CA IMMO

URBAN
BENCHMARKS.

FINANCIAL REPORT
AS AT 30 JUNE 2014

FINANCIAL KEY FIGURES [1)]

INCOME STATEMENT

		01.01.-30.06.2014	01.01.-30.06.2013
Rental income	€ m	73.7	96.1
EBITDA	€ m	71.3	77.5
Operating result (EBIT)	€ m	80.5	73.1
Net result before taxes (EBT)	€ m	40.3	35.0
Consolidated net income	€ m	32.9	34.6
Operating cash flow	€ m	59.0	65.1
Capital expenditure	€ m	43.2	65.3
FFO I (excl. Trading and pre taxes)	€ m	35.8	31.0
FFO II (incl. Trading and after taxes)	€ m	56.1	34.4

BALANCE SHEET

		30.6.2014	31.12.2013 restated
Total assets	€ m	3,787.8	4,040.6
Shareholders' equity	€ m	1,868.2	1,794.3
Long and short term interest-bearing liabilities	€ m	1,403.0	1,710.9
Net debt	€ m	1,110.0	1,079.8
Net asset value (EPRA NAV) - diluted	€ m	2,116.9	2,144.4
Triple Net asset value (EPRA NNNAV) - diluted	€ m	1,971.0	1,981.0
Gearing	%	59.4	60.2
Equity ratio	%	49.3	44.4
Gross LTV	%	53.2	63.2
Net LTV	%	42.1	39.9

PROPERTY PORTFOLIO[2)]

		30.6.2014	31.12.2013
Total usable space (excl. parking, excl. projects)[3)]	sqm	2,351,505	2,379,263
Gross yield investment properties	%	6.9	7.0
Fair value of properties	€ m	3,569	3,468

SHARE RELATED KEY FIGURES

		01.01.-30.06.2014	01.01.-30.06.2013
Rental income / share	€	0.84	1.09
Operating cash flow / share	€	0.67	0.74
Basic earnings per share	€	0.37	0.39
Diluted earnings per share	€	0.36	n.m.
		30.6.2014	31.12.2013
NAV/share (diluted)	€	19.30	19.36
EPRA NAV/Aktie (diluted)	€	21.40	21.75
EPRA NNNAV/Aktie (diluted)	€	19.93	20.09
Price (key date)/NNNAV per share – 1[4)]	%	–30	–36
Dividend distribution	€	0.40	0.38
Dividend yield	%	2.9	3.0

SHARES

		30.6.2014	31.12.2013 restated
number of shares (30.06.)	pcs.	95,007,213	87,856,060
Ø Number of shares	pcs.	88,249,381	87,856,060
Ø price/share	€	13.4	10.6
Closing price (30.06.)	€	13.85	12.88
Highest price	€	14.40	12.95
Lowest price	€	11.80	8.63

[1)] Key figures include all fully consolidated properties, i.e. all properties wholly owned by CA Immo
[2)] Includes fully consolidated real estate (wholly owned by CA Immo) and real estate in which CA Immo holds a proportionate share (at equity)
[3)] Incl. Superaedificates and rentable open landscapes
[4)] Before deferred taxes

DEAR SHAREHOLDERS AND READERS,

The Management Board (left to right): Dr. Bruno Ettenauer, Florian Nowotny

In the first six months of 2014, the CA Immo Group took major steps towards the successful realisation of its strategic programme for 2012-2015. The repurchase of own liabilities in quarter one enabled funds generated from sales last year to be utilised in a value-accretive way. In the second quarter, sustainable Group earnings increased and progress was made on the strategic aim of reassessing minority interests.

While the sale of the 25% holding in UBM AG reduces the level of non-strategic investments, the full takeover of the Kontorhaus office development in Munich consolidates CA Immo's position in the core office segment in one of Europe's most attractive property markets.

RESULTS FOR THE FIRST HALF OF 2014

Essentially, the earnings trend of the first quarter continued into the second quarter. Owing to the extensive sales of 2013 – and especially the sale of the Hesse portfolio and the partial sale of Tower 185 in Frankfurt – net rental income for CA Immo fell –24.5% to € 65,295 K as at the key date. However, further positive developments in operational income components considerably slowed the decline in earnings before interest, taxes, depreciation and amortisation (EBITDA), which at € 71,333 K fell short of the previous year's value by just –7.9%.

The result from joint ventures (accounted for under the at equity method) rose by 26.0% on the half-yearly figure for 2013 to € 10,635 K (€ 8,440 K in 2013). The revaluation result also developed positively at € 563 K, significantly above the previous year's value of € –11,044 K. Thanks to the improved result from revaluations and joint ventures, the result from earnings before interest and taxes (EBIT) reached € 80,524 K, exceeding the 2013 value of € 73,147 K by 10.1%.

The financial result of € –40,224 K for the first half of 2014 was marginally below the prior year's value of € –38,144 K. The Group's financing costs, a key element in long-term revenue, fell by a substantial –26.5 % on the 2013 value to € –43,135 K. A highly positive development in the first half of the previous year (€ 14,851 K) was counteracted by a negative non-cash contribution from the valuation of interest-rate hedges which brought about a negative result of € –11,784 K. Adjusted to account for the effects of interest rate derivatives, the financial result has improved by a significant 46%-plus in yearly comparison. The result from associated companies was € –2,258 K on the key date, taking into account a value adjustment linked to the sale of the 25% interest in UBM AG.

Earnings before taxes (EBT) amounted to € 40,300 K, up 15.1% on last year's value of € 35,003 K. Where taxes on income are deducted (€ –4,031 K), net profit is down by –5.3% at € 32,855 K (€ 0.37 per share against € 0.39 in 2013).

The positive development of long-term earnings gathered pace in quarter two. Following a stable result in the first quarter FFO I, the key indicator of the Group's long-term profitability and capacity to pay dividends, rose by 15% in the second three-month period to stand at € 35,775 K at the halfway point of the year. Bearing in mind the substantial strengthening of the balance sheet at the same time and the far greater balance introduced to the portfolio, this growth underlines the improvement to the earnings quality of the CA Immo Group. FFO II, an indicator of the company's overall profitability, increased considerably in year-on-year comparison (by 63% to € 56,084 K at the halfway point of the year).

The Group's balance sheet profile was extremely stable as at 30 June 2014. Since the start of the year (44.4% on 31.12.2013), the equity ratio has risen to 49.3%. The loan-to-value (LTV) ratio stood at 42.1% on the key date (39.9% on 31.12.2013). The diluted EPRA NNNAV stood at € 19.93 per share as at 30 June 2014, corresponding to a slight decrease of 0.8% on the key date 31 December 2013.

OUTLOOK

Following on from a successful first half of the year, the operational priorities in the remaining six months will be to reduce still further the proportion of strategically irrelevant real estate and to raise the profitability of the asset portfolio. In particular, this will serve to improve the financing structure while increasing the occupancy rate.

The FFO I objective for the business year 2014 (defined as not less than € 55 m in the first quarter) will be adjusted on the basis of the positive operational business developments in the first six months; it is now expected at least to match the previous year's level of € 63 m (increase of c. 15%).

A solid rise on the 2013 level of € 68.6 m should also be achieved at FFO II level. The planned sales volume for 2014 is approximately € 200 m, which does not include sales of logistical sites in Eastern Europe.

The Management Board

Bruno Ettenauer
(Chief Executive Officer)

Florian Nowotny

Vienna, August 2014

SHARE

REAL ESTATE SHARES IN FASHION

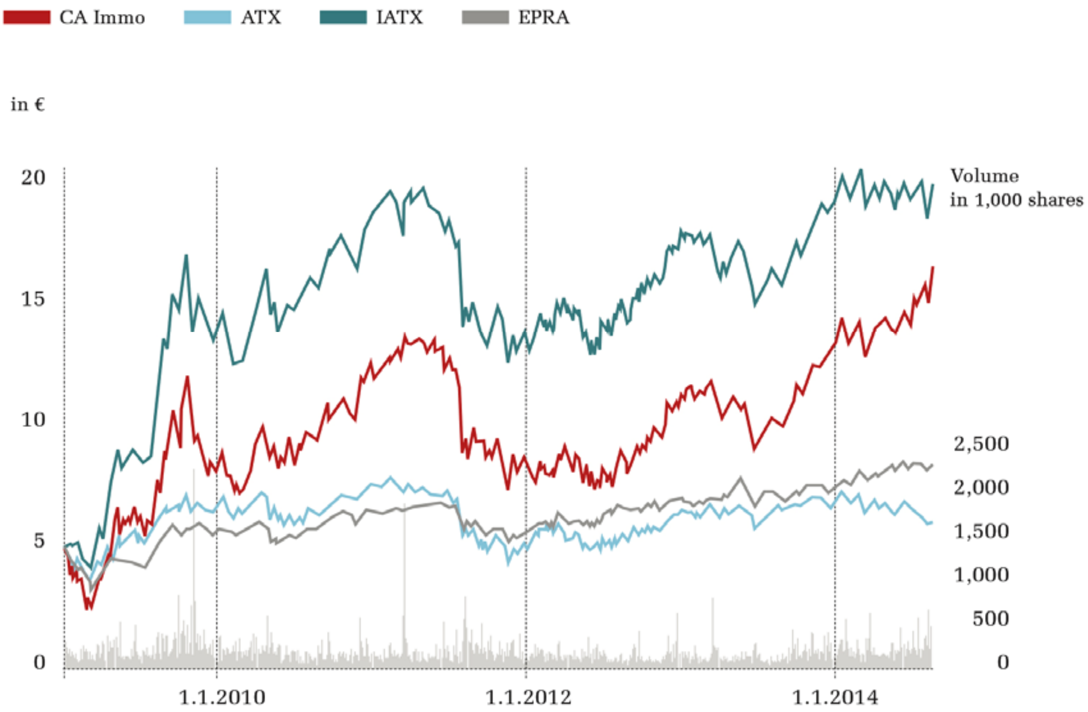
Despite recent developments in the Ukraine and the Middle East allied with moderate economic growth in the USA and the Eurozone, the trend on the financial markets has been highly positive over the first six months of the year. With the long-term outlook for share markets seemingly unchanged, real estate shares in particular emerged as winners in the first half.

The CA Immo share: rate development, stock exchange sales and market capitalisation

Rising by 7.36% since the start of the year, the performance of the CA Immo share compares favourably to the sector as a whole and the ATX (– 1.30%). The share opened the new business year at the rate of € 12.95, reaching a low of € 11.80 on 14 March 2014 following a brief downturn around the end of the first quarter. As demand picked up in quarter two, however, the price of the CA Immo share quickly made up ground to close at € 13.85 on 30 June 2014. The highest rate for the first six months was € 14.40 on 12 June 2014. The discount to NAV for the CA Immo share was – 28,22% on the final day (against – 33,47% on 31 December 2013) (based on NAV/share diluted). As at the balance sheet date, market capitalisation for the CA Immo share was € 1.3 bn, equivalent to a rise of approximately 16% (€ 1.1 bn on 31 December 2013). The average liquidity of the CA Immo share in the first six months was € 4.5 m per trading day, against approximately € 2.3 m in the previous year; also by comparison, the average trading volume increased by approximately 50% from 224,400 to around 335,600 shares1. CA Immo is currently weighted at 3.19% on the ATX.

[1] Source: Bloomberg (double-counting applied to all trading figures)

SHARE PRICE DEVELOPMENT IN RELATION TO ATX, IATX, EPRA (2.1.2009 to 18.8.2014)



Capital stock and shareholder structure

Owing to the exercising of conversion rights by owners of the 4.125% convertible bond for 2009-2014, the company's capital stock rose by € 51,988,882.31 since the start of the year to stand at € 690,702,438.51 as at 30 June 2014. This is divided into four registered shares and 95,007,209 bearer shares, each with a proportionate amount of the capital stock of € 7.27. The delivery shares, held under ISIN AT0000641352, have dividend entitlement from business year 2014.

In mid-July CA Immo was informed that UniCredit Bank Austria AG, the company's main shareholder, was evaluating its 16.8% holding in the company (plus four registered shares) with the aim of utilising its participation in a structured process. To this end, UniCredit Bank Austria AG has invited interested parties to make appropriate bids. Since the process is at an early stage, the outcome is uncertain and cannot be predicted at present. The Management Board of CA Immo will support the process in the interests of all shareholders.

Aside from UniCredit Bank Austria AG, the company is not aware of any other shareholders with a stake of more than 4% or 5%. The remaining shares of CA Immo (approximately 83.2% of the capital stock) are in free float with both institutional and private investors.

Increase in total number of voting rights after balance sheet date

After the balance sheet date, the total number of voting rights had risen by a further 2,023,735 bearer shares, thereby increasing the capital stock by € 14,712,553.45 to € 705,414,991.96 after the balance sheet date (divided into four registered shares and 97,030,944 bearer shares).

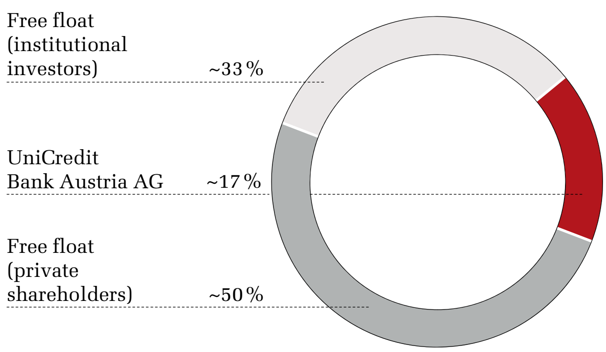
ONE YEAR PERFORMANCE

(28.6.2013 to 30.6.2014)

CA Immo share	56.36%
ATX	12.45%
IATX	29.70%
EPRA Developed Europe	22.29%

Source: Bloomberg

SHAREHOLDER STRUCTURE



ANALYST COVERAGE

CA Immo is currently assessed by nine investment companies. Analysts from Baader Bank, Deutsche Bank, Kepler Cheuvreux and Kempen recently reaffirmed their recommendation to purchase the share. Raiffeisen Centro Bank launched the review of CA Immo with a target price of € 17.50, while analysts from Erste Group have upgraded the CA Immo share from 'hold' to 'accumulate'. The price target has risen from € 14.10 to € 16.50. In overall terms, the 12-month target rates most recently published fluctuated between € 15.80 and € 18.00. The valuation median of € 16.50 implies price potential of 19.1% (based on the closing rate for 30 June 2014).

