
ANNUAL FINANCIAL REPORT 2019
I.A.W. ARTICLE 124 OF THE
AUSTRIAN STOCK EXCHANGE ACT

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GROUP MANAGEMENT REPORT

GROUP STRUCTURE

CA Immo is a real estate company with its headquarters in Vienna and branch offices in Germany, Poland, Romania, Serbia, Czech Republic and Hungary. The parent company of the Group is **CA Immobilien Anlagen Aktiengesellschaft**, a listed company based in Vienna whose main activity is the strategic and operational management of subsidiary companies at home and abroad. The various branch offices act as largely decentralised profit centres. Other subsidiaries (without separate local teams) are present in Croatia, the Netherlands, Slovakia and Cyprus. As at key date 31 December 2019, the Group comprised 185 companies (31.12.2018: 196) with 414 employees (382 on 31.12.2018).

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

Austria

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

Eastern Europe (CEE)

In the CEE region, the strategic focus is also on commercial class A buildings in the respective capitals. The portfolio of

investment properties in CEE and a small proportion of development projects and undeveloped plots are directly held via CA Immo participating interests. All Eastern European properties are managed by regional subsidiaries under the name **CA Immo Real Estate Management**.

COMPANIES BY REGION

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

¹⁾ Joint ventures involving consolidated companies.

²⁾ Includes one company in Switzerland.

³⁾ Includes holding companies in Cyprus and the Netherlands established in connection with Eastern European investments.

Germany

The operational platform for all Group activities in Germany is **CA Immo Deutschland GmbH**, which has branches in Berlin, Frankfurt and Munich. Aside from investment properties, the company's property assets mainly comprise properties under construction and undeveloped plots alongside a portfolio of properties intended for trading or sale. Investment properties are largely held in direct holdings and let and managed by **DRG Deutsche Realitäten GmbH**, a joint venture set up with the Austrian estate agent and property management firm ÖRAG. A number of development projects (in Munich and Mainz, for example) are being realised through joint ventures. Construction management is carried out by CA Immo subsidiary **omniCon**, which also performs these services for third parties.

ECONOMIC ENVIRONMENT

THE ECONOMIC TREND¹⁾

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

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

CORE MARKETS OF CA IMMO IN 2019²⁾

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

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

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

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

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

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

The inflation rate was confirmed as 1.6% for Germany in January 2020.

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

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

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

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

¹⁾ Sources: International Monetary Fund, European Commission

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

ECONOMIC DATA FOR CA IMMO CORE MARKETS

	Growth rate of real GDP ¹⁾		Annual inflation rates ²⁾	Unemployment rate ³⁾	Public budget balance	Gross public debt	Growth rate of employment
	2019	2018	in %	in %	as % of GDP 3Q 2019	as % of GDP 3Q 2019	as % of GDP 3Q 2019
EU – 28	1.4	2.0	1.7	6.2	-0.9	80.1	0.8
Eurozone – 19	1.2	1.9	1.4	7.4	-0.7	86.1	1.0
Austria	1.5	2.3	2.2	4.2	0.4	71.1	1.0
Germany	0.6	1.5	1.6	3.2	1.4	61.2	0.8
Poland	4.2	5.1	3.8	3.3	-0.4	47.4	-0.1
Czechia	2.5	2.9	3.8	2.0	0.3	32.0	0.6
Hungary	4.9	5.1	4.7	3.4	-2.2	68.2	1.4
Romania	3.9	4.0	3.9	3.9	-4.9	35.4	-1.0

Source: Oxford Economics, Eurostat

¹⁾ Change on the previous year (%); ²⁾ Change on the previous year as at January 2020; ³⁾ As at December 2019, except Hungary: November 2019THE MONEY MARKET AND INTEREST ENVIRONMENT¹⁾

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

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

In TLTRO III, considerably more favourable terms will be applied during the period from June 2020 to June 2021 to all TLTRO III operations outstanding during that same time. These operations will support bank lending to

those affected most by the spread of the coronavirus, in particular small and medium-sized enterprises.

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

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

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

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

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

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

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

OUTLOOK ²

The exit of the United Kingdom from the EU and the trade war between the USA and China were the dominant issues of 2019. Mutual customs constraints not only

hampered exports from the two world economic powerhouses, but also had a negative influence on the European economy, causing volatility on stock markets. The economic consequences of Brexit, which was completed in January 2020, also defined 2019.

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

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

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

PROPERTY MARKETS

THE REAL ESTATE MARKET IN AUSTRIA ¹⁾

The investment market

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

Given the stable economic conditions and the worsening shortage of core properties in German and other European cities, Austria continues to be the focus of German and international investors (who accounted for around 18% and 34% of the total investment volume respectively in 2019).

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

The office property market

The total office stock on the Viennese market amounted to approximately 11.3 million sqm at year end. The completion volume for office premises was approximately 41,500 sqm in 2019, down more than 80% on the previous year (which was in line with expectations, however).

Largely because of the low completion volume, lettings performance declined from 253,600 sqm in 2018 to around 218,100 sqm in 2019. The vacancy rate fell by around 50 base points in the course of the year to 4.7%. CBRE Research expects the vacancy rate to remain unchanged until 2021 thanks to higher completion volumes in the next two years and the marginal downturn in economic growth.

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

OFFICE MARKET DEVELOPMENT VIENNA

	2019	2018	Change in %/bps
Take up in sqm	218,100	253,600	-14.0
Vacancy rate in %	4.7	5.2	-50 bps
Peak rent in €/sqm net exclusive	25.0	25.5	-2.0
Prime yield in %	3.45	3.75	-30 bps

Sources: Data provided by CBRE Research

Note: floor space take-up includes owner-occupied transactions

THE REAL ESTATE MARKET IN GERMANY ²⁾

The investment market

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

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

The investment market for commercial real estate in **Berlin** reported consistently high demand at € 11.5 bn, up

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

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

70% on the previous year's figure. In view of high demand, the prime yield for office properties has fallen to 2.70%.

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

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

The office property market ¹⁾

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

raise the demand for office space; allied with a shortage of floor space in many inner city areas, rental rates are rising sharply.

In 2019, **Munich** was unable to maintain the very strong development of its lettings market witnessed in recent years, although this was because of a limited supply rather than diminishing demand. Floor space take-up totalled 763,500 sqm, down more than 20% on the previous year's figure. Consistently strong demand has combined with an extremely tight supply situation to drive up peak monthly rents by around 4% year-on-year to € 39.50 per sqm, while the weighted average monthly rent of approximately € 20.07 per sqm was 6% above the previous year's level. The office vacancy rate for the total market hit a new record low of 2.7% (2.9% in 2018). Central locations within the inner zone are fully let, with a vacancy level of just 0.4%.

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

OFFICE MARKET DEVELOPMENT IN CA IMMO CORE MARKETS IN GERMANY

	2019	2018	Change in %/bps
Berlin			
Take up in sqm	998,900	840,300	18.9
Vacancy rate in %	1.1	2.3	-120 bps
Peak rent in €/sqm net exclusive	37.5	33.5	11.9
Prime yield in %	2.70	3.10	-40 bps
Frankfurt am Main			
Take up in sqm	552,500	620,200	-10.9
Vacancy rate in %	6.9	8.0	-110 bps
Peak rent in €/sqm net exclusive	44.0	4.0	7.3
Prime yield in %	2.90	3.20	-30 bps
Munich			
Take up in sqm	763,500	984,000	-22.4
Vacancy rate in %	2.9	3.1	-20 bps
Peak rent in €/sqm net exclusive	39.5	38.0	3.9
Prime yield in %	2.60	2.90	-30 bps

Sources: Data provided by CBRE Research. Note: floor space take-up includes owner-occupied transactions

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

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

Berlin confirmed office space take-up of 998,900 sqm in 2019, up 19% on the previous year's figure. Over the course of the year, the vacancy rate fell sharply to a record low of 1.1% (2018: 2.3%). The shortage of floor space drove up the peak monthly rent level by around 12% to € 37.50 per sqm. The weighted monthly average rent also started to rise strongly again to reach € 26.00 per sqm, 22% above the figure for the previous year. Berlin therefore leads the top five cities in terms of the development of rental rates. Approximately 277,500 sqm of new floor space was completed in 2019, of which just 3% was still available at the time of completion. Although the completion volume is expected to rise by around 576,000 sqm in 2020, the current development pipeline is struggling to keep pace with the high level of demand. Of the office space coming onto the market in 2020, 84% is already pre-let or owner-occupied. The stock of office space was approximately 18.2 million sqm at year end.

THE REAL ESTATE MARKET IN CENTRAL AND EASTERN EUROPE ¹⁾

The investment market

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

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

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

The office property markets ²⁾

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

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

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

The office property market in **Prague** experienced a good year in 2019. The stock of office space increased by around 193,700 sqm, from the approximate figure of 3.5 million sqm at the end of 2018 to roughly 3.7 million sqm at the end of 2019. Lettings performance of around 276,100 sqm did not quite match the previous year's

¹⁾ Sources: Data supplied by CBRE Research

²⁾ Sources: Data supplied by CBRE Research

level. Following a substantial decrease in the prior year, the vacancy rate expanded marginally to 5.5% by year end. Despite this, peak rents in central locations increased to € 23.00/sqm per month.

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

space. The peak monthly rent is confirmed at € 26.00 per sqm.

Around 311,200 sqm of office space was let in **Bucharest** by the end of 2019, up 30% on the previous year. The stock of office space totalled 3.2 million sqm by year end thanks to a completion volume of approximately 292,700 sqm. Following a sharp reduction in the previous year, the vacancy rate climbed back to 9.8% by year end. Most of the vacant floor space is concentrated in category B buildings. The peak monthly rent in Bucharest was stable at € 18.5/sqm.

OFFICE MARKET DEVELOPMENT IN THE CA IMMO CORE MARKETS IN CEE

	2019	2018	Change in %/bps
Budapest			
Take up in sqm	362,000	391,000	-7.4
Vacancy rate in %	5.6	7.3	-170 bps
Peak rent in €/sqm net exclusive	26.0	25.0	4.0
Prime yield in %	5.25	5.75	-50 bps
Bucharest			
Take up in sqm	311,200	238,900	30.3
Vacancy rate in %	9.8	7.4	+240 bps
Peak rent in €/sqm net exclusive	18.5	18.5	0.0
Prime yield in %	7.00	7.00	+0 bps
Prague			
Take up in sqm	276,100	338,200	-18.4
Vacancy rate in %	5.5	5.1	+40 bps
Peak rent in €/sqm net exclusive	23.0	21.5	7.0
Prime yield in %	4.25	4.5	-25 bps
Warsaw			
Take up in sqm	584,000	647,600	-9.8
Vacancy rate in %	7.8	8.7	-90 bps
Peak rent in €/sqm net exclusive	25.0	24.0	4.2
Prime yield in %	4.25	4.75	-50 bps

Sources: Data provided by CBRE Research

Note: floor space take-up includes owner-occupied transactions

PROPERTY ASSETS

Business areas and core markets

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

DISTRIBUTION OF PROPERTY ASSETS BY COUNTRY

AND TYPE (Incl. investment properties used for own purposes)



€ 5.2 bn property assets

By the transfer of own project completions into the investment portfolio, as well as a positive revaluation result, the value of property assets has increased in 2019 by 16% up to € 5.2 bn (2018: € 4.5 bn). Of this figure, investment properties account for € 4.3 bn (83% of the total portfolio), property assets under development represent € 0.8 bn (16%) and short-term properties¹⁾ € 61 m (1%). With a proportion of 50% of total property assets, Germany is the biggest regional segment.

CHANGES TO THE PORTFOLIO IN 2019

Project completions (for own stock)

In 2019, CA Immo transferred two internally developed buildings with an investment volume totalling approximately € 117 m to its own portfolio²⁾. Assuming full occupancy, these will boost rental revenue by around € 7 m annually over the years ahead.

In autumn, CA Immo completed the **office building on the Art Campus in Berlin's Europacity district**. The building with a rentable area of space of approximately 7,900 sqm has been fully let, 70% will be used by the Federal Union of German Associations of Pharmacists (ABDA). ABDA will initially rent the building section specifically developed to meet its needs for two years before taking over ownership. The remaining floor space of the building which will continue to be held by CA Immo (section 2) is also fully let and now part of the CA Immo portfolio.

PROPERTY ASSETS OF THE CA IMMO GROUP AS AT 31.12.2019 (PORTFOLIO VALUES)

in € m	Investment properties ³⁾	Investment properties under development	Short-term property assets ⁴⁾	Properties assets	Property assets in %
Austria	572.9	0.0	0.0	572.9	11.0
Germany	1,725.5	802.0	61.3	2,588.8	49.9
Czechia	390.7	15.1	0.0	405.8	7.8
Hungary	525.1	0.0	0.0	525.1	10.1
Poland	519.7	0.0	0.0	519.7	10.0
Romania	399.0	0.0	0.0	399.0	7.7
Others	175.0	0.0	0.0	175.0	3.4
Total	4,307.9	817.1	61.3	5,186.4	100.0
Share of total portfolio	83%	16%	1%		

³⁾ Includes properties used for own purposes

⁴⁾ Short-term property assets include properties intended for trading or sale

¹⁾ Incl. properties intended for trading or sale

²⁾ Excl. the bus terminal in Frankfurt (€ 7.4 m)

In the fourth quarter, CA Immo completed the **MY.O office building** in the Nymphenburg district of **Munich** with a gross floor area of around 27,000 sqm. Centrally located close to the S-Bahn station, the six to seven-storey office complex was 100% pre-let at the key date; the majority of tenants will take up residence in the course of 2020.

Acquisitions

No properties were acquired in 2019.

Sales

In the 2019 financial year, CA Immo speedily continued the process of focusing its strategic portfolio on large-space, modern office properties in the core cities across the Group.

Accordingly, the majority of sales involved properties not classified as part of the core business of CA Immo in terms of regional, sectoral or other characteristics.

In **Austria**, CA Immo sold the **Meininger Hotel Salzburg City Center**, a 7,000 sqm mixed-use building complex and

the last portfolio building outside of Vienna¹⁾. In doing so, the company continued to focus its Austrian portfolio on office properties in Vienna. In **Germany**, the sale of a plot in Munich was finalised as well as the sale of a 50% share in the residential building plots of Hafeninsel II and III was finalised in the Mainz urban district development of Zollhafen. Plots were also successfully placed on the market in **Bratislava and Budapest**. Early in 2019, the sale of the Austria Trend hotel in Ljubljana, which has been signed in the end of 2018, was successfully closed.

Property assets sold in 2019²⁾ generated total **trading revenue** of € 67.1 m (2018: € 392.1 m) and contributed € 19.4 m to the result (compared to € 30.8 m in 2018).

Investments

In 2019, CA Immo invested a total of € 257.7 m (2018: € 275.6 m) in its property portfolio (investments and maintenance). Of this figure, € 66.0 m was earmarked for modernisation and optimisation measures and € 191.7 m was devoted to the furtherance of development projects.

PROPERTY ASSETS BRIDGE 2018 TO 2019 AND KEY FIGURES 2019

		Austria	Germany	CEE	Total
Property assets 31.12.2018	€ m	564.0	1,993.0	1,913.6	4,470.6
Capital expenditure ²⁾	€ m	16.8	209.7	24.7	251.2
Change from revaluation/impairment/depreciation	€ m	3.5	383.4	73.2	460.0
Changes lease incentive	€ m	0.1	-0.4	1.9	1.7
Disposals	€ m	-11.5	-8.3	-18.7	-38.5
Other changes	€ m	0.1	11.4	29.9	41.3
Property assets 31.12.2019	€ m	572.9	2,588.8	2,024.6	5,186.4
Rental income (actual) ³⁾	€ m	29.7	66.4	124.6	220.7
Annualised rental income	€ m	30.8	63.2	131.7	225.8
Economic vacancy rate for investment properties	%	4.9	1.1	5.0	3.9
Gross yield (investment properties)	%	5.7	3.9	6.6	5.5

²⁾ Excluding maintenance

³⁾ Includes annual rental income from properties sold in 2019 (€ 0.3 m)

¹⁾ In Austria, CA Immo only held investment properties in Vienna and land leases in Graz on the key date

²⁾ Incl. sale of properties held at equity (proportionately owned by CA Immo)

INVESTMENT PROPERTIES

Contributing around 83% of total property assets, the investment property area is CA Immo's main source of income. The principle objective of the company is the continual optimisation of its portfolio and the retention and acquisition of tenants with a view to securing stable and recurring rental revenue. In total, 81% of the office portfolio¹⁾ of CA Immo is certified in line with LEED, DGNB or BREEAM standards as at 31 December 2019 (for details on sustainability aspects in the business area of investment properties, refer to the 'Non-financial performance indicators' section).

€ 4.3 bn investment portfolio

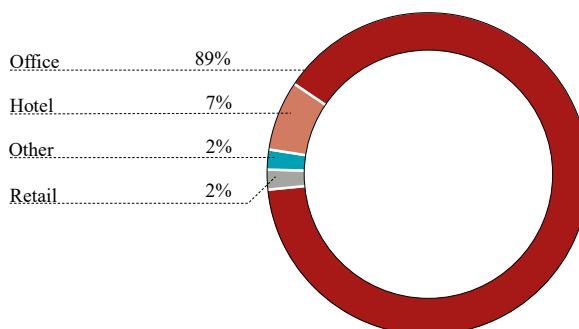
As at key date 31 December 2019, the Group's investment portfolio incorporated a total rentable effective area of 1.4 m sqm with an approximate book value of € 4.3 bn (2018: € 3.8 bn). With a share of 47% of book value, the Central and Eastern Europe (CEE) segment accounts for the largest proportion of the investment portfolio. In 2019, CA Immo generated total rental income of € 220.7 m (€ 192.4 m in 2018); the CEE segment accounted for roughly 56% of total rental revenue. On the basis of annualised rental revenue, the asset portfolio produced a yield of 5.5%²⁾ (5.8%³⁾ in 2018). In line with the strategic portfolio focus, the office share of the total portfolio has steadily increased over recent years and

stands almost unchanged at the previous year's level of 89%.

Stable high occupancy

The occupancy rate for the investment portfolio stands quite stable at 96.1%²⁾ on 31 December 2019 (31 December 2018: 94.4%³⁾). CA Immo records full occupancy of its existing portfolio in almost all core markets.

DISTRIBUTION OF BOOK VALUE INVESTMENT PROPERTIES BY MAIN USAGE (Basis: € 4.3 bn)



INVESTMENT PROPERTIES: KEY FIGURES BY COUNTRY ²⁾

	Fair value property assets	Rentable area	Occupancy rate	Annualised rental income	Yield
	in € m	in sqm	in %	in € m	in %
Austria	517.2	308,627	95.1	29.6	5.7
Germany	1,576.7	340,617	98.9	61.9	3.9
Czechia	390.7	131,666	95.6	21.7	5.5
Hungary	525.1	218,628	93.2	34.6	6.6
Poland	519.7	137,220	95.7	30.9	6.3
Romania	319.3	128,201	96.2	24.2	7.6
Others	175.0	97,822	94.9	14.9	8.6
Total	4,023.7	1,362,781	96.1	217.8	5.5

¹⁾ Basis: office properties, by book value

²⁾ Excl. properties used for own purposes; excl. the project completions Orhideea Towers (Bucharest), ViE (Vienna) and MY.O (Munich), which are still in the stabilisation phase; incl. land leases in Austria (around 106,000 sqm)

³⁾ Excl. properties used for own purposes; excl. the project completions Campus 6.1 and Orhideea Towers (Bucharest), ViE (Vienna) and Visionary (Prague), which have been transferred to the investment portfolio in 2018 and have been still in the stabilisation phase as at 31 December 2018

LIKE-FOR-LIKE COMPARISON OF PROPERTIES IN THE PORTFOLIO AS AT 31.12.2019

	Book values		Rental income P&L		Gross yield in % ¹⁾		Occupancy rate in % ²⁾	
€m	2019	2018	2019	2018	2019	2018	2019	2018
Austria	517.2	502.5	27.9	27.2	5.7	5.3	95.1	89.4
Germany	1,305.2	1,102.2	50.6	49.5	3.9	4.5	98.7	98.9
CEE	1,645.2	1,590.9	103.9	101.2	6.8	7.0	94.7	93.2
Total	3,467.6	3,195.6	182.5	177.9	5.5	5.9	95.8	94.1

¹⁾ Annualised contractual rent / book value

²⁾ Economic occupancy (annualised contractual rent / contractual rent at full occupancy)

Lettings performance 2019

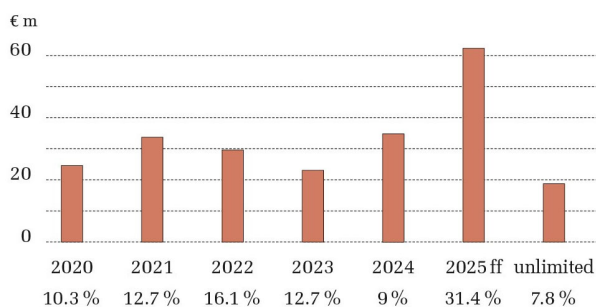
Across the Group, CA Immo let around 268,000 sqm of rentable area in 2019 (2018: around 230,000 sqm), of which pre-lettings on development projects accounted for 19% (around 50,500 sqm). Excluding these pre-lettings, this equates to lettings performance of 16% for the Group's total investment portfolio, which amounts to around 1.4 m sqm¹⁾. New lettings and contract extensions by existing tenants accounted for 32%; renewals by existing tenants represent 68%. Office space accounted for around 94% of total lettings performance. The strongest letting performance by city was achieved in Budapest (approximately 71,500 sqm of new lettings and contract extensions), followed by Vienna with approximately 42,000 sqm).

39% of lease contracts (in terms of letting volume) are concluded for terms of more than five years, or for unlimited terms. As at 31 December 2019, the WALT (Weighted Average Lease Term) was 4.2 years (2018: 4.4 years). CA Immo has a sector-diversified tenant structure with a high proportion of companies from the service and technology sector. The 20 largest tenants account for around 32% of total rental income (on the basis of annualised rental revenue).

LETTINGS PERFORMANCE BY SEGMENT¹⁾

in sqm	Pre-lease development projects	New lease investment properties	Lease extensions	Total
Germany	43,304	4,925	5,885	54,114
Austria	0	17,629	24,300	41,929
CEE	7,152	47,324	117,036	171,512
Total	50,456	69,877	147,221	267,554

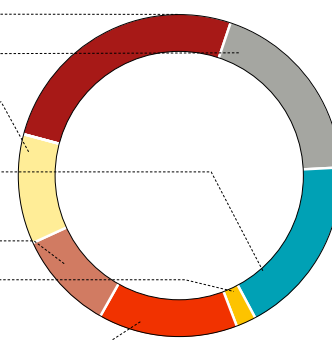
¹⁾ Excl. land leases

EXPIRY PROFILE OF LEASE AGREEMENTS
BASED ON ANNUALISED RENTAL INCOME

TENANTS BY INDUSTRY

ON THE BASIS OF ANNUALISED RENTAL REVENUE

Business & Professional Services	26%
Technology	19%
Financial Services	11%
Consumer Services & Leisure	18%
Public Sector / Regulatory Body	10%
Other	2%
Manufacturing, Industrial & Energy	14%



LARGEST TENANTS (TOP 20)

	Sector	Region	Share in % of total rent ¹⁾
PWC	Professional Services	Germany	3.1%
The European Border and Coast Guard Agency	Professional Services	CEE	2.6%
InterCityHotel	Consumer Services & Leisure	Germany	2.5%
Google Germany	Technology	Germany	2.1%
KPMG	Professional Services	Germany	2.0%
BRITISH AMERICAN TOBACCO	Manufacturing Industrial & Energy	CEE	2.0%
Morgan Stanley	Financial Services	CEE	1.9%
Land Berlin	Public Sector / Regulatory Body	Germany	1.8%
TOTAL	Manufacturing Industrial & Energy	Germany	1.7%
Verkehrsbüro	Consumer Services & Leisure	Austria	1.6%
Robert Bosch	Manufacturing Industrial & Energy	Austria	1.6%
Bundesanstalt für Immobilienaufgaben	Public Sector / Regulatory Body	Germany	1.5%
salesforce.com Germany	Technology	Germany	1.1%
Accenture	Business Services	CEE	1.1%
ORANGE	Consumer Services & Leisure	CEE	1.0%
VOBA Vermietungs-und Verpachtungsges.m.H	Financial Services	Austria	1.0%
T-Mobile	Technology	CEE & Austria	0.9%
BITDEFENDER	Technology	CEE	0.9%
BT Roc	Business Services	CEE	0.8%
Meininger	Consumer Services & Leisure	Germany & Austria	0.8%

¹⁾ Based on annualised rental revenue

THE AUSTRIA SEGMENT

The asset portfolio in Austria¹⁾ comprises rentable effective area of 322 k sqm with a market value of around € 567.1 m (2018: € 560.2 m) according to current valuations. In 2019, this portfolio generated rental income of € 29.7 m (€ 28.1 m in 2018), equivalent to an average yield of 5.7%²⁾ (5.3%²⁾ in 2018).

In 2019 CA Immo invested around € 18.8 m in its Austrian investment portfolio (investments and maintenance costs), compared to € 6.2 m in 2018. As a percentage of existing office space³⁾ in Austria, 33% is certified to platinum DGNB standard.

Lettings performance

In Austria, around 42,000 sqm of office space was newly let or extended in 2019. The economic occupancy rate in the asset portfolio was 95.1%²⁾ as at the key date (89.7%²⁾ in 2018). The sharp rise in capacity utilisation was

caused by the influx of new tenants to the Lände 3 district of Vienna, which compensated for the departure of a former anchor tenant. Amongst others, Volksbank Wien has moved into an office space spanning around 14,000 sqm in the Lände 3 quarters from end of 2019 on a long-term basis.

INVESTMENT PROPERTIES AUSTRIA: KEY FIGURES⁴⁾

in € m	31.12.2019	31.12.2018	Change
Book value	517.2	513.6	0.7
Annualised rental income ⁵⁾	29.6	27.3	8.3
Gross yield in %	5.7	5.3	40 pp
Economic vacancy rate in %	4.9	10.3	-540 pp

⁴⁾ Excludes properties used for own purposes and the project completion ViE in Vienna, which has been transferred to the investment portfolio in Q4 2018 and is still in the stabilisation phase

⁵⁾ Monthly contractual rent as at key date multiplied by 12

¹⁾ Excludes properties used for own purposes

²⁾ Excludes properties used for own purposes and the project completion ViE in Vienna, which has been transferred to the investment portfolio in Q4 2018 and is still in the stabilisation phase

³⁾ Basis: Office properties by market value

THE GERMANY SEGMENT

In 2019, the value of the German investment portfolio was significantly raised by the transfer of completed projects to the portfolio as well as a positive revaluation result. Compared to the previous year, completion of the CA Immo office projects Bürogebäude am Kunstcampus (Berlin) and MY.O (Munich) has an increasing effect on all key figures compared to the previous year (for details on projects completed in 2019, refer to the 'Property assets' section).

As at the key date, CA Immo held investment properties in Germany¹⁾ with an approximate market value of € 1,716.2 m (€ 1,311.3 m in 2018) and a rentable effective area of 368 k sqm (2018: 322 k sqm). By portfolio value, 40% of the total stock is in Germany. The German investment portfolio mainly comprises modern office buildings developed by CA Immo in central locations of Berlin, Munich and Frankfurt; 71% of rentable office space (by book value) is certified according to DGNB or LEED standards.

Rental income of € 66.4 m was generated in 2019, compared to € 58.4 m in 2018. The yield on the portfolio was 3.9%²⁾ as at 31 December 2019 (2018: 4.5%). CA Immo spent approximately € 23.2 m on maintaining its German investment properties (investments and maintenance costs) in 2019 (2018: € 13.4 m).

Occupancy rate stable at 99%

The occupancy rate for the asset portfolio in Germany remained almost unchanged at a very high level of 98.9% on 31 December 2019 (99.0% on 31 December 2018). In Germany, approximately 10,800 sqm of floor space was newly let or extended during 2019.

INVESTMENT PROPERTIES GERMANY: KEY FIGURES⁵⁾

in € m	31.12.2019	31.12.2018	Change
Book value	1,575.4	1,311.3	20.1
Annualised rental income ⁶⁾	61.9	59.2	4.6
Gross yield in %	3.9	4.5	-60 pp
Economic vacancy rate in %	1.1	1.0	10 pp

⁵⁾ Excludes properties used for own purposes

⁶⁾ Monthly contractual rent as at key date multiplied by 12

¹⁾ Excludes properties used for own purposes

²⁾ Excl. the project completions MY.O (Munich), which is still in the stabilisation phase

³⁾ Excl. the project completion Orhideea Towers (Bucharest), which is still in the stabilisation phase

THE CEE SEGMENT

CA Immo has been investing in CEE since 1999. The company now maintains investment properties in seven countries of CEE and SEE.

The value of the investment properties in CEE¹⁾ increased from € 1,883.7 m on 31 December 2018 to € 2,009.6 m as at key date 31 December 2019, equivalent to a share (by portfolio value) of around 47% of the total investment portfolio. In this region, CA Immo concentrates on high quality, centrally located office properties in capital cities of Eastern and South Eastern Europe, which make up 100% of the overall CEE portfolio. The portfolio is maintained and let by the company's local teams on site.

56% of rental revenue from CEE

The company's asset portfolio comprises 750 k sqm of rentable effective area (2018: 750 k sqm) which generated rental income of € 124.6 m in 2019 (compared to € 105.9 m in 2018). This represents 56% of CA Immo's total rental revenue. The portfolio produced a gross yield of 6.6%³⁾ (2018: 6.9%⁴⁾). In 2019, CA Immo invested € 23.9 m (2018: € 21.3 m) in its CEE investment portfolio.

Occupancy rate increased to 95%³⁾

The economic occupancy rate (measured on the basis of annualised rental income) was 95.0%³⁾ as at 31 December 2019 (2018: 93.4%⁴⁾). Total lettings performance for the CEE segment amounted to roughly 164,000 sqm of rentable office space in 2019; thereof 29% accounted for new lettings of investment properties (incl. lease expansions), 71% were lease extensions.

96% of the office stock in the CEE (by book value) is certified to LEED, BREEAM or DGNB standards.

⁴⁾ Excl. the project completions Campus 6.1 and Orhideea Towers (Bucharest) as well as Visionary (Prague), which have been transferred to the investment portfolio in 2018 and have been in the stabilisation phase as at 31 December 2018

INVESTMENT PROPERTIES IN CEE: KEY FIGURES¹⁾

	Fair value property assets in € m	Annualised rental income ²⁾ in € m	Occupancy rate in %	Yield in %
Poland	491.8	30.9	95.7	6.3
Hungary	525.1	34.6	93.2	6.6
Romania	319.2	24.2	96.2	7.6
Czechia	390.7	21.7	95.6	5.5
Others	173.5	14.9	94.9	8.6
Total	1,900.4	126.2	95.0	6.6

¹⁾ Excludes properties used for own purposes; excl. the project completion Orhideea Towers (Bucharest), which has been transferred to the investment portfolio in 2018 and is still in the stabilisation phase

²⁾ Monthly contractual rent as at key date multiplied by 12

INVESTMENT PROPERTIES UNDER DEVELOPMENT

Project development as a driver of organic growth

CA Immo enhances the quality and ensures the organic growth of its portfolio by developing properties and transferring to its investment portfolio upon completion. CA Immo benefits in this from its extensive stock of land reserves in Germany (mostly in central locations of Munich, Frankfurt and Berlin) as well as an internal development platform that enables the company to exploit the full depth of the real estate value chain. From site development and the procurement of planning permission to construction management, letting and the transfer of completed properties to its own portfolio or sales to investors, CA Immo performs the full range of project development services.

For details on sustainability aspects in the project development area, refer to the 'Non-financial performance indicators' section.

Two project completions in 2019

In 2019, CA Immo **completed one office building each in Berlin and Munich**; these are now part of the CA Immo investment portfolio (for details, please see the 'Property assets' section). Section three of the **Baumkirchen Mitte residential project in Munich** was also completed in 2019 and handed over to the investors in full.

In total, CA Immo completed properties with an investment volume totalling approximately € 230.0 m in 2019, of which €124.3 m was for its own portfolio and €105.7 m was earmarked for sale.

Pre-letting on projects

In 2019, CA Immo signed lease agreements for 50,456 sqm of usable space in development projects under construction. The majority of this pre-letting was agreed in Berlin; amongst other things, CA Immo concluded a long-term lease agreement with KPMG for around 23,000 sqm of rentable space in the Berlin office high-rise on Europaplatz before construction work had even started. Other large-scale pre-lettings agreed included the ONE office high-rise in Frankfurt (6,880 sqm of office space) with coworking operator Spaces and approximately 7,000 sqm of the Mississippi House office project in Prague.

98% of development activity in Germany

As at 31 December 2019, the development division¹⁾ represented around 17% (equivalent to approximately € 878.5 m) of CA Immo's total property assets (2018: € 767.7 m). Accounting for a share of 98% (by book value), the focus of project development activity is still firmly on Germany. Developments and land reserves in CEE account for the remainder of property assets under development (€ 15.1 m). Investment properties under development in Germany with a total book value of € 863.4 m are divided into projects under construction accounting for around € 582.5 m and development projects in preparation and land reserves (€ 280.9 m).

INVESTMENT PROPERTIES UNDER DEVELOPMENT BY COUNTRY¹⁾

in € m	Landbank		Projects under development		Total investment properties under development	
	Book value	Book value in %	Book value	Book value in %	Book value	Book value in %
Austria	0.0	0.0	0.0	0.0	0.0	0.0
Frankfurt	153.8	54.7	150.0	25.1	303.8	34.6
Berlin	83.5	29.7	321.2	53.8	404.7	46.1
Munich	43.6	15.5	111.3	18.6	154.9	17.6
Germany	280.9	99.9	582.5	97.5	863.4	98.3
Czechia	0.1	0.1	14.9	2.5	15.1	1.7
Hungary	0.0	0.0	0.0	0.0	0.0	0.0
Poland	0.0	0.0	0.0	0.0	0.0	0.0
Romania	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
CEE	0.1	0.1	14.9	2.5	15.1	1.7
Total	281.1	100.0	597.4	100.0	878.5	100.0

¹⁾ Incl. projects under construction and plots held for trading or sale (short-term property assets)

THE AUSTRIA SEGMENT

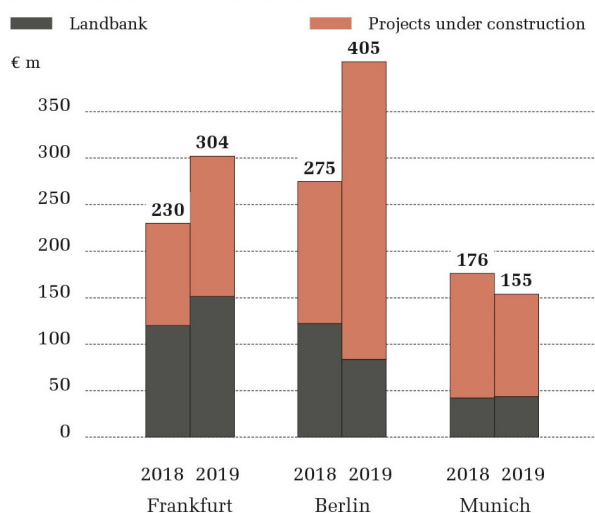
During business year 2019, CA Immo had no activities in the field of property assets under development in Austria.

THE GERMANY SEGMENT

CA Immo's development activity in Germany focuses mainly on large scale, mixed-use urban projects in Berlin, Munich and Frankfurt. As at 31 December 2019, CA Immo held rentable effective area under construction amounting to 147 k sqm in Germany with a total investment volume (including plots) of around € 858.9 m (2018: € 827.4 m). In addition to the current project volume, CA Immo holds German land reserves with a value of € 280.9 m (incl. properties held for trading or sale). These existing reserves will form the basis of further value-creating development activity by CA Immo over the years ahead.

GERMANY:

ASSETS UNDER DEVELOPMENT



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

PROJECTS UNDER CONSTRUCTION

in € m	Total Investment ¹⁾	Outstanding construction costs	Planned rentable effective area in sqm	Gross yield on cost in %	City	Usage	Share in % ²⁾	Utilisation in % ³⁾	Scheduled completion
Projects (own stock)									
MY.B	69.7	15.8	14,831	7.2	Berlin	Office	100	98	Q1 2020
ZigZag	16.6	10.8	4,695	5.4	Mainz	Office	100	0	Q4 2020
ONE	411.8	298.9	68,451	5.4	Frankfurt	Office	100	33	Q1 2022
Mississippi House	42.2	32.8	13,736	6.3	Prague	Office	100	54	Q3 2021
Missouri Park	22.7	18.9	7,024	6.3	Prague	Office	100	0	Q3 2021
NEO (Office)	67.3	14.0	13,627	5.4	Munich	Office	100	33	Q4 2020
Hochhaus am Europaplatz	151.0	119.4	22,948	5.8	Berlin	Office	100	99	Q4 2023
Subtotal	781.4	510.7	145,313	5.7					
Projects (for sale)									
Cube berlin	113.7	24.3	16,829	n.m.	Berlin	Office	100	100	Q3 2020
NEO (Residential)	28.8	6.0	5,840	n.m.	Munich	Residential	100	0	Q4 2020
Subtotal	142.5	30.3	22,669						
Total	923.9	541.0	167,982						

¹⁾ Including plot

²⁾ All figures refer to the project share held by CA Immo

³⁾ Utilisation projects for own stock: pre-letting rate; utilisation projects for sale: sale

Main focus of current development activity in Germany

Berlin

The **Europacity district** is taking shape around Berlin's main rail station, drawing together office, residential, hotel and cultural uses across some 60 hectares. Reputable companies such as KPMG, the mineral oil group TOTAL and IntercityHotel have already signed up as tenants. CA Immo was developing three office projects in this district as at the key date:

CA Immo is building the 17,000 sqm standalone structure **cube berlin** on the central location of Washingtonplatz, close to Berlin's main station. Prominently located by the bend in the River Spree, opposite the Federal Chancellery, the fully digitalised building was sold to a major institutional fund under the terms of a forward sale at the end of 2016. CA Immo will build and let the property on behalf of the investor.

CA Immo is also constructing the six-storey **MY.B office building** at Heidestraße, which was nearly 100% pre-let as at the key date.

At the end of the year, CA Immo commenced the construction of an 84-metre **office high-rise on Europaplatz** adjacent to Berlin's main station. The Landmark structure – CA Immo's ninth building in the Europacity district – was fully pre-let to KPMG before construction work had begun.

Munich

On the **Baumkirchen Mitte development project site** in the Munich district of Berg am Laim, which spans approximately 130,000 sqm, CA Immo is developing the **NEO office, hotel and residential complex**, which has a rentable area of around 19,300 sqm. The tristar GmbH hotel group will operate a Hampton by Hilton hotel with 143 rooms on the first six floors of the building. With the completion of NEO, which is scheduled for 2020, the development of the urban district will be completed.

Frankfurt

In the Frankfurt Europaviertel, centrally located between the banking district and the exhibition grounds, CA Immo is developing the 190-metre **office and hotel high-rise structure ONE**. After completion of the high-

rise, which is scheduled for 2022, the international NH Hotel Group will open a nhow lifestyle hotel with 375 rooms in the ONE.

Mainz

In partnership with Stadtwerke Mainz, CA Immo has been developing **Zollhafen Mainz**, a new urban district on the banks of the Rhine spanning some 22 hectares, since 2015. CA Immo is currently engaged in realising the ZigZag office building on the site.

In October, CA Immo concluded an **architectural competition for another office and residential building** at the Zollhafen in Mainz. The mixed-use structure on the Rheinwiesen II site will comprise 6,600 sqm of gross floor space in total. Of this, around 1,600 sqm is earmarked for high-quality commercial usages and approximately 5,000 sqm is available for the development of 47 apartments.

THE CEE SEGMENT

The CEE segment accounts for property assets under development (including land reserves) with an approximate book value of € 15.1 m as at 31 December 2019.

In September, CA Immo commenced the construction of two prime quality office buildings in the River City Prague complex in the city's coveted Karlin district. Mississippi House and Missouri Park will complement CA Immo's attractive office complex, which currently comprises three class A structures (Amazon Court, Nile House and Danube House). The two buildings will offer rentable effective area totalling some 21,000 sqm.



Start of construction in Q3 2019: Mississippi House and Missouri Park, Prague

DEVELOPMENT OF URBAN DISTRICT EUROPACITY IN BERLIN

INVESTMENT PROPERTIES

1 JOHN F. KENNEDY HAUS
office / 18,000 sqm / 2015 / rented

2 INTERCITY HOTEL BERLIN
hotel / 20,600 sqm / 2013 / rented

3 MONNET 4
office / 8,100 sqm / 2015 / rented

4 TOUR TOTAL
office / 14,200 sqm / 2012 / rented

5 OFFICE BUILDING HEIDESTRASSE 58
office / 12,800 sqm / 2018 / rented

6 HAMBURGER BAHNHOF
museum

7 BÜROGEBÄUDE AM KUNSTCAMPUS
office / 7,900 sqm / 2019 / rented



PROJECTS UNDER CONSTRUCTION

8 CUBE BERLIN
office / 16,800 sqm / 2020 / under construction

9 MY.B
office / 14,800 sqm / 2020 / under construction

10 HIGH-RISE BUILDING ON EUROPAPLATZ
office / 23,000 sqm / 2023 / under construction

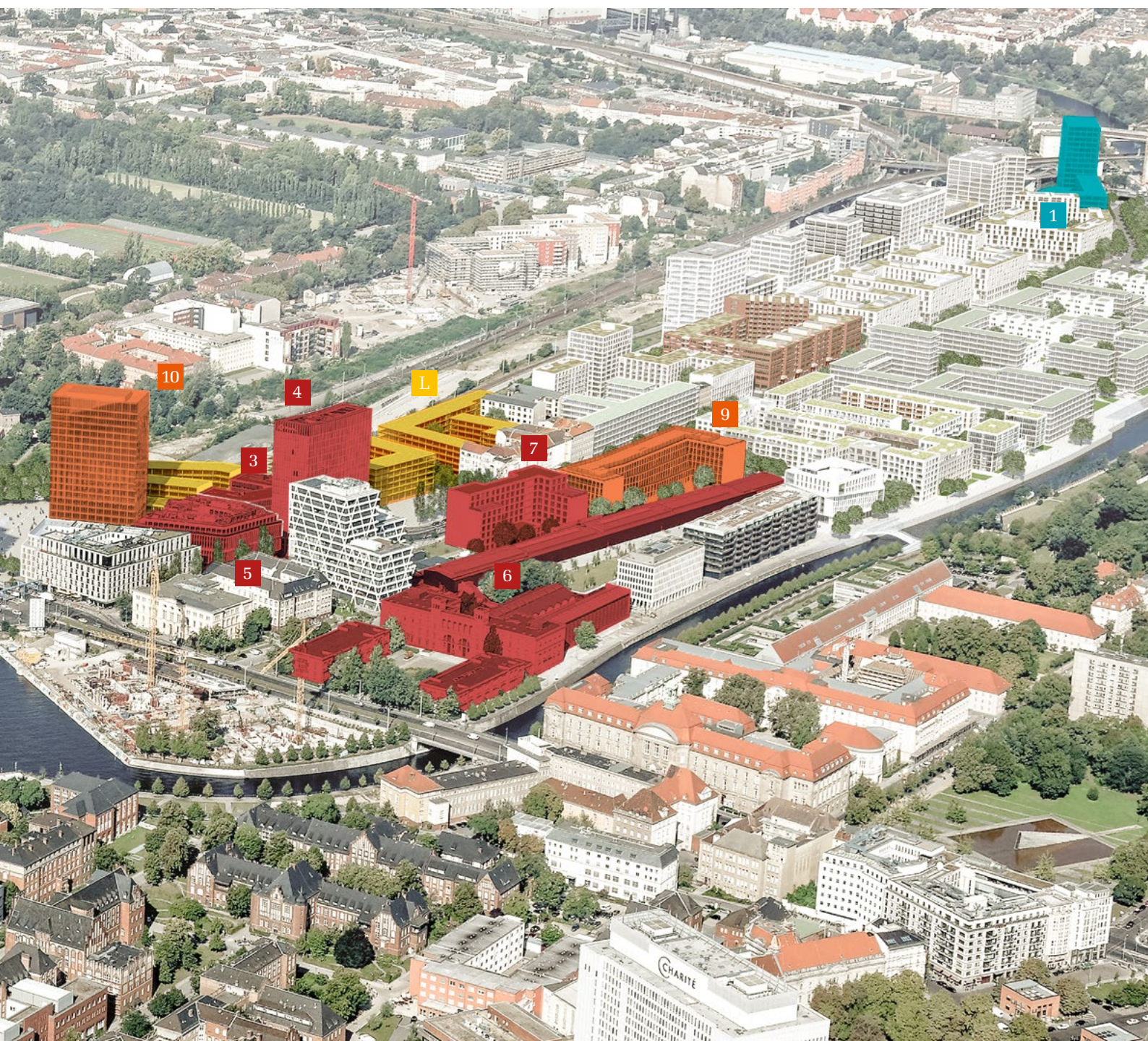
PROJECTS IN PLANNING STAGE

1 UPBEAT
office / 29,000 sqm / 2024 / in planning stage

LAND RESERVE

L

(usage / usable area in sqm / completion / status)



PROPERTY VALUATION

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

External valuation reports to international standards

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

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

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

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

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

For close to 100% of the total property assets, external valuations were carried out on the key date 31.12.2019 or values were based on binding purchase agreements. The remaining property assets were valued or updated internally.

The valuations as at 31 December 2019 were compiled by the following companies:

- CB Richard Ellis (Austria, Germany, Central and Eastern Europe)
- Cushman & Wakefield (Central and Eastern Europe)
- MRG Metzger Realitäten Beratungs- und Bewertungsgesellschaft (Austria)
- Ö.b.u.v.SV Dipl.-Ing. Eberhard Stoehr (Germany, Central and Eastern Europe)

Market environment in 2019

As in the previous year, the environment in the core markets of Germany, Austria and the CEE nations was highly positive in 2019 (see also the 'Property markets' section). The strong investment activity continued in the German real estate market, leading to an ongoing yield compression. Key indicators for the lettings market – including lettings performance, occupancy rates and the average rent level in the main office centres of Germany – were also highly positive. Thanks to its strong position in Munich, Frankfurt and Berlin, the CA Immo Group took significant advantage of these encouraging market trends. The office property market in Vienna also benefited from continually strong interest of investors in a stable operat-

ing environment. The CEE core markets of Prague, Budapest and Bucharest were similarly characterised by encouraging operational development in 2019. The office property market in Warsaw remains defined by intensive construction activity in the office sector, although the lettings volume has been high with strong interest from international investors; this has clearly resulted in yield compression of core properties. The pattern of transaction activity on the investment markets in the CEE region was also positive in 2019. For 2019 as a whole, the CA Immo Group posted a highly positive revaluation result of € 462.8 m (2018: € 276.5 m).

AUSTRIA

The Vienna office market remained largely stable in 2019. The completion volume for office premises declined by more than 80% on the previous year (which was in line with expectations, however). Lettings performance also declined marginally year-on-year, mainly because of the low completion volume. The vacancy rate decreased by around 50 base points in the course of the year to 4.7%.

The revaluation result as at the key date amounted to € 3.3 m (2018: € 26.9 m). Year on year, the average gross

yield on investment properties rose from 5.3% to 5.7% (fully consolidated properties).

