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CORPORATE GOVERNANCE  
REPORT 2014



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## SUPERVISORY BOARD REPORT




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### DEAR SHAREHOLDERS AND READERS,

CA Immo can look back on an eventful business year. The partial sale of logistical properties in the CEE enacted one of the final core measures in the strategic programme for 2012-2015, thereby raising the Group's strategic profile and operational efficiency. Alongside the arrival of a new main shareholder, this was one of the issues that dominated the agenda at the eight meetings of the Supervisory Board in 2014.

The Supervisory Board also carefully examined the utilisation of funds generated from the sales of last year, which were deployed to the benefit of net earnings and NAV with the repurchase of own liabilities from Österreichische Volksbanken AG early in 2014.

While resolutions on the sale of the 25% stake in UBM AG and the sale of two office towers at Airport City St. Petersburg – a joint venture between Austrian property developers Warimpex (55%), CA Immo (35%) and UBM (10%) – forced the strategic aim of re-assessing minority interests, the full takeover of the Kontorhaus office development in Munich consolidated CA Immo's position in the core office segment in one of Europe's most attractive property markets.

The Supervisory Board has approved a total budget of approximately € 192.7 m to realise planned projects in 2014. This budget was allotted to realisation of the second section of the new Baumkirchen Mitte district in Munich

(comprising some 144 owner-occupied flats), which will be implemented in partnership with PATRIZIA subject to appropriate advance marketing, and a residential construction project at Lände 3 in Vienna, which will be sold to an investor upon completion. Other resolutions related to projects for realisation in Frankfurt and Berlin, the conclusion of urban planning contracts with the state of Berlin and sales of land and property in Vienna and Berlin.

Central themes in regular reporting included financing and liquidity issues, developments on real estate markets and resultant opportunities and threats, property valuations, corporate actions and personnel issues. The Supervisory Board and Management Board also discussed possible measures aimed at reducing the discount to NAV for the share price. Reports on risk management, current legal proceedings and threats and the observations of Internal Auditing were discussed at regular intervals by the audit committee, which reported its findings to the Supervisory Board. The Management Board explained any deviations from planned values and targets in full. Decisions and measures taken by the Management Board were transparent and raised no objections.

Evaluating the organisation and working methods of the Supervisory Board and its committees was central to an annual self-assessment exercise. The results of this evaluation and the annual activity report on compliance management were discussed in detail and corporate governance was reviewed.

Generally speaking, it was confirmed 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 with regard to issues that require decisions. All developments in the company were reported to the Supervisory Board promptly.

#### Staff changes

There were three staff changes to the Supervisory Board of CA Immo, two of which involved shareholder representatives. Professor Waldemar Jud's term of office ended at the close of the 27th Ordinary General Meeting. His successor was Dr. Maria Doralt, who was elected by the Ordinary General Meeting on 8th May 2014. In the course of selling a stake of around 16% in CA Immobilien Anlagen AG held by UniCredit Bank Austria AG to O1 Group Limited, Helmut Bernkopf and

Reinhard Madlencnik resigned their mandates early (with effect from 28 October 2014). They were succeeded by Dmitry Mints and Michael Stanton. The Supervisory Board would like to thank the staff members who have stepped down for their years of positive collaboration.

The Board is convinced that in O1 Group Limited, CA Immo has gained a core strategic shareholder for the long haul. (For details on the current shareholder structure, please refer to the Annual Report 2014 'Investor Relations' section).

#### **Committee activity in 2014**

The **audit committee** convened three times in business year 2014. The annual and consolidated financial statements for 2013 (including the management reports), the corporate governance report, the internal monitoring system and the effectiveness of risk management at CA Immo were discussed and examined with the auditor and the Management Board in March 2014. 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 financial result and progress on current business activity were discussed quarterly; no objections were raised.

The **remuneration and nomination committee** convened once in 2014. This meeting focused on the extent to which targets were met for bonus payments in 2014 (for 2013) and the long-term incentive (LTI) programme for 2011-2013, the redefinition of targets for 2014 (performance-related pay) and the specification of criteria for the LTI programme for 2014-2016. (For details on the remuneration system at CA Immo, please refer to the 'Corporate Governance' section).

The **investment committee** did not convene in 2014; all decisions were taken by the full Supervisory Board.