ANALYSTS RECOMMENDATIONS

Baader Bank	15.7.2014	16.10	Buy
Deutsche Bank	7.8.2014	16.50	Buy
Erste Group	4.7.2014	16.50	Accumulate
Goldman Sachs	28.7.2014	15.80	Buy
HSBC	16.1.2014	16.00	Overweight
Kempen	17.7.2014	16.50	Overweight
Kepler Cheuvreux	20.8.2014	18.00	Buy
Raiffeisen Centrobank	11.8.2014	17.50	Buy
SRC Research	3.6.2014	16.00	Buy
Average		**16.54**	
Median		**16.50**	

KEY FIGURES OF SHARE

		30.06.2014	**31.12.2013 restated**
EPRA NNNAV/Aktie (diluted)	€	19.93	20.09
NAV/share (diluted)	€	19.30	19.36
Price (key date)/NAV per share – 1[1)]	%	–28.22	–33.47
Number of shares (key date)	pcs.	95,007,213	87,856,060
Ø number of shares (key date)	pcs.	88,249,381	87,856,060
Ø price/share	€	13.42	10.63
Market capitalisation (key date)	€ m	1,315.85	1,131.59
Highest price	€	14.40	12.95
Lowest price	€	11.80	8.63
Closing price	€	13.85	12.88
Dividend distribution	€	0.40	0.38
Dividend yield	%	2.89	2.95

1) Before deffered taxes

BASIC INFORMATION ON THE CA IMMO SHARE

Type of shares:	No-par value shares
Listing:	Vienna Stock Exchange, Prime Market
Indices:	ATX, ATX-Prime, IATX, FTSE EPRA/NAREIT Europe, WBI
Specialist:	Baader Bank AG
Market Maker:	Close Brothers Seydler Bank AG, Erste Group Bank AG, Hudson River Trading Europe Ltd., Raiffeisen Centrobank AG, Société Générale S.A., Spire Europe Limited, Virtu Financial Ireland Limited
Stock exchange symbol / ISIN:	CAI / AT0000641352
Reuters:	CAIV.VI
Bloomberg:	CAI:AV
E-Mail:	ir@caimmo.com
Website:	www.caimmo.com

Investor Relations contact:

Christoph Thurnberger
T: +43 1532 5907 504
F: +43 1532 5907 550
Christoph.Thurnberger@caimmo.com

Claudia Hainz
T: +43 1532 5907 502
F: +43 1532 5907 550
Claudia.Hainz@caimmo.com

FINANCIAL CALENDAR 2014

19 MARCH
PUBLICATION OF ANNUAL RESULTS FOR 2013
PRESS CONFERENCE ON FINANCIAL STATEMENTS

28 MAY
INTERIM REPORT FOR THE FIRST QUARTER 2014

8 MAY
ORDINARY GENERAL MEETING

27 AUGUST
INTERIM REPORT FOR THE FIRST HALF 2014

12 MAY/14 MAY
EX-DIVIDEND DATE / DIVIDEND PAYMENT DAY

26 NOVEMBER
INTERIM REPORT FOR THE THIRD QUARTER 2014

ECONOMIC ENVIRONMENT

General market climate [1)]

Economic development on the core markets of CA Immo was largely positive in the first half of the year. Seasonally adjusted GDP in the eurozone was unchanged on the first quarter figure and up by 0.7 % compared to the second quarter of last year. With GDP expanding by well over 3 %, Hungary and Poland were the best-performing core markets. Surprisingly, the German economy contracted 0.2 % on the previous quarter, although growth of 1.3 % was achieved when compared with the second quarter of 2013. Austria reported growth of 0.9 %. Annual inflation in the eurozone fell from 0.5 % in June to 0.4 % in July, its lowest level since October 2009 according to figures from Eurostat; the value for last year was 1.6 %. The 'core rate' remained at 0.8 % in July. On the core markets of CA Immo, the highest inflation rates in the eurozone were in Austria (1.7 %) and Romania (1.5 %); in Germany the figure was 0.8 %. With the exception of Hungary, the labour market has yet to improve significantly. Compared to March 2014, the eurozone unemployment rate for June 2014 fell marginally from 11.8 % to 11.5 %. Austria (4.9 %) and Germany (5.1 %) had the lowest unemployment rates.

In the view of the International Monetary Fund, Europe is on the road to recovery; the IMF predicts growth of 1 % in 2014 and 1.4 % in 2015. GDP is likely to rise more rapidly in certain parts of Eastern Europe than in Austria and Germany. Low inflation in the industrialised nations and economic disruption caused by geopolitical events are regarded as major risks to economic development.

The interest environment[2)]

On 5 June 2014, the European Central Bank (ECB) cut its base rate by a further 0.25 % to a record low of 0.15 %; the current peak refinancing rate stands at 0.40 %. The 3 month Euribor rate fluctuated between 0.21 % and 0.35 % in the reporting period. The package of anti-crisis measures enacted by the ECB incorporates not only cheap money but also new emergency loans and negative interest rates for banks to prevent 'parking' of surplus funds, the aim being to stimulate growth in the eurozone and circumvent the threat of falling prices.

Central and Eastern Europe [3)]

The general economic recovery across CA Immo's core markets in Eastern Europe continued throughout the second quarter, thanks to the economic upturn in the eurozone.

Compared to the same period of the previous year, GDP in Poland increased by a moderate 3.2 % in the first six months; against the first quarter of 2014 it was up 0.9 %. Rising demand (both domestic and foreign) led to a rapid increase in new orders. In June the unemployment rate fell by a marginal 0.1 % to 10.6 %, the first fall since March 2012. According to the Central Statistical Office of Poland (GUS), industrial production rose by 3 % in June.

In the first six months Hungary recorded the sharpest rise in economic growth in the eurozone in comparison with the previous year (3.7 %). The main factor behind the rise was the improving trade balance in the manufacturing and construction sector, the latter expanding by 9.8 % in the first half.

The economic situation in the Czech Republic is also back on an even keel; GDP increased by 2.6 % in quarter two compared to the same period last year and remained stable against the previous quarter. The recovery was prompted by greater demand on European sales markets, with private consumption at home now delivering added impetus. Industrial production has expanded by 8.1 % as the automobile industry continues to drive the upturn. The construction sector is also gaining momentum following a prolonged slump; construction activity increased by 5.1 % in year-on-year comparison.

Economic activity in Romania fell by -1.1 % on quarter one in the second quarter. Seasonally adjusted GDP rose 1.4 % on the same period last year, with the first quarter of 2014 outperforming the comparable period of 2013 by 3.8 %. The IMF is predicting the Romanian economy to return to pre-crisis levels in 2014, although growth will be slower than in other countries; according to preliminary estimates, exports have risen by 5.4 % and imports by 8.2 % on the previous year.

[1)] Eurostat; Bloomberg; The Economist; International Monetary Fund (IMF), World Economic Outlook April 2014
[2)] Bloomberg; European Central Bank

[3)] Central Statistical Offices of Poland (GUS), Hungary (KSH), Czech Repub lic (CZSO); National Institute of Statistics in Romania (NIS); Bloomberg

PROPERTY MARKETS

The real estate investment market[1)]

The European transaction market for commercial real estate maintained its upward trend in the second quarter of 2014 with a volume of approximately € 44.0 bn, up 28% in year-on-year comparison. The UK and Germany, the most important property investment markets in Europe, reported solid growth in quarter two (+15% and +19% respectively). In **Germany**, foreign investors accounted for around half of the investment volume of € 17 bn in the first half of the year. With a share of approximately 46% (€ 7.8 bn), office properties are the asset class in highest demand; the top five locations accounted for roughly half of investment activity. Within the office sector, CA Immo's core German markets of Munich (-3%), Frankfurt (-18%) and Berlin (-21%) are all in decline, mainly because of the shortage of 'core' products on the market. This shortage, taken together with continued strong demand, is driving the trend towards yield suppression. Peak yields were 4.45% in Munich, 4.65% in Berlin and 4.70% in Frankfurt. The trend in **Austria** during the second quarter mirrored that of the first quarter. Compared to the previous year, the transaction volume tripled to approximately € 1.3 bn after six months, with retail providing a strong focus. The peak yield on office properties continues to fall; at the halfway point of the year it stood at 4.65%.

Transaction activity in **Eastern Europe** (including Russia) rose by 20% in the second quarter to an approximate volume of € 1.9 bn, producing a total of around € 8.8 bn after six months; the 17% fall was largely due to the slowdown in Russia. Poland accounted for the majority of transactions in the CEE region (excluding Russia) with an approximate volume of € 1.3 bn (up 20% in yearly comparison). While a number of CEE markets showed signs of recovery in terms of transactions, the volume remained low in the European context.

The office property markets[2)]

Compared to the same period last year, office space take-up in **Berlin** rose by 25% in the first six months to around 274,000 sqm (27% above the 10-year average). The peak monthly office rent in the German capital was stable at around € 22.5/sqm, while the weighted average rent stood at € 13.2/sqm per month. The vacancy rate was around 8.4%, and a completion volume of approximately 214,000 sqm is anticipated for the second half of 2014 (around 131,000 sqm of which will be owner-occupied). Floor space turnover in **Frankfurt** stood at around 165,400 sqm, 19% below the previous year's value. The peak monthly rent was € 38/sqm, while the weighted average rent rose by 17% to € 19.7/sqm per month. The vacancy rate is reported at 13% (1.53 million sqm) while the anticipated completion volume is estimated at approximately 149,000 sqm (high proportion of owner occupation exceeding 70%). Floor space turnover in **Munich** was approximately 309,000 sqm in the first half, down 4% in year-on-year comparison. The peak monthly rent is currently € 33.0/sqm (up 5% year-on-year) while the weighted average rent exceeds € 16/sqm per month. The vacancy rate for the market as a whole is stable at 7.2% (around 1.5 million sqm). The completion volume in the first half rose significantly on the comparable period to 165,000 sqm and is likely to amount to roughly 75,000 sqm in the second six months (mostly pre-let and owner-occupied). Lettings performance in **Vienna** was around 77,000 sqm in the first half, well below the figure for the same period of 2013 (125,000 sqm). The vacancy rate was stable at around 6.6%, underpinned by a low completion volume. The peak monthly rent was € 25.5/sqm, while the average rent in good locations stood at € 14.8/sqm per month.

The office market in **Warsaw** reported satisfactory floor space turnover of around 259,000 sqm in the first half thanks to consistently high demand. Floor space under construction remains high at over 600,000 sqm; more than 100,000 sqm of modern office space was completed in the second quarter alone. The vacancy rate is reported at approximately 12%, while peak monthly rents in the central business district are stable at € 22-24/sqm. The vacancy rate in **Budapest** stood at 17.6%, its lowest level for five years. Average headline rents in central locations are in the range of € 11-15/sqm per month. Office space take-up in the first half was approximately 129,000 sqm, 30% above the previous year's level; construction activity remains low. During quarter two, turnover in **Prague** fell 16% to around 61,000 sqm (-27% in Q1 2014). The vacancy rate stood at 14.6% while the peak monthly rent was € 18.5-19.5/sqm. Floor space turnover in **Bucharest** increased to 66,000 sqm in the first quarter, with a further 14% rise to approximately 67,000 sqm reported in the second quarter. The vacancy rate is 14.7% (with considerable location-specific variations) and the peak monthly rent is € 18.5/sqm.

[1] CBRE: European Investment Quarterly MarketView, Q2 2014; Germany Investment Quarterly MarketView, Q2 2014; Austria Investment MarketView Q2 2014

[2] Jones Lang LaSalle: Office Market Profile Poland Q2 2014, City Report Warsaw/Prague/Bucharest Q2 2014; CBRE: Berlin, Frankfurt, Munich, Budapest Office MarketView Q2 2014

PROPERTY ASSETS

Application of new IFRS standards and impact on the representation of property assets

All financial reporting standards that must be applied as at 30 June 2014 and changes thereto have been observed in the compilation of the consolidated interim financial statements (for details, see the 'General notes' section of the notes). The main impact of the standards, some of which are new, lies in the fact that many companies (e.g. joint ventures) that were previously consolidated as joint ventures with a quota or fully consolidated taking minority interests into consideration, are now consolidated using the equity method (at equity).

As a result, the share held by these companies in the various items in the consolidated income statement and consolidated statement of financial position is disregarded. Instead, all assets and debts are summarised as net assets of the companies in the balance sheet item 'Investments in joint ventures'. Current results of joint ventures are reported under 'Earnings of joint ventures' in the consolidated income statement.

This change is reflected in the representation of property assets in that fully consolidated properties wholly owned by CA Immo are reported separately from partially owned real estate (companies) consolidated at equity.

As at key date 30 June 2014, CA Immo's entire **property assets** stood at € 3,6 bn (fully consolidated: € 2,6 bn). The company's core business is commercial real estate, with a clear focus on office properties in Germany, Austria and Eastern Europe; it deals with both investment properties (84% of the total portfolio) and investment properties under development (14% of the total portfolio). Properties intended for trading (reported under short-term property assets) account for the remaining 2% or so of property assets.

As at 30 June 2014, the **investment property portfolio** had an approximate market value of € 3.0 bn (of which fully consolidated: € 2.2 bn) and incorporated a total rentable effective area[1] of 2.1 m sqm. Around 49% of the portfolio (on the basis of book value) is located in CEE and SEE nations, with 27% of the remaining investment properties in Germany and 24% in Austria

[1] Including superaedificates and rented open space

PROPERTY ASSETS OF THE CA IMMO GROUP AS AT 30 JUNE 2014 (BOOK VALUES)

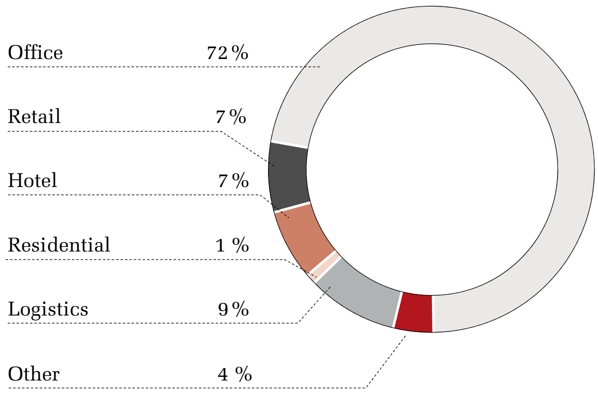
in € m	Investment properties			Investment properties under development			Short-term property assets			Property assets			Property assets in %		
	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ
Austria	704	0	704	0	0	0	3	0	3	707	0	707	27	0	20
Germany	644	164	808	411	14	425	42	45	87	1,097	224	1,321	42	24	37
Czech Republic	78	162	241	3	3	6	0	0	0	81	165	246	3	18	7
Hungary	190	117	306	1	0	1	0	0	0	191	117	308	7	13	9
Poland	294	123	418	0	21	21	0	0	0	294	144	438	11	15	12
Romania	98	185	283	1	22	23	0	0	0	100	207	307	4	22	9
Others	158	67	225	7	10	17	0	0	0	165	77	242	6	8	7
Total	**2,166**	**818**	**2,985**	**423**	**70**	**493**	**45**	**45**	**90**	**2,635**	**934**	**3,569**	**100.0**	**100.0**	**100.0**
Share on total portfolio	82%	88%	84%	16%	8%	14%	2%	5%	2%	100%	100%	100%			

Full: Fully consolidated properties wholly owned by CA Immo
At equity: Properties partially owned by CA Immo, consolidated at equity (proportional share)
1) Includes properties used for own purposes and self-administrated properties
2) Short-term property assets including properties intended for trading or sale

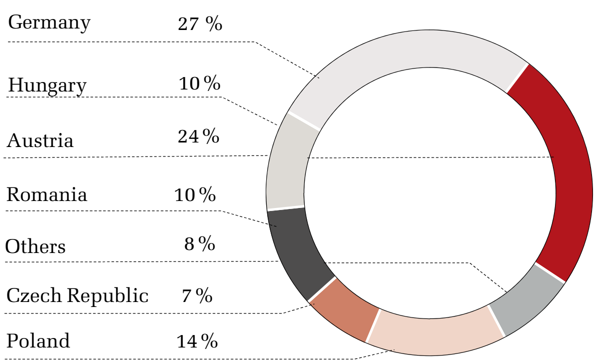
In the first six months of the year, the Group generated **rental income** of € 99.5 m; the portfolio produced a yield of 6.9%. The **occupancy rate** was 89.2% as at 30 June 2014 (against 88.8% on 31.12.2013). For details, refer to the table in the ‘Changes to the Portfolio’ section.