GERMANY

As in previous years, the strong development of the German office property market generated a highly positive value trend for the Group's German segment. This was mainly due to the general market trend and the successful implementation of development projects as well as new lettings and re-lettings. As at 31 December 2019, the valuation result for the Group was € 385.2m (2018: € 199.9 m). The largest contributions to the revaluation gain in terms of amount came from valuation uplift in the investment portfolio, especially in Munich and Berlin (including Skygarden and Kontorhaus in Munich and the JFK, InterCity Hotel, Tour Total and KPMG buildings in Berlin), and from valuation uplifts of properties under development in all three locations (Cube, MY.B and Hochhaus am Europaplatz in Berlin, ONE in Frankfurt and MY.O and NEO in Munich). Furthermore, increased land values led to a significant revaluation uplift. Year on year, the gross yield fell from 4.5% to 3.9% (fully consolidated properties).

VALUATION RESULT FOR AUSTRIA¹⁾

	Book value in € m 31.12.2019	Revaluation/ Impairment in € m 31.12.2018	Gross yield in % 31.12.2019
Investment properties ²⁾	567.1	3.3	5.3
Investment properties under development	0.0	0.0	
Assets held for sale	0.0	0.0	
Total	567.1	3.3	

¹⁾ Based on fully consolidated properties

²⁾ Excludes properties used for own purposes

VALUATION RESULT FOR GERMANY¹⁾

	Book value in € m 31.12.2019	Revaluation/ Impairment in € m	31.12.2018	Gross yield in % 31.12.2019
Investment properties ²⁾	1,716.2	226.4	4.5	3.9
Investment properties under development	802.0	158.7		
Properties held for trading	61.3	0.2		
Total	2,579.6	385.2		

¹⁾ Based on fully consolidated properties²⁾ Excludes properties used for own purposes

CENTRAL AND EASTERN EUROPE

The revaluation result for the CEE segment as at the key date amounted to € 74.3 m (2018: € –49.7 m). The largest contributions to the revaluation gain in terms of amount came from the Prague portfolio around River City as well as the Visionary and Kavci Hory buildings. The market environment brightened across large swathes of

CA Immo's core region in 2019. In all core cities of CA Immo (Warsaw, Prague, Budapest and Bucharest) the strong pace of investment and letting activity continued in 2019, leading to a robust market environment characterised by slightly rising rent levels in Warsaw, Prague and Budapest and consistent take-up. Year on year, the gross yield for the CA Immo portfolio fell from 6.9% to 6.6% (fully consolidated properties).

VALUATION RESULT FOR CEE ¹⁾

	Book value in € m 31.12.2019	Revaluation/ Impairment in € m	31.12.2018	Gross yield in % 31.12.2019
Investment properties	2,009.6	73.2	6.9	6.6
Investment properties under development	15.1	1.1		
Assets held for sale	0.0	0.0		
Total	2,024.6	74.3		

¹⁾ Based on fully consolidated properties

FINANCING

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

Balance sheet profile remains strong

As at 31 December 2019, the total financial liabilities of the CA Immo Group stood at € 2.1 bn, above the previous year's value (€ 1.9 bn). Net debt after deduction of the Group's cash and cash equivalents amounted to €1.7 bn at year end (2018: € 1.6 bn). The company thus has an extremely robust balance sheet with a consistently strong equity ratio of 50.4% (2018: 49.3%), which in conservative debt figures equates to a gearing of 55.8% (2018: 59.4%) and a loan-to-value (LTV) ratio of 31.9% (2018: 35.0%).

In addition to the financing already secured and thus reflected on the balance sheet, the CA Immo Group has non-utilised credit lines that will be used to finance development projects under construction in Germany; payment dates will be set by the banks as construction work progresses. This financing framework amounted to € 348 m as at the key date, whereby joint ventures are

recognised according to the amount of the holding. Financing costs, a key element in long-term earnings, amounted to € – 43 m (2018: € – 37 m).

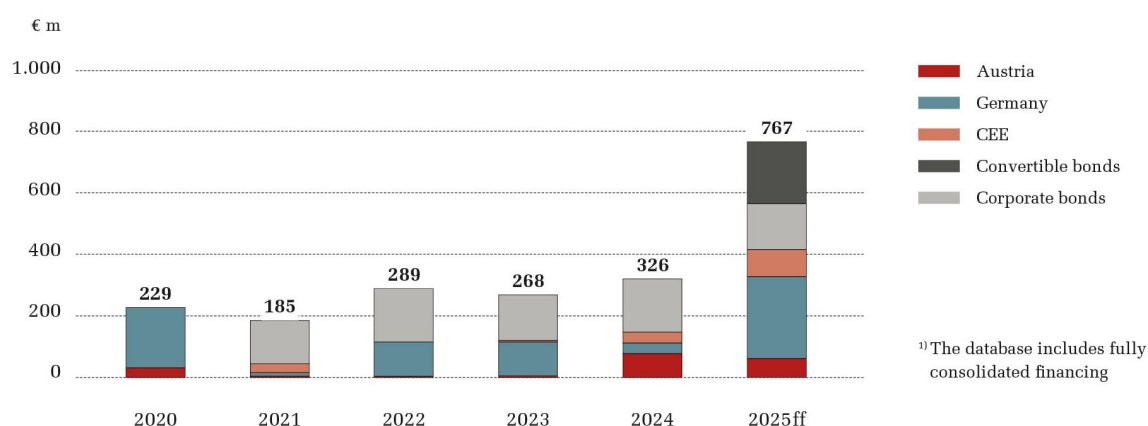
Confirmation of investment grade rating

In December 2015 Moody's Investors Service, the international rating agency, following an in-depth analysis of creditworthiness, classified CA Immobilien Anlagen AG with a Baa2 investment grade (long-term issuer) rating with stable outlook.

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

Both the Baa2 rating and the stable outlook were confirmed by Moody's in a credit opinion on 18 March 2020.

EXPIRATION PROFILE FINANCIAL LIABILITIES¹⁾ as at 31.12.2019, basis: 2.1 € bn



Expiry profile

The chart above shows the maturity profile for the financial liabilities of the CA Immo Group as at 31 December 2019 (assuming options to extend are exercised). The maturities reported for 2020, fully secured mortgage loans in Austria and Germany, amount to approximately € 229 m as of the key date. Of this amount, as of 31 December 2019, approximately € 111 m related to development projects for which long-term follow-up financing has already been secured. Approximately € 57 m relate to the Cube project in Berlin, which had been sold before construction began (expected handover to the buyer in the second quarter of 2020).

In 2019, secured financing for three existing properties in Poland (total volume approx. € 77 m) was extended, among others, and secured financing for the acquired Visionary office building in Prague (approx. € 33 m) was agreed. In addition, construction financing for the completed InterCity Hotel at Frankfurt Central Station, which was added to the existing portfolio, was transferred to long-term financing (around € 43 m).

Falling financing costs

As the table shows, average financing costs for the CA Immo Group based on total financial liabilities stood at 1.8% as at key date 31 December 2019. This figure contains derivatives used for interest rate hedging in the form of interest rate swaps. Where the latter are disregarded, the average interest rate is slightly lower at 1.6%.

MARKET DEVELOPMENT



FINANCING COSTS ¹⁾

in € m	Outstanding nominale value	Nominal value swaps	Ø Cost of debt in % excl. derivatives	Ø Cost of debt in % incl. derivatives	Ø Debt maturity in years	Ø Swap maturity in years
Investment properties						
Austria	158.8	109.9	1.9	2.6	8.1	9.5
Germany	544.6	281.9	1.0	1.5	6.0	7.8
Czechia	62.0	62.0	1.4	1.9	5.7	5.7
Hungary	0.0	0.0	0.0	0.0	0.0	0.0
Poland	95.4	78.0	1.4	1.7	5.6	5.8
Romania	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Total	860.8	531.8	1.3	1.7	6.3	7.6
Development projects	213.1	0.0	1.4	1.4	0.6	0.0
Short-term property assets	0.0	0.0	0.0	0.0	0.0	0.0
Financing on parent company level	990.0	0.0	1.9	1.9	3.8	0.0
Total	2,064.0	531.8	1.6	1.8	4.5	7.6

¹⁾ The data includes fully consolidated financing.

BASIC PARAMETERS OF THE FINANCING STRATEGY

Financing strategy

The financing strategy of the CA Immo Group is based on a balanced mix of secured and unsecured financing instruments with the aim of minimising financing costs and interest rate risk and maximising average term and flexibility.

Retention and, in the medium term, improving the investment grade rating on the basis of a sound balance sheet structure with a strong equity basis is a key strategic component, which is also reflected in the objective of a defensive and robust financial profile. As regards financial indicators, long-term objectives fluctuate between 45–50% for the Group's equity ratio and around 35–40% for the loan-to-value ratio (net financial liabilities to property assets). The interest rate hedging ratio, which was roughly 86% at key date, is to be maintained at this level over the medium term.

Financing structure

At a share of around 52% in the total financing volume, a narrow majority is accounted for by mortgage credit secured with property; credit is taken up in the (subsidiary) companies in which the respective real estate is held. Since financing is provided at subsidiary level, there is no recourse to the parent company or other parts of the Group. Covenants linked to such project financing relate only to the property in question and not to key figures for the Group as a whole.

Higher proportion of unsecured financing

The ratio of unsecured financing at Group parent company level has risen steadily since the investment grade rating was granted. As at the key date, there were five corporate bonds placed on the capital market with a total volume of approximately € 790 m and one convertible bond with a volume of € 200 m. The book value of unencumbered properties – a key criterion in the Group's investment grade rating – was approximately € 2.4 bn on 31 December 2019, a substantial increase on the reference value for the same period last year (31 December 2018: € 2.1 bn).

Long-term interest rate hedging

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

Of the derivatives deployed, interest swap agreements account for a nominal value of € 532 m and € 44 m for interest rate floors. The weighted average term remaining on derivatives used for interest rate hedging is around 7.6 years, compared to a weighted remaining term of 5.1 years on financial liabilities.

In terms of the balance sheet, a distinction is drawn between those contracts directly attributable to a loan, thus meeting the criteria for hedge accounting as cash flow hedges, and those for which these preconditions are not met (fair value derivatives). For cash flow hedges, the change in fair value on the relevant key date is directly recognised in equity; for fair value derivatives, by contrast, the change is recognised as expenditure in the income statement under 'Result from derivatives'. As at key date 31 December 2019, contracts with a nominal value of € 576 m and a fair value of € –30 m were classified as fair value derivatives. As at 31 December 2019, the company had no contracts classified as cash flow hedges.

Bonds

As at key date 31 December 2019, CA Immo had the following outstanding bonds registered for trading on the official market of the Vienna Stock Exchange with the exception of the convertible bond (listed on the Third Market):

ISIN	Type	Out-standing volume	Maturity	Coupon
AT0000A1CB33	Corporate bond	€ 175 m	2015-2022	2.750%
AT0000A1JVU3	Corporate bond	€ 150 m	2016-2023	2.750%
AT0000A1LJH1	Corporate bond	€ 140 m	2016-2021	1.875%
AT0000A1TBC2	Corporate bond	€ 175 m	2017-2024	1.875%
AT0000A1YDF1	Convertible bond	€ 200 m	2017-2025	0.75%
AT0000A22H40	Corporate bond	€ 150 m	2018-2026	1.875%

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

Issue of benchmark size corporate bond in 2020

In January 2020, CA Immo took advantage of the Euro-bond market for the first time and successfully issued a € 500 m fixed-rate senior unsecured benchmark bond with seven year maturity and an annual coupon of 0.875%. The international rating agency Moody's Investors Service Ltd. assigns the bond an investment grade rating of Baa2. The proceeds from the issue will be used primarily to finance and refinance properties, including future acquisitions and development projects of the company, as well as to optimise the debt structure.

Concurrently, the company decided to invite holders of its below-mentioned bonds to submit offers to the Company to repurchase the outstanding bonds 2021 (€ 140 m, 1.875%), 2022 (€ 175 m, 2.750%) and 2023 (€ 150 m, 2.750%) against cash payment. The total nominal amount of around € 99 m offered was accepted and thus bought back.

The transaction represents an important milestone in the implementation of the Company's growth strategy and will further accelerate the optimisation of the capital structure. Whereas the financing structure will be more diversified, average financing costs will be reduced while at the same time the average maturity of financial liabilities will be extended. We also expect to see a further rise in unencumbered properties, with an additional positive effect on the robust and stable financial profile of CA Immo.

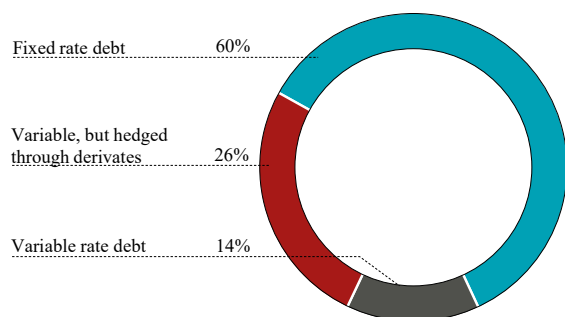
Bond issue

The convertible bond issued in October 2017 with a volume of € 200 m and a term of 7.5 years carries a coupon of 0.75% payable semi-annually. The initial conversion price was fixed with a conversion premium of 27.50% above the volume-weighted average price (VWAP) for the CA Immo shares on the issue date. The original conversion price of € 30.5684 is currently € 30.1704, after adjustment following the dividend payment in May 2019. The convertible bonds will be redeemed at 100% of the nominal amount at the end of the term in the absence of premature conversion or repayment. For conversion, the company may choose to effect repayment through the provision of shares in the company, payment or a combination of the two. At the end of the term, the company has the right to redeem the convertible bonds through the provision of shares in the company, cash payment or a combination of the two.

Sources of financing

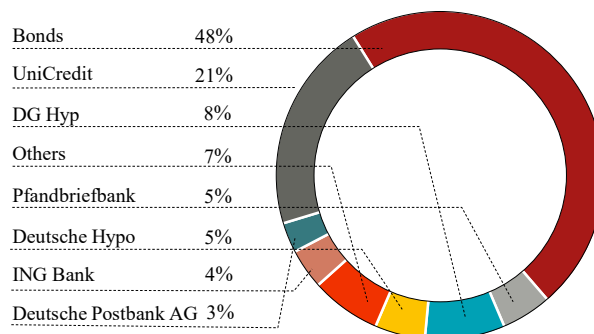
CA Immo has business relations with a large number of financing partners. With around 21% of total outstanding financial liabilities, the main financing bank in terms of the credit volume is the UniCredit Group. As the chart shows, DG Hyp, Pfandbriefbank, Deutsche Hypo and ING also accounted for larger shares as at the key date.

FINANCIAL DEBT AS OF 31.12.2019*
(Basis: € 2.1 bn)



* Based on fully consolidated financing

FINANCING SPLIT BY BANKS*
(Basis: € 2.1 bn)



* Based on fully consolidated financing

RESULTS

KEY FIGURES FROM THE INCOME STATEMENT

Sustained earnings

Rental income for CA Immo increased by 14.7% to € 220.7 m in 2019. Adjusted for the IFRS 16 effect of € 10.2 m, rental income amounted to € 210.5 m, an increase of 9.4% year-on-year.

In addition to the successful management of the asset portfolio with a high occupancy rate, this positive development is related to the growth of the portfolio in 2018. In addition to the completion of the Office Building Heidestraße 58 (Berlin), InterCity Hotel Frankfurt Main Station, Orhideea Towers (Bucharest) and ViE (Vienna), the acquired office buildings Warsaw Spire C (Warsaw), Campus 6.1 (Bucharest) and Visionary (Prague) made a clearly positive contribution in yearly comparison.

As the table on the next page shows, the company was able to more than compensate for the drop in rents of € –2.8 m resulting from property sales thanks to inflows from those acquisitions.

Incentive arrangements from various lease agreements (in particular rent-free periods) are linearised for the total term of the lease contract. Rental income therefore shows

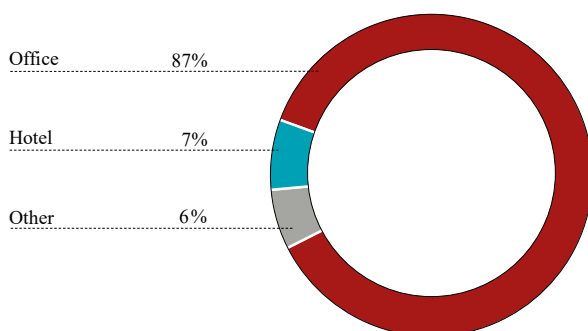
the effective economic rent and not the actual cash-relevant rent during the period. Of the rental income for business year 2019, linearisation of this kind accounted for € 1.6 m (2018: € 1.3 m).

In year-on-year comparison, property expenses directly attributable to the asset portfolio, including own operating expenses, increased by 50.7% from € –17.2 m to € –26.0 m. This expenditure item consists of vacancy costs and operating expenses that cannot be passed on (€ –3.6 m), agency fees (€ –2.3 m), maintenance (€ –6.5 m), allowances for bad debt (€ –0.5 m) and other directly attributable expenses (€ –13.1 m).

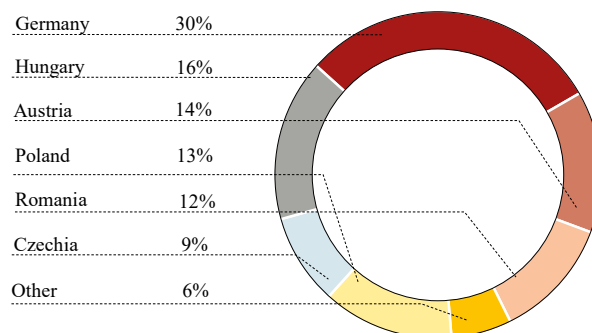
The net result from renting attributable to letting activities rose by 11.2%, from € 175.2 m to € 194.7 m, after the deduction of direct management costs. Adjusted for IFRS 16 effects, net rental income amounted to € 193.4 m, an increase of 10.4% year-on-year. The operating margin on letting activities (net rental income in relation to rental income), an indicator of the efficiency of the rental business, increased from 91.0% in the previous year to 91.9% (also adjusted for IFRS 16 effects).

Other expenditure directly attributable to project development stood at € –3.2 at year end (2018: € –6.1 m).

RENTAL INCOME BY MAIN USAGE
(Basis: € 220.7 m)



RENTAL INCOME BY COUNTRY (Basis: € 220.7 m)



CHANGE IN RENTAL INCOME FROM 2018 TO 2019¹⁾

€ m	Austria	Germany	CEE	Total
2018	28.1	58.4	105.9	192.4
Change				
Resulting from change in vacancy rate, indexation or rental price	1.3	4.0	7.8	13.0
Resulting from new acquisitions	0.0	0.0	0.0	0.0
Resulting from whole-year rental for the first time	0.8	4.0	12.8	17.6
Resulting from completed projects	0.0	0.4	0.0	0.4
Resulting from sale of properties	-0.5	-0.5	-1.9	-2.8
Total change in rental income	1.6	8.0	18.7	28.3
2019	29.7	66.4	124.6	220.7

¹⁾ Included are non-performance components of operating costs according to IFRS 16 amounting to € 9.1 m.

INDIRECT EXPENSES

€ m	2019	2018
Personnel expenses	-41.7	-42.0
Legal, auditing and consulting fees	-8.2	-8.7
Third party acquired development services	-2.6	-4.9
Office rent	-0.7	-1.6
Travel expenses and transportation costs	-1.2	-1.3
Other expenses internal management	-3.0	-3.3
Other indirect expenses	-2.9	-4.9
Subtotal	-60.3	-66.8
Own work capitalised in investment property	14.3	9.8
Change in properties held for trading	2.5	3.7
Indirect expenses	-43.5	-53.2

Property sales result

Trading revenue of € 12.3 m (previous year: € 44.4 m) was generated in 2019 in connection with the scheduled sale of properties held in current assets and construction services. This income was counteracted by book value deductions and other directly attributable expenditure of € –13.6 m. The trading portfolio thus contributed a total of € –1.3 m to the result (2018: € 7.4 m).

Profit from the sale of investment properties of € 15.6 m was above the previous year's value of € 8.2 m. The biggest contribution came from a non-strategic property sale in Munich.

Income from services

Gross revenue from services dropped by –30.0% to € 8.5 m (2018: € 12.1 m). Alongside development revenue for third parties via the subsidiary omniCon as a major contribution, this item contains revenue from asset management and other services to joint venture partners.

Indirect expenditures

In 2019 indirect expenditures fell by –18.4% from € –53.2 m in the previous year to € –43.5 m. This item also contains expenditure counterbalancing the aforementioned gross revenue from services.

While, as the table above shows, the Group's personnel costs were only reduced slightly (€ –41.7 m compared to € –42.0 m in the previous year), material costs were reduced more significantly year-on-year. In particular, an increase in the item 'Own work capitalised' to € 14.3 m (2018: € 9.8 m) had a clearly positive effect on the total indirect expenditure. This item may be regarded as an offsetting position to the indirect expenditures which counterbalance the portion of internal project development expenditure, provided it is directly attributable to individual development projects and thus qualifies for capitalisation.

Other operating income

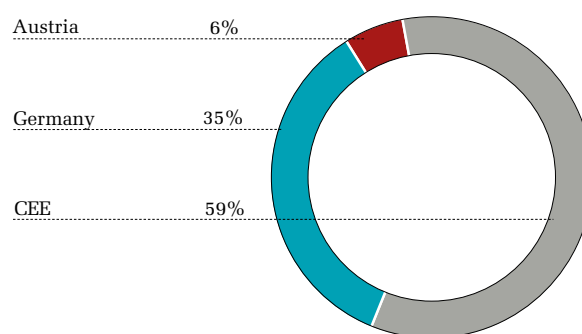
Other operating income amounted to a total of € 0.7 m compared to the 2018 reference value of € 1.5 m.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

Earnings before interest, taxes, depreciation and amortisation (EBITDA) stood at € 171.7 m, up 18.4% on the previous year's level of € 145.1 m. This rise was predominantly driven by a clearly higher rental result and reduced indirect expenditure.

The contribution of the various regional segments to overall earnings is as follows: with an EBITDA of € 100.8 m, the CEE segment generated the largest share of approximately 59%. The largest EBITDA contribution of the CEE core markets was attributable to Hungary, which generated an EBITDA of € 28.1 m (16%), followed by Poland with € 25.1 m (15%). Germany accounted for € 59.8 m (35%) and the Austria segment contributed € 11.1 m (6%).

EBITDA (Basis: € 171.7 m)



Revaluation result

The total revaluation gain of € 491.8 m in 2019 was counterbalanced by a revaluation loss of € –29.0 m. The cumulative revaluation result of € 462.8 m was therefore significantly positive and substantially above the value of the previous year (2018: € 276.5 m).

This result reflects the profitable development activity (three project completions in 2019 as well as five planned project completions in 2020) and the extremely positive market environment in the core markets of CA Immo, specifically in Germany. The biggest contribution to the revaluation gain was delivered, on the one hand, by value adjustments based on construction progress of development projects and, on the other hand, by existing investment properties based on the positive market development particularly in the core markets of Berlin and Munich. In combination with strong fundamental data of the letting markets, the booming investment activity in the German property market and further yield compression continued with a direct effect on the high-quality property portfolio of CA Immo in the key markets of Munich, Frankfurt and Berlin.

In regional terms, the revaluation result for Germany totalled € 385.1 m. The biggest contribution to the revaluation result in Germany was delivered by the investment properties Skygarden and Kontorhaus (Munich), as well

as the John F. Kennedy House, InterCity Hotel and Tour Total in Berlin. Considerable revaluation gains were also provided by the development projects MY.O in Munich (completed at year-end 2019) and MY.B in Berlin (completion planned in the first half of 2020). Austria reported a contribution of € 3.3 m, and CEE € 74.3 m.

Result from joint ventures

Current results of joint ventures consolidated at equity are reported under 'Result from joint ventures' in the consolidated income statement. In 2019 this contribution totalled € 3.7 m (2018: € 23.4 m). The low contribution to earnings reflects the reduced volume of joint ventures as part of strategic portfolio focusing.

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) stood at € 633.7 m, 43.3% up from the corresponding figure for last year (€ 442.3 m) – in particular due to the high revaluation result.

In regional terms, the Germany segment contributed the biggest share to Group EBIT with € 445.6 m, or 70%. On an EBIT basis, Austria generated € 13.1 m in 2019 (2%), with CEE contributing € 175.0 m (28%).

Financial result

The financial result for 2019 was € -94.4 m, compared to € -46.1 m last year. In detail, the elements of the financial result developed as follows:

The Group's financing costs, a key element in long-term earnings, went up mainly due to the higher financing volume to € -43.1 m (2018: € -37.0 m). In addition to interest paid as shown in the income statement, financing costs of € 5.9 m (2018: € 7.1 m) with a weighted average interest rate of 1.71% (2018: 2.36%) were capitalised in business year 2019 in connection with the construction of real estate.

The result from derivatives came to € -59.2 m (2018: € -21.3 m). The result for 2019 includes a derivative valuation in the amount of € -38.4 m for the convertible bond issued in October 2017. This instrument consists of a debt component and, due to the cash repayment option of CA Immo, an embedded derivative that must be separated. The embedded derivative of the convertible bond is reported at fair value.

Interest rate developments over the year 2019 also led to a negative valuation effect on the company's interest rate derivatives. At € 11.5 m, the result from financial investments was slightly above the value for the reference period (2018: € 11.1 m). This result includes income from dividends in the amount of € 4.7 m (2018: € 3.8 m).

Other items in the financial result (income from associated companies and exchange rate differences) totalled € -3.6 m (2018: € 1.1 m). The result from associated companies relates to the valuation of loans granted to an associated company in Russia.

Earnings before taxes (EBT)

On the basis of the earnings performance outlined above, earnings before taxes (EBT) of € 593.3 m increased by 36.1% year-on-year (2018: € 396.2 m).

Taxes on income

Taxes on earnings amounted to € -146.0 m in 2019 (2018: € -90.9 m).

Result for the period

The result for the period reached € 393.3 m, 28.8% above the previous year's value of € 305.3 m and the highest level in the history of the company. Earnings per share amounted to € 4.23 (2018: € 3.28 per share).

Cash flow

Gross cash flow stood at € 135.0 m in 2019 (2018: € 129.7 m). Cash flow from operating activities takes account of changes in current assets linked to the sale of properties intended for trading and totalled € 117.4 m (2018: € 109.3 m).

Cash flow from investment activities, which comprises the net balance between investments and real estate sales, stood at € -39.2 m in 2019 compared to the previous year's value of € -200.0 m.

Cash flow from financing activities was € -13.3 m (2018: € 84.3 m), not including the corporate bond issued in January 2020 with a volume of € 500 m.

CASH-FLOW-STATEMENT – SHORT VERSION

€ m	2019	2018
Cash and cash equivalents - beginning of the business year	374.5	383.5
Cash flow from		
- business activities	117.4	109.3
- investment activities	-39.2	-200.0
- financing activities	-13.3	84.3
Changes in cash and cash equivalents	65.0	-6.4
Other changes ¹⁾	-0.3	-2.8
Changes in cash and cash equivalents - the end of the business year	439.1	374.3

¹⁾ Includes exchange rate movements from foreign currency, reclassification to a disposal group and expected credit losses on cash and cash equivalents

Funds from Operations (FFO)

An FFO I of € 133.3 m was generated in 2019, 12.5% above the previous year's value of € 118.5 m. FFO I per share stood at € 1.44 at the key date, an increase of 12.5% in year-on-year comparison (2018: € 1.27 per share). The FY 2019 guidance of > € 125 m was reached. FFO I, a key indicator of the Group's long-term earnings power, is reported before taxes and adjusted for the sales result and other non-permanent effects. Adjusted non-permanent effects in 2019 primarily related to expenses in connection with properties under development (€ 3.1 m), financing expenses (€ 2.8 m) and administrative expenses (€ -0.7 m).

FFO II, including trading and after taxes, an indicator for the Group's overall profitability, totalled € 122.3 m, compared to € 111.3 m (up 9.8% from the previous year). FFO II per share amounted to € 1.31 (2018: € 1.20 per share).

FUNDS FROM OPERATIONS (FFO)

€ m	2019	2018
Net rental income (NRI)	194.7	175.2
Income from services rendered	8.5	12.1
Other expenses directly related to properties under development	-3.2	-6.1
Other operating income	0.7	1.5
Other operating income/expenses	6.1	7.5
Indirect expenses	-43.5	-53.2
Result from investments in joint ventures ¹⁾	4.7	4.0
Finance costs	-43.1	-37.0
Result from financial investments	10.4	9.2
Other adjustments ²⁾	4.0	12.8
FFO I (excl. trading and pre taxes)	133.3	118.5
Trading result	-1.3	7.4
Result from the sale of investment properties	15.6	8.2
Result from sale of joint ventures	-0.1	1.6
At-Equity result property sales	5.1	13.6
Result from property sales	19.4	30.8
Current income tax	-20.0	-40.0
Current income tax of joint ventures	-1.2	-1.0
Other adjustments	-9.3	-16.8
Other adjustments FFO II ³⁾	0.0	19.8
FFO II (incl. trading and after taxes)	122.3	111.3

¹⁾ Adjustment for real estate sales and non-sustainable results

²⁾ Adjustment for other non-recurring or non-periodical expenses

BALANCE SHEET ANALYSIS

Assets

As at the balance sheet date, long-term assets amounted to € 5,291.2 m (89.9% of total assets). The growth of investment property assets on the balance sheet to € 4,292.9 m (31 December 2018: € 3,755.2 m) reflects the strong portfolio growth both organically from the company's own development project pipeline and externally by selective acquisitions of investment properties in the CEE core markets.

The balance sheet item 'Property assets under development' increased by 25.4% to € 817.1 m compared to 31 December 2018, mainly due to construction progress on active development projects. Total property assets (investment properties, properties used for own purposes, property assets under development and property assets held as current assets) amounted to € 5,186.4 m on the key date, hence up on the level for the end of 2018 (€ 4,470.6 m).

The net assets of joint ventures are shown in the balance sheet item 'Investments in joint ventures', which stood at € 67.8 m on the key date (31 December 2018: € 200.0 m). The decline is associated with the sale of the Tower 185 in Frankfurt.

Cash and cash equivalents stood at € 439.1 m on the balance sheet date, above the level for 31 December 2018 (31 December 2018: € 374.3 m).

Liabilities

Equity

In 2019, the Group's equity stood at € 2,968.0 m, 12.4% up from € 2,639.7 m. Aside from the result for the period of € 393.3 m, this also reflects the payment of a dividend (€ -83.7 m).

Since the start of the year, the Group's total assets increased by around 10.0% to € 5,888.7 m (31 December 2018: € 5,355.5 m). Despite the increase in assets, the equity ratio of 50.4% on the key date remained stable and

within the strategic target range (31 December 2018: 49.3%).

Interest-bearing liabilities

On the key date, interest-bearing liabilities amounted to € 2,097.3 m, 7.9% above the previous year's value of € 1,943.4 m. Net debt (interest-bearing liabilities less cash and cash equivalents) increased from € 1,566.9 m in the previous year to € 1,656.3 m. Gearing (ratio of net debt to shareholders' equity) was 55.8% at year-end (31 December 2018: 59.4%). The loan-to-value ratio (financial liabilities less cash and cash equivalents to property assets) stood at 31.9% on the key date, after 35.0% in the previous year.

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

KEY BALANCE SHEET AND FINANCING FIGURES

€ m	31.12.2019	31.12.2018
Shareholders' equity	2,968.0	2,639.7
Long-term interest-bearing liabilities	1,850.9	1,723.7
Short-term interest-bearing liabilities	246.5	219.6
Cash and cash equivalents	-439.1	-374.3
Restricted cash	-1.9	-2.2
Net debt	1,656.3	1,566.9
Equity ratio	50.4	49.3
Gearing (net)	55.8	59.4
Gearing (gross)	70.7	73.6
Loan-to-value (net)	31.9	35.0
Loan-to-value (gross)	40.4	43.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION: SHORT VERSION

	€ m	2019 in %	€ m	31.12.2019 in %
Property assets	5,125.0	87	4,412.0	82
Investments in joint ventures	67.8	1	200.0	4
Intangible assets	5.2	0	5.7	0
Financial and other assets	91.4	2	71.1	1
Deferred tax assets	1.8	0	2.0	0
Long-term assets	5,291.2	90	4,690.7	88
Assets held for sale and relating to disposal groups	0.0	0	15.1	0
Properties held for trading	61.3	1	44.5	1
Receivables and other assets	97.0	2	116.3	2
Securities	0.0	0	114.5	2
Cash and cash equivalents	439.1	7	374.3	7
Short-term assets	597.5	10	664.8	12
Total assets	5,888.7	100	5,355.5	100
Shareholders' equity	2,968.0	50	2,639.7	49
Shareholders' equity as a % of total assets	50.4		49.3	
Long-term interest-bearing liabilities	1,850.9	31	1,723.7	32
Short-term interest-bearing liabilities	246.5	4	219.6	4
Other liabilities	350.4	6	425.6	8
Deferred tax assets	473.0	8	346.8	6
Total liabilities and shareholders' equity	5,888.7	100	5,355.5	100

EPRA KEY FIGURES

In order to ensure comparability with other listed property companies, CA Immo reports individual key figures in accordance with the standards of EPRA (European Public Real Estate Association), the leading interest group for listed property companies. These key figures may differ from the values determined in accordance with IFRS rules. CA Immo follows EPRA's 'Best Practice Recommendations' (www.epra.com/regulations-and-reporting/bpr).

EPRA KEY FIGURES ¹⁾

		31.12.2019
EPRA NAV	€ m	3,817.4
EPRA NAV per share	€	38.3
EPRA NNNAV	€ m	3,434.3
EPRA NNNAV per share	€	34.5
EPRA Net Initial Yield	%	4.5
EPRA "topped-up" Net Initial Yield	%	4.6

¹⁾ Excl. the project completions Orhideea Towers (Bucharest), MY.O (Munich) and ViE (Vienna), which are still in the stabilisation phase

Net Asset Value (NAV)

NAV (IFRS) stood at € 2,968.0 m on 31 December 2019 (€ 31.91 per share, undiluted) against € 2,639.7 m at the end of 2018 (€ 28.37 per share); this represents an increase per share of 12.4%. Aside from the annual result, the change reflects the other changes to equity. Adjusted to account for the dividend payment of € 83.7 m, or 0.90 € per share, the growth in NAV per share for business year 2019 was 15.6% (undiluted).

The table below shows the conversion of NAV to NNNAV in compliance with the best practice policy recommendations of the European Public Real Estate Association (EPRA). The EPRA NAV (undiluted) was € 38.37 per share on the key date (2018: € 33.30 per share). The EPRA NNNAV (undiluted) per share after adjustments for financial instruments, liabilities and deferred taxes, stood at € 33.69 per share as at 31 December 2019 (2018: € 30.08 per share). The number of shares outstanding was 93,028,299 on the key date (31 December 2018: 93,028,299).

A potential dilution effect of the Group's issued convertible bond (€ 200 m) was considered in the calculation of the net asset value. The conversion price of the convertible bond was € 30.17 on 31 December 2019, compared to the share price of € 37.45. A conversion at this conversion price would increase the number of outstanding shares by approximately 6.6 million.

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

€ m	31.12.2019 diluted	31.12.2019 undiluted	31.12.2018
Equity (NAV)	2,967.9	2,967.9	2,639.6
Exercise of options	248.3	0.0	0.0
NAV after exercise of options	3,216.1	2,967.9	2,639.6
NAV/share in €	32.27	31.90	28.37
Value adjustment for ¹⁾			
- Own used properties	7.5	7.5	7.3
- Short-term property assets	127.3	127.3	111.4
- Financial instruments	0.0	0.0	0.0
Deferred taxes	466.1	466.1	339.5
EPRA NAV after adjustments	3,817.1	3,568.9	3,097.8
EPRA NAV per share in €	38.30	38.36	33.30
Value adj. for financial instruments	0.0	0.0	0.0
Value adjustment for liabilities	-36.5	-99.6	-47.1
Deferred taxes	-346.5	-335.3	-252.1
EPRA NNNAV	3,434.1	3,133.9	2,798.7
EPRA NNNAV per share in €	34.46	33.69	30.08
Share price (key date)	37.45	37.45	27.62
Number of shares excl. treasury shares	99,657,313	93,028,299	93,028,299

¹⁾ Includes proportionate values from joint ventures

OUTLOOK

ANTICIPATED DEVELOPMENTS AND THE MAIN OPPORTUNITIES AND THREATS

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

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

Strategy

Thanks to the effectively implemented strategic programme of recent years, the CA Immo Group enjoys an excellent position on its core markets. In particular, 2019 was defined by the strongly organic growth of the portfolio. While pushing ahead with this expansion through profitable project development activity, the company will aim to make selective acquisitions of investment properties with value enhancement potential on its core markets. It is expected that the anticipated increase in annual rental revenue associated with this, together with an optimised financing structure, will directly raise CA Immo's long-term profitability and capacity to pay dividends.

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

Development

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

Financing

The environment for refinancing from expiring project financing of the CA Immo Group is still assessed as positive. In the property development area, we also expect the availability of bank financing under competitive conditions to remain healthy on the core market of Germany. Thanks to a significant rise in the interest rate hedging ratio over the past two years to approximately 86% on the key date, the robustness of the Group's cash flow is assured, even in the event of rising interest rates. The initial issue of a benchmark bond represents a milestone in the implementation of the expansion strategy, diversifies the financing structure and accelerates the optimisation thereof. For more information and details, please refer to the 'Financing' section. The investment grade rating of the Group (Baa2 from Moody's) remained unchanged over the period under review, with the outlook confirmed as stable.

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

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

FINANCIAL PERFORMANCE INDICATORS

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

The primary financial performance indicator is the net income generated on the Company's average equity (**return on equity** or RoE). The aim is to produce a figure higher than the calculated cost of capital (assuming a medium-term rate of around 7.0%), thus generating shareholder value. At 14.0% in 2019 (2018: 12.1%), this figure was above the target value. With the successful strategy implementation of recent years and strong positioning of the CA Immo Group, the ground was prepared for generating a return on equity over the long term, and one that exceeds the cost of equity (see the "Strategy" section).

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

FFO I, a key indicator of the Group's long-term earning power, is reported before taxes and adjusted for the sales result and other non-permanent effects. For business year

2019 the FFO I target was defined as > € 125; this was achieved with actual values of € 133.3 m (€ 1.43 per share). FFO II, which includes the sales result and applicable taxes, is an indicator of the overall profitability of the Group.

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

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

- The **occupancy rate** indicates the quality of the portfolio and the success in managing it. With an occupancy rate of 96.1%, CA Immo is above market average.
- The **quality of a location** and its infrastructure are critical to the marketability of properties. The majority of CA Immo office properties are situated in CBD- or central business locations of Central- and Eastern European cities.
- **Sustainability Certificate**: As at reporting date, 81%¹⁾ of the CA Immo office portfolio is certified according to LEED, DGNB or BREEAM standard (please refer to section Sustainability).
- **Local presence** and market knowledge: CA Immo has branch offices on its core markets to ensure efficient management and tenant retention.

¹⁾ Basis: office properties, by book value

NON-FINANCIAL PERFORMANCE INDICATORS

ENVIRONMENT: ECOLOGICAL QUALITY AND ENERGY EFFICIENCY OF THE ASSET PORTFOLIO

1. OVERARCHING RECOMMENDATIONS ACCORDING TO EPRA

Organisational boundaries

We take an operational control approach for our data boundary. Reporting therefore covers investment properties and development projects that are:

- 100% owned by CA Immo, and
- assigned to the asset class of offices (main usage type). Office properties make up the core segment of CA Immo; as at the key date, such properties accounted for approximately 89% of the entire asset portfolio

Reporting on consumption data for the asset portfolio (data and report) relates to the calendar year ending 31 December 2018. This is because consumption data for our buildings was not available for business year 2019 at the time of reporting. To provide an indication of consumption in 2019 despite this, we have extrapolated consumption figures on the basis of the previous year's results, taking account of the occupancy rate as at 31.12.2019 and an estimate based on benchmark data for project completions and acquisitions accruing to the portfolio in 2018 (see next page). The rest of the reporting in this chapter (from page 84f: information on sustainability certification, sustainable project development and health and safety in building operation and project development) relates to key date 31 December 2019.

We conform to the scope definition of the Greenhouse Gas Protocol in the reporting of consumption data for the asset portfolio. This exclusively comprises resources acquired by ourselves as landlord and passed on to tenants (Scope 1 and 2):

- Scope 1: Energy we control generated directly on-site (natural gas)
- Scope 2: Energy we control generated indirectly on-site (electricity and district heating & cooling)

In two areas of our reporting we discuss EPRA sBPRs: general recommendations (see this page) and performance indicators on sustainability (refer to tables on page 82-84).

Coverage

We seek to report on all properties within the organisational boundary defined above, and for which we are responsible for utilities consumption. We have excluded three offices which were acquired during the reporting period (business year 2018) and three offices which were completed. We have also excluded two fully single-let offices. Although we make efforts to obtain data for tenant consumption, it has required estimation of consumption to a level which does not create a meaningful analysis at this moment. One particular property in the investment portfolio (Rennweg 16) is a multi-use asset class but for reporting exclusively office consumption we have only included consumption relating to office space, which is used by CA Immo.

Estimation of landlord-obtained utility consumption

All energy consumption is based on meter readings and invoices where applicable. No energy data (for electricity and gas) is estimated. Water consumption is based on invoices with a small proportion of data from 2018 estimated by extrapolating consumption from 2017. This affects less than 0.1% of our data in 2018. In a few instances, we have converted waste data which has been provided in the volumetric units. We have used density conversion factors which were developed by the UK Environment Agency.

Boundaries – reporting on landlord and tenant consumption

The consumption reported includes only the utilities (energy and water) that we purchase as landlords. Tenant electricity which has been sub-metered has been reported separately. Water consumption occurs at a whole building level and therefore includes tenant use. Waste data covers tenant and landlord waste as we are responsible for waste contracts.

Analysis – normalisation

Intensities (Elec-Int, GHG-Int and Water-Int) are calculated using the gross lettable floor area (m², excluding car parks and basements) as the denominator for whole buildings. We are aware of the potential mismatch between the consumption numerator and denominator in some cases, where consumption for electricity in some properties relates to the common areas only. However, at other properties there are shared services for the whole building and therefore tenant and landlord data cannot be separated. For our own offices we report intensity performance measures using the floor area we occupy within the building.

Analysis – segmental analysis

Segmental analysis has been conducted on a geographical basis. The office portfolio includes properties in Germany, Austria and Central Eastern Europe, of which the locations are Czech Republic, Hungary, Poland, Romania, Croatia, Serbia and Slovakia.

Third party verification

The sustainability data in this report has not been subject to third-party verification.

Disclosure on own offices

Utilities consumption at six of our own occupied offices which form part of our investment portfolio are included in the total figures. Utilities consumption and waste generation in four own use offices which are not located in CA Immo properties is reported separately. Please see the table on page 84.

2. NARRATIVE ON SUSTAINABILITY PERFORMANCE

Energy consumption and the carbon footprint

Globally, buildings are responsible for 30% of carbon emissions while consuming 40% of raw materials and energy.¹⁾ Conservation of resources is a major theme affecting the future of the real estate sector. CA Immo continually collates and analyses international data on consumption as well as carbon emissions produced by the heat and energy consumption of its office properties (see table on page 82-83). The data is applied to portfolio monitoring, on the basis of which decisions on maintenance measures are made.

In 2018, total greenhouse gas emissions based on direct and indirect energy consumption by the CA Immo office stock were some 2% lower than the previous year's level. The main reason for the reduction was lower district heating and cooling consumption (down approximately

12% on the previous year in like-for-like comparison).

Electricity consumption fell by around 2% year-on-year. The estimated energy consumption²⁾ of our office stock in business year 2019 is approximately 91,177,400 kWh for electricity (excluding the tenants' energy supply), around 60,025,300 kWh for heating and cooling and roughly 59,125,600 kWh for gas.

Measures aimed at increasing energy efficiency

To optimise the energy efficiency of its portfolio for the long term, CA Immo is enacting measures that include:

- Exchanging old pumps for high efficiency, energy-saving pumps
- Exchanging conventional lighting for LED technology with modern sensors
- Motion detectors in common and ancillary rooms
- Installation of heat recovery capability in ventilation systems
- Modernisations and system enhancements (in heating and cooling control systems, for example)
- Focused and strategic energy procurement

The aim is to establish expanded, digitally supported energy management across the Group over the years ahead. Taking account of national standards and specific building layouts, this will bring about consistent energy monitoring that is standardised as far as possible, including weak point analyses; it will also ensure targeted and comprehensive modernisation of the overall portfolio.

CA Immo is also enhancing the energy efficiency of its asset portfolio through the intensive in-house project development of the portfolio. All office and hotel properties built by CA Immo are developed in accordance with high sustainability standards (at least DGNB or LEED in gold), also taking into account the experience and many years of expertise gained from ongoing building operations.

¹⁾ Kahn, Kok and Quigley, 2014; Glaeser and Kahn, 2010

²⁾ Since consumption data for our buildings was not available for business year 2019 at the time of reporting, we can only estimate the energy con-

sumption for the office portfolio during this period. The estimate was calculated on the basis of prior year values, taking the occupancy rate into consideration; consumption data for 2019 for the six office buildings added to the portfolio in 2018 was projected in line with reference values.



In Munich CA Immo is currently developing the office, hotel and residential complex NEO, for which DGNB Gold certificate is aspired.

CARBON FOOTPRINT, ENERGY AND WATER CONSUMPTION IN THE OFFICE PORTFOLIO 2018

Indicator	EPRA	Boundaries	Unit of measure	Total portfolio		Coverage
				2017	2018	
Total electricity consumption	Elec-Abs	Total energy consumption from electricity	kWh	132,479,755	130,013,259	50 out of 50
		Of which shared services		83,648,179	78,849,548	
		Of which tenant areas		48,831,575	51,163,711	
		% from renewable sources		N/A	N/A	
Like-for-like electricity consumption	Elec-LFL	Total energy consumption from electricity		129,304,037	127,026,850	48 out of 49
		Of which shared services		79,839,909	77,084,655	
		Of which tenant areas		49,464,127	49,942,195	
Total energy consumption from district heating and cooling	DH&C-Abs	Whole building		50,606,385	45,403,508	26 out of 26
		% from renewable sources		N/A	N/A	
Like-for-like consumption from district heating and cooling	DH&C-LFL	Whole building		48,080,829	42,424,002	25 out of 26
Total energy consumption from fuel	Fuels-Abs	Whole building		52,066,181	51,959,328	23 out of 23
		% from renewable sources		N/A	N/A	
Like-for-like consumption from fuel	Fuels-LFL	Whole building		52,066,181	51,959,328	23 out of 23
Building energy intensity	Energy-Int	Whole building	kWh/m ²	250	242	50 out of 50
Direct GHG emission (total) Scope 1	GHG-Dir-Abs	Whole building	tCO ₂ e (location based) ¹⁾	9,589	9,558	23 out of 23
Indirect GHG emission (total) Scope 2	GHG-Indir-Abs ²⁾	Whole building		42,411	41,387	50 out of 50
Building GHG emissions intensity	GHG-Int	Whole building	tCO ₂ e/m ²	0.06	0.05	50 out of 50
Total water consumption	Water-Abs	Whole building, municipal supply	m ³	475,627	548,360	50 out of 50
		Whole building, other water supply		13,290	11,005	
Like-for-like water consumption	Water-LFL	Whole building, municipal supply		464,401	524,244	49 out of 50
		Whole building, other water supply		13,290	11,005	
Building water consumption intensity	Water-Int	Whole building	m ³ /m ²	0.51	1	50 out of 50
Weight of waste by disposal route (total)	Waste-Abs	Landfill with or without energy recovery	tonnes	N/A ⁴⁾	3,511	49 out of 50
		Incineration with or without energy recovery			3,785	
		Reuse			-	
		Recycling			1,656	
		Material Recovery Facility			193	
		Compost			117	
		Other			-	
		Total diverted			5,751	
		Landfill with or without energy recovery			38%	
		Incineration with or without energy recovery			41%	
Weight of waste by disposal route (%)	Waste-Abs	Reuse	% disposal route		0%	
		Recycling			18%	
		Material Recovery Facility			2%	
		Compost			1%	
		Other ³⁾			0%	
		Total diverted			62%	
					79 (2019: 81)	
					40 out of 55 (2019: 45 out of 57)	
Type and number of assets certified	Cert-Tot		% of portfolio certified	74		

¹⁾ Portfolio GHG emissions have been calculated using 2017 and 2018 location-based conversion factors provided by the IEA (for electricity) and Scope 2 District Heating & Cooling and Scope 1 fuel emissions using 2017 and 2018 location-based conversion factors provided by DEFRA.

