CA IMMO

ANNUAL FINANCIAL REPORT 2018
I.A.W. ARTICLE 124 OF THE
AUSTRIAN STOCK EXCHANGE ACT

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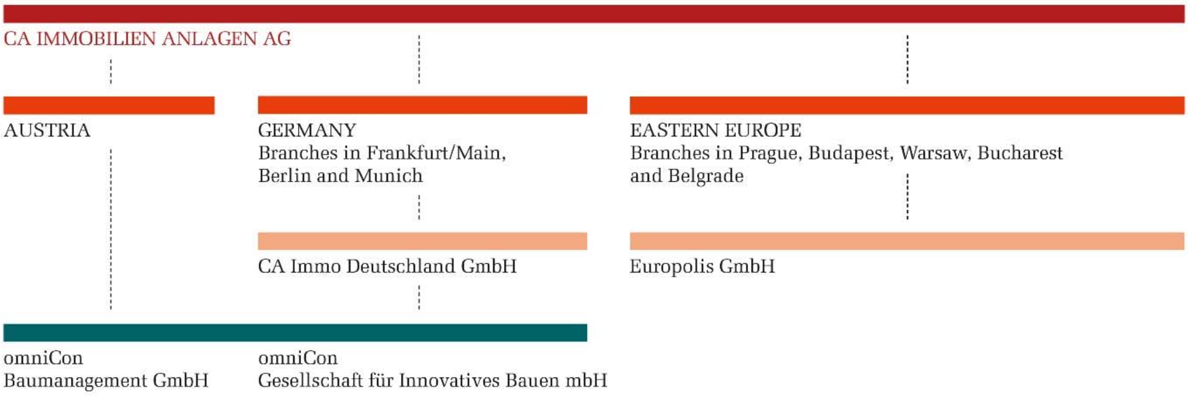
GROUP STRUCTURE



CA Immo is a real estate company with its headquarters in Vienna and branch offices in Germany, Poland, Romania, Serbia, Czechia and Hungary. The parent company of the Group is **CA Immobilien Anlagen Aktiengesellschaft**, a listed company based in Vienna whose main activity is the strategic and operational management of subsidiary companies at home and abroad. The various branch offices act as largely decentralised profit centres. Other subsidiaries (without separate local teams) are present in Croatia, the Netherlands, Slovakia, Slovenia and Cyprus. As at key date 31 December 2018, the Group comprised 196 companies (31.12.2017: 200) with 382 employees (378 on 31.12.2017) in 14 countries[1].

The core business of the CA Immo Group is the letting, management and development of high quality commercial real estate with a clear focus on office properties. The company, which has a high degree of in-house construction expertise, covers the entire value chain in the field of commercial real estate. The objective is to build up a focused portfolio of high quality, high yielding investment properties within the core markets of Germany, Austria, Czechia, Poland, Hungary, Romania and Serbia. Additional earnings contributions are generated through the preparation and utilisation of land reserves in the development field. CA Immo either transfers completed projects to its investment portfolio or sells them to investors. The Group currently controls property assets of around € 4.5 bn in Germany, Austria and Central- and Eastern Europe.

COMPANIES BY REGION

Number of companies[1]	**31.12.2018**	**31.12.2017**
Austria	20	20
- *Of which joint ventures*	*3*	*3*
Germany	101	101
- *Of which joint ventures*	*27*	*28*
Central- and Eastern Europe[2]	75	79
- *Of which joint ventures*	*4*	*8*
Group-wide	**196**	**200**
- *Of which joint ventures*	*34*	*39*

[1] Joint ventures involving consolidated companies.
[2] Includes holding companies in Cyprus and the Netherlands established in connection with Eastern European investments.

[1] Includes holding companies in Cyprus and the Netherlands and another company in Switzerland.

Austria

The company's domestic properties are overseen in subsidiary companies of CA Immobilien Anlagen AG. As at 31 December 2018, the parent company also directly held property assets of approximately € 298.2 m (€ 257.8 m on 31.12.2017). The total Austrian portfolio comprised investment properties with a market value of € 560.2 m at 31 December 2018 (31.12.2017: € 494.2 m).

Germany

The operational platform for all Group activities in Germany is **CA Immo Deutschland GmbH**. As a former collecting society for state-owned railway properties in Germany, the company has a wealth of expertise in developing inner city real estate. With subsidiaries in Berlin, Frankfurt and Munich, an appropriate local profile is assured. Aside from investment properties, the company's property assets mainly comprise properties under construction and undeveloped plots alongside a portfolio of properties intended for trading or sale. Investment properties are largely held in direct holdings and let and managed by **DRG Deutsche Realitäten GmbH**, a joint venture set up with the Austrian estate agent and property management firm ÖRAG. A number of development projects (in Munich and Mainz, for example), are being realised in the framework of joint ventures. Construction management – which encompasses construction management, project management and construction supervision – is carried out by CA Immo's German subsidiary **omniCon**, which also performs these services for third parties.

Central- and Eastern Europe (CEE)

In CEE, the strategic focus is also on commercial class A buildings in the respective capitals. The portfolio of investment properties in CEE, along with a small proportion of development projects and undeveloped plots, is directly held via CA Immo participating interests and via **Europolis GmbH**, another wholly owned subsidiary of CA Immo acquired from the Volksbank Group early in 2011. All CEE properties are managed by regional subsidiaries under the name **CA Immo Real Estate Management**.

ECONOMIC ENVIRONMENT

THE ECONOMIC TREND[1)]

The International Monetary Fund (IMF) painted in its January 2019 Update of the World Economic Outlook a cautious yet positive picture of the global economy. An estimated economic growth of 3.7% in 2017 was followed by the same forecast for 2018 and a slight decrease of 0.2 percentage points to 3.5% in 2019 and 3.6% in 2020. The current outlook is 0.2 and 0.1 percentage point below the forecasts published in October 2018.

Most recent economic data and survey outcomes point to slower economic growth in the European Union. The increase of 1.8% of the eurozone over the year 2018 was 60 basis points below the 2017 figure. Prospects for growth have been revised down slightly due to persistent geopolitical and economic uncertainties at the global level. The unemployment rate in the EU-28 has reached its lowest level since 2008.

REVIEW OF THE CA IMMO CORE MARKETS IN 2018[2)]

Growth in the eurozone in 2018 came to 1.8%, and across the entire EU to 1.9%, compared to 2.4% and 2.4%, respectively, in the previous year. The (seasonally adjusted) unemployment rate was 7.9% (down from 8.6% in January 2018) in the eurozone and 6.6% (down from 7.2% in January 2018) for the EU as a whole in January 2019, which is the lowest rate since January 2000. The government debt stood at 86.1% in the eurozone at the end of the third quarter of 2018 (80.8% in the EU-28).

Annual inflation in the eurozone was 1.4% in January 2019, clearly less than the rate targeted by the ECB of below, but close to 2.0% (January 2018: 1.3%), whereas the euro area reported 1.5% (January 2018: 1.6%). The inflation rate continued to be below the ECB target recently, but is, given the monetary measures taken, sustained economic stability and associated higher wage increases, expected to grow in the medium term.

The economy of **Austria** grew with real GDP rising by 2.7% in 2018. The inflation rate in Austria stood at 1.7% in January 2019. The current unemployment rate is 4.7%.

Employment has reached a new record level in **Germany**, underlining the extremely robust situation of the German economy, which has a positive effect also on other European countries, such as Czechia. In EU comparison, Germany and Czechia reported the lowest unemployment rates at only 3.3% and 2.1%, respectively, according to the most recent publication of Eurostat.

The German economy recorded a GDP growth of 1.4% in 2018, representing a decline of 80 basis points from last year's 2.2%. The slowdown was caused mainly by weakening export growth and growing consumer restraint, particularly in the second half of the year. The inflation rate for Germany was reported at 1.7% in January 2019.

As observed in preceding years, the positive economic trend in the core CA Immo markets in the **CEE region** was maintained over the year 2018, albeit a slowing compared to the previous year. Strong increases in employment combined with real wage growth stimulate private consumption. Additionally, there is a massive effect from large inflows of EU funds, representing an essential lever for the CEE economies.

Within the CEE core markets, **Poland** and **Hungary** reported the highest GDP growth of 5.4% or 4.9 % respectively in 2018. The gross domestic product in **Romania** grew by 4.1% in 2018, and in **Czechia** by 3.0%. The unemployment rate in the **CEE** countries is significantly lower than in the EU-28 and the euro area average; it stands at 2.1% in Czechia, at 3.5% in Poland, at 3.7% in Hungary and at 3.8% in Romania.

Compared to the previous year, the inflation rate in 2018 in all CEE core countries displayed a slighty negative trend and partly stood below the eurozone average. Czechia reported an inflation rate of 2.0% for January 2019, whereas the annual rate in Romania stood at 3.2%. The annual inflation rate in Poland was recorded at 0.7%, in Hungary at 2.8%.

[1)] International Monetary Fund, European Commission, Eurostat, Bloomberg, Financial Times, The Economist

[2)] Eurostat, European Commission, Bloomberg, Financial Times, The Economist

ECONOMIC DATA FOR CA IMMO CORE MARKETS

	Growth rate of real GDP [1]		Annual inflation rates [2]	Unemployment rate [3]	Public budget balance	Gross public debt	Growth rate of employment
	2018	2017	in %	in %	as % of GDP 3Q 2018	as % of GDP 3Q 2018	in % 4Q 2018
EU –28	1.9	2.4	1.5	6.6	-0.6	80.8	1.2
Eurozone –19	1.8	2.4	1.4	7.9	-0.5	86.1	1.3
Austria	2.7	2.6	1.7	4.7	-0.2	75.6	1.5
Germany	1.4	2.2	1.7	3.3	1.6	61.0	1.1
Poland	5.4	4.8	0.7	3.5	-0.8	49.4	0.1
Czechia	3.0	4.4	2.0	2.1	0.7	33.9	1.5
Hungary	4.9	4.1	2.8	3.7	-1.1	72.4	2.2
Romania	4.1	7.0	3.2	3.8	-3.6	33.9	0.6

Sources: European Commission, Eurostat, Bloomberg
[1] Forecast, change versus prior year (in %); [2] Change versus prior year, by January 2018; [3] by December 2018 except for Hungary (November 2018) (seasonally adjusted)

THE MONEY MARKET AND INTEREST ENVIRONMENT [1]

At its latest meeting held on 7th March 2019, the Governing Council of the ECB decided that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.00%, 0.25% and -0.40%, respectively. In a press release, the Governing Council expected "the key ECB interest rates to remain at their present levels at least through the end of 2019, and in any case for as long as necessary to ensure the continued sustained convergence of inflation to levels that are below, but close to, 2% over the medium term."

The expansive monetary market policy of the European Central Bank (ECB) was continued in 2018. The purchase programme for government bonds and other securities as a special monetary policy measure remained in effect until the end of the year but was not extended. According to the official publication of the European Central Bank, "the Governing Council intends to continue reinvesting, in full, the principal payments from maturing securities purchased under the asset purchase programme for an extended period of time past the date when it starts raising the key ECB interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation."

The 3-month Euribor remained in negative territory, fluctuating between –0.31% and –0.33% in the period under review. Due to the continued strong growth momentum, pressure to increase interest rates in CEE countries should be mounting. In 2018, the Czech central bank increased the interest rate four times. Romania surprised the market in January 2018, as the interest rate was raised for the first time since 2008 (increasing the key interest rate by 25 base points to 2.0%), followed by two more increases until May up to 2.5%. In the medium term further interest rate increases are expected in all CEE core markets.

Influenced by four interest rate increases by the Federal Reserve Bank within 2018 the yield on 10-year US Treasury bonds reached its 5-year high of 3.3%. However, by the end of the year, this value had fallen back to 2.6%. The demonstrably increased readiness of the FED for interest rate increases led combined with other factors to an increase in volatility on the international financial markets.

OUTLOOK [2]

In March 2019 the European Central Bank (ECB) revised its growth forecast for the euro area down to 1.1% for the year 2019 and 1.6% for 2020. The expected inflation was reduced to 1.2% for 2019 and 1.5% for 2020.

[1] Sources: European Central Bank, Eurostat, Central Statistical Offices, Bloomberg
[2] Sources: European Central Bank, Bloomberg, Financial Times, The Economist

PROPERTY MARKETS

THE REAL ESTATE MARKET IN AUSTRIA[1)]

Investment market

In 2018 the total volume invested in commercial real estate in Austria was approximately € 4.1 bn. This value was around 18% below the record volume of 2017 at approximately € 5.0 bn.

Due to stable economic framework conditions as well as a further growing shortage of core properties in the German metropolitan cities, Austria remains the focus of both German and international investors, who accounted for more than 44% of the overall investment volume in 2018.

Like last year, the prime yield on office properties dropped and currently stands at a historically low level of just under 3.75% for offices in Vienna's CBD. Yields in good and average locations also fell again in 2018, to 4.10% and 4.60%, respectively. CBRE Research expects demand for commercial properties in Austria to remain high in 2019 and, as a result – given limited product availability – further declining yields, especially in the office sector.

The office property market

The stock of office floor space in the Viennese market amounted to around 11.3 m sqm at year end. The completion volume of office space totalled approximately 266,000 sqm in 2018, increasing by more than 70% compared to the previous year.

Year on year, the lettings performance increased, standing at around 269,000 sqm (2017: 192,000 sqm). Over the course of 2018, the vacancy rate, due to higher completion volumes, went up by approximately 30 basis points to 5.2%.

The peak monthly rent in Vienna remained constant at around € 25.50/sqm. Monthly rents rose to around € 18.50/sqm in good office locations, while monthly rents in average locations stood at about € 15.50/sqm.

OFFICE MARKET DEVELOPMENT VIENNA

	2018	2017	Change in %
Take up in sqm	269,000	192,000	40.1
Vacancy rate in %	5.2	4.9	6.0
Peak rent in €/sqm net exclusive	25.5	26.0	–1.9
Prime yield in %	3.75	3.90	–3.8

Sources: CBRE: Vienna Office MarketView H2 2018, Austria Investment MarketView H2 2018
Note: Floor space take-up includes owner-occupied transactions

THE REAL ESTATE MARKET IN GERMANY [2)]

The investment market

The transaction volume for commercial real estate in Germany totalled € 60.2 bn (5% above the previous year's result), once again surpassing the former top result achieved in 2017. In spite of sharply falling yields, Germany continued to stand out as a stable and safe investment market that displayed extremely robust demand levels supported both by German and international investors. Office properties remain the investment focus of investors, accounting for almost half of the total volume in 2018. The top locations attracted around 60% of investment. Prime yields were subject to further compression in the year under review, albeit to a more moderate extent than in the previous years. The CBD net initial yield for the top 7 markets is reported at 3.06%.

The **Berlin** office market posted undiminished strong demand, generating € 6.8 bn, the third best year in its history (73% above the 10-year average figure). The prime yield stood at 3.10% (2017: 3.10%).

The office market in **Frankfurt** recorded investment volumes of € 9.6 bn (41% above last year's level). The largest single transactions in Germany all took place in Frankfurt. The prime yield remained stable and stood at 3.20% at the end of the year.

1) Sources: CBRE: ERIX, Austria Investment MarketView H2 2018; Vienna Office MarketView H2 2018; Austria Real Estate Market Outlook 2019

2) Sources: CBRE: ERIX, Germany Office Investment MarketView Q4 2018; Berlin, Munich, Frankfurt Investment MarketView Q4 2018

At a volume of € 6.7 bn, the office investment market in **Munich** recorded a growth of 12% in yearly comparison. Year on year, the prime yield fell to 2.90%, 20 basis points down since the end of 2017.

The office property market[3)]

The continued positive development of the German economy was reflected in GDP growth of 1.4% in 2018, a lower growth rate than in the previous years (2017: 2.2%, 2016: 2.2%). In 2018 the level of employment, however, reached another peak since the German reunification. These extremely positive framework conditions continue to drive up demand for office space, which, given the shortage of floor space in inner city areas, sustains the positive rental rate momentum.

The lettings market in **Munich** performed once again very strongly in 2018. Floor space take-up totalled 984,000 sqm, remaining at the same level as in the previous year. Extremely tight supply coupled with continuing high demand brought about a rise in the peak monthly rent of more than 4% to € 38.0/sqm, while the weighted monthly average rent of around € 18.70 was 8% above last year. The office vacancy rate of 2.9% (2017: 3.1%) reached a new historic low for the overall market at year end. At a vacancy rate of 2.0% Munich's city area was practically fully let.

The completion volume of around 256,400 sqm in 2018 (new builds and core refurbishments) exceeded last year's level by 8%, just above the ten-year average figure. Despite significantly rising numbers of projects, no easing of the supply situation is in sight for 2019. The stock of office floor space totalled approximately 21.6 m sqm at year end.

OFFICE MARKET DEVELOPMENT IN CA IMMO CORE MARKETS IN GERMANY

	2018	2017	Change in %
Berlin			
Take up in sqm	840,400	925,500	–9.2
Vacancy rate in %	2.2	3.1	–29.0
Peak rent in €/sqm net exclusive	33.5	30.0	11.7
Prime yield in %	3.10	3.10	0.0
Frankfurt am Main			
Take up in sqm	620,200	716,600	–13.5
Vacancy rate in %	7.8	9.5	–17.9
Peak rent in €/sqm net exclusive	41.0	40.0	2.5
Prime yield in %	3.20	3.20	0.0
Munich			
Take up in sqm	984,000	982,600	0.1
Vacancy rate in %	2.9	3.1	–6.5
Peak rent in €/sqm net exclusive	38.0	36.5	4.1
Prime yield in %	2.90	3.00	–3.3

Sources: CBRE: Munich, Frankfurt, Berlin Office MarketView Q4 2018
Note: Floor space take-up includes owner-occupied transactions

[3)] Sources: CBRE: ERIX, Munich, Frankfurt, Berlin Office MarketView Q4 2018; Destatis

Office space take-up in **Frankfurt** stood at 620,200 sqm in 2018, representing a decline of more than 13% on the previous year. Continuing high demand reduced the vacancy rate to 7.8%. Compared to last year, the peak monthly rent rose slightly to € 41.00/sqm. The weighted monthly average rent in the market is reported at € 20.70/sqm, remaining stable against the prior year. The completion volume (new builds and core refurbishments) was around 104,700 sqm, clearly below the 10-year average. From what is known today, about 590,000 sqm of office space is under development at the moment, of which more than half is already let. Completion of "ONE", CA Immo‘s currently largest development project in Frankfurt, is scheduled for the year 2021. At the end of the year, the reported stock of office space was around 11.3 m sqm.

Office space take-up of 840,400 sqm registered for **Berlin** in 2018 was down by 9% on the previous year, but still was 34% above the 10-year average. Compared to the prior year, the vacancy rate fell again substantially to its current level of 2.2% (2017: 3.1%). This shortage of floor space led to a 12% increase in the peak monthly rent to € 33.50/sqm. The weighted average rent also went up further to € 21.25/sqm per month, 10% above the value of last year. Over the course of 2018, about 230,700 sqm of new space was completed, of which only 6% was still available for rent on completion. Although an increase to more than 440,000 sqm is expected for 2019, the current development pipeline is struggling to keep pace with high demand. At the end of the year, the stock of office space totalled around 18.2 m sqm.

THE REAL ESTATE MARKET IN CENTRAL AND EASTERN EUROPE [1)]

The investment market

In CEE the positive momentum in the properties markets was sustained. The registered transaction volume of commercial properties of € 13.2 bn was 11% above the previous record value posted last year. In regional terms, Poland accounted for the largest volume (54%), followed by Czechia (19%), Hungary (14%) and Romania (7%).

The investment volume was approximately € 7.2 bn in Poland, a new peak value for the fourth year in a row. € 2.7 bn of transaction volume was recorded in the office market. The reported prime yield in **Warsaw** was approximately 4.75%. With its acquisition of the Warsaw Spire C prime office property CA Immo, after 2017, was active in the market in 2018 as well. Based on strong fundamental data, **Prague** further strengthened its position as an internationally sought-after investment market, with the prime yield standing at 4.50%.

Due to the strong performance in the second half of the year, the investment volume in Hungary surpassed the level of 2017, posting high demand in the investment market for the third consecutive year. **Budapest** recorded considerable yield compression of 5.75% for prime office projects (2017: 6.00%). Romania registered an investment volume of approximately € 900 m in 2018, of which the office sector accounted for around 50%. **Bucharest** attracted more than 78% of the overall investment volume in Romania. The prime yield is reported at 7.25%.

The office property markets [2)]

Lettings continued to develop positively in all four major cities of CA Immo (Warsaw, Prague, Budapest and Bucharest) in 2018, bringing about a decrease in vacancy rates over the course of the year.

During 2018, total office space in **Warsaw** stood at around 5.5 m sqm, as approximately 230.000 sqm had been completed during the year. Currently, 700,000 sqm is under construction. By 2021, floor space is expected to expand to more than 6 m sqm.

The office pipeline is heavily concentrated on the CBD of the Polish capital. Office floor space take-up was 858,400 sqm in 2018, both above the level of 2017 and the record level seen in the year 2015. At the end of the year, the vacancy rate stood at 8.7%, down 3.0% from last year's value. Peak rents have fallen steadily in the past quarters, standing at approximately € 24.00 /sqm per month in central locations.

During 2018 some 325,000 sqm of office space had been let in **Bucharest**, a decline of 8% on the previous year. The stock of office space totalled 2.91 m sqm, following a completion volume of around 144,000 sqm (including CA Immo’s Orhideea Towers) at the end of the year, and is set to rise by another 300,000 sqm in 2019. Over the year 2018, the vacancy rate again fell sharply, reaching a historically low level of 7.4% at the end of the year. The

[1)] Sources: JLL: CEE Investment Market H2 2018

[2)] Sources: CBRE: ERIX, Prague, Warsaw, Office MarketView Q4 2018, Romania Market View 2018, Budapest Offices Snapshot Q4 2018 largest part of the vacant space is concentrated in category B buildings. The peak monthly rent in Bucharest was stable at € 18.50/sqm.

Annual take-up in **Budapest** amounted to 536,000 sqm in 2018, exceeding the former record of the year 2015. The total office space as at year end was 3.6 m sqm. In 2018, the completion volume reached approximately 230,000 m sqm, the highest level in a decade, but is expected to decline again considerably in the following year. The vacancy rate continued its declining trend since 2012 and stood at a record level of 7.3 % at the end of the year (2017: 7.5%), although the supply of office space had gone up. The current average monthly rent of available office space is reported at € 12.20/sqm, compared to € 25.00 /sqm per month for category A office space. CBRE reports 5-9% rental growth across the market in 2018.

The office property market in **Prague** posted a record year in 2018. The 2017 stock of office space of around 3.34 m sqm was expanded by roughly 133,000 sqm in 2018. The lettings performance of 520,000 sqm reached a historic record level. The vacancy rate fell substantially and was 5.1% at the end of the year. Monthly peak rents in central locations stood at € 21.50/sqm.

OFFICE MARKET DEVELOPMENT IN CA IMMO CORE MARKETS IN CENTRAL AND EASTERN EUROPE

	2018	2017	Change in %
Budapest			
Take up in sqm	535,600	475,100	12.7.
Vacancy rate in %	7.3	7.5	–2.7
Peak rent in €/sqm net exclusive	25.0	22.0	13.6
Prime yield in %	5.75	6.00	–4.2
Bucharest			
Take up in sqm	324,600	352,600	–7.9
Vacancy rate in %	7.4	9.0	–17.8
Peak rent in €/sqm net exclusive	18.5	18.5	0.0
Prime yield in %	7.00	7.50	–6.7
Prague			
Take up in sqm	521,500	538,900	–3.2
Vacancy rate in %	5.1	7.5	–32.0
Peak rent in €/sqm net exclusive	21.5	20.5	4.9
Prime yield in %	4.75	4.85	–2.1
Warsaw			
Take up in sqm	858,400	841,600	2.0
Vacancy rate in %	8.7	11.7	–25.6
Peak rent in €/sqm net exclusive	24.0	23.0	4.3
Prime yield in %	4.75	5.25	–9.5

Sources: CBRE: ERIX, Prague, Warsaw, Budapest Office MarketView Q4 2018, Romania Market View 2018
Note: Floor space take-up includes owner-occupied transactions

PROPERTY ASSETS

Changes in presentation and accounting policies

In the course of the company´s strategic portfolio optimisation, CA Immo has continuously reduced the proportion of minority holdings in the portfolio. These **property investments held in joint ventures** are consolidated at equity and shown in the income statement under 'Result from joint ventures'. Since 2018, these minority holdings are no longer presented separately in the tables of the 'Property assets' sections alongside fully consolidated properties (wholly owned by CA Immo). Unless otherwise stated, therefore, all indicators in this report refer exclusively to fully consolidated properties wholly owned by CA Immo; the comparative values for 31 December 2017 have been adjusted accordingly.

As at 31 December 2018, the at equity portfolio (partially owned real estate) held by CA Immo consisted exclusively of undeveloped land as well as development projects (residential) held in joint ventures, showing a portfolio value of € 72.5 m[1] (€ 390.4 m on 31 December 2017).

The application of **IFRS 9 and IFRS 15 accounting standards** – which is mandatory as of January 1st 2018 – has a material impact on the consolidated financial statements, which is explained in the notes from page 112 onwards. Comparative figures were adapted accordingly.

Business areas and core markets

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

€ 4.5 bn property assets

By the acquisition of investment properties as well as the transfer of own project completions into the investment portfolio, CA Immo has increased the value of its property assets in 2018 by 17% up to € 4.5 bn (2017: € 3.8 bn). Of this figure, investment properties account for € 3.8 bn (84% of the total portfolio), property assets under development represent € 0.7 bn (15%) and short-term properties[1] € 59 m (1%). With a proportion of 44% of total property assets, Germany is the biggest regional segment.

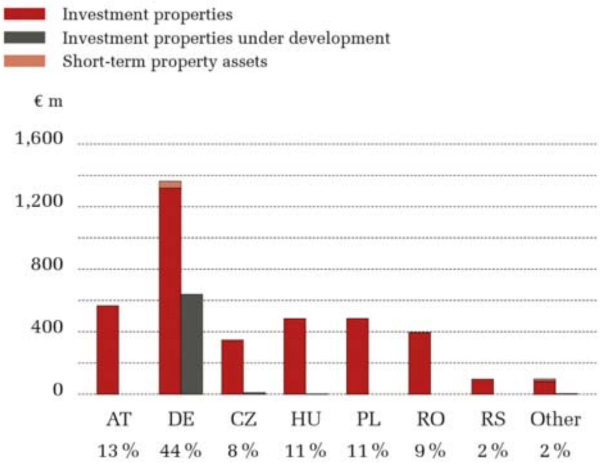
PROPERTY ASSETS OF THE CA IMMO GROUP AS AT 31.12.2018 (PORTFOLIO VALUES)

in € m	Investment properties [2]	Investment properties under development	Short-term property assets [3]	Property assets	Property assets in %
Austria	564.0	0.0	0.0	564.0	13
Germany	1,312.8	635.8	44.5	1,993.0	44
Czechia	345.3	10.2	0.0	355.5	8
Hungary	481.8	1.7	0.0	483.5	11
Poland	483.2	0.0	0.0	483.2	11
Romania	394.5	0.0	0.0	394.5	9
Serbia	96.0	0.0	0.0	96.0	2
Others	82.9	3.9	14.1	100.9	2
Total	**3,760.4**	**651.6**	**58.6**	**4,470.6**	**100**
Share of total portfolio	84%	15%	1%		

[2] Includes properties used for own purposes
[3] Short-term property assets include properties intended for trading or sale

[1] Incl. properties intended for trading or sale

DISTRIBUTION OF PROPERTY ASSETS BY COUNTRY AND TYPE (Incl. investment properties used for own purposes)



Acquisitions

In 2018, CA Immo acquired three high-quality office buildings with an investment volume totalling approximately €216 m to its own portfolio. Assuming full occupancy, these will boost rental revenue by more than €13 m annually over the years ahead.

At the end of April, CA Immo acquired **Campus 6.1 office building in Bucharest** from Skanska; the transaction volume was approx. € 52 m. The building was completed in Q3 2018, the transaction was closed in December 2018. Campus 6.1 is an A-class office building, offering 22,700 sqm gross leasable area (GLA). The property is located in the Central West area of Bucharest, as at 31 December 2018, the building had an occupancy rate of 55%.

At the end of June, CA Immo acquired another Skanska office building in Prague; the gross transaction volume was approximately € 64 m. The A-class **office building Visionary** was completed in April 2018 and spans 26,200 sqm of GLA and was 85% let at the key date. The building is located in Prague 7, one of the most dynamically developing districts in Prague. The transaction was closed when the contract was signed.

In October, CA Immo signed and closed a Sales and Purchase Agreement to acquire the centrally located **Warsaw Spire C office building** comprising of 21,700 sqm GLA in Warsaw, Poland. The transaction volume of the fully rented landmark Class-A property amounted to € 98 m.

Project completions (for own stock)

In 2018, CA Immo transferred four internally developed buildings with an investment volume totalling approximately € 224 m to its own portfolio. Assuming full occupancy, these will boost rental revenue by around € 15 m annually over the years ahead.

CA Immo completed the **office building for the tenant KPMG in Berlin's Europacity district** in March; the nearly fully let structure, which spans some 12,800 sqm, is now part of the CA Immo investment portfolio.

Situated close to the Lände and Wiener Prater recreation areas is the **ViE office building**. The building, which spans around 13,200 sqm, was completed by CA Immo in autumn 2018 and is now part of the CA Immo investment portfolio.

CA Immo completed the **Orhideea Towers office complex** in the western part of Bucharest in the fourth quarter. The pre-letting rate for the building with 36,800 sqm of rentable effective area is currently around 70%. Taking the expansion options of anchor tenants into consideration, the structure is 90% let.

The **IntercityHotel Frankfurt Hauptbahnhof Süd** was completed with turnkey handover in December. Having developed the hotel with 414 rooms and 82 underground parking spaces for its own portfolio, CA Immo has leased the property to the Steigenberger hotel group for the long term.

The office building ViE was completed and transferred to the investment portfolio end of 2018

Sales

In the 2018 financial year, CA Immo speedily continued the process of focusing its strategic portfolio on large-space, modern office properties in the core cities across the Group. Accordingly, the majority of sales involved properties not classified as part of the core business of CA Immo in terms of regional, sectoral or other characteristics. Amongst other things, these sales confirmed CA Immo's exit from the secondary markets of Bulgaria, Slovenia and the Ukraine as well as secondary cities in Hungary, Romania and Poland; the company now only has investments in office properties in the capital cities of these countries. The process of focussing the Austrian portfolio on office properties in Vienna is also largely complete.

In December, for example, CA Immo sold the 16,400 sqm **Duna Center retail centre in Györ, Hungary**. Closing for the transaction took place at the end of 2018. The sale of the **Austria Trend Hotel in the Slovenian capital Ljubljana** was confirmed at the end of the year, with closing at the end of January 2019. Also in December, CA Immo sold the **Avia office building in the Polish city of Krakow** (14,000 sqm GLA), in which the company held a 50% share. In July, the sale of the 49% share in the **Megapark office building in Sofia**, spanning around 48,000 sqm rentable area, was completed. With this sale, CA Immo finally withdrew from its secondary market of Bulgaria and achieved a further reduction of its minority holdings. In **Austria**, the sale of the AVA Hof (6,600 sqm GLA) in Salzburg was closed in January.

Property assets sold[1] in 2018 generated total **trading revenue** of € 435.7 m (2017: € 177.1 m) and contributed € 36.4 m to the result (compared to € 46.7 m in 2017). These figures include, amongst other things, the sale of the Frankfurt office high-rise Tower 185, which was closed in January 2018.

Investments

In 2018, CA Immo invested a total of € 275.6 m (2017: € 204.5 m) in its property portfolio (investments and maintenance). Of this figure, € 41.0 m was earmarked for modernisation and optimisation measures and € 234.6 m was devoted to the furtherance of development projects.

PROPERTY ASSETS BRIDGE 2017 TO 2018 AND KEY FIGURES 2018

		Austria	Germany	CEE	Total
Property assets 31.12.2017	**€ m**	**558.3**	**1,634.1**	**1,621.4**	**3,813.8**
Acquisition of new properties	€ m	0.0	0.0	207.5	207.5
Capital expenditure [2]	€ m	15.9	208.8	45.0	269.7
Change from revaluation/impairment/depreciation	€ m	26.7	199.6	48.0	274.3
Changes Lease incentive	€ m	0.2	0.6	0.6	1.4
Disposals	€ m	–37.1	–50.1	–8.8	–96.0
Other Changes	€ m	0.0	0.0	–0.1	–0.1
Property assets 31.12.2018	**€ m**	**564.0**	**1,993.0**	**1,913.6**	**4,470.6**
Rental income (actual) [3]	€ m	28.1	58.4	105.9	192.4
Annualised rental income	€ m	27.9	59.4	127.4	214.7
Economic vacancy rate (investment properties)	%	10.3	1.0	6.6	5.6
Gross yield (investment properties)	%	5.3	4.5	6.9	5.8

[2] excluding maintenance
[3] includes annual rental income from properties sold in 2018 (€ 0.9 m)

[1] Incl. properties partially owned by CA Immo, consolidated at equity (pro-rata share)

INVESTMENT PROPERTIES

Contributing around 84% of total property assets, the investment property area is CA Immo's main source of income. The principle objective of the company is the continual optimisation of its portfolio and the retention and acquisition of tenants with a view to securing stable and recurring rental revenue. In total, 79% of the office portfolio[1)] of CA Immo is certified in line with LEED, DGNB or BREEAM standards (see also the Sustainability chapter).

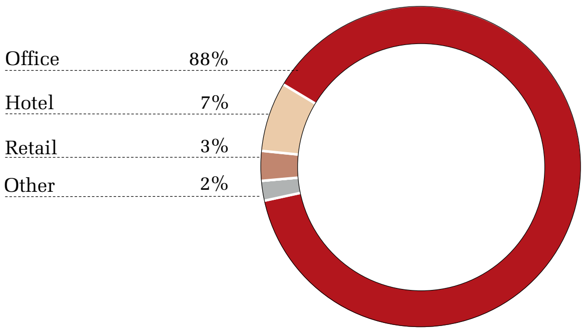
€ 3.8 bn investment portfolio

As at key date 31 December 2018, the Group's investment portfolio incorporated a total rentable effective area of 1.4 m sqm with an approximate book value of € 3.8 bn (2017: € 3.2 bn). With a share of 50% of book value, the Central and Eastern Europe (CEE) segment accounts for the largest proportion of the investment portfolio. In 2018, CA Immo generated total rental income of € 192.4 m (€ 180.3 m in 2017); the CEE segment accounted for roughly 55% of total rental revenue. On the basis of annualised rental revenue, the asset portfolio produced a yield of 5.8%[2)] (6.2% in 2017). In line with the strategic portfolio focus, the office share of the total portfolio has steadily increased over recent years and stands unchanged at the previous year's level of 88%.

Stable high occupancy

The occupancy rate for the investment portfolio stands quite stable at 94.4%[2)] on 31 December 2018 (31 December 2017: 95.2%). CA Immo records full occupancy of its existing portfolio mainly in Germany (99% occupancy rate), Czechia (99%[3)]) and Poland (96%).

DISTRIBUTION OF BOOK VALUE PORTFOLIO PROPERTIES BY MAIN USAGE (BASIS: €3.8 BN)



INVESTMENT PROPERTIES: KEY FIGURES BY COUNTRY [2)]

	Portfolio value investment properties in € m	Rentable area in sqm	Occupancy rate in %	Annualised rental income in € m	Yield in %
Austria	513.6	315,855	89.7	27.3	5.3
Germany	1,311.3	322,023	99.0	59.2	4.5
Czechia	280.5	105,878	98.7	18.5	6.6
Hungary	481.8	218,072	92.8	33.8	7.0
Poland	483.2	137,139	96.3	31.0	6.4
Romania	265.4	105,480	85.3	18.3	6.9
Serbia	96.0	46,130	92.8	7.7	8.1
Others	82.9	51,374	94.9	6.9	8.3
Total	**3,515**	**1,301,950**	**94.4**	**202.8**	**5.8**

1) Basis: office properties, by book value
2) Excludes properties used for own purposes and short-term property assets; excl. the project completions Campus 6.1 and Orhideea Towers (Bucharest), ViE (Vienna) and Visionary (Prague), which have been transferred to the investment portfolio and are still in the stabilisation phase; incl. land leases in Austria (around 106,000 sqm)
3) Excl. the office building Visionary in Prague, which was shortly completed and transferred to the investment portfolio and which is still in the stabilisation phase

LIKE-FOR-LIKE COMPARISON OF PROPERTIES IN THE PORTFOLIO AS AT 31.12.2017

In € m	Book values		Annualised rental income [1]		Gross yield in %		Occupancy rate	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Austria	513.6	494.2	27.3	29.6	5.3	6.0	89.7	96.2
Germany	1,164.4	1,099.7	53.4	51.9	4.6	4.7	98.9	98.2
CEE	1,590.9	1,541.6	111.0	110.3	7.0	7.2	93.2	93.6
Total	**3,268.9**	**3,135.5**	**191.7**	**191.7**	**5.9**	**6.1**	**94.2**	**95.2**

[1] Monthly contractual rent as at key date multiplied by 12

Lettings performance 2018

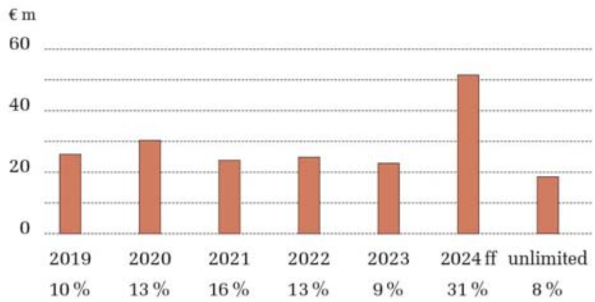
Across the Group, CA Immo let around 230,000 sqm of rentable area in 2018 (2017: around 258,000 sqm), of which pre-lettings on development projects accounted for 25% (around 57,000 sqm). Excluding these pre-lettings, this equates to lettings performance of 14% for the Group's total investment portfolio, which amounts to around 1.2 m sqm[1]. New lettings and contract extensions by existing tenants accounted for 52%; renewals by existing tenants represent 48%. Office space accounted for over 90% of total lettings performance.