Of **investment properties under development** with a total market value of around € 494.0 m (of which fully consolidated: € 423.7 m), development projects and land reserves in Germany account for 86% while the Eastern Europe segment represents 14%. Property assets under development in Germany with a total market value of € 425.6 m include projects under construction with a value of € 86.2 m and land reserves with a book value of € 339.3 m.

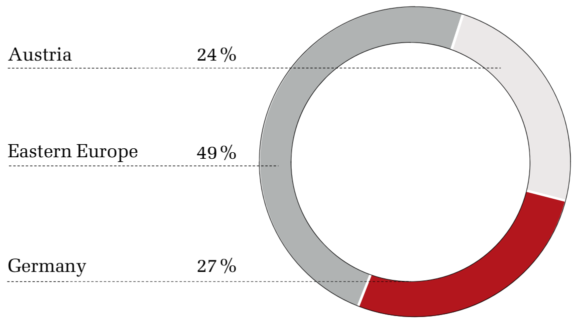
FAIR VALUE INVESTMENT PROPERTIES
BY MAIN USAGE (Basis: € 2.95 bn)



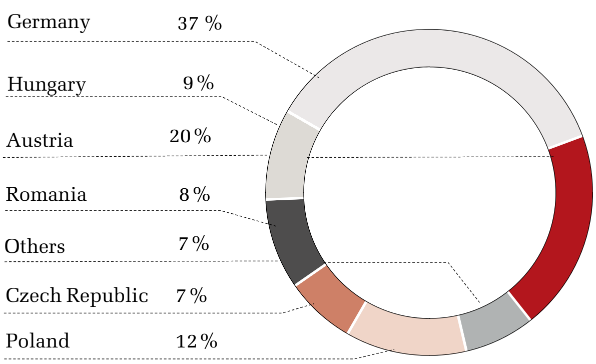
FAIR VALUE INVESTMENT PROPERTIES BY COUNTRY
(Basis: 2.98 bn €)



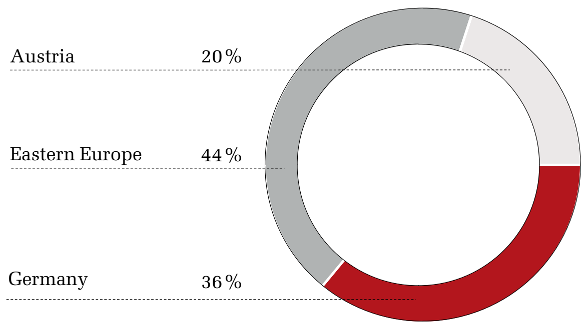
FAIR VALUE INVESTMENT PROPERTIES BY SEGMENT
(Basis: 2.95 bn €)



FAIR VALUE PROPERTY ASSETS BY COUNTRY
(Basis: 3.6 bn €)



FAIR VALUE PROPERTY ASSETS BY SEGMENT
(Basis: 3.6 bn €)



CHANGES TO THE PORTFOLIO IN THE FIRST HALF YEAR OF 2014

GERMANY

The investment property portfolio

In Germany, CA Immo held investment properties and properties intended for trading with an approximate value of € 872,9 m €[1] on 30 June 2014 (of which € 663,3 m were wholly owned by CA Immo). The occupancy rate for all investment property assets on the key date was 91,1% (against 92,5% on 31.12.2013). Where the rent contributions of properties intended for trading and temporarily let property reserves in the development segment are taken into account, rental income of € 25,1 m was generated in the first six months.

From January to the end of June, a total of around 14,250 sqm office space was newly let or extended in Germany. Amongst others, a contract for some 4,000 sqm office space was concluded with Hyundai Capital Europe GmbH inFrankfurt **Tower 185**.

Development projects

As at key date 30 June, CA Immo had invested € 44,5 m € in development projects in Germany for 2014. On the basis of total investment costs, the volume of investment properties under construction in Germany (excluding land reserves) is approximately € 306,9 m. In total, CA Immo holds investment properties under development (including land reserves) with a book value of € 425,6 m (of which fully consolidated: € 411,1 m).

The land use plan to develop the new **Baumkirchen Mitte district in Munich** was approved in January. Key data for the new urban area has thus been finalised. Around 560 apartments will be built on the site spanning approximately 130,000 sqm in the Munich district of Berg am Laim, while roughly 650 jobs will be created. CA Immo and PATRIZIA also began marketing apartments in the first building section in January. Planning permission was granted in May and the foundation stone will be laid in September.

Early in March CA Immo acquired two construction sites in the **Zollhafen district of Mainz** which CA Immo Deutschland GmbH is developing in partnership with Stadtwerke Mainz AG. The purpose of acquiring the Hafenspitze and Rheinallee III sites is to realise one office project and one mixed use property. A distinctive office structure around 42 metres in height may be built on the Hafenspitze construction site, which offers floor area of 12,000 sqm in an attractive waterside location on the

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

OVERVIEW INVESTMENT PROPERTIES [1]

	Fair value property assets in € m			Rentable area [2] in sqm			Occupancy rate in %			Annualised rental income in € m			Yield in %		
	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ
Austria	699	0	699	630,380	0	630,380	96.9	0.0	96.9	43.1	0.0	43.1	6.2	0.0	6.2
Germany	641	164	805	378,357	33,919	412,276	95.0	76.5	91.3	40.5	8.4	48.9	6.3	5.1	6.1
Czech Republic	55	162	217	42,286	74,358	116,645	89.3	86.8	87.6	6.1	11.7	17.8	11.1	7.2	8.2
Hungary	190	117	306	113,311	111,457	224,768	80.0	79.9	80.0	14.1	8.6	22.8	7.5	7.4	7.4
Poland	294	123	418	93,294	203,962	297,255	90.3	83.1	87.8	20.9	10.2	31.1	7.1	8.2	7.4
Romania	98	185	283	42,209	190,333	232,541	97.7	90.3	92.9	9.2	15.2	24.4	9.3	8.2	8.6
Others	158	67	225	95,536	37,688	133,223	84.0	66.3	79.1	12.3	3.8	16.1	7.8	5.6	7.1
Total	**2,134**	**818**	**2,953**	**1,395,373**	**651,717**	**2,047,089**	**92.1**	**82.6**	**89.2**	**146**	**58**	**204**	**6.9**	**7.1**	**6.9**

Full: Includes all fully consolidated real estate, i.e. all properties wholly owned by CA Immo

At equity: Includes all real estate (pro-rata-share) partially owned by CA Immo accounted for using the equity method (appears under 'Income from joint ventures' in the income statement).

[1] Excludes properties used for own purposes and self-administrated properties

[2] incl. superaedificates

northern edge of the harbour basin. The 23,000 sqm of the Rheinallee III site, meanwhile, is suitable for mixed utilisation, with harbour-facing apartments and large-scale retail premises among the possibilities.

Following a construction period of just six months, CA Immo held the topping out ceremony for the **Monnet 4 office building in Berlin's Europacity** in the middle of June. Completion of the structure, in which CA Immo has so far invested an approximate total of € 27 m, is scheduled for summer 2015. The office building, which has gross floor space of around 10,000 sqm, is located close to Berlin's main station and directly adjacent to Tour TOTAL, which was completed by CA Immo in 2012. CA Immo is realising the structure as a green building with certification from the German Sustainable Building Council. Monnet 4 is around 47 % let at present. The main tenant will be the financial and portfolio advice company MLP.

The topping out ceremony for the last building in the Munich district of Arnulfpark also took place in June: the **Kontorhaus**, which was developed under the terms of a joint venture between CA Immo and E&G Financial Services, will be completed in autumn 2015. The total investment volume will be around € 102 m and the pre-letting rate currently stands at 55 %. The main tenant for the structure, which has gross floor space of 14,000 sqm, will be Google. The 11,000 sqm of gross floor space still available for rent now represents one of the few new interconnected premises of this magnitude in a central part of Munich.

Sales

During the first six months, trading income from German real estate totalled € 23.2 m, with the profit from these transactions amounting to € 8.7 m.

Visualization of the office project MONNET 4 in the Europacity Berlin

AUSTRIA

The investment property portfolio

As at 30 June 2014, CA Immo held investment properties in Austria with a value of € 703.8 m and an occupancy rate of 96.9% (94.2% on 31.12.2013). The company's asset portfolio generated rental income of € 21.4 m in the first six months. Approximately 4,100 sqm of office rental space was newly let in Austria between January and the end of June.

Sales

Trading income for Austria amounted to € 1.9 m in the first six months.

EASTERN EUROPE

The investment property portfolio

CA Immo held investment properties with an approximate value of € 1,472.7 m in Eastern Europe as at 30 June 2014 (of which fully consolidated: € 818.5 m). In the first six months, property assets let with a total effective area of around 1.0 m sqm (410,381 sqm fully consolidated) generated rental income of € 52.8 m. The occupancy rate on the key date was 85.7%. Lease agreements relating to around 177,000 sqm were concluded in the first six months, of that total, logistical premises accounted for 119,400 sqm and office space represented roughly 57,600 sqm.

Sales

The sale of the **Lipowy Office Park office building in Warsaw** to Kimberley sp. z o.o., a company owned by a US-listed REIT, was agreed in December and concluded in the first quarter. The purchase price is approximately € 108 m. The structure, which offers around 40,000 sqm of gross floor space above ground, has been let in its entirety to Bank Pekao S.A. for the long term.

SUPPLEMENTARY REPORT

The following activities after key date 30 June 2014 are reported:

In July, CA Immo sold its shareholding in UBM Realitätenentwicklung Aktiengesellschaft of 25% (plus eight shares), which was held indirectly by the subsidiary CA Immo International Beteiligungsverwaltungs GmbH of Vienna. The buyer of the 1,500,008 bearer shares in UBM Realitätenentwicklung Aktiengesellschaft (ISIN: AT0000815402) is PORR AG. The purchase price will be € 36.0 m or approx. € 24.00 per share, 38% above the volume weighted average price of the UBM share for the last six months prior to signing (€ 17.4). Closing of the transaction, which is scheduled for 31 October 2014 at the latest, is subject to the approval of competition authorities.

Also in July, CA Immo was informed that UniCredit Bank Austria AG, its major shareholder, is evaluating its current stake of 16.8% in the Company with a view to monetizing such stake through a structured process. For this purpose, UniCredit Bank Austria AG will invite interested parties to submit proposals.

Acquisitions

In mid-August, CA Immo increased its share in the Munich office project Kontorhaus from 50 % to 93 %. The seller of the company shares was E&G Bridge Equity Fonds GmbH & Co. KG. The purchase price was agreed to be kept confidential. The transaction will be closed in the third quarter of 2014. For more details on the Kontorhaus, see the 'Project development in Germany' section.

EMPLOYEES

As at 30 June 2014, CA Immo had a total of 349 employees[1)], compared to 355 on 31 December 2013.[2)] Twenty-two percent of the overall workforce was based in Austria, with 48 % in Germany and 30 % in Eastern Europe. Of the 349 staff members, 58 % are female. All employees but one in Vienna are white-collar staff.

EMPLOYEES PER SEGMENT AS AT 30.6.2014 [3)]

	Headcounts as at 30.6.2014	Headcounts as at 31.12.2013	Change to 31.12.2013
Austria	76	79	-4%
Germany [4)]	167	166	1%
Eastern Europe	106	110	-4%
Total	**349**	**355**	**-2%**

[3)] Incl. staff on unpaid leave, excl. staff at hotel businesses in the Czech Republic
[4)] CA Immo Germany GmbH and omniCon

[1] Around 9 % were part-time employees; includes staff on unpaid leave, excludes staff at hotel businesses in the Czech Republic
[2] Around 8 % were part-time employees; includes staff on unpaid leave, excludes staff at hotel businesses in the Czech Republic

RESULTS

Analysis of results for the first half of 2014 shows that because of changes to relevant IFRS provisions, a number of companies that were previously fully consolidated must be stated at equity at the start of the year. This has led to a further balance sheet contraction. Figures from last year used for comparative purposes have also been adapted to the new rules accordingly.

Sustainable portfolio performance

In the first half of 2014, rental income for CA Immo fell by -23.3% to € 73,748. K. This significant change compared to the previous year was caused by extensive real estate sales in 2013, and in particular the sale of the Hesse portfolio and the partial sale of Tower 185 in Frankfurt.

In year-on-year comparison, property expenses directly attributable to the asset portfolio, including own operating expenses, declined in line with the drop in rental income to € –4,885 K (–23.3%). The result from renting stood at € 65,295 K after the first two quarters. The efficiency of the letting activity, measured as the operating margin in rental business (net rental income in relation to rental income), stood at 88.5% at the halfway point of the year, below the value of 90.0% after the first six months of last year.

Other expenses directly attributable to development projects amounted to € –2,007 K in the first half (€ –1,482 K in 2013). Hotel operations had contributed a total of € 756 K to the result as at key date 30 June 2014, equivalent to a contribution 9.7% up on the figure for last year.

By contrast, gross revenue from services rose by a significant 40.9% in yearly comparison to stand at € 7,741 K. Alongside development revenue for third parties via the subsidiary omniCon, this item contains revenue from asset management and other services to joint venture partners.

Sales result

The sales result from property assets held as current assets delivered a contribution of € –1,855 K (against 1,313 K in 2013). The result from the sale of investment properties increased by 200% on the comparable value for the first half of last year to stand at € 10,361 K. Aside from the sale of the Lipowy Office Park in Warsaw, sales activity focused on the German segment, where a purchase price adjustment for Tower 185 accounted for the largest single positive contribution.

Indirect expenditures

After the first two quarters, indirect expenditures stood at € –20,049 K, slightly above the 2013 level of € –19,234 K. Unlike in previous periods, this item also contains expenses counterbalancing the aforementioned gross revenue from services.

Other operating income stood at € 11,091 K, a clear rise on the 2013 reference value of € 831 K. A positive effect of € 3,600 K was posted in connection with the repurchase of OEVAG liabilities in the first quarter, while the termination of the legal dispute Maslov with € 5,271 K impacted positively on the result in quarter two (amongst other things).

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

By contrast, the decline in relation to rental income was much lower for earnings before interest, taxes, depreciation and amortisation (EBITDA), which fell –7.9 % to € 71,333 K. The lower result compared to last year was mainly due to the drop in rent linked to last year's extensive real estate sales. In comparison with reporting carried out in the previous period under IAS 27 and 28, the absence of a contribution from joint ventures produced a significant decrease that impacts on EBITDA, rather than EBIT, in consolidated net income.

Revaluation result

The total revaluation gain of € 11,945 K in the first half of 2014 was counterbalanced by a revaluation loss of € –11,382 K. The cumulative revaluation result of € 563 K as at key date 30 June 2014 was only marginally positive, but a significant improvement on the 2013 figure of € –11,044 K.

Result from joint ventures

Current results of joint ventures consolidated at equity are reported under 'Results from investments in joint ventures' in the consolidated income statement. After the first six months this contribution amounted to € 10,635 K, reflecting a significant 26.0% upturn in earnings on the comparable value of last year (€ 8,440 K). The share of earnings meeting the EBITDA definition of the Group stood at € 21,459 K after six months, down 5.7% on the first half of 2013.

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) increased by 10.1% in yearly comparison (€ 80,524 K against € 73,147 K in 2013). As a consequence, the decline in Group EBITDA was more than counterbalanced by an improved result from revaluation and joint ventures.

Financial result

The financial result for the first half of 2014 was € –40,224 K, slightly down on last year's value of € –38,144 K. The Group's financing costs, a key element in sustainable earnings, fell by –26.5% on the 2013 value to € –43,135 K. Aside from loan repayments linked to sales, the repurchase of own liabilities in the first quarter had a particularly positive impact. The item 'Other financial income/expense' of € 2,408 K represented a positive one-time effect related to the transaction.