²⁾ GHG-Indir excludes emissions associated with consumption exclusively in tenant areas. This is considered to be Scope 3.

³⁾ Waste-abs: 'Other' refers to hazardous waste diverted from landfill (grease trap and electrical waste at Belgrad Office Park).

⁴⁾ Waste-LFL could not be reported as this information was not collected during 2017. In future reports, Waste-LFL will be included.

No Group-wide data on the proportion of energy consumption from renewable sources was available as at the key date; efforts will be made to publish this data for reporting year 2020.

Estimation	Change in %	2017			2018		
		Germany	Austria	CEE	Germany	Austria	CEE
0%	-1.9%	3,532,997	11,645,512	117,301,246	3,815,222	9,456,051	116,741,986
		3,474,338	11,645,512	68,528,329	3,728,981	9,456,051	65,664,515
		58,659	-	48,772,917	86,241	-	51,077,470
		N/A	N/A	N/A	N/A	N/A	N/A
0%	-1.8%	3,475,321	12,278,064	113,550,652	3,604,986	9,456,051	113,965,813
		3,416,662	11,645,512	64,777,735	3,518,745	9,456,051	64,109,858
		58,659	632,552	48,772,917	86,241	-	49,855,954
0%	-10.3%	17,531,089	7,437,330	25,637,966	14,163,611	5,748,758	25,491,139
		N/A	N/A	N/A	N/A	N/A	N/A
0%	-11.8%	16,691,089	7,965,330	23,424,410	14,163,611	5,748,758	22,511,633
0%	-0.2%	4,634,093	645,216	46,786,872	4,507,880	714,916	46,736,532
		N/A	N/A	N/A	N/A	N/A	N/A
0%	-0.2%	4,634,093	645,216	46,786,872	4,507,880	714,916	46,736,532
0%	-3.3%	183.60	158.41	295.03	136.25	120.73	293.82
N/A	-0.3%	853	119	8,616	829	132	8,598
		5,021	3,185	34,205	5,312	2,670	33,405
		0.06	0.03	0.08	0.04	0.02	0.07
0.03%	15.3%	52,624	46,911	376,092	47,421	50,040	450,899
		N/A	13,290	-	-	11,005	-
0.03%	12.9%	52,016	46,911	365,474	46,305	39,035	438,904
		N/A	13,290	-	-	11,005	-
0.03%	N/A	0.35	0.46	0.58	0.29	0.46	0.70
N/A	N/A	78	23	79	-	1,565	1,946
					1,091	-	2,694
					-	-	-
					889	49	719
					149	-	44
					90	-	27
					-	-	-
					2,218	49	3,484
					0%	97%	36%
					49%	0%	50%
					0%	0%	0%
					40%	3%	13%
					7%	0%	1%
					4%	0%	1%
					0%	0%	0%
					100%	3%	64%
N/A	N/A	78	23	79	80	19	89
					(2019: 71)	(2019: 33)	(2019: 96)

CARBON FOOTPRINT AND CONSUMPTION DATA OF OWN-USE OFFICE SPACES 2018 ¹⁾

Indicator	EPRA	Unit of measure	2017	2018	Coverage	Change
Total electricity consumption	Elec-Abs	kWh	320,688	340,809	4 out of 4	6%
Total energy from district heating and cooling	DH&C-Abs	kWh	307,577	367,065		19%
Total energy consumption from fuel	Fuels-Abs ²⁾	kWh	N/A	N/A		N/A
Building energy intensity	Energy-Int	kWh/m ²	112	127		13%
Direct GHG emission (total) Scope 1	GHG-Dir-Abs	tCO ₂	N/A	N/A		N/A
Indirect GHG emission (total) Scope 2	GHG-Indir-Abs	tCO ₂ (location based)	205	225		10%
Building GHG emissions intensity	GHG-Int	tCO ₂ /m ²	0.04	0.04		
Total water consumption	Water-Abs	m ³	949	996		5%
Building water consumption intensity	Water-Int	m ³ /m ²	0.17	0.18	3 out of 4	5%
Weight of waste by disposal route (total) ³⁾	Waste-Abs	tonnes	N/A	83.75		
Landfill with or without energy recovery				81.35		
Incineration with or without energy recovery				0.20		
Reuse				0		
Recycling				2.00		
Material Recovery Facility				0		
Compost				0.20		
Type and number of assets certified	Cert-Tot	%	50	50	4 out of 4	0%

¹⁾ Includes consumption data of the CA Immo branch offices in Munich, Frankfurt (omniCon and CA Immo) and Vienna. Munich branch office data (Klaus-Mann-Platz 1) is only available for a 12 month period between October 2017 and October 2018. Frankfurt branch office (Europa Allee): No 2018 consumption data was available for district heating and cooling. 122,000 kWh has been estimated based on benchmark data (76,12 kWh cooling and 45,88 kWh heating). No 2018 consumption data was available for water. 317 m³ has been estimated based on benchmark data

²⁾ There is no fuel consumption at any own use offices

³⁾ Waste data by weight was not available for our Munich branch office (Klaus-Mann-Platz 1)

Sustainability certification for investment properties

To facilitate transparent comparison of the quality of portfolio buildings across international boundaries, CA Immo has certified more and more portfolio buildings since 2015. In 2019, the certification process was completed for three office buildings in Bucharest, Zagreb and Belgrade. Two project completions have been transferred into the investment portfolio during the reporting period (Berlin, Munich), the certification process (DGNB in gold) had not been completed for either office building as at the key date.

As at 31 December 2019, 45 office properties (2018: 40) or 81% of the total CA Immo office portfolio (2018: 79%; by book value) have been certified according to DGNB, LEED or BREEAM standards, this corresponds to around 73% of the total CA Immo investment portfolio (all asset classes). Measured by rentable effective area (in sqm), certified stock comprised some 78% of the office portfolio and 63% of the total portfolio. Further investment properties as well as development projects are currently undergoing the certification process.

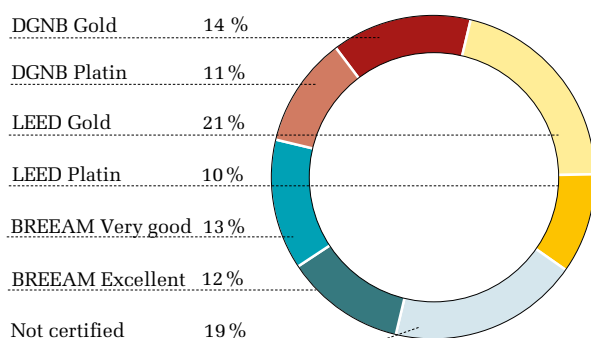
In year-on-year comparison, the stock of office space with sustainability certification (book value) had increased by approximately 18% to roughly € 3,066 m on 31.12.2019 (€ 2,605 m on 31.12.2018).

CERTIFIED OFFICE PROPERTIES BY REGION ²⁾

in € m	Total office portfolio	Certified office portfolio	Share of certified office properties
Germany	1,448.0	1,028.8	71.0%
Austria	345.9	115.2	33.3%
CEE	2,009.6	1,921.8	95.6%
Total	3,803.5	3,065.8	80.6%

²⁾ By book value. Basis: Properties with main usage office, 100% owned by CA Immo (fully consolidated).

CERTIFICATES OF THE CA IMMO OFFICE PORTFOLIO (Basis: € 3.8 bn book value)



SUSTAINABLE PROJECT DEVELOPMENT

Through its real estate and urban district development activities, CA Immo is helping to shape the skylines of major cities like Vienna, Berlin, Frankfurt and Munich – from involvement in the master plan to the establishment of surrounding infrastructure and the construction and running of new buildings.

Projects with sustainability certificates

To comply with the multifarious requirements arising at all levels, CA Immo only constructs offices and hotels certified to LEED or DGNB standards on a Group-wide basis. By meeting various certification requirements, the company makes allowance for the conservation of resources such as energy and water as well as emissions, wastewater and refuse and the transporting thereof; effects on safety and health are considered throughout the lifecycle.

OVERVIEW SUSTAINABILITY CERTIFICATION¹⁾ OF PROJECTS UNDER CONSTRUCTION

City	Project	System	Category
Berlin	High-rise Building on Europaplatz	DGNB	Gold
Berlin	MY.B	DGNB	Gold
Berlin	cube berlin	DGNB	Gold
Munich	NEO	DGNB	Gold
Frankfurt	ONE	DGNB	Platin
Mainz	ZigZag	DGNB	Gold

¹⁾ Intended sustainability certificates

Dialogue with residents and stakeholders

Within the context of its development projects, CA Immo observes legal requirements on potentially negative influences on stakeholders (such as construction noise and increased particulate matter pollution) and engages in proactive dialogue with relevant stakeholders from the outset. The latest examples of early resident communication and stakeholder engagement include citizens' events arranged in the course of developing the Eggarten estate in Munich (www.eggarten-siedlung.de).

Observance of social and environmental standards

Where construction services are provided, CA Immo requires contractors to comply with the legal regulations on occupational health and safety, workplace and working time regulations as well as wage agreements and compliance. Alongside the economic evaluation of tenders, the company asks potential contractors to comply with social and environmental standards and monitors observance during the tendering process.

Sensitive site development

Maximum attention is paid to issues such as biodiversity, species protection and (where relevant) habitat change during site development, especially in and around nature reserves. All properties are examined accordingly by specialists from the CA Immo construction subsidiary omniCon. On demand, restoration work and mitigating measures are introduced as appropriate; these may include the creation of green access pathways, compensation areas or the planting of tree and bushes.

EXAMPLE OF SUSTAINABLE PROJECT DEVELOPMENT: HOCHHAUS AM EUROPAPLATZ, BERLIN



KEY FACTS

- Construction of a new 84-metre class A office high-rise with approximately 23,000 sqm of rentable effective area, close to Berlin's main station.
- Certification to at least DGNB Gold envisaged.

SUSTAINABILITY ASPECTS

- The project will have a primary per annum energy consumption significantly below the benchmarks provided by the effective EnEV references (energy-saving directive for buildings).
- The requirements of the German Renewable Energies Heat Act (EEWärmeG) will be exceeded by means of a district heating system that uses combined heat and power technology.
- Energy-efficient lighting (LED).
- CO2 sensors for the automatic monitoring of air quality (concentration of carbon dioxide in ambient air) and ensuring an ideal indoor climate.
- Building control technology (room temperature, lights, blinds) that mainly uses battery-free EnOcean wireless technology. The existing environmental energy (e.g. kinetic motion/pressure, light and temperature difference) is converted into energy for the switches (energy harvesting).
- Comprehensive supply of e-mobility charging points for cars, motorcycles and bicycles.
- Convenient bicycle parking via large freight elevator.
- Large green zones in office areas.

ASSET HEALTH AND SAFETY

For all **project developments** carried out throughout the Group, health and safety aspects are applied at the planning and construction phases for the benefit of employees as well as future tenants and users of buildings. In this regard, the coordinator for safety and health matters, who is incorporated as early as the planning phase, coordinates those involved in the construction process. The coordinator undertakes regular safety inspections and intervenes without delay wherever they identify hazards.

As part of certification processes, which apply to all office and hotel buildings newly developed by CA Immo, numerous **measures that positively influence the health and comfort levels of tenants** were also enacted. The WELL Building Standard was launched in 2014. The purpose of this first standard for buildings and interiors was to implement measures to promote health and well-being (wellcertified.com). Visionary, a CA Immo office building

in Prague, attained **WELL Core and Shell certification in gold** in 2019; other projects are now in line for WELL certification.

Health and safety assessments are conducted across all regions at all sites in the course of ongoing **building operations**. Regular maintenance and specific inspections are carried out to ensure the safety and functional reliability of technical building installations. Intelligent building control systems, expert inspections and regular function testing is designed to avoid malfunctions and prevent system failures. Facility management contracts contain comprehensive service provisions governing energy management with the aim of enhancing the energy-related management of properties over time.

In reporting year 2019, no breaches of regulations in connection with asset health and safety came to light in the course of our development projects or in our buildings.

EMPLOYEES

As at 31 December 2019 the number of international employees totalled 414¹⁾ employees across the Group (31.12.2018: 382²⁾). Germany is CA Immo's core market for staff with around 51% working here, followed by Eastern Europe (24%) and Austria (19%). The remaining 6% account for employees of the Basel branch office of the 100% construction subsidiary omniCon. Of the 233 German employees, 106 worked for omniCon as at reporting date (2018: 96), including 24 staff members of the omniCon branch in Basel.

Branch offices on core markets

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

Key aspects in Human resources management

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

positions to be filled internally, the emphasis is on **talent management and succession planning**. More than half of all CA Immo managers were promoted to their current positions from within the ranks.

Where people love to work

CA Immo launched an employer branding campaign in 2018. Entitled 'Where people love to work: The office specialist is hiring specialists', the campaign aimed to enhance the visibility and profile of the company as a fast-growing employer, especially in the German real estate and construction sectors. Events such as presentations and guided project site tours for students have been continued in 2019; CA Immo was also represented at the EXPO Career Day as well as university career fairs.



PERSONNEL DISTRIBUTION WITHIN THE CA IMMO GROUP ³⁾

Headcount	Number of employees				Share of women 31.12.2019 in %	Joining / Leaving 2019	New hires ⁴⁾ 2019 in %	Turnover ⁵⁾ 2019 in %
	31.12.2018	31.12.2019	Change in %	2019 Ø				
Austria	77	80	4	77	59	12/6	16	7.8
Germany/Switzerland ⁶⁾	210	233	11	222	40	50/26	23	11.7
CEE	95	101	6	98	73	12/10	12	10.2
Total	382	414	8	396	52	74/42	19	10.6

³⁾ Thereof around 11% part time staff; includes 23 employees on a leave of absence; excludes 20 headcounts of joint venture companies

⁴⁾ New hires: Entries 2019 / average number of employees (Headcount)

⁵⁾ Turnover: personnel departures x 100 / average number of employees (Headcount)

⁶⁾ At the end of 2018, 20 local employees were employed at the branch of wholly owned CA Immo construction subsidiary omniCon in Basel

¹⁾ Of which around 11% are part-time staff; including 23 employees on unpaid leave across the Group.

²⁾ Of which around 12% are part-time staff; including 23 employees on unpaid leave.

Career development and the promotion of high-potential young staff members

All employees of CA Immo hold annual appraisal meetings with their immediate managers to assess their performance, define targets and discuss individual career development. In 2019, 96% of employees attended such a review session; the remaining 4% were staff members who joined in the fourth quarter.

The CA Immo Academy offers training and modular courses in the three core areas of professional expertise, social skills and health. One major focus in 2019 was the development of **leadership skills** through cross-company training courses.

Moreover, CA Immo provides specific support for international best practice exchange among employees. Under the project FIRE (Focus International Relation Experience) working groups were held also in 2018, aiming at exchanging innovations, international networking and internal promotion of young talents ("Fit for Future").

Social benefits

Depending on taxation and national insurance circumstances, CA Immo employees receive the following social benefits, amongst others: meal coupons/allowances, Bahncard 25 or 50, season tickets, support for training, kindergarten allowances, group health insurance, group accident insurance, deployment-specific allowances and company pension (pension fund).

Variable profit sharing

Alongside their fixed salary, CA Immo provides for variable profit sharing for all employees; this is linked to the attainment of budgeted annual targets and positive consolidated net income.

Safety at work

Two accidents at work were reported during reporting year 2019. Absences resulting from these accidents were not longer than one month in each case. No other serious occupational injuries, illnesses or absences by CA Immo employees were reported in 2019. CA Immo employees on construction sites received regular safety guidance along with health and safety plans. The safety of subcontractor staff has to be ensured by the subcontractor companies.

Fit2Work: Health and Efficiency in everyday office life

The fit2work project ensures promoting and maintaining employees' capacity to work and performance levels.

Appropriate trainings and tutorials are offered to staff members in order to minimise health risks such as burn out, long term sick-leaves or early retirements.

AVERAGE ABSENCES FROM WORK BY REGIONS ¹⁾

in days		Vacation	Illness ²⁾	Qualification	
				hours	days
Austria	Women	20	7	19	2
	Men	23	4	22	3
Germany	Women	28	13	25	3
	Men	28	6	28	3
CEE	Women	20	2	32	4
	Men	21	1	37	5

¹⁾ Average days of absence per employee (Headcount). Basis: Average number of employees 2019 (Headcount)

²⁾ Excludes two long-term sick leave cases (LTSL) in Germany and three LTSL in CEE. Including these LTSL, the average of sick leaves of men in Germany would be 10 days and for men in CEE 5 days.

PERSONNEL DISTRIBUTION BY AGE AND CATEGORIES (TOTAL: 414 EMPLOYEES) ¹⁾

in %			
Employees (355) ²⁾	≤ 28 years	29-48 years	≥ 49 years
Female	6	39	10
Male	5	27	13
Total	11	66	23
Executives (56) ³⁾	≤ 28 years	29-48 years	≥ 49 years
Female	0	23	5
Male	0	47	25
Total	0	70	30
Management Board (3)	≤ 28 years	29-48 years	≥ 49 years
Female	0	0	0
Male	0	67	33
Total	0	67	33
Total employees (414)	9	67	24

¹⁾ Excludes 20 employees (as of 31.12.2019) of the joint venture companies.

²⁾ Thereof 1% with handicap

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

Progressive digitalisation of personnel management

In 2018, CA Immo started to implement a central HR system with the aim of bringing about the uniform administration of personnel data across the company while streamlining processes.

The Manager Self-Service component, which came into operation early in 2019, enables managers to access key employee data on salaries and roles, for example. In the autumn, the Employee Self-Service component made it possible for employees to digitally request absences of all kinds for approval by managers. The implementation of additional modules is scheduled for 2020.

GENDER DIVERSITY

CA Immo ensures equality and balance in the composition of its employee structure, both across the workforce as a whole and at all managerial and executive levels. Aside from professional qualifications, the recruitment process adheres to a strict policy of non-discrimination between women and men. The proportion of women working for the Group stood at approximately 52% as at 31 December 2019 (53% in 2018). The proportion of women was highest in the Eastern European subsidiaries (73%), followed by Austria (59%) and Germany (40%). There are still no women on the Management Board of CA Immo. Four women serve on the Supervisory Board, where the total proportion of women is 31%; analysed separately, women make up 33% of the shareholder representatives and 25% of the employee representatives.

The **proportion of female managers** has increased from 24% (31 December 2018) to 29% on key date 2019. In filling managerial vacancies, the focus is on internal succession planning and raising the proportion of women by deliberately targeting women in the recruitment process. Where qualification backgrounds are equivalent, preference is given to female applicants. Graduate and talent management programmes will also aim to raise the proportion of women steadily.

The **gender-specific wage gap** in terms of total remuneration stood at 4.9% for managerial staff and 9.3% for employees, partly because of varying fields of responsibility and accountability. Remuneration for the Supervisory Board is determined annually for concluded business years by the Ordinary General Meeting, which aims to ensure gender-neutral fixed remuneration along with attendance fees for all members of the Supervisory Board.

GENDER DIVERSITY

in %	Men	Women	Gender pay gap	
			Basic remuneration	Total compensation
Supervisory Board (shareholder representatives)	67	33	N/A	N/A
Management Board	100	0	N/A	N/A
Executives	70	30	2,3	4,9
Employees	44	56	8,4	9,3
Total	48	52		

CA Immo makes it possible to **reconcile professional and family life** by offering flexible working hours, part-time options, working from home, paternity leave and 'fathers' month'. Employees on a leave of absence remain linked to the internal information network and are invited to participate in annual team meetings and company events.

SUPPLEMENTARY REPORT

The following activities are reported for the opening months of business year 2020:

€500 m benchmark bond successfully placed

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

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

The effects of the COVID-19 virus outbreak cannot be conclusively assessed given the dynamic evolution, however they are subject to ongoing evaluation. Temporary restrictions of the current operations may however occur at the CA Immo Group, tenants, customers, suppliers as well as authorities. The financial, general business and real estate specific consequences cannot be fully estimated. CA Immo takes a variety of measures to keep the impact as low as possible.

RESEARCH AND DEVELOPMENT

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

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

In the course of theoretical and practical research activity, CA Immo maintains partnerships with other companies and research institutions. For example, CA Immo is a **partner to the Office 21 joint research project of the Fraunhofer IAO Institute** (www.office21.de). The current research phase extending from 2018 to 2020 is focused on, amongst other things, the extent to which smart office environments can enhance employee productivity and which team typologies (and associated spatial conditions) support working processes most effectively.

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

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

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

CHANGES IN PRESENTATION AND ACCOUNTING POLICIES

In the course of the company's strategic portfolio optimisation, CA Immo has continuously reduced the proportion of minority holdings in the portfolio. These **property investments held in joint ventures** are consolidated at equity and shown in the income statement under 'Result from joint ventures'. Unless otherwise stated, therefore, all indicators in this report refer exclusively to fully consolidated properties wholly owned by CA Immo.

As at 31 December 2019, the at equity portfolio (partially owned real estate) held by CA Immo consisted exclusively of undeveloped land as well as development projects (residential) held in joint ventures, showing a

portfolio value of € 73.1 m (€ 72.5 m on 31 December 2018).

The **IFRS 16 standard on the subject of leasing** came into force on 1 January 2019. Amongst other things, the standard involves changes in connection with leasing agreements for cars, operating and office equipment, lease agreements and usufruct.

In cases where the CA Immo Group is a tenant and not the landowner, the application of IFRS 16 leads to recognition of a right of usage and a liability. The relevant agreements of the CA Immo Group relate to properties in Poland and Serbia. The leasing of parking spaces via subletting also results in recognition of a right of usage and a lease liability. In both situations, the usage rights are shown in the item 'Investment properties'. Amongst other things, the initial application of IFRS 16 led to an increase of € 31.8 m in the item 'Investment properties' as of 1 January 2019.

Moreover, the CA Immo Group will recognise revenue from operating costs passed on to tenants separately, in line with the allocation of components to IFRS 16 or IFRS 15, as from 1 January 2019. The proportion of operating costs entered as a part of leasing income under IFRS 16 will be allocated to rental income. Associated expenditure will be entered in the item 'Other expenditure directly attributable to property assets'; interest expense and result from revaluation is recognized for the right of use assets (usufructs and corresponding lease liabilities). As from 2019, the items 'Operating expenses' and 'Operating expenses passed on to the tenant' will only contain components assignable to IFRS 15. The comparative values have not been adjusted. For details on the effects of IFRS 16 on the consolidated financial statements, please see chapter 9.8.a).

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

The company's capital stock amounted to € 718,336,602.72 on the balance sheet date. This was divided into four registered shares and 98,808,332 bearer shares each with a proportionate amount of the capital stock of € 7.27. The bearer shares trade on the prime market segment of the Vienna Stock Exchange (ISIN: AT0000641352).

With a shareholding of around 26% (25,843,652 bearer shares and four registered shares), SOF-11 Klimt CAI S.à r.l., Luxembourg, a company managed by Starwood Capital Group, is the largest shareholder of CA Immo. Starwood is a global financial investor focusing on real estate investments.

The remaining shares of CA Immo are in free float held by both institutional and private investors. Whereas in the previous year AXA S.A. (around 5%) and BlackRock Inc. (around 4%) counted to the larger shareholders of CA Immo, with the exception of S IMMO Group (holding around 6%), the company is not aware of other shareholders with a stake of more than 4%. For more information on the organisation of the shares and the rights of shareholders, please refer to the Corporate Governance Report.

Capital disclosures

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

In the same annual general meeting, the 'contingent capital 2013' was reduced from € 100,006,120 to € 47,565,458.08 in order to serve the 0.75% convertible bonds 2017-2025. Further, the Management Board was authorized, with the consent of the Supervisory Board, until 8 May 2023 to issue convertible bonds up to a total nominal amount of € 750 m with conversion and/or subscription rights in respect of up to 19,761,667 ordinary bearer shares of the company representing a pro-rata amount of the share capital of the company of up to 143,667,319.09 ('contingent capital 2018'), also in several tranches and to determine all other terms of the convertible bonds as well as in respect of the issuance and the conversion procedure. Under this authorisation, convertible bonds may only be issued, if the total number of new shares for which conversion and/or subscription rights are granted by such convertible bonds shall not exceed 20% of the share capital at the time this authorisation is resolved upon. The shareholders' subscription rights were excluded (article 174 para 4 in connection with article 153 Austrian Stock Corporation Act (AktG)).

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

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

Information on the Management and Supervisory Boards

According to the articles of association, the Management Board of CA Immo comprises one, two or three persons. The age limit for Management Board members is defined as 65 in the Articles of Association. The final

term of office for Management Board members concludes at the end of the Annual General Meeting that follows the 65th birthday of a Board member. The Supervisory Board comprises no less than three and no more than twelve members. At any time, Supervisory Board members appointed through registered shares may be asked to step down by the person entitled to nominate and replaced by another. The provisions of the Articles of Association regarding terms of office and elections to appoint replacements do not apply to them. The other Supervisory Board members are elected by the Annual General Meeting. The age limit for Supervisory Board members is defined as 70 in the Articles of Association. Supervisory Board members must step down from the Board at the end of the Annual General Meeting that follows their 70th birthday. The Shareholder's Meeting resolves on the dismissal of members of the Supervisory Board on the basis of a majority of at least 75% of the capital stock represented (article 21 of the Articles of Association of CA Immo).

Change-of-control clauses

All Management Board contracts contain a change of control clause assuring payments in the event of premature termination of Management Board duties following a change of control. A change of control occurs either where a shareholder or group of shareholders attains 25% of voting rights in the Annual General Meeting, or they are obliged to make a mandatory takeover bid where the investment threshold of 30% is exceeded. Corporate mergers always constitute a change of control. The contractual regulations provide for extraordinary termination rights as well as continued remuneration (including variable remuneration) for the remaining term of the employment contract. According to the calculation basis, compensation for fixed remuneration may not exceed two years' fixed salary. Moreover, the company has to grant the Management Board member a contractually agreed percentage part payment to compensate for the loss of variable remuneration not exceeding 80% of two years' fixed salary, depending on the specific sphere of activity and the position of the Management Board member in question. The exercising of a special right of termination in the event of a change of control in the sphere of Starwood, the major shareholder, has been contractually excluded for all Management Board members.

RISK REPORT



RISK MANAGEMENT AT CA IMMO

To ensure the success of CA Immo as a business over the long term and enable the company to meet its strategic objectives, effective management of new and existing

risks is essential. A commensurate measure of risk must be accepted if we are to utilise market opportunities and exploit the potential for success they hold. For this reason, risk management and the internal monitoring system (IMS) deliver an important contribution to the Group's

corporate governance (defined as the principle of responsible management).

Strategic alignment and tolerance of risk

The Management Board, with the approval of the Corporate Development committee established in 2019 and the Supervisory Board, defines the strategic direction of the CA Immo Group as well as the nature and extent of risks the Group is prepared to accept in pursuit of its strategic objectives. The Controlling department, which also helps to manage risk, supports the Management Board in assessing the risk environment and the development of potential strategies to raise long-term shareholder value. An internal risk committee comprising representatives from all business areas and the CFO has also been set up; this meets quarterly or if necessary in special sessions (e.g. in response to the situation regarding “Coronavirus - COVID-19”). The purpose of the committee is to provide additional assurance in assessing the Group's risk situation across departmental boundaries regularly and introduce measures as necessary. The aim of this is to ensure the company adopts the best possible direction from the alternatives available. CA Immo evaluates the opportunity/threat situation through quarterly reporting. Risk is assessed in relation to specific properties and projects as well as (sub)portfolios. The company incorporates early warning indicators such as rent forecasts, vacancy analyses, continual monitoring of lease agreement periods and the possibility of terminations; construction costs are also tracked during project implementation. Scenarios are envisaged regarding the value trend for the real estate portfolio, exit strategies and liquidity planning; these supplement risk reporting and promote reliable planning. CA Immo observes the precautionary principle by applying the full investment horizon to long-term planning and investment decisions. The company also evaluates specific risks at regular intervals (most recently in 2018), focusing on content, effect and likelihood of occurrence. The Management Board uses this data as the basis for determining the severity and type of risks that it regards as acceptable in pursuing its strategic objectives. Strategies adopted by the Management Board are incorporated into the Group's three-year planning; this assists the Group in communicating its willingness to take risks and its expectations both internally and externally.

The risk policy of CA Immo is defined by a range of guidelines, observance of which is continually monitored

and documented by controlling processes. Risk management is obligatory at all levels of the company. The Management Board is involved in all risk-relevant decisions and bears overall responsibility for such decisions. At all levels, decisions are subject to the dual verification principle. Internal Auditing, an independent division, checks operational and business processes, appointing experts from outside as necessary; it acts independently in reporting and evaluating the audit results.

The proper functioning of the risk management system is evaluated annually by the Group auditor in line with the requirements of C Rule no. 83 of the Austrian Corporate Governance Code. The results are reported to the Management Board and the audit committee.

KEY FEATURES OF THE INTERNAL MONITORING SYSTEM (IMS)

CA Immo's internal monitoring system covers all principles, procedures and measures designed to ensure the effectiveness, cost-effectiveness and correctness of accounting as well as compliance with relevant legal regulations and company guidelines. The IMS is integrated into individual business processes, taking account of management processes. The objectives of the IMS are to preclude and expose errors in accounting and financial reporting, thus enabling amendments to be introduced in good time. Transparent documentation makes it possible to depict processes of accounting, financial reporting and audit activity. All operational areas are incorporated into the financial reporting process. Competent local management teams are responsible for implementing and monitoring the IMS; the managing directors of the subsidiaries are required to perform self-checks in order to assess and document compliance with monitoring measures. The effectiveness of the IMS is regularly assessed by the Group Auditing department and the cost-effectiveness of business processes is continually evaluated. The results of these assessments are reported to the responsible executive boards, the full CA Immo Management Board and (at least once a year) the audit committee.

STRATEGIC RISKS

CA Immo defines strategic risk as the danger of unexpected deviations from company plans or losses that can result from management policy decisions on the direction taken by the company. These risks generally arise from unexpected changes in the macroeconomic market environment. Many of the risks mentioned here are not actively manageable.

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

Although the economic environment remains characterised by low interest rates and relatively high property portfolio valuations, the possibility of an **interest rate rise** negatively affecting the real estate market – and thus property valuations and the divestment plans of CA Immo – cannot be discounted. Acquiring equity and loan capital could become significantly more difficult, making expansion plans impossible or only partially feasible. The possible reintroduction of national **currencies** by individual eurozone members would also have grave consequences for the economies and financial markets of Europe. Finally, the departure of individual nations from European currency union could lead to a complete collapse of the monetary system.

Geopolitical risks such as political instability, lack of basic legislation and arbitrary government practices offset

the economic opportunities offered by enterprises in other countries. Consequently, enterprises operating in an unstable region have to factor in significant impacts on their business activities, such as tax increases, customs duties, export bans, expropriations and seizure of assets. Where properties are concentrated too strongly in a single region, these factors can also have a considerable influence on the profitability of the CA Immo Group.

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

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

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

PROPERTY-SPECIFIC RISKS

Risks linked to the market environment and composition of the portfolio

The real estate market is determined by macroeconomic development and demand for properties. Economic instability and restricted access to loan capital and equity-based financing can lead to business partners opting out. Where the liquidity of the real estate investment market is insufficient, there is a risk that sales of individual properties with a view to strategically adjusting the real estate portfolio may prove impossible or only possible under unacceptable conditions. Many factors that can lead to unfavourable developments are outside of CA Immo's control. These include changes to available income, economic output, interest rates and tax policy. Economic growth, unemployment rates and consumer confidence also influence supply and demand levels for real estate at a local level. This can affect market prices, rents and occupancy rates while adversely affecting the value of properties and associated income. For this reason, highly negative effects on earning power and property valuations cannot be ruled out.

Property values depend not only on the development of rental rates, but also real estate starting yields. The general market environment continues to pose the danger of starting yields for commercial real estate being adjusted upwards. The historically high price of property investment is combining with low real estate yields to create risks to the **value of properties** in the CA Immo portfolio. Due to sustained pressure from investors there is also the risk that properties will only be available to purchase at inflated prices. The possibility of an increase in general interest rates forcing property yields up and values down cannot be ruled out.

CA Immo counters **market risk** by spreading its portfolio across various countries. CA Immo counters **country-specific risk** by concentrating on defined core regions through local subsidiaries with their own on-site staff, and through appropriate regional allocation within those core markets. Market knowledge, continual evaluation of strategy and monitoring of the portfolio and purposeful

portfolio management in the context of strategic decision-making (e.g. defining exit strategies, medium-term planning of sales) enable the company to respond quickly to economic and political events. CA Immo negates **transfer risk** by repatriating liquid assets from investment markets with a low credit standing. Active portfolio management is aimed at minimising **concentration risk**. Germany remains the largest single market of CA Immo, accounting for a share of 51%. Besides the Austrian market, the distribution of regional targets will seek to bring about a portfolio distribution that is roughly equally weighted between Germany and Eastern Europe. The aim here is to maintain property assets of €500 m in each core city in the interests of upholding market relevance. For **single investments**, CA Immo defines concentration risk as a limit value of 5% of the total portfolio. The only property in this category at the balance sheet date was the Skygarden office building in Munich. The portfolio as a whole is highly diversified: the top ten Group assets represent less than 28% of the total portfolio. The concentration risk in respect of **single tenants** is also manageable. As at 31 December 2019, the top ten tenants were generating some 21% of rental revenue. With an approximate share of 3% of total rental income, PricewaterhouseCoopers followed by Frontex are currently the biggest individual tenants in the portfolio. **Land reserves** and **land development projects** present specific risks owing to the high capital commitment and absence of steady cash inflows; however, they also offer considerable potential for value increases through the securing or enhancement of building rights. Risks are regularly reduced via the sale of non-strategic land reserves. The acquisition of building rights on remaining land will be accelerated through the company's own capacity.

Political and economic trends in the countries in which CA Immo is active also have a significant impact on **occupancy rates** and rent losses. The earning power and market value of a property is adversely affected where the Group is unable to extend a rental agreement due to expire under favourable conditions or find (and retain for the long term) suitably solvent tenants. The creditworthiness of a tenant, especially during an economic downturn, may diminish over the short or medium term, which can affect rental revenue in turn. In critical situations, the Group can opt to cut rents in order to maintain an acceptable occupancy rate. Through careful monitoring and proactive measures (such as demanding securities and screening the creditworthiness and reputation of tenants), the Group's **loss of rent risk** has settled at the low level of

approximately 1% of rental income. Subject to the currently unpredictable economic impacts of the COVID-19 pandemic, a decline in rental income cannot be excluded. At present, most outstanding rental payments relate to Eastern Europe. All outstanding receivables are evaluated quarterly and adjusted according to the associated level of risk. The risk of lost rent was taken into account to a sufficient degree in the estimation of property values. Many of the Group's lease agreements contain stable value clauses, usually taking account of consumer price indices for particular countries. The level of revenue from such rental contracts and new lettings depends heavily on the inflation trend (**sustainable value risk**).

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

The Group's portfolio also includes, to a lesser extent, **special asset classes** such as shopping malls and hotels whose operation involves certain risks. Poor running of the centre, inadequate corporate management of tenants, declining footfall and increasing competition can force rental rates down and lead to the loss of key tenants, which leads to rent losses and problems with new lettings. For this reason, the Group's earnings situation also depends on the quality of hotel management and the development of hotel markets.

Risks associated with the project development area

Costs are generally sustained at the early stages of real estate development projects; revenue is not generated until the later phases of a project. Many development projects may be associated with **cost overruns** and **delays** in completion that are frequently caused by factors beyond the control of CA Immo. This can adversely affect the economic viability of individual projects and lead to **contractual penalties** and **compensation claims**. If no suitable tenants are found, this can produce vacancy after completion. CA Immo takes various steps to keep such risks

largely under control (cost monitoring, variance analyses, long-term liquidity planning and so on). With few exceptions, projects are only launched subject to appropriate pre-letting.

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

Risks from sales transactions

Sales transactions can give rise to risks linked to contractual agreements and assurances. These might relate to **guaranteed** income from rental payments and can subsequently reduce purchase sums agreed or received. Sufficient financial provisions have been made in response to recognised risks to revenue from transacted sales, and liquidity risk is considered in liquidity planning. Contractual obligations in the form of follow-on costs (e.g. residual construction work) form part of relevant project cost estimates.

Environmental risks

Environmental and safety regulations serve to standardise active and latent obligations to remediate contaminated sites and complying with these provisions can entail considerable investment expenses and other costs. These obligations may apply to real estate currently or formerly owned by CA Immo, or currently or formerly managed or developed by the company. In particular, the provisions cover **contamination** with undiscovered harmful materials or noxious substances, munitions and other environmental risks such as soil pollution, etc.

Several regulations impose sanctions on the discharge of emissions into air, soil and water: this can make CA Immo **liable** to third parties, significantly impact the sale and letting of affected properties and adversely affect the generation of rental revenue from such properties.

Natural disasters and extreme weather conditions can also cause considerable damage to real estate. Unless sufficient **insurance** is in place to cover such damage, this can have an adverse impact. To minimise the risk, CA Immo incorporates these considerations into its assessments prior to every purchase and appropriate guarantees are required from sellers. Wherever possible, the CA Immo Group makes use of environmentally sustainable materials and energy-saving technologies. CA Immo observes the ecological precautionary principle by ensuring all (re)development projects qualify for certification: in this way, stringent specifications regarding green buildings and sustainability are satisfied while the usage of environmentally unsound products is also ruled out.

GENERAL BUSINESS RISKS

Operational and organisational risks

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

expertise possessed by a company and its workforce constitutes a significant competitive factor and a unique point of distinction over competitors. When key members of staff leave, therefore, the company becomes exposed to the risk of loss of expertise, which generally requires significant commitment of corporate resources (money, time, recruitment of new employees) to redress the balance. CA Immo takes various measures to counter these risk factors. In the case of corporate mergers, structured processes of organisational integration are observed. Process organisation (i.e. system/process integration) is firmly established; activities to ensure the long-term implementation of operational processes are ongoing. The Group structure is regularly scrutinised and examined to ensure predefined structures take account of the size of the company. CA Immo counters risks linked to individual expertise (which can arise with the resignation of key knowledge holders) through regular transfers of knowledge (in training courses) and by documenting know-how (in manuals, etc.) as well as far-sighted staff planning.

Legal risks

In the course of normal business activity the companies of the Group become involved in **legal disputes**, both as plaintiffs and as defendants. Such cases are heard in various jurisdictions. In each case, different procedural law means that competent courts are not always equally efficient; moreover, in certain cases the complexity of issues in dispute can make for protracted proceedings or lead to other delays. CA Immo believes it has made sufficient financial provisions for legal disputes. At present, no lawsuits or arbitration proceedings that could threaten the company's survival are imminent or pending. As publicly announced, CA Immo decided to bring an action for damages against the Republic of Austria and the Province of Carinthia for unlawful and culpably biased influence on the best bidder procedure in the context of privatization of the Federal Residential Property companies in 2004 ('BUWOG') and for the unlawful failure to win the best bidder procedure. In order to assert the damage sustained, the company will first bring a partial action for an initial sum of € 1 m out of the total damage of € 1.9 bn.

It is not possible to predict changes to **legal provisions**, case law and administrative practice or their impact on business results; such changes may adversely affect real

estate values or the cost structure of the CA Immo Group. Organised crime, and particularly fraud and extortion, is a general risk to commercial activity. Many countries continue to perform very poorly in combating **corruption**. Such illegal activity can lead to considerable financial repercussions and negative publicity.

Taxation risk

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

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

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

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

Partner risks

Since CA Immo undertakes a number of development projects as **joint ventures**, the company depends on the solvency and performance capability of partners to an extent; moreover, the Group is exposed to **credit risk** in respect of its counterparties. Depending on the agreement in question, CA Immo could also bear joint liability for costs, taxes and other third-party claims with its co-investors and, where a co-investor **opts out**, be forced to accept liability for their credit risk or share of costs, taxes or other liabilities.

FINANCIAL RISKS

Liquidity, investment and refinancing risk

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

CA Immo has fluctuating stocks of cash and cash equivalents which the company invests according to its particular operational and strategic needs and objectives. Sufficient equity capitalisation will be required for the company to retain its Baa2 investment grade (long-term issuer) **rating** (granted by Moody's in December 2015).

CA Immo counters risk of this kind by continually monitoring covenant agreements and effectively planning and securing liquidity. The financial consequences of strategic aims are also taken into account. To control liquidity peaks, the Group has secured a revolving overdraft facility at parent company level. This also ensures the Group can meet unexpected cash flow requirements. In line with

the investment horizon for real estate, loans are invariably agreed on a long-term basis. As an alternative and supplement to established means of (equity) capital procurement, the company also enters into equity partnerships (joint ventures) at project level. Despite meticulous planning it is not possible to eliminate liquidity risk, however, particularly where capital requests linked to joint venture partners are not viable. CA Immo Deutschland has a high capital commitment, which is typical in the case of development projects. Financing has been secured for all projects under construction; additional financing is required for new project launches.

Interest rate risk

Market-led fluctuations in the interest rate affect both the level of financing costs and the fair value of interest hedging transactions concluded. For financing purposes, CA Immo uses banks at home and abroad and issues corporate bonds, thereby opting for a mix of long-term fixed-rate and floating-rate loans. To hedge against impending **interest rate changes** and associated fluctuations in financing costs, greater use is made of derivative financial instruments (interest rate caps, swaps and floors) in the case of floating-rate loans. However, hedging transactions of this kind may prove to be inefficient or unsuitable for achieving targets; they may also result in losses that affect earnings. Moreover, the **valuation of derivatives** can impact negatively on profits and shareholders' equity. The extent to which the Group utilises derivative instruments is guided by assumptions and market expectations in respect of the future interest level, and especially the 3-month Euribor rate. Should these assumptions prove incorrect, the result can be a significant rise in interest expenditure. Continual monitoring of the interest rate risk is therefore essential. No risks constituting a serious and permanent threat to the company exist at the present time. Moreover, CA Immo is increasingly obtaining finance from the capital market. Fixed-interest loans (e.g. in the form of corporate bonds) or loans hedged through derivatives currently account for 86% of the total financing volume. Continually optimising the financing structure in recent years has served to improve the maturity profile and raise the quota of hedged financial liabilities while reducing average borrowing costs. The pool of unencumbered assets – a key factor in the company's investment grade rating – was also raised and the rating of CA Immo was consolidated. The financing profile has thus become more robust.

Currency risk

Since CA Immo is active on a number of markets outside the eurozone, the company is subject to various currency risks. Where rents are payable in currencies other than the euro on these markets and cannot be fully adjusted to current exchange rates in time, **incoming payments may be reduced** by exchange rate changes. Where expenses and investments are not transacted in euros, exchange rate fluctuations can impair the **payment capacity** of Group companies and adversely affect the Group's profits and earnings situation.

CA Immo generally counters such risk in that foreign currency inflows are secured by pegging rents to the euro; no significant and direct currency risk exists at present.

The pegging of rents affects the **creditworthiness of tenants** and thus produces an indirect currency risk that can result in payment bottlenecks and loss of rent. Since incoming payments are mainly received in local currency, however, free liquidity (rental revenue less operating costs) is converted into euros upon receipt. This process is continually overseen by the responsible country coordinators. There is hardly no currency risk on the liabilities side. Currency risks linked to construction projects are hedged according to need on a case-by-case basis, taking account of the currency underlying the order and lease agreement, likely exchange rate development and the calculation rate.