The web site [www.caimmo.com](http://www.caimmo.com) and the corporate governance report contain more information on the responsibilities of the Supervisory Board and its committees.

#### **Consolidated and annual financial statements for 2014**

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft has audited the annual and consolidated financial statements for 2014 (including the management reports) and expressed its unqualified auditor's opinion. The auditor also determined that the Management Board has established a risk management system with a concept that allows it to operate in such a way as to identify developments hazardous to the company's survival at an early stage. Moreover, an evaluation of compliance with rules 1 to 76 of the Austrian Corporate Governance Code for business year 2014 found that declarations of conformity submitted by CA Immo with regard to compliance with the C and R Rules of the Code were correct.

All documents making up the financial statements, the proposal on the distribution of profit, the auditor's reports and the corporate governance report were discussed in detail by the audit committee in the presence of the auditor and the Management Board members and examined. After concluding the examination, no significant objections were raised. The Supervisory Board endorsed the annual financial statements, which were thus adopted in accordance with article 96 subsection 4 of the Austrian Stock Corporation Act. Taking into consideration the company's earnings performance and financial situation, the Supervisory Board indicated its consent to the Management Board's proposal on the distribution of profit.

The Supervisory Board would like to thank the members of the Management Board and all other Group employees for their commitment throughout such an eventful business year.



On behalf of the Supervisory Board  
Dr. Wolfgang Ruttenstorfer, Chairman

Vienna, 23 March 2015

## MANAGEMENT BOARD

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**DR. BRUNO ETTENAUER**  
**CHIEF EXECUTIVE OFFICER, CEO**  
(BORN 1961)

Bruno Ettenauer acquired expertise 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. Dr. Ettenauer has been a member of the Management Board of CA Immo since 2006 and the company's Chief Executive Officer since 2009. In this capacity, he is responsible for corporate strategy as well as the Real Estate (Investment and Asset Management), Development, Technology, Human Resources, Organisation and IT departments. To undertake these tasks, Dr. Ettenauer can refer to more than 20 years of 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 Bank Austria Real Invest Immobilien-Management GmbH, Bank Austria Real Invest Immobilien-Kapitalanlage GmbH and WED Wiener Entwicklungsgesellschaft für den Donauraum Aktiengesellschaft; he is also deputy chairman of the supervisory boards of HBI-Bundesholding AG and ABBAG – Abbaubeteiligungsaktiengesellschaft des Bundes and a general partner at Dr. Bruno Ettenauer Besitz KG.

Initial appointment: 1.3.2006  
Term of office ends: 30.9.2015

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**MAG. FLORIAN NOWOTNY**  
**MANAGEMENT BOARD MEMBER, CFO**  
(BORN 1975)

Florian Nowotny was appointed to the Management Board of CA Immobilien Anlagen AG on 1<sup>st</sup> 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. The Legal and Corporate Communications departments have also fallen within his mandate since early 2014. 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 GmbH (former 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 other functions within the Group, Mr. Nowotny does not hold any posts with external companies.

Initial appointment: 1.10.2012  
Term of office ends: 30.9.2015

RESPONSIBILITIES OF THE MANAGEMENT BOARD



BRUNO ETTENAUER  
CEO

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



FLORIAN NOWOTNY  
CFO

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



FULL MANAGEMENT



RISK MANAGEMENT

COMPLIANCE

INTERNAL AUDIT

## SUPERVISORY BOARD



### 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 Group. In addition to his role at CA Immo, Mr. Rutenstorfer is a member of the Board of Directors of NIS a.d. Naftna industrija Srbije in Serbia and sits on the Supervisory Boards of Flughafen Wien AG and RHI AG. He also holds various mandates in non-listed companies.

Initial appointment: 13.5.2009  
Term of office ends: 2019  
(32<sup>nd</sup> Ordinary General Meeting)



### DMITRY MINTS

Deputy Chairman  
of the Supervisory Board  
(born 1981)

Dmitry Mints read for a degree in “International Commerce” at Moscow State Institute of International Relations before undertaking executive roles in various departments of Otkritie Holding, Russia’s largest independent financial group, between 2006 and 2011. From 2009, he also served on the Management Board of Birobidzhansky Plant of Power Transformers, a company belonging to the JSC Electronic Group. In 2011 Mr. Mints finally transferred to the O1 Group, which had been established by his father Boris Mints in 2004. He became the CEO of O1 Properties in September 2011 and Chairman of O1 Group Limited in January 2013. In June 2013, he was also appointed Chief Executive Officer of Telecom-Soyuz. Aside from his Supervisory Board function at CA Immo and the aforementioned positions, Mr. Mints holds no posts with listed companies at home or abroad.