A positive development in the first half of the previous year (€ 14,851 K) was counteracted by a negative non-cash contribution from the valuation of interest-rate hedges which brought about a negative result of € –11,784 K. Of this, reclassifications of valuations recognised in equity last year in connection with rescheduling from variable to fixed-interest loans accounted for € –4,108 K. However, adjusting to account for the valuation result from interest rate derivative transactions reveals a significant improvement in the financial result of more than 46% in year-on-year comparison.

The result from financial investments of € 14,236 K was significantly higher than the value for the reference period (€ 5,386 K in 2013). Changes in consolidation based on IFRS 10 and 11 led to higher financial revenues from loans granted to joint ventures. The contribution to the result from associated companies of € –2,258 K (€ 2,026 K in 2013) contains the proportionate result from the investment in UBM, which slipped into negative territory (€ –2,583 K) owing to devaluation linked to the disposal of shareholdings in quarter two.

Taxes on income

Earnings before taxes (EBT) stood at € 40,300 K, up 15.1% on last year's value of € 35,003 K. After the first three months, the result from taxes on earnings was € – 7,445 K (€ –358 K in 2013). The Germany segment produced most actual taxes on earnings. The positive effect of current taxes on earnings was essentially linked to the assertion of income tax incentives in tax returns for previous years, which in turn led to an increase in deferred taxes.

Result for the period

The somewhat lower financial result, combined with the increase to the tax burden in the first half, served to reduce the contribution to earnings by –5.3 % to € 32,855 K.

Funds from operations (FFO)

An FFO I of € 35,775 K was generated in the first six months of 2014, 15% above the previous year's value of € 30,974 K. 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-recurring effects. FFO II, which includes the sales result and applicable taxes, increased by a significant 63% on last year to € 56,084 K (€ 34,359 K in 2013).

FUNDS FROM OPERATIONS (FFO)

€ m	Half-year 2014	Half-year 2013 restated
Net rental income (NRI)	65.3	86.5
Result from hotel operations	0.8	0.7
income from services	7.7	5.5
Other expenses directly related to properties under development	–2.0	–1.5
Other operating income	11.1	0.8
Other operating income/expenses	17.6	5.5
Indirect expenses	–20.0	–19.3
Result from investments in joint ventures [1]	10.6	13.6
Finance costs	–43.1	–58.6
Result from financial investments	14.2	5.4
Other adjustment [2]	–8.8	–2.1
FFO I (excl. Trading and pre taxes)	**35.8**	**31.0**
Trading result	–1.9	1.3
Result from the sale of investment properties	10.4	3.3
Result from sale of joint ventures	0.5	–0.1
Result from property sales	9.0	4.6
Other financial result	2.4	0.0
Current income tax	0.7	–2.4
current income tax of joint ventures	–0.6	–0.9
Other adjustments	8.8	2.1
FFO II	**56.1**	**34.4**

[1] Adjustments for property trading and non-recurring items

[2] Adjustments for other non-recurring items

Balance sheet: assets

The real estate sales of 2013 and the first-time application of IFRS 10 and 11 produced a balance sheet contraction on the key date when compared to reporting under IAS 27 and 28 in previous periods. As at the balance sheet date, long-term assets amounted to € 3,343,394 K (88.3% of total assets).

The balance sheet item 'Property assets under development' rose by 6% on the value as at 31 December 2013 to € 423,650 K. Total property assets (investment properties, hotels and other properties used for own purposes, property assets under development and property assets held as current assets) amounted to € 2,634,804 K on the key date, 2.7% below the level at year end (€ 2,707,505 K).

Assets and debts of joint ventures are no longer reported individually in the consolidated balance sheet; instead, the net assets of these companies are shown in the balance sheet item 'Investments in joint ventures', which stood at € 235,540 K on the key date (€ 219,224 K in 2013).

Cash and cash equivalents had declined substantially to € 281,590 K on the balance sheet date compared to the value for 31 December 2013 (€ 613,426 K). The key factor in this was the repurchase of own liabilities from Österreichische Volksbanken AG in January 2014.

Balance sheet: liabilities

Equity

During the first quarter, shareholders' equity increased by 4.1%, from € 1,794,266 K to € 1,868,177 K. The equity ratio for the Group was 49.3% on the key date, compared to 44.4 % at year end.

Interest-bearing liabilities

During the first half, the Group's financial liabilities continued to fall (to € 1,403,027 K on the key date against € 1,710,942 K on 31.12.2013). Net debt rose marginally by 3% from € 1.079.810 K at the start of the year to € 1.109.950 K. The loan-to-value ratio on the basis of market values as at 30 June 2014 was around 42% (net, taking account of Group cash and cash equivalents). On the key date, gearing was 59.2% (31.12.2013: 60.2%).

Net asset value

The diluted NAV (shareholders' equity) stood at € 1,908,688 K on 30 June 2014 (€ 19.30 per share). 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). Given that the rate of the CA Immo share was above the conversion price of the convertible bond on the balance sheet date, the full dilution effect from the (partial) exertion of the conversion option was taken into consideration in the calculation of the EPRA NAV. The diluted NNNAV as at 30 June 2014 was € 19.93 per share, equivalent to a decrease of – 0.8% on the value at the end of last year (€ 20.09 per share). The number of shares outstanding on the key date was 95,007,213.

ASSET VALUE (NAV UND NNNAV AS DEFINED BY EPRA)

€ m	30.6.2014 diluted	30.6.2014 undiluted	31.12.2013 restated diluted	31.12.2013 restated undiluted
Equity (NAV)	**1,868.2**	**1,868.2**	**1,794.3**	**1,794.3**
Exercise of options	40.5	0.0	114.5	0.0
NAV after exercise of options	**1,908.6**	**1,868.2**	**1,908.8**	**1,794.3**
NAV/share in €	**19.30**	**19.66**	**19.36**	**20.42**
Value adjustment for [1]				
- own use properties	5.6	5.6	4.2	4.2
- short-term property assets	13.6	13.6	10.9	10.9
- Financial instruments	32.5	32.5	34.9	34.9
Deferred taxes	156.6	156.6	185.7	185.7
EPRA NAV after adjustments	**2,116.9**	**2,076.5**	**2,144.4**	**2,029.9**
EPRA NAV per share in €	**21.40**	**21.86**	**21.75**	**23.11**
Value adj. for financial instruments	−32.5	−32.5	−34.9	−34.9
Value adjustment for liabilities	−12.4	−12.4	−8.6	−8.6
Deferred taxes	−101.0	−101.0	−119.9	−119.9
EPRA NNNAV	**1,971.0**	**1,930.5**	**1,981.0**	**1,866.5**
EPRA NNNAV per share in €	**19.93**	**20.32**	**20.09**	**21.24**
Change of NNNAV against previous year	−0.8%	−4.4%		
Price (30.06.)/NNNAV per share -1 in €	−30.5	−31.8	−35.9	−39.4
Number of shares	98,914,632	95,007,213	98,595,133	87,856,060

[1] Includes proportionate values from joint ventures

RISK MANAGEMENT REPORT

CA IMMO GROUP RISK MANAGEMENT

RISIK MANAGEMENT AT CORPORATE LEVEL

STRATEGIC RISKS	PROPERTY-SPECIFIC RISKS	GENERAL BUSINESS RISKS
- Capital market/financing risk - Expansion risk	- Market risk - Profit fluctuation risk - Asset management risk	- Financial risk - Legal risk - Tax change risk

RISIK MANAGEMENT AT REAL ESTATE LEVEL

STRATEGIC RISKS	PROPERTY-SPECIFIC RISKS	GENERAL BUSINESS RISKS
- Concentration (cluster) risk - Country-spcific/transfer risk	- Location risk - Letting risk (vacancy, property management, re-letting) - Profitability risk - Property valuation risk - Tenant risk (loss of rent) - Partner risk - Liquidation risk - Project development/ investment cost risk	- Environmental risk - Contract/documentation risk

OVERALL ASSESSMENT OF OPPORTUNITIES AND RISKS

The main risks to the Group continue to derive from the market-linked danger of rising vacancy rates, tenant insolvency, the difficult environment for real estate transactions in Eastern Europe, rising yields and declining property values. Project development is typically associated with cost and performance risks; the main risks facing the Group have thus remained largely unchanged over recent years. The statements in the risk management report forming part of the Annual Report for 2013 continue to apply.

STRATEGIC RISKS

Portfolio structure, concentration (cluster) risk

Risk potential increases where investments lead to overrepresentation of a particular region, usage type or tenant structure in the overall portfolio. Although CA Immo counters market risk by spreading its portfolio across various countries. The sales of Tower 185 and the Hesse portfolio have switched the regional balance of the portfolio to Eastern Europe, where a planned focus on defined core regions (Poland, Romania, the Czech Republic and Hungary) has yet to be realised owing to the challenging market environment. Germany remains the biggest single market of CA Immo. We are seeking to balance our German and Eastern European portfolios by the end of 2015. For single investments, CA Immo defines concentration risk as a limit value of 5% of the total portfolio. Since the proportionate sale of Tower 185, no properties exceed this limit value in the portfolio. The asset portfolio has only two specific properties with an IFRS market value of over € 100 m (proportion of Tower 185 in Frankfurt and Skygarden in Munich). There is no concentration risk at present in relation to individual tenants. With the high capital commitment posing a general risk to land reserves and land development projects, further property sales are planned for 2014. In the case of land development, acceleration measures are enacted and partners are involved at an early stage wherever possible. The future development volume is indicated at approximately 15% of the equity of the CA Immo Group.

PROPERTY-SPECIFIC RISKS

Risks linked to the market environment

In overall terms, the Austrian and German investment markets performed strongly in the first half of 2014. Investment activity in Austria has virtually tripled compared to the same period last year, while around one third more was invested in the commercial property market in Germany during the first six months of 2014 than in the comparable period of 2013. Demand is highest in Austria for retail properties, while office properties remain the dominant asset class on the German commercial property market with a share of 46%. A shortage of modern office premises, falling vacancy levels, high preletting rates on development projects and the likelihood of rising demand by office users are all serving to divert investment capital to the German real estate market. With the exception of Russia (-27.5%) and Poland (-8.1%), development for the investment market in Eastern Europe has been extremely positive, with the transaction volume more than tripling.[10] Investors are generally becoming more likely to take risks, with risky investments no longer perceived negatively. Nonetheless, there is a danger that specific markets such as Hungary could ground to a complete halt owing to a lack of loan availability, threatening to make CA Immo's planned portfolio optimisation unfeasible in some parts of Eastern Europe (**transaction risk**). The potential for **country-specific and transfer risk** still needs to be monitored in view of the fraught economic and political situations (see 'Geopolitical risks').
CA Immo negates transfer risk by repatriating liquid assets from investment markets with a low credit standing. 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. The company is able to respond quickly to economic and political events through continual portfolio monitoring and specific portfolio management.

Aside from the risks outlined above, real estate prices may also be subject to considerable fluctuation owing to changing economic conditions. In view of the continued marginal prospect of rental growth in Eastern Europe and the fact that the (re)financing market here is only slowly recovering, there is still a danger that starting yields for commercial real estate will be adjusted upwards. **Changes in value** will also pose a significant risk until the end of 2014 since a rise in yields continues to be reflected in valuation reports while influencing consolidated net income and reducing shareholders' equity through changes in market value that must be recognised under IAS 40.

As far as **lettings** are concerned, vacancy on the core markets of CA Immo has been relatively stable. Owing to expired rental agreements in Eastern Europe, the logistics asset class still has the highest vacancy level. Despite extensive floor space in this segment, the material risk is lower than average thanks to lower rental rates than is usual for the market: the vacancy rate amounted to approximately 2.3% of rental income in the overall portfolio. The sale of other fully let properties could adversely affect vacancy levels without risks to absolute vacancy volumes becoming apparent. Through careful monitoring and proactive measures (such as demanding securities and screening the creditworthiness and reputation of tenants), the **loss of rent risk** has also settled at a moderate level. At present, most outstanding rental payments relate to Eastern Europe. All outstanding receivables are evaluated quarterly and adjusted according to the associated level of risk; around 40% of outstanding receivables are adjusted on average. The risk of lost rent was taken into account to a sufficient degree in the estimation of property values. Reduced income following contract extensions is also likely in some instances where rent levels have to be reduced or greater incentives are offered.

Risks associated with previous sales

Sales agreed or transacted last year in particular (the Hesse portfolio, Tower 185, Skyline Plaza, BelsenPark and the Lipowy office building) 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 these 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.

[10] CBRE: European Investment Quarterly MarketView, Q2 2014; Germany Office Investment MarketView, Q2 2014; Austria Investment MarketView Q2 2014

Project development risks

The main danger (aside from the usual risks associated with projects, which include delays in the property use approval or planning permission processes, cost/deadline overruns, construction defects, lack of demand for rental space and delays in approving credit) is posed by extensions of the stabilisation phase (initial letting) in response to market conditions; this can impact negatively on development outcomes and adversely affect cash flow where rental income is impaired. With all of this in mind, CA Immo takes various steps to control such risks (cost monitoring, variance analyses, long-term liquidity planning, observance of minimum pre-letting quotas, and so on). Projects are only launched subject to detailed, long-term liquidity planning and an appropriate level of preletting (40-60% in Germany for example, depending on location). All projects are being implemented within their approved timeframes and budgetary frameworks.

GENERAL BUSINESS RISKS

Legal risks

In addition to the usual legal disputes that arise in the sector (especially against tenants and construction service contractors), CA Immo faces the risk of disputes with, amongst others, joint venture and project partners as well as disputes linked to past and future sales of real estate. There is also potential for disputes arising over annulment actions brought by shareholders against resolutions of the Ordinary General Meeting. 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 and thus the assets, financial and revenue positions of the CA Immo Group. The Group's legal division is responsible for monitoring and overseeing legal disputes. Sufficient provisions are formed as necessary. Almost all pending actions relate to conventional cases of operational business activity. At present, no lawsuits or arbitration proceedings that could threaten the company's survival are thus imminent or pending.

Geopolitical risks

The sharp rise in geopolitical risks linked to developments in the Ukraine, the Middle East and Syria has the potential further to suppress the Eurozone economy. Even before tighter sanctions were imposed, the consequences of the crisis in Ukraine were adversely affecting the economic situation in Russia. Exports from EU states to Russia declined by 11% in the first four months of 2014. These risks have a bearing on CA Immo's existing investments in the Ukraine (property reserves in Kiev) and Russia (Airport City St. Petersburg project). The political situation is exacerbating the disposal of Ukrainian properties, which was already proving difficult, while economic sanctions against Russia – and counter-sanctions by Russia – could affect the economic position, and thus the solvency, of existing tenants (Hotel Crowne Plaza, Gazprom). Moreover, should the European Union follow the lead of the USA, future sanctions could be imposed on financing from Russian state-connected banks (such as Sberbank) as well as capital market transactions. This could also jeopardise existing financing for the St. Petersburg project.

Taxation risk

National taxation systems are subject to continual change on the target markets of the CA Immo Group. Exceptional tax rises linked to changing legal frameworks pose a constant risk to revenue. For this reason, all relevant discussions and decisions taken by national legislators are continually monitored. Sufficient financial provisions are made for known risks linked to tax audits and fiscal or extra-judicial proceedings.