The strongest letting performance by city was achieved in Budapest and Bucharest, where more than 80,000 sqm was rented out in 2018 in total, including large lettings to Vodafone and Thales Systems. The biggest single new lease was agreed in Vienna, where Volksbank Wien leased around 14,000 sqm of office space in the office building located at Haidingergasse 1-15 from 2019 on. 39% of lease contracts (in terms of letting volume) are concluded for terms of more than five years, or for unlimited terms. As at 31 December 2018, the WALT (Weighted Average Lease Term) was 4.4 years (2017: 4.1).

LETTINGS PERFORMANCE BY SEGMENT [1]

in sqm	Pre-lease development projects	New lease investment properties	Lease extensions	Total
Germany	41,158	10,213	12,628	63,999
Austria	4,605	20,700	981	26,286
CEE	11,232	58,106	69,790	139,127
Total	**56,995**	**89,019**	**83,399**	**229,412**

EXPIRY PROFILE OF LEASE AGREEMENTS (based on effective rental income)



BIGGEST TENANTS (TOP 10)

	Sector	Region	Share in % of total rent [2]
PWC	Auditor	Germany	2.9%
Frontex	Public administration	CEE	2.7%
Morgan Stanley	Banks	CEE	2.0%
Google	IT	Germany	2.0%
Land Berlin c/o Berliner Immobilienmanagement	Property administration	Germany	1.9%
TOTAL Deutschland	Energy supply	Germany	1.8%
Verkehrsbuero Hotellerie	Hotel	Austria	1.7%
Robert Bosch	Industrial	Austria	1.6%
Bundesanstalt für Immobilienaufgaben	Public administration	Germany	1.6%
KPMG	Auditor	Germany	1.6%

[2] Based on annualised rental revenue

[1] Excl. land leases and the project completions Campus 6.1, Orhideea and ViE, which were transferred to the investment portfolio in Q4 2018

THE AUSTRIA SEGMENT

The asset portfolio in Austria comprises rentable effective area of 329 k sqm with a market value of around € 560.2 m (2017: € 494.2 m) according to current valuations. In 2018, this portfolio generated rental income of € 28.1 m (€ 30.8 m in 2017), equivalent to an average yield of 5.3%[1] (6.0% in 2017).

19% of the Austrian office portfolio[2]) is certified according to DGNB standards. In 2018 CA Immo invested around € 6.2 m in its Austrian investment portfolio (investments and maintenance costs), compared to € 7.1 m in 2017.

Lettings

In Austria, around 21,700 sqm of office space was newly let or extended in 2018. The economic occupancy rate in the asset portfolio was 89.7%[1] as at the key date (96.2% in 2017). The decline in occupancy rate is a result of a former anchor tenant moving out of one of the Vienna city quarter Lände 3 office buildings – this vacancy will be continuously compensated during the next months by new tenants moving in, leasing contracts have already been signed accordingly. Amongst others, Volksbank Wien will be moving into an office space spanning around 14,000 sqm from end of 2019 on a long-term basis.

INVESTMENT PROPERTIES AUSTRIA: KEY FIGURES [3]

in € m	31.12.2018	31.12.2017	Change
Book value	513.6	494.2	3.9
Annualised rental income [4]	27.3	29.6	−7.5
Gross yield in %	5.3	6.0	−0.7 pp
Economic vacancy rate in %	10.3	3.8	6.5 pp

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

[4] Monthly contractual rent as at key date multiplied by 12

THE GERMANY SEGMENT

As at the key date, CA Immo held investment properties in Germany with an approximate market value of € 1,311.3 m (€ 1,099.7 m in 2017) and a rentable effective area of 322 k sqm (2017: 294 k sqm). By portfolio value, 35% of the total stock is in Germany. The German investment portfolio mainly comprises modern office buildings developed by CA Immo in central locations of Berlin, Munich and Frankfurt; 80% of rentable office space[2] is certified according to DGNB or LEED standards.

Rental income of € 58.4 m was generated in 2018, compared to € 52.8 m in 2017. The yield on the portfolio was 4.5% as at 31 December 2018 (2017: 4.7%). CA Immo spent approximately € 13.4 m on maintaining its German investment properties (investments and maintenance costs) in 2018 (2017: € 10.5 m).

Occupancy rate up from 98% to 99%

The occupancy rate for the asset portfolio in Germany increased at a very high level from 98.2% on 31 December 2017 to 99.0% on 31 December 2018. In Germany, approximately 22,800 sqm of floor space was newly let or extended during 2018. In addition, pre-letting of development projects accounted for more than 41,200 sqm. The majority of these pre-lettings was signed in Q4 in Munich and Berlin, amongst others, CA Immo leased a total of 16,300 sqm during this period in the Munich office project MY.O, which is due for completion in the 1st half year of 2020.

INVESTMENT PROPERTIES GERMANY: KEY FIGURES [5]

in € m	31.12.2018	31.12.2017	Change
Book value	1,311.3	1,099.7	19.2
Annualised rental income [6]	59.2	51.9	14.2
Gross yield in %	4.5	4.7	−0.2 pp
Economic vacancy rate in %	1.0	1.8	−0.8 pp

[5] Excludes properties used for own purposes and short-term assets

[6] Monthly contractual rent as at key date multiplied by 12

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

[2] Basis: office properties, by book value

THE CEE SEGMENT

CA Immo has been investing in CEE since 1999. The company now maintains investment properties in eight countries of Central and South Eastern Europe.

CA Immo significantly raised the value of its property assets in 2018 through property acquisitions and the transfer of completed projects to the company's portfolio. Compared to the previous year, the acquisition of the **class A landmark office buildings Warsaw Spire Building C** (Warsaw), **Campus 6.1** (Bucharest) and **Visionary** (Prague) as well as the completion of the CA Immo office project Orhideea Towers (Bucharest) have served to increase all indicators relating to the CA Immo asset portfolio in CEE in comparison with last year's figures (refer to the 'Property assets' section for details of portfolio acquisitions and project completions in 2018).

The value of the investment properties in CEE increased from € 1,561.8 m on 31 December 2017 to € 1,883.7 m as at key date 31 December 2018, equivalent to a share (by portfolio value) of around 50% of the total investment portfolio. In this region, CA Immo concentrates on high quality, centrally located office properties in capital cities of Eastern and South Eastern Europe, which make up 100% of the overall CEE portfolio. 89% of the office portfolio[1] is certified in accordance with LEED, BREEAM or DGNB standards (see also the Sustainability chapter). The portfolio is maintained and let by the company´s local teams on site.

55% of rental revenue from CEE

The company's asset portfolio comprises 750 k sqm of rentable effective area (2017: 677 k sqm) which generated rental income of € 105.9 m in 2018 (compared to € 96.7 m in 2017). This represents 55% of CA Immo's total rental revenue. The portfolio produced a gross yield of 6.9%[2] (2017: 7.2%). In 2018, CA Immo invested € 21.3 m (2017: € 25.6 m) in its CEE investment portfolio (investments and maintenance costs).

Occupancy rate remains stable above 93%[2]

The economic occupancy rate (measured on the basis of expected annual rental income) was 93.4%[2] as at 31 December 2018 (2017: 93.8%). Total lettings performance for the CEE segment amounted to roughly 139,000 sqm of rentable office space in 2018; thereof 42% accounted for new lettings of investment properties (incl. lease expansions), 50% were lease extensions and 8% pre-leases of development projects.

Information on sustainability aspects of the business area of portfolio properties can be found in the Sustainability chapter.

INVESTMENT PROPERTIES IN CEE: KEY FIGURES [3]

	Portfolio value investment properties in € m	Annualised rental income [4] in € m	Occupancy rate in %	Yield in %
Poland	483.2	31.0	96.3	6.4
Hungary	481.8	33.8	92.8	7.0
Romania	265.4	18.3	85.3	6.9
Czechia	280.5	18.5	98.7	6.6
Serbia	96.0	7.7	92.8	8.1
Others	82.9	6.9	94.9	8.3
Total	**1,689.8**	**116.3**	**93.4**	**6.9**

[3] Excludes short-term property assets; excl. the project completions Campus 6.1 and Orhideea Towers (Bucharest) as well as Visionary (Prague), which have been transferred to the investment portfolio in 2018 and are still in the stabilisation phase
[4] Monthly contractual rent as at key date multiplied by 12

[1] Basis: office properties, by book value
[2] Excludes short-term property assets; excl. the project completions Campus 6.1 and Orhideea Towers (Bucharest) as well as Visionary (Prague), which have been transferred to the investment portfolio in 2018 and are still in the stabilisation phase

INVESTMENT PROPERTIES UNDER DEVELOPMENT

Project development as a driver of organic growth

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

Information on CA Immo's land reserves and their development potential can be found in the chapter "development potential"; for information on sustainability aspects of the business area of investment properties under development, please see the "Sustainability" chapter.

Numerous project completions in 2018

In 2018, CA Immo **completed three office buildings in Berlin, Vienna and Bucharest as well as a hotel in Frankfurt**, which are now part of the CA Immo investment portfolio (for details, please see chapter "Property assets". Moreover, the company **finalized the development of four residential projects** in 2018, which were handed over to the final investors: in December, the residential and commercial building on the Rheinallee III site in Zollhafen Mainz was handed over to the end investor, as well as two residential buildings in die Vienna Laendyard project and the second construction phase of the Munich residential project Baumkirchen Mitte. In total, CA Immo completed properties with an investment volume totalling approximately € 376.1 m, thereof € 224.4 m for its own portfolio and € 151.7 m for sale.

98% of development activity in Germany

As at 31 December 2018, the development division[1] represented around 16% (equivalent to approximately € 696.0 m) of CA Immo's total property assets (2017: € 614.2 m). Accounting for a share of 98%, the focus of project development activity is still firmly on Germany. Developments and land reserves in CEE account for the remainder of property assets under development (€ 15.8 m). Investment properties under development in Germany with a total book value of € 680.3 m are divided into projects under construction accounting for around € 396.1 m and development projects in preparation and land reserves (€ 284.2 m).

INVESTMENT PROPERTIES UNDER DEVELOPMENT BY COUNTRY [1]

in € m	Landbank		Projects under development		Total investment properties under development	
	Book value	Book value in %	Book value	Book value in %	Book value	Book value in %
Austria	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Frankfurt	119.7	41.3	109.6	27.0	229.3	32.9
Berlin	122.2	42.1	152.7	37.6	274.9	39.5
Munich	42.3	14.6	133.8	32.9	176.1	25.3
Germany	**284.2**	**98.0**	**396.1**	**97.5**	**680.3**	**97.7**
Czechia	0.1	0.1	10.0	2.5	10.2	1.5
Hungary	1.7	0.6	0.0	0.0	1.7	0.2
Poland	0.0	0.0	0.0	0.0	0.0	0.0
Romania	0.0	0.0	0.0	0.0	0.0	0.0
Others	3.9	1.3	0.0	0.0	3.9	0.6
Central and Eastern Europe	**5.7**	**2.0**	**10.0**	**2.5**	**15.8**	**2.3**
Total	**289.9**	**100.0**	**406.1**	**100.0**	**696.0**	**100.0**

[1] Incl. projects under construction and plots held for trading or sale, which are categorised as short-term property assets

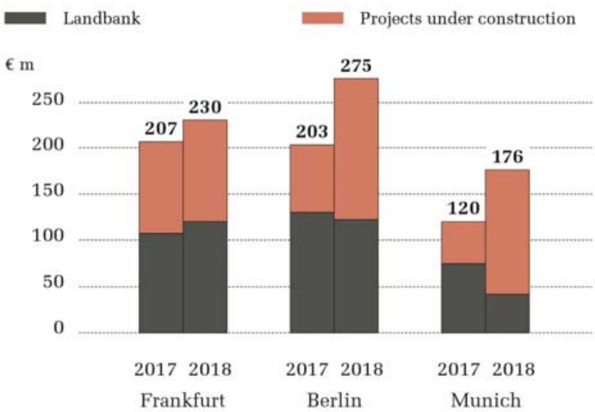
THE AUSTRIA SEGMENT

In the **Vienna district of Lände 3**, CA Immo has completed the development and utilisation of the last three construction sites with residential and office usage on Erdberger Lände itself, a process that began in 2015. The roughly 500 apartments developed by CA Immo – partly through a joint venture with JP Immobilien – have been completed in the first half of 2018 and handed over to the final investors. In autumn, CA Immo finalized the construction of the **office building ViE**, which is spanning around 13,200 sqm rentable area and has been transferred to the CA Immo investment portfolio after completion.

THE GERMANY SEGMENT

CA Immo's development activity in Germany focuses mainly on large scale, mixed-use urban projects in Berlin, Munich and Frankfurt. As at 31 December 2018, CA Immo held rentable effective area under construction amounting to 163 k sqm in Germany with a total investment volume (including plots) of around € 827.4 m (2017: € 992.4 m). In addition to the current project volume, CA Immo holds German land reserves with a value of € 284.2 m (incl. properties held for trading or sale). These existing reserves will form the basis of further value-creating development activity by CA Immo over the years ahead. Details on this issue can be found in the 'Development potential' chapter.

GERMAN PROPERTY ASSETS UNDER DEVELOPMENT



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

PROJECTS UNDER CONSTRUCTION

in € m	Total investment [1]	Outstanding construction costs	Planned rentable area in sqm	Gross yield on cost in %	City	Usage	Share in % [2]	Utilisation in % [3]	Start of construction	Scheduled completion
Projects (own stock)										
MY.O	101.3	56.9	26,986	6.6	Munich	Office	100	82	Q2 2017	Q2 2020
Europacity, Bürogebäude am Kunstcampus (BT2)	13.2	6.3	2,728	6.6	Berlin	Office	100	100	Q4 2016	Q4 2019
Europacity, MY.B	68.0	34.1	14,844	6.9	Berlin	Office	100	69	Q3 2017	Q4 2019
Zollhafen Mainz, ZigZag	16.1	14.9	4,000	4.1	Mainz	Office	100	0	Q2 2018	Q2 2020
Baumkirchen, NEO	64.3	33.8	13,490	4.9	Munich	Office	100	28	Q1 2017	Q2 2020
Europaviertel, ONE	362.8	292.3	66,187	5.2	Frankfurt	Office	100	27	Q3 2017	Q3 2021
Subtotal	**625.7**	**438.2**	**128,234**	**5.6**						
Projects (for sale)										
Europacity, cube berlin	106.8	42.6	17,019	n.m.	Berlin	Office	100	100	Q4 2016	Q4 2019
Europacity, Bürogebäude am Kunstcampus (BT1)	31.9	11.6	5,215	n.m.	Berlin	Office	100	100	Q4 2016	Q2 2019
JV Baumkirchen WA 3	35.4	4.1	6,831	n.m.	Munich	Residential	50	100	Q3 2016	Q2 2019
Baumkirchen Mitte (MK)	27.6	14.5	5,782	n.m.	Munich	Residential	100	0	Q1 2017	Q2 2020
Subtotal	**201.7**	**72.8**	**34,847**							
Total	**827.4**	**511.0**	**163,081**							

[1] Including plot [2] All figures refer to the project share held by CA Immo [3] Utilisation projects for own stock: pre-letting rate; utilisation projects for sale: sale

Main focus of current development activity in Germany

Berlin

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

Even before it is completed, the **office building on the Kunstcampus** with gross floor space of approximately 9,500 sqm has been fully let. 70% will be leased by the Federal Union of German Associations of Pharmacists (ABDA). ABDA will initially rent the building section specifically developed to meet its needs for two years before taking over ownership. The remaining floor space of the building which will continue to be held by CA Immo (section 2) is also fully let.

Next to this, CA Immo is also constructing the six-storey **MY.B office building** at Heidestraße, which was around 70% let at the key date.

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

In Munich CA Immo is currently developing the office, hotel and residential complex NEO

Munich

In a joint venture with PATRIZIA, CA Immo developed a total of 560 high-quality housing units and attractive office spaces on the **Baumkirchen Mitte development project site** in the Munich district of Berg am Laim, which spans approximately 130,000 sqm. Except for the last construction phase (WA 3), the construction of the three residential sections has been completed; all apartments are sold.

In March 2017, CA Immo started construction of the **NEO office, hotel and residential complex** on the last plot of the site, which will have a rentable area of around 19,300 sqm. The tristar GmbH hotel group will operate a Hampton by Hilton hotel with 143 rooms on the first six floors of the building.

In **Munich**'s Nymphenburg district CA Immo is developing the seven-storey office complex **MY.O** in a central location close to the S-Bahn station. Signing a large-scale lease contract in December 2018, CA Immo increased the pre-leasing rate of the building up to more than 80%.

Frankfurt

In the Frankfurt Europaviertel, centrally located between the banking district and the exhibition grounds, CA Immo is developing the 190-metre **office and hotel high-rise structure ONE**. After completion of the high-rise, which is scheduled for the end of 2021, the international NH Hotel Group will open a nhow lifestyle hotel with 375 rooms in the ONE.

Mainz

In the Zollhafen Mainz district jointly developed by CA Immo and Stadtwerke Mainz, construction of the residential and retail building Rheinallee III, which has total rentable space of some 20,000 sqm, was completed. CA Immo has realised the building for an investor on a ready-to-occupy basis. Development of the ZigZag office building is ongoing on the same site, the construction of other residential buildings by CA Immo in Joint Venture with UBM Development Deutschland Gmbh is under preparation.

THE CEE SEGMENT

The CEE segment accounts for property assets under development (including land reserves) with an approximate book value of € 15.8 m as at 31 December 2018.

DEVELOPMENT OF URBAN DISTRICT EUROPACITY IN BERLIN

INVESTMENT PROPERTIES

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

2 INTERCITYHOTEL BERLIN
office / 20,600 sqm / 2013 / rented

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

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

5 KPMG OFFICE BUILDING
office / 12,800 sqm / 2018 / rented

6 HAMBURGER BAHNHOF
museum

PROJECTS UNDER CONSTRUCTION

7 CUBE BERLIN

office / 17,000 sqm / 2019 / under construction

8 MY.B

office / 14,800 sqm / 2019 / under construction

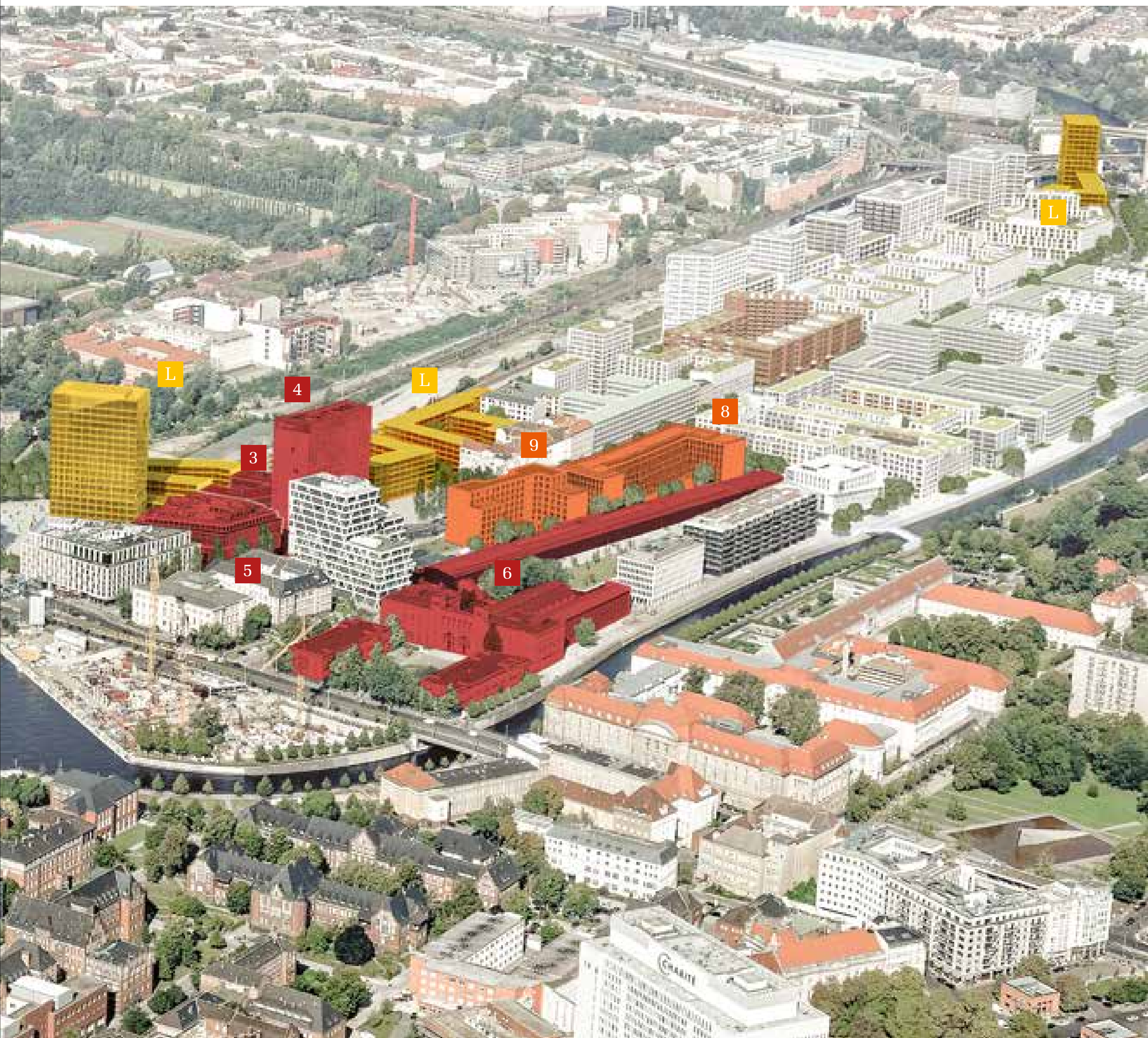
9 BÜROGEBÄUDE AM KUNSTCAMPUS

office / 7,900 sqm / 2019 / under construction

LAND RESERVE

L

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



PROPERTY VALUATION

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

External valuation reports to international standards

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

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

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

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

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

For over 99% of the total property assets, external evaluations were carried out on the key date 31.12.2018 or values were based on binding purchase agreements. The remaining property assets were valued or updated internally.

The valuations as at 31 December 2018 were compiled by the following companies:

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

Market environment in 2018

As in the previous year, the environment in the core markets of Germany, Austria and the CEE nations was highly positive in 2018 (see also the 'Property markets' section).

The strong investment activity continued in the German real estate market, leading to an ongoing suppression of yields. Key indicators for the lettings market – including lettings performance, occupancy rates and the average rent level in the main office centres of Germany – were also largely positive. Thanks to its strong position in Munich, Frankfurt and Berlin, the CA Immo Group took significant advantage of these encouraging market trends. The office property market in Vienna also benefited from rising interest on the part of investors in a stable operating environment.

The CEE core markets of Prague, Budapest and Bucharest were similarly characterised by encouraging operational development in 2018. The office property market in Warsaw remains defined by intensive construction activity in the office sector, although the lettings volume has been high with strong interest from international investors; this has clearly resulted in yield suppression on core properties. Transaction activity on investment markets in the CEE region was again very positive in 2018. For 2018 as a whole, the CA Immo Group posted a highly positive revaluation result of € 276.5 m (2017: € 103.9 m).

AUSTRIA

The Vienna office market remained largely stable in 2018. The completion volume of office space added up to around 266,000 sqm, an increase over the previous year's value of more than 70%. The vacancy rate increased by approx. 30 basis points to 5.2% in the course of 2018 due to the increased volume of completions.

The largest contributions to the revaluation gain in terms of amount were driven by a large-scale letting on the Erdberger Lände as well as the completion of the office building ViE. The revaluation result as at the key date amounted to € 26.9 m (2017: € –5.3 m). In annual comparison, the average gross yield for investment properties fell from 6.0% to 5.3% (fully consolidated properties).

GERMANY

As in previous years, the strong development of the German office property market generated a highly positive value trend for the Group's German segment. This was mainly due to the successful implementation of development projects and successful new lettings or re-lettings as well as the general market trend. As at 31 December 2018, the valuation result for the Group was € 199.9 m (2017: € 129.7 m). The biggest contributions to the revaluation result in absolute terms were driven by development projects in all three locations Berlin (Cube, MY.B, KPMG building), Frankfurt (ONE, InterCity Hotel) and Munich (MY.O), as well as in the standing portfolio such as Skygarden and Kontorhaus in Munich. Furthermore, increased land values led to a significant revaluation uplift. Year on year, the gross yield fell from 4.7% to 4.5% (fully consolidated properties).

VALUATION RESULT FOR AUSTRIA [1]

in € m	Book value 31.12.2018	Revaluation/ Impairment	Gross yield in % 31.12.2017	Gross yield in % 31.12.2018
Investment properties [2]	560.2	26.9	6.0	5.3
Investment properties under development	0	0		
Assets held for sale	0	0		
Total	**560.2**	**26.9**		

[1] Based on fully consolidated real estate
[2] Excl. properties used for own purposes

VALUATION RESULT FOR GERMANY [1]

in € m	Book value 31.12.2018	Revaluation/ Impairment	Gross yield in % 31.12.2017	31.12.2018
Investment properties [2]	1,311.3	86.9	4.7	4.5
Investment properties under development	635.8	113.0		
Assets held for sale	44.5	0.0		
Total	**1,991.6**	**199.9**		

[1] Based on fully consolidated real estate
[2] Excludes properties used for own purposes

CENTRAL AND EASTERN EUROPE

The revaluation result for the CEE segment as at the key date amounted to € 49.7 m (2017: € –20.5 m). The largest contributions to the revaluation gain in terms of amount came from the development project Orhideea Towers in Bucharest, which was completed in the fourth quarter of 2018, and the Warsaw Spire B building acquired in 2017. The market environment brightened across large swathes of CA Immo's core region in 2018. The recovery of the CEE markets is also apparent from rising investment levels, which increased marginally on the prior year in 2018 to hit a new record high. In all core cities of CA Immo (Warsaw, Prague, Budapest, Bucharest and Belgrade) a positive letting momentum continued in 2018, leading, over the course of the year, to a decline in vacancy rates. Year on year, the gross yield for the CA Immo portfolio fell from 7.2% to 6.9% (fully consolidated real estate).

VALUATION RESULT FOR CEE [1]

in € m	Book value 31.12.2018	Revaluation/ Impairment	Gross yield in % 31.12.2017	31.12.2018
Investment properties	1,883.7	47.9	7.2	6.9
Investment properties under development	15.8	–0.9		
Assets held for sale	14.1	2.7		
Total	**1,913.6**	**49.7**		

[1] Based on fully consolidated real estate

FINANCING

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

Balance sheet profile remains strong

As at 31 December 2018, the total financial liabilities of the CA Immo Group stood at € 1.9 bn, above the previous year's value of € 1.7 bn. Net debt after deduction of the Group's cash and cash equivalents amounted to € 1.6 bn at year end (2017: € 1.4 bn). The company thus has an extremely robust balance sheet with a consistently strong equity ratio of 49.3% (50.9% in 2017), which in conservative debt figures equates to gearing of 59.4% (2017: 56.4%) and a loan-to-value (LTV) ratio of 35.0% (2017: 35.8%).

In addition to financing already secured and reflected on the balance sheet, the CA Immo Group has non-utilised credit lines that will be used to finance development projects under construction in Germany; payment dates will be set by the banks as construction work progresses. This financing framework amounted to € 652 m as at the key date, whereby joint ventures are recognised according to the amount of the holding. Through continual optimisation of the financing structure, financing costs – a key element in long-term earnings – declined substantially to € –37 m (2017: € –42 m) despite the higher financing volume.

Confirmation of investment grade rating

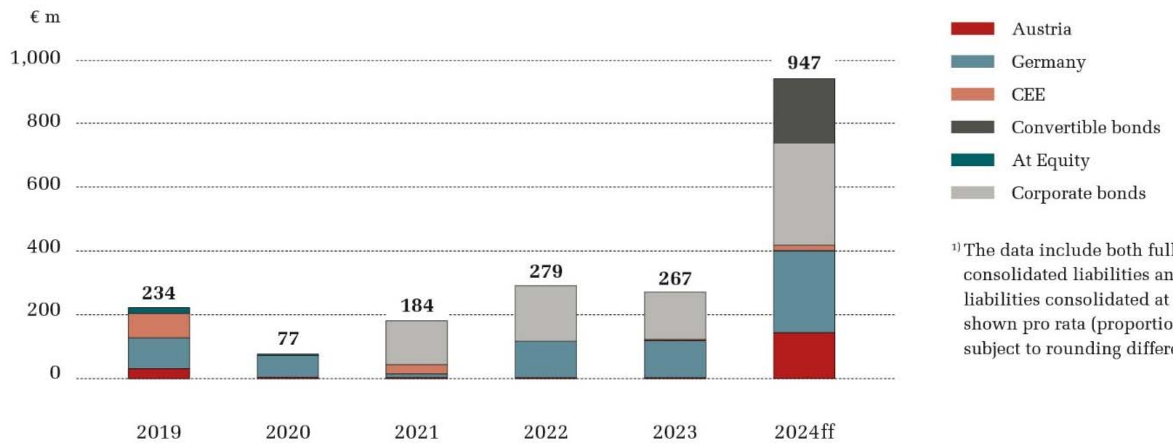
In December 2015 Moody's Investors Service, the international rating agency, classified CA Immobilien Anlagen AG with a Baa2 investment grade (long-term issuer) rating with stable prospects. The credit report published by Moody's emphasised the high quality and regionally diversified portfolio of office properties, the low tenant concentration risk, the low level of gearing and the conservative financing policy as particularly positive factors. Following acquisition of a 26% share by Immofinanz and the associated merger plans announced in April 2016, Moody's outlook was lowered from neutral to negative. In response to the announcement made by IMMOFINANZ AG in March 2018 to further suspend talks on a possible merger and to examine strategic options including the sale of shares, which finally took place in spring 2018, Moody's confirmed its rating and changed the outlook from negative to stable.

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

Expiry profile

The diagram below shows the maturity profile for the financial liabilities of the CA Immo Group as at 31 December 2018 (assuming options to extend are exercised).

EXPIRATION PROFILE FINANCIAL LIABILITIES[1] as at 31.12.2018, basis: 2 € bn



[1] The data include both fully consolidated liabilities and liabilities consolidated at equity shown pro rata (proportionately); subject to rounding difference

The due amounts shown for 2019, including fully secured mortgage loans, totalled approximately € 235 m as at the key date. Of this, proportionate financing in joint ventures accounted for approximately € 29 m on 31 December 2018. Secured loans due in Germany account for some € 97 m of the liabilities.

Falling financing costs

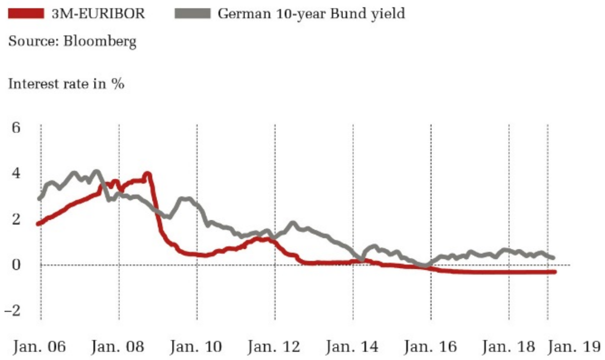
As the table shows, average financing costs for the CA Immo Group based on total financial liabilities (i.e. including proportionate joint venture financing) stood at 1.7% as at key date 31 December 2018. This figure contains derivatives used for interest rate hedging in the form of interest rate swaps. Where the latter are disregarded, the average interest rate is lower at 1.6%.

As a result, average financing costs fell significantly during 2018, as in previous years (the figure on key date 31.12.2017 was 1.9%). This value reflects, among other things, the increased volume of unsecured corporate bonds, whose proceeds were mainly used to repay or substitute more expensive loans in the CEE portfolio.

In view of base rates (Euribor) remaining historically low and even negative in some instances and the persistently competitive bank financing environment, especially in Germany (which entails lower financing margins), the trend in 2018 on all core markets of CA Immo was once again for decreasing financing costs.

While base rates remain at historically low or in some cases negative levels (Euribor), a trend towards rising financing margins has been observed in recent months. However, the persistently competitive bank financing environment, especially in Germany, and the company's strong position in the Austrian corporate bond market enabled the CA Immo Group to successfully conclude secured financing of around € 440 m and an unsecured corporate bond with a volume of € 150 m. Of secured financing, around € 371 m related to newly concluded construction financing in Germany, while new financings of investment properties in Austria, Germany, and Czechia totalled approximately € 69 m.

MARKET DEVELOPMENT



FINANCING COSTS [1)]

in € m	Outstanding nominale value	Nominal value swaps	Ø Cost of debt excl. Derivatives	Ø Cost of debt incl. Derivatives	Ø Debt maturity	Ø Swap maturity
Investment properties						
Austria	169.0	81.5	1.9	2.3	8.9	10.2
Germany	510.9	287.6	1.0	1.5	6.7	8.8
Czechia	29.2	29.2	1.5	1.8	3.0	3.0
Hungary	0.0	0.0	0.0	0.0	0.0	0.0
Poland	95.4	78.0	1.7	1.7	1.5	1.6
Romania	0.0	0.0	0.0	0.0	0.0	0.0
Serbia	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Total	**804.6**	**476.4**	**1.3**	**1.7**	**6.4**	**7.5**
Development projects	547.6	30.2	1.2	1.3	9.6	11.0
Short-term property assets	30.3	0.0	1.7	1.7	0.3	0.0
Financing on parent company level	990.3	0.0	1.9	1.9	4.8	0.0
Total	**2,372.7**	**506.6**	**1.6**	**1.7**	**6.4**	**7.7**

[1)] The data includes both fully consolidated financing and financing consolidated at equity and represented pro rata (proportionately); incl. contractually fixed credit lines for follow-up financings of development projects

BASIC PARAMETERS OF THE FINANCING STRATEGY

Financing structure

The focus of the current financing structure is on mortgage credit secured with property; credit is taken up in the (subsidiary) companies in which the respective real estate is held. Since financing is provided at subsidiary level, there is no recourse to the parent company or other parts of the Group. Covenants linked to such project financing relate only to the property in question and not to key figures for the Group as a whole.

Higher proportion of unsecured financing

The ratio of unsecured financing at Group parent company level has risen steadily since the investment grade rating was granted. As at the key date, there were five corporate bonds placed on the capital market with a total volume of approximately € 790 m and one convertible bond with a volume of € 200 m. The book value of unmortgaged properties – a key criterion in the Group's investment grade rating – was approximately € 2.2 bn on 31 December 2018, a substantial increase on the reference value for the same period last year (31.12.2017: € 1.7 bn).

Long-term financial indicators

Retention of the investment grade rating on the basis of a sound balance sheet structure with a strong equity basis is strategically important to the CA Immo Group. As regards financial indicators, long-term objectives fluctuate between 45–50% for the Group's equity ratio and around 35–40% for the loan-to-value ratio (net financial liabilities to property assets). In the mid-term, the interest rate hedging ratio (around 95% as at the key date) is to be maintained at that level.

Long-term interest rate hedging

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

Of the derivatives deployed, interest swap agreements account for a nominal value of € 507 m. The weighted average term remaining on derivatives used for interest rate hedging is around 7.7 years, compared to a weighted remaining term of 6.4 years on financial liabilities.

In terms of the balance sheet, a distinction is drawn between those contracts directly attributable to a loan (thus meeting the criteria for hedge accounting as cash flow hedges) and those for which these preconditions are not met (fair value derivatives). For cash flow hedges, the change in fair value on the relevant key date is directly recognised in equity; for fair value derivatives, by contrast, the change is recognised as expenditure in the income statement under 'Result from derivatives'. As at key date 31 December 2018, contracts with a nominal value of € 551 m and a fair value of € -44 m were classified as fair value derivatives. As at 31 December 2018, the company had no contracts classified as cash flow hedges.

Bonds

As at key date 31 December 2018, CA Immo had the following outstanding bonds registered for trading on the unlisted securities market of the Vienna Stock Exchange (with the exception of the convertible bond, which is listed on the Third Market):

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

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

Bond issues in 2018

In September 2018 the company issued the corporate bond 2018-2026 with a volume of € 150 m and an interest rate of 1.875%. The bond is listed on the unlisted securities market of the Vienna Stock Exchange (ISIN AT0000A22H40) and was also rated Baa2 by Moody's. The proceeds from the issuance were primarily used to finance the external growth of the Group through selective acquisition of high-quality investment properties in the core CEE cities.

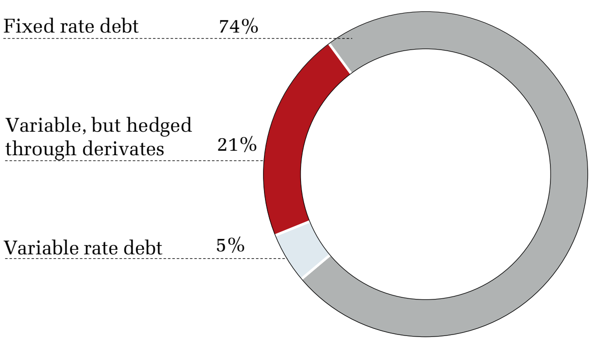
The convertible bond issued in October 2017 with a volume of € 200 m and a term of 7.5 years carries a coupon of 0.75% payable semi-annually. The initial conversion price was fixed with a conversion premium of 27.50% above the volume-weighted average price (VWAP) for the CA Immo shares on the issue date. The original conversion price of € 30.5684 is currently € 30.4062, after adjustment following the dividend payment in May 2018.

The convertible bonds will be redeemed at 100% of the nominal amount at the end of the term in the absence of premature conversion or repayment. For conversion, the company may choose to effect repayment through the provision of shares in the company, payment or a combination of the two. At the end of the term, the company has the right to redeem the convertible bonds through the provision of shares in the company, payment or a combination of the two.

Sources of financing

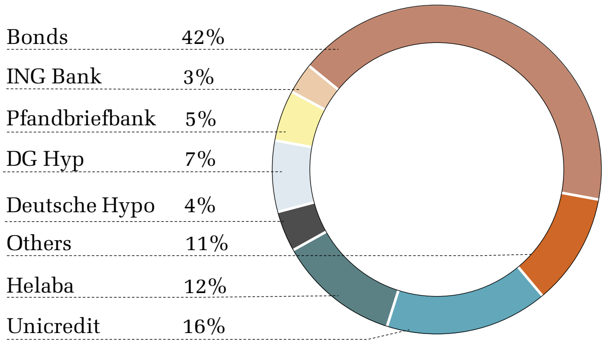
CA Immo has business relations with a large number of financing partners. With around 16% of total outstanding financial liabilities, the main financing bank in terms of the credit volume is the UniCredit Group. As the chart shows, Helaba, DG Hyp, Pfandbriefbank, Deutsche Hypo and ING also accounted for significant shares as at the key date.