Initial appointment: 19.12.2014  
Term of office ends: 2019  
(32<sup>nd</sup> Ordinary General Meeting)



### MMAG. DR. MARIA DORALT

(born 1973)

Maria Doralt studied law, commerce and economics in Vienna, London, Paris and Madrid. In 2000 Ms. Doralt began her career as an investment banker with Goldman Sachs in Frankfurt, where she advised clients on cross-border M&A transactions, sell-side processes and preventing hostile takeovers. She gained a licence to practise law in Austria in 2007. Doralt has been a partner at the international law firm DLA Piper since November 2013. She advises listed and unlisted companies on all aspects of company law, and in particular M&A transactions, cross-border restructuring, specific areas of capital market law and issues of corporate governance. She holds no posts with listed companies at home or abroad aside from her Supervisory Board function at CA Immo.

Initial appointment: 8.5.2014  
Term of office ends: 2019  
(32<sup>nd</sup> 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. Ms. 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: 10.5.2011  
Term of office ends: 2016  
(29<sup>th</sup> Ordinary General Meeting)



**MICHAEL STANTON**  
(born 1960)

Having held various positions with GLS Capital, Oppenheimer & Company and Westpac Banking Corporation in New York, USA, Michael Stanton can refer to more than 20 years experience in the areas of finance, investments and emerging markets. Born in the Australian city of Sydney, he read for a Bachelor of Commerce (B. Comm.) in accountancy and a Bachelor of Laws (LL.B.) at the University of New South Wales. Mr. Stanton also holds an MBA from the University of Michigan, Ann Arbor in the USA. Before joining O1 Properties Ltd., he was active for a private equity group of Otkritie Financial Corporation from 2006 to 2010. Here Mr. Stanton worked on the Vivaldi Plaza project, which was subsequently taken over by O1 Properties. In 2010 he switched to O1 Properties, initially as Chief Investment Officer; he was duly appointed to the Board of Directors in July 2011. He holds no posts with listed companies at home or abroad aside from his Supervisory Board function at CA Immo.

Initial appointment: 19.12.2014  
Term of office ends: 2019  
(32<sup>nd</sup> Ordinary General Meeting)



**MAG. 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 Wirtschaftsprüfungs-Gesellschaft mbH as a certified tax advisor. Mr. Zwickl was appointed to the Management Board of Österreichische Postsparkasse AG in 1991, subsequently moving to the Management Board of Bank Austria AG in 1996. Since October 2002, Mr. Zwickl has worked as an independent auditor for Austrian Tax Advisory & Trustee GmbH. In addition to his Supervisory Board mandate at CA Immo, he is a partner and senior executive in several asset management companies, sits on the executive boards of private foundations and performs Governing and Supervisory Board functions for banks (e.g. Oesterreichische Kontrollbank AG, Österreichische Volksbanken AG) and service companies.

Initial appointment: 10.5.2011  
Term of office ends: 2016  
(29<sup>th</sup> Ordinary General Meeting)

## CORPORATE GOVERNANCE REPORT

### COMMITMENT TO COMPLIANCE WITH CORPORATE GOVERNANCE STANDARDS

Compliance with legal provisions applicable in the CA Immo Group's target markets is a high priority for the company. We organise our business in such a way that we are able to comply with all applicable compliance standards in our everyday business dealings. The Management Board and Supervisory Board are committed to observing the Austrian Corporate Governance Code<sup>1</sup> and thus to transparency and uniform principles of good corporate management. The rules and recommendations of the version of the Corporate Governance Code applicable in business year 2014 (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 98.8 million ordinary shares in accordance with the 'one share – one vote' principle. Approximately 74% of the shares are in free float. O1 Group Limited ('O1') holds 26% of the capital stock plus four registered shares. The registered shares entitle holders to nominate one Supervisory Board member for each share; O1 has informed the company that it has no intention of utilising this right of appointment in the foreseeable future. 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 2014. 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 (L Rule no. 48 and article 228 section 3 of the Austrian Commercial Code). The same applies to contracts with companies in which a Supervisory Board member has a significant business interest. In this context note that Maria Doralt, a member of CA Immo's Supervisory Board, is also a partner at DLA Piper. With DLA Piper UK LLP a mandate agreement defining consultancy on the letting of the Kontorhaus in Munich was entered into at the end of 2012. The relevant fees are based on market standard hourly rates; in business year 2014 they amounted to € 58 K.

