
CORPORATE GOVERNANCE
REPORT 2013

13

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SUPERVISORY BOARD REPORT



DEAR SHAREHOLDERS AND READERS,

the CA Immo Group can look back on an extremely healthy business year 2013, during which we prepared much of the ground for successful implementation of our corporate strategy for 2012 to 2015. The two biggest transactions of the year – the partial sale of Tower 185 in Frankfurt and the sale of the Hesse portfolio – were among the main issues discussed at the six Supervisory Board meetings which took place in 2013.

Realisation of the Kontorhaus (a 50% joint venture with E&G Bridge Equity Fonds GmbH & Co. KG involving total investment costs of approximately € 100 m) and the Baumkirchen WA 1 project (both in Munich) along with the sale of Mercedes Benz Vertrieb Deutschland in Berlin and the Tower 2 site at the Frankfurt Europaviertel were also on the agenda.

Moreover, the Supervisory Board was heavily involved with the portfolio in Eastern Europe. In the course of portfolio optimisation, the Supervisory Board passed a series of framework sale resolutions relating to properties in Poland and the Czech Republic (including Lipowy Office Park in Warsaw), the realisation of an office building in Krakow (to be undertaken as a joint venture), the buy-out of minority joint venture shareholders linked to the Europolis “P1” sub-portfolio and the CA Immo New

Europe Property Fund and the acquisition of the shares of co-investor EBRD in two properties connected with the amalgamation of other Europolis sub-portfolios.

In Austria, implementation progress on “Silbermöwe” – currently the only development project in Vienna – was discussed, along with the utilisation rate of the portfolio. Owing to the low transaction volume (less than € 15 m) on individual projects, sales transactions were approved within the framework of the budget. Concrete sale decisions of this magnitude must be approved by the Management Board in accordance with the relevant provisions of the rules of procedure.

Issues of financing, liquidity and optimum funds allocation, the Group’s hedging strategy, developments on the property markets and the resultant opportunities and risks, company law measures and personnel matters were central themes in regular reporting. Reports on risk management, current legal proceedings and threats and the observations of Internal Auditing were discussed at regular intervals by the audit committee, which reported its findings to the Supervisory Board. The Management Board explained any departures from planned values and targets in full. Decisions and measures taken by the Management Board were transparent and raised no objections. Evaluating the organisation and working methods of the Supervisory Board and its committees was central to an annual self-assessment exercise. The results of this evaluation and the annual report on compliance management were discussed in detail and corporate governance was reviewed. Compliance with the Corporate Governance Code was evaluated by KPMG Wirtschaftsprüfungs- und Steuerberatungs AG on the basis of the official questionnaire of the Austrian Working Group for Corporate Governance. The evaluation found that declarations of conformity submitted by CA Immo with regard to compliance with the C and R Rules of the Austrian Corporate Governance Code were correct.

Generally speaking, it was established that cooperation between the Supervisory Board and the Management Board was characterised by open discussion. The close contact between the Supervisory Board chairman and the Management Board underlines the atmosphere of trust and open exchange as regards issues that require decisions. All developments in the company were reported to the Supervisory Board promptly and in full.

Changes to the Management Board

Following the successful conclusion of some key large-scale projects, Bernhard H. Hansen resigned his post as CDO (Chief Development Officer) and Chief Executive Officer of CA Immo Deutschland GmbH on 31 December 2013 and left the company with the consent of the Supervisory Board. The position of the CDO will be allowed to lapse. Alongside the downsizing of the Management Board of CA Immo, the Supervisory Board resolved to amend the allocation of responsibilities¹. The duties of Bernhard Hansen will be taken on by the CEO Bruno Ettenauer. We would like to take this opportunity to thank Bernhard Hansen once again for a productive working relationship and his commitment to CA Immo.

Committee activity in 2013

The **investment committee** did not convene in 2013; all decisions were taken by the full Supervisory Board.

In 2013 the **audit committee** held four meetings. The annual and consolidated financial statements for 2012 (including the management reports) and the corporate governance report were discussed and examined with the auditor and the Management Board in March 2013. A statement was obtained from the proposed auditor, whose legal relationship with CA Immo and its senior executives was scrutinised; the fee for carrying out the audit was negotiated and a recommendation on the selection of an auditor was submitted. The internal monitoring system and the effectiveness of risk management in the company were also examined. In its quarterly meetings, the audit committee discussed the financial result and progress on current business activity. No objections were raised at any meeting. The results of internal auditing for business year 2013 and the audit plan for 2014 were discussed and approved in November 2013.

The **remuneration and nomination committee** convened once in the period under review. This meeting focused on the extent to which targets were met for bonus payments in 2013 (for 2012) and the long-term incentive (LTI) programme for 2010-2012, the redefinition of targets for 2013 (performance-related pay) and the specification of criteria for the LTI programme for 2013-2015.² Outside of regular meetings, the termination agreement linked to Bernhard Hansen's mandate resignation was

agreed and issues of succession planning were discussed in detail.

Three mandates in the Supervisory Board will terminate at the close of the 27th Ordinary General Meeting on 8th May 2014. The remuneration and nomination committee will produce appointment proposals in good time and forward appropriate nomination proposals to the General Meeting.