FINANCIAL DEBT AS OF 31.12.2018*
(Basis: € 2.4 bn)



*Including proportionate joint venture financing and contractually agreed credit lines for follow-up financing of development projects

FINANCING SPLIT BY BANKS*
(Basis: € 2.4 bn)



*Including proportionate joint venture financing and credit lines for follow-up financing of development projects

RESULTS

KEY FIGURES FROM THE INCOME STATEMENT

Sustained earnings

Rental income for CA Immo increased by 6.7% to € 192,440 K in 2018. This positive development was essentially achieved through the acquisition of the Warsaw Spire Building B in Warsaw and the associated increase in rent. In addition, completion of the KPMG building and a large-scale new letting in Berlin provided impetus for growth.

As the table on the page opposite shows, the company was able to more than compensate for the drop in rent of € 4,391 K resulting from property sales thanks to inflows from those acquisitions.

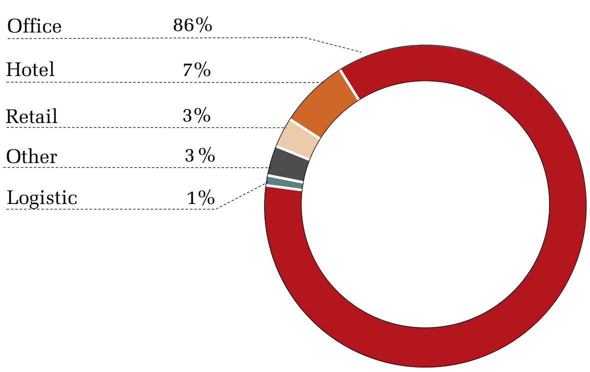
Incentive arrangements from various lease agreements (in particular rent-free periods) are linearised for the total term of the lease contract. Rental income therefore shows the effective economic rent and not the actual cash-relevant rent during the period. Of the rental income for business year 2018, linearisation of this kind accounted for € 1,270 K (€ 678 K in 2017).

In year-on-year comparison, property expenses directly attributable to the asset portfolio, including own operating expenses, increased by 1.9% from €–16.923 K to €–17.239 K. The main expenditure items are vacancy costs and operating expenses that cannot be passed on (€–4,278 K), agency fees (€–3,057 K), maintenance (€–5.934 K), allowances for bad debt (€–1,174 K) and other directly attributable expenses (€–2,795 K). While maintenance expense was flat, agency fees and other expenses fell in yearly comparison. Bad debt losses and individual value adjustments were up compared to the previous year.

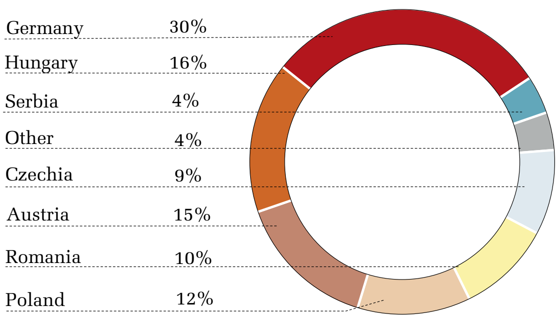
The net result from renting attributable to letting activities rose by 7.2% (from € 163,358 K to € 175,201 K) after the deduction of direct management costs. The operating margin on letting activities (net rental income in relation to rental income), an indicator of the efficiency of the rental business, increased from 90.6% to 91.0%

Other expenditure directly attributable to project development stood at €–6,141 K at year end (€–2,844 K in 2017).

RENTAL INCOME BY MAIN USAGE (Basis: € 192.4 m)



RENTAL INCOME BY COUNTRY (Basis: € 192.4 m)



CHANGE IN RENTAL INCOME FROM 2017 TO 2018

€ m	Austria	Germany	CEE	Total
2017	**30.8**	**52.8**	**96.7**	**180.3**
Change				
Resulting from indexation	0.6	1.1	2.4	4.2
Resulting from change in vacancy rate or reduced rentals	–1.8	2.7	1.3	2.2
Resulting from new acquisitions	0.0	0.0	1.9	1.9
Resulting from whole-year rental for the first time	0.0	0.0	4.6	4.6
Resulting from completed projects	0.2	2.6	0.9	3.7
Resulting from sale of properties	–1.7	–0.8	–1.9	–4.4
Total change in rental income	**–2.6**	**5.6**	**9.2**	**12.2**
2018	**28.1**	**58.4**	**105.9**	**192.4**

INDIRECT EXPENSES

€ 1,000	2018	2017
Personnel expenses	–42,035	–37,093
Legal, auditing and consulting fees	–8,686	–7,412
Third party acquired development services	–4,939	–3,250
Office rent	–1,649	–1,694
Travel expenses and transportation costs	–1,272	–1,242
Other expenses internal management	–3,324	–2,636
Other indirect expenses	–4,850	–4,030
Subtotal	**–66,756**	**–57,357**
Own work capitalised in investment property	9,801	10,138
Change in properties held for trading	3,708	2,601
Indirect expenses	**–53,247**	**–44,618**

Property sales result
Trading revenue of € 44,417 K (previous year: € 54,209 K) was generated in 2018 in connection with the scheduled sale of properties held in current assets and construction services. This income was counteracted by book value deductions and other directly attributable expenditure of € –37,011 K. The trading portfolio thus contributed a total of € 7,406 K to the result, compared to € 15,960 K in 2017. As at year end, the remaining volume of properties intended for trading stood at € 44,468 K.

Profit from the sale of investment properties of € 8,225 K was substantially below the previous year's value of € 28,802 K. The biggest contribution came from a non-strategic property sale in Munich.

Income from services
Gross revenue from services grew by 9.3% compared to prior year at € 12,145 K (€ 11,109 K in 2017). Alongside development revenue for third parties via the subsidiary omniCon as a major contribution, this item contains revenue from asset management and other services to joint venture partners.

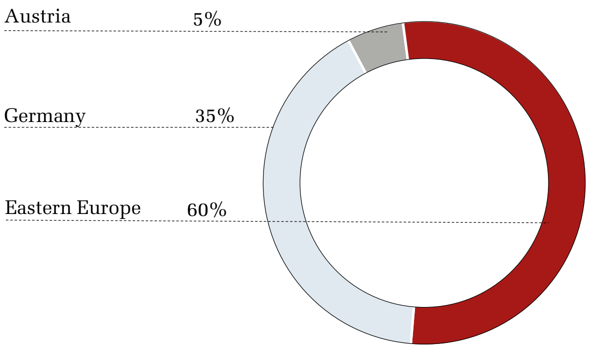
Indirect expenditures
In 2018 indirect expenditures rose 19.3% from the previous year's figure of € –44,618 K to € –53,246 K. This increase was mainly driven by higher personnel expenses (€ –42,035 K compared to € –37,093 K in 2017). This item also contains expenditure counterbalancing the aforementioned gross revenue from services. As the table on the previous page shows, total indirect expenditure includes the item 'Internal expenditure capitalised', which stood at € 9,801 K (2017: € 10,138 K). This item may be regarded as an offsetting position to the indirect expenditures which counterbalance that portion of internal project development expenditure, provided it is directly attributable to individual development projects and thus qualifies for capitalisation.

Other operating income
Other operating income stood at € 1,485 K compared to the 2017 reference value of € 1,051 K.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)
Earnings before interest, taxes, depreciation and amortisation (EBITDA) stood at € 145,075 K, down –16.1% on the previous year's level of € 172,818 K. This negative development was predominantly driven by a lower property sales result compared to prior year.

The contribution of the various regional segments to overall earnings is as follows: with an EBITDA of € 87,687 K, the CEE segment generated a share of approximately 60%. The largest contribution of the CEE core markets was attributable to Hungary, which generated an EBITDA of € 26,437 K (18%), followed by Poland with € 21,025 K (14%). Germany accounted for € 50,386 K (35%) and the Austria segment contributed € 7,002 K (5%).

EBITDA (Basis: € 145.1 m)



Revaluation result
The total revaluation gain of € 293,220 K in 2018 was counterbalanced by a revaluation loss of € –16,759 K. The cumulative revaluation result of € 276,461 K was therefore highly positive and significantly above the value of the previous year (€ 103,865 K in 2017).

This results reflects the extremely positive market environment specifically in Germany, the most important core market of CA Immo. In the German real estate market, as in the previous year, the booming investment activity and further yield compression continued in 2018 – in combination with strong fundamental data of the letting markets. This was reflected accordingly in CA Immo's valuation result and the figures for business year 2018. The company's successful property development activity covering four project completions in 2018 provided additional impetus.

The biggest contribution to the revaluation gain was delivered by the projects Cube and MY.B (Berlin), MY.O (Munich) and ONE, which are currently under construction, as well as by undeveloped plots of land in Berlin and Frankfurt. In addition, the existing buildings Skygarden and Kontorhaus (Munich) along with the KMPG building in Berlin and the InterCity Hotel at Frankfurt main station, both completed in 2018, delivered significantly positive contributions to the valuation result.

In regional terms, the revaluation result for Germany totalled € 199,910 K. Austria reported a positive result with € 26,877 K, as well as CEE with a gain of € 49,674 K. The biggest contribution to the revaluation result in CEE was delivered by the project Orhideea Towers in Bucharest (completed in 2018) and the Warsaw Spire B office building acquired in the Polish capital in 2017.

Result from joint ventures

Current results of joint ventures consolidated at equity are reported under 'Result from joint ventures' in the consolidated income statement. In 2018 this contribution totalled € 23,354 K (2017: 71,564 K). The result contains a positive effect in connection with the sale of Tower 185 in Frankfurt (closing in the first quarter of 2018) totalling € 10,166 K (of which € 8,531 K relate to the reversal of deferred taxes).

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) stood at € 442,271 K on key date 31 December 2018, 28.4% up from the corresponding figure for last year of € 344,401 K – in particular due to the high revaluation result.

In regional terms, the Germany segment contributed the biggest share to Group EBIT with € 261,325 K, or 59%. On an EBIT basis, Austria generated € 39,029 K in 2018 (9%), with CEE contributing € 141,916 K (32%).

Financial result

The financial result for 2018 was € –46,071 K, compared to € –41,456 K last year. In detail, the elements of the financial result developed as follows:

The Group's financing costs, a key element in long-term earnings, were reduced significantly to € –36,966 K despite a higher financing volume (2017: € –42,010 K). The continual optimisation of the financing structure had therefore positive effects also in 2018.

In addition to interest paid as shown in the income statement, financing costs of € 7,598 K (€ 4,907 K in 2018) with a weighted average interest rate of 2.36% (2017: 2.38%) were capitalised in business year 2018 in connection with the construction of real estate.

The result from derivatives delivered a negative contribution of € –21,301 K (against € –8,068 K in 2017). The result for 2018 includes a derivative valuation for the convertible bond in the amount of € –14,905 K issued in October 2017. The result from financial investments of € 11,081 K was above the prior year (€ 7,665 K in 2017). This result includes income from dividends in the amount of € 3,836 K (2017: € 3,288 K).

Other items in the financial result (other financial income/expense, result from other financial assets and result from associated companies and exchange rate differences) totalled € 1,115 K (€ 957 K in 2017).

Earnings before taxes (EBT)

On the basis of the earnings performance outlined above, earnings before taxes (EBT) of € 396,200 K increased by 30.8% year-on-year (2017: € 302,945 K).

Taxes on income

Taxes on earnings amounted to € –90,896 K in 2018 (compared to €–64,805 K in 2017).

Result for the period

The result for the period reached € 305,293 K, 28.2% above the previous year's value of € 238,135 K and the highest level in the history of the company. Earnings per share amounted to € 3.28 on 31 December 2018 (€ 2.55 per share in 2017).

Cash flow

Gross cash flow stood at € 129,765 K in 2018, compared to 135,190 K in 2017. Cash flow from operating activities takes account of changes in current assets linked to the sale of properties intended for trading and totalled € 109,329 K as at key date 31 December 2018 (€ 132,460 K in 2017).

Cash flow from investment activities, which comprises the net balance between investments and real estate sales, stood at €–200,005 K in 2018 compared to the previous year's value of €–193,756 K. Amongst other things, this item includes the acquisition of the office assets Visionary in Prague and Campus 6.1 in Bucharest.

Cash flow from financing activities of € 84,254 K (€ 49,968 K in 2017) includes the corporate bond issuances in September 2018 (€ 150 m).

CASH FLOW STATEMENT: SHORT VERSION

€ m	2018	31.12.2017 restated	Change in %
Cash and cash equivalents - beginning of the business year	383.5	395.1	–3
Cash flow from			
- business activities	109.3	132.5	–17
- investment activities	–200.0	–193.8	3
- financing activities	84.3	50.0	69
Changes in cash and cash equivalents	**–6.4**	**–11.3**	**–43**
Other Changes [1]	–2.8	–0.5	>100
Cash and cash equivalents - end of the business year	**374.3**	**383.3**	**–2**

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

Funds from operations (FFO)

An FFO I of € 118,467 K was generated in 2018, 11.3% above the previous year's value of € 106,414 K. FFO I per share stood at € 1.27 at the reporting date, an increase of 11.7% in year-on-year comparison (2017: € 1.14 per share). The FY 2018 guidance of > € 115 m was therefore solidly exceeded. FFO I, a key indicator of the Group's long-term earnings power, is reported before taxes and adjusted for the sales result and other non-permanent effects.

FFO II, which includes the sales result and applicable taxes and indicates the Group's overall profitability totalled € 111,344 K (€ 173,147 K in 2017). FFO II per share amounted to € 1.20 at the reporting date (2017: € 1.86 per share).

FUNDS FROM OPERATIONS (FFO)

€ m	2018	2017 restated
Net rental income (NRI)	175.2	163.4
Income from services rendered	12.1	11.1
Other expenses directly related to properties under development	–6.1	–2.8
Other operating income	1.5	1.1
Other operating income/expenses	7.5	9.3
Indirect expenses	–53.2	–44.6
Result from investments in joint ventures [1]	4.0	8.0
Finance costs	–37.0	–42.0
Result from financial investments	9.2	7.7
Other adjustments [2]	12.8	4.7
FFO I (excl. trading and pre taxes)	**118.5**	**106.4**
Trading result	7.4	16.0
Result from the sale of investment properties	8.2	28.8
Result from sale of joint ventures	1.6	0.9
At-Equity result property sales	13.6	5.2
Result from property sales	30.8	50.8
Current income tax	–40.0	–16.3
Current income tax of joint ventures	–1.0	–1.7
Other adjustments	–16.8	–14.6
Other adjustments FFO II [3]	19.8	48.6
FFO II (incl. trading and after taxes)	**111.3**	**173.1**

[1] Adjustment for real estate sales and non-sustainable results
[2] Includes among others expenses related to developments and early repayments of financial liabilities as well as other non-recurring or non-periodical expenses
[3] Taxes in connection with the sale of Tower 185 in Frankfurt

BALANCE SHEET ANALYSIS

Assets

As at the balance sheet date, long-term assets amounted to € 4,690,748 K (87.6% of total assets). The growth of investment property assets on the balance sheet to € 3,755,196 K (€ 3,155,677 K in 2017) reflects the strong portfolio growth throughout 2018 both organically by adding development project completions as well as externally by selective acquisitions of investment properties in CEE.

The balance sheet item ‘Property assets under development’ increased by 12.5% to € 651,575 K compared to 31 December 2017, mainly due to construction progress on active development projects. Total property assets (investment properties, properties used for own purposes, property assets under development and property assets held as current assets) amounted to € 4,470,606 K on the key date, hence up on the level for the end of 2017 (€ 3,813,811 K).

The net assets of joint ventures are shown in the balance sheet item ‘Investments in joint ventures’, which stood at € 200,012 K on the key date (€ 214,950 K in 2017).

Cash and cash equivalents stood at € 374,302 K on the balance sheet date, mostly at the level for 31 December 2017 (€ 383,288 K).

Liabilities

Equity

At year end, the Group’s equity stood at € 2,639,697 K, 9.1% up compared to € 2,419,270 K on 31.12.2017. Aside from the result for the period of € 305,293 K, this also reflects the payment of a dividend (€ –74,423 K) and the acquisition of own shares (€ –4,662 K).

Since the start of the year, the Group’s total assets have increased by around 12.8% to € 5,355,504 K (31 December 2017: € 4,749,736 K). Despite the increase in assets, the equity ratio of 49.3% as at the key date remained stable and within the strategic target range (31.12.2017: 50.9%).

Interest-bearing liabilities

As at the key date, interest-bearing liabilities amounted to € 1,943,394 K, 11.1% above the previous year’s value of € 1,749,330 K. Net debt (interest-bearing liabilities less cash and cash equivalents) increased from € 1,365,068 K in the previous year to € 1,566,888 K. Gearing (ratio of net debt to shareholders’ equity) was 59.4% at year end (31.12.2017: 56.4%). The loan-to-value ratio (financial liabilities less cash and cash equivalents to property assets) stood at 35.0% after 35.8% in 2017.

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

KEY FINANCING FIGURES

€ m	2018	2017 restated
Shareholders' equity	**2,639.7**	**2,419.3**
Long-term interest-bearing liabilities	1,723.7	1,680.4
Short-term interest-bearing liabilities	219.6	68.9
Cash and cash equivalents	–374.3	–383.3
Restricted cash	–2.2	–1.0
Net debt	**1,566.9**	**1,365.1**
Equity ratio	49.3	50.9
Gearing	59.4	56.4
Loan to Value (Net)	35.0	35.8
Loan to Value (Gross)	43.5	45.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION: SHORT VERSION

	2018		2017 restated		Change
	€ m	in %	€ m	in %	in %
Properties	4,412.0	82	3,740.5	79	18
Investments in joint ventures	200.0	4	214.9	4	–7
Intangible assets	5.7	0	6.7	0	–15
Financial and other assets	71.1	2	91.9	2	–23
Deferred tax assets	2.0	0	1.9	0	1
Long-term assets	**4,690.7**	**88**	**4,056.0**	**85**	**16**
Assets held for sale and relating to disposal groups	15.1	0	40.1	1	–62
Properties held for trading	44.5	1	36.5	1	22
Receivables and other assets	116.3	2	116.2	2	0
Securities	114.5	2	117.7	3	–3
Cash and cash equivalents	374.3	7	383.3	8	–2
Short-term assets	**664.8**	**12**	**693.8**	**15**	**–4**
Total assets	**5,355.5**	**100**	**4,749.7**	**100**	**13**
Shareholders' equity	2,639.7	49.29	2,419.3	50.93	9
Shareholders' equity as a % of total assets	49.3		50.9		
Long-term interest-bearing liabilities	1,723.7	32.2	1,680.4	35.38	3
Short-term interest-bearing liabilities	219.6	4.1	68.9	1.5	>100
Other liabilities	425.6	7.9	284.3	5.98	50
Deferred tax assets	346.8	6.5	296.9	6.25	17
Total liabilities and shareholders' equity	**5,355.5**	**100**	**4,749.7**	**100**	**13**

Net asset value

NAV (shareholders' equity) stood at € 2,639,697 K on 31 December 2018 (€ 28.73 per share) against € 2,419,270 K at the end of 2017 (€ 25.95 per share); this represents an increase per share of 9.3%. Aside from the annual result, the change reflects the other changes to equity outlined above. Adjusted to account for the dividend payment of € 74,423 K (0.80 € per share) the growth in NAV per share for business year 2018 was 12.4%.

The table below shows the conversion of NAV to NNNAV in compliance with the best practice policy recommendations of the European Public Real Estate Association (EPRA). The EPRA NAV was € 33.30 per share as at the key date (2017: € 30.09 per share). The EPRA NNNAV per share after adjustments for financial instruments, liabilities and deferred taxes, stood at € 30.08 per share as at 31 December 2018 (€ 27.29 per share in 2017). The share buyback programme has slightly reduced the number of shares outstanding to 93,028,299 on the key date (93,226,282 on 31.12.2017).

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

€ m	31.12.2018	31.12.2017 restated
Equity (NAV)	**2,639.6**	**2,419.2**
Exercise of options	0.0	0.0
NAV after exercise of options	**2,639.6**	**2,419.2**
NAV/share in €	28.4	25.9
Value adjustment for [1]		
- Own used properties	7.3	6.3
- Short-term property assets	111.4	79.8
- Financial instruments	0.0	0.8
Deferred taxes	339.5	298.9
EPRA NAV after adjustments	**3,097.8**	**2,805.1**
EPRA NAV per share in €	**33.3**	**30.1**
Value adj. for financial instruments	0.0	–0.8
Value adjustment for liabilities	–47.1	–41.8
Deferred taxes	–252.1	–218.6
EPRA NNNAV	**2,798.7**	**2,543.8**
EPRA NNNAV per share in €	**30.1**	**27.3**
Change of NNNAV against previous year	10.2%	10.9%
Price (key date)/NNNAV per share	–8.2%	–5.4%
Number of shares excl. treasury shares	93,028,299	93,226,282

[1] Includes proportionate values from joint ventures

OUTLOOK

LIKELY DEVELOPMENTS AND THE MAIN OPPORTUNITIES AND RISKS

Many forecasts expect the positive economic development in Europe to continue in the years 2019 and 2020, even if the momentum is believed to weaken. Over this period, we expect to see stable overall conditions in the key CA Immo core markets. With the environment in Germany remaining fundamentally strong, core markets in Eastern Europe are also reporting clear growth trends. In addition, the financing and interest rate environment will continue to define the real estate sector in 2019.

Strategy

Following successful implementation of the strategic programmes of recent years, CA Immo has obtained an excellent market position in its core markets. The year 2018 was characterised by strong portfolio growth. In addition to a surge in organic growth due to the successful completion of four development projects in Berlin, Vienna, Bucharest and Frankfurt and their subsequent integration into the Group's portfolio, further purchases of high quality portfolio properties were realised in the CEE core markets of Warsaw, Prague and Bucharest.

The associated significant increase in the Group's annual rental income, coupled with an optimised financing structure, directly strengthens the sustainable profitability and dividend capacity of CA Immo.

Development

Organic growth through the development of high quality core office properties in the core markets of CA Immo, especially in Germany, will remain critically important in the business years ahead. The office development projects under construction on Kunstcampus, MY.B and Cube (Berlin) as well as the third construction phase WA3 of the residential project in Munich-Baumkirchen are scheduled for completion by the end of 2019.

Moreover, dates for the commencement of construction work will quickly be assigned to development projects at the preparation stage. Apart from an office building in Prague, this applies to several residential projects, which are achievable on existing land reserves earmarked for residential units. For more information and details, please refer to the “Strategy”, ‘Project development’ and “Development potential” section.

Rental business

In like-for-like comparison, rental levels, as in the previous year, are expected to develop positively across the portfolio in the 2019 business year. In addition to good overall economic conditions with historically low vacancy rates in several core cities, rental price growth is expected to continue, especially in Germany.

Financing

The environment for refinancing from expiring project financing of the CA Immo Group is still assessed as positive. In the property development area, we also expect the availability of bank financing under competitive conditions to remain healthy in our core market of Germany. Thanks to a significant rise in the interest rate hedging ratio over the past two years to over 90% on the key date, the robustness of the Group’s cash flow has been assured substantially, even in the event of rising interest rates. For more information and details, please refer to the ‘Financing’ section. The Group's investment grade rating (Baa2 by Moody's) remained unchanged over the period under review and the outlook was raised to stable.

Key factors that may influence our business plans for 2019 include:

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

FINANCIAL PERFORMANCE INDICATORS

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

The primary financial performance indicator is the net income generated with the money shareholders have invested **(return on equity** or RoE). The aim is to produce a figure higher than the calculated cost of capital (assuming a medium-term rate of around 7.0%), thus generating shareholder value. At 12.1% in 2018 (2017: 10.3%), this figure was above the target value. With the successful strategy implementation of recent years and strong positioning of the CA Immo Group, the ground was prepared for generating a return on equity over the long term, and one that exceeds the cost of equity (see the "Strategy" section).

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

FFO I, a key indicator of the Group’s long-term earning power, is reported before taxes and adjusted for the sales result and other non-permanent effects. For business year 2018 the FFO I target was defined as > € 115; this was achieved with actual values of € 118.5 m (€ 1.27 per share). FFO II, which includes the sales result and applicable taxes, is an indicator of the overall profitability of the Group.

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

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

- The **occupancy rate** indicates the quality of the portfolio and the success in managing it. With an occupancy rate of 94.4%, CA Immo is above market average.
- The **quality of a location** and its infrastructure are critical to the marketability of properties. The majority of CA Immo office properties are situated in CBD- or central business locations of Central- and Eastern European cities.
- **Sustainability Certificate**: As at reporting date, 79%[1] of the CA Immo office portfolio is certified according to LEED, DGNB or BREEAM standard (please refer to section Sustainability).
- **Local presence** and market knowledge: CA Immo has branch offices on its core markets to ensure efficient management and tenant retention

[1] Basis: office properties, by book value

EMPLOYEES

Stable employee structure

As at 31 December 2018 the number of international employees totaled 382[1] employees across the Group (31.12.2017: 378[2]). Germany is CA Immo's core market for staff with around 50% working here, followed by Eastern Europe (25%) and Austria (20%). The remaining 5% account for employees of the 100% construction subsidiary omniCon in Basel. Of the 210 German employees, 96 worked for omniCon as at reporting date (2017: 85), including 20 staff members of the omniCon branch in Basel.

Branch offices on core markets

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

Employee profit sharing scheme

CA Immo envisages variable profit sharing for all employees linked to the attainment of budgeted annual targets and positive consolidated net income. For full details, please refer to the 'remuneration report'.

KEY ASPECTS IN HUMAN RESOURCES MANAGEMENT

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

Where people love to work

CA Immo launched an employer branding campaign in 2018. Entitled 'Where people love to work: The office specialist is hiring specialists', the campaign aimed to enhance the visibility and profile of the company as a fast-growing employer, especially in the German real estate and construction sectors. Events such as an EXPO Career Day, presentations and guided project site tours for students were accompanied by a media drive in 2018.

Training and supporting young talents

The CA Immo Academy offers training and modular courses in the three core areas of professional expertise, social skills and health. Moreover, CA Immo provides specific support for international best practice exchange among employees. Under the project FIRE (Focus International Relation Experience) working groups were held also in 2018, aiming at exchanging innovations, international networking and internal promotion of young talents ("Fit for Future").

PERSONNEL DISTRIBUTION WITHIN THE CA IMMO GROUP [3]

	31.12.2018		31.12.2017	Change		Joining / Leaving	Fluctuation rate [4]
	Total employees (Headcounts)	Thereof women in %	Total employees (Headcounts)	absolute	in %		in %
Austria	77	57	81	–4	–5	8/13	16,7
Germany/Switzerland[5]	210	40	195	15	8	50/41	20,3
Eastern Europe	95	78	102	–7	–7	11/19	19,6
Total	**382**	**53**	**378**	**4**	**1**	**69/73**	**19,4**

[3] Thereof around12% part time staff; includes 23 employees on a leave of absence; excludes 14 headcounts of joint venture companies [4] Fluctuation rate: personnel departures x 100 / average number of employees [5] At the end of 2018, 20 local employees were employed at the branch of wholly owned CA Immo construction subsidiary omniCon in Basel, which was founded in 2014

[1] Of which around 12% are part-time staff; including 23 employees on unpaid leave across the Group.

[2] Of which around 10% are part-time staff; including 18 employees on unpaid leave.

GROUP MANAGEMENT REPORT

AVERAGE ABSENCES FROM WORK BY REGIONS

in days		Vacation	Illness [1]	Qualification
Austria	Women	22	6	2
	Men	26	4	3
Germany	Women	27	12	1
	Men	27	7	2
Eastern Europe	Women	24	2	4
	Men	21	4	3

[1] Excludes one long-term sick leave case (LTSL) in Austria and two LTSL in Germany. Including these LTSL, the average of sick leaves of women in Austria would be 11 days and for men in Germany 9 days.

Fit2Work: Health and Efficiency in everyday office life

The fit2work project ensures promoting and maintaining employees' capacity to work and performance levels. Appropriate Trainings and tutorials are offered to staff members in order to minimise health risks such as burn out, long term sick-leaves or early retirements.

Safety at work

One accident on the way to or from work in Austria as well as one accident at work in Germany were reported during reporting year 2018. Absences resulting from these accidents were not longer than one month in each case. No other serious occupational injuries (serious injuries are defined as those requiring the employee to consult a doctor), illnesses or absences by CA Immo employees were reported in 2018. CA Immo employees on construction sites received regular safety guidance along with health and safety plans. The safety of subcontractor staff has to be ensured by the subcontractor companies.

charta der vielfalt

SIGNED

The corporate governance report contains details on measures aimed at **advancement of women** and **reconciling professional and family life**.

PERSONNEL DISTRIBUTION BY AGE AND CATEGORIES (TOTAL: 382 EMPLOYEES) [1]

PERSONNEL DISTRIBUTION BY AGE AND CATEGORIES (Total: 382 employees) [1]

Employees [2]

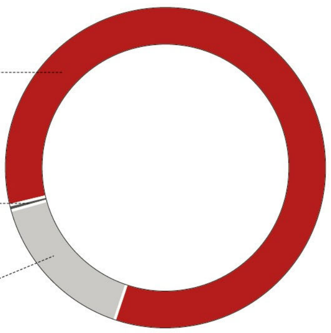
320 employees	<28	29–48	49<
F	6 %	43 %	10 %
M	2 %	27 %	12 %

Management Board

2 employees	<28	29–48	49<
F	0 %	0 %	0 %
M	0 %	50 %	50 %

Executives [3]

60 employees	<28	29–48	49<
F	0 %	22 %	2 %
M	0 %	45 %	31 %



[1] Excludes 14 employees (as at 31 December 2018) of the Joint Venture companies.
[2] thereof 1 % with handicap.

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

SUPPLEMENTARY REPORT

The following activities are reported for the opening months of business year 2019:

Personnel changes to the Management Board
In its meeting of 8 March 2019, the Supervisory Board of CA Immo appointed Dr. Andreas Schillhofer as the new Chief Financial Officer (CFO) of the Company. Andreas Schillhofer will take office by 1 October 2019 at the latest.

Sales
By selling the Austria Trend Hotel in Ljubljana, Slovenia, a transaction that had been agreed at the end of last year and closed at the end of January 2019, CA Immo finally withdrew from its long-term secondary market of Slovenia.

RESEARCH AND DEVELOPMENT

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

In the course of theoretical and practical research activity, CA Immo maintains partnerships with other companies and research institutions. For example, CA Immo is a **partner to the Office 21 joint research project of the Fraunhofer IAO Institute** (www.office21.de). The current research phase extending from 2016 to 2018 is focused on the success factors in creating a working environment that promotes innovation while linking analyses of best practice to pertinent research findings.

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

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

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

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

EPRA REPORTING

To enhance transparency and facilitate comparisons with other listed property companies, CA Immo publishes a range of key performance measures pursuant to EPRA ("European Public Real Estate Association"), the leading interest body for listed property companies, standards. These figures may differ from the values reported under IFRS guidelines. CA Immo applies the latest version of EPRA's "Best Practices Recommendations" for the figures stated. These recommendations are available on the EPRA website (http://www.epra.com/regulation-and-reporting/bpr/).

EPRA KEY PERFORMANCE MEASURES

		31.12.2018
EPRA NAV	€ m	3,097.8
EPRA NAV per share	€	33.30
EPRA NNNAV	€ m	2,798.7
EPRA NNNAV per share	€	30.08
EPRA Net Initial Yield [1]	%	5.0
EPRA "topped-up" Net Initial Yield [1]	%	5.0

[1] Excludes the project completions Campus 6.1 and Orhideea Towers (Bucharest), ViE (Vienna) and Visionary (Prague), which have been transferred to the investment portfolio and are still in the stabilisation phase

RISK REPORT

THE CA IMMO RISK CATALOGUE

STRATEGIC RISKS

CAPITAL MARKET
Acquiring equity/ loan capital

GEOPOLITICAL RISKS
Country-specific risk

MARKET AND LIQUIDATION RISK
Market enviroment

CLUSTER RISK
Region
Property size
Tenants
Strategic portfolio risk (Asset class/main usage)

PROPERTY-SPECIFIC RISKS

REAL ESTATE
Costing/valuation risk

ASSET MANAGEMENT
Operational and geographical risks

LOCATION
Site risk

INVESTMENT
Due diligence
Project development risks
Partner risks

PROFIT FLUCTUATION
Risk to revenue, Inflation, vacancy
Market risk, yield
Resale risk
Loss of rent risk, tenants
Legal changes (rent, operating costs)

PROPERTY MANAGEMENT
Quality (property management, ageing properties, technical design, sabotage/ terrorism)

CONTRACTUAL RISK
Contract partners, Legal certainty, land register

ENVIRONMENT
Contaminated sites
Construction materials

GENERAL BUSINESS RISKS

FINANCIAL RISKS
Liquidity risk
Foreign exchange risk
Interest rate risk
financial information and communication
IMS controlling

CORPORATE ORGANISATION
Organisational structure
Expertise
Personnel
EDP/information systems
Regulatory changes

INSURANCE/LEGAL RISKS
Risk of legal changes, accounting
Taxation risk
Insufficient insurance cover

CORPORATE GOVERNANCE
(corporate management)

DISASTER

GLOBAL ECONOMIC RISKS
Stock market crash

PROPERTY MARKET
Real estate crash

LOSS OF REAL ESTATE
Destruction of real estate
Uninsurable catastrophic loss

RISK MANAGEMENT AT CA IMMO

To ensure the success of CA Immo as a business over the long term and enable the company to meet its strategic objectives, effective management of new and existing risks is essential. A commensurate measure of risk must be accepted if we are to utilise market opportunities and exploit the potential for success they hold. For this reason, risk management and the internal monitoring system (IMS) deliver an important contribution to the Group's corporate governance (defined as the principle of responsible management).

Strategic alignment and tolerance of risk

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

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

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

KEY FEATURES OF THE INTERNAL MONITORING SYSTEM (IMS)

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

STRATEGIC RISKS

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

The global **financial market and economic crisis** and the sovereign debt crisis (especially in the eurozone) have in the past had a significant negative impact on the asset, financial and revenue positions of CA Immo. Even though the upturn in the eurozone, apparent since the 2009 financial crisis, has levelled off, another future crisis could have highly adverse consequences for CA Immo.

In their outlooks for 2019, experts indicate that global economic growth has passed its peak. Economic momentum may slow down not only in the eurozone but also in many emerging countries – according to the World Economic Outlook of the International Monetary Fund

(IMF)[1]. A global economic downturn is not expected for 2019. There may be political stress factors, in particular, that will cause market volatility. The budgetary conflict with Italy and the worries over an unregulated BREXIT are also putting a strain on Europe. In addition to this there is the global trade war – particularly between the USA und China.

The IMF predicts global growth of 3.5% for 2019. This is expected to rise a little more sharply at 3.6% for the following year. In Germany, CA Immo's largest market, growth this year is expected to be slow at only 1.3%; 0.6 percentage points less than last autumn. The German economy is only expected to recover again in 2020 with an increase of 1.6%. The OECD anticipates a further slowdown for the eurozone to 1.8% and 1.6% in 2020.[2]

Moreover, the effects of the relaxed **monetary policy** pursued by central banks over recent years cannot be foreseen at present. A further extension to expansive monetary policy could give rise to financial instability, resulting in asset and financial bubbles that would adversely impact economic growth.

In contrast, a slight increase in inflation predicted for 2019 could cause the central banks to continue tightening their expansive monetary policy which would, in turn, lead to higher interest rates. Although the economic environment remains characterised by low interest rates and relatively high property portfolio valuations, the possibility of an **interest rate rise** negatively affecting the real estate market – and thus property valuations and the divestment plans of CA Immo – cannot be discounted. Acquiring equity and loan capital could become significantly more difficult, making expansion plans impossible or only partially feasible.

The possible reintroduction of national **currencies** by individual eurozone members would also have grave consequences for the economies and financial markets of Europe. Finally, the departure of other nations from European currency union could lead to a complete collapse of the monetary system.

Geopolitical risks such as political instability, lack of basic legislation and arbitrary government practices offset the economic opportunities offered by enterprises in other countries. Consequently, enterprises operating in an unstable region have to factor in significant impacts on their business activities, such as tax increases, customs duties, export bans, expropriations and seizure of assets. Where properties are concentrated too strongly in a single region, these factors can also have a considerable influence on the profitability of the CA Immo Group. It is therefore vital to keep an eye on geopolitical tensions and political factors.

PROPERTY-SPECIFIC RISKS

Risks linked to the market environment and composition of the portfolio

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

Given the continuing urbanisation trend world-wide, residential property markets in conurbations remain attractive. This applies to Germany, CA Immo's largest core market, where supply cannot keep pace with rising demand in many major cities. In the commercial property sector, according to experts, office premises in global metropolitan regions could benefit from the increasing importance of the service sector. Uncertainties associated with Great Britain's exit from the EU have given a further boost to the German property market, particularly in Frankfurt. Alongside Berlin and Munich, Frankfurt is one

[1] International Monetary Fund (IMF). 2018. World Economic Outlook 2018: Challenges to Steady Growth. Washington, DC: IMF. https://www.imf.org/en/publications/weo.

[2] International Monetary Fund (IMF). 2018. World Economic Outlook 2018: Challenges to Steady Growth. Washington, DC: IMF. https://www.imf.org/en/publications/weo.

of the top three German investment locations for large-volume core properties. However, property values depend not just on the development of rental rates but also real estate starting yields. The historically high price of property investment is combining with low real estate yields to create risks to the **value of properties** in the CA Immo portfolio. Due to sustained pressure from investors there is also the risk that properties will only be available to purchase at inflated prices. The possibility of an increase in general interest rates forcing property yields up and values down cannot be ruled out.