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,

<sup>1</sup> The Austrian Corporate Governance Code may be viewed on the web site of the Austrian Working Group for Corporate Governance at [www.corporate-governance.at](http://www.corporate-governance.at).

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: Barbara A. Knoflach is CEO of SEB Asset Management GmbH and Managing Director of SEB Investment GmbH in Germany. Franz Zwickl is a partner in various real estate management companies. Dmitry Mints is the Chairman of the Management Board of O1 Properties, a holding of O1 Group Limited, one of the most important owners of prime office real estate in central Moscow. Michael Stanton also serves on the Management Board of O1 Properties in his capacity as Chief Investment Manager. A full list of executive functions performed by Management and Supervisory Board members is published at [www.caimmo.com](http://www.caimmo.com).

## BUSINESS ETHICS AND CORPORATE RESPONSIBILITY

For CA Immo, integrity is the basis of good business. That involves observing legislation, respecting fundamental ethical values and doing business in a sustainable manner. In our conduct we are committed to observing and upholding human rights and employee rights as well as the interests of investors; naturally, we are also duty bound to protect the environment and counter corruption. Our corporate conduct, our guidelines and above all the Code of Conduct developed in partnership with our employees are based on the principles of the Initiative Corporate Governance der deutschen Immobilienwirtschaft e.V. ('ICG'), which accord with our own principles. In the context of our value management system, company-specific processes have been defined and measures adopted with a view to promoting integrity at all corporate levels and preventing wrongful or undesirable actions. The brochure 'Value management in the CA Immo Group' is published at [www.caimmo.com](http://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 architects, 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 and complying

with our ethical and moral principles in their business dealings with CA Immo. CA Immo protects not only its own employees, but also 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 2014, so no measures were enacted. The Group compliance officer and the compliance steering committee, comprising those Group officers responsible for compliance, internal auditing, risk management and project development (engineering) along with the Chief Financial Officer, monitors observance of value management regulations. In Germany, a review of compliance with ICG statutes by an external auditing company is mandatory every three years as part of the ICG certification process.

### Compliance and training

In view of the many different subject areas and laws, compliance calls for a clearly defined training strategy. New staff are 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. Moreover, all managers and employees in Germany and Austria and all managers and staff of relevant areas in Eastern Europe are required to undertake web-based training annually or bi-annually. The aim of this is to facilitate the resolution of conflict situations (e.g. anti-corruption) in the workplace in line with CA Immo's system of compliance and values through the application of practical examples from the real estate area (dealing with authorities, construction companies and suppliers, tenants, other business partners and so on) together with case studies on insider trading law. In 2014, 63 employees across the Group (17%) (2013: 208 employees or 59%) completed the training; no manager passed the training during the reporting period (100% in 2013).

### Preventing corruption

CA Immo is committed to combating every kind of corruption and to this end has defined compulsory principles (zero tolerance). Counter-corruption measures are reported to the Supervisory Board at least once a year. In the last business year, the compliance steering committee convened twice to discuss the implementation of adopted measures, outcomes of web-based training and the enhancement of the compliance system, report com-

pliance-relevant findings to the ombudsman or Compliance Officer and debate next steps. Instances of potential corruption were investigated by the Group Auditing department. At regular intervals, the operating Group companies in the three business areas of Austria, Germany and Eastern Europe are inspected 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 2014.

#### **Disclosure of conflicts of interest**

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).

#### **Capital market compliance**

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

#### **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.

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

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

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### **CO-DETERMINATION OF SHAREHOLDERS**

During business year 2014, 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 notices dated 10 April 2014 and 28 November 2014 were discussed at the 27th Ordinary General Meeting and the Extraordinary General Meeting of 19 December 2014.