The web site www.caimmo.com and the corporate governance report contain more information on the responsibilities of the Supervisory Board and its committees.

Consolidated and annual financial statements for 2013

KPMG Wirtschaftsprüfungs- und Steuerberatungs AG has audited the annual and consolidated financial statements for 2013 (including the management reports) and expressed its unqualified auditor's opinion. All documents making up the financial statements, the proposal on the distribution of profit, the auditor's reports and the corporate governance report were discussed in detail by the audit committee in the presence of the auditor and the Management Board members and examined. After concluding the examination, no significant objections were raised. The Supervisory Board endorsed the annual financial statements, which were thus adopted in accordance with article 96 subsection 4 of the Austrian Stock Corporation Act, and indicated its consent to the Management Board's proposal on the distribution of profit.

The Supervisory Board would like to thank the Management Board and all employees for the commitment they have shown.



On behalf of the Supervisory Board
Dr. Wolfgang Ruttenstorfer, Chairman
Vienna, 18 March 2014

¹ See diagram 'Division of responsibilities in the Management Board' in the section on corporate governance

² See also the remuneration report in the section on corporate governance

MANAGEMENT BOARD

DR. BRUNO ETTENAUER, CEO

(BORN 1961)

Bruno Ettenauer gained his initial experience in the field of real estate and mortgage financing with banking organisations such as P.S.K. Bank, Österreichische Länderbank and Bankhaus Feichtner. In 1999, he moved to the Financing and Consulting department of Creditanstalt AG;

In November 2000 he was appointed head of real estate transactions (for Austria and central and eastern Europe) at Creditanstalt and Bank Austria. Bruno Ettenauer became a member of the CA Immo Management Board in 2006 and was appointed Chief Executive Officer in 2009; in this capacity, he is responsible for corporate strategy and the areas of real estate (investment and asset management), development, and engineering, human resources, administration and IT. To perform these tasks, he can draw on more than 20 years' experience in the field of property financing as well as his status as a court-certified expert for property valuation. Amongst other things, he is a member of the CRE (Counselors of Real Estate) in Chicago.

Alongside other Group functions, he holds supervisory board mandates at UBM Realitätenentwicklung AG, Bank Austria Real Invest GmbH, Bank Austria Real Invest Immobilien-Kapitalanlage GmbH and WED Wiener Entwicklungsgesellschaft für den Donauraum AG; he is also a general partner at Dr. Bruno Ettenauer Immobilienhandel KG.

Initial appointment: 1.3.2006
Term of office ends: 30.9.2015

FLORIAN NOWOTNY, CFO

(BORN 1975)

Florian Nowotny was appointed to the Management Board of CA Immobilien Anlagen AG on 1st October 2012. As the head of the company's financial department, he is in charge of accounting, controlling and financing as well as capital markets and investor relations – and since the beginning of 2014 also of the divisions legal affairs and corporate communications.

Mr. Nowotny joined the CA Immo Group in 2008. In addition to his role as Head of Capital Markets for the CA Immo Group, he has also served on the Management Board of the subsidiary Europolis AG and as Managing Director of the CA Immo New Europe Property Fund.

Before joining the CA Immo Group, Mr. Nowotny spent almost a decade working as an investment banker in Vienna and London. He is a graduate of the Vienna University of Economics and Business and holds an MBA from INSEAD in Fontainebleau. Aside from various other functions within the Group, Florian Nowotny does not hold any posts with external companies.

Initial appointment: 1.10.2012
Term of office ends: 30.9.2015

RESPONSIBILITIES OF THE MANAGEMENT BOARD



BRUNO ETTENAUER
CEO



FLORIAN NOWOTNY
CFO

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

- Accounting
- Controlling
- Finance
- Capital Markets / Investor Relations
- Legal
- Corporate Communications

FULL MANAGEMENT

RISK MANAGEMENT

COMPLIANCE

REVISION

SUPERVISORY BOARD



**DR. WOLFGANG
RUTENSTORFER**

Chairman of the supervisory Board
(born 1950)

Wolfgang Rutenstorfer started his career in 1976 with OMV, where his fields of responsibility included planning and control, corporate development and marketing. He became an Executive Board member in 1992, a role he performed until 1997. From 1997 to 1999, he served as State Secretary at the Federal Ministry of Finance. Early in 2000, he returned to the OMV Group as Deputy Director General, heading the Finance and Natural Gas divisions. In his capacity as Chief Executive Officer and Director General of OMV between January 2002 and March 2011, Wolfgang Rutenstorfer was largely responsible for the realignment and international positioning of the OMV Group. In addition to his role at CA Immo, Mr. Rutenstorfer is a member of the administration board of NIS a.d. Naftna industrija Srbije in Serbia and sits on the supervisory boards of VIENNA INSURANCE GROUP AG (as chairman), Telekom Austria AG, Flughafen Wien AG and RHI AG.