FINANCIAL RISK MANAGEMENT

RISK	EFFECT	COUNTERMEASURE
UNFORESEEABLE LIQUIDITY REQUIREMENT <ul style="list-style-type: none"> - Lack of liquidity - Capital requests linked to joint venture partners not viable 	<ul style="list-style-type: none"> - Non-utilisation of opportunities - Distress sales - Insolvency 	<ul style="list-style-type: none"> - Continual analysis, planning and monitoring of liquidity - Optimisation of investment
FINANCING <ul style="list-style-type: none"> - Breach of covenants - Non-extension of expiring credit - Follow-up financing not secured after project phase 	<ul style="list-style-type: none"> - Cost disadvantages during credit term - Additional requirement for equity or liquidity 	<ul style="list-style-type: none"> - Continual monitoring of the viability of real estate and the fulfilment of covenants from loan agreements - Conclusion of project-related loan agreements, ideally for the long term - Establishment of a liquidity reserve
DEVELOPMENT OF EXCHANGE RATES <ul style="list-style-type: none"> - Development of foreign currency rates 	<ul style="list-style-type: none"> - Fluctuation in earnings owing to exchange rate gains/losses 	<ul style="list-style-type: none"> - Harmonising of loan and rental agreements - Rapid conversion of free liquidity into EUR - Forward cover, especially for construction contracts
INTEREST RATE CHANGES/ EVALUATION OF INTEREST RATE HEDGING <ul style="list-style-type: none"> - Evaluation of interest rate developments 	<ul style="list-style-type: none"> - Significant fluctuation in earnings and change in equity ratio due to changing interest level (financing costs, evaluation of interest-rate hedges) 	<ul style="list-style-type: none"> - Mix of long-term fixed-rate and floating-rate loans - On-schedule use of derivatives (Swaps/Floors/Caps) - Continuous monitoring of interest rate forecasts

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A. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31.12.2019

€ K	Note	2019	2018
Rental income	2.2.	220,730	192,440
Operating costs charged to tenants	2.3.	51,757	55,828
Operating expenses	2.3.	-55,327	-60,107
Other expenses directly related to properties rented	2.3.	-22,410	-12,961
Net rental income		194,750	175,201
Other expenses directly related to properties under development	2.4.	-3,157	-6,141
Income from the sale of properties and construction works		12,344	44,417
Book value of properties sold incl. ancillary and construction costs		-13,617	-37,011
Result from trading and construction works	2.5.	-1,273	7,406
Result from the sale of investment properties	2.6.	15,650	8,225
Income from services rendered	2.7.	8,500	12,145
Indirect expenses	2.8.	-43,464	-53,246
Other operating income	2.9.	721	1,485
EBITDA		171,728	145,075
Depreciation and impairment of long-term assets		-4,626	-2,385
Changes in value of properties held for trading		95	-234
Depreciation and impairment/reversal	2.10.	-4,531	-2,619
Revaluation gain		491,752	293,220
Revaluation loss		-28,985	-16,759
Result from revaluation		462,767	276,461
Result from joint ventures	2.11.	3,729	23,354
Result of operations (EBIT)		633,693	442,271
Finance costs	2.12.	-43,148	-36,966
Foreign currency gains/losses	2.16.	-618	3,502
Result from derivatives	2.13.	-59,165	-21,301
Result from financial investments	2.14.	11,535	11,081
Result from associated companies	2.15.	-2,967	-2,387
Financial result	2.16.	-94,363	-46,071
Net result before taxes (EBT)		539,330	396,200
Current income tax		-19,967	-39,987
Deferred taxes		-126,060	-50,909
Income tax expense	7.1.	-146,026	-90,896
Consolidated net income		393,303	305,304
thereof attributable to non-controlling interests		21	11
thereof attributable to the owners of the parent		393,282	305,293
Earnings per share in € (basic)	2.18.	€4.23	€3.28
Earnings per share in € (diluted)	2.18.	€4.23	€3.21

B. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31.12.2019

€ K	Note	2019	2018
Consolidated net income		393,303	305,304
Other comprehensive income			
Reclassification of cash flow hedges		0	1,110
Foreign currency gains/losses		-14	-3,950
Income tax related to other comprehensive income		0	-268
Other comprehensive income for the period (realised through profit or loss)	2.17.	-14	-3,108
Revaluation securities		19,441	-3,124
Revaluation IAS 19		-1,549	345
Income tax related to other comprehensive income		-726	94
Other comprehensive income for the period (not realised through profit or loss)	2.17.	17,166	-2,685
Other comprehensive income for the period	2.17.	17,152	-5,792
Comprehensive income for the period		410,455	299,511
thereof attributable to non-controlling interests		21	11
thereof attributable to the owners of the parent		410,434	299,500

C. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2019

€ K	Note	31.12.2019	31.12.2018
ASSETS			
Investment properties	3.1.	4,292,893	3,755,196
Investment properties under development	3.1.	817,107	651,575
Own used properties	3.2.	15,030	5,223
Office furniture and equipment	3.3.	7,768	5,938
Intangible assets	3.3.	5,169	5,689
Investments in joint ventures	3.4.	67,755	200,012
Other assets	3.6.	83,667	65,163
Deferred tax assets	7.1.	1,810	1,951
Long-term assets		5,291,199	4,690,748
Long-term assets as a % of total assets		89.9%	87.6%
Assets held for sale and relating to disposal groups	4.1.	0	15,144
Properties held for trading	4.2.	61,340	44,468
Receivables and other assets	4.3.	73,814	97,115
Current income tax receivables	7.2.	23,198	19,184
Securities	4.4.	0	114,544
Cash and cash equivalents	4.5.	439,139	374,302
Short-term assets		597,491	664,757
Total assets		5,888,690	5,355,504
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		718,337	718,337
Capital reserves		791,372	789,832
Other reserves		-3,396	12,804
Retained earnings		1,461,571	1,118,663
Attributable to the owners of the parent		2,967,884	2,639,635
Non-controlling interests		84	62
Shareholders' equity	5.1.	2,967,968	2,639,697
Shareholders' equity as a % of total assets		50.4%	49.3%
Provisions	6.1.	34,571	29,327
Interest-bearing liabilities	5.2.	1,850,864	1,723,749
Other liabilities	5.3.	129,561	67,485
Deferred tax liabilities	7.1.	473,010	346,793
Long-term liabilities		2,488,006	2,167,353
Current income tax liabilities	7.3.	22,867	38,648
Provisions	6.1.	109,297	119,646
Interest-bearing liabilities	5.2.	246,478	219,645
Other liabilities	5.3.	54,073	169,588
Liabilities relating to disposal groups	4.1.	0	927
Short-term liabilities		432,716	548,454
Total liabilities and shareholders' equity		5,888,690	5,355,504

D. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.12.2019

€ K	2019	2018
Operating activities		
Net result before taxes	539,330	396,200
Revaluation result incl. change in accrual and deferral of rental income	-464,359	-277,731
Depreciation and impairment/reversal	4,531	2,619
Result from the sale of long-term properties and office furniture and other equipment	-15,624	-8,151
Taxes paid excl. taxes for the sale of long-term properties and investments	-19,494	-5,889
Finance costs and result from financial investments	31,612	25,885
Foreign currency gains/losses	618	-3,502
Result from derivatives	59,165	21,301
Result from joint ventures and associated companies	-762	-20,967
Cash flow from operations	135,018	129,765
Properties held for trading	-16,359	-7,759
Receivables and other assets	5,824	-18,092
Provisions	-3,350	350
Other liabilities	-3,706	5,064
Cash flow from change in net working capital	-17,591	-20,437
Cash flow from operating activities	117,427	109,329
Investing activities		
Acquisition of and investment in long-term properties incl. prepayments	-215,133	-223,353
Acquisition of property companies, less cash and cash equivalents of € 0 K (2018: € 1,282 K)	-2,366	-209,712
Acquisition of office equipment and intangible assets	-2,714	-1,685
Repayment of financial assets	9	15,967
Disposal of securities	133,985	0
Investments in joint ventures	0	-2
Disposal of investment properties and other assets	21,554	29,432
Disposal of investment property companies, less cash and cash equivalents of € 1,007 K (2018: € 8,307 K)	17,283	38,808
Disposal of at equity consolidated entities (including loans granted to these entities)	6,456	8,451
Loans made to joint ventures	-2,450	-6,401
Loan repayments made by joint ventures	2,100	2,557
Taxes paid relating to the sale of long-term properties and investments	-20,347	-14,874
Dividend distribution/capital repayment from at equity consolidated entities and other investments	26,961	163,881
Interest paid for capital expenditure in investment properties	-5,504	-6,688
Interest received from financial investments	988	3,613
Cash flow from investing activities	-39,178	-200,005
Financing activities		
Cash inflow from loans received	135,183	151,763
Cash inflow from the issuance of bonds	0	146,372
Costs paid for issuance of bonds/convertible bonds	-70	-116
Repayment of loans received from joint ventures	0	-600
Acquisition of treasury shares	0	-4,662
Dividend payments to shareholders	-83,725	-74,423
Dividends to shareholders of non-controlling interests	-128	-36
Repayment of loans incl. interest rate derivatives	-30,203	-101,925
Other interest paid	-34,338	-32,120
Cash flow from financing activities	-13,282	84,254
Net change in cash and cash equivalents	64,967	-6,423
Fund of cash and cash equivalents 1.1.	374,519	383,512
Changes in the value of foreign currency	-95	-1,573
Changes due to classification of disposal group	0	-997
Fund of cash and cash equivalents 31.12.	439,391	374,519
Expected credit losses cash and cash equivalents	-253	-217
Cash and cash equivalents 31.12. (balance sheet)	439,139	374,302

The interest paid in 2019 totalled € -39,842 K (2018: € -38,808 K). The income taxes paid in 2019 added up to € -39,841 K (2018: € -20,764 K).

The total lease payments in 2019 amount to € -4,217 K.

Additional information for the cashflow statement is provided in note 9.1.

E. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.12.2019

€ K	Note	Share capital	Capital reserves - Others	Capital reserves - Treasury share reserve
As at 1.1.2018		718,337	885,607	-91,113
Valuation/reclassification of cash flow hedges	2.17.	0	0	0
Foreign currency gains/losses	2.17.	0	0	0
Revaluation securities	2.17.	0	0	0
Revaluation IAS 19	2.17.	0	0	0
Consolidated net income		0	0	0
Comprehensive income for 2018		0	0	0
Dividend payments to shareholders	5.1.	0	0	0
Reclassification (other comprehensive income, not realised through profit or loss)		0	0	0
Acquisition of treasury shares	5.1.	0	0	-4,662
As at 31.12.2018	5.1.	718,337	885,607	-95,775
As at 1.1.2019		718,337	885,607	-95,775
Foreign currency gains/losses	2.17.	0	0	0
Revaluation securities	2.17.	0	0	0
Revaluation IAS 19	2.17.	0	0	0
Consolidated net income		0	0	0
Comprehensive income for 2019		0	0	0
Dividend payments to shareholders	5.1.	0	0	0
Reclassification (other comprehensive income, not realised through profit or loss)	4.4.	0	0	0
Subsequent acquisition costs for shares/increase in non-controlling interests		0	1,540	0
As at 31.12.2019	5.1.	718,337	887,147	-95,775

Retained earnings	Valuation result (hedging - reserve)	Other reserves	Attributable to shareholders of the parent company	Non-controlling interests	Shareholders' equity (total)
887,662	-842	19,569	2,419,219	51	2,419,270
0	842	0	842	0	842
0	0	-3,950	-3,950	0	-3,950
0	0	-2,929	-2,929	0	-2,929
0	0	244	244	0	244
305,293	0	0	305,293	11	305,304
305,293	842	-6,634	299,500	11	299,511
-74,423	0	0	-74,423	0	-74,423
131	0	-131	0	0	0
0	0	0	-4,662	0	-4,662
1,118,663	0	12,804	2,639,635	62	2,639,697
1,118,663	0	12,804	2,639,635	62	2,639,697
0	0	-14	-14	0	-14
0	0	18,226	18,226	0	18,226
0	0	-1,060	-1,060	0	-1,060
393,282	0	0	393,282	21	393,303
393,282	0	17,152	410,434	21	410,455
-83,725	0	0	-83,725	0	-83,725
33,351	0	-33,351	0	0	0
0	0	0	1,540	1	1,541
1,461,571	0	-3,396	2,967,884	84	2,967,968

F. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.12.2019

CHAPTER 1: INFORMATION ABOUT THE COMPANY AND GENERAL NOTES

a) Information concerning the Company

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

b) Accounting principles

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

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

c) Presentation and structuring of the group notes

The preparation and presentation of the financial statements require management to make relevant decisions regarding the choice of the accounting methods as well as the sequence and the relevance of the disclosures, taking into account the requirements of the users of the financial statements. CA Immo Group presents all items of the consolidated income statement and the consolidated statement of financial position together with information about main decisions, assumptions and estimations as well as the accounting policies for these items. The new structure offers the users of the financial statements a clear overview of the information about the group figures and relating explanations and disclosures.

The following symbols indicate the different contents of the chapters:



Main decisions, assumptions and estimations



Accounting policies

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

d) Scope of consolidation

The consolidated financial statements comprise the ultimate parent company CA Immo AG and the companies listed in Note 9.9.

Changes in scope

	Full consolidation	Joint ventures at equity	Associated companies at equity
As at 1.1.2019	161	34	1
New establishment of companies	3	0	0
Disposal of companies due to liquidation or restructuring	-9	-1	0
Sales of entities	-2	-1	-1
As at 31.12.2019	153	32	0
thereof foreign companies	136	29	0

Investments in unconsolidated structured entities

As at 31.12.2019, as in the previous year, there are no investments in unconsolidated structured entities.



Effective date of initial or deconsolidation

The consolidation of a subsidiary begins on the day on which the group gains control over the subsidiary. It ends when the group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary are recognized in the financial statements as of the date on which the group gains control of the subsidiary until the date the control ceases. CA Immo Group determines the date of the initial consolidation or deconsolidation taking into account efficiency and materiality considerations.



Consolidation

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

e) Acquisitions and establishments of companies/ company stakes

CA Immo Group did not acquire any stakes in 2019.



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

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

Newly established companies

For the foundation of companies, equity amounting to € 35K was paid.

f) Disposals of companies/company stakes

CA Immo Group disposed of the following interests in entities in the business year 2019:

Company name/domicile	Interest held in %	Consolidation method before change in participation	Sales price € K	Deconsolidation date
CA Immobilien Anlagen d.o.o.	100	Full consolidation	14,170	1.1.2019
Europolis D61 Logistics s.r.o.	100	Full consolidation	3,466	27.6.2019
Total affiliated entities			17,637	
Camari Investments Sp.z.o.o. WFC S.K.A.	50	At-equity Joint Ventures	460	13.3.2019
Total joint ventures			460	
ZAO "Avielen A.G."	35	At-equity associated entities	0	13.8.2019
Total associated entities			0	
Total			18,097	

The open sales prices in relation to sales made in 2019 amounted to € 0 K as at 31.12.2019.

The fully consolidated entities comprised the following net assets as of the date of the sale:

€ K	Total
Properties	-17,414
Other assets	-10
Cash and cash equivalents	-1,007
Deferred taxes	1,288
Provisions	20
Other liabilities	56
Receivables from/payables to affiliated companies	980
Net change	-16,087
thereof proportional net assets sold	-16,087

g) Consolidation methods

§ All companies under the control of the parent company are fully consolidated in the consolidated financial statements. A company is initially consolidated as of the time control is gained by the parent. Companies are deconsolidated when control ceases. All intra-group transactions between companies included in the scope of full consolidation, the related revenues and expenses, receivables and payables, as well as unrealised intra-group profits, are fully eliminated. Profit and loss amounts resulting from "upstream" and "downstream" transactions with joint ventures or associated companies are eliminated in accordance with the share of CA Immo Group in these companies (except for real estate properties measured at fair value).

If the company (legal entity) acquired is not a business, the acquisition is not a business combination according to IFRS 3. Correspondingly, the acquisition is only an acquisition of assets and liabilities, which are recognised with their proportional acquisition cost. The acquisition costs are allocated to the acquired assets (especially investment properties) and liabilities as well as the non-controlling interests, based on their relative fair value at the date of acquisition of the subsidiary.

If a business is acquired, the acquisition is classified as a business combination according to IFRS 3. The subsidiary is consolidated for the first time using the acquisition method, by recognising its identifiable assets and liabilities at fair value as well as a goodwill and non-controlling interests, if applicable. The goodwill represents any amount by which

the fair value of the transferred amount (usually the purchase price for the acquired business) and (if applicable) for the non-controlling interest, exceeds the fair value of the identifiable assets and liabilities, including any deferred taxes.

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

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

In case of a partial sale of shares in a subsidiary, previously fully consolidated, all assets and liabilities of the former subsidiary are excluded from the consolidated balance sheet, at the moment control is lost. As a result, the remaining shares are recognised as joint ventures, associated entities or financial instrument according to IFRS 9, with applicable fair value at the transition consolidation date through profit or loss.

If an acquisition of shares in an entity, previously accounted for as joint venture, associate or financial instrument according to IFRS 9, leads to control over that entity, then its assets and liabilities are recognized in the consolidated statement of financial position following the transitional consolidation and previously held investment is derecognized at their fair value through profit or loss.

Joint ventures

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

Associated companies

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

Equity method

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

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

h) Foreign currency translation

Transactions in foreign currencies

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

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

		Bid	Sale	Bid	Sale
		31.12.2019	31.12.2019	31.12.2018	31.12.2018
Switzerland	CHF	1.0769	1.0897	1.1201	1.1329
USA	USD	1.1154	1.1254	1.1400	1.1500

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

Translation of companies' individual financial statements denominated in foreign currencies

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

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

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

		Closing rate	Closing rate	Average exchange rate	Average exchange rate
		31.12.2019	31.12.2018	2019	2018
Bulgaria	BGN	not applicable	not applicable	not applicable	1.9558
Croatia	HRK	7.4426	7.4176	7.4174	7.4146
Poland	PLN	4.2585	4.3000	4.3018	4.2669
Romania	RON	4.7793	4.6639	4.7517	4.6535
Russia	RUB	not applicable	79.9770	66.3889	74.2082
Serbia	RSD	117.5928	118.1946	117.8478	118.2647
Czechia	CZK	25.4100	25.7250	25.6589	25.6767
Ukraine	UAH	not applicable	not applicable	not applicable	32.2545
Hungary	HUF	330.5200	321.5100	326.0275	319.8950



Determination of the functional currency

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

Functional currency: property entities

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

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

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

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

Functional currency: management entities

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

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

CHAPTER 2: PROFIT AND LOSS

2.1. Operative segments³⁾

€ K			Austria			Germany	
2019	Income producing	Development	Total	Income producing	Development	Total	Income producing
Rental income	29,704	7	29,711	62,941	5,126	68,066	105,462
Rental income with other operating segments	543	0	543	450	9	459	0
Operating costs charged to tenants	6,545	0	6,545	9,025	209	9,233	30,325
Operating expenses	-7,868	0	-7,868	-10,017	-364	-10,381	-31,431
Other expenses directly related to properties rented	-3,422	0	-3,422	-4,920	-510	-5,430	-10,881
Net rental income	25,503	7	25,510	57,478	4,469	61,948	93,474
Other expenses directly related to properties under development	0	-32	-32	0	-3,127	-3,127	0
Result from trading and construction works	0	1,360	1,360	0	15,018	15,018	0
Result from the sale of investment properties	4,843	0	4,843	-32	10,670	10,638	412
Income from services rendered	0	0	0	1,377	8,988	10,366	351
Indirect expenses	-1,178	-170	-1,348	-6,210	-12,621	-18,830	-12,766
Other operating income	2	2	4	426	199	625	105
EBITDA	29,171	1,166	30,337	53,040	23,597	76,637	81,576
Depreciation and impairment/reversal	-621	0	-621	-106	-2,988	-3,093	-590
Result from revaluation	3,347	0	3,347	227,847	157,279	385,126	80,462
Result from joint ventures	0	0	0	0	0	0	0
Result of operations (EBIT)	31,897	1,166	33,063	280,781	177,888	458,669	161,448
Timing of revenue recognition							
Properties held for trading	0	2,241	2,241	0	27,777	27,777	0
Sale of investment properties	16,332	0	16,332	0	7,374	7,374	442
Total income IFRS 15 - transferred at a point in time	16,332	2,241	18,574	0	35,151	35,151	442
Operating costs charged to tenants	6,545	0	6,545	9,025	209	9,233	30,325
Income from the sale of properties and construction works	0	0	0	0	18,092	18,092	0
Income from services rendered	0	0	0	1,377	8,988	10,366	351
Total income IFRS 15 - transferred over time	6,545	0	6,545	10,402	27,289	37,691	30,676
Total income IFRS 15	22,878	2,241	25,119	10,402	62,440	72,842	31,117
31.12.2019							
Property assets ¹⁾	572,892	253	573,145	1,558,752	1,175,974	2,734,726	1,754,821
Other assets	17,874	3,274	21,148	151,206	406,947	558,153	201,524
Deferred tax assets	0	0	0	347	1,881	2,228	514
Segment assets	590,766	3,528	594,293	1,710,305	1,584,802	3,295,106	1,956,859
Interest-bearing liabilities	207,960	0	207,960	669,656	298,909	968,565	774,422
Other liabilities	16,960	603	17,563	29,453	194,677	224,130	50,010
Deferred tax liabilities incl. current income tax liabilities	49,489	1	49,491	298,636	129,483	428,119	55,596
Liabilities	274,409	605	275,014	997,744	623,070	1,620,814	880,029
Shareholders' equity	316,356	2,923	319,279	712,561	961,732	1,674,292	1,076,831
Capital expenditures ²⁾	16,776	0	16,776	5,200	213,146	218,345	17,204

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

²⁾ Capital expenditures include all acquisitions of properties (long-term and short-term) including additions from initial consolidation, office furniture and other equipment and intangible assets; thereof € 25,023 K (31.12.2018: € 44,882 K) in properties held for trading.

³⁾ The segment reporting does not show a right of use asset and a corresponding lease liability resulting from an intercompany lease as per IFRS 16 between the entities of the CA Immo Group. These intercompany contracts are recognized as regular income/expense in the segment reporting as before and eliminated in column "Consolidation".

Development	Eastern Europe core regions	Income producing	Development	Eastern Europe other regions	Total segments	Transition		Total
	Total			Total		Holding	Consolidation	
5,049	110,511	14,103	0	14,103	222,391	0	-1,662	220,730
0	0	0	0	0	1,003	0	-1,003	0
1,282	31,607	4,384	0	4,384	51,770	0	-13	51,757
-1,500	-32,931	-4,665	0	-4,665	-55,845	0	518	-55,327
-1,217	-12,098	-1,463	0	-1,463	-22,413	0	3	-22,410
3,614	97,088	12,360	0	12,360	196,906	0	-2,156	194,750
-351	-351	0	-7	-7	-3,517	0	360	-3,157
0	0	0	0	0	16,378	0	-17,650	-1,273
-522	-110	-217	219	2	15,373	0	277	15,650
0	351	0	0	0	10,717	8,990	-11,206	8,500
-1,326	-14,092	-1,406	-33	-1,438	-35,709	-21,267	13,513	-43,464
0	105	77	15	91	826	206	-311	721
1,415	82,991	10,813	195	11,008	200,973	-12,072	-17,174	171,728
0	-590	-9	0	-9	-4,314	-403	187	-4,531
2,064	82,527	-8,232	0	-8,232	462,767	0	0	462,767
0	0	0	0	0	0	0	3,729	3,729
3,480	164,928	2,572	195	2,767	659,427	-12,475	-13,259	633,693
0	0	0	0	0	30,018	0	-29,733	286
1,238	1,680	13,150	3,467	16,617	42,003	0	541	42,545
1,238	1,680	13,150	3,467	16,617	72,022	0	-29,191	42,830
1,282	31,607	4,384	0	4,384	51,770	0	-13	51,757
0	0	0	0	0	18,092	0	-6,034	12,058
0	351	0	0	0	10,717	8,990	-11,206	8,500
1,282	31,958	4,384	0	4,384	80,578	8,990	-17,252	72,315
2,520	33,637	17,535	3,467	21,001	152,600	8,990	-46,444	115,146
94,819	1,849,641	175,009	0	175,009	5,332,520	0	-146,150	5,186,370
14,516	216,040	9,484	10,503	19,987	815,327	902,535	-1,017,353	700,509
0	514	314	0	314	3,055	42,120	-43,365	1,810
109,335	2,066,194	184,806	10,503	195,309	6,150,903	944,655	-1,206,868	5,888,690
67,941	842,363	88,356	9,395	97,752	2,116,640	1,002,711	-1,022,009	2,097,342
9,666	59,677	5,023	1	5,024	306,394	84,101	-62,993	327,502
1,476	57,072	4,726	0	4,726	539,408	2,576	-46,107	495,877
79,083	959,112	98,106	9,397	107,503	2,962,442	1,089,388	-1,131,109	2,920,722
30,252	1,107,083	86,700	1,106	87,806	3,188,460	-144,733	-75,760	2,967,968
5,069	22,273	2,788	0	2,788	260,183	1,051	-7,704	253,529

€ K			Austria			Germany	
2018 restated	Income producing	Development	Total	Income producing ⁴⁾	Development ⁴⁾	Total ⁴⁾	Income producing
Rental income	27,904	236	28,140	55,460	4,941	60,401	92,900
Rental income with other operating segments	533	0	533	487	9	496	0
Operating costs charged to tenants	6,592	123	6,715	11,620	622	12,242	32,459
Operating expenses	-7,613	-123	-7,736	-12,625	-927	-13,552	-34,162
Other expenses directly related to properties rented	-3,239	0	-3,239	-4,556	-691	-5,247	-4,572
Net rental income	24,177	236	24,413	50,384	3,954	54,339	86,626
Other expenses directly related to properties under development	0	-428	-428	0	-5,366	-5,366	0
Result from trading and construction works	0	13,500	13,500	0	10,315	10,315	0
Result from the sale of investment properties	-26	0	-26	3,509	8,735	12,244	-1,526
Income from services rendered	0	0	0	830	12,078	12,908	479
Indirect expenses	-1,466	-139	-1,605	-7,172	-20,697	-27,869	-13,058
Other operating income	245	2	248	609	206	815	368
EBITDA	22,930	13,171	36,101	48,162	9,225	57,386	72,889
Depreciation and impairment/reversal	-690	0	-690	-104	-511	-615	-452
Result from revaluation	17,179	9,699	26,877	71,023	128,887	199,910	44,973
Result from joint ventures	0	0	0	0	0	0	0
Result of operations (EBIT)	39,419	22,870	62,289	119,080	137,601	256,681	117,410
Timing of revenue recognition							
Properties held for trading	0	3,888	3,888	0	8,367	8,367	0
Sale of investment properties	22,053	0	22,053	761,384	20,063	781,447	447
Total income IFRS 15 - transferred at a point in time	22,053	3,888	25,941	761,384	28,430	789,814	447
Income from the sale of properties and construction works	0	26,494	26,494	0	77,698	77,698	0
Income from services rendered	0	0	0	830	12,078	12,908	479
Total income IFRS 15 - transferred over time	0	26,494	26,494	830	89,776	90,606	479
Total income IFRS 15	22,053	30,382	52,435	762,215	118,206	880,420	926
31.12.2018 restated							
Property assets ¹⁾	517,394	48,286	565,681	1,303,648	832,689	2,136,337	1,627,900
Other assets	12,669	37,579	50,249	516,317	554,266	1,070,583	174,601
Deferred tax assets	0	0	0	952	948	1,900	396
Segment assets	530,063	85,866	615,929	1,820,917	1,387,903	3,208,821	1,802,897
Interest-bearing liabilities	190,150	23,770	213,919	637,452	276,639	914,092	794,916
Other liabilities	5,086	12,113	17,198	18,862	317,077	335,939	45,773
Deferred tax liabilities incl. current income tax liabilities	44,365	3,487	47,852	222,757	109,380	332,137	39,699
Liabilities	239,600	39,370	278,970	879,072	703,096	1,582,167	880,388
Shareholders' equity	290,464	46,496	336,959	941,845	684,807	1,626,652	922,508
Capital expenditures ²⁾	2,440	21,759	24,199	72,724	207,372	280,096	224,676

⁴⁾ In the segments Income Producing and Development in Germany the deferred tax liabilities as well as the shareholder's equity have been changed in the amount of € 9,420 K. The restatement was necessary due to a missing assignment in the deferred taxes. For the correct representation the column "Consolidation" changes by € -9,420 K. This restatement has no impact on the consolidated financial statements 2018.

Development	Eastern Europe core regions Total	Income producing	Development	Eastern Europe other regions Total	Total segments ⁴⁾	Holding	Transition Consolidation ⁴⁾	Total
899	93,799	17,207	0	17,207	199,547	0	-7,107	192,440
0	0	0	0	0	1,028	0	-1,028	0
254	32,713	5,718	0	5,718	57,388	0	-1,560	55,828
-365	-34,527	-6,520	0	-6,520	-62,335	0	2,228	-60,107
-30	-4,602	-1,016	0	-1,016	-14,103	0	1,143	-12,960
757	87,383	15,390	0	15,390	181,525	0	-6,324	175,201
-722	-722	0	-17	-17	-6,534	0	393	-6,141
0	0	0	0	0	23,814	0	-16,408	7,406
1,177	-349	8,825	173	8,998	20,867	0	-12,642	8,225
0	479	0	0	0	13,387	12,872	-14,114	12,145
-656	-13,714	-1,366	-74	-1,439	-44,627	-24,503	15,883	-53,246
340	708	29	0	29	1,799	259	-573	1,486
896	73,785	22,878	82	22,960	190,232	-11,372	-33,785	145,075
0	-452	-1	0	-1	-1,757	-334	-528	-2,619
8,951	53,924	-4,444	-10	-4,454	276,258	0	203	276,461
0	0	0	0	0	0	0	23,354	23,355
9,847	127,258	18,433	72	18,506	464,733	-11,706	-10,756	442,272
0	0	0	0	0	12,255	0	-11,881	375
8,927	9,374	8,635	1,118	9,753	822,627	0	-778,447	44,181
8,927	9,374	8,635	1,118	9,753	834,882	0	-790,327	44,555
0	0	0	0	0	104,192	0	-60,149	44,043
0	479	0	0	0	13,387	12,872	-14,114	12,145
0	479	0	0	0	117,579	12,872	-74,263	56,188
8,927	9,853	8,635	1,118	9,753	952,462	12,872	-864,590	100,743
88,755	1,716,655	193,014	3,900	196,914	4,615,586	0	-144,981	4,470,606
18,153	192,755	7,857	16,245	24,102	1,337,687	1,041,202	-1,495,943	882,947
0	396	452	0	452	2,748	38,499	-39,296	1,951
106,908	1,909,805	201,323	20,145	221,468	5,956,023	1,079,702	-1,680,220	5,355,504
66,214	861,130	90,345	9,448	99,792	2,088,934	1,089,893	-1,235,433	1,943,394
9,005	54,778	4,462	7	4,469	412,385	45,608	-71,021	386,973
817	40,517	5,698	559	6,257	426,763	4,494	-45,815	385,442
76,036	956,424	100,505	10,014	110,519	2,928,081	1,139,995	-1,352,269	2,715,808
30,873	953,381	100,818	10,131	110,949	3,027,941	-60,294	-327,951	2,639,696
24,971	249,647	3,104	0	3,104	557,046	264	-78,414	478,895

In 2019, the accounting method of the segment reporting was changed. Details are shown in chapter 9.8. in point “presentation methods”.

Segment information

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

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

The accounting principles of the reportable segments correspond to those described under “Summarized presentation of accounting methods”. In line with IFRS 16, segment reporting does not include any rights of use/lease liabilities from rental and lease agreements existing between companies of the CA Immo Group. As in the past, such intercompany contracts are recognized as income/expense in the segment reporting and eliminated in the column “Transition Consolidation”.

Transactions between operating segments are allocated as follows:

- Management fees for services performed by the holding segment (e.g. property management, financial negotiation, purchase and sale of properties, accounting, controlling) are charged on the basis of actual fees and allocated to the individual segments on the basis of the invoiced services. They are recognised in the column “Holding” as income from services rendered.
- Management companies are assigned to the segments according to their main activities. Management fees charged by these companies are allocated based on the invoiced services to the individual operating segment of the respective region and are recognised in the segment, which the management company has been assigned to, as income from services rendered.
- Eastern Europe core region segment consists of Hungary, Poland, Romania and Czechia.
- Eastern Europe other region segment consists of Serbia, Croatia, Slovenia (sold in 2019), Russia (sold in 2019) and Slovakia.



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



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

- Income producing properties: Investment properties rented including the related rights of use, own used properties including rights of use for own used properties and investment properties pursuant to IFRS 5
- Development: Properties under development and land banks, completed development properties (investment properties) until the second annual reporting date after completion (depending on the tenancy rate or beginning of the sales

process), development services for third parties, properties under development pursuant to IFRS 5, and properties held for trading

- Holding: general management and financing activities of CA Immo Group.

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

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

Segment Eastern Europe core regions before consolidation	€ K	2019 Share in %	€ K	2018 Restated Share in %
Rental income				
Poland	29,314	26.5%	25,818	27.5%
Romania	26,634	24.1%	18,794	20.0%
Czechia	20,560	18.6%	18,018	19.2%
Hungary	34,003	30.8%	31,169	33.2%
Total rental income	110,511	100.0%	93,799	100.0%
Book value of investment properties IAS 40				
Poland	519,691	28.1%	483,200	28.1%
Romania	399,030	21.6%	394,500	23.0%
Czechia	405,775	21.9%	355,485	20.7%
Hungary	525,144	28.4%	483,470	28.2%
Total book value investment property according to IAS 40	1,849,641	100.0%	1,716,655	100.0%

2.2. Rental income

€ K	2019	2018
Basic rental income	205,321	188,925
Conditional rental income	1,520	1,664
Income from non-service components of service charges	10,227	0
Change in accrued rental income related to lease incentive agreements	1,592	1,270
Settlement from cancellation of rent agreements	2,070	581
Rental income	220,730	192,440

Starting 2019, given the implementation of IFRS 16, the item „Income from non-service components of service charges“ contains income from service charges, for which according to IFRS 16 no separate service is rendered like land tax, building insurance or usufruct expenses. In 2018 these parts of the service charges reconciliation were presented in result from operating costs.

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

2019	Austria		Germany		Eastern Europe core regions		Eastern Europe other regions		Total	
	€ K	Share in %	€ K	Share in %	€ K	Share in %	€ K	Share in %	€ K	Share in %
Office	16,716	56.3%	51,052	76.9%	110,494	100.0%	14,103	100.0%	192,366	87.2%
Hotel	5,861	19.7%	9,038	13.6%	0	0.0%	0	0.0%	14,899	6.7%
Retail	4,745	16.0%	25	0.0%	0	0.0%	0	0.0%	4,771	2.2%
Others	2,381	8.0%	6,313	9.5%	0	0.0%	0	0.0%	8,694	3.9%
Rental income	29,704	100%	66,428	100%	110,494	100%	14,103	100%	220,730	100%

2018	Austria		Germany		Eastern Europe core regions restated		Eastern Europe other regions restated		Total	
	€ K	Share in %	€ K	Share in %	€ K	Share in %	€ K	Share in %	€ K	Share in %
Office	14,879	52.9%	46,279	79.2%	91,138	99.3%	12,875	91.5%	165,171	85.8%
Hotel	6,193	22.0%	5,439	9.3%	0	0.0%	1,192	8.5%	12,824	6.7%
Retail	5,370	19.1%	263	0.5%	659	0.7%	0	0.0%	6,292	3.3%
Others	1,697	6.0%	6,455	11.0%	0	0.0%	0	0.0%	8,153	4.2%
Rental income	28,139	100%	58,436	100%	91,797	100%	14,067	100%	192,440	100%

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

§ Rental revenues according to IFRS 16 (2018: IAS 17) are recognised on a straight-line basis over the lease term. Lease incentive agreements, such as rent-free periods, reduced rents for a certain period or one-off payments, which can be freely used in the course of their businesses, are included in rental income. Therefore, the lease incentives are allocated on a straight-line basis over the entire expected contractual lease term accordingly. In the case of leases with constant rent adjustment over the term (graduated rents), such adjustments are likewise recognised on a straight-line basis over the lease term. Any adjustments attributable to inflation, in contrast, are not spread over the underlying lease term. The lease term over which rental income is allocated on a straight-line basis comprises the non-terminable period as well as any further periods for which the tenant can exercise an option, with or without making additional payments, provided that the exercise of the option is estimated as being probable at the inception of the lease.

Rental revenues comprise also components of the service charges reconciliation for which CA Immo Group does not provide the tenant with a separate service however the tenant must reimburse them (for example property taxes, building insurance, usufruct expenses).

Conditional rental income, which is based on revenues generated in the business premises, are recognised in profit or loss in the period in which they are assessed.

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

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

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

€ K	2019	2018
Operating costs charged to tenants	51,757	55,828
Operating expenses	-55,327	-60,107
Own operating costs	-3,570	-4,278
Maintenance costs	-6,489	-5,934
Agency fees	-2,336	-3,057
Bad debt losses and reserves for bad debts	-454	-1,174
Other directly related expenses	-13,131	-2,795
Other expenses directly related to properties rented	-22,410	-12,961
Total	-25,980	-17,239

Starting 2019, given the IFRS 16 implementation, the item „Other directly related expenses“ contains expenses from non-service components. These relate mainly to property taxes and building insurance expenses and amount to € 9,992 K in 2019.

In 2018, income/expenses from usufruct were included in operating costs charged to tenants, respectively operating expenses. Starting 2019, these are accounted for as right of use assets in accordance with IFRS 16.

§ Operating costs incurred by CA Immo Group for properties rented, which trigger a separate performance obligation (non-lease components) to tenants, are presented in the consolidated income statement in “operating costs charged to tenants”. Based on an analysis of primary performance responsibility, inventory risk as well as pricing competence, CA Immo Group has to be considered as principal for service charges as it has the primary responsibility for providing the service and is the direct counterpart in case of performance disruptions. The item “operating costs charged to tenants” contains only non-lease components that are within the scope of IFRS 15.

2.4. Other expenses directly related to properties under development

€ K	2019	2018
Operating expenses related to investment properties under development	-1,057	-639
Property advertising costs	-249	-68
Project development and project execution	-1,668	-5,056
Operating expenses related to investment properties under development long-term assets	-2,974	-5,763
Operating expenses related to investment properties under development	-72	-94
Property advertising costs	-10	-27
Project development and project execution	-101	-257
Operating expenses related to investment properties under development short-term assets	-183	-378
Other expenses directly related to properties under development	-3,157	-6,141

2.5. Result from trading and construction works

€ K	2019	2018
Trading property - transferred at a point in time	286	375
Trading property and construction work - transferred over time	12,058	44,043
Income from the sale of properties and construction works	12,344	44,417
Book value of properties sold incl. ancillary costs	-823	-247
Construction costs	-12,793	-36,764
Book value of properties sold incl. ancillary and construction costs	-13,617	-37,011
Result from trading and construction works	-1,273	7,406
Result from trading and construction works in % from revenues	-10.3%	16.7%

The result from trading and construction works in 2019 also includes subsequent expenses related to previously sold properties.

§ The item “income from trading and construction works” includes income from the sale of properties intended for trading, which is depending on contract stipulations realized at a point or over time, as well as income from construction works (construction of a building on the land of a customer, whereby CA Immo Group as a builder carries out a construction contract with or without a general contractor), which are transferred over time.

2.6. Result from sale of investment properties

€ K	Austria	Germany	Eastern Europe core regions	Eastern Europe other regions	2019	Austria	Germany	Eastern Europe core regions	Eastern Europe other regions	2018
Sales prices for interests in property companies	0	0	-37	17,637	17,600	22,053	0	447	1,118	23,618
Book value of net assets sold excl. goodwill	0	0	0	-16,087	-16,087	-22,052	0	-423	-968	-23,443
Goodwill of sold properties	0	0	0	0	0	0	0	0	0	0
Revaluation result for the year	0	0	0	-630	-630	0	0	-1,644	0	-1,644
Subsequent costs and ancillary costs	0	425	-24	60	461	-7	771	122	-71	815
Results from the sale of investment property (share deals)	0	425	-61	980	1,343	-6	771	-1,498	79	-654
Income from the sale of investment properties	16,332	7,374	1,238	0	24,945	0	20,063	500	0	20,563
Book value of properties sold	-11,569	0	-1,193	0	-12,762	0	-12,130	-400	0	-12,530
Goodwill of sold properties	-16	0	-43	0	-59	0	0	0	0	0
Revaluation result for the year	354	0	-477	0	-123	0	0	0	0	0
Subsequent costs and ancillary costs	-96	2,459	-58	0	2,306	-21	765	103	0	847
Results from the sale of investment property (asset deals)	5,006	9,833	-532	0	14,307	-21	8,697	203	0	8,879
Result from the sale of investment properties	5,006	10,258	-594	980	15,650	-27	9,468	-1,296	79	8,225

The book value of net assets sold (= equity) for share deals includes investment property in the amount of € 17,414K (2018: € 45,160K), for which selling prices totaling to € 17,619K (2018: € 45,209K) were agreed.

§ Revenues from the sale of investment properties

Income from the sale of properties is recognised when:

- CA Immo Group does not retain any rights of disposal or effective control in respect of the object sold (control),
- the amount of the revenues and the expenses incurred or to be incurred in connection with the sale can be reliably determined, and
- it is sufficiently probable that the economic benefit from the sale will flow to CA Immo Group.

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

§ Result from the sale of investment properties

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

2.7. Income from services rendered

€ K

	2019	2018
Revenues from service contracts	7,831	10,149
Management revenues and other fees	669	1,996
Income from services rendered	8,500	12,145

§ Revenue recognition according to IFRS 15

Revenues are to be recognized in according with IFRS 15, when a performance obligation is fulfilled by transferring an agreed good or service to the customer. An asset is deemed to be transferred when the customer gains control of that asset. Control over a good or a service is transferred at a specific point in time if the obligation is not satisfied over a period of time. If one of the following criteria is met, the performance obligation is fulfilled over a period of time:

- the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs;
- the entity's performance creates or enhances an asset that the customer controls as the asset is created; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable claim of payment for performance completed to date

If a performance obligation is met over a period of time, according to IFRS 15, the contract related transaction price as well as contract performance and acquisition costs must be recognized as revenues or expenses, in accordance with the performance progress as at balance sheet date. The cost-to-cost method is used in the CA Immo Group for the ongoing monitoring of construction projects and is a reliable method for determining the progress of the service performance. Thereby, to determine the performance progress, the ratio of the contract respectively construction costs incurred up to balance sheet date to the estimated total contract costs, respectively construction costs (cost-to-cost method) is applied.

§ Revenues from services rendered

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

§ Revenues from construction contracts

CA Immo Group also offers services in the form of construction supervision for customers, which are handled as construction contracts. The income from construction contracts (e.g. project management, construction supervision and acceptance of, for example building construction, interior works or development of land) is recorded in accordance with the provision of services, in accordance with IFRS 15.

2.8. Indirect expenses

€ K	2019	2018
Personnel expenses	–41,737	–42,035
Legal, auditing and consulting fees	–8,217	–8,686
Third party acquired development services	–2,560	–4,939
Office rent	–676	–1,649
Travel expenses and transportation costs	–1,190	–1,272
Other expenses internal management	–3,004	–3,324
Other indirect expenses	–2,904	–4,850
Subtotal	–60,288	–66,756
Own work capitalised in investment property	14,336	9,801
Change in properties held for trading	2,488	3,708
Indirect expenses	–43,464	–53,246

Personnel expenses include contributions to staff welfare funds in the amount of € 110 K (2018: € 171 K) and to pension and relief funds in the amount of € 423 K (2018: € 374 K).

§ CA Immo Group capitalizes indirect expenses (mainly personnel expenses) to the extent that they can be attributed to the construction cost of properties under development and properties held for trading. The assignment is based on the activities of the departments for the developments. These internally-produced capitalised expenses and capitalised changes in work-in-progress respectively are reported as an adjustment of the indirect expenses. As long as these services are rendered to joint ventures of CA Immo Group, no decrease of the indirect expenses, but “income from services rendered” is recognised.

2.9. Other operating income

€ K	2019	2018
Discharge of lapsed liabilities	0	120
Other income	721	1,366
Other operating income	721	1,485

2.10. Depreciation and impairment losses/reversal

€ K	2019	2018
Regular depreciation	–1,720	–1,514
Depreciation right of use assets	–2,259	0
Impairment loss on goodwill	–646	–870
Impairment loss on properties held for trading	–118	–396
Reversal of impairment loss previously recognised on properties held for trading	213	162
Depreciation and impairment/reversal	–4,531	–2,619

§ Explanations with regard to the measurement of depreciation and impairments/reversal of impairments can be found in chapters “3.2. Own used properties”, “3.3. Office furniture and equipment and intangible assets” and “4.2. Properties held for trading”.

2.11. Joint ventures result

€ K	2019	2018
At equity consolidation of investments in joint ventures	3,808	21,770
Result from sale of joint ventures	-80	1,584
Result from joint ventures	3,729	23,354

In 2018, the result of at equity consolidation of joint ventures mainly contains the release of deferred trade tax in Germany.

2.12. Finance expenses

€ K	2019	2018
Interest expense banks	-18,115	-17,927
Interest expense bonds	-18,786	-16,352
Interest expense convertible bond	-4,826	-4,726
Interest expenses lease liabilities	-1,325	0
Other interest and finance costs	-6,381	-5,559
Capitalised interest	6,286	7,598
Finance costs	-43,148	-36,966

§ Finance costs comprise interest payable for external financing, interest recognised by the effective interest-rate method (if not required to be capitalised according to IAS 23), interest for lease liabilities determined according to the effective interest-rate method (if not required to be capitalized according to IAS 23), interest for committed external funds not yet received, current interest on derivative transactions, the interest costs arising from the calculation of retirement benefits, the net result attributable to non-controlling interests in limited partnerships and expenses similar to interest.

Interest is deferred over time by the effective interest-rate method. The net result of non-controlling interests in limited partnerships contains the pro rata net income of non-controlling partners of limited partnerships in Germany, whose capital contribution, updated with the profit share, is recognised as debt in the statement of financial position under "other liabilities".

2.13. Result from derivatives

€ K	2019	2018
Valuation interest rate derivative transactions	-20,748	-5,286
Reclassification of valuation results recognised in equity	0	-1,110
Valuation derivative convertible bond	-38,418	-14,905
Result from derivatives	-59,165	-21,301

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

€ K	2019	2018
Valuation of interest rate swaps without cash flow hedge relationship	-21,068	-5,386
Valuation interest rate floors	321	101
Valuation interest rate derivative transactions	-20,748	-5,286

§ The result from derivatives consists of gains and losses from the sale or measurement of interest rate swaps and floors as well as valuation of the derivative convertible bond.

2.14. Result from financial investments

€ K	2019	2018
Interest income from loans to associated companies and joint ventures	1,492	1,518
Interest income on bank deposits	25	29
Revenues from dividends	5,778	6,921
Expected credit losses for cash and restricted cash	-46	-34
Negative interests on deposits	-890	-933
Revaluation of other investments	1,120	1,607
Result from disposal of other investments	0	263
Other interest income	4,057	1,709
Result from financial investments	11,535	11,081

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

2.15. Result from associated companies

€ K	2019	2018
ZAO „Avielen A.G.“, St. Petersburg	-2,967	-2,387
	-2,967	-2,387

§ The result from associated companies includes the changes in value resulting from disposal or from subsequent valuations of the loans granted to associated entities.

2.16. Financial result

€ K		Category ¹⁾	2019	2018
Interest expense	Interest	AC	-43,148	-36,966
Foreign currency gains/losses	Valuation		-745	-96
	Realisation		127	3,598
Interest rate swaps	Valuation	FVtPL	-21,068	-5,386
	Realisation	FVtPL	0	-1,110
Interest rate floors	Valuation	FVtPL	321	101
Derivative convertible bond	Valuation	FVtPL	-38,418	-14,905
Interest income	Interest	AC	5,574	3,256
Negative interests on deposits	Interest	AC	-890	-933
Financial investments	Dividends	FVtPL/ FVOCI	5,778	6,921
Financial investments	Valuation	FVtPL	1,120	1,607
Result from disposal of other investments	Realisation	FVtPL	0	263
Expected credit losses for cash and restricted cash	Valuation	AC	-46	-34
Net result of financial instruments			-91,396	-43,684
Result from associated companies	Valuation	AEA	-2,963	-2,387
	Realisation	AEA	-4	0
Result from associated companies			-2,967	-2,387
Financial result			-94,363	-46,071

¹⁾ AC – amortised cost, FVtPL – fair value through profit or loss, FVOCI – fair value through other comprehensive income, AEA – at equity


The impairment for associated companies amounting to € -2,963 K (2018: € -2,387 K) corresponds to the segment Eastern Europe other regions development. During 2019, the loans granted to associated companies were sold together with the investment in associates.

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

2.17. Other comprehensive income

2019					
€ K	Valuation result/ Reclassification (Hedging)	Currency translation reserve	Reserve from valuation of securities	Reserve according to IAS 19	Total
Other comprehensive income before taxes	0	-14	19,441	-1,549	17,877
Income tax related to other comprehensive income	0	0	-1,215	490	-726
Other comprehensive income for the period	0	-14	18,226	-1,060	17,152
thereof: attributable to the owners of the parent	0	-14	18,226	-1,060	17,152

2018					
€ K	Valuation result/ Reclassification (Hedging)	Currency translation reserve	Reserve from valuation of securities	Reserve according to IAS 19	Total
Other comprehensive income before taxes	1,110	-3,950	-3,124	345	-5,618
Income tax related to other comprehensive income	-268	0	195	-101	-174
Other comprehensive income for the period	842	-3,950	-2,929	244	-5,792
thereof: attributable to the owners of the parent	842	-3,950	-2,929	244	-5,792

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

2.18. Earnings per share

		2019	2018
Weighted average number of shares outstanding	pcs.	93,028,299	93,052,919
Consolidated net income	€ K	393,282	305,293
Basic earnings per share	€	4.23	3.28

		2019	2018
Weighted average number of shares outstanding	pcs.	93,028,299	93,052,919
Dilution effect:			
Convertible bond	pcs.	6,610,000	6,564,697
Weighted average number of shares	pcs.	99,638,299	99,617,616
Consolidated net income attributable to the owners of the parent	€ K	393,282	305,293
Dilution effect:			
Convertible bond effective interest/valuation derivative convertible bond	€ K	43,243	19,632
Less taxes	€ K	–10,811	–4,908
Consolidated net income attributable to the owners of the parent adjusted by dilution effect	€ K	425,715	320,017
Diluted earnings per share	€	4.23	3.21

In the computation of the diluted earnings per share, the add-on of the income statement effect of the convertible bond is higher than the effect of the computational increase in the number of shares, which is why mathematically the diluted earnings per share would exceed the undiluted earnings per share. Therefore, there is no dilution and the diluted and undiluted earnings per share are the same.