Environmental risk

In common with many companies, CA Immo faces the problem of causing unintentional damage to the environment in the course of its business activity, the impact or elimination of which (toxic substances and materials, contamination and so on) can entail considerable costs. It is also possible that changes to existing legislation may require previously acceptable materials to be eliminated. It is not always possible to predict changes to legal provisions, case law or administrative practice, or the consequences that such changes will have on the earning power of real estate; changes could adversely affect real estate values and thus the company's assets, financial and revenue positions. To varying degrees from one country to another, risks are arising from stricter legal obligations in certain regions and a greater awareness of environmental factors on the part of tenants. This can necessitate investment. At the same time, gaining a competitive advantage via early adaptation presents opportunities. 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. Environmental risks associated with investment properties are assessed using the CA Immo Sustainability Tool (CAST). 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 automatically satisfied while the usage of environmentally unsound products is ruled out. These criteria will be observed in the acquisition of real estate.

FINANCIAL RISKS

Risks linked to liquidity, credit, interest rates and currencies make up the main financial risks.

Liquidity and refinancing risk

The credit climate remains especially stable in Austria and Germany, and large-scale financing (up to € 100 m) is posing no problems at present. The entry onto the market of new providers of real estate financing is contributing to more financing possibilities, which in turn is leading to lower margins and higher loan-to-values (LTV). Insurance companies in particular are offering attractive bullet solutions at moderate LTVs (around 50%). Banks are increasingly turning to risk weighting on individual loans or properties before granting approval (especially with regard to pricing). As a result, there is a tangible credit surplus at favourable conditions for prime real estate. By contrast, real estate with a higher risk element (linked to location, asset class or tenant structure) can only be financed in many cases at inflated rates. The situation in Eastern Europe has also improved somewhat, which should ease capital procurement. Despite this, rating agencies such as Standard & Poor's (S&P) are yet to give the all-clear as banks continue to consolidate their equity bases and closely monitor their refinancing risks. This is manifested in a substantial rise in credit margins where new loans are agreed or loans are extended. **Acquiring loan capital** is always difficult in certain regions of Eastern Europe (such as Hungary and Romania) and for certain asset classes (such as logistics), which can mean a greater **capital requirement** on specific properties. Although the CA Immo Group has access to sufficient liquidity at the time of writing, restrictions at individual subsidiary level must also be taken into consideration. This is because existing liquidity is made available not within the parent company itself but at various levels of the company, access to cash and cash equivalents is limited owing to obligations to current projects or 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 somewhat 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.

Given that refinancing on the financial and capital markets is one of the most important measures open to CA Immo, the company counters any risk by continually monitoring covenant agreements and effectively planning and securing liquidity. Planning also takes account of the financial consequences of strategic targets (such as the steady depletion of land reserves and real estate sales); this also ensures the Group can meet unexpected cash flow requirements. To this end, various liquidity deployment measures have been identified; these provide for, amongst other things, the repaying of costly loans at holding level and the repayment of project financing in certain cases. Some measures have already been successfully implemented: early in 2014, CA Immo acquired a financing portfolio with a nominal value of approximately € 428 m from Österreichische Volksbanken AG. Secured real estate loans of CA Immo Group companies in Eastern Europe and unsecured financing at holding level each account for around half of this amount. The use of trading income to repay liabilities falling due in the next two years has had a highly positive effect on the **maturity profile**, which is now largely stable for the years ahead. Aside from the extension of loans collateralised by real estate at property or project level, the biggest refinancing item for the current business year is the 6.125% CA Immo bond 09-14 (nominal value of € 150 m); plans are in place to secure repayment. Owing to the exercising of conversion rights, the outstanding nominal value of the convertible bond also due to mature in 2014 had fallen to € 25.5 m as at 31 July 2014. Non-bond-related expirations for 2014 and 2015 have been reduced significantly through specific extensions and the repurchase of existing loans from Österreichische Volksbanken AG. With healthy cash holdings, there are further openings for optimisation. In line with the investment horizon for real estate, loans are invariably agreed on a long-term basis. As an alternative and supplement to established means of (equity) capital procurement, the company enters into equity partnerships (joint ventures) at project level. Even with meticulous planning, however, liquidity risk cannot be eliminated, particularly where capital requests linked to joint venture partners (**partner risks**) 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, which influence CA Immo's earnings and equity. In line with its investment strategy, CA Immo opts for a mix of long-term fixed-rate and floating-rate loans; around 75% of the latter are secured by means of derivative financial instruments (mainly in the form of interest rate caps/swaps) which can also have negative cash values owing to market conditions. Overall, around 15 % of interest-bearing liabilities are unsecured or bear variable rates of interest. Although the European base rate now stands at a new record low of 0.15% following the latest reduction in June 2014, a further reduction cannot be ruled out. In short, interest rates and swap rates are set to remain at low levels for some time to come, so constant monitoring of the interest rate risk is essential. No risks constituting a serious and sustained threat to the company exist at the present time. Sufficient provisions have been formed for all risks identified.

Currency risk

Since CA Immo invests in various currency areas, the company is exposed to certain currency risks linked to the inflow of rental income and rents receivable in BGN, CZK, HUF, PLN, RON and RSD. These foreign currency inflows are secured by pegging rents to the EUR or USD, so no significant currency risk exists at present. Since incoming payments are mainly received in local currency, however, free liquidity (rental revenue less operating costs) is converted into euros upon receipt. However, the pegging of rents to the EUR/USD affects the creditworthiness of tenants and thus produces an indirect currency risk that can result in payment bottlenecks and loss of rent (especially in Hungary). To hedge against the currency risk on the liabilities side (financing in CZK with an approximate nominal value of € 6 m), foreign currency loans are generally counterbalanced by rental income in the same currency. Currency risks linked to construction projects (including AVIA in Krakow and the Poleczki Business Park in Warsaw) 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.

Vizualisation of the office building KONTORHAUS in Munich, Germany

CONSOLIDATED INCOME STATEMENT

€ 1.000	Half-year 2014	Half-year 2013 restated	2nd Quarter 2014	2nd Quarter 2013 restated
Rental income	73,748	96,100	36,260	48,365
Operating costs charged to tenants	16,971	19,323	8,400	9,224
Operating expenses	– 20,539	– 22,495	– 10,280	– 10,949
Other expenses directly related to properties rented	– 4,885	– 6,417	– 2,254	– 3,529
Net rental income	**65,295**	**86,511**	**32,126**	**43,111**
Gross revenues hotel operations	3,402	3,494	2,017	2,042
Expenses related to hotel operations	– 2,646	– 2,805	– 1,446	– 1,595
Result from hotel operations	**756**	**689**	**571**	**447**
Other expenses directly related to properties under development	**– 2,007**	**– 1,482**	**– 734**	**– 948**
Income from the sale of properties held for trading	62	6,623	– 277	2,716
Book value of sold properties held for trading	– 1,917	– 5,310	– 1,776	– 1,375
Trading result	**– 1,855**	**1,313**	**– 2,053**	**1,341**
Result from the sale of investment properties	**10,361**	**3,345**	**6,058**	**984**
income from services	7,741	5,493	4,285	3,210
Indirect expenses	– 20,049	– 19,234	– 9,911	– 9,369
Other operating income	11,091	831	6,974	257
EBITDA	**71,333**	**77,466**	**37,316**	**39,033**
Depreciation and impairment of long-term assets	– 2,211	– 1,716	– 1,090	– 923
Changes in value of properties held for trading	204	1	205	– 1
Depreciation and impairment/reversal	**– 2,007**	**– 1,715**	**– 885**	**– 924**
Revaluation gain	11,945	9,712	10,052	4,441
Revaluation loss	– 11,382	– 20,756	– 6,843	– 12,448
Result from revaluation	**563**	**– 11,044**	**3,209**	**– 8,007**
result from joint ventures	10,635	8,440	2,610	4,795
Operating result (EBIT)	**80,524**	**73,147**	**42,250**	**34,897**
Finance costs	– 43,135	– 58,670	– 20,936	– 29,509
Other financial result	2,408	0	0	0
Foreign currency gains/losses	360	453	– 60	– 149
Result from interest rate derivative transactions	– 11,784	14,851	– 3,466	9,407
Result from financial investments	14,236	5,386	8,306	3,481
Result from other financial assets	– 51	– 2,190	– 51	– 2,190
Result from associated companies	– 2,258	2,026	– 3,664	78
Financial result	**– 40,224**	**– 38,144**	**– 19,871**	**– 18,882**
Net result before taxes (EBT)	**40,300**	**35,003**	**22,379**	**16,015**
Current income tax	669	– 2,395	– 2,264	– 1,197
Deferred taxes	– 8,114	2,037	– 1,150	2,034
Income tax	**– 7,445**	**– 358**	**– 3,414**	**837**
Consolidated net income	**32,855**	**34,645**	**18,965**	**16,852**
thereof attributable to non-controlling interests	0	– 40	0	– 5
thereof attributable to the owners of the parent	**32,855**	**34,685**	**18,965**	**16,857**
Earning per share in € (basic)	**€ 0.37**	**€ 0.39**	**€ 0.21**	**€ 0.19**
Earnings per share in € (diluted)	**€ 0.36**	**€ 0.39**	**€ 0.20**	**€ 0.19**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ 1.000	Half-year 2014	Half-year 2013 restated	2nd Quarter 2014	2nd Quarter 2013 restated
Consolidated net income	**32,855**	**34,645**	**18,965**	**16,852**
Other comprehensive income				
Valuation cash flow hedges	– 1,229	28,667	– 240	16,513
Reclassification cash flow hedges	4,108	0	0	– 154
Exchange rate differences	202	– 488	– 39	– 103
Income tax related to other comprehensive income	– 523	– 4,991	192	– 2,680
Other comprehensive income for the period (realised through profit or loss)	**2,558**	**23,188**	**– 87**	**13,576**
Actuarial gains/losses IAS 19	– 20	– 12	– 12	– 12
Income tax related to other comprehensive income	4	4	4	4
Other comprehensive income for the period (not realised through profit or loss)	**– 16**	**– 8**	**– 8**	**– 8**
Other comprehensive income for the period	**2,542**	**23,180**	**– 95**	**13,568**
Comprehensive income for the period	**35,397**	**57,825**	**18,870**	**30,420**
thereof attributable to non-controlling interests	0	105	0	71
thereof attributable to the owners of the parent	**35,397**	**57,720**	**18,870**	**30,349**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ 1.000	30.6.2014	31.12.2013 restated	1.1.2013 restated
ASSETS			
Investment properties	2,134,417	2,139,564	3,139,372
Investment properties under development	423,650	400,095	535,333
Hotel and other own used properties	31,510	32,813	36,253
Office furniture and other equipment	1,539	1,700	2,166
Intangible assets	19,279	20,054	21,705
investments in joint ventures	235,540	219,224	242,818
Investments in associated companies	35,416	38,744	36,233
Financial assets	456,732	299,652	213,294
Deferred tax assets	5,311	4,300	7,525
Long-term assets	**3,343,394**	**3,156,146**	**4,234,699**
Long-term assets as a % of total assets	88.3%	78.1%	90.4%
Assets held for sale	25,560	114,467	53,794
Properties held for trading	19,667	20,566	22,258
Receivables and other assets	117,544	136,006	178,700
Cash and cash equivalents	281,590	613,426	193,228
Short-term assets	**444,361**	**884,465**	**447,980**
Total assets	**3,787,755**	**4,040,611**	**4,682,679**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	690,702	638,714	638,714
Capital reserves	987,062	1,000,536	1,030,410
Other reserves	– 34,881	– 37,423	– 109,829
Retained earnings	225,294	192,439	116,700
Attributable to the owners of the parent	**1,868,177**	**1,794,266**	**1,675,995**
Non-controlling interests	0	0	12,622
Shareholders' equity	**1,868,177**	**1,794,266**	**1,688,617**
Shareholders' equity as a % of total assets	49.3%	44.4%	36.1%
Provisions	6,342	8,116	3,910
Interest-bearing liabilities	962,434	1,102,119	2,004,712
Other liabilities	207,725	203,739	262,960
Deferred tax liabilities	149,726	140,304	134,569
Long-term liabilities	**1,326,227**	**1,454,278**	**2,406,151**
Current income tax liabilities	11,879	12,480	14,622
Provisions	52,475	61,074	69,394
Interest-bearing liabilities	440,593	608,823	412,820
Other liabilities	88,404	109,690	91,075
Short-term liabilities	**593,351**	**792,067**	**587,911**
Total liabilities and shareholders' equity	**3,787,755**	**4,040,611**	**4,682,679**

CONDENSED STATEMENT OF CASH FLOWS

€ 1.000	Half-year 2014	Half-year 2013 restated
Cash flow from operations	58,950	65,136
Cash flow from changes in net working capital	– 3,042	736
Cash flow from operating activities	**55,908**	**65,872**
Cash flow from investing activities	– 219,051	– 35,496
Cash flow from financing activities	– 168,392	– 71,616
Net change in cash and cash equivalents	**– 331,535**	**– 41,240**
Cash and cash equivalents as at 1.1.	613,426	193,228
Exchange rate differences	– 301	– 896
Net change in cash and cash equivalents	– 331,535	– 41,240
Cash and cash equivalents as at 30.6.	**281,590**	**151,092**

STATEMENT OF CHANGES IN EQUITY

€ 1.000	Share capital	Capital reserves	Retained earnings
As at 1.1.2013 restated	**638,714**	**1,030,410**	**116,700**
Valuation cash flow hedge	0	0	0
Currency translation reserve	0	0	0
Actuarial gains/losses IAS 19	0	0	0
Consolidated net income	0	0	34,685
Comprehensive income for 2013	**0**	**0**	**34,685**
Dividend payments to shareholders	0	– 33,385	0
As at 30.6.2013 restated	**638,714**	**997,025**	**151,385**
As at 1.1.2014	**638,714**	**1,000,536**	**192,439**
Valuation cash flow hedge	0	0	0
Currency translation reserve	0	0	0
Actuarial gains/losses IAS 19	0	0	0
Consolidated net income	0	0	32,855
Comprehensive income for 2014	**0**	**0**	**32,855**
Dividend payments to shareholders	0	– 35,142	0
conversion of bonds	51,988	21,668	0
As at 30.6.2014	**690,702**	**987,062**	**225,294**

Valuation result (hedging)	other reserves	Attributable to shareholders of the parent company	Non-controlling interests	Shareholders' equity (total)
– 107,429	**– 2,400**	**1,675,995**	**12,622**	**1,688,617**
23,531	0	23,531	145	23,676
0	– 488	– 488	0	– 488
0	– 8	– 8	0	– 8
0	0	34,685	– 40	34,645
23,531	**– 496**	**57,720**	**105**	**57,825**
0	0	– 33,385	0	– 33,385
– 83,898	**– 2,896**	**1,700,330**	**12,727**	**1,713,057**
– 34,907	**– 2,516**	**1,794,266**	**0**	**1,794,266**
2,356	0	2,356	0	2,356
0	202	202	0	202
0	– 16	– 16	0	– 16
0	0	32,855	0	32,855
2,356	**186**	**35,397**	**0**	**35,397**
0	0	– 35,142	0	– 35,142
0	0	73,656	0	73,656
– 32,551	**– 2,330**	**1,868,177**	**0**	**1,868,177**