Initial appointment: 2009
Term of office ends: 2014
(27th Ordinary General Meeting)



HELMUT BERNKOPF

Deputy Chairman
of the supervisory Board
(born 1967)

Helmut Bernkopf has worked for Bank Austria since 1994. He started his international career in the corporate clients area at its London branch. Over the course of his career, he has headed the corporate clients business at Bank Austria Romania and was appointed to the Management Board of HVB Bank Romania. He returned to Vienna at the end of 2004 to oversee the Central and Eastern Europe region. From 2007 Mr. Bernkopf served as Deputy President of the Board of Management of UniCredit Bank Russia before heading the Corporate and Investment Banking division of Bank Austria as a Board member from 2008 to 2011. Recently, Bernkopf headed the Private Banking division for the UniCredit Group. Since 1st January 2013, Mr. Bernkopf is responsible for the Management Board division for private and corporate clients at UniCredit Bank Austria AG. Alongside his posts at UniCredit Bank Austria and CA Immo, Helmut Bernkopf serves on the supervisory boards of Schoellerbank AG (as chairman), Lenzing AG and Oesterreichische Kontrollbank AG and other non-listed companies.

Initial appointment: 2009
Term of office ends: 2014
(27th Ordinary General Meeting)



**PROFESSOR
WALDEMAR JUD**

(born 1943)

Waldemar Jud is a retired professor ordinarius from the University of Graz (Institute of Austrian and International Corporate and Commercial Law). He is the author of publications dealing with all aspects of company law and the publisher of legal periodicals and compilations. Alongside his academic activity, Waldemar Jud is known for his extensive expert collaboration in legislative projects, his provision of expert opinions and his arbitration functions. Professor Jud is a supervisory board member at Ottakringer Getränke AG (as chairman), DO & CO AG (as chairman), Oberbank AG, BKS Bank AG, Bank für Tirol und Vorarlberg Aktiengesellschaft and other non-listed companies.

Initial appointment: 2011
Term of office ends: 2014
(27th Ordinary General Meeting)



**REINHARD
MADLENCNIK**
(born 1961)

After completing a degree in business administration, Reinhard Madlencnik joined the BA-CA Group (now UniCredit Bank Austria AG) in 1985. Having fulfilled various roles in the fields of commercial financing and risk management, he was appointed as deputy head of Real Estate in 2003, going on to manage the division in September 2006. In his present position, he is responsible for all commercial real estate business as well as property financing. He holds no posts with listed companies at home or abroad aside from his Supervisory Board function at CA Immo.

Initial appointment: 2002
Term of office ends: 2017
(30th Ordinary General Meeting)



BARBARA A. KNOFLACH
(born 1965)

Having completed a degree in business administration in 1986, Barbara Knoflach started her career with Deutsche Bank AG, where she worked in International Project Financing. After a few years, she opted for an inter-Group move to the Consulting and Research division of Deutsche Immobilien Anlagegesellschaft mbH. After joining SEB AG in 1994, Ms. Knoflach initially played a key role in helping to expand the bank's closed-end property funds and property leasing activities. She was appointed head of the fund management companies in 1997 and Managing Director of the investment company SEB Investment GmbH in 1999. Barbara Knoflach was appointed CEO of SEB Asset Management AG in August 2005. Aside from her function at CA Immo, she holds no posts with listed companies at home or abroad.

Initial appointment: 2011
Term of office ends: 2016
(29th Ordinary General Meeting)



FRANZ ZWICKL
(born 1953)

Having completed a degree in business IT, Franz Zwickl began his career in 1977 in the auditing association of a non-profit housing developer, where he was appointed as a cooperative auditor in 1979. Four years later, he switched to KPMG Austria as a certified tax advisor. Mr. Zwickl was appointed to the Management Board of the Österreichische Postsparkasse postal savings bank in 1991, subsequently moving to the Management Board of Bank Austria AG in 1996. Since October 2002, he has worked as an independent auditor for Austrian Tax Advisory & Trustee GmbH. In addition to his supervisory board mandate at CA Immo, Mr. Zwickl is a partner and senior executive in several asset management companies; he sits on the executive boards of private foundations and performs governing and supervisory board functions for banks and service companies.

Initial appointment: 2011
Term of office ends: 2016
(29th Ordinary General Meeting)

CORPORATE GOVERNANCE REPORT

COMMITMENT TO COMPLIANCE WITH CORPORATE GOVERNANCE STANDARDS

For the Management Board and Supervisory Board, compliance with legal regulations applicable on the target markets of the CA Immo Group is a high priority. We organise our business in such a way that we are able to comply with all applicable compliance standards in our everyday business dealings. We are committed to observing the Austrian Corporate Governance Code and thus to transparency and uniform principles of good corporate management. The rules and recommendations of the version of the Corporate Governance Code applicable in business year 2013 (July 2012 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).

COMPLY OR EXPLAIN

C Rule no. 2: Formulation of shares in accordance with the ‘one share – one vote’ principle.