CA Immo counters **market risk** by spreading its portfolio across various countries. CA Immo counters **country-specific risk** by concentrating on defined core regions through local subsidiaries with their own on-site staff, and through appropriate regional allocation within those core markets. Market knowledge, continual evaluation of strategy and monitoring of the portfolio and purposeful portfolio management in the context of strategic decision-making (e.g. defining exit strategies, medium-term planning of sales) enable the company to respond quickly to economic and political events. CA Immo negates **transfer risk** by repatriating liquid assets from investment markets with a low credit standing. Active portfolio management is aimed at minimising **concentration risk**. In the wake of numerous sales over the past few years (sale of Tower 185 in Frankfurt and of some non-core properties) and the recent Eastern European acquisitions, regional distribution in the portfolio is approaching the desired levels of up to 20% for Austria and, apart from that, an equal distribution across Germany and Eastern Europe. Germany remains the biggest single market of CA Immo, accounting for a share of 44%. The aim here is to maintain property assets of € 250-300 m per core city to uphold consistent market relevance. For **single investments**, CA Immo defines concentration risk as a limit value of 5% of the total portfolio. The only property in this category at the balance sheet date was the Skygarden office building in Munich. The portfolio as a whole is highly diversified: the top ten Group assets represent less than 27% of the total portfolio. The concentration risk in respect of **single tenants** is also manageable. As at 31 December 2018, the top ten tenants were generating some 20% of rental revenue. With an approximate share of 3% of total rental income, PricewaterhouseCoopers followed by Frontex are currently the biggest individual tenants in the portfolio. **Land reserves** and **land development projects** present specific risks owing to the high capital commitment and absence of steady cash inflows; however, they also offer considerable potential for value increases through the securing or enhancement of building rights. Risks are regularly reduced via the sale of non-strategic land reserves. The acquisition of building rights on remaining land will be accelerated through the company's own capacity. The development volume is indicated at approximately 15% of the equity of the CA Immo Group.

Political and economic trends in the countries in which CA Immo is active also have a significant impact on **occupancy rates** and rent losses. The earning power and market value of a property is adversely affected where the Group is unable to extend a rental agreement due to expire under favourable conditions or find (and retain for the long term) suitably solvent tenants. The creditworthiness of a tenant, especially during an economic downturn, may diminish over the short or medium term, which can affect rental revenue in turn. In critical situations, the Group can opt to cut rents in order to maintain an acceptable occupancy rate. Through careful monitoring and proactive measures (such as demanding securities and screening the creditworthiness and reputation of tenants), the Group’s **loss of rent risk** has settled at the low level of approximately 1% of rental income. At present, most outstanding rental payments relate to Eastern Europe. All outstanding receivables are evaluated quarterly and adjusted according to the associated level of risk. The risk of lost rent was taken into account to a sufficient degree in the estimation of property values. Many of the Group’s lease agreements contain stable value clauses, usually taking account of consumer price indices for particular countries. The level of revenue from such rental contracts and new lettings depends heavily on the inflation trend (**sustainable value risk**).

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

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

Risks associated with the project development area

Costs are generally sustained at the early stages of real estate development projects; revenue is not generated until the later phases of a project. Many development projects may be associated with **cost overruns** and **delays** in completion that are frequently caused by factors beyond the control of CA Immo. This can adversely affect the economic viability of individual projects and lead to **contractual penalties** and **compensation claims**. If no suitable tenants are found, this can produce vacancy after completion. CA Immo takes various steps to keep such risks largely under control (cost monitoring, variance analyses, long-term liquidity planning and so on). With few exceptions, projects are only launched subject to appropriate pre-letting.

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

Risks from sales transactions

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

Environmental risks

Environmental and safety regulations serve to standardise active and latent obligations to remediate contaminated sites and complying with these provisions can entail considerable investment expenses and other costs. These obligations may apply to real estate currently or formerly owned by CA Immo, or currently or formerly managed or developed by the company. In particular, the provisions cover **contamination** with undiscovered harmful materials or noxious substances, munitions and other environmental risks such as soil pollution, etc. Several regulations impose sanctions on the discharge of emissions into air, soil and water: this can make CA Immo **liable** to third parties, significantly impact the sale and letting of affected properties and adversely affect the generation of rental revenue from such properties. **Natural disasters** and extreme weather conditions can also cause considerable damage to real estate. Unless sufficient **insurance** is in place to cover such damage, this can have an adverse impact. To minimise the risk, CA Immo incorporates these considerations into its assessments prior to every purchase and appropriate guarantees are required from sellers. Wherever possible, the CA Immo Group makes use of environmentally sustainable materials and energy-saving technologies. CA Immo observes the ecological precautionary principle by ensuring all (re)development projects qualify for certification: in this way, stringent specifications regarding green buildings and sustainability are satisfied while the usage of environmentally unsound products is also ruled out.

GENERAL BUSINESS RISKS

Operational and organisational risks

Weaknesses in the CA Immo Group's **structural and process organisation** can lead to unexpected losses or additional expenditure. This risk can arise from shortcomings in **EDP** and other **information systems** as well as human error and inadequate internal inspection procedures. Flawed program sequences as well as automated EDP and information systems pose a significant operational risk where their type and scope fail to take account of business volumes or they are vulnerable to cybercrime. Human risk factors include an insufficient understanding of corporate strategy, inadequate internal risk monitoring (and especially business process controls) and excessive decision-making authority at an individual level, which can also lead to unconsidered actions or a proliferation of decision-making bodies that hinder flexible responses to changes in the market. Some real estate management tasks and other administrative duties are outsourced to third parties outside the company. In the process of transferring administrative tasks, it is possible that knowledge of managed properties and administrative processes can be lost, and that CA Immo could prove incapable of identifying and contractually committing suitable service providers within the necessary timeframe. Nonetheless, the **expertise** possessed by a company and its workforce constitutes a significant competitive factor and a unique point of distinction over competitors. When key members of staff leave, therefore, the company becomes exposed to the risk of loss of expertise, which generally requires significant commitment of corporate resources (money, time, recruitment of new employees) to redress the balance. CA Immo takes various measures to counter these risk factors. In the case of corporate mergers (e.g. the former Vivico and Europolis), structured processes of organisational integration are observed. Process organisation (i.e. system/process integration) is firmly established; activities to ensure the long-term implementation of operational processes are ongoing. The Group structure is regularly scrutinised and examined to ensure predefined structures take account of the size of the company. CA Immo counters risks linked to individual expertise (which can arise with the resignation of key knowledge holders) through regular transfers of knowledge (in training courses) and by documenting know-how (in manuals, etc.) as well as far-sighted staff planning.

Legal risks

In the course of normal business activity the companies of the Group become involved in **legal disputes**, both as plaintiffs and as defendants. Such cases are heard in various jurisdictions. In each case, different procedural law means that competent courts are not always equally efficient; moreover, in certain cases the complexity of issues in dispute can make for protracted proceedings or lead to other delays. CA Immo believes it has made sufficient financial provisions for legal disputes. At present, no lawsuits or arbitration proceedings that could threaten the company's survival are imminent or pending. As publicly announced, CA Immo has become a private party to the BUWOG criminal proceedings (privatisation of state residential construction companies in 2004) with preliminary damages of €200 m. However, the existence of any claims largely depends on the factual circumstances and the outcome of proceedings.

It is not possible to predict changes to **legal provisions**, case law and administrative practice or their impact on business results; such changes may adversely affect real estate values or the cost structure of the CA Immo Group.

Organised crime, and particularly fraud and extortion, is a general risk to commercial activity. Many countries continue to perform very poorly in combating **corruption.** Such illegal activity can lead to considerable financial repercussions and negative publicity.

Taxation risk

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

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

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

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

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

FINANCIAL RISKS

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

CA Immo has fluctuating stocks of cash and cash equivalents which the company invests according to its particular operational and strategic needs and objectives. In some cases, an **investment** may take the form of listed securities or funds, which are subject to a higher risk of loss. Sufficient equity capitalisation will be required for the company to retain its Baa2 investment grade (long-term issuer) **rating** (granted by Moody's in December 2015).

CA Immo counters risk of this kind by continually monitoring covenant agreements and effectively planning and securing liquidity. The financial consequences of strategic aims are also taken into account. To control liquidity peaks, the Group has secured a revolving overdraft facility at parent company level. This also ensures the Group can meet unexpected cash flow requirements. The use of trading income to repay liabilities has had a highly positive effect on the **maturity profile**, which is now largely stable for the years ahead. In line with the investment horizon for real estate, loans are invariably agreed on a long-term basis. As an alternative and supplement to established means of (equity) capital procurement, the company also enters into equity partnerships (joint ventures) at project level. Despite meticulous planning it is not possible to eliminate liquidity risk, however, particularly where capital requests linked to joint venture partners are not viable. CA Immo Deutschland has a high capital commitment, which is typical in the case of development projects. Financing has been secured for all projects under construction; additional financing is required for new project launches.

Interest rate risk
Market-led fluctuations in the interest rate affect both the level of financing costs and the fair value of interest hedging transactions concluded. For financing purposes, CA Immo uses banks at home and abroad and issues corporate bonds, thereby opting for a mix of long-term fixed-rate and floating-rate loans. To hedge against impending

interest rate changes and associated fluctuations in financing costs, greater use is made of derivative financial instruments (interest rate caps, swaps and floors) in the case of floating-rate loans. However, hedging transactions of this kind may prove to be inefficient or unsuitable for achieving targets; they may also result in losses that affect earnings. Moreover, the **valuation of derivatives** can impact negatively on profits and shareholders' equity. The extent to which the Group utilises derivative instruments is guided by assumptions and market expectations in respect of the future interest level, and especially the 3-month Euribor rate. Should these assumptions prove incorrect, the result can be a significant rise in interest expenditure. Continual monitoring of the interest rate risk is therefore essential. No risks constituting a serious and permanent threat to the company exist at the present time. Moreover, CA Immo is increasingly obtaining finance from the capital market. Fixed-interest loans (e.g. in the form of corporate bonds) or loans hedged through derivatives currently account for 95% of the total financing volume. Continually optimising the financing structure in recent years has served to improve the maturity profile and raise the quota of hedged financial liabilities while reducing average borrowing costs. The pool of unencumbered assets – a key factor in the company's investment grade rating – was also raised and the rating of CA Immo was consolidated. The financing profile has thus become more robust.

Currency risk

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

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

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

FINANCIAL RISK MANAGEMENT

RISK	EFFECT	COUNTERMEASURE
UNFORESEEABLE LIQUIDITY REQUIREMENT - Lack of liquidity - Capital requests linked to joint venture partners not viable	- Non-utilisation of opportunities - Distress sales - Insolvency	- Continual analysis, planning and monitoring of liquidity - Optimisation of investment - Cash pooling
FINANCING - Breach of covenants - Non-extension of expiring credit - Follow-up financing not secured after project phase	- Cost disadvantages during credit term - Additional requirement for equity or liquidity	- Continual monitoring of the viability of real estate and the fulfilment of covenants from loan agreements - Conclusion of project-related loan agreements, ideally for the long term - Establishment of a liquidity reserve
DEVELOPMENT OF EXCHANGE RATES - Evaluation of EUR/foreign currency relations	- Significant fluctuation in earnings owing to exchange rate gains/losses	- Harmonising of loan and rental agreements - Rapid conversion of free liquidity into EUR - Forward cover, especially for construction contracts - Restrictive approach to foreign currency loans
INTEREST RATE CHANGES/ EVALUATION OF INTEREST RATE HEDGING - Evaluation of interest rate developments	- Significant fluctuation in earnings and change in equity ratio due to changing interest level (financing costs, evaluation of interest-rate hedges)	- Mix of long-term fixed-rate and floating-rate loans - On-schedule use of derivatives (swaps/swaptions) - Continuous monitoring of interest rate forecasts

CONSOLIDATED FINANCIAL STATEMENTS

CONTENT

A. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31.12.2018

€ 1,000	Note	2018	2017 restated
Rental income	2	192,440	180,281
Operating costs charged to tenants	3	55,828	51,263
Operating expenses	3	–60,107	–55,696
Other expenses directly related to properties rented	3	–12,961	–12,489
Net rental income		**175,201**	**163,358**
Other expenses directly related to properties under development	**4**	**–6,141**	**–2,844**
Income from the sale of properties and construction works		44,417	54,209
Book value of properties sold incl. ancillary and construction costs		–37,011	–38,249
Result from trading and construction works	**5**	**7,406**	**15,960**
Result from the sale of investment properties	**6**	**8,225**	**28,802**
Income from services rendered	7	12,145	11,109
Indirect expenses	8	–53,246	–44,618
Other operating income	9	1,485	1,051
EBITDA		**145,075**	**172,818**
Depreciation and impairment of long-term assets		–2,385	–2,658
Changes in value of properties held for trading		–234	–1,188
Depreciation and impairment/reversal	**10**	**–2,619**	**–3,846**
Revaluation gain		293,220	181,886
Revaluation loss		–16,759	–78,021
Result from revaluation		**276,461**	**103,865**
Result from joint ventures	11	23,354	71,564
Result of operations (EBIT)		**442,271**	**344,401**
Finance costs	12	–36,966	–42,010
Foreign currency gains/losses	17	3,502	–617
Result from derivatives	13	–21,301	–8,068
Result from financial investments	14	11,081	7,665
Result from other financial assets	15	0	–3,459
Result from associated companies	16	–2,387	5,034
Financial result	**17**	**–46,071**	**–41,456**
Net result before taxes (EBT)		**396,200**	**302,945**
Current income tax		–39,987	–16,319
Deferred taxes		–50,909	–48,486
Income tax expense	**18**	**–90,896**	**–64,805**
Consolidated net income		**305,304**	**238,140**
thereof attributable to non-controlling interests		11	5
thereof attributable to the owners of the parent		**305,293**	**238,135**
Earnings per share in € (basic)	**44**	**€3.28**	**€2.55**
Earnings per share in € (diluted)	**44**	**€3.21**	**€2.55**

B. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31.12.2018

€ 1,000	Note	2018	2017 restated
Consolidated net income		**305,304**	**238,140**
Other comprehensive income			
Cash flow hedges - changes in fair value		0	1,314
Reclassification cash flow hedges		1,110	1,980
Foreign currency gains/losses		–3,950	1,106
Revaluation other investments		0	2,291
Income tax related to other comprehensive income		–268	–1,643
Other comprehensive income for the period (realised through profit or loss)	**19**	**–3,108**	**5,048**
Revaluation securities		–3,124	19,511
Revaluation IAS 16		0	816
Revaluation IAS 19		345	263
Income tax related to other comprehensive income		94	–1,804
Other comprehensive income for the period (not realised through profit or loss)	**19**	**–2,685**	**18,786**
Other comprehensive income for the period	**19**	**–5,792**	**23,834**
Comprehensive income for the period		**299,511**	**261,974**
thereof attributable to non-controlling interests		11	5
thereof attributable to the owners of the parent		**299,500**	**261,969**

C. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2018

€ 1,000	Note	31.12.2018	31.12.2017 restated[1]	1.1.2017 restated
ASSETS				
Investment properties	20	3,755,196	3,155,677	2,923,676
Investment properties under development	20	651,575	579,274	433,049
Own used properties	20	5,223	5,500	6,643
Office furniture and equipment	21	5,938	5,462	5,599
Intangible assets	21	5,689	6,703	8,195
Investments in joint ventures	22	200,012	214,950	194,838
Financial assets	24	65,163	86,466	90,199
Deferred tax assets	25	1,951	1,934	1,563
Long-term assets		**4,690,748**	**4,055,966**	**3,663,761**
Long-term assets as a % of total assets		87.6%	85.4%	85.1%
Assets held for sale and relating to disposal groups	26	15,144	40,106	26,754
Properties held for trading	27	44,468	36,459	15,549
Receivables and other assets	28	97,115	96,905	84,934
Current income tax receivables	29	19,184	19,343	15,552
Securities	30	114,544	117,668	101,555
Cash and cash equivalents	31	374,302	383,288	395,088
Short-term assets		**664,757**	**693,770**	**639,433**
Total assets		**5,355,504**	**4,749,736**	**4,303,194**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Share capital		718,337	718,337	718,337
Capital reserves		789,832	794,493	819,068
Other reserves		12,804	18,727	–894
Retained earnings		1,118,663	887,662	682,525
Attributable to the owners of the parent		**2,639,635**	**2,419,219**	**2,219,036**
Non-controlling interests		62	51	46
Shareholders' equity	**32**	**2,639,697**	**2,419,270**	**2,219,082**
Shareholders' equity as a % of total assets		49.3%	50.9%	51.6%
Provisions	33	29,327	36,756	56,058
Interest-bearing liabilities	34	1,723,749	1,680,410	1,412,635
Other liabilities	35	67,485	50,911	36,965
Deferred tax liabilities	25	346,793	296,871	245,312
Long-term liabilities		**2,167,353**	**2,064,948**	**1,750,970**
Current income tax liabilities	36	38,648	17,638	16,736
Provisions	33	119,646	127,386	111,311
Interest-bearing liabilities	34	219,645	68,920	153,004
Other liabilities	35	169,588	51,505	52,091
Liabilities relating to disposal groups	26	927	71	0
Short-term liabilities		**548,454**	**265,518**	**333,142**
Total liabilities and shareholders' equity		**5,355,504**	**4,749,736**	**4,303,194**

[1] Restatement as disclosed in chapter F.5.a) changes in the accounting methods

D. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.12.2018

€ 1,000	2018	2017 restated
Operating activities		
Net result before taxes	396,200	302,945
Revaluation result incl. change in accrual and deferral of rental income	–277,731	–104,543
Depreciation and impairment/reversal	2,619	3,846
Result from the sale of long-term properties and office furniture and other equipment	–8,151	–28,841
Taxes paid excl. taxes for the sale of long-term properties and investments	–5,889	–7,502
Finance costs, result from financial investments and other financial result	27,493	33,739
Foreign currency gains/losses	–3,502	617
Result from derivatives	21,301	8,068
Result from other financial assets, securities and non-cash income from investments in at equity consolidated entities	–22,574	–73,139
Cash flow from operations	**129,765**	**135,190**
Properties held for trading	–7,759	–3,814
Receivables and other assets	–18,092	784
Provisions	350	96
Other liabilities	5,064	204
Cash flow from change in net working capital	**–20,437**	**–2,730**
Cash flow from operating activities	**109,329**	**132,460**
Investing activities		
Acquisition of and investment in long-term properties incl. prepayments	–223,353	–144,829
Acquisition of property companies, less cash and cash equivalents of € 1,282 K (2017: € 2,454 K)	–209,712	–128,901
Acquisition of office equipment and intangible assets	–1,685	–939
Disposal of other investments and repayment/acquisition of financial assets	15,967	–210
Investments in joint ventures	–2	–3,463
Disposal of investment properties and other assets	29,432	58,176
Disposal of investment property companies, less cash and cash equivalents of € 8,307 K (2017: € 1 K)	38,808	10,644
Disposal of joint ventures	8,451	12,158
Loans made to joint ventures	–6,401	–1,169
Loan repayments made by joint ventures	2,557	1,999
Taxes paid relating to the sale of long-term properties and investments	–14,874	–11,365
Dividend distribution/capital repayment from at equity consolidated entities and other investments	163,881	17,942
Interest paid for capital expenditure in investment properties	–6,688	–4,889
Interest received from financial investments	3,613	1,090
Cash flow from investing activities	**–200,005**	**–193,756**
Financing activities		
Cash inflow from loans received	151,763	106,974
Cash inflow from the issuance of bonds	146,372	173,389
Cash inflow from the issuance of convertible bonds	0	197,894
Costs paid for issuance of convertible bonds	–116	0
Repayment/cash inflow of loans received from joint ventures	–600	600
Acquisition of treasury shares	–4,662	–4,922
Dividend payments to shareholders	–74,423	–60,691
Dividends to non-controlling interests and repayment related to the acquisition of non-controlling interests	–36	1,410
Repayment of loans incl. interest rate derivatives	–101,925	–331,764
Other interest paid	–32,120	–32,921
Cash flow from financing activities	**84,254**	**49,968**
Net change in cash and cash equivalents	**–6,423**	**–11,328**
Fund of cash and cash equivalents 1.1.	383,512	395,088
Changes in the value of foreign currency	–1,573	682
Changes due to classification of disposal group	–997	–930
Fund of cash and cash equivalents 31.12.	**374,519**	**383,512**
Expected credit losses cash and cash equivalents	–217	–223
Cash and cash equivalents 31.12. (balance sheet)	**374,302**	**383,288**

The interests paid in 2018 totalled € –38,808 K (2017: € –37,810 K). The income taxes paid in 2018 added up to € –20,764 K (2017: € –18,868 K).

Additional information for the cashflow statement is provided in note 37.

E. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.12.2018

€ 1,000	Note	Share capital	Capital reserves - Others	Capital reserves - Treasury share reserve
As at 1.1.2017 (as reported)		**718,337**	**906,148**	**–87,080**
Change due to IFRS 15		0	0	0
As at 1.1.2017 (restated)		**718,337**	**906,148**	**–87,080**
Valuation/reclassification cash flow hedges	19	0	0	0
Foreign currency gains/losses	19	0	0	0
Change of reserve according to IAS 16	19	0	0	0
Revaluation securities and other investments	19	0	0	0
Revaluation IAS 19	19	0	0	0
Consolidated net income		0	0	0
Comprehensive income for 2017 restated		**0**	**0**	**0**
Dividend payments to shareholders	32	0	–20,541	0
Acquisition of treasury shares	32	0	0	–4,034
Change due to IFRS 9		0	0	0
As at 31.12.2017 restated	**32**	**718,337**	**885,607**	**–91,113**
As at 31.12.2017 (as reported)		**718,337**	**885,607**	**–91,113**
Change due to IFRS 9/IFRS 15		0	0	0
As at 1.1.2018		**718,337**	**885,607**	**–91,113**
Valuation/reclassification cash flow hedges	19	0	0	0
Foreign currency gains/losses	19	0	0	0
Revaluation securities	19	0	0	0
Revaluation IAS 19	19	0	0	0
Consolidated net income		0	0	0
Comprehensive income for 2018		**0**	**0**	**0**
Dividend payments to shareholders	32	0	0	0
Reclassification (other comprehensive income, not realised through profit or loss)		0	0	0
Acquisition of treasury shares	32	0	0	–4,662
As at 31.12.2018	**32**	**718,337**	**885,607**	**–95,775**

Retained earnings	Valuation result (hedging - reserve)	Other reserves	Attributable to shareholders of the parent company	Non-controlling interests	Shareholders' equity (total)
667,984	**–3,201**	**2,307**	**2,204,495**	**46**	**2,204,541**
14,541	0	0	14,541	0	14,541
682,525	**–3,201**	**2,307**	**2,219,036**	**46**	**2,219,082**
0	2,359	0	2,359	0	2,359
0	0	1,106	1,106	0	1,106
0	0	556	556	0	556
0	0	19,637	19,637	0	19,637
0	0	176	176	0	176
238,135	0	0	238,135	5	238,140
238,135	**2,359**	**21,475**	**261,969**	**5**	**261,974**
–40,149	0	0	–60,691	0	–60,691
0	0	0	–4,034	0	–4,034
7,151	0	–4,213	2,938	0	2,938
887,662	**–842**	**19,569**	**2,419,219**	**51**	**2,419,270**
862,689	**–842**	**23,782**	**2,398,459**	**51**	**2,398,510**
24,972	0	–4,213	20,760	0	20,760
887,662	**–842**	**19,569**	**2,419,219**	**51**	**2,419,270**
0	842	0	842	0	842
0	0	–3,950	–3,950	0	–3,950
0	0	–2,929	–2,929	0	–2,929
0	0	244	244	0	244
305,293	0	0	305,293	11	305,304
305,293	**842**	**–6,634**	**299,500**	**11**	**299,511**
–74,423	0	0	–74,423	0	–74,423
131	0	–131	0	0	0
0	0	0	–4,662	0	–4,662
1,118,663	**0**	**12,804**	**2,639,635**	**62**	**2,639,697**

F. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.12.2018

GENERAL NOTES

1. Information concerning the Company

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

2. Accounting principles

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

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

3. Significant aspects of presentation and accounting principles

a) Presentation and structuring of group notes

The preparation and presentation of the financial statements requires management to make relevant decisions regarding the choice of the accounting methods as well as the sequence and the relevance of the disclosures, taking into account the requirements of the users of the financial statements. CA Immo Group presents at the beginning of the group notes main decisions, assumptions and estimations and subsequently the accounting policies used. The explanatory notes to the items in the consolidated income statement and in the consolidated statement of financial position are listed according to the order of the main statements. This structure allows the users of the financial statements to easily find the relevant information for individual items.

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

b) Significant judgments, assumptions and estimates

When preparing the consolidated financial statements, senior management is required to make judgments, assumptions and estimates that affect both the recognition and measurement of assets, liabilities, income and expenses and the information contained in the notes. Actually, future amounts can differ from the actual assumptions and estimates.

Property valuation

The global financial systems are subject to considerable fluctuations. Especially in commercial real estate markets, these fluctuations may have significant effects on prices and values. In particular, restricted liquidity in the capital markets can make it more difficult to successfully sell the properties in the short term.

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

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

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

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

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

2017 **Office Austria** **Change in Yield (in % of initial yield)**					**Change in market rent of**
	–10%	**–5%**	**0%**	**5%**	**10%**
–10%	1.55%	6.40%	11.24%	16.09%	20.94%
–5%	–3.75%	0.79%	5.33%	9.86%	14.40%
0%	–8.52%	–4.26%	0.00%	4.26%	8.52%
+5%	–12.85%	–8.83%	–4.82%	–0.81%	3.21%
+10%	–16.78%	–12.99%	–9.20%	–5.41%	–1.63%

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

2017 Office Germany Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	2.03%	6.65%	11.27%	15.89%	20.52%
–5%	–3.30%	1.02%	5.34%	9.66%	13.98%
0%	–8.10%	–4.05%	0.00%	4.05%	8.10%
+5%	–12.45%	–8.64%	–4.83%	–1.02%	2.79%
+10%	–16.39%	–12.81%	–9.22%	–5.63%	–2.04%

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

2017 Office Eastern Europe Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	2.05%	6.88%	11.72%	16.55%	21.38%
–5%	–3.51%	1.02%	5.55%	10.08%	14.61%
0%	–8.52%	–4.26%	0.00%	4.26%	8.52%
+5%	–13.05%	–9.04%	–5.02%	–1.00%	3.01%
+10%	–17.17%	–13.38%	–9.58%	–5.79%	–1.99%

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

2017 **Retail Austria** **Change in Yield (in % of initial yield)**	**–10%**	**–5%**	**0%**	**5%**	**Change in market rent of 10%**
–10%	0.33%	5.80%	11.27%	16.73%	22.20%
–5%	–4.97%	0.18%	5.34%	10.49%	15.64%
0%	–9.74%	–4.87%	0.00%	4.87%	9.74%
+5%	–14.06%	–9.45%	–4.83%	–0.21%	4.41%
+10%	–17.99%	–13.60%	–9.22%	–4.83%	–0.45%

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

2017 **Retail Eastern Europe** **Change in Yield (in % of initial yield)**	**–10%**	**–5%**	**0%**	**5%**	**Change in market rent of 10%**
–10%	3.34%	8.00%	12.66%	17.31%	21.97%
–5%	–2.68%	1.66%	5.99%	10.33%	14.66%
0%	–8.09%	–4.05%	0.00%	4.05%	8.09%
+5%	–12.99%	–9.20%	–5.41%	–1.63%	2.16%
+10%	–17.44%	–13.88%	–10.33%	–6.77%	–3.22%

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

2017 Hotel Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	3.36%	7.30%	11.24%	15.18%	19.12%
–5%	–1.97%	1.68%	5.32%	8.97%	12.62%
0%	–6.77%	–3.39%	0.00%	3.39%	6.77%
+5%	–11.12%	–7.97%	–4.82%	–1.67%	1.49%
+10%	–15.07%	–12.13%	–9.19%	–6.25%	–3.31%

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

2017 Hotel Germany Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	4.89%	7.87%	10.85%	13.82%	16.80%
–5%	–0.31%	2.41%	5.14%	7.86%	10.58%
0%	–5.00%	–2.50%	0.00%	2.50%	5.00%
+5%	–9.24%	–6.94%	–4.65%	–2.35%	–0.05%
+10%	–13.10%	–10.99%	–8.87%	–6.75%	–4.63%

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

2017 Hotel Eastern Europe Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	3.29%	7.19%	11.09%	14.99%	18.90%
–5%	–1.98%	1.64%	5.25%	8.87%	12.49%
0%	–6.73%	–3.36%	0.00%	3.36%	6.73%
+5%	–11.02%	–7.89%	–4.75%	–1.62%	1.52%
+10%	–14.93%	–12.00%	–9.07%	–6.14%	–3.21%

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

2017 Other Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	1.00%	6.99%	12.97%	18.96%	24.94%
–5%	–5.13%	0.51%	6.14%	11.78%	17.42%
0%	–10.64%	–5.32%	0.00%	5.32%	10.64%
+5%	–15.63%	–10.60%	–5.56%	–0.52%	4.51%
+10%	–20.17%	–15.39%	–10.61%	–5.83%	–1.06%

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

2017 Other Germany Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	0.48%	5.92%	11.35%	16.78%	22.21%
–5%	–4.85%	0.26%	5.38%	10.49%	15.61%
0%	–9.66%	–4.83%	0.00%	4.83%	9.66%
+5%	–14.00%	–9.43%	–4.86%	–0.29%	4.28%
+10%	–17.96%	–13.62%	–9.28%	–4.95%	–0.61%

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

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

2017				Still outstanding capital expenditures	
in € m	–10%	–5%	Initial value	+5%	+10%
Still outstanding capital expenditures	572.9	604.7	636.5	668.3	700.2
Fair value	428.6	396.8	364.9	333.1	301.3
Changes to initial value	17.4%	8.7%	0.0%	–8.7%	–17.4%

The sensitivity analysis of the projects under development are based on an average percentage of completion of approximately 34% (2017: 33%) as at balance sheet date, related to total construction costs. The sensitivity only relates to the outstanding costs of the building constructions works. The outstanding capital expenditures will reduce with the increase of the percentage of completion. Based on the residual value method this leads to an increase of the fair value of the projects under development. An increase or decrease of the still outstanding capital expenditures leads to an inversely impact on the fair value of the projects under development, within the residual value method.

Provisions

Provisions are recognized if CA Immo Group has a legal or constructive obligation towards a third party as a result of a past event and the obligation is likely to lead to an outflow of funds. Especially for provisions for construction works and expenses related to sold investment properties it is necessary that for example estimations of a construction project, qualitative appraisals of service providers, price related risks or for the concrete fulfillment or scope of an obligation, are taken into consideration.

Taxes

All companies are subject to local income tax on current results and capital gains in their respective country. Significant estimates are required in respect of the amount of income tax provisions to be recognised. Moreover, it needs to be determined to which extent a deferred tax assets should be recognised in the group consolidated financial statements.

Income from the disposal of investments in real estate companies is wholly or partially exempt from income tax in certain countries, when certain conditions are met. Even if the group intends to meet these conditions, the full amount of deferred taxes according to IAS 12 is recognized for investment properties.

Material assumptions also need to be assessed if temporary differences and losses carried forward can be offset against taxable profits in the future and if therefore a deferred tax assets can be capitalised. Uncertainties exist concerning the amount and effective date of future taxable income and the interpretation of complex tax regulations. Where there is uncertainty over income tax treatments of transactions and assessment is required in order to evaluate whether it is probable or not that the tax authority will accept the tax treatment. Based on this judgement CA Immo Group recognizes the tax obligations with their most likely classified amount. These uncertainties and complexities can result in the fact that future tax payments are much higher or lower than those currently estimated and recognised in the consolidated financial statements.

CA Immo Group holds a significant part of its real estate portfolio in Germany, being subject to numerous complex tax regulations. In particular, CA Immo Group has to constantly deal with (i) roll-over schemes in order to transfer undisclosed, hidden reserves to other investments, (ii) legal provisions relevant to the real estate transfer tax liability/possible incurrence of real estate transfer tax in the event of direct or indirect shareholder changes in German partnerships and corporations, as well as (iii) the deduction of input VAT on construction costs, as an ongoing issue in the development phase of projects. CA Immo Group takes all necessary steps in order to comply with the relevant tax rules. However, because of circumstances that are out of CA Immo Groups control, such as changes in ownership structure, tax laws as well as alterations of interpretation by the tax administration and courts, the aforementioned tax issues might be treated differently and, therefore, could have an impact on the tax position in the consolidated financial statements.

Uncertainties also relate to the retrospective application of subsequent tax changes concerning completed restructurings in Eastern Europe, partly agreed with the tax authorities. CA Immo Group estimates the possibility of incurring actual expenses due to the subsequent change of tax law and their implications for past restructurings, as low.

Currently existing uncertainties are continually evaluated and may lead to adjustments of estimates.

Measurement of interest rate derivatives

CA Immo Group uses interest rate swaps, swaptions, caps and floors in order to mitigate the risk of interest rate fluctuations. These interest rate derivatives are recognised at fair value. The fair values are calculated by discounting the future cash flows from variable payments on the basis of generally recognised finance-mathematical methods. The interest rates for discounting the future cash flows are estimated by reference to an observable market yield curve. The calculation is based on inter-bank middle rates. The fair value of interest rate derivatives corresponds therefore to level 2 of the measurement hierarchy according to IFRS 13.

A correction of the measurement of the interest rate derivatives due to CVA (Credit Value Adjustment) and DVA (Debt Value Adjustment) is only conducted when the adjustment reaches a significant extent.

CA Immo Group also enters into bank financing for investments properties whereby a minimal interest limit is contractually agreed. In this case it needs to be investigated whether an embedded derivative subject to separation is present. An embedded minimal limit on interest rates of a debt instrument is closely linked to the host contract if, at the date of entering the contract, the minimal interest limit is equal or below the prevailing market rate. CA Immo Group examines the existence of an embedded derivative for the necessity of separation from the host contract by comparing the agreed interest plus the valuation of the minimal interest rate limit with the market interest rate (reference interest plus margin). If the market interest rate (reference interest plus margin) exceeds the contractually agreed interest in each future period, there is no obligation to separate the embedded derivative. To date, CA Immo Group has not identified in any loan agreement an embedded derivatives subject to separation.

The application of cash flow hedge accounting (hedging of future cash flows) for interest rate swaps requires an assessment of the probability of occurrence of the future hedged cash flows from variable interest payments for financial liabilites. The probability depends on the existence of the financial liability. As soon as it is no longer highly probable that the hedged cash flows will occur, hedge accounting is no longer applied.

Valuation of the derivative convertible bond

A convertible bond requires in principle a split of the financial instrument into an equity component and a debt component. The convertible bond issued in 2017 has no equity component. It instead posses, due to the cash settlement option of CA Immo AG, an embedded derivative subject to separation. The fair value of the separate embedded derivative is determined based on a generally accepted financial mathematics model (Black-Scholes) and parameters observable on the market. Thus the fair value of the derivative of the convertible bond corresponds to level 2 of the measurement hierarchy according to IFRS 13.

Business Combinations

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

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

Consolidation

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

Effective date of initial or deconsolidation

The consolidation of a subsidiary begins on the day on which the group acquires control over the subsidiary. It ends when the group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary are recognized in the financial statements as of the date on which the group acquires control of the subsidiary until the date the control ceases. For efficiency and materiality considerations, CA Immo Group determines the date of the initial consolidation and the deconsolidation respectively with an available reporting date.

Determination of the functional currency

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

Functional currency: property entities

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

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

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

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

Functional currency: management entities

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

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

Classification of real estate assets with mixed utilisation

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

Classification of real estate assets with change in use

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

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

Classification of leases as operating lease

CA Immo Group classifies leases as operating lease when the underlying contract does not represent a finance lease. A finance lease exists when:

- at the end of the lease term the ownership of the asset will be transferred to the lessee;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable that at the inception of the lease it is reasonably certain that the option will be exercised;
- the lease term is for the major part of the economic life of the asset, even if title is not transferred;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of a specialized nature such that only the lessee can use them without major modifications being made.

4. Scope of consolidation

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

Changes in scope

	Full consolidation	Joint ventures at equity	Associated companies at equity
As at 1.1.2018	**161**	**38**	**1**
Acquisition of shares in companies	3	0	0
New establishment of companies	2	0	0
Disposal of companies due to liquidation or restructuring	–1	–1	0
Sales of entities	–4	–3	0
As at 31.12.2018	**161**	**34**	**1**
thereof foreign companies	144	31	1

a) Acquisitions of companies/company shares

CA Immo Group acquired the following entities in 2018:

Company name/domicile	Interest held in %	Purpose	Purchase price in € 1,000	Initial consolidation date
Visionary Prague, s.r.o.	100%	Property company	16,901	30.06.2018
CA Immo Real Estate Management Poland spółka z ograniczoną odpowiedzialnością Pl. Europejski 2 spółka komandytowo-akcyjna	100%	Property company	3,012	2.10.2018
CA Immo Campus 6.1. S.R.L.	100%	Property company	10,563	5.12.2018
Total			**30,476**	

Initial consolidation

CA Immo Group acquired in 2018 shares in three property companies (fair values of investment properties amounted to € 207,541 K at initial consolidation date) amounting to € 30,476 K. These transactions are acquisition of assets and not business combinations in accordance with IFRS 3.

Net assets acquired are presented below:

€ 1,000	Total
Properties	207,541
Other assets	4,420
Cash and cash equivalents	1,282
Deferred taxes	285
Provisions	–300
Other liabilities	–1,757
Receivables from/payables to affiliated companies	–180,994
Net assets acquired	**30,476**

As at 31.12.2018, the open purchase price for the acquisitions made during 2018 amounts to € 1,278 K.

Newly established companies

For newly founded companies, equity amounting to € 30 K was paid.

b) Disposals of companies/company shares

CA Immo Group disposed of the following interests in entities in the business year 2018:

Company name/domicile	Interest held in %	Consolidation method before change in participation	Sales price € 1,000	Deconsolidation date
Betriebsobjekte Verwertung GmbH & Co	100	Full consolidation	22,053	1.1.2018
TzoV "Corma Development"	100	Full consolidation	1,118	30.5.2018
TzoV "Europolis Property Holding"	100	Full consolidation	0	30.5.2018
Pannonia Shopping Center Kft.	100	Full consolidation	361	17.12.2018
Total affiliated entities			**23,532**	
Joint ventures				
Tower 185 Betriebs GmbH	33	At-equity Joint Ventures	2,386	5.1.2018
Megapark ood	49	At-equity Joint Ventures	6,460	20.7.2018
Software Park Krakow Sp.z.o.o.	50	At-equity Joint Ventures	8,427*	4.12.2018
Total joint ventures			**17,273**	
Total			**40,805**	

*preliminary sales price

As at 31.12.2018 open sales prices in relation to sales made in 2018, amounted to € 1,401 K. The fully consolidated entities comprised the following net assets as of the date of the sale:

€ 1,000	Total
Properties	–45,160
Other assets	–67
Cash and cash equivalents	–8,307
Deferred taxes	–6
Provisions	65
Other liabilities	7,277
Financial liabilities	7,033
Receivables from/payables to affiliated companies	15,715
Net change	**–23,449**
thereof proportional net assets sold	–23,449

Investments in unconsolidated structured entities

As at 31.12.2018, as in the previous year, there are no investments in unconsolidated structured entities.