Two of the six Supervisory Board members (Dmitry Mints and Michael Stanton) represent a shareholder (O1 Group Limited) with a holding in excess of 10 % (C Rule no. 54).

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](http://www.caimmo.com).

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### **THE EXECUTIVE BODIES OF CA IMMO**

#### **Management and supervisory structure**

Unless legally regulated, the responsibilities of Management and Supervisory Boards and cooperation between Board members are defined by the Articles of Association and rules of procedure passed by the Supervisory Board (including the schedule of responsibilities for the Management Board). The obligations therein defined as regards information provision and reporting by the Management Board apply to all subsidiaries of CA Immo. The full Supervisory Board rules on matters of critical importance as well as general strategy. The Supervisory Board also executes its duties through three competent committees and (in urgent matters) the presiding committee. The Supervisory Board report describes its main activities in business year 2014. The rules of procedure of the Supervisory Board and associated busi-

ness matters requiring approval (which covers all Group subsidiaries) are published on the Internet at [www.caimmo.com](http://www.caimmo.com).

### Collaboration within the Management Board

The Management Board of CA Immo has comprised two members since 1 January 2014. The new division of responsibilities for the Management Board and the relevant schedule of responsibilities came into effect on the same date. Bruno Ettenauer is 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).

### 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 Ruttenstorfer, Barbara A. Knoflach, Maria Doralt and Franz Zwickl) meet the criteria of C Rule no.

54 in that they do not represent the interests of any shareholder with a stake of more than 10% (O1 Group Limited). However, some members of the Supervisory Board perform functions in related companies or similar organisations that have the potential to create a conflict of interests. Full details are found under 'Comply or explain' (explanation/reason for C Rule no. 45) and in the 'Related party disclosures' in the notes. The independence criteria defined by the Supervisory Board are published on the Group's web site along with a list of all mandates held by Board members outside the CA Immo Group.

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

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** is responsible for succession planning for the Management Board and the Supervisory Board. Candidates for vacant Supervisory Board mandates put forward to the Ordinary General Meeting are considered on the basis of their professional and personal qualifications, with particular efforts made to maintain diversity and a balance of expertise across the Supervisory Board. Management Board members are selected according to a defined appointment procedure, taking corporate strategy and the current position of the company into consideration. The remuneration and nomination committee also scrutinises the remuneration system for the Management Board and (in

the case of exceptional bonuses) employees. On account of their lengthy professional track records, all members of the remuneration and nomination committee possess sufficient knowledge and experience of remuneration policy.

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

Details of committee activity in business year 2014 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 Real Estate Asset Management GmbH has an employees' representative body. Despite this, staff members may submit recommendations to the Management Board which are considered at

weekly Group Management Board meetings and, where there is an authorisation requirement by the Supervisory Board, forwarded to the Supervisory Board.

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

By resolution of the Ordinary General Meeting, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was appointed to audit the annual and consolidated financial statements. In the case of foreign subsidiaries, local partner law firms of KPMG are generally charged with reviewing and auditing the semi-annual and annual financial statements and with overseeing the conversion to IFRS. Auditing charges paid to the Group auditor totalled € 462 K in the last business year (against € 451 K in 2013). Project-related and other (assurance) services amounted to € 301 K in the reporting period (€ 251 K in 2013). No consulting services which could compromise independence (particularly legal/tax consultancy services) were rendered by the Group auditor.

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#### COMPOSITION OF THE COMMITTEES

<b>Audit committee</b>	<b>Investment committee</b>	<b>Remuneration and nomination committee / Presiding committee</b>
Wolfgang Ruttenstorfer (Chairman)	Wolfgang Ruttenstorfer (Chairman)	Wolfgang Ruttenstorfer (Chairman)
Dmitry Mints	Maria Doralt	Barbara A. Knoflach
Michael Stanton	Michael Stanton	Dmitry Mints
Franz Zwickl	Franz Zwickl	



## 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. Management Board remuneration comprises non-performance-related (basic salary, fringe benefits, pension plans) and performance-related elements. These are divided into bonus payments ('ZVB bonuses') and components with a long-term motivational effect as part of the long-term incentive ('LTI') programme. There are no stock option plans.