Explanation/reason: CA Immo has issued 87.9 million ordinary shares in accordance with the ‘one share – one vote’ principle. Around 82% of shares are in free float, a figure unchanged on last year. UniCredit Bank Austria AG holds 18% of the capital stock plus four registered shares. The registered shares entitle the holders to nominate one Supervisory Board member for each share; this right of appointment has not been exercised to date. All members of the Supervisory Board have been elected by the Ordinary General Meeting. Transfer of registered shares requires the approval of the company. There are no preference shares or restrictions on ordinary shares of the company issued prior to 31 December 2013. Ordinary shares issued in connection with the conversion of the 4.125% bonds after 31 December 2013 (new shares from contingent capital) have full dividend entitlement for the business year of their issue and all following business years except 2013; these delivery shares initially have their own security code. The Austrian Takeover Act ensures that all shareholders would receive the same price for their CA Immo shares in the event of a takeover bid (mandatory offer). In all cases, the shareholders alone would decide whether to accept or reject any such bid.

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

Explanation/reason: Persons proposed for election to the Supervisory Board must present to the Ordinary General Meeting their professional qualifications, state their vocational or similar functions and disclose all circumstances that could give rise to concern over partiality. Supervisory Board members are not permitted to make decisions in their own interests or those of persons or organisations with whom they are closely acquainted where such interests are counter to the (business) interests of the CA Immo Group. Potential conflicts of interest must be declared to the Supervisory Board Chairman immediately; where the chairperson is the subject of a conflict of interest, disclosure must be made to the deputy chairperson. Similarly, Management Board members are obliged to declare close personal interests in transactions of the CA Immo Group and other conflicts of interest to the Supervisory Board, and to inform their colleagues without delay. In the event of a contradiction of interests arising, the member in question shall be required to abstain from taking part in voting procedures or leave the meeting while the relevant agenda item is being discussed. Moreover, all business transactions conducted between the company and members of the Management Board as well as persons or organisations with whom they are closely acquainted must conform to industry standards and have the approval of the Supervisory Board. The same applies to contracts between the company and members of the Supervisory Board which oblige those members to perform services outside of their Supervisory Board activities for the CA Immo Group in return for remuneration of a not inconsiderable value (article 228 section 3 of the Austrian Commercial Code). The company is not permitted to grant loans to members of the Supervisory Board outside the scope of its ordinary business activity. Moreover, members of the Management Board are not permitted to run a company, own another business enterprise as a personally liable partner or accept Supervisory Board mandates in companies outside the Group without the consent of the Supervisory Board. Senior executives may only enter into secondary activities (and in particular accept executive positions with non-Group companies) with the approval of the Management Board.

The following Supervisory Board members hold executive positions with similar companies: Reinhard Madlencnik heads the Real Estate division at UniCredit Bank Austria AG and fulfils supervisory board mandates with a number of the bank's subsidiaries that are active in similar fields of business (real estate and project development). On 1 January 2013, Helmut Bernkopf took control of the Management Board division for private and corporate clients at UniCredit Bank Austria AG.

UniCredit Bank Austria AG is the principal bank of the CA Immo Group and the company's largest shareholder with a stake of around 18% (see also the remarks on C Rule no. 2). The company processes most of its payment transactions as well as its credit financing through the bank and deposits a large proportion of its financial investments with the bank. Barbara A. Knoflach is CEO of SEB Asset Management GmbH and Managing Director of SEB Investment GmbH in Germany. Waldemar Jud chairs the Supervisory Board at Universale International Realitäten GmbH. Franz Zwickl is a partner in various real estate management companies. He is also a member of the Supervisory Board of Österreichische Volksbanken AG, with which CA Immo has important links (numerous financing agreements as at the end of 2013). A full list of executive functions performed by Management and Supervisory Board members may be viewed at www.caimmo.com.

'ETHICALLY CERTIFIED'

Transparency and sustainability have been central corporate values at CA Immo for years; many investors demand these qualities too. Zero tolerance of corruption, a clear and credible information policy, active risk management and upholding the interests of investors – priority number one – are just some of the key points in the ICG³ certification process that CA Immo has been undergoing since 2010 in Germany and since 2011 across the Group. Raising awareness amongst all involved parties is a central issue. People need to know where we draw the line on what's permitted, which values matter most to us and what our stakeholders expect. By applying for certification, we can establish clear rules for the guidance of staff in these areas. Our standards of conduct are appropriate to specific countries and based on a uniform and approved code of ethics that is binding on all Group companies. Minimum standards defined at Group level may

be formulated more restrictively in certain countries in line with locally applicable laws. To implement the value management system, company-specific processes that promote integrity at all corporate levels and seek to prevent wrongful or undesirable actions have been utilised. The brochure 'Value management in the CA Immo Group' is published at www.caimmo.com. CA Immo employees are required to submit declarations of compliance with the code of conduct. In signing a 'compliance declaration for third parties', all contractual partners (including construction firms, estate agents, other service providers involved in lettings and joint venture partners) commit to observing, to the best of their knowledge, applicable legislation adopted in Austria and forming part of our general terms and conditions in their business dealings with CA Immo. They are also committed to observing our ethical and moral principles. The Group Auditing department is responsible for monitoring observance of the value management regulations as part of its annual auditing plans. A review of compliance with ICG statutes by an external auditing company is also mandatory every three years in Germany.