5. Summarized presentation of accounting methods

a) Changes in the accounting methods

With the exception of the following changes, the presentation applied and accounting methods remain unchanged compared with the previous year.

Impact of IFRS 9 and IFRS 15 on the consolidated financial statements

IFRS 9: Financial instruments

"IFRS 9 Financial Instruments" replaces "IAS 39 Financial Instruments: Recognition and Measurement". CA Immo Group does not apply IFRS 9 retrospectively and therefore all necessary changes are reflected in the balance sheet as at 1.1.2018. For comparability purposes, IFRS 9 adjustments as at 1.1.2018 are presented as "31.12.2017 restated" both in the main financial statements as well as in explanatory notes.

The subsequent measurement of financial assets/liabilities is based on three categories with different valuations and a different recognition of changes in value. The categorization depends on the contractual cash flows of the instrument and on the business model according to which the instrument is held/managed. As financial instruments measured at "amortized cost" qualify only those, whose business model gives rise to cash flows that are solely payments of principal and interests (SPPI –"solely payments of principal and interest"). All other financial assets are measured at fair value through profit or loss. For equity instruments that are not held/managed for trading purposes, i.e. for which the primary objective is not the short-term value appreciation/realization, an option for recognition of changes in the other comprehensive income continues to exist. CA Immo Group makes use of this option for the securities which were classified as available for sale (AFS – available for sale) according to IAS 39.

IFRS 9 provides a three-step model for the recognition of losses. Accordingly, in the first step an expected 12-month loss must be recognized at the recognition date. In the second step, a significant increase in the risk of default should lead to an increase in the risk provision for the expected loss of the entire residual term. In the third step, in case of an objective indication of impairment, the interest has to be recognized based on the net book value (book value less risk provision). For leasing receivables according to IAS 17 there is an option to recognize the risk provision in the amount of the expected loss over the entire residual term at the recognition date. CA Immo Group exercises this option: as at 1.1.2018 the additional recognition of allowances for leasing receivables amounts to € 56 K, for cash in banks to € 223 K and for other financial assets stands to € 71 K.

Consequences will result in the recognition in the profit or loss for the changes in value of German partnerships participations classified as "available for sale" according to IAS 39, since these changes in value have previously been recorded without affecting profit or loss. Now these changes are recorded through profit or loss. As at 1.1.2018, the change results only from a reclassification in shareholders' equity.

The application of IFRS 9 leads to changes in the financial statements of CA Immo Group in connection with the modification of debt instruments, as the previous accounting method applied by the CA Immo Group under IAS 39 measured the liability at amortized cost (effective interest method). Now IFRS 9 regulates that changes in present value due to loan modifications are to be recognized immediately in the profit or loss statement and distributed over the residual term by means of the effective interest method. This change increases the shareholders' equity as at 1.1.2018 by € 3,291 K.

IFRS 15: Revenue from contracts with customers

IFRS 15 supersedes IAS 11, IAS 18 and the related interpretations and stipulates when and in which amount revenue has to be recognized. Income from leases (rental income) are excluded from the new IFRS 15 standard, as they fall under IAS 17 or starting 2019, under IFRS 16. The new standard provides a single, principle-based five-step model, which, apart from certain exceptions, has to be applied to all contracts with customers.

1. Identification of the contract with the customer
2. Identification of the performance obligations in the contract
3. Determination of the transaction price
4. Allocation of the transaction price to the performance obligations based on stand-alone selling prices of the individual performance obligations
5. Recognition of revenue over a period of time or at a specific point in time when performance obligation is fulfilled

CA Immo Group retrospectively applies IFRS 15 and makes use of practical easements for application, such as no restatement of completed contracts.

IFRS 15 requires, that if the entity's performance does not create an asset with alternative use to the entity and the entity has an enforceable right of payment, revenue is to be recognized over time. This assessment requires specific judgement. This applies, depending on the contract and on the legal environment, to the sale of residential projects as soon as they are sold. All capitalized cost according to IAS 2 for the residential project are expensed as cost to fulfill the contract. On the other hand, the contractual price is recognized as revenue according to the stage of completion. The incremental costs of obtaining a contract are also capitalized and expensed according to the stage of completion. Any received advance payment is netted off against the contract asset and might lead to a contract liability. Based on tentative Agenda Decision of IFRS IC dated 4 November 2018) there is no capitalization of borrowing costs (IAS 23) for properties in the process of sale.

This also influences the result from joint ventures, since some of the residential projects are held in joint ventures.

The identification of the stand-alone performance obligations in connection with the indentification of the customer also lead to a differentiated recognition of revenue in respect of public interest development contracts. As a consequence, amounts previously treated as deferred revenues are already recognized as realised and the costs for the public interest development contracts are recognized as provisions. The difference amounting to the margin increases the equity as of transition.

The initial application of IFRS 9 (retrospectively without restatement of previous year comparatives) and IFRS 15 (retrospectively with full restatement of previous year comparatives) has the following effects on the consolidated profit or loss, the consolidated comprehensive income, the consolidated balance sheet and the consolidated statement of cash flows:

€ 1,000	2017 as reported	Change due to IFRS 15	2017 according to IFRS 15 restated
Rental income	180,281	0	180,281
Operating costs charged to tenants	51,263	0	51,263
Operating expenses	–55,696	0	–55,696
Other expenses directly related to properties rented	–12,489	0	–12,489
Net rental income	**163,358**	**0**	**163,358**
Other expenses directly related to properties under development	**–2,844**	**0**	**–2,844**
Income from the sale of properties and construction works	29,216	24,993	54,209
Book value of properties sold incl. ancillary and construction costs	–15,664	–22,585	–38,249
Result from trading and construction works	**13,552**	**2,408**	**15,960**
Result from the sale of investment properties	**32,132**	**–3,330**	**28,802**
Income from services rendered	11,109	0	11,109
Indirect expenses	–44,618	0	–44,618
Other operating income	1,051	0	1,051
EBITDA	**173,740**	**–922**	**172,818**
Depreciation and impairment of long-term assets	–2,658	0	–2,658
Changes in value of properties held for trading	–1,188	0	–1,188
Depreciation and impairment/reversal	**–3,846**	**0**	**–3,846**
Revaluation gain	182,045	–159	181,886
Revaluation loss	–78,021	0	–78,021
Result from revaluation	**104,023**	**–159**	**103,865**
Result from joint ventures	66,585	4,979	71,564
Result of operations (EBIT)	**340,502**	**3,898**	**344,401**
Finance costs	–41,029	–981	–42,010
Foreign currency gains/losses	–617	0	–617
Result from derivatives	–8,068	0	–8,068
Result from financial investments	7,456	209	7,665
Result from other financial assets	–3,459	0	–3,459
Result from associated companies	5,034	0	5,034
Financial result	**–40,684**	**–773**	**–41,456**
Net result before taxes (EBT)	**299,819**	**3,126**	**302,945**
Current income tax	–16,319	0	–16,319
Deferred taxes	–48,641	155	–48,486
Income tax expense	**–64,960**	**155**	**–64,805**
Consolidated net income	**234,859**	**3,281**	**238,140**
thereof attributable to non-controlling interests	5	0	5
thereof attributable to the owners of the parent	**234,854**	**3,281**	**238,134.71**
Earnings per share in € (basic)	€2.52	€0.03	€2.55
Earnings per share in € (diluted)	€2.52	€0.03	€2.55

€ 1,000	2017 as reported	Change due to IFRS 15/ reclassification IFRS 9	2017 according to IFRS 15/IFRS 9 restated
Consolidated net income	**234,859**	**3,281**	**238,140**
Other comprehensive income			
Cash flow hedges - changes in fair value	1,314	0	1,314
Reclassification cash flow hedges	1,980	0	1,980
Foreign currency gains/losses	1,106	0	1,106
Assets available for sale - changes in fair value	21,802	–21,802	0
Revaluation other investments	0	2,291	2,291
Income tax related to other comprehensive income	–3,100	1,457	–1,643
Other comprehensive income for the period (realised through profit or loss)	**23,102**	**–18,054**	**5,048**
Revaluation securities	0	19,511	19,511
Revaluation IAS 16	816	0	816
Revaluation IAS 19	263	0	263
Income tax related to other comprehensive income	–347	–1,457	–1,804
Other comprehensive income for the period (not realised through profit or loss)	**732**	**18,054**	**18,786**
Other comprehensive income for the period	**23,834**	**0**	**23,834**
Comprehensive income for the period	**258,693**	**3,281**	**261,974**
thereof attributable to non-controlling interests	5	0	5
thereof attributable to the owners of the parent	**258,688**	**3,281**	**261,969**

€ 1,000	31.12.2017 as reported	Change due to IFRS 15	31.12.2017 according to IFRS 15 restated	Change due to IFRS 9	1.1.2018 according to IFRS 9 restated
ASSETS					
Investment properties	3,155,677	0	3,155,677	0	3,155,677
Investment properties under development	579,274	0	579,274	0	579,274
Own used properties	5,500	0	5,500	0	5,500
Office furniture and equipment	5,462	0	5,462	0	5,462
Intangible assets	6,703	0	6,703	0	6,703
Investments in joint ventures	207,182	7,768	214,950	0	214,950
Financial assets	85,570	931	86,501	–35	86,466
Deferred tax assets	2,025	–91	1,934	0	1,934
Long-term assets	**4,047,393**	**8,608**	**4,056,001**	**–35**	**4,055,966**
Long-term assets as a % of total assets	84.9%				85.4%
Assets held for sale and relating to disposal groups	40,106	0	40,106	0	40,106
Properties held for trading	79,317	–42,858	36,459	0	36,459
Receivables and other assets	81,314	15,684	96,998	–92	96,905
Current income tax receivables	19,343	0	19,343	0	19,343
Securities	117,668	0	117,668	0	117,668
Cash and cash equivalents	383,512	0	383,512	–223	383,288
Short-term assets	**721,259**	**–27,174**	**694,086**	**–316**	**693,770**
Total assets	**4,768,653**	**–18,566**	**4,750,087**	**–351**	**4,749,736**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital	718,337	0	718,337	0	718,337
Capital reserves	794,493	0	794,493	0	794,493
Other reserves	22,940	0	22,940	–4,213	18,727
Retained earnings	862,689	17,819	880,509	7,153	887,662
Attributable to the owners of the parent	**2,398,459**	**17,819**	**2,416,279**	**2,940**	**2,419,219**
Non-controlling interests	51	0	51	0	51
Shareholders' equity	**2,398,510**	**17,819**	**2,416,329**	**2,940**	**2,419,270**
Shareholders' equity as a % of total assets	50.3%		50.9%		50.9%
Provisions	5,646	31,110	36,756	0	36,756
Interest-bearing liabilities	1,684,170	0	1,684,170	–3,760	1,680,410
Other liabilities	86,434	–35,523	50,911	0	50,911
Deferred tax liabilities	291,305	5,098	296,402	468	296,871
Long-term liabilities	**2,067,555**	**685**	**2,068,240**	**–3,291**	**2,064,948**
Current income tax liabilities	17,638	0	17,638	0	17,638
Provisions	100,658	26,728	127,386	0	127,386
Interest-bearing liabilities	68,920	0	68,920	0	68,920
Other liabilities	115,303	–63,798	51,505	0	51,505
Liabilities relating to disposal groups	71	0	71	0	71
Short-term liabilities	**302,588**	**–37,070**	**265,518**	**0**	**265,518**
Total liabilities and shareholders' equity	**4,768,653**	**–18,566**	**4,750,087**	**–351**	**4,749,736**

€ 1,000	31.12.2016 as reported	Change due to IFRS 15	1.1.2017 according to IFRS 15 resated
ASSETS			
Investment properties	2,923,676	0	2,923,676
Investment properties under development	433,049	0	433,049
Own used properties	6,643	0	6,643
Office furniture and equipment	5,599	0	5,599
Intangible assets	8,195	0	8,195
Investments in joint ventures	191,369	3,469	194,838
Financial assets	89,713	486	90,199
Deferred tax assets	1,563	0	1,563
Long-term assets	**3,659,806**	**3,955**	**3,663,761**
Long-term assets as a % of total assets	84.9%		85.1%
Assets held for sale and relating to disposal groups	26,754	0	26,754
Properties held for trading	34,147	–18,598	15,549
Receivables and other assets	76,235	8,699	84,934
Current income tax receivables	15,552	0	15,552
Securities	101,555	0	101,555
Cash and cash equivalents	395,088	0	395,088
Short-term assets	**649,332**	**–9,899**	**639,433**
Total assets	**4,309,138**	**–5,943**	**4,303,194**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	718,337	0	718,337
Capital reserves	819,068	0	819,068
Other reserves	–894	0	–894
Retained earnings	667,984	14,541	682,525
Attributable to the owners of the parent	**2,204,495**	**14,541**	**2,219,036**
Non-controlling interests	46	0	46
Shareholders' equity	**2,204,541**	**14,541**	**2,219,082**
Shareholders' equity as a % of total assets	51.2%		51.6%
Provisions	13,242	42,816	56,058
Interest-bearing liabilities	1,412,635	0	1,412,635
Other liabilities	87,180	–50,215	36,965
Deferred tax liabilities	239,969	5,343	245,312
Long-term liabilities	**1,753,026**	**–2,056**	**1,750,970**
Current income tax liabilities	16,736	0	16,736
Provisions	84,766	26,545	111,311
Interest-bearing liabilities	153,004	0	153,004
Other liabilities	97,064	–44,973	52,091
Short-term liabilities	**351,571**	**–18,429**	**333,142**
Total liabilities and shareholders' equity	**4,309,138**	**–5,943**	**4,303,194**

€ 1,000	2017 as reported	Change due to IFRS 15/IFRS 9	2017 according to IFRS 15 restated
Operating activities			
Net result before taxes	299,819	3,126	302,945
Revaluation result incl. change in accrual and deferral of rental income	–104,702	159	–104,543
Depreciation and impairment/reversal	3,846	0	3,846
Result from the sale of long-term properties and office furniture and other equipment	–32,171	3,330	–28,841
Taxes paid/refunded excl. taxes for the sale of long-term properties	–7,502	0	–7,502
Finance costs, result from financial investments and other financial result	33,573	166	33,739
Foreign currency gains/losses	617	0	617
Result from derivatives	8,068	0	8,068
Result from other financial assets, securities and non-cash income from investments in at equity consolidated entities	–68,160	–4,979	–73,139
Cash flow from operations	**133,388**	**1,802**	**135,190**
Properties held for trading	–29,230	25,416	–3,814
Receivables and other assets	789	–5	784
Provisions	2,558	–2,462	96
Other liabilities	24,955	–24,751	204
Cash flow from change in net working capital	**–928**	**–1,802**	**–2,730**
Cash flow from operating activities	**132,460**	**0**	**132,460**
Investing activities			
Acquisition of and investment in long-term properties incl. prepayments	–144,829	0	–144,829
Acquisition of property companies, less cash and cash equivalents of € 2,454 K	–128,901	0	–128,901
Acquisition of office equipment and intangible assets	–939	0	–939
Repayment/acquisition of financial assets	–210	0	–210
Investments in joint ventures	–3,463	0	–3,463
Disposal of investment properties and other assets	58,176	0	58,176
Disposal of investment property companies, less cash and cash equivalents of € 1 K	10,644	0	10,644
Disposal of joint ventures	12,158	0	12,158
Loans made to joint ventures	–1,169	0	–1,169
Loan repayments made by joint ventures	1,999	0	1,999
Taxes paid/refunded relating to the sale of long-term properties and loans granted	–11,365	0	–11,365
Dividend distribution/capital repayment from at equity consolidated entities and other investments	17,942	0	17,942
Interest paid for capital expenditure in investment properties	–4,889	0	–4,889
Interest received from financial investments	1,090	0	1,090
Cash flow from investing activities	**–193,756**	**0**	**–193,756**

€ 1,000	2017 as reported	Change due to IFRS 15/IFRS 9	2017 according to IFRS 15 restated
Financing activities			
Cash inflow from loans received	106,974	0	106,974
Cash inflow from the issuance of bonds	173,389	0	173,389
Cash inflow from the issuance of convertible bonds	197,894	0	197,894
Cash inflow of loans received from joint ventures	600	0	600
Acquisition of treasury shares	–4,922	0	–4,922
Dividend payments to shareholders	–60,691	0	–60,691
Repayment/payment related to the acquisition of shares from non-controlling interests	1,410	0	1,410
Repayment of loans incl. interest rate derivatives	–331,764	0	–331,764
Other interest paid	–32,921	0	–32,921
Cash flow from financing activities	**49,968**	**0**	**49,968**
Net change in cash and cash equivalents	**–11,328**	**0**	**–11,328**
Cash and cash equivalents as at 1.1.	395,088	0	395,088
Changes in the value of foreign currency	682	0	682
Changes due to classification of disposal group	–930	0	–930
Fund of cash and cash equivalents 31.12.	**383,512**	**0**	**383,512**
Expected credit losses cash and cash equivalents	0	–223	–223
Cash and cash equivalents 31.12. (balance sheet)	**383,512**	**–223**	**383,288**

The following tables show the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of financial assets and financial liabilities as at 1.1.2018 as well as the book values under IAS 39 and IFRS 9 respectively:

€ 1,000	**Classification IAS 39 [1)]**	**Classification IFRS 9 [2)]**	**Book value according to IAS 39**	**Book value according to IFRS 9**
Cash and cash equivalents with drawing restrictions	L&R	AC	10,066	10,031
Derivative financial instruments	HFT	FVTPL	293	293
Primary financial instruments	L&R	AC	3,160	3,160
Loans to associated companies	L&R	FVTPL	15,176	15,176
Other investments	AFS	FVTPL	56,875	56,875
Financial assets			**85,570**	**85,535**
Cash and cash equivalents with drawing restrictions	L&R	AC	3,679	3,655
Other receivables and assets	L&R	AC	58,639	58,571
Receivables and other assets			**62,318**	**62,226**
Securities	**AFS**	**FVOCI**	**117,668**	**117,668**
Cash and cash equivalents	**L&R**	**AC**	**383,512**	**383,288**
Total			**649,068**	**648,717**

€ 1,000	**Classification IAS 39 [1)]**	**Classification IFRS 9 [2)]**	**Book value according to IAS 39**	**Book value according to IFRS 9**
Convertible bond	FLAC	AC	184,334	184,334
Bonds	FLAC	AC	648,447	648,447
Other interest-bearing liabilities	FLAC	AC	920,308	916,549
Interest-bearing liabilities			**1,753,089**	**1,749,330**
Derivative financial instruments	HFT	FVTPL	23,021	23,021
Other primary liabilities	FLAC	AC	55,098	55,098
Other liabilities			**78,120**	**78,120**
Total			**1,831,209**	**1,827,450**

[1)] HFT – held for trading, AFS – available for sale, L&R – loans & receivables, FLAC – financial liabilities at amortised cost
[2)] FVTPL – fair value through profit or loss, FVOCI – fair value through other comprehensive income, AC – amortised cost

b) Consolidation methods

All companies under the control of the parent company are fully consolidated in the consolidated financial statements. A company is initially consolidated as of the time control is transferred to the parent. Companies are deconsolidated when control ceases. All intra-group transactions between companies included in the scope of full consolidation, the related revenues and expenses, receivables and payables, as well as unrealised intra-group profits, are fully eliminated. Profit and loss amounts resulting from "upstream" and "downstream" transactions with joint ventures or associated companies are eliminated in accordance with the share of CA Immo Group in these companies (except for real estate properties measured at fair value). If the company (legal entity) acquired is not a business, the acquisition is not a business combination according to IFRS 3. Correspondingly, the acquisition is only an acquisition of assets and liabilities, which are recognised with their proportional acquisition cost. The acquisition cost is allocated to the acquired assets (especially properties) and liabilities as well as the non-controlling interests, based on their relative fair value at the date of acquisition of the subsidiary.

If a business is acquired, the acquisition is classified as a business combination according to IFRS 3. The subsidiary is consolidated for the first time using the acquisition method, by recognising its identifiable assets and liabilities at fair value as well as goodwill and non-controlling interests, if applicable. The goodwill represents any amount by which the fair value of the transferred amount (usually the purchase price for the acquired business) and (if applicable) for the non-controlling interest, exceeds the fair value of the identifiable assets and liabilities, including any deferred taxes.

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

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

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

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

Joint ventures

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

Associated companies

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

Equity method

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

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

c) Foreign currency translation

Transactions in foreign currencies

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

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

		Bid 31.12.2018	Ask 31.12.2018	Bid 31.12.2017	Ask 31.12.2017
Switzerland	CHF	1.1201	1.1329	1.1623	1.1751
USA	USD	1.1400	1.1500	1.1926	1.2026

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

Translation of companies' individual financial statements denominated in foreign currencies

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

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

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

		Closing rate 31.12.2018	Closing rate 31.12.2017	Average exchange rate 2018	Average exchange rate 2017
Bulgaria	BGN	not applicable	1.9558	1.9558	1.9558
Croatia	HRK	7.4176	7.5136	7.4146	7.4603
Poland	PLN	4.3000	4.1709	4.2669	4.2467
Romania	RON	4.6639	4.6597	4.6535	4.5690
Russia	RUB	79.9770	69.3920	74.2082	66.1795
Serbia	RSD	118.1946	118.4727	118.2647	121.2221
Czechia	CZK	25.7250	25.5400	25.6767	26.3310
Ukraine	UAH	not applicable	33.4954	32.2545	30.2723
Hungary	HUF	321.5100	310.1400	319.8950	309.3367

d) Properties

Classification

The item “investment properties” consists of investment properties and properties under development that are held neither for own use nor for sale in the ordinary course of business, but to generate rental income and to appreciate in value.

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

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

Properties used for administration purposes are presented under the line “own used properties”.

Valuation

Investment properties are measured according to the fair value model. Changes in the current book value before revaluation (fair value of previous year plus subsequent/ additional acquisition or production cost less subsequent acquisition cost reductions as well as the impact from the deferral of rent incentives) are recognised in the income statement under “result from revaluation”.

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

Own used properties and office furniture, equipment and other assets are measured in accordance with the cost method, i.e. acquisition or production cost or fair value at the date of reclassification less regular depreciation and impairment losses.

Investment grants are accounted for as deduction of production costs.

Office furniture, equipment and other assets are depreciated on a straight-line basis over their estimated useful life, which generally ranges from 2 to 15 years. The estimated useful life of the own used properties, applying the principle that each part of an item with a significant cost shall be depreciated separately, is 70 to 75 years for the structural work, 15 to 70 years for the facade, 20 years for the building equipment and appliances, 15 to 20 years for the roof, and 10 to 20 years for the tenant’s finishing works.

Borrowing costs arising during property construction are allocated to the production costs if they are directly attributable to a qualifying asset and the property is not in the sales process. A qualifying asset is an asset that takes a substantial period of time to be ready for its intended use or sale. In cases in which debt is not directly attributable to an individual qualifying asset, the proportional amount of the total finance costs is allocated to the qualifying asset. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Assessment of fair value

Around 99.6% (31.12.2017: 94.0%) of the properties in Austria, about 96.6% (31.12.2017: 74.9%) of the properties in Germany, and about 99.3% (31.12.2017: 99.9%) of the properties in Eastern Europe, according to segment reporting, were subject to an external valuation as of the reporting date 31.12.2018. The values of other properties were determined internally on the basis of the previous year’s valuations or binding purchase agreements.

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

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

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

For properties under development and construction, the residual method is applied. Under this method, the market value is based on the estimated market value upon completion, less expected outstanding expenses and after applying a reasonable developer profit in the range of 7.5% to 25.0% of the market value upon completion (31.12.2017: 7.0% to 25.0%). Developer profit for properties under development, which are nearly completed, ranges at the bottom of the margin according to their reduced risk. Risks of investment properties (after completion) considered are, the estimated future rents and initial yields in the range from 3.7% to 6.75% (31.12.2017: 3.5% to 7.5%) and financing interest rates in the range from 2.0% to 3.5% (31.12.2017: 2.0% to 4.0%). The rates vary in particular depending on the general market climate, location and type of use. The closer a project is to completion, the greater the portion of parameters that are based on actual or contractually fixed amounts. After completion or immediately before completion, the properties are valued by applying the investment method (see above), adjusted for outstanding work.

The following table shows the essential input factors for the valuation of investment property (the fair value of the classes Office Austria and Office Germany also includes the fair value of own used properties) and property under development:

Classification investment properties incl. own used properties Valuation technique investment method	**Fair value 31.12.2018 € 1,000**	**Fair value 31.12.2017 € 1,000**	**Inputs**	**Range 2018**	**Range 2017**
Office Austria	335,800	272,200	Actual-rent €/m² p. m.	7.73 – 27.81	6.56 – 27.30
			Market-rent €/m² p. m.	7.48 – 24.12	7.09 – 24.12
			average remaining lease term in years	6.00	5.19
			average vacancy %	11.58	11.47
			Yield Term min/max/weighted average %	3.65 / 6.50 / 4.77	3.75 / 6.50 / 5.23
			Yield Reversion min/max/weighted average %	3.50 / 7.00 / 5.05	3.65 / 6.50 / 5.43
Office Germany	1,091,100	957,619	Actual-rent €/m² p. m.	9.99 – 21.86	9.84 – 21.63
			Market-rent €/m² p. m.	11.67 – 22.17	10.34 – 21.53
			average remaining lease term in years	7.68	6.53
			average vacancy %	1.54	2.19
			Yield Term min/max/weighted average %	3.20 / 5.25 / 3.83	3.25 / 5.25 / 3.88
			Yield Reversion min/max/weighted average %	3.70 / 5.50 / 4.27	3.75 / 5.50 / 4.32
Office Eastern Europe	1,883,670	1,541,628	Actual-rent €/m² p. m.	8.87 – 20.81	8.30 – 20.75
			Market-rent €/m² p. m.	8.50 – 18.60	7.91 – 20.48
			average remaining lease term in years	3.31	3.33
			average vacancy %	6.13	6.17
			Yield Term min/max/weighted average %	4.00 / 9.00 / 6.60	4.00 / 8.25 / 6.78
			Yield Reversion min/max/weighted average %	5.00 / 9.25 / 6.86	5.70 / 8.50 / 7.09
Office total	**3,310,570**	**2,771,447**			
Retail Austria	96,900	97,200	Actual-rent €/m² p. m.	13.77 – 13.77	13.62 – 13.62
			Market-rent €/m² p. m.	13.61 – 13.61	13.77 – 13.77
			average remaining lease term in years	2.04	2.31
			average vacancy %	4.20	6.09
			Yield Term min/max/weighted average %	4.45 / 4.45 / 4.45	4.45 / 4.45 / 4.45
			Yield Reversion min/max/weighted average %	4.55 / 4.55 / 4.55	4.55 / 4.55 / 4.55
Retail Eastern Europe	0	8,750	Actual-rent €/m² p. m.	-	3.94 – 3.94
			Market-rent €/m² p. m.	-	5.10 – 5.10
			average remaining lease term in years	-	4.12
			average vacancy %	-	15.99
			Yield Term min/max/weighted average %	-	8.50 / 8.50 / 8.50
			Yield Reversion min/max/weighted average %	-	8.75 / 8.75 / 8.75
Retail total	**96,900**	**105,950**			

Classification investment properties incl. own used properties Valuation technique investment method	Fair value 31.12.2018 € 1,000	Fair value 31.12.2017 € 1,000	Inputs	Range 2018	Range 2017
Hotel Austria	85,500	84,100	Actual-rent €/m² p. m.	9.07 - 11,05	8.66 – 10.40
			Market-rent €/m² p. m.	9.11 - 11,05	9.29 – 10.50
			average remaining lease term in years	9.08	9.28
			average vacancy %	0.48	0.42
			Yield Term min/max/weighted average %	4.75 / 5.75 / 5.08	4.75 / 5.75 / 5.08
			Yield Reversion min/max/weighted average %	5.00 / 6.00 / 5.15	5.00 / 6.00 / 5.15
Hotel Germany	170,200	94,000	Actual-rent €/m² p. m.	14.26 – 16.97	13.96 – 16.97
			Market-rent €/m² p. m.	14.35 – 16.97	14.06 – 16.97
			average remaining lease term in years	16.44	14.94
			average vacancy %	1.11	0.80
			Yield Term min/max/weighted average %	4.00 / 4.50 / 4.05	4.20 / 4.60 / 4.27
			Yield Reversion min/max/weighted average %	4.40 / 5.00 / 4.51	4.70 / 5.10 / 4.77
Hotel Eastern Europe	0	11,400	Actual-rent €/m² p. m.	-	4.64 – 4.64
			Market-rent €/m² p. m.	-	4.58 – 4.58
			average remaining lease term in years	-	5.93
			average vacancy %	-	6.16
			Yield Term min/max/weighted average %	-	7.50 / 7.50 / 7.50
			Yield Reversion min/max/weighted average %	-	8.00 / 8.00 / 8.00
Hotel total	**255,700**	**189,500**			
Other Austria	50,650	49,130	Actual-rent €/m² p. m.	1.33 – 1.33	1.28 – 1.28
			Market-rent €/m² p. m.	0.98 – 0.98	0.98 – 0.98
			average remaining lease term in years	1.96	2.03
			average vacancy %	0.00	0.00
			Yield Term min/max/weighted average %	6.35 / 6.35 / 6.35	6.35 / 6.35 / 6.35
			Yield Reversion min/max/weighted average %	6.25 / 6.25 / 6.25	6.25 / 6.25 / 6.25
Other Germany	53,920	51,480	Actual-rent €/m² p. m.	3.51 – 4.05	3.32 – 3.51
			Market-rent €/m² p. m.	3.44 – 4.14	3.05 – 3.44
			average remaining lease term in years	2.00	2.26
			average vacancy %	4.88	16.18
			Yield Term min/max/weighted average %	4.25 / 7.00 / 5.20	4.50 / 8.00 / 5.71
			Yield Reversion min/max/weighted average %	4.75 / 8.00 / 5.86	5.00 / 9.00 / 6.44
Other total	**104,570**	**100,610**			

Classification investment properties under development Valuation technique residual value	**Fair value 31.12.2018 € 1,000**	**Fair value 31.12.2017 € 1,000**	**Inputs**	**Range 2018**	**Range 2017**
Office Austria	0	23,200	Expected-rent €/m² p. m.	-	14.50
			Construction cost €/m²	-	1,560
			Related cost in % of Constr. cost	-	15.00
Office Germany	369,660	260,480	Expected-rent €/m² p. m.	13.50 – 33.00	13.00 – 29.00
			Construction cost €/m²	1,704 – 2,628	1,910 – 2,739
			Related cost in % of Constr. cost	20.00 – 34.00	20.00 – 28.00
Office Eastern Europe	0	42,200	Expected-rent €/m² p. m.	-	15.00
			Construction cost €/m²	-	1,316
			Related cost in % of Constr. cost	-	9.70
Hotel Germany	0	34,700	Expected-rent €/m² p. m.	-	13.00 – 29.00
			Construction cost €/m²	-	1,910 – 2,739
			Related cost in % of Constr. cost	-	20.00 – 28.00
Other Germany	8,100	4,540	Expected-rent €/m² p. m.	13.50 – 33.00	13.00 – 29.00
			Construction cost €/m²	1,704 – 2,628	1,910 – 2,739
			Related cost in % of Constr. cost	20.00 – 34.00	20.00 – 28.00
Development total	**377,760**	**365,120**			

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

Classification investment properties under development Comparative or residual method	**Fair value 31.12.2018**	**Fair value 31.12.2017**	**Inputs**	**Range 2018**	**Range 2017**
Landbank Germany	258,046	196,715	Valuation approach / m² plot area	2.37 – 18,064.12	2.31 – 16,152.90
Landbank Eastern Europe	15,755	17,439	Valuation approach / m² plot area	13.70 – 1,078.31	1.96 – 1,078.31
Landbank total	**273,801**	**214,154**			

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

Interdependencies between the input factors

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

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

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

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

Valuation Process

For the major part of the real estate portfolio, CA Immo Group commissions independent, external real estate experts to issue a market valuation and provided the appraisers with all the necessary documents once in 2018 (2017: once). When observing material market or property-related changes, CA Immo Group commissions external real estate experts also during the year. After clarification of any queries the experts create draft valuation. These drafts are checked for credibility and integrity and finally approved for issuance.

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

e) Intangible assets

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

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

Other intangible assets mainly comprise software and are recognised at acquisition cost less straight-line amortisation and impairment losses. Software is amortised over a useful life of 3 to 5 years.

f) Impairment losses

If an indication exists that a long term non-financial asset (own used properties, office furniture, equipment and other assets as well as intangible assets) might be impaired, CA Immo Group performs an impairment test. CA Immo calculates the recoverable amount for the asset or smallest identifiable group of assets.

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

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

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

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

The impairment test assumes, based on experience, an average retention period for properties held by CA Immo Group of 0.5 to 14 years for investment properties. Due to the assumption of the retention period decreasing each year and thus of a reduced discounting period each year, further impairment losses of the goodwill corresponding to the reduction in the present value benefit are expected in future periods.

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

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

2017

Goodwill impairment in € K				
Change in yield (in % of initial yield)	**+5%**	**+5%**	**+10%**	**+10%**
Change in market rent	**–5%**	**–10%**	**–5%**	**–10%**
Impact on the profit or loss statement	–438.0	–702.8	–691.1	–956.9

g) Financial assets and liabilities (FI - financial instruments)

Other investments

Interests in companies which are neither consolidated due to lack of control nor significantly influenced by the Group are assigned to the category "fair value through profit or loss" (FVtPL). The valuation of the investment is made at fair value. Subsequent changes in value are presented in profit or loss as "result from financial investments". If a listed price on an active market is not available, the fair value of investments which own investment properties will be updated based on internal valuations, mostly based on external professional opinions for the properties.

Securities

CA Immo Group holds shares in IMMOFINANZ AG, Vienna. These securities are primary financial instruments that are quoted on an active market. They are classified as "fair value through other comprehensive income" (FVOCI). The initial recognition is at fair value including any transaction costs and the subsequent valuation is at fair value - based stock market quotation. All changes in the values of securities are shown in other comprehensive income and in case of a sale, there will be no recognition in profit or loss. The dividends corresponding to the securities are presented in profit or loss as "result from financial investments".

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

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

Loans

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

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

Receivables and other financial assets

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

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

The following risk categories exist:

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

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

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

Cash and cash equivalents

Cash and cash equivalents include cash, deposits in banks, as well as fixed-term deposits with an original term of up to three months. This item also includes cash in banks subject to drawing restrictions for a period of less than 3 months, which is used for securing outstanding loans (principal and interests) as well as current investments in development projects. Cash in banks subject to drawing restrictions up to 12 months is presented in caption "receivables and other assets". Restricted cash with a longer lock-up period (over 12 months) is presented under financial assets.

The expected credit losses for cash and cash equivalents are determined based on the default probability of each financial institution. For the computation of the expected credit losses the required period is taken into consideration, which CA Immo group expects, for the cash and cash equivalents to be transferred to other financial institutions.

Interest-bearing liabilities

Interest-bearing liabilities are assigned to the category "amortised cost" (AC) and recognised upon disbursement at the amount actually received less transaction costs. Any difference between the amount received and the repayment amount is allocated over the term of the financing, according to the effective interest-rate method, and is recognised as financing costs or, if the conditions set forth in IAS 23 are met, capitalised as part of the construction cost.

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

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

Other liabilities

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

For other current liabilities, the fair value generally corresponds to the estimated sum of all future payments.

Other non-current liabilities are measured at fair value at initial recognition and are compounded with a timely and risk adequate market rate.

Derivative financial instruments

CA Immo Group recognizes derivative financial instruments upon the conclusion of the transaction agreement.

CA Immo Group uses derivative financial instruments, such as interest rate caps, swaps, floors, swaptions and forward exchange transactions, in order to hedge against interest and currency risks. These derivative financial instruments are recognised at fair value at the time the contract is concluded and remeasured at fair value in the following periods. Derivative financial instruments are recognised as financial assets if their value is positive and as financial liabilities if their fair value is negative.

Derivative financial instruments are presented as non-current financial assets or liabilities if their remaining term exceeds twelve months and realisation within twelve months is not expected. All other derivative financial instruments, whose remaining term is below twelve months, are presented as current assets or liabilities.

The method applied by CA Immo Group when recognising gains or losses from derivative financial instruments depends on whether or not the criteria for cash flow hedge accounting (hedging of future cash flows) are met. CA Immo Group exclusively pursues a micro-hedging strategy, whereby the hedging instrument is directly assigned to an individual underlying transaction (loan agreement).

Where the derivative financial instruments fulfil the criteria for cash flow hedge accounting (CFH – cash flow hedge), the effective portion of the change in fair value is recognised in other comprehensive income. The ineffective portion is immediately recognized (reclassified) as an expense in "result from derivatives". The gains or losses from the measurement of the cash flow hedges recognised in other comprehensive income are reclassified into profit or loss in the period in which the underlying transaction becomes effective, or the expected cash flows are no longer expected to occur. The effectiveness of the hedging relationship between the hedging instrument and the underlying transaction is assessed and documented at the inception of the hedge and subsequently reassessed on an ongoing basis.

Derivative financial instruments not qualifying for cash flow hedge accounting are referred to as "fair value derivatives" to clearly distinguish these instruments from cash flow hedges. These are, for example, interest rate swaps, without a concurrent credit loan agreement as well as swaptions, interest rate floors and interest caps. Pursuant to IFRS 9, derivatives not qualifying for hedge accounting are assigned to the category "fair value through profit or loss" (FVtPL). Changes in the fair value are therefore recognized entirely in profit or loss in the item "result from derivatives".

The fair values of interest rate swaps, swaptions, floors and caps are calculated by discounting the future cash flows from variable payments on the basis of generally accepted financial models. The interest rates for the discount of the future cash flows are estimated on basis of an interest rate curve, which is observable on the market. Inter- bank middle rates are used for the calculation.