SEGMENT REPORTING

€ 1.000			**Austria**			**Germany**	
Half-year 2014	**Income producing**	**Development**	**Total**	**Income producing**	**Development**	**Total**	**Income producing**
Rental income	21,481	72	21,553	26,595	5,979	32,574	58,880
Rental income with other operating segments	258	0	258	155	0	155	0
Operating costs charged to tenants	4,783	0	4,783	4,891	618	5,509	20,275
Operating expenses	– 5,140	0	– 5,140	– 6,870	– 1,015	– 7,885	– 22,942
Other expenses directly related to properties rented	– 1,907	0	– 1,907	– 3,054	– 156	– 3,210	– 2,875
Net rental income	**19,475**	**72**	**19,547**	**21,717**	**5,426**	**27,143**	**53,338**
Result from hotel operations	0	0	0	0	0	0	779
Other expenses directly related to properties under development	0	0	0	0	– 4,516	– 4,516	0
Trading result	0	0	0	0	– 2,912	– 2,912	0
Result from the sale of investment properties	– 107	– 8	– 115	650	10,586	11,236	– 100
income from services	0	0	0	0	4,665	4,665	446
Indirect expenses	– 454	– 86	– 540	– 2,447	– 10,019	– 12,466	– 7,863
Other operating income	177	0	177	421	2,286	2,707	4,211
EBITDA	**19,091**	**– 22**	**19,069**	**20,341**	**5,516**	**25,857**	**50,811**
Depreciation and impairment/reversal	– 414	0	– 414	– 73	– 150	– 223	– 1,361
Result from revaluation	292	0	292	10,643	8,042	18,685	– 9,703
result from joint ventures	0	0	0	0	0	0	0
Operating result (EBIT)	**18,969**	**– 22**	**18,947**	**30,911**	**13,408**	**44,319**	**39,747**
30.6.2014							
Property assets[1]	707,198	0	707,198	1,018,052	687,685	1,705,737	1,661,669
Other assets	76,313	209	76,522	161,078	341,006	502,084	436,948
Deferred tax assets	0	0	0	1,195	3,512	4,707	2,303
Segment assets	**783,511**	**209**	**783,720**	**1,180,325**	**1,032,203**	**2,212,528**	**2,100,920**
Interest-bearing liabilities	373,161	4,188	377,349	627,204	383,377	1,010,581	1,307,772
Other liabilities	1,265	0	1,265	80,604	60,402	141,006	261,939
Deferred tax liabilities incl. current income tax liabilities	56,925	0	56,925	81,195	48,566	129,761	74,665
Liabilities	**431,351**	**4,188**	**435,539**	**789,003**	**492,345**	**1,281,348**	**1,644,376**
Shareholders' equity	**352,160**	**– 3,979**	**348,181**	**391,322**	**539,858**	**931,180**	**456,544**
Capital expenditures[2]	3,929	0	3,929	1,097	57,782	58,879	619

[1] Property assets include rental investment properties, investment properties under development, hotels and other 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 € 170 K (31.12.2013: € 8,608 K) in properties held for trading.

Development	Eastern Europe core regions Total	Income producing	Development	Eastern Europe other regions Total	Total segments	Transition Holding	Transition Consolidation	Total
1,372	60,252	8,381	0	8,381	122,760	0	– 49,012	73,748
0	0	0	0	0	413	0	– 413	0
249	20,524	2,596	0	2,596	33,412	0	– 16,441	16,971
– 408	– 23,350	– 3,092	0	– 3,092	– 39,467	0	18,928	– 20,539
– 727	– 3,602	– 341	0	– 341	– 9,060	0	4,175	– 4,885
486	**53,824**	**7,544**	**0**	**7,544**	**108,058**	**0**	**– 42,763**	**65,295**
0	779	0	0	0	779	0	– 23	756
– 126	– 126	0	– 15	– 15	– 4,657	0	2,650	– 2,007
0	0	0	0	0	– 2,912	0	1,057	– 1,855
669	569	0	0	0	11,690	0	– 1,329	10,361
0	446	0	0	0	5,111	1,839	791	7,741
– 638	– 8,501	– 667	– 253	– 920	– 22,427	– 6,126	8,504	– 20,049
577	4,788	6	5,188	5,194	12,866	0	– 1,775	11,091
968	**51,779**	**6,883**	**4,920**	**11,803**	**108,508**	**– 4,287**	**– 32,888**	**71,333**
– 7	– 1,368	– 1	0	– 1	– 2,006	– 265	264	– 2,007
3,412	– 6,291	– 959	0	– 959	11,727	0	– 11,164	563
0	0	0	0	0	0	0	10,635	10,635
4,373	**44,120**	**5,923**	**4,920**	**10,843**	**118,229**	**– 4,552**	**– 33,153**	**80,524**
82,331	1,744,000	242,499	8,900	251,399	4,408,334	0	– 1,773,530	2,634,804
68,583	505,531	14,671	3,481	18,152	1,102,289	782,930	– 737,579	1,147,640
6	2,309	0	0	0	7,016	49,344	– 51,049	5,311
150,920	**2,251,840**	**257,170**	**12,381**	**269,551**	**5,517,639**	**832,274**	**– 2,562,158**	**3,787,755**
100,941	1,408,713	169,244	25,779	195,023	2,991,666	443,417	– 2,032,056	1,403,027
5,498	267,437	8,044	57	8,101	417,809	78,673	– 141,536	354,946
6,036	80,701	10,555	5	10,560	277,947	1,363	– 117,705	161,605
112,475	**1,756,851**	**187,843**	**25,841**	**213,684**	**3,687,422**	**523,453**	**– 2,291,297**	**1,919,578**
38,445	**494,989**	**69,327**	**– 13,460**	**55,867**	**1,830,217**	**308,821**	**– 270,861**	**1,868,177**
3,642	4,261	774	0	774	67,843	239	– 24,906	43,176

€ 1.000			Austria			Germany	
Half-year 2013 restated	**Income producing**	**Developmen t**	**Total**	**Income producing**	**Developmen t**	**Total**	**Income producing**
Rental income	19,721	91	19,812	38,078	15,428	53,506	60,047
Rental income with other operating segments	257	0	257	159	0	159	0
Operating costs charged to tenants	4,814	28	4,842	4,284	2,794	7,078	22,335
Operating expenses	– 5,271	– 25	– 5,296	– 5,062	– 3,713	– 8,775	– 25,646
Other expenses directly related to properties rented	– 1,198	– 7	– 1,205	– 2,325	– 1,870	– 4,195	– 4,534
Net rental income	**18,323**	**87**	**18,410**	**35,134**	**12,639**	**47,773**	**52,202**
Result from hotel operations	0	0	0	0	0	0	689
Other expenses directly related to properties under development	0	– 197	– 197	0	– 1,693	– 1,693	0
Trading result	0	0	0	0	1,448	1,448	0
Result from the sale of investment properties	44	0	44	443	2,336	2,779	0
income from services	0	0	0	0	3,330	3,330	1,410
Indirect expenses	– 573	– 105	– 678	– 2,940	– 10,613	– 13,553	– 7,904
Other operating income	262	10	272	738	3,622	4,360	3,354
EBITDA	**18,056**	**– 205**	**17,851**	**33,375**	**11,069**	**44,444**	**49,751**
Depreciation and impairment/reversal	– 480	0	– 480	– 79	– 678	– 757	– 814
Result from revaluation	– 117	– 15	– 132	– 1,408	– 4,491	– 5,899	– 6,465
result from joint ventures	0	0	0	0	0	0	0
Operating result (EBIT)	**17,459**	**– 220**	**17,239**	**31,888**	**5,900**	**37,788**	**42,472**
31.12.2013 restated							
Property assets[1)]	650,019	54,700	704,719	525,880	1,108,730	1,634,610	1,732,161
Other assets	154,318	11,661	165,979	149,878	607,337	757,215	197,146
Deferred tax assets	0	0	0	813	3,381	4,194	954
Segment assets	**804,337**	**66,361**	**870,698**	**676,571**	**1,719,448**	**2,396,019**	**1,930,261**
Interest-bearing liabilities	320,608	20,820	341,428	323,903	618,977	942,880	1,325,867
Other liabilities	38,147	3,116	41,263	77,122	44,059	121,181	110,926
Deferred tax liabilities incl. current income tax liabilities	52,595	173	52,768	59,966	76,601	136,567	106,355
Liabilities	**411,350**	**24,109**	**435,459**	**460,991**	**739,637**	**1,200,628**	**1,543,148**
Shareholders' equity	**392,987**	**42,252**	**435,239**	**215,580**	**979,811**	**1,195,391**	**387,113**
Capital expenditures[2)]	3,010	9,640	12,650	5,216	113,123	118,339	260,519

Development	Eastern Europe core regions Total	Income producing	Development	Eastern Europe other regions Total	Total segments	Transition		Total
						Holding	Consolidation	
1,340	61,387	7,762	0	7,762	142,467	0	– 46,367	96,100
0	0	0	0	0	416	0	– 416	0
328	22,663	2,298	0	2,298	36,881	0	– 17,558	19,323
– 494	– 26,140	– 2,862	0	– 2,862	– 43,073	0	20,578	– 22,495
– 399	– 4,933	– 680	0	– 680	– 11,013	0	4,596	– 6,417
775	**52,977**	**6,518**	**0**	**6,518**	**125,678**	**0**	**– 39,167**	**86,511**
0	689	0	0	0	689	0	0	689
– 195	– 195	0	– 43	– 43	– 2,128	0	646	– 1,482
0	0	0	0	0	1,448	0	– 135	1,313
0	0	0	0	0	2,823	0	522	3,345
0	1,410	0	0	0	4,740	1,800	– 1,047	5,493
– 1,139	– 9,043	– 852	– 495	– 1,347	– 24,621	– 4,498	9,885	– 19,234
288	3,642	185	432	617	8,891	228	– 8,288	831
– 271	**49,480**	**5,851**	**– 106**	**5,745**	**117,520**	**– 2,470**	**– 37,584**	**77,466**
0	– 814	– 2	– 1	– 3	– 2,054	– 164	503	– 1,715
– 1,063	– 7,528	– 1,103	0	– 1,103	– 14,662	0	3,618	– 11,044
0	0	0	0	0	0	0	8,440	8,440
– 1,334	**41,138**	**4,746**	**– 107**	**4,639**	**100,804**	**– 2,634**	**– 25,023**	**73,147**
120,263	1,852,424	242,500	8,900	251,400	4,443,153	0	– 1,735,648	2,707,505
204,033	401,179	13,355	3,479	16,834	1,341,207	442,814	– 455,215	1,328,806
75	1,029	0	0	0	5,223	44,199	– 45,122	4,300
324,371	**2,254,632**	**255,855**	**12,379**	**268,234**	**5,789,583**	**487,013**	**– 2,235,985**	**4,040,611**
235,716	1,561,583	187,518	25,137	212,655	3,058,546	533,041	– 1,880,645	1,710,942
8,633	119,559	8,274	72	8,346	290,349	45,728	46,542	382,619
2,073	108,428	9,886	0	9,886	307,649	48	– 154,913	152,784
246,422	**1,789,570**	**205,678**	**25,209**	**230,887**	**3,656,544**	**578,817**	**– 1,989,016**	**2,246,345**
77,949	**465,062**	**50,177**	**– 12,830**	**37,347**	**2,133,039**	**– 91,804**	**– 246,969**	**1,794,266**
4,968	265,487	2,181	11	2,192	398,668	483	– 30,500	368,651

NOTES

GENERAL NOTES

The condensed consolidated interim financial statements as at 30.6.2014 were prepared in accordance with the rules of IAS 34 (Interim Financial Reporting) and are based on the accounting policies and measurement basis described in the annual consolidated financial statements of CA Immobilien Anlagen Aktiengesellschaft for the year 2013, except of new or amended standards.

The condensed consolidated interim financial statements of CA Immobilien Anlagen Aktiengesellschaft ("CA Immo AG"), Vienna, for the reporting period from 1.1. to 30.6.2014 (except for the quarterly information disclosed in the consolidated income statement and the consolidated statement of comprehensive income) have been reviewed by KPMG Austria GmbH, Vienna.

The use of automatic data processing equipment may lead to rounding differences when adding rounded amounts and percentages.

CHANGES IN PRESENTATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements were prepared in accordance with all IASs, IFRSs and IFRIC and SIC interpretations (existing standards as amended and new standards) as adopted by the EU and applicable for the financial year beginning 1.1.2014. The following amended and new standards are applicable for the first time in the business year 2014:

standard / interpretation	**Content**	**entry into force[1)]**
IAS 27	Revised IAS 27: Separate Financial Statements	1.1.2014
IAS 28	Revised IAS 28: Investments in Associates and Joint Ventures	1.1.2014
IAS 32	Amended IAS 32: Offsetting Financial Assets and Financial Liabilities	1.1.2014
IFRS 10	New Standard: Consolidated Financial Statements	1.1.2014
IFRS 11	New Standard: Joint Arrangements	1.1.2014
IFRS 12	New Standard: Disclosures of Interests in Other Entities	1.1.2014
IAS 39	changes in IAS 39: Novation of derivatives and continuation of Hedge Accounting	1.1.2014
IAS 36	changes in IAS 36: Notes: recoverable amount disclosures for non-financial assets	1.1.2014

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

Segment Reporting

According to the companies' strategy and the internal reporting the presentation of the segment Eastern Europe was divided into two segments, Eastern Europe core regions and Eastern Europe other regions. The segment Eastern Europe core regions is based on the countries Czech Republic, Slowakia, Hungary, Poland and Romania. The segment Eastern Europe other regions consists of the countries Bulgaria, Croatia, Serbia as well as Ukraine.Furthermore the presentation of the segment reporting was changed in the way that 100% of the assets and liabilities as well as income and expenses of the entities are shown in the segments, independent of the way of consolidation into the financial statements.

Adjustments due to the the inclusion in CA Immo Group are shown in column Consolidation.

The new and amended standards which are applicable for the first time in the business year 2014 have no material influence on the financial statements, apart from the following standards IFRS 10, 11 and 12.

General influence of the new IFRS Standards IFRS 10, 11 and 12 on the financial statements

Due to the modified control concept, the inclusion of some entites into CA Immo Group changed. Following tables show how the group income statement, the comprehensive income as well as the cashflow for the half-year 2013 as well as the balance sheet as at 31.12.2013 respectively as at 1.1.2013 changes under retrospective application of IRFS 10,11 and 12.

The new standards affect primarily that henceforth plenty of companies, which had been consolidated proportionally as joint ventures or as companies, which had been fully consolidated with non-controlling interests, are consolidated with the equity method. This causes that the interests of the companies are no longer part of the miscellaneous items in the consolidated income statement respectively balance sheet. All assets and liabilities are presented set off as a net asset in the position “investments in joint ventures” instead. The current results of the joint ventures are shown as “result from joint ventures” in the consolidated income statement.