Compliance and training

The continual development of internal compliance management and compliance structures are top priorities for the CA Immo Group. In 2013, the emphasis was on staff training and communication: new staff were familiarised with compliance structures, core values, standards of conduct, the treatment of insider information and all other aspects relevant to compliance at a 'welcome day' event. Training presentations, contact persons and all guidelines and information are available from a special compliance area of the Intranet in German, English and other languages in some instances. A Group-wide roll-out of web-based training is also proceeding in Austria and the Eastern European branch offices. This training focuses on handling everyday conflict situations at work in accordance with CA Immo's system of compliance and values. To this end, practical examples from project development and the investment property business were cited; case studies on insider trading law were also on the agenda. In the second half of 2013, 208 employees (59%) across the Group were encouraged to undertake training. These included all staff in Germany and Austria along with all managers and staff of relevant areas in Eastern Europe. The take-up rate was 97% in Austria, 86% in Germany and 100% in Eastern Europe.

³ ICG Corporate Governance Initiative (a registered association for the real estate sector in Germany)

Preventing corruption

CA Immo is committed to combating every kind of internal and external corruption and to this end has defined compulsory principles (zero tolerance). Counter-corruption measures are reported to the Supervisory Board at least once a year. In the past business year, CA Immo's **compliance steering committee** convened once in order to plan its future composition. Given the inevitably higher risk in project development business, the Group Compliance Officer, the heads of the Group Auditing and Risk Management departments and at least one member of the Group Management Board will in future be joined by one person representing operational business (e.g. development). The implementation of adopted measures, outcomes of web-based training and the enhancement of the compliance system were also discussed; compliance-relevant findings were reported to the ombudsman or Compliance Officer and next steps were debated on the basis of the facts ascertained. Instances of potential corruption are investigated by the Group Auditing department. Every year, the three business areas of Austria, Germany and Eastern Europe inspect around 30% of all business units for corruption risks on the basis of the auditing plan approved by the Supervisory Board or special audit mandates issued by the Management Board. No instances of corruption were uncovered in 2013.

Disclosure of conflicts of interest

In line with our commitment to corporate responsibility and mutual fairness, secondary employment and shareholdings in companies that are either in competition with CA Immo or otherwise closely related (e.g. business partners or related parties) must generally be disclosed and approved by the Management Board or Supervisory Board. Employees are obliged to disclose even potential conflicts of interest and coordinate next steps with their managers. Moreover, exceptionally serious or suspicious cases must be reported to the Group Compliance Officer and the Human Resources department. Measures aimed at avoiding conflicts of interest among Management and Supervisory Board members along with potential circumstances are detailed under 'Comply or explain' (explanation/reason for C Rule no. 45).

Insider trading

To prevent insider trading, the capital market-based compliance guidelines of CA Immo apply across the Group, i.e. to all business units and employees of the CA Immo Group. The Group Compliance Officer is responsible for monitoring observance of the guidelines.

Acquisitions and sales of CA Immo securities by the company's executive bodies are regularly reported at www.caimmo.com.

Business ethics and client acceptance

CA Immo protects its own employees and those of its business partners against all kinds of discrimination and harassment. No incidents of discrimination, threats to freedom of association or the right of employees to collective bargaining came to light in 2013, so no measures were enacted.

Advancement of women at CA Immo

Information on human resources management and in particular the advancement of women at CA Immo can be found in the consolidated Management Report (Section employees).

CO-DETERMINATION OF SHAREHOLDERS

During business year 2013, no shareholders called for the convening of an Ordinary General Meeting, requested additions to an agenda or put forward proposed resolutions. Only the agenda items announced in the convening notice dated 9 April 2013 were discussed at the 26th Ordinary General Meeting.

Information on the organisation of shares may be found under 'Comply or explain' (explanation/reason for C Rule no. 2). Information on the rights of shareholders as regards Ordinary General Meetings is published at www.caimmo.com.

CORPORATE RESPONSIBILITY

Unless legally regulated, the responsibilities of Management and Supervisory Boards and cooperation between Board members are defined by the Articles of Association and rules of procedure passed by the Supervisory Board (including the schedule of responsibilities for the Management Board). The obligations therein defined as regards information provision and reporting by the Management Board apply to all subsidiaries of CA Immo. The full Supervisory Board rules on matters of critical importance as well as general strategy. The Supervisory Board also executes its duties through three competent committees and (in urgent matters) the presiding committee. The Supervisory Board report describes its main activities in business year 2013. The rules of

procedure of the Supervisory Board and associated business matters requiring approval (which covers all Group subsidiaries) are published on the Internet at www.caimmo.com.

Collaboration within the Management Board

With the departure of Bernhard H. Hansen, the Management Board of CA Immo has comprised two members since 1 January 2014. The division of responsibilities for the Management Board and the relevant schedule of responsibilities have been redefined. Dr. Bruno Ettenauer remains the **Chief Executive Officer** and spokesperson for the Management Board. He is responsible for overall organisation and management, the strategic direction and future development of the company and for representing the company to its supervisory boards and owners. As the Management Board spokesperson, he also issues statements to the general public and the media. Regardless of individual departmental and Board responsibilities, all agendas are discussed openly by the Board members at regular Management Board meetings, with departmental representatives included in the discussions; the implementation of resolutions passed is constantly monitored. The Supervisory Board is informed immediately of any significant discrepancies from planned values. Irrespective of the division of authority, each member of the Management Board shares responsibility for the overall running of the company's business affairs. The **entire Management Board** is responsible for realising the objectives of company policy and to this end bears general managerial responsibility at both company and Group level. These objectives are based on a wide-ranging corporate social responsibility (CSR) strategy that takes account of economic, environmental and social aspects and defines exemplary corporate governance (compliance).