CHAPTER 3: LONG-TERM ASSETS

3.1. Long-term property assets

Investment Property (IAS 40) – Movements and classification

€ K	Income producing investment properties	Investment properties under development	Total
Book values			
As at 1.1.2018	3,155,677	579,274	3,734,952
Purchase of real estate companies	207,547	0	207,547
Current investment/construction	40,309	184,375	224,684
Disposals	–8,831	–13,480	–22,311
Reclassification to assets held for sale	–14,144	0	–14,144
Transfers	216,681	–216,681	0
Revaluation	156,729	118,088	274,816
Change in lease incentives	1,227	0	1,227
As at 31.12.2018	3,755,196	651,575	4,406,771
Initial Application IFRS 16	31,835	0	31,835
Current investment/construction	58,909	166,678	225,588
Disposals	–11,263	–4,523	–15,786
Reclassification of own used properties	–1,070	0	–1,070
Transfers	155,313	–155,313	0
Revaluation	303,325	158,688	462,014
Change in lease incentives	648	0	648
As at 31.12.2019	4,292,893	817,107	5,110,000

The current capital expenditures (construction costs) for investment properties under development mainly relate to Frankfurt ONE (€ 39,214K), CUBE (€ 28,124K), My.B (€ 24,103K), Baumkirchen Mitte MK (€ 24,118K) and München Nymphenburg (€ 16,894K) in Germany as well as several other projects in Germany. The capital expenditures in income producing investment properties relate mainly to fit-outs for tenants in Austria (€ 15,436K), München Nymphenburg (€ 15,211K) in Germany, CityGate (€ 2,221K) in Hungary and Warsaw Towers (€ 2,262K) in Poland. The reclassification from investment properties under development to income producing investment properties relate to the Frankfurt long-distance bus station as well as the Hamburger railway station Berlin, München Nymphenburg and office building at Art Campus Berlin in Germany.

The disposals for the current year relate mainly to the sale of a hotel in Austria as well as the sale of an undeveloped plot of land in Slovakia. Previous year disposals mainly relate to the sale of an undeveloped plot in Ukraine, the sale of Gleisdreieck Pasing and Bahnhof Freimann in Germany as well as the sale of Pannonia shopping Center in Hungary.

The fair value of the properties assigned as collateral for external financings totals € 2,790,911 K (31.12.2018: € 2,313,107K).

In 2019, borrowing costs relating to the construction of properties totaling € 5,868K (2018: € 7,115K) were capitalised at a weighted average interest rate of 1.71% (2018: 2.36%).

In 2019, government grants amounted to € 0 K (2018: € 0 K).

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

€ K	Income producing investment properties	Investment properties under development	Total
As at 1.1.2018			
Fair value of properties	3,141,621	578,981	3,720,602
Incentives agreements	14,057	293	14,350
Fair value/book value	3,155,677	579,274	3,734,951
As at 31.12.2018			
Fair value of properties	3,739,762	651,432	4,391,194
Lease incentive agreements	15,434	143	15,577
Fair value/book value	3,755,196	651,575	4,406,771
As at 31.12.2019			
Fair value of properties	4,276,811	816,964	5,093,775
Lease incentive agreements	16,082	143	16,225
Fair value/book value	4,292,893	817,107	5,110,000

Classification of real estate assets with mixed utilisation

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

Classification of real estate assets with change in use

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

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

Classification of investment properties

The item “investment properties” consists of investment properties and properties under development that are held neither for own use nor for sale in the ordinary course of business, but to generate rental income and to appreciate in value. Usufruct rights for developed land and the rental of parking spaces for subletting lead to the recognition of right of use assets, which are assigned to the item “investment properties”.

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

Valuation of investment properties

Investment properties are measured according to the fair value model. Changes in the current book value before revaluation (fair value of previous year plus subsequent/additional acquisition or construction cost less subsequent

acquisition cost reductions as well as the impact from the deferral of lease incentives) are recognised in the income statement under “result from revaluation”.

Investment grants are accounted for as deduction of construction costs.

Borrowing costs arising during property construction are allocated to the construction costs if they have been used for a qualifying asset (direct and generally borrowed funds) and the property is not in the sales process. A qualifying asset is an asset that takes a substantial period of time (in principle more than 12 months) to be ready for its intended use or for sale. In cases in which debt is not directly attributable to an individual qualifying asset, the proportional amount of the total finance costs is allocated to the qualifying asset. The capitalisation rate for the generally borrowed funds is calculated as a weighted average of the borrowing cost for all loans, however with the exception of debt specifically raised for the qualifying asset. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

§ Valuation of right of use assets

The carrying amount of the right of use asset in form of usufruct rights for the developed land as well as for rented parking spaces intended for sublease corresponds to the lease liability. These rights of use fulfill the definition of investment property and are therefore to be measured at fair value subsequently. The scheduled depreciation for these rights of use assets is not applicable and is replaced by the revaluation recognized in the profit or loss instead. The valuation reports prepared by the appraisers reflect the fair value of the respective property as a whole, as it is expected to be attainable on the market.

The fair value prepared by the appraiser represents the expected realizable amount of the property. As the lease liability is separately accounted for, the presentation of the investment property without the right of use asset would lead to an incorrect result. For this reason the fair value according the appraisal has to be increased by the lease liability as at balance sheet date (see IAS 40.50d).

Investment Property (IAS 40) - Valuation

§ Assessment of fair value

Around 99.9% (31.12.2018: 99.6%) of the properties in Austria, about 94.7% (31.12.2018: 96.6%) of the properties in Germany, and 100% (31.12.2018: 99.3%) of the properties in Eastern Europe, according to segment reporting, were subject to an external valuation as of the reporting date 31.12.2019. The values of other properties were determined internally on the basis of the previous year's valuations or binding purchase agreements. When observing material market or property-related changes, CA Immo Group commissions external real estate experts also during the year. After clarification of any queries the experts create draft valuations, which are checked for plausibility and finally approved for issuance.

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

The selection of the independent, external real estate experts for CA Immo Group is based, on the one hand on professional qualification, which is measured by national and international standards, such as HypZert, RICS or public appointments and swearing-ins and on the other hand by giving consideration to local market presence and penetration.

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

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

For properties under development and construction, the residual method is applied. Under this method, the market value is based on the estimated market value upon completion, less expected outstanding expenses and after applying a reasonable developer profit in the range of 8% to 20% of the market value upon completion (31.12.2018: 7.5% to 25.0%). Developer profit for properties under development, which are nearly completed, ranges at the bottom of the margin according to their reduced risk. Risks of investment properties (after completion) considered are, the estimated future rents and initial yields in the range from 3.6% to 5.2% (31.12.2018: 3.7% to 6.75%) and financing interest rates in the range from 2.0% to 3.0% (31.12.2018: 2.0% to 3.5%). The rates vary in particular depending on the general market climate, location and type of use. The closer a project is to completion, the greater the portion of parameters that are based on actual or contractually fixed amounts. After completion or immediately before completion, the properties are valued by applying the investment method (see above), adjusted for outstanding work.

The following table shows the essential input factors for the valuation of investment property (the fair value of the classes Office Austria and Office Germany also includes the fair value of own used properties) and property under development (the properties are assigned to each class based on their main use):

Classification investment properties incl. own used properties Valuation technique investment method	Fair value 31.12.2019 € K	Fair value 31.12.2018 € K	Inputs	Range 2019	Range 2018
Office Austria	356,800	335,800	Actual-rent €/m ² p. m.	7.47 – 28.49	7.73 – 27.81
			Market-rent €/m ² p. m.	6.30 – 24.12	7.48 – 24.12
			average remaining lease term in years	5.99	6.00
			average vacancy %	8.23	11.58
			Yield Term min/max/weighted average %	3.35 / 7.50 / 4.79	3.65 / 6.50 / 4.77
			Yield Reversion min/max/weighted average %	3.20 / 7.50 / 4.97	3.50 / 7.00 / 5.05
Office Germany*	1,467,559	1,091,100	Actual-rent €/m ² p. m.	10.36 – 25.29	9.99 – 21.86
			Market-rent €/m ² p. m.	7.00 – 27.82	11.67 – 22.17
			average remaining lease term in years	7.91	7.68
			average vacancy %	1.15	1.54
			Yield Term min/max/weighted average %	2.95 / 5.00 / 3.48	3.20 / 5.25 / 3.83
			Yield Reversion min/max/weighted average %	3.45 / 5.50 / 4.05	3.70 / 5.50 / 4.27
Office Eastern Europe*	2,009,574	1,883,670	Actual-rent €/m ² p. m.	9.93 – 21.34	8.87 – 20.81
			Market-rent €/m ² p. m.	8.50 – 18.60	8.50 – 18.60
			average remaining lease term in years	3.54	3.31
			average vacancy %	5.85	6.13
			Yield Term min/max/weighted average %	3.90 / 8.75 / 6.52	4.00 / 9.00 / 6.60
			Yield Reversion min/max/weighted average %	4.85 / 9.25 / 6.71	5.00 / 9.25 / 6.86
Office total	3,833,933	3,310,570			
Retail Austria	94,000	96,900	Actual-rent €/m ² p. m.	14.01 – 14.01	13.77 – 13.77
			Market-rent €/m ² p. m.	12.90 – 12.90	13.61 – 13.61
			average remaining lease term in years	1.74	2.04
			average vacancy %	7.31	4.20
			Yield Term min/max/weighted average %	4.40 / 4.40 / 4.40	4.45 / 4.45 / 4.45
			Yield Reversion min/max/weighted average %	4.40 / 4.40 / 4.40	4.55 / 4.55 / 4.55
Retail total	94,000	96,900			

* The book values of “Office Germany” and “Office Eastern Europe” classes include right of use assets in amount of € 1,309 K, respectively € 29,914 K.

Classification investment properties incl. own used properties Valuation technique investment method	Fair value 31.12.2019 € K	Fair value 31.12.2018 € K	Inputs	Range 2019	Range 2018
Hotel Austria	74,600	85,500	Actual-rent €/m² p. m.	9.91 – 11.05	9.07 – 11.05
			Market-rent €/m² p. m.	11.05 – 12.00	9.11 – 11.05
			average remaining lease term in years	7.93	9.08
			average vacancy %	0.00	0.48
			Yield Term min/max/weighted average %	4.75 / 5.25 / 5.17	4.75 / 5.75 / 5.08
			Yield Reversion min/max/weighted average %	5.00 / 5.75 / 5.65	5.00 / 6.00 / 5.15
Hotel Germany	193,100	170,200	Actual-rent €/m² p. m.	15.61 – 16.97	14.26 – 16.97
			Market-rent €/m² p. m.	15.69 – 16.97	14.35 – 16.97
			average remaining lease term in years	15.41	16.44
			average vacancy %	1.11	1.11
			Yield Term min/max/weighted average %	3.60 / 4.20 / 3.74	4.00 / 4.50 / 4.05
			Yield Reversion min/max/weighted average %	4.10 / 4.60 / 4.19	4.40 / 5.00 / 4.51
Hotel total	267,700	255,700			
Other Austria	51,440	50,650	Actual-rent €/m² p. m.	1.34 – 1.34	1.33 – 1.33
			Market-rent €/m² p. m.	0.98 – 0.98	0.98 – 0.98
			average remaining lease term in years	0.98	1.96
			average vacancy %	0.00	0.00
			Yield Term min/max/weighted average %	6.25 / 6.25 / 6.25	6.35 / 6.35 / 6.35
			Yield Reversion min/max/weighted average %	6.15 / 6.15 / 6.15	6.25 / 6.25 / 6.25
Other Germany	60,520	53,920	Actual-rent €/m² p. m.	3.51 – 7.11	3.51 – 4.05
			Market-rent €/m² p. m.	3.44 – 7.11	3.44 – 4.14
			average remaining lease term in years	4.36	2.00
			average vacancy %	3.99	4.88
			Yield Term min/max/weighted average %	2.50 / 7.00 / 4.84	4.25 / 7.00 / 5.20
			Yield Reversion min/max/weighted average %	4.75 / 8.00 / 5.94	4.75 / 8.00 / 5.86
Other total	111,960	104,570			

Classification investment properties under development Valuation technique residual value	Fair value 31.12.2019 € K	Fair value 31.12.2018 € K	Inputs	Range 2019	Range 2018
Office Germany	515,580	369,660	Expected-rent €/m ² p. m.	14.00 – 33.00	13.50 – 33.00
			Construction cost €/m ²	2,092 – 2,919	1,704 – 2,628
			Related cost in % of Constr. cost	23.00 – 27.40	20.00 – 34.00
Office Eastern Europe	14,930	0	Expected-rent €/m ² p. m.	15.75	-
			Construction cost €/m ²	1,433 – 1,447	-
			Related cost in % of Constr. cost	9.10 – 10.00	-
Other Germany	1,100	8,100	Expected-rent €/m ² p. m.	14.00 – 33.00	13.50 – 33.00
			Construction cost €/m ²	2,092 – 2,919	1,704 – 2,628
			Related cost in % of Constr. cost	23.00 – 27.40	20.00 – 34.00
Development total	531,610	377,760			

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

Classification investment properties under development Comparative or residual method	Fair value 31.12.2019 € K	Fair value 31.12.2018 € K	Inputs	Range 2019	Range 2018
Landbank Germany	285,352	258,046	Valuation approach / m ² plot area	2.25 – 21,516.65	2.37 – 18,064.12
Landbank Eastern Europe	145	15,755	Valuation approach / m ² plot area	28.88 – 28.88	13.70 – 1,078.31
Landbank total	285,497	273,801			

Interaction between the input factors

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

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

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

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

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

Hierarchy classification

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

€ K	Office Austria*	Office Germany*	Office Eastern Europe	Retail Austria	Retail Eastern Europe
As at 1.1.2018	272,200	957,619	1,541,628	97,200	8,750
Additions	2,873	11,191	19,812	286	201
Disposals	-218	-1,293	-128	0	-7,310
Purchase of real estate companies	0	0	207,547	0	0
Valuation	25,500	68,099	48,898	-563	-1,644
Reclassification IFRS 5	0	0	0	0	0
Reclassification between classes	35,134	55,041	65,536	0	0
Change in lease incentives	311	442	376	-23	4
As at 31.12.2018	335,800	1,091,100	1,883,670	96,900	0
Initial application IFRS 16	0	1,814	29,961	0	0
Additions	16,583	18,891	20,952	69	0
Disposals	0	0	-65	0	0
Valuation	4,265	201,555	73,189	-2,946	0
Reclassification between classes	0	155,313	0	0	0
Change in lease incentives	151	-1,114	1,866	-23	0
As at 31.12.2019	356,800	1,467,559	2,009,574	94,000	0

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

€ K	Hotel Austria	Hotel Germany	Hotel Eastern Europe	Others Austria	Others Germany
As at 1.1.2018	84,100	94,000	11,400	49,130	51,480
Additions	0	5,150	0	820	83
Disposals	0	0	0	0	-18
Purchase of real estate companies	0	0	0	0	0
Valuation	1,440	9,879	2,744	700	2,375
Reclassification IFRS 5	0	0	-14,144	0	0
Reclassification between classes	0	60,970	0	0	0
Change in lease incentives	-40	201	0	0	0
As at 31.12.2018	85,500	170,200	0	50,650	53,920
Initial application IFRS 16	60	0	0	0	0
Additions	123	765	0	0	2,041
Disposals	-11,510	0	0	0	0
Valuation	444	21,407	0	790	4,559
Reclassification between classes	0	0	0	0	0
Change in lease incentives	-16	728	0	0	0
As at 31.12.2019	74,600	193,100	0	51,440	60,520

€ K	Development Austria	Development Germany	Development Eastern Europe	Land banks Germany	Land banks Eastern Europe
As at 1.1.2018	23,200	299,720	42,200	196,715	17,439
Additions	11,934	133,244	24,369	14,212	602
Disposals	0	0	0	-12,130	-1,350
Purchase of real estate companies	0	0	0	0	0
Valuation	0	60,807	-1,033	59,249	-936
Reclassification IFRS 5	0	0	0	0	0
Reclassification between classes	-35,134	-116,011	-65,536	0	0
Change in lease incentives	0	0	0	0	0
As at 31.12.2018	0	377,760	0	258,046	15,755
Initial application IFRS 16	0	0	0	0	0
Additions	0	153,918	3,785	8,975	0
Disposals	0	0	0	-60	-4,463
Valuation	0	110,874	1,105	47,830	-1,107
Reclassification between classes	0	-125,873	10,040	-29,440	-10,040
Change in lease incentives	0	0	0	0	0
As at 31.12.2019	0	516,680	14,930	285,352	145



Sensitivity of the property valuation

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

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

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

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

2019					
Office Austria					
Change in Yield (in % of initial yield)	Change in market rent of				
	-10%	-5%	0%	5%	10%
-10%	1.59%	6.45%	11.31%	16.17%	21.03%
-5%	-3.74%	0.81%	5.36%	9.91%	14.46%
0%	-8.55%	-4.27%	0.00%	4.27%	8.55%
+5%	-12.90%	-8.87%	-4.85%	-0.83%	3.20%
+10%	-16.85%	-13.06%	-9.26%	-5.46%	-1.66%

2018					
Office Austria					
Change in Yield (in % of initial yield)	Change in market rent of				
	-10%	-5%	0%	5%	10%
-10%	1.64%	6.69%	11.74%	16.79%	21.84%
-5%	-3.90%	0.83%	5.56%	10.29%	15.02%
0%	-8.88%	-4.44%	0.00%	4.44%	8.88%
+5%	-13.39%	-9.21%	-5.03%	-0.85%	3.33%
+10%	-17.50%	-13.55%	-9.61%	-5.66%	-1.71%

2019					
Office Germany					
Change in Yield (in % of initial yield)	-10%	-5%	0%	5%	Change in market rent of 10%
-10%	2.45%	7.13%	11.81%	16.49%	21.17%
-5%	-3.14%	1.22%	5.59%	9.96%	14.33%
0%	-8.18%	-4.09%	0.00%	4.09%	8.18%
+5%	-12.73%	-8.89%	-5.06%	-1.22%	2.62%
+10%	-16.86%	-13.25%	-9.65%	-6.04%	-2.43%

2018					
Office Germany					
Change in Yield (in % of initial yield)	-10%	-5%	0%	5%	Change in market rent of 10%
-10%	2.43%	6.92%	11.42%	15.91%	20.41%
-5%	-2.98%	1.21%	5.41%	9.60%	13.80%
0%	-7.85%	-3.92%	0.00%	3.92%	7.85%
+5%	-12.25%	-8.57%	-4.89%	-1.21%	2.47%
+10%	-16.25%	-12.79%	-9.33%	-5.87%	-2.41%

2019					
Office Eastern Europe					
Change in Yield (in % of initial yield)	-10%	-5%	0%	5%	Change in market rent of 10%
-10%	2.05%	6.87%	11.69%	16.51%	21.33%
-5%	-3.50%	1.02%	5.54%	10.06%	14.58%
0%	-8.50%	-4.25%	0.00%	4.25%	8.50%
+5%	-13.03%	-9.02%	-5.01%	-1.00%	3.00%
+10%	-17.14%	-13.35%	-9.56%	-5.78%	-1.99%

2018					
Office Eastern Europe					
Change in Yield (in % of initial yield)	-10%	-5%	0%	5%	Change in market rent of 10%
-10%	1.98%	6.85%	11.73%	16.60%	21.48%
-5%	-3.59%	0.98%	5.55%	10.13%	14.70%
0%	-8.60%	-4.30%	0.00%	4.30%	8.60%
+5%	-13.14%	-9.08%	-5.03%	-0.97%	3.09%
+10%	-17.27%	-13.43%	-9.59%	-5.76%	-1.92%

2019					
Retail Austria					
Change in Yield (in % of initial yield)	-10%	-5%	0%	5%	Change in market rent of 10%
-10%	0.02%	5.69%	11.35%	17.02%	22.68%
-5%	-5.32%	0.03%	5.38%	10.72%	16.07%
0%	-10.12%	-5.06%	0.00%	5.06%	10.12%
+5%	-14.47%	-9.67%	-4.87%	-0.06%	4.74%
+10%	-18.43%	-13.86%	-9.29%	-4.72%	-0.15%

2018					
Retail Austria					
Change in Yield (in % of initial yield)	-10%	-5%	0%	5%	Change in market rent of 10%
-10%	0.22%	5.73%	11.25%	16.77%	22.28%
-5%	-5.08%	0.13%	5.33%	10.53%	15.73%
0%	-9.84%	-4.92%	0.00%	4.92%	9.84%
+5%	-14.15%	-9.49%	-4.82%	-0.16%	4.51%
+10%	-18.07%	-13.64%	-9.20%	-4.77%	-0.34%

The company which was previously assigned to the category "Retail Eastern Europe" was sold during 2018.

2019					
Hotel Austria					
Change in Yield (in % of initial yield)	-10%	-5%	0%	5%	Change in market rent of 10%
-10%	3.23%	7.35%	11.48%	15.61%	19.74%
-5%	-2.22%	1.61%	5.44%	9.26%	13.09%
0%	-7.12%	-3.56%	0.00%	3.56%	7.12%
+5%	-11.55%	-8.23%	-4.91%	-1.60%	1.72%
+10%	-15.57%	-12.47%	-9.37%	-6.27%	-3.18%

2018					
Hotel Austria					
Change in Yield (in % of initial yield)	-10%	-5%	0%	5%	Change in market rent of 10%
-10%	3.28%	7.21%	11.14%	15.07%	19.00%
-5%	-2.00%	1.64%	5.28%	8.91%	12.55%
0%	-6.76%	-3.38%	0.00%	3.38%	6.76%
+5%	-11.07%	-7.92%	-4.77%	-1.63%	1.52%
+10%	-14.99%	-12.05%	-9.11%	-6.18%	-3.24%

2019					
Hotel Germany					Change in
Change in Yield (in % of	market rent of				
initial yield)	-10%	-5%	0%	5%	10%
-10%	4.55%	7.75%	10.96%	14.17%	17.37%
-5%	-0.70%	2.25%	5.19%	8.14%	11.08%
0%	-5.43%	-2.71%	0.00%	2.71%	5.43%
+5%	-9.70%	-7.20%	-4.69%	-2.19%	0.32%
+10%	-13.60%	-11.28%	-8.96%	-6.64%	-4.32%

2018					
Hotel Germany					Change in
Change in Yield (in % of	market rent of				
initial yield)	-10%	-5%	0%	5%	10%
-10%	5.09%	8.05%	11.02%	13.98%	16.95%
-5%	-0.20%	2.51%	5.22%	7.93%	10.64%
0%	-4.97%	-2.49%	0.00%	2.49%	4.97%
+5%	-9.29%	-7.00%	-4.72%	-2.44%	-0.15%
+10%	-13.22%	-11.11%	-9.01%	-6.90%	-4.80%

The company which was previously assigned to the category "Hotel Eastern Europe" was reclassified as held for sale in 2018.

2019					
Other Austria					Change in
Change in Yield (in % of	market rent of				
initial yield)	-10%	-5%	0%	5%	10%
-10%	0.47%	6.15%	11.83%	17.51%	23.20%
-5%	-5.12%	0.24%	5.60%	10.97%	16.33%
0%	-10.15%	-5.07%	0.00%	5.07%	10.15%
+5%	-14.70%	-9.88%	-5.07%	-0.26%	4.55%
+10%	-18.83%	-14.26%	-9.68%	-5.10%	-0.53%

2018					
Other Austria					Change in
Change in Yield (in % of	market rent of				
initial yield)	-10%	-5%	0%	5%	10%
-10%	0.88%	6.31%	11.74%	17.17%	22.60%
-5%	-4.67%	0.45%	5.56%	10.67%	15.79%
0%	-9.66%	-4.83%	0.00%	4.83%	9.66%
+5%	-14.17%	-9.60%	-5.03%	-0.46%	4.11%
+10%	-18.28%	-13.94%	-9.60%	-5.27%	-0.93%

2019					
Other Germany					
Change in Yield (in % of initial yield)	-10%	-5%	0%	5%	Change in market rent of 10%
-10%	1.12%	6.00%	10.87%	15.74%	20.62%
-5%	-4.01%	0.57%	5.15%	9.73%	14.31%
0%	-8.63%	-4.31%	0.00%	4.31%	8.63%
+5%	-12.81%	-8.73%	-4.65%	-0.58%	3.50%
+10%	-16.61%	-12.75%	-8.88%	-5.02%	-1.16%

2018					
Other Germany					
Change in Yield (in % of initial yield)	-10%	-5%	0%	5%	Change in market rent of 10%
-10%	0.38%	5.87%	11.35%	16.84%	22.33%
-5%	-4.97%	0.21%	5.38%	10.55%	15.72%
0%	-9.77%	-4.89%	0.00%	4.89%	9.77%
+5%	-14.13%	-9.50%	-4.87%	-0.24%	4.39%
+10%	-18.08%	-13.69%	-9.29%	-4.89%	-0.50%

For the development projects, the table below illustrates the sensitivity of the fair value to an increase or decrease in the projected outstanding development and construction costs. Development projects actively being developed were used as basis.

2019					
in € m					
	-10%	-5%	Initial value	Still outstanding capital expenditures	
				+5%	+10%
Still outstanding capital expenditures	519.9	548.8	577.7	606.6	635.5
Fair value	589.4	560.5	531.6	502.7	473.8
Changes to initial value	10.9%	5.4%	0.0%	-5.4%	-10.9%

2018					
in € m					
	-10%	-5%	Initial value	Still outstanding capital expenditures	
				+5%	+10%
Still outstanding capital expenditures	472.1	498.4	524.6	550.8	577.1
Fair value	430.2	404.0	377.8	351.5	325.3
Changes to initial value	13.9%	6.9%	0.0%	-6.9%	-13.9%

The sensitivity analysis of the projects under development are based on an average percentage of completion of approximately 41% (2018: 34%) as at balance sheet date, related to total construction costs. The sensitivity only relates to the outstanding costs of the building constructions works. The outstanding capital expenditures will reduce with the increase of the percentage of completion. Based on the residual value method this leads to an increase of the fair value of the projects under development. An increase or decrease of the still outstanding capital expenditures leads to an inversely development of the fair value of the projects under development, within the residual value method.

3.2. Own used properties

€ K	Own used properties	Right of use assets of own used properties	Total
Book values			
As at 1.1.2018	5,500	0	5,500
Depreciation and amortisation	-278	0	-278
As at 31.12.2018	5,223	0	5,223
Initial application IFRS 16	0	9,561	9,561
Current investment/construction	1,148	87	1,235
Depreciation and amortisation	-276	-1,783	-2,059
Reclassification of own used properties	1,070	0	1,070
As at 31.12.2019	7,165	7,865	15,030

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

€ K	Own used properties	Right of use assets of own used properties	Total
As at 1.1.2018			
Acquisition costs	10,683	0	10,683
Accumulated depreciation	-5,182	0	-5,182
Net book value	5,500	0	5,500
As at 31.12.2018			
Acquisition costs	10,683	0	10,683
Accumulated depreciation	-5,460	0	-5,460
Net book value	5,223	0	5,223
As at 31.12.2019			
Acquisition costs	10,489	9,648	20,137
Accumulated depreciation	-3,324	-1,783	-5,107
Net book value	7,165	7,865	15,030



Impairment losses

If an indication exists that a long term non-financial asset (own used properties as well as right of use assets assigned to this category) might be impaired, CA Immo Group performs an impairment test. CA Immo calculates the recoverable amount for the asset or smallest identifiable group of assets that generate cash inflows from continued use that are largely independent from the cash inflows from other assets (cash-generating unit).

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

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

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

§ Classification of properties

Properties used for administration purposes are presented under the line “own used properties”. The rights of use for the rent of space used for administration purposes are also included in this balance sheet item.

§ Measurement

Own used properties are measured in accordance with the cost method, i.e. acquisition or production cost or fair value at the date of reclassification less regular depreciation and impairment losses. The valuation of rights of use for properties rented for administration purposes is carried out according to the cost method, i.e. at the present value of the lease payments (lease liability) and reduced by the scheduled depreciation and impairments.

Investment grants are accounted for as deduction of production costs.

The estimated useful life of own used properties, applying the principle that each part of an item with a significant cost shall be depreciated separately, is 70 to 75 years for the structural work, 15 to 70 years for the facade, 20 years for the building equipment and appliances, 15 to 20 years for the roof, and 10 to 20 years for the tenant’s finishing works. The scheduled depreciation for the right of use assets of own used properties is carried out on a straight-line basis over the expected rental period. This is determined individually based on the underlying contracts.

3.3. Office furniture and equipment and intangible assets

€ K	Office furniture and equipment	Right of use assets of office furniture and equipment	Total office furniture and equipment	Goodwill	Software	Total intangible assets
Book values						
As at 1.1.2018	5,462	0	5,462	6,057	645	6,703
Currency translation adjustments	–5	0	–5	0	0	0
Current additions	1,367	0	1,367	0	323	323
Disposals	–115	0	–115	0	0	0
Depreciation and amortisation	–770	0	–770	0	–466	–466
Impairment	0	0	0	–870	0	–870
As at 31.12.2018	5,938	0	5,938	5,187	502	5,689
Initial application IFRS 16	0	957	957	0	0	0
Currency translation adjustments	–3	–1	–4	0	0	0
Current additions	2,174	342	2,516	0	516	516
Disposals	–18	–32	–50	–59	0	–59
Depreciation and amortisation	–1,113	–476	–1,589	0	–331	–331
Impairment	0	0	0	–646	0	–646
As at 31.12.2019	6,978	790	7,768	4,481	687	5,169

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

€ K	Office furniture and equipment	Right of use assets of office furniture and equipment	Total office furniture and equipment	Goodwill	Software	Total intangible assets
As at 1.1.2018						
Acquisition costs	10,523	0	10,523	21,831	3,905	25,737
Accumulated impairment/amortisation	-5,061	0	-5,061	-15,774	-3,260	-19,034
Book values	5,462	0	5,462	6,057	645	6,703
As at 31.12.2018						
Acquisition costs	11,590	0	11,590	21,742	4,239	25,981
Accumulated impairment/amortisation	-5,651	0	-5,651	-16,555	-3,737	-20,292
Book values	5,938	0	5,938	5,187	502	5,689
As at 31.12.2019						
Acquisition costs	13,212	1,231	14,443	14,244	4,698	18,941
Accumulated impairment/amortisation	-6,234	-441	-6,675	-9,762	-4,010	-13,773
Book values	6,978	790	7,768	4,481	687	5,169



Goodwill impairment

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

The impairment test assumes, based on experience, an average retention period for properties held by CA Immo Group of 0.5 to 13 years for investment properties. Due to the assumption of the retention period decreasing each year and thus of a reduced discounting period each year, further impairment losses of the goodwill corresponding to the reduction in the present value benefit are expected in future periods.

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

2019				
Goodwill impairment in € K				
Change in yield (in % of initial yield)	+5%	+5%	+10%	+10%
Change in market rent	-5%	-10%	-5%	-10%
Impact on the profit and loss statement	-170.7	-317.3	-306.3	-445.6

2018				
Goodwill impairment in € K				
Change in yield (in % of initial yield)	+5%	+5%	+10%	+10%
Change in market rent	-5%	-10%	-5%	-10%
Impact on the profit and loss statement	-285.1	-472.2	-462.5	-641.4

§ Intangible assets

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

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

Other intangible assets mainly comprise software and are recognised at acquisition cost less straight-line amortisation and impairment losses. Software is amortised over a useful life of 2 to 5 years. CA Immo Group makes use of the option under IFRS 16 and does not recognise any rights of use for software.

§ Office furniture and equipment

Office furniture and equipment are measured in accordance with the cost method, i.e. acquisition or production cost less regular depreciation and impairment losses. The initial valuation of rights of use for office furniture and equipments carried out according to the cost method, i.e. at the present value of the lease payments (lease liability), and subsequently reduced by scheduled depreciation and impairments.

Office furniture and equipment are depreciated on a straight-line basis over their estimated useful life, which generally ranges from 2 to 15 years. The scheduled depreciation of the rights of use for office furniture, equipment and other assets is carried out on a straight-line basis over the expected rental period. This is determined individually based on the underlying contracts.

3.4. Investments in joint ventures

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

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

The joint venture “Tower 185” held the Tower 185 in Frankfurt. The joint venture “Eggarten” plans the development and sale of properties in Munich. The joint venture Mainz plans the development and sale of land plots in the customs harbour in Mainz.

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

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

As at 31.12.2019, there are unrecognized losses from joint ventures amounted to € 0 K (31.12.2018: € 0 K). There are no unrecognized contractual obligations for the CA Immo Group concerning the acquisition or disposal of shares in joint ventures or for assets that are not accounted for.

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

The following table shows material interests in joint ventures:

€ K	2019			2018		
	Eggarten	Mainz	Tower 185	Eggarten	Mainz	Tower 185
Rental income	57	1,666	0	74	1,586	318
Depreciation and impairment/reversal	-1	-151	-25	0	622	0
Finance costs	-61	-1,056	-4	-39	-1,437	-1
Income tax expense	-1	-1,883	-126	-21	-2,272	25,599
Consolidated net income	-332	13,705	-345	-251	-2,420	27,607
Total comprehensive income	0	0	0	0	0	0
Comprehensive income for the period	-332	13,705	-345	-251	-2,420	27,607
Long-term assets	53	2,501	25	26	2,034	0
Other short-term assets	90,712	96,239	209	86,620	91,913	362,767
Cash and cash equivalents	56	847	7,815	654	703	3,714
Total assets	90,822	99,587	8,049	87,300	94,650	366,481
Other long-term liabilities	0	45,714	0	0	42,812	4
Interest-bearing liabilities	7,283	41	0	3,598	0	0
Long-term liabilities	7,283	45,755	0	3,598	42,812	4
Other short-term liabilities	346	18,875	924	181	20,844	4,045
Interest-bearing liabilities	5	38	25	0	0	0
Short-term liabilities	350	18,913	949	181	20,844	4,045
Shareholders' equity	83,168	34,919	7,100	83,498	30,993	362,433
Proportional equity as at 1.1.	41,750	15,521	120,763	41,875	15,469	143,961
Proportional profit of the period	-169	6,855	-115	-128	-1,216	9,199
Capital decrease	0	0	-198	0	0	-30,190
Capital increases	0	0	0	0	3,773	0
Dividends received	0	-4,899	-118,084	0	-2,505	0
Proportional equity as at 31.12.	41,580	17,477	2,366	41,747	15,521	122,970
Sale	0	0	0	0	0	-2,213
Intercompany profit elimination and other consolidation effects	0	-2,522	455	0	200	454
Book value investments into joint ventures 31.12	41,580	14,955	2,821	41,747	15,721	121,211

The following table summarizes non-material interests in joint ventures:

€ K	2019	2018 restated
Proportional equity as at 1.1.	19,802	15,816
Proportional profit of the period	-44	12,726
Capital increases	0	10
Capital decrease	-137	-25
Dividends received	-13,409	-2,352
Proportional equity as at 31.12.	6,212	26,174
Intercompany profit elimination and other consolidation effects	-111	-209
Disposals	-7	-6,373
Allowance of loans and receivables	2,304	1,741
Not recognised losses	0	0
Book value investments into joint ventures 31.12	8,399	21,333

3.5. Investments in associated companies

As at 31.12.2019 there are no unrecognised losses from associated companies (31.12.2018: € 0 K).

The following table shows the interests in associated companies:

€ K	2019	2018
Proportional equity as at 1.1.	-16,823	-21,448
Proportional profit of the period	-3,413	-3,775
Deconsolidation	20,236	0
Allowance of loans and interests	0	16,823
Contribution	0	8,400
Book value 31.12.	0	0

In 2019, the loans granted to associated companies and the investment in the associated company were sold.

3.6. Other assets

€ K	31.12.2019	31.12.2018
Other financial assets	45,578	52,222
Long-term receivables and other assets	38,089	12,941
	83,667	65,163

€ K	Acquisition costs incl. recognized interests as at 31.12.2019	Changes in value recognized in profit or loss 2019	Changes in value accumulated until 31.12.2019	Book values as at 31.12.2019
Loans to joint ventures	5,329	-564	-2,304	3,025
Loans to associated companies	0	-2,963	0	0
Other loans	22,870	6	-22,870	0
Loans and receivables	28,199	-3,521	-25,174	3,025
Other investments	32,276	1,120	9,130	41,406
Other investments	32,276	1,120	9,130	41,406
Interest rate floors	726	321	421	1,148
Derivative financial instruments	726	321	421	1,148
Total other financial assets	61,201	-2,081	-15,623	45,578

Other investments mainly include non-controlling interests in Germany.

€ K	Acquisition costs incl. recognized interests as at 31.12.2018	Changes in value recognized in profit or loss 2018	Changes in value accumulated until 31.12.2018	Book values as at 31.12.2018
Loans to joint ventures	109	0	0	109
Loans to associated companies	14,002	-2,387	-3,935	10,067
Other loans	23,041	5	-22,921	120
Loans and receivables	37,152	-2,382	-26,856	10,297
Other investments	33,096	1,600	8,003	41,098
Other investments	33,096	1,600	8,003	41,098
Interest rate swaps	0	398	0	0
Interest rate floors	726	101	101	827
Derivative financial instruments	726	499	101	827
Total other financial assets	70,974	-282	-18,753	52,222

In 2018 non-controlling interests in a real estate portfolio in Hessen (Germany) in the amount of € 15,946 K were sold.

The interests rate swaps were released during 2018.

Long-term receivables and other assets

€ K	31.12.2019	31.12.2018
Cash and cash equivalents with drawing restrictions	15,154	9,750
Receivables from trading property and construction work (transferred over time)	15,545	0
Advance payment for investment property acquisition	4,020	0
Other receivables from joint ventures	1,282	1,435
Receivables from property and share sales	59	723
Other receivables and assets	2,029	1,033
Long-term receivables and other assets	38,089	12,941

€ K	Other investments
As at 1.1.2018	56,875
Valuation P/L	1,600
Distributions/capital reduction	-1,694
Disposals	-15,683
As at 31.12.2018 = 1.1.2019	41,098
Valuation P/L	1,120
Distributions/capital reduction	-813
As at 31.12.2019	41,406

The fair value of other investments corresponds to level 3 of the fair value hierarchy according to IFRS 13.

§ Loans

Loans granted to joint ventures are assigned to the category “amortised cost” (AC). They are measured at fair value upon recognition, and subsequently at amortised cost, applying the effective interest-rate method and taking into account any impairment, according to IFRS 9. CA Immo Group generally evaluates loans granted to joint ventures together with the equity held in these entities because the loans are considered as part of the net investment. If the equity of the entities reported under the equity method becomes negative, the loans considered as part of the net investment are impaired to the level of the loss not yet recognized.

Loans granted to associated companies are assigned to the category “fair value through profit or loss” (FVtPL). They are measured at fair value – upon recognition. Subsequent valuations are at fair value and shown in the profit or loss statement as “result from associated companies”. Basically CA Immo Group values the loans to associated entities based on the IFRS shareholders’ equity, whereby the result is checked for plausibility by means of a cash-flow based valuation.

§ Other investments

Non-controlling interests are assigned to the category “fair value through profit or loss” (FVtPL). The valuation of the investment is made at fair value upon recognition. Subsequent changes in value are presented in profit or loss as “result from financial investments”. If a listed price on an active market is not available, the fair value of investments which own investment properties will be updated based on internal valuations, mostly based on external professional opinions for the properties.

§ Long-term receivables

Trade receivables, other receivables and other financial assets are primary financial instruments that are not listed on active markets and not intended for sale. They are assigned to the measurement category “amortised cost” (AC).

They are initially measured at fair value, and thereafter at amortised cost, applying the effective interest-rate method and less expected credit losses.

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

§ Cash subject to drawing restrictions of more than 12 months Restricted cash with a longer lock-up period (over 12 months) is presented as financial assets. The expected credit losses for cash and cash equivalents are determined based on the default probability of each financial institution.

CHAPTER 4: CURRENT ASSETS

4.1. Assets and liabilities held for sale

As at 31.12.2019 no items are classified as “Assets held for sale and relating to disposal groups”.

Properties held for sale

€ K	31.12.2019	31.12.2018
Eastern Europe other regions - investment properties	0	14,144
Assets held for sale	0	14,144
Assets held for sale and relating to disposal groups	0	14,144

The result from revaluation includes an amount of € 0 K (2018: € 0 K) related to investment properties after their reclassification as properties held for sale.

Assets and liabilities held for sale

€ K	31.12.2019	31.12.2018
Assets held for sale	0	14,144
Receivables and other assets	0	15
Cash and cash equivalents	0	997
Bad debt allowance rental receivables	0	-11
Assets in disposal groups held for sale	0	15,144
Provisions	0	17
Other liabilities	0	49
Deferred tax liabilities	0	861
Liabilities relating to disposal groups	0	927
Net-assets/liabilities included in disposal groups	0	14,217

Investment properties held for sale in the amount of € 0 K (31.12.2018: € 0 K) are encumbered with mortgages.

€ K	IFRS 5
As at 1.1.2018	36,900
Disposals	-36,900
Reclassification IFRS 5	14,144
As at 31.12.2018 = 1.1.2019	14,144
Disposals	-14,144
As at 31.12.2019	0

The fair value of assets held for sale corresponds to level 3 of the fair value hierarchy according to IFRS 13.

§ Non-current assets and disposal groups are classified as “held for sale” if the relevant book value is expected to be realised from disposal and not from continued use. In this case the relevant non-current assets and disposal groups are available for immediate sale in their current condition and a disposal is highly probable. Furthermore, the

sale must be expected to be completed within one year of the classification as held for sale. Disposal groups consist of assets and liabilities that will be sold together in a single transaction.

Non-current assets and disposal groups that are classified as held for sale are generally recognised at the lower of book value and fair value less costs to sell. Investment properties, measured according to the fair value model, interest bearing liabilities measured at amortised cost, as well as deferred taxes valued according to IAS 12 and financial assets according to IFRS 9 are exempt from this rule.

4.2. Properties held for trading

€ K	Acquisition / production costs	Accumulated impairment	31.12.2019	Acquisition / production costs	Accumulated impairment	31.12.2018
			Book values			Book values
At acquisition/production costs	59,262	0	59,262	42,527	0	42,527
At net realisable value	6,031	–3,953	2,078	5,988	–4,048	1,940
Total properties held for trading	65,293	–3,953	61,340	48,515	–4,048	44,468

The fair value of the properties held for trading, which are recognised at acquisition/production costs, amounts to € 134,132 K (31.12.2018: € 109,590 K) and corresponds to level 3 of the fair value hierarchy.

Properties held for trading amounting to € 31,105 K (31.12.2018: € 43,777 K) with a fair value of € 94,140 K (31.12.2018: € 109,850 K) are expected to be realised within a period of more than 12 months. This applies to 14 properties (31.12.2018: 15 properties) in Germany which comprise mainly land banks in Munich.

In 2019, borrowing costs amounting to € 417 K (31.12.2018: € 483 K) were capitalised at a weighted average interest rate of 1.75% (2018: 2.44%) on properties held for trading. Interest bearing liabilities in connection with properties held for trading total € 0 K (31.12.2018: € 0 K).



Properties are recognised as held for trading if the relevant property is intended for sale in the ordinary course of business or its specific development has started with the intention of a subsequent sale in the ordinary course of business (or a corresponding forward-sale agreement was concluded).



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

4.3. Receivables and other assets

€ K	Book values as at 31.12.2019	Book values as at 31.12.2018
Rental and trade debtors	18,638	17,850
Receivables from trading property and construction work (transferred over time)	1,797	4,172
Receivables from property and share sales	3,849	5,030
Receivables from joint ventures	6,559	8,939
Cash and cash equivalents with drawing restrictions	10,793	14,686
Other accounts receivable	12,854	14,179
Receivables and other financial assets	54,490	64,856
Other receivables from fiscal authorities	17,014	14,924
Contract assets	0	15,098
Other non financial receivables	2,310	2,238
Other non financial assets	19,324	32,259
Receivables and other assets	73,814	97,115

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

€ K	Nominal value 31.12.2019	Expected credit losses 31.12.2019	Book value 31.12.2019	Nominal value 31.12.2018	Expected credit losses 31.12.2018	Book value 31.12.2018
Receivables and other financial assets	59,341	-4,852	54,490	71,246	-6,391	64,856
Other non financial assets	19,324	0	19,324	32,279	-20	32,259
Receivables and other assets	78,665	-4,852	73,814	103,526	-6,411	97,115

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

€ K	2019	2018
As at 1.1.	-6,411	-4,235
Additions (value adjustment expenses)	-1,494	-3,098
Usage	464	370
Reversal	837	522
Disposal deconsolidation	8	1
Transfer to loans granted to joint ventures	1,741	0
Reclassification IFRS 5	0	11
Currency translation adjustments	3	19
As at 31.12.	-4,852	-6,411

The following table shows the risk profile of receivables and other assets based on their maturity:

Maturities receivables and other financial assets	2019	2018
€ K		
Not due	40,280	52,848
Overdue <31 days	7,507	5,103
Overdue 31-90 days	2,493	2,854
Overdue >90 days	4,210	4,050
Overdue total	14,210	12,008
Total	54,490	64,856

Changes in contract assets and contract liabilities result from:

	31.12.2019			31.12.2018		
€ K	Receivables	Contract assets	Contract liabilities	Receivables	Contract assets	Contract liabilities
As at 1.1.	4,172	15,098	0	10,663	12,696	-6,824
Increase as a result of changes in the measure of progress	0	11,884	0	0	44,043	0
Reclassification from contract assets to trade receivables	17,268	-17,268	0	35,189	-35,189	0
Prepayments received	-4,099	-10,297	0	-41,679	0	0
Net off contract assets and contract liabilities	0	0	0	0	-6,824	6,824
Interest income present value receivables	0	584	0	0	372	0
As at 31.12.	17,342	0	0	4,172	15,098	0

As at 31.12.2019 expected future income from the sale of properties and construction works (realization over time due to transfer over time) amounts to € 0 K (31.12.2018: € 10,805 K).

§ Receivables and other financial assets

Trade receivables, other receivables and other financial assets are primary financial instruments that are not listed on active markets and not intended for sale. They are assigned to the measurement category “amortised cost” (AC). They are initially measured at fair value, and thereafter at amortised cost, applying the effective interest-rate method less expected credit losses.

An expected loss on receivables is calculated based on the maturity, the past due period and the individual payment performance of the relevant debtor, taking into account any security received. The simplified allowance model of IFRS 9 for leasing receivables is applied, so that the expected credit losses for the whole remaining duration of the instrument are presented. Uncollectible receivables are derecognised. Subsequent payments in respect of receivables for which impairment losses have been incurred, are recognised as income in the consolidated income statement.

