that date. Any resulting foreign currency gains or losses are recognised in the income statement of the relevant business year.

The currency translation of assets and liabilities is based on the following exchange rates:

		Bid	Ask	Bid	Ask
		31.12.2017	31.12.2017	31.12.2016	31.12.2016
Switzerland	CHF	1.1623	1.1751	1.0694	1.0822
USA	USD	1.1926	1.2026	1.0513	1.0613

In the CA Immo Group there are four subsidiaries in Hungary whose financial statements are already set up in Euro. The monetary assets and liabilities in foreign currency are converted at the exchange rate of the reporting date. The resulting foreign currency gains and losses are recorded in the respective financial year.

Translation of companies' individual financial statements denominated in foreign currencies

The group reporting currency is the Euro (EUR). Since the Euro is generally also the functional currency of those companies included in the consolidated financial statements that are domiciled outside the European Monetary Union in Eastern Europe, the financial statements prepared in a foreign currency are translated in accordance with the temporal method. Under this method, investment properties (including properties under development) as well as monetary assets and liabilities are translated at closing rates, whereas own used properties as well as other non-monetary assets are translated at historical exchange rates. Items of the income statement are translated at the average exchange rates of the relevant reporting period. Gains or losses resulting from the currency translation are recognised in the income statement.

The functional currency of the companies in Ukraine and Russia as well as of management companies in Eastern Europe is the respective local currency in each case. The amounts in the statements of financial position are translated at the exchange rate at the reporting date. Only shareholders' equity is translated at historical rates. Items of the income statement are translated at the average exchange rates of the relevant reporting period. Gains and losses arising from the application of the closing rate method are recognised in other comprehensive income.

Individual financial statements were translated on the basis of the following rates of exchange:

		Closing rate 31.12.2017	Closing rate 31.12.2016	Average exchange rate 2017	Average exchange rate 2016
Bulgaria	BGN	1.9558	1.9558	1.9558	1.9558
Croatia	HRK	7.5136	7.5578	7.4603	7.5265
Poland	PLN	4.1709	4.4240	4.2467	4.3783
Romania	RON	4.6597	4.5411	4.5690	4.4919
Russia	RUB	69.3920	64.3000	66.1795	73.0584
Serbia	RSD	118.4727	123.4723	121.2221	123.1961
Czechia	CZK	25.5400	27.0200	26.3310	27.0396
Ukraine	UAH	33.4954	28.4226	30.2723	28.2202
Hungary	HUF	310.1400	311.0200	309.3367	311.8425

d) Properties

Classification

The item "investment properties" consists of investment properties and properties under development that are held neither for own use nor for sale in the ordinary course of business, but to generate rental income and to appreciate in value.

Properties under development are reclassified to investment properties upon completion of the main construction services.

Properties are recognised as held for trading if the relevant property is intended for sale in the ordinary course of business or its specific development has started with the intention of a subsequent sale in the ordinary course of business. This includes as well properties sold via a forward-sale agreement where CA Immo Group hands over the finished property at a later point in time.

Properties used for administration purposes are presented under the line "own used properties".

Valuation

Investment properties are measured according to the fair value model. Changes in the current book value before revaluation (fair value of previous year plus subsequent/ additional acquisition or production cost less subsequent acquisition cost reductions as well as the impact from the deferral of rent incentives) are recognised in the income statement under "result from revaluation".

Properties held for trading are measured at the lower of acquisition or production cost and net realisable value as of the relevant reporting date.

Own used properties and office furniture, equipment and other assets are measured in accordance with the cost method, i.e. acquisition or production cost or fair value at the date of reclassification less regular depreciation and impairment losses.

Investment grants are accounted for as deduction of production costs.

Office furniture, equipment and other assets are depreciated on a straight-line basis over their estimated useful life, which generally ranges from 2 to 15 years. The estimated useful life of the own used properties, applying the principle that each part of an item with a significant cost shall be depreciated separately, is 70 to 75 years for the structural work, 15 to 70 years for the facade, 20 years for the building equipment and appliances, 15 to 20 years for the roof, and 10 to 20 years for the tenant's finishing works.

Borrowing costs arising during property construction are allocated to the production costs if they are directly attributable to a qualifying asset. A qualifying asset is an asset that takes a substantial period of time to be ready for its intended use or sale. In cases in which debt is not directly attributable to an individual qualifying asset, the proportional amount of the total finance costs is allocated to the qualifying asset. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Assessment of fair value

Around 94.0% (31.12.2016: 97.5%) of the properties in Austria, about 74.9% (31.12.2016: 94.2%) of the properties in Germany, and about 99.9% (31.12.2016: 98.0%) of the properties in Eastern Europe, according to segment reporting, were subject to an external valuation as of the reporting date 31.12.2017. The values of other properties were determined internally on the basis of the previous year's valuations or binding purchase agreements.

The external valuations are made in accordance with the standards defined by the Royal Institution of Chartered Surveyors (RICS). The RICS defines the market value as the estimated amount for which an asset or liability could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The valuation method applied by the expert for each property particularly depends on the property's stage of development and its type of use.

Rented commercial properties, which constitute the largest portion of CA Immo Group's portfolio, are mainly valued by the investment method. The fair value represents the present value of the future expected rental income. These are calculated based on two time units: firstly "term", with mainly contractual secured rents over the average remaining lease term and secondly "reversion", for which the experts include further parameters, in particular the market rent achievable for the object. Both periods are capitalized with an adequate interest rate (term yield/ reversionary yield).

For properties under development and construction, the residual method is applied. Under this method, the market value is based on the estimated market value upon completion, less expected outstanding expenses and after applying a reasonable developer profit in the range of 7.0% to 25.0% of the market value upon completion (31.12.2016: 7.5% to 15.7%). Developer profit for properties under development, which are nearly completed, ranges at the bottom of the margin according to their reduced risk. Risks of investment properties (after completion) considered are, the estimated future rents and initial yields in the range from 3.5% to 7.5% (31.12.2016: 3.5% to 7.9%) and financing interest rates in the range from 2.0% to 4.0% (31.12.2016: 2.3% to 4.0%). The rates vary in particular depending on the general market climate, location and type of use. The nearer a project is to completion, the greater the portion of parameters that are based on actual or contractually fixed amounts. After completion or immediately before completion, the properties are valued by applying the investment method (see above), adjusted for outstanding work.

The following table shows the essential input factors for the valuation of investment property (the fair value of the classes Office Austria and Office Germany also includes the fair value of the own used properties) and property under development:

Classification investment properties incl. own used properties Valuation technique investment method	Fair value 31.12.2017 € 1,000	Fair value 31.12.2016 € 1,000	Inputs	Range 2017	Range 2016
Office Austria	272,200	314,610	Actual-rent €/m² p. m.	6.56 – 27.30	7.44 – 25.37
			Market-rent €/m² p. m.	7.09 – 24.12	7.12 – 23.63
			average remaining lease term in years	5.19	7.42
			average vacancy %	11.47	7.29
			Yield Term min/max/weighted average %	3.75 / 6.50 / 5.23	3.85 / 6.50 / 5.34
			Yield Reversion min/max/weighted average %	3.65 / 6.50 / 5.43	3.65 / 6.75 / 5.45
Office Germany	957,619	851,750	Actual-rent €/m² p. m.	9.84 – 21.63	9.47 – 21.56
			Market-rent €/m² p. m.	10.34 – 21.53	9.49 – 21.53
			average remaining lease term in years	6.53	6.65
			average vacancy %	2.19	2.91
			Yield Term min/max/weighted average %	3.25 / 5.25 / 3.88	4.10 / 5.65 / 4.53
			Yield Reversion min/max/weighted average %	3.75 / 5.50 / 4.32	4.10 / 5.65 / 4.54
Office Eastern Europe	1,541,628	1,378,595	Actual-rent €/m² p. m.	8.30 – 20.75	7.59 – 21.75
			Market-rent €/m² p. m.	7.91 – 20.48	7.91 – 20.06
			average remaining lease term in years	3.33	3.04
			average vacancy %	6.17	10.17
			Yield Term min/max/weighted average %	4.00 / 8.25 / 6.78	5.95 / 8.50 / 7.34
			Yield Reversion min/max/weighted average %	5.70 / 8.50 / 7.09	5.95 / 8.50 / 7.36
Office total	**2,771,447**	**2,544,955**			
Retail Austria	97,200	97,200	Actual-rent €/m² p. m.	13.62 – 13.62	13.36 – 13.36
			Market-rent €/m² p. m.	13.77 – 13.77	13.90 – 13.90
			average remaining lease term in years	2.31	2.21
			average vacancy %	6.09	5.92
			Yield Term min/max/weighted average %	4.45 / 4.45 / 4.45	4.55 / 4.55 / 4.55
			Yield Reversion min/max/weighted average %	4.55 / 4.55 / 4.55	4.65 / 4.65 / 4.65
Retail Eastern Europe	8,750	8,800	Actual-rent €/m² p. m.	3.94 – 3.94	4.36 – 4.36
			Market-rent €/m² p. m.	5.10 – 5.10	5.10 – 5.10
			average remaining lease term in years	4.12	3.90
			average vacancy %	15.99	17.86
			Yield Term min/max/weighted average %	8.50 / 8.50 / 8.50	9.00 / 9.00 / 9.00
			Yield Reversion min/max/weighted average %	8.75 / 8.75 / 8.75	9.00 / 9.00 / 9.00
Retail total	**105,950**	**106,000**			

Classification investment properties incl. own used properties Valuation technique investment method	Fair value 31.12.2017 € 1,000	Fair value 31.12.2016 € 1,000	Inputs	Range 2017	Range 2016
Hotel Austria	84,100	84,600	Actual-rent €/m² p. m.	8.66 – 10.40	9.39 – 10.40
			Market-rent €/m² p. m.	9.29 – 10.50	9.35 – 10.50
			average remaining lease term in years	9.28	10.79
			average vacancy %	0.42	2.41
			Yield Term min/max/weighted average %	4.75 / 5.75 / 5.08	4.75 / 5.50 / 5.05
			Yield Reversion min/max/weighted average %	5.00 / 6.00 / 5.15	5.00 / 5.75 / 5.12
Hotel Germany	94,000	83,400	Actual-rent €/m² p. m.	13.96 – 16.97	13.65 – 15.86
			Market-rent €/m² p. m.	14.06 – 16.97	13.79 – 15.86
			average remaining lease term in years	14.94	16.12
			average vacancy %	0.80	1.61
			Yield Term min/max/weighted average %	4.20 / 4.60 / 4.27	5.10 / 5.25 / 5.13
			Yield Reversion min/max/weighted average %	4.70 / 5.10 / 4.77	5.10 / 5.25 / 5.13
Hotel Eastern Europe	11,400	11,400	Actual-rent €/m² p. m.	4.64 - 4.64	4.64 - 4.64
			Market-rent €/m² p. m.	4.58 - 4.58	4.58 - 4.58
			average remaining lease term in years	5.93	7.67
			average vacancy %	6.16	6.16
			Yield Term min/max/weighted average %	7.50 / 7.50 / 7.50	7.50 / 7.50 / 7.50
			Yield Reversion min/max/weighted average %	8.00 / 8.00 / 8.00	8.00 / 8.00 / 8.00
Hotel total	**189,500**	**179,400**			
Other Austria	49,130	59,040	Actual-rent €/m² p. m.	1.28 – 1.28	4.86 – 12.00
			Market-rent €/m² p. m.	0.98 – 0.98	12.55 – 12.55
			average remaining lease term in years	2.03	3.91
			average vacancy %	0.00	15.28
			Yield Term min/max/weighted average %	6.35 / 6.35 / 6.35	4.00 / 6.35 / 5.85
			Yield Reversion min/max/weighted average %	6.25 / 6.25 / 6.25	4.00 / 6.25 / 5.77
Other Germany	51,480	46,970	Actual-rent €/m² p. m.	3.32 - 3.51	3.24 - 3.51
			Market-rent €/m² p. m.	3.05 - 3.44	3.05 - 3.44
			average remaining lease term in years	2.26	2.45
			average vacancy %	16.18	19.02
			Yield Term min/max/weighted average %	4.50 / 8.00 / 5.71	6.00 / 9.00 / 6.96
			Yield Reversion min/max/weighted average %	5.00 / 9.00 / 6.44	6.00 / 9.00 / 6.99
Other total	**100,610**	**106,010**			

Classification investment properties under development Valuation technique residual value	**Fair value 31.12.2017 € 1,000**	**Fair value 31.12.2016 € 1,000**	**Inputs**	**Range 2017**	**Range 2016**
Office Austria	23,200	5,480	Expected-rent €/m² p. m.	14.50	14.25
			Construction cost €/m²	1,560	1,600
			Related cost in % of Constr. cost	15.00	15.00
Office Germany	260,480	150,900	Expected-rent €/m² p. m.	13.00 – 29.00	13.00 – 26.00
			Construction cost €/m²	1,910 – 2,739	1,520 – 2,200
			Related cost in % of Constr. cost	20.00 – 28.00	19.00 – 27.40
Office Eastern Europe	42,200	22,700	Expected-rent €/m² p. m.	15.00	15.00
			Construction cost €/m²	1,316	1,486
			Related cost in % of Constr. cost	9.70	20.00
Hotel Germany	34,700	17,100	Expected-rent €/m² p. m.	13.00 – 29.00	13.00 – 26.00
			Construction cost €/m²	1,910 – 2,739	1,520 – 2,200
			Related cost in % of Constr. cost	20.00 – 28.00	19.00 – 27.40
Other Germany	4,540	4,040	Expected-rent €/m² p. m.	13.00 – 29.00	13.00 – 26.00
			Construction cost €/m²	1,910 – 2,739	1,520 – 2,200
			Related cost in % of Constr. cost	20.00 – 28.00	19.00 – 27.40
Development total	**365,120**	**200,220**			

Land banks which are not currently under development or which are not expected to be developed in the near future are valued depending on the property and the stage of development through comparable transactions or by the liquidation or residual value method.

Classification investment properties under development Comparative, liquidation or residual method	**Fair value 31.12.2017**	**Fair value 31.12.2016**	**Inputs**	**Range 2017**	**Range 2016**
Landbank Germany	196,715	211,510	Valuation approach / m² plot area	2.31 – 16,152.90	2.00 – 15,682.00
Landbank Eastern Europe	17,439	21,319	Valuation approach / m² plot area	1.96 – 1,078.31	1.99 – 957.00
Landbank total	**214,154**	**232,829**			

The fair value for rented properties, properties under development as well as land banks corresponds to level 3 of the fair value hierarchy according to IFRS 13.

Interdependencies between the input factors

The essential input factors that determine the fair values for investment property are the actual rents and market rents as well as the interest rates (yields). Increasing rents (e.g. a short supply and increased demand) would cause increasing fair values. Vice versa, the fair value decreases when the rents are decreasing.

Increasing yields (e.g. the market expects increasing interest rates due to increasing risks – excessive supply, etc.) would cause decreasing fair values. Vice versa, the fair value would increase if the yield decreases (e.g. higher demand for this type of investment property).

Both input factors act reinforcing – as well in a positive or negative way – when they appear jointly. This means that a strengthened demand for rental space as well as a simultaneously strengthened demand for such investment property would cause an even greater increase of the fair value. Vice versa, a decrease in the demand for rental space as well as a decreased market demand for investment property would cause an even heavier decrease of the fair value.

For properties under development, construction costs are another essential input factor. The market value of properties is mainly determined by the expected rental income and the yield. It is in this area of conflict that new development projects are planned and calculated. Given that the calculated construction costs, which are a major influencing factor in development, could change during the development phase because of both market related factors (e.g. shortage of resources on the markets or oversupply) and planning-related factors (e.g. necessary additional changes, unforeseeable problems, subsequent savings, etc.), they have a significant influence on profitability. These additional opportunities/ risks are given appropriate consideration in a developer's profit (risk/profit) based on the total construction costs.

Valuation Process

For the major part of the real estate portfolio, CA Immo Group commissions independent, external real estate experts to issue a market valuation and provided the appraisers with all the necessary documents once in 2017 (2016: twice). After clarification of any queries the experts create drafts valuation. These drafts are checked for credibility and integrity and finally approved for issuance.

The selection of the independent, external real estate experts for CA Immo Group is based, on the one hand on professional qualification, which is measured by national and international standards, such as HypZert or RICS, and on the other hand by giving consideration to local market presence and penetration. If market conditions allow, the selected real estate experts are ones that do not act as an agent for CA Immo Group in any leasing or investment business.

e) Intangible assets

The goodwill represents the amount by which the fair value of the amount transferred (usually the purchase price for the acquired business) and (if applicable) for the non-controlling interest, exceeds the fair value of the identifiable assets and liabilities, including any deferred taxes. Mainly, it represents the benefit resulting from the fact that the deferred tax liabilities acquired will become due only in a future period. Goodwill is not amortised, but is tested for impairment at each period end.

A possible impairment is directly connected to the reduction of the fair value of the property or to taxation changes in the country of the cash generating unit. Essentially, parameters determined by the appraisers within the scope of the external property valuation are used for the impairment test.

Other intangible assets mainly comprise software and are recognised at acquisition cost less straight-line amortisation and impairment losses. Software is amortised over a useful life of 3 to 5 years.

f) Impairment losses

If an indication exists that a long term non-financial asset (own used properties, office furniture, equipment and other assets as well as intangible assets) might be impaired, CA Immo Group performs an impairment test. CA Immo calculates the recoverable amount for the asset or smallest identifiable group of assets.

The recoverable amount is the higher of the fair value less the cost to sell (net realisable value) and the value in use of the corresponding asset (or group of assets). The value in use is the present value of the expected future cash flows that are likely to be generated by the continued use of an asset (or group of assets) and its retirement at the end of its useful life.

If this recoverable amount is lower than the carrying value of the asset (or group of assets), the asset is written down to the lower value. These write-offs are reported in the consolidated income statement under "depreciation and impairment/reversal".

If at a later date the impairment ceases to exist (except for goodwill), the impairment loss is reversed to profit or loss up to the carrying amount of the amortised original acquisition or production cost.

Goodwill is tested for impairment at each balance sheet date, with individual properties representing the cash generating units. Due to the specific nature of the recognised goodwill, the recoverable amount for the cash generating unit cannot be determined without taking into account the expected tax charge. Hence, the book value of the cash generating unit includes, in addition to the allocated goodwill, the directly attributable deferred taxes of the single properties. The recoverable amount is determined on the basis of fair value. The fair value of a property is mainly determined on the basis of external valuation reports. The present value of the income tax payments is determined considering after-tax yield (which represents the yield of the property after tax effects of the relevant country) on the expected income tax payments.

The impairment test assumes, based on experience, an average retention period for properties held by CA Immo Group of 1.5 to 15 years for investment properties. Due to the assumption of the retention period decreasing each year and thus of a reduced discounting period each year, further impairment losses of the goodwill corresponding to the reduction in the present value benefit are expected in future periods.

The following sensitivity analysis shows the impact in goodwill impairment of changes in significant parameters for the impairment test.

2017				
Goodwill impairment in € K				
Change in yield (in % of initial yield)	**+5%**	**+5%**	**+10%**	**+10%**
Change in market rent	**–5%**	**–10%**	**–5%**	**–10%**
Impact on the profit and loss statement	–438.0	–702.8	–691.1	–956.9

2016				
Goodwill impairment in € K				
Change in yield (in % of initial yield)	**+5%**	**+5%**	**+10%**	**+10%**
Change in market rent	**–5%**	**–10%**	**–5%**	**–10%**
Impact on the profit and loss statement	–435.0	–714.3	–720.0	–984.2

g) Financial assets and liabilities (FI - financial instruments)

Interests in companies (Available for sale investments) and securities

Interests in companies which are not consolidated due to lack of control, and which are neither significantly influenced by the Group are assigned to the category "available for sale" (AFS – available for sale). The valuation of the stake purchased is made at fair value. Subsequent changes in value – as long as there are no impairments – are presented in other comprehensive income and reclassified in profit and loss upon the sale of the investment. If a listed price on an active market is not available, the fair value will be updated based on internal valuation, which is mostly based on external professional opinion regarding investment property.

Securities are primary financial instruments that are quoted on an active market and are available for sale. They are classified as "available for sale" (AFS-available for sale). The initial recognition is at fair value including any transaction costs and the subsequent valuation is at fair value (stock market quotation).

In case of impairments of available-for-sale financial assets, the difference between acquisition costs and the lower fair value is recognized in profit or loss. Changes in value previously recognized in equity, are transferred from equity to profit or loss. A subsequent appreciation in value is shown in other comprehensive income. This can also lead to the fact that an impairment is booked in profit and loss during the year and in the subsequent quarters the value change is recorded in the other comprehensive income. CA Immo Group recognizes securities at the conclusion of the transaction agreement.

Loans

Loans granted by the company are assigned to the category "loans and receivables" (L&R). They are measured at fair value upon recognition, and subsequently at amortised cost, applying the effective interest-rate method and taking into account any impairment. CA Immo Group generally evaluates loans granted to joint ventures and associated companies together with the equity held in these entities because the loans are considered part of the net investment. If the equity of the entities, reported under the equity method becomes negative, the loans considered part of the net investment are written down to the level of the loss not yet recognized.

Receivables and other financial assets

Trade receivables from the provision of services, other receivables and other financial assets are primary financial instruments that are not listed on active markets and not intended for sale. They are assigned to the measurement category "loans and receivables" (L&R). They are initially measured at fair value, and thereafter at amortised cost, applying the effective interest-rate me-thod and less impairment losses.

An impairment loss on receivables is calculated based on the status of the dunning procedure, the past due date, and the individual credit rating of the relevant debtor, taking into account any security received and is recognised when there is objective indication that the receivables cannot be fully collected. Uncollectible receivables are derecognised. Subsequent payments in respect of receivables for which impairment losses have been incurred, are recognised in the consolidated income statement.

Receivables from the sale of properties having a maturity of more than one year are recognised as non-current receivables, at their present values as of the respective reporting date.

Cash and cash equivalents

Cash and cash equivalents include cash, deposits in banks, as well as fixed-term deposits with an original term of up to three months. This item also includes cash in banks subject to drawing restrictions for a period of less than 3 months which is used for securing outstanding loans (principal and interests) as well as current investments in development projects. Cash in banks subject to drawing restrictions up to 12 months is presented in caption “receivables and other assets”. Restricted cash with a longer lock-up period (over 12 months), is presented under financial assets.

Interest-bearing liabilities

Interest-bearing liabilities are assigned to the category "financial liabilities at amortised cost" (FLAC) and recognised upon disbursement at the amount actually received less transaction costs. Any difference between the amount received and the repayment amount is allocated over the term of the financing, according to the effective interest-rate method and is recognised in financing costs or, if the conditions set forth in IAS 23 are met, capitalised as part of the construction cost.

A convertible bond requires in principle a split out of the financial instrument between an equity component, a debt component and if applicable, embedded derivatives. Embedded derivatives are generally separately recognized, if their economic characteristics and risks are not closely related to those of the host contract, if they independently fulfill the definition of derivatives and if the entire instrument is not measured at fair value through profit or loss. Initial recognition of the debt component is the fair value of a similar liability that does not include an option to convert to equity instruments. Directly attributable transaction costs are allocated to the debt component. Liabilities from convertible bonds are assigned to the category "financial liabilities at amortized cost" (FLAC) and are measured using the effective interest-rate method.In case of a change in the contractual terms recognized as a redemption (i.e. the obligations specified in the contract are cancelled or the 10% threshold of the present value test is not met), then all incurred expenses and fees are deemed to be part of the gain or loss from the redemption. If this change or amendment is not recognized as a redemption, then the expenses and fees incurred lead to an adjustment to the carrying amount of the liability and are amortized at a new effective interest rate over the remaining term of the modified liability.

Other liabilities

Other financial liabilities, such as trade payables, are assigned to the category “financial liabilities at amortised cost” (FLAC) and measured upon recognition at fair value and subsequently at amortised acquisition cost.

For other current liabilities, the fair value generally corresponds to the estimated sum of all future payments.

Other non-current liabilities are measured at fair value on initial recognition and are compounded with a timely and risk adequate market rate.

Derivative financial instruments

CA Immo Group recognizes derivative financial instruments upon the conclusion of the transaction agreement.

CA Immo Group uses derivative financial instruments, such as interest rate caps, swaps, swaptions and forward exchange transactions, in order to hedge against interest and currency risks. These derivative financial instruments are recognised at fair value at the time the contract is concluded and remeasured at fair value in the following periods. Derivative financial instruments are recognised as financial assets if their value is positive and as financial liabilities if their fair value is negative.

Derivative financial instruments are presented in non-current financial assets or liabilities if their remaining term exceeds twelve months and realisation within twelve months is not expected. All other derivative financial instruments, whose remaining term is below twelve months, are presented in current assets or liabilities.

The method applied by CA Immo Group when recognising gains and losses from derivative financial instruments depends on whether or not the criteria for cash flow hedge accounting (hedging of future cash flows) are met. CA Immo Group exclusively pursues a micro-hedging strategy, whereby the hedging instrument is directly assigned to an individual underlying transaction (loan agreement).

In case the derivative financial instruments fulfil the criteria for cash flow hedge accounting (CFH – cash flow hedge), the effective portion of the change in fair value is recognised in other comprehensive income. The ineffective portion is immediately recognized (reclassified) as an expense in the item “Result from derivatives”. The gains or losses from the measurement of the cash flow hedges recognised in other comprehensive income are reclassified into profit or loss in the period in which the underlying transaction becomes effective, or the expected cash flows are no longer expected to occur. The effectiveness of the hedging relationship between the hedging instrument and the underlying transaction is assessed and documented at the inception of the hedge and subsequently reassessed on an ongoing basis.

Derivative financial instruments no longer qualifying for cash flow hedge accounting without a concurrent loan agreement, are referred to as “fair value derivatives”, to clearly distinguish these instruments from cash flow hedges. These are, for example, interest rate swaps, without a concurrent credit loan agreement as well as swaptions and interest caps. Pursuant to IAS 39, derivatives not qualifying for hedge accounting are a ssigned to the category “held for trading” (HFT). Changes in the fair value are therefore recognized entirely in profit or loss in the item “Result from derivatives”.

The fair values of interest rate swaps, swaptions and caps are calculated by discounting the future cash flows from variable payments on the basis of generally accepted financial models. The interest rates for the discount of the future cash flows are estimated on basis of an interest rate curve, which is observable on the market. For the calculation interbank middle rates are used.

A convertible bond requires in principle a split out of the financial instrument between an equity component, a debt component and if applicable, embedded derivatives. Embedded derivatives are generally separately recognized if their economic characteristics and risks are not closely related to those of the host contract, if they also independently fulfill the definition of derivatives and if the entire instrument is not measured at fair value through profit or loss. The fair value of the embedded derivatives corresponds at issuance date to the residual value between the fair value of the convertible bonds and the fair value of the debt component. The embedded derivatives are classified as "held for trading" (HFT) and are measured at fair value through profit or loss at each balance sheet date.

h) Other non-financial instruments (Non-FI – non financial instrument)

Other non-financial assets mainly consist of prepayments made on investment properties, accrued services in progress receivables from fiscal authorities and prepaid expenses. They are measured at cost less any impairment losses.

Other non-financial liabilities refer to liabilities to fiscal authorities (including social insurance related liabilities), short-term rent prepayments and advance payments. They are recognized at the date of acquisition at the amount corresponding to the expected outflow of resources and the cost of acquisition. Changes in value (including interest) arising from updated information are recognised in profit or loss.

i) Assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if the relevant book value is expected to be realised from a disposal and not from continued use. This is the case when the relevant non-current assets and disposal groups are available for immediate sale in their current condition and a disposal is highly probable. Furthermore, the sale must be expected to be completed within one year of the classification as held for sale. Disposal groups consist of assets that are to be sold together in a single transaction and the associated liabilities that are to be transferred in the course of this transaction.

Non-current assets and disposal groups that are classified as held for sale are generally recognised at the lower of book and fair value less costs to sell. Investment properties, which are still measured according to the fair value model, are exempt from this rule and interest bearing liabilities that are still measured at amortised cost as well as deferred taxes valued according to IAS 12.

j) Payment obligations to employees

Variable remuneration

In order to promote a high level of identification with the corporate goals, all employees are provided with variable remuneration in addition to their fixed salary and thus participation in the company's success. Based on the remuneration system of the Management Board, the attainment of the budgeted quantitative and qualitative annual targets as well as a positive consolidated result are required. For the management level, bonus payments are additionally linked to the achievement of individual annual operating targets. Furthermore, managerial staff have the opportunity to participate in a stock price-based compensation program. Diverging from the model for the Management Board (phantom shares), participation in the LTI program is voluntary. LTI is a revolving programme with a term (holding period) of three years per tranche; it presupposed a personal investment limited to 35% of the fixed annual salary. 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 critical factor is the value generated within the Group in terms of NAV growth, TSR (total shareholder return) and growth of FFO (funds from operations); weighting and respective target figures are set each year. 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 performance-related remuneration for the Management Board is structured into three components and consists of an annual bonus (short-term incentive), a multi-year bonus (mid-term incentive) and a long-term variable compensation (long-term incentive). The performance-related remuneration is 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 determined by the Remuneration Committee after being checked by the auditor. Half of performance-related remuneration takes the form of immediate payments (short term incentive); the remaining 50% is converted into phantom shares on the basis of the average rate for the last quarter of the business year relevant to target attainment. The payment of phantom shares is made in cash in three equal parts after 12 months, 24 months (mid term incentive) and 36 months (long term incentive) at the average rate for the last quarter of the year preceding 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.

Defined benefit plans upon termination of employment

Obligations arising from defined benefit pension plans exist for four persons in the CA Immo Germany Group. The commitments relate to two pension benefits for already retired managing directors, as well as two ongoing pension benefits. In accordance with IAS 19.63, reinsurance contracts in respect of defined benefit pension obligations are presented as a net debt (asset).

Each year, external actuarial calculations are obtained for the defined benefit pension obligations. The defined benefit obligation or liability is calculated according to IAS 19 using the projected unit credit method and based on the following parameters:

	31.12.2017	31.12.2016
Interest rate	1.63%	1.65%
Salary increases expected in the future	2.00%	2.00%
Accumulation period	25 years	25 years
Expected income from plan asset	1.63%	1.65%

The actual return on plan assets for 2017 is 1.63% (2016: 2.00%).

Service cost and interest expense related to the obligation as well as the interest income related to the plan assets are recognised in the year in which they arise. Actuarial gains and losses less deferred taxes related to the obligation and the plan assets are recognised in the other comprehensive income.

CA Immo Group has a legal obligation to make a one-time severance payment to staff employed in Austria before 1.1.2003 in the event of dismissal or retirement. The amount of this payment depends on the number of years of service and the relevant salary at the time the settlement is payable. It varies between two and twelve monthly salary payments. In CA Immo Group, contract stipulated severance exists for several employees. According to IAS 19, a provision is recognised for this defined benefit obligation. The interest rate used for the computation of this provision amounts to 0.00% (2016: 0.00%).

Defined contribution plans

CA Immo Group has the legal obligation to pay 1.53% of the monthly salary of all staff joining companies in Austria after 31.12.2002 into a staff pension fund. No further obligations exist. The payments are considered as staff expenses and included in indirect expenses.

Based on agreements with three different pension funds in Austria and a benevolent fund for small and medium-sized enterprises in Germany, a defined contribution pension commitment exists for employees in Austria and Germany after a certain number of years of service (Austria: 1 or 3 years, irrespective of age; Germany: immediately upon reaching the age of 27). The contribution is calculated as a percentage of the relevant monthly gross salary, namely 2.5% or 2.7% in Austria, and 2.0% in Germany. The contributions paid vest after a certain period (Austria: 3 or 4 years; Germany: 3 years) and are paid out as monthly pension upon retirement.

k) Provisions and contingent liabilities

Provisions are recognised if CA Immo Group has a legal or constructive obligation towards a third party as a result of a past event and the obligation is likely to lead to an outflow of funds. Such provisions are recognised in the amount representing the best possible estimate at the time the consolidated financial statements are prepared. If the present value of the provision determined on the basis of prevailing market interest rates differs substantially from the nominal value, the present value of the obligation is recognised.

If the amount of an obligation cannot be estimated reliably, the outflow of funds from the obligation is not likely, or the occurrence of the obligation depends on future events, it represents a contingent liability. In such cases, a provision is not recognised and an explanation of material facts is disclosed in the notes.

l) Taxes

The income tax expense reported for the business year contains the income tax on the taxable income (current and for other periods) of the individual subsidiaries calculated at the tax rate applicable in the relevant country ("current tax"), and the change in deferred taxes recognised in profit and loss ("deferred tax"), as well as the tax effect arising from amounts recognised in equity not giving rise to temporary differences and recognised in equity (e.g. the tax related to ancillary expenses for capital increases as well as the valuation of derivative transactions and available for sale securities to some extent). Changes in deferred taxes resulting from foreign currency translation are included in deferred income tax expense.

In line with IAS 12, the calculation of deferred taxes is based on all temporary differences between the tax base of assets or liabilities and their book values in the consolidated statement of financial position. Deferred tax assets on tax losses carried forward are recognised taking into account the fact whether they can be carried forward indefinitely or only up to a certain time as well as the extent of their expected use in the future. The amount of the deferred tax asset recognised is determined based on projections for the next 3 to 5 years which show the expected use of the tax losses carried forward in the near future and on the existence of sufficient taxable temporary differences, mainly resulting from investment property.

The deferred taxes are calculated based on the following tax rates:

Country		Tax rate	Country		Tax rate
	2017	2016		2017	2016
Bulgaria	10.0%	10.0%	Serbia	15.0%	15.0%
Germany	15.8% to 33.0%	15.8% to 31.9%	Slovakia	21.0%	21.0%
Croatia	18.0%	18.0%	Slovenia	19.0%	19.0%
Netherlands	20.0% / 25.0%	20.0% / 25.0%	Czechia	19.0%	19.0%
Austria	25.0%	25.0%	Ukraine	18.0%	18.0%
Poland	19.0%	19.0%	Hungary	9.0%	9.0%
Romania	16.0%	16.0%	Cyprus	12.5%	12.5%
Russia	20.0%	20.0%			

A group and tax compensation agreement was concluded in Austria for the formation of a tax group as defined by Section 9 of the Austrian Personal Income Tax and Corporate Income Tax Act (KStG) for almost all companies of CA Immo Group. The head of the group is CA Immobilien Anlagen Aktiengesellschaft, Vienna.

For certain entities within the CA Immo Germany Group a tax group has been established in accordance with German income tax legislation. The head of the tax group is CA Immo Deutschland GmbH, Frankfurt. Based on profit and loss transfer agreements the members of the tax group are required to transfer their entire profit to the head of the group (being the annual surplus before the profit transfer, less any loss carried forward from the previous year and after recognition or release of reserves). The head of the group has an obligation to balance any annual deficit arising in a group entity during the term of the agreement to the extent that such deficits exceed the amounts which can be released from other reserves that have been allocated out of profits earned during the term of the agreement.

m) Leases

CA Immo Group determines whether an arrangement contains a lease based on the economic substance of the arrangement and evaluates whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement contains a right to use the asset, even if such right is not explicitly stated in the agreement.

According to IAS 17, the allocation of a leased asset to the lessor or lessee is based on the criterion of accountability of all significant risks and rewards associated with ownership of the leased asset. The characteristics of the CA Immo Group as lessor of investment properties corresponds to an operating lease because the economic ownership remains with CA Immo Group for the rented properties and thus the significant risks and rewards are not transferred.

n) Operating segments

The segments were identified on the basis of the information regularly used by the company's principal decision makers when deciding on the allocation of resources and assessing profitability. The principal decision-making body of CA Immo Group is the Management Board. It controls the individual properties (basic reporting segments) that are aggregated into reportable business segments by regions (based on the geographic region), and within the regions by income producing property and property under development based on the stage of development of the properties. The aggregation of the regions mainly takes place based on evaluation of the market dynamics and the risk profiles which mainly impact economic characteristics. According to the assessment of CA Immo Group, the properties in the portfolio need to be separated into investment properties and investment properties under development, based on the criteria "nature of products and services" and "nature of production processes" according to IFRS 8.

The properties are allocated to the reporting segments according to location/region, their category and the main activities of the management/holding companies. Items that cannot be directly attributed to a property or segment management structure are disclosed in the column "Holding". The presentation corresponds to CA Immo Group's internal reporting system. The following segments have been identified:

- Income producing properties: Investment properties rented, own used properties and investment properties pursuant to IFRS 5
- Development: Properties under development and land banks, completed development properties (investment properties) until the second annual reporting date after completion (depending on the tenancy rate or beginning of the sales process), development services for third parties, properties under development pursuant to IFRS 5, and properties held for trading
- Holding: general management and financing activities of CA Immo Group.