Risk management and internal auditing

Risk Management and Internal Auditing are separate units subordinate to the full Management Board (C Rule 18). On the basis of an annually compiled auditing plan

and in agreement with the Compliance division, both units oversee compliance with legal provisions, internal guidelines and rules of conduct and monitor the potential for risk in operational processes (upholding the dual verification principle in all organisational entities, continual reporting and so on). Reports on the auditing plan and assessment results will be submitted to the audit committee at least once every year. The internal monitoring system (IMS) is also being continually expanded to assist in the early identification and monitoring of risks.

THE SUPERVISORY BOARD AND ITS COMMITTEES

The Supervisory Board of CA Immo currently comprises six members, all of whom possess personal integrity, market knowledge, experience and a capacity for decision-making solely in the interests of the company. In accordance with the independence criteria laid down by the Supervisory Board (C Rule no. 53), a Supervisory Board member is deemed to be independent where he or she has no business or personal relationship with the company or its Management Board which could give rise to a material conflict of interests and thus influence the conduct of that member. All members of the Supervisory Board have declared their independence according to C Rule no. 53. Four of the six Supervisory Board members (Wolfgang Ruttendorfer, Barbara A. Knoflach, Waldemar Jud and Helmut Zwickl) meet the criteria of C Rule no. 54 in that they do not represent the interests of any shareholder with a stake of more than 10% (UniCredit Bank Austria AG). However, some members of the Supervisory Board perform functions in related companies or similar organisations that have the potential to create a conflict of interests. Full details are found under 'Comply or explain' (explanation/reason for C Rule no. 45) and in the 'Related party disclosures' in the notes. The independence criteria defined by the Supervisory Board are published on the company's web site along with a list of all mandates held by Board members outside the CA Immo Group.

COMPOSITION OF THE COMMITTEES

Audit committee	Investment committee	Remuneration and nomination committee / Presiding committee
Wolfgang Ruttenstorfer (Chairman)	Wolfgang Ruttenstorfer (Chairman)	Wolfgang Ruttenstorfer (Chairman)
Helmut Bernkopf	Reinhard Madlencnik	Helmut Bernkopf
Reinhard Madlencnik	Franz Zwickl	Barbara A. Knoflach
Franz Zwickl		

The audit committee

The audit committee is responsible for overseeing the entire process of financial reporting, the (Group) auditing process, the effectiveness of the internal monitoring system, the internal auditing system and risk management. Auditing the annual and consolidated financial statements (including the management reports) and examining the corporate governance report and proposals on the distribution of profit are also tasks of the audit committee. In addition, the committee monitors the independence and competence of the auditing company (as assessed by 'peer reviews'). All members of the audit committee (and especially Franz Zwickl) are acknowledged as financial experts on the basis of their experience and professional track records.

The investment committee

The investment committee, in cooperation with the Management Board, prepares the ground for critical decisions that must be taken by the full Supervisory Board. The investment committee may also approve investments in and sales of real estate and companies and the implementation of development projects and similar measures with total investment volumes of up to € 75 m; beyond this limit, the approval of the full Supervisory Board is required.

The remuneration and nomination committee

The remuneration and nomination committee is responsible for succession planning for the Management Board and the Supervisory Board. Candidates for vacant Supervisory Board mandates put forward to the Ordinary General Meeting are considered on the basis of their professional and personal qualifications, with particular efforts made to maintain diversity and a balance of expertise across the Supervisory Board. Management

Board members are selected according to a defined appointment procedure, taking corporate strategy and the current position of the company into consideration. The remuneration and nomination committee also scrutinises the remuneration system for the Management Board and (in the case of exceptional bonuses) employees. On account of their lengthy professional track records, all members of the remuneration and nomination committee possess sufficient knowledge and experience of remuneration policy.

The presiding committee

The presiding committee of CA Immo is identical to the remuneration and nomination committee. It rules on transactions generally requiring the approval of the Supervisory Board where a delay in convening a Supervisory Board meeting might expose the company to significant pecuniary disadvantage. Details of committee activity in business year 2013 are provided in the Supervisory Board report.

Co-determination by employees on the Supervisory Board

CA Immo has no employee representatives; only the CA Immo subsidiary Europolis AG has an employees' representative body. The right to appoint employee representatives to the Supervisory Board of Europolis AG has not been exercised. However, the allocation of responsibilities applicable across the Group and the rules of procedure for the Management and Supervisory Boards in relation to specific transactions give rise to a general authorisation requirement by the Supervisory Board. Staff members can submit recommendations to the Management Board which are considered at weekly Group Management Board meetings and forwarded to the Supervisory Board as appropriate.