CA Immo Group limits the credit risk mostly by means of deposits, bank guarantees and related securities. The following risk categories exist:

Risk category	Description	Expected credit loss
1 (low risk)	Low default risk; timely payments of the counterparty	12 month-expected credit loss
2 (increased risk or simplified approach)	Overdue receivables and all leasing receivables due to application of simplified approach.	Lifetime expected credit loss
3 (high risk due to delay of payment)	Diminished credit standing due to enduring non-payment, bankruptcy or insolvency proceedings	Lifetime expected credit loss
4 (derecognition)	No expected payments.	Full write-off. With the final default the receivable is derecognized.

CA Immo Group sets the expected credit losses based on overdue dates (for category 2 and category 3). For category 1 (low risk) the credit loss for the expected remaining maturity (maximum 12 months) is determined based on CDS (credit default swaps) default rates, for example.

§ Cash subject to drawing restrictions of up to 12 months

Cash in banks subject to drawing restrictions of more than 3 but less than 12 months is presented as “receivables and other assets”.

§ Other non-financial instruments

Other non-financial assets mainly consist of prepayments, accrued services in progress, receivables from fiscal authorities, prepaid expenses and contract assets (in accordance with IFRS 15). They are measured at cost less any impairment losses, respectively in case of contract assets less any expected credit losses.

When revenues for construction projects (for example for owner occupied apartments) are recognized by measuring progress, according to IFRS 15, contract assets, respectively contract liabilities, are presented. The recognized contract assets are netted with prepayments received and presented as “trade and other receivables” and in case of a contract liability as “other liabilities”.

4.4. Securities

The securities disclosed in the balance sheet related to transferable shares in IMMOFINANZ AG, Vienna, which were recognized at fair value through other comprehensive income. In 2019, CA Immo Group sold the whole stake in IMMOFINANZ and therefore holds no shares as at reporting date (31.12.2018: 5,480,556 shares). As at 31.12.2018, the shares have been valued at the stock exchange price of € 20.90.

A dividend income amounting to € 4,658 K (2018: € 3,836 K) was recorded in the income statement. In 2019, in other comprehensive income a change in value not affecting the profit and loss amounting to € 19,441 K (2018: € -3,124 K) was recorded. A reclassification in equity from “other reserves” to “retained earnings” was made due to the sale of the IMMOFINANZ shares in the amount of € 33,351 K. In 2019, the 5,480,556 shares were sold for € 134,002 K with a cumulative effect (difference between sales price and acquisition costs, without dividends) of € 3,687 K. In total, the dividends for the years 2016 - 2019 amounted to € 15,072 K.

§ The securities are primary financial instruments that are quoted on an active market (level 1 of the fair value hierarchy). They are classified as “fair value through other comprehensive income” (FVOCI). The initial recognition is at fair value including any transaction costs and the subsequent valuation is at fair value (stock market quotation). All changes in the values of securities are shown in other comprehensive income and in case of a sale, there is no

recognition in profit or loss. Dividends from these securities are presented in profit or loss as “result from financial investments”.

The securities were assigned to the category “fair value through other comprehensive income” (FVOCI) given the fluctuations in the value of IMMOFINANZ AG shares, which otherwise should have been presented in the profit or loss statement, and the thereto related unpredictable volatility should not have influenced the result of the operational real estate business (core business of CA Immo Group).

CA Immo Group recognizes securities at the conclusion of the transaction agreement.

4.5. Cash and cash equivalents

€ K	31.12.2019	31.12.2018
Cash in banks	435,320	369,113
Restricted cash	4,051	5,385
Cash on hand	21	21
Fund of cash and cash equivalents	439,391	374,519
Expected credit losses in cash and cash equivalents	–253	–217
Cash and cash equivalents (balance sheet)	439,139	374,302

§ Cash and cash equivalents include cash, deposits in banks, as well as fixed-term deposits with an original term of up to three months. This item also includes cash in banks subject to drawing restrictions for a period of less than 3 months, which is used for securing outstanding loans (principal and interests) as well as current investments in development projects.

The expected credit losses for cash and cash equivalents are determined based on the default probability of each financial institution. For the computation of the expected credit losses, CA Immo Group takes into consideration the expected period it takes to transfer cash and cash equivalents to other financial institutions.

CHAPTER 5: EQUITY AND FINANCING

5.1. Shareholders' equity

The share capital equals the fully paid in nominal capital of CA Immobilien Anlagen Aktiengesellschaft of € 718,336,602.72 (31.12.2018: € 718,336,602.72). It is divided into 98,808,332 (31.12.2018: 98,808,332) bearer shares and 4 registered shares of no par value. The registered shares are held by SOF-11 Klimt CAI S.à r.l., Luxembourg, an entity managed by Starwood Capital Group, each granting the right to nominate one member of the Supervisory Board. The Supervisory Board currently consists of seven members elected by the Ordinary General Meeting and two members elected by the registered shares and four delegated by the works council.

In November 2016, the company started a share buyback program for up to 1,000,000 shares (around 1% of the current share capital of the company). The repurchase took place for each purpose permitted by the resolution of the Annual General Meeting and ended on 2.11.2018 as planned. In total, 197,983 shares (ISIN AT0000641352) were acquired under this program at a weighted average value including bank charges of around 23.55 € per share in 2018.

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

The appropriated capital reserve as reported in the individual financial statements of CA Immobilien Anlagen Aktiengesellschaft totals € 854,842 K (31.12.2018: € 854,842 K). Profits can only be distributed up to the amount of the net profit of the parent company disclosed in the individual financial statements in accordance with the Austrian Commercial Code (UGB), subject to the existence of any legal dividend payment constraints. In 2019, a dividend amount of € 0.90 (2018: € 0.80) for each share entitled to dividend, totalling € 83,725 K (2018: € 74,423 K), was distributed to the shareholders. The total net profit of CA Immobilien Anlagen Aktiengesellschaft as at 31.12.2019 amounting to € 907,530 K (31.12.2018: € 944,552 K), is not subject to dividend payment constraints (31.12.2018: dividend payment constraints amounting to € 1,141 K). The Management Board of CA Immo AG proposes to use part of the net retained earnings as at 31.12.2019, amounting to € 907,530 K, in 2020 to distribute a dividend of € 1.00 per share, so that a total of € 93,028 K is to be distributed to shareholders. The remaining retained earnings in the amount of € 814,502 K are to be carried forward. The profit appropriation proposal reflects the current assessment of the Management and Supervisory Boards. Since neither the duration of the COVID-19 crises nor the further financial, general business and real estate specific impacts as well as the timing of the Annual General Meeting of 2020 can be predicted with certainty, the Management and Supervisory Boards will evaluate the proposal for decision until the Annual General Meeting on an ongoing basis and reserve the right to modifications.

As at 31.12.2019, authority exists for the issue of additional capital in the amount of € 359,168,301.36 in the period until 18.9.2023 and for the issue of conditional capital in the amount of € 47,565,458.08 earmarked for the specified purpose of servicing 0.75% of the convertible bonds 2017 – 2025 (conditional capital 2013) as well as a conditional capital in the amount of € 143,667,319.09 earmarked for the specified purpose of servicing convertible bonds which are issued prospectively based on the authorization from the resolution from the Ordinary General Meeting as of 9.5.2018 (conditional capital 2018).

CA Immo AG has an outstanding non-subordinated unsecured convertible bond in an amount of € 200 M and a term until April 2025. The coupon payable semi-annually amounts to 0.75% p.a. and the initial conversion price has been set at € 30.5684 per share. This equaled a conversion premium of 27.50% above the volume weighted average price (VWAP) of the CA Immo shares amounting to € 23.9752 on the launch date. Following the dividend payment amounting to € 0.90 per share on 13.5.2019, the conversion price has changed to € 30.1704, in accordance with section 11 (d) (ii) in issuance terms. The convertible bond was issued at 100% of its nominal value of € 100,000 per bond and will be redeemed at 100% of the nominal value, if not previously repaid or converted. At the company's choice, the redemption may be effected by the provision of shares, cash or a combination of the two.

5.2. Interest bearing liabilities

€ K			31.12.2019			31.12.2018
	Short-term	Long-term	Total	Short-term	Long-term	Total
Convertible bond	362	190,445	190,807	362	187,143	187,505
Corporate bonds	13,904	784,913	798,817	12,486	783,784	796,269
Bonds	14,265	975,359	989,624	12,847	970,927	983,774
Loans	228,399	838,839	1,067,238	206,497	752,822	959,319
Lease liabilities	3,814	36,666	40,480	0	0	0
Loans due to joint venture partners	0	0	0	300	0	300
Other interest-bearing liabilities	232,213	875,506	1,107,718	206,798	752,822	959,620
	246,478	1,850,864	2,097,342	219,645	1,723,749	1,943,394

The Euro is the contract currency of 100% of the interest bearing liabilities (31.12.2018: 100% in EUR).

Bonds

31.12.2019	Nominal value in € K	Book value excl. interests € K	Deferred interest in € K	Nominal interest rate	Effective interest rate	Issue	Repayment
Convertible bond	200,000	190,445	362	0.75%	2.57%	4.10.2017	4.4.2025
Bond 2015-2022	175,000	174,731	4,159	2.75%	2.83%	17.2.2015	17.2.2022
Bond 2016-2023	150,000	149,592	3,576	2.75%	2.84%	17.2.2016	17.2.2023
Bond 2016-2021	140,000	139,682	1,227	1.88%	2.03%	12.7.2016	12.7.2021
Bond 2017-2024	175,000	174,015	2,791	1.88%	2.02%	22.2.2017	22.2.2024
Bond 2018-2026	150,000	146,894	2,152	1.88%	2.24%	26.9.2018	26.3.2026
Total	990,000	975,359	14,265				

31.12.2018	Nominal value in € K	Book value excl. interests € K	Deferred interest in € K	Nominal interest rate	Effective interest rate	Issue	Repayment
Convertible bond	200,000	187,143	362	0.75%	2.57%	4.10.2017	4.4.2025
Bond 2015-2022	175,000	174,610	4,159	2.75%	2.83%	17.2.2015	17.2.2022
Bond 2016-2023	150,000	149,469	3,576	2.75%	2.84%	17.2.2016	17.2.2023
Bond 2016-2021	140,000	139,479	1,227	1.88%	2.03%	12.7.2016	12.7.2021
Bond 2017-2024	175,000	173,792	2,791	1.88%	2.02%	22.2.2017	22.2.2024
Bond 2018-2026	150,000	146,433	734	1.88%	2.24%	26.9.2018	26.3.2026
Total	990,000	970,927	12,847				

The corporate bonds and the convertible bonds are subject to financial covenants. These are mainly related to change of control (i.e. the acquisition of a direct or indirect controlling interest in the company in the sense of the Austrian Takeover Act, if this has a significant influence on CA Immo's ability to meet its obligations under the bonds), cross default (whereby the outstanding amounts may be due if the company or one of its major subsidiaries requires early repayment of another financial obligation for non-compliance with credit terms) or Loan-to-Value ratios (gearing of the company).

As at 31.12.2019 no bonds were in breach of covenants (31.12.2018: no breaches).

Other interest-bearing liabilities

As at 31.12.2019 and 31.12.2018, the terms of other interest-bearing liabilities are as follows:

Type of financing and currency	Effective interest rate as at 31.12.2019 in %	Interest variable/fixed/hedged	Maturity	Nominal value in € K	Book value in € K	Fair value of liability in € K
Loans	0.70%–1.85%	variable	3/2020 - 3/2032	299,503	298,142	298,142
Loans	0.90%–2.75%	hedged	3/2020 - 12/2032	518,275	513,397	513,397
Loans	0.70%–3.95%	fixed	12/2022 - 12/2028	256,186	255,698	261,539
Loans (total)				1,073,964	1,067,238	1,073,079
Lease liabilities (IAS 40)	0.81%–6.94%	fixed	1/2020 - 8/2104	87,091	31,226	
Lease liabilities (other)	0.45%–5.38%	fixed	2/2020 - 12/2025	9,695	9,254	
				1,170,750	1,107,718	1,073,079

Type of financing and currency	Effective interest rate as at 31.12.2018 in %	Interest variable/fixed/hedged	Maturity	Nominal value in € K	Book value in € K	Fair value of liability in € K
Loans	0.70%–1.85%	variable	6/2019 - 3/2032	209,423	207,211	207,211
Loans	1.43%–2.96%	hedged	6/2019 - 12/2032	484,597	480,628	480,628
Loans	0.62%–3.95%	fixed	9/2019 - 12/2028	271,575	271,480	275,217
Loans (total)				965,595	959,319	963,056
Loans due to joint venture partners	3.40%	fixed	6/2019	300	300	302
				965,895	959,619	963,358

For loans with variable interest rate, interest rate derivatives with a nominal value of € 13,497 K (31.12.2018: € 21,736 K) have been set up in order to reduce the effect of changes in the interest rate.

The bank financing of CA Immo Group is subject to financial covenants. These are generally for investment properties LTV (loan to value, i.e. ratio between loan amount and the fair value of the property), ISCR (interest service coverage ratio, i.e. the ratio between rental revenues and interest expenses) and DSCR (debt service coverage ratio, i.e. the ratio between rental revenues and debt service of one period) and ratios for investment properties under development LTC (loan to cost, i.e. ratio between debt amount and total project costs) and ISCR (interest service coverage ratio, i.e. the ratio between future rental revenues planned and interest expenses).

Other interest-bearing liabilities, for which the relevant financial covenants were not met as at 31.12.2019, are presented in short-term interest-bearing liabilities regardless of their maturity, because breaches of the financial covenants

generally entitle the lender to early termination of the loan agreement. This applies irrespective of the state of negotiations with the banks regarding a continuation or amendment of the loan agreements. As at 31.12.2019 no loans were in breach of covenants (31.12.2018: no breaches).

§ Interest-bearing liabilities are assigned to the category "amortised cost" (AC) and recognised upon disbursement at the amount actually received less transaction costs and for the lease liabilities at the present value of the future lease payments. Any difference between the amount received and the repayment amount, respectively between the present value and the nominal value of the lease liabilities is allocated over the term of the financing, according to the effective interest-rate method, and is recognised as financing costs or, if the conditions set forth in IAS 23 are met, capitalized as borrowing costs of construction works.

A convertible bond requires in principle a split of the financial instrument between an equity component and a debt component. The equity component is replaced due to the cash settlement option of CA Immo AG, with an embedded derivative subject to separation. Embedded derivatives are generally separately recognized, if their economic characteristics and risks are not closely related to those of the host contract, if they independently fulfill the definition of derivatives and if the entire instrument is not measured at fair value through profit or loss. Initial recognition of the debt component is at fair value of a similar liability that does not include an option to convert into equity instruments. Directly attributable transaction costs are allocated to the debt component. Liabilities from convertible bonds are assigned to the category "amortised cost" (AC) and are measured using the effective interest-rate method.

When a change or amendment in the contractual terms of a liability is recognized as a redemption (i.e. the obligations specified in the contract are cancelled or the 10% threshold of the present value test is not met), then all incurred expenses and fees are deemed to be part of the gain or loss from the redemption. Changes or amendments in terms of loan agreements that do not result in a redemption, lead to an adjustment of the carrying value of the liability. The change in the fair value, as a result of changed or amended terms, is presented in the profit or loss statement and amortized as effective interest over the remaining duration.

5.3. Other liabilities

€ K

	Short-term	Long-term	31.12.2019 Total	Short-term	Long-term	31.12.2018 Total
Fair value derivative transactions	0	103,960	103,960	38	44,391	44,429
Trade payables	24,770	5,114	29,885	20,609	3,935	24,544
Liabilities to joint ventures	1,448	0	1,448	3,834	0	3,834
Rent deposits	3,751	14,505	18,256	2,353	13,741	16,093
Open purchase prices	952	0	952	1,577	0	1,577
Settlement of operating costs	2,148	0	2,148	2,302	0	2,302
Other	3,761	5,222	8,983	3,546	4,606	8,152
Financial liabilities	36,831	24,840	61,671	34,221	22,282	56,503
Operating taxes	4,906	0	4,906	6,674	0	6,674
Prepayments received	8,683	283	8,966	125,145	283	125,428
Prepaid rent and other non financial liabilities	3,653	477	4,131	3,510	528	4,038
Non-financial liabilities	17,242	761	18,003	135,329	811	136,140
Total other liabilities	54,073	129,561	183,634	169,588	67,485	237,072

§ Financial liabilities

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

For other short-term financial liabilities, the fair value generally corresponds to the estimated sum of all future payments.

Other long-term financial liabilities are measured at fair value at initial recognition and are discounted with a timely and risk adequate market rate.

§ Non-financial liabilities

Non-financial liabilities refer to liabilities to fiscal authorities and social insurance institutions, rent prepayments received, advance payments, advance dividends received, as well as contract liabilities (according to IFRS 15). They are recognized at the date of inception at the amount corresponding to the expected outflow of resources and the cost of inception (cash-in amount). Subsequent changes in value (including interest) are recognised in profit or loss.

Where revenues transferred over time occur in a construction project (for example for owner occupied apartments) by means of measure of progress, according to IFRS 15, contract assets, respectively contract liabilities, should be recognized. This item is reported as a net amount offset against the corresponding prepayments received under “trade and other receivables” in case of a contract asset or under “other non-financial liabilities” in case of a contract liability.

5.4. Liabilities in disposal groups

We refer to the presentation and explanations in Chapter 4.1. „Assets held for sale and relating to disposal groups“.

CHAPTER 6: PROVISIONS

6.1. Provisions

€ K	Staff	Construction services	Subsequent costs of sold properties	Others	Total
As at 1.1.2019	11,228	45,309	53,137	39,299	148,973
Usage	-6,740	-37,598	-10,010	-8,668	-63,016
Reversal	-1,738	-1,445	-3,337	-4,318	-10,838
Addition	12,864	37,510	3,131	15,456	68,961
Disposal from deconsolidation	0	0	0	-3	-3
Accumulated interest	36	0	0	0	36
Currency translation adjustments	-6	-5	0	-234	-246
As at 31.12.2019	15,644	43,772	42,921	41,531	143,868
thereof short-term	10,296	43,210	14,260	41,531	109,297
thereof long-term	5,348	562	28,661	0	34,571

Other provisions mainly consist of provisions for services (audit services, tax and legal advice), property taxes, real estate transfer taxes, service expenses for properties, warranty risks and interests connected to tax audits.

§ Provisions are recognised if CA Immo Group has a legal or constructive obligation towards a third party as a result of a past event and the obligation is likely to lead to an outflow of funds. Especially for provisions for construction works and expenses related to sold investment properties it is necessary that estimations (eg. of a construction project, qualitative appraisals of service providers, price related risks or for the concrete fulfillment or scope of an obligation) are taken into consideration. Such provisions are recognised in the amount representing the best possible estimate at the time the consolidated financial statements are prepared. If the present value of the provision determined on the basis of prevailing market interest rates differs substantially from the nominal value, the present value of the obligation is recognised.

Provision for employees

The provision for employees primarily comprises the present value of the long-term severance obligation of € 336 K (31.12.2018: € 182 K), bonuses of € 10,304 K (31.12.2018: € 8,059 K), and unused holiday entitlements of € 1,408 K (31.12.2018: € 1,084 K).

The provision for bonuses comprises a long-term provision for the LTI (long-term incentive) programme amounting to € 433 K (31.12.2018: € 340 K) as well as a short-term provision of € 463 K (31.12.2018: € 922 K).

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

€ K	2019	2018
Present value of severance obligations as at 1.1	182	359
Usage	0	-194
Current service costs	138	-10
Interest cost	0	0
Revaluation	16	28
Present value of severance obligations as at 31.12	336	182

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

Net plan assets from pension obligations

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

€ K	31.12.2019	31.12.2018
Present value of obligation	-10,124	-8,533
Fair value of plan asset	7,083	7,061
Net position recorded in consolidated statement of financial position	-3,041	-1,472
Financial adjustments of present value of the obligation	-1,540	250
Experience adjustments of present value of the obligation	-62	-5

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

€ K	2019	2018
Present value of obligation as at 1.1.	-8,533	-8,794
Current Payment	163	159
Interest cost	-152	-142
Revaluation	-1,602	245
Present value of obligation 31.12	-10,124	-8,533
Plan asset as at 1.1.	7,061	7,046
Expected income from plan asset	126	113
Revaluation	68	73
Current Payment	-172	-171
Plan asset as at 31.12	7,083	7,061

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

€ K	2019	2018
Interest cost	-152	-142
Expected income from plan asset	126	113
Pensions costs	-27	-29

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

€ K	2019	2018
Revaluation of pension obligation	-1,602	245
Revaluation of plan assets	68	73
IAS 19 reserve	-1,533	318

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

2019		
€ K	-0.25%	+0.25%
change interest rate of 0.25 percentage points	-455	428
change pension trend of 0.25 percentage points	365	-384

2018		
€ K	-0.25%	+0.25%
change interest rate of 0.25 percentage points	-372	350
change pension trend of 0.25 percentage points	293	-308

§ Payment obligations to employees

Variable remuneration

In order to promote a high level of identification with the corporate goals, all employees are provided with variable remuneration in addition to their fixed salary and thus participation in the company's success. Based on the remuneration system of the Management Board, the attainment of the budgeted quantitative and qualitative annual targets as well as a positive consolidated result are required. Furthermore, managerial staff have the additional option of participating in a remuneration scheme based on share prices. Diverging from the model for the Management Board (phantom shares), participation in the LTI program is voluntary. The revolving programme has a term (retention period) of three years per tranche; it presupposes a personal investment (maximum of 35% of the fixed annual salary). The personal investment is evaluated on the basis of the average rate for the first quarter of the year the tranche begins, and the number of associated shares is determined on the basis of that evaluation. At the end of each three-year performance period, a target/actual comparison is applied to define target attainment. The critical factor is the value generated within the Group in terms of NAV growth, TSR (total shareholder return) and growth of FFO (funds from operations). The weighting for NAV and FFO growth is 30%, and 40% for the TSR. Payments are made in cash. Within the remuneration system for the Management Board, the LTI programme was dissolved in 2015 and replaced by bonus payments based on phantom shares.

The bonus payment for the Management Board is linked to long-term operational and quality-based targets and also takes account of non-financial performance criteria. It is limited to 200% of the annual salary. Of the variable remuneration, half is linked to the attainment of short-term targets defined annually by the remuneration committee (annual bonus). The other half is based on outperformance of the following indicators defined annually by the remuneration committee: return on equity (ROE), funds from operations (FFO) and NAV growth. The level of the bonus actually paid depends on the degree of target attainment: the values agreed and actually achieved at the end of each business year are determined by the Remuneration Committee. Half of performance-related remuneration takes the form of immediate payments (short term incentive); the remaining 50% is converted into phantom shares on the basis of the average rate for the last quarter of the business year relevant to target attainment. The payment of phantom shares is made in cash in

three equal parts after 12 months, 24 months (mid term incentive) and 36 months (long term incentive) at the average rate for the last quarter of the year preceding the payment year.

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

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

§ Defined benefit plans upon termination of employment

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

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

	31.12.2019	31.12.2018
Interest rate	0.82%	1.80%
Salary increases expected in the future	2.00%	2.00%
Accumulation period	25 years	25 years
Expected income from plan asset	0.82%	1.80%

The actual return on plan assets for 2019 is 1.78 % (2018: 1.61 %).

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

CA Immo Group has a legal obligation to make a one-time severance payment to staff employed in Austria before 1.1.2003 in the event of dismissal or retirement. The amount of this payment depends on the number of years of service and the relevant salary at the time the settlement is payable. It varies between two and twelve monthly salary payments. In CA Immo Group, contract stipulated severance exists for several employees. According to IAS 19, a provision is recognised for this defined benefit obligation. The interest rate used for the computation of this provision amounts to -0.25 % (2018: 0.17%).

§ Defined contribution plans

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

Based on agreements with a pension fund in Austria and a benevolent fund for small and medium-sized enterprises in Germany, a defined contribution pension commitment exists for employees in Austria and Germany after a certain number of years of service (Austria: 1 year irrespective of age; Germany: immediately upon reaching the age of 27). The contribution is calculated as a percentage of the relevant monthly gross salary, namely 2.5% in Austria and 2.0% in

Germany. The contributions paid vest after a certain period (Austria: 3 years; Germany: 3 years) and are paid out as monthly pension upon retirement.

CHAPTER 7: TAXES

7.1. Income taxes

€ K	2019	2018
Current income tax (current year)	-19,792	-39,905
Current income tax (previous years)	-175	-83
Current income tax	-19,967	-39,987
Change in deferred taxes	-127,636	-50,689
Tax on valuation of securities in equity	1,576	-220
Income tax expense	-146,026	-90,896
Effective tax rate (total)	27.1%	22.9%

In both 2019 and 2018, the current income tax (current year) mostly results from Germany.

The current income tax (previous years) mainly results from Germany and Austria and mainly refer to tax audit findings.

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

€ K	2019	2018
Net result before taxes	539,330	396,200
Expected tax expenses (tax rate Austria 25.0%/prior year 25.0%)	-134,832	-99,050
Tax-effective impairment and reversal of impairment losses of investments in affiliated entities	558	-35
Non-usable tax losses carried forward	-740	-753
Non tax-deductible expense and permanent differences	-3,224	-3,816
Differing tax rates abroad	-3,727	875
Capitalisation of prior years non-capitalised tax losses	695	7,922
Tax-exempt income	228	1,858
Adjustment of prior periods	-12	291
Utilization of prior years non-capitalised tax losses	225	652
Tax-exempt sales	213	0
Trade tax effects	-151	69
Amortisation/Reversal of amortisation of deferred tax assets	-4,275	859
At equity consolidation of investments in joint ventures	-772	1,657
Exchange rate differences not affecting tax	-22	-1,167
Change in tax rate	0	14
Others	-190	-271
Effective tax expense	-146,026	-90,896

Changes in deferred taxes are as follows:

€ K	2019	2018
Deferred taxes as at 1.1. (net)	-344,842	-294,937
Change from IFRS 5 transfer	0	861
Changes from sale of companies	427	0
Changes from first consolidation	0	318
Changes due to exchange rate fluctuations	0	-1
Changes recognised in equity	851	-395
Changes recognised in profit or loss	-127,636	-50,689
Deferred taxes as at 31.12. (net)	-471,200	-344,842

As at 31.12. deferred tax assets and liabilities are split as follows:

€ K			31.12.2018				31.12.2019		
Type	Deferred tax asset	Deferred tax liabilities	Net amount	Consolidated Income Statement	Other income	Addition/ Disposal/ IFRS 5/ exchange rate fluctuations	Net amount	Deferred tax asset	Deferred tax liabilities
Book value differences IFRS/tax of investment properties	420	-397,085	-396,665	-144,303	0	428	-540,539	818	-541,357
Difference in depreciation of own used properties and related right-of-use assets	720	0	720	-2,646	0	0	-1,925	580	-2,505
Difference in acquisition costs for assets held for trading	123	-1,199	-1,076	113	0	0	-963	171	-1,135
Difference in useful life for equipment and related right-of-use assets	199	-11	188	-212	0	0	-24	180	-203
Investments in joint ventures	1,032	-998	34	906	0	0	940	940	-1
Loans, other investments, securities	0	-7,254	-7,254	336	361	0	-6,557	0	-6,557
Revaluation of receivables and other assets	595	-824	-228	1,166	0	0	938	1,137	-199
Contract assets (IFRS 15)	0	-263	-263	263	0	0	0	0	0
Revaluation of derivatives assets	0	-264	-264	-102	0	0	-366	0	-366
Revaluation of cash and cash equivalents	8	-7	1	81	0	0	82	84	-2
Revaluation of derivatives liabilities	10,338	0	10,338	13,771	0	0	24,109	24,109	0
Liabilities (incl. lease liabilities)	2,156	-1,370	786	8,454	0	0	9,240	10,438	-1,198
Convertible bond	0	-2,773	-2,773	743	0	0	-2,030	0	-2,030
Provisions	5,196	-47	5,149	-112	490	-1	5,527	5,527	0
Tax losses	46,464	0	46,464	-6,094	0	0	40,370	40,370	0
Deferred tax assets/liabilities before offset	67,251	-412,093	-344,842	-127,636	851	427	-471,200	84,353	-555,553
Computation of taxes	-65,300	65,300	0				0	-82,543	82,543
Deferred tax assets/liabilities net	1,951	-346,793	-344,842				-471,200	1,810	-473,010

The recorded tax losses include deferred tax assets related to impairment losses on investments in subsidiaries in Austria amounting to € 0 K (31.12.2018: € 0 K), which have to be deferred over the next years for income tax purposes.

Not recognized deferred taxes

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

€ K	2019	2018
In the following year	1,408	9,804
Between 1 - 5 years	8,436	15,797
More than 5 years	4,395	12,441
Without limitation in time	199,587	216,251
Total unrecorded tax losses carried forward	213,827	254,292
thereupon non-capitalised deferred tax assets	47,371	53,931

The total taxable temporary differences related to investments in Austrian affiliated companies and joint ventures for which no deferred taxes were recognised pursuant to IAS 12.39 amount to € 273,009 K (31.12.2018: € 187,075 K). Tax loss carryforwards and impairment losses on investments in subsidiaries of the Austrian companies that were not recognised amount to € 149,162 K (31.12.2018: € 137,651 K). Thereof the unrecognized deferred tax asset related to impairment losses on investments which have to be deferred over the next years for income tax purposes amounts to € 3,332 K (31.12.2018: € 5,478 K).

The total taxable temporary differences related to investments in foreign affiliated companies, joint ventures and associated companies for which no deferred taxes were recognised pursuant to IAS 12.39 amount to € 94,080 K (31.12.2018: € 70,821 K). Tax loss carry forwards not recognised of foreign entities amount to € 64,664 K (31.12.2018: € 116,641 K). Subject to specific requirements, gains from the disposal of investments in foreign entities are partially or completely exempt from income tax.



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

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

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

CA Immo Group holds a significant part of its real estate portfolio in Germany, being subject to numerous complex tax regulations. In particular, CA Immo Group has to constantly deal with (i) roll-over schemes in order to transfer undisclosed, hidden reserves to other investments, (ii) legal provisions relevant to the real estate transfer tax liability/possible

incurrence of real estate transfer tax in the event of direct or indirect shareholder changes in German partnerships and corporations, as well as (iii) the deduction of input VAT on construction costs, as an ongoing issue in the development phase of projects. CA Immo Group takes all necessary steps in order to comply with the relevant tax rules. However, because of circumstances that are out of CA Immo Groups control, such as changes in ownership structure, tax laws as well as alterations of interpretation by the tax administration and courts, the aforementioned tax issues might be treated differently and, therefore, could have an impact on the tax position in the consolidated financial statements.

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

Uncertainties exist in connection with the tax deductibility of service invoicings within the Group. CA Immo Group always aims to charge a price at arm's length for internal services and to prepare adequate documentation. In addition, external service providers are appointed for the preparation of transfer pricing documentation to comply with all legal requirements, but the tax authorities can have a different view and subsequently reach different conclusions. This can lead to tax consequences for the deductibility of internal service invoicings, which could trigger subsequent tax payments for previous periods.

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

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

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

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

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

7.2. Current income tax receivables

This item amounting to € 15,941 K (31.12.2018: € 12,283K) relate to the CA Immo Germany Group and comprises corporate income tax and trade tax from the fiscal years 2013, 2017, 2018 and 2019 not yet assessed by the tax authorities as well as results of finalized tax audits.

7.3. Income tax liabilities

This includes an amount of € 19,402 K (31.12.2018: € 33,583 K) relate to CA Immo Germany Group and comprises corporate income tax and trade tax for the years 2011, 2017, 2018 and 2019 which have not been finally assessed by tax authorities as well as results of finalized tax audits.

CHAPTER 8: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

8.1. Financial instruments

Financial assets by categories

Category	Classification IFRS 9 ¹⁾		No financial instruments	Book value	Fair value
	FVTPL	FVOCI		31.12.2019	31.12.2019
€ K					
Cash and cash equivalents with drawing restrictions	0	0	15,154	0	15,154
Derivative financial instruments	1,148	0	0	0	1,148
Primary instruments	0	0	21,939	4,020	25,960
Other investments	41,406	0	0	0	41,406
Financial assets	42,553	0	37,094	4,020	83,667
Cash and cash equivalents with drawing restrictions	0	0	10,793	0	10,793
Other receivables and assets	0	0	43,697	19,324	63,021
Receivables and other assets	0	0	54,490	19,324	73,814
Cash and cash equivalents	0	0	439,139	0	439,139
	42,553	0	530,722	23,345	596,620

¹⁾ FVTPL – fair value through profit or loss, FVOCI – fair value through other comprehensive income, AC – amortised cost

Category	Classification IFRS 9 ¹⁾		No financial instruments	Book value	Fair value
	FVTPL	FVOCI		31.12.2018	31.12.2018
€ K					
Cash and cash equivalents with drawing restrictions	0	0	9,750	0	9,750
Derivative financial instruments	827	0	0	0	827
Primary financial instruments	10,067	0	3,421	0	13,488
Other investments	41,098	0	0	0	41,098
Financial assets	51,992	0	13,171	0	65,163
Cash and cash equivalents with drawing restrictions	0	0	14,686	0	14,686
Other receivables and assets	0	0	50,170	32,259	82,429
Receivables and other assets	0	0	64,856	32,259	97,115
Securities	0	114,544	0	0	114,544
Cash and cash equivalents	0	0	374,302	0	374,302
	51,992	114,544	452,329	32,259	651,124

The fair value of the receivables and other assets in the category of “Amortised Cost” (AC) essentially equals the book value due to daily and/or short-term maturities. The primary financial instruments mainly consist of loans granted to joint ventures, which are considered and valued as part of the net investment in the entities, as well as loans granted to associated companies, which are measured at fair value through profit or loss (this corresponds to level 3 of the fair value hierarchy). Securities in the category FVOCI are recognized at their market value and are therefore classified as

level 1 of the fair value hierarchy. Valuation of investments of FVTPL category corresponds to level 3 of the fair value hierarchy.

Financial assets are partially pledged as securities for financial liabilities.

Financial liabilities by categories

Category	Classification IFRS 9 ¹⁾		No financial instruments	Book value	Fair value
	FVTPL	AC		31.12.2019	31.12.2019
€ K					
Convertible bond	0	190,807	0	190,807	190,175
Bonds	0	798,817	0	798,817	840,413
Loans	0	1,067,238	0	1,067,238	1,073,079
Lease liabilities	0	40,480	0	40,480	
Interest-bearing liabilities	0	2,097,342	0	2,097,342	
Derivative financial instruments	103,960	0	0	103,960	103,960
Other primary liabilities	0	61,671	18,003	79,675	
Other liabilities	103,960	61,671	18,003	183,634	
	103,960	2,159,014	18,003	2,280,977	

¹⁾ FVTPL – fair value through profit or loss, FVOCI – fair value through other comprehensive income, AC – amortised cost

The stock exchange price of the convertible bond amounts to € 263,432 K (31.12.2018: € 223,530 K). The fair value of the embedded derivative of the convertible bond amounts to € 73,257 K (31.12.2018: € 34,839 K). The debt component of the convertible bond and the embedded derivative of the convertible bond are separately reported.

Category	Classification IFRS 9 ¹⁾		No financial instruments	Book value	Fair value
	FVTPL	AC		31.12.2018	31.12.2018
€ K					
Convertible bond	0	187,505	0	187,505	188,690
Bonds	0	796,269	0	796,269	826,418
Loans	0	959,319	0	959,319	963,056
Loans due to joint venture partners	0	300	0	300	302
Interest-bearing liabilities	0	1,943,394	0	1,943,394	
Derivative financial instruments	44,429	0	0	44,429	44,429
Other primary liabilities	0	56,503	136,140	192,643	
Other liabilities	44,429	56,503	136,140	237,072	
	44,429	1,999,897	136,140	2,180,466	

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

8.2. Derivative financial instruments and hedging transactions

€ K	Nominal value	Fair value	31.12.2019 Book value	Nominal value	Fair value	31.12.2018 Book value
Interest rate swaps - liabilities	531,771	-30,703	-30,703	506,558	-9,590	-9,590
Total interest rate swaps	531,771	-30,703	-30,703	506,558	-9,590	-9,590
Interest rate floors	43,875	1,148	1,148	44,775	827	827
Derivative convertible bond	0	-73,257	-73,257	0	-34,839	-34,839
Total derivatives	575,646	-102,812	-102,812	551,333	-43,602	-43,602
thereof stand alone (fair value derivatives) - assets	43,875	1,148	1,148	44,775	827	827
thereof stand alone (fair value derivatives) - liabilities	531,771	-103,960	-103,960	506,558	-44,429	-44,429

The derivative of the convertible bond results from the cash settlement option of the convertible bond of CA Immo AG and is reported at fair value.

As at the balance sheet date 48.3% (31.12.2018: 50.2%) of the nominal value of all loans have been turned into fixed interest rates (or into ranges of interest rates with a cap) by means of interest rate swaps.

Interest rate derivatives	Nominal value in € K	Start	End	Fixed interest rate as at 31.12.2019	Reference interest rate	Fair value in € K 31.12.2019
EUR - stand alone - liabilities	531,771	12/2016- 4/2019	12/2021- 12/2032	0.25%–1.19%	3M-Euribor	-30,703
Total interest swaps = variable in fixed	531,771					-30,703
Interest rate floors	43,875	5/2018	5/2028	0.00%	3M-Euribor	1,148
Total interest rate derivatives	575,646					-29,555

Interest rate derivatives	Nominal value in € K	Start	End	Fixed interest rate as at 31.12.2018	Reference interest rate	Fair value in € K 31.12.2018
EUR - stand alone - liabilities	506,558	7/2016- 12/2018	6/2019- 12/2032	-0.18%–1.19%	3M-Euribor	-9,590
Total interest swaps = variable in fixed	506,558					-9,590
Interest rate floors	44,775	5/2018	5/2028	0.00%	3M-Euribor	827
Total interest rate derivatives	551,333					-8,763

Gains and losses in other comprehensive income

€ K	2019	2018
As at 1.1.	0	-842
Change in valuation of cash flow hedges	0	0
Change of ineffectiveness cash flow hedges	0	0
Reclassification of cash flow hedges	0	1,110
Income tax cash flow hedges	0	-268
As at 31.12.	0	0
thereof: attributable to the owners of the parent	0	0

Valuation of interest rate derivatives

The interest rate derivatives are recognised at fair value. The fair values are calculated by discounting the future cash flows from variable payments on the basis of generally recognized financial-mathematical models. The interest rates for discounting the future cash flows are estimated by reference to an observable market yield curve. The calculation is based on inter-bank middle rates. The fair value of the derivatives corresponds therefore to level 2 of the measurement hierarchy according to IFRS 13.

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

CA Immo Group also enters into bank financing for investments properties whereby a minimal interest limit is contractually agreed. In this case it needs to be investigated whether an embedded derivative subject to separation is present. An embedded minimal limit on interest rates of a debt instrument is closely linked to the host contract if, at the date of entering the contract, the minimal interest limit is equal or below the prevailing market rate. CA Immo Group examines the existence of an embedded derivative for the necessity of separation from the host contract by comparing the agreed interest plus the valuation of the minimal interest rate limit with the market interest rate (reference interest plus margin). If the market interest rate (reference interest plus margin) exceeds the contractually agreed interest in each future period, there is no obligation to separate the embedded derivative. To date, CA Immo Group has not identified in any loan agreement an embedded derivatives subject to separation.

Valuation of the derivative convertible bond

Due to the cash settlement option of CA Immo AG, the convertible bond has an embedded derivative subject to separation. The fair value of the separate embedded derivative is determined based on a generally accepted financial mathematics model (Black-Scholes) and parameters observable on the market. Thus the fair value of the derivative of the convertible bond corresponds to level 2 of the measurement hierarchy according to IFRS 13.

Derivative financial instruments

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

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

The method applied by CA Immo Group when recognising gains or losses from derivative financial instruments depends on whether or not the criteria for cash flow hedge accounting (hedging of future cash flows) are met. There are currently no derivatives for which cash flow hedge accounting is used. Pursuant to IFRS 9, derivatives not qualifying for hedge accounting are assigned to the category "fair value through profit or loss" (FVtPL). Changes in the fair value are therefore recognized entirely in profit or loss in the item "result from derivatives".

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

A convertible bond requires in principle a split out of the financial instrument between an equity component and a debt component. The convertible bond consists due to the cash settlement option of CA Immo AG of an embedded derivative subject to separation. Embedded derivatives are basically to be accounted separately from the host contract if their economic characteristics and risks are not closely related to these of the host contract, if they independently fulfill the definition of a derivative and the entire instrument is not valued at fair value through profit or loss. The embedded derivative is classified as "fair value through profit or loss" (FVtPL) and is measured at fair value through profit or loss at each balance sheet date. The changes in fair value are fully presented in profit or loss as "result from derivatives".

8.3. Risks from financial instruments

Interest rate risk

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

The following sensitivity analysis outlines the impact of variable interest rates on interest expense. It shows the effect on the result of the financial year 2019 of a change in interest rate by 50 and 100 basis points on the interest expenses. The analysis assumes that all other variables, particularly foreign exchange rates, remain constant. Due to the very low interest rate levels the analysis only shows the effect of increasing interest rates.

€ K	recognised in Profit/Loss Statement	
	at 50 bps Increase	at 100 bps Increase
31.12.2019		
Interest on variable rate instruments	-1,446	-2,892
Valuation result from fixed rate instruments (Swaps)	18,818	36,821
Valuation result from derivative financial instruments	-739	-985
	16,633	32,944
31.12.2018		
Interest on variable rate instruments	-1,102	-2,205
Valuation result from fixed rate instruments (Swaps)	17,186	33,556
Valuation result from derivative financial instruments	-511	-673
	15,572	30,679

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

Risks of the embedded derivative of the convertible bond

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

€ K	recognised in Profit/Loss Statement		recognised in Profit/Loss Statement	
	at 10% Share Price Increase	at 10% Share Price Decrease	at 50 bps Credit Spread Increase	at 50 bps Credit Spread Decrease
31.12.2019				
Derivative convertible bond	-19,397	17,742	-2,930	2,910
31.12.2018				
Derivative convertible bond	-10,237	9,058	-1,932	1,887

Currency risk

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

Credit risk

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

Tenants provided deposits amounting to € 18,256 K (31.12.2018: € 16,093 K) as well as bank guarantees of € 55,453 K (31.12.2018: € 46,623 K) and group guarantees in the amount of € 44,555 K (31.12.2018: € 45,246 K).

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

Liquidity risk

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

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

31.12.2019 € K	Book value 2019	Contractually agreed cash flows	Cash flow 2020	Cash flow 2021-2024	Cash flow 2025 ff
Convertible bond	190,807	-208,004	-1,525	-6,087	-200,392
Bonds	798,817	-862,281	-17,656	-689,000	-155,625
Loans	1,067,238	-1,150,427	-241,212	-470,876	-438,339
Lease liabilities	40,480	-96,786	-4,054	-11,811	-80,921
Trade payables	29,885	-29,885	-24,770	-5,112	-2
Non-controlling interests held by limited partners	3,990	-3,990	0	0	-3,990
Liabilities to joint ventures	1,448	-1,448	-1,448	0	0
Other liabilities	26,348	-26,348	-10,612	-14,042	-1,694
Primary financial liabilities	2,159,013	-2,379,170	-301,278	-1,196,929	-880,962
Interest rate derivatives not connected with hedges	30,703	-30,600	-6,112	-18,105	-6,383
Derivative convertible bond	73,257	0	0	0	0
Derivative financial liabilities	103,960	-30,600	-6,112	-18,105	-6,383
	2,262,973	-2,409,770	-307,390	-1,215,035	-887,346

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

31.12.2018	Book value	Contractually	Cash flow	Cash flow	Cash flow
€ K	2018	agreed cash flows	2019	2020- 2023	2024 ff
Convertible bond	187,505	-210,500	-1,500	-6,000	-203,000
Bonds	796,269	-878,527	-16,246	-525,563	-336,719
Loans	959,620	-1,091,419	-217,713	-398,220	-475,487
Trade payables	24,544	-24,544	-20,609	-3,935	0
Non-controlling interests held by limited partners	3,363	-3,363	0	0	-3,363
Liabilities to joint ventures	3,834	-3,834	-3,834	0	0
Other liabilities	24,762	-24,762	-9,778	-13,152	-1,833
Primary financial liabilities	1,999,897	-2,236,950	-269,680	-946,869	-1,020,401
Interest rate derivatives not connected with hedges	9,590	-9,339	-4,462	-10,720	5,843
Derivative convertible bond	34,839	0	0	0	0
Derivative financial liabilities	44,429	-9,339	-4,462	-10,720	5,843
	2,044,326	-2,246,289	-274,141	-957,588	-1,014,558

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

Price risk

The CA Immo Group held securities in its portfolio. This financial instrument was quoted in an active market (level 1 of the fair value hierarchy), thus it could constantly be influenced by the price (price risk). If an assumed change, i.e. an increase/decrease of 10% in the price of securities compared with the level as of 31.12.2018, this change would have impacted the comprehensive income of CA Immo Group by +/- € 11,454 K.

Capital management

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

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

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

Regarding the first parameter, the CA Immo Group aims to maintain an equity ratio of 45% -50%. As at 31.12.2019 the ratio was 50.4% (31.12.2018: 49.3%). With respect to the proportion between the secured and the unsecured loans, the secured property loans, which are usually taken directly by the company in which the property is held, currently account for a slightly higher share. Unsecured financing exists only in the form of corporate bonds or convertible bonds placed on the capital markets. Currently around 47% of the entire financing volume is attributed to unsecured financing in the form of corporate bonds (31.12.2018: 51%). The related ratio of unsecured properties is one of the important criteria for the investment grade rating of CA Immo Group.

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

€ K	31.12.2019	31.12.2018
Interest-bearing liabilities		
Long-term interest-bearing liabilities	1,850,864	1,723,749
Short-term interest-bearing liabilities	246,478	219,645
Interest-bearing assets		
Cash and cash equivalents	-439,139	-374,302
Cash at banks with drawing restrictions	-1,914	-2,204
Net debt	1,656,290	1,566,888
Shareholders' equity	2,967,968	2,639,697
Gearing ratio (Net debt/equity)	55.8%	59.4%

In calculating the gearing, for simplicity the book value of the cash and cash equivalents has been taken into account. The cash at banks with drawing restrictions is included in the calculation of net debt, if it is used to secure the repayments of interest bearing liabilities.

CHAPTER 9: OTHER DISCLOSURES

9.1. Information for cash flow statement

€ K	Note	Liabilities			
		Other interest-bearing liabilities	Leasing liabilities	Convertible bond	Bonds
As at 1.1.2019		959,620	0	187,505	796,269
Changes in cash flow from financing activities					
Cash inflow from loans received	5.2.	135,183	0	0	0
Cash inflow from the issuance of bonds	5.2.	0	0	0	0
Repayment of bonds		0		0	-70
Dividend payments to shareholders	5.1.	0	0	0	0
Payment/Repayment related to the acquisition of shares from non-controlling interests and dividends to non-controlling interests	5.1.	0	0	0	0
Repayment of loans incl. interest rate derivatives	5.2.	-26,836	-2,725	0	0
Other interest paid	5.2.	-13,807	-1,325	-1,523	-12,055
Total change in cash flow from financing activities		94,540	-4,050	-1,523	-12,125
Effects of changes in exchange rates	5.2.	0	261	0	0
Change in fair value	8.1.	0	0	0	0
Total Other changes related to liabilities		13,079	44,270	4,826	14,673
Total Other changes related to equity		0	0	0	0
As at 31.12.2019		1,067,239	40,480	190,807	798,817

Other changes related to liabilities mainly result from interest expenses, in accordance with Group profit and loss and for the lease liabilities they mainly comprise the effect from initial application of IFRS 16 as well as additions and disposals, which do not have any effect on the cash flow from financing activities.