A convertible bond requires in principle a split out of the financial instrument between an equity component and a debt component. The convertible bond consists due to the cash settlement option of CA Immo AG of an embedded derivative subject to separation. Embedded derivatives are basically to be accounted separately from the host contract if their economic characteristics and risks are not closely related to these of the host contract, if they independently fulfill the definition of a derivative and the entire instrument is not valued at fair value through profit or loss. The fair value of the embedded derivative is determined based on a generally accepted financial mathematics model (Black-Scholes) and parameters observable on the market. The embedded derivative is classified as "fair value through profit or loss" (FVtPL) and is measured at fair value through profit or loss at each balance sheet date. The changes in fair value are fully presented in profit or loss as "result from derivatives".

h) Other non-financial instruments (Non-FI – non financial instrument)

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

Other non-financial liabilities refer to liabilities to fiscal authorities (including social insurance related liabilities), short-term rent prepayments, advance payments, dividend advance payments as well as contract liabilities (in accordance with IFRS 15). They are recognized at the date of acquisition at the amount corresponding to the expected outflow of resources and the cost of acquisition (cashed-in amount). Changes in value (including interest) arising from updated information are recognised in profit or loss.

Where revenues transferred over time occur in a construction project (for example for owner occupied apartments) by means of measure of progress, according to IFRS 15, contract assets and contract liabilities should be presented. The recognition of the contract assets is netted with prepayments received under "trade and other receivables" and for a contract liability under "other liabilities".

i) Assets held for sale and disposal groups

Non-current assets and disposal groups are classified as "held for sale" if the relevant book value is expected to be realised from a disposal and not from continued use. This is the case when the relevant non-current assets and disposal groups are available for immediate sale in their current condition and a disposal is highly probable. Furthermore, the sale must be expected to be completed within one year of the classification as held for sale. Disposal groups consist of assets that are to be sold together in a single transaction and the associated liabilities that are to be transferred in the course of this transaction.

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

j) Payment obligations to employees

Variable remuneration

In order to promote a high level of alignment with the corporate goals, all employees are provided with variable remuneration in addition to their fixed salary and thus participation in the company's success. Based on the remuneration system of the Management Board, the attainment of the budgeted quantitative and qualitative annual targets as well as a positive consolidated result are required. Furthermore, managerial staff have the additional option of participating in a remuneration scheme based on share prices. Diverging from the model for the Management Board (phantom shares), participation in the LTI program is voluntary. The revolving programme has a term (retention period) of three years per tranche; it presupposes a personal investment (maximum of 35% of the fixed annual salary). The personal investment is evaluated on the basis of the average rate for the first quarter of the year the tranche begins, and the number of associated shares is determined on the basis of that evaluation. At the end of each three-year performance period, a target/actual comparison is applied to define target attainment. The critical factor is the value generated within the Group in terms of NAV growth, TSR (total shareholder return) and growth of FFO (funds from operations). The weighting for NAV and FFO growth is 30%, and 40% for the TSR. Payments are made in cash. Within the remuneration system for the Management Board, the LTI program was dissolved in 2015 and replaced by bonus payments based on phantom shares.

The bonus payment for the Management Board is linked to long-term operational and quality-based targets and also takes account of non-financial performance criteria. It is limited to 200% of the annual salary. Of the variable remuneration, half is linked to the attainment of short-term targets defined annually by the remuneration committee (annual bonus). The other half is based on outperformance of the following indicators defined annually by the remuneration committee: return on equity (ROE), funds from operations (FFO) and NAV growth. The level of the bonus actually paid depends on the degree of target attainment: the values agreed and actually achieved at the end of each business year are determined by the Remuneration Committee. Half of performance-related remuneration takes the form of immediate payments (short term incentive); the remaining 50% is converted into phantom shares on the basis of the average rate for the last quarter of the business year relevant to target attainment. The payment of phantom shares is made in cash in three equal parts after 12 months, 24 months (mid term incentive) and 36 months (long term incentive) at the average rate for the last quarter of the year preceding the payment year.

For this kind of share-based remuneration, which is settled in cash, the liability incurred is recognised as a provision in the amount of the attributable fair value. Until the debt is settled, the attributable fair value is determined afresh on every closing date and settlement date. All changes are recognised in the income statement in the relevant business year.

Defined benefit plans upon termination of employment

Obligations arising from defined benefit pension plans exist for four persons in the CA Immo Germany Group. The commitments relate to two pension benefits for already retired managing directors, as well as two ongoing pension benefits. In accordance with IAS 19.63, reinsurance contracts in respect of defined benefit pension obligations are presented as a net debt (asset).

Each year, external actuarial calculations are obtained for the defined benefit pension obligations. The defined benefit obligation or liability is calculated according to IAS 19 using the projected unit credit method and based on the following parameters:

	31.12.2018	31.12.2017
Interest rate	1.80%	1.63%
Salary increases expected in the future	2.00%	2.00%
Accumulation period	25 years	25 years
Expected income from plan asset	1.80%	1.63%

The actual return on plan assets for 2018 is 1.61% (2017: 1.63%).

Service cost and interest expense related to the obligation as well as the interest income related to the plan assets are recognised in the year in which they arise. Actuarial gains and losses less deferred taxes related to the obligation and the plan assets are recognised in other comprehensive income.

CA Immo Group has a legal obligation to make a one-time severance payment to staff employed in Austria before 1.1.2003 in the event of dismissal or retirement. The amount of this payment depends on the number of years of service and the relevant salary at the time the settlement is payable. It varies between two and twelve monthly salary payments. In CA Immo Group, contract stipulated severance exists for several employees. According to IAS 19, a provision is recognised for this defined benefit obligation. The interest rate used for the computation of this provision amounts to 0.17% (2017: 0.00%).

Defined contribution plans

CA Immo Group has the legal obligation to pay 1.53% of the monthly salary of all staff joining companies in Austria after 31.12.2002 into a staff pension fund. No further obligations exist. The payments are considered as staff expenses and included in indirect expenses.

Based on agreements with three different pension funds in Austria and a benevolent fund for small and medium-sized enterprises in Germany, a defined contribution pension commitment exists for employees in Austria and Germany after a certain number of years of service (Austria: 1 or 3 years, irrespective of age; Germany: immediately upon reaching the age of 27). The contribution is calculated as a percentage of the relevant monthly gross salary, namely 2.5% or 2.7% in Austria, and 2.0% in Germany. The contributions paid vest after a certain period (Austria: 3 or 4 years; Germany: 3 years) and are paid out as monthly pension upon retirement.

k) Provisions and contingent liabilities

Provisions are recognised if CA Immo Group has a legal or constructive obligation towards a third party as a result of a past event and the obligation is likely to lead to an outflow of funds. Such provisions are recognised in the amount representing the best possible estimate at the time the consolidated financial statements are prepared. If the present value of the provision determined on the basis of prevailing market interest rates differs substantially from the nominal value, the present value of the obligation is recognised.

If the amount of an obligation cannot be estimated reliably, the outflow of funds from the obligation is not likely, or the occurrence of the obligation depends on future events, it represents a contingent liability. In such cases, a provision is not recognised and an explanation of material facts is disclosed in the notes.

l) Taxes

The income tax expense reported for the business year contains the income tax on the taxable income (current and for other periods) of the individual subsidiaries calculated at the tax rate applicable in the relevant country ("current tax"), and the change in deferred taxes recognised in profit or loss ("deferred tax"), as well as the tax effect arising from amounts recognised in equity not giving rise to temporary differences and recognised in equity (e.g. the tax related to ancillary expenses for capital increases as well as the valuation of derivative transactions). Changes in deferred taxes resulting from foreign currency translation are included in deferred income tax expense.

In line with IAS 12, the calculation of deferred taxes is based on all temporary differences between the tax base of assets or liabilities and their book values in the consolidated statement of financial position. Deferred tax assets on tax losses carried forward are recognised taking into account the fact whether they can be carried forward indefinitely or only up to a certain time as well as the extent of their expected use in the future. The amount of the deferred tax asset recognised is determined based on projections for the next 3 to 5 years which show the expected use of the tax losses carried forward in the near future and on the existence of sufficient taxable temporary differences, mainly resulting from investment property.

The deferred taxes are calculated based on the following tax rates:

Country		Tax rate	Country		Tax rate
	2018	2017		2018	2017
Bulgaria	10.0%	10.0%	Serbia	15.0%	15.0%
Germany	15.8% to 33.0%	15.8% to 33.0%	Slovakia	21.0%	21.0%
Croatia	18.0%	18.0%	Slovenia	19.0%	19.0%
Netherlands	20.0% / 25.0%	20.0% / 25.0%	Czechia	19.0%	19.0%
Austria	25.0%	25.0%	Ukraine	18.0%	18.0%
Poland	19.0%	19.0%	Hungary	9.0%	9.0%
Romania	16.0%	16.0%	Cyprus	12.5%	12.5%
Russia	20.0%	20.0%			

A group and tax compensation agreement was concluded in Austria for the formation of a tax group as defined by Section 9 of the Austrian Personal Income Tax and Corporate Income Tax Act (KStG) for almost all companies of CA Immo Group. The head of the group is CA Immobilien Anlagen Aktiengesellschaft, Vienna.

For certain entities within the CA Immo Germany Group a tax group has been established in accordance with German income tax legislation. The head of the tax group is CA Immo Deutschland GmbH, Frankfurt. Based on profit and loss transfer agreements the members of the tax group are required to transfer their entire profit to the head of the group (being the annual surplus before the profit transfer, less any loss carried forward from the previous year and after recognition or release of reserves). The head of the group has an obligation to balance any annual deficit arising in a group entity during the term of the agreement to the extent that such deficits exceed the amounts which can be released from other reserves that have been allocated out of profits earned during the term of the agreement.

m) Leases

CA Immo Group determines whether an arrangement contains a lease based on the economic substance of the arrangement and evaluates whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement contains a right to use the asset, even if such right is not explicitly stated in the agreement.

According to IAS 17, the allocation of a leased asset to the lessor or lessee is based on the criterion of accountability of all significant risks and rewards associated with ownership of the leased asset. The characteristics of the CA Immo Group as lessor of investment properties corresponds to an operating lease because the economic ownership remains with CA Immo Group for the rented properties and thus the significant risks and rewards are not transferred.

n) Operating segments

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

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

- Income producing properties: Investment properties rented, own used properties and investment properties pursuant to IFRS 5
- Development: Properties under development and land banks, completed development properties (investment properties) until the second annual reporting date after completion (depending on the tenancy rate or beginning of the sales process), development services for third parties, properties under development pursuant to IFRS 5, and properties held for trading
- Holding: general management and financing activities of CA Immo Group.

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

o) Turnover recognition

Rental revenues

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

Conditional rental income, such as any amounts that are conditional on the revenues generated in the business premises, are recognised in profit or loss in the period in which they are assessed.

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

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

Service charge income

Operating costs incurred by CA Immo Group for properties rented to third parties, which are charged to tenants, are presented in the consolidated income statement in "operating costs charged to tenants". Based on an analysis of primary performance responsibility, inventory risk, pricing competence, CA Immo Group is to be considered a principal for the service charges because it has the primary responsibility for providing the service and is the direct counterpart in case of performance disruptions.

p) Revenue recognition according to IFRS 15

IFRS 15 specifies when and in which amount revenues from contracts with cusomers should be recognized, based on a five-step model.

1. Identification of the contract with the customer
2. Identification of the performance obligations in the contract
3. Determination of the transaction price
4. Allocation of the transaction price to the performance obligations based on stand-alone selling prices of the individual performance obligations
5. Recognition of revenue over a period of time or at a specific point in time when performance obligation is fulfilled

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

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

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

Income from trading and construction works

The item "income from trading and construction works" includes income from the sale of properties intended for trading as well as income from construction works (construction of a building on the land of a customer, whereby CA Immo Group as a builder carries out a construction contract with or without a general contractor).

Revenues from the sale of investment properties

Income from the sale of properties is recognised when:

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

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

Revenues from construction contracts

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

Revenues from services rendered

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

q) Result from the sale of investment properties

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

r) Indirect expenses

CA Immo Group capitalizes indirect expenses (mainly personnel expenses) to the extent that they can be attributed to the construction cost of properties under development and properties held for trading. These internally-produced capitalised expenses and capitalised changes in work-in-progress respectively are reported as an adjustment of the indirect expenses. As long as these services are rendered to joint ventures of CA Immo Group, there will be no decrease of the indirect expenses, but a recognition of the "income from services rendered".

s) Financial result

Finance costs comprise interest payable for external financing, interest recognised by the effective interest-rate method (if not required to be capitalised according to IAS 23), interest for committed external funds not yet received, current interest on derivative transactions, the interest costs arising from the calculation of retirement benefits, the net result attributable to non-controlling interests in limited partnerships and expenses similar to interest. Interest is deferred over time by the effective interest-rate method. The net result of non-controlling interests in limited partnerships contains the pro rata net income of non-controlling partners of limited partnerships in Germany, whose capital contribution, updated with the profit share, is recognised as debt in the statement of financial position under "other liabilities".

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

The result from derivatives consists of gains and losses from the sale or measurement of interest rate swaps, floors, caps and the swaption unless they are recognised in other comprehensive income as cash flow hedges, as well as valuation of the derivative convertible bond. The ineffective portion of the cash flow hedge relationships is also recognised in the result from derivatives.

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

The result from other financial assets mainly relates to the valuation of loans.

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

t) Fair value measurement

IFRS 13 defines the fair value as the price that would be received following the sale of an asset or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The price could be directly observable or estimated using valuation techniques. Corresponding to the inputs used to determine of the fair values, the measurement hierarchy distinguishes between the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: inputs that are observable for the measurement of assets or liabilities, either directly or indirectly
- Level 3: inputs are unobservable for the measurement of assets or liabilities.

Hierarchy of the fair values

31.12.2018			**Measurement hierarchy according to IFRS 13**	
€ 1,000	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment properties	0	0	3,755,196	3,755,196
investment properties under development	0	0	651,575	651,575
Investment property	**0**	**0**	**4,406,771**	**4,406,771**
Loans to associated companies FVtPL	0	0	10,067	10,067
Derivative financial instruments FVtPL	0	827	0	827
Other investments FVtPL	0	0	41,098	41,098
Securities FVOCI	114,544	0	0	114,544
Financial instruments by category (assets)	**114,544**	**827**	**51,165**	**166,536**
Assets held for sale	0	0	15,144	15,144
Assets held for sale	**0**	**0**	**15,144**	**15,144**
Derivative financial instruments FVtPL	0	–44,429	0	–44,429
Financial instruments by category (liabilities)	**0**	**–44,429**	**0**	**–44,429**
Total	**114,544**	**–43,602**	**4,473,081**	**4,544,022**

31.12.2017 restated			Measurement hierarchy according to IFRS 13	
€ 1,000	Level 1	Level 2	Level 3	Total
Investment properties	0	0	3,155,677	3,155,677
investment properties under development	0	0	579,274	579,274
Investment property	**0**	**0**	**3,734,951**	**3,734,951**
Loans to associated companies FVtPL	0	0	15,176	15,176
Derivative financial instruments FVtPL	0	293	0	293
Other investments FVtPL	0	0	56,875	56,875
Securities FVOCI	117,668	0	0	117,668
Financial instruments by category (assets)	**117,668**	**293**	**72,051**	**190,011**
Assets held for sale	0	0	40,106	40,106
Assets held for sale	**0**	**0**	**40,106**	**40,106**
Derivative financial instruments FVtPL	0	–23,021	0	–23,021
Financial instruments by category (liabilities)	**0**	**–23,021**	**0**	**–23,021**
Total	**117,668**	**–22,729**	**3,847,108**	**3,942,047**

Reclassifications between levels did not occur in 2018 and 2017.

Hierarchy classification

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

€ 1,000	Office Austria*	Office Germany*	Office Eastern Europe	Retail Austria	Retail Eastern Europe	Hotel Austria
As at 1.1.2017	**314,610**	**851,750**	**1,378,595**	**97,200**	**8,800**	**84,600**
Additions	1,796	8,434	23,595	899	54	360
Disposals	–4,433	–16,120	–24,743	–1	0	0
Purchase of real estate companies	0	0	180,602	0	0	0
Valuation	–2,753	114,011	–17,759	–874	–102	–827
Reclassification IFRS 5	–36,900	0	0	0	0	0
Reclassification IAS 2	0	0	0	0	0	0
Reclassification between classes	0	0	0	0	0	0
Change in lease incentives	–120	–456	1,339	–23	–2	–32
As at 31.12.2017 = 1.1.2018	**272,200**	**957,619**	**1,541,628**	**97,200**	**8,750**	**84,100**
Additions	2,873	11,191	19,812	286	201	0
Disposals	–218	–1,293	–128	0	–7,310	0
Purchase of real estate companies	0	0	207,547	0	0	0
Valuation	25,500	68,099	48,898	–563	–1,644	1,440
Reclassification IFRS 5	0	0	0	0	0	0
Reclassification IAS 2	0	0	0	0	0	0
Reclassification between classes	35,134	55,041	65,536	0	0	0
Change in lease incentives	311	442	376	–23	4	–40
As at 31.12.2018	**335,800**	**1,091,100**	**1,883,670**	**96,900**	**0**	**85,500**

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

€ 1,000	Hotel Germany	Hotel Eastern Europe	Others Austria	Others Germany	IFRS 5 all
As at 1.1.2017	**83,400**	**11,400**	**59,040**	**46,970**	**15,064**
Additions	337	21	1,792	107	0
Disposals	0	0	–8,400	0	–15,064
Purchase of real estate companies	0	0	0	0	0
Valuation	10,287	–21	–3,302	4,403	0
Reclassification IFRS 5	0	0	0	0	36,900
Reclassification IAS 2	0	0	0	0	0
Reclassification between classes	0	0	0	0	0
Change in lease incentives	–24	0	0	0	0
As at 31.12.2017 = 1.1.2018	**94,000**	**11,400**	**49,130**	**51,480**	**36,900**
Additions	5,150	0	820	83	0
Disposals	0	0	0	–18	–36,900
Purchase of real estate companies	0	0	0	0	0
Valuation	9,879	2,744	700	2,375	0
Reclassification IFRS 5	0	–14,144	0	0	14,144
Reclassification IAS 2	0	0	0	0	0
Reclassification between classes	60,970	0	0	0	0
Change in lease incentives	201	0	0	0	0
As at 31.12.2018	**170,200**	**0**	**50,650**	**53,920**	**14,144**

€ 1,000	Development Austria	Development Germany	Development Eastern Europe	Land banks Germany	Land banks Eastern Europe
As at 1.1.2017	**5,480**	**172,040**	**22,700**	**211,510**	**21,319**
Additions	14,884	90,295	19,317	6,041	671
Disposals	0	0	0	–1	–5,642
Purchase of real estate companies	0	14,260	0	0	0
Valuation	2,836	13,855	183	–3,433	1,091
Reclassification IFRS 5	0	0	0	0	0
Reclassification IAS 2	0	0	0	–8,130	0
Reclassification between classes	0	9,270	0	–9,270	0
Change in lease incentives	0	0	0	–3	0
As at 31.12.2017 = 1.1.2018	**23,200**	**299,720**	**42,200**	**196,715**	**17,439**
Additions	11,934	133,244	24,369	14,212	602
Disposals	0	0	0	–12,130	–1,350
Purchase of real estate companies	0	0	0	0	0
Valuation	0	60,807	–1,033	59,249	–936
Reclassification IFRS 5	0	0	0	0	0
Reclassification IAS 2	0	0	0	0	0
Reclassification between classes	–35,134	–116,011	–65,536	0	0
Change in lease incentives	0	0	0	0	0
As at 31.12.2018	**0**	**377,760**	**0**	**258,046**	**15,755**

€ 1,000	Other investments
As at 1.1.2017	**57,774**
Valuation (OCI)	2,291
Distributions/capital reduction	–3,190
As at 31.12.2017 = 1.1.2018	**56,875**
Valuation P/L	1,600
Distributions/capital reduction	–1,694
Disposals	–15,683
As at 31.12.2018	**41,098**

u) New and revised standards and interpretations

First-time application of new and revised standards and interpretations not materially influencing the consolidated financial statements

The following standards and interpretations, already adopted by the EU, where applicable for the first time in the business year 2018:

Standard / Interpretation	Content	Entry into force[1]
Amendments to IFRS 4	Applying IFRS 9 with IFRS 4 Insurance Contracts	01.01.2018
Annual Improvements to IFRS Standards 2014-2016 Cycle	Miscellaneous	01.01.2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	01.01.2018
Amendments to IAS 40	Transfers of Investment Property	01.01.2018
IFRIC 22	Foreign Currency Transactions and Advance Considerations	01.01.2018

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

Standard / Interpretation	Content	Entry into force[1]
IFRS 16	Leasing	1.1.2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1.1.2019
IFRIC 23	Uncertainty over Income Tax Treatments	1.1.2019
Amendments to IAS 28	Investments in associated companies and joint ventures	1.1.2019
Annual Improvements (2015-2017)	Miscellaneous	1.1.2019[2]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1.1.2019[2]
Amendments to references to the conceptual framework in IFRS standards	Revised conceptual framework of IFRS standards	1.1.2020[2]
Amendments to IFRS 3	Amendments to IFRS 3 Business Combinations	1.1.2020[2]
Amendments to IAS 1 and IAS 8	Definition of Material	1.1.2020[2]
IFRS 17	Insurance Contracts	1.1.2021[2]

1) The standards and interpretations are to be applied to business years commencing on or after the effective date.
2) Not yet adopted by the EU as of the reporting date. The effective date envisaged by an EU Regulation may differ from the date indicated by the IASB.

The above listed revisions and interpretations are not being early adopted by CA Immo Group.

Expected impact of IFRS 16 on the group financial statements

The new standard defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To be classified as lease, the contract needs to fulfill the following criteria:

- The fulfillment of the contract depends on the use of an identified asset.
- The contract must convey the right to control the use of an identified asset.

Under IFRS 16, lessors classify all leases in the same manner as under IAS 17, distinguishing between two types of leases, i.e. finance and operating. Lessees, however, do not need to separate between the types of leases but need to recognize an asset as a “right of use” for all lease contracts upon commencement and need to recognise a corresponding leasing liability. Leases of low-value assets and short-term leases as well as leasing of software are excluded.

The changes of IFRS 16 on the operating leases of CA Immo Group mainly refer to leases for cars, furniture and office equipment, rental agreements and usufruct. The CA Immo Group make use of certain options and does not recognize right of use assets/lease liabilities for short-term leases (less than 1 year), leases with underlying assets of low value (< € 5,000) and software.

The application of IFRS 16 results in the recognition of a right of use asset and a corresponding lease liability in those cases where CA Immo Group is lessee and not owner of a land plot. Impacted contracts at CA Immo Group refer to investments in Poland and Serbia. Additionally the rent of parking spaces, which are further subleased, also leads to the recognition of a right of use asset and a lease liability. The right of use assets arising from both circumstances are presented as investment property and are accounted for according to IAS 40.

In the course of the implementation project of IFRS 16 and IFRS 15 the components of operating costs charged to tenants have been analysed. IFRS 16 differentiates between leasing components, other services (non-lease components in scope of IFRS 15) as well as components, within a contract, that do not result in a service performed by the lessor. The analysis of the service charges concluded that their individual components have to be assessed and recognized separately. In future the components of service charges will be seperated into those where CA Immo Group has an obligation to render a service (service charges within the scope of IFRS 15) and those where the lessees do not receive a separate services, but that have to be reimbursed as part of service charge reconciliation (for example property taxes, building insurance, usufruct related expenses). CA Immo Group presented the service charges for properties in the income statement as operating expenses and as operating cost charged to tenants.

In future, CA Immo Group will separately present the income from the reinvoiced service charges, depending on the allocation to IFRS 16 or IFRS 15. Those service charge components, in the scope of IFRS 16, will be allocated to the rental revenues and the respective cost will be presented as other expenses directly attributable to investment property. Operating expenses and operating cost charged to tenants will therefore only comprise those components in scope of IFRS 15.

CA Immo Group applies IFRS 16 not retrospectively (without adjusting the prior-year comparative figures) and recognizes the right of use assets in the same amount as the leasing liabilities as at 1.1.2019. The changes have the following estimated effects:

Expected impact on the consolidated statement of financial position as at 1.1.2019

€ 1,000	31.12.2018 as reported	Change due to IFRS 16	1.1.2019 according to IFRS 16
ASSETS			
Investment properties	3,755,196	31,294	3,786,489
Own used properties	5,223	9,561	14,784
Office furniture and equipment	5,938	957	6,895
Long-term assets	**4,690,748**	**41,811**	**4,732,559**
Short-term assets	**664,757**	**0**	**664,757**
Total assets	**5,355,504**	**41,811**	**5,397,316**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	**2,639,697**	**0**	**2,639,697**
Shareholders' equity as a % of total assets	49.3%		48.9%
Interest-bearing liabilities	1,723,749	39,126	1,762,875
Long-term liabilities	**2,167,353**	**39,126**	**2,206,480**
Interest-bearing liabilities	219,645	2,685	222,330
Short-term liabilities	**548,454**	**2,685**	**551,139**
Total liabilities and shareholders' equity	**5,355,504**	**41,811**	**5,397,316**

Based on the figures of year 2018, the effects of IFRS 16 on the consolidated income statement for 2018 are estimated as follows:

€ 1,000	2018 as reported	Estimated impact IFRS 16	Estimated figures 2018
Rental income	192,440	8,849	201,289
Operating costs charged to tenants	55,828	–8,849	46,979
Operating expenses	–60,107	10,480	–49,627
Other expenses directly related to properties rented	–12,961	–8,958	–21,918
Net rental income	**175,201**	**1,522**	**176,723**
Indirect expenses	–53,246	1,889	–51,357
EBITDA	**145,075**	**3,412**	**148,487**
Depreciation and impairment/reversal	**–2,619**	**–1,904**	**–4,523**
Result from revaluation	**276,461**	**–405**	**276,056**
Result of operations (EBIT)	**442,271**	**1,103**	**443,374**
Finance costs	–36,966	–1,273	–38,240
Financial result	**–46,071**	**–1,273**	**–47,344**
Net result before taxes (EBT)	**396,200**	**–170**	**396,029**
Income tax expense	**–90,896**	**54**	**–90,842**
Consolidated net income	**305,304**	**–116**	**305,188**
thereof attributable to the owners of the parent	**305,293**	**–116**	**305,177**
Earnings per share in € (basic)	€3.28	€0.00	€3.28
Earnings per share in € (diluted)	€3.21	€0.00	€3.21

Other changes

The effects of the first time application of IFRIC 23 (Uncertainty over income tax treatments) are not expected to have a material impact. The amendment to IAS 23 Borrowing Costs through the Annual Improvement Cycle (2015-2017) will result in the identification of the weighted average interest cost of any additional borrowing from a general pool, and in the future will include all borrowings that are not specifically designated for a qualifying asset. The first time adoption of the remaining new regulations is not expected to have a material impact.

NOTES TO THE CONSOLIDATED INCOME STATEMENT, CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED CASH FLOW STATEMENT

1. Segment reporting

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

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

The accounting principles of the reportable segments correspond to those described under "Summarized presentation of accounting methods".

Transactions between operating segments are allocated as follows:

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

€ 1,000			Austria			Germany	
2018	**Income producing**	**Development**	**Total**	**Income producing**	**Development**	**Total**	**Income producing**
Rental income	27,904	236	28,140	55,460	4,941	60,401	99,778
Rental income with other operating segments	533	0	533	487	9	496	0
Operating costs charged to tenants	6,592	123	6,715	11,620	622	12,242	34,498
Operating expenses	–7,613	–123	–7,736	–12,625	–927	–13,552	–36,709
Other expenses directly related to properties rented	–3,239	0	–3,239	–4,556	–691	–5,247	–4,840
Net rental income	**24,177**	**236**	**24,413**	**50,384**	**3,954**	**54,339**	**92,728**
Other expenses directly related to properties under development	0	–428	–428	0	–5,366	–5,366	0
Result from trading and construction works	0	13,500	13,500	0	10,315	10,315	0
Result from the sale of investment properties	–26	0	–26	3,509	8,735	12,244	–1,526
Income from services rendered	0	0	0	830	12,078	12,908	479
Indirect expenses	–1,466	–139	–1,605	–7,172	–20,697	–27,869	–13,781
Other operating income	245	2	248	609	206	815	391
EBITDA	**22,930**	**13,171**	**36,101**	**48,162**	**9,225**	**57,386**	**78,291**
Depreciation and impairment/reversal	–690	0	–690	–104	–511	–615	–453
Result from revaluation	17,179	9,699	26,877	71,023	128,887	199,910	43,237
Result from joint ventures	0	0	0	0	0	0	0
Result of operations (EBIT)	**39,419**	**22,870**	**62,289**	**119,080**	**137,601**	**256,681**	**121,075**
Timing of revenue recognition							
Properties held for trading	0	3,888	3,888	0	8,367	8,367	0
Sale of investment properties	22,053	0	22,053	761,384	20,063	781,447	447
Total income IFRS 15 - transferred at a point in time	**22,053**	**3,888**	**25,941**	**761,384**	**28,430**	**789,814**	**447**
Income from the sale of properties and construction works	0	26,494	26,494	0	77,698	77,698	0
Income from services rendered	0	0	0	830	12,078	12,908	479
Total income IFRS 15 - transferred over time	**0**	**26,494**	**26,494**	**830**	**89,776**	**90,606**	**479**
Total income IFRS 15	**22,053**	**30,382**	**52,435**	**762,215**	**118,206**	**880,420**	**926**
31.12.2018							
Property assets[1)]	517,394	48,286	565,681	1,303,648	832,689	2,136,337	1,723,900
Other assets	12,669	37,579	50,249	516,317	554,266	1,070,583	136,613
Deferred tax assets	0	0	0	952	948	1,900	401
Segment assets	**530,063**	**85,866**	**615,929**	**1,820,917**	**1,387,903**	**3,208,821**	**1,860,914**
Interest-bearing liabilities	190,150	23,770	213,919	637,452	276,639	914,092	794,916
Other liabilities	5,086	12,113	17,198	18,862	317,077	335,939	47,690
Deferred tax liabilities incl. current income tax liabilities	44,365	3,487	47,852	233,162	89,554	322,717	44,479
Liabilities	**239,600**	**39,370**	**278,970**	**889,477**	**683,271**	**1,572,747**	**887,085**
Shareholders' equity	**290,464**	**46,496**	**336,959**	**931,441**	**704,633**	**1,636,073**	**973,829**
Capital expenditures[2)]	2,440	21,759	24,199	72,724	207,372	280,096	225,926

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

2) Capital expenditures include all acquisitions of properties (long-term and short-term) including additions from initial consolidation, office furniture and other equipment and intangible assets; thereof € 44,882 K (31.12.2017 restated: € 28,657 K) in properties held for trading.

Development	Eastern Europe core regions Total	Income producing	Development	Eastern Europe other regions Total	Total segments	Holding	Transition Consolidation	Total
899	100,677	10,329	0	10,329	199,547	0	–7,107	192,440
0	0	0	0	0	1,028	0	–1,028	0
254	34,752	3,679	0	3,679	57,388	0	–1,560	55,828
–365	–37,074	–3,972	0	–3,972	–62,335	0	2,228	–60,107
–30	–4,870	–748	0	–748	–14,103	0	1,143	–12,961
757	**93,485**	**9,288**	**0**	**9,288**	**181,525**	**0**	**–6,324**	**175,201**
–722	–722	0	–17	–17	–6,534	0	393	–6,141
0	0	0	0	0	23,814	0	–16,408	7,406
1,177	–349	8,825	173	8,998	20,867	0	–12,642	8,225
0	479	0	0	0	13,387	12,872	–14,114	12,145
–656	–14,437	–642	–74	–716	–44,627	–24,503	15,883	–53,246
340	731	6	0	6	1,800	259	–573	1,485
896	**79,187**	**17,476**	**82**	**17,558**	**190,233**	**–11,372**	**–33,785**	**145,075**
0	–453	0	0	0	–1,757	–334	–528	–2,619
8,951	52,188	–2,707	–10	–2,717	276,258	0	203	276,461
0	0	0	0	0	0	0	23,354	23,354
9,847	**130,922**	**14,769**	**72**	**14,841**	**464,733**	**–11,706**	**–10,756**	**442,271**
0	0	0	0	0	12,255	0	–11,881	375
8,927	9,374	8,635	1,118	9,753	822,627	0	–778,447	44,181
8,927	**9,374**	**8,635**	**1,118**	**9,753**	**834,882**	**0**	**–790,327**	**44,555**
0	0	0	0	0	104,192	0	–60,149	44,043
0	479	0	0	0	13,387	12,872	–14,114	12,145
0	**479**	**0**	**0**	**0**	**117,579**	**12,872**	**–74,263**	**56,188**
8,927	**9,853**	**8,635**	**1,118**	**9,753**	**952,462**	**12,872**	**–864,590**	**100,743**
88,755	1,812,655	97,014	3,900	100,914	4,615,587	0	–144,981	4,470,606
18,153	154,767	4,718	16,245	20,963	1,296,561	1,041,202	–1,454,816	882,947
0	401	447	0	447	2,748	38,499	–39,296	1,951
106,908	**1,967,823**	**102,179**	**20,145**	**122,324**	**5,914,896**	**1,079,702**	**–1,639,093**	**5,355,504**
66,214	861,130	49,218	9,448	58,666	2,047,807	1,089,893	–1,194,306	1,943,394
9,005	56,695	2,546	7	2,553	412,385	45,608	–71,021	386,973
817	45,296	918	559	1,477	417,342	4,494	–36,395	385,441
76,036	**963,121**	**52,682**	**10,014**	**62,696**	**2,877,534**	**1,139,995**	**–1,301,721**	**2,715,808**
30,873	**1,004,702**	**49,498**	**10,131**	**59,628**	**3,037,362**	**–60,294**	**–337,372**	**2,639,697**
24,971	250,897	1,854	0	1,854	557,046	264	–78,414	478,895

€ 1,000			Austria			Germany	
2017 restated	**Income producing**	**Development**	**Total**	**Income producing**	**Development**	**Total**	**Income producing**
Rental income	30,771	0	30,771	75,601	4,273	79,874	92,615
Rental income with other operating segments	523	0	523	898	10	908	0
Operating costs charged to tenants	7,273	0	7,273	17,358	352	17,710	32,763
Operating expenses	–8,079	0	–8,079	–17,751	–437	–18,187	–35,185
Other expenses directly related to properties rented	–2,515	0	–2,515	–7,236	374	–6,862	–6,337
Net rental income	**27,972**	**0**	**27,972**	**68,870**	**4,572**	**73,442**	**83,857**
Other expenses directly related to properties under development	0	–418	–418	0	–4,184	–4,184	0
Result from trading and construction works	0	18,928	18,928	0	13,287	13,287	0
Result from the sale of investment properties	3,101	19	3,120	12,591	4,164	16,755	5,378
Income from services rendered	0	0	0	378	10,299	10,677	651
Indirect expenses	–1,486	–92	–1,577	–7,428	–15,552	–22,980	–12,551
Other operating income	73	7	80	1,324	198	1,521	238
EBITDA	**29,660**	**18,444**	**48,104**	**75,736**	**12,784**	**88,519**	**77,573**
Depreciation and impairment/reversal	–957	0	–957	–121	–2,424	–2,545	–435
Result from revaluation	–8,175	2,836	–5,339	299,930	14,015	313,944	–15,904
Result from joint ventures	0	0	0	0	0	0	0
Result of operations (EBIT)	**20,529**	**21,280**	**41,809**	**375,544**	**24,374**	**399,918**	**61,233**
Timing of revenue recognition							
Properties held for trading	0	0	0	0	26,155	26,155	0
Sale of investment properties	30,939	0	30,939	16,400	1,110	17,510	39,698
Total income IFRS 15 - transferred at a point in time	**30,939**	**0**	**30,939**	**16,400**	**27,265**	**43,665**	**39,698**
Income from the sale of properties and construction works	0	62,519	62,519	0	64,998	64,998	0
Income from services rendered	0	0	0	378	10,299	10,677	651
Total income IFRS 15 - transferred over time	**0**	**62,519**	**62,519**	**378**	**75,297**	**75,675**	**651**
Total income IFRS 15	**30,939**	**62,519**	**93,458**	**16,778**	**102,561**	**119,340**	**40,348**
31.12.2017 restated							
Property assets[1)]	535,088	32,588	567,677	1,872,411	681,610	2,554,020	1,495,908
Other assets	47,445	55,184	102,629	164,671	391,496	556,167	136,925
Deferred tax assets	0	0	0	587	1,354	1,941	859
Segment assets	**582,533**	**87,773**	**670,305**	**2,037,670**	**1,074,459**	**3,112,129**	**1,633,692**
Interest-bearing liabilities	224,551	45,450	270,001	919,303	150,852	1,070,155	691,516
Other liabilities	9,616	10,474	20,090	35,122	226,413	261,535	46,832
Deferred tax liabilities incl. current income tax liabilities	43,068	6,417	49,486	232,671	60,658	293,328	35,696
Liabilities	**277,236**	**62,341**	**339,577**	**1,187,096**	**437,923**	**1,625,018**	**774,044**
Shareholders' equity	**305,298**	**25,432**	**330,729**	**850,574**	**636,536**	**1,487,110**	**859,647**
Capital expenditures[2)]	4,872	36,981	41,854	16,059	195,270	211,329	155,601

Development	Eastern Europe core regions Total	Income producing	Development	Eastern Europe other regions Total	Total segments	Holding	Transition Consolidation	Total
0	92,615	12,766	0	12,766	216,026	0	–35,745	180,281
0	0	0	0	0	1,431	0	–1,431	0
0	32,763	4,332	0	4,332	62,078	0	–10,815	51,263
0	–35,185	–4,738	0	–4,738	–66,189	0	10,493	–55,696
0	–6,337	–552	0	–552	–16,266	0	3,777	–12,489
0	**83,857**	**11,808**	**0**	**11,808**	**197,079**	**0**	**–33,721**	**163,358**
–136	–136	0	–47	–47	–4,786	0	1,942	–2,844
0	0	0	0	0	32,215	0	–16,255	15,960
–686	4,692	0	52	52	24,619	0	4,183	28,802
0	651	0	0	0	11,328	12,111	–12,331	11,109
–479	–13,030	–837	–127	–964	–38,551	–19,391	13,324	–44,618
11	248	12	0	12	1,861	233	–1,043	1,051
–1,291	**76,282**	**10,983**	**–122**	**10,861**	**223,766**	**–7,047**	**–43,901**	**172,818**
–3	–437	0	0	0	–3,939	–484	578	–3,846
399	–15,505	–1,368	–450	–1,818	291,282	0	–187,417	103,865
0	0	0	0	0	0	0	71,564	71,565
–894	**60,339**	**9,615**	**–572**	**9,043**	**511,109**	**–7,531**	**–159,177**	**344,402**
0	0	0	0	0	26,155	0	–21,187	4,968
4,350	44,048	0	600	600	93,097	0	–13,406	79,690
4,350	**44,048**	**0**	**600**	**600**	**119,251**	**0**	**–34,593**	**84,658**
0	0	0	0	0	127,516	0	–78,275	49,241
0	651	0	0	0	11,328	12,111	–12,331	11,109
0	**651**	**0**	**0**	**0**	**138,845**	**12,111**	**–90,606**	**60,349**
4,350	**44,698**	**0**	**600**	**600**	**258,096**	**12,111**	**–125,199**	**145,008**
54,779	1,550,687	175,770	4,860	180,630	4,853,014	0	–1,039,203	3,813,811
10,628	147,554	6,768	15,859	22,627	828,976	929,744	–824,729	933,991
205	1,064	164	0	164	3,168	37,113	–38,347	1,934
65,612	**1,699,304**	**182,702**	**20,719**	**203,421**	**5,685,159**	**966,856**	**–1,902,279**	**4,749,736**
36,299	727,815	123,363	13,228	136,591	2,204,563	911,596	–1,366,829	1,749,330
13,163	59,995	3,437	45	3,482	345,103	33,564	–112,037	266,628
118	35,815	2,781	560	3,341	381,970	1,301	–68,763	314,509
49,580	**823,624**	**129,581**	**13,833**	**143,415**	**2,931,634**	**946,461**	**–1,547,629**	**2,330,467**
16,032	**875,680**	**53,120**	**6,885**	**60,006**	**2,753,525**	**20,395**	**–354,650**	**2,419,269**
19,988	175,590	2,260	0	2,260	431,033	206	–131,213	300,027