AUDITING COMPANY SERVICES AND FEES

By resolution of the Ordinary General Meeting, KPMG Wirtschaftsprüfungs- und Steuerberatungs AG was appointed to audit the annual and consolidated financial statements. In the case of foreign subsidiaries, local partner law firms of KPMG are generally charged with reviewing and auditing the semi-annual and annual finan-

cial statements and with overseeing the conversion to IFRS. Auditing charges paid to the Group auditor totalled € 451 K in the last business year (against € 563 K in 2012); expenditure on project-related and other (assurance) services was € 251 K in the reporting period (€ 337 K in 2012). No consulting services which could compromise independence (particularly legal/tax consultancy services) were rendered by the Group auditor.



Tour TOTAL, Europacity Berlin

REMUNERATION REPORT

GENERAL PRINCIPLES OF THE CA IMMO REMUNERATION SYSTEM

The commitment to sustainability that forms part of the company's strategy is consistently applied to the CA Immo remuneration model at all levels. Basic salaries are defined in line with specific sector and market conditions. In addition, a significant performance-related component based on variable remuneration agreements takes account of short-term and long-term targets as well as non-financial performance.

PAYMENTS TO THE MANAGEMENT BOARD

In accordance with the Austrian Corporate Governance Code, remuneration for Management Board members comprises a fixed element and a (variable) performance-related element. The level of **fixed salaries** depends on spheres of competence as determined in the schedule of responsibilities. Secondary employment of Management Board members is subject to the approval of the Supervisory Board to prevent time devoted to secondary activity and compensation paid in respect of such activity from conflicting with roles performed for the company. No separate payment is made for accepting mandates in Group companies (with the exception of Supervisory Board mandates at UBM Realitätenentwicklung AG, in which CA Immo has a holding of 25% plus four shares).

Variable remuneration is determined by long-term (multi-year) operational and qualitative targets agreed annually with the remuneration and nomination committee or the full Supervisory Board; it also takes account of non-financial performance criteria. The degree of target

attainment is determined by comparing the values agreed and actually achieved at the end of each business year; variable remuneration is paid in the subsequent year. The prerequisite for payment is positive consolidated net income after minorities. The level of performance-related remuneration actually paid (with a weighting of 50%) is determined by attainment of the budgeted operating result (Group EBITDA) as well as qualitative strategic and project-related objectives; it is limited to a maximum of 100% of the fixed annual salary. Since business year 2010, Management Board members and other managerial employees have also been able to join the LTI (long term incentive) share scheme and thereby participate in the success of CA Immo over the medium to long term (subject to appropriate personal investment). There are no stock option plans.

Payments to the Management Board in 2013

Total salaries paid to the Management Board (including auxiliary staff costs, remuneration in kind and travel expenses) amounted to € 1,407 K (against € 2,294 K in 2012); as in the previous year, salary-based deductions accounted for € 91 K of this. Remuneration for Management Board members includes a variable salary component of € 465 K (bonus payments for business year 2012 and payment of the LTI tranche for 2010-2012); the comparable value for the previous year was € 1,235 K, which included all payments linked to the departure of Wolfhard Fromwald. Fixed salary components made up 65% of Management Board remuneration (42% in 2012). Provisions of € 807 K, including incidental charges, were allocated at Management Board level (previous year: € 568 K) to cover variable salary components in line with the target agreed in 2013 (payment in 2014).

MANAGEMENT BOARD EARNINGS

€ 1,000	Fix ¹⁾	Variable ²⁾	Remuneration in kind ³⁾	Ratio fix vs. variable in % ⁴⁾	Total 2013	Total 2012
Bruno Ettenauer	320	202	8	62:38	530	619
Florian Nowotny (from 1.10.2012)	225	72	6	76:24	303	57
Bernhard H. Hansen	270	191	21	60:40	482	538
Gesamt	815	465	35	65:35	1,315	1,214

¹⁾ Excluding auxiliary staff costs (in total € 91 K)

²⁾ Including maturity of LTI tranche 2010-2012

³⁾ Car and travel expenses

⁴⁾ Including remuneration in kind

LONG-TERM INCENTIVE PROGRAMME

The LTI programme introduced a remuneration tool that takes account of value creation at CA Immo over the medium to long term. The revolving programme has a term (retention period) of three years per tranche and presupposes a personal investment limited to 50% of the fixed salary for Management Board members and 25% or 35% of the fixed salary for other managers. The personal investment is evaluated according to the closing rate as at 31 December of the preceding year, and the number of associated shares is determined on the basis of that evaluation. The defined target values for all LTI programmes are NAV growth, ICR (interest coverage ratio) and TSR (total shareholder return). The weighting for NAV growth and the ICR is 30% and 40% for the TSR. The extent to which targets are met is defined by comparing agreed values with the values actually attained. Payments are made in cash. Provisions totalling € 1,265 K as at 31.12.2013 (€ 885 K on 31.12.2012) had been formed in connection with the LTI programme; of this, the current Management Board accounted for € 242 K (€ 299 K in the previous year).

Maturity of LTI tranche 2010-2012

The first tranche in the LTI programme was issued in 2010 and matured after three years. At the end of 2012, the degree of target attainment confirmed by the auditor was approximately 32%, equivalent to a monetary value of € 3.10 per share in the LTI programme for 2010-2012. On the basis of these calculations, a total amount of € 224 K was paid out in 2013 for 72,213 participating shares. Management Board members serving in 2013 accounted for around 40% of this figure.