Liabilities	Derivatives		Shareholders' equity	Total
Other effects in cash-flow from financing activities	Derivatives assets	Derivatives liabilities		
0	-827	44,429	2,639,697	4,626,693
0	0	0	0	135,183
0	0	0	0	0
0	0	0	0	-70
0	0	0	-83,725	-83,725
-129	0	0	1	-128
-620	0	-23	0	-30,203
-484	0	-5,143	0	-34,338
-1,233	0	-5,165	-83,724	-13,282
0	0	44	0	305
0	-321	59,486	0	59,165
1,233	0	5,165	0	83,245
0	0	0	411,996	411,996
0	-1,148	103,960	2,967,968	5,168,122

€ K	Note	Liabilities		
		Other interest-bearing liabilities	Convertible bond	Bonds
As at 1.1.2018 restated		916,549	184,334	648,447
Changes in cash flow from financing activities				
Cash inflow from loans received	5.2.	151,763	0	0
Cash inflow from the issuance of bonds	5.2.	0	0	146,372
Costs paid for issuance of bonds/convertible bonds	5.2.	0	-116	0
Repayment of loans received from joint ventures	5.2.	-600	0	0
Acquisition of treasury shares	5.1.	0	0	0
Dividend payments to shareholders	5.1.	0	0	0
Payment/Repayment related to the acquisition of shares from non-controlling interests and dividends to non-controlling interests	5.1.	0	0	0
Repayment of loans incl. interest rate derivatives	5.2.	-101,386	0	0
Other interest paid	5.2.	-15,327	-1,500	-9,136
Total change in cash flow from financing activities		34,449	-1,616	137,236
Total change from the purchase of subsidiaries or other business operations		-7,033	0	0
Effects of changes in exchange rates	5.2.	0	0	0
Change in fair value	8.1.	0	0	0
Total Other changes related to liabilities		15,655	4,786	10,586
Total Other changes related to equity		0	0	0
As at 31.12.2018		959,620	187,505	796,269

Liabilities Other effects in cash- flow from financing activities	Derivatives Derivatives assets	Derivatives liabilities	Shareholders' equity	Total
0	-293	23,021	2,419,270	4,191,328
0	0	0	0	151,763
0	0	0	0	146,372
0	0	0	0	-116
0	0	0	0	-600
0	0	0	-4,662	-4,662
0	0	0	-74,423	-74,423
-36	0	0	0	-36
-1,230	691	0	0	-101,925
-2,591	0	-3,566	0	-32,120
-3,857	691	-3,566	-79,084	84,251
0	0	0	0	-7,033
0	0	-8	0	-8
0	-1,225	21,416	0	20,191
3,857	0	3,566	0	38,450
0	0	0	299,511	299,511
0	-827	44,429	2,639,697	4,626,693

9.2. Other obligations and contingent liabilities

Guarantees and other commitments

As at 31.12.2019, CA Immo Germany Group is subject to guarantees and other commitments resulting from purchase agreements for decontamination costs and war damage costs amounting to € 106 K (31.12.2018: € 91 K). Furthermore, comfort letters and securities have been issued for one joint venture in Germany amounting to € 2,000 K (31.12.2018: € 2,000 K). As a security for the liabilities of one (31.12.2018: two) joint ventures loan guarantees, letters of comfort and declarations were issued totalling € 2,500 K (31.12.2018: € 2,500 K) in Germany. Furthermore, as security for warranty risks in Germany a guarantee was issued in an amount of € 15,066 K (31.12.2018: € 15,066 K).

CA Immo Group has agreed to adopt a guarantee in connection with the project “Airport City St. Petersburg” in the extent of € 0 K (31.12.2018: € 1,027 K).

In connection with disposals, marketable guarantees exist between CA Immo Group and the buyer for coverage of possible warranty- and liability claims, which have been recognized in the statement of financial position accordingly. The actual claims may exceed the expected level. Furthermore, comfort letters and securities have been issued for two (31.12.2018: one) joint ventures in Austria amounting to € 11,443 K (31.12.2018: € 6,743 K) and for one joint venture in Eastern Europe amounting to € 15,699 K (31.12.2018: € 15,699 K).

For the purpose of recognising tax provisions, estimates have to be made. Uncertainties exist concerning the interpretation of complex tax regulations as well as calculation methods to determine the amount and timing of taxable income. Due to these uncertainties and the complexity estimates may vary from the real tax expense also in a material amount. This may include amended interpretations of tax authorities for previous periods. CA Immo Group recognises appropriate provisions for known and probable charges arising from ongoing tax audits.

In connection with a development project in Eastern Europe a main contractor has filed an arbitration action at the Vienna International Arbitral Center on 15.2.2019. The claim contains alleged claims for the payment of additional costs and compensation for work performed in the amount of € 26.27 M. CA Immo Group considers the chances of this action succeeding as minimal. The expected cash outflows in this respect have been recognized in the statement of financial position accordingly.

Mortgages, pledges of rental receivables, bank accounts and share pledges as well as similar guarantees are used as market collateral for bank liabilities.

Other financial obligations

In addition, there are other financial obligations of order commitments related to building site liabilities for work carried out in the course of developing real estate in Austria in the amount of € 296 K (31.12.2018: € 0 K), in Germany in the amount of € 208,195 K (31.12.2018: € 212,331 K) and in Eastern Europe in the amount of € 12,251 K (31.12.2018: € 2,668 K). In addition as at 31.12.2019 CA Immo Group is subject to other financial commitments resulting from construction costs from urban development contracts which can be capitalised in the future in an amount of € 11,724 K (31.12.2018: € 8,782 K).

The total obligations of the payments of equity in Joint Ventures for which no adequate provisions have been recognised amount in Germany to € 0 K (31.12.2018: € 1,990 K) as per 31.12.2019. Besides the disclosed obligations of equity-payments, no further obligations to joint ventures exist.



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

9.3. Leases

CA Immo Group as lessor

All lease contracts concluded by CA Immo Group, under which CA Immo Group is the lessor, are recorded as operating leases in accordance with IFRS. These generally have the following essential contractual terms:

- linkage to EUR
- guaranteed value by linkage to international indices
- medium- to long-term maturities and/or termination waivers.

Future minimum rental income from existing term lease contracts or contracts with termination waivers as at the reporting date are as follows:

€ K	2019	2018
In the following year	211,781	201,539
In the second year	175,966	171,311
In the third year	144,717	138,624
In the fourth year	119,974	109,046
In the fifth year	90,641	92,619
After more than five years	203,769	228,543
Total	946,847	941,682

All remaining rental agreements may be terminated at short notice and are not included in the table above.

The minimum rental income includes net rent amounts to be collected until the contractually agreed expiration of the contract or the earliest possible termination option by the lessee (tenant).

§ According to IFRS 16, the allocation of a leased asset to the lessor or lessee is based on the criterion of accountability of all significant risks and rewards associated with ownership of the leased asset. The characteristics of the CA Immo Group as lessor of investment properties corresponds to an operating lease because the economic ownership remains with CA Immo Group for the rented properties and thus the significant risks and rewards are not transferred.

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

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

CA Immo Group as lessee

The lease contracts concluded by CA Immo Group acting as lessee primarily relate to rented properties in Munich (until 2022) and in Frankfurt (until 2025), rented parking space, leases of cars, the rental of furniture and office equipment as well as usufruct of land. No purchase options have been agreed.

The CA Immo Group presents the rights of use in the same balance sheet item in which the underlying assets would be shown if they were owned by the CA Immo Group. The lease liabilities are also included in the balance sheet item “Interest-bearing liabilities”. The users of the financial statements can find the detailed disclosures according to IFRS 16 in the relevant chapter of the notes to which the individual disclosure belongs: the rights of use which are measured according to IAS 40 are comprised in chapter “3.1. Long-term property assets”. The rights of use which are recognized according to the cost model can be found in the chapter “3.2. Own used properties” or “3.3. Office furniture and equipment and intangible assets” (e.g. cars). Lease liabilities are explained in greater detail in chapters “5.2. Interest bearing liabilities”, respectively “8.1. Financial instruments” and “8.3. Risks from financial instruments”. The effects of leases on the profit or loss are contained in the following chapters: the depreciation of rights of use in chapter “2.10. Depreciation and impairment losses/reversal” and interest expenses related to lease liabilities in “2.12. Finance expenses”.

The expense for short-term leases amounts to € 35 K and the expense for leases related to assets of low value amounts to € 17 K. The total cash outflows for leases amount to € 4,217 K.



Extensions and termination options are taken into account when measuring lease liabilities, if using an option is highly probable. However, this measurement is discretionary, therefore the estimates can be changed in the future. In a first step the term of the underlying contract is used and only in case indicators are available (e.g. information from valuation reports, particularly favourable contract terms, changed operating requirements) a termination or an extension option will be considered in the cash outflows when measuring the lease liability.



CA Immo Group determines whether an arrangement contains a lease based on the economic substance of the arrangement and evaluates whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveyed a right to use the asset. This is the case only when the contract entitles CA Immo Group to control the use of a clearly identified asset in exchange for consideration for a certain period of time. In doing so, it is relevant that throughout the period of use, CA Immo Group can obtain substantially all the economic benefits from the identified asset and it has the right to direct the use of such an asset. However, an asset is only considered identified when the supplier does not have a substantive substitution right. If, based on the agreement, the supplier is actually able to exchange the asset for another during the period of use and if the exchange results in economic benefits, there is no identified asset and no recognition of a right of use takes place.

When accounting for leases, assets in the form of right of use are capitalized and lease liabilities are recognized. CA Immo Group applies practical expedients and does not recognize any rights of use/lease liabilities for short-term leases (less than 1 year) as well as leases with underlying assets of low value (< € 5,000) and software.

Retrospective adjustment of lease payments, for example based on index adjustments are considered as variable leasing payments and recognized as profit or loss in the current period. An adjustment of a right of use asset/lease liability is only made on the base of future cash outflows.

9.4. Transactions with related parties

The following companies and parties are deemed related parties to the CA Immo Group:

- joint ventures, in which CA Immo Group holds an interest
- associated companies, in which CA Immo Group holds an interest (until 12.8.2019)
- the corporate bodies of CA Immobilien Anlagen Aktiengesellschaft
- IMMOFINANZ AG, Vienna, and its affiliated entities (until 27.9.2018)
- Starwood Capital Group ("Starwood") (from 27.9.2018)

Transactions with joint ventures

€ K	31.12.2019	31.12.2018
Investments in joint ventures	67,755	200,012
Loans	3,025	109
Receivables	7,841	10,374
Liabilities	8,616	127,190
Provisions	8,345	12,858
	2019	2018
Joint ventures result	3,808	21,770
Result from sale of joint ventures	–80	1,584
Result from joint ventures	3,729	23,354
Other income	690	2,078
Other expenses	–1,092	–961
Interest income	902	1,043
Interest expense	0	–2

Outstanding loans to joint ventures and the majority of the receivables from joint ventures as at the reporting date serve to finance the properties. The cumulative impairment loss on loans to joint ventures amounts to € 2,304K (31.12.2018: € 0K). Receivables from joint ventures comprise short-term loans in the amount of € 3,630K (31.12.2018: € 6,244K). Liabilities against joint ventures include long-term loans amounting to € 0K (31.12.2018: € 0K). All receivables have interest rates in line with those prevailing on the market. The remaining receivables are predominantly the result of services performed in Germany. In 2018, liabilities to joint ventures mainly comprised of € 118,084K resulting from an advance dividend payment following the sale of Tower 185, which was held by a joint venture. No guarantees or other forms of security exist in connection with these receivables and liabilities.

No additional impairments or other adjustments to the book values were recognised in profit or loss.

Transactions with associated companies

€ K	31.12.2019	31.12.2018
Loans	0	10,067
	2019	2018
Expenses due to associated companies	-2,967	-2,387
Result from associated companies	-2,967	-2,387

In the third quarter of 2019 took place the closing of the sale of shares in an associated company in Russia as well as loans granted to such company. The cumulative impairment loss recognized on loans to associated companies, including interests amounted to € 15,836 K as at 31.12.2018.

The executive bodies of CA Immobilien Anlagen Aktiengesellschaft, Vienna

Management Board

Andreas Quint (from 1.1.2018)

Dr. Andreas Schillhofer (from 1.6.2019)

Keegan Viscius (from 1.11.2018)

Frank Nickel (until 31.3.2018)

Dr. Hans Volckens (until 10.10.2018)

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

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

Provisions of € 2,773 K (31.12.2018: € 0 K) had been formed for the Management Board under the variable remuneration system as of 31 December 2019. Of this, immediate payments amounting to € 1,254 K were due for payment by 31.5.2020 at the latest. Tranches of phantom shares starting in 2020 (multi-year bonus) account for € 1,520 K (31.12.2018: € 0 K). The conversion rate for the relevant annual bonus proportion of phantom shares is € 28.98 for this tranche.

While special payments amounting to € 1,982 K accrued in 2018, such payments only amounted to € 106 K in the reporting year. This figure included a sign-on bonus in the amount of € 100 K for Dr. Andreas Schillhofer to compensate for bonus payments not received from his former employer owing to his early resignation. Special payments rendered in connection with the aforementioned change of control in 2018 included compensatory and severance payments totalling € 477 K. In the course of the change of control, Andreas Quint received a retention bonus of € 1,120 K for remaining at CA Immo in future. He was also paid a sign-on bonus of € 300 K as compensation for bonus payments not received from his former employer owing to his early resignation. This sign-on bonus was indicated in the consolidated financial statements for 31 December 2017.

Payments to the Management Board¹⁾

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

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

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

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

Supervisory Board

Elected by the General Meeting:

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

Delegated by registered share:

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

Delegated by works council:

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

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

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

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

All business transactions conducted between the company and members of the Supervisory Board which oblige such members to perform services for the CA Immo Group outside of their Supervisory Board activities in return for remuneration of a not inconsiderable value must conform to industry standards and be approved by the Supervisory Board. The same applies to contracts with companies in which a Supervisory Board member has a significant business interest. In 2018, this applied to a deed of donation concluded between CA Immo and the IRE|BS Universitätsstiftung für Immobilienwirtschaft on 16.9.2014 and extended early in 2018, whereby the foundation receives an annual ringfenced amount of € 25 K from CA Immo, 50% of which is made freely available to the former Supervisory Board member Professor Sven Bienert for teaching and research activity at the IRE|BS International Real Estate Business School. Dr.

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

IMMOFINANZ Group, Vienna

From 2.8.2016 to 27.9.2018, IMMOFINANZ Group (via its 100% owned subsidiary GENA ELF Immobilienholding GmbH) held 25,690,163 bearer shares as well as four registered shares of CA Immo AG representing with approximately 26% of the capital stock the largest single shareholder of the company.

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

Until 27.9.2018, there was a reciprocal shareholding between the IMMOFINANZ Group and the CA Immo Group. In 2019, the CA Immo Group sold all of its IMMOFINANZ shares. As at 31.12.2018, CA Immo Group held 5,480,556 bearer shares of IMMOFINANZ AG (equivalent to approximately 4.9% of the capital stock of IMMOFINANZ AG).

Starwood Capital Group (Starwood)

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

9.5. Employees

In 2019, CA Immo Group had an average of 363 white-collar workers (2018: 342) of whom on average 69 (2018: 68) were employed in Austria, 211 (2018: 189) in Germany and 83 (2018: 85) in subsidiaries in Eastern Europe.

9.6. Costs for the auditors

The expenses presented in the table below refer to fees from Ernst & Young Wirtschaftsprüfungsgesellschaft.m.b.H..

€ K	2019	2018
Auditing costs	396	352
Other assurance services	486	260
Other consultancy services	14	16
Total	896	628

In the consolidated income statement, the audit expenses, including review amount to € 1,394 K (2018: € 1,175 K). Out of this, the amount for Ernst & Young entities amounts to € 1,293 K (2018: € 1,160 K).

9.7. Events after balance sheet date

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

In order to further reduce the interest expenses, CA Immo Group repurchased outstanding corporate bonds with a total nominal value of € 98.5 M. Due to the purchase of these bonds above book value, a negative one off effect on result before taxes of approximately € 5.1 M is expected in the first quarter of 2020.

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

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

9.8. New and amended standards and interpretations

a) Changes in presentation, which have a material effect on the consolidated financial statements

Except the following changes, the presentation and accounting policies remain unchanged compared to previous year:

Impact of IFRS 16 on the consolidated financial statements

IFRS 16: Leasing

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

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

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

The changes of IFRS 16 on the operating leases of CA Immo Group mainly refer to leases of cars, furniture and office equipment, rental agreements and usufruct. CA Immo Group applies the practical expedient not to recognize right of use assets/lease liabilities for short-term leases (less than 1 year) and leases with underlying asset of low value (< € 5,000) and software.

The application of IFRS 16 results in the recognition of a right of use asset and a corresponding lease liability in those cases where CA Immo Group is lessee and not owner of a land plot. Relevant contracts for CA Immo Group refer to land plots in Poland and Serbia. Additionally, the rent of parking spaces which are further subleased, also leads to the recognition of a right of use asset and a lease liability. The right of use assets arising from both circumstances are presented as investment property.

In the course of the implementation project of IFRS 16 the components of operating costs charged to tenants have been analysed. IFRS 16 differentiates between leasing components, other services (non-lease components in scope of IFRS 15) as well as components, within a contract, that do not result in a service performed by the lessor. The analysis of the service charges concluded that their individual components have to be assessed and recognized separately. The components of service charges are separated into those where CA Immo Group has an obligation to render a service

(service charges within the scope of IFRS 15) and those where the lessees do not receive a separate service, but that have to be reimbursed as part of service charge reconciliation (for example property taxes, building insurance, usufruct related expenses). In 2018, CA Immo Group presented the service charges for properties in the income statement as operating expenses and the income as operating costs charged to tenants. Starting 2019, CA Immo Group separately presents the income from the invoiced service charges, depending on the allocation according to IFRS 16 or IFRS 15. Those service charge components, within the scope of IFRS 16, are allocated to the rental income (€ 10,227 K). The related costs are presented as other expenses directly related to properties rented (€ -9,992 K), respectively with regard to the right of use assets for land plots into interest expense € -1,100 K and revaluation result € 187 K. Starting 2019, operating expenses and operating costs charged to tenants only include components within the scope of IFRS 15, where CA Immo Group rendered a service.

CA Immo Group does not apply IFRS 16 retrospectively (no restatement of previous years comparatives) and recognizes the right of use assets in the same amount as the lease liabilities as at 1.1.2019.

The initial application of IFRS 16 (not retrospective, no restatement of previous year's comparatives) has the following effects on the consolidated balance sheet:

€ K	31.12.2018 as reported	Change due to IFRS 16	1.1.2019 according to IFRS 16
ASSETS			
Investment properties	3,755,196	31,835	3,787,031
Own used properties	5,223	9,561	14,784
Office furniture and equipment	5,938	957	6,895
Long-term assets	4,690,748	42,353	4,733,100
Short-term assets	664,757	0	664,757
Total assets	5,355,504	42,353	5,397,857
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	2,639,697	0	2,639,697
Shareholders' equity as a % of total assets	49.3%		48.9%
Interest-bearing liabilities	1,723,749	38,573	1,762,321
Long-term liabilities	2,167,353	38,573	2,205,926
Interest-bearing liabilities	219,645	3,780	223,426
Short-term liabilities	548,454	3,780	552,235
Total liabilities and shareholders' equity	5,355,504	42,353	5,397,857

The following table shows the reconciliation of the minimum lease payments as at 31.12.2018 to the lease liabilities and right of use assets as at 1.1.2019:

€ K	31.12.2018/1.1.2019
Minimum lease payments as at 31.12.2018 (as reported)	104,425
Not identifiable assets	–1,302
Leases of low-value assets	–11
Short-term leases	–45
Software	–130
Lease payments as at 1.1.2019 recognized under IFRS 16	102,936
Interest effect on right of use assets	–60,583
Right of use assets/lease liabilities recognized as at 1.1.2019 under IFRS 16	42,353

As interest rate, the incremental borrowing rate was used. Based on internal determination, the interest rate for the appropriate duration for each country was set. Average interest rate amounted as at 1.1.2019 to 3.28%.

Presentation methods

CA Immo Group has changed the presentation of the segment reporting compared to the consolidated financial statements for 2018. Following the decision of the Management Board, the main decision maker, the internal reporting was changed so that Serbia will now be part of the Eastern Europe other regions segment. Consequently, a transfer between the two reported regions is recognized: Serbia will be included in Eastern Europe other regions (until now Eastern Europe core regions).

Reporting segment Eastern Europe core regions will now comprise Czech Republic, Hungary, Poland and Romania, while the reporting segment Eastern Europe other regions will include Croatia, Slovenia, Russia, Slovakia and Serbia. The 2018 comparative amounts (including the countries Bulgaria and Ukraine in the reporting segment Eastern Europe other regions) were correspondingly restated.

€ K			Eastern Europe core regions			Eastern Europe other regions	
2018	Income producing (as reported)	Development (as reported)	Total (as reported)	Income producing (as reported)	Development (as reported)	Total (as reported)	Income producing adjustment
Rental income	99,778	899	100,677	10,329	0	10,329	-6,878
Rental income with other operating segments	0	0	0	0	0	0	0
Operating costs charged to tenants	34,498	254	34,752	3,679	0	3,679	-2,039
Operating expenses	-36,709	-365	-37,074	-3,972	0	-3,972	2,547
Other expenses directly related to properties rented	-4,840	-30	-4,870	-748	0	-748	268
Net rental income	92,728	757	93,485	9,288	0	9,288	-6,102
Other expenses directly related to properties under development	0	-722	-722	0	-17	-17	0
Result from trading and construction works	0	0	0	0	0	0	0
Result from the sale of investment properties	-1,526	1,177	-349	8,825	173	8,998	0
Income from services rendered	479	0	479	0	0	0	0
Indirect expenses	-13,781	-656	-14,437	-642	-74	-716	723
Other operating income	391	340	731	6	0	6	-23
EBITDA	78,291	896	79,187	17,476	82	17,558	-5,402
Depreciation and impairment/reversal	-453	0	-453	0	0	0	1
Result from revaluation	43,237	8,951	52,188	-2,707	-10	-2,717	1,736
Result from joint ventures	0	0	0	0	0	0	0
Result of operations (EBIT)	121,075	9,847	130,922	14,769	72	14,841	-3,665

Timing of revenue recognition

Properties held for trading	0	0	0	0	0	0	0
Sale of investment properties	447	8,927	9,374	8,635	1,118	9,753	0
Total income IFRS 15 - transferred at a point in time	447	8,927	9,374	8,635	1,118	9,753	0
Income from the sale of properties and construction works	0	0	0	0	0	0	0
Income from services rendered	479	0	479	0	0	0	0
Total income IFRS 15 - transferred over time	479	0	479	0	0	0	0
Total income IFRS 15	926	8,927	9,853	8,635	1,118	9,753	0

31.12.2018

Properties	1,723,900	88,755	1,812,655	97,014	3,900	100,914	-96,000
Other assets	136,613	18,153	154,767	4,718	16,245	20,963	37,988
Deferred tax assets	401	0	401	447	0	447	-5
Segment assets	1,860,914	106,908	1,967,823	102,179	20,145	122,324	-58,017
Interest-bearing liabilities	794,916	66,214	861,130	49,218	9,448	58,666	0
Other liabilities	47,690	9,005	56,695	2,546	7	2,553	-1,917
Deferred tax liabilities incl. current income tax liabilities	44,479	817	45,296	918	559	1,477	-4,780
Liabilities	887,085	76,036	963,121	52,682	10,014	62,696	-6,697
Shareholders' equity	973,829	30,873	1,004,702	49,498	10,131	59,628	-51,321
Capital expenditure	225,926	24,971	250,897	1,854	0	1,854	-1,250

Development adjustment	Eastern Europe core regions Total adjustment	Income producing adjustment	Development adjustment	Eastern Europe other regions Total adjustment	Income producing restated	Development restated	Eastern Europe core regions Total restated	Income producing restated	Development restated	Eastern Europe other regions Total restated
0	-6,878	6,878	0	6,878	92,900	899	93,799	17,207	0	17,207
0	0	0	0	0	0	0	0	0	0	0
0	-2,039	2,039	0	2,039	32,459	254	32,713	5,718	0	5,718
-1	2,546	-2,547	1	-2,546	-34,162	-365	-34,527	-6,520	0	-6,520
0	268	-268	0	-268	-4,572	-30	-4,602	-1,016	0	-1,016
-1	-6,103	6,102	1	6,103	86,626	757	87,383	15,390	0	15,390
0	0	0	0	0	0	-722	-722	0	-17	-17
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	-1,526	1,177	-349	8,825	173	8,998
0	0	0	0	0	479	0	479	0	0	0
0	723	-723	0	-723	-13,058	-656	-13,714	-1,366	-74	-1,439
0	-23	23	0	23	368	340	708	29	0	29
-1	-5,403	5,402	1	5,403	72,889	896	73,785	22,878	82	22,960
0	1	-1	0	-1	-452	0	-452	-1	0	-1
0	1,736	-1,736	0	-1,736	44,973	8,951	53,924	-4,444	-10	-4,454
0	0	0	0	0	0	0	0	0	0	0
-1	-3,666	3,665	1	3,666	117,410	9,847	127,258	18,433	72	18,506
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	447	8,927	9,374	8,635	1,118	9,753
0	0	0	0	0	447	8,927	9,374	8,635	1,118	9,753
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	479	0	479	0	0	0
0	0	0	0	0	479	0	479	0	0	0
0	0	0	0	0	926	8,927	9,853	8,635	1,118	9,753
0	-96,000	96,000	0	96,000	1,627,900	88,755	1,716,655	193,014	3,900	196,914
0	37,988	3,139	0	3,139	174,601	18,153	192,755	7,857	16,245	24,102
0	-5	5	0	5	396	0	396	452	0	452
0	-58,017	99,144	0	99,144	1,802,897	106,908	1,909,805	201,323	20,145	221,468
0	0	41,127	0	41,127	794,916	66,214	861,130	90,345	9,448	99,792
0	-1,917	1,917	0	1,917	45,773	9,005	54,778	4,462	7	4,469
0	-4,780	4,780	0	4,780	39,699	817	40,517	5,698	559	6,257
0	-6,697	47,824	0	47,824	880,388	76,036	956,424	100,505	10,014	110,519
0	-51,320	51,320	0	51,320	922,508	30,873	953,381	100,818	10,131	110,949
0	-1,250	1,250	0	1,250	224,676	24,971	249,647	3,104	0	3,104

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

The following standards and interpretations, already adopted by the EU, were applicable for the first time in the business year 2019:

Standard / Interpretation	Content	Entry into force ¹⁾
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1.1.2019
IFRIC 23	Uncertainty over Income Tax Treatments	1.1.2019
Amendments to IAS 28	Investments in associated companies and joint ventures	1.1.2019
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1.1.2019
Annual Improvements (2015-2017)	Miscellaneous	1.1.2019

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

c) New or revised standards and interpretations not yet in force

Standard / Interpretation	Content	Entry into force ¹⁾
Amendments to references to the conceptual framework in IFRS standards	Revised conceptual framework of IFRS standards	1.1.2020
Amendments to IAS 1 and IAS 8	Definition of Material	1.1.2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	1.1.2020
Amendments to IFRS 3	Amendments to IFRS 3 Business Combinations	1.1.2020 ²⁾
IFRS 17	Insurance Contracts	1.1.2023 ²⁾
Amendments to IAS 1	Classification of liabilities as current or non-current	1.1.2022 ²⁾

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

²⁾ Not yet adopted by the EU as of the reporting date. The effective date envisaged by an EU Regulation may differ from the date indicated by the IASB.

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

The effects of the first time application of IFRS 17 (Insurance contracts) have not been conclusively analysed. The first time adoption of the remaining new regulations is not expected to have a material impact.

9.9. List of group companies

The following companies are included in the consolidated financial statements in addition to CA Immobilien Anlagen Aktiengesellschaft:

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method ¹⁾	Foundation / First time consolidation in 2019 ²⁾
CA Immo Holding B.V.	Amsterdam	51,200,000	EUR	100	FC	
Europol Holding B.V.	Amsterdam	2	EUR	100	FC	
CA Immo d.o.o.	Belgrade	32,523,047	RSD	100	FC	
CA Immo Sava City d.o.o.	Belgrade	4,273,618,689	RSD	100	FC	
TM Immo d.o.o.	Belgrade	1,307,737,295	RSD	100	FC	
BA Business Center s.r.o.	Bratislava	7,503,200	EUR	100	FC	
CA Holding Szolgáltató Kft	Budapest	13,000,000	HUF	100	FC	
CA Immo Real Estate Management Hungary K.f.t.	Budapest	54,510,000	HUF	100	FC	
Canada Square Kft.	Budapest	12,510,000	HUF	100	FC	
COM PARK Ingatlanberuházási Kft	Budapest	3,040,000	HUF	100	FC	
Duna Business Hotel Ingatlanfejlesztő Kft.	Budapest	1,370,097	EUR	100	FC	
Duna Irodaház Kft.	Budapest	838,082	EUR	100	FC	
Duna Termál Hotel Kft.	Budapest	1,182,702	EUR	100	FC	
EUROPOLIS CityGate Ingatlanberuházási Kft	Budapest	13,010,000	HUF	100	FC	
Europol Infopark Kft.	Budapest	3,000,000	HUF	100	FC	
EUROPOLIS IPW Ingatlanberuházási Kft	Budapest	54,380,000	HUF	100	FC	
Europol Park Airport Kft.	Budapest	19,900,000	HUF	100	FC	
Europolis Tárnok Ingatlanberuházási Kft	Budapest	3,000,000	HUF	100	FC	
Kapas Center Kft.	Budapest	772,560,000	HUF	100	FC	
Kilb Kft.	Budapest	30,000,000	HUF	100	FC	
Millennium Irodaház Kft.	Budapest	3,017,200	EUR	100	FC	
R 70 Invest Budapest Kft.	Budapest	5,270,000	HUF	100	FC	
Váci 76 Kft.	Budapest	3,100,000	HUF	100	FC	
CA Immo Campus 6.1. S.R.L.	Bucharest	114,000	RON	100	FC	
CA IMMO REAL ESTATE MANAGEMENT ROMANIA S.R.L.	Bucharest	989,570	RON	100	FC	
EUROPOLIS ORHIDEA B.C. SRL	Bucharest	91,394,530	RON	100	FC	
EUROPOLIS SEMA PARK SRL	Bucharest	139,180,000	RON	100	FC	
INTERMED CONSULTING & MANAGEMENT SRL	Bucharest	31,500,330	RON	100	FC	
Opera Center One S.R.L.	Bucharest	27,326,150	RON	100	FC	
Opera Center Two S.R.L.	Bucharest	7,310,400	RON	100	FC	
S.C. BBP Leasing S.R.L.	Bucharest	14,637,711	RON	100	FC	

¹⁾ FC full consolidation, AEJV at equity consolidation joint ventures

²⁾ F foundation, A acquisition

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method ¹⁾	Foundation / First time consolidation in 2019 ²⁾
VICTORIA INTERNATIONAL PROPERTY SRL	Bucharest	216	RON	100	FC	
Blitz F07-neunhundert-sechzig-acht GmbH	Frankfurt	25,000	EUR	100	FC	
Blitz F07-neunhundert-sechzig-neun GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Deutschland GmbH	Frankfurt	5,000,000	EUR	100	FC	
CA Immo Elf GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo GB Eins GmbH & Co. KG	Frankfurt	25,000	EUR	94.9	FC	
CA Immo GB Eins Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Invest GmbH	Frankfurt	50,000	EUR	100	FC	
CA Immo Sechzehn Beteiligungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Sechzehn GmbH & Co. KG	Frankfurt	25,000	EUR	100	FC	
CA Immo Spreebogen Betriebs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Zehn GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Zwölf Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CM Komplementär F07- 888 GmbH & Co. KG	Frankfurt	25,000	EUR	94.9	FC	
DRG Deutsche Realitäten GmbH	Frankfurt	500,000	EUR	49 ³⁾	AEJV	
CAINE B.V.	Hoofddorp	18,151	EUR	100	FC	
ALBERIQUE LIMITED	Limassol	1,325	EUR	100	FC	
BEDELLAN PROPERTIES LIMITED i.L.	Limassol	12,705	EUR	100	FC	
EPC KAPPA LIMITED i.L.	Limassol	12,439	EUR	100	FC	
EPC LAMBDA LIMITED i.L.	Limassol	458,451	EUR	100	FC	
EPC LEDUM LIMITED i.L.	Limassol	14,053	EUR	100	FC	
EPC OMIKRON LIMITED i.L.	Limassol	57,114	EUR	100	FC	
EPC PI LIMITED i.L.	Limassol	2,310	EUR	100	FC	
EPC PLATINUM LIMITED i.L.	Limassol	2,864	EUR	100	FC	
EPC RHO LIMITED i.L.	Limassol	2,390	EUR	100	FC	

¹⁾ FC full consolidation, AEJV at equity consolidation joint ventures

²⁾ F foundation, A acquisition

³⁾ Common control

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method ¹⁾	Foundation / First time consolidation in 2019 ²⁾
EPC THREE LIMITED i.L.	Limassol	2,491,634	EUR	100	FC	
EPC TWO LIMITED i.L.	Limassol	970,092	EUR	100	FC	
EUROPOLIS REAL ESTATE ASSET MANAGEMENT LIMITED i. L.	Limassol	2,500	EUR	100	FC	
OPRAH ENTERPRISES LIMITED i.L.	Limassol	3,411	EUR	100	FC	
HARILDO LIMITED i.L.	Nicosia	1,500	EUR	50	AEJV	
VESESTO LIMITED i.L.	Nicosia	1,700	EUR	50	AEJV	
4P - Immo. Praha s.r.o.	Prague	200,000	CZK	100	FC	
CA Immo Real Estate Management Czech Republic s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Alfa, s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Amazon, s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Beta, s.r.o.	Prague	73,804,000	CZK	100	FC	
RCP Delta, s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Gama, s.r.o.	Prague	96,931,000	CZK	100	FC	
RCP ISC, s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Zeta, s.r.o.	Prague	200,000	CZK	100	FC	
Visionary Prague, s.r.o.	Prague	200,000	CZK	100	FC	
CA Immo Bitwy Warszawskiej Sp. z o.o.	Warsaw	47,016,000	PLN	100	FC	
CA IMMO REAL ESTATE MANAGEMENT POLAND Sp. z o. o.	Warsaw	565,000	PLN	100	FC	
CA Immo Saski Crescent Sp. z o.o.	Warsaw	140,921,250	PLN	100	FC	
CA Immo Saski Point Sp. z o.o.	Warsaw	55,093,000	PLN	100	FC	
CA Immo Warsaw Spire B Sp. z o.o.	Warsaw	5,050,000	PLN	100	FC	
CA Immo Warsaw Spire C Sp. z o.o.	Warsaw	2,050,000	PLN	100	FC	
CA Immo Warsaw Towers Sp. z o.o.	Warsaw	155,490,900	PLN	100	FC	
CA Immo Wspólna Sp. z o.o.	Warsaw	46,497,000	PLN	100	FC	
CA Immo Sienna Center Sp.z o.o.	Warsaw	116,912,640	PLN	100	FC	

¹⁾ FC full consolidation, AEJV at equity consolidation joint ventures

²⁾ F foundation, A acquisition

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method ¹⁾	Foundation / First time consolidation in 2019 ²⁾
Avielen Beteiligungs GmbH	Vienna	35,000	EUR	100	FC	
BIL-S Superädfikatsverwaltungs GmbH	Vienna	70,000	EUR	100	FC	
CA Immo BIP Liegenschaftsverwaltung GmbH	Vienna	3,738,127	EUR	100	FC	
CA Immo Galleria Liegenschaftsverw. GmbH	Vienna	35,000	EUR	100	FC	
CA Immo Germany Holding GmbH	Vienna	35,000	EUR	100	FC	
CA Immo International Holding GmbH	Vienna	35,000	EUR	100	FC	
CA Immo LP GmbH	Vienna	146,000	EUR	100	FC	
CA Immo Rennweg 16 GmbH	Vienna	35,000	EUR	100	FC	
CA Immobilien Anlagen Bet Fin KG	Vienna	14,811	EUR	100	FC	
CA Immo-RI-Residential Prop Holding GmbH	Vienna	35,000	EUR	100	FC	
EBL Nord 2 Immobilien Eins GmbH & Co KG	Vienna	10,000	EUR	50	AEJV	
EBL Nord 2 Immobilien GmbH	Vienna	35,000	EUR	50	AEJV	
EBL Nord 2 Immobilien Zwei GmbH & Co KG	Vienna	10,000	EUR	50	AEJV	
Erdberger Lände 26 Projekt GmbH	Vienna	35,000	EUR	100	FC	
EUROPOLIS CE Alpha Holding GmbH	Vienna	36,336	EUR	100	FC	
EUROPOLIS CE Rho Holding GmbH	Vienna	35,000	EUR	100	FC	
EUROPOLIS GmbH	Vienna	5,000,000	EUR	100	FC	
omniCon Baumanagement GmbH	Vienna	100,000	EUR	100	FC	
PHI Finanzbeteiligungs und Investment GmbH	Vienna	35,000	EUR	100	FC	
Europolis Zagrebtower d.o.o.	Zagreb	15,347,000	HRK	100	FC	

¹⁾ FC full consolidation, AEJV at equity consolidation joint ventures

²⁾ F foundation, A acquisition

As at 31.12.2019, CA Immo Group held 99.7% of shares in CA Immo Deutschland GmbH, Frankfurt am Main (or simply Frankfurt). The following subsidiaries, shares in joint ventures and associated companies of CA Immo Deutschland GmbH, Frankfurt, are therefor also included in the consolidated financial statements:

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method ¹⁾	Foundation / First time consolidation in 2019 ²⁾
CA Immo Berlin Bärenquellbrauerei GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Bärenquellbrauerei Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin DGSB Projekt GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin DGSB Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Europaplatz 01 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Europaplatz 01 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Europaplatz 03 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Europaplatz 03 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Europaplatz 04 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	F
CA Immo Berlin Hallesches Ufer GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 4 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 7 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 8 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 8 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 9 GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Mitte 01 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Mitte 01 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Mitte 02 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Mitte 02 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Schöneberger Ufer Beteiligungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Schöneberger Ufer GmbH & Co. KG	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Schöneberger Ufer Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Düsseldorf BelsenPark MK 2.1 Projekt GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Düsseldorf BelsenPark MK 3 Projekt GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Düsseldorf BelsenPark Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt Karlsruher Straße GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	

¹⁾ FC full consolidation, AEJV at equity consolidation joint ventures

²⁾ F foundation, A acquisition

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method ¹⁾	Foundation / First time consolidation in 2019 ²⁾
CA Immo Frankfurt Karlsruher Straße Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt Nord 4 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Frankfurt Nord 4 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt ONE Betriebs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt ONE GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo München MI 1 - Arnulfpark Grundstücksverwertungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo München MK 6 - Arnulfpark Grundstücksverwertungs GmbH	Frankfurt	25,000	EUR	100	FC	
omniCon Gesellschaft für innovatives Bauen mbH	Frankfurt	100,000	EUR	100	FC	
Stadthafenquartier Europacity Berlin GmbH & Co. KG	Frankfurt	5,000	EUR	50	AEJV	
Stadthafenquartier Europacity Berlin Verwaltungs GmbH	Frankfurt	25,000	EUR	50	AEJV	
Baumkirchen MI GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	F
Baumkirchen MI Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	F
Baumkirchen MK GmbH & Co. KG	Grünwald	10,000	EUR	100	FC	
Baumkirchen MK Verwaltungs GmbH	Grünwald	25,000	EUR	100	FC	
Baumkirchen WA 1 GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen WA 1 Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	
Baumkirchen WA 2 GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen WA 2 Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	
Baumkirchen WA 3 GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen WA 3 Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	
CA Immo Bayern Betriebs GmbH	Grünwald	25,000	EUR	100	FC	
CA Immo Fonds Services GmbH	Grünwald	25,000	EUR	100	FC	
CA Immo München Ambigon Nymphenburg GmbH & Co. KG	Grünwald	5,000	EUR	100	FC	
CA Immo München Ambigon Nymphenburg Verwaltungs GmbH	Grünwald	25,000	EUR	100	FC	
CA Immo München Nymphenburg GmbH & Co. KG	Grünwald	5,000	EUR	100	FC	
CA Immo München Nymphenburg Verwaltungs GmbH	Grünwald	25,000	EUR	100	FC	
CA Immo Projektentwicklung Bayern GmbH & Co. KG	Grünwald	255,646	EUR	100	FC	
CA Immo Projektentwicklung Bayern Verwaltungs GmbH	Grünwald	25,565	EUR	100	FC	
CAMG Zollhafen HI IV V GmbH & Co. KG	Grünwald	105,000	EUR	50 ³⁾	AEJV	
CAMG Zollhafen HI IV V Verwaltungs GmbH	Grünwald	25,000	EUR	50 ³⁾	AEJV	
CPW Immobilien GmbH & Co. KG	Grünwald	5,000	EUR	33.32 ³⁾	AEJV	
CPW Immobilien Verwaltungs GmbH	Grünwald	25,000	EUR	33.34 ³⁾	AEJV	
Eggarten Projektentwicklung GmbH & Co. KG	Grünwald	16,000	EUR	50	AEJV	
Eggarten Projektentwicklung Verwaltung GmbH	Grünwald	25,000	EUR	50	AEJV	
Kontorhaus Arnulfpark Betriebs GmbH	Grünwald	25,000	EUR	100	FC	
Kontorhaus Arnulfpark GmbH & Co. KG	Grünwald	100,000	EUR	99.93	FC	
Kontorhaus Arnulfpark Verwaltungs GmbH	Grünwald	25,000	EUR	100	FC	
SKYGARDEN Arnulfpark GmbH & Co. KG	Grünwald	100,000	EUR	100	FC	
SKYGARDEN Arnulfpark Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	

¹⁾ FC full consolidation, AEJV at equity consolidation joint ventures

²⁾ F foundation, A acquisition

³⁾ Common control

Company	Registered office	Nominal-capital	Currency	Interest in %	Consolidation method ¹⁾	Foundation/First time consolidation in 2019 ²⁾
Congress Centrum Skyline Plaza Beteiligung GmbH	Hamburg	25,000	EUR	50	AEJV	
Congress Centrum Skyline Plaza GmbH & Co. KG	Hamburg	25,000	EUR	50	AEJV	
Congress Centrum Skyline Plaza Verwaltung GmbH	Hamburg	25,000	EUR	50	AEJV	
REC Frankfurt Objektverwaltungsgesellschaft mbH i.L.	Hamburg	25,000	EUR	50	AEJV	
CA Immo Mainz Hafenspitze GmbH	Mainz	25,000	EUR	100	FC	
CA Immo Mainz Quartiersgarage GmbH	Mainz	25,000	EUR	100	FC	
CA Immo Mainz Rheinallee III GmbH&Co. KG	Mainz	5,000	EUR	100	FC	
CA Immo Mainz Rheinwiesen II GmbH & Co. KG	Mainz	5,000	EUR	100	FC	
CA Immo Mainz Verwaltungs GmbH	Mainz	25,000	EUR	100	FC	
Mainzer Hafen GmbH	Mainz	25,000	EUR	50	AEJV	
Marina Zollhafen GmbH	Mainz	25,000	EUR	37,5 ³⁾	AEJV	
Zollhafen Mainz GmbH & Co. KG	Mainz	1,200,000	EUR	50,1 ³⁾	AEJV	
SEG Kontorhaus Arnulfpark Beteiligungsgesellschaft mbH	München	25,000	EUR	99	FC	
Skyline Plaza Generalübernehmer GmbH & Co. KG	Oststeinbek	25,000	EUR	50	AEJV	
Skyline Plaza Generalübernehmer Verwaltung GmbH	Oststeinbek	25,000	EUR	50	AEJV	
Boulevard Süd 4 Verwaltungs-GmbH	Ulm	25,000	EUR	50	AEJV	
Boulevard Süd 4 GmbH & Co. KG	Ulm	200,000	EUR	50	AEJV	

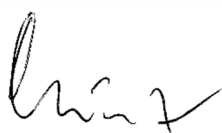
¹⁾ FC full consolidation, AEJV at equity consolidation joint ventures

²⁾ F foundation, A acquisition

³⁾ Common control

Vienna, 25.3.2020

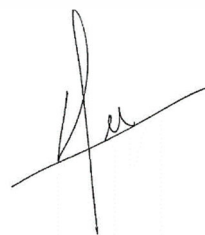
The Management Board



Andreas Quint
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Member of the Management Board)



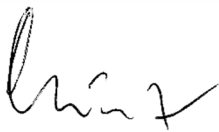
Keegan Viscius
(Member of the Management Board)

DECLARATION OF THE MANAGEMENT BOARD PURSUANT TO SECTION 124 (1) OF THE AUSTRIAN STOCK EXCHANGE ACT

The management board confirms to the best of their knowledge that the consolidated financial statements of CA Immobilien Anlagen Aktiengesellschaft, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, give a true and fair view of the consolidated financial position of CA Immo Group and its consolidated financial performance and of its consolidated cash flows and that the group management report gives a true and fair view of the business development, the financial performance, and financial position of the Group, together with a description of the principal risks and uncertainties the CA Immo Group faces.

Vienna, 25.3.2020

The Management Board



Andreas Quint
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Member of the Management Board)



Keegan Viscius
(Member of the Management Board)

AUDITOR'S REPORT^{*)}

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

CA Immobilien Anlagen Aktiengesellschaft, Vienna,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2019 and its financial performance for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters that we identified:

Titel

Valuation of Investment Property

Risk

CA Immobilien Anlagen Aktiengesellschaft reports investment properties in the amount of TEUR 4,292,893 and investment properties under development in the amount of TEUR 817,107 in its consolidated financial statements as of December 31, 2019. The consolidated financial statements as of December 31, 2019 also include a result from revaluation amounting to TEUR 462,767.

Investment properties are measured at fair value based on valuation reports from external, independent valuation experts.

The valuation of investment properties is subject to material assumptions and estimates. The material risk for every individual property exists when determining assumptions and estimates such as the discount-/capitalization rate and rental income and for investment properties under development the construction and development costs to completion

and the developer's profit. A minor change in these assumptions and estimates can have a material impact on the valuation of investment properties.

The respective disclosures relating to significant judgements, assumptions and estimates are shown in Section "3.1 Long-term property assets" in the consolidated financial statements.

Consideration in the audit

To address this risk, we have critically assessed the assumptions and estimates made by management and the external valuation experts and performed, among others, the following audit procedures with involvement of our internal property valuation experts:

- Assessment of concept and design of the underlying property valuation process
- Assessment of the competence, capability and objectivity of the external valuation experts engaged by management
- Assessment of the applied methods and the mathematical accuracy of selected valuation reports as well as assessment of the plausibility of the underlying assumptions (eg. Rental income, discount-/capitalization rate, usable space, vacancy rate) by means of comparison with market data if available
- Check of certain input-data as included in the valuation reports with data in the accounting system or underlying agreements
- Inquiry of project-management for selected properties under development regarding reasons for deviations between plan and actual costs and current estimation of cost to completion; check of actual costs for those projects through review of project-documentation and vouching on a sample basis as well as evaluation of the derived percentage of completion

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material mis-statement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report and the annual financial report (but does not include the consolidated financial statements, the management report for the Group and the auditor's report thereon). From the other information we received the "Consolidated Corporate Governance Report" prior to the date of this auditor's report. The annual report and the annual financial report including the remaining other information therein is estimated to be provided to us after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Additional information in accordance with article 10 EU regulation

We were elected as auditor by the ordinary general meeting at May 9, 2019. We were appointed by the Supervisory Board on June 13, 2019. We are auditors since the financial year 2017.