On the basis of preparatory work undertaken by the remuneration and nomination committee, the Supervisory Board is responsible for determining remuneration for individual Management Board members. The criteria defining the appropriateness of Management Board remuneration are the field of responsibility, personal performance, the economic situation, the company's success/future prospects and the specific sector and market conditions. The performance-related components encompass short-term and long-term objectives as well as non-financial performance. The compensation structure is thus designed with long-term corporate development in mind.

All contracts with Management Board members include adjustment payments to cover instances of Board members standing down prematurely without good cause. These payments are limited to a maximum of two annual salaries (including fringe benefits) and to the remaining term of the employment contract. No payments are promised in the event of premature termination of Management Board duties following a change of control.

#### **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 have the additional option of participating in the LTI programme.

#### **Fixed salaries and fringe benefits**

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. The basic salary is paid monthly and proportionately as a non-performance-related component. Management Board members also receive fringe benefits in the form of remuneration in kind (company car, telephone, travel expenses); in principle, all Board members are entitled to these benefits in equal measure. Since they qualify as remuneration components, Management Board members must pay tax on these benefits.

#### **Short-term, performance-related salary components**

The target-related bonus payment (ZVB bonus) is defined on the basis of long-term operational and qualitative targets agreed annually with the remuneration and nomination committee. This bonus is paid in the following year, with non-financial performance criteria taken into consideration. The prerequisite for payment is positive consolidated net income after minorities. The level of 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. The degree of target attainment is determined by comparing the values agreed and actually achieved at the end of each business year and subsequently defined by the remuneration and nomination committee.

#### **Long-term incentive programme**

The LTI programme takes account of value creation at CA Immo over the medium to long term. The critical factor is the value generated within the Group in terms of NAV growth, ICR (interest coverage ratio) (until 2013), TSR (total shareholder return) and since 2014 FFO growth (funds from operations). The weighting for NAV growth and the ICR (or since 2014 FFO growth) is 30%, and 40% for the TSR. LTI is a revolving programme with a term (retention period) of three years per tranche; it 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 investment is evaluated at the closing rate on 31 December, and the number of associated shares is determined on the

basis of this evaluation. At the end of each three-year performance period, a target/actual comparison is applied to define target attainment. Payments are made in cash. At the end of 2013, the degree of target attainment confirmed by the auditor for the second LTI tranche for 2011-2013 was approximately 48%, equivalent to a monetary value of € 5.59 per share in the LTI programme for 2011-2013. On the basis of these calculations, a total amount of € 390 K was paid out in 2014 for 69,686 participating shares. Management Board members serving in 2014 accounted for around 19% of this figure.

#### **Pension regulations**

Members of the Management Board have pension fund agreements into which the company pays annually agreed contributions (approximately 10% of the fixed salary). The company has no further obligations. During business year 2014, contributions to pension funds for Management Board members (defined contribution plan) totalled € 56 K (€ 56 K in 2013).

#### **Termination claims: severance payments**

Where a Management Board member steps down, the amount of the legal severance payment is determined by the legal provisions (criteria being the total salary level and length of service), with the maximum payout equating to one full year's salary. Payment is forfeited in the event of the employee serving notice of termination. 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 € 97 K in the last business year (compared to € 32 K in 2013). As at 31 December 2014, severance payment provisions totalled € 337 K (€ 240 K on 31.12.2013).

Payments have been made to former members of the Management Board. After resigning his mandates as a member of the CA Immo Management Board and Chief Executive Officer of CA Immo Deutschland GmbH upon expiry of his contracts at the end of September 2015, Bernhard H. Hansen has received current earnings (including variable salary components). Wolfhard Fromwald received payments from the maturity of the LTI tranche for 2011-2013. A total of € 393 K was paid to former Management Board members (€ 558 K in 2013); as a precautionary measure, these amounts were entered in the consolidated and annual financial statements for the previous year.