PENSION CONTRIBUTIONS

All members of the Management Board have pension fund agreements into which annually agreed contributions are paid (approximately 10% of the fixed salary). The pensionable age is the legal retirement age. During business year 2013, contributions to pension funds (defined contribution plan) totalled € 83 K (€ 225 K in 2012). The comparable value for the previous year contains a contractually fixed, one-time payment of € 127 K as well as pension fund contributions of € 32 K for former Management Board members.

PENSION CONTRIBUTIONS

€ 1,000	2013	2012
Bruno Ettenauer	33	33
Florian Nowotny (from 1.10.2012)	23	6
Bernhard H. Hansen	27	27
Total	83	66

TERMINATION CLAIMS: SEVERANCE PAYMENTS

The amount of a legal severance payment is determined by the legal regulations. The criteria are the level of an overall salary and length of service, with the maximum payout equating to one full year's salary. Payment is forfeited in the event of the employee serving notice of termination. Where a Board member steps down prematurely without good cause, entitlement to severance indemnity is limited to a maximum of 24 monthly salaries plus the severance payment. There are no further obligations. Payments to form a reserve for severance payment claims (defined benefit plan) amounted to € 32 K in the last business year (compared to € 67 K in 2012). As at 31 December 2013, severance payment provisions totalled € 240 K (31.12.2012: € 208 K). No other payments were made to former Management Board members or their surviving dependants. At the end of business year 2013, Management Board member Mr. Hansen opted to resign all functions (Board member at CA Immobilien Anlagen AG, CEO of CA Immo Deutschland GmbH, etc.) at current earnings (including variable salary components) upon expiry of his contracts at the end of September 2015.

PROFIT SHARING SCHEME TO ENCOURAGE ENTREPRENEURSHIP

To promote strong identification with its objectives and ensure employees have a stake in the success of CA Immo, the company plans to introduce variable remuneration for all staff alongside fixed salaries. In line with the Management Board remuneration system, the precondition is the attainment of budgeted quantitative and qualitative annual targets and positive consolidated net income after minorities. Executive bonuses are also linked to the attainment of specific operational annual targets. Managerial staff has the additional option of participating in the LTI programme.

SHARE OWNERSHIP OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

As at 31 December 2013, a total of 44,220 CA Immo shares (42,200 on 31.12.2012) were privately held by Management Board and Supervisory Board members. In addition, a total of 42,591 CA Immo shares (43,515 in 2012) were held by CA Immo staff members under the terms of the LTI programme on key date 31 December 2013. The company itself did not hold any own shares on the balance sheet date.

SHARE OWNERSHIP OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

Number of shares	31.12.2013	31.12.2012
Bruno Ettenauer	11,000	11,000
Florian Nowotny	6,220	4,200
Bernhard H. Hansen (to 31.12.2013)	16,000	16,000
Wolfgang Rutenstorfer	10,000	10,000
Franz Zwickl	1,000	1,000
Total	44,220	42,200

D&O INSURANCE

At CA Immo Group level, D&O manager liability insurance with coverage of € 50 m was taken out for the executive bodies (Management Board members, administrative authorities, supervisory bodies and senior executives) of the parent company and all subsidiary companies. On account of the general premium payment for all insured

persons, there is no specific assignment of premium payments to Management Board members. The insurance does not provide for any excess.

REMUNERATION OF THE SUPERVISORY BOARD

In line with the Articles of Association, remuneration for the Supervisory Board for the past business year is determined annually by the Ordinary General Meeting. For business year 2012, the 26th Ordinary General Meeting held on 7th May 2013 adopted a fixed fee of € 15 K per Supervisory Board member (unchanged from the previous year) alongside the reimbursement of cash expenses. The chairman receives double that amount, with the deputy chairman paid one and a half times the fixed fee. In addition, members of committees are paid € 500 for each attendance at a committee meeting. Remuneration is paid pro rata where a Supervisory Board member steps down during the year.

In business year 2013, total expenditure for the Supervisory Board was € 134 K (against € 126 K in 2012). Of this, remuneration for business year 2012 accounted for around € 125 K (including attendance fees of € 12 K), cash outlays (travel expenses) totalled € 9 K (€ 7 K in 2012) and other expenditure was € 0 K (€ 3 K in 2012). No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members. No loans or advances were paid to either Management Board or Supervisory Board members. No company pension plans are provided for Supervisory Board members at CA Immo.

SUPERVISORY BOARD REMUNERATION APPROVED BY THE ORDINARY GENERAL MEETING

in €	2013 for 2012	2012 for 2011
Wolfgang Rutenstorfer, Chairman	33,500	32,500
Helmut Bernkopf, Deputy Chairman	25,500	25,000
Detlef Bierbaum (to 10.5.2011)	-	5,342
Waldemar Jud (from 10.5.2011)	15,000	9,658
Barbara A. Knoflach (from 10.5.2011)	15,500	9,658
Reinhard Madlencnik	17,500	17,000
Regina Prehofer (to 10.5.2011)	-	5,842
Franz Zwickl (from 10.5.2011)	17,500	10,658
Total	124,500	115,658

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

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

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