The reporting Eastern Europe core regions segment comprises the Czech Republic, Hungary, Poland, Romania and Serbia. The reporting Eastern Europe other regions segment consists of Bulgaria, Croatia, Slovenia, Russia, Ukraine as well as Slovakia. Joint ventures are included with 100% of the assets and liabilities as well as revenues and expenses of the entities in the segment, irrespective of the method of consolidation into the financial statements. Adjustments in accordance with the consolidation method in CA Immo Group are shown in the column Consolidation.

o) Revenue recognition

Rental revenues

Rental revenues are recognised on a straight-line basis over the term of the lease. Lease incentive agreements, such as rent-free periods, reduced rents for a certain period or one-off payments to the tenants, which can be freely used in the course of their businesses, are included in rental income. Therefore, the lease incentives are allocated on a straight-line basis over the entire expected contractual lease term accordingly. In the case of leases with constant rent adjustment over the term (graduated rents), such adjustments are likewise recognised on a straight-line basis over the term of the lease. Any adjustments attributable to inflation, in contrast, are not spread over the underlying term of the lease. The term of a lease over which rental income is allocated on a straight-line basis comprises the non-terminable period as well as any further periods for which the tenant can exercise an option, with or without making additional payments, provided that the exercise of the option is estimated as being probable at the inception of the lease.

Conditional rental income, such as any amounts that are conditional on the revenues generated in the business premises, are recognised in profit or loss in the period in which they are assessed.

Rental income is measured at the fair value of the consideration received or outstanding, less any directly related reductions.

Payments received from tenants for the early termination of a lease and payments for damage of rented premises are recognised as rental income in the period in which they are incurred.

Service charge income

Operating costs incurred by CA Immo Group for properties rented to third parties, which are charged to tenants, are presented in the consolidated income statement in "Operating costs charged to tenants".

Revenues from the sale of investment properties

Income from the sale of properties is recognised when:

- all material economic risks and rewards associated with ownership have passed to the buyer,
- CA Immo Group does not retain any rights of disposal or effective power of disposition in respect of the object sold,
- the amount of the revenues and the expenses incurred or to be incurred in connection with the sale can be reliably determined, and
- it is sufficiently probable that the economic benefit from the sale will flow to CA Immo Group.

Non-current earnings received in advance are measured at par value and subsequently with a reasonable market interest rate reflecting maturity and risk. The accrued interest is recognised in the consolidated income statement in the financial result.

Income from the sale of properties under construction is assessed according to IFRIC 15 in order to establish whether IAS 11 (construction contracts) or IAS 18 (revenue recognition) applies and thus to determine when income from the sale during the construction period is to be recognised. Requirement for the recognition of a disposal is that CA Immo Group has no more effective power to dispose in respect of the constructed property.

Income from the sale of properties and construction works

The item "Income from the sale of properties and construction works" includes income from the sale of properties intended for trading as well as income from construction works (construction of a building on the land of a customer, whereby CA Immo Group as a builder carries out a construction contract with or without a general contractor).

Construction contracts and revenues from construction works

In case of construction contracts for development works, respectively construction works, the customer can exercise a significant influence on the construction of the property. In compliance with IAS 11, income in the amount of services rendered up to the balance sheet date is recognized in accordance with the respective stage of completion ("percentage of completion method"). The stage of completion representing the ratio between the contract costs or construction costs incurred as of the reporting date and the estimated total contract costs or total construction costs (cost-to-cost method) is determined and repor ted as Receivable and Sales income. An expected loss from the construction contract for development works, respectively construction works is immediately recognized as an expense.

If there is no customized project planning, i.e. the purchaser has only limited options to influence the specification of the property, it is an agreement for sale of goods and the revenue is recognized according to the above-mentioned criteria for the sale of investment properties. In accordance with IAS 18, there is an obligation to separate the contracts into their individual components if substantially different services have been agreed into a single arrangement. Such a multi-component transaction is a ssumed to exist when a contract contains several complementary but different components, e.g. a service is provided in addition to the sale of the property. These different components lead to a separate realization of income: the acquisition price for the property is recorded according to the criteria for recognition of revenues from sales. The revenues for the service are realized depending on the stage of completion. The following have been identified as material components of properties under development: procurement of the construction rights, the site development, the building construction and the interior works. The apportionment of the total remuneration to the individual components is based on the residual value method. By deducting the fair value of the components not yet delivered it is determined the value of the components already delivered.

Income from services rendered

For the CA Immo Group the item "Income from services rendered" includes income from services recognized in accordance to IAS 18 and income from construction contracts recognized in accordance with IAS 11.

A rendered service is a service for a customer, which can be satisfied in time-based units (for example time based advice for building conversion, planning services or project assistance). Income from service contracts is recognized to the extent of the services rendered up to the reporting date (accounting by time unit).

CA Immo Group also offers services in the form of construction supervision for customers, which are handled as construction contracts. The income from construction contracts (e.g. project management, construction supervision and acceptance of, for example building construction, interior works or development of land) is recorded in accordance with the provision of services ("percentage of completion method", see above).

p) Result from the sale of investment properties

In accordance with IAS 40, investment properties are measured as of each quarterly reporting date and, as a general rule, changes in fair values are recognised in profit and loss, as result from revaluation (revaluation gain/loss). When property assets are sold, the valuation result realised during the current business year to date is reclassified to the result from the sale of investment properties together with the other gain/loss on disposal. The book value of goodwill that has been allocated to a property sold is recognised as part of the disposal within the result from the sale of investment properties.

q) Indirect expenses

CA Immo Group capitalizes indirect expenses (mainly personnel expenses) to the extent that they can be attributed to the construction cost of properties under development and properties held for trading. These internally-produced capitalised expenses and capitalised changes in work-in-progress respectively are reported as correction of the indirect expenses.

r) Financial result

Finance costs comprise interest payable for external financing, interest recognised by the effective interest-rate method (if not required to be capitalised according to IAS 23), interest for committed external funds not yet received, current interest on derivative transactions, the interest costs arising from the calculation of retirement benefits, the net result attributable to non-controlling interests in limited partnerships and expenses similar to interest. Interest is deferred over time by the effective interest-rate method. The net result of non-controlling interests in limited partnerships contains the pro rata net income of non-controlling partners of limited partnerships in Germany, whose capital contribution, updated with the profit share, is recognised as debt in the statement of financial position under "other liabilities".

Foreign currency gains and losses mainly relate to the result of exchange rate differences in connection with financing and investment transactions, as well as the changes in value and the result from the realisation of forward exchange transactions.

The result from derivatives consists of gains and losses from the sale or measurement of interest rate swaps, caps and the swaption unless they are recognised in other comprehensive income as cash flow hedges, as well as valuation of derivativative convertible bond. The ineffective portion of the cash flow hedge relationships is also recognised in the result from derivatives.

The result from financial investments includes interest and negative interest on deposits, dividends and other income from the investment of funds and investments in financial assets and the expected return on plan assets.

The result from other financial investments mainly relates to the valuation of loans as well as impairments of securities available for sale.

s) Fair value measurement

IFRS 13 defines the fair value as the price that would be received following the sale of an asset or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The price could be directly observable or estimated using valuation techniques. Corresponding to the inputs used to determine of the fair values, the measurement hierarchy distinguishes between the following levels:

a) Level 1: quoted prices in active markets for identical assets or liabilities
b) Level 2: inputs that are observable for the measurement of assets or liabilities, either directly or indirectly
c) Level 3: inputs are unobservable for the measurement of assets or liabilities.

Hierarchy of the fair values

31.12.2017			Measurement hierarchy according to IFRS 13	
€ 1,000	Level 1	Level 2	Level 3	Total
Investment properties	0	0	3,155,677	3,155,677
investment properties under development	0	0	579,274	579,274
Investment property	**0**	**0**	**3,734,951**	**3,734,951**
Financial assets HFT	0	293	0	293
Financial assets available for sale	0	0	56,875	56,875
Financial instruments by category (assets)	**0**	**293**	**56,875**	**57,167**
Securities AFS	117,668	0	0	117,668
Securities AFS	**117,668**	**0**	**0**	**117,668**
Assets held for sale	0	0	40,106	40,106
Assets held for sale	**0**	**0**	**40,106**	**40,106**
Financial liabilities HFT	0	–23,021	0	–23,021
Financial instruments by category (liabilities)	**0**	**–23,021**	**0**	**–23,021**
Total	**117,668**	**–22,729**	**3,831,932**	**3,926,870**

31.12.2016			Measurement hierarchy according to IFRS 13	
€ 1,000	Level 1	Level 2	Level 3	Total
Investment properties	0	0	2,923,676	2,923,676
investment properties under development	0	0	433,049	433,049
Investment property	**0**	**0**	**3,356,725**	**3,356,725**
Financial assets HFT	0	29	0	29
Financial assets available for sale	0	0	57,774	57,774
Financial instruments by category (assets)	**0**	**29**	**57,774**	**57,803**
Securities AFS	101,555	0	0	101,555
Securities AFS	**101,555**	**0**	**0**	**101,555**
Assets held for sale	0	0	26,754	26,754
Assets held for sale	**0**	**0**	**26,754**	**26,754**
Financial liabilities HFT	0	–7,432	0	–7,432
Financial liabilities CFH	0	–4,151	0	–4,151
Financial instruments by category (liabilities)	**0**	**–11,583**	**0**	**–11,583**
Total	**101,555**	**–11,554**	**3,441,253**	**3,531,253**

Reclassifications between levels did not occur in 2017 and 2016.

Hierarchy classification

The following tables show the development of separate classes that are assigned according to IFRS 13 to level 3 of the fair value hierarchy:

2017 € 1,000	Office Austria*	Office Germany*	Office Eastern Europe	Retail Austria	Retail Eastern Europe	Hotel Austria
As at 1.1.	**314,610**	**851,750**	**1,378,595**	**97,200**	**8,800**	**84,600**
Additions	1,796	8,434	23,595	899	54	360
Disposals	–4,433	–16,120	–24,743	–1	0	0
Purchase of real estate companies	0	0	180,602	0	0	0
Valuation	–2,753	114,011	–17,759	–874	–102	–827
Reclassification IFRS 5	–36,900	0	0	0	0	0
Reclassification IAS 2	0	0	0	0	0	0
Reclassification between classes	0	0	0	0	0	0
Change in lease incentives	–120	–456	1,339	–23	–2	–32
Currency translation adjustments	0	0	0	0	0	0
As at 31.12.	**272,200**	**957,619**	**1,541,628**	**97,200**	**8,750**	**84,100**

* The fair value of the classes Office Austria and Office Germany also includes the fair value of the own used properties.

2016 € 1,000	Office Austria*	Office Germany*	Office Eastern Europe	Retail Austria	Retail Eastern Europe	Hotel Austria
As at 1.1.	**319,030**	**753,544**	**1,201,280**	**107,300**	**37,700**	**85,200**
Additions	1,305	16,171	25,633	442	–168	92
Disposals	–10,991	0	–4,000	–13,040	–26,784	–41
Purchase of real estate companies	0	0	165,205	0	0	0
Valuation	5,163	81,517	–8,225	2,512	–1,825	–663
Reclassification IFRS 5	0	0	0	0	0	0
Reclassification between classes	0	0	0	0	0	0
Change in lease incentives	103	518	–1,298	–15	–123	12
Currency translation adjustments	0	0	0	0	0	0
As at 31.12.	**314,610**	**851,750**	**1,378,595**	**97,200**	**8,800**	**84,600**

* The fair value of the classes Office Austria and Office Germany also includes the fair value of the own used properties.

2017 € 1,000	Hotel Germany	Hotel Eastern Europe	Others Austria	Others Germany	IFRS 5 all
As at 1.1.	**83,400**	**11,400**	**59,040**	**46,970**	**15,064**
Additions	337	21	1,792	107	0
Disposals	0	0	–8,400	0	–15,064
Purchase of real estate companies	0	0	0	0	0
Valuation	10,287	–21	–3,302	4,403	0
Reclassification IFRS 5	0	0	0	0	36,900
Reclassification IAS 2	0	0	0	0	0
Reclassification between classes	0	0	0	0	0
Change in lease incentives	–24	0	0	0	0
Currency translation adjustments	0	0	0	0	0
As at 31.12.	**94,000**	**11,400**	**49,130**	**51,480**	**36,900**

2016 € 1,000	Hotel Germany	Hotel Eastern Europe	Others Austria	Others Germany	IFRS 5 all
As at 1.1.	**73,800**	**11,300**	**84,630**	**52,540**	**51,065**
Additions	22	20	1,268	398	0
Disposals	0	0	–10,371	–35,465	–52,185
Purchase of real estate companies	0	0	0	0	0
Valuation	9,602	80	–1,423	17,298	1,120
Reclassification IFRS 5	0	0	–15,064	0	15,064
Reclassification between classes	0	0	0	11,640	0
Change in lease incentives	–24	0	0	559	0
Currency translation adjustments	0	0	0	0	0
As at 31.12.	**83,400**	**11,400**	**59,040**	**46,970**	**15,064**

2017 € 1,000	**Development Austria**	**Development Germany**	**Development Eastern Europe**	**Land banks Germany**	**Land banks Eastern Europe**
As at 1.1.	**5,480**	**172,040**	**22,700**	**211,510**	**21,319**
Additions	14,884	90,295	19,317	6,041	671
Disposals	0	0	0	–1	–5,642
Purchase of real estate companies	0	14,260	0	0	0
Valuation	2,836	13,855	183	–3,433	1,091
Reclassification IFRS 5	0	0	0	0	0
Reclassification IAS 2	0	0	0	–8,130	0
Reclassification between classes	0	9,270	0	–9,270	0
Change in lease incentives	0	0	0	–3	0
Currency translation adjustments	0	0	0	0	0
As at 31.12.	**23,200**	**299,720**	**42,200**	**196,715**	**17,439**

2016 € 1,000	**Development Austria**	**Development Germany**	**Development Eastern Europe**	**Land banks Germany**	**Land banks Eastern Europe**
As at 1.1.	**16,200**	**28,290**	**11,600**	**326,770**	**26,119**
Additions	1,264	44,133	9,461	9,978	248
Disposals	–12,397	–2,498	0	–65,694	–3,390
Purchase of real estate companies	0	0	0	0	0
Valuation	412	21,655	1,639	32,568	–1,658
Reclassification IFRS 5	0	0	0	0	0
Reclassification between classes	0	80,460	0	–92,100	0
Change in lease incentives	0	0	0	–11	0
Currency translation adjustments	0	0	0	0	0
As at 31.12.	**5,480**	**172,040**	**22,700**	**211,510**	**21,319**

€ 1,000	**Financial assets available for sale 2017**
As at 1.1.	**57,774**
Valuation (OCI)	2,291
Distributions/capital reduction	–3,190
As at 31.12.	**56,875**

€ 1,000	Financial assets available for sale 2016
As at 1.1.	**58,660**
Valuation (OCI)	1,130
Distributions	–2,016
As at 31.12.	**57,774**

t) New and revised standards and interpretations

First-time application of new and revised standards and interpretations not materially influencing the consolidated financial statements

The following standards and interpretations, already adopted by the EU, were applicable for the first time in the business year 2017:

Standard / Interpretation	Content	entry into force[1)]
Amendments to IAS 7	Disclosure initiative	1.1.2017
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses	1.1.2017
Annual Improvements to IFRS Standards 2014-2016 Cycle	IFRS 12	1.1.2017

[1)] The standards and interpretations are to be applied to business years commencing on or after the effective date.

New and revised standards and interpretations that are not yet compulsory

Standard / Interpretation	Content	entry into force[1)]
IFRS 15	Revenue from Contracts with Customers	1.1.2018
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	1.1.2018
IFRS 9	Financial instruments	1.1.2018
Amendments to IFRS 4	Applying IFRS 9 with IFRS 4 Insurance Contracts	1.1.2018
Annual Improvements to IFRS Standards 2014-2016 Cycle	Miscellaneous	1.1.2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	1.1.2018
Amendments to IAS 40	Transfers of Investment Property	1.1.2018
IFRS 16	Leasing	1.1.2019
IFRIC 22	Foreign Currency Transactions and Advance Considerations	1.1.2018[2]
IFRIC 23	Uncertainty over Income Tax Treatments	1.1.2019[2]
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1.1.2019[2]
Amendments to IAS 28	Investments in associated companies and joint ventures	1.1.2019[2]
Annual Improvements (2015-2017)	Miscellaneous	1.1.2019[2]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1.1.2019[2]
IFRS 17	Insurance Contracts	1.1.2021[2]

[1)] The standards and interpretations are to be applied to business years commencing on or after the effective date.
[2)] Not yet adopted by the EU as of the reporting date. The effective date envisaged by an EU Regulation may differ from the date indicated by the IASB.

The above listed revisions and interpretations are not being early adopted by CA Immo Group.

Expected impact of IFRS 9 and IFRS 15 on the consolidated financial statements

IFRS 9: Financial instruments

"IFRS 9 Financial Instruments" replaces "IAS 39 Financial Instruments: Recognition and Measurement". CA Immo Group does not plan to retrospectively apply IFRS 9 and all the necessary changes wil be reflected in the balance sheet as at 31.12.2017.

The subsequent measurement of financial assets/ liabilities will be based on three categories with different valuations and a different recognition of changes in value. The categorization results both from the dependence of the contractual cash flows of the instrument and from the business model according to which the instrument is held/managed. As financial instruments measured at "amortized cost" qualify only those, whose business model gives rise to cash flows that are solely payments of principal and interests (SPPI –"solely payments of principal and interest"). All other financial assets are measured at fair value through profit and loss. For equity instruments that are not held/managed for trading purposes, i.e. for which the primary objective is not the short-term value appreciation/realization, an option for recognition in the other comprehensive income continues to exist. CA Immo group plans to make use of this option for the securities which were classified as available for sale (AFS – available for sale).

IFRS 9 provides a three-step model for the recognition of losses. Accordingly, in the first step an expected 12-month loss must be recognized at the recognition date. In the second step, a significant increase in the risk of default should lead to an increase in the risk provision for the expected loss of the entire residual term. In the third step, upon occurrence of an objective indication of impairment, the interest has to be recognized based on the net book value (book value less risk provision). For leasing receivables according to IAS 17 there is an option to recognize the risk provision in the amount of the expected loss over the entire residual term at the recognition date. CA Immo Group plans to exercise this option: as at 31.12.2017 the additional recognition of the allowance for leasing receivables is estimated at € 56 K. The expected allowances for cash at banks is estimated at € 223 K and the expected allowances for other financial assets is estimated at € 71 K.

Consequences will result in the recognition in the profit and loss for the changes in value of German partnerships participations classified as „available for sale", since these changes in value have previously been recorded without affecting profit and loss. In the future, these changes will be recorded through profit and loss. As at 31.12.2017 the change results only from a reclassification in shareholders' equity.

The application of IFRS 9 will lead to changes in the financial statements of CA Immo Group in connection with the modification of debt instruments, since previous accounting method applied by the CA Immo Group under IAS 39 measured the liability at amortized cost (effective interest method). In the future, changes in present value due to loan modifications are to be recognized immediately in the profit and loss and distributed over the residual term by means of the effective interest method. This change increases the shareholders' equity as at 31.12.2017 with € 3,291 K.

CA Immo Group has granted to joint ventures and associated entities, which are valued according to IAS 28 using at-equity method, loans which are part of the net investment in these entities, according to above - mentioned standard. Starting 1.1.2019, once the changes in IAS 28 are in place, the valuation of the loans granted to joint ventures and associated entities will fall under the requirements of IFRS 9. This will lead to the fact that the loans granted to joint ventures and associated entities by CA Immo Group, as long as they do not meet SPPI criterium, will be valued at fair value. The effects from this change are still analysed, but no material effect is expected.

IFRS 15: Revenue from contracts with customers

IFRS 15 supersedes IAS 11, IAS 18 and the related interpretations and stipulates when and in which amount revenue has to be recognized. Income from leases (rental income) are excluded from the new IFRS 15 standard, as they fall under IAS 17 or starting 2019, under IFRS 16. The new standard provides a single, principle-based five-step model, which, apart from certain exceptions, has to be applied to all contracts with customers.

1. Identification of the contract with the customer
2. Identification of the performance obligations in the contract
3. Determination of the transaction price
4. Allocation of the transaction price to the performance obligations based on stand-alone selling prices of the individual performance obligations
5. Recognition of revenue over a period of time or at a aspecific point in time when performance obligation is fulfilled

CA Immo Group plans to retrospectively apply IFRS 15 and plans to use practical easements for application.

After analysis of the contractual requirements of the five-step model in IFRS 15, many contracts, such as residential projects, which used to be realized at a specific point in time in the past, meet the criteria for a revenue recognition over a period of time. In the future, depending on the contract, the revenues will be recognized over a period of time according to stage of completion and correspondingly, contractual assets and liabilities will be recorded. The contract related expenses, which result from the conclusion of the contract, will be in future activated and over the revenue recognition period of time recorded in expenses. This will also influence the result from joint ventures, since some of the residential projects are in joint ventures entities.

Furthermore, IFRS 15 leads to a new assessment in respect of separate performance obligation.
As at 31.12.2017 this mainly leads to an adjustment of properties held for trading in amount of approximately € 7,899 K, other liabilities in amount of € -71,354 K as well as provisions in amount of € 66,972 K.

The initial application of IFRS 9 (not retrospectivelay) and IFRS 15 (retrospectively) as at 1.1.2018 will have the following estimated effects on consolidated profit and loss and consolidated balance sheet:

Expected impact on the consolidated statement of financial position as at 31.12.2016

€ 1,000	31.12.2016 as reported	Change due to IFRS 15	31.12.2016 according to IFRS 15
ASSETS			
Investments in joint ventures	191,369	2,943	194,312
Financial assets	89,713	487	90,199
Long-term assets	**3,659,806**	**3,430**	**3,663,236**
Properties held for trading	34,147	–13,838	20,310
Receivables and other assets	76,235	4,802	81,037
Short-term assets	**649,332**	**–9,036**	**640,297**
Total assets	**4,309,138**	**–5,606**	**4,303,532**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	**2,204,541**	**14,879**	**2,219,421**
Provisions	13,242	54,358	67,600
Other liabilities	87,180	–53,525	33,655
Deferred tax liabilities	239,969	5,896	245,865
Long-term liabilities	**1,753,026**	**6,730**	**1,759,756**
Provisions	84,766	22,871	107,637
Other liabilities	97,064	–50,086	46,978
Short-term liabilities	**351,571**	**–27,215**	**324,355**
Total liabilities and shareholders' equity	**4,309,138**	**–5,606**	**4,303,532**

Expected impact on the consolidated income statement for 2017

€ 1,000	2017 as reported	Change due to IFRS 15	2017 according to IFRS 15
Net rental income	**163,358**	**0**	**163,358**
Result from trading and construction works	**13,552**	**2,472**	**16,024**
Result from the sale of investment properties	**32,132**	**–3,279**	**28,853**
EBITDA	**173,740**	**–807**	**172,933**
Result from joint ventures	66,585	6,383	72,969
Result of operations (EBIT)	**340,502**	**5,576**	**346,079**
Result from financial investments	7,456	209	7,665
Financial result	**–40,684**	**209**	**–40,475**
Net result before taxes (EBT)	**299,819**	**5,785**	**305,604**
Deferred taxes	–48,641	–287	–48,928
Income tax expense	**–64,960**	**–287**	**–65,247**
Consolidated net income	**234,859**	**5,498**	**240,357**
thereof attributable to the owners of the parent	**234,854**	**5,498**	**240,352**
Earnings per share in € (basic)	€2.52	€0.06	€2.58
Earnings per share in € (diluted)	€2.48	€0.06	€2.54

Expected impact on the consolidated statement of financial position as at 31.12.2017

€ 1,000	31.12.2017 as reported	Changes due to IFRS 9	Change due to IFRS 15	31.12.2017 according to IFRS 9 and IFRS 15
ASSETS				
Investments in joint ventures	207,182	0	8,933	216,115
Financial assets	85,570	–35	931	86,466
Long-term assets	**4,047,393**	**–35**	**9,865**	**4,057,223**
Properties held for trading	79,317	0	–35,184	44,133
Receivables and other assets	81,314	–92	8,122	89,344
Cash and cash equivalents	383,512	–223	0	383,288
Short-term assets	**721,259**	**–316**	**–27,061**	**693,882**
Total assets	**4,768,653**	**–351**	**–17,197**	**4,751,105**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity	**2,398,510**	**2,940**	**20,378**	**2,421,828**
Provisions	5,646	0	41,403	47,049
Interest-bearing liabilities	1,684,170	–3,760	0	1,680,410
Other liabilities	86,434	0	–35,842	50,593
Deferred tax liabilities	291,305	468	6,183	297,956
Long-term liabilities	**2,067,555**	**–3,291**	**11,745**	**2,076,008**
Provisions	100,658	0	25,569	126,227
Other liabilities	115,303	0	–74,888	40,415
Short-term liabilities	**302,588**	**0**	**–49,319**	**253,269**
Total liabilities and shareholders' equity	**4,768,653**	**–351**	**–17,197**	**4,751,105**

IFRS 16: Leases

The new standard defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To be classified as lease, the contract needs to fulfill the following criteria:

- The fulfillment of the contract depends on the use of an identified asset.
- The contract must convey the right to control the use of an identified asset.

Under IFRS 16, lessors classify all leases in the same manner as under IAS 17, distinguishing between two types of leases, i.e. finance and operating. Lessees, however, do not need to separate between the types of leases but need to recognize an asset as a “right of use” for all lease contracts upon lease commencement and need to book a corresponding leasing liability. Leases of low-value assets and short-term leases are excluded.

The changes of IFRS 16 on the operating leases of CA Immo Group will have no material impact on the financial statements of CA Immo Group, since these mainly concern leases for furniture and office equipment and immaterial rental agreements in Germany.

The application of IFRS 16 may lead to the recognition of a right of use and a liability in those cases where CA Immo Group is lessee and not owner of a land plot. The exact impact of IFRS 16 on CA Immo Group is still being analyzed in a project, in order to determine the necessary adjustments in the financial statements as well as processes and systems. From the current perspective, the effect on the financial statements of the CA Immo Group is not material.

Other changes

The effects of the first time application of IFRIC 23 (Uncertainty over income tax treatments) have not been consluсively analysed. The first time adoption of all other new standards interpretations is not likely to have any material impact on consolidated financial statements.

NOTES TO THE CONSOLIDATED INCOME STATEMENT, CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED CASH FLOW STATEMENT

1. Segment reporting

The operating segments generate gross revenues and other income from rental activities, the sale of properties held for trading, the sale of properties as well as from development services. Gross revenues and other income are allocated to the country and segment the properties or services are located/provided in.

Business relationships within an operating segment are consolidated within the segment. Business relationships with other operating segments are disclosed separately and reconciliations to the consolidated income statement and consolidated statement of financial position are presented in the “Consolidation” column.

The accounting principles of the reportable segments correspond to those described under “Summariezed presentation of accounting methods”.

Transactions between operating segments are allocated as follows:

- Management fees for services performed by the holding segment (e.g. property management, financial negotiation, purchase and sale of properties, accounting, controlling) are charged on the basis of actual fees and allocated to the individual segments on the basis of the invoiced services. They are recognised in the column “Holding” as income from services rendered.
- Management companies are assigned to the segments according to their main activities. Management fees charged by these companies are allocated based on the invoiced services to the individual operating segment of the respective region and are recognised in the segment, which the management company has been assigned to, as income from services rendered.
- Eastern Europe core region segment consists of Hungary, Poland, Romania, the Czech Republic as well as Serbia.
- Eastern Europe other region segment consists of Bulgaria, Croatia, Slovenia, Russia, Ukraine and Slovakia.

2017			Austria			Germany	
€ 1,000	Income producing	Development	Total	Income producing	Development	Total	Income producing
Rental income	30,771	0	30,771	75,601	4,273	79,874	92,615
Rental income with other operating segments	523	0	523	898	10	908	0
Operating costs charged to tenants	7,273	0	7,273	17,358	352	17,710	32,763
Operating expenses	–8,079	0	–8,079	–17,751	–437	–18,187	–35,185
Other expenses directly related to properties rented	–2,515	0	–2,515	–7,572	374	–7,198	–6,337
Net rental income	**27,972**	**0**	**27,972**	**68,534**	**4,572**	**73,106**	**83,857**
Other expenses directly related to properties under development	0	–418	–418	0	–4,184	–4,184	0
Result from trading and construction works	0	8,419	8,419	0	11,011	11,011	0
Result from the sale of investment properties	3,101	19	3,120	12,761	7,067	19,828	5,378
Income from services rendered	0	0	0	378	10,299	10,677	651
Indirect expenses	–1,486	–92	–1,577	–7,428	–15,552	–22,980	–12,551
Other operating income	73	7	80	1,324	198	1,521	238
EBITDA	**29,660**	**7,935**	**37,596**	**75,569**	**13,410**	**88,979**	**77,573**
Depreciation and impairment/reversal	–957	0	–957	–121	–2,562	–2,683	–435
Result from revaluation	–8,175	2,836	–5,339	299,930	14,015	313,944	–15,904
Result from joint ventures	0	0	0	0	0	0	0
Result of operations (EBIT)	**20,529**	**10,771**	**31,300**	**375,377**	**24,864**	**400,241**	**61,233**
31.12.2017							
Property assets[1]	535,088	69,200	604,288	1,872,411	730,389	2,602,800	1,495,908
Other assets	47,445	22,492	69,937	164,671	377,224	541,895	136,925
Deferred tax assets	0	0	0	587	2,385	2,973	859
Segment assets	**582,533**	**91,692**	**674,225**	**2,037,670**	**1,109,998**	**3,147,668**	**1,633,692**
Interest-bearing liabilities	227,385	45,450	272,834	920,229	150,852	1,071,081	691,516
Other liabilities	9,616	26,680	36,296	35,514	266,972	302,486	46,832
Deferred tax liabilities incl. current income tax liabilities	42,891	4,882	47,773	232,363	60,503	292,866	35,696
Liabilities	**279,892**	**77,011**	**356,903**	**1,188,105**	**478,328**	**1,666,433**	**774,044**
Shareholders' equity	**302,641**	**14,681**	**317,322**	**849,564**	**631,670**	**1,481,235**	**859,648**
Capital expenditures[2]	4,872	36,981	41,854	16,059	195,653	211,712	155,601

[1] Property assets include rental investment properties, investment properties under development, own used properties, properties held for trading and properties available for sale.

[2] Capital expenditures include all acquisitions of properties (long-term and short-term) including additions from initial consolidation, office furniture and other equipment and intangible assets; thereof € 29,970 K (31.12.2016: € 14,906 K) in properties held for trading.

Development	Eastern Europe core regions Total	Income producing	Development	Eastern Europe other regions Total	Total segments	Transition Holding	Transition Consolidation	Total
0	92,615	12,766	0	12,766	216,026	0	–35,745	180,281
0	0	0	0	0	1,431	0	–1,431	0
0	32,763	4,332	0	4,332	62,078	0	–10,815	51,263
0	–35,185	–4,738	0	–4,738	–66,189	0	10,493	–55,696
0	–6,337	–552	0	–552	–16,602	0	4,113	–12,489
0	**83,857**	**11,808**	**0**	**11,808**	**196,743**	**0**	**–33,385**	**163,358**
–136	–136	0	–47	–47	–4,786	0	1,942	–2,844
0	0	0	0	0	19,431	0	–5,879	13,552
–686	4,692	0	52	52	27,691	0	4,441	32,132
0	651	0	0	0	11,328	12,111	–12,331	11,109
–479	–13,030	–837	–127	–964	–38,551	–19,391	13,324	–44,618
11	248	12	0	12	1,861	233	–1,043	1,051
–1,291	**76,282**	**10,983**	**–122**	**10,861**	**213,718**	**–7,047**	**–32,931**	**173,740**
–3	–437	0	0	0	–4,077	–484	715	–3,846
399	–15,505	–1,368	–450	–1,818	291,282	0	–187,259	104,023
0	0	0	0	0	0	0	66,585	66,585
–894	**60,339**	**9,615**	**–572**	**9,043**	**500,923**	**–7,531**	**–152,889**	**340,502**
54,779	1,550,687	175,770	4,860	180,630	4,938,405	0	–1,081,736	3,856,669
10,628	147,553	6,768	15,859	22,627	782,012	929,962	–802,015	909,959
205	1,064	164	0	164	4,200	37,030	–39,205	2,025
65,612	**1,699,304**	**182,702**	**20,719**	**203,421**	**5,724,617**	**966,992**	**–1,922,956**	**4,768,653**
36,299	727,815	123,363	13,228	136,592	2,208,322	911,596	–1,366,829	1,753,089
13,163	59,995	3,437	45	3,482	402,259	33,564	–127,712	308,111
118	35,814	2,781	560	3,341	379,794	2,370	–73,222	308,942
49,580	**823,624**	**129,581**	**13,833**	**143,415**	**2,990,375**	**947,530**	**–1,567,763**	**2,370,143**
16,032	**875,680**	**53,120**	**6,885**	**60,006**	**2,734,242**	**19,462**	**–355,194**	**2,398,510**
19,988	175,590	2,260	0	2,260	431,416	206	–130,441	301,181

2016			Austria			Germany	
€ 1,000	Income producing	Development	Total	Income producing	Development	Total	Income producing restated
Rental income	32,205	0	32,205	59,563	16,954	76,516	85,819
Rental income with other operating segments	520	0	520	732	0	732	0
Operating costs charged to tenants	7,518	0	7,518	14,089	2,620	16,709	31,048
Operating expenses	–8,553	0	–8,553	–15,274	–3,503	–18,777	–33,359
Other expenses directly related to properties rented	–3,465	0	–3,465	–4,005	–852	–4,857	–7,094
Net rental income	**28,225**	**0**	**28,225**	**55,104**	**15,218**	**70,322**	**76,414**
Other expenses directly related to properties under development	0	–309	–309	0	–2,813	–2,813	0
Result from trading and construction works	0	2,339	2,339	0	16,181	16,181	0
Result from the sale of investment properties	2,114	–167	1,948	15,052	5,152	20,204	675
Income from services rendered	0	0	0	291	10,966	11,257	1,300
Indirect expenses	–1,851	–65	–1,917	–6,346	–14,265	–20,611	–11,833
Other operating income	55	0	55	228	713	941	75
EBITDA	**28,543**	**1,798**	**30,341**	**64,329**	**31,152**	**95,481**	**66,631**
Depreciation and impairment/reversal	–1,425	0	–1,425	–125	–572	–696	–718
Result from revaluation	2,028	387	2,415	79,847	96,890	176,738	–16,616
Result from joint ventures	0	0	0	0	0	0	0
Result of operations (EBIT)	**29,145**	**2,185**	**31,331**	**144,052**	**127,471**	**271,522**	**49,296**
31.12.2016							
Property assets[1]	566,323	29,382	595,705	1,205,942	946,504	2,152,446	1,413,305
Other assets	23,287	15,928	39,215	259,594	463,588	723,181	212,373
Deferred tax assets	0	0	0	499	692	1,191	660
Segment assets	**589,610**	**45,311**	**634,920**	**1,466,034**	**1,410,784**	**2,876,819**	**1,626,338**
Interest-bearing liabilities	230,104	34,051	264,154	676,212	336,364	1,012,576	745,618
Other liabilities	14,402	4,669	19,071	33,129	277,335	310,464	43,191
Deferred tax liabilities incl. current income tax liabilities	48,025	1,690	49,715	129,673	106,471	236,144	39,691
Liabilities	**292,531**	**40,409**	**332,941**	**839,014**	**720,170**	**1,559,184**	**828,500**
Shareholders' equity	**297,078**	**4,902**	**301,980**	**627,021**	**690,614**	**1,317,634**	**797,837**
Capital expenditures[2]	3,081	12,095	15,176	10,918	133,609	144,528	189,953

Development restated	Eastern Europe core regions Total restated	Income producing restated	Development restated	Eastern Europe other regions Total restated	Total segments restated	Transition Holding	Transition Consolidation restated	Total
1,672	87,491	13,076	9	13,085	209,298	0	–43,695	165,603
0	0	0	0	0	1,252	0	–1,252	0
728	31,776	4,035	0	4,035	60,038	0	–13,131	46,906
–657	–34,017	–4,742	0	–4,742	–66,088	0	13,362	–52,726
–154	–7,247	–636	–9	–645	–16,215	57	3,525	–12,632
1,589	**78,003**	**11,733**	**0**	**11,734**	**188,284**	**57**	**–41,191**	**147,150**
–120	–120	0	–62	–62	–3,304	0	971	–2,333
0	0	0	0	0	18,520	0	–9,090	9,430
0	675	–1,149	426	–724	22,103	–68	1,306	23,340
0	1,300	0	0	0	12,557	10,893	–10,185	13,265
–783	–12,617	–1,040	–126	–1,166	–36,311	–21,335	13,505	–44,140
11	86	0	0	0	1,082	293	–502	873
697	**67,327**	**9,545**	**238**	**9,783**	**202,932**	**–10,161**	**–45,186**	**147,585**
–55	–773	0	0	0	–2,895	–534	–3	–3,432
549	–16,067	–2,569	–2,130	–4,699	158,387	0	–20,127	138,260
0	0	0	0	0	0	0	11,419	11,420
1,191	**50,488**	**6,976**	**–1,892**	**5,084**	**358,425**	**–10,695**	**–53,897**	**293,834**
75,829	1,489,134	174,860	5,830	180,690	4,417,975	0	–1,005,397	3,412,579
11,809	224,183	7,707	8,870	16,577	1,003,156	655,295	–763,455	894,997
88	747	277	0	277	2,215	40,182	–40,834	1,563
87,726	**1,714,064**	**182,844**	**14,700**	**197,543**	**5,423,347**	**695,477**	**–1,809,686**	**4,309,138**
62,861	808,480	128,436	14,796	143,232	2,228,443	653,677	–1,316,480	1,565,639
6,428	49,619	3,685	15	3,699	382,854	12,177	–112,778	282,253
2,227	41,919	2,735	561	3,296	331,074	1,401	–75,770	256,705
71,517	**900,018**	**134,856**	**15,372**	**150,228**	**2,942,370**	**667,255**	**–1,505,028**	**2,104,597**
16,209	**814,047**	**47,988**	**–672**	**47,316**	**2,480,976**	**28,223**	**–304,658**	**2,204,541**
12,429	202,382	1,859	52	1,911	363,995	472	–72,824	291,644

A significant percentage of total rental income is generated by CA Immo Group in the core regions of the Eastern Europe segment. In these countries a material proportion of the investment properties of CA Immo Group is located:

Segment Eastern Europe core regions before consolidation	€ 1,000	2017 Share in %	€ 1,000	2016 restated Share in %
Rental income				
Poland	19,681	21.3	18,796	21.5
Romania	17,649	19.1	18,258	20.9
Serbia	6,497	7.0	5,896	6.7
Czechia	17,765	19.2	18,148	20.7
Hungary	31,024	33.5	26,393	30.2
Total rental income	**92,615**	**100**	**87,491**	**100**
Fair value of investment properties IAS 40				
Poland	402,800	26.0	319,900	22.0
Romania	302,458	19.5	288,155	19.8
Serbia	96,400	6.2	96,100	6.6
Czechia	277,319	17.9	278,359	19.1
Hungary	471,710	30.4	472,450	32.5
Total fair value investment property according to IAS 40	**1,550,687**	**100**	**1,454,964**	**100**

2. Rental income

€ 1,000	2017	2016
Basic rental income	177,532	163,852
Conditional rental income	1,497	1,344
Change in accrued rental income related to lease incentive agreements	678	–278
Settlement from cancellation of rent agreements	573	686
Rental income	**180,281**	**165,603**

CA Immo Group generates rental income from the following types of property:

2017	Austria		Germany		Eastern Europe core regions		Eastern Europe other regions		Total	
	€ 1,000	**Share in %**	**€ 1,000**	**Share in %**	**€ 1,000**	**Share in %**	**€ 1,000**	**Share in %**	**€ 1,000**	**Share in %**
Offices	17,629	57.3%	41,394	78.3%	89,013	99.2%	5,943	85.0%	153,979	85.4%
Hotels	5,494	17.9%	4,927	9.3%	0	0.0%	1,047	15.0%	11,468	6.4%
Retail	5,118	16.6%	263	0.5%	673	0.8%	0	0.0%	6,053	3.4%
Other properties	2,530	8.2%	6,249	11.8%	1	0.0%	0	0.0%	8,780	4.9%
Rental income	**30,771**	**100%**	**52,832**	**100%**	**89,688**	**100%**	**6,990**	**100%**	**180,281**	**100%**

2016 restated	Austria		Germany		Eastern Europe core regions		Eastern Europe other regions		Total	
	€ 1,000	Share in %	€ 1,000	Share in %	€ 1,000	Share in %	€ 1,000	Share in %	€ 1,000	Share in %
Offices	17,452	54.2%	37,762	77.7%	73,819	95.9%	6,915	88.1%	135,948	82.1%
Hotels	5,335	16.6%	4,687	9.6%	0	0.0%	933	11.9%	10,954	6.6%
Retail	5,680	17.6%	278	0.6%	3,141	4.1%	0	0.0%	9,099	5.5%
Other properties	3,739	11.6%	5,863	12.1%	0	0.0%	0	0.0%	9,602	5.8%
Rental income	**32,205**	**100%**	**48,590**	**100%**	**76,960**	**100%**	**7,847**	**100%**	**165,603**	**100%**

CA Immo Group generates rental income from a multitude of tenants. No single tenant generates more than 10% of total rental income of CA Immo Group.