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#### **PAYMENTS TO THE MANAGEMENT BOARD IN 2014**

In the year under view, total salary payments to active Management Board members in business year 2014 stood at € 1.326 K. The corresponding value for the previous year was € 968 K, excluding payments made to Bernhard H. Hansen, the Management Board member who stepped down at the end of 2013; details of these payments were noted in the Annual Report for 2013. Remuneration for Management Board members includes a short-term variable salary component of € 541 K (€ 240 K in 2013) for meeting strategic targets (ZVB bonuses for 2013) and € 74 K (€ 34 K in 2013) from the LTI tranche for 2011-2013. Fixed salary components made up 53.6% of Management Board remuneration (71.7% in 2013), with variable salary components accounting for 46.4% (28.3% in 2013). Provisions of € 537 K (including incidental charges) were allocated at Management Board level for variable salary components payable in 2015 on the basis of 2014 targets (ZVB bonuses for 2014). As at 31 December 2014, provisions totalling € 2,709 K (including incidental charges) had been formed in connection with the LTI programme (€ 1,265 K on 31.12.2013); of this, the current Management Board accounted for € 483 K (€ 242 K in the previous year).



## MANAGEMENT BOARD EARNINGS

in € 1,000	Bruno Ettenauer Chairman of the Management Board		Florian Nowotny Member of the Management Board		Total	
	2014	2013	2014	2013	2014	2013
	Fixed salary component	320	320	225	225	545
Taxes dependent on remuneration	58	45	35	35	93	80
Benefit in car	9	7	4	4	13	11
Expense allowance	1	1	2	2	4	2
<b>Total fixed salaries</b>	<b>388</b>	<b>373</b>	<b>267</b>	<b>266</b>	<b>655</b>	<b>638</b>
<i>Total fixed salaries in % (incl. contributions to pension funds)</i>	<i>52.5%</i>	<i>66.7%</i>	<i>55.2%</i>	<i>80.0%</i>	<i>53.6%</i>	<i>71.7%</i>
Short-term variable remuneration (ZVB bonus)	318	168	223	72	541	240
Multi-year variable remuneration (LTI programme)	62	34	12	0	74	34
<b>Total variable salaries</b>	<b>380</b>	<b>202</b>	<b>235</b>	<b>72</b>	<b>615</b>	<b>274</b>
<i>Total variable salaries in %</i>	<i>47.5%</i>	<i>33.3%</i>	<i>44.8%</i>	<i>20.0%</i>	<i>46.4%</i>	<i>28.3%</i>
Contributions to pension funds	33	33	23	23	56	56
<b>Total salaries</b>	<b>801</b>	<b>607</b>	<b>525</b>	<b>361</b>	<b>1,326</b>	<b>968</b>

## SHARE OWNERSHIP OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

As at 31 December 2014, a total of 31,120 CA Immo shares (28,220 on 31.12.2013) were privately held by Management Board and Supervisory Board members. In addition, a total of 69,554 CA Immo shares (42,591 in 2013) were held by CA Immo employees and former Management Board members under the terms of the LTI programme on key date 31 December 2014. The company itself did not hold any own shares on the balance sheet date.

## D&amp;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.

## SHARE OWNERSHIP OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

Number of shares	31.12.2014	31.12.2013
Bruno Ettenauer	11,000	11,000
Florian Nowotny	9,120	6,220
Wolfgang Ruttenstorfer	10,000	10,000
Franz Zwickl	1,000	1,000
<b>Total</b>	<b>31,120</b>	<b>28,220</b>

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**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 2013, the 27th Ordinary General Meeting held on 8th May 2014 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 were 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 2014, total expenditure for the Supervisory Board was € 135 K (against € 134 K in 2013). Of this, remuneration for business year 2013 accounted for around € 122 K (€ 125 K in the previous year) (including attendance fees of € 10 K; € 12 K in 2013), cash outlays (travel expenses) totalling € 12 K (€ 9 K in 2013) and other expenditure of € 1 K (€ 0 K in 2013). 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.

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**REMUNERATION OF THE SUPERVISORY BOARD**

in €	2014	2013
Wolfgang Ruttendorfer, Chairman	32,500	33,500
Helmut Bernkopf, Deputy Chairman (to 28.10.2014)	25,000	25,500
Waldemar Jud (to 8.5.2014)	15,000	15,000
Barbara A. Knoflach	15,500	15,500
Reinhard Madlencnik (to 28.10.2014)	17,000	17,500
Franz Zwickl	17,000	17,500
<b>Total</b>	<b>122,000</b>	<b>124,500</b>

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## DISCLAIMER

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

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

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