Influence of the new IFRS Standards IFRS 10, 11 and 12 on the consolidated income statement and other comprehensive income

Basically the consolololidated net income attributable to the owners of the parent is nearly unchanged, no matter if consolidation is done according to IAS 27 and 28 or according to IFRS 10, 11 and 12. The difference in the comprehensive income for the half-year arises mainly from a purchase of a loan under nominal value for a property company from the fincancing bank, which is shown in the other financial result

€ 1.000	Half-year 2013 according to IAS 27 + 28	changes due to IFRS 10 + 11	Half-year 2013 according to IFRS 10 + 11
Rental income	137,678	–41,578	96,100
Operating costs charged to tenants	34,786	–15,463	19,323
Operating expenses	–39,784	17,289	–22,495
Other expenses directly related to properties rented	–10,469	4,052	–6,417
Net rental income	**122,211**	**–35,700**	**86,511**
Gross revenues hotel operations	3,494	0	3,494
Expenses from hotel operations	–2,805	0	–2,805
Result from hotel operations	**689**	**0**	**689**
Other expenses directly related to properties under development	**–1,719**	**237**	**–1,482**
Income from the sale of properties held for trading	6,637	–14	6,623
Book value of sold properties held for trading	–5,744	434	–5,310
Trading result	**893**	**420**	**1,313**
Result from the sale of investment properties	**3,327**	**18**	**3,345**
income from services	2,476	3,017	5,493
Expenses related to development services	–1,649	1,649	0
Indirect expenses	–18,514	–720	–19,234
Other operating income	6,146	–5,315	831
EBITDA	**113,860**	**–36,394**	**77,466**
Depreciation and impairment of long-term assets	–1,946	230	–1,716
Changes in value of properties held for trading	–248	249	1
Depreciation and impairment/reversal	**–2,194**	**479**	**–1,715**
Revaluation gain	12,072	–2,360	9,712
Revaluation loss	–26,035	5,279	–20,756
Result from revaluation	**–13,963**	**2,919**	**–11,044**
result from joint ventures	0	8,440	8,440
Operating result (EBIT)	**97,703**	**–24,556**	**73,147**
Finance costs	–72,771	14,101	–58,670
Other financial result	3,000	–3,000	0
Foreign currency gains/losses	396	57	453
Result from interest rate derivative transactions	15,451	–600	14,851
Result from financial investments	3,278	2,108	5,386
Result from other financial assets	–2,190	0	–2,190
Result from associated companies	2,026	0	2,026
Financial result	**–50,810**	**12,666**	**–38,144**
Net result before taxes (EBT)	**46,893**	**–11,890**	**35,003**
Current income tax	–3,917	1,522	–2,395
Deferred taxes	–1,750	3,787	2,037
Income tax	**–5,667**	**5,309**	**–358**
Consolidated net income	**41,226**	**–6,581**	**34,645**
thereof attributable to non-controlling interests	4,997	–5,037	–40
thereof attributable to the owners of the parent	**36,229**	**–1,544**	**34,685**

€ 1.000	Half-year 2013 according to IAS 27 + 28	changes due to IFRS 10 + 11	Half-year 2013 according to IFRS 10 + 11
Consolidated net income	**41,226**	**−6,581**	**34,645**
Other comprehensive income			
Valuation cash flow hedges	28,762	−95	28,667
Other comprehensive income/loss from associated companies	−42	42	0
Exchange rate differences	−634	146	−488
Income tax related to other comprehensive income	−5,006	15	−4,991
Other comprehensive income for the period (realised through profit or loss)	23,080	108	23,188
Actuarial gains/losses IAS 19	−12	0	−12
Income tax related to other comprehensive income	4	0	4
Other comprehensive income for the period (not realised through profit or loss)	**−8**	**0**	**−8**
Other comprehensive income for the period	**23,072**	**108**	**23,180**
Comprehensive income for the period	**64,298**	**−6,473**	**57,825**
thereof attributable to non-controlling interests	5,034	−4,929	105
thereof attributable to the owners of the parent	**59,264**	**−1,544**	**57,720**

Influence of the new IFRS Standards IFRS 10, 11 and 12 on the consolidated balance sheet

The assets and liabilities of the joint ventures are no longer presented as single items in the consolidated balance sheet. Receivables and liabilities against joint ventures, which were eliminated in the past, are now shown and measured in the balance sheet. Thus the balance sheet total decreases and the equity ratio increases.

€ 1.000	31.12.2013 according to IAS 27+28	changes due to IFRS 10 + 11	31.12.2013 according to IFRS 10+11
ASSETS			
Investment properties	3,108,487	–968,923	2,139,564
Investment properties under development	486,355	–86,260	400,095
Hotel and other own used properties	32,813	0	32,813
Office furniture and other equipment	9,069	–7,369	1,700
Intangible assets	35,056	–15,002	20,054
investments in joint ventures	0	219,224	219,224
Investments in associated companies	106,088	–67,344	38,744
Financial assets	125,214	174,438	299,652
Deferred tax assets	5,079	–779	4,300
Long-term assets	**3,908,161**	**–752,015**	**3,156,146**
Long-term assets as a % of total assets	79.6%	86.4%	78.1%
Assets held for sale	118,190	–3,723	114,467
Properties held for trading	59,169	–38,603	20,566
Receivables and other assets	149,955	–13,949	136,006
Cash and cash equivalents	675,413	–61,987	613,426
Short-term assets	**1,002,727**	**–118,262**	**884,465**
Total assets	**4,910,888**	**–870,277**	**4,040,611**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	638,714	0	638,714
Capital reserves	1,015,007	–14,471	1,000,536
Other reserves	–37,422	–1	–37,423
Retained earnings	181,900	10,539	192,439
Attributable to the owners of the parent	**1,798,199**	**–3,933**	**1,794,266**
Non-controlling interests	66,983	–66,983	0
Shareholders' equity	**1,865,182**	**–70,916**	**1,794,266**
Shareholders' equity as a % of total assets	38.0%	8.1%	44.4%
Provisions	8,370	–254	8,116
Interest-bearing liabilities	1,555,032	–452,913	1,102,119
Other liabilities	194,343	9,396	203,739
Deferred tax liabilities	216,418	–76,114	140,304
Long-term liabilities	**1,974,163**	**–519,885**	**1,454,278**
Current income tax liabilities	14,131	–1,651	12,480
Provisions	73,457	–12,383	61,074
Interest-bearing liabilities	872,045	–263,222	608,823
Other liabilities	111,910	–2,220	109,690
Short-term liabilities	**1,071,543**	**–279,476**	**792,067**
Total liabilities and shareholders' equity	**4,910,888**	**–870,277**	**4,040,611**

€ 1.000	1.1.2013 according to IAS 27+28	changes due to IFRS 10 + 11	1.1.2013 according to IFRS 10+11
ASSETS			
Investment properties	4,391,378	–1,252,006	3,139,372
Investment properties under development	726,988	–191,655	535,333
Hotel and other own used properties	36,253	0	36,253
Office furniture and other equipment	9,972	–7,806	2,166
Intangible assets	37,122	–15,417	21,705
investments in joint ventures	0	242,818	242,818
Investments in associated companies	36,233	0	36,233
Financial assets	93,587	119,707	213,294
Deferred tax assets	9,812	–2,287	7,525
Long-term assets	**5,341,345**	**–1,106,646**	**4,234,699**
Long-term assets as a % of total assets	90.7%	91.8%	90.4%
Assets held for sale	53,794	0	53,794
Properties held for trading	52,693	–30,435	22,258
Receivables and other assets	182,866	–4,166	178,700
Cash and cash equivalents	257,744	–64,516	193,228
Short-term assets	**547,097**	**–99,117**	**447,980**
Total assets	**5,888,442**	**–1,205,763**	**4,682,679**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	638,714	0	638,714
Capital reserves	1,030,410	0	1,030,410
Other reserves	–107,659	–2,170	–109,829
Retained earnings	131,393	–14,693	116,700
Attributable to the owners of the parent	**1,692,858**	**–16,863**	**1,675,995**
Non-controlling interests	122,884	–110,262	12,622
Shareholders' equity	**1,815,742**	**–127,125**	**1,688,617**
Shareholders' equity as a % of total assets	30.8%	10.5%	36.1%
Provisions	4,163	–253	3,910
Interest-bearing liabilities	2,454,856	–450,144	2,004,712
Other liabilities	271,435	–8,475	262,960
Deferred tax liabilities	215,863	–81,294	134,569
Long-term liabilities	**2,946,317**	**–540,166**	**2,406,151**
Current income tax liabilities	15,448	–826	14,622
Provisions	78,931	–9,537	69,394
Interest-bearing liabilities	924,676	–511,856	412,820
Other liabilities	107,328	–16,253	91,075
Short-term liabilities	**1,126,383**	**–538,472**	**587,911**
Total liabilities and shareholders' equity	**5,888,442**	**–1,205,763**	**4,682,679**

Influence of the new IFRS Standards IFRS 10, 11 and 12 on the consolidated cash flow

€ 1.000	Half-year 2013 according to IAS 27 + 28	changes due to IFRS 10 + 11	Half-year 2013 according to IFRS 10 + 11
Cash flow from operations	97,563	–32,427	65,136
Cash flow from changes in net working capital	–3,940	4,676	736
Cash flow from operating activities	**93,623**	**–27,751**	**65,872**
Cash flow from investing activities	–60,963	25,467	–35,496
Cash flow from financing activities	–62,567	–9,049	–71,616
Net change in cash and cash equivalents	**–29,907**	**–11,333**	**–41,240**
Cash and cash equivalents as at 1.1.	257,744	–64,516	193,228
Exchange rate differences	–2,469	1,573	–896
Net change in cash and cash equivalents	–29,907	–11,333	–41,240
Liquide Mittel 30.6.2013	**225,368**	**–74,276**	**151,092**

SCOPE OF CONSOLIDATION

Due to the modified control concept of IFRS 10 the inclusion of some entites into CA Immo Group changed. Additionally the application to the quotal consolidation of companies under joint control is not permitted any more according to IFRS 11. These companies are considered according to the “at equity method” in the financial statements. Furthermore, there were no material changes in the scope of consolidation in CA Immo Group in 2014.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Statement of financial positions

The financial assets (long term assets) consist of the following items:

	30.6.2014	31.12.2013 restated
Loans to joint ventures	356,483	184,577
Loans to associated companies	21,893	21,394
Other investments	56,774	56,728
Other financial assets	21,582	36,952
Financial assets	**456,732**	**299,652**

As at 30.6.2014, three rental investment properties under development in Germany and two rental investment properties in Austria in the total amount of EUR 25,560 K are presented as held for sale. As at 30.6.2014, a sale within one year from the date of reclassification was regarded as highly probable.

As at 30.6.2014, CA Immo Group held cash and cash equivalents amounting to € 281,590 K. Cash and cash equivalents contain bank balances of € 12,297 K (31.12.2013: € 7,763 K) to which CA Immo Group only has restricted access. These balances serve the purpose of securing current loan repayments (repayment and interest). In addition, cash and cash equivalents with restriced disposition is shown under long-term financial assets and short-term receivables and other assets:

€ 1.000	**30.6.2014**	**31.12.2013 restated**
Maturity > 1 year	15,511	14,470
Maturity from 3 to 12 months	7,476	13,736
Cash and cash equivalents with drawing restrictions	**22,987**	**28,206**

Interest-bearing liabilitiesas at 30.6.2014 comprise 99.7% EUR loans and bonds and 0.3% CZK loans. Thereof, 34.6% were fixed-interest, 26.7% were fixed-interest by swaps, 4.0% were hedged by caps and 34.6% (with a principal of € 659,423 K) were subject to floating interest rates. The floating interest rate liabilities are matched by swaps with a nominal amount of € 449,270 K, for which no cash-flow hedge relationship exists. Due to the changes of IFRS 10 and 11 there are no subordinated liabilities in the group's financial statements.

Income Statement

In 2014 CA Immo Group repurchased loans for property companies. The differences, between the purchase price and the outstanding loan, in the amount of € 2,408 K (Half-year 2013: EUR 0 K) is presented as separate line item in the consolidated income statement. EUR 3.5 Mio. from guarantees and purchase price reductions as well as EUR 5.2 Mio. from the 2014 realised deconsolidation of one company are shown as other income.

The result from derivative interest rate transactions comprises the following:

€ 1.000	**Half-year 2014**	**Half-year 2013 restated**
Valuation interest rate derivative transactions (not realised)	– 7,619	14,929
Reclassification of valuation results recognised in equity in prior years	– 4,108	0
Ineffectiveness of interest rate swaps	– 20	– 78
Realised results from interest rate derivative transactions	– 37	0
Result from interest rate derivative transactions	**– 11,784**	**14,851**

The result from the measurement of interest rate derivatives is attributable to the change in fair values of the interest rate swaps for which no cash flow hedge relationship exists or, in the case of "reclassification", no longer exists. Reclassifications in the current period arise mainly from the scheduled sale of the "Hesse-Portfolio" and the reclassification caused thereby.

Tax expenses comprise the following:

€ 1.000	Half-year 2014	Half-year 2013 restated
Current income tax (current year)	– 7,078	– 3,569
Current income tax (previous years)	7,747	1,174
Current income tax	**669**	**– 2,395**
Change in deferred taxes	– 9,281	2,041
Tax benefit on valuation of derivative transactions and IAS 19 in equity	1,167	– 4
Income tax	**– 7,445**	**– 358**
Effective tax rate (total)	18.5%	1.0%

Current income tax arises mainly in the segment Germany. The change in current income tax (previous years) is essentially due to a tax benefit claimed in tax returns for previous years, which in turn resulted in an increase in deferred taxes in the same amount.

Earnings per share

A convertible bond was issued in November 2009. Generally, this bond has an effect on earnings per share.

		Half-year 2014	Half-year 2013 restated
Weighted average number of shares outstanding	pcs.	88,249,381	87,856,060
Consolidated net income	€ 1.000	32,855	34,685
basic earnings per share	**€**	**0.37**	**0.39**

As a result of the dividend distribution to the shareholders of CA Immo the conversion price of the 4.125% convertible bond 2009-2014 was adjusted from 10.6620 € to 10.3521 € with effective date 12.5.2014 according to the terms of issue. In the half-year 2013 diluted earnings per share equal undiluted earnings per share since no dilutive effect arises due to the potential ordinary shares.

		Half-year 2014
Weighted average number of shares outstanding	pcs.	88,249,381
Dilution effect:		
Convertible bond	pcs.	3,907,419
Weighted average number of shares	**pcs.**	**92,156,800**
Consolidated net income attributable to the owners of the parent	€ 1.000	32,855
Dilution effect:		
Interest for convertible bonds as at 30.6.2014	€ 1.000	834
less taxes	€ 1.000	– 209
Consolidated net income attributable to the owners of the parent adjusted by dilution effect	**€ 1.000**	**33,480**
Diluted earnings per share	**€**	**0.36**

DIVIDEND

In 2014, a dividend of € 0.40 per eligible share, hence in total € 35,142 k (2013: € 33,385 K), has been distributed to the shareholders.

FINANCIAL INSTRUMENTS

Financial assets

Category € 1.000	**Book value 30.06.2014**	**Fair value 30.06.2014**	**Book value 31.12.2013 restated**	**Fair value 31.12.2013 restated**
Cash and cash equivalents with drawing restrictions	15,511	15,511	14,470	14,470
Derivative financial instruments	406	406	2,108	2,108
Primary financial instruments	440,815	440,815	283,074	283,074
Financial assets	**456,732**	**456,732**	**299,652**	**299,652**
Cash and cash equivalents with drawing restrictions	7,476	7,476	13,736	13,736
Other receivables and assets	110,068	110,068	122,270	122,270
Receivables and other assets	**117,544**	**117,544**	**136,006**	**136,006**
Cash and cash equivalents	**281,590**	**281,590**	**613,426**	**613,426**
	855,866	**855,866**	**1,049,084**	**1,049,084**

The fair value of receivables and other assets essentially equals the book value due to daily and/or short-term maturities. Financial assets are partially mortgaged as security for financial liabilities.