3. Result from operating costs and other expenses directly related to properties rented

€ 1,000	2017	2016
Operating costs charged to tenants	51,263	46,906
Operating expenses	–55,696	–52,726
Own operating costs	**–4,433**	**–5,820**
Maintenance costs	–5,884	–6,907
Agency fees	–3,577	–2,373
Bad debt losses and reserves for bad debts	–54	–309
Other directly related expenses	–2,974	–3,044
Other expenses directly related to properties rented	**–12,489**	**–12,633**
Total	**–16,923**	**–18,453**

4. Other expenses directly related to properties under development

€ 1,000	2017	2016
Operating expenses related to investment properties under development	–752	–902
Property advertising costs	–115	–196
Project development and project execution	–1,865	–1,052
Operating expenses related to investment properties under development long-term assets	**–2,732**	**–2,150**
Operating expenses related to investment properties under development	–55	0
Property advertising costs	–49	0
Project development and project execution	–7	–182
Operating expenses related to investment properties under development short-term assets	**–112**	**–183**
Other expenses directly related to properties under development	**–2,844**	**–2,333**

5. Result from trading and construction works

€ 1,000	2017	2016
Income from trading	6,821	13,391
Income from construction works	22,395	14,709
Income from the sale of properties and construction works	**29,216**	**28,099**
Book value of properties sold incl. ancillary costs	–2,627	–6,998
Construction costs	–13,037	–11,672
Book value of properties sold incl. ancillary and construction costs	**–15,664**	**–18,669**
Result from trading and construction works	**13,552**	**9,430**
Result from trading and construction works in % from revenues	**46.4%**	**33.6%**

Costs incurred for construction work projects in accordance with IAS 11 at the reporting date total € 25,656 K (2016: € 12,619 K) so far, the related accumulated revenues amount to € 38,295 K (2016: € 15,899 K). On 31.12.2017 received prepayments amount to € 30,424 K (31.12.2016: € 5,565 K).

6. Result from sale of investment properties

€ 1,000	Austria	Germany	Eastern Europe other regions	Eastern Europe other regions	2017	Austria	Germany	Eastern Europe other regions restated	Eastern Europe other regions restated	2016
Sales prices for interests in property companies	0	0	4,350	0	4,350	0	87,163	8,462	4,660	100,285
Book value of net assets sold excl. goodwill	0	0	–4,300	0	–4,300	0	–83,964	–9,341	–2,979	–96,285
Goodwill of sold properties	0	0	–84	0	–84	0	–605	0	0	–605
Revaluation result for the year	0	0	1,325	0	1,325	0	4,238	–1,519	0	2,718
Subsequent costs and ancillary costs	–45	7,174	–36	0	7,092	0	–3,012	50	–95	–3,058
Results from the sale of investment property (share deals)	**–45**	**7,174**	**1,254**	**0**	**8,383**	**0**	**3,820**	**–2,348**	**1,586**	**3,056**
Income from the sale of investment properties	30,939	32,289	26,850	600	90,678	47,777	104,987	141	0	152,905
Book value of properties sold	–27,874	–16,121	–24,743	–520	–69,257	–47,696	–91,897	0	0	–139,593
Goodwill of sold properties	–116	0	0	0	–116	–999	–13	0	0	–1,012
Revaluation result for the year	418	8,470	2,608	0	11,496	3,677	14,444	0	0	18,122
Subsequent costs and ancillary costs	–109	–8,707	–208	–28	–9,053	–763	–9,381	5	0	–10,138
Results from the sale of investment property (asset deals)	**3,258**	**15,932**	**4,507**	**52**	**23,749**	**1,996**	**18,141**	**147**	**0**	**20,284**
Result from the sale of investment properties	**3,213**	**23,106**	**5,762**	**52**	**32,132**	**1,996**	**21,961**	**–2,201**	**1,586**	**23,340**

The book value of net assets sold (= equity) includes investment property in the amount of € 4,350 K (2016: € 97,226 K), for which selling prices totaling to € 4,350 K (2016: € 97,850 K) were agreed.

In 2016 the sales prices for interests in property companies in Germany also included the revaluation to fair value of the remaining at-equity investment, given the change from full to at-equity consolidation.

7. Income from services rendered

€ 1,000	2017	2016
Revenues from construction contracts according to IAS 11	1,892	2,044
Revenues from service contracts	6,870	8,944
Income from management	2,324	1,990
Property management revenues and other fees	22	287
Income from services rendered	**11,109**	**13,265**

Costs incurred for construction contracts in accordance with IAS 11 for development works in progress at the reporting date total € 5,074 K (2016: € 5,667 K) so far and the related accumulated revenues amount to € 6,625 K (2016: € 7,706 K). In 2017, losses recognised by reference to the stage of completion of the contract amount to € 0 K (2016: € 39 K loss). Prepayments amount to € 5,944 K as at 31.12.2017 (31.12.2016: € 6,983 K).

8. Indirect expenses

€ 1,000	2017	2016
Personnel expenses	–37,093	–33,318
Legal, auditing and consulting fees	–7,412	–8,611
Third party acquired development services	–3,250	–2,975
Office rent	–1,694	–1,514
Travel expenses and transportation costs	–1,242	–1,194
Other expenses internal management	–2,636	–2,682
Other indirect expenses	–4,030	–3,696
Subtotal	**–57,357**	**–53,989**
Own work capitalised in investment property	10,138	8,136
Change in properties held for trading	2,601	1,713
Indirect expenses	**–44,618**	**–44,140**

Personnel expenses include contributions to staff welfare funds in the amount of € 125 K (2016: € 114 K) and to pension and relief funds in the amount of € 305 K (2016: € 386 K).

9. Other operating income

€ 1,000	2017	2016
Discharge of lapsed liabilities	117	203
Other income	934	670
Other operating income	**1,051**	**873**

10. Depreciation and impairment losses/reversal

€ 1,000	2017	2016
Regular depreciation	–1,762	–1,831
Goodwill impairment	–896	–1,629
Impairment loss on properties held for trading	–1,188	0
Reversal of impairment loss previously recognised on properties held for trading	0	29
Depreciation and impairment/reversal	**–3,846**	**–3,432**

11. Joint ventures result

€ 1,000	2017	2016
At equity consolidation of investments in joint ventures	65,701	10,505
Result from sale of joint ventures	884	914
Result from joint ventures	**66,585**	**11,420**

In 2017, the result of at equity consolidation of joint ventures mainly contains the increase of the fair value of an investment property in Germany.

12. Finance costs

€ 1,000	2017	2016
Interest expense banks	–23,814	–24,900
Interest expense convertible bond	–1,126	0
Interest expense bonds	–14,963	–17,358
Other interest and finance costs	–6,640	–3,196
Capitalised interest	5,514	3,832
Finance costs	**–41,029**	**–41,622**

13. Result from derivatives

€ 1,000	2017	2016
Valuation interest rate derivative transactions	–800	–1,498
Change of ineffectiveness of cash flow hedges	20	13
Reclassification of valuation results recognised in equity	–1,980	–177
Valuation derivative convertible bond	–5,308	0
Result from derivatives	**–8,068**	**–1,662**

The result from interest rate derivative transactions is based on the development of the market value of those interest rate swaps, which do not have any cash flow Hedge relation or which no longer have one, due to reclassification. The reclassifications result from early repayment of the borrowings.

The item "Valuation interest rate derivative transactions" includes the following items:

€ 1,000	2017	2016
Valuation of interest rate swaps without cash flow hedge relation	–771	–1,293
Valuation Swaption	–17	–169
Valuation of interest rate caps	–12	–36
Valuation interest rate derivative transactions	**–800**	**–1,498**

14. Result from financial investments

€ 1,000	2017	2016
Interest income from loans to associated companies and joint ventures	1,642	638
Interest income on bank deposits	39	492
Revenues from dividends	4,947	4,507
Negative interests on deposits	–715	0
Other interest income	1,543	1,592
Result from financial investments	**7,456**	**7,229**

15. Result from other financial assets

The result from other financial assets for the year 2017 amounts to € -3,459 K (2016: € -15,768 K) and refers mainly to impairments of available for sale securities in the first quarter of 2017. The increases in value of available for sale securities amounting to € 19,511 K are included in other comprehensive income.

16. Result from associated companies

€ 1,000	2017	2016
ZAO „Avielen A.G.“, St. Petersburg	5,034	–4,077
	5,034	**–4,077**

17. Financial result

€ 1,000		Category[1]	2017	2016
Interest expense	Interest	FLAC	–41,029	–41,622
Foreign currency gains/losses	Valuation		–1,091	–1,183
	Realisation		474	854
Interest rate swaps	Valuation	HFT	–771	–1,293
	Ineffectiveness	CFH	20	13
	Reclassification	CFH	–1,980	–177
Swaption	Valuation	HFT	–17	–169
Interest rate caps	Valuation	HFT	–12	–36
Derivative convertible bond	Valuation	HFT	–5,308	0
Interest income	Interest	L&R	3,224	2,722
Negative interests on deposits	Interest	L&R	–715	0
Financial investments	Dividends	AFS	4,947	4,507
Other financial assets	Valuation	AFS	–3,459	–15,768
Net result of financial instruments			**–45,717**	**–52,151**
Result from associated companies	Valuation	AEA	5,034	–4,077
Result from associated companies			**5,034**	**–4,077**
Financial result			**–40,683**	**–56,228**

[1] FLAC – financial liabilities at amortised cost, L&R – loans and receivables, HFT – held for trading, CFH – cash flow Hedge, FV/PL – at fair value through profit or loss, AFS - available for sale, AEA – at equity

The impairment for associated companies amounting to € 0 K (2016: € -4,077 K) corresponds to the segment Eastern Europe other regions Development and an impairment for available-for-sale securities amounting to € -3,398 K (2016: € -15,768 K) corresponds to the segment Holding.

18. Income tax

€ 1,000	2017	2016
Current income tax (current year)	–14,757	–17,304
Current income tax (previous years)	–1,562	7,168
Current income tax	**–16,319**	**–10,136**
Change in deferred taxes	–49,783	–43,524
Tax benefit on valuation of assets available for sale in equity	1,142	–29
Income tax expense	**–64,960**	**–53,688**
Effective tax rate (total)	21.7%	22.6%

In both 2017 and 2016, the current income tax (current year) mostly results from Germany.

The current income tax (previous years) mainly results from Germany and Austria. The change in current income tax (previous years) in Germany mainly results from the assessment made in the tax return for the utilization of the tax benefits for previous years, which in turn leads to a reduction in deferred tax liabilities of € 6,011 K. In 2016, current income tax (previous year) mainly includes corresponding offsetting effects from appeals and rulings related to tax audits and follow-up effects. CA Immo Group has appealed for the findings of the tax audit and has pursued further legal steps in this respect.

The reasons for the difference between expected income tax expense and effective income tax expense are outlined in the following table:

€ 1,000	2017	2016
Net result before taxes	299,819	237,605
Expected tax expenses (tax rate Austria 25.0% / prior year 25.0%)	**–74,955**	**–59,401**
Tax-effective impairment and reversal of impairment losses of investments in affiliated entities	846	8,454
Non-usable tax losses carried forward	–738	–193
Non tax-deductible expense and permanent differences	–3,451	–2,921
Differing tax rates abroad	5,210	–3,488
Capitalisation of prior years non-capitalised tax losses	2,842	810
Tax-exempt income	659	2,308
Adjustment of prior periods	2,246	3,578
Utilization of prior years non-capitalised tax losses	705	1,467
Trade tax effects	862	–2,147
Amortisation/Reversal of amortisation of deferred tax assets	–3,571	–6,619
At equity consolidation of investments in joint ventures	1,865	–1,733
Exchange rate differences not affecting tax	2,083	–764
Change in tax rate	0	7,776
Others	437	–815
Effective tax expense	**–64,960**	**–53,688**

19. Other comprehensive income

2017 € 1,000	**Valuation result/ Reclassification (Hedging)**	**Currency translation reserve**	**Reserves for available for sale valuation**	**Reserve according to IAS 16**	**Reserve according to IAS 19**	**Total**
Other comprehensive income before taxes	3,294	1,106	21,802	816	263	27,280
Income tax related to other comprehensive income	–935	0	–2,165	–261	–87	–3,447
Other comprehensive income for the period	**2,359**	**1,106**	**19,637**	**556**	**176**	**23,834**
thereof: attributable to the owners of the parent	2,359	1,106	19,637	556	176	23,834

2016 € 1,000	Valuation result/ Reclassification (Hedging)	Currency translation reserve	Reserves for available for sale valuation	Reserve according to IAS 16	Reserve according to IAS 19	Total
Other comprehensive income before taxes	2,610	359	1,128	0	–413	3,683
Income tax related to other comprehensive income	–680	0	–301	0	149	–831
Other comprehensive income for the period	**1,930**	**359**	**827**	**0**	**–264**	**2,852**
thereof: attributable to the owners of the parent	1,930	359	827	0	–264	2,852

Reserves according to IAS 19 include actuarial gains and losses from post-employment defined benefit plans as well as actuarial gains and losses from the plan assets.

The reserve according to IAS 16 resulted from the market value valuation as a direct consequence of the reclassification of an own used part of property from IAS 16 to IAS 40.

20. Long-term assets

€ 1,000	Income producing investment properties	Investment properties under development	Own used properties	Total
Book values				
1.1.2016	**2,714,305**	**408,979**	**7,016**	**3,130,301**
Purchase of real estate companies	165,205	0	0	165,205
Current investment/construction	39,470	65,488	0	104,958
Disposals	–100,666	–83,979	0	–184,645
Depreciation and amortisation	0	0	–373	–373
Reclassification to assets held for sale	–15,064	0	0	–15,064
Transfers	11,640	–11,640	0	0
Revaluation	103,768	54,212	0	157,980
Change in lease incentives	5,017	–11	0	5,006
As at 31.12.2016 = 1.1.2017	**2,923,676**	**433,049**	**6,643**	**3,363,367**
Purchase of real estate companies	180,611	14,260	0	194,872
Current investment/construction	36,700	130,991	0	167,690
Disposals	–53,681	–5,643	0	–59,324
Depreciation and amortisation	0	0	–350	–350
Reclassification to assets held for sale	–36,900	0	0	–36,900
Reclassification from IAS 40 to IAS 2	0	–8,130	0	–8,130
Transfers	793	0	–793	0
Revaluation	103,203	14,457	0	117,660
Change in lease incentives	1,276	290	0	1,566
As at 31.12.2017	**3,155,677**	**579,274**	**5,500**	**3,740,452**

The following table provides an overview of the book values as at the respective reporting dates:

€ 1,000	Income producing investment properties	Investment properties under development	Own used properties	Total
1.1.2016				
Acquisition costs				
Fair value of properties	2,706,511	408,965	11,880	3,127,356
Accumulated depreciation	0	0	–4,864	–4,864
Net book value	**2,706,511**	**408,965**	**7,016**	**3,122,491**
Incentives agreements	7,793	13	0	7,806
Fair value/book value	**2,714,305**	**408,979**	**7,016**	**3,130,300**
As at 31.12.2016 = 1.1.2017				
Acquisition costs				
Fair value of properties	2,910,864	433,046	11,880	3,355,790
Accumulated depreciation	0	0	–5,237	–5,237
Net book value	**2,910,864**	**433,046**	**6,643**	**3,350,553**
Lease incentive agreements	12,811	3	0	12,815
Fair value/book value	**2,923,676**	**433,049**	**6,643**	**3,363,367**
As at 31.12.2017				
Acquisition costs				
Fair value of properties	3,141,621	578,981	10,683	3,731,285
Accumulated depreciation	0	0	–5,182	–5,182
Net book value	**3,141,621**	**578,981**	**5,500**	**3,726,102**
Lease incentive agreements	14,057	293	0	14,350
Fair value/book value	**3,155,677**	**579,274**	**5,500**	**3,740,452**

The current capital expenditures (construction costs) for investment properties under development mainly relate to Frankfurt Karlsruher Straße (€ 19,441 K), Europaplatz Berlin (€ 18,662 K) and the project CUBE (€ 18,276 K) in Germany, Orhideea Towers in Bucharest (€ 19,317 K) as well as several projects in Austria and Germany. The capital expenditures in income producing investment properties relate mainly to a parking house and an office property (€ 3,486 K) in Austria, Kontorhaus Arnulfpark (€ 2,639 K) in Germany and City Gate (€ 8,190 K) in Hungary.

The acquisitions of real estate companies refer to the Warsaw Spire complex in Poland and the purchase of the remaining shares of four former joint ventures in Czech Republic, Hungary and Germany.

The disposals for the current year relate mainly to the sale of an undeveloped plot in Prague and Ukraine, several sales in Austria, the office property Lietzenburger Straße in Germany and Infopark in Hungary. Previous year disposals of income producing investment properties mainly relate to a property for the purpose of residential construction in Vienna, Bahndirektion in Stuttgart and various other disposals in Germany and Austria as well as the sale of Sestka shopping center in Prague.

The fair value of the properties assigned as collateral for external financings totals € 2,191,735 K (31.12.2016: € 2,498,010 K).

In 2017, borrowing costs relating to the construction of properties totaling € 4,758 K (2016: € 3,462 K) were capitalised at a weighted average interest rate of 2.38% (2016: 3.30%).

In 2017, government grants amounted to € 0 K (2016: € 2,266 K).

21. Intangible assets and office furniture and equipment

€ 1,000	Goodwill	Software	Total	Office furniture and equipment
Book values				
1.1.2016	**10,399**	**1,168**	**11,567**	**5,710**
Currency translation adjustments	0	0	0	–1
Current additions	0	618	618	646
Disposals	–1,617	–36	–1,653	–6
Depreciation and amortisation	0	–708	–708	–750
Impairment	–1,629	0	–1,629	0
As at 31.12.2016 = 1.1.2017	**7,153**	**1,042**	**8,195**	**5,599**
Currency translation adjustments	0	0	0	4
Current additions	0	283	283	631
Disposals	–200	–23	–222	–17
Depreciation and amortisation	0	–657	–657	–755
Impairment	–896	0	–896	0
As at 31.12.2017	**6,057**	**645**	**6,703**	**5,462**

The following table shows the composition of the book values at each of the reporting dates:

€ 1,000	Goodwill	Software	Total	Office furniture and equipment
1.1.2016				
Acquisition costs	28,153	3,118	31,271	9,770
Accumulated impairment/amortisation	–17,754	–1,950	–19,704	–4,060
Book values	**10,399**	**1,168**	**11,567**	**5,710**
As at 31.12.2016 = 1.1.2017				
Acquisition costs	24,213	3,688	27,901	10,191
Accumulated impairment/amortisation	–17,060	–2,646	–19,706	–4,592
Book values	**7,153**	**1,042**	**8,195**	**5,599**
As at 31.12.2017				
Acquisition costs	21,831	3,905	25,737	10,523
Accumulated impairment/amortisation	–15,774	–3,260	–19,034	–5,061
Book values	**6,057**	**645**	**6,703**	**5,462**

22. Investments in joint ventures

CA Immo Group is engaged in the following material joint ventures:

Name	Project Partner	Share of CA Immo Group (Prior Year)	Registered office	Region/Country Investment	Type of investment	Aggregation	Number entities (Prior Year)
Tower 185	PPG Partnerpensions gesellschaft, WPI Fonds	approx. 33.33% (33.33%)	Frankfurt	Germany	Income producing	Sum of entities	3 (3)
Eggarten	Büschl Group represented by Park Immobilien Projekt Eggarten Holding GmbH & Co. KG	50% (50%)	Munich	Germany	Income producing	Sum of entities	2 (2)

The joint venture “Tower 185“ holds the Tower 185 in Frankfurt. The joint venture “Eggarten” plans the development and sale of properties in Munich.

None of the joint ventures are listed and all have 31.12. as the key date. In all cases, except the Baumkirchen joint venture, the profit share is in accordance with the ownership share. The financial statements of the joint ventures are prepared in compliance with the accounting policy of CA Immo Group and included in the consolidated financial statements in accordance with the equity method.

Joint ventures are set up by CA Immo Group for strategic reasons and structured as independent investment companies. They consist of common agreements, groups of independent investment companies (sum), or separate investment companies (subsidiaries). The structure depends on the strategic background e.g. development of properties, financing or investment volume.

As at 31.12.2017, there are unrecognized losses from joint ventures amounted to € 425 K (31.12.2016: € 2,200 K). There are no unrecognized contractual obligations for the CA Immo Group concerning the acquisition or disposal of shares in joint ventures or for assets that are not accounted for.

The presented information of joint ventures does not include any consolidation within the CA Immo Group.

The following table shows material interests in joint ventures:

€ 1,000	2017		2016	
	Eggarten	Tower 185	Eggarten	Tower 185
Rental income	91	26,055	0	27,709
Depreciation and impairment/reversal	0	–6	0	–5
Finance costs	–9	–36,429	0	–17,457
Income tax expense	21	–3,891	0	–6,581
Consolidated net income	**–216**	**159,073**	**0**	**33,015**
Total comprehensive income	**0**	**0**	**0**	**0**
Comprehensive income for the period	**–216**	**159,073**	**0**	**33,015**
Long-term assets	46	29	0	596,049
Other short-term assets	85,243	783,534	84,022	13,857
Cash and cash equivalents	167	4,252	53	10,736
Total assets	**85,456**	**787,814**	**84,075**	**620,643**
Other long-term liabilities	0	25,616	0	22,111
Interest-bearing liabilities	1,559	0	0	290,434
Long-term liabilities	**1,559**	**25,616**	**0**	**312,536**
Other short-term liabilities	126	17,367	113	4,375
Interest-bearing liabilities	0	312,753	0	4,414
Short-term liabilities	**126**	**330,120**	**113**	**8,789**
Shareholders' equity	**83,749**	**432,078**	**83,963**	**299,300**
Proportional equity as at 1.1.	**41,981**	**99,724**	**0**	**93,367**
Proportional profit of the period	–109	53,002	0	11,202
Capital decrease	0	–6,151	0	–4,636
Dividends received	0	–2,614	0	0
Transition consolidation	0	0	41,981	–208
Proportional equity as at 31.12.	**41,872**	**143,962**	**41,981**	**99,724**
Intercompany profit elimination and other consolidation effects	0	–905	0	–2,982
Reclassification IFRS 5	0	–2,276	0	0
Book value investments into joint ventures 31.12	**41,872**	**140,781**	**41,981**	**96,742**

The following table summarizes immaterial interests in joint ventures:

€ 1,000	2017	2016
Proportional equity as at 1.1.	**54,402**	**62,130**
Proportional profit of the period	8,498	456
Capital increases	1,919	13,863
Capital decrease	–2,811	–15,803
Dividends received	–7,384	–1,564
Proportional equity as at 31.12.	**54,623**	**59,081**
Goodwill	0	895
Intercompany profit elimination and other consolidation effects	–347	–88
Disposals	–31,771	–4,692
Reclassification IFRS 5	0	–11,689
Allowance of loans and receivables	1,598	6,940
Not recognised losses	**425**	**2,200**
Book value investments into joint ventures 31.12	**24,529**	**52,646**

23. Investments in associated companies

As at 31.12.2017 there are no unrecognised losses from associated companies (31.12.2016: € 0 K).

The following table shows the interests in associated companies:

€ 1,000	2017	2016
Proportional equity as at 1.1.	**–18,808**	**–20,989**
Proportional profit of the period	–2,640	2,181
Impairment	0	–7,663
Allowance of loans and interests	21,448	26,471
Book value 31.12.	**0**	**0**

24. Financial assets

€ 1,000	31.12.2017	31.12.2016
Other financial assets	74,609	70,144
Long-term receivables and other assets	10,961	19,569
	85,570	**89,713**

€ 1,000	Acquisition costs incl. recognized interests as at 31.12.2017	Changes in value recognized in profit or loss 2017	Changes in the value through OCI 2017	Changes in value accumulated until 31.12.2017	Book values as at 31.12.2017
Loans to joint ventures	3,174	–276	0	–1,045	2,129
Loans to associated companies	22,402	6,426	0	–7,226	15,176
Other loans	23,062	–56	0	–22,926	136
Loans and receivables	**48,638**	**6,094**	**0**	**–31,196**	**17,442**
Investments available for sale	50,887	0	2,291	5,987	56,875
Financial assets available for sale	**50,887**	**0**	**2,291**	**5,987**	**56,875**
Interest rate swaps	0	293	0	293	293
Interest rate caps	0	–12	0	0	0
Derivative financial instruments	**0**	**280**	**0**	**293**	**293**
Total other financial assets	**99,526**	**6,375**	**2,291**	**–24,916**	**74,609**

The interest rate caps were released during 2017.

€ 1,000	Acquisition costs incl. recognized interest as at 31.12.2016	Changes in value recognised in profit or loss 2016	Changes in the value through OCI 2016	Changes in value accumulated until 31.12.2016	Book values as at 31.12.2016
Loans to joint ventures	8,926	–1,610	0	–5,318	3,608
Loans to associated companies	22,402	–4,077	0	–13,652	8,750
Other loans	27,249	0	0	–27,249	0
Loans and receivables	**58,577**	**–5,687**	**0**	**–46,219**	**12,358**
Investments available for sale	54,077	0	1,130	3,696	57,774
Financial assets available for sale	**54,077**	**0**	**1,130**	**3,696**	**57,774**
Interest rate caps	106	–36	0	–94	12
Swaption	0	–169	0	0	0
Derivative financial instruments	**106**	**–206**	**0**	**–94**	**12**
Total other financial assets	**112,761**	**–5,893**	**1,130**	**–42,617**	**70,144**

Investments available for sale contain minority interests in Germany.

Long-term receivables and other assets

€ 1,000	31.12.2017	31.12.2016
Cash and cash equivalents with drawing restrictions	10,066	8,288
Receivables from property sales	820	11,250
Other receivables and assets	74	31
Long-term receivables and other assets	**10,961**	**19,569**

25. Deferred taxes

€ 1,000	2017	2016
Deferred taxes as at 1.1. (net)	**–238,406**	**–194,989**
Changes from sale of companies	827	178
Changes from first consolidation	385	790
Changes due to exchange rate fluctuations	3	–1
Changes recognised in equity	–2,305	–861
Changes recognised in profit or loss	–49,783	–43,524
Deferred taxes as at 31.12. (net)	**–289,280**	**–238,406**

€ 1,000 Type	deferred tax asset	Deferred tax liabilities	31.12.2016 Net amount	Consolidated Income Statement	Other income	Addition / Disposal / IFRS 5 / exchange rate fluctuations	31.12.2017 Net amount	deferred tax asset	Deferred tax liabilities
Book value differences IFRS/tax of investment properties	0	–284,857	–284,857	–30,117	0	827	–314,148	584	–314,732
Difference in depreciation of own used properties	760	0	760	209	–261	0	708	708	0
Difference in acquisition costs for assets held for trading	0	–1,192	–1,192	–346	0	0	–1,538	0	–1,538
Difference in useful life for equipment	186	–1	185	–16	0	0	169	175	–6
Investments in joint ventures	540	–11,225	–10,685	–8,230	0	0	–18,915	1,343	–20,258
Loans and assets available for sale	0	–6,603	–6,603	115	–1,020	0	–7,508	0	–7,508
Assets held for sale	0	–3,716	–3,716	–515	0	0	–4,231	0	–4,231
Revaluation of receivables and other assets	366	–1,957	–1,592	–1,859	0	0	–3,451	522	–3,972
Revaluation of derivatives assets	0	0	0	–27	0	0	–27	0	–27
Revaluation of cash and cash equivalents	0	–19	–19	51	0	0	32	32	0
Revaluation of derivatives liabilities	1,304	0	1,304	5,101	–932	0	5,473	5,473	0
Liabilities	7,578	–615	6,964	–2,612	0	3	4,354	5,371	–1,017
Convertible bond	0	0	0	–3,498	0	0	–3,498	0	–3,498
Provisions	7,377	0	7,377	–3,515	–91	0	3,771	3,771	0
Tax losses	53,666	0	53,666	–4,524	0	385	49,527	49,527	0
Deferred tax assets/liabilities before offset	**71,778**	**–310,184**	**–238,406**	**–49,783**	**–2,305**	**1,214**	**–289,280**	**67,506**	**–356,786**
Computation of taxes	–70,215	70,215	0				0	–65,481	65,481
Deferred tax assets/liabilities net	**1,563**	**–239,969**	**–238,406**				**–289,280**	**2,025**	**–291,305**

The recorded tax losses include deferred tax assets related to impairment losses on investments in subsidiaries in Austria amounting to € 3,322 K (31.12.2016: € 6,264 K), which have to be deferred over the next years for income tax purposes.

Tax loss carryforwards and impairment losses on investments in subsidiaries for which deferred taxes were not recognised expire as follows:

€ 1,000	2017	2016
In the following year	15,240	12,767
Thereafter 4 years	21,888	39,502
More than 5 years	13,769	21,340
Without limitation in time	293,563	321,748
Total unrecorded tax losses carried forward	**344,461**	**395,356**
thereupon non-capitalised deferred tax assets	72,898	81,755

The total taxable temporary differences related to investments in Austrian affiliated companies and joint ventures for which no deferred taxes were recognised pursuant to IAS 12.39 amount to € 153,255 K (31.12.2016: € 280,344 K). Tax loss carryforwards and impairment losses on investments in subsidiaries of the Austrian companies that were not recognised amount to € 187,360 K (31.12.2016: € 201,490 K). Thereof the unrecognized deferred tax asset related to impairment losses on investments which have to be deferred over the next years for income tax purposes amounts to € 7,104 K (31.12.2016: € 5,212 K).

The total taxable temporary differences related to investments in foreign affiliated companies, joint ventures and associated companies for which no deferred taxes were recognised pursuant to IAS 12.39 amount to € 75,409 K (31.12.2016: € 48,687 K). Tax loss carry forwards not recognised of foreign entities amount to € 157,100 K (31.12.2016: € 193,866 K). Subject to specific requirements, gains from the disposal of investments in foreign entities are partially or completely exempt from income tax.

26. Assets and liabilities held for sale

As at 31.12.2017 the share in a joint venture in Germany as well an disposal group with a property in Austria with a fair value of € 39,176 K (31.12.2016: € 26,754 K) was classified as held for sale. For these assets and disposal group, disposals were agreed by the appropriate level of management of CA Immo Group and a contract of sale was concluded or assigned by the time the consolidated financial statements were prepared.

Properties held for sale

€ 1,000	31.12.2017	31.12.2016
Austria - investment properties	36,900	15,064
Assets held for sale	**36,900**	**15,064**
Germany - participation in joint ventures	2,276	0
Eastern Europe core regions - participation in joint ventures	0	11,690
Financial assets held for sale	**2,276**	**11,690**
Assets held for sale and relating to disposal groups	**39,176**	**26,754**

The result from revaluation includes an amount of € 0 K (2016: € 1,120 K) related to investment properties after their reclassification as properties held for sale.

Assets and liabilities held for sale

€ 1,000	31.12.2017	31.12.2016
Assets held for sale	39,176	26,754
Cash and cash equivalents	930	0
Assets in disposal groups held for sale	**40,106**	**26,754**
Provisions	29	0
Other liabilities	42	0
Liabilities relating to disposal groups	**71**	**0**
Net-assets/liabilities included in disposal groups	**40,035**	**26,754**

Of the investment properties classified as per IFRS 5, an amount of € 0 K (31.12.2016: € 0 K) is encumbered by mortagage charges representing security for loan liabilities.

27. Properties held for trading

€ 1,000	Acquisition / production costs	Accumulated impairment	31.12.2017 Book values	Acquisition / production costs	Accumulated impairment	31.12.2016 Book values
At acquisition/production costs	77,072	0	77,072	33,053	0	33,053
At net realisable value	6,059	–3,813	2,246	3,745	–2,650	1,095
Total properties held for trading	**83,131**	**–3,813**	**79,317**	**36,798**	**–2,650**	**34,147**

The fair value of the properties held for trading which are recognised at acquisition/production costs amounts to € 139,234 K (31.12.2016: € 58,955 K), and correspond to level 3 of the fair value hierarchy.