CONSOLIDATED FINANCIAL STATEMENTS

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

Segment Eastern Europe core regions before consolidation	2018 € 1,000	2018 Share in %	2017 € 1,000	2017 Share in %
Rental income				
Poland	25,818	25.6%	19,681	21.3%
Romania	18,794	18.7%	17,649	19.1%
Serbia	6,878	6.8%	6,497	7.0%
Czechia	18,018	17.9%	17,765	19.2%
Hungary	31,169	31.0%	31,024	33.5%
Total rental income	**100,677**	**100.0%**	**92,615**	**100.0%**
Fair value of investment properties IAS 40				
Poland	483,200	26.7%	402,800	26.0%
Romania	394,500	21.8%	302,458	19.5%
Serbia	96,000	5.3%	96,400	6.2%
Czechia	355,485	19.6%	277,319	17.9%
Hungary	483,470	26.7%	471,710	30.4%
Total fair value investment property according to IAS 40	**1,812,655**	**100.0%**	**1,550,687**	**100.0%**

2. Rental income

€ 1,000	2018	2017
Basic rental income	188,925	177,532
Conditional rental income	1,664	1,497
Change in accrued rental income related to lease incentive agreements	1,270	678
Settlement from cancellation of rent agreements	581	573
Rental income	**192,440**	**180,281**

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

2018	Austria € 1,000	Austria Share in %	Germany € 1,000	Germany Share in %	Eastern Europe core regions € 1,000	Eastern Europe core regions Share in %	Eastern Europe other regions € 1,000	Eastern Europe other regions Share in %	Total € 1,000	Total Share in %
Office	14,879	52.9%	46,279	79.2%	98,016	99.3%	5,997	83.4%	165,171	85.8%
Hotel	6,193	22.0%	5,439	9.3%	0	0.0%	1,192	16.6%	12,824	6.7%
Retail	5,370	19.1%	263	0.5%	659	0.7%	0	0.0%	6,292	3.3%
Others	1,697	6.0%	6,455	11.0%	0	0.0%	0	0.0%	8,153	4.2%
Rental income	**28,139**	**100%**	**58,436**	**100%**	**98,675**	**100%**	**7,189**	**100%**	**192,440**	**100%**

2017	Austria		Germany		Eastern Europe core regions		Eastern Europe other regions		Total	
	€ 1,000	Share in %	€ 1,000	Share in %	€ 1,000	Share in %	€ 1,000	Share in %	€ 1,000	Share in %
Office	17,629	57.3%	41,394	78.3%	89,013	99.2%	5,943	85.0%	153,979	85.4%
Hotel	5,494	17.9%	4,927	9.3%	0	0.0%	1,047	15.0%	11,468	6.4%
Retail	5,118	16.6%	263	0.5%	673	0.8%	0	0.0%	6,053	3.4%
Others	2,530	8.2%	6,249	11.8%	1	0.0%	0	0.0%	8,780	4.9%
Rental income	**30,771**	**100%**	**52,832**	**100%**	**89,688**	**100%**	**6,990**	**100%**	**180,281**	**100%**

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

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

€ 1,000	2018	2017
Operating costs charged to tenants	55,828	51,263
Operating expenses	–60,107	–55,696
Own operating costs	**–4,278**	**–4,433**
Maintenance costs	–5,934	–5,884
Agency fees	–3,057	–3,577
Bad debt losses and reserves for bad debts	–1,174	–54
Other directly related expenses	–2,795	–2,974
Other expenses directly related to properties rented	**–12,961**	**–12,489**
Total	**–17,239**	**–16,923**

4. Other expenses directly related to properties under development

€ 1,000	2018	2017
Operating expenses related to investment properties under development	–639	–752
Property advertising costs	–68	–115
Project development and project execution	–5,056	–1,865
Operating expenses related to investment properties under development long-term assets	**–5,763**	**–2,732**
Operating expenses related to investment properties under development	–94	–55
Property advertising costs	–27	–49
Project development and project execution	–257	–7
Operating expenses related to investment properties under development short-term assets	**–378**	**–112**
Other expenses directly related to properties under development	**–6,141**	**–2,844**

5. Result from trading and construction works

€ 1,000	2018	2017 restated
Trading property - transferred at a point in time	375	4,968
Trading property and contruction work - transferred over time	44,043	49,241
Income from the sale of properties and construction works	**44,417**	**54,209**
Book value of properties sold incl. ancillary costs	–247	–1,032
Construction costs	–36,764	–37,216
Book value of properties sold incl. ancillary and construction costs	**–37,011**	**–38,249**
Result from trading and construction works	**7,406**	**15,960**
Result from trading and construction works in % from revenues	**16.7%**	**29.4%**

6. Result from sale of investment properties

€ 1,000	Austria	Germany	Eastern Europe other regions	Eastern Europe other regions	2018	Austria	Germany	Eastern Europe other regions	Eastern Europe other regions	2017 restated
Sales prices for interests in property companies	22,053	0	447	1,118	23,618	0	0	4,350	0	4,350
Book value of net assets sold excl. goodwill	–22,052	0	–423	–968	–23,442	0	0	–4,300	0	–4,301
Goodwill of sold properties	0	0	0	0	0	0	0	–84	0	–84
Revaluation result for the year	0	0	–1,644	0	–1,644	0	0	1,325	0	1,325
Subsequent costs and ancillary costs	–7	771	122	–71	815	–45	7,174	–36	0	7,093
Results from the sale of investment property (share deals)	**–5**	**771**	**–1,498**	**79**	**–654**	**–45**	**7,174**	**1,255**	**0**	**8,383**
Income from the sale of investment properties	0	20,063	500	0	20,562	30,939	16,951	26,850	600	75,340
Book value of properties sold	0	–12,130	–400	0	–12,530	–27,874	–16,121	–24,743	–520	–69,258
Goodwill of sold properties	0	0	0	0	0	–116	0	0	0	–116
Revaluation result for the year	0	0	0	0	0	418	8,470	2,608	0	11,496
Subsequent costs and ancillary costs	–21	765	103	0	847	–109	3,301	–208	–28	2,956
Results from the sale of investment property (asset deals)	**–21**	**8,697**	**203**	**0**	**8,879**	**3,258**	**12,602**	**4,507**	**52**	**20,419**
Result from the sale of investment properties	**–26**	**9,468**	**–1,296**	**79**	**8,225**	**3,213**	**19,776**	**5,762**	**52**	**28,802**

The book value of net assets sold (= equity) includes investment property in the amount of € 45,160 K (2017: € 4,350 K), for which selling prices totaling to € 45,209 K (2017: € 4,350 K) were agreed.

7. Income from services rendered

€ 1,000	2018	2017
Revenues from construction contracts	0	1,892
Revenues from service contracts	10,149	6,870
Income from management	1,996	2,324
Property management revenues and other fees	0	22
Income from services rendered	**12,145**	**11,109**

8. Indirect expenses

€ 1,000	2018	2017
Personnel expenses	–42,035	–37,093
Legal, auditing and consulting fees	–8,686	–7,412
Third party acquired development services	–4,939	–3,250
Office rent	–1,649	–1,694
Travel expenses and transportation costs	–1,272	–1,242
Other expenses internal management	–3,324	–2,636
Other indirect expenses	–4,850	–4,030
Subtotal	**–66,756**	**–57,357**
Own work capitalised in investment property	9,801	10,138
Change in properties held for trading	3,708	2,601
Indirect expenses	**–53,247**	**–44,618**

Personnel expenses include contributions to staff welfare funds in the amount of € 171 K (2017: € 125 K) and to pension and relief funds in the amount of € 374 K (2017: € 305 K).

9. Other operating income

€ 1,000	2018	2017
Discharge of lapsed liabilities	120	117
Other income	1,366	934
Other operating income	**1,485**	**1,051**

10. Depreciation and impairment losses/reversal

€ 1,000	2018	2017
Regular depreciation	–1,514	–1,762
Impairment loss on goodwill	–870	–896
Impairment loss on properties held for trading	–396	–1,188
Reversal of impairment loss previously recognised on properties held for trading	162	0
Depreciation and impairment/reversal	**–2,619**	**–3,846**

11. Joint ventures result

€ 1,000	2018	2017 restated
At equity consolidation of investments in joint ventures	21,770	70,680
Result from sale of joint ventures	1,584	884
Result from joint ventures	**23,354**	**71,564**

In 2018 the result of at equity consolidation of joint ventures mainly contains the release of deferred trade tax in Germany and in 2017 the increase of the fair value of an investment property in Germany.

12. Finance costs

€ 1,000	2018	2017 restated
Interest expense banks	–17,927	–24,192
Interest expense bonds	–16,352	–14,963
Interest expense convertible bond	–4,726	–1,126
Other interest and finance costs	–5,559	–6,637
Capitalised interest	7,598	4,907
Finance costs	**–36,966**	**–42,010**

13. Result from derivatives

€ 1,000	2018	2017
Valuation interest rate derivative transactions	–5,286	–800
Ineffectiveness of interest rate swaps	0	20
Reclassification of valuation results recognised in equity	–1,110	–1,980
Valuation derivative convertible bond	–14,905	–5,308
Result from derivatives	**–21,301**	**–8,068**

The result from interest rate derivative transactions is based on the development of the market value of those interest rate swaps, which do not have any cash flow hedge relationship or which no longer have one, due to reclassification. The reclassifications result from early repayment of the borrowings.

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

€ 1,000	2018	2017
Valuation of interest rate swaps without cash flow hedge relationship	–5,386	–771
Valuation Swaption	0	–17
Valuation of interest rate caps	0	–12
Valuation interest rate floors	101	0
Valuation interest rate derivative transactions	**–5,286**	**–800**

14. Result from financial investments

€ 1,000	2018	2017 restated
Interest income from loans to associated companies and joint ventures	1,518	1,851
Interest income on bank deposits	29	39
Revenues from dividends	6,921	4,947
Value adjustmnet for cash and restricted cash	–34	0
Negative interests on deposits	–933	–715
Revaluation of other investments	1,607	0
Result from disposal of other investments	263	0
Other interest income	1,709	1,543
Result from financial investments	**11,081**	**7,665**

15. Result from other financial assets

The result from other financial assets for the year 2018 amounts to € 0 K (2017: € -3,459 K). In 2017 the amount mainly refers to impairments of available for sale securities in the first quarter of 2017, in accordance with IAS 39. The increases in value of available for sale securities amounting to € 19,511 K are included in other comprehensive income in accordance with IAS 39. IFRS 9 was retrospectively adopted without restating previous year amounts.

16. Result from associated companies

€ 1,000	2018	2017
ZAO „Avielen A.G.“, St. Petersburg	–2,387	5,034
	–2,387	**5,034**

17. Financial result

€ 1,000		Category[1)]	2018	2017 restated
Interest expense	Interest	AC	–36,966	–42,010
Foreign currency gains/losses	Valuation		–96	–1,091
	Realisation		3,598	474
Interest rate swaps	Valuation	FVtPL	–5,386	–771
	Ineffectiveness	CFH	0	20
	Realisation	FVtPL	–1,110	–1,980
Swaption	Valuation	FVtPL	0	–17
Interest rate caps and floors	Valuation	FVtPL	101	–12
Derivative convertible bond	Valuation	FVtPL	–14,905	–5,308
Interest income	Interest	AC	3,256	3,433
Negative interests on deposits	Interest	AC	–933	–715
Financial investments	Dividends	FVtPL/ FVOCI	6,921	4,947
Financial investments	Valuation	FVtPL	1,607	–3,459
Result from disposal of other investments	Realisation	FVtPL	263	0
Value adjustmnet for cash and restricted cash	Valuation	AC	–34	0
Net result of financial instruments			**–43,684**	**–46,490**
Result from associated companies	Valuation	AEA	–2,387	5,023
	Realisation	AEA	0	10
Result from associated companies			**–2,387**	**5,034**
Financial result			**–46,071**	**–41,456**

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

The impairment for associated companies amounting to € -2,387 K (2017: € 0 K) corresponds to the segment Eastern Europe other regions development. In 2017 an impairment for securities in accordance with IAS 39 amounting to € -3,398 K corresponds to the segment Holding.

18. Income tax

€ 1,000	2018	2017 restated
Current income tax (current year)	–39,905	–14,757
Current income tax (previous years)	–83	–1,562
Current income tax	**–39,987**	**–16,319**
Change in deferred taxes	–50,689	–49,628
Tax benefit on valuation of assets available for sale in equity	–220	1,142
Income tax expense	**–90,896**	**–64,805**
Effective tax rate (total)	22.9%	21.4%

In both 2018 and 2017, the current income tax (current year) mostly results from Germany.

The current income tax (previous years) mainly results from Germany and Austria and refer to tax audit findings. In 2017 the current income tax (previous years) mainly results from the assessment made in the tax return for the utilization of tax benefits, which in turn leads to a reduction in deferred tax liabilities of € 6,011 K.

The reasons for the difference between expected income tax expense and effective income tax expense are outlined in the following table:

€ 1,000	2018	2017 restated
Net result before taxes	396,200	302,945
Expected tax expenses (tax rate Austria 25.0%/prior year 25.0%)	**–99,050**	**–75,736**
Tax-effective impairment and reversal of impairment losses of investments in affiliated entities	–35	846
Non-usable tax losses carried forward	–753	–738
Non tax-deductible expense and permanent differences	–3,816	–3,450
Differing tax rates abroad	875	5,277
Capitalisation of prior years non-capitalised tax losses	7,922	3,842
Tax-exempt income	1,858	660
Adjustment of prior periods	291	2,246
Utilization of prior years non-capitalised tax losses	652	705
Trade tax effects	69	856
Amortisation/Reversal of amortisation of deferred tax assets	859	–3,571
At equity consolidation of investments in joint ventures	1,657	1,740
Exchange rate differences not affecting tax	–1,167	2,083
Change in tax rate	14	0
Others	–271	437
Effective tax expense	**–90,896**	**–64,805**

19. Other comprehensive income

2018 € 1,000	Valuation result/ Reclassification (Hedging)	Currency translation reserve	Reserve from valuation of securities	Reserve according to IAS 16	Reserve according to IAS 19	Total
Other comprehensive income before taxes	1,110	–3,950	–3,124	0	345	–5,618
Income tax related to other comprehensive income	–268	0	195	0	–101	–174
Other comprehensive income for the period	**842**	**–3,950**	**–2,929**	**0**	**244**	**–5,792**
thereof: attributable to the owners of the parent	842	–3,950	–2,929	0	244	–5,792

2017 € 1,000	Valuation result/ Reclassification (Hedging)	Currency translation reserve	Reserves for available for sale valuation	Reserve according to IAS 16	Reserve according to IAS 19	Total
Other comprehensive income before taxes	3,294	1,106	21,802	816	263	27,280
Income tax related to other comprehensive income	–935	0	–2,165	–261	–87	–3,447
Other comprehensive income for the period	**2,359**	**1,106**	**19,637**	**556**	**176**	**23,834**
thereof: attributable to the owners of the parent	2,359	1,106	19,637	556	176	23,834

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

In 2017 the reserve according to IAS 16 resulted from the market valuation as a direct consequence of the reclassification of an own used part of property from IAS 16 to IAS 40.

20. Long-term assets

€ 1,000	Income producing investment properties	Investment properties under development	Own used properties	Total
Book values				
As at 1.1.2017	**2,923,676**	**433,049**	**6,643**	**3,363,368**
Purchase of real estate companies	180,611	14,260	0	194,872
Current investment/construction	36,700	131,149	0	167,849
Disposals	–53,681	–5,643	0	–59,324
Depreciation and amortisation	0	0	–350	–350
Reclassification to assets held for sale	–36,900	0	0	–36,900
Reclassification from IAS 40 to IAS 2	0	–8,130	0	–8,130
Transfers	793	0	–793	0
Revaluation	103,203	14,298	0	117,502
Change in lease incentives	1,276	290	0	1,566
As at 31.12.2017 = 1.1.2018	**3,155,677**	**579,274**	**5,500**	**3,740,452**
Purchase of real estate companies	207,547	0	0	207,547
Current investment/construction	40,309	184,375	0	224,684
Disposals	–8,831	–13,480	0	–22,311
Depreciation and amortisation	0	0	–278	–278
Reclassification to assets held for sale	–14,144	0	0	–14,144
Transfers	216,681	–216,681	0	0
Revaluation	156,729	118,088	0	274,816
Change in lease incentives	1,227	0	0	1,227
As at 31.12.2018	**3,755,196**	**651,575**	**5,223**	**4,411,994**

The current capital expenditures (construction costs) for investment properties under development mainly relate to Frankfurt ONE (€ 27,275 K), München Nymphenburg (€ 25,024 K), CUBE (€ 24,988 K), Frankfurt Karlsruher Straße (€ 19,197 K) and Rieck 02 (€ 16,947 K) in Germany, Orhideea Towers in Bucharest (€ 24,369 K) as well as several projects in Germany and Central Eastern Europe. The capital expenditures in income producing investment properties relate mainly to Europaplatz Berlin (€ 6,547 K) and Frankfurt Karlsruher Straße (€ 5,066 K) in Germany. The reclassification from investment properties under development to income producing investement properties relate to the finished projects ViE in Austria, Orhideea Towers in Romania as well as Frankfurt Karlsruher Straße and Europaplatz Berlin in Germany.

The acquisitions of real estate companies refer to building C of the Warsaw Spire Complex in Poland, the office building Visionary Prague in Czechia and the office building Campus 6.1 in Romania.

The disposals for the current year relate mainly to the sale of an undeveloped plot in the Ukraine, the sale of Gleisdreieck Pasing and the Bahnhof Freimann in Germany as well as the sale of Pannonia Shopping Center in Hungary. Previous year disposals of income producing investment properties mainly relate to the sale of an undeveloped plot in Prague and Ukraine, several sales in Austria, the office property Lietzenburger Straße in Germany and Infopark in Hungary.

The fair value of the properties assigned as collateral for external financings totals € 2,313,107 K (31.12.2017: € 2,191,735 K).

In 2018, borrowing costs relating to the construction of properties totaling € 7,115 K (2017: € 4,758 K) were capitalised at a weighted average interest rate of 2.36% (2017: 2.38%).

In 2018, government grants amounted to € 0 K (2017: € 0 K).

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

€ 1,000	Income producing investment properties	Investment properties under development	Own used properties	Total
As at 1.1.2017				
Acquisition costs				
Fair value of properties	2,910,864	433,046	11,880	3,355,790
Accumulated depreciation	0	0	–5,237	–5,237
Net book value	**2,910,864**	**433,046**	**6,643**	**3,350,553**
Incentives agreements	12,811	3	0	12,815
Fair value/book value	**2,923,676**	**433,049**	**6,643**	**3,363,367**
As at 31.12.2017 = 1.1.2018				
Acquisition costs				
Fair value of properties	3,141,621	578,981	10,683	3,731,285
Accumulated depreciation	0	0	–5,182	–5,182
Net book value	**3,141,621**	**578,981**	**5,500**	**3,726,102**
Lease incentive agreements	14,057	293	0	14,350
Fair value/book value	**3,155,677**	**579,274**	**5,500**	**3,740,452**
As at 31.12.2018				
Acquisition costs				
Fair value of properties	3,739,762	651,432	10,683	4,401,877
Accumulated depreciation	0	0	–5,460	–5,460
Net book value	**3,739,762**	**651,432**	**5,223**	**4,396,417**
Lease incentive agreements	15,434	143	0	15,577
Fair value/book value	**3,755,196**	**651,575**	**5,223**	**4,411,994**

21. Intangible assets and office furniture and equipment

€ 1,000	Goodwill	Software	Total	Office furniture and equipment
Book values				
As at 1.1.2017	**7,153**	**1,042**	**8,195**	**5,599**
Currency translation adjustments	0	0	0	4
Current additions	0	283	283	631
Disposals	–200	–23	–222	–17
Depreciation and amortisation	0	–657	–657	–755
Impairment	–896	0	–896	0
As at 31.12.2017 = 1.1.2018	**6,057**	**645**	**6,703**	**5,462**
Currency translation adjustments	0	0	0	–5
Current additions	0	323	323	1,367
Disposals	0	0	0	–115
Depreciation and amortisation	0	–466	–466	–770
Impairment	–870	0	–870	0
As at 31.12.2018	**5,187**	**502**	**5,689**	**5,938**

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

€ 1,000	Goodwill	Software	Total	Office furniture and equipment
As at 1.1.2017				
Acquisition costs	24,213	3,688	27,901	10,191
Accumulated impairment/amortisation	–17,060	–2,646	–19,706	–4,592
Book values	**7,153**	**1,042**	**8,195**	**5,599**
As at 31.12.2017 = 1.1.2018				
Acquisition costs	21,831	3,905	25,737	10,523
Accumulated impairment/amortisation	–15,774	–3,260	–19,034	–5,061
Book values	**6,057**	**645**	**6,703**	**5,462**
As at 31.12.2018				
Acquisition costs	21,742	4,239	25,981	11,590
Accumulated impairment/amortisation	–16,555	–3,737	–20,292	–5,651
Book values	**5,187**	**502**	**5,689**	**5,938**

22. Investments in joint ventures

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

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

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

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

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

As at 31.12.2018, there are unrecognized losses from joint ventures amounted to € 0 K (31.12.2017 restated : € 0 K). There are no unrecognized contractual obligations for the CA Immo Group concerning the acquisition or disposal of shares in joint ventures or for assets that are not accounted for.

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

The following table shows material interests in joint ventures:

€ 1,000	2018		2017	
	Eggarten	Tower 185	Eggarten	Tower 185
Rental income	74	318	91	26,055
Depreciation and impairment/reversal	0	0	0	–6
Finance costs	–39	–1	–9	–36,429
Income tax expense	–21	25,599	21	–3,891
Consolidated net income	**–251**	**27,607**	**–216**	**159,073**
Total comprehensive income	**0**	**0**	**0**	**0**
Comprehensive income for the period	**–251**	**27,607**	**–216**	**159,073**
Long-term assets	26	0	46	29
Other short-term assets	86,620	362,767	85,243	783,534
Cash and cash equivalents	654	3,714	167	4,252
Total assets	**87,300**	**366,481**	**85,456**	**787,814**
Other long-term liabilities	0	4	0	25,616
Interest-bearing liabilities	3,598	0	1,559	0
Long-term liabilities	**3,598**	**4**	**1,559**	**25,616**
Other short-term liabilities	181	4,045	126	17,367
Interest-bearing liabilities	0	0	0	312,753
Short-term liabilities	**181**	**4,045**	**126**	**330,121**
Shareholders' equity	**83,498**	**362,433**	**83,749**	**432,078**
Proportional equity as at 1.1.	**41,875**	**143,961**	**41,981**	**99,724**
Proportional profit of the period	–128	9,199	–109	53,002
Capital decrease	0	–30,190	0	–6,151
Dividends received	0	0	0	–2,614
Proportional equity as at 31.12.	**41,747**	**122,970**	**41,872**	**143,962**
Sale	0	–2,213	0	0
Intercompany profit elimination and other consolidation effects	0	454	0	–905
Reclassification IFRS 5	0	0	0	–2,276
Book value investments into joint ventures 31.12	**41,747**	**121,211**	**41,872**	**140,781**

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

€ 1,000	2018	31.12.2017 restated
Proportional equity as at 1.1.	**31,358**	**57,975**
Proportional profit of the period	11,510	13,688
Capital increases	3,783	1,919
Capital decrease	–25	–2,811
Dividends received	–4,857	–7,384
Proportional equity as at 31.12.	**41,768**	**63,386**
Intercompany profit elimination and other consolidation effects	–82	175
Disposals	–6,373	–31,932
Allowance of loans and receivables	1,741	667
Not recognised losses	**0**	**0**
Book value investments into joint ventures 31.12	**37,054**	**32,297**

23. Investments in associated companies

As at 31.12.2018 there are no unrecognised losses from associated companies (31.12.2017: € 0 K).

The following table shows the interests in associated companies:

€ 1,000	2018	2017
Proportional equity as at 1.1.	**–21,448**	**–18,808**
Proportional profit of the period	–3,775	–2,640
Allowance of loans and interests	16,823	21,448
Contribution	8,400	0
Book value 31.12.	**0**	**0**

24. Financial assets

€ 1,000	31.12.2018	31.12.2017 restated
Other financial assets	52,222	75,541
Long-term receivables and other assets	12,941	10,926
	65,163	**86,466**

€ 1,000	**Acquisition costs incl. recognized interests as at 31.12.2018**	**Changes in value recognized in profit or loss 2018**	**Changes in the value through OCI 2018**	**Changes in value accumulated until 31.12.2018**	**Book values as at 31.12.2018**
Loans to joint ventures	109	0	0	0	109
Loans to associated companies	14,002	–2,387	0	–3,935	10,067
Other loans	23,041	5	0	–22,921	120
Loans and receivables	**37,152**	**–2,382**	**0**	**–26,856**	**10,297**
Other investments	33,096	1,600	0	8,003	41,098
Other investments	**33,096**	**1,600**	**0**	**8,003**	**41,098**
Interest rate swaps	0	398	0	0	0
Interest rate floors	726	101	0	101	827
Derivative financial instruments	**726**	**499**	**0**	**101**	**827**
Total other financial assets	**70,974**	**–282**	**0**	**–18,753**	**52,222**

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

The interest rate swaps were released during 2018.

€ 1,000	**Acquisition costs incl. recognized interests as at 31.12.2017 restated**	**Changes in value recognized in profit or loss 2017 restated**	**Changes in the value through OCI 2017**	**Changes in value accumulated until 31.12.2017 restated**	**Book values as at 31.12.2017 restated**
Loans to joint ventures	3,277	117	0	–217	3,061
Loans to associated companies	22,402	6,426	0	–7,226	15,176
Other loans	23,062	–56	0	–22,926	136
Loans and receivables	**48,742**	**6,487**	**0**	**–30,368**	**18,373**
Other investments	50,887	0	2,291	5,987	56,875
Other investments	**50,887**	**0**	**2,291**	**5,987**	**56,875**
Interest rate swaps	0	293	0	293	293
Interest rate caps	0	–12	0	0	0
Derivative financial instruments	**0**	**280**	**0**	**293**	**293**
Total other financial assets	**99,629**	**6,768**	**2,291**	**–24,088**	**75,541**

The interests rate caps were released during 2017.

Long-term receivables and other assets

€ 1,000	31.12.2018	31.12.2017 restated
Cash and cash equivalents with drawing restrictions	9,750	10,031
Other receivables from joint ventures	1,435	0
Receivables from property and participation sales	723	820
Other receivables and assets	1,033	74
Long-term receivables and other assets	**12,941**	**10,926**

25. Deferred taxes

€ 1,000	2018	2017 restated
Deferred taxes as at 1.1. (net)	**–294,937**	**–243,750**
Change from IFRS 5 transfer	861	0
Changes from sale of companies	0	827
Changes from first consolidation	318	385
Changes due to exchange rate fluctuations	–1	3
Changes recognised in equity	–395	–2,305
Changes recognised in profit or loss	–50,689	–49,628
Change due to the initial application of IFRS 9	0	–468
Deferred taxes as at 31.12. (net)	**–344,842**	**–294,937**

€ 1,000 Type	Deferred tax asset	Deferred tax liabilities	31.12.2017 restated Net amount	Consolidated Income Statement	Other income	Addition/Disposal/ IFRS 5/exchange rate fluctuations	31.12.2018 Net amount	Deferred tax asset	Deferred tax liabilities
Book value differences IFRS/tax of investment properties	584	–314,732	–314,148	–83,378	0	861	–396,665	420	–397,085
Difference in depreciation of own used properties	708	0	708	12	0	0	720	720	0
Difference in acquisition costs for assets held for trading	0	–936	–936	–140	0	0	–1,076	123	–1,199
Difference in useful life for equipment	175	–6	169	19	0	0	188	199	–11
Investments in joint ventures	979	–22,014	–21,035	21,070	0	0	34	1,032	–998
Loans, other investments, securities	0	–7,508	–7,508	279	–25	0	–7,254	0	–7,254
Assets held for sale	0	–4,231	–4,231	4,231	0	0	0	0	0
Revaluation of receivables and other assets	521	–269	252	–480	0	0	–228	595	–824
Contract assets (IFRS 15)	0	–4,920	–4,920	4,658	0	0	–263	0	–263
Revaluation of derivatives assets	0	–27	–27	–237	0	0	–264	0	–264
Revaluation of cash and cash equivalents	32	0	32	–31	0	0	1	8	–7
Revaluation of derivatives liabilities	5,473	0	5,473	5,133	–268	0	10,338	10,338	0
Liabilities	1,227	–2,125	–898	1,686	0	–1	786	2,156	–1,370
Convertible bond	0	–3,498	–3,498	725	0	0	–2,773	0	–2,773
Provisions	4,421	0	4,421	830	–101	0	5,149	5,196	–47
Tax losses	51,210	0	51,210	–5,065	0	318	46,464	46,464	0
Deferred tax assets/liabilities before offset	**65,330**	**–360,267**	**–294,937**	**–50,689**	**–395**	**1,178**	**–344,842**	**67,251**	**–412,093**
Computation of taxes	–63,396	63,396	0				0	–65,300	65,300
Deferred tax assets/liabilities net	**1,934**	**–296,871**	**–294,937**				**–344,842**	**1,951**	**–346,793**

The recorded tax losses include deferred tax assets related to impairment losses on investments in subsidiaries in Austria amounting to € 0 K (31.12.2017: € 3,322 K), which have to be deferred over the next years for income tax purposes.

Tax loss carryforwards and impairment losses on investments in subsidiaries for which deferred taxes were not recognised expire as follows:

€ 1,000	2018	2017 restated
In the following year	9,804	15,240
Between 1 - 5 years	15,797	21,888
More than 5 years	12,441	13,769
Without limitation in time	216,251	286,830
Total unrecorded tax losses carried forward	**254,292**	**337,728**
thereupon non-capitalised deferred tax assets	53,931	71,214

The total taxable temporary differences related to investments in Austrian affiliated companies and joint ventures for which no deferred taxes were recognised pursuant to IAS 12.39 amount to € 187,075 K (31.12.2017: € 153,255 K). Tax loss carryforwards and impairment losses on investments in subsidiaries of the Austrian companies that were not recognised amount to € 137,651 K (31.12.2017 restated: € 180,628 K). Thereof the unrecognized deferred tax asset related to impairment losses on investments which have to be deferred over the next years for income tax purposes amounts to € 5,478 K (31.12.2017: € 7,104 K).

The total taxable temporary differences related to investments in foreign affiliated companies, joint ventures and associated companies for which no deferred taxes were recognised pursuant to IAS 12.39 amount to € 70,821 K (31.12.2017: € 75,409 K). Tax loss carry forwards not recognised of foreign entities amount to € 116,641 K (31.12.2017: € 157,100 K). Subject to specific requirements, gains from the disposal of investments in foreign entities are partially or completely exempt from income tax.

26. Assets and liabilities held for sale

As at 31.12.2018 a disposal group with a property in Slovenia with a fair value of € 14,144 K (31.12.2017: € 39,176 K) was classified as held for sale. For these assets and disposal group, disposals were agreed by the appropriate level of management of CA Immo Group and a contract of sale was concluded or assigned by the time the consolidated financial statements were prepared.

Properties held for sale € 1,000	31.12.2018	31.12.2017
Austria - investment properties	0	36,900
Eastern Europe other regions - investment properties	14,144	0
Assets held for sale	**14,144**	**36,900**
Germany - participation in joint ventures	0	2,276
Financial assets held for sale	**0**	**2,276**
Assets held for sale and relating to disposal groups	**14,144**	**39,176**

The result from revaluation includes an amount of € 0 K (2017: € 0 K) related to investment properties after their reclassification as properties held for sale.

Assets and liabilities held for sale € 1,000	**31.12.2018**	**31.12.2017**
Assets held for sale	14,144	39,176
Receivables and other assets	15	0
Cash and cash equivalents	997	930
Bad debt allowance rental receivables	–11	0
Assets in disposal groups held for sale	**15,144**	**40,106**
Provisions	17	29
Other liabilities	49	42
Deferred tax liabilities	861	0
Liabilities relating to disposal groups	**927**	**71**
Net-assets/liabilities included in disposal groups	**14,217**	**40,035**

Of the investment properties classified as per IFRS 5, an amount of € 0 K (31.12.2017: € 0 K) is encumbered by mortgage charges representing security for loan liabilities.

27. Properties held for trading

€ 1,000	**Acquisition / production costs**	**Accumulated impairment**	**31.12.2018** **Book values**	**Acquisition / production costs**	**Accumulated impairment**	**31.12.2017 restated** **Book values**
At acquisition/production costs	42,527	0	42,527	34,214	0	34,214
At net realisable value	5,988	–4,048	1,940	6,059	–3,813	2,246
Total properties held for trading	**48,515**	**–4,048**	**44,468**	**40,273**	**–3,813**	**36,459**

The fair value of the properties held for trading which are recognised at acquisition/production costs amounts to € 109,590 K (31.12.2017 restated: € 95,220 K), and correspond to level 3 of the fair value hierarchy.

Properties held for trading amounting to € 43,777 K (31.12.2017 restated: € 36,457 K) are expected to be realised within a period of more than 12 months. This applies to 15 properties (31.12.2017 restated: 16 properties) in Germany.

In 2018, borrowing costs amounting to € 483 K (31.12.2017 restated: € 149 K) were capitalised at a weighted average interest rate of 2.44% (2017: 2.44%) on properties held for trading. Interest bearing liabilities in connection with properties held for trading total € 0 K (31.12.2017: € 0 K).

28. Receivables and other assets

€ 1,000	Book values 31.12.2018	Book value 31.12.2017 restated
Rental and trade debtors	22,022	26,050
Receivables from property and shares sales	5,030	26,215
Receivables from joint ventures	8,939	8,582
Cash and cash equivalents with drawing restrictions	14,686	3,655
Other accounts receivable	14,179	9,081
Receivables and other financial assets	**64,856**	**73,582**
Other receivables from fiscal authorities	14,924	9,139
Contract assets	15,098	12,696
Other non financial receivables	2,238	1,489
Other non financial assets	**32,259**	**23,324**
Receivables and other assets	**97,115**	**96,905**

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

€ 1,000	Nominal value 31.12.2018	Bad debt allowance 31.12.2018	Book value 31.12.2018	Nominal value 31.12.2017 restated	Bad debt allowance 31.12.2017 restated	Book value 31.12.2017 restated
Receivables and other financial assets	71,246	–6,391	64,856	77,803	–4,222	73,582
Other non financial assets	32,279	–20	32,259	23,337	–13	23,324
Receivables and other assets	**103,526**	**–6,411**	**97,115**	**101,140**	**–4,235**	**96,905**

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

€ 1,000	2018	2017 restated
As at 1.1.	**4,235**	**4,878**
Additions (value adjustment expenses)	3,098	998
Usage	–370	–417
Reversal	–522	–1,342
Disposal deconsolidation	–1	–8
Reclassification IFRS 5	–11	0
Currency translation adjustments	–19	58
Change due to the initial application of IFRS 9	0	68
As at 31.12.	**6,411**	**4,235**

CA Immo Group limits the credit risk mainly through securities, bank guarantees or similar securities.

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

Maturities receivables and other financial assets € 1,000	2018	2017 restated
Not due	**52,848**	**62,272**
Overdue <31 days	5,103	5,111
Overdue 31-90 days	2,854	1,819
Overdue >90 days	4,050	4,380
Overdue total	**12,008**	**11,309**
Total	**64,856**	**73,582**

Changes in contract assets and contract liabilities result from:

			31.12.2018			31.12.2017 restated
€ 1,000	Receivables	Contract assets	Contract liabilities	Receivables	Contract assets	Contract liabilities
As at 1.1.	**10,663**	**12,696**	**–6,824**	**4,798**	**18,788**	**0**
Increase as a result of changes in the measure of progress	0	44,043	0	0	51,133	0
Reclassification from contract assets to trade receivables	35,189	–35,189	0	64,207	–64,207	0
Prepayments received	–41,679	0	0	–58,341	0	0
Net off contract assets and contract liabilities	0	–6,824	6,824	0	6,824	–6,824
Interest income present value receivables	0	372	0	0	157	0
As at 31.12.	**4,172**	**15,098**	**0**	**10,663**	**12,696**	**–6,824**

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

29. Current income tax receivables

This item amounting to € 12,283 K (31.12.2017: € 12,791 K) related to the CA Immo Germany Group and comprises corporate income tax and trade tax from the fiscal years 2013, 2017 and 2018 not yet assessed by the tax authorities as well as results of finalized tax authorities' audits.

30. Securities

The securities disclosed in the balance sheet relate to transferable shares in IMOFINANZ AG, Vienna, which were recognized at fair value through other comprehensive income. The CA Immo Group holds as at reporting date 5,480,556 shares (a reverse-split of shares with a ratio of 10:1 took place on 29.6.2018; 31.12.2017: 54,805,566 shares), which have been valued at a share price of € 20.90 (31.12.2017: € 2.147).