Financial liabilities

Category € 1.000	**Book value 30.06.2014**	**Fair value 30.06.2014**	**Book value 31.12.2013 restated**	**Fair value 31.12.2013 restated**
Convertible bond	40,690	48,803	115,189	139,740
Other bonds	348,222	348,350	338,379	347,426
Other interest-bearing liabilities	1,014,115	1,015,771	1,257,374	1,258,257
Interest-bearing liabilities	**1,403,027**	**1,412,925**	**1,710,942**	**1,745,423**
Derivative financial instruments	112,361	112,361	105,161	105,161
Other primary liabilities	183,765	183,765	208,267	208,267
Other liabilities	**296,126**	**296,126**	**313,427**	**313,427**
	1,699,153	**1,709,051**	**2,024,369**	**2,058,851**

Derivative financial instruments and hedging transactions

€ 1.000	Nominal value	Fair value	30.6.2014 Book value	Nominal value	Fair value	31.12.2013 restated Book value
Interest rate swaps	828,055	−112,361	−112,361	861,764	−105,161	−105,161
Swaption	100,000	334	334	100,000	2,109	2,109
Interest rate caps	21,585	73	73	36,800	0	0
Total	**949,640**	**−111,954**	**−111,954**	**998,564**	**−103,052**	**−103,052**
- thereof hedging (cash flow hedges)	351,435	−55,778	−55,778	423,261	−48,201	−48,201
- thereof stand alone (fair value derivatives)	598,205	−56,176	−56,176	575,304	−54,851	−54,851

Interest rate swaps

Interest rate swaps are concluded for the purpose of hedging future cash flows. For as hedging transaction designated instruments the effectiveness of the hedge relationship between hedging instruments and hedged items is assessed on a regular basis by measuring effectiveness.

€ 1.000	Nominal value	Fair value	30.6.2014 Book value	Nominal value	Fair value	31.12.2013 restated Book value
- Cash flow hedges (effective)	343,140	−55,189	−55,189	411,674	−46,595	−46,595
- Cash flow hedges (ineffective)	8,295	−589	−589	11,587	−1,606	−1,606
- Fair value derivatives (HFT)	476,620	−56,583	−56,583	438,504	−56,960	−56,960
Interest rate swaps	**828,055**	**−112,361**	**−112,361**	**861,764**	**−105,161**	**−105,161**

Currency	Nominal value in € 1,000	Start	End	Fixed interest rate as at 30.6.2014	Reference interest rate	Fair value 30.6.2014 in € 1,000
EUR	72,722	01/2008	12/2017	4.41%	3M-Euribor	−15,394
EUR (nominal value each below 100 m EUR) - CFH	278,714	05/2006	12/2022	1,295%–4,789%	3M-Euribor / 6M-Euribor	−40,384
EUR (nominal value each below 100 m EUR) - stand alone	476,620	07/2007	12/2023	2,279%–4,820%	6M-Euribor	−56,583
Total = variable in fixed	**828,055**					**−112,361**

Currency	Nominal value in € 1,000	Start	End	Fixed interest rate as at 31.12.2013 restated	Reference interest rate	Fair value 31.12.2013 restated in € 1,000
EUR	68,330	01/2008	12/2017	4.41%	3M-Euribor	– 15,321
EUR (nominal value each below 100 m EUR) - CFH	366,210	03/2006 – 12/2011	11/2013 – 12/2022	1.30% – 4.79%	3M-Euribor / 6M-Euribor	– 32,880
EUR (nominal value each below 100 m EUR) - stand alone	427,224	07/2007 – 12/2008	12/2015 – 12/2022	4.01% – 4.82%	3M-Euribor	– 56,960
Total = variable in fixed	**861,764**					**– 105,161**

Swaption

Currency	Nominal value in € 1,000	Start	End	Fixed interest rate as at 30.6.2014	Reference interest rate	Fair value 30.6.2014 in € 1,000
Swaption EUR	100,000	06/2013	06/2016	2.50%	6M-Euribor	334
Total	**100,000**					**334**

Currency	Nominal value in € 1,000	Start	End	Fixed interest rate as at 31.12.2013 restated	Reference interest rate	Fair value 31.12.2013 restated in € 1,000
Swaption EUR	100,000	06/2013	06/2016	2.50%	6M-Euribor	2,109
Total	**100,000**					**2,109**

Interest rate caps

Currency	Nominal value in € 1,000	Start	End	Fixed interest rate as at 30.6.2014	Reference interest rate	Fair value 30.6.2014 in € 1,000
Interest rate caps EUR	21,585	03/2014	03/2019	2.000%	3M-Euribor	73
Total	**21,585**					**73**

Currency	Nominal value in € 1,000	Start	End	Fixed interest rate as at 31.12.2013 restated	Reference interest rate	Fair value 31.12.2013 restated in € 1,000
Interest rate caps EUR	36,800	03/2011	03/2014	5.000%	3M-Euribor	0
Total	**36,800**					**0**

Gains and losses in other comprehensive income

€ 1.000	2014	2013 restated
As at 1.1.	**−34,907**	**−108,306**
Change in valuation of cash flow hedges	−1,249	28,589
Change of ineffectiveness cash flow hedges	20	78
Reclassification cash flow hedges	4,108	0
Income tax cash flow hedges	−523	−4,991
As at 30.6.	**−32,551**	**−84,630**
thereof: attributable to the owners of the parent	−32,551	−83,898
thereof: attributable to non-controlling interests	0	−732

Hierarchy of fair values

Financial instruments measured at fair value relate only to derivative financial instruments. As in prior year the valuation is based on inputs which can be observed either directly or indirectly (eg. Interest rate curves or foreign exchange forward rates). This represents level 2 of the fair value hierarchy in accordance with IFRS 13.81. There were no reclassifications between the levels.

Capital structure

Net debt and gearing ratio:

€ 1.000	30.6.2014	31.12.2013 restated
Interest-bearing liabilities		
Long-term interest-bearing liabilities	962,434	1,102,119
Short-term interest-bearing liabilities	440,593	608,823
Interest-bearing assets		
Cash and cash equivalents	–281,590	–613,426
Cash and cash equivalents with drawing restrictions	–11,487	–17,706
Net debt	**1,109,950**	**1,079,810**
Shareholders' equity	1,868,177	1,794,266
Gearing ratio (Net debt/equity)	**59.4%**	**60.2%**

Cash and cash equivalents with drawing restrictions were considered in the calculation of net debt, as they are used to secure the repayments of financial liabilities.

BUSINESS RELATIONSHIPS WITH RELATED PARTIES

Joint Ventures

€ 1.000	30.6.2014	31.12.2013 restated
investments in joint ventures	235,540	219,224
Loans	356,483	184,577
Receivables	14,278	8,835
Liabilities	41,791	36,168

	Half-year 2014	Half-year 2013 restated
Income from joint ventures	13,357	9,944
Expense from joint venutres	–2,721	–1,504
result from joint ventures	**10,635**	**8,440**
Other income	3,584	2,322
Other expenses	–1,241	–682
Interest income	12,059	2,798
Interest expense	–37	–768

The loans to and a large portion of the receivables from joint ventures existing at the reporting date serve to finance properties. The interest rates are at arm’s length. Partial guarantees or other forms of security exist in connection with these loans.

Associated companies

€ 1.000	30.6.2014	31.12.2013 restated
Investments in associated companies	35,416	38,744
Loans	21,893	21,394
	Half-year 2014	**Half-year 2013 restated**
Income from associated companies	0	2,026
Expenses due to associated companies	−2,258	0
Result from associated companies	**−2,258**	**2,026**
Interest income from associated companies	492	923

The loans to associated companies existing as of the reporting date serve to finance properties. All loans have interest rates at arm's length. Guarantees or other forms of security partially exist in connection with these loans.

UniCredit Bank Austria AG/UniCredit Group

UniCredit Bank Austria AG, Vienna, is the principal bank of the CA Immo Group and the largest individual shareholder of CA Immo AG, with an interest of around 16.8 % (as at 30.6.2014). CA Immo Group carries out a large portion of its payment transactions and financing transactions with this bank and places a large part of its financial investments with the bank as well, with details given in below schedule:

Consolidated statement of financial position:

€ 1.000	30.6.2014	31.12.2013 restated
Share of financial liabilities recognised in the consolidated statement of financial position	33.7%	17.7%
Outstanding receivables	147,648	332,690
Outstanding liabilities	–468,244	–505,240
Fair value of interest rate swaps	–69,439	–63,371
Fair value of swaptions	164	979

Consolidated income statement:

€ 1.000	Half-year 2014	Half-year 2013 restated
Finance costs	–16,500	–24,174
Result from interest rate derivative transactions incl. Reclassification	–8,947	5,947
Result from financial investments	143	171
Transaction fees	–173	–173

Statement of other comprehensive income (equity):

€ 1.000	Half-year 2014	Half-year 2013 restated
Valuation result of period (Hedging)	2,098	21,273

Consolidated statement of cash flows:

€ 1.000	Half-year 2014	Half-year 2013 restated
Repayment of bank loans	–37,418	–11,170
Realisation and acquisition of interest rate derivative transactions	–36	–626
Interest paid	–12,997	–24,041
Interest received	138	170

The terms and conditions of the business relationship with the UniCredit Group are are at arm's length.

OTHER LIABILITIES AND CONTINGENT LIABILITIES

As at 30.6.2014, contingent liabilities of CA Immo Germany Group resulting from urban development contracts amounted to € 65 K (31.12.2013: € 65 K) and from concluded purchase agreements for cost assumptions in connection with contaminated sites or war damage to € 99 K (31.12.2013: € 572 K). In addition, letters of support exist for three proportionately consolidated companies in Germany, amounting to € 5.900 K (31.12.2013: € 8.666 K for three joint ventures). As security for liabilities from loans guarantees, letters of comfort and declarations for joint liabilities were issued for three joint ventures in an extent of € 17.800 K. Furthermore as security for warranty risks of a german joint venture a guarantee was issued in an amount of € 6,066 K (31.12.2013: € 6,066 K).

CA Immo Group has agreed to adopt a back to back guarantee in connection with the refunding of the project “Airport City St. Petersburg” in the extent up to € 6,237 K (31.12.2013: 6,237) mostly in favour of the Joint Venture Partner.

The arbitration case from the joint venture partner from “Project Maslov” from 2011 was finished in the half year 2014. CA Immo Group considers the changes of this action succeeding as minimal. The arbitration court determined the claim in favour of CA Immo. The provision was derecognized as at 30.06.2014 in the balance sheet and recognized in the income statement in the item “Other income”.

Other financial obligations arising from service commitments in connection with the development of properties also exist for properties in Austria amounting to € 1.130 K (31.12.2013: € 1.588 K), in Germany amounting to € 46.140 K (31.12.2013: € 48.846 K) and none in Eastern Europe (31.12.2013: € 884 K). Moreover as at 30.6.2014, CA Immo Group is subject to other financial obligations resulting from construction costs from urban development contracts in Germany, which can be capitalised in the future with an amount of € 37.418 K (31.12.2013: € 47,807 K).

As at 30.6.2014, the total obligation of CA Immo Group to contribute equity to joint ventures was € 9.089 K (31.12.2013: € 14.634 K).

For the purpose of recognising tax provisions, estimates have to be made. Uncertainties exist concerning the interpretation of complex tax regulations and as regards the amount and timing of taxable income. CA Immo Group recognises appropriate provisions for known and probable charges arising from ongoing tax audits.

Borrowings, for which the financial covenants have not been met as at 30.6.2014, thus enabling the lender in principle to prematurely terminate the loan agreement, are recognised in short-term financial liabilities irrespective of the remaining term under the contract. This classification applies notwithstanding the status of negotiations with the banks concerning the continuation or amendment of the loan agreements. As at 30.6.2014, this situation applied to two loans in Eastern Europe in the total amount of € 62.179 K (31.12.2013: three loans in Eastern Europe in the total amount of € 60,838 K). CA Immo Group takes appropriate action (e.g. partial repayment of loans, increase in equity of the companies concerned) to remedy the breach of the covenants.

SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

The core shareholder of CA Immobilien Anlagen AG, UniCredit Bank Austria, evalutates the disposal of the 16.8% share. The management board of CA Immo supports this process.

Increase in total number of voting rights after balance sheet date

After the balance sheet date, the total number of voting rights had risen by a further 2,023,735 bearer shares, thereby increasing the capital stock by € 14,712,553.45 to € 705,414,991.96 after the balance sheet date (divided into four registered shares and 97,030,944 bearer shares).

In July 2014 a contract for the disposal of the shares on the associated company UBM Realitätenentwicklung Aktiengesellschaft, Wien, was concluded, where CA Immo Group has a 25% share. The book value of the investment as at 30.6.2014 is € 35.4 Mio (31.12.2013: € 38.7 Mio.). The closing is expected for the 4th quarter 2014.

Vienna, 26.8.2014

The Management Board

Bruno Ettenauer
(Chief Executive Officer)

Florian Nowotny
(Member of the Management Board)

DECLARATION OF THE MANAGING BOARD IN ACCORDANCE WITH SECTION 87 (1) OF THE AUSTRIAN STOCK EXCHANGE ACT

The managing board confirms to the best of their knowledge that the condensed consolidated interim financial statements of CA Immobilien Anlagen Aktiengesellschaft, which were prepared in accordance with International Financial Reporting Standards (IFRS) for interim financial reporting (IAS 34) as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and that the group management report gives a true and fair view of the assets, liabilities, financial position and profit or loss of the group in relation to important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Vienna, 26.8.2014

The Managing Board

Bruno Ettenauer
(Chief Executive Officer)

Florian Nowotny
(Member of the Management Board)

REPORT ON THE REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of CA Immobilien Anlagen AG for the period from 1 January 2014 to 30 June 2014. These condensed interim consolidated financial statements comprise the consolidated statement of financial position as of 30 June 2014 and the consolidated income statement and consolidated statement of comprehensive income, the condensed consolidated cash flow statement and consolidated statement of changes in equity for the period from 1 January 2014 to 30 June 2014 and the condensed notes, summarizing the significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. Our liability towards the Company and towards third parties is limited in accordance with § 275 par. 2 of the Austrian Commercial Code (UGB).

Scope of review

We conducted our review in accordance with Austrian Standards for Chartered Accountants, in particular in compliance with KFS/PG 11 "Principles of Engagements to Review Financial Statements", and with the International Standard on Review Engagements (ISRE 2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements is limited primarily to making inquiries, primarily of Company personnel, responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Austrian Standards on Auditing or International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing came to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Statement on the consolidated interim management report for the 6 month period ended 30 June 2014 and on management's statement in accordance with § 87 Austrian Stock Exchange Act (BörseG)

We have read the consolidated interim management report and evaluated whether it does not contain any apparent inconsistencies with the condensed interim consolidated financial statements. Based on our evaluation, the consolidated interim management report does not contain any apparent inconsistencies with the condensed interim consolidated financial statements.

The interim financial information contains the statement by management in accordance with § 87 par. 1 subpar. 3 Austrian Stock Exchange Act.

Vienna, 26 August 2014

KPMG
KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Helmut Kerschbaumer	ppa Mag. Christoph Erik Balzar
Austrian Chartered Accountant	Austrian Chartered Accountant

CONTACT

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

Investor Relations
Free info hotline in Austria: 0800 01 01 50
Christoph Thunberger
Claudia Hainz
Phone +43 1 532 59 07-0
Fax +43 1 532 59 07-595
ir@caimmo.com

Corporate Communications
Susanne Steinböck
Marion Naderer
Phone +43 1 532 59 07-0
Fax +43 1 532 59 07-595
presse@caimmo.com

GENERAL INFORMATION ON CA IMMO SHARE

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DISCLAIMER

This Interim 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, then the actual results may deviate from the results currently anticipated. This Interim 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 Interim Report largely had to be abandoned for the sake of undisturbed readability of complex economic matters. This Interim Report is printed on environmentally friendly and chlorine-free bleached paper.