Properties held for trading amounting to € 45,735 K (31.12.2016: € 32,680 K) are expected to be realised within a period of more than 12 months. This applies to 17 properties (31.12.2016: 12 properties) in Germany.

In 2017, borrowing costs amounting to € 755 K (31.12.2016: € 370 K) were capitalised at a weighted average interest rate of 2.44% (2016: 3.24%) on properties held for trading. Interest bearing liabilities in connection with properties held for trading total € 0 K (31.12.2016: € 0 K).

28. Receivables and other assets

€ 1,000	Book values as at 31.12.2017	Book values as at 31.12.2016
Receivables from joint ventures	8,699	6,922
Receivables from property sales	25,405	19,188
Rental and trade debtors	15,443	13,324
Cash and cash equivalents with drawing restrictions	3,679	7,800
Other accounts receivable	9,092	4,614
Receivables and other financial assets	**62,318**	**51,848**
Other receivables from fiscal authorities	9,139	9,496
Receivables IAS 11	8,552	11,045
Other non financial receivables	1,304	3,847
Other non financial assets	**18,995**	**24,387**
Receivables and other assets	**81,314**	**76,235**

Receivables in accordance with IAS 11 include a receivable from joint ventures amounting to € 0 K (31.12.2016: € 48 K).

The carrying amounts of receivables and other assets are based on nominal value and bad debt allowance, as follows:

€ 1,000	Nominal value 31.12.2017	Bad debt allowance 31.12.2017	Book value 31.12.2017	Nominal value 31.12.2016	Bad debt allowance 31.12.2016	Book value 31.12.2016
Receivables and other financial assets without bad debt allowance	61,371	0	61,371	50,675	0	50,675
Receivables and other financial assets with bad debt allowance	5,101	–4,154	947	6,037	–4,864	1,173
Receivables and other financial assets	**66,472**	**–4,154**	**62,318**	**56,712**	**–4,864**	**51,848**
Other non financial assets	19,009	–13	18,995	24,402	–14	24,387
	85,481	**–4,167**	**81,314**	**81,113**	**–4,878**	**76,235**

Movements in allowances for receivables and other assets are presented below:

€ 1,000	2017	2016
As at 1.1.	**4,878**	**5,056**
Additions (value adjustment expenses)	998	1,353
Use	–417	–540
Reversal	–1,342	–658
Disposal deconsolidation	–8	–311
Currency translation adjustments	58	–21
As at 31.12.	**4,167**	**4,878**

The aging of receivables and other financial assets, for which no allowance has been recognised is as follows:

	not due				overdue	Total
		< 30 days	31 - 180 days	181 - 360 days	> 1 year	
31.12.2017	50,867	4,816	1,803	3,490	395	**61,371**
31.12.2016	44,065	3,943	1,768	243	655	**50,675**

For overdue not impaired receivables exist corresponding securities like deposits, bank guarantees or similar securities.

29. Current income tax receivables

This item amounting to € 12,791 K (31.12.2016: € 10,088 K) related to the CA Immo Germany Group and comprises corporate income tax and trade tax from the fiscal years 2013, 2015 and 2017 not yet assessed by the tax authorities as well as results of partly finalized tax authorities' audits.

30. Securities

The securities disclosed in the balance sheet relate to transferable shares in IMOFINANZ AG, Vienna, which were classified as available for sale (AFS). The CA Immo Group holds as at reporting date 54,805,566 shares (31.12.2016: 54,805,566 shares), which have been valuated at a share price of € 2.147 (31.12.2016: € 1.853).

An impairment of securities amounting to € –3,398 K (2016: € –15,768 K) and a dividend income amounting to € 3,288 K (2016: € 3,288 K) was recorded in the income statement. In the other comprehensive income it was recorded a change in value not affecting the profit and loss in line with IAS 39 and amounting to € 19,511 K (2016: € 0 K).

31. Cash and cash equivalents

€ 1,000	31.12.2017	31.12.2016
Cash in banks	367,347	374,805
Restricted cash	16,140	20,260
Cash on hand	25	23
	383,512	**395,088**

32. Shareholders' equity

The share capital equals the fully paid in nominal capital of CA Immobilien Anlagen Aktiengesellschaft of € 718,336,602.72 (31.12.2016: € 718,336,602.72). It is divided into 98,808,332 (31.12.2016: 98,808,332) bearer shares and 4 registered shares of no par value. The registered shares are held by IMMOFINANZ Group, Vienna, each granting the right to nominate one member of the Supervisory Board. The Subervisory Board currently consists of eight members elected by the Ordinary General Meetingand two members elected by the registered shares.

At the end of November 2016, the company started a share buyback program for up to 1,000,000 shares (around 1% of the current share capital of the company). The origin maximum limit of € 17.50 per share has been raised to € 24.20 per share as per end of August 2017. The repurchase value to be paid must be within the scope of the authorization resolution of the Annual General Meeting and may not be lower than a maximum of 30% below and not higher than 10% above the average unweighted closing price of the ten trading days on the Stock Exchange preceding the repurchase. As before, the repurchase will take place for each purpose permitted by the resolution of the Annual General Meeting and will end no later than 2 November 2018. In total, 178,735 shares (ISIN AT0000641352) were acquired under this program at a weigthed average value including bank charges of around € 22.57 per share in 2017.

As at 31.12.2017, CA Immobilien Anlagen AG held 5,582,054 treasury shares in total. Given the total number of voting shares issued (98,808,336), this is equivalent to around 5.6% of the voting shares.

The appropriated capital reserve as reported in the individual financial statements of CA Immobilien Anlagen Aktiengesellschaft totals € 854,842 K (31.12.2016: € 854,842 K). Profits can only be distributed up to the amount of the net profit of the parent company disclosed in the individual financial statements in accordance with the Austrian Commercial Code (UGB), subject to the existence of any legal dividend payment constraints. In 2017, a dividend amount of € 0.65 (2016: € 0.50) for each share entitled to dividend, totalling € 60,691 K (31.12.2016: € 47,904 K), was distributed to the shareholders. The total net profit of CA Immobilien Anlagen Aktiengesellschaft as at 31.12.2017 amounting to € 840,429 K (31.12.2016: € 618,112 K), is not subject to dividend payment constraints (31.12.2016: no dividend payment constraints). The Management Board of CA Immo AG proposes to use part of the retained earnings as at 31.12.2017, amounting to € 840,429 K, in 2017 to distribute a dividend of € 0.80 per share, so that a total of € 74,581 K is to be distributed to shareholders. The remaining retained earnings of € 765,848 K are to be carried forward.

As at 31.12.2017 authority exists for the issue of additional capital in the amount of € 215,500,975 in the period until 31.8.2018 and for the issue of capital in the amount of € 100,006,120 earmarked for the specified purpose of servicing convertible bonds.

In the third quarter 2017, CA Immo AG issued a non-subordinated unsecured convertible bond in amount of € 200 m and a term until April 2025 excluding subscription rights of the shareholders. The coupon payable semi-annually amounts to 0.75% p.a. and the initial conversion price has been set at € 30.5684 per share. This equals a conversion premium of 27.50% above the volume weighted average price (VWAP) of the CA Immo shares amounting to € 23.9752 on the launch date. The convertible bond was issued at 100% of its nominal value of € 100 K per bond and will be redeemed at 100% of the nominal value, if not previously repaid or converted. At company's choice, the redemption may be effected by provision of shares, cash or a combination of the latter two variants. The settlement of the transaction took place on 4.10.2017.

33. Provisions

€ 1,000	Staff	Construction services	Subsequent costs of sold properties	Others	Total
As at 1.1.2017	**9,732**	**28,659**	**27,971**	**31,647**	**98,009**
Use	–5,840	–25,332	–6,047	–12,073	–49,293
Reversal	–958	–238	–15,550	–2,757	–19,503
Addition	10,054	42,330	2,071	20,504	74,959
Addition from initial consolidation	0	0	0	332	332
Addition from transition consolidation	0	1,842	0	157	1,999
Transfer to IFRS 5	0	–2	0	–27	–29
Accumulated interest	43	0	19	0	61
Currency translation adjustments	9	–108	1	–135	–233
As at 31.12.2017	**13,039**	**47,151**	**8,465**	**37,649**	**106,303**
thereof: short-term	9,636	47,151	6,222	37,649	100,658
thereof: long-term	3,403	0	2,242	0	5,646

The other provisions mainly contain provisions for services (audit services, tax and legal advice), property taxes, real estate transfer taxes, service expenses for properties and interests connected to tax audits.

Provision for employees

The provision for employees primarily comprises the present value of the long-term severance obligation of € 359 K (31.12.2016: € 352 K), bonuses of € 8,348 K (31.12.2016: € 6,248 K), a long-term provision for bonuses for members of the board of € 454 K (31.12.2016: € 466 K), and unused holiday entitlements of € 1,051 K (31.12.2016: € 799 K).

The provision for bonuses comprises a long-term provision for the LTI-(long-term incentive) programme amounting to € 842 K (31.12.2016: € 308 K) as well as a short-term provision of € 873 K (31.12.2016: € 927 K).

The following table presents the changes in the present value of the severance payment obligation:

€ 1,000	2017	2016
Present value of severance obligations as at 1.1	**352**	**639**
Use	–72	–554
Current service costs	87	209
Interest cost	0	4
Revaluation	–8	55
Present value of severance obligations as at 31.12	**359**	**352**

The empirical adjustments of the present value of the obligation in respect of changes in projected employee turnover, early retirement or mortality rates are negligible.

Net plan assets from pension obligations

CA Immo Group has a reinsurance policy for defined benefit obligations in Germany, which fulfils the criteria for disclosure as plan assets. As the capital value of these defined benefit obligations exceeds the plan assets at the closing date, the net position is presented under the provisions.

€ 1,000	31.12.2017	31.12.2016
Present value of obligation	–8,794	–8,945
Fair value of plan asset	7,046	6,968
Net position recorded in consolidated statement of financial position	**–1,749**	**–1,977**
Financial adjustments of present value of the obligation	–31	–558
Experience adjustments of present value of the obligation	182	52

The development of the defined benefit obligation and of the plan asset is shown in the following table:

€ 1,000	2017	2016
Present value of obligation as at 1.1.	**–8,945**	**–8,356**
Current Payment	146	84
Interest cost	–146	–167
Revaluation	151	–506
Present value of obligation 31.12	**–8,794**	**–8,945**
Plan asset as at 1.1.	**6,968**	**6,878**
Expected income from plan asset	114	137
Revaluation	120	37
Current Payment	–156	–84
Plan asset as at 31.12	**7,046**	**6,968**

The following income/expense was recognized in the income statement:

€ 1,000	2017	2016
Interest cost	–146	–167
Expected income from plan asset	114	137
Pensions costs	**–33**	**–30**

The following result before taxes was recognised in the other comprehensive income:

€ 1,000	2017	2016
Revaluation of pension obligation	151	–506
Revaluation of plan assets	120	37
IAS 19 reserve	**271**	**–469**

Sensitivity analysis regarding the financial mathematical assumptions is shown in the following table:

2017 € 1,000	–0.25%	+0.25%
change interest rate of 0.25 percent points	–399	375
change pension trend of 0.25 percentage points	310	–326

2016 € 1,000	–0.25%	+0.25%
change interest rate of 0.25 percent points	–418	393
change pension trend of 0.25 percentage points	320	–336

34. Interest bearing liabilities

€ 1,000	Short-term	Long-term	31.12.2017 Total	Short-term	Long-term	31.12.2016 Total
Convertible bond	362	183,973	184,334	0	0	0
Bonds	11,752	636,695	648,447	8,961	462,697	471,658
Bonds	**12,114**	**820,668**	**832,781**	**8,961**	**462,697**	**471,658**
Investment loans	56,506	862,902	919,408	143,743	949,937	1,093,681
Loans due to joint venture partners	300	0	300	300	0	300
Liabilities to joint ventures	0	600	600	0	0	0
Other interest-bearing liabilities	**56,806**	**863,502**	**920,308**	**144,043**	**949,937**	**1,093,981**
	68,920	**1,684,170**	**1,753,089**	**153,004**	**1,412,635**	**1,565,639**

The euro is the contract currency of 100% of the interest bearing liabilities (31.12.2016: 100% in EUR).

Bonds

31.12.2017	Nominal value in € 1,000	Book value excl. interests € 1,000	Deferred interest in € 1,000	Nominal interest rate	Effective interest rate	Issue	Repayment
Convertible bond	200,000	183,973	362	0.75%	2.56%	4.10.2017	4.4.2025
Bond 2015-2022	175,000	174,492	4,159	2.75%	2.83%	17.2.2015	17.2.2022
Bond 2016-2023	150,000	149,350	3,576	2.75%	2.84%	17.2.2016	17.2.2023
Bond 2016-2021	140,000	139,280	1,227	1.88%	2.03%	12.7.2016	12.7.2021
Bond 2017-2024	175,000	173,573	2,791	1.88%	2.02%	22.2.2017	22.2.2024
Total	**840,000**	**820,668**	**12,114**				

The convertible bond issued in 2017 has no equity component. The bond consists of a debt component and, due to the repayment option in shares of CA Immo AG, an embedded derivative subject to separation. The book value of the convertible bond corresponds to the amortized cost of the debt component of the financial instrument. The embedded derivative of the convertible bond to be reported separately is presented under the derivative financial instruments.

31.12.2016	Nominal value in € 1,000	Book value excl. interests € 1,000	Deferred interest in € 1,000	Nominal interest rate	Effective interest rate	Issue	Repayment
Bond 2015-2022	175,000	174,378	4,159	2.75%	2.83%	17.2.2015	17.2.2022
Bond 2016-2023	150,000	149,234	3,576	2.75%	2.84%	17.2.2016	17.2.2023
Bond 2016-2021	140,000	139,085	1,227	1.88%	2.03%	12.7.2016	12.7.2021
Total	**465,000**	**462,697**	**8,961**				

The corporate bonds and the convertible bond are subject to financial covenants. These are mainly related to change of control (i.e. the acquisition of at least 30% of shares in CA Immo Group, with reference to the Austrian Takeover Act), cross default (i.e. violation of terms of other loan contracts directly resulting in breaches of bond terms) or LTV (loan to value, i.e. the ratio between loan amount and fair value of assets).

As at 31.12.2017 no bonds were in breach of covenants (31.12.2016: no breaches).

Other interest-bearing liabilities

As at 31.12.2017 and 31.12.2016, the terms of other interest-bearing liabilities are as follows:

Type of financing and currency	Effective interest rate as at 31.12.2017 in %	Interest variable / fixed / hedged	Maturity	Nominal value in € 1,000	Book value in € 1,000	Fair value of liability in € 1,000
Investment loans	0.70%–2.75%	variable	9/2018 - 3/2032	189,819	189,114	189,114
Investment loans	1.33%–4.75%	hedged	6/2019 - 3/2032	455,937	454,279	454,279
Investment loans	0.62%–3.95%	fix	12/2018 - 12/2024	276,177	276,014	277,359
Investment loans (total)				**921,933**	**919,408**	**920,752**
Loans due to joint venture partners	**3.40%**	**fix**	**12/2018**	**300**	**300**	**304**
Liabilities to joint ventures	**1.18%**	**fix**	**6/2019**	**600**	**600**	**600**
				922,833	**920,308**	**921,656**

Type of financing and currency	Effective interest rate as at 31.12.2016 in %	Interest variable / fixed / hedged	Maturity	Nominal value in € 1,000	Book value in € 1,000	Fair value of liability in € 1,000
Investment loans	0.70%–3.75%	variable	3/2017 - 12/2029	358,480	357,402	357,402
Investment loans	1.15%–5.08%	hedged	12/2017 - 12/2024	442,272	441,462	441,462
Investment loans	0.70%–3.95%	fix	9/2018 - 12/2024	294,499	294,817	293,099
Investment loans (total)				**1,095,251**	**1,093,681**	**1,091,962**
Loans due to joint venture partners	**3.40%**	**fix**	**12/2017**	**300**	**300**	**304**
				1,095,551	**1,093,981**	**1,092,266**

More than 90% of the bank financing of CA Immo Group is subject to financial covenants. These are generally for investment properties LTV (loan to value, i.e. ratio between loan amount and the fair value of the object), ISCR (interest service coverage ratio, i.e. the ratio between planned EBIT and financial expenditure) and DSCR (debt service coverage ratio, i.e. the ratio between EBIT and debt service of one period) and ratios for investment properties under development LTC (loan to cost, i.e. ratio between debt amount and total project costs) and ISCR (interest service coverage ratio, i.e. the ratio between planned EBIT and financial expenditure) ratios for development projects.

Other interest-bearing liabilities, for which the relevant financial covenants were not met as at 31.12.2017, are presented in short-term interest-bearing liabilities regardless of their maturity, because breaches of the financial covenants generally entitle the lender to early termination of the loan agreement. This applies irrespective of the state of negotiations with the banks regarding a continuation or amendment of the loan agreements. As at 31.12.2017 no loans were in breach of covenants (31.12.2016: no breaches).

Taking into account all interest hedging agreements, the average weighted interest rate for all other interest bearing liabilities denominated in EUR is 1.62% (31.12.2016: 2.25%).

35. Other liabilities

€ 1,000	Short-term	Long-term	31.12.2017 Total	Short-term	Long-term	31.12.2016 Total
Fair value derivative transactions	**0**	**23,021**	**23,021**	**1,515**	**10,068**	**11,583**
Trade payables	16,429	2,972	19,401	13,801	1,779	15,581
Liabilities to joint ventures	3,176	0	3,176	14,756	0	14,756
Rent deposits	1,411	12,031	13,442	1,588	9,610	11,198
Open purchase prices	2,340	0	2,340	751	0	751
settlement of operating costs	2,605	0	2,605	2,606	0	2,606
Other	2,189	11,946	14,135	3,890	11,430	15,321
Financial liabilities	**28,150**	**26,949**	**55,098**	**37,393**	**22,819**	**60,213**
Operating taxes	4,842	0	4,842	3,463	0	3,463
Prepayments received	79,699	35,842	115,540	50,816	53,525	104,340
Prepaid rent and other non financial liabilities	2,613	622	3,235	3,877	768	4,645
Non-financial liabilities	**87,153**	**36,464**	**123,617**	**58,156**	**54,293**	**112,448**
	115,303	**86,434**	**201,737**	**97,064**	**87,180**	**184,244**

36. Income tax liabilities

This caption includes an amount of € 13,646 K (31.12.2016: € 15,984 K) related to CA Immo Germany Group and comprises corporate income tax and trade tax for the years 2011, 2014, 2016 and 2017, which have not been finally assessed by tax authorities as well as results of partly finalized tax authorities' audits.

37. Information for cash flow statement

		Liabilities		
€ 1,000	Note	Other interest-bearing liabilities	Convertible bond	Bonds
As at 1.1.2017		**1,093,981**	**0**	**471,658**
Changes in cash flow from financing activities				
Cash inflow from loans received	34	106,974	0	0
Cash inflow from the issuance of bonds	34	0	0	173,389
Cash inflow from the issuance of convertible bonds	34	0	197,894	0
Cash inflow of loans received from joint ventures	34	600	0	0
Acquisition of treasury shares	32	0	0	0
Dividend payments to shareholders	32	0	0	0
Repayment/payment related to the acquisition of shares from non-controlling interests and dividends to minority interests	32	0	0	0
Repayment of loans incl. interest rate derivatives	34	–324,963	0	0
Other interest paid	34	–20,050	0	–7,360
Total change in cash flow from financing activities		**–237,439**	**197,894**	**166,029**
Total change from the purchase of subsidiaries or other business operations	**F4**	**44,635**	**0**	**0**
Effects of changes in exchange rates	**34**	**0**	**0**	**0**
Change in fair value	**38**	**0**	**0**	**0**
Total Other changes related to liabilities		**19,131**	**–13,559**	**10,760**
Total Other changes related to equity		**0**	**0**	**0**
As at 31.12.2017		**920,307**	**184,334**	**648,447**

Liabilities	Derivatives		Shareholders' equity	
Other effects in cash flow from financing activities	Derivatives assets	Derivatives liabilities		Total
0	**–29**	**11,583**	**2,204,541**	**3,781,735**
0	0	0	0	**106,974**
0	0	0	0	**173,389**
0	0	0	0	**197,894**
0	0	0	0	**600**
0	0	0	–4,922	**–4,922**
0	0	0	–60,691	**–60,691**
0	0	0	1,410	**1,410**
1,421	0	–8,221	0	**–331,764**
–1,278	0	–4,232	0	**–32,921**
142	**0**	**–12,454**	**–64,203**	**49,968**
0	**0**	**0**	**0**	**44,635**
0	**0**	**13**	**0**	**13**
0	**–263**	**5,038**	**0**	**4,775**
–142	**0**	**18,841**	**888**	**35,920**
0	**0**	**0**	**257,283**	**257,283**
0	**–293**	**23,021**	**2,398,510**	**4,174,327**

38. Financial instruments

Financial assets by categories

Category			IAS 39 category [1]	No financial instruments	Book value	Fair value
€ 1,000	HFT	AFS	L&R		31.12.2017	31.12.2017
Cash and cash equivalents with drawing restrictions	0	0	10,066	0	10,066	10,066
Derivative financial instruments	293	0	0	0	293	293
Primary financial instruments	0	0	18,336	0	18,336	
Investments available for sale	0	56,875	0	0	56,875	56,875
Financial assets	**293**	**56,875**	**28,403**	**0**	**85,570**	
Cash and cash equivalents with drawing restrictions	0	0	3,679	0	3,679	3,679
Other receivables and assets	0	0	58,639	18,995	77,634	
Receivables and other assets	**0**	**0**	**62,318**	**18,995**	**81,314**	
Securities	**0**	**117,668**	**0**	**0**	**117,668**	**117,668**
Cash and cash equivalents	**0**	**0**	**383,512**	**0**	**383,512**	
	293	**174,542**	**474,233**	**18,995**	**668,063**	

Category			IAS 39 category [1]	No financial instruments	Book value	Fair value
€ 1,000	HFT	AFS	L&R		31.12.2016	31.12.2016
Cash and cash equivalents with drawing restrictions	0	0	8,288	0	8,288	8,288
Derivative financial instruments	12	0	0	0	12	12
Primary financial instruments	0	0	23,639	0	23,639	
Investments available for sale	0	57,774	0	0	57,774	57,774
Financial assets	**12**	**57,774**	**31,927**	**0**	**89,713**	
Cash and cash equivalents with drawing restrictions	0	0	7,800	0	7,800	7,800
Derivative financial instruments	17	0	0	0	17	17
Other receivables and assets	0	0	44,031	24,387	68,418	
Receivables and other assets	**17**	**0**	**51,831**	**24,387**	**76,235**	
Securities	**0**	**101,555**	**0**	**0**	**101,555**	**101,555**
Cash and cash equivalents	**0**	**0**	**395,088**	**0**	**395,088**	
	29	**159,328**	**478,846**	**24,387**	**662,591**	

[1] HFT – held for trading, AFS – available-for-sale, AFS/AC – available for sale/at cost, L&R – loans and receivables

The fair value of the receivables and other assets in the category of loans and receivables essentially equals the book value due to daily and/or short-term maturities. The primary financial instruments mainly consist of loans granted to joint ventures and associated companies, which are considered and valuated as part of the net investment in the entities. Securities in the category AFS are recognized with their market value and are therefore classified as level 1 of the fair value hierarchy. Valuation of investments of AFS category corresponds to level 3 of the fair value hierarchy.

Financial assets are partially given as securities for financial liabilities.

Financial liabilities by categories

Category			IAS 39 category [1]	No financial instruments	Book value	Fair value
€ 1,000	HFT	CFH	FLAC		31.12.2017	31.12.2017
Convertible bond	0	0	184,334	0	184,334	186,330
Bonds	0	0	648,447	0	648,447	687,811
Other interest-bearing liabilities	0	0	920,308	0	920,308	921,656
Interest-bearing liabilities	**0**	**0**	**1,753,089**	**0**	**1,753,089**	
Derivative financial instruments	23,021	0	0	0	23,021	23,021
Other primary liabilities	0	0	55,098	123,617	178,716	
Other liabilities	**23,021**	**0**	**55,098**	**123,617**	**201,737**	
	23,021	**0**	**1,808,188**	**123,617**	**1,954,826**	

[1] HFT – held for trading, CFH – cash flow Hedge, FLAC – financial liabilities at amortised cost

The stock exchange price of the convertible bond amounts to € 206,264 K. The fair value of the embedded derivative of the convertible bond amounts to € 19,934 K. The debt component of the convertible bond and the embedded derivative of the convertible bond are separately reported.

Category			IAS 39 category [1]	No financial instruments	Book value	Fair value
€ 1,000	HFT	CFH	FLAC		31.12.2016	31.12.2016
Bonds	0	0	471,658	0	471,658	498,201
Other interest-bearing liabilities	0	0	1,093,981	0	1,093,981	1,092,266
Interest-bearing liabilities	**0**	**0**	**1,565,639**	**0**	**1,565,639**	
Derivative financial instruments	7,432	4,151	0	0	11,583	11,583
Other primary liabilities	0	0	60,213	112,448	172,661	
Other liabilities	**7,432**	**4,151**	**60,213**	**112,448**	**184,244**	
	7,432	**4,151**	**1,625,852**	**112,448**	**1,749,883**	

[1] HFT – held for trading, CFH – cash flow Hedge, FLAC – financial liabilities at amortised cost

The fair value recognized of the other non-derivative liabilities basically equals, based on the daily and short term due date, the book value.

39. Derivative financial instruments and hedging transactions

€ 1,000	Nominal value	Fair value	31.12.2017 Book value	Nominal value	Fair value	31.12.2016 Book value
Interest rate swaps - assets	92,343	293	293	0	0	0
Interest rate swaps - liabilities	363,645	–3,088	–3,088	397,766	–11,583	–11,583
Total interest rate swaps	**455,987**	**–2,795**	**–2,795**	**397,766**	**–11,583**	**–11,583**
Swaption	0	0	0	20,000	17	17
Interest rate caps	0	0	0	44,196	12	12
Derivative convertible bond	0	–19,934	–19,934	0	0	0
Total derivatives	**455,987**	**–22,729**	**–22,729**	**461,962**	**–11,554**	**–11,554**
- thereof hedging (cash flow hedges)	0	0	0	92,360	–4,151	–4,151
- thereof stand alone (fair value derivatives) - assets	92,343	293	293	64,196	29	29
- thereof stand alone (fair value derivatives) - liabilities	363,645	–23,021	–23,021	305,406	–7,432	–7,432

The derivative of the convertible bond results from the repayment option of the convertible bond into shares of CA Immo AG and is reported at fair value.

As at the balance sheet date 46.1% (31.12.2016: 28.2%) of the nominal value of all investment loans have been turned into fixed interest rates (or into ranges of interest rates with a cap) by means of interest rate swaps.

€ 1,000	Nominal value	Fair value	31.12.2017 Book value	Nominal value	Fair value	31.12.2016 Book value
- Cash flow hedges (effective)	0	0	0	90,626	–4,069	–4,069
- Cash flow hedges (ineffective)	0	0	0	1,734	–82	–82
- fair value derivatives (HFT) - assets	92,343	293	293	0	0	0
- fair value derivatives (HFT) - liabilities	363,645	–3,088	–3,088	305,406	–7,432	–7,432
Interest rate swaps	**455,987**	**–2,795**	**–2,795**	**397,766**	**–11,583**	**–11,583**

Interest rate swaps	Nominal value in € 1,000	Start	End	Fixed interest rate as at 31.12.2017	Reference interest rate	Fair value in € 1,000 31.12.2017
EUR - stand alone - assets	92,343	12/2016	6/2027	0.29%–0.66%	3M-Euribor	293
EUR - stand alone - liabilities	363,645	7/2016	12/2027	–0.18%–0.94%	3M-Euribor	–3,088
Total interest swaps = variable in fixed	**455,987**					**–2,795**

Interest rate swaps	Nominal value in € 1,000	Start	End	Fixed interest rate as at 31.12.2016	Reference interest rate	Fair value in € 1,000 31.12.2016
EUR - CFH	92,360	11/2007	9/2018	2.25%–4.50%	3M-Euribor	–4,151
EUR - stand alone - liabilities	305,406	9/2013	12/2024	–0.18%–2.28%	3M-Euribor	–7,432
Total interest swaps = variable in fixed	**397,766**					**–11,583**
Swaption	20,000	11/2015	11/2017	1.25%	6M-Euribor	17
Interest rate caps	44,196	3/2014	9/2019	1.50%–2.00%	3M-Euribor	12
Total	**461,962**					**–11,554**

Gains and losses in other comprehensive income

€ 1,000	2017	2016
As at 1.1.	**–3,201**	**–5,131**
Change in valuation of cash flow hedges	1,334	2,446
Change of ineffectiveness cash flow hedges	–20	–13
Reclassification cash flow hedges	1,980	177
Income tax cash flow hedges	–935	–680
As at 31.12.2017	**–842**	**–3,201**
thereof: attributable to the owners of the parent	–842	–3,201

40. Risks from financial instruments

Interest rate risk

Risks arising from changes in interest rates basically result from long-term loans and interest rate derivatives and relate to the amount of future interest payments (for variable interest instruments) and to the fair value of the financial instrument (for fixed rate instruments). A mix of long-term fixed-rate and floating-rate loans is used to reduce the interest rate risk. In case of floating-rate loans, derivative financial instruments (interest rate caps and interest rate swaps) are also used to hedge the cash flow risk of interest rate changes arising from hedged items. Additionally, swaptions can be used to manage the interest rate risk. In addition to the general interest rate risk (interest level) there are also risks arising from a possible change in the credit rating, which would lead to an increase or a decrease of the interest margin in course of a follow-up financing.

The following sensitivity analysis outlines the impact of variable interest rates on interest expense. It shows the effect on the result of the financial year 2017 of a change in interest rate by 50 and 100 basis points on the interest expenses. The analysis assumes that all other variables, particularly foreign exchange rates, remain constant. Due to the very low interest rate levels the analysis only shows the effect of increasing interest rates.

€ 1,000	recognised in Profit/Loss Statement		recognised in other comprehensive income	
	at 50 bps Increase	at 100 bps Increase	at 50 bps Increase	at 100 bps Increase
31.12.2017				
Interest on variable rate instruments	–1,044	–2,089	0	0
Valuation result from fixed rate instruments (Swaps)	14,850	29,031	0	0
Valuation result from derivative financial instruments	0	0	0	0
	13,806	**26,942**	**0**	**0**
31.12.2016				
Interest on variable rate instruments	–2,026	–4,052	0	0
Valuation result from fixed rate instruments (Swaps)	7,002	13,783	0	0
Valuation result from derivative financial instruments	55	256	587	1,168
	5,032	**9,986**	**587**	**1,168**

Variable rate instruments contain variable rate financial liabilities not taking into account derivatives. In the case of derivative financial instruments, an interest rate change gives rise to a component recognized in profit or loss (interest, valuation of fair value derivatives and ineffective portions of cash flow hedge valuation) and to the change in value of cash flow hedges recognized in equity.

Risks of the embedded derivative of the convertible bond

In respect of the derivative of the convertible bond, the risks are mainly a change in the share price of CA Immo AG as well as a change in the credit spread between the CA Immo corporate bonds and the benchmark reference rates for Eurozone government bonds with matching maturities. The following sensitivity analysis shows the change in the fair value of the derivative of the convertible bond at an increase and a decrease, respectively in the share price of CA Immo AG as well as an increase and a decrease, respectively in the credit spread. The analysis assumes that all other variables remain unchanged.

€ 1,000	recognised in Profit/Loss Statement		recognised in Profit/Loss Statement	
	at 2.5% Share Price Increase	at 2.5% Share Price Decrease	at 50 bps Credit Spread Increase	at 50 bps Credit Spread Decrease
31.12.2017				
Derivative convertible bond	–1,820	1,736	–1,862	1,788
	–1,820	**1,736**	**–1,862**	**1,788**

Currency risk

Currency risks result from rental revenues and receivables denominated in BGN, CZK, HRK, HUF, PLN, RON, CHF and RSD. This foreign currency rental income is secured by linking the rental payments to EUR and USD, so that no major risk remains.

Credit risk

The book values disclosed for all financial assets, guarantees and other commitments assumed, represent the maximum default risk as no major set-off agreements exist.

Tenants provided deposits amounting to € 13,442 K (31.12.2016: € 11,198 K) as well as bank guarantees of € 42,494 K (31.12.2016: € 39,742 K) and group guarantees in the amount of € 45,249 K (31.12.2016 € 46,580 K).

The credit risk for liquid funds with banks is monitored according to internal guidelines.

Liquidity risk

Liquidity risk is the risk that CA Immo Group will not be able to meet its financial obligations as they fall due. CA Immo Group's approach to managing liquidity is to ensure that CA Immo Group will always have sufficient liquidity to meet liabilities when due, whilst avoiding unnecessary potential losses and risks. Loans are usually agreed on a long-term basis in accordance with the long-term nature of real estate.

The CA Immo Group manages liquidity risk in several different ways: firstly, by means of distinct liquidity planning and securing to avoid possible liquidity shortages. Secondly, CA Immo Group takes safeguarding measures to control liquidity peaks via a revolving credit line at the level of CA Immo AG. External capital is raised by CA Immo Group from a wide variety of domestic and foreign banks. The contractually agreed (undiscounted) interest payments and repayments for primary financial liabilities and derivative financial instruments are presented in the table below.

31.12.2017 € 1,000	**Book value** **2017**	**Contractually agreed** **cash flows**	**Cash flow** **2018**	**Cash flow** **2019-2022**	**Cash flow** **2023 ff**
Convertible bond	184,334	–212,000	–1,500	–6,000	–204,500
Bonds	648,447	–722,281	–14,844	–371,750	–335,688
Other interest-bearing liabilities	920,308	–1,058,916	–69,946	–372,766	–616,204
Trade payables	19,401	–19,401	–16,429	–2,972	0
Non-controlling interests held by limited partners	2,934	–2,934	0	0	–2,934
Liabilities to joint ventures	3,176	–3,176	–3,176	0	0
Other liabilities	29,588	–29,588	–8,545	–20,058	–985
Primary financial liabilities	**1,808,188**	**–2,048,295**	**–114,439**	**–773,545**	**–1,160,311**
Interest rate derivatives not connected with hedges	3,088	–2,698	–3,308	–4,614	5,225
Derivative convertible bond	19,934	0	0	0	0
Derivative financial liabilities	**23,021**	**–2,698**	**–3,308**	**–4,614**	**5,225**
	1,831,209	**–2,050,993**	**–117,747**	**–778,159**	**–1,155,086**

The convertible bond requires a separation of the financial instrument into a debt component and a separate embedded derivative. The derivative of the convertible bond has no cash flows.

31.12.2016 € 1,000	Book value 2016	Contractually agreed cash flows	Cash flow 2017	Cash flow 2018-2021	Cash flow 2022 ff
Bonds	471,658	–535,875	–11,563	–186,250	–338,063
Other interest-bearing liabilities	1,093,981	–1,185,467	–161,358	–571,809	–452,300
Trade payables	15,581	–15,581	–13,801	–1,779	0
Non-controlling interests held by limited partners	2,432	–2,432	0	0	–2,432
Liabilities to joint ventures	14,756	–14,756	–14,756	0	0
Other liabilities	27,444	–27,444	–8,836	–17,502	–1,106
Primary financial liabilities	**1,625,852**	**–1,781,554**	**–210,314**	**–777,340**	**–793,900**
Interest rate derivatives in connection with cash flow hedges	4,151	–4,223	–3,086	–1,137	0
Interest rate derivatives not connected with hedges	7,432	–7,414	–1,300	–4,336	–1,777
Derivative financial liabilities	**11,583**	**–11,637**	**–4,386**	**–5,474**	**–1,777**
	1,637,435	**–1,793,191**	**–214,700**	**–782,814**	**–795,677**

The cash flows for interest rate derivatives are based on assumed values for the underlying forward rates as at the respective balance sheet date.

The cash flows from derivatives in cash flow hedge relationships are expected to have an effect on profit and loss in the period of occurrence of the underlying transaction, i.e. allocated over the term of the financing or when redeemed prematurely at the time of redemption.

Price risk

The CA Immo Group holds available-for-sale securities in its portfolio. This financial instrument is quoted in an active market (level 1 of the fair value hierarchy), thus it can constantly be influenced by the price (price risk). If a supposed change, i.e. an increase/decrease of 10% in the price of securities above the actual level occurs, this change will impact current comprehensive income of CA Immo Group by -/+ € 11,767 K (2016: -/+ € 10,155 K).