A dividend income amounting to € 3,836 K (2017: € 3,288 K) was recorded in the income statement. In the other comprehensive income a change in value not affecting the profit or loss amounting to € –3,124 K (2017: € 19,511 K) was recorded. An impairment of securities amounting to € -3,398 K was recognized in the income statement of year 2017 in line with IAS 39.

31.Cash and cash equivalents

€ 1,000	31.12.2018	31.12.2017 restated
Cash in banks	369,113	367,347
Restricted cash	5,385	16,140
Cash on hand	21	25
Fund of cash and cash equivalents	**374,519**	**383,512**
Expected credit losses in cash and cash equivalents	–217	–223
Cash and cash equivalents (balance sheet)	**374,302**	**383,288**

32. Shareholders' equity

The share capital equals the fully paid in nominal capital of CA Immobilien Anlagen Aktiengesellschaft of € 718,336,602.72 (31.12.2017: € 718,336,602.72). It is divided into 98,808,332 (31.12.2017: 98,808,332) bearer shares and 4 registered shares of no par value. The registered shares are held by SOF-11 Klimt CAI S.à r.l. (former SOF-11 Starlight 10 EUR S.à.r.l.), Luxemburg, an entity managed by Starwood Capital Group, each granting the right to nominate one member of the Supervisory Board. The Subervisory Board currently consists of six members elected by the Ordinary General Meeting and three members elected by the registered shares and four delegated by the works council.

In November 2016, the company started a share buyback program for up to 1,000,000 shares (around 1% of the current share capital of the company). The original maximum limit of € 17.50 per share has been raised to € 24.20 per share as per the end of August 2017. The repurchase value to be paid had to be within the scope of the authorization resolution of the Annual General Meeting and should not be lower than a maximum of 30% below and not higher than 10% above the average unweighted closing price of the ten trading days on the Stock Exchange preceding the repurchase. The repurchase took place for each purpose permitted by the resolution of the Annual General Meeting and ended on 2 November 2018 as planned. In total, 197,983 shares (ISIN AT0000641352) were acquired under this program at a weighted average value including bank charges of around 23.55 € per share in 2018.

As at 31.12.2018, CA Immobilien Anlagen AG held 5,780,037 treasury shares in total (31.12.2017: 5,582,054 treasury shares). Given the total number of voting shares issued (98,808,336), this is equivalent to around 5.8% (31.12.2017: 5.6%) of the voting shares.

The appropriated capital reserve as reported in the individual financial statements of CA Immobilien Anlagen Aktiengesellschaft totals € 854,842 K (31.12.2017: € 854,842 K). Profits can only be distributed up to the amount of the net profit of the parent company disclosed in the individual financial statements in accordance with the Austrian Commercial Code (UGB), subject to the existence of any legal dividend payment constraints. In 2018, a dividend amount of € 0.80 (2017: € 0.65) for each share entitled to dividend, totalling € 74,423 K (2017: € 60,691 K), was distributed to the shareholders. The total net profit of CA Immobilien Anlagen Aktiengesellschaft as at 31.12.2018 amounting to € 944,552 K (31.12.2017: € 840,429 K), is subject to dividend payment constraints in the amount of € 1,141 K (31.12.2017: no dividend payment constraints). The Management Board of CA Immo AG proposes to use part of the retained earnings as at 31.12.2018, amounting to € 944,552 K, in 2018 to distribute a dividend of € 0.90 per share, so that a total of € 83,725 K is to be distributed to shareholders. The remaining retained earnings of € 860,827 K are to be carried forward.

As at 31.12.2018, authority exists for the issue of additional capital in the amount of € 359,168,301.36 in the period until 18.9.2023 and for the issue of conditional capital in the amount of € 47,565,458.08 earmarked for the specified purpose of servicing 0.75% of the convertible bonds 2017 – 2025 (conditional capital 2013) as well as a conditional capital in the amount of € 143,667,319.09 earmarked for the specified purpose of servicing convertible bonds which are issued prospectively based on the authorization from the resolution from the Ordinary General Meeting as of 9.5.2018 (conditional capital 2018).

In the third quarter of 2017, CA Immo AG issued a non-subordinated unsecured convertible bond in an amount of € 200 m and a term until April 2025 excluding subscription rights of the shareholders. The coupon payable semi-annually amounts to 0.75% p.a. and the initial conversion price has been set at € 30.5684 per share. This equaled a conversion premium of 27.50% above the volume weighted average price (VWAP) of the CA Immo shares amounting to € 23.9752 on the launch date. Following the dividend payment amounting to € 0.80 per share on 14.5.2018, the conversion price has changed to € 30.4062, in accordance with section 11 (d) (ii) in issuance terms. The convertible bond was issued at 100% of its nominal value of € 100 K per bond and will be redeemed at 100% of the nominal value, if not previously repaid or converted. At company's choice, the redemption may be effected by the provision of shares, cash or a combination of the two.

33. Provisions

€ 1,000	Staff	Construction services	Subsequent costs of sold properties	Others	Total
As at 1.1.2018 restated	**13,039**	**51,737**	**61,717**	**37,649**	**164,142**
Usage	–9,159	–44,339	–16,227	–11,822	–81,547
Reversal	–925	–350	–4,157	–3,080	–8,513
Addition	8,241	40,685	9,332	16,447	74,705
Addition from initial consolidation	0	68	0	232	300
Disposal from deconsolidation	0	0	0	–37	–37
Transfer	0	–2,472	2,472	0	0
Transfer to IFRS 5	0	0	0	–17	–17
Accumulated interest	41	0	0	0	41
Currency translation adjustments	–10	–20	0	–73	–103
As at 31.12.2018	**11,228**	**45,309**	**53,137**	**39,299**	**148,973**
thereof: short-term	8,883	44,417	27,047	39,299	119,646
thereof: long-term	2,345	892	26,089	0	29,327

The other provisions mainly contain provisions for services (audit services, tax and legal advice), property taxes, real estate transfer taxes, service expenses for properties, warranty risks and interests connected to tax audits.

Provision for employees

The provision for employees primarily comprises the present value of the long-term severance obligation of € 182 K (31.12.2017: € 359 K), bonuses of € 8,059 K (31.12.2017: € 8,348 K), a long-term provision for bonuses for members of the board of € 0 K (31.12.2017: € 454 K), and unused holiday entitlements of € 1,084 K (31.12.2017: € 1,051 K).

The provision for bonuses comprises a long-term provision for the LTI-(long-term incentive) programme amounting to € 340 K (31.12.2017: € 842 K) as well as a short-term provision of € 922 K (31.12.2016: € 873 K).

The following table presents the changes in the present value of the severance payment obligation:

€ 1,000	2018	2017
Present value of severance obligations as at 1.1	**359**	**352**
Usage	–194	–72
Current service costs	–10	87
Interest cost	0	0
Revaluation	28	–8
Present value of severance obligations as at 31.12	**182**	**359**

The empirical adjustments of the present value of the obligation in respect of changes in projected employee turnover, early retirement or mortality rates are negligible.

Net plan assets from pension obligations

CA Immo Group has a reinsurance policy for defined benefit obligations in Germany, which fulfills the criteria for disclosure as plan assets. As the capital value of these defined benefit obligations exceeds the plan assets at the closing date, the net position is presented under the provisions.

€ 1,000	31.12.2018	31.12.2017
Present value of obligation	–8,533	–8,794
Fair value of plan asset	7,061	7,046
Net position recorded in consolidated statement of financial position	**–1,472**	**–1,749**
Financial adjustments of present value of the obligation	250	–31
Experience adjustments of present value of the obligation	–5	182

The development of the defined benefit obligation and of the plan asset is shown in the following table:

€ 1,000	2018	2017
Present value of obligation as at 1.1.	**–8,794**	**–8,945**
Current Payment	159	146
Interest cost	–142	–146
Revaluation	245	151
Present value of obligation 31.12	**–8,533**	**–8,794**
Plan asset as at 1.1.	**7,046**	**6,968**
Expected income from plan asset	113	114
Revaluation	73	120
Current Payment	–171	–156
Plan asset as at 31.12	**7,061**	**7,046**

The following income/expense was recognized in the income statement:

€ 1,000	2018	2017
Interest cost	–142	–146
Expected income from plan asset	113	114
Pensions costs	**–29**	**–33**

The following result before taxes was recognized in the other comprehensive income:

€ 1,000	2018	2017
Revaluation of pension obligation	245	151
Revaluation of plan assets	73	120
IAS 19 reserve	**318**	**271**

Sensitivity analysis regarding the financial mathematical assumptions is shown in the following table:

2018 € 1,000	**– 0.25%**	**+ 0.25%**
change interest rate of 0.25 percentage points	-372	350
change pension trend of 0.25 percentage points	293	-308

2017 € 1,000	**– 0.25%**	**+ 0.25%**
change interest rate of 0.25 percentage points	-399	375
change pension trend of 0.25 percentage points	310	-326

34. Interest bearing liabilities

€ 1,000	Short-term	Long-term	31.12.2018 Total	Short-term	Long-term	31.12.2017 restated Total
Convertible bond	362	187,143	187,505	362	183,973	184,334
Bonds	12,486	783,784	796,269	11,752	636,695	648,447
Bonds	**12,847**	**970,927**	**983,774**	**12,114**	**820,668**	**832,781**
Investment loans	206,497	752,822	959,319	56,506	859,143	915,648
Loans due to joint venture partners	300	0	300	300	0	300
Liabilities to joint ventures	0	0	0	0	600	600
Other interest-bearing liabilities	**206,798**	**752,822**	**959,620**	**56,806**	**859,743**	**916,549**
	219,645	**1,723,749**	**1,943,394**	**68,920**	**1,680,410**	**1,749,330**

The euro is the contract currency of 100% of the interest bearing liabilities (31.12.2017: 100% in EUR).

Bonds

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

The convertible bond issued in 2017 has no equity component. The bond consists of a debt component and, due to the cash settlement option of CA Immo AG, an embedded derivative subject to separation. The book value of the convertible bond corresponds to the amortized cost of the debt component of the financial instrument. The embedded derivative of the convertible bond to be reported separately is presented under the derivative financial instruments.

31.12.2017	Nominal value in € 1,000	Book value excl. interests € 1,000	Deferred interest in € 1,000	Nominal interest rate	Effective interest rate	Issue	Repayment
Convertible bond	200,000	183,973	362	0.75%	2.56%	4.10.2017	4.4.2025
Bond 2015-2022	175,000	174,492	4,159	2.75%	2.83%	17.2.2015	17.2.2022
Bond 2016-2023	150,000	149,350	3,576	2.75%	2.84%	17.2.2016	17.2.2023
Bond 2016-2021	140,000	139,280	1,227	1.88%	2.03%	12.7.2016	12.7.2021
Bond 2017-2024	175,000	173,573	2,791	1.88%	2.02%	22.2.2017	22.2.2024
Total	**840,000**	**820,668**	**12,114**				

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

As at 31.12.2018 no bonds were in breach of covenants (31.12.2017: no breaches).

Other interest-bearing liabilities

As at 31.12.2018 and 31.12.2017, the terms of other interest-bearing liabilities are as follows:

Type of financing and currency	Effective interest rate as at 31.12.2018 in %	Interest variable/ fixed/hedged	Maturity	Nominal value in € 1,000	Book value in € 1,000	Fair value of liability in € 1,000
Investment loans	0.70%–1.85%	variable	6/2019 - 3/2032	209,423	207,211	207,211
Investment loans	1.43%–2.96%	hedged	6/2019 - 12/2032	484,597	480,628	480,628
Investment loans	0.62%–3.95%	fix	9/2019 - 12/2028	271,575	271,480	275,217
Investment loans (total)				**965,595**	**959,319**	**963,056**
Loans due to joint venture partners	**3.40%**	**fix**	**6/2019**	**300**	**300**	**302**
				965,895	**959,619**	**963,358**

Type of financing and currency	Effective interest rate as at 31.12.2017 in %	Interest variable /fixed/hedged	Maturity	Nominal value in € 1,000	Book value in € 1,000	Fair value of liability in € 1,000
Investment loans	0.70%–2.75%	variable	9/2018 - 3/2032	220,613	220,312	219,909
Investment loans	1.33%–4.75%	hedged	6/2019 - 3/2032	425,143	419,323	423,484
Investment loans	0.62%–3.95%	fixed	12/2018 - 12/2024	276,177	276,014	277,359
Investment loans (total)				**921,933**	**915,648**	**920,752**
Loans due to joint venture partners	**3.40%**	**fix**	**12/2018**	**300**	**300**	**304**
Liabilities to joint ventures	**1.18%**	**fix**	**6/2019**	**600**	**600**	**600**
				922,833	**916,549**	**921,656**

For the investment loans with variable rate, interest rate derivatives with a nominal value of € 21,736 K (31.12.2017: € 30,795 K) have been set up in order to reduce the effect of changes in the interest rate.

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

Other interest-bearing liabilities, for which the relevant financial covenants were not met as at 31.12.2018, are presented in short-term interest-bearing liabilities regardless of their maturity, because breaches of the financial covenants generally entitle the lender to early termination of the loan agreement. This applies irrespective of the state of negotiations with the banks regarding a continuation or amendment of the loan agreements. As at 31.12.2018 no loans were in breach of covenants (31.12.2017: no breaches).

Taking into account all interest hedging agreements, the average weighted interest rate for all other interest bearing liabilities is 1.68% (31.12.2017: 1.62%).

35. Other liabilities

€ 1,000	Short-term	Long-term	31.12.2018 Total	Short-term	Long-term	31.12.2017 restated Total
Fair value derivative transactions	**38**	**44,391**	**44,429**	**0**	**23,021**	**23,021**
Trade payables	20,609	3,935	24,544	16,429	2,972	19,401
Liabilities to joint ventures	3,834	0	3,834	3,176	0	3,176
Rent deposits	2,353	13,741	16,093	1,411	12,031	13,442
Open purchase prices	1,577	0	1,577	2,340	0	2,340
Settlement of operating costs	2,302	0	2,302	2,605	0	2,605
Other	3,546	4,606	8,152	2,189	11,981	14,170
Financial liabilities	**34,221**	**22,282**	**56,503**	**28,150**	**26,984**	**55,133**
Operating taxes	6,674	0	6,674	4,842	0	4,842
Prepayments received	125,145	283	125,428	9,077	283	9,360
Contract liabilities	0	0	0	6,824	0	6,824
Prepaid rent and other non financial liabilities	3,510	528	4,038	2,613	622	3,235
Non-financial liabilities	**135,329**	**811**	**136,140**	**23,355**	**906**	**24,261**
Total other liabilities	**169,588**	**67,485**	**237,072**	**51,505**	**50,911**	**102,416**

36. Income tax liabilities

This includes an amount of € 33,583 K (31.12.2017: € 13,646 K) related to CA Immo Germany Group and comprises corporate income tax and trade tax for the years 2011, 2017 and 2018, which have not been finally assessed by tax authorities as well as results of finalized tax authorities' audits.

37. Information for cash flow statement

		Liabilities		
€ 1,000	Note	Other interest-bearing liabilities	Convertible bond	Bonds
As at 1.1.2018 restated		**916,549**	**184,334**	**648,447**
Changes in cash flow from financing activities				
Cash inflow from loans received	34	151,763	0	0
Cash inflow from the issuance of bonds	34	0	0	146,372
Costs paid for issuance of convertible bonds	34	0	–116	0
Repayment/cash inflow of loans received from joint ventures	34	–600	0	0
Acquisition of treasury shares	32	0	0	0
Dividend payments to shareholders	32	0	0	0
Payment/Repayment related to the acquisition of shares from non-controlling interests and dividends to non-controlling interests	32	0	0	0
Repayment of loans incl. interest rate derivatives	34	–101,386	0	0
Other interest paid	34	–15,327	–1,500	–9,136
Total change in cash flow from financing activities		**34,449**	**–1,616**	**137,236**
Total change from the sale of subsidiaries or other business operations	**F4**	**–7,033**	**0**	**0**
Effects of changes in exchange rates	**34**	**0**	**0**	**0**
Change in fair value	**38**	**0**	**0**	**0**
Total Other changes related to liabilities		**15,655**	**4,786**	**10,586**
Total Other changes related to equity		**0**	**0**	**0**
As at 31.12.2018		**959,620**	**187,505**	**796,269**

Other changes related to liabilities mainly result from interest expenses, in accordance with Group profit and loss and paid borrowing costs, which are presented in other balance sheet positions, but directly influencing cash flow from financing activities.

Liabilities	Derivatives		Shareholders' equity	
Other effects in cash-flow from financing activities	**Derivatives assets**	**Derivatives liabilities**		**Total**
0	**–293**	**23,021**	**2,419,270**	**4,191,328**
0	0	0	0	**151,763**
0	0	0	0	**146,372**
0	0	0	0	**–116**
0	0	0	0	**–600**
0	0	0	–4,662	**–4,662**
0	0	0	–74,423	**–74,423**
–36	0	0	0	**–36**
–1,230	691	0	0	**–101,925**
–2,591	0	–3,566	0	**–32,120**
–3,857	**691**	**–3,566**	**–79,084**	**84,254**
0	**0**	**0**	**0**	**–7,033**
0	**0**	**–8**	**0**	**–8**
0	**–1,225**	**21,416**	**0**	**20,191**
3,857	**0**	**3,566**	**0**	**38,450**
0	**0**	**0**	**299,511**	**299,511**
0	**–827**	**44,429**	**2,639,697**	**4,626,693**

		Liabilities		
€ 1,000	Note	Other interest-bearing liabilities	Convertible bond	Bonds
As at 1.1.2017		**1,093,981**	**0**	**471,658**
Changes in cash flow from financing activities				
Cash inflow from loans received	34	106,974	0	0
Cash inflow from the issuance of bonds	34	0	0	173,389
Cash inflow from the issuance of convertible bonds	34	0	197,894	0
Acquisition of treasury shares	32	0	0	0
Dividend payments to shareholders	32	0	0	0
Payment/Repayment related to the acquisition of shares from non-controlling interests and dividends to non-controlling interests	32	0	0	0
Cash inflow from joint ventures		600	0	0
Repayment of loans incl. interest rate derivatives	34	–324,963	0	0
Other interest paid	34	–20,050	0	–7,360
Total change in cash flow from financing activities		**–237,439**	**197,894**	**166,029**
Total change from the purchase of subsidiaries or other business operations	**F4**	**44,635**	**0**	**0**
Effects of changes in exchange rates	**34**	**0**	**0**	**0**
Change in fair value	**38**	**0**	**0**	**0**
Total Other changes related to liabilities		**19,131**	**–13,559**	**10,760**
Total Other changes related to equity		**0**	**0**	**0**
As at 31.12.2017		**920,307**	**184,334**	**648,447**
Restatement IFRS 9/ 15	**F5 a)**	**–3,760**	**0**	**0**
As at 31.12.2017 restated		**916,548**	**184,334**	**648,447**

Liabilities	Derivatives		Shareholders' equity	
Other effects in cash-flow from financing activities	**Derivatives assets**	**Derivatives liabilities**		**Total**
0	**–29**	**11,583**	**2,204,541**	**3,781,735**
0	0	0	0	**106,974**
0	0	0	0	**173,389**
0	0	0	0	**197,894**
0	0	0	–4,922	**–4,922**
0	0	0	–60,691	**–60,691**
0	0	0	1,410	**1,410**
0	0	0	0	**600**
1,421	0	–8,221	0	**–331,764**
–1,279	0	–4,232	0	–32,921
142	**0**	**–12,454**	**–64,203**	**49,968**
0	**0**	**0**	**0**	**44,635**
0	**0**	**13**	**0**	**13**
0	**–263**	**5,038**	**0**	**4,775**
–142	**0**	**18,841**	**888**	**35,920**
0	**0**	**0**	**257,283**	**257,283**
0	**–293**	**23,021**	**2,398,510**	**4,174,328**
0	**0**	**0**	**20,760**	**17,000**
0	**–293**	**23,021**	**2,419,270**	**4,191,328**

38. Financial instruments
Financial assets by categories

Category		Classification IFRS 9 [1]		No financial instruments	Book value	Fair value
€ 1,000	FVTPL	FVOCI	AC		31.12.2018	31.12.2018
Cash and cash equivalents with drawing restrictions	0	0	9,750	0	9,750	9,799
Derivative financial instruments	827	0	0	0	827	827
Primary financial instruments	10,067	0	3,421	0	13,488	
Other investments	41,098	0	0	0	41,098	41,098
Financial assets	**51,992**	**0**	**13,171**	**0**	**65,163**	
Cash and cash equivalents with drawing restrictions	0	0	14,686	0	14,686	14,737
Other receivables and assets	0	0	50,170	32,259	82,429	
Receivables and other assets	**0**	**0**	**64,856**	**32,259**	**97,115**	
Securities	**0**	**114,544**	**0**	**0**	**114,544**	**114,544**
Cash and cash equivalents	**0**	**0**	**374,302**	**0**	**374,302**	
	51,992	**114,544**	**452,329**	**32,259**	**651,124**	

[1] FVTPL – fair value through profit or loss, FVOCI – fair value through other comprehensive income, AC – amortised cost

Category		Classification IFRS 9 [1]		No financial instruments	Book value	Fair value
€ 1,000	FVTPL	FVOCI	AC		31.12.2017 restated	31.12.2017
Cash and cash equivalents with drawing restrictions	0	0	10,031	0	10,031	10,066
Derivative financial instruments	293	0	0	0	293	293
Primary financial instruments	15,176	0	4,091	0	19,268	
Other investments	56,875	0	0	0	56,875	56,875
Financial assets	**72,344**	**0**	**14,123**	**0**	**86,466**	
Cash and cash equivalents with drawing restrictions	0	0	3,655	0	3,655	3,679
Other receivables and assets	0	0	69,927	23,324	93,251	
Receivables and other assets	**0**	**0**	**73,582**	**23,324**	**96,906**	
Securities	**0**	**117,668**	**0**	**0**	**117,668**	**117,668**
Cash and cash equivalents	**0**	**0**	**383,288**	**0**	**383,288**	
	72,344	**117,668**	**470,993**	**23,324**	**684,328**	

The fair value of the receivables and other assets in the category of "Amortised Cost" (AC) essentially equals the book value due to daily and/or short-term maturities. The primary financial instruments mainly consist of loans granted to joint ventures, which are considered and valued as part of the net investment in the entities, as well as loans granted to associated companies, which are measured at fair value through profit or loss (this corresponds to level 3 of the fair value hierarchy). Securities in the category FVOCI are recognized at their market value and are therefore classified as level 1 of the fair value hierarchy. Valuation of investments of FVTPL category corresponds to level 3 of the fair value hierarchy.

Financial assets are partially given as securities for financial liabilities.

Financial liabilities by categories

Category	**Classification IFRS 9** [1]		**No financial instruments**	**Book value**	**Fair value**
€ 1,000	**FVTPL**	**AC**		**31.12.2018**	**31.12.2018**
Convertible bond	0	187,505	0	187,505	188,690
Bonds	0	796,269	0	796,269	826,418
Other interest-bearing liabilities	0	959,620	0	959,620	963,359
Interest-bearing liabilities	**0**	**1,943,394**	**0**	**1,943,394**	
Derivative financial instruments	44,429	0	0	44,429	44,429
Other primary liabilities	0	56,503	136,140	192,643	
Other liabilities	**44,429**	**56,503**	**136,140**	**237,072**	
	44,429	**1,999,897**	**136,140**	**2,180,466**	

[1] FVTPL – fair value through profit or loss, FVOCI – fair value through other comprehensive income, AC – amortised cost

The stock exchange price of the convertible bond amounts to € 223,530 K (31.12.2017: € 206,264 K). The fair value of the embedded derivative of the convertible bond amounts to € 34,839 K (31.12.2017: € 19,934 K). The debt component of the convertible bond and the embedded derivative of the convertible bond are separately reported.

Category	**Classification IFRS 9** [1]		**No financial instruments**	**Book value**	**Fair value**
€ 1,000	**FVTPL**	**AC**		**31.12.2017 restated**	**31.12.2017**
Convertible bond	0	184,334	0	184,334	186,330
Bonds	0	648,447	0	648,447	687,811
Other interest-bearing liabilities	0	916,549	0	916,549	921,656
Interest-bearing liabilities	**0**	**1,749,330**	**0**	**1,749,330**	
Derivative financial instruments	23,021	0	0	23,021	23,021
Other primary liabilities	0	55,133	24,261	79,394	
Other liabilities	**23,021**	**55,133**	**24,261**	**102,416**	
	23,021	**1,804,463**	**24,261**	**1,851,746**	

The fair value recognized of the other non-derivative liabilities basically equals the book value, based on the daily and short term due date.

39. Derivative financial instruments and hedging transactions

€ 1,000	Nominal value	Fair value	31.12.2018 Book value	Nominal value	Fair value	31.12.2017 Book value
Interest rate swaps - assets	0	0	0	92,343	293	293
Interest rate swaps - liabilities	506,558	–9,590	–9,590	363,645	–3,088	–3,088
Total interest rate swaps	**506,558**	**–9,590**	**–9,590**	**455,987**	**–2,795**	**–2,795**
Interest rate floors	44,775	827	827	0	0	0
Derivative convertible bond	0	–34,839	–34,839	0	–19,934	–19,934
Total derivatives	**551,333**	**–43,602**	**–43,602**	**455,987**	**–22,729**	**–22,729**
thereof stand alone (fair value derivatives) - assets	44,775	827	827	92,343	293	293
thereof stand alone (fair value derivatives) - liabilities	506,558	–44,429	–44,429	363,645	–23,021	–23,021

The derivative of the convertible bond results from the cash settlement option of the convertible bond of CA Immo AG and is reported at fair value.

As at the balance sheet date 50.2% (31.12.2017: 46.1%) of the nominal value of all investment loans have been turned into fixed interest rates (or into ranges of interest rates with a cap) by means of interest rate swaps.

€ 1,000	Nominal value	Fair value	31.12.2018 Book value	Nominal value	Fair value	31.12.2017 Book value
Fair value derivatives (HFT) - assets	0	0	0	92,343	293	293
Fair value derivatives (HFT) - liabilities	506,558	–9,590	–9,590	363,645	–3,088	–3,088
Interest rate swaps	**506,558**	**–9,590**	**–9,590**	**455,987**	**–2,795**	**–2,795**
Interest rate floors	44,775	827	827	0	0	0
Total interest rate derivatives	**551,333**	**–8,763**	**–8,763**	**455,987**	**–2,795**	**–2,795**

Interest rate derivatives	**Nominal value in € 1,000**	**Start**	**End**	**Fixed interest rate as at 31.12.2018**	**Reference interest rate**	**Fair value in € 1,000 31.12.2018**
EUR - stand alone - liabilities	506,558	7/2016-12/2018	6/2019-12/2032	–0.18%–1.19%	3M-Euribor	–9,590
Total interest swaps = variable in fixed	**506,558**					**–9,590**
Interest rate floors	44,775	5/2018	5/2028	0.00%	3M-Euribor	827
Total interest rate derivatives	**551,333**					**–8,763**

Interest rate derivatives	Nominal value in € 1,000	Start	End	Fixed interest rate as at 31.12.2017	Reference interest rate	Fair value in € 1,000 31.12.2017
EUR - stand alone - assets	92,343	12/2016-6/2017	12/2023-6/2027	0.29%–0.66%	3M-Euribor	293
EUR - stand alone - liabilities	363,645	7/2016-12/2017	6/2019-12/2029	–0.18%–1.12%	3M-Euribor	–3,088
Total interest swaps = variable in fixed	**455,987**					**–2,795**

Gains and losses in other comprehensive income

€ 1,000	2018	2017
As at 1.1.	**–842**	**–3,201**
Change in valuation of cash flow hedges	0	1,334
Change of ineffectiveness cash flow hedges	0	–20
Reclassification of cash flow hedges	1,110	1,980
Income tax cash flow hedges	–268	–935
As at 31.12.	**0**	**–842**
thereof: attributable to the owners of the parent	0	–842

40. Risks from financial instruments

Interest rate risk

Risks arising from changes in interest rates basically result from long-term loans and interest rate derivatives and relate to the amount of future interest payments (for variable interest instruments) and to the fair value of the financial instrument (for fixed rate instruments). A mix of long-term fixed-rate and floating-rate loans is used to reduce the interest rate risk. In case of floating-rate loans, derivative financial instruments (interest rate caps, floors and interest rate swaps) are also used to hedge the cash flow risk of interest rate changes arising from hedged items. Additionally, swaptions can be used to manage the interest rate risk. In addition to the general interest rate risk (interest level) there are also risks arising from a possible change in the credit rating, which would lead to an increase or a decrease of the interest margin in the course of a follow-up financing.

The following sensitivity analysis outlines the impact of variable interest rates on interest expense. It shows the effect on the result of the financial year 2018 of a change in interest rate by 50 and 100 basis points on the interest expenses. The analysis assumes that all other variables, particularly foreign exchange rates, remain constant. Due to the very low interest rate levels the analysis only shows the effect of increasing interest rates.

€ 1,000	recognised in Profit/Loss Statement		recognised in other comprehensive income	
	at 50 bps Increase	at 100 bps Increase	at 50 bps Increase	at 100 bps Increase
31.12.2018				
Interest on variable rate instruments	–1,102	–2,205	0	0
Valuation result from fixed rate instruments (Swaps)	7,776	24,146	0	0
Valuation result from derivative financial instruments	313	152	0	0
	6,987	**22,093**	**0**	**0**
31.12.2017				
Interest on variable rate instruments	–1,044	–2,089	0	0
Valuation result from fixed rate instruments (Swaps)	14,850	29,031	0	0
Valuation result from derivative financial instruments	0	0	0	0
	13,806	**26,942**	**0**	**0**

Variable rate instruments contain variable rate financial liabilities not taking into account derivatives. In the case of derivative financial instruments, an interest rate change gives rise to a component recognized in profit or loss (interest and valuation of fair value derivatives).

Risks of the embedded derivative of the convertible bond

In respect of the derivative of the convertible bond, the risks are mainly a change in the share price of CA Immo AG as well as a change in the credit spread between the CA Immo corporate bonds and the benchmark reference rates for Eurozone government bonds with matching maturities. The following sensitivity analysis shows the change in the fair value of the derivative of the convertible bond at an increase and a decrease, respectively in the share price of CA Immo AG as well as an increase and a decrease, respectively in the credit spread. The analysis assumes that all other variables remain unchanged.

€ 1,000	recognised in Profit/Loss Statement		recognised in Profit/Loss Statement	
	at 2.5% Share Price Increase	at 2.5% Share Price Decrease	at 50 bps Credit Spread Increase	at 50 bps Credit Spread Decrease
31.12.2018				
Derivative convertible bond	–2,460	2,385	–1,932	1,887
31.12.2017				
Derivative convertible bond	–1,820	1,736	–1,862	1,788

Currency risk

Currency risks result from rental revenues and receivables denominated in CZK, HRK, HUF, PLN, RON, CHF and RSD. This foreign currency rental income is secured by linking the rental payments to EUR, so that no major risk remains.

Credit risk

The book values disclosed for all financial assets, guarantees and other commitments assumed, represent the maximum default risk as no major set-off agreements exist.

Tenants provided deposits amounting to € 16,093 K (31.12.2017: € 13,442 K) as well as bank guarantees of € 46,623 K (31.12.2017: € 42,494 K) and group guarantees in the amount of € 45,246 K (31.12.2017 € 45,249 K).

The credit risk for liquid funds with banks is monitored according to internal guidelines.

Liquidity risk

Liquidity risk is the risk that CA Immo Group will not be able to meet its financial obligations as they fall due. CA Immo Group's approach to managing liquidity is to ensure that CA Immo Group will always have sufficient liquidity to meet liabilities when due, whilst avoiding unnecessary potential losses and risks. Loans are usually agreed on a long-term basis in accordance with the long-term nature of real estate.

The CA Immo Group manages liquidity risk in several different ways: firstly, by means of distinct liquidity planning and securing to avoid possible liquidity shortages. Secondly, CA Immo Group takes safeguarding measures to control liquidity peaks via a revolving credit line at the level of CA Immo AG. External capital is raised by CA Immo Group from a wide variety of domestic and foreign banks. The contractually agreed (undiscounted) interest payments and repayments for primary financial liabilities and derivative financial instruments are presented in the table below.

31.12.2018 € 1,000	Book value 2018	Contractually agreed cash flows	Cash flow 2019	Cash flow 2020-2023	Cash flow 2024 ff
Convertible bond	187.505	-210.500	-1.500	-6.000	-203.000
Bonds	796.269	-878.527	-16.246	-525.563	-336.719
Other interest-bearing liabilities	959.620	-1.091.419	-217.713	-398.220	-475.487
Trade payables	24.544	-24.544	-20.609	-3.935	0
Non-controlling interests held by limited partners	3.363	-3.363	0	0	-3.363
Liabilities to joint ventures	3.834	-3.834	-3.834	0	0
Other liabilities	24.762	-24.762	-9.778	-13.152	-1.833
Primary financial liabilities	**1.999.897**	**-2.236.950**	**-269.680**	**-946.869**	**-1.020.401**
Interest rate derivatives not connected with hedges	9.590	-9.339	-4.462	-10.720	5.843
Derivative convertible bond	34.839	0	0	0	0
Derivative financial liabilities	**44.429**	**-9.339**	**-4.462**	**-10.720**	**5.843**
	2.044.326	**-2.246.289**	**-274.141**	**-957.589**	**-1.014.558**

The convertible bond requires a separation of the financial instrument into a debt component and a separate embedded derivative. The derivative of the convertible bond has no cash flows.

31.12.2017 € 1,000	Book value 2017	Contractually agreed cash flows	Cash flow 2018	Cash flow 2019-2022	Cash flow 2023 ff
Convertible bond	184,334	–212,000	–1,500	–6,000	–204,500
Bonds	648,447	–722,281	–14,844	–371,750	–335,688
Other interest-bearing liabilities	916,549	–1,058,916	–69,946	–372,766	–616,204
Trade payables	19,401	–19,401	–16,429	–2,972	0
Non-controlling interests held by limited partners	2,969	–2,969	0	0	–2,969
Liabilities to joint ventures	3,176	–3,176	–3,176	0	0
Other liabilities	29,588	–29,588	–8,545	–20,058	–985
Primary financial liabilities	**1,804,463**	**–2,048,330**	**–114,439**	**–773,545**	**–1,160,346**
Interest rate derivatives not connected with hedges	3,088	–2,698	–3,308	–4,614	5,225
Derivative convertible bond	19,934	0	0	0	0
Derivative financial liabilities	**23,021**	**–2,698**	**–3,308**	**–4,614**	**5,225**
	1,827,485	**–2,051,028**	**–117,747**	**–778,159**	**–1,155,121**

The cash flows for interest rate derivatives are based on assumed values for the underlying forward rates as at the respective balance sheet date.

Price risk

The CA Immo Group holds securities in its portfolio. This financial instrument is quoted in an active market (level 1 of the fair value hierarchy), thus it can constantly be influenced by the price (price risk). If an assumed change, i.e. an increase/decrease of 10% in the price of securities above the actual level occurs, this change will impact current comprehensive income of CA Immo Group by -/+ € 11,454 K (2017: -/+ € 11,767 K).

Capital management

The objective of CA Immo Group's capital management is to ensure that the Group achieves its goals and strategies, while optimising the costs of capital effectively and in the interests of shareholders, employees and other stakeholders. In particular, it focuses on achieving a minimum return on invested capital required by the capital market and increasing the return on equity. Furthermore, the external rating should be supported by adequate capitalisation and by raising equity for the growth targets in the upcoming fiscal years.

The key parameters in determining the capital structure of the CA Immo Group are:

1. the general ratio of equity to debt and
2. within outside capital, the optimal ratio between the debt secured with real estate, which is recorded at the level of individual property companies, and the unsecured debt at the level of the parent company.

Regarding the first parameter, the CA Immo Group aims to maintain an equity ratio of 45% - 50%. As at 31.12.2018 the ratio was 49.3% (31.12.2017 restated: 50.9%). With respect to the proportion between the secured and the unsecured loans, the secured property loans, which are usually taken directly by the company in which the property is held, account for a slightly lower share. Unsecured financing exists only in the form of corporate bonds or convertible bonds placed on the capital markets. In 2018 CA Immo Group issued another corporate bond and thus raises finance increasingly via the capital market. Currently around 51% of the entire financing volume is attributed to unsecured financing in the form of corporate bonds (31.12.2017: 48%). The related ratio of unsecured properties is one of the important criteria for the investment grade rating of CA Immo Group.

Net debt and the gearing ratio are other key figures relevant to the presentation of the capital structure of CA Immo Group:

€ 1,000	**31.12.2018**	**31.12.2017 restated**
Interest-bearing liabilities		
Long-term interest-bearing liabilities	1,723,749	1,680,410
Short-term interest-bearing liabilities	219,645	68,920
Interest-bearing assets		
Cash and cash equivalents	–374,302	–383,288
Cash at banks with drawing restrictions	–2,204	–974
Net debt	**1,566,888**	**1,365,068**
Shareholders' equity	2,639,697	2,419,270
Gearing ratio (Net debt/equity)	**59.4%**	**56.4%**

In calculating the gearing, for simplicity the book value of the cash and cash equivalents has been taken into account. The cash at banks with drawing restrictions is included in the calculation of net debt, if it is used to secure the repayments of interest bearing liabilities.

41. Other obligations and contingent liabilities

Guarantees and other commitments

As at 31.12.2018, CA Immo Germany Group is subject to guarantees and other commitments resulting from purchase agreements for decontamination costs and war damage costs amounting to € 91 K (31.12.2017: € 608 K). Furthermore, comfort letters and securities have been issued for one joint venture in Germany amounting to € 2,000 K (31.12.2017: € 2,000 K). As a security for the liabilities of two (31.12.2017: two) joint ventures loan guarantees, letters of comfort and declarations were issued totalling € 2,500 K (31.12.2017: € 2,500 K) in Germany. Furthermore, as security for warranty risks in Germany a guarantee was issued in an amount of € 15,066 K (31.12.2017: € 11,066 K).

CA Immo Group has agreed to adopt a guarantee in connection with the project “Airport City St. Petersburg” in the extent of € 1,027 K (31.12.2017: € 8,469 K).

In connection with disposals, marketable guarantees exist between CA Immo Group and the buyer for coverage of possible warranty- and liability claims were entered into. The actual claims may exceed the expected level. Furthermore, comfort letters and securities have been issued for one joint venture in Austria amounting to € 6,743 K (31.12.2017: € 0 K) and for one joint venture in Eastern Europe amounting to € 15,699 K (31.12.2017: € 0 K).

For the purpose of recognising tax provisions