We confirm that the audit opinion in the Section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner is Alexander Wlasto, Certified Public Accountant].

Vienna, March 25, 2020

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Alexander Wlasto mp

Wirtschaftsprüfer / Certified Public Accountant

Mag. (FH) Isabelle Vollmer mp

Wirtschaftsprüferin / Certified Public Accountant

^{*)}This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

FINANCIAL STATEMENTS AND
MANAGEMENT REPORT

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FINANCIAL STATEMENTS AND MANAGEMENT REPORT

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

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2019

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

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2019

ACCOUNTING AND VALUATION PRINCIPLES AND GENERAL INFORMATION

CA Immobilien Anlagen Aktiengesellschaft ("CA Immo AG") is classified as public interest entity according to section 189a Austrian Commercial Code (UGB) and as a large company according to section 221 Austrian Commercial Code (UGB).

The annual financial statements were prepared in accordance with Austrian Generally Accepted Accounting Principles in the current version and with the principles of proper accounting and general standards, to present a true and fair view of assets, financial situation and profit and loss. Furthermore, going concern principle, prudence and completeness as well as individual valuation of assets and liabilities were taken into account in the preparation of the financial statements.

For profit and loss, classification by nature was used.

1. Fixed assets

Intangible and tangible fixed assets

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

	from	Years to
Software	3	4
Fit-outs	5	10
Buildings	33	50
Other assets, office furniture and equipment	2	20

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

Unscheduled depreciation is only carried out where it is anticipated that permanent value impairments will occur. Reversal of impairments recognised in prior periods are recorded if the fair value is higher than the book value at the balance sheet date, but below amortised costs.

Financial assets

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

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

Unscheduled depreciation is only recorded if permanent impairment losses are expected to occur. A reversal of impairment losses recognised in prior periods is recorded if the fair value is considerably higher than the book value at the balance sheet date. The valuation is done by a simplified subsidiary valuation model based on the fair value of the respective property for IFRS purposes adjusted for other assets or liabilities of the subsidiary.

2. Current assets

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

Reversal of short-term assets impairments or the release of allowances are made when the underlying reasons for such decreases are no longer valid. In respect of interest receivables, relevant amounts for valuation are derived from IFRS equity of the respective entities.

3. Deferred charges and deferred income

Prepayments are recorded under deferred charges. Additionally the disagio of the bond is capitalised under this item and released over the redemption period, according to the effective interest rate method.

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

4. Grants from public funds

These grants will be released over the remaining useful life of the building.

5. Deferred taxes

Provisions for deferred taxes are made using the 25% rate of corporate income tax, according to Art 198 par 9 and 10 in Austrian Commercial Code, using the liability method, i.e. on the temporary differences arising between tax basis of assets and liabilities and their accounting values and without discounting. Deferred taxes with a tax rate of 3% were also applied to deferred taxes of tax members, which themselves account for only 22% of group tax (instead of 25% corporate income tax). CA Immo AG records tax losses amounting to the maximum of netted deferred tax assets and deferred tax liabilities, taking into account the 75% threshold. As the tax planning does not provide sufficient evidence of future taxable profits, as at 31.12.2019 it was not possible to exercise the option to capitalized carried forward losses.

6. Provisions

Provisions for severance payments amount to 490% (31.12.2018: 252%) of the imputed statutory notional severance payment obligations at the balance sheet date. The calculation is performed using the PUC method, which is recognised in international accounting, based on an interest rate of -0.25% (31.12.2018: 0.17%) and future salary increases (including inflation rate) of 4%. For the computation of severance payments provisions, AVÖ 2018-P was used as actuarial basis. The period for build-up is until retirement, i.e. for a maximum of 25 years. The same parameters were applied for calculation of the provisions as in the previous year. Interest as well as effects from the change in interest rate were recorded in "personnel expenses".

Tax and other provisions are made on a prudent basis, in accordance with anticipated requirements. They take into account all identifiable risks and not yet finally assessed liabilities.

7. Liabilities

Liabilities are stated at the amount to be paid.

8. Tax group

In business year 2005 a group and tax compensation agreement was concluded for the formation of a tax group within the meaning of section 9 of the Austrian Corporation Tax Act (KStG) effective from business year 2005. In the subsequent years this was expanded to include additional group members. The group is headed by CA Immo AG. In business year 2019 the tax group comprised 14 Austrian group companies (2018: 14), in addition to the group head entity.

The allocation method used by the CA Immo tax group is the distribution method where tax profits of a group member are offset against pre-group tax losses carried forward and the remaining profit of the group member taxed at a rate of 22%, respectively up to a tax rate of 25% if the tax group has a profit. Losses carried forward of a group member are retained. In case of termination of the

tax group or the withdrawal of a tax group member, CA Immo AG, as group head entity, is obliged to pay a final compensation payment for unused tax losses that have been allocated to the head of the group. These compensation payments are based on the fair value of all (notional) prospective tax reductions, which the group member would have potentially realized, if it had not joined the tax group. Upon withdrawal of a tax group member or termination of the tax group, the final compensation payment will be determined through the professional opinion of a mutually appointed chartered accountant. As at 31.12.2019 the possible obligations against group companies resulting from a possible termination of the group, were estimated at € 28,698K (31.12.2018: € 25,935 K). As at 31.12.2019 no group companies left tax group, so no provision for termination settlement was made.

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

9. Note on currency translation

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

EXPLANATORY NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

10. Explanatory notes on the balance sheet

a) Fixed assets

The breakdown and development of fixed assets can be seen in the assets analysis in Appendix 1.

Tangible assets

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

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

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

Financial assets

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

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

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

Loans to affiliated companies are made up as follows:

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

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

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

b) Current assets

All receivables – as in the previous year – have a due date of less than one year. There is no exchangeable securitization issued in connection with receivables.

Trade receivables amounting to € 1,594K (31.12.2018: € 160K) include a receivable from termination of rental agreement and outstanding rent and invoiced operating costs.

Receivables from affiliated companies are made up as follows:

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

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

c) Deferred charges

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

d) Shareholders' equity

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

At the end of November 2016, the company started a share buyback programme for up to 1,000,000 shares (around 1% of the current share capital of the company). The repurchase took place for each purpose permitted by the resolution of the Annual General Meeting and ended on 2.11.2018. In 2018 197,983 shares (ISIN AT0000641352) were acquired under this program at a weighted average value including bank charges of around € 23.55 per share in 2018.

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

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

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

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

CA Immo AG has an outstanding non-subordinated unsecured convertible bond in an amount of € 200 m and a term until April 2025. The coupon payable semi-annually amounts to 0.75% p.a. and the initial conversion price has been set at € 30.5684 per share. This equaled a conversion premium of 27.50% above the volume weighted average price (VWAP) of the CA Immo shares amounting to € 23.9752 on the launch date. Following the dividend payment amounting to € 0.90 per share on 13.5.2019, the conversion price has changed to € 30.1704, in accordance with section 11 (d) (ii) in issuance terms. The convertible bond was issued at 100% of its nominal value of € 100K per bond and will be redeemed at 100% of the nominal value, if not previously repaid or converted. At the company's choice, the redemption may be effected by the provision of shares, cash or a combination of the two.

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

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

The requirement of the legal reserve up to 10% of the share capital is fulfilled. The changes in the revenues reserves are as follows:

€ 1,000	2019	2018
As at 1.1.	42,021	40,582
Acquisition treasury shares total	0	– 4,652
Treasury shares due to decrease in share capital	0	1,439
Allocation to revenues reserves	0	4,652
As at 31.12.	42,021	42,021

e) Grants from public funds

The grants from public funds contain grants from the city of Vienna for innovative constructions. A public grant amounting to € 320K was given in previous years, for the rebuilding of section A of Erdberg building. Another grant of € 31 K was received for a photovoltaic facility in Handelskai, which is expensed over the remaining useful life of the respective asset.

f) Provisions for deferred taxes/ Deferred tax asset

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

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

Movements in deferred tax liabilities are presented below:

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

g) Provisions

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

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

Other provisions are made up as follows:

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

In order to promote a high level of identification with the corporate goals, all employees are provided with variable remuneration in addition to their fixed salary and thus participation in the company's success. Based on the remuneration system of the Management Board, the attainment of the budgeted quantitative and qualitative annual targets as well as a positive consolidated result are required. Furthermore, managerial staff have the additional option of participating in a remuneration scheme based on share prices. Diverging from the model for the Management Board (phantom shares), participation in the LTI program is voluntary. The revolving programme has a term (retention period) of three years per tranche; it presupposes a personal investment (maximum of 35% of the fixed annual salary). The personal investment is evaluated on the basis of the average rate for the first quarter of the year the tranche begins, and the number of associated shares is determined on the basis of that evaluation. At the end of each three-year performance period, a target/actual comparison is applied to define target attainment. The critical factor is the value generated within the Group in terms of NAV growth, TSR (total shareholder return) and growth of FFO (funds from operations). The weighting for NAV and FFO growth is 30%, and 40% for the TSR. Payments are made in cash. Within the remuneration system for the Management Board, the LTI programme was dissolved in 2015 and replaced by bonus payments based on phantom shares.

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

outperformance of the following indicators defined annually by the remuneration committee: return on equity (ROE), funds from operations (FFO) and NAV growth. The level of the bonus actually paid depends on the degree of target attainment: the values agreed and actually achieved at the end of each business year are determined by the Remuneration Committee. Half of performance-related remuneration takes the form of immediate payments (short term incentive); the remaining 50% is converted into phantom shares on the basis of the average rate for the last quarter of the business year relevant to target attainment. The payment of phantom shares is made in cash in three equal parts after 12 months, 24 months (mid term incentive) and 36 months (long term incentive) at the average rate for the last quarter of the year preceding the payment year.

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

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

h) Liabilities

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

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

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

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

Liabilities to banks comprise investment loans amounting to € 111,908K (31.12.2018: € 109,684K), which are mainly secured by filed claims to entry in the land register and by pledge of bank credits as well as rental receivables.

Trade payables item essentially comprises liabilities for construction services and liability guarantees as well as general administrative costs.

The liabilities shown under payables to affiliated companies relate to intra-group loans amounting to € 4,870K (31.12.2018: € 194,923K) and trade payables amounting to € 177 K (31.12.2018: € 283 K).

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

i) Deferred income

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

j) Contingent liabilities

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

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

k) Liabilities from the utilisation of tangible assets

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

Out of this, € 707 K (31.12.2018: € 635 K) is attributable to affiliated companies for the subsequent business year and € 3,536 K (31.12.2018: € 3,163 K) for the subsequent five business years. The above mentioned amounts refers to the Rennweg office/ Mechelgasse 1. The rental agreement was concluded for an unlimited period, whereas a waiver of termination right until 31.12.2026 was agreed.

l) Details of derivative financial instruments - swaps

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

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

The fair value corresponds to the value CA Immo AG would receive upon termination of the contract at the balance sheet date. The value would be received from the financial institution, with which the contract was signed. The quoted value is a cash value. Future cash flows from variable payments as well as discount rates will be calculated based on generally accepted financial models. For the valuation, inter-bank middle rates are used. Specific bid/ ask rates as well as other termination expenses are not included in the valuation.

11. Explanatory notes on the income statement

Gross revenues

By type

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

By region

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

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

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

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

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

Staff expense

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

The expenses for retirement benefits are as follows:

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

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

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

Depreciation

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

Other operating expenses

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

Other expenses are made up as follows:

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

Income from investments

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

Income from loans from financial assets

This item comprises interest income from loans.

Other interest and similar income

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

Income from the disposal and revaluation of financial assets

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

Expenses for financial assets and interest receivables in current assets

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

Interest and similar expenses

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

Taxes on income

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

OTHER INFORMATION**12. Affiliated companies**

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

13. Executive bodies

Supervisory Board

Elected by the General Meeting:

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

Delegated by registered share:

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

Delegated by works council:

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

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

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

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

All business transactions conducted between the company and members of the Supervisory Board which oblige such members to perform services for the CA Immo Group outside of their Supervisory Board activities in return for remuneration of a not inconsiderable value must conform to industry standards and be approved by the Supervisory Board. The same applies to contracts with companies in which a Supervisory Board member has a significant business interest. In 2018, this applied to a deed of donation concluded between CA Immo and the IREBS Universitätsstiftung für Immobilienwirtschaft on 16.9.2014 and extended early in 2018, whereby the foundation receives an annual ringfenced amount of € 25 K from CA Immo, 50% of which is made freely

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

IMMOFINANZ Group, Vienna

From 2.8.2016 to 27.9.2018, IMMOFINANZ Group (via its 100% owned subsidiary GENA ELF Immobilienholding GmbH) held 25,690,163 bearer shares as well as four registered shares of CA Immo AG representing with approximately 26% of the capital stock the largest single shareholder of the company.

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

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

Starwood Capital Group (Starwood)

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

The executive bodies of CA Immobilien Anlagen Aktiengesellschaft, Vienna

Management Board

Andreas Quint (from 1.1.2018)
 Dr. Andreas Schillhofer (from 1.6.2019)
 Keegan Viscius (from 1.11.2018)
 Frank Nickel (until 31.3.2018)
 Dr. Hans Volckens (until 10.10.2018)

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

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

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

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

PAYMENTS TO THE MANAGEMENT BOARD¹⁾

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

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

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

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

14. Employees

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

15. Auditor's remuneration

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

16. Events after the balance sheet date

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

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

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

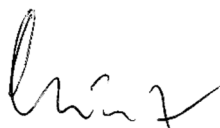
The effects of the outbreak of the COVID-19 pandemic (new findings and changes after balance sheet date) cannot be conclusively assessed given the dynamic evolution, however they are subject to ongoing evaluation. Temporary restrictions of the current operations (also caused by exit restrictions/ curfews/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

17. Proposal for the appropriation of net earnings

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

Vienna, 25.3.2020

The Management Board



Andreas Quint
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Member of the Management Board)



Keegan Viscius
(Member of the Management Board)

ASSET ANALYSIS FOR THE BUSINESS YEAR 2019

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

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

INFORMATION ABOUT GROUP COMPANIES

Direct investments

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

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

MANAGEMENT REPORT

GROUP STRUCTURE

CA Immo is a real estate company with its headquarters in Vienna and branch offices in Germany, Poland, Romania, Serbia, Czech Republic and Hungary. The parent company of the Group is **CA Immobilien Anlagen Aktiengesellschaft**, a listed company based in Vienna whose main activity is the strategic and operational management of subsidiary companies at home and abroad. The various branch offices act as largely decentralised profit centres. Other subsidiaries (without separate local teams) are present in Croatia, the Netherlands, Slovakia and Cyprus. As at key date 31 December 2019, the Group comprised 185 companies (31.12.2018: 196) with 414 employees (382 on 31.12.2018).

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

Austria

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

Eastern Europe (CEE)

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

COMPANIES BY REGION

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

¹⁾ Joint ventures involving consolidated companies.

²⁾ Includes one company in Switzerland.

³⁾ Includes holding companies in Cyprus and the Netherlands established in connection with Eastern European investments.

Germany

The operational platform for all Group activities in Germany is **CA Immo Deutschland GmbH**, which has branches in Berlin, Frankfurt and Munich. Aside from investment properties, the company's property assets mainly comprise properties under construction and undeveloped plots alongside a portfolio of properties intended for trading or sale. Investment properties are largely held in direct holdings and let and managed by **DRG Deutsche Realitäten GmbH**, a joint venture set up with the Austrian estate agent and property management firm ÖRAG. A number of development projects (in Munich and Mainz, for example) are being realised through joint ventures. Construction management is carried out by CA Immo subsidiary **omniCon**, which also performs these services for third parties.

ECONOMIC ENVIRONMENT

The economic trend¹⁾

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

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

Core markets of CA Immo in 2019²⁾

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

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

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

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

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

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

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

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

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

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

¹⁾ Sources: International Monetary Fund, European Commission

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

The money market and interest environment¹⁾

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

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

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

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

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

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

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

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

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

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

Outlook²⁾

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

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

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

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

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

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

THE REAL ESTATE MARKET IN AUSTRIA¹⁾

The investment market

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

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

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

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

The office property market

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

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

THE REAL ESTATE MARKET IN GERMANY²⁾

The investment market

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

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

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

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

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

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

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

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

The office property market ¹⁾

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

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

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

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

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

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

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

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

THE REAL ESTATE MARKET IN CENTRAL AND EASTERN EUROPE¹⁾

The investment market

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

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

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

The office property markets²⁾

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

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

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

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

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

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

¹⁾ Sources: Data supplied by CBRE Research

²⁾ Sources: Data supplied by CBRE Research

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

PROPERTY ASSETS

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

CA Immo Group's property assets

By the transfer of own project completions into the investment portfolio, CA Immo has increased the value of its property assets in 2019 by 16% up to € 5.2 bn (2018: € 4.5 bn). Of this figure, investment properties account for € 4.3 bn (83% of the total portfolio), property assets under development represent € 0.8 bn (16%) and short-term properties¹⁾ € 61 m (1%). With a proportion of 50% of total property assets, Germany is the biggest regional segment.

Portfolio of CA Immobilien Anlagen AG

Property assets directly held by CA Immobilien Anlagen AG represent a rentable effective area of 142,567 sqm (2018: 141,572 sqm). As at the balance sheet date, these assets comprised eight investment properties in Austria with a market value (including prepayments made and construction in progress) of € 250,895 K (eight investment properties; € 241,736 K on 31.12.2018). This portfolio generated rental income of € 14,039 K in 2019 (€ 13,352 K in 2018).

Lettings

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

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

Investments

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

Disposals

No property disposals occurred in business year 2019.

COURSE OF BUSINESS FOR CA IMMOBILIEN ANLAGEN AG

Results

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

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

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

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

¹⁾ Incl. properties intended for trading or sale

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

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

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

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

Interest expense rose in total by 17% to € –29,188 K (€ –24,913 K in 2018). Interest for bank loans or **real estate financing** increased by 4% to € –2,499 K (€ –2,399 K in 2018). Expenses for derivative transactions grew to € –4,408 K (€ –1,774 K in 2018). Interest costs in respect of affiliated companies declined from € –2,587 K in 2018 to € –1,962 K in 2019. The largest amount, totalling € –19,964 K, concern interest costs for bonds; last year, this figure stood at € –17,623 K. As at the balance sheet date, four CA Immo corporate bonds were thus trading on the unlisted securities market of the Vienna Stock Exchange and partly on the regulated market of the Luxembourg Stock Exchange (Bourse de Luxembourg). The convertible bonds issued in the fourth quarter of 2017 were included in trading on the unregulated third market (multilateral trade system) of the Vienna Stock Exchange. The bonds provide unsecured financing at Group parent company level; they are on equal footing to one another and to all other unsecured financing of CA Immobilien Anlagen AG. Except for the 2015-2022 corporate bond and the convertible, bond conditions contain a loan-to-value (LTV) covenant.

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

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

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

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

Overall, the factors outlined above the **financial result** declined by –71% from € 180,238 K in 2018 to € 52,780 K in 2019. **Earnings before taxes** stood at € 42,333 K (against € 180,238 K in 2018). After taking account of **tax revenue** of € 4,370 K (€ 2,960 K in 2018), the annual **net profit** as at 31 December 2019 stands at € 46,703 K, compared to € 183,197 K on 31 December 2018. Taking into consideration the allocation to revenue reserve of € 0 K (€ –4,652 K in 2018) for 5,780,037 treasury shares (around

6% of the voting stock) held by the company as of the balance sheet date as well as the profit brought forward from the previous year of € 860,827 K (€ 766,007 K in the previous year), the annual financial statements of CA Immobilien Anlagen AG show **net retained earnings** of € 907,530 K (€ 944,552 K in 2018).

Proposed dividend for 2019

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

Cash-flow

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

Balance sheet: assets

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

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

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

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

Balance sheet: liabilities

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

DEVELOPMENT OF SHAREHOLDERS' EQUITY

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

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

The company's capital stock amounted to € 718,336,602.72 on the balance sheet date. This was divided into four registered shares and 98,808,332 bearer shares each with a proportionate amount of the capital stock of € 7.27. The bearer shares trade on the prime market segment of the Vienna Stock Exchange (ISIN: AT0000641352).

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

Capital disclosures

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

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

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

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

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

Information on the Management and Supervisory Boards

According to the articles of association, the Management Board of CA Immo comprises one, two or three persons. The age limit for Management Board members is defined as 65 in the Articles of Association. The final term of office for Management Board members concludes at the end of the Annual General Meeting that follows the 65th birthday of a Board member. The Supervisory Board comprises no less than three and no more than twelve members. At any time, Supervisory Board members appointed through registered shares may be asked to step down by the person entitled to nominate and replaced by another. The provisions of the Articles of Association regarding terms of office and elections to appoint replacements do not apply to them. The other Supervisory Board members are elected by the Annual General Meeting. The age limit for Supervisory Board members is defined as 70 in the Articles of Association. Supervisory Board members must step down from the Board at the end of the Annual General Meeting that follows their 70th birthday. The Shareholder's Meeting resolves on the dismissal of members of the Supervisory Board on the basis of a majority of at least 75% of the capital stock represented (article 21 of the Articles of Association of CA Immo).

Change-of-control clauses

All Management Board contracts contain a change of control clause assuring payments in the event of premature termination of Management Board duties following a change of control. A change of control occurs either where a shareholder or group of shareholders attains 25% of voting rights in the Annual General Meeting, or they are obliged to make a mandatory takeover bid where the investment threshold of 30% is exceeded. Corporate mergers always constitute a change of control. The contractual regulations provide for extraordinary termination rights as well as continued remuneration (including variable remuneration) for the remaining term of the employment contract. According to the calculation basis, compensation for fixed remuneration may not exceed two years' fixed salary. Moreover, the company has to grant the Management Board member a contractually agreed percentage part payment to compensate for the loss of variable remuneration not exceeding 80% of two years' fixed salary, depending on the specific sphere of activity and the position of the Management Board member in question. The exercising of a special right of termination in the

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

COMMITTED TO OBSERVING THE AUSTRIAN CORPORATE GOVERNANCE CODE

Compliance with legal provisions applicable in the CA Immo Group's target markets is a high priority for the company. The Management Board and Supervisory Board are committed to observing the Austrian Corporate Governance Code¹⁾ and thus to transparency and principles of good corporate management. The rules and recommendations of the version of the Corporate Governance Code applicable in business year 2019 (January 2018 amendment) are implemented almost in full. Discrepancies are noted in respect of C Rules no. 2 (right of appointment to the Supervisory Board) and no. 45 (executive positions with competitor companies). The evaluation carried out by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. concerning compliance with rules 1 to 76 of the Austrian Corporate Governance Code for business year 2019 found that declarations of conformity submitted by CA Immo with regard to compliance with the C and R Rules of the Code were correct. The corporate governance report is also available on the company's web site at <https://www.caimmo.com/de/investor-relations/corporate-governance/>.

RISK MANAGEMENT AT CA IMMO

To ensure the success of CA Immo as a business over the long term and enable the company to meet its strategic objectives, effective management of new and existing risks is essential. A commensurate measure of risk must be accepted if we are to utilise market opportunities and exploit the potential for success they hold. For this reason, risk management and the internal monitoring system (IMS) deliver an important contribution to the Group's corporate governance (defined as the principle of responsible management).

Strategic alignment and tolerance of risk

The Management Board, with the approval of the Corporate Development committee established in 2019 and

¹⁾ The Austrian Corporate Governance Code may be viewed on the web site of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

the Supervisory Board, defines the strategic direction of the CA Immo Group as well as the nature and extent of risks the Group is prepared to accept in pursuit of its strategic objectives. The Controlling department, which also helps to manage risk, supports the Management Board in assessing the risk environment and the development of potential strategies to raise long-term shareholder value. An internal risk committee comprising representatives from all business areas and the CFO has also been set up; this meets quarterly or if necessary in special sessions (e.g. in response to the situation regarding COVID-19 virus²⁾). The purpose of the committee is to provide additional assurance in assessing the Group's risk situation across departmental boundaries regularly and introduce measures as necessary. The aim of this is to ensure the company adopts the best possible direction from the alternatives available. CA Immo evaluates the opportunity/threat situation through quarterly reporting. Risk is assessed in relation to specific properties and projects as well as (sub)portfolios. The company incorporates early warning indicators such as rent forecasts, vacancy analyses, continual monitoring of lease agreement periods and the possibility of terminations; construction costs are also tracked during project implementation. Scenarios are envisaged regarding the value trend for the real estate portfolio, exit strategies and liquidity planning; these supplement risk reporting and promote reliable planning. CA Immo observes the precautionary principle by applying the full investment horizon to long-term planning and investment decisions. The company also evaluates specific risks at regular intervals (most recently in 2018), focusing on content, effect and likelihood of occurrence. The Management Board uses this data as the basis for determining the severity and type of risks that it regards as acceptable in pursuing its strategic objectives. Strategies adopted by the Management Board are incorporated into the Group's three-year planning; this assists the Group in communicating its willingness to take risks and its expectations both internally and externally.

The risk policy of CA Immo is defined by a range of guidelines, observance of which is continually monitored and documented by controlling processes. Risk management is obligatory at all levels of the company. The Management Board is involved in all risk-relevant decisions and bears overall responsibility for such decisions. At all levels, decisions are subject to the dual verification principle. Internal Auditing, an independent division, checks operational and business processes, appointing experts

from outside as necessary; it acts independently in reporting and evaluating the audit results.

The proper functioning of the risk management system is evaluated annually by the Group auditor in line with the requirements of C Rule no. 83 of the Austrian Corporate Governance Code. The results are reported to the Management Board and the audit committee.

KEY FEATURES OF THE INTERNAL MONITORING SYSTEM (IMS)

CA Immo's internal monitoring system covers all principles, procedures and measures designed to ensure the effectiveness, cost-effectiveness and correctness of accounting as well as compliance with relevant legal regulations and company guidelines. The IMS is integrated into individual business processes, taking account of management processes. The objectives of the IMS are to preclude and expose errors in accounting and financial reporting, thus enabling amendments to be introduced in good time. Transparent documentation makes it possible to depict processes of accounting, financial reporting and audit activity. All operational areas are incorporated into the financial reporting process. Competent local management teams are responsible for implementing and monitoring the IMS; the managing directors of the subsidiaries are required to perform self-checks in order to assess and document compliance with monitoring measures. The effectiveness of the IMS is regularly assessed by the Group Auditing department and the cost-effectiveness of business processes is continually evaluated. The results of these assessments are reported to the responsible executive boards, the full CA Immo Management Board and (at least once a year) the audit committee.

STRATEGIC RISKS

CA Immo defines strategic risk as the danger of unexpected deviations from company plans or losses that can result from management policy decisions on the direction taken by the company. These risks generally arise from unexpected changes in the macroeconomic market environment. Many of the risks mentioned here are not actively manageable.

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

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

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

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

Geopolitical risks such as political instability, lack of basic legislation and arbitrary government practices offset the economic opportunities offered by enterprises in other countries. Consequently, enterprises operating in an unstable region have to factor in significant impacts on their business activities, such as tax increases, customs duties, export bans, expropriations and seizure of assets. Where properties are concentrated too strongly in a single region, these factors can also have a considerable influence on the profitability of the CA Immo Group.

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

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

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

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

PROPERTY-SPECIFIC RISKS

Risks linked to the market environment and composition of the portfolio

The real estate market is determined by macroeconomic development and demand for properties. Economic instability and restricted access to loan capital and equity-based financing can lead to business partners opting out. Where the liquidity of the real estate investment market is insufficient, there is a risk that sales of individual properties with a view to strategically adjusting the real estate portfolio may prove impossible or only possible under unacceptable conditions. Many factors that can lead to unfavourable developments are outside of CA Immo's control. These include changes to available income, economic output, interest rates and tax policy. Economic growth, unemployment rates and consumer confidence also influence supply and demand levels for real estate at a local level. This can affect market prices, rents and occupancy rates while adversely affecting the

value of properties and associated income. For this reason, highly negative effects on earning power and property valuations cannot be ruled out.

Property values depend not only on the development of rental rates, but also real estate starting yields. The general market environment continues to pose the danger of starting yields for commercial real estate being adjusted upwards. The historically high price of property investment is combining with low real estate yields to create risks to the **value of properties** in the CA Immo portfolio. Due to sustained pressure from investors there is also the risk that properties will only be available to purchase at inflated prices. The possibility of an increase in general interest rates forcing property yields up and values down cannot be ruled out.

CA Immo counters **market risk** by spreading its portfolio across various countries. CA Immo counters **country-specific risk** by concentrating on defined core regions through local subsidiaries with their own on-site staff, and through appropriate regional allocation within those core markets. Market knowledge, continual evaluation of strategy and monitoring of the portfolio and purposeful portfolio management in the context of strategic decision-making (e.g. defining exit strategies, medium-term planning of sales) enable the company to respond quickly to economic and political events. CA Immo negates **transfer risk** by repatriating liquid assets from investment markets with a low credit standing. Active portfolio management is aimed at minimising **concentration risk**. Germany remains the largest single market of CA Immo, accounting for a share of 51%. Besides the Austrian market, the distribution of regional targets will seek to bring about a portfolio distribution that is roughly equally weighted between Germany and Eastern Europe. The aim here is to maintain property assets of €500 m in each core city in the interests of upholding market relevance. For **single investments**, CA Immo defines concentration risk as a limit value of 5% of the total portfolio. The only property in this category at the balance sheet date was the Skygarden office building in Munich. The portfolio as a whole is highly diversified: the top ten Group assets represent less than 28% of the total portfolio. The concentration risk in respect of **single tenants** is also manageable. As at 31 December 2019, the top ten tenants were generating some 21% of rental revenue. With an approximate share of 3% of total rental income, PricewaterhouseCoopers followed by Frontex are currently the biggest individual tenants in the portfolio. **Land reserves**

and **land development projects** present specific risks owing to the high capital commitment and absence of steady cash inflows; however, they also offer considerable potential for value increases through the securing or enhancement of building rights. Risks are regularly reduced via the sale of non-strategic land reserves. The acquisition of building rights on remaining land will be accelerated through the company's own capacity.

Political and economic trends in the countries in which CA Immo is active also have a significant impact on **occupancy rates** and rent losses. The earning power and market value of a property is adversely affected where the Group is unable to extend a rental agreement due to expire under favourable conditions or find (and retain for the long term) suitably solvent tenants. The creditworthiness of a tenant, especially during an economic downturn, may diminish over the short or medium term, which can affect rental revenue in turn. In critical situations, the Group can opt to cut rents in order to maintain an acceptable occupancy rate. Through careful monitoring and proactive measures (such as demanding securities and screening the creditworthiness and reputation of tenants), the Group's **loss of rent risk** has settled at the low level of approximately 1% of rental income. Subject to the currently unpredictable economic impacts of COVID-19 pandemic, a decline in rental income cannot be excluded. At present, most outstanding rental payments relate to Eastern Europe. All outstanding receivables are evaluated quarterly and adjusted according to the associated level of risk. The risk of lost rent was taken into account to a sufficient degree in the estimation of property values. Many of the Group's lease agreements contain stable value clauses, usually taking account of consumer price indices for particular countries. The level of revenue from such rental contracts and new lettings depends heavily on the inflation trend (**sustainable value risk**).

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

The Group's portfolio also includes, to a lesser extent, **special asset classes** such as shopping malls and hotels whose operation involves certain risks. Poor running of the centre, inadequate corporate management of tenants,

declining footfall and increasing competition can force rental rates down and lead to the loss of key tenants, which leads to rent losses and problems with new lettings. For this reason, the Group's earnings situation also depends on the quality of hotel management and the development of hotel markets.

Risks associated with the project development area

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

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

Risks from sales transactions

Sales transactions can give rise to risks linked to contractual agreements and assurances. These might relate to **guaranteed** income from rental payments and can subsequently reduce purchase sums agreed or received. Sufficient financial provisions have been made in response to recognised risks to revenue from transacted sales, and liquidity risk is considered in liquidity planning. Contractual obligations in the form of follow-on costs (e.g. residual construction work) form part of relevant project cost estimates.

Environmental risks

Environmental and safety regulations serve to standardise active and latent obligations to remediate contaminated sites and complying with these provisions can entail considerable investment expenses and other costs. These obligations may apply to real estate currently or formerly owned by CA Immo, or currently or formerly managed or developed by the company. In particular, the provisions cover **contamination** with undiscovered harmful materials or noxious substances, munitions and other environmental risks such as soil pollution, etc. Several regulations impose sanctions on the discharge of emissions into air, soil and water: this can make CA Immo **liable** to third parties, significantly impact the sale and letting of affected properties and adversely affect the generation of rental revenue from such properties.

Natural disasters and extreme weather conditions can also cause considerable damage to real estate. Unless sufficient **insurance** is in place to cover such damage, this can have an adverse impact. To minimise the risk, CA Immo incorporates these considerations into its assessments prior to every purchase and appropriate guarantees are required from sellers. Wherever possible, the CA Immo Group makes use of environmentally sustainable materials and energy-saving technologies. CA Immo observes the ecological precautionary principle by ensuring all (re)development projects qualify for certification: in this way, stringent specifications regarding green buildings and sustainability are satisfied while the usage of environmentally unsound products is also ruled out.

GENERAL BUSINESS RISKS

Operational and organisational risks

Weaknesses in the CA Immo Group's **structural and process organisation** can lead to unexpected losses or additional expenditure. This risk can arise from shortcomings in **EDP** and other **information systems** as well as human error and inadequate internal inspection procedures. Flawed program sequences as well as automated EDP and information systems pose a significant operational risk where their type and scope fail to take account of business volumes or they are vulnerable to cybercrime. Human risk factors include an insufficient understanding of corporate strategy, inadequate internal risk monitoring (and especially business process controls) and excessive decision-making authority at an individual level, which can also lead to unconsidered actions or a proliferation of decision-making bodies that hinder flexible responses to changes in the market. Some real estate management

tasks and other administrative duties are outsourced to third parties outside the company. In the process of transferring administrative tasks, it is possible that knowledge of managed properties and administrative processes can be lost, and that CA Immo could prove incapable of identifying and contractually committing suitable service providers within the necessary timeframe. Nonetheless, the **expertise** possessed by a company and its workforce constitutes a significant competitive factor and a unique point of distinction over competitors. When key members of staff leave, therefore, the company becomes exposed to the risk of loss of expertise, which generally requires significant commitment of corporate resources (money, time, recruitment of new employees) to redress the balance. CA Immo takes various measures to counter these risk factors. In the case of corporate mergers, structured processes of organisational integration are observed. Process organisation (i.e. system/process integration) is firmly established; activities to ensure the long-term implementation of operational processes are ongoing. The Group structure is regularly scrutinised and examined to ensure predefined structures take account of the size of the company. CA Immo counters risks linked to individual expertise (which can arise with the resignation of key knowledge holders) through regular transfers of knowledge (in training courses) and by documenting know-how (in manuals, etc.) as well as far-sighted staff planning.

Legal risks

In the course of normal business activity the companies of the Group become involved in **legal disputes**, both as plaintiffs and as defendants. Such cases are heard in various jurisdictions. In each case, different procedural law means that competent courts are not always equally efficient; moreover, in certain cases the complexity of issues in dispute can make for protracted proceedings or lead to other delays. CA Immo believes it has made sufficient financial provisions for legal disputes. At present, no lawsuits or arbitration proceedings that could threaten the company's survival are imminent or pending. As publicly announced, CA Immo decided to bring an action for damages against the Republic of Austria and the Province of Carinthia for unlawful and culpably biased influence on the best bidder procedure in the context of privatization of the Federal Residential Property companies in 2004 ('BUWOG') and for the unlawful failure to win the best bidder procedure. In order to assert the damage sustained, the company will first bring a partial action for an initial sum of € 1 m out of the total damage of € 1.9 bn.

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

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

Taxation risk

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

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

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

The CA Immo Group holds a large part of its real estate portfolio in Germany, where many complex tax regulations must be observed. In particular, these include (i) provisions on the transfer of hidden reserves to other assets, (ii) legal regulations on real estate transfer tax charges and the possible accrual of real estate transfer tax in connection with direct or indirect changes of control

in German partnerships and corporations and (iii) the deduction of input taxes on construction costs in the case of development projects. The CA Immo Group makes every effort to ensure full compliance with all tax regulations. Nonetheless, there are circumstances (some of which are outside the CA Immo Group's control) such as changes to the shareholding structure, changes in legislation or changes in interpretation on the part of tax authorities and courts which could lead to the aforementioned taxation cases being treated differently, which in turn would influence the assessment of tax in the consolidated financial statements.

Partner risks

Since CA Immo undertakes a number of development projects as **joint ventures**, the company depends on the solvency and performance capability of partners to an extent; moreover, the Group is exposed to **credit risk** in respect of its counterparties. Depending on the agreement in question, CA Immo could also bear joint liability for costs, taxes and other third-party claims with its co-investors and, where a co-investor **opts out**, be forced to accept liability for their credit risk or share of costs, taxes or other liabilities.

FINANCIAL RISKS

Liquidity, investment and refinancing risk

(Re)financing on the financial and capital markets is one of the most important considerations for real estate companies. CA Immo requires loan capital to refinance existing loans and to finance development projects and acquisitions in particular. In effect, therefore, the company is dependent on the readiness of banks and capital markets to provide additional loan capital and extend existing financing agreements under acceptable terms. Market conditions for real estate financing are constantly changing. The attractiveness of financing alternatives depends on a range of factors, not all of which can be influenced by the Group (market interest rates, required securities and so on). This can significantly impair the ability of the Group to raise the completion level of its development portfolio, invest in suitable acquisition projects or meet its obligations arising from financing agreements. Although the CA Immo Group has a sufficient level of liquidity as things stand, we must take account of restrictions at individual subsidiary level; access to cash and cash equivalents is limited owing to obligations to current projects and a liquidity requirement to stabilise loans exists in certain instances. There is also a risk that

planned sales will be prevented, delayed or transacted at prices lower than expected. Other risks arise from unforeseen **additional funding obligations** in relation to project financing and breaches of covenant in the property financing area or corporate bonds and convertible bonds issued by CA Immo. Where these requirements are violated or default occurs, the relevant contractual partners are entitled to accelerate financing and demand immediate repayment. This could impel the Group to sell real estate or arrange refinancing under unfavourable terms.

CA Immo has fluctuating stocks of cash and cash equivalents which the company invests according to its particular operational and strategic needs and objectives. Sufficient equity capitalisation will be required for the company to retain its **Baa2** investment grade (long-term issuer) **rating** (granted by Moody's in December 2015).

CA Immo counters risk of this kind by continually monitoring covenant agreements and effectively planning and securing liquidity. The financial consequences of strategic aims are also taken into account. To control liquidity peaks, the Group has secured a revolving overdraft facility at parent company level. This also ensures the Group can meet unexpected cash flow requirements. In line with the investment horizon for real estate, loans are invariably agreed on a long-term basis. As an alternative and supplement to established means of (equity) capital procurement, the company also enters into equity partnerships (joint ventures) at project level. Despite meticulous planning it is not possible to eliminate liquidity risk, however, particularly where capital requests linked to joint venture partners are not viable. CA Immo Deutschland has a high capital commitment, which is typical in the case of development projects. Financing has been secured for all projects under construction; additional financing is required for new project launches.

Interest rate risk

Market-led fluctuations in the interest rate affect both the level of financing costs and the fair value of interest hedging transactions concluded. For financing purposes, CA Immo uses banks at home and abroad and issues corporate bonds, thereby opting for a mix of long-term fixed-rate and floating-rate loans. To hedge against impending **interest rate changes** and associated fluctuations in financing costs, greater use is made of derivative financial instruments (interest rate caps, swaps and floors) in the case of floating-rate loans. However, hedging transactions of this kind may prove to be inefficient or unsuitable for achieving targets; they may also result in losses that affect earnings. Moreover, the **valuation of derivatives** can

impact negatively on profits and shareholders' equity. The extent to which the Group utilises derivative instruments is guided by assumptions and market expectations in respect of the future interest level, and especially the 3-month Euribor rate. Should these assumptions prove incorrect, the result can be a significant rise in interest expenditure. Continual monitoring of the interest rate risk is therefore essential. No risks constituting a serious and permanent threat to the company exist at the present time. Moreover, CA Immo is increasingly obtaining finance from the capital market. Fixed-interest loans (e.g. in the form of corporate bonds) or loans hedged through derivatives currently account for 86% of the total financing volume. Continually optimising the financing structure in recent years has served to improve the maturity profile and raise the quota of hedged financial liabilities while reducing average borrowing costs. The pool of unencumbered assets – a key factor in the company's investment grade rating – was also raised and the rating of CA Immo was consolidated. The financing profile has thus become more robust.

Currency risk

Since CA Immo is active on a number of markets outside the eurozone, the company is subject to various currency risks. Where rents are payable in currencies other than the euro on these markets and cannot be fully adjusted to current exchange rates in time, **incoming payments may be reduced** by exchange rate changes. Where expenses and investments are not transacted in euros, exchange rate fluctuations can impair the **payment capacity** of Group companies and adversely affect the Group's profits and earnings situation.

CA Immo generally counters such risk in that foreign currency inflows are secured by pegging rents to the euro; no significant and direct currency risk exists at present.

The pegging of rents affects the **creditworthiness of tenants** and thus produces an indirect currency risk that can result in payment bottlenecks and loss of rent. Since incoming payments are mainly received in local currency, however, free liquidity (rental revenue less operating costs) is converted into euros upon receipt. This process is continually overseen by the responsible country coordinators. There is hardly no currency risk on the liabilities side. Currency risks linked to construction projects are hedged according to need on a case-by-case basis, taking account of the currency underlying the order and

lease agreement, likely exchange rate development and the calculation rate.

OUTLOOK

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

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

Strategy

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

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

Development

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

Financing

The environment for refinancing from expiring project financing of the CA Immo Group is still assessed as positive. In the property development area, we also expect the availability of bank financing under competitive conditions to remain healthy on the core market of Germany. Thanks to a significant rise in the interest rate hedging ratio over the past two years to approximately 86% on the key date, the robustness of the Group's cash flow is assured, even in the event of rising interest rates. The initial issue of a benchmark bond represents a milestone in the implementation of the expansion strategy, diversifies the financing structure and accelerates the optimisation thereof. The investment grade rating of the Group (Baa2 from Moody's) remained unchanged over the period under review, with the outlook confirmed as stable.

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

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

RESEARCH AND DEVELOPMENT

Technological and social change continues to transform the office environment and the knowledge-based economy. To develop office properties today in such a way that they can be efficiently and profitably managed in future, CA Immo monitors changes to working processes and corporate requirements in terms of premises; at the same time, it trials new technical solutions along with space and building concepts on selected development projects. Current examples of this approach include **cube berlin** – a fully digitised structure with artificial intelligence ('brain'). Amongst others, CA Immo collaborated with **RWTH Aachen, Germany's largest technical university**, for the cube berlin testing laboratory. Here the latest technologies for cube, the smart building project in Berlin, were tested and developed.

In the course of theoretical and practical research activity, CA Immo maintains partnerships with other companies and research institutions. For example, CA Immo is a **partner to the Office 21 joint research project of the Fraunhofer IAO Institute** (www.office21.de). The current research phase extending from 2018 to 2020 is focused on, amongst other things, the extent to which smart office environments can enhance employee productivity and which team typologies (and associated spatial conditions) support working processes most effectively.

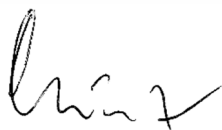
CA Immo actively participates in the main platforms for the real estate sector through cooperation agreements and memberships of such bodies as the **Urban Land Institute (ULI)**, the **German Property Federation (ZIA)**, the **German Sustainable Building Council** and its Austrian equivalent the **Austrian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

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

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

Vienna, 25.3.2020

The Management Board



Andreas Quint
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Member of the Management Board)



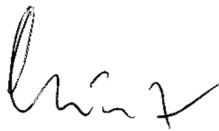
Keegan Viscius
(Member of the Management Board)

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

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

Vienna, 25.3.2020

The Management Board



Andreas Quint
(Chief Executive Officer)



Dr. Andreas Schillhofer
(Member of the Management Board)



Keegan Viscius
(Member of the Management Board)

AUDITOR'S REPORT^{*)}

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

CA Immobilien Anlagen Aktiengesellschaft, Vienna,

These financial statements comprise the balance sheet as of December 31, 2019, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of December 31, 2019 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters that we identified:

Titel

Valuation of investments in and loans to affiliated companies

Risk

The financial statements of CA Immobilien Anlagen Aktiengesellschaft as of December 31, 2019 show material investments in affiliated companies (TEUR 2,600,186) as well as loans to affiliated companies (TEUR 680,530). Furthermore, the financial statements show impairments of investments in and loans to affiliated companies of TEUR 137,045 and income from revaluation of such of TEUR 5,767.

All investments in and loans to affiliated companies are tested for impairment. These impairment assessments require significant assumptions and estimates.

Due to the fact that most of the affiliated companies are real estate companies the impairment test is based on a simplified entity value which is mainly influenced by the property valuation reports by external, independent valuation experts or contractually agreed purchase prices. The material risk within the valuation reports exists when determining

assumptions and estimates such as the discount-/capitalization rate and rental income and for properties under development the construction and development costs to completion and the developer's profit. A minor change in these assumptions and estimates can have a material impact on the valuation of investments in and loans to affiliated companies.

The respective disclosures relating to investments in and loans to affiliated companies are shown in Section "1 – Financial assets", in Section "10 a) – Financial assets" and in appendix 2 – Information about group companies in the financial statements as of December 31, 2019.

Consideration in the audit

To address this risk, we have critically assessed the assumptions and estimates made by management and the external valuation experts and performed, among others, the following audit procedures with involvement of our internal property valuation experts:

- Assessment of concept and design of the underlying business process
- Assessment of the applied methods and the mathematical accuracy of the calculations and supporting documentation
- Assessment of the competence, capability and objectivity of the external valuation experts engaged by management
- Assessment of the applied methods and the mathematical accuracy of selected property-valuation reports as well as assessment of the plausibility of the underlying assumptions (eg. Rental income, discount-/capitalization rate, usable space, vacancy rate) by means of comparison with market data if available
- Check of certain input-data as included in the valuation reports with data in the accounting system or underlying agreements
- Inquiry of project-management for selected properties under development regarding reasons for deviations between plan and actual costs and current estimation of cost to completion; review of actual costs for those projects through review of project-documentation and vouching on a sample basis as well as evaluation of the derived percentage of completion

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.]

Comments on the Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the management report and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the financial statements or otherwise appears to be materially misstated.

Additional information in accordance with Article 10 EU regulation

We were elected as auditor by the ordinary general meeting at May 9, 2019. We were appointed by the Supervisory Board on June 13, 2019. We are auditors since the financial year 2017.

We confirm that the audit opinion in the Section "Report on the financial statements" is consistent with the additional report to the audit committee referred to in Article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner is Alexander Wlasto, Certified Public Accountant.

Vienna, March 25, 2020

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Alexander Wlasto mp

Wirtschaftsprüfer / Certified Public Accountant

Mag. (FH) Isabelle Vollmer mp

Wirtschaftsprüferin / Certified Public Accountant

¹⁾ This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UCB (Austrian Company Code) applies to alternated versions

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DISCLAIMER

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

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

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