Capital management

The objective of CA Immo Group's capital management is to ensure that the Group achieves its goals and strategies, while optimising the costs of capital effectively and in the interests of shareholders, employees and other stakeholders. In particular, it focuses on achieving of minimum return on invested capital required by the capital market and increasing the return on equity. Furthermore, the external rating should be supported by adequate capitalisation and by raising equity for the growth targets in the upcoming fiscal years.

The key parameters in determining the capital structure of the CA Immo Group are:

1. the general ratio of equity to debt and
2. within outside capital, the optimal ratio between the debt secured with real estate, which is recorded at the level of individual property companies, and the unsecured debt at the level of the parent company.

Regarding the first parameter, the CA Immo Group aims to maintain an equity ratio of 45% - 50%. As at 31.12.2017 the ratio was 50.3% (31.12.2016: 51.2%). With respect to the second parameter, the focus of debt financing in the Group is on secured property loans, which are usually taken directly by the project company in which the property is held. The advantage of secured financing is that it usually offers more favourable conditions than unsecured loans, since these are structurally subordinated compared to secured financing. Unsecured financing exists basically only in the form of corporate bonds placed on the capital markets. CA Immo Group issued in 2017 another corporate bond as well as a convertible bond and thus raises finance increasingly via the capital market. Currently around 48% of the entire financing volume is attributed to unsecured financing in the form of corporate bonds (31.12.2016: 30%). The related ratio of unsecured properties is one of the important criteria for the investment grade rating of CA Immo Group.

Net debt and the gearing ratio are other key figures relevant to the presentation of the capital structure of CA Immo Group:

€ 1,000	31.12.2017	31.12.2016
Interest-bearing liabilities		
Long-term interest-bearing liabilities	1,684,170	1,412,635
Short-term interest-bearing liabilities	68,920	153,004
Interest-bearing assets		
Cash and cash equivalents	–383,512	–395,088
Cash at banks with drawing restrictions	–974	–2,894
Net debt	**1,368,604**	**1,167,656**
Shareholders' equity	2,398,510	2,204,541
Gearing ratio (Net debt/equity)	**57.1%**	**53.0%**

Restricted cash was included in the calculation of net debt, if it is used to secure the repayments of interest bearing liabilities.

41. Other obligations and contingent liabilities

Guarantees and other commitments

As at 31.12.2017 CA Immo Germany Group is subject to guarantees and other commitments resulting from purchase agreements for decontamination costs and war damage costs amounting to € 608 K (31.12.2016: € 566 K). Furthermore, comfort letters and securities have been issued for one joint venture in Germany amounting to € 2,000 K (31.12.2016: € 2,000 K). As a security for the liabilities of two (31.12.2016: four) joint ventures in Germany loan guarantees, letters of comfort and declarations were issued totalling € 2,500 K (31.12.2016: € 10,650 K). Furthermore, as security for warranty risks in Germany a guarantee was issued in an amount of € 11,066 K (31.12.2016: € 11,066 K).

CA Immo Group has agreed to adopt a guarantee in connection with the project "Airport City St. Petersburg" in the extent of € 8,469 K (31.12.2016: € 11,299 K).

In connection with disposals, marketable guarantees exist between CA Immo Group and the buyer for coverage of possible warranty- and liability claims for which in the expected extent financial dispositions were made. The actual claims may exceed the expected extent.

For the purpose of recognising tax provisions, estimates have to be made. Uncertainties exist concerning the interpretation of complex tax regulations as well as calculation methods in practice and as the amount and timing of taxable income. Due to these uncertainties and the grade of complexity estimates may vary from the real tax expense also in a material amount. This may include amended interpretations of tax authorities for previous periods. CA Immo Group recognises appropriate provisions for known and probable charges arising from ongoing tax audits.

Mortgages, pledges of rental receivables, bank accounts and share pledges as well as similar guarantees are used as market collateral for bank liabilities.

Other financial obligations

In addition, there are other financial obligations of order commitments related to building site liabilities for work carried out in the course of developing real estate in Austria, in the amount of € 8,789 K (31.12.2016: € 13,300 K), in Germany, in the amount of € 153,549 K (31.12.2016: € 50,400 K) and in Eastern Europe in the amount of € 22,533 K (31.12.2016: € 31,716 K). In addition as at 31.12.2017 CA Immo Group is subject to other financial commitments resulting from construction costs from urban development contracts which can be capitalised in the future in an amount of € 24,297 K (31.12.2016: € 44,136 K).

The total obligations of the payments of equity in Joint Ventures for which no adequate provisions have been recognised amount in Austria to € 6,035 K (31.12.2016: € 6,035 K), in Germany to € 1,990 K (31.12.2016: € 6,471 K) and in Eastern Europe to € 0 K (31.12.2016: € 191 K) as per 31.12.2017. Besides the mentioned obligations of equity-payments, no further obligations to joint ventures exist.

Borrowings, for which the financial covenants have not been met as at reporting date, thus enabling the lender in principle to prematurely terminate the loan agreement, have to be recognised in short-term financial liabilities irrespective of the remaining term under thecontract. This classification applies notwithstanding the status of negotiations with the banks concerning the continuation or amendment of the loan agreements. As at 31.12.2017, this applied to no loan (31.12.2016: no loan).

42. Leases

CA Immo Group as lessor

All lease contracts concluded by CA Immo Group, under which CA Immo Group is the lessor, are recorded as operating leases in accordance with IFRS. These generally have the following essential contractual terms:

- linkage to EUR or USD
- guaranteed value by linkage to international indices
- medium- to long-term maturities and/or termination waivers.

Future minimum rental income from existing term lease contracts or contracts with termination waivers as at the reporting date are as follows:

€ 1,000	2017	2016
In the following year	178,662	165,746
Thereafter 4 years	435,378	381,135
More than 5 years	200,510	205,385
Total	**814,550**	**752,266**

All remaining rental agreements may be terminated at short notice and not included in the above table.

The minimum rental income includes net rent amounts to be collected until the contractually agreed expiration of the contract or the earliest possible termination option by the lessee (tenant).

CA Immo Group as lessee

All rental agreements signed by CA Immo Group are classified as operating leases.

The lease contracts concluded by CA Immo Germany Group acting as lessee primarily relate to rented properties in Berlin (until 2018), Frankfurt (until 2021) and Munich (until 2022).

The remaining operating lease agreements of CA Immo Group relate to office furniture, equipment and other assets. No purchase options have been agreed. Leasing payments of € 2,738 K were recognised as expenses in 2017 (2016: € 2,397 K).

The following minimum lease payments will become due in the subsequent periods:

€ 1,000	2017	2016
In the following year	2,162	1,836
Thereafter 4 years	3,590	3,383
More than 5 years	583	529
Total	**6,336**	**5,748**

43. Transactions with related parties

The following companies and parties are deemed related parties to the CA Immo Group:

- joint ventures, in which CA Immo Group holds an interest
- associated companies, in which CA Immo Group holds an interest
- the corporate bodies of CA Immobilien Anlagen Aktiengesellschaft
- O1 Group Limited, Cyprus, and its affiliated O1 Group until 1.8.2016
- IMMOFINANZ AG, Vienna, and its affiliated entities since 2.8.2016

Transactions with joint ventures

Joint ventures

€ 1,000	31.12.2017	31.12.2016
Investments in joint ventures	207,182	191,369
Investments in joint ventures held for sale	2,276	11,690
Loans	2,129	3,608
Receivables	8,699	6,970
Liabilities	21,196	35,145
Provisions	1,530	18,406

	2017	2016
Joint ventures result	65,701	10,505
Result from sale of joint ventures	884	914
Result from joint ventures	**66,585**	**11,420**
Other income	3,195	3,030
Other expenses	–1,273	–1,480
Interest income	229	468

Apart from above mentioned transactions, in 2017, investment properties amounting to € 0 K (2016: € 2,171 K) were acquired from joint ventures.

Outstanding loans to joint ventures and the majority of the receivables from joint ventures as at the reporting date serve to finance the properties. No guarantees or other forms of security exist in connection with these loans. The cumulative impairment loss on loans to joint ventures amounts to € 1,045 K (31.12.2016: € 5,318 K). Receivables from joint ventures comprise short-term loans in the amount of € 769 K (31.12.2016: € 1,636 K). Liabilities against joint ventures include long-term loans amounted to € 600 K (31.12.2016: € 0 K). All receivables and liabilities have interest rates in line with those prevailing on the market. The remaining receivables and liabilities are predominantly the result of services performed in Germany. No guarantees or other forms of security exist in connection with these receivables and liabilities.

No additional impairments or other adjustments to the book values were recognised in profit or loss.

Transactions with associated companies

€ 1,000	31.12.2017	31.12.2016
Loans	15,176	8,750
	2017	**2016**
Income from associated companies	5,034	0
Expenses due to associated companies	0	–4,077
Result from associated companies	**5,034**	**–4,077**
Interest income from associated companies	1,403	0

Loans to associated companies outstanding as at the reporting date relate to a project in Russia. All loans have interest rates in line with those prevailing in the market. No guarantees or other forms of security exist in connection with these loans. The cumulative impairment loss recognised on loans to associated companies amounts to € 7,226 K (31.12.2016: € 13,652 K).

The executive bodies of CA Immobilien Anlagen Aktiengesellschaft, Vienna
Management Board
Andreas Quint (since 1.1.2018)
Frank Nickel (until 31.3.2018)
Dr. Hans Volckens

Total salary payments to Frank Nickel and Dr. Hans Volckens, the Management Board members active in business year 2017 amounted to € 1,526 K (€ 1,346 K in 2016). Total expenditure on fixed salary components was € 1,050 K (€ 1,037 K in 2016). Fixed salaries amounted to € 750 K (€ 718 K in 2016). The proportion of fixed remuneration components in overall remuneration stood at 69%, taking account of variable salary components paid in 2017. Salary-based deductions accounted for € 136 K (€ 126 K in 2016).

Target attainment was 100% in business year 2016. This resulted in bonus entitlement of € 931 K (previous year: € 0 K), of which € 466 K was payable on confirmation of target attainment (short term incentive). Dr. Hans Volckens also received a special bonus of € 10 K (previous year: € 0 K), which was also paid without delay. In addition, € 106 K was paid to Florian Nowotny in 2016 in connection with the LTI tranche for 2013-2015. The remaining 50% of the bonus entitlement for business year 2016 (€ 466 K; € 0 K in the previous year) was based on the average rate for the final quarter of 2016 (€ 16.76 per share) with a total of 27,782 phantom shares. Of this total, Frank Nickel had 23,866 shares and Dr. Hans Volckens had 3,916 shares. Payment of the first tranche from these phantom shares in 2018 will be based on the average rate for the final quarter of 2017 (€ 24.82 per share). Owing to his early resignation, Frank Nickel will receive all bonuses for business years 2016 and 2017 by the end of May 2018 at the latest. As at 31 December 2017, provisions totalling € 2,191 K (including incidental charges; € 932 K on 31.12.2016) had been formed in connection with the variable remuneration system for the tranches beginning in 2016 and 2017. As at 31 December 2017, a sign-on bonus of € 300 K for Andreas Quint (to compensate for unpaid bonus payments from his former employer owing to early resignation) was also taken into consideration.

During business year 2017, contributions to pension funds for Management Board members (defined contribution plan) totalled € 41 K (€ 124 K in 2016). As at the balance sheet date 31.12.2017, severance payment provisions (defined benefit plan) for Management Board members totalled € 138 K (€ 84 K on 31.12.2016). Payments have been made to former members of the Management Board as follows: Following early termination of his Management Board contact, Florian Nowotny received a severance payment of € 2,441 K in business year 2016. An additional € 150 K was due on 31.3.2017, with the amount reflected in the consolidated financial statements for 31.12.2016. The salary-based deductions for this severance payment amounted to € 169 K in 2016; no salary-based deductions accrued in 2017. There were no other payment obligations to former Management Board members. By contrast, € 193 K from maturity of the LTI tranche for 2013-2015 was paid to former Management Board members in 2016. No loans or advances were granted to Management Board members.

As at 31 December 2017, provisions totalling € 1,714 K (including incidental charges; € 1,235 K on 31.12.2016) had been formed in connection with the LTI programme for the tranches beginning in 2015, 2016 and 2017; of this, former Management Board members accounted for € 47 K (€ 143 K in 2016).

PAYMENTS TO THE MANAGEMENT BOARD[1)]

	Frank Nickel[2)]		Dr. Hans Volckens[3)]		Florian Nowotny[4)]		Total[5)]	
€ 1,000	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Fixed salary	400	400	350	88	0	230	750	718
Salary-based deductions	81	56	56	13	0	57	136	126
Remuneration in kind, company car, etc	80	45	34	1	0	4	114	51
Expense allowances	2	13	6	4	0	2	8	18
Contributions to pension funds (non-cash)	41	41	0	0	0	83	41	124
Total fixed salary components	**604**	**555**	**446**	**106**	**0**	**377**	**1,050**	**1,037**
Total fixed salaries as %	*60%*	*100%*	*85%*	*100%*	*0%*	*55%*	*69%*	*77%*
Short-term incentive	400	0	76	0	0	203	476	203
LTI programme (until 2015)	0	0	0	0	0	106	0	106
Total variable payments	**400**	**0**	**76**	**0**	**0**	**309**	**476**	**309**
Total variable payments as %	*40%*	*0%*	*15%*	*0%*	*0%*	*45%*	*31%*	*23%*
Total salary payments	**1,004**	**555**	**522**	**106**	**0**	**686**	**1,526**	**1,346**

1) Includes salary components paid in 2016 and 2017 only. As at 31.12.2017, provision totalling € 2,191 K was made for other bonus claims for business years 2016 and 2017 (previous year: € 932 K for bonus claims from business year 2016).
2) Chief Executive Officer to 31.12.2017, Management Board member to 31.3.2018
3) Management Board member (CFO) since 27.9.2016
4) Management Board member (CFO) to 30.9.2016
5) Excludes severance payment of € 2,591 K (exclusive of salary-based deductions) linked to early termination of the Management Board contract of Florian Nowotny by mutual agreement.

Supervisory Board
Elected by the General Meeting:
Torsten Hollstein, Chairman
Dr. Florian Koschat, Deputy Chairman
Prof. Dr. Sven Bienert (since 11.5.2017; initially delegated via registered share (since 1.12.2016))
Dipl.-BW Gabriele Düker (since 11.5.2017)
Richard Gregson
Univ.-Prof. MMag. Dr. Klaus Hirschler (since 11.5.2017; initially delegated via registered share (since 1.12.2016))
John Nacos
Michael Stanton

Delegated by registered share:
Dr. Oliver Schumy
Stefan Schönauer
Delegated by works council:
Mag. (FH) Sebastian Obermair
Georg Edinger, BA, REAM (IREBS)
Mag. Nicole Kubista
Mag. (FH) Franz Reitermayer

In business year 2017, fixed salaries for business year 2016 of approximately € 368 K (previous year: € 306 K; figure includes total attendance fees of € 93 K against € 85 K in the previous year) were paid to members of the Supervisory Board.

Moreover, expenditure of € 660K (2016: € 242 K) was reported in connection with the Supervisory Board in business year 2017. Of this amount, cash outlays for travel expenses accounted for approximately € 35K (2016: € 47K), legal and other consultancy services for the Supervisory Board accounted for € 620K (2016: € 194K) (including € 595 K for the CEO succession process) and other expenditure (including training costs) accounted for € 5K (2016: € 1K). No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members.

Total Supervisory Board remuneration of € 375 K for business year 2017 will be proposed to the Ordinary General Meeting on the basis of the same criteria (fixed annual payment of € 25 K per Supervisory Board member plus attendance fee of € 1,000 per meeting day). A provision of the same amount was formed as at 31 December 2017.

All business transactions conducted between the company and members of the Supervisory Board which oblige such members to perform services for the CA Immo Group outside of their Supervisory Board activities in return for remuneration of a not inconsiderable value (Article 228 section 3 of the Austrian Commercial Code) must conform to industry standards and be approved by the Supervisory Board. The same applies to contracts with companies in which a Supervisory Board member has a significant business interest. This applies to a deed of donation concluded between CA Immo and the IRE|BS Universitätsstiftung für Immobilienwirtschaft on 16.9.2014 and extended early in 2018, whereby the foundation receives an annual ringfenced amount of € 25 K from CA Immo, 50% of which is made freely available to Professor Sven Bienert for teaching and research activity at the IRE|BS International Real Estate Business School. No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members. No loans or advances were granted.

O1 Group Limited/O1 Group; Cyprus

From 20.2.2015 until its disposal to IMMOFINANZ AG on 2.8.2016 (closing date), O1 Group Limited directly or indirectly held 25,690,163 bearer shares and four registered shares of CA Immo AG.

IMMOFINANZ Group, Vienna

Since 2.8.2016, IMMOFINANZ Group holds 25,690,163 bearer shares as well as four registered shares of CA Immo AG representing with approximately 26% of the capital stock the largest single shareholder. As at 19.5.2017, IMMOFINANZ AG transferred its 25,690,163 bearer shares as well as its four registered shares in CA Immobilien Anlagen AG to its 100% owned subsidiary GENA ELF Immobilienholding GmbH.

Between IMMOFINANZ Group and CA Immo Group there is a reciprocal shareholding. The CA Immo Group holds 54,805,566 bearer shares of IMMOFINANZ AG (equivalent to approximately 4.9% of the capital stock of IMMOFINANZ AG).

Last year, CA Immo AG and IMMOFINANZ AG agreed to enter into constructive dialogue concerning a potential amalgamation of the two companies. The precondition stipulated by IMMOFINANZ AG of the sale of the Russian portfolio was met in December 2017. IMMOFINANZ AG had asked for the timetable of the potential merger talks to be adjusted thereafter. Afterwards IMMOFINANZ AG announced to further suspend detailed discussions over a possible merger between both companies for the time being and to evaluate other strategic options, among others, the possible sale of its CA Immo AG investment.

44. Key figures per share
Earnings per share

		2017	2016
Weighted average number of shares outstanding	pcs.	93,328,942	94,995,315
Consolidated net income	€ 1,000	234,854	183,910
basic earnings per share	**€**	**2.52**	**1.94**

		2017	2016
Weighted average number of shares outstanding	pcs.	93,328,942	94,995,315
Dilution effect:			
Convertible bond	pcs.	1,595,344	0
Weighted average number of shares	**pcs.**	**94,924,286**	**94,995,315**
Consolidated net income attributable to the owners of the parent	€ 1,000	234,854	183,910
Dilution effect:			
Effective interest on convertible bond	€ 1,000	1,126	0
less taxes	€ 1,000	–281	0
Consolidated net income attributable to the owners of the parent adjusted by dilution effect	**€ 1,000**	**235,698**	**183,910**
Diluted earnings per share	**€**	**2.48**	**1.94**

45. Employees
In 2017 CA Immo Group had an average of 337 white-collar workers (2016: 318) of whom on average 67 (2016: 65) were employed in Austria, 179 (2016: 165) in Germany, and 91 (2016: 88) in subsidiaries in Eastern Europe.

46. Costs for the auditors

The expenses presented in the table below refer to fees from Ernst & Young Wirtschaftsprüfungsgesellschaft.m.b.H. (in 2016 KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft).

€ 1,000	**2017**	**2016**
Auditing costs	343	384
Other review services	142	154
Other consultancy services	0	33
Total	**485**	**570**

In the consolidated income statement, the audit expenses, including review amount to € 1,331 K (2016: € 1,182 K). Out of this, the amount for Ernst & Young entities amounts to € 1,171 K (2016: € 1,142 K for KPMG entities).

In the course of the issue of the two corporate bonds in 2016, further € 203 K were paid for other review services to KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

47. Events after the close of the business year

In January 2018 the closing of the sale of the skyscraper Tower 185, which was held by a joint venture, as well as the closing of the sale of a subsidiary with a property in Austria took place.

On 28.2.2018 IMMOFINANZ AG, which is a 26% shareholder in CA Immo, an-nounced to further suspend detailed discussions over a possible merger between both companies for the time being and to evaluate other strategic options, among others, the possible sale of its CA Immo investment.

By the publication date in March 2018, further 197,983 shares had been acquired in course of the share buy-back programme.

On 22.3.2018 SOF-11 Starlight 10 EUR S.à r.l., Luxembourg, an affiliate of Starwood Capital Group ("Starwood"), made an announcement pursuant to Sec 5 para 3 Austrian Takeover Act ("ATA"), that it decided to launch a voluntary public takeover offer pursuant to article 4 et seq ATA to the shareholders of CA Immobilien Anlagen AG. The takeover offer to the shareholders of CA Immo is aimed at acquiring up to 25,690,167 bearer shares of CA Immo (ISIN AT0000641352) representing up to 26.00% of the overall issued bearer shares of CA Immo. The shareholders of CA Immo are offered an offer price of EUR 27.50 per CA Immo share on a cum dividend basis. The completion of the takeover offer for CA Immo will be subject to the following offer conditions: (i) merger control clearance; (ii) no material adverse change at CA Immo including but not limited to merger, spin-off or split; and (iii) no consent by CA Immo management to transfer the four registered shares.

These consolidated financial statements were prepared by the Management Board on the date below. The individual and consolidated financial statements for CA Immobilien Anlagen Aktiengesellschaft will be presented to the Supervisory Board on 26.3.2018 for approval.

Vienna, 26 March 2018

The Management Board

Frank Nickel	Andreas Quint	Dr. Hans Volckens
(Member of the Management Board)	(Chairman)	(Member of the Management Board)

ANNEX I TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following companies are included in the consolidated financial statements in addition to CA Immobilien Anlagen Aktiengesellschaft:

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method [1]	Foundation/ First time consolidation in 2017 [2]
CA Immo Holding B.V.	Amsterdam	51,200,000	EUR	100	FC	
Europolis Holding B.V.	Amsterdam	2	EUR	100	FC	
CA Immo d.o.o.	Belgrade	32,523,047	RSD	100	FC	
CA Immo Sava City d.o.o.	Belgrade	4,298,470,439	RSD	100	FC	
TM Immo d.o.o.	Belgrade	1,307,825,923	RSD	100	FC	
BA Business Center a.s.	Bratislava	7,503,200	EUR	100	FC	
Europolis D61 Logistics s.r.o.	Bratislava	1,375,000	EUR	100	FC	
CA Holding Szolgáltató Kft	Budapest	13,000,000	HUF	100	FC	
CA Immo Real Estate Management Hungary K.f.t.	Budapest	54,510,000	HUF	100	FC	
Canada Square Kft.	Budapest	12,510,000	HUF	100	FC	
COM PARK Ingatlanberuházási Kft	Budapest	3,040,000	HUF	100	FC	
Duna Business Hotel Ingatlanfejlesztö Kft.	Budapest	1,370,097	EUR	100	FC	
Duna Irodaház Kft.	Budapest	838,082	EUR	100	FC	
Duna Termál Hotel Kft.	Budapest	1,182,702	EUR	100	FC	
EUROPOLIS City Gate Ingatlanberuházási Kft	Budapest	13,010,000	HUF	100	FC	
Europolis Infopark Ingatlanüzemeltető Kft	Budapest	4,140,000	HUF	100	FC	TC
EUROPOLIS IPW Ingatlanberuházási Kft	Budapest	54,380,000	HUF	100	FC	
Europolis Park Airport Kft.	Budapest	19,900,000	HUF	100	FC	
Europolis Tárnok Ingatlanberuházási Kft	Budapest	5,400,000	HUF	100	FC	
Kapas Center Kft.	Budapest	772,560,000	HUF	100	FC	
Kilb Kft.	Budapest	30,000,000	HUF	100	FC	
Millennium Irodaház Kft.	Budapest	3,017,097	EUR	100	FC	
R 70 Invest Budapest Kft.	Budapest	5,270,000	HUF	100	FC	
Váci 76 Kft.	Budapest	3,100,000	HUF	100	FC	
CA Immo Real Estate Management Romania S.R.L.	Bucharest	989,570	RON	100	FC	
EUROPOLIS ORHIDEEA B.C. S.R.L.	Bucharest	91,394,530	RON	100	FC	
EUROPOLIS SEMA PARK S.R.L.	Bucharest	139,180,000	RON	100	FC	
INTERMED CONSULTING & MANAGEMENT S.R.L.	Bucharest	31,500,330	RON	100	FC	
Opera Center One S.R.L.	Bucharest	27,326,150	RON	100	FC	
Opera Center Two S.R.L.	Bucharest	7,310,400	RON	100	FC	
S.C. BBP Leasing S.R.L.	Bucharest	14,637,711	RON	100	FC	
TC Investments Arad S.R.L.	Bucharest	18,421,830	RON	100	FC	
VICTORIA INTERNATIONAL PROPERTY S.R.L.	Bucharest	216	RON	100	FC	

[1] FC full consolidation, AEJV at equity consolidation joint ventures, AEA at equity consolidation associated companies
[2] F foundation, A acquisition, TC transition consolidation

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method [1]	Foundation/ First time consolidation in 2017 [2]
Blitz F07-neunhundert-sechzig-acht GmbH	Frankfurt	25,000	EUR	100	FC	
Blitz F07-neunhundert-sechzig-neun GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Deutschland GmbH	Frankfurt	5,000,000	EUR	99.7	FC	
CA Immo Elf GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Fünfzehn Beteiligungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Fünfzehn GmbH & Co. KG	Frankfurt	25,000	EUR	100	FC	
CA Immo GB Eins GmbH & Co. KG	Frankfurt	25,000	EUR	94.9	FC	
CA Immo GB Eins Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Invest GmbH	Frankfurt	50,000	EUR	100	FC	
CA Immo Null Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Sechzehn Beteiligungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Sechzehn GmbH & Co. KG	Frankfurt	25,000	EUR	100	FC	
CA Immo Spreebogen Betriebs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Zehn GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Zwölf Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CM Komplementär F07-888 GmbH & Co. KG	Frankfurt	25,000	EUR	94.9	FC	
DRG Deutsche Realitäten GmbH	Frankfurt	500,000	EUR	49[3]	AEJV	
Pannonia Shopping Center Kft.	Györ	3,040,000	HUF	100	FC	
CAINE B.V.	Hoofddorp	18,151	EUR	100	FC	
TzoV "Europolis Logistics Park II"	Kiev	125,292,338	UAH	100	FC	
TzoV "Europolis Property Holding"	Kiev	208,035,484	UAH	100	FC	
TzoV"Corma Development"	Kiev	211,168,792	UAH	100	FC	
CA Immobilien Anlagen d.o.o.	Ljubljana	50,075	EUR	100	FC	
ALBERIQUE LIMITED	Limassol	1,100	EUR	100	FC	
BEDELLAN PROPERTIES LIMITED i.L.	Limassol	12,705	EUR	100	FC	
EPC KAPPA LIMITED i.L.	Limassol	12,439	EUR	100	FC	
EPC LAMBDA LIMITED i.L.	Limassol	458,451	EUR	100	FC	
EPC LEDUM LIMITED i.L.	Limassol	14,053	EUR	100	FC	
EPC OMIKRON LIMITED i.L.	Limassol	57,114	EUR	100	FC	

1) FC full consolidation, AEJV at equity consolidaton joint ventures, AEA at equity consolidaton associates companies
2) F foundation, A acquisition, TC transition consolidation
3) Common control

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method [1]	Foundation/ First time consolidation in 2017 [2]
EPC PI LIMITED i.L.	Limassol	2,310	EUR	100	FC	
EPC PLATINUM LIMITED i.L.	Limassol	2,864	EUR	100	FC	
EPC RHO LIMITED i.L.	Limassol	2,390	EUR	100	FC	
EPC THREE LIMITED i.L.	Limassol	2,491,634	EUR	100	FC	
EPC TWO LIMITED i.L.	Limassol	970,092	EUR	100	FC	
EUROPOLIS REAL ESTATE ASSET MANAGEMENT LIMITED	Limassol	2,500	EUR	100	FC	
OPRAH ENTERPRISES LIMITED i.L.	Limassol	3,411	EUR	100	FC	
HARILDO LIMITED	Nicosia	1,500	EUR	50	AEJV	
VESESTO LIMITED	Nicosia	1,700	EUR	50	AEJV	
4P - Immo. Praha s.r.o.	Prague	200,000	CZK	100	FC	
CA Immo Real Estate Management Czech Republic s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Alfa, s.r.o.	Prague	1,000,000	CZK	100	FC	TC
RCP Amazon, s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Beta, s.r.o.	Prague	73,804,000	CZK	100	FC	
RCP Delta, s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Gama, s.r.o.	Prague	96,931,000	CZK	100	FC	
RCP ISC, s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Zeta s.r.o	Prague	200,000	CZK	100	FC	
Megapark o.o.d.	Sofia	50,936,362	BGN	49.2 [3]	AEJV	
ZAO "Avielen A.G."	St. Petersburg	370,001,000	RUB	35	AEA	
CA Immo Bitwy Warszawskiej Sp. z o.o.	Warsaw	47,016,000	PLN	100	FC	
CA Immo Saski Crescent Sp. z o.o.	Warsaw	140,921,250	PLN	100	FC	
CA Immo Saski Point Sp. z o.o.	Warsaw	55,093,000	PLN	100	FC	
CA Immo Sienna Center Sp. z o.o.	Warsaw	116,912,640	PLN	100	FC	
CA Immo Real Estate Management Poland Sp. z o.o.	Warsaw	565,000	PLN	100	FC	
CA Immo Real Estate Management Poland Sp.z o. o. PI. Europejski 6 Spólka Komandytowo-Akcyjna	Warsaw	5,050,000	PLN	100	FC	A
CA Immo Warsaw Towers Sp. z o.o.	Warsaw	155,490,900	PLN	100	FC	
CA Immo Wspólna Sp. z o.o.	Warsaw	46,497,000	PLN	100	FC	

[1] FC full consolidation, AEJV at equity consolidation joint ventures, AEA at equity consolidation associated companies
[2] F foundation, A acquisition, TC transistion consolidation
[3] common control

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method [1]	Foundation/ First time consolidation in 2017 [2]
Camari Investments Sp.z o.o.	Warsaw	10,000	PLN	50	AEJV	
Camari Investments Sp.z.o.o. WFC S.K.A.	Warsaw	51,000	PLN	50	AEJV	
EUROPOLIS PARK BŁONIE Sp.z o.o.	Warsaw	1,104,334	PLN	100	FC	
Poleczki Business Park Sp.z.o.o. in Liqu.	Warsaw	5,000	PLN	50	AEJV	
SOFTWARE PARK KRAKÓW Sp.z o.o.	Warsaw	50,000	PLN	50	AEJV	
Avielen Beteiligungs GmbH	Vienna	35,000	EUR	100	FC	
Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OG	Vienna	4,135,427	EUR	100	FC	
BIL-S Superädifikatsverwaltungs GmbH	Vienna	70,000	EUR	100	FC	
CA Immo BIP Liegenschaftsverwaltung GmbH	Vienna	3,738,127	EUR	100	FC	
CA Immo Galleria Liegenschaftsverwaltung GmbH	Vienna	35,000	EUR	100	FC	
CA Immo Germany Holding GmbH	Vienna	35,000	EUR	100	FC	
CA Immo LP GmbH	Vienna	146,000	EUR	100	FC	
CA Immo International Holding GmbH	Vienna	35,000	EUR	100	FC	
CA Immo Rennweg 16 GmbH	Vienna	35,000	EUR	100	FC	
CA Immo-RI-Residential Property Holding GmbH	Vienna	35,000	EUR	100	FC	
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs KG	Vienna	154,818	EUR	100	FC	
EBL Nord 2 Immobilien GmbH	Vienna	35,000	EUR	50	AEJV	
EBL Nord 2 Immobilien Eins GmbH & Co KG	Vienna	10,000	EUR	50	AEJV	
EBL Nord 2 Immobilien Zwei GmbH & Co KG	Vienna	10,000	EUR	50	AEJV	
Erdberger Lände 26 Projekt GmbH	Vienna	35,000	EUR	100	FC	
EUROPOLIS CE Alpha Holding GmbH	Vienna	36,336	EUR	100	FC	
EUROPOLIS CE Rho Holding GmbH	Vienna	35,000	EUR	100	FC	
EUROPOLIS GmbH	Vienna	5,000,000	EUR	100	FC	
omniCon Baumanagement GmbH	Vienna	100,000	EUR	100	FC	
PHI Finanzbeteiligungs und Investment GmbH	Vienna	35,000	EUR	100	FC	
Europolis Zagrebtower d.o.o.	Zagreb	15,347,000	HRK	100	FC	

[1] FC full consolidation, AEJV at equity consolidation joint ventures, AEA at equity consolidation associated companies
[2] F foundation, A acquisition, TC transition consolidation

As at 31.12.2017, CA Immo Group held 99,7% of shares in CA Immo Deutschland GmbH, Frankfurt am Main (or simply Frankfurt). The following subsidiaries, shares in joint ventures and associated companies of CA Immo Deutschland GmbH, Frankfurt, are therefor also included in the consolidated financial statements:

Company	**Registered office**	**Nominal capital**	**Currency**	**Interest in %**	**Consolidation method** [1]	**Foundation/ First time consolidation in 2017** [2]
CA Immo 13 GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo 14 GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Bärenquellbrauerei GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Bärenquellbrauereri Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin DGSB Projekt GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin DGSB Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Europaplatz 01 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Europaplatz 01 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Europaplatz 03 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Europaplatz 03 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Hallesches Ufer GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 4 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 7 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 8 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 9 GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 9 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Lietzenburger Straße Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Mitte 01 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Mitte 01 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Mitte 02 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Mitte 02 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Schöneberger Ufer Beteiligungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Schöneberger Ufer GmbH & Co. KG	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Schöneberger Ufer Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Stadthafenquartier Europacity Berlin GmbH & Co. KG	Frankfurt	5,000	EUR	50	AEJV	
CA Immo Berlin Stadthafenquartier Europacity Berlin Verwaltungs GmbH	Frankfurt	25,000	EUR	50	AEJV	
CA Immo Düsseldorf BelsenPark MK 2.1 Projekt GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Düsseldorf BelsenPark MK 3 Projekt GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Düsseldorf BelsenPark Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	

[1] FC full consolidation, AEJV at equity consolidation joint ventures, AEA at equity consolidation associated companies
[2] F foundation, A acquisition, TC transition consolidation

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method [1]	Foundation/ First time consolidation in 2017 [2]
CA Immo Frankfurt Alpha Beteiligungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt Bauphase I Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt Karlsruher Straße GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Frankfurt Karlsruher Straße Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt Nord 4 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Frankfurt Nord 4 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo ONE Betriebs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt ONE GmbH	Frankfurt	5,000	EUR	100	FC	
CA Immo München MI 1 - Arnulfpark Grundstücksverwertungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo München MK 6 - Arnulfpark Grundstücksverwertungs GmbH	Frankfurt	25,000	EUR	100	FC	
omniCon Gesellschaft für innovatives Bauen mbH	Frankfurt	100,000	EUR	100	FC	
Baumkirchen Mitte MK GmbH & Co. KG	Grünwald	10,000	EUR	100	FC	TC
Baumkirchen Mitte WA 1 GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen Mitte WA 2 GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen Mitte WA 3 GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen MK Verwaltungs GmbH	Grünwald	25,000	EUR	100	FC	TC
Baumkirchen WA 1 Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	
Baumkirchen WA 2 Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	
Baumkirchen WA 3 Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	
CA Immo Bayern Betriebs GmbH	Grünwald	25,000	EUR	100	FC	
CA Immo München Ambigon Nymphenburg GmbH & Co. KG	Grünwald	5,000	EUR	100	FC	
CA Immo München Ambigon Nymphenburg Verwaltungs GmbH	Grünwald	25,000	EUR	100	FC	
CA Immo München Nymphenburg GmbH & Co. KG	Grünwald	5,000	EUR	100	FC	
CA Immo München Nymphenburg Verwaltungs GmbH	Grünwald	25,000	EUR	100	FC	
CA Immo Projektentwicklung Bayern Verwaltungs GmbH	Grünwald	25,565	EUR	100	FC	
CA Immo Projektentwicklung Bayern GmbH & Co. KG	Grünwald	255,646	EUR	100	FC	
CAMG Zollhafen HI IV V GmbH & Co. KG	Grünwald	105,000	EUR	50[3]	AEJV	
CAMG Zollhafen HI IV V Verwaltungs GmbH	Grünwald	25,000	EUR	50[3]	AEJV	
CPW Immobilien GmbH & Co. KG	Grünwald	5,000	EUR	33.3[3]	AEJV	
CPW Immobilien Verwaltungs GmbH	Grünwald	25,000	EUR	33.3[3]	AEJV	
Eggarten Projektentwicklung GmbH & Co. KG	Grünwald	16,000	EUR	50	AEJV	
Eggarten Projektentwicklung Verwaltung GmbH	Grünwald	25,000	EUR	50	AEJV	
Kontorhaus Arnulfpark Betriebs GmbH	Grünwald	25,000	EUR	100	FC	F
Kontorhaus Arnulfpark GmbH & Co. KG	Grünwald	100,000	EUR	99.9	FC	
Kontorhaus Arnulfpark Verwaltungs GmbH	Grünwald	25,000	EUR	100	FC	
SKYGARDEN Arnulfpark GmbH & Co. KG	Grünwald	100,000	EUR	100	FC	
SKYGARDEN Arnulfpark Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	

[1] FC full consolidation, AEJV at equity consolidation joint ventures, AEA at equity consolidation associated companies
[2] F foundation, A acquisition, TC transition consolidation
[3] common control

Company	**Registered office**	**Nominal capital**	**Currency**	**Interest in %**	**Consolidation method** [1]	**Foundation/ First time consolidation in 2017** [2]
Tower 185 Betriebs GmbH	Grünwald	25,000	EUR	33.3[3]	AEJV	
Congress Centrum Skyline Plaza Beteiligung GmbH	Hamburg	33,000	EUR	50	AEJV	
Congress Centrum Skyline Plaza GmbH & Co. KG	Hamburg	25,000	EUR	50	AEJV	
Congress Centrum Skyline Plaza Verwaltung GmbH	Hamburg	25,000	EUR	50	AEJV	
REC Frankfurt Objektverwaltungsgesel. mbH i.L.	Hamburg	25,000	EUR	50	AEJV	
CA Immo Mainz Hafenspitze GmbH	Mainz	25,000	EUR	100	FC	
CA Immo Mainz Reihnallee III GmbH&Co KG	Mainz	5,000	EUR	100	FC	
CA Immo Mainz Reihnallee III Verwaltungs GmbH	Mainz	25,000	EUR	100	FC	
Mainzer Hafen GmbH	Mainz	25,000	EUR	50	AEJV	
Marina Zollhafen GmbH	Mainz	25,000	EUR	37.5[3]	AEJV	F
Zollhafen Mainz GmbH & Co. KG	Mainz	1,200,000	EUR	50.1[3]	AEJV	
SEG Kontorhaus Arnulfpark Beteiligungsgesellschaft mbH	Munich	25,000	EUR	99	FC	
Skyline Plaza Generalübernehmer GmbH & Co. KG	Oststeinbek	25,000	EUR	50	AEJV	
Skyline Plaza Generalübernehmer Verwaltung GmbH	Oststeinbek	25,000	EUR	50	AEJV	
Boulevard Süd 4 Verwaltungs-GmbH	Ulm	25,000	EUR	50	AEJV	
Boulevard Süd 4 GmbH & Co. KG	Ulm	200,000	EUR	50	AEJV	

[1] FC full consolidation, AEJV at equity consolidation joint ventures, AEA at equity consolidation associated companies
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[3] common control

DECLARATION OF THE MANAGEMENT BOARD PURSUANT TO SECTION 124 OF THE AUSTRIAN STOCK EXCHANGE ACT

The management board confirms to the best of their knowledge that the consolidated financial statements of CA Immobilien Anlagen Aktiengesellschaft, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, give a true and fair view of the consolidated financial position of CA Immo Group and its consolidated financial performance and of its consolidated cash flows and that the group management report gives a true and fair view of the business development, the financial performance, and financial position of the Group, together with a description of the principal risks and uncertainties the CA Immo Group faces.

Vienna, 26 March 2018

The Management Board

Frank Nickel (Member of the Management Board)	Andreas Quint (Chairman)	Hans Volckens (Member of the Management Board)

AUDITOR'S REPORT

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

CA Immobilien Anlagen Aktiengesellschaft, Vienna,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2017 and its financial performance for the year then ended in accordance with the International Financial Reportings Standards (IFRS) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The consolidated financial statements of CA Immobilien Anlagen Aktiengesellschaft as of December 31, 2016 were audited by another auditor, who expressed an unmodified opinion on those statements on March 20, 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters that we identified:

Titel
Valuation of Investment Property

Risk
CA Immobilien Anlagen Aktiengesellschaft reports investment properties in the amount of TEUR 3.155.677 and investment properties under development in the amount of TEUR 579.274 in its consolidated financial statements as of December 31, 2017. The consolidated financial statements as of December 31, 2017 also include a result from revaluation amounting to TEUR 104.023.

Investment properties are measured at fair value based on valuation reports from external, independent valuation experts.

The valuation of investment properties is subject to material assumptions and estimates. The material risk for every individual property exists when determining assumptions and estimates such as the discount-/capitalization rate and rental income and for investment properties under development the construction and development costs to completion and the developer's profit. A minor change in these assumptions and estimates can have a material impact on the valuation of investment properties.

The respective disclosures relating to significant judgements, assumptions and estimates are shown in Section "3 b) – Property valuation" in the consolidated financial statements.

Consideration in the audit
To address this risk, we have critically assessed the assumptions and estimates made by management and the external, independent valuation experts and performed, among others, the following audit procedures with involvement of our internal property valuation experts:

– Assessment of concept and design of the underlying property valuation process

– Assessment of the competence and independence of the external valuation experts engaged by management

– Assessment of the applied methods and the mathematical accuracy of selected valuation reports as well as assessment of the plausibility of the underlying assumptions (eg. Rental income, discount-/capitalization rate, usable space, vacancy rate) by means of comparison with market data if available

– Check of certain input-data as included in the valuation reports with data in the accounting system or underlying agreements

– Inquiry of project-management for selected properties under development regarding reasons for deviations between plan and actual costs and current estimation of cost to completion; check of actual costs for those projects through review of project-documentation and vouching on a sample basis as well as evaluation of the derived percentage of completion

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Ac-counting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and the auditor’s report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit -

the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Additional information in accordance with article 10 EU regulation

We were elected as auditor by the ordinary general meeting at May 11, 2017. We were appointed by the Supervisory Board on November 2, 2017. We are auditors since the financial year 2017.

We confirm that the audit opinion in the Section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner is Alexander Wlasto, Certified Public Accountant.

Vienna, March 26, 2018

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Alexander Wlasto mp

Wirtschaftsprüfer / Certified Public Accountant

Mag. (FH) Isabelle Vollmer mp

Wirtschaftsprüferin / Certified Public Accountant

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

Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

FINANCIAL STATEMENTS AND MANAGEMENT REPORT

CONTENT

FINANCIAL STATEMENTS AND MANAGEMENT REPORT

ANNEX 1:

ANNEX 2:

BALANCE SHEET AS AT 31.12.2017

Assets

	31.12.2017	31.12.2016
	€	€ 1,000
A. Fixed assets		
I. Intangible fixed assets		
EDV software	292,350.60	591
	292,350.60	**591**
II. Tangible fixed assets		
1. Land and buildings	208,460,218.89	215,735
of which land value: € 40,645,606.28; 31.12.2016: € 38,467 K		
2. Other assets, office furniture and equipment	687,711.66	721
3. Prepayments made and construction in progress	16,614,983.77	1,941
	225,762,914.32	**218,397**
III. Financial assets		
1. Investments in affiliated companies	2,534,274,870.79	2,264,459
2. Loans to affiliated companies	494,344,702.39	262,048
3. Investments in associated companies	280,685.19	281
4. Loans to associated companies	850,000.00	850
5. Derivative financial instruments	0.00	17
6. Other loans	4,920,383.64	3,248
	3,034,670,642.01	**2,530,903**
	3,260,725,906.93	**2,749,891**
B. Current assets		
I. Receivables		
1. Trade receivables	52,797.13	18
2. Receivables from affiliated companies	40,306,515.32	26,637
3. Receivables from associated companies	103,689.24	64
4. Other receivables	10,400,515.17	127
	50,863,516.86	**26,846**
II. Cash and cash equivalents	**145,797,555.21**	**85,901**
	196,661,072.07	**112,747**
C. Deferred charges	**2,638,787.97**	**1,602**
	3,460,025,766.97	**2,864,240**

Liabilities and shareholders' equity

		31.12.2017	31.12.2016
		€	€ 1,000
A.	**Shareholders' equity**		
I.	Share capital		
	Share capital drawn	718,336,602.72	718,337
	Treasury shares	– 40,581,532.58	– 39,282
		677,755,070.14	**679,055**
II.	Tied capital reserves	854,841,594.68	854,842
III.	Tied reserves for treasury shares	40,581,532.58	39,282
IV.	Net profit	840,429,411.66	618,112
	of which profit carried forward: € 557,421,658.27; 31.12.2016: € 400,163 K		
		2,413,607,609.06	**2,191,291**
B.	**Grants from public funds**	**316,519.33**	**326**
C.	**Provisions**		
1.	Provision for severance payment	240,345.00	179
2.	Tax provisions	1,956,000.00	111
3.	Provision for deferred taxes	475,256.18	915
4.	Other provisions	15,929,153.35	10,837
		18,600,754.53	**12,042**
D.	**Liabilities**		
1.	Bonds	840,000,000.00	465,000
	of which convertible: € 200,000,000.00; 31.12.2016: € 0 K		
	thereof with a residual term of more than one year: € 840,000,000.00; 31.12.2016: € 465,000 K		
2.	Liabilities to banks	98,822,212.85	90,151
	thereof with a residual term of up to one year: € 1,847,540.59; 31.12.2016: € 44,120 K		
	thereof with a residual term of more than one year: € 96,974,672.26; 31.12.2016: € 46,031 K		
3.	Trade payables	1,876,129.25	1,228
	thereof with a residual term of up to one year: € 1,710,947.25; 31.12.2015: € 1,092 K		
	thereof with a residual term of more than one year: € 165,182.00; 31.12.2016: € 136 K		
4.	Payables to affiliated companies	71,714,976.70	91,144
	thereof with a residual term of up to one year: € 71,714,976.70; 31.12.2016: € 91,144 K		
5.	Other liabilities	12,619,533.85	10,434
	of which from taxes: € 0.00; 31.12.2016: € 204 K		
	of which social security related : € 127,319.64; 31.12.2016: € 119 K		
	thereof with a residual term of up to one year: € 12,619,533.85; 31.12.2016: € 10,434 K		
		1,025,032,852.65	**657,957**
	thereof with a residual term of up to one year: € 87,892,998.39; 31.12.2016: € 146,790 K		
	thereof with a residual term of more than one year: € 937,139,854.26; 31.12.2016: € 511,167 K		
E.	**Deferred income**	**2,468,031.40**	**2,624**
		3,460,025,766.97	**2,864,240**

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2017

		2017		2016
	€	€	€ 1,000	€ 1,000
1. Gross revenues		**32,170,793.71**		**31,088**
2. Other operating income				
a) Income from the sale and reversal of impairment losses of fixed assets except of financial assets	13,501,758.09		31,482	
b) Income from the reversal of provisions	456,967.43		151	
c) Other income	336,861.82	**14,295,587.34**	2,993	**34,626**
3. Staff expense				
a) Salaries	– 9,658,291.60		– 7,823	
b) Social expenses	– 2,166,480.51	**– 11,824,772.11**	– 4,454	**– 12,277**
thereof expenses in connection with pensions: € 168,546.80; 31.12.2016: € 267 K				
thereof expenses for severance payments and payments into staff welfare funds: € 185,598.45; 2016: € 2,455 K				
thereof payments relating to statutory social security contributions as well as payments dependent on remuneration and compulsory contributions: € 1,677,370.65; 2016: € 1,634 K				
4. Depreciation on intangible fixed assets and tangible fixed assets		**– 13,890,035.75**		**– 7,072**
of which unscheduled depreciation in accordance with § 204 para. 2 Commercial Code: € 7,193,866.22; 2016: € 0 K				
5. Other operating expenses				
a) Taxes	– 464,067.31		– 411	
b) Other expenses	– 18,430,405.38	**– 18,894,472.69**	– 20,553	**– 20,964**
6. Subtotal from lines 1 to 5 (operating result)		**1,857,100.50**		**25,401**
7. Income from investments		**75,963,852.76**		**87,773**
of which from affiliated companies: € 75,902,628.41; 2016: € 87,637 K				
8. Income from loans from financial assets		**13,543,655.31**		**14,548**
of which from affiliated companies: € 12,937,769.95; 2016: € 13,765 K				
9. Other interest and similar income		**139,198.30**		**598**
10. Income from the disposal and revaluation of financial assets and securities of current assets		**216,402,063.78**		**166,975**
11. Expenses for financial assets and interest receivables in current assets, thereof		**– 4,236,146.65**		**– 6,595**
a) Impairment: € 2,911,004.91; 2016: € 3,898 K				
b) Bad debt allowance of interest receivables € 1,321,555.06; 2016: € 2,682 K				
c) Expenses from affiliated companies: € 2,796,512.20; 2016: € 2,341 K				
12. Interest and similar expenses		**– 20,776,179.94**		**– 20,551**
of which relating to affiliated companies: € 1,694,936.85; 2016: € 522 K				
13. Subtotal from lines 7 to 12 (financial result)		**281,036,443.56**		**242,748**
14. Result before taxes		**282,893,544.06**		**268,149**
15. Taxes on income		**4,139,538.39**		**5,379**
thereof deferred taxes: income € 439,185.16; expense 2016: € 36 K				
16. Net profit for the year		**287,033,082.45**		**273,528**
17. Allocation to treasury share reserve		**– 4,025,329.06**		**– 55,579**
18. Profit carried forward from the previous year		**557,421,658.27**		**400,163**
19. Net profit		**840,429,411.66**		**618,112**

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2017

ACCOUNTING AND VALUATION PRINCIPLES AND GENERAL INFORMATION

CA Immobilien Anlagen Aktiengesellschaft ("CA Immo AG") is classified as public interest entity according to section 189a Austrian Commercial Code (UGB) and as a large company according to section 221 Austrian Commercial Code (UGB).

The annual financial statements were prepared in accordance with Austrian Generally Accepted Accounting Principles in the current version and with the principles of proper accounting and general standards, to present a true and fair view of assets, financial situation and profit and loss. Furthermore, going concern principle, prudence and completeness as well as individual valuation of assets and liabilities were taken into account in the preparation of financial statements.

For profit and loss, classification by nature was used.

1. Fixed assets

Intangible and tangible fixed assets

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

		Years
	from	**to**
EDV software	3	4
Fit-outs	5	10
Buildings	33	50
Other assets, office furniture and equipment	2	20

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, while additions in the second half are subject to half of the annual depreciation.

Unscheduled depreciation is only carried out where it is anticipated that permanent value impairments will occur. Reversal of impairments recognised in prior periods are recorded if the fair value are 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 (swaption) 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 recorded if permanent impairment losses are expected to occur. A reversal of impairment losses recognised in prior periods is recorded if the fair value is considerably higher than the book value at the balance sheet date. The valuation is done by a simplified subsidiary valuation model based on the fair value of the respective property for IFRS purposes adjusted for other assets or liabilities of the subsidiary.

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 shareholders' resolutions.

Reversal of short-term assets impairments, respectively the allowance releases are made when the underlying reasons for the decreases, respectively when the increases in allowances are no longer valid. In respect of interest receivables, relevant amounts for valuation are derived from IFRS equity of the respective entities.

3. Deferred charges and deferred income

Prepayments are recorded under deferred charges. Additionally, the accruals for directly attributable bond expenses are capitalised under this item and released over the redemption period, according to the principals of financial mathematics.

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

4. Grants from public funds

These grants will be released over the remaining useful life of the building.

5. Provisions

Provisions for severance payments amount to 202 % (31.12.2016: 186%) of the imputed statutory notional severance payment obligations at balance sheet date. The calculation is performed using the PUC method, which is recognised in international accounting, based on an interest rate of 0% and future salary increases (including inflation rate) of 4%. The period for build-up is until the retirement point in time, i.e. for a maximum of 25 years. The same parameters were applied for calculation of the provisions as in the previous year. Interest as well as effects from the change in interest rate were recorded in "personnel expenses".

Tax and other provisions are made on a prudent basis, in accordance with anticipated requirements. They take into account all identifiable risks and not yet finally assessed liabilities.

Provisions for deferred taxes are made up using the 25% rate of corporate income tax, according to Art 198 par 9 and 10 in Austrian Commercial Code, after balance sheet orientated concept and without discounting. Deferred taxes with a tax rate of 3% are also applied to differences in members of tax group, which themselves account for only 22% of group tax (instead of 25% corporate income tax). CA Immo AG records tax losses amounting to the maximum of netted deferred tax assets and deferred tax liabilities, taking into account 75% threshold. As the tax planning does not provide sufficient evidence of future taxable profits, as at 31.12.2017 it was not possible to exercise the option to activate losses carry forward.

6. Liabilities

Liabilities are stated at their amount to be paid.

7. 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 Immo AG. In business year 2017 the tax group comprised 14 Austrian group companies (2016: 15), in addition to the group head entity.

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 and the remaining profit of the group member taxed at rate of 22%, respectively a profit of the tax group taxed at up to 25%. Losses carried forward of a group member are retained. In case of termination of the tax group or the withdrawal of a tax group member, CA Immo AG, as group head entity, 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 would have potentially realized, 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 31.12.2017 the possible obligations against group companies resulting from a possible termination of the group, were estimated at € 27,326 K (31.12.2016: € 21,897 K). As at 31.12.2017 only group companies subject to liquidation or merger left the tax group, so no provision for termination settlement was made.

Tax expenses in profit and loss are reduced by tax compensation of tax group members.

8. 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

9. Explanatory notes on the balance sheet

a) Fixed assets

The breakdown and development of fixed assets can be seen in the assets analysis in Appendix 1.

Tangible assets

Additions to property and buildings and to prepayments made and construction in progress mainly relate to restauration of a garage, reconstruction for tenants in Erdberger Lände, as well as current investments. Disposals mainly relate to the sale of a property. As at the balance sheet date, the tangible assets comprise 4 properties (31.12.2016: 5 properties).

In the current year additions to advances and construction in progress include capitalized interest in the amount of € 28 K (2016: € 0 K). As at balance sheet date capitalized interest totally amount to € 28 K (31.12.2016: € 0 K).

In 2017 unscheduled depreciation on tangible assets amounting to € 7,194 K (2016: € 0 K) and reversals of impairment losses amounting to € 4,565 K (2016: € 14,234 K) were recorded.

Financial assets

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

Impairment losses on financial assets in the amount of € 2,911 K (2016: € 3,898 K) and reversals of impairment losses in the amount of € 216,396 K (2016: € 164,036 K) were recognized in 2017.

Book value of investments in affiliated companies amounts to € 2,534,275 K (31.12.2016: € 2,264,459 K). Current additions are mainly the result of various shareholder contributions. Disposals mainly relate to the liquidation of a subsidiary in Hungary and capital decreases.

The company is unlimited liable shareholder of Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OG, Vienna. In December 2017 the contract for sale of shares was concluded. Closing took place in January 2018.

Loans to affiliated companies are made up as follows:

€ 1,000	31.12.2017	31.12.2016
CA Immo Holding B.V., Amsterdam	102,815	45,904
4P - Immo. Praha s.r.o., Prague	47,589	0
RCP Amazon, s.r.o., Prague	38,638	18,852
Europolis Holding B.V., Amsterdam	35,520	50
Vaci 76 Kft, Budapest	34,776	4,537
INTERMED CONSULTING & MANAGEMENT S.R.L., Bucharest	34,200	0
CAINE B.V., Hoofddorp	31,493	47,373
CA Immo Invest GmbH, Frankfurt	28,000	37,000
BA Business Center s.r.o., Bratislava	28,000	29,700
EUROPOLIS ORHIDEEA B.C. S.R.L., Bucharest	26,424	13,424
Other up to € 20 m	86,890	65,208
	494,345	**262,048**

Loans to affiliated companies to the value of € 119,171 K (31.12.2016: € 119,511 K) have a remaining term of up to one year.

The item derivative financial instruments includes financial instruments, i.e. swaptions.

Other loans are made up as follows:

€ 1,000	31.12.2017	31.12.2016
ZAO Avielen AG	4,801	2,961
Other	119	287
	4,920	**3,248**

Other loans to the value of € 119 K (31.12.2016: € 287 K) have a remaining term of up to one year.

b) Current assets

All receivables – as in previous year – have a due date of less than one year. There is no exchangeable securitization issued in connection with receivables.

Trade receivables amounting to € 53 K (31.12.2016: € 18 K) include outstanding rent and reinvoiced operating costs.

Receivables from affiliated companies are made up as follows:

€ 1,000	31.12.2017	31.12.2016
Trade receivable (current reinvoicings to affiliated companies)	2,501	5,115
Receivables from interest	18,873	15,946
Receivables from dividend payments	13,211	0
Receivables from tax compensation	5,722	5,576
	40,307	**26,637**

Other receivables in the amount of € 10,401 K (31.12.2016: € 127 K) mainly include receivables from sales price for a property (as at 31.12.2016 interest, receivables from cost re-invoicing as well as receivables from tax authorities. In 2017 the change in allowances for receivables amounted to € 212 K (2016: € -924 K).

c) Deferred expenses

€ 1,000	31.12.2017	31.12.2016
Additional expenses bonds	2,336	1,522
Other	303	80
	2,639	**1,602**

d) Shareholders' equity

Share capital is equivalent to the fully paid in nominal capital of € 718,336,602.72 (31.12.2016: € 718,336.602.72). It is divided into 98,808,332 bearer shares and four registered shares of no par value. Out of nominal capital 5,582,054 treasury shares (31.12.2016: 5,403,519), each amounting to € 7.27, thus totaling € 40,581,532.58 (31.12.2016: € 39,282,129.13), were deducted from shareholders’ equity. The registered shares are held by GENA ELF Immobilienholding GmbH, a subsidiary of IMMOFINANZ AG, each granting the right to nominate one member to the Supervisory Board. The right to nominate members of Supervisory Board was partially executed.

At the end of November 2016, the company started a share buyback programme for up to 1,000,000 shares (around 1% of the current share capital of the company). The origin maximum limit of € 17.50 per share has been raised to € 24.20 per share as per end of August 2017. The repurchase value to be paid must be within the scope of the authorization resolution of the Annual General Meeting and may not be lower than a maximum of 30% below and not higher than 10% above the average unweighted closing price of the ten trading days on the Stock Exchange preceding the repurchase. As before, the repurchase will take place for each purpose permitted by the resolution of the Annual General Meeting and will end no later than 2.11.2018. In total, 178,735 shares were acquired under this program at a weighted average value including bank charges of around € 22.57 per share in 2017. As at 31.12.2017, CA Immobilien Anlagen AG held 5,582,054 treasury shares in total (5.6% of the voting shares).

In 2017 a dividend of € 0.65 (2016: € 0.50) for each entitled share, in total € 60,691 K (2016: € 47,904 K) was distributed to the shareholders.

The total net profit as at 31.12.2017 amounting to € 840,429 K (31.12.2016: € 618,112 K) is not subject to dividend payment constraints.

As at 31.12.2017 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 earmarked for the specified purpose of servicing convertible bonds.

In the third quarter 2017, CA Immo AG issued a non-subordinated unsecured convertible bond in amount of € 200 m and a term until April 2025 excluding subscription rights of the shareholders. The coupon payable semi-annually amounts to 0.75% p.a. and the initial conversion price has been set at € 30.5684 per share. This equals a conversion premium of 27.50% above the volume weighted average price (VWAP) of the CA Immo shares amounting to € 23.9752 on the launch date. The convertible bond was issued at 100% of its nominal value of € 100 K per bond and will be redeemed at 100% of the nominal value, if not previously repaid or converted. At company's choice, the redemption may be effected by provision of shares, cash or a combination of the latter two variants. The settlement of the transaction took place on 4.10.2017.

The declared revenues reserves are tied and will be increased up to the level the book value corresponds to the nominal value of the deducted amount of treasury shares from share capital.

€ 1,000	31.12.2017	31.12.2016
Other additional expenses for treasury shares	– 50,450	– 47,724
Nominal treasury shares in share capital	40,582	39,282
Reserves for other acquisition costs treasury shares	50,450	47,724
Tied revenue reserves for treasury shares	**40,582**	**39,282**

The requirement of the legal reserve up to 10% of the share capital is fulfilled. The changes in the revenues reserves are as follows:

€ 1,000	2017	2016
As at 1.1.	**39,282**	**14,540**
Deferred taxes recorded in shareholders' equity	0	– 879
Acquisition treasury shares total	– 4,025	– 54,700
Treasury shares due to decrease in share capital	1,300	24,742
Allocation to revenues reserves	4,025	55,579
As at 31.12.	**40,582**	**39,282**

e) Grants from public funds

The grants from public funds contain grants from city of Vienna for innovative constructions. A public grant amounting to € 320 K was given in previous years, for the rebuilding of section A of Erdberg building. Another grant of € 31 K was received for a photovoltaic facility in Handelskai.

f) Provisions

Provisions for severance payment amount to € 240 K (31.12.2016: € 179 K) and include severance payment entitlements of company employees and Management Board member.

Tax provisions in the amount of € 1,956 K (31.12.2016: € 111 K) mainly relate to provisions for corporate tax.

Provisions for deferred taxes comprise the offsetting of deferred tax assets and deferred tax liabilities and is based on the differences between tax and corporate value approaches for the following:

€ 1,000	31.12.2017	31.12.2016
Land and buildings	14,939	15,173
Partnership	– 1,659	2,160
Differences in tax group members (basis for 3 % tax rate)	3,604	6,940
Other assets, office furniture and equipment	– 18	– 52
Ancillary bond expenses	– 3,007	– 752
Bank loans ancillary expenses	– 1,186	– 878
Provisions for severance payments	– 198	– 141
Deferred income	– 1,700	– 1,711
Base for tax	**10,775**	**20,739**
Out of which resulted provision for deferred tax liabilities	1,901	3,657
less: offsetting with tax losses carried forward	– 1,426	– 2,743
As at 31.12.	**475**	**914**

As at 31.12.2017 CA Immo AG has tax losses carried forward in the amount of € 293,775 K (31.12.2016: € 315,945 K). Taxes for investment write off on outstanding amounts which have to be deferred over 7 years amount to € 35,732 K (31.12.2016: € 41,112 K) and they were fully impaired.

Movements in deferred tax liabilities are presented below:

	2017	2016
As at 1.1.	**914**	**956**
Changes affecting profit and loss	-439	-42
As at 31.12.	**475**	**914**

The other provisions are made up as follows:

€ 1,000	31.12.2017	31.12.2016
Real property tax and land transfer tax	4,154	2,740
Premiums	4,048	3,387
Construction services	3,216	1,440
Staff (vacation and overtime)	1,418	442
Derivative transactions	1,088	165
Legal, auditing and consultancy fees	955	1,764
Annual report and expert opinions	207	191
Commissions	61	0
Other	782	708
	15,929	**10,837**

In order to promote a high level of identification with the corporate goals, all employees are provided with variable remuneration in addition to their fixed salary and thus participation in the company's success. Based on the remuneration system of the Management Board, the attainment of the budgeted quantitative and qualitative annual targets as well as a positive consolidated result are required. For the management level, bonus payments are additionally linked to the achievement of individual annual operating targets. Furthermore, managerial staff have the opportunity to participate in a stock price-based compensation program. Diverging from the model for the Management Board (phantom shares), participation in the LTI program is voluntary. LTI is a revolving programme with a term (holding period) of three years per tranche; it presupposed a personal investment limited to 35% of the fixed annual salary. 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 critical factor is the value generated within the Group in terms of NAV growth, TSR (total shareholder return) and growth of FFO (funds from operations); weighting and respective target figures are set each year. 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 performance-related remuneration for the Management Board is structured into three components and consists of an annual bonus (short-term incentive), a multi-year bonus (mid-term incentive) and a long-term variable compensation (long-term incentive). The performance-related remuneration is 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 determined by the Remuneration Committee after being checked by the auditor. Half of performance-related remuneration takes the form of immediate payments (short term incentive); the remaining 50% is converted into phantom shares on the basis of the average rate for the last quarter of the business year relevant to target attainment. The payment of phantom shares is made in cash in three equal parts after 12 months, 24 months (mid term incentive) and 36 months (long term incentive) at the average rate for the last quarter of the year preceding 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

31.12.2017 € 1,000	Maturity up to 1 year	Maturity 1 - 5 years	Maturity more than 5 years	Total
Bonds	0	315,000	525,000	840,000
Liabilities to banks	1,847	17,956	79,019	98,822
Trade payables	1,711	165	0	1,876
Payables to affiliated companies	71,715	0	0	71,715
Other liabilities	12,620	0	0	12,620
Total	**87,893**	**333,121**	**604,019**	**1,025,033**

31.12.2016 € 1,000	Maturity up to 1 year	Maturity 1 - 5 years	Maturity more than 5 years	Total
Bonds	0	140,000	325,000	465,000
Liabilities to banks	44,120	2,610	43,421	90,151
Trade payables	1,092	136	0	1,228
Payables to affiliated companies	91,144	0	0	91,144
Other liabilities	10,434	0	0	10,434
Total	**146,790**	**142,746**	**368,421**	**657,957**

In bonds, also the convertible bond is included with its term. The bonds item for 31.12.2017 comprises the following liabilities:

	Nominal value € 1,000	Nominal interest rate	Issue	Repayment
Convertible bond 2017-2025	200,000	0.75%	4.10.2017	4.4.2025
Bond 2015-2022	175,000	2.75%	17.2.2015	17.2.2022
Bond 2016-2021	140,000	1.88%	12.7.2016	12.7.2021
Bond 2016-2023	150,000	2.75%	17.2.2016	17.2.2023
Bond 2017-2024	175,000	1.88%	22.2.2017	22.2.2024
	840,000			

Liabilities to banks comprise investment loans amounting to € 98,822 K (31.12.2016: € 90,151 K), which are mainly secured by filed claims to entry in the land register and by pledge of bank credits as well as rental receivables.

Trade payables item essentially comprises liabilities for construction services and liability guarantees as well as general administrative costs.

The liabilities shown under payables to affiliated companies relate to intra-group loans amounting to € 71,262 K (31.12.2016: € 90,352 K) and trade payables amounting to € 453 K (31.12.2016: € 792 K).

Other liabilities are essentially made up of accrued interest for bonds amounting to € 12,114 K (31.12.2016: € 8,961 K), unpaid liabilities to the property management company, liabilities arising from payroll-accounting and tax charge (31.12.2016: additionally, payables from the purchase of treasury shares amounting to € 888 K).

h) Deferred income

€ 1,000	31.12.2017	31.12.2016
Investment grants from tenants	1,700	1,711
Rent prepayments received	569	613
Revenues from guarantees	200	300
	2,468	**2,624**

i) Contingent liabilities

	Maximum amount as at 31.12.2017 € 1,000		Outstanding on reporting date 31.12.2017 € 1,000	Outstanding on reporting date 31.12.2016 € 1,000
Guarantees and letters of comfort in connection with sales by affiliated companies	266,845	€	26,855	144,745
Guarantees for loans granted to affiliated companies	673	€	673	61,314
Other guarantees in connection with affiliated companies	7,580	€	7,580	17,050
Guarantees for loans granted to other group companies	14,504	€	8,469	8,469
Guarantees in connection with sales by other group companies	9,743	€	0	2,830
Other guarantees	0	€	0	120
	299,345		**43,577**	**234,527**

Furthermore, the stakes of CA Immo AG in the following companies are pledged in favour of the lenders financing the subsidiaries:

Duna Terminal Hotel Kft., Budapest
Duna Irodahaz Kft, Budapest
Duna Business Hotel Kft., Budapest
Millenium Irodahaz Kft., Budapest

In connection with the disposals, marketable guarantees for coverage of possible warranty and liability claims exist and - where necessary - financial provisions were made.

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 € 693 K (31.12.2016: € 675 K) for the subsequent business year and € 3,278 K (31.12.2016: € 3,218 K) for the subsequent five business years.

Out of this, € 621 K (31.12.2016: € 611 K) is attributable to affiliated companies for the subsequent business year and € 3,107 K (31.12.2016: € 3,057 K) for the subsequent five business years. The above mentioned amounts refers to the Rennweg office/ Mechelgasse 1. The rental agreement was concluded for an unlimited period, whereas in the above only next five years were considered.

k) Details of derivative financial instruments – interest rate swaps

€ 1,000 Start	End	Nominal value 31.12.2017	Fixed interest rate as at 31.12.2017	Interest reference rate	Fair value 31.12.2017	thereof considered as provisions 31.12.2017
12/2016	12/2024	11,093	0.44%	3M-EURIBOR	– 27	– 27
6/2017	6/2027	11,628	0.79%	3M-EURIBOR	– 93	– 93
6/2017	6/2027	30,641	0.76%	3M-EURIBOR	– 229	– 229
8/2017	12/2029	30,200	1.12%	3M-EURIBOR	– 740	– 740
		83,562			**– 1,088**	**– 1,088**

€ 1,000 Start	End	Nominal value 31.12.2016	Fixed interest rate as at 31.12.2016	Interest reference rate	Fair value 31.12.2016	thereof considered as provisions 31.12.2016
12/2016	12/2024	11,745	0.44%	3M-EURIBOR	– 165	– 165
		11,745			**– 165**	**– 165**

The fair value corresponds to the value CA Immo AG would receive upon termination of contract at balance sheet date. The value is received from the financial institution, with which the contract was signed. The quoted value is a cash value. Future cash flows are from variable payments as well as discounting rates will be calculated based on generally accepted financial models. For the valuation, inter-bank middle rates are used. Specific bid/ ask rates as well as other termination expenses are not included in the valuation.

l) Details of derivative financial instruments – swaption

The fair value corresponds to the amount that CA Immo AG 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. The swaption held as at 31.12.2016 was terminated upon expiry and was not executed.

€ 1,000		Nominal value	Fixed interest rate as at	Interest reference rate	Fair value	Book value
Start	End	31.12.2016	31.12.2016		31.12.2016	31.12.2016
11/2015	11/2017	10,000	1.25%	6M-EURIBOR	8	8
11/2015	11/2017	10,000	1.25%	6M-EURIBOR	9	9
		20,000			**17**	**17**

10. Explanatory notes on the income statement

Gross revenues

The gross revenues are made up as follows:

By type

€ 1,000	2017	2016
Rental income for real estate	15,408	15,439
Operating costs passed on to tenants	4,422	4,536
Income from management services	12,151	10,891
Other revenues	190	222
	32,171	**31,088**

By region

€ 1,000	2017	2016
Austria	21,674	21,949
Germany	4,197	2,441
Eastern Europe	6,300	6,698
	32,171	**31,088**

Other operating income

Revenues from sale and increase in value of tangible assets, except for financial assets

€ 1,000	2017	2016
Write-ups current year	4,565	2,341
Write-ups for previous year due to RÄG 2014	0	11,893
Write-ups tangible assets	**4,565**	**14,234**
Revenues from assets disposals	10,147	29,093
Book value disposed	– 1,139	– 11,734
Other expenses	– 71	– 111
Profit from sale of tangible assets	**8,937**	**17,248**
	13,502	**31,482**

The revenues from release of provisions mainly refers to provisions for maintenance and consultancy expenses.

Other operating income of € 337 K (2016: € 2,993 K) results from expenses reinvoicings, insurance revenues and the release of the deferrals for government grants.

Staff expense

This item, totalling € 11,825 K (2016: € 12,277 K), includes expenses for the 65 staff members (2016: 59) employed by the company on average.

The expenses for retirement benefits are as follows:

€ 1,000	2017	2016
Pension fund contributions for Management Board members and senior executives	114	219
Pension fund contributions for other employees	55	48
	169	**267**

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

€ 1,000	2017	2016
Change of provision for severance payments to Management Board members and senior executives	54	– 105
Allocation to provision for severance payments to other employees	7	11
Severance payments to Management Board members and senior executives	0	2,441
Pension fund contributions for Management Board members and senior executives	71	76
Pension fund contributions for other employees	54	32
	186	**2,455**

Depreciation

€ 1,000	2017	2016
Depreciation of intangible fixed assets	365	378
Scheduled depreciation of buildings	6,102	6,379
Unscheduled depreciation of real estate	7,194	0
Depreciation of other assets, office furniture and equipment	220	300
Low-value assets	9	15
	13,890	**7,072**

Other operating expenses

Where they do not fall under taxes on income, the taxes in the amount of € 464 K (2016: € 411 K) mainly comprise the real estate charges passed on to tenants in the amount of € 210 K (2016: € 224 K) and the non-deductible input VAT € 254 K (2016: € 183 K).

Other expenses are made up as follows:

€ 1,000	2017	2016
Other expenses directly related to properties		
Operating costs passed on to tenants	4,204	4,315
Maintenance costs	2,266	2,033
Own operating costs (vacancy costs)	395	617
Administration and agency fees	40	36
Other	397	354
Subtotal	**7,302**	**7,355**
General administrative costs		
Bond issue related expenses	2,964	959
Legal, auditing and consultancy fees	2,663	4,142
Advertising and representation expenses	1,050	726
Administrative and management costs	842	1,059
Other fees and bank charges	720	413
Office rent including operating costs	630	621
Travel expenses	597	543
Supervisory Board remuneration	408	436
Costs charged to group companies	162	2,600
Claims and reserves for bad debts of other receivables	4	342
Other	1,088	1,357
Subtotal	**11,128**	**13,198**
Total other operating expenses	**18,430**	**20,553**

Income from investments

This item comprises dividends paid from companies in Austria in the amount of € 73,211 K (2016: € 86,000 K) and as well as companies in Germany and Eastern Europe in the amount of € 2,753 K (2016: € 1,772 K).

Income from loans from financial investments

This item comprises interest income from loans.

Other interest and similar income

The interest income mainly refers to revaluation of derivative financial instruments.

Income from the sale and revaluation of financial assets and securities from current assets

€ 1,000	2017	2016
Release of impairment due to increase in value	216,396	164,036
Sale of financial assets	6	1,153
Repayment of loans above book value	0	1,436
Sale of securities from current assets	0	350
	216,402	**166,975**

Expenses for financial assets and short-term interest receivables

€ 1,000	2017	2016
Depreciation of financial assets	2,911	3,898
Bad debt allowance for interest receivables	1,321	2,681
Loss from disposal of investments in affiliated companies	4	16
	4,236	**6,595**

Interest and similar expenses

€ 1,000	2017	2016
Interest costs for bonds	14,715	17,052
Interest for bank liabilities for the financing of real estate assets	2,438	2,693
Interest costs in respect of affiliated companies	1,695	522
Expenses for derivative transactions	1,566	165
Other	362	119
	20,776	**20,551**

Taxes on income

€ 1,000	2017	2016
Tax compensation tax group members	5,739	5,565
Corporate income tax	– 2,000	– 152
Deferred taxes	439	– 36
Other	– 38	2
Tax revenues	**4,140**	**5,379**

OTHER INFORMATION

11. Affiliated companies

CA Immobilien Anlagen AG, Vienna, is the main parent company of CA Immo 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.

12. Executive bodies and employees

Supervisory Board

Elected by the General Meeting:
Torsten Hollstein, Chairman
Dr. Florian Koschat, Deputy Chairman
Prof. Dr. Sven Bienert (since 11.5.2017; initially delegated via registered share (since 1.12.2016))
Dipl.-BW Gabriele Düker (since 11.5.2017)
Richard Gregson
Univ.-Prof. Dr. Klaus Hirschler (since 11.5.2017; initially delegated via registered share (since 1.12.2016))
John Nacos
Michael Stanton

Delegated by registered share:
Dr. Oliver Schumy
Stefan Schönauer

Delegated by works council:
Sebastian Obermair
Georg Edinger, BA, REAM (IREBS)
Nicole Kubista
Franz Reitermayer

As at balance sheet date the Supervisory Board of CA Immo consists of eight members elected by the General Meeting as well as two members delegated by registered shares and four members delegated by the works council.

In business year 2017, fixed salaries for business year 2016 of approximately € 368 K (previous year: € 306 K; figure includes total attendance fees of € 93 K against € 85 K in the previous year) were paid to members of the Supervisory Board.

Moreover, expenditure of € 660 K (2016: € 242 K) was reported in connection with the Supervisory Board in business year 2017. Of this amount, cash outlays for travel expenses accounted for approximately € 35 K (2016: € 47 K), legal and other consultancy services for the Supervisory Board accounted for € 620 K (2016: € 194 K) (including € 595 K for the CEO succession process) and other expenditure (including training costs) accounted for € 5 K (2016: € 1 K). No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members.

Total Supervisory Board remuneration of € 375 K for business year 2017 will be proposed to the Ordinary General Meeting on the basis of the same criteria (fixed annual payment of € 25 K per Supervisory Board member plus attendance fee of € 1,000 per meeting day). A provision of the same amount was formed as at 31.12.2017.

All business transactions conducted between the company and members of the Supervisory Board which oblige such members to perform services for the CA Immo Group outside of their Supervisory Board activities in return for remuneration of a not inconsiderable value must conform to industry standards and be approved by the Supervisory Board. The same applies to contracts with companies in which a Supervisory Board member has a significant business interest. This applies to a deed of donation concluded between CA Immo and the IRE|BS Universitätsstiftung für Immobilienwirtschaft on 16.9.2014 and extended early in 2018, whereby the foundation receives an annual ringfenced amount of € 25 K from CA Immo, 50% of which is made freely available to Professor Sven Bienert for teaching and research activity at the IRE|BS International Real Estate Business School. No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members. No loans or advances were granted.

O1 Group Limited/O1 Group

From 20.2.2015 until its disposal to IMMOFINANZ AG on 2.8.2016 (closing date), O1 Group Limited directly or indirectly held 25,690,163 bearer shares and four registered shares of CA Immo AG.

IMMOFINANZ AG

Since 2.8.2016, IMMOFINANZ Group holds 25,690,163 bearer shares as well as four registered shares of CA Immo AG representing with approximately 26% of the capital stock the largest single shareholder. As at 19.5.2017, IMMOFINANZ AG transferred its 25,690,163 bearer shares as well as its four registered shares in CA Immobilien Anlagen AG to its 100% owned subsidiary GENA ELF Immobilienholding GmbH.

Between IMMOFINANZ Group and CA Immo Group there is a reciprocal shareholding. The CA Immo Group holds 54,805,566 bearer shares of IMMOFINANZ AG (equivalent to approximately 4.9% of the capital stock of IMMOFINANZ AG).

Last year, CA Immo AG and IMMOFINANZ AG agreed to enter into constructive dialogue concerning a potential amalgamation of the two companies. The precondition stipulated by IMMOFINANZ AG of the sale of the Russian portfolio was met in December 2017. IMMOFINANZ AG had asked for the timetable of the potential merger talks to be adjusted thereafter. Afterwards IMMOFINANZ AG announced to further suspend detailed discussions over a possible merger between both companies for the time being and to evaluate other strategic options, among others, the possible sale of its CA Immo AG investment.

Management Board

Andreas Quint (since 1.1.2018)
Frank Nickel (until 31.3.2018)
Dr. Hans Volckens

Total salary payments to Frank Nickel and Dr. Hans Volckens, the Management Board members active in business year 2017 amounted to € 1,526 K (€ 1,346 K in 2016). Total expenditure on fixed salary components was € 1,050 K (€ 1,037 K in 2016). Fixed salaries amounted to € 750 K (€ 718 K in 2016). The proportion of fixed remuneration components in overall remuneration stood at 69%, taking account of variable salary components paid in 2017. Salary-based deductions accounted for € 136 K (€ 126 K in 2016).

Target attainment was 100% in business year 2016. This resulted in bonus entitlement of € 931 K (previous year: € 0 K), of which € 466 K was payable on confirmation of target attainment (short term incentive). Dr. Hans Volckens also received a special bonus of € 10 K (previous year: € 0 K), which was also paid without delay. In addition, € 106 K was paid to Florian Nowotny in 2016 in connection with the LTI tranche for 2013-2015. The remaining 50% of the bonus entitlement for business year 2016 (€ 466 K; € 0 K in the previous year) was based on the average rate for the final quarter of 2016 (€ 16.76 per share) with a total of 27,782 phantom shares. Of this total, Frank Nickel had 23,866 shares and Dr. Hans Volckens had 3,916 shares. Payment of the first tranche from these phantom shares in 2018 will be based on the average rate for the final quarter of 2017 (€ 24.82 per share). Owing to his early resignation, Frank Nickel will receive all bonuses for business years 2016 and 2017 by the end of May 2018 at the latest. As at 31 December 2017, provisions totalling € 2,191 K (including incidental charges; € 932 K on 31.12.2016) had been formed in connection with the variable remuneration system for the tranches beginning in 2016 and 2017. As at 31 December 2017, a sign-on bonus of € 300 K for Andreas Quint (to compensate for unpaid bonus payments from his former employer owing to early resignation) was also taken into consideration.

During business year 2017, contributions to pension funds for Management Board members (defined contribution plan) totalled € 41 K (€ 124 K in 2016). As at the balance sheet date 31.12.2017, severance payment provisions (defined benefit plan) for Management Board members totalled € 138 K (€ 84 K on 31.12.2016). Payments have been made to former members of the Management Board as follows: Following early termination of his Management Board contact, Florian Nowotny received a severance payment of € 2,441 K in business year 2016. An additional € 150 K was due on 31.3.2017, with the amount reflected in the financial statements for 31.12.2016. The salary-based deductions for this severance payment amounted to € 169 K in 2016; no salary-based deductions accrued in 2017. There were no other payment obligations to former Management Board members. By contrast, € 193 K from maturity of the LTI tranche for 2013-2015 was paid to former Management Board members in 2016. No loans or advances were granted to Management Board members.

As at 31.12.2017, provisions totalling € 1,714 K (including incidental charges; € 1,235 K on 31.12.2016) had been formed in connection with the LTI programme for the tranches beginning in 2015, 2016 and 2017; of this, former Management Board members accounted for € 47 K (€ 143 K in 2016).

PAYMENTS TO THE MANAGEMENT BOARD[1)]

	Frank Nickel[2)]		Dr. Hans Volckens[3)]		Florian Nowotny[4)]		Total[5)]	
€ 1,000	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Fixed salary	400	400	350	88	0	230	750	718
Salary-based deductions	81	56	56	13	0	57	136	126
Remuneration in kind, company car, etc	80	45	34	1	0	4	114	51
Expense allowances	2	13	6	4	0	2	8	18
Contributions to pension funds (non-cash)	41	41	0	0	0	83	41	124
Total fixed salary components	**604**	**555**	**446**	**106**	**0**	**377**	**1,050**	**1,037**
Total fixed salaries as %	*60%*	*100%*	*85%*	*100%*	*0%*	*55%*	*69%*	*77%*
Short-term incentive	400	0	76	0	0	203	476	203
LTI programme (until 2015)	0	0	0	0	0	106	0	106
Total variable payments	**400**	**0**	**76**	**0**	**0**	**309**	**476**	**309**
Total variable payments as %	*40%*	*0%*	*15%*	*0%*	*0%*	*45%*	*31%*	*23%*
Total salary payments	**1,004**	**555**	**522**	**106**	**0**	**686**	**1,526**	**1,346**

1) Includes salary components paid in 2016 and 2017 only. As at 31.12.2017, provision totalling € 2,191 K was made for other bonus claims for business years 2016 and 2017 (previous year: € 932 K for bonus claims from business year 2016).
2) Chief Executive Officer to 31.12.2017, Management Board member to 31.3.2018
3) Management Board member (CFO) since 27.9.2016
4) Management Board member (CFO) to 30.9.2016
5) Excludes severance payment of € 2,591 K (exclusive of salary-based deductions) linked to early termination of the Management Board contract of Florian Nowotny by mutual agreement.

13. Employees

The average number of staff employed by the company during the business year was 65 (2016: 59).

14. 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 Immo AG.

15. Events after the balance sheet date

In January 2018 the closing of share deal of Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. leasing OG, Vienna, took place.

On 28 February 2018 IMMOFINANZ AG, which is a 26% shareholder in CA Immo, announced to further suspend detailed discussions over a possible merger between both companies for the time being and to evaluate other strategic options, among others, the possible sale of its CA Immo investment.

By the publication date in March 2018, further 197,983 shares had been acquired in course of the share buy-back programme.

On 22.3.2018 SOF-11 Starlight 10 EUR S.à r.l., Luxembourg, an affiliate of Starwood Capital Group ("Starwood"), made an announcement pursuant to Sec 5 para 3 Austrian Takeover Act ("ATA"), that it decided to launch a voluntary public takeover offer pursuant to article 4 et seq ATA to the shareholders of CA Immobilien Anlagen AG. The takeover offer to the shareholders of CA Immo is aimed at acquiring up to 25,690,167 bearer shares of CA Immo (ISIN AT0000641352) representing up to 26.00% of the overall issued bearer shares of CA Immo. The shareholders of CA Immo are offered an offer price of EUR 27.50 per CA Immo share on a cum dividend basis. The completion of the takeover offer for CA Immo will be subject to the following offer conditions: (i) merger control clearance; (ii) no material adverse change at CA Immo including but not limited to merger, spin-off or split; and (iii) no consent by CA Immo management to transfer the four registered shares.

16. Proposal for the appropriation of net earnings

It is proposed to use part of the net retained earnings of € 840,429,411.66 to pay a dividend of € 0.80 per share, i.e. a total of € 74,581,025.60, to the shareholders. The remainder of the net retained earnings in the amount of € 765,848,386.06 is intended to be carried forward.

Vienna, 26.03.2018

The Management Board

Frank Nickel
(Member of the Management Board)

Andreas Quint
(Chairman)

Dr. Hans Volckens
(Member of the Management Board)

ASSET ANALYSIS FOR THE BUSINESS YEAR 2017

		Acquisition and production costs as at 1.1.2017	Addition	thereof additions interest	Disposal	Transfer	Acquisition and production costs as at 31.12.2017
		€	€	€	€	€	€
I.	**Intangible fixed assets**						
	Rights and EDP software	2,345,890.66	88,812.20	0.00	61,886.80	0.00	2,372,816.06
		2,345,890.66	**88,812.20**	**0.00**	**61,886.80**	**0.00**	**2,372,816.06**
II.	**Tangible fixed assets**						
1.	Land and buildings						
a)	Land value	51,041,203.89	0.00	0.00	382,262.81	0.00	50,658,941.08
b)	Building value	258,476,951.22	2,578,238.36	0.00	2,857,510.64	0.00	258,197,678.94
		309,518,155.11	**2,578,238.36**	**0.00**	**3,239,773.45**	**0.00**	**308,856,620.02**
2.	Other assets, office furniture and equipment	3,190,827.16	213,344.46	0.00	295,568.99	0.00	3,108,602.63
3.	Prepayments made and construction in progress	1,940,482.69	14,674,501.08	28,707.21	0.00	0.00	16,614,983.77
		314,649,464.96	**17,466,083.90**	**28,707.21**	**3,535,342.44**	**0.00**	**328,580,206.42**
III.	**Financial assets**						
1.	Investments in affiliated companies	2,708,264,175.47	42,972,189.19	0.00	7,199,616.70	16,204,770.11	2,760,241,518.07
2.	Loans to related companies	270,710,417.51	267,131,381.19	0.00	18,777,986.20	– 16,204,770.11	502,859,042.39
3.	Investments in associated companies	281,584.19	0.00	0.00	0.00	0.00	281,584.19
4.	Loans to associated companies	850,000.00	0.00	0.00	0.00	0.00	850,000.00
5.	Derivative financial instruments	176,300.00	0.00	0.00	176,300.00	0.00	0.00
6.	Other loans	31,266,536.32	0.00	0.00	1,764,583.36	0.00	29,501,952.96
		3,011,549,013.49	**310,103,570.38**	**0.00**	**27,918,486.26**	**0.00**	**3,293,734,097.61**
		3,328,544,369.11	**327,658,466.48**	**28,707.21**	**31,515,715.50**	**0.00**	**3,624,687,120.09**

Accumulated depreciation as at 1.1.2017 €	Depreciation and amortisation in 2017 €	Reversal of impairment losses in 2017 €	Accumulated depreciation disposal €	Transfer €	Accumulated depreciation as at 31.12.2017 €	Book value as of 31.12.2017 €	Book value as at 31.12.2016 €
1,754,982.48	364,772.91	0.00	39,289.93	0.00	2,080,465.46	292,350.60	590,908.18
1,754,982.48	**364,772.91**	**0.00**	**39,289.93**	**0.00**	**2,080,465.46**	**292,350.60**	**590,908.18**
12,573,994.07	297,526.55	2,858,185.82	0.00	0.00	10,013,334.80	40,645,606.28	38,467,209.82
81,209,005.45	12,998,982.37	1,706,735.32	2,118,186.17	0.00	90,383,066.33	167,814,612.61	177,267,945.77
93,782,999.52	13,296,508.92	4,564,921.14	2,118,186.17	0.00	100,396,401.13	208,460,218.89	215,735,155.59
2,469,439.19	228,753.92	0.00	277,302.14	0.00	2,420,890.97	687,711.66	721,387.97
0.00	0.00	0.00	0.00	0.00	0.00	16,614,983.77	1,940,482.69
96,252,438.71	**13,525,262.84**	**4,564,921.14**	**2,395,488.31**	**0.00**	**102,817,292.10**	**225,762,914.32**	**218,397,026.25**
443,805,396.32	2,489,794.37	214,115,916.18	6,320,627.23	108,000.00	225,966,647.28	2,534,274,870.79	2,264,458,779.15
8,662,340.00	400,000.00	440,000.00	0.00	– 108,000.00	8,514,340.00	494,344,702.39	262,048,077.51
899.00	0.00	0.00	0.00	0.00	899.00	280,685.19	280,685.19
0.00	0.00	0.00	0.00	0.00	0.00	850,000.00	850,000.00
159,004.11	17,291.54	0.00	176,295.65	0.00	0.00	0.00	17,295.89
28,018,087.32	3,919.00	1,840,438.00	1,599,999.00	0.00	24,581,569.32	4,920,383.64	3,248,449.00
480,645,726.75	**2,911,004.91**	**216,396,354.18**	**8,096,921.88**	**0.00**	**259,063,455.60**	**3,034,670,642.01**	**2,530,903,286.74**
578,653,147.94	**16,801,040.66**	**220,961,275.32**	**10,531,700.12**	**0.00**	**363,961,213.16**	**3,260,725,906.93**	**2,749,891,221.17**

INFORMATION ABOUT GROUP COMPANIES

Direct investments

Company	Registered office	Share capital		Interest in %	Profit/ loss for fiscal year 2017 in 1,000		Shareholders' equity as at 31.12.2017 in 1,000		Profit/loss for fiscal year 2016 in 1,000		Shareholders' equity as at 31.12.2016 in 1,000	
CA Immo d.o.o.	Belgrad	32,523,047	RSD	100	– 1,477	RSD	60	RSD	– 660	RSD	1,537	RSD
CA Holding Szolgáltató Kft	Budapest	13,000,000	HUF	100	16,092	HUF	669,715	HUF	3,657	HUF	653,623	HUF
Canada Square Kft.	Budapest	12,510,000	HUF	100	65,394	HUF	1,089,592	HUF	76,452	HUF	1,024,196	HUF
Duna Irodaház Kft.	Budapest	838,082	EUR	100	614	EUR	26,565	EUR	928	EUR	22,549	EUR
Duna Termál Hotel Ingatlanfejlesztö Kft.	Budapest	1,182,702	EUR	100	748	EUR	27,487	EUR	363	EUR	24,894	EUR
Duna Business Hotel Ingatlanfejlesztö Kft.	Budapest	1,370,097	EUR	100	1,085	EUR	31,896	EUR	591	EUR	27,336	EUR
Kapas Center Kft.	Budapest	772,560,000	HUF	50	193,727	HUF	1,640,917	HUF	293,377	HUF	1,647,190	HUF
Kilb Kft.	Budapest	30,000,000	HUF	100	408,574	HUF	2,730,461	HUF	426,755	HUF	2,691,886	HUF
Millennium Irodaház Kft.	Budapest	3,017,097	EUR	100	360	EUR	20,273	EUR	– 95	EUR	19,657	EUR
R 70 Invest Budapest Kft.	Budapest	5,270,000	HUF	100	1,287	HUF	2,137,046	HUF	– 71,907	HUF	2,135,760	HUF
Váci 76 Kft.	Budapest	3,100,000	HUF	100	72,209	HUF	5,405,388	HUF	631,025	HUF	5,333,179	HUF
CA Immo Invest GmbH	Frankfurt	50,000	EUR	51	5,004	EUR	14,466	EUR	599	EUR	9,462	EUR
DRG Deutsche Realitäten GmbH	Frankfurt	500,000	EUR	49	259	EUR	812	EUR	125	EUR	678	EUR
Pannonia Shopping Center Kft.	Györ	3,040,000	HUF	50	19,639	HUF	76,727	HUF	– 218,886	HUF	– 144,932	HUF
CAINE B.V.	Hoofddorp	18,151	EUR	100	4,238	EUR	15,940	EUR	– 13,499	EUR	– 15,523	EUR
CA Immo Holding B.V.	Amsterdam	51,200,000	EUR	100	5,451	EUR	170,490	EUR	10,718	EUR	162,836	EUR
CA Immobilien Anlagen d.o.o.	Ljubljana	50,075	EUR	100	353	EUR	10,092	EUR	116	EUR	9,739	EUR
Avielen Beteiligungs GmbH	Vienna	35,000	EUR	100	440	EUR	– 7,418	EUR	– 952	EUR	– 7,858	EUR
Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OG	Vienna	4,135,427	EUR	100	281	EUR	5,299	EUR	110	EUR	5,018	EUR
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs KG	Vienna	154,818	EUR	100	4,193	EUR	152,011	EUR	5,020	EUR	161,042	EUR
CA Immo BIP Liegenschaftsverwaltung GmbH	Vienna	3,738,127	EUR	39	8,128	EUR	25,345	EUR	2,841	EUR	17,217	EUR
CA Immo International Holding GmbH	Vienna	35,000	EUR	100	291,336	EUR	2,027,728	EUR	190,891	EUR	1,757,242	EUR
CA Immo Rennweg 16 GmbH	Vienna	35,000	EUR	100	1,336	EUR	– 3,061	EUR	1,114	EUR	– 4,397	EUR
EBL Nord 2 Immobilien GmbH	Vienna	35,000	EUR	50	5	EUR	48	EUR	7	EUR	43	EUR
EBL Nord 2 Immobilien Eins GmbH & Co KG	Vienna	10,000	EUR	50	– 1,627	EUR	– 3,167	EUR	– 1,478	EUR	– 1,541	EUR
EBL Nord 2 Immobilien Zwei GmbH & Co KG	Vienna	10,000	EUR	50	– 168	EUR	– 501	EUR	– 329	EUR	– 333	EUR
omniCon Baumanagement GmbH	Vienna	100,000	EUR	100	14	EUR	130	EUR	12	EUR	117	EUR

Information on participations for 2017 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 concern. The parent company of the 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 an office in Ukraine. The Cyprus office was closed on 31 December 2017. The various branch offices act as largely autonomous profit centres. Other subsidiaries (without separate local teams) are present in Bulgaria, Croatia, the Netherlands, Slovakia and Slovenia. As at key date 31 December 2017, the Group comprised 200 companies (31.12.2016: 206) with approximately 378 employees (363 on 31.12.2016) in 16 countries[1].

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, Serbia, Slovakia and Romania. Business activity in Germany is focused on Munich, Frankfurt and Berlin; in other countries, the 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 subsidiary companies of CA Immobilien Anlagen AG. As at 31 December 2017, the parent company also directly held property assets of approximately € 257.8 m (€ 255.8 m on 31.12.2016). The total Austrian portfolio comprised investment properties with a market value of € 494.2 m as at 31 December 2017 (€ 547.0 m on 31.12.2016) along with three development projects in Vienna.

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

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 profile 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. A number of development projects (in Munich and Mainz, for example), are being realised in the framework of joint ventures. 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.

COMPANIES BY REGION

Number of companies[1]	31.12.2017	31.12.2016
Austria	20	21
- *of which joint ventures*	*3*	*3*
Germany	101	102
- *of which joint ventures*	*28*	*31*
Eastern Europe[2]	79	83
- *of which joint ventures*	*8*	*13*
Groupwide	**200**	**206**
- *of which joint ventures*	*39*	*46*

[1] Joint ventures involving consolidated companies
[2] Includes holding companies in Cyprus and the Netherlands established in connection with Eastern European investments

Eastern Europe

In Eastern Europe, the focus is also on commercial class A buildings in regional capitals. The Group's portfolio of investment properties in Eastern Europe, along with a small proportion of development projects and undeveloped plots, is directly held via CA Immo participating interests and via **Europolis GmbH**, another wholly owned subsidiary of CA Immo acquired from the Volksbank Group early in 2011. All properties in Eastern Europe are managed by regional companies in Belgrade, Budapest, Bucharest, Prague and Warsaw under the name **CA Immo Real Estate Management**.

ECONOMIC ENVIRONMENT

The economic trend [1)]

In its World Economic Outlook published in January 2018, the International Monetary Fund (IMF) painted an exceptionally positives picture of the global economy. The estimated economic growth of 3.7% in 2017 was followed by an upward revision of the forecast by 0.2 percentage points to 3.9% in 2018 and 2019, based both on stronger growth momentum and the tax reform initiated in the United States as driving force.

Most recent economic data and survey outcomes underline the recovery seen in the European Union, which has also gained momentum recently. The increase of 2.3% of the eurozone over the year 2017 represented the highest growth rate since 2007. Prospects for growth have been revised upward despite persistent geopolitical and economic uncertainties at the global level. The unemployment rate in the EU-28 has reached its lowest level since 2008.

Review of the CA Immo core markets in 2017 [2)]

Growth in the eurozone in 2017 came to 2.3%, and across the entire EU to 2.4%, compared to 1.8% and 2.0%, respectively, in the previous year. The (seasonally adjusted) unemployment rate was 8.6% (down from 9.6% in January 2017) in the eurozone and 7.3% (down from 8.1% in January 2017) for the EU as a whole in January 2018, which is the lowest rate since October 2008. The government debt stood at 88.1% in the eurozone at the end of the third quarter of 2017 (82.5% in the EU-28).

Annual inflation in the eurozone arrived at 1.3% in January 2018, clearly less than the rate targeted by the ECB of below, but close to 2.0% (January 2017: 1.8%), whereas the European Union reported 1.6% (January 2017: 1.7%). The inflation rate continued to arrive below the ECB target recently, but is expected to grow, given the monetary measures taken, sustained economic upswing and associated higher wage increases.

The economy of **Austria** grew strongly in 2017 with real GDP rising by 2.9%. The inflation rate in Austria stood at 1.9% in January 2018. The current unemployment rate is 5.5%.

Employment has reached a new record level in **Germany**, underlining the extremely robust situation of the German economy, which has a positive effect also on other European countries, such as the Czech Republic. In EU comparison, Germany and Czechia reported the lowest unemployment rates at only 3.6% and 2.4%, respectively, according to the most recent publication of Eurostat.

The booming German economy recorded a GDP growth of 2.2% in 2017, representing a sound increase from last year's 1.9%. Strong export figures based on global economic recovery, rising tax revenues and a combination of real wage growth and a historically low interest rate level have also stimulated consumer spending in Europe's largest economy. The inflation rate for Germany was reported at 1.4% in January 2018.

As observed in preceding years, the positive economic trend in the core CA Immo markets in the CEE region gained further momentum throughout 2017. Supported by the tailwind of the positive development of the German economy, Eastern Europe posted its steepest growth in 9 years. Strong increases in employment combined with real wage growth stimulate private consumption. Additionally, there is a massive effect from large inflows of EU funds, representing an essential lever for the Eastern European economies.

Within the CEE core markets, **Romania** reported the highest GDP growth of 7.0 % (preliminary) in 2017, clearly exceeding expectations. The economy of **Poland** developed extremely well, as the GDP rose by 4.6%. The gross domestic product in **Czechia** grew by 4.3% in 2017,

[11)] International Monetary Fund, European Commission, Bloomberg, Financial Times, The Economist

[2)] Eurostat, European Commission, Bloomberg, Financial Times, The Economist and in **Hungary** by 4.0% in the same period. The unemployment rate in the **CEE** countries is significantly lower than in the EU-28 and the euro area average; it stands at 2.4% in Czechia, 3.8% in Hungary, 4.5% in Poland and 4.6% in Romania.

Compared to the previous year, the inflation rate in 2017 displayed a rising trend and arrived above the eurozone average in all CEE core countries at the beginning of 2018. Czechia reported an inflation rate of 2.1% for January 2018, whereas the annual rate in Romania stood at 3.4%. The annual inflation rate in Poland was recorded at 1.6%, in Hungary at 2.1%.

The money market and interest environment [1)]

At its latest meeting held on 8 March 2018, the Governing Council of the ECB decided that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.00%, 0.25% and -0.40%, respectively. In a press release, the Governing Council expected "the key ECB interest rates to remain at their present levels for an extended period of time, and well past the horizon of the net asset purchases".

The expansive monetary market policy of the European Central Bank (ECB) was continued in 2017. The purchase programme for government bonds and other securities as a special monetary policy measure of currently € 30 bn per month remains in effect until the end of September 2018 and beyond, if required. According to the official publication of the European Central Bank, "until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim". As no mention was made that the multi-billion bond purchases could be extended if overall conditions deteriorate, this may be an indication that the extreme quantitative easing policy could come to an end. However, no specific final date was mentioned.

The 3-month Euribor remained in negative territory, fluctuating between –0.32% and –0.33% in the period under review. Due to the currently strong growth momentum, pressure to increase interest rates in Eastern European countries should be mounting. In 2017, the Czech central bank increased the interest rate twice. Romania surprised the market in January 2018, as the interest rate was raised for the first time since 2008 (increasing the key interest rate by 25 base points to 2.0%). Also in Poland, analysts expect the central bank to pursue a more restrictive course in the first half of 2018.

The yield on 10-year US Treasury bonds recently reached its 4-year high of 2.9%, in anticipation of a possibly faster interest rate increase by the Federal Reserve Bank. This market expectation based on the minutes of the FED meetings showing its readiness to increase interest rates at short notice has driven up volatility in the international financial markets massively.

Outlook [2)]

The European Central Bank (ECB) slightly raised its growth forecast of 2.4% for the eurozone in March 2018. The projection for the year 2019 of 1.9% remained unchanged from the last forecast of December 2017. The expected inflation rate was reduced by 0.1%, to 1.4% for 2018.

THE REAL ESTATE MARKET IN AUSTRIA[3)]

The investment market

In 2017 the total volume invested in commercial real estate in Austria was approximately € 4.9 bn, with Vienna being the focus, attracting around 80% of the total. Although this value was clearly above the former record volume of 2015 at around € 3.9 bn, it exceeded the five-year average figure by roughly 16%.

Stable economic framework conditions as well as increasing shortage of core properties in the German metropolitan cities increasingly moved Austria into the focus of international investors accounting for more than 80% of the overall transaction volume in 2017.

Like last year, the prime yield on office properties dropped significantly and currently stands at a historically low level of just 3.90 % for offices in Vienna's CBD. Yields in good and average locations fell more sharply in the second half of 2017, to 4.45% and 4.95%, respectively. CBRE Research expects demand for commercial

[1)] Sources: European Central Bank, Eurostat, Central Statistical Offices, Bloomberg

[2)] Sources: European Central Bank, Bloomberg, Financial Times, The Economist

[3)] Sources: CBRE: Austria Investment MarketView H2 2017; Vienna Office MarketView H2 2017; Austria Real Estate Market Outlook 2018 properties in Austria to remain high in 2018 and, as a result – given limited product availability – further declining yields, especially in the office sector.

The office property market

The stock of floor space in the Viennese office property market amounted to around 11.0 m sqm at year end. The completion volume of office space totalled approximately 154,000 sqm in 2017, increasing by more than 130% compared to the previous year. For 2018, the completion volume is expected to be higher, while roughly half of the space being brought to the market has already been prelet or used by owners themselves. CA Immo will complete its core office project "ViE" in the second half of 2018.

Year on year, however, lettings performance declined, standing at around 192,000 sqm (2016: 329,000 sqm). Over the course of 2017, the vacancy rate – despite higher completion volumes – went down to 4.9%, by approximately 40 base points.

The peak monthly rent in Vienna remained stable at around € 26.0/sqm. Monthly rents rose by around 1.5% to € 17.00/sqm in good office locations, while monthly rents in average locations stood at about € 14.55/sqm.

THE REAL ESTATE MARKET IN GERMANY [1]

The investment market

The transaction volume for commercial real estate in Germany totalled € 57.4 bn, 9% above the previous year's result, generating the second best result following the 2007 boom year. In spite of sharply falling yields, the German investment market continued to stand out as a stable and safe investment market that displayed extremely robust demand levels supported both by German and, increasingly, international investors. Office properties remain the investment focus of investors, attracting almost half of the total volume (a new record level since official figures were first taken, according to CBRE Research). The top locations accounted for around 74% of investment. Prime yields were subject to compression once again in 2017, albeit to a more moderate extent than in the previous years. The CBD net initial yield for the top 7 markets is reported at 3.28%.

The Berlin market posted undiminished strong demand, generating € 7.1 bn – the second best year in its history (49% above last year's level). Over the course of the year, the prime yield dropped to 3.10% (2016: 3.40%). The office market in Frankfurt recorded investment volumes of € 6.0 bn, including the sale of the Tower 185 of CA Immo together with both joint venture partners to Deka Immobilien, covering a volume worth € 775 m. Prime yields shrank to a record low, arriving at 3.20% at year end, down 20% from the end of the previous year (2016: 4.00%). The office investment market in Munich was characterised by numerous large-volume transactions and recorded its third strongest year after 2007 and 2016, generating the same volume of € 6 bn. Year on year, the prime yield fell to 3.00%, 20 base points down since the end of 2016.

The office property market[2]

The continued positive development of the German economy was reflected in GDP growth of 2.2% in 2017, a higher growth rate than in the previous years (2016: 1.9%, 2015: 1.7%). In 2017 the number of gainfully employed persons reached its peak since the German reunification. These highly positive framework conditions continue to drive up demand for office space, which, given the shortage of floor space in inner city areas, sustains the positive rental rate momentum.

The lettings market in **Munich** performed once again very strongly in 2017. Floor space take-up in 2017 totalled 982,600 sqm, approximately 24% above the previous year's value. Extremely tight supply coupled with continuing high demand brought about a rise in the peak monthly rent of more than 4% to € 36.50/sqm, while the weighted monthly average rent of € 17.30 was roughly 9% above last year's reading. The office vacancy rate of 3.1% (2016: 4.1%) reached a new historic low for the overall market at year end. At a vacancy rate of 1.9% Munich's city area was factually fully let. The completion volume of around 238,000 sqm in 2017 (new builds and core refurbishments) exceeded last year's level by 53%, just above the ten-year average figure. The stock of office floor space totalled approximately 21.4 m sqm at year end.

[1] Sources: CBRE: Germany Office Investment MarketView Q4 2017; Berlin, Munich, Frankfurt Investment MarketView Q4 2017

[2] Sources: CBRE: Munich, Frankfurt, Berlin Office MarketView Q4 2017; Destatis

Office space take-up in **Frankfurt** stood at 716,600 sqm in 2017, a significant rise of more than 30% on the previous year and the highest value since 2000. Increasing demand reduced the vacancy rate to 9.5%, the first single-digit figure since the year 2003. Aside from rising demand for office space, demolition and conversion of older office premises to other uses underpinned this positive trend. Compared to last year, the peak monthly rent rose slightly to € 40.00/sqm. The weighted monthly average rent in the market is reported at € 20.70/sqm per month. The completion volume (new builds and core refurbishments) arrived at around 101,000 sqm, clearly below the 10-year average of 181,000 sqm, and is expected to remain below that level also in 2018. While an addition of about 193,000 sqm is expected for the year 2019, CBRE projects a volume of 172,000 sqm for 2020 (of which 50,000 sqm were reported to be already let at the end of 2017). Completion of "ONE", CA Immo's currently largest development project in Frankfurt, is scheduled for the year 2020. At the end of the year, the reported stock of office space was around 11.4 m sqm.

Office space take-up of 925,500 sqm registered for **Berlin** in 2017 was up by 4% on the previous year and a new record value exceeding the 10-year-average by 57%. The German capital therefore headed the field for another year in terms of letting activity in the office sector. In yearly comparison, the vacancy rate fell again substantially to its current level of 3.1% (2016: 4.9%). This shortage of floor space led to a 9% increase in the peak monthly rent of € 30.00/sqm. The weighted average rent also went up further to € 19.31/sqm per month, the strongest growth among the top locations in Germany. Over the course of 2017, about 182,000 sqm of new space were completed. Although an increase to more than 400.000 sqm is expected for 2018, the current development pipeline is struggling to keep pace with high demand. At the end of the year, the stock of office space totalled around 18.1 m sqm.

THE REAL ESTATE MARKET IN EASTERN EUROPE [1)]

The investment market

Also in Eastern Europe the positive momentum in the properties markets was sustained. The registered transaction volume of commercial properties of € 13.0 bn was 3.3% above the previous record value posted last year. In regional terms, Poland accounted for the largest volume (39%), followed by the Czechia (27%), Hungary (14%) and Romania (8%).

The volume of office transactions was approximately € 1.6 bn in Poland, while regional locations accounting for € 970 m generated clearly larger volumes than Warsaw. The registered prime yield in the Polish capital fluctuated between 5.00% and 5.25%. For 2018 JLL expects the investment volume to expand in the wake of large-scale deals. With its acquisition of the Warsaw Spire B prime office property CA Immo was also active in the market. Based on strong fundamental data, Prague further strengthened its position in the letting markets as an internationally sought-after investment market, with the prime yield standing at 4.85%.

Market liquidity rose sharply due to significantly improved investor sentiment regarding Hungary. Budapest recorded considerable yield compression of 6.00% for prime office projects (2016: 6.75%). Office properties accounted for roughly 43% of the overall investment volume of € 1.9 bn. Romania registered an investment volume of more than € 960 m in 2017, of which the office sector accounted for around 22%. The prime yield is reported at 7.5%.

The office property markets[2)]

Lettings continued to develop positively in all core cities of CA Immo (Warsaw, Prague, Budapest, Bucharest and Belgrade) in 2017, bringing about a decrease in vacancy rates over the course of the year.

By the end of 2017, total office space in **Warsaw** stood at around 5.3 m sqm, as approximately 275,000 sqm had been completed during the year. Currently, 860,000 sqm are under construction. By 2021, floor space is expected to expand to more than 6 m sqm. The office pipeline is heavily concentrated on the CBD of the Polish capital. Office floor space take-up arrived at 820,500 sqm in 2017, equalling the record level seen in the year 2015. At the end of the year, the vacancy rate stood at 11.7%, down 2.6 percent from last year's value. Peak rents have fallen steadily in the past quarters, ranging from € 20.0 to € 23.0/sqm per month in central locations.

[1)] Sources: JLL: CEE Investment Market H2 2017; Budapest, Bucharest City Report Q4 2017

[2)] Sources: CBRE: Prague, Warsaw, Bucharest Office MarketView Q4 2017, JLL: Budapest City Report Q4 2017

By the end of 2017 some 350,000 sqm of office space had been let in **Bucharest**, a decrease of 15% on the previous year. The stock of office space totalled 2.76 m sqm, following a completion volume of 120,000 sqm at the end of the year, and is set to rise by another 200,000 sqm in 2018. By completing the Orhideea Towers, CA Immo will play a major role in the process. In annual comparison, the vacancy rate fell sharply by the end of the year to 9.0%. The peak monthly rent in Bucharest was stable at € 18.50/sqm.

Annual take-up in **Budapest** amounted to 467,100 sqm in 2016, a high level above the 10-year average. For 2017, a similar strong result is expected. Total floor space came to approximately 3.4 m sqm at the end of the year. The vacancy rate continued its declining trend since 2012 and stood at 7.5 % at the end of the year (2016: 9.5%). The current peak monthly rent is reported at € 22.50/sqm.

The office property market in **Prague** posted a record year in 2017. The stock of office space of around 3.34 m sqm was expanded by roughly 136,000 sqm in 2017. In 2017, lettings performance of 540,000 sqm reached a historic record level. The vacancy rate fell substantially and arrived at 7.5% at the end of the year. Monthly peak rents in central locations stood at € 20.50/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 Serbia. The company generates additional revenue through the utilisation of developed land reserves.

CA Immo Group‘s property assets

As at key date, the property assets of CA Immo were approximately € 4.3 bn (2016: € 3.8 bn). Of this figure, investment properties account for € 3.2 bn (75% of the total portfolio)[1], property assets under development represent € 0.6 bn (14%) and short-term properties[2] € 0.5 bn (11%). With a proportion of 47% of total property assets, Germany is the biggest regional segment.

Portfolio of CA Immobilien Anlagen AG

Property assets directly held by CA Immobilien Anlagen AG represent a rentable effective area of 132,365 sqm (2016: 134,529 sqm). As at the balance sheet date, these assets comprised four investment properties and one project development in Austria with a market value (including prepayments made and construction in progress) of € 225,075 K (5 investment properties and 1 development; € 217,676 K on 31.12.2016). This portfolio generated rental income of € 15,408 K in 2017 (€ 15,439 K in 2016).

Lettings

An approximate of 15,800 sqm of floor space was newly let or extended in 2017 (13,690 sqm in 2016). The economic occupancy rate in the asset portfolio was approximately 94% (93% in 2016). The biggest tenants of CA Immobilien Anlagen AG are Österreichische Post AG and Robert Bosch AG.

Development projects

In the **Vienna district of Lände 3**, CA Immo has made rapid progress with utilisation of the last three construction sites on Erdberger Lände itself, a process that began in 2015. In October 2017, CA Immo celebrated completion of the structural shell for the 14,700 sqm office building ViE. Completion of the office building for the Lände 3 district is scheduled for 2018.

Investments

The company invested € 17,253 K in its development projects and asset portfolio in 2017 (€ 3,973 K in 2016). Of this figure, € 2,266 K was earmarked for modernisation and optimisation measures (especially for tenant fit-out of Erdberger Lände, Wolfganggasse, Storchengasse and of Donau Business Center at Handelskai) (€ 2,033 K in 2016); additional € 47 K (2016: € 118 K) was devoted to the furtherance of development projects.

Disposals

As part of its portfolio streamlining, one investment property in Vienna with a book value of € 1,128 K was sold in 2017 (compared to 2 investment properties with a

[1] Incl. properties used for own purposes, properties fully consolidated and partially owned by CA Immo, consolidated at equity (pro-rata share)

[2] Incl. properties held for trading or sale, fully consolidated and partially owned by CA Immo, consolidated at equity (pro-rata share)

value of € 11,727 K in 2016). This sale generated total income of € 8,902 K (compared to € 17,204 K in 2016).

COURSE OF BUSINESS FOR CA IMMOBILIEN ANLAGEN AG

Results

Despite the disposals during the previous year **rental income** at € 15,408 K was only slightly down from the prior-year-figure of € 15,439 K. **Operating expenses** passed on to tenants declined in line from € 4,536 K to € 4,422 K. Furthermore, the company generated management revenues of € 12,151 K (€ 10,891 K in 2016). Overall this led to a 3% increase in **gross revenues** from € 31,088 K to € 32,171 K.

Other operating income amounted to € 14,296 K (€ 34,626 K in 2016) and comprise the following: sales revenues (asset disposals) amounted to € 10,147 K (€ 29,093 K in 2016), with a corresponding book value decrease of € –1,139 K (€ –11,734 K in 2016). Profit from the sale of tangible assets stood at € 8,937 K in 2017 versus € 17,248 K in 2016. Write-ups to tangible assets amounted to € 4,565 K (€ 14,234 K in 2016).

Staff expenses decreased by 4% from € –12,277 K in 2016 to € –11,825 K in 2017. In 2016, staff expenses included a severance payment of € 2,441 K to the former CFO Florian Nowotny following early termination of his Management Board contract. In addition, appropriate provision was made on 31 December 2016 for payment of an additional € 150 K on 31 March 2017. In 2017, the company employed 65 staff members on average (59 in 2016).

Compared to the previous year **depreciation charged to tangible assets** increased by 96% to € –13,890 K (€ –7,072 K in 2016).

Primarily caused by lower general administratve expenses (€ –11,128 K in 2017 compared to € –13,198 K in 2016) – in particular project-related legal, auditing and consultancy fees – other **operating expenditures** dropped by 10% to € –18,894 K (€ –20,964 K in 2016). In contrast, other expenses directly related to properties remained nearly unchanged and stood at € –7,302 K (€ –7,355 K in 2016).

In overall terms, the developments outlined above led to a 93% decline in **operating result** from € 25,401 K in 2016 to € 1,857 K in 2017.

The company received total **income from investments** of € 75,964 K (€ 87,773 K in 2016) via subsidiary dividend payouts. In 2017, this item was counterbalanced by expenses linked to financial assets and interest receivables on current assets of € –4,236 K compared to € –6,595 K in 2016. Loans granted mainly to subsidiary companies produced revenue of € 13,544 K (€ 14,548 K in 2016). **Other interest and similar income** stood at € 139 K (compared to € 598 K in 2016). In 2016, this figure included accrued interest of € 521 K for an own bond held by the company.

Income from financial investments stood at € 216,402 K (€ 166,975 K in 2016) and include investment appreciations in an amount of € 214,116 K (€ 164,036 K in 2016). This item was offset by writedowns on equity holdings of € –2,911 K (€ –3,898 K in 2016).

Interest and similar expenditure of € –20,776 K remain on the level of the previous year (€ –20,551 K in 2016). Interest for bank loans or **real estate financing** fell by 9% to € –2,438 K (€ –2,693 K in 2016). Expenses for derivative transactions increased to € –1,566 K (€ –165 K in 2016). Interest costs in respect of affiliated companies increased from € –522 K in 2016 to € –1,695 K in 2017. Due to the repayment of 5.125% CA Immo bond 06-16 (ISIN: AT0000A026P5) in 2016, **interest expenses for bonds** stood at € –14,715 K in 2017 versus € –17,052 K in 2016 (–14%). After the issuance of a new seven-year corporate bond with a volume of € 175 m and a coupon of 1.875% in February 2017, four CA Immo corporate bonds were trading on the unlisted securities market of the Vienna Stock Exchange as at 31 December 2017. In the third quarter, CA Immo successfully placed its second convertible bond in almost eight years. This was a non-subordinate, unsecured convertible bond in a total nominal amount of € 200 m and with a term to April 2025. The coupon (payable semi-annually) is 0.75% p.a. while the initial conversion price was fixed at € 30.5684. 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. Except for the 2015-2022 corporate bond and the convertible, bond conditions contain a loan-to-value (LTV) covenant.

Overall, the factors outlined above the **financial result** increased by 16% from € 242,748 K in 2016 to € 281,036 K in 2017. **Earnings before taxes** stood at € 282,894 K (against € 268,149 K in 2016). After taking account of **tax revenue** of € 4,140 K (€ 5,379 K in 2016), the annual **net profit** as at 31 December 2017 stands at € 287,033 K, compared to € 273,528 K on 31 December 2016. Taking into consideration the allocation to revenue reserve of € –4,025 K (€ –55,579 K in 2016) for 5,582,054 treasury shares (around 6% of the voting stock) held by the company as of the balance sheet date as well as the profit brought forward from the previous year of € 557,422 K (€ 400,163 K in the previous year), the annual financial statements of CA Immobilien Anlagen AG show **net retained earnings** of € 840,429 K (€ 618,112 K in 2016).

Proposed dividend for 2017

For business year 2017, the Management Board will propose a dividend of € 0.80 per share. Compared to last year, this represents another rise of approximately 23%. In relation to the closing rate as at 31 December 2017 (€ 25.81), the dividend yield is back to approximately 3%. The dividend will be paid on 16 May 2018 (the ex-dividend day and verification date are 14 May / 15 May 2018 respectively).

Cash-flow

Cash flow from operating activities (operating cash flow plus changes in net working capital) stood at € 68,766 K in the past business year (€ 91,479 K in 2016). Cash flow from investment activities was € –308,734 K (2016: € –60,618 K) and cash flow from financing activities was € 299,864 K (2016: € 35,169 K).

Balance sheet: assets

Compared to the previous year, the **total assets** of CA Immobilien Anlagen AG increased from € 2,864,240 K as at 31 December 2016 to € 3,460,026 K as at 31 December 2017.

Fixed assets rose from € 2,749,891 K as at 31 December 2016 to € 3,260,726 K on 31 December 2017. As a proportion of total assets, the share of fixed assets amounted to 94% on 31 December 2017 (31.12.2016: 96%). Intangible assets, which solely comprise EDP software, decreased to € 292 K (31.12.2016: € 591 K). As at the balance sheet date, the company's **property assets** comprised four properties in Austria with a market value (including prepayments made and construction in progress) of € 225,075 K (compared to 5 properties with a market value of € 217,676 K on 31.12.2016). **Tangible fixed assets** totalled € 225,763 K (€ 218,397 K on 31.12.2016). **Financial assets** increased by 20% to € 3,034,671 K (31.12.2016: € 2,530,903 K). The book value of investments in affiliated companies stood at € 2,534,275 K (31.12.2016: € 2,264,459 K); current additions were mainly the result of capital contributions to subsidiaries for property investments and upward revaluations of the investments.

Current assets increased from € 112,747 K as at 31 December 2016 to € 196,661 K on 31 December 2017. **Receivables** show an increase of 89% from € 26,846 K as of 31 December 2016 to € 50,864 K on 31 December 2017. On 31 December 2017, the company has cash holdings of € 145,798 K (31.12.2016: € 85,901 K).

Balance sheet: liabilities

Shareholders' equity rose to € 2,413,608 K as at the balance sheet date (€ 2,191,291 K on 31.12.2016). The equity ratio on the key date was approximately 70% (31.12.2016: 77%). Equity covered 74% of fixed assets (31.12.2016: 80%). **Provisions** amounted to € 18,601 K (31.12.2016: € 12,042 K). **Liabilities** increased from € 657,957 K at the end of 2016 to € 1,025,033 K as at 31 December 2017.

DEVELOPMENT OF SHAREHOLDERS' EQUITY

€ 1,000	31.12.2016	Change Treasury share reserve	Dividend payments	Annual result	Addition to reserves	31.12.2017
Share capital	679,055	-1,299	0	0	0	677,756
Tied capital reserves	854,842	0	0	0	0	854,842
Retained Earnings	39,282	0	0	0	1,299	40,581
Net profit	618,112	0	-60,691	287,033	-4,025	840,429
Total equity	**2,191,291**	**-1,299**	**-60,691**	**287,033**	**-2,726**	**2,413,608**

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 shareholding of 26% and four registered shares, the IMMOFINANZ Group (through GENA ELF Immobilienholding GmbH, a wholly owned subsidiary of IMMOFINANZ AG) is the largest shareholder of CA Immo. The registered shares confer the right of nominating up to four Supervisory Board members. Partly use was made of this right of appointment: the Supervisory Board currently comprises eight shareholder representatives elected by the Ordinary General Meeting, two shareholder representatives appointed by registered shares and four employee representatives. Transfer of registered shares requires the approval of the company. There is a reciprocal shareholding between the IMMOFINANZ Group and the CA Immo Group. The CA Immo Group holds 54,805,566 bearer shares in IMMOFINANZ AG, equivalent to an approximately 5% of the capital stock of IMMOFINANZ AG.

The company held 5,582,054 treasury shares on the balance sheet date (around 6% of the company's capital stock). The remaining shares of CA Immo are in free float with both institutional and private investors. In the final quarter of 2017, S IMMO AG announced that it had increased its holding in CA Immo (held through its subsidiary CEE Immobilien GmbH) to just over 5%. In addition, AXA S.A. and BlackRock, Inc. currently hold around 4% of the company's capital stock through various mutual funds. No other shareholders with a holding of over 4% are known. There are no preference shares or restrictions on issued ordinary shares of the company. Apart from IMMOFINANZ 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.

Potential merger of CA Immo and IMMOFINANZ

Last year, CA Immo and IMMOFINANZ agreed to enter into constructive dialogue concerning a potential amalgamation of the two companies. The precondition stipulated by IMMOFINANZ AG of the sale of the Russian portfolio was met in December 2017. IMMOFINANZ AG had asked for the timetable of the potential merger talks to be adjusted thereafter. On 28 February 2018 IMMOFINANZ announced to further suspend detailed discussions over a possible merger between both companies for the time being and to evaluate other strategic options, among others, the possible sale of its CA Immo investment.

In line with the Austrian Stock Corporation Act, such a merger must be approved by the Ordinary General Meetings of both organisations with a 75% majority. A fair and transparent process allied with corporate governance that conforms to international conventions are key elements in guaranteeing a sound basis on which shareholders can make decisions on the transaction.

Capital disclosures

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 29th Ordinary General Meeting held on 3 May 2016, 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 own shares via the stock exchange, or by other means, or via a public offer. Last business year, the share buyback programme initiated in November 2016 on the basis of this enabling resolution continued. The programme allows for a volume of up to 1,000,000 shares (approximately 1% of the company's capital stock). The original upper limit of € 17.50 per share was raised to € 24.20 per share at the end of August 2017. The equivalent value to be attained must be within the range stipulated in the enabling resolution passed by the Ordinary General Meeting and may be no more than 30% below and 10% above the average non-weighted stock exchange closing price on the ten trading days preceding the repurchase. As in previous instances, the repurchase will be undertaken to support the purposes permitted by resolution of the Ordinary General

Meeting and will end on 2 November 2018 at the latest. Last business year, 178,735 shares in total were acquired through the programme at a weighted equivalent value per share of approximately € 22.52. As at 31 December 2017, CA Immobilien Anlagen AG held 5,582,054 treasury shares. At the time of publication of this report in March 2018, further repurchases had increased the number of treasury shares to 5,780,037; given the total number of voting shares issued (98,808,336), this is equivalent to around 6% of the voting shares. Details of transactions completed as part of the buyback programme are published at http://www.caimmo.com/de/investor-relations/aktienrueckkauf/.

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 (conditional capital), 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.

In the third quarter, CA Immo successfully placed its second convertible bond in almost eight years. This was a non-subordinate, unsecured convertible bond in a total nominal amount of € 200 m and with a term to April 2025. The coupon (payable semi-annually) is 0.75% p.a. while the initial conversion price was fixed at € 30.5684, equivalent to a conversion premium of 27.50% above the volume-weighted average price (VWAP) for the CA Immo shares of € 23.9752 on the day of issue. The convertible bonds were issued at 100% of their nominal amount of € 100,000 per bond, excluding the subscription rights of shareholders; in the absence of premature conversion or repayment, they will be redeemed at 100% of the nominal amount at the end of the term. The company may choose to effect repayment through the provision of shares, payment or a combination of the two. The net proceeds were used to improve the financing structure of CA Immo. Settlement for the transaction took place on 4 October 2017. The convertible bonds were registered for trading in the unregulated Third Market (multilateral trade system) of the Vienna Stock Exchange.

Information on the Management and Supervisory Boards

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 members 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. The Shareholder's Meeting resolves on the dismissal of members of the Supervisory Board on the basis of a majority of at least 75% of the capital stock represented (article 21 of the Articles of Association of CA Immo).

Change-of-control

All Management Board contracts contain a change of control clause assuring payments in the event of premature termination of Management Board duties following a change of control. A change of control occurs either where a shareholder or group of shareholders attains 25% of voting rights in the Ordinary General Meeting, or they are obliged to make a mandatory takeover bid where the investment threshold of 30% is exceeded, or a corporate merger takes place. The contractual regulations provide for extraordinary termination rights as well as continued remuneration (including variable remuneration) for the remaining term of the employment contract. 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.

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. The Management Board and Supervisory Board are committed to observing the Austrian Corporate Governance Code[1)] and thus to transparency and principles of good corporate management. The rules and recommendations of the version of the Corporate Governance Code applicable in business year 2017 (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) and no. 45 (executive positions with competitor companies).

The evaluation carried out by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. concerning compliance with rules 1 to 76 of the Austrian Corporate Governance Code for business year 2017 found that declarations of conformity submitted by CA Immo with regard to compliance with the C and R Rules of the Code were correct.

RISK MANAGEMENT AT CA IMMO

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 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 risks 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. An internal risk committee comprising representatives of all departments and the Management Board was also set up in 2017; the committee meets quarterly. The purpose of the committee is to further secure the assessment of the Group's risk situation across departmental boundaries regularly as well as the introduction of measures as necessary. The aim of this is to ensure the company adopts the best possible direction from the alternatives available. CA Immo evaluates the 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 2017), 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, checks operational and business processes, appointing experts from outside as necessary; it acts independently in reporting and evaluating the audit results.

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

[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.

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 and 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 audit committee. 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 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. These risks generally arise from unexpected changes in the macroeconomic market environment.

The Federation of German Industries (BDI), for example, is warning that businesses will be exposed to increasing global risks in 2018 that could curtail economic progress despite faster growth rates. The biggest threats emanate from China, the USA and the United Kingdom, the three main trading partners. At its annual conference on national and sector-specific risks, credit insurer Coface[1] identified overheating in developed nations, the Chinese banking sector and social instability in emerging markets as the three greatest threats in 2018.

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.

Another future crisis could have highly adverse consequences for CA Immo. Although capital market experts at Deutsche Bank are predicting in their Capital Markets Outlook 2018 that the global economy will continue to expand solidly this year as US monetary policy gradually returns to normal, they also point to potential economic dangers. In particular, spiralling inflation could force central banks to abandon their zero interest rate policy faster than planned, with correspondingly adverse effects on economic development around the world. In their view, 2018 will be defined by two market-influencing factors: the strong global economy on the one side and the central banks on the other, who will need to ensure a smooth transition to a less expansive monetary policy.

Although the economic environment remains characterised by low interest rates and relatively high property portfolio valuations, the possibility of an **interest rate rise** negatively affecting the real estate market – and thus property valuations and the disinvestment plans of CA Immo – cannot be discounted. Acquiring equity and loan capital could become significantly more difficult, making expansion plans impossible or only partially feasible.

Moreover, the effects of the relaxed **monetary policy** pursued by central banks over recent years cannot be foreseen at present. A further extension to expansive monetary policy could give rise to financial instability, resulting in asset and financial bubbles that would adversely impact economic growth.

The possible reintroduction of national **currencies** by individual eurozone members would also have grave consequences for the economies and financial markets of Europe. Finally, the departure of other nations from European currency union could lead to a complete collapse of the monetary system.

Geopolitical risks and unexpectedly strong inflationary developments could also slow the upturn in 2018, with potentially negative effects for the capital market. Where properties are concentrated too strongly in a single region, these factors can also have a considerable influence on the profitability of the CA Immo Group. Although the positive political and economic developments of last year have tempered the risk in certain regions, fresh geopolitical friction must be borne in mind. The boom of 2017 continues unabated thanks to the robust development of

[1] Coface handbook: Country & Sector Risks 2018.

the global economy and anticipated tax reforms in the USA. In Japan, the triumph of the LPD party in parliamentary elections delivered a boost to Abenomics while in China, President Xi Jinping consolidated his reform project by defining its direction in more detail. At the same time, however, new geopolitical frictions have surfaced. Problem areas include further destabilisation in the Middle East. Any escalation of tension would have an effect on oil prices, while political factors could also heighten investment risk. North Korea may continue to be a source of problems: while it is clear that China and the USA are seeking a joint solution, the foreign policy direction of North Korea is unforeseeable. Within the eurozone, Brexit and the U.S. trade war could have an underappreciated effect on financial markets. There will also be a focus on Germany, where the difficult process of setting up a governing coalition have brought political life to a standstill.

Many of these risks are not actively manageable. 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 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 investment market is insufficient, there is a risk that sales of individual properties with a view to strategically adjusting the real estate portfolio may prove impossible or only possible 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 supply and demand levels for real estate at a local level. This 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 earning power and property valuations cannot be ruled out. Given the continuing urbanisation trend world-wide, residential property markets in conurbations remain attractive. This applies to Germany, CA Immo's largest core market, where supply cannot keep pace with rising demand in many major cities. In the commercial property sector, according to experts, office premises in global metropolitan regions could benefit from the increasing importance of the service sector. However, property values depend not just on the development of rental rates, but also real estate starting yields. The historically high price of property investment is combining with low real estate yields to create risks to the value of properties in the CA Immo portfolio. The possibility of an increase in general interest rates forcing property yields up and values down cannot be ruled out.

CA Immo counters **market risk** by spreading its portfolio across various countries. 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. Market knowledge, continual evaluation of strategy and monitoring of the portfolio and purposeful portfolio management in the context of strategic decision-making (e.g. defining exit strategies, medium-term planning of sales) 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. Active portfolio management is aimed at minimising **concentration risk**. In the wake of numerous sales over the past few years (sale of the Hesse portfolio and non-core properties, and especially the logistics portfolio, and more recently shares in Tower 185 in Frankfurt), regional distribution in the portfolio is approaching the desired levels of up to 20% for Austria and apart from that an equal proportion of Germany and Eastern Europe. Germany remains the biggest single market of CA Immo, accounting for a share of 47%. The aim here is to maintain property assets of € 250-300 million 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. The only properties in this category at present are Tower 185 (closing of sale in January 2018) and the Skygarden office building in Munich. The concentration risk in respect of **single tenants** is manageable. As at 31 December 2017 present, the top 10 tenants were generating some 22% of rental revenue. With an approximate share of 6% of total rental income, PricewaterhouseCoopers was the biggest individual tenant in the portfolio on the balance sheet date; the sale of Tower 185 will reduce this share to around 3%. Land reserves and land development projects also present specific risks owing to the high capital commitment and absence of steady cash inflows; however, they also offer considerable potential for value increases through the securing or enhancement of building rights. Risks are regularly reduced via the sale of non-strategic land reserves. The acquisition of building rights on remaining land will be accelerated through the company's own capacity. The development volume is indicated at approximately 15% of the equity of the CA Immo Group.

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 earning power and market value of a property is adversely 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 the low level of under 1% of rental income. 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 20% 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.

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. For this reason, the Group's earnings situation also depends on the quality of hotel management and the development of hotel markets.

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). With few exceptions, projects are only launched subject to appropriate pre-letting.

Saturation of the construction industry, especially in Germany – the core market for CA Immo's development projects – presents risk to the company as regards the (on time) availability of construction services and the level of building costs. Last year saw a massive rise in **construction costs** driven by high demand. Rates for constructing a conventional residential building in Germany, for example, rose by 3.4% between November 2016 and November 2017. According to the Federal Statistical Office (Destatis), this was the steepest rise in construction prices for 10 years (November 2007: +5.8%). Between August 2017 and November 2017, construction prices expanded by 0.7%. With the construction volume in Germany likely to remain high, further rises in building costs cannot be ruled out; this in turn would create risks to budget compliance and overall project success. Projects currently in progress are generally on time and within the approved budget; they are continually evaluated as regards current cost risks.

Risks from sales transactions

Sales transactions can give rise to risks linked to contractual agreements and assurances. These might relate to **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 materials 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 also 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 fail to take account of business volumes or they are vulnerable to cybercrime. 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 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. The **expertise** possessed by a company and its workforce constitutes a significant competitive factor and 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. As publicly announced, CA Immo has become a private party to the BUWOG criminal proceedings (privatisation of state residential construction companies in 2004) with preliminary damages of €200 m. However, the existence of any claims largely depends on the factual circumstances and the outcome of proceedings.

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

For all companies, rental revenue, capital gains and other income is subject to income tax in the respective country. Important discretionary decisions must be taken regarding the level of tax provisions that need to be formed. The extent to which active deferred taxes are recognised must also be determined.

Subject to compliance with certain requirements, revenue from the sale of participating interests is fully or partially exempted from income tax. Even where a company's intention is to meet the requirements, passive deferred taxes are fully applied to property assets according to IAS 12.

Key assumptions must also be made regarding the extent to which deductible temporary differences and loss carry forwards are set off against future taxable profits, and thus the extent to which active deferred taxes can be recognised. Uncertainty arises regarding the amount and timing of future income and the interpretation of complex tax regulations. Where there is uncertainty over the application of income tax to business transactions, an assessment will be required as to whether or not the responsible tax authority is likely to accept the interpretation of the tax treatment of such transactions. On the basis of that assessment, the CA Immo Group enters the tax obligation as the most likely amount in case of doubt. Such doubt and complexity can mean that future tax payments are significantly higher or lower than the obligations currently assessed as probable and recognised in the balance sheet.

The CA Immo Group holds a large part of its real estate portfolio in Germany, where many complex tax regulations must be observed. In particular, these include (i) provisions on the transfer of hidden reserves to other assets, (ii) legal regulations on real estate transfer tax charges and the possible accrual of real estate transfer tax in connection with direct or indirect changes of control in German partnerships and corporations and (iii) the deduction of input taxes on construction costs in the case of development projects. The CA Immo Group makes every effort to ensure full compliance with all tax regulations. Nonetheless, there are circumstances (some of which are outside the CA Immo Group's control) such as changes to the shareholding structure, changes in legislation or changes in interpretation on the part of tax authorities and courts which could lead to the aforementioned taxation cases being treated differently, which in turn would influence the assessment of tax in the consolidated financial statements.

Partner risks

Since CA Immo undertakes a number of development projects as **joint ventures**, the company depends on the solvency and performance capability of partners to an extent; 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). The planned repayment of financial liabilities in Eastern Europe will expand the pool of unencumbered assets – a key criterion in the company's investment grade rating.

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. To control liquidity peaks, the Group has secured a revolving overdraft facility at parent company level. 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. For financing purposes, CA Immo uses banks at home and abroad and issues corporate bonds, thereby opting for a mix of long-term fixed-rate and floating-rate loans. To hedge against impending **interest rate changes** and associated fluctuations in financing costs, greater use is made of derivative financial instruments (interest rate caps and swaps) in the case of floating-rate loans. Swaptions are also used to manage interest rate risk. However, 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. Moreover, CA Immo is increasingly obtaining finance from the capital market. Unsecured financing currently accounts for less than 10% of the total financing volume, including in the form of corporate bonds. Continually optimising the financing structure has served to improve the maturity profile and raise the quota of hedged financial liabilities while reducing average borrowing costs. The pool of unencumbered assets – a key factor in the company's investment grade rating – was also raised and the rating of CA Immo was consolidated. The financing profile has thus become more robust.

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. Currency movements can also lead to fluctuating property values where funds are converted into currencies other than the euro for investors (exit risk).

LIKELY DEVELOPMENTS AND THE MAIN OPPORTUNITIES AND RISKS

Many forecasts point to positive economic development in Europe in the years 2018 and 2019, which has picked up pace in recent quarters. We believe the general conditions on the relevant 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 2018.

Strategy

Following successful implementation of the strategic programme for 2012-2015, the subsequent strategic agenda for 2015-2017 was also implemented successfully. In 2017 CA Immo largely concluded the sales of non-strategic properties as well as its wide-ranging optimisation of the financing structure; together with a further reduction in average financing costs, this has significantly enhanced the robustness of the financing profile. The pool of unmortgaged properties has been significantly expanded while the average term of financial liabilities and the interest rate hedging ratio have both risen substantially.

As in the previous year, the strategic focus for 2018 will again be firmly on raising value through expansion of the CA Immo portfolio within defined core markets. The main aim will be to continuously 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 terms of the company's growth strategy. Further rapid progress will also be made on development projects under construction. Moreover, dates for the commencement of construction work will quickly be assigned to development projects at the preparation stage. At present, this applies, amongst others, to several residential projects, which are achievable on existing land reserves earmarked for residential units.

Rental business

In like-for-like comparison, rental levels are expected to be generally stable across the portfolio.

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. Thanks to a significant rise in the interest rate hedging ratio in 2017 to over 90% on the key date, the robustness of the Group's cash flow is assured, even in the event of rising interest rates. For more information and details, please refer to the 'Financing' section.

Key factors that may influence our business plans for 2018 include:

- Economic developments in the regions in which we operate and their impact on demand for rental premises and rental prices (key indicators comprise GDP growth, unemployment and inflation).
- 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

Technological and social change continues to transform the office environment and the knowledge-based economy. Technological and social change is transforming the office environment and the knowledge-based economy faster than ever before. To develop office properties today in such a way that they can be efficiently and profitably managed in future, CA Immo monitors changes to working processes and corporate requirements in terms of premises; at the same time, it trials new technical solutions along with space and building concepts on selected development projects.

In the course of theoretical and practical research activity, CA Immo maintains partnerships with other companies and research institutions. For example, CA Immo is a partner to the Office 21 joint research project of the Fraunhofer IAO Institute (www.office21.de). The current research phase extending from 2016 to 2018 is focused on the success factors in creating a working environment that promotes innovation while linking analyses of best practice to pertinent research findings.

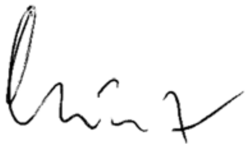
CA Immo actively participates in the main platforms for the real estate sector through cooperation agreements and memberships of such bodies as the Urban Land Institute (ULI), the German Property Federation (ZIA), the German Sustainable Building Council and its Austrian equivalent the Austrian Society for Sustainable Real Estate (ÖGNI). In this way we can influence the development of the sector while contributing to research into sustainable urban and structural development.

The aim of these pilot projects and research activity is to influence the market by presenting innovative offers. We ensure the long-term competitiveness of the company by developing innovative new office properties, drawing on our own findings and applying external best practice in the process.

Vienna, 26 March 2018

The Management Board

Frank Nickel
(Member of the Management Board)



Andreas Quint
(Chief Executive Officer)

Hans Volckens
(Member of the Management Board)

AUDITOR'S REPORT

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

CA Immobilien Anlagen Aktiengesellschaft, Vienna,

These financial statements comprise the balance sheet as of December 31, 2017, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all mate-rial respects, the assets and the financial position of the Company as of December 31, 2107 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austri-an Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of CA Immobilien Anlagen Aktiengesellschaft for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on March 20, 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters that we identified:

Titel

Valuation of investments in and loans to affiliated companies

Risk

The financial statements of CA Immobilien Anlagen Aktiengesellschaft as of December 31, 2017 show material investments in affiliated companies (TEUR 2.534.275) as well as loans to affiliated companies (TEUR 494.345). Furthermore, the financial statements show income from the revaluation of investments in and loans to affiliated companies of TEUR 214.556 and impairment of such of TEUR 2.890.

All investments in and loans to affiliated companies are tested for impairment. These impairment assessments require significant assumptions and estimates.

Due to the fact that most of the affiliated companies are real estate companies the impairment test is based on a simplified entity value which is mainly influenced by the property valuation reports by external, independent valuation experts or contractually agreed purchase prices. The material risk within the valuation reports exists when determining assumptions and estimates such as the discount-/capitalization rate and rental income and for properties under development the construction and development costs to completion and the developer's profit. A minor change in these assumptions and estimates can have a material impact on the valuation of investments in and loans to affiliated companies.

The respective disclosures relating to investments in and loans to affiliated companies are shown in Section "1 – Financial assets", in Section "9 a) – Financial assets" and in appendix 2 – Information about group companies in the financial statements as of December 31, 2017.

Consideration in the audit

To address this risk, we have critically assessed the assumptions and estimates made by management. Our audit procedures comprised, among others, the following:

– Assessment of concept and design of the underlying business process

– Assessment of the applied methods and the mathematical accuracy of the calculations and supporting documentation

– Assessment of the competence and independence of the external valuation experts engaged by management

– Assessment of the applied methods and the mathematical accuracy of selected valuation reports as well as assessment of the plausibility of the underlying assumptions (eg. Rental income, discount-/capitalization rate, usable space, vacancy rate) by means of comparison with market data if available and with involvement of our internal property valuation experts

– Check of certain input-data as included in the valuation reports with data in the accounting system or underlying agreements

– Inquiry of project-management for selected properties under development regarding reasons for deviations between plan and actual costs and current estimation of cost to completion; review of actual costs for those projects through review of project-documentation and vouching on a sample basis as well as evaluation of the derived percentage of completion

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

– identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circum-stances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

– evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

– evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Comments on the Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the management report and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the financial statements or otherwise appears to be materially misstated.

Additional information in accordance with Article 10 EU regulation

We were elected as auditor by the ordinary general meeting at May 11, 2017. We were appointed by the Supervisory Board on November 2, 2017. We are auditors since the financial year 2017.

We confirm that the audit opinion in the Section "Report on the financial statements" is consistent with the additional report to the audit com-mittee referred to in Article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner is Alexander Wlasto, Certified Public Accountant.

Vienna, March 26, 2018

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Alexander Wlasto mp

Wirtschaftsprüfer / Certified Public Accountant

Mag. (FH) Isabelle Vollmer mp

Wirtschaftsprüferin / Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions

DECLARATION OF THE MANAGING BOARD DUE TO SECTION 124 OF THE AUSTRIAN STOCK EXCHANGE ACT (BÖRSEGESETZ)

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, 26 March 2018

The Management Board

Frank Nickel (Member of the Management Board)	Andreas Quint (Chief Executive Officer)	Hans Volckens (Member of the Management Board)

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DISCLAIMER

This Annual 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 Annual Report does not constitute an invitation to buy or sell the shares of CA Immobilien Anlagen AG.

IMPRINT

Published by: CA Immobilien Anlagen AG
1030 Vienna, Mechelgasse 1
Text: Susanne Steinböck, Christoph Thurnberger
Claudia Höbart
Layout: Cornelia Kellner, Susanne Steinböck
Graphic design and setting: WIEN NORD Werbeagentur
Photographs: CA Immo, Markus Diekow, Ales Jungmann
Production: 08/16
This report has been produced inhouse with firesys

We ask for your understanding that gender-conscious notation in the texts of this Annual Report largely had to be abandoned for the sake of undisturbed readability of complex economic matters.

This Annual Report is printed on environmentally friendly and chlorine-free bleached paper.