



FINANCIAL STATEMENTS
AS AT 31.12.2019

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FINANCIAL STATEMENTS AND MANAGEMENT REPORT

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| Liabilities and shareholders' equity | 31.12.2019 | 31.12.2018 |
|--|-------------------------|-------------------|
| | € | € 1,000 |
| A. Shareholders' equity | | |
| I. Share capital | | |
| Share capital drawn | 718,336,602.72 | 718,337 |
| Treasury shares | – 42,020,868.99 | – 42,021 |
| | 676,315,733.73 | 676,316 |
| II. Tied capital reserves | 854,841,594.68 | 854,841 |
| III. Tied reserves for treasury shares | 42,020,868.99 | 42,021 |
| IV. Net profit | 907,529,931.54 | 944,552 |
| of which profit carried forward: € 860,826,542.40; 31.12.2018: € 766,007K | | |
| | 2,480,708,128.94 | 2,517,730 |
| B. Grants from public funds | 297,434.77 | 307 |
| C. Provisions | | |
| 1. Provision for severance payment | 336,193.00 | 182 |
| 2. Tax provisions | 1,240,000.00 | 2,816 |
| 3. Provision for deferred taxes | 352,252.52 | 0 |
| 4. Other provisions | 17,931,526.76 | 12,371 |
| | 19,859,972.28 | 15,369 |
| D. Liabilities | | |
| 1. Bonds | 990,000,000.00 | 990,000 |
| of which convertible: € 200,000,000.00; 31.12.2018: € 200,000K | | |
| thereof with a residual term of more than one year: € 990,000,000.00; 31.12.2018: € 990,000K | | |
| 2. Liabilities to banks | 111,908,470.85 | 109,684 |
| thereof with a residual term of up to one year: € 29,571,269.85; 31.12.2018: € 25,499K | | |
| thereof with a residual term of more than one year: € 82,337,201.00; 31.12.2018: € 84,185 K | | |
| 3. Trade payables | 635,774.91 | 969 |
| thereof with a residual term of up to one year: € 471,838.20 ; 31.12.2018: € 730K | | |
| thereof with a residual term of more than one year: € 163,936.71; 31.12.2018: € 239 K | | |
| 4. Payables to affiliated companies | 5,046,792.48 | 195,206 |
| thereof with a residual term of up to one year: € 5,046,792.48; 31.12.2018: € 195,206K | | |
| 5. Other liabilities | 15,288,045.64 | 15,933 |
| of which from taxes: € 381,340.59; 31.12.2018: € 671K | | |
| of which social security related: € 114,529.72; 31.12.2018: € 188 K | | |
| thereof with a residual term of up to one year: € 15,288,045.64; 31.12.2018: € 15,933K | | |
| | 1,122,879,083.88 | 1,311,792 |
| thereof with a residual term of up to one year: € 50,377,946.17; 31.12.2018: € 237,368 K | | |
| thereof with a residual term of more than one year: € 1,072,501,137.71; 31.12.2018: € 1,074,424K | | |
| E. Deferred income | 6,162,625.63 | 2,158 |
| | 3,629,907,245.50 | 3,847,356 |

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2019

| | € | 2019 € | € 1,000 | 2018 € 1,000 |
|--|-----------------|-------------------------|----------|-----------------|
| 1. Gross revenues | | 28,882,740.68 | | 31,120 |
| 2. Other operating income | | | | |
| a) Income from the sale and reversal of impairment losses of fixed assets except of financial assets | 6,235,393.53 | | 8,886 | |
| b) Income from the reversal of provisions | 1,562,302.98 | | 381 | |
| c) Other income | 676,064.06 | 8,473,760.57 | 331 | 9,598 |
| 3. Staff expense | | | | |
| a) Salaries | - 11,642,642.67 | | - 13,016 | |
| b) Social expenses | - 2,327,541.07 | - 13,970,183.74 | - 2,528 | - 15,544 |
| thereof expenses in connection with pensions: € 264,298.66; 2018: € 231 K | | | | |
| thereof expenses for severance payments and payments into staff welfare funds: € 263,572.99; 2018: € 227 K | | | | |
| thereof payments relating to statutory social security contributions as well as payments dependent on remuneration and compulsory contributions: € 1,658,178.03; 2018: € 1,968 K | | | | |
| 4. Depreciation on intangible fixed assets and tangible fixed assets | | - 17,367,167.59 | | - 6,802 |
| of which unscheduled depreciation in accordance with § 204 para. 2 Commercial Code: € 9,571,296.18; 2018: € 0 K | | | | |
| 5. Other operating expenses | | | | |
| a) Taxes | - 548,689.85 | | - 1,087 | |
| b) Other expenses | - 15,917,525.94 | - 16,466,215.79 | - 17,286 | - 18,373 |
| 6. Subtotal from lines 1 to 5 (operating result) | | - 10,447,065.87 | | - 1 |
| 7. Income from investments | | 192,269,202.01 | | 28,131 |
| of which from affiliated companies: € 182,882,005.71 ; 2018: € 28,004 K | | | | |
| 8. Income from loans from financial assets | | 21,803,073.10 | | 21,461 |
| of which from affiliated companies: € 21,527,612.35; 2018: € 20,975 K | | | | |
| 9. Other interest and similar income | | 11,705.41 | | 1 |
| of which from affiliated companies: € 11,190; 2018: € 0 K | | | | |
| 10. Income from the disposal and revaluation of financial assets | | 6,487,304.36 | | 163,054 |
| 11. Expenses for financial assets and interest receivables in current assets, thereof | | - 138,603,405.61 | | - 7,496 |
| a) Impairment: € 137,045,302.59; 2018: € 5,572 K | | | | |
| b) Bad debt allowance of interest receivables € 380,188.99; 2018: € 1,043 K | | | | |
| c) Expenses from affiliated companies: € 137,462,201.05; 2018: € 6,454 K | | | | |
| 12. Interest and similar expenses | | - 29,187,799.41 | | - 24,913 |
| of which relating to affiliated companies: € 1,961,570.34; 2018: € 2,587 K | | | | |
| 13. Subtotal from lines 7 to 12 (financial result) | | 52,780,079.86 | | 180,238 |
| 14. Result before taxes | | 42,333,013.99 | | 180,237 |
| 15. Taxes on income | | 4,370,375.15 | | 2,960 |
| thereof deferred taxes: expenses € 1,493,287.59; income 2018: € 1,616 K | | | | |
| 16. Net profit for the year | | 46,703,389.14 | | 183,197 |
| 17. Allocation to treasury share reserve | | 0.00 | | - 4,652 |
| 18. Profit carried forward from the previous year | | 860,826,542.40 | | 766,007 |
| 19. Net profit | | 907,529,931.54 | | 944,552 |

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2019

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 the 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.

| | from | Years to |
|--|------|-------------|
| 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 is higher than the book value at the balance sheet date, but below amortised costs.

Financial assets

Shares in affiliated companies and investments are stated at acquisition costs less unscheduled depreciation.

Loans to affiliated 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 default 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 or the release of allowances are made when the underlying reasons for such decreases 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 disagio of the bond is capitalised under this item and released over the redemption period, according to the effective interest rate method.

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. Deferred taxes

Provisions for deferred taxes are made using the 25% rate of corporate income tax, according to Art 198 par 9 and 10 in Austrian Commercial Code, using the liability method, i.e. on the temporary differences arising between tax basis of assets and liabilities and their accounting values and without discounting. Deferred taxes with a tax rate of 3% were also applied to deferred taxes of tax members, 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 the 75% threshold. As the tax planning does not provide sufficient evidence of future taxable profits, as at 31.12.2019 it was not possible to exercise the option to capitalized carried forward losses.

6. Provisions

Provisions for severance payments amount to 490% (31.12.2018: 252%) of the imputed statutory notional severance payment obligations at the balance sheet date. The calculation is performed using the PUC method, which is recognised in international accounting, based on an interest rate of -0.25% (31.12.2018: 0.17%) and future salary increases (including inflation rate) of 4%. For the computation of severance payments provisions, AVÖ 2018-P was used as actuarial basis. The period for build-up is until retirement, 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.

7. Liabilities

Liabilities are stated at the amount to be paid.

8. 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 2019 the tax group comprised 14 Austrian group companies (2018: 14), 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 a rate of 22%, respectively up to a tax rate of 25% if the tax group has a profit. 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 31.12.2019 the possible obligations against group companies resulting from a possible termination of the group, were estimated at € 28,698K (31.12.2018: € 25,935K). As at 31.12.2019 no group companies left tax group, so no provision for termination settlement was made.

Tax expenses in the profit and loss are reduced by the tax compensation of tax group members.

9. Note on currency translation

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

EXPLANATORY NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

10. 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 mainly relate to investments in Erdberger Lände. As at the balance sheet date, the tangible assets comprise 8 properties (31.12.2018: 8 properties).

In 2019, additions to advances and construction in progress contained no (31.12.2018: € 104K) capitalized interest.

In 2019 unscheduled depreciation on tangible assets amounted to € 9,571K (2018: € 0K) and reversals of impairment losses amounting to € 6,235K (2018: € 8,869K) were recorded.

Financial assets

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

Impairment losses on financial assets in the amount of € 137,045K (2018: € 5,572K) and reversals of impairment losses in the amount of € 5,767K (2018: € 147,596K) were recognized in 2019.

Book value of investments in affiliated companies amounts to € 2,600,186K (31.12.2018: € 2,716,231K). Current additions are mainly the result of various shareholders' contributions and of a transfer of a receivable to equity. Disposals mainly relate to the sale of a subsidiary in Slovenia, as well as capital decreases.

Loans to affiliated companies are made up as follows:

| € 1,000 | 31.12.2019 | 31.12.2018 |
|--|----------------|----------------|
| CA Immo Holding B.V., Amsterdam | 240,787 | 240,787 |
| EUROPOLIS ORHIDEEA B.C. S.R.L., Bucharest | 59,703 | 54,424 |
| 4P - Immo. Praha s.r.o., Prague | 41,389 | 44,689 |
| INTERMED CONSULTING & MANAGEMENT S.R.L., Bucharest | 37,200 | 38,170 |
| RCP Amazon, s.r.o., Prague | 33,888 | 35,388 |
| Europolis Holding B.V., Amsterdam | 31,690 | 31,690 |
| Vaci 76 Kft, Budapest | 30,876 | 33,076 |
| BA Business Center s.r.o., Bratislava | 28,000 | 28,000 |
| CA Immo Invest GmbH, Frankfurt | 25,500 | 25,500 |
| EUROPOLIS City Gate Ingatlanberuházási Kft, Budapest | 23,400 | 23,400 |
| Duna Irodaház Kft., Budapest | 20,239 | 20,639 |
| Visionary Prague, s.r.o., Prague | 0 | 32,027 |
| CAINE B.V., Hoofddorp | 0 | 30,493 |
| Other up to € 20 m | 107,858 | 114,300 |
| | 680,530 | 752,583 |

Loans to affiliated companies to the value of € 18,010K (31.12.2018: € 15,422K) have a remaining term of up to one year.

Other loans granted to ZAO Avielen AG, St. Petersburg, were repaid in 2019. There are no other loans (31.12.2018: € 0K) have a remaining term of up to one year.

b) Current assets

All receivables – as in the 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 € 1,594K (31.12.2018: € 160K) include a receivable from termination of rental agreement and outstanding rent and invoiced operating costs.

Receivables from affiliated companies are made up as follows:

| € 1,000 | 31.12.2019 | 31.12.2018 |
|---|---------------|---------------|
| Trade receivable (current reinvoicings to affiliated companies) | 944 | 2,224 |
| Receivables from interest | 20,976 | 23,299 |
| Receivables from tax compensation | 7,203 | 4,641 |
| | 29,123 | 30,164 |

Other receivables amounting to € 1,280K (31.12.2018: € 15K) mainly include receivables from invoiced special fit-out requests. In 2019 the decrease in allowances for receivables amounted to € 3,084K (2018: € 505K). This significant change results from the sale of a receivable from ZAO Avielen AG, St. Petersburg.

c) Deferred charges

| € 1,000 | 31.12.2019 | 31.12.2018 |
|---------------|--------------|--------------|
| Disagio bonds | 3,680 | 4,488 |
| Other | 157 | 284 |
| | 3,837 | 4,772 |

d) Shareholders' equity

Share capital is equivalent to the fully paid in nominal capital of € 718,336,602.72 (31.12.2018: € 718,336.602.72). It is divided into 98,808,332 (31.12.2018: 98,808,332) bearer shares and four registered shares of no par value. Out of nominal capital 5,780,037 treasury shares (31.12.2018: 5,780,037), each amounting to € 7.27, thus totaling € 42,020,868.99 (31.12.2018: € 42,020,868.99), were deducted from shareholders' equity. The registered shares are held by SOF-11 Klimt CAI S.à r.l. (former SOF-11 Starlight 10 EUR S.á r.l.), Luxemburg, an entity managed by Starwood Capital Group, each granting the right to nominate one member of the Supervisory Board. The Supervisory Board currently consists of seven members elected by the Annual General Meeting as well as two members elected by the registered shares and four delegated by the works council.

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 repurchase took place for each purpose permitted by the resolution of the Annual General Meeting and ended on 2.11.2018. In 2018 197,983 shares (ISIN AT0000641352) were acquired under this program at a weighted average value including bank charges of around € 23.55 per share in 2018.

As at 31.12.2019, CA Immobilien Anlagen AG held 5,780,037 treasury shares in total (31.12.2018: 5,780,037 treasury shares). Given the total number of voting shares issued (98,808,336), this is equivalent to around 5.8% (31.12.2018: 5.8%) of the voting shares.

In 2019 a dividend of € 0.90 (2018: € 0.80) for each entitled share, in total € 83,725 K (2018: € 74,423 K) was distributed to the shareholders.

The total net profit as at 31.12.2019 amounting to € 907,530 K (31.12.2018: € 944,552 K) is not subject to dividend payment constraints. As at 31.12.2018 the dividend payment constraint amounted to € 1,141 K representing the amount of deferred tax asset.

As at 31.12.2019 there is unused authorised capital amounting to € 359,168,301.36 that may be drawn on or before 18.9.2023, as well as conditional capital in the total amount of € 47,565,458.08 earmarked for the specified purpose of servicing 0.75% convertible bonds 2017-2025 (conditional capital 2013) as well as conditional capital in the amount of € 143,667,319.09 earmarked for the specified purpose of servicing convertible bonds which are issued prospectively based on the authorization from the resolution from the Ordinary General Meeting as of 9.5.2018 (conditional capital 2018).

CA Immo AG has an outstanding non-subordinated unsecured convertible bond in an amount of € 200 m and a term until April 2025. 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 equaled 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. Following the dividend payment amounting to € 0.90 per share on 13.5.2019, the conversion price has changed to € 30.1704, in accordance with section 11 (d) (ii) in issuance terms. The convertible bond was issued at 100% of its nominal value of € 100K per bond and will be redeemed at 100% of the nominal value, if not previously repaid or converted. At the company's choice, the redemption may be effected by the provision of shares, cash or a combination of the two.

The declared revenues reserves are tied and the book value corresponds to the nominal value of the treasury shares deducted from the share capital.

| € 1,000 | 31.12.2019 | 31.12.2018 |
|--|---------------|---------------|
| Other additional expenses for treasury shares | - 53,663 | - 53,663 |
| Nominal treasury shares in share capital | 42,021 | 42,021 |
| Reserves for other acquisition costs for treasury shares | 53,663 | 53,663 |
| Tied revenue reserves for treasury shares | 42,021 | 42,021 |

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 | 2019 | 2018 |
|--|---------------|---------------|
| As at 1.1. | 42,021 | 40,582 |
| Acquisition treasury shares total | 0 | - 4,652 |
| Treasury shares due to decrease in share capital | 0 | 1,439 |
| Allocation to revenues reserves | 0 | 4,652 |
| As at 31.12. | 42,021 | 42,021 |

e) Grants from public funds

The grants from public funds contain grants from the city of Vienna for innovative constructions. A public grant amounting to € 320K 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, which is expensed over the remaining useful life of the respective asset.

f) Provisions for deferred taxes/ Deferred tax asset

Deferred taxes comprise the offsetting of deferred tax liabilities and deferred tax assets and are based on the differences between tax and corporate value approaches for the following (+ deferred tax liabilities/ - deferred tax assets):

| € 1,000 | 31.12.2019 | 31.12.2018 |
|---|--------------|----------------|
| Land and buildings | 10,987 | 14,785 |
| Partnership | 3,423 | - 13,753 |
| Securities | 0 | - 7 |
| Other assets, office furniture and equipment | - 2 | - 8 |
| Ancillary bond expenses | - 3,565 | - 3,494 |
| Bank loans ancillary expenses | - 630 | - 908 |
| Provisions for severance payments | - 57 | - 139 |
| Deferred income | - 4,587 | - 1,636 |
| Base for tax rate 25 % | 5,569 | - 5,160 |
| Differences in tax group members (basis for 3% tax rate) | 559 | 4,965 |
| Out of which resulted provision for deferred taxes / deferred tax asset | 1,409 | - 1,141 |
| less: offsetting with tax losses carried forward | - 1,057 | 0 |
| As at 31.12. | 352 | - 1,141 |

Movements in deferred tax liabilities are presented below:

| € 1,000 | 2019 | 2018 |
|---|------------|----------------|
| As at 1.1. deferred tax asset / provision for deferred taxes | - 1,141 | 475 |
| Changes affecting profit and loss for deferred tax asset | 1,141 | - 1,141 |
| Changes affecting profit and loss provisions for deferred taxes | 352 | - 475 |
| As at 31.12. provision for deferred taxes / deferred tax asset | 352 | - 1,141 |

g) Provisions

Provisions for severance payment amount to € 336 K (31.12.2018: € 182 K) and include severance payment entitlements of company employees and Management Board members.

Tax provisions in the amount of € 1,240 K (31.12.2018: € 2,816 K) mainly relate to provisions for corporate tax for the current year.

Other provisions are made up as follows:

| € 1,000 | 31.12.2019 | 31.12.2018 |
|--------------------------------------|---------------|---------------|
| Premiums | 5,469 | 2,984 |
| Derivative transactions | 5,289 | 1,868 |
| Construction services | 3,440 | 3,434 |
| Legal, auditing and consultancy fees | 1,173 | 574 |
| Staff (vacation and overtime) | 827 | 695 |
| Provision for land register | 420 | 420 |
| Real estate transfer tax | 150 | 1,560 |
| Other | 1,164 | 836 |
| | 17,932 | 12,371 |

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. Furthermore, managerial staff have the additional option of participating in a remuneration scheme based on share prices. Diverging from the model for the Management Board (phantom shares), participation in the LTI program is voluntary. The revolving programme has a term (retention period) of three years per tranche; it presupposes a personal investment (maximum of 35% of the fixed annual salary). The personal investment is evaluated on the basis of the average rate for the first quarter of the year the tranche begins, and the number of associated shares is determined on the basis of that 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). The weighting for NAV and FFO growth is 30%, and 40% for the TSR. Payments are made in cash. Within the remuneration system for the Management Board, the LTI programme was dissolved in 2015 and replaced by bonus payments based on phantom shares.

The bonus payment for the Management Board is linked to long-term operational and quality-based targets and also takes account of non-financial performance criteria. It is limited to 200% of the annual salary. Of the variable remuneration, half is linked to the attainment of short-term targets defined annually by the remuneration committee (annual bonus). The other half is based on

outperformance of the following indicators defined annually by the remuneration committee: 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. 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.

In 2019 the LTI programme had been undergoing a comprehensive review (adjustment to market standards), where the new programme will apply starting 2020. Based on the review, the group of participants, the participation conditions as well as the performance indicators will be changed.

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.

h) Liabilities

| 31.12.2019 € 1,000 | Maturity up to 1 year | Maturity 1 - 5 years | Maturity more than 5 years | Total |
|----------------------------------|--------------------------|-------------------------|-------------------------------|------------------|
| Bonds | 0 | 640,000 | 350,000 | 990,000 |
| Liabilities to banks | 29,571 | 48,433 | 33,904 | 111,908 |
| Trade payables | 472 | 164 | 0 | 636 |
| Payables to affiliated companies | 5,047 | 0 | 0 | 5,047 |
| Other liabilities | 15,288 | 0 | 0 | 15,288 |
| Total | 50,378 | 688,597 | 383,904 | 1,122,879 |

| 31.12.2018 € 1,000 | Maturity up to 1 year | Maturity 1 - 5 years | Maturity more than 5 years | Total |
|----------------------------------|--------------------------|-------------------------|-------------------------------|------------------|
| Bonds | 0 | 465,000 | 525,000 | 990,000 |
| Liabilities to banks | 25,499 | 7,433 | 76,752 | 109,684 |
| Trade payables | 730 | 239 | 0 | 969 |
| Payables to affiliated companies | 195,206 | 0 | 0 | 195,206 |
| Other liabilities | 15,933 | 0 | 0 | 15,933 |
| Total | 237,368 | 472,672 | 601,752 | 1,311,792 |

In bonds, the convertible bond with its related maturity is also included. The bonds item for 31.12.2019 comprises the following liabilities:

| | Nominal value € 1,000 | Nominal interest rate | Issue | Repayment |
|----------------------------|--------------------------|--------------------------|------------|------------|
| Convertible bond 2017-2025 | 200,000 | 0.75% | 04.10.2017 | 04.04.2025 |
| Bond 2015-2022 | 175,000 | 2.75% | 17.02.2015 | 17.02.2022 |
| Bond 2016-2023 | 150,000 | 2.75% | 17.02.2016 | 17.02.2023 |
| Bond 2016-2021 | 140,000 | 1.88% | 12.07.2016 | 12.07.2021 |
| Bonds 2017-2024 | 175,000 | 1.88% | 22.02.2017 | 22.02.2024 |
| Bonds 2018-2026 | 150,000 | 1.88% | 26.09.2018 | 26.03.2026 |
| | 990,000 | | | |

Liabilities to banks comprise investment loans amounting to € 111,908K (31.12.2018: € 109,684K), 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 € 4,870K (31.12.2018: € 194,923K) and trade payables amounting to € 177K (31.12.2018: € 283K).

Other liabilities are essentially made up of accrued interest for bonds amounting to € 14,265K (31.12.2018: € 12,848K), unpaid liabilities to the property management company, liabilities arising from payroll-accounting and tax charges.

i) Deferred income

| € 1,000 | 31.12.2019 | 31.12.2018 |
|--------------------------------|--------------|--------------|
| Investment grants from tenants | 5,686 | 1,636 |
| Rent prepayments received | 477 | 522 |
| | 6,163 | 2,158 |

j) Contingent liabilities

| | Maximum amount as at 31.12.2019 1,000 | | Outstanding on reporting date 31.12.2019 € 1,000 | Outstanding on reporting date 31.12.2018 € 1,000 |
|---|--|---|---|---|
| Guarantees and letters of comfort in connection with sales made by affiliated companies | 50,409 | € | 38,503 | 23,967 |
| Letter of comfort in connection with acquisitions made by affiliated companies | 286 | € | 286 | 1,934 |
| Guarantees for loans granted to affiliated companies | 673 | € | 673 | 288 |
| Guarantees in connection with sales made by other group companies | 26,442 | € | 26,442 | 22,442 |
| Guarantees for loans granted to other group companies | 700 | € | 700 | 1,027 |
| Other guarantees in connection with affiliated companies | 3,100 | € | 3,100 | 4,789 |
| | 81,610 | | 69,704 | 54,447 |

In connection with the disposals, marketable guarantees for coverage of possible warranty and liability claims exist and - where necessary - financial provisions were made.

k) Liabilities from the utilisation of tangible assets

The lease-related liability from the utilisation of tangible assets not reported in the balance sheet is € 819 K (31.12.2018: € 714 K) for the subsequent business year and € 3,798 K (31.12.2018: € 3,356 K) for the subsequent five business years.

Out of this, € 707 K (31.12.2018: € 635 K) is attributable to affiliated companies for the subsequent business year and € 3,536 K (31.12.2018: € 3,163 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 a waiver of termination right until 31.12.2026 was agreed.

l) Details of derivative financial instruments - swaps

| € 1,000 | | Nominal value | Fixed interest rate | Interest reference | Fair value | thereof considered | |
|---------|---------|---------------|---------------------|--------------------|------------|--------------------|---------------|
| | Start | 31.12.2019 | as at | rate | 31.12.2019 | as provisions | |
| | End | | 31.12.2019 | | | 31.12.2019 | |
| | 12/2016 | 12/2024 | 9,788 | 0.44% | 3M-EURIBOR | -270 | -270 |
| | 06/2017 | 06/2027 | 11,148 | 0.79% | 3M-EURIBOR | -643 | -643 |
| | 06/2017 | 06/2027 | 28,731 | 0.76% | 3M-EURIBOR | -1,549 | -1,549 |
| | 08/2017 | 12/2029 | 30,200 | 1.12% | 3M-EURIBOR | -2,828 | -2,828 |
| | | | 79,867 | | | -5,289 | -5,289 |

| € 1,000 | | Nominal value | Fixed interest rate | Interest reference | Fair value | thereof considered |
|---------|---------|---------------|---------------------|--------------------|----------------|-----------------------------|
| Start | End | 31.12.2018 | as at 31.12.2018 | rate | 31.12.2018 | as provisions 31.12.2018 |
| 12/2016 | 12/2024 | 10,440 | 0.44% | 3M-EURIBOR | - 116 | - 116 |
| 06/2017 | 06/2027 | 11,388 | 0.79% | 3M-EURIBOR | - 206 | - 206 |
| 06/2017 | 06/2027 | 29,686 | 0.76% | 3M-EURIBOR | - 504 | - 504 |
| 08/2017 | 12/2029 | 30,200 | 1.12% | 3M-EURIBOR | - 1,041 | - 1,041 |
| | | 81,714 | | | - 1,867 | - 1,867 |

The fair value corresponds to the value CA Immo AG would receive upon termination of the contract at the balance sheet date. The value would be received from the financial institution, with which the contract was signed. The quoted value is a cash value. Future cash flows from variable payments as well as discount 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.

11. Explanatory notes on the income statement

Gross revenues

By type

| € 1,000 | 2019 | 2018 |
|--------------------------------------|---------------|---------------|
| Rental income from real estate | 14,039 | 13,352 |
| Operating costs passed on to tenants | 4,631 | 4,271 |
| Income from management services | 9,012 | 13,220 |
| Other revenues | 1,201 | 277 |
| | 28,883 | 31,120 |

By region

| € 1,000 | 2019 | 2018 |
|----------------|---------------|---------------|
| Austria | 21,335 | 19,635 |
| Germany | 201 | 3,892 |
| Eastern Europe | 7,347 | 7,593 |
| | 28,883 | 31,120 |

Other operating incomeRevenues from sale and increase in value of tangible assets, except for financial assets

| € 1,000 | 2019 | 2018 |
|-------------------------------------|--------------|--------------|
| Write-ups current year | 6,235 | 8,869 |
| Profit from sale of tangible assets | 0 | 17 |
| | 6,235 | 8,886 |

The revenues from the release of provisions mainly refers to provisions for foreign real estate transfer tax and consultancy expenses.

Other operating income of € 676K (2018: € 331K) results from expenses reinvocings, insurance revenues and the release of the deferrals for government grants.

Staff expense

This item, totalling € 13,970K (2018: € 15,544K), includes expenses for the 69 staff members (2018: 67) employed by the company on average.

The expenses for retirement benefits are as follows:

| € 1,000 | 2019 | 2018 |
|---|------------|------------|
| Pension fund contributions for Management Board members and senior executives | 191 | 153 |
| Pension fund contributions for other employees | 73 | 78 |
| | 264 | 231 |

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

| € 1,000 | 2019 | 2018 |
|--|------------|------------|
| Change in provision for severance payments to Management Board members and senior executives | 159 | -60 |
| Change in provision for severance payments to other employees | -5 | 2 |
| Severance payments to Management Board members and senior executives | 0 | 115 |
| Pension fund contributions for Management Board members and senior executives | 78 | 126 |
| Pension fund contributions for other employees | 32 | 44 |
| | 264 | 227 |

Depreciation

| € 1,000 | 2019 | 2018 |
|--|---------------|--------------|
| Depreciation of intangible fixed assets | 149 | 250 |
| Scheduled depreciation of buildings | 7,315 | 6,344 |
| Unscheduled depreciation of real estate | 9,571 | 0 |
| Depreciation of other assets, office furniture and equipment | 276 | 200 |
| Low-value assets | 56 | 8 |
| | 17,367 | 6,802 |

Other operating expenses

Where they do not fall under taxes on income, the taxes in the amount of € 549K (2018: € 1,087K) mainly comprise the real estate charges passed on to tenants in the amount of € 207K (2018: € 207K) and the non-deductible input VAT € 341K (2018: € 879K, out of which € 386K are for previous years).

Other expenses are made up as follows:

| € 1,000 | 2019 | 2018 |
|--|---------------|---------------|
| Expenses directly related to properties | | |
| Operating costs passed on to tenants | 4,431 | 4,069 |
| Maintenance costs | 1,513 | 1,646 |
| Own operating costs (vacancy costs) | 1,043 | 748 |
| Administration and agency fees | 265 | 793 |
| Other | 304 | 500 |
| Subtotal | 7,556 | 7,756 |
| General administrative costs | | |
| Legal, auditing and consultancy fees | 2,992 | 3,385 |
| Advertising and representation expenses | 890 | 805 |
| Bond issue related expenses | 747 | 1,044 |
| Office rent including operating costs | 652 | 636 |
| Travel expenses | 512 | 648 |
| Supervisory Board remuneration | 435 | 483 |
| Administrative and management costs | 388 | 1,041 |
| Other fees and bank charges | 252 | 239 |
| Costs charged to group companies | 238 | 99 |
| Other | 1,256 | 1,150 |
| Subtotal | 8,362 | 9,530 |
| Total other operating expenses | 15,918 | 17,286 |

Income from investments

This item comprises dividends paid from companies in Austria in an amount of € 191,517K (2018: € 27,079K) as well as companies in Germany and Eastern Europe in the amount of € 752K (2018: € 1,052K).

Income from loans from financial assets

This item comprises interest income from loans.

Other interest and similar income

The interest income mainly refers to interest amounts from an intercompany loan granted to a subsidiary.

Income from the disposal and revaluation of financial assets

| € 1,000 | 2019 | 2018 |
|--|--------------|----------------|
| Release of impairment due to increase in value | 5,767 | 147,596 |
| Sale of financial assets | 720 | 15,458 |
| | 6,487 | 163,054 |

Expenses for financial assets and interest receivables in current assets

| € 1,000 | 2019 | 2018 |
|---|----------------|--------------|
| Depreciation of financial assets | 137,045 | 5,572 |
| Bad debt allowance for interest receivables | 380 | 1,043 |
| Loss from disposal | 1,178 | 881 |
| | 138,603 | 7,496 |
| of which due to dividend payments | 136,736 | 3,111 |

Interest and similar expenses

| € 1,000 | 2019 | 2018 |
|---|---------------|---------------|
| Interest costs for bonds | 19,964 | 17,623 |
| Interest costs in respect of affiliated companies | 1,962 | 2,587 |
| Interest for bank liabilities for the financing of real estate assets | 2,499 | 2,399 |
| Expenses for derivative transactions | 4,408 | 1,774 |
| Other | 355 | 530 |
| | 29,188 | 24,913 |

Taxes on income

| € 1,000 | 2019 | 2018 |
|------------------------------------|--------------|--------------|
| Tax compensation tax group members | 7,251 | 4,714 |
| Corporate income tax | - 1,388 | - 3,270 |
| Deferred taxes | - 1,493 | 1,616 |
| Other | 0 | - 100 |
| Tax revenues | 4,370 | 2,960 |

OTHER INFORMATION**12. 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.

13. Executive bodies

Supervisory Board

Elected by the General Meeting:

Torsten Hollstein, Chairman
Jeffrey G. Dishner, Deputy Chairman (from 9.5.2019)
Dr. Florian Koschat, Deputy Chairman
Richard Gregson
Univ.-Prof. MMag. Dr. Klaus Hirschler
Michael Stanton
Dr. Monika Wildner (from 9.5.2019)
Prof. Dr. Sven Bienert (until 26.10.2018)
Dipl.-BW Gabriele Düker (until 25.10.2018)
John Nacos (until 9.5.2019)

Delegated by registered share:

Sarah Broughton (from 28.9.2018)
Laura Rubin (from 28.9.2018)
Jeffrey G. Dishner (from 28.9.2018 until 9.5.2019)
Stefan Schönauer (until 27.9.2018)
Dr. Oliver Schumy (until 27.9.2018)

Delegated by works council:

Georg Edinger, BA, REAM (IREBS)
Nicole Kubista
Sebastian Obermair
Walter Sonnleitner (from 10.2.2020)
Franz Reitermayer (until 10.2.2020)

As at the balance sheet date, the Supervisory Board comprised seven shareholder representatives elected by the Ordinary General Meeting, two shareholder representatives appointed by registered shares and four employee representatives.

In business year 2019 (for 2018), total remuneration of € 380K (2018: € 361K) was paid out (including attendance fees of € 106K; € 88K in 2018). Moreover, expenditure of € 205K was reported in connection with the Supervisory Board in business year 2019 (2018: € 206K). Of this, cash outlays for travel expenses accounted for approximately € 62K (2018: € 90K) and other expenditure (including training costs) accounted for € 39K (2018: € 43K). Legal and other consultancy services accounted for € 103K (2018: € 74K). Consulting costs of € 150K relating to the CFO search process were taken into account in the 2018 financial statements. No other fees (particularly for consultancy or brokerage activities) and no loans or advances were paid to Supervisory Board members.

Total Supervisory Board remuneration of € 309K for business year 2019 will be proposed to the Ordinary General Meeting on the basis of the same criteria (fixed annual payment of € 30K per Supervisory Board member plus attendance fee of € 1,000 per meeting), taking account of the waiver of remuneration for Supervisory Board members appointed on the basis of registered shares or related to the Starwood Group respectively. The remuneration was recognized in the financial statements as at 31.12.2019.

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. In 2018, this applied 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 € 25K from CA Immo, 50% of which is made freely

available to the former Supervisory Board member Professor Sven Bienert for teaching and research activity at the IRE | BS International Real Estate Business School. Dr. Monika Wildner is also member of the Supervisory Board of Volksbank Wien AG. At the end of 2019, Volksbank Wien became a long-term tenant of around 14,000 sqm of office space in the CA Immo portfolio building at Dietrichgasse/ Haidingergasse in the Lände 3 district. The lease contract (concluded before the Supervisory Board mandate at CA Immo was accepted) conforms to standard market terms and conditions and generates annual rental income of approximately € 2.3 M. No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members. No loans or advances were granted.

IMMOFINANZ Group, Vienna

From 2.8.2016 to 27.9.2018, IMMOFINANZ Group (via its 100% owned subsidiary GENA ELF Immobilienholding GmbH) held 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 of the company.

On 2.7.2018, IMMOFINANZ AG announced the sale of its stake in CA Immo AG to SOF-11 Klimt CAI S. à r.l. (formerly: SOF-11 Starlight 10 EUR S.à r.l.), a company managed by Starwood Capital Group. The transaction was closed on 27.9.2018 after release by the competition authorities in charge and approval of the Management Board of CA Immo for the transfer of the four registered shares.

Until 27.9.2018, there was a reciprocal shareholding between the IMMOFINANZ Group and the CA Immo Group. As at 31.12.2018, CA Immo Group held 5,480,556 bearer shares of IMMOFINANZ AG (equivalent to approximately 4.4% of the capital stock of IMMOFINANZ AG). In 2019, the CA Immo Group sold all of its IMMOFINANZ shares.

Starwood Capital Group (Starwood)

Since 27.9.2018, SOF-11 Klimt CAI S.à r.l. (former SOF-11 Starlight 10 EUR S.à r.l.) holds 25,843,562 bearer shares as well as four registered shares of CA Immo AG, with approximately 26.16% of the capital stock representing the largest single shareholder of the company. SOF-11 Klimt CAI S.à r.l. is an indirect wholly owned subsidiary of SOF-11 International, SCSp. SOF-11 International, SCSp is part of a group of companies known as Starwood Global Opportunity Fund XI ("SOF-XI"), a discretionary fund. SOF-XI is controlled by related parties of Starwood Capital Group. Starwood Capital Group is a privately owned global alternative investment company and is an investor focusing on global real estate investments.

The executive bodies of CA Immobilien Anlagen Aktiengesellschaft, Vienna**Management Board**

Andreas Quint (from 1.1.2018)

Dr. Andreas Schillhofer (from 1.6.2019)

Keegan Viscius (from 1.11.2018)

Frank Nickel (until 31.3.2018)

Dr. Hans Volckens (until 10.10.2018)

Total salary payments (excluding salary-based deductions) to Management Board members active in business year 2019 amounted to € 1,512K (€ 7,976K in 2018). The salary-based deductions totalled € 97K (2018: € 701K). Fixed salary components totalling € 1,290K (€ 1,138K in 2018) were made up of the basic salary of € 1,254K (2018: € 1,060K) and other benefits (in particular remuneration in kind for cars, expense allowances and travel expenses) of € 36K (2018: € 79K). In business year 2019, a total of € 117K (2018: € 68K) was paid out for Management Board members in the form of contributions to pension funds. As at the balance sheet date 31.12.2019, severance payment provisions for Management Board members totalled € 238K (31.12.2018: € 79K). There are no payment obligations to former members of the Management Board.

There were no variable salary components during the reporting period (2018: € 4,788K). Bonus payments in the previous year comprised immediate payments in the amount of € 2,319K and payment of the multi-year bonus (phantom shares) in the total amount of € 2,470K. Bonus payments in 2018 included the payment of all short-, medium- and long-term bonuses to all entitled members of the Management Board on the basis of 100% target attainment. Having terminated his employment contract prematurely, Frank Nickel received all outstanding bonus payments (annual and medium-term bonuses) in the amount of € 1,593K ahead of time. All outstanding bonuses due to Dr. Hans Volckens since 2016 have also been paid. His variable remuneration thus comprised bonus payments of € 350K for 2017 and 2018, a proportionate payment for the period up to and including 31.7.2019 and a special bonus for business year 2017 (€ 50K). All 18,017 phantom shares issued since business year 2016, originally with a lock-up, were valued at an agreed price of € 32.00 per share and also paid in full. All bonus payments due to Andreas Quint (€ 1,120K) in connection with the change of control for business year 2018 were also settled in full and in cash ahead of time on 31.10.2018. There was no conversion to phantom shares as otherwise provided for in the remuneration system for Andreas Quint.

Provisions of € 2,773K (31.12.2018: € 0K) had been formed for the Management Board under the variable remuneration system as of 31.12.2019. Of this, immediate payments amounting to € 1,254K were due for payment by 31.5.2020 at the latest. Tranches of phantom shares starting in 2020 (multi-year bonus) account for € 1,520K (31.12.2018: € 0K). The conversion rate for the relevant annual bonus proportion of phantom shares is € 28.98 for this tranche.

While special payments amounting to € 1,982K accrued in 2018, such payments only amounted to € 106K in the reporting year. This figure included a sign-on bonus in the amount of € 100K for Dr. Andreas Schillhofer to compensate for bonus payments not received from his former employer owing to his early resignation. Special payments rendered in connection with the aforementioned change of control in 2018 included compensatory and severance payments totalling € 477K. In the course of the change of control, Andreas Quint received a retention bonus of € 1,120K for remaining at CA Immo in future. He was also paid a sign-on bonus of € 300K as compensation for bonus payments not received from his former employer owing to his early resignation. This sign-on bonus was accrued in the financial statements for 31.12.2017.

PAYMENTS TO THE MANAGEMENT BOARD¹⁾

| € 1,000 | Andreas Quint (CEO) since 1.1.2018 | | Keegan Viscius (CIO) since 1.11.2018 | | Andreas Schillhofer (CFO) since 1.6.2019 | | Hans Volkert Volckens (CFO) until 10.10.2018 | | Frank Nickel (CEO / member of the Management Board) until 31.3.2018 | | Total | |
|---|---------------------------------------|--------------|---|--------------|---|-------------|---|--------------|--|--------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Fixed salary | 560 | 560 | 475 | 79 | 219 | 0 | 0 | 321 | 0 | 100 | 1,254 | 1,060 |
| Other fees ²⁾ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other benefits ³⁾ | 4 | 4 | 14 | 9 | 19 | 0 | 0 | 45 | 0 | 21 | 36 | 79 |
| Total fixed remuneration | 564 | 564 | 489 | 88 | 237 | 0 | 0 | 365 | 0 | 121 | 1,290 | 1,138 |
| Annual bonus | 0 | 560 | 0 | 0 | 0 | 0 | 0 | 1,158 | 0 | 600 | 0 | 2,319 |
| Multi-year bonus | 0 | 560 | 0 | 0 | 0 | 0 | 0 | 917 | 0 | 992 | 0 | 2,470 |
| Total variable remuneration | 0 | 1,120 | 0 | 0 | 0 | 0 | 0 | 2,076 | 0 | 1,593 | 0 | 4,788 |
| <i>Ratio fixed to variable remuneration</i> | <i>100:1</i> | <i>34:66</i> | <i>100:1</i> | <i>100:1</i> | <i>100:1</i> | <i>n.a.</i> | <i>n.a.</i> | <i>15:85</i> | <i>n.a.</i> | <i>7:93</i> | <i>100:1</i> | <i>19:81</i> |
| Sign-on bonus | 0 | 300 | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 100 | 300 |
| Retention bonus | 0 | 1,120 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,120 |
| Change of control | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 185 | 0 | 0 | 0 | 185 |
| Compensatory and severance payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 292 | 0 | 57 | 0 | 349 |
| Relocation service | 0 | 0 | 6 | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 28 |
| Total special payments | 0 | 1,420 | 6 | 28 | 100 | 0 | 0 | 477 | 0 | 57 | 106 | 1,982 |
| Contributions to pension plan | 57 | 57 | 43 | 0 | 17 | 0 | 0 | 0 | 0 | 10 | 117 | 68 |
| Total remuneration | 621 | 3,162 | 537 | 116 | 354 | 0 | 0 | 2,918 | 0 | 1,781 | 1,512 | 7,976 |

¹⁾ Includes salary components paid in 2018 and 2019 only.

²⁾ Other remuneration for accepting mandates with other corporate bodies within the CA Immo Group and for participating in committee meetings (e.g. attendance fees).

³⁾ Remuneration in kind (company car, expense allowances, travel expenses, etc.)

14. Employees

The average number of staff employed by the company during the business year was 69 (2018: 67).

15. 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.

16. Events after the balance sheet date

In February 2020 CA Immo AG successfully finalized the placement of a € 500 M fixed rate senior unsecured benchmark bond with a 7-year maturity and an annual coupon of 0.875%.

In order to further reduce the interest expenses, CA Immo AG repurchased outstanding corporate bonds with a total nominal value of € 98.5 M.

Additionally, CA Immo AG has taken the decision to bring an action for damages against the Republic of Austria and the Province of Carinthia for unlawful and culpably biased influence on the best bidder procedure in the context of privatization of the Federal Residential Property companies in 2004 and for the unlawful failure to win the best bidder procedure. In order to assert the damage sustained, CA Immo AG filed a partial action for an initial sum of € 1 m out of the total damage of € 1.9 billion.

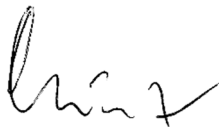
The effects of the outbreak of the COVID-19 pandemic (new findings and changes after balance sheet date) cannot be conclusively assessed given the dynamic evolution, however they are subject to ongoing evaluation. Temporary restrictions of the current operations (also caused by exit restrictions/ curfews/ border closings, school and business closings and other constraints) may however occur at the CA Immo AG, tenants, customers, suppliers as well as authorities. The financial, general business and real estate specific consequences cannot be fully estimated (e.g. payments made by tenants which are not in accordance with the contracts, delays in construction activities, effects on the real estate markets, evolution of covenants for current financings, effects on the planned real estate transactions). CA Immo AG uses a wide range of possible measures to keep the impact as low as possible.

17. Proposal for the appropriation of net earnings

It is proposed to use part of the net retained earnings of € 907,529,931.54 to pay a dividend of € 1.00 per share, i.e. a total of € 93,028,299.00, to the shareholders. The remainder of the net retained earnings in the amount of € 814,501,632.54 is intended to be carried forward. The profit appropriation proposal reflects the current assessment of the Management and Supervisory Boards. Since neither the duration of the COVID-19 crises nor the further financial, general business and real estate specific impacts as well as the timing of the Annual General Meeting of 2020 can be predicted with certainty, the Management and Supervisory Boards will evaluate the proposal for decision until the Annual General Meeting on an ongoing basis and reserve the right to modifications.

Vienna, 25.3.2020


The Management Board



Andreas Quint
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Member of the Management Board)



Keegan Viscius
(Member of the Management Board)

ASSET ANALYSIS FOR THE BUSINESS YEAR 2019

| | Acquisition and production costs as at 1.1.2019 | Addition | Disposal | Transfer | Acquisition and production costs as at 31.12.2019 |
|--|---|----------------------|-----------------------|-------------------|---|
| | € | € | € | € | € |
| I. Intangible fixed assets | | | | | |
| Software | 2,601,366.80 | 304,796.94 | 47,971.00 | 0.00 | 2,858,192.74 |
| | 2,601,366.80 | 304,796.94 | 47,971.00 | 0.00 | 2,858,192.74 |
| II. Tangible fixed assets | | | | | |
| 1. Land and buildings | | | | | |
| a) Land value | 50,658,941.08 | 0.00 | 0.00 | 0.00 | 50,658,941.08 |
| b) Building value | 288,924,528.66 | 19,197,816.00 | 0.00 | 612,930.21 | 308,735,274.87 |
| | 339,583,469.74 | 19,197,816.00 | 0.00 | 612,930.21 | 359,394,215.95 |
| 2. Other assets, office furniture and equipment | 3,266,231.43 | 1,077,027.47 | 468,776.76 | 0.00 | 3,874,482.14 |
| 3. Prepayments made and construction in progress | 612,930.21 | 0.00 | 0.00 | - 612,930.21 | 0.00 |
| | 343,462,631.38 | 20,274,843.47 | 468,776.76 | 0.00 | 363,268,698.09 |
| III. Financial assets | | | | | |
| 1. Investments in affiliated companies | 2,795,889,591.89 | 3,683,355.27 | 46,523,019.70 | 30,492,500.47 | 2,783,542,427.93 |
| 2. Loans to related companies | 758,422,554.67 | 5,278,739.91 | 46,529,747.58 | - 30,492,500.47 | 686,679,046.53 |
| 3. Investments in associated companies | 281,576.92 | 0.00 | 7,325.42 | 0.00 | 274,251.50 |
| 4. Other loans | 29,295,009.35 | 0.00 | 6,425,009.35 | 0.00 | 22,870,000.00 |
| | 3,583,888,732.83 | 8,962,095.18 | 99,485,102.05 | 0.00 | 3,493,365,725.96 |
| | 3,929,952,731.01 | 29,541,735.59 | 100,001,849.81 | 0.00 | 3,859,492,616.79 |

| Accumulated depreciation as at 1.1.2019 € | Depreciation and amortisation in 2019 € | Reversal of impairment losses in 2019 € | Accumulated depreciation disposal € | Accumulated depreciation as at 31.12.2019 € | Book value as of 31.12.2019 € | Book value as at 31.12.2018 € |
|--|--|--|--|--|----------------------------------|----------------------------------|
| 2,330,067.23 | 148,772.94 | 0.00 | 47,971.00 | 2,430,869.17 | 427,323.57 | 271,299.57 |
| 2,330,067.23 | 148,772.94 | 0.00 | 47,971.00 | 2,430,869.17 | 427,323.57 | 271,299.57 |
| 9,643,334.80 | 0.00 | 6,235,393.53 | 0.00 | 3,407,941.27 | 47,250,999.81 | 41,015,606.28 |
| 88,204,472.40 | 16,886,693.82 | 0.00 | 0.00 | 105,091,166.22 | 203,644,108.65 | 200,720,056.26 |
| 97,847,807.20 | 16,886,693.82 | 6,235,393.53 | 0.00 | 108,499,107.49 | 250,895,108.46 | 241,735,662.54 |
| 2,537,105.38 | 331,700.83 | 0.00 | 468,776.76 | 2,400,029.45 | 1,474,452.69 | 729,126.05 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 612,930.21 |
| 100,384,912.58 | 17,218,394.65 | 6,235,393.53 | 468,776.76 | 110,899,136.94 | 252,369,561.15 | 243,077,718.80 |
| 79,658,092.71 | 136,736,310.59 | 5,767,144.26 | 27,271,198.70 | 183,356,060.34 | 2,600,186,367.59 | 2,716,231,499.18 |
| 5,840,000.00 | 308,992.00 | 0.00 | 0.00 | 6,148,992.00 | 680,530,054.53 | 752,582,554.67 |
| 8,166.28 | 0.00 | 0.00 | 7,267.28 | 899.00 | 273,352.50 | 273,410.64 |
| 25,706,144.35 | 0.00 | 0.00 | 2,836,145.35 | 22,869,999.00 | 1.00 | 3,588,865.00 |
| 111,212,403.34 | 137,045,302.59 | 5,767,144.26 | 30,114,611.33 | 212,375,950.34 | 3,280,989,775.62 | 3,472,676,329.49 |
| 213,927,383.15 | 154,412,470.18 | 12,002,537.79 | 30,631,359.09 | 325,705,956.45 | 3,533,786,660.34 | 3,716,025,347.86 |

INFORMATION ABOUT GROUP COMPANIES

Direct investments

| Company | Registered office | Share capital | | Interest in % | Profit/loss for fiscal year 2019 | | Shareholders' equity as at 31.12.2019 | | Profit/ loss for fiscal year 2018 | | Shareholders' equity as at 31.12.2018 | |
|---|-------------------|---------------|-----|---------------|----------------------------------|-----|---------------------------------------|-----|-----------------------------------|-----|---------------------------------------|-----|
| | | | | | in 1,000 | | in 1,000 | | in 1,000 | | in 1,000 | |
| CA Immo d.o.o. | Belgrad | 32,523,047 | RSD | 100 | 1,115 | RSD | - 17 | RSD | 1,649 | RSD | - 1,132 | RSD |
| CA Holding Szolgáltató Kft | Budapest | 13,000,000 | HUF | 100 | 28,577 | HUF | 720,692 | HUF | 22,399 | HUF | 692,114 | HUF |
| Canada Square Kft. | Budapest | 12,510,000 | HUF | 100 | - 31,856 | HUF | 1,057,864 | HUF | 128 | HUF | 1,089,720 | HUF |
| Duna Irodaház Kft., Budapest | Budapest | 838,082 | EUR | 100 | - 83 | EUR | 32,274 | EUR | - 190 | EUR | 28,577 | EUR |
| Duna Termál Hotel Ingatlanfejlesztő Kft. | Budapest | 1,182,702 | EUR | 100 | 331 | EUR | 38,676 | EUR | 242 | EUR | 31,161 | EUR |
| Duna Business Hotel Ingatlanfejlesztő Kft. | Budapest | 1,370,097 | EUR | 100 | 783 | EUR | 42,131 | EUR | 650 | EUR | 35,483 | EUR |
| Kapas Center Kft. | Budapest | 772,560,000 | HUF | 50 | 175,038 | HUF | 1,794,203 | HUF | - 21,752 | HUF | 1,619,166 | HUF |
| Kilb Kft. | Budapest | 30,000,000 | HUF | 100 | 360,628 | HUF | 3,141,399 | HUF | 350,310 | HUF | 2,780,771 | HUF |
| Millennium Irodaház Kft. | Budapest | 3,017,200 | EUR | 100 | 48 | EUR | 26,509 | EUR | 229 | EUR | 23,677 | EUR |
| R 70 Invest Budapest Kft. | Budapest | 5,270,000 | HUF | 100 | - 139,426 | HUF | 1,774,495 | HUF | - 222,816 | HUF | 1,913,921 | HUF |
| Váci 76 Kft. | Budapest | 3,100,000 | HUF | 100 | 225,432 | HUF | 5,645,607 | HUF | 14,788 | HUF | 5,420,172 | HUF |
| CA Immo Invest GmbH | Frankfurt | 50,000 | EUR | 51 | - 449 | EUR | 16,227 | EUR | 4,385 | EUR | 16,676 | EUR |
| DRG Deutsche Realitäten GmbH | Frankfurt | 500,000 | EUR | 49 | 303 | EUR | 856 | EUR | 328 | EUR | 881 | EUR |
| CAINE B.V. | Hoofddorp | 18,151 | EUR | 100 | - 3,926 | EUR | 49,234 | EUR | - 936 | EUR | 15,004 | EUR |
| CA Immo Holding B.V. | Amsterdam | 51,200,000 | EUR | 100 | 15,537 | EUR | 204,218 | EUR | 11,029 | EUR | 193,682 | EUR |
| Visionary Prague, s.r.o. | Prague | 200,000 | CZK | 100 | - 47,213 | CZK | 313,909 | CZK | - 59,210 | CZK | 361,123 | CZK |
| Avielen Beteiligungs GmbH | Vienna | 35,000 | EUR | 100 | - 690 | EUR | - 9,018 | EUR | - 910 | EUR | - 8,328 | EUR |
| CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs KG | Vienna | 14,811 | EUR | 100 | 1,262 | EUR | 9,079 | EUR | 3,377 | EUR | 151,195 | EUR |
| CA Immo BIP Liegenschaftsverwaltung GmbH | Vienna | 3,738,127 | EUR | 39 | 6,168 | EUR | 9,943 | EUR | 1,428 | EUR | 16,775 | EUR |
| CA Immo International Holding GmbH | Vienna | 35,000 | EUR | 100 | 51,848 | EUR | 2,061,781 | EUR | 35,205 | EUR | 2,043,933 | EUR |
| CA Immo Rennweg 16 GmbH | Vienna | 35,000 | EUR | 100 | 2,110 | EUR | 863 | EUR | 1,815 | EUR | - 1,246 | EUR |
| EBL Nord 2 Immobilien GmbH | Vienna | 35,000 | EUR | 50 | 7 | EUR | 42 | EUR | 5 | EUR | 54 | EUR |
| EBL Nord 2 Immobilien Eins GmbH & Co KG | Vienna | 10,000 | EUR | 50 | 729 | EUR | 2,464 | EUR | 19,661 | EUR | 16,506 | EUR |
| EBL Nord 2 Immobilien Zwei GmbH & Co KG | Vienna | 10,000 | EUR | 50 | 2 | EUR | 53 | EUR | 4,283 | EUR | 3,782 | EUR |
| omniCon Baumanagement GmbH | Vienna | 100,000 | EUR | 100 | 9 | EUR | 140 | EUR | 1 | EUR | 132 | EUR |

Information on participations for 2019 is based on preliminary figures in financial statements prepared according to local accounting standards.

MANAGEMENT REPORT

GROUP STRUCTURE

CA Immo is a real estate company with its headquarters in Vienna and branch offices in Germany, Poland, Romania, Serbia, Czech Republic and Hungary. 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 various branch offices act as largely decentralised profit centres. Other subsidiaries (without separate local teams) are present in Croatia, the Netherlands, Slovakia and Cyprus. As at key date 31 December 2019, the Group comprised 185 companies (31.12.2018: 196) with 414 employees (382 on 31.12.2018).

The core business of the CA Immo Group is the letting, management and development of high quality commercial real estate with a clear focus on office properties. The company, which has a high degree of in-house construction expertise, covers the entire value chain in the field of commercial real estate. The objective is to build up a focused portfolio of high quality, high earning investment properties within the core markets of Germany, Austria, the Czech Republic, Poland, Hungary and Romania. Additional earnings will be generated through the preparation and utilisation of land reserves in the development area. CA Immo either transfers completed projects to its portfolio or sells them to investors. The Group currently controls property assets of around € 5.2 bn in Germany, Austria and Eastern Europe.

Austria

The company's domestic properties are overseen in subsidiary companies of CA Immobilien Anlagen AG. As at 31 December 2019, the parent company also directly held property assets of approximately € 317.3 m (€ 298.2 m on 31.12.2018). As at 31 December 2019, the total Austrian portfolio comprised solely investment properties with a market value of € 567.1 m (€ 560.2 m on 31.12.2018).

Eastern Europe (CEE)

In the CEE region, the strategic focus is also on commercial class A buildings in the respective capitals. The portfolio of investment properties in CEE and a small proportion of development projects and undeveloped plots are directly held via CA Immo participating interests. All Eastern European properties are managed by regional subsidiaries under the name **CA Immo Real Estate Management**.

COMPANIES BY REGION

| Number of companies ¹⁾ | 31.12.2019 | 31.12.2018 |
|--|------------|------------|
| Austria | 19 | 20 |
| - <i>Of which joint ventures</i> | 3 | 3 |
| Germany ²⁾ | 98 | 101 |
| - <i>Of which joint ventures</i> | 27 | 27 |
| Central and Eastern Europe ³⁾ | 68 | 75 |
| - <i>Of which joint ventures</i> | 2 | 4 |
| Group-wide | 185 | 196 |
| - <i>Of which joint ventures</i> | 32 | 34 |

¹⁾ Joint ventures involving consolidated companies.

²⁾ Includes one company in Switzerland.

³⁾ 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**, which has branches in Berlin, Frankfurt and Munich. 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 through joint ventures. Construction management is carried out by CA Immo subsidiary **omniCon**, which also performs these services for third parties.

ECONOMIC ENVIRONMENT

The economic trend¹⁾

In its World Economic Outlook Update published in January 2020, the International Monetary Fund (IMF) painted a more restrained yet positive picture of the global economy. Estimated economic growth of 2.9% in 2019 is likely to be followed by increases to 3.3% in 2020 and 3.4% in 2021. The current outlook suggests 0.1 percentage points below the forecast issued in October 2019 for 2019 and 0.1 and 0.2 percentage points below the forecast figures for 2020 and 2021.

The latest economic data and survey results point to a slowdown in economic growth for the European Union (EU). The increase of 1.2% in the Eurozone for 2019 was 70 base points below the result for 2018. In the second half of 2019, despite the positive conditions prevailing in Europe, the European economy continued to be exposed to external headwinds. Eurozone growth was better than expected in the third quarter, but disappointing in the final quarter. Lately the growth prospects have been downgraded in response to the global geopolitical and economic uncertainties and the outbreak of the COVID-19 virus with its not yet foreseeable negative effects on the global economy. In 2019, the labour market in the Eurozone demonstrated its resilience against the backdrop of relatively moderate economic growth. The unemployment rate has hovered around 7.4% in recent months, the lowest rate since May 2008.

Core markets of CA Immo in 2019²⁾

In 2019 growth stood at 1.2% for the Eurozone and 1.4% for the EU as a whole, against 1.9% and 2.0% in the previous year. This meant the Eurozone economy had the lowest growth rate since the euro crisis seven years ago. In December 2019, the unemployment rate was 7.4% for the Eurozone (compared to 7.8% in December 2018) and 6.2% for the whole EU (against 6.6% in December 2018); these were the lowest levels since January 2000. At the end of the third quarter of 2019, national debt stood at 86.1% in the Eurozone (80.1% in the EU-28).

Annual inflation of 1.4% in the Eurozone in January 2020 was well below the ECB's target value of below, but close to 2.0% (1.4% in January 2019); this compares to the figure for the European Union of 1.7% (1.5% in January 2019). Although the rate of price increases has stayed

below the ECB target, it is expected to climb slightly in view of monetary policy measures.

The economy in **Austria** continued to expand in 2019 as real-terms GDP rose by 1.5%. The inflation rate stood at 2.2% in January 2019, with the unemployment rate at 4.2%.

Persistent weaknesses in global trade and manufacturing adversely affected **Germany's** export-driven industrial sector and suppressed general economic growth in 2019. This was reflected in GDP growth of 0.6%, a decline of 90 base points on the previous year. The German economy was impacted by falling consumption of private households and the state as investment in the manufacturing sector declined. Growth in the building trade and other investments partly compensated for flagging exports and rising imports.

Despite this, the employment level in Germany reached a new record high, underlining the essentially robust health of the German economy. Comparing the countries of the EU, Germany and the Czech Republic had the lowest unemployment rates (3.2% and 2.0% respectively) according to the latest Eurostat publication. The inflation rate was confirmed as 1.6% for Germany in January 2020.

The positive economic trend of recent years on CA Immo's core markets in **Central and Eastern Europe** was sustained throughout 2019.

Hungary and **Poland** reported the strongest growth on the core markets of Central and Eastern Europe in 2019 (4.9% and 4.2% respectively). In 2019, GDP expanded by 3.9% in **Romania** and by 2.5% in the **Czech Republic**. The unemployment rate in **Central and Eastern Europe** is much lower than that for the EU-28 and the Eurozone average (2.0% in the Czech Republic, 3.3% in Poland, 3.4% in Hungary and 3.9% in Romania).

Compared to the previous year, the inflation rate tended to rise during 2019, exceeding the Eurozone average in all core countries of Central and Eastern Europe. The Czech Republic and Poland confirmed an inflation rate of 3.8% for January 2020, while the value for 2019 was 3.9% in Romania. The annual inflation rate in Hungary was 4.7%.

The strong rise of recent years in employment growth slowed in the Czech Republic and Hungary while rising slightly in Poland and Romania.

¹⁾ Sources: International Monetary Fund, European Commission

²⁾ Sources: Eurostat, European Commission, Bloomberg, Financial Times

The money market and interest environment¹⁾

At its most recent meeting on 12 March 2020, the Governing Council of the ECB decided to leave the interest rate for main refinancing operations and the interest rates for the marginal lending facility and the deposit facility unchanged at 0.00%, 0.25% and -0.50% respectively. The Governing Council expects the key ECB interest rates to remain at their present or lower levels until it has seen the inflation outlook robustly converge to a level sufficiently close to, but below, 2% within its projection horizon, and such convergence has been consistently reflected in underlying inflation dynamics.

Additional longer-term refinancing operations (LTROs) will be conducted, temporarily, to provide immediate liquidity support to the euro area financial system. Although the Governing Council does not see material signs of strains in money markets or liquidity shortages in the banking system, these operations will provide an effective backstop in case of need. The LTROs will provide liquidity at favourable terms to bridge the period until the TLTRO III operation (targeted longer-term refinancing operations) in June 2020.

In TLTRO III, considerably more favourable terms will be applied during the period from June 2020 to June 2021 to all TLTRO III operations outstanding during that same time. These operations will support bank lending to those affected most by the spread of the coronavirus, in particular small and medium-sized enterprises.

The European Central Bank pushed ahead with its expansive monetary policy in 2019. Between January and October 2019, the ECB reinvested repayments from maturing bonds and other securities in full. The Governing Council aimed to maintain its cumulative net purchases at the level of December 2018. On 12 September 2019, the Governing Council decided that net purchases in connection with an asset purchase programme (APP) will resume from 1st November 2019 in the amount of € 20 bn per month. The Governing Council expects them to run for as long as necessary to reinforce the accommodative impact of its policy rates. The purchases will end shortly before the ECB starts raising its key interest rates. The Governing Council intends to continue reinvesting the principal payments from securities and bonds purchased under the APP past the date when it starts raising key in-

terest rates in order to maintain favourable liquidity conditions and an ample degree of monetary accommodation.

Furthermore a temporary envelope of additional net asset purchases of € 120 billion will be added until the end of the year, ensuring a strong contribution from the private sector purchase programmes. In combination with the existing asset purchase programme, this will support favourable financing conditions for the real economy in times of heightened uncertainty.

The persistently strong pace of growth is likely to maintain pressure for interest rate rises in the Central and Eastern European nations; the Czech central bank raised interest rates four times during 2018, and once more in both 2019 and 2020. Romania also implemented a surprise interest rate hike last year for the first time since 2008.

The 3 month Euribor rate remained in negative territory, fluctuating between -0.31% and -0.45% in the period under review.

Bond yields on 10-year government bonds from Eurozone members fell to new lows in 2019. At the height of a rapid bond rally, more than US \$17 tn of bonds were traded world-wide in August with a negative yield. The 10-year German government bond, which provides a European benchmark, produced a yield of -0.7%; in fact, all German government bonds were trading in negative territory. Even government bonds from worse rated countries have performed strongly, trading with record low yields; for example, Czech, Hungarian and Polish government bonds returned negative yields in July.

Both the negative development of government bonds and the expansive monetary policy of central banks had a major impact on the market for corporate bonds. In 2019, for example, corporate bonds with a record value of over US \$2.5 tn were issued world-wide.

Outlook²⁾

The exit of the United Kingdom from the EU and the trade war between the USA and China were the dominant issues of 2019. Mutual customs constraints not only hampered exports from the two world economic powerhouses, but also had a negative influence on the European economy, causing volatility on stock markets. The

¹⁾ Sources: European Central Bank, Eurostat, Bloomberg, Financial Times

²⁾ Sources: European Central Bank, Oxford Economic, Reuters, Financial Times

economic consequences of Brexit, which was completed in January 2020, also defined 2019.

The avoidance of a no-deal Brexit and the latest US-China trade agreement – two of the biggest sources of insecurity in 2019 – pointed to more stability for the European markets in future but the main challenge remains subdued global trade as well as in Europe the transition of the German automotive sector to alternative forms of propulsion technology, and in particular unforeseeable effects of the COVID-19 virus outbreak. Immediate profit warnings from companies as well as negative economic forecasts in this context underscore its danger to the European and global economy. The OECD is warning that a serious and protracted outbreak of the COVID-19 virus has the potential to halve global economic growth in 2020. Christine Lagarde, President of the European Central Bank, recently declared that the COVID-19 virus outbreak is a fast developing situation, which creates risks for the economic outlook and the functioning of financial markets.

The initial reaction in the monetary policy of the Federal Reserve underlines the potential impact of a COVID-19 pandemic on the world economy. The FED, for example, has ruled to cut US interest rates to zero to support the US economy, stating that the magnitude and persistence of the overall effects on the economy remain highly uncertain.

THE REAL ESTATE MARKET IN AUSTRIA¹⁾

The investment market

The total investment volume in Austrian real estate was approximately € 5.9 bn in 2019. This value was some 17% about the record volume of approximately € 5.0 bn reported in 2017. Office investments comprised the largest share of the total investment volume (around 30%). The real estate market in Vienna accounted for more than two thirds of the total investment volume, with almost 50% of these investments targeting office properties.

Given the stable economic conditions and the worsening shortage of core properties in German and other European cities, Austria continues to be the focus of German and international investors (who accounted for around

18% and 34% of the total investment volume respectively in 2019).

As in the previous year, prime yields for office properties declined and now stand at the historic low level of 3.45% for properties in Vienna's central business district (CBD). CBRE Research expects demand levels for commercial real estate in Austria to remain high in 2020, with yields falling further (especially in the office sector) against the backdrop of limited availability.

The office property market

The total office stock on the Viennese market amounted to approximately 11.3 million sqm at year end. The completion volume for office premises was approximately 41,500 sqm in 2019, down more than 80% on the previous year (which was in line with expectations, however). Largely because of the low completion volume, lettings performance declined from 253,600 sqm in 2018 to around 218,100 sqm in 2019. The vacancy rate fell by around 50 base points in the course of the year to 4.7%. CBRE Research expects the vacancy rate to remain unchanged until 2021 thanks to higher completion volumes in the next two years and the marginal downturn in economic growth.

Monthly prime rents in Vienna remained steady at € 25.00/sqm. Rent rises on other submarkets are proving more dynamic than prime rent levels in the centre.

THE REAL ESTATE MARKET IN GERMANY²⁾

The investment market

The total transaction volume for commercial real estate in Germany was approximately € 63 bn (5% above the previous year's value), again surpassing the previous record of 2018. In addition to the traditional transaction volume, which includes traded real estate and land, we have recently seen more investment on the German real estate market in response to the acquisition of shares in real estate companies (including significant minority holdings) by institutional investors, large family offices and real estate companies.

Despite sharply falling yields, Germany is still a stable and secure investment market thanks to extremely robust

¹⁾ Sources: CBRE: Data supplied by CBRE Research Austria Real Estate Market Outlook 2020

²⁾ Sources: CBRE: Data supplied by CBRE Research, Germany Real Estate Market Outlook 2020, Berlin, Munich, Frankfurt Office MarketView Q4 2019; Oxford Economics

demand levels driven by both German and international investors. Supported by consistently positive developments on the office rental markets, office properties remain the focus of investment, accounting for more than 60% of the total volume in 2019. That said, we have observed an increase in hotel and logistical investments. In some segments, prime yields for office property investments underwent further compression in the year under review (although this was moderate in comparison with that of earlier years). In spite of annually rising transaction volumes, the product shortages – which are set to persist given continually high demand coupled with limited construction volumes – will continue to put pressure on yields in future.

The investment market for commercial real estate in **Berlin** reported consistently high demand at € 11.5 bn, up 70% on the previous year's figure. In view of high demand, the prime yield for office properties has fallen to 2.70%.

An investment volume of € 7.1 bn was reported on the commercial property market in **Frankfurt**, the second highest transaction volume since the financial crisis. Office properties comprises some 80% of the transaction volume. In year-on-year comparison, prime yields fell by 30 base points to stand at 2.90% at the end of the year.

The commercial investment market in **Munich** reported a record-breaking year with a volume of € 10.6 bn. The old record for commercial investment of € 6.6 bn in the previous year was surpassed by office property investments of € 8.8 bn alone. The main reasons for this were certain large-volume sales and a number of highly priced portfolio deals. Prime yields fell to 2.60%, a difference of 30 base points on the value for the end of 2018.

The office property market ¹⁾

Persistent weaknesses in global trade and manufacturing adversely affected Germany's export-driven industrial sector and suppressed general economic growth in 2019. This was reflected in GDP expansion of just 0.6%, a growth rate below that of previous years (1.5% in 2018, 2.8% in 2017 and 2.1% in 2016). In 2019, however, the number of people in work did set a new post-reunification record. These positive conditions are continuing to raise the demand for office space; allied with a shortage

of floor space in many inner city areas, rental rates are rising sharply.

In 2019, **Munich** was unable to maintain the very strong development of its lettings market witnessed in recent years, although this was because of a limited supply rather than diminishing demand. Floor space take-up totalled 763,500 sqm, down more than 20% on the previous year's figure. Consistently strong demand has combined with an extremely tight supply situation to drive up peak monthly rents by around 4% year-on-year to € 39.50 per sqm, while the weighted average monthly rent of approximately € 20.07 was 6% above the previous year's level. The office vacancy rate for the total market hit a new record low of 2.9% (3.1% in 2018). Central locations within the inner zone are fully let, with a vacancy level of just 0.4%.

The completion volume of approximately 253,600 sqm in 2019 (new buildings and core refurbishments) was just below the value for last year. Only 5% of the floor space was unlet when it came onto the market. There is no easing of the supply situation in sight for 2020, despite the sharply rising number of project completions. The stock of office space was approximately 21.8 million sqm at year end.

Office space take-up in **Frankfurt** stood at 552,500 sqm in 2019, equivalent to a decline of more than 10% on the previous year. Continuing high demand has reduced the vacancy rate to 6.9%. The peak monthly rent increased on the previous year to € 44.00. The weighted monthly average rent on the market is € 21.80 per sqm, up 5% year-on-year. The completion volume of around 158,700 sqm was well below the 10-year average. According to the information currently available, some 590,700 sqm of office space will be developed by the end of 2022; more than half of this is already pre-let. Completion of the high-rise office/hotel building ONE in Frankfurt, CA Immo's largest development project at present, is scheduled for 2022. The stock of office space was approximately 11.4 million sqm at the end of the year.

Berlin confirmed office space take-up of 998,900 sqm in 2019, up 19% on the previous year's figure. Over the course of the year, the vacancy rate fell sharply to a record low of 1.1% (2018: 2.3%). The shortage of floor space drove up the peak monthly rent level by around 12% to

¹⁾ Sources: CBRE: Data supplied by CBRE Research, Munich, Frankfurt, Berlin Office MarketView Q4 2019; Oxford Economics

€ 37.50 per sqm. The weighted monthly average rent also started to rise strongly again to reach € 26.00 per sqm, 22% above the figure for the previous year. Berlin therefore leads the top five cities in terms of the development of rental rates. Approximately 277,500 sqm of new floor space was completed in 2019, of which just 3% was still available at the time of completion. Although the completion volume is expected to rise by around 576,000 sqm in 2020, the current development pipeline is struggling to keep pace with the high level of demand. Of the office space coming onto the market in 2020, 84% is already pre-let or owner-occupied. The stock of office space was approximately 18.2 million sqm at year end.

THE REAL ESTATE MARKET IN CENTRAL AND EASTERN EUROPE¹⁾

The investment market

The positive trend on the real estate markets was maintained in Central and Eastern Europe, and especially in CA Immo's core cities of Warsaw, Prague, Budapest and Bucharest. The volume of commercial real estate transactions registered in these cities alone (€ 8.3 bn) was almost 40% above the prior year's value. By city, Prague accounted for the largest volume (37%), followed by Warsaw (34%), Budapest (21%) and Bucharest (8%).

For the fifth year in succession, the investment volume in Poland reached a new record value of approximately € 7.8 bn. An investment volume of € 2.8 bn was reported in **Warsaw**, with the office sector accounting for over 85% of this. The prime yield is approximately 4.25%. On the basis of strong underlying data, **Prague** has consolidated its position as an investment market of international repute on the lettings markets. The total investment volume of approximately € 3.1 bn exceeded the previous year's volume of roughly € 2.7 bn. The prime yield also stands at 4.25%.

The 2019 investment volume in **Budapest** exceeded the 2018 level, with demand high for the fourth year in succession. Prime yields on top office properties experienced further suppression to stand at 5.25% (5.75% in 2018). **Bucharest** reported an approximate investment volume of € 650 m in 2019, with the office sector accounting for some 70%. The prime yield stands at 7.00%.

The office property markets²⁾

Lettings continued to develop positively in 2019 in all core cities of CA Immo (Warsaw, Prague, Budapest and Bucharest). Vacancy rates declined in both Warsaw and Budapest, while Prague and Bucharest saw vacancy rates rise marginally during the year. With the exception of Bucharest, prime yields fell further in all core cities of CA Immo as peak rents rose slightly.

At the end of 2019, total office space in **Warsaw** was approximately 5.6 million sqm, with some 162,100 sqm completed in the course of the year. With 692,000 sqm currently under construction, total floor space is expected to exceed 6 million sqm by late 2020 or early 2021.

The office pipeline is heavily focused on the CBD of the Polish capital. Office space take-up amounted to 584,000 sqm in 2019, below the level of 2018. The vacancy rate fell by 90 base points on the previous year's value to stand at 7.8% at year end. After a slight downturn last year, the peak monthly rent rose back to around € 25.00 per sqm in central locations.

The office property market in **Prague** experienced a good year in 2019. The stock of office space increased by around 193,700 sqm, from the approximate figure of 3.5 million sqm at the end of 2018 to roughly 3.7 million sqm at the end of 2019. Lettings performance of around 276,100 sqm did not quite match the previous year's level. Following a substantial decrease in the prior year, the vacancy rate expanded marginally to 5.5% by year end. Despite this, peak rents in central locations increased to € 23.00/sqm per month.

Floor space take-up for the year in **Budapest** was approximately 362,000 sqm in 2019, close to the previous year's level. Total office space was around 3.7 million sqm by the end of the year. The completion volume for 2019 was in line with expectations at 70,500 sqm, far short of the 2018 record value of approximately 230,000 sqm. Continuing the downward trend since 2012, the vacancy rate fell to the record value of 5.6% by year end (2018: 7.3%) despite the greater supply of office space. The peak monthly rent is confirmed at € 26.00 per sqm.

Around 311,200 sqm of office space was let in **Bucharest** by the end of 2019, up 30% on the previous year.

¹⁾ Sources: Data supplied by CBRE Research

²⁾ Sources: Data supplied by CBRE Research

The stock of office space totalled 3.2 million sqm by year end thanks to a completion volume of approximately 292,700 sqm. Following a sharp reduction in the previous year, the vacancy rate climbed back to 9.8% by year end. Most of the vacant floor space is concentrated in category B buildings. The peak monthly rent in Bucharest was stable at € 18.5/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, 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.

CA Immo Group's property assets

By the transfer of own project completions into the investment portfolio, CA Immo has increased the value of its property assets in 2019 by 16% up to € 5.2 bn (2018: € 4.5 bn). Of this figure, investment properties account for € 4.3 bn (83% of the total portfolio), property assets under development represent € 0.8 bn (16%) and short-term properties¹⁾ € 61 m (1%). With a proportion of 50% 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 142,567 sqm (2018: 141,572 sqm). As at the balance sheet date, these assets comprised eight investment properties in Austria with a market value (including prepayments made and construction in progress) of € 250,895 K (eight investment properties; € 241,736 K on 31.12.2018). This portfolio generated rental income of € 14,039 K in 2019 (€ 13,352 K in 2018).

Lettings

An approximate of 33,600 sqm of floor space was newly let or extended in 2019 (22,400 sqm in 2018). Long-term contracts had been signed with Eli Lilly (1,740 sqm) and

Robert Bosch AG (1,624 sqm) for ViE office building, completed at the end of 2018. Volksbank Wien occupied about 14,000 sqm at Erdberger Lände. These factors increased the economic occupancy rate to approximately 88% (74% in 2018).

Investments

In 2019, the company invested € 19,198 K in its asset portfolio (€ 14,922 K in 2018). Investments concerned, in particular, tenant fit-out works in the properties Erdberger Lände, Donau Business Center and Storchengasse.

Disposals

No property disposals occurred in business year 2019.

COURSE OF BUSINESS FOR CA IMMOBILIEN ANLAGEN AG

Results

Compared to the previous year **rental income** increased by 5% to € 14,039 K (2018: € 13,352 K). **Operating expenses** passed on to tenants increased by 8% from € 4,271 K in 2018 to € 4,631 K in 2019. In contrast, **management revenues** declined due to a lower provision of services towards affiliated companies by –32% from € 13,220 K in 2018 to € 9,012 K in 2019. Overall, this led to a –7% decrease in **gross revenues** to € 28,883 K (€ 31,120 K in 2018). Revenues are distributed as follows: Austria 74%, Germany 1%, Eastern Europe 25%.

Other operating income fell by –12% to € 8,474 K (€ 9,598 K in 2018). Write-ups to tangible assets amounted to € 6,235 K (€ 8,869 K in 2018). In 2019, provisions were released in the amount of € 1,562 K (€ 381 K in 2018).

Staff expenses fell by –10% from € 15,544 K in 2018 to € 13,970 K in 2019. In 2019, the company employed 69 staff members on average (67 in 2018). In the prior year, this item included special payments based on the existing change of control clause because of the change of control arising from the sale of the 26% stake in CA Immo held by the IMMOFINANZ Group to a Luxembourg fund managed by Starwood Capital Group ('Starwood'). For details of remuneration paid to the Management Board, refer to the notes section.

Depreciation charged to tangible assets (including extraordinary depreciations in the amount of € –9,571 K)

¹⁾ Incl. properties intended for trading or sale

stood at € -17,367 K (€ -6,802 K in 2018). **Other operating expenditures** amounted to € -16,466 K (€ -18,373 K in 2018). Around € -8,362 K (€ -9,530 K in 2018) of this figure was attributable to general administrative costs like project-related legal, auditing, advertising and marketing or administrative management costs. Other expenses directly related to properties stood at € -7,556 K (€ -7,756 K in 2018).

In overall terms, the developments outlined above led to a negative **operating result** of € -10,447 K compared to € -1 K in the previous year.

The company received total **income from investments** of € 192,269 K (€ 28,131 K in 2018) via subsidiary dividend payouts. In 2019, this item was counterbalanced by expenses linked to financial assets and interest receivables on current assets of € -138,603 K compared to € -7,496 K in 2018. Loans granted mainly to subsidiary companies produced revenue of € 21,803 K (€ 21,461 K in 2018). **Other interest and similar income** stood at € 12 K (compared to € 1 K in 2018).

Income from financial investments stood at € 6,487 K (€ 163,054 K in 2018) and include investment appreciations in an amount of € 5,767 K (€ 147,596 K in 2018). This item was offset by writedowns on equity holdings of € -137,045 K (€ -5,572 K in 2018); thereof distribution-induced € -136,736 K (€ -3,111 K in 2018).

Interest expense rose in total by 17% to € -29,188 K (€ -24,913 K in 2018). Interest for bank loans or **real estate financing** increased by 4% to € -2,499 K (€ -2,399 K in 2018). Expenses for derivative transactions grew to € -4,408 K (€ -1,774 K in 2018). Interest costs in respect of affiliated companies declined from € -2,587 K in 2018 to € -1,962 K in 2019. The largest amount, totalling € -19,964 K, concern interest costs for bonds; last year, this figure stood at € -17,623 K. As at the balance sheet date, four CA Immo corporate bonds were thus trading on the unlisted securities market of the Vienna Stock Exchange and partly on the regulated market of the Luxembourg Stock Exchange (Bourse de Luxembourg). The convertible bonds issued in the fourth quarter of 2017 were included in trading on the unregulated third market (multilateral trade system) of the Vienna Stock Exchange. 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 conditions contain a loan-to-value (LTV) covenant.

Early in 2020, CA Immo entered the Eurobond market for the first time, issuing a € 500 m fixed-rate, non-subordinate and unsecured benchmark bond with a term of seven years and an annual coupon of 0.875%. The international rating agency Moody's Investors Service Ltd. gave the bond, which is registered for official trading on the Vienna Stock Exchange, an investment grade rating of Baa2. Net proceeds will mainly be used to (re)finance properties, future acquisitions and future development projects, and to optimise the loan capital structure (e.g. financing of the following cash buyback offers on outstanding bonds); it will also serve other, more general corporate goals.

At the same time, the company decided to invite holders of the bonds shown in the table below to submit offers for cash buyback.

| Issue title | Repurchase rate in % | Total nominal value offered in € |
|--|----------------------|----------------------------------|
| 1,875% CA Immo Bonds 2016-2021 ISIN: AT0000A1LJH1 | 102.55 | 32,550,000 |
| 2,75% CA Immo Bonds 2015-2022 ISIN: AT0000A1CB33 | 105.10 | 32,589,500 |
| 2,75% CA Immo Bonds 2016-2023 ISIN: AT0000A1JVU3 | 107.10 | 33,379,000 |

The invitation to submit buyback offers was originally subject to a maximum volume of € 60 m. However, CA Immo decided not to proceed on a pro rata basis and to accept the total nominal amounts offered in full. Settlement (i.e. payment of the repurchase price and the derecognition of bonds from the deposits of bond creditors accepted by CA Immo) took place on 5 February 2020. In the transaction, J.P. Morgan acted as sole global coordinator and Erste Group, J.P. Morgan and Morgan Stanley acted as joint bookrunners.

Overall, the factors outlined above the **financial result** declined by -71% from € 180,238 K in 2018 to € 52,780 K in 2019. **Earnings before taxes** stood at € 42,333 K (against € 180,238 K in 2018). After taking account of **tax revenue** of € 4,370 K (€ 2,960 K in 2018), the annual **net profit** as at 31 December 2019 stands at € 46,703 K, compared to € 183,197 K on 31 December 2018. Taking into consideration the allocation to revenue reserve of € 0 K (€ -4,652 K in 2018) for 5,780,037 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 € 860,827 K (€ 766,007 K in the previous year), the annual financial statements of CA Immobilien Anlagen AG show **net retained earnings** of € 907,530 K (€ 944,552 K in 2018).

Proposed dividend for 2019

For business year 2019, the Management Board proposes a dividend of € 1.00 per share with dividend entitlement. Compared to last year, this represents a rise of approximately 11%. In relation to the closing rate as at 31 December 2019 (€ 37.45), the dividend yield was approximately 3%. The profit appropriation proposal reflects the current assessment of the Management and Supervisory Boards. Since neither the duration of the COVID-19 crises nor the further financial, general business and real estate specific impacts as well as the timing of the Annual General Meeting of 2020 can be predicted with certainty, the Management and Supervisory Boards will evaluate the proposal for decision until the Annual General Meeting on an ongoing basis and reserve the right to modifications.

Cash-flow

In the year under review, cash-flow from operating activities (operating cash-flow plus changes in net working capital) stood at € 197,163 K (€ 30,648 K in 2018). Cash-flow from investment activities was € 39,611 K (€ -286,827 K in 2018) and cash-flow from financing activities was € -271,555 K (€ 205,448 K in 2018).

Balance sheet: assets

Compared to the previous year, the **total assets** of CA Immobilien Anlagen AG declined from € 3,847,356 K as

at 31 December 2018 to € 3,629,907 K as at 31 December 2019.

Fixed assets fell from € 3,716,025 K as at 31 December 2018 to € 3,533,787 K on 31 December 2019. As a proportion of total assets, the share of fixed assets amounted to 97% on 31 December 2019 (31.12.2018: 97%). Intangible assets, which solely comprise EDP software, increased to € 427 K (31.12.2018: € 271 K). As at the balance sheet date, the company's **property assets** comprised eight properties in Austria with a market value (including prepayments made and construction in progress) of € 250,895 K (compared to eight properties with a market value of € 241,736 K on 31.12.2018). **Tangible fixed assets** totalled € 252,370 K (€ 243,078 K on 31.12.2018). **Financial assets** decreased by -6% to € 3,280,990 K (31.12.2018: € 3,472,676 K). The book value of investments in affiliated companies stood at € 2,600,186 K (31.12.2018: € 2,716,231 K).

Current assets fell from € 125,418 K as at 31 December 2018 to € 92,283 K on 31 December 2019. **Receivables** increased by 5% and stood at € 31,998 K (31.12.2018: € 30,351 K). On 31 December 2019, the company has cash holdings of € 60,285 K (31.12.2018: € 95,066 K).

Balance sheet: liabilities

Shareholders' equity declined to € 2,480,708 K as at the balance sheet date (€ 2,517,730 K on 31.12.2018). The equity ratio on the key date was approximately 68% (31.12.2018: 65%). Equity covered 70% of fixed assets (31.12.2018: 68%). **Provisions** amounted to € 19,860 K (31.12.2018: € 15,369 K). **Liabilities** decreased from € 1,311,792 K at the end of 2018 to € 1,122,879 K as at 31 December 2019.

DEVELOPMENT OF SHAREHOLDERS' EQUITY

| | 31.12.2018 | Change treasury share | Dividend payments | Annual result | Addition to reserves | 31.12.2019 |
|-----------------------|------------------|-----------------------------|----------------------|------------------|-------------------------|------------------|
| € 1,000 | | | | | | |
| Share capital | 676,316 | 0 | 0 | 0 | 0 | 676,316 |
| Tied capital reserves | 854,841 | 0 | 0 | 0 | 0 | 854,841 |
| Retained earnings | 42,021 | 0 | 0 | 0 | 0 | 42,021 |
| Net profit | 944,552 | 0 | -83,725 | 46,703 | 0 | 907,530 |
| Total equity | 2,517,730 | 0 | -83,725 | 46,703 | 0 | 2,480,708 |

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 around 26% (25,843,652 bearer shares and four registered shares), SOF-11 Klimt CAI S.à r.l., Luxembourg, a company managed by Starwood Capital Group, is the largest shareholder of CA Immo. Starwood is a global financial investor focusing on real estate investments. The remaining shares of CA Immo are in free float held by both institutional and private investors. Whereas in the previous year AXA S.A. (around 5%) and BlackRock Inc. (around 4%) counted to the larger shareholders of CA Immo, with the exception of S IMMO Group (holding around 6%), the company is not aware of other shareholders with a stake of more than 4%. For more information on the organisation of the shares and the rights of shareholders, please refer to the Corporate Governance Report.

Capital disclosures

At the 31st Annual General Meeting of 9 May 2018, the Management Board was authorized, with the consent of the Supervisory Board, to increase the capital stock by up to € 359,168,301.36 (approx. 50% of the current capital stock) by issuance of up to 49,404,168 new ordinary bearer shares in return for contributions in cash or in kind (also in several tranches and by exclusion of shareholders' subscription rights if required). The authorisation is valid until 18 September 2023.

In the same annual general meeting, the 'contingent capital 2013' was reduced from € 100,006,120 to € 47,565,458.08 in order to serve the 0.75% convertible bonds 2017-2025. Further, the Management Board was authorized, with the consent of the Supervisory Board, until 8 May 2023 to issue convertible bonds up to a total nominal amount of € 750 m with conversion and/or subscription rights in respect of up to 19,761,667 ordinary bearer shares of the company representing a pro-rata amount of the share capital of the company of up to € 143,667,319.09 ('contingent capital 2018'), also in several tranches and to determine all other terms of the convertible bonds as well as in respect of the issuance and

the conversion procedure. Under this authorisation, convertible bonds may only be issued, if the total number of new shares for which conversion and/or subscription rights are granted by such convertible bonds shall not exceed 20% of the share capital at the time this authorisation is resolved upon. The shareholders' subscription rights were excluded (article 174 para 4 in connection with article 153 Austrian Stock Corporation Act (AktG)).

At the 32nd Annual General Meeting held on 9 May 2019, the Management Board was authorised in accordance with article 65 para 1 no 8 and para 1a and para 1b Austrian Stock Corporation Act (AktG) for a period of 30 months from the date of the adopted resolution (until 8 November 2021), with the consent of the Supervisory Board, to repurchase treasury shares in the company, whereas the company's stock of treasury shares must not exceed 10% of its share capital. The consideration shall not be lower than 30% and shall not exceed 10% of the average unweighted market price at the close of the market on the ten trading days preceding the repurchase. The Management Board is further authorised to determine the respective other terms and conditions of the repurchase, whereby the treasury shares may be acquired at the discretion of the Management Board via the stock exchange, by way of a public offer, or by any other lawful and appropriate way, in particular off market, and/or from individual shareholders and under exclusion of the shareholders' pro rata rights (reverse subscription right). The authorisation may be exercised in full or in part or in multiple partial amounts and in pursuit of one or more purposes by the company, subsidiaries (article 189a no 8 Commercial Code (UGB)) or by third parties for their account. The authorisation may be repeatedly exercised. In addition, the Management Board was authorised, with the consent of the Supervisory Board, to transfer the acquired treasury shares by all legally permissible means and to determine the terms and conditions of the transfer of shares or to cancel the treasury shares without an additional resolution by the General Meeting.

No use has been made of the share buyback programme in the year under review. As at 31 December 2019, CA Immobilien Anlagen AG held 5,780,037 treasury shares in total; given the total number of voting shares issued (98,808,336), this is equivalent to around 6% of the voting shares.

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 Annual General Meeting that follows the 65th birthday of a Board member. The Supervisory Board comprises no less than three and no more than twelve 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 Annual 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 Annual 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 clauses

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 Annual General Meeting, or they are obliged to make a mandatory takeover bid where the investment threshold of 30% is exceeded. Corporate mergers always constitute a change of control. The contractual regulations provide for extraordinary termination rights as well as continued remuneration (including variable remuneration) for the remaining term of the employment contract. According to the calculation basis, compensation for fixed remuneration may not exceed two years' fixed salary. Moreover, the company has to grant the Management Board member a contractually agreed percentage part payment to compensate for the loss of variable remuneration not exceeding 80% of two years' fixed salary, depending on the specific sphere of activity and the position of the Management Board member in question. The exercising of a special right of termination in the

event of a change of control in the sphere of Starwood, the major shareholder, has been contractually excluded for all Management Board members.

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 Code¹⁾ 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 2019 (January 2018 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 2019 found that declarations of conformity submitted by CA Immo with regard to compliance with the C and R Rules of the Code were correct. The corporate governance report is also available on the company's web site at <https://www.caimmo.com/de/investor-relations/corporate-governance/>.

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 Corporate Development committee established in 2019 and

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.

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 Controlling department, which also helps to manage risk, 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 from all business areas and the CFO has also been set up; this meets quarterly or if necessary in special sessions (e.g. in response to the situation regarding COVID-19 virus²⁹). The purpose of the committee is to provide additional assurance in assessing the Group's risk situation across departmental boundaries regularly and introduce 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 2018), 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.

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.

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.

STRATEGIC RISKS

CA Immo defines strategic risk as the danger of unexpected deviations from company plans or 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. Many of the risks mentioned here are not actively manageable.

Amongst other things, the economic success of CA Immo depends on the **development of real estate markets of relevance to the Group**. Key factors influencing the economic trend include the general situation of

the global economy, the pattern of rental prices, the inflation rate, levels of national debt and interest rates. In the office properties segment, factors such as economic growth, industrial activity, the unemployment rate and consumer confidence play a major role alongside other factors critical to the economic trend. These circumstances, all of which are beyond the company's control, may have a negative impact on the broad economic picture in Europe and thus adversely affect economically powerful countries like Germany and Austria; they may also impair the general finance and real estate sector. Any downturn in the economic situation has the potential to reduce demand for real estate, which can in turn adversely affect occupancy rates, property values and even the liquidity of real estate.

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 divestment 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.

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 individual nations from European currency union could lead to a complete collapse of the monetary system.

Geopolitical risks such as political instability, lack of basic legislation and arbitrary government practices offset the economic opportunities offered by enterprises in other countries. Consequently, enterprises operating in an unstable region have to factor in significant impacts on their business activities, such as tax increases, customs duties, export bans, expropriations and seizure of assets. 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.

The effects of the outbreak of the **COVID-19 pandemic** remain to be seen; the volatility and uncertainty on stock markets, corporate profit warnings and negative economic forecasts underline the potential dangers to the European and global economies. The OECD is warning that a continuing COVID-19 pandemic has the potential to halve global economic growth in 2020. Christine Lagarde, President of the European Central Bank, declared that the COVID-19 pandemic creates unforeseeable

risks for the economic outlook and the functioning of financial markets.

The initial reaction in the monetary policy of the Federal Reserve underlines the potential impact of a COVID-19 pandemic on the world economy. The FED, for example, has ruled to cut US interest rates to zero to support the US economy, stating that the magnitude and persistence of the overall effects on the economy remain highly uncertain.

The effects of the outbreak of the COVID-19 pandemic (new findings and changes after balance sheet date) cannot be conclusively assessed given the dynamic evolution, however they are subject to ongoing evaluation. Temporary restrictions of the current operations (also caused by exit restrictions/ curfews/ border closings, school and business closings and other constraints) may however occur at the CA Immo Group, tenants, customers, suppliers as well as authorities. The financial, general business and real estate specific consequences cannot be fully estimated (e.g. payments made by tenants which are not in accordance with the contracts, delays in construction activities, effects on the real estate markets, evolution of covenants for current financings, effects on the planned real estate transactions). CA Immo Group uses a wide range of possible measures to keep the impact as low as possible.

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. 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.

Property values depend not only on the development of rental rates, but also real estate starting yields. The general market environment continues to pose the danger of starting yields for commercial real estate being adjusted upwards. 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. Due to sustained pressure from investors there is also the risk that properties will only be available to purchase at inflated prices. 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**. Germany remains the largest single market of CA Immo, accounting for a share of 51%. Besides the Austrian market, the distribution of regional targets will seek to bring about a portfolio distribution that is roughly equally weighted between Germany and Eastern Europe. The aim here is to maintain property assets of €500 m in each core city in the interests of upholding market relevance. For **single investments**, CA Immo defines concentration risk as a limit value of 5% of the total portfolio. The only property in this category at the balance sheet date was the Skygarden office building in Munich. The portfolio as a whole is highly diversified: the top ten Group assets represent less than 28% of the total portfolio. The concentration risk in respect of **single tenants** is also manageable. As at 31 December 2019, the top ten tenants were generating some 21% of rental revenue. With an approximate share of 3% of total rental income, PricewaterhouseCoopers followed by Frontex are currently the biggest individual tenants in the portfolio. **Land reserves**

and **land development projects** 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.

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 approximately 1% of rental income. Subject to the currently unpredictable economic impacts of the COVID-19 pandemic, a decline in rental income cannot be excluded. 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. 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 in 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, to a lesser extent, **special asset classes** such as shopping malls 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 presents risk to CA Immo as regards the (on time) availability of construction services and the level of building costs. This is now noticeable not only in Germany – the core market for the company's development projects – but also in all CA Immo's core regions. Despite making a provision for rising costs within project reserves, the fact that further rises in **construction costs** could present a risk to budget compliance and the overall success of a project cannot be ruled out. Another risk is that current property yields might change, thereby reducing target project profits, even though projects have been calculated defensively. For that reason, CA Immo is relying increasingly on appropriate market and cost analyses also in the development area. Projects currently in progress are generally on time and within the approved budget; they are continually monitored as regards cost risk.

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. Some real estate management

tasks and other administrative duties are outsourced to third parties outside the company. In the process of transferring administrative tasks, it is possible that knowledge of managed properties and administrative processes can be lost, and that CA Immo could prove incapable of identifying and contractually committing suitable service providers within the necessary timeframe. Nonetheless, the **expertise** possessed by a company and its workforce constitutes a significant competitive factor and a unique point of distinction over competitors. When key members of staff leave, therefore, the company becomes exposed to the risk of loss of expertise, which generally requires significant commitment of corporate resources (money, time, recruitment of new employees) to redress the balance. CA Immo takes various measures to counter these risk factors. In the case of corporate mergers, structured processes of organisational integration are observed. 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 decided to bring an action for damages against the Republic of Austria and the Province of Carinthia for unlawful and culpably biased influence on the best bidder procedure in the context of privatization of the Federal Residential Property companies in 2004 ('BUWOG') and for the unlawful failure to win the best bidder procedure. In order to assert the damage sustained, the company will first bring a partial action for an initial sum of € 1 m out of the total damage of € 1.9 bn.

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, current income and capital gains 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 turn out to be 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 and capital markets 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, 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 or corporate bonds and convertible bonds issued by CA Immo. 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. Sufficient equity capitalisation will be required for the company to retain its Baa2 investment grade (long-term issuer) **rating** (granted by Moody's in December 2015).

CA Immo counters risk of this kind by continually monitoring covenant agreements and effectively planning and securing liquidity. The financial consequences of strategic aims are also taken into account. 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. 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 also enters into equity partnerships (joint ventures) at project level. Despite meticulous planning it is not possible to eliminate liquidity risk, however, 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, swaps and floors) in the case of floating-rate loans. 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. Moreover, CA Immo is increasingly obtaining finance from the capital market. Fixed-interest loans (e.g. in the form of corporate bonds) or loans hedged through derivatives currently account for 86% of the total financing volume. Continually optimising the financing structure in recent years 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 hardly 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.

OUTLOOK

Growth prospects have recently been revised downwards in response to the current geopolitical and economic uncertainties at a global level and the outbreak of the COVID-19 virus, the negative impact of which on the global economy cannot be fully quantified at present. Aside from the burgeoning pandemic, the key challenges remain currently subdued global trade and the transition of the automobile sector in Germany to alternative forms of propulsion, which has implications for the economy as a whole. Against this backdrop, direct corporate profit warnings and negative economic forecasts underline the danger of the COVID-19 pandemic for the European and global economies.

We therefore expect conditions in the core markets of CA Immo to be challenging; although the concrete effects of the pandemic cannot be conclusively assessed given the pace of developments, we are constantly monitoring the situation. Temporary restrictions on current operations may be applicable to the CA Immo Group, tenants, customers, suppliers and public authorities. The resultant financial, property-specific and general business effects cannot be foreseen at present, but may include rent payments that do not comply with contracts, delays to construction activity, consequences for real estate markets, the emergence of covenants in financing arrangements and effects on planned real estate transactions. CA Immo is taking every possible measure to minimise the potential negative impact on the company.

Strategy

Thanks to the effectively implemented strategic programme of recent years, the CA Immo Group enjoys an excellent position on its core markets. In particular, 2019 was defined by the strongly organic growth of the portfolio. Presupposing an economic situation that is generally positive and stable, expansion will continue through profitable project development activity while additional selective acquisitions of investment properties with value appreciation potential will be made in the core markets. It is expected that the anticipated increase in annual rental revenue associated with this, together with an optimised financing structure, will directly raise CA Immo's long-term profitability and capacity to pay dividends.

The company's portfolio strategy continues to be based on a high quality portfolio in terms of both locations and buildings and a clear focus on attractive cities in Central and Eastern Europe.

Development

Three development projects were concluded in 2019, with five more projects due for completion in Munich, Berlin and Mainz during 2020. High quality land reserves in central locations of the German cities of Munich, Frankfurt and Berlin represent long-term organic growth potential for CA Immo which will be progressively realised as the necessary preconditions and circumstances are established.

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 the core market of Germany. Thanks to a significant rise in the interest rate hedging ratio over the past two years to approximately 86% on the key date, the robustness of the Group's cash flow is assured, even in the event of rising interest rates. The initial issue of a benchmark bond represents a milestone in the implementation of the expansion strategy, diversifies the financing structure and accelerates the optimisation thereof. The investment grade rating of the Group (Baa2 from Moody's) remained unchanged over the period under review, with the outlook confirmed as stable.

Key factors that may influence our business plans for 2020 include:

- Economic developments in the regions in which CA Immo is active and the effects of these on demand for rental premises and rental prices (core indicators include GDP growth, employment and inflation).
- The general progression of interest rates.
- The financing environment as regards the availability and cost of long-term financing with outside capital (both secured financing from banks and unsecured capital market financing), and accordingly the development of the market for real estate investment, price trends and their impact on the valuation of the CA Immo portfolio. The speed at which planned development projects are realised will also depend on the market factors outlined above and the availability of necessary debt and equity.
- Political, fiscal, legal and economic risks, transparency and the 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. 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'). Amongst others, CA Immo collaborated 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, were tested and developed.

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 2018 to 2020 is focused on, amongst other things, the extent to which smart office environments can enhance employee productivity and which team typologies (and associated spatial conditions) support working processes most effectively.

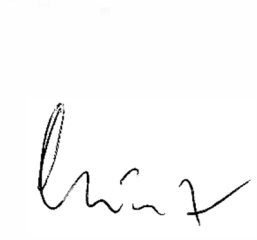
CA Immo actively participates in the main platforms for the real estate sector through cooperation agreements and memberships of such bodies as the **Urban Land Institute (ULI)**, the **German Property Federation (ZfA)**, the **German Sustainable Building Council** and its Austrian equivalent the **Austrian 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.

In addition, CA Immo is a member of the **Innovation platform RE!N (Real Estate Innovation Network)** since 2018, with the objective of pilot testing own innovation approaches in cooperation with other real estate companies and start-ups at an early stage.

CA Immo derives its own and implements external best practice findings in order to develop, for instance, new and innovative office properties to secure the long-term competitiveness of the company.

Vienna, 25.3.2020

The Management Board



Andreas Quint
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Member of the Management Board)



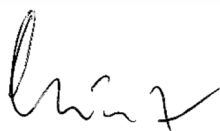
Keegan Viscius
(Member of the Management Board)

DECLARATION OF THE MANAGEMENT BOARD DUE TO SECTION 124 OF THE AUSTRIAN STOCK EXCHANGE ACT (BÖRSEGESETZ)

The Management 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, 25.3.2020

The Management Board



Andreas Quint
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Member of the Management Board)



Keegan Viscius
(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, 2019, 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 material respects, the assets and the financial position of the Company as of December 31, 2019 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 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 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.

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, 2019 show material investments in affiliated companies (TEUR 2,600,186) as well as loans to affiliated companies (TEUR 680,530). Furthermore, the financial statements show impairments of investments in and loans to affiliated companies of TEUR 137,045 and income from revaluation of such of TEUR 5,767.

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 "10 a) – Financial assets" and in appendix 2 – Information about group companies in the financial statements as of December 31, 2019.

Consideration in the audit

To address this risk, we have critically assessed the assumptions and estimates made by management and the external 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 business process
- Assessment of the applied methods and the mathematical accuracy of the calculations and supporting documentation
- Assessment of the competence, capability and objectivity of the external valuation experts engaged by management
- Assessment of the applied methods and the mathematical accuracy of selected property-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; 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 circumstances, 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 9, 2019. We were appointed by the Supervisory Board on June 13, 2019. 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 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 25, 2020

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Alexander Wlasto mp

Mag. (FH) Isabelle Vollmer mp

Wirtschaftsprüfer / Certified Public Accountant

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

CONTACT

CA Immobilien Anlagen AG
Mechelgasse 1
1030 Vienna
Phone +43 1 532 59 07-0
Fax +43 1 532 59 07-510
office@caimmo.com
www.caimmo.com

Investor Relations
Free info hotline in Austria: 0800 01 01 50
Christoph Thurnberger
Claudia Höbart
Phone +43 1 532 59 07-0
Fax +43 1 532 59 07-550
ir@caimmo.com

Corporate Communications
Susanne Steinböck
Jasmin Eichtinger
Cornelia Kellner
Phone +43 1 532 59 07-0
Fax +43 1 532 59 07-550
presse@caimmo.com

DISCLAIMER

This Report contains statements and forecasts which refer to the future development of CA Immobilien Anlagen AG and their companies. The forecasts represent assessments and targets which the Company has formulated on the basis of any and all information available to the Company at present. Should the assumptions on which the forecasts have been based fail to occur, the targets not be met or the risks set out in the risk management report materialise, then the actual results may deviate from the results currently anticipated. This Report does not constitute an invitation to buy or sell the shares of CA Immobilien Anlagen AG.

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We ask for your understanding that gender-conscious notation in the texts of this Report largely had to be abandoned for the sake of undisturbed readability of complex economic matters.

This Report is printed on environmentally friendly and chlorine-free bleached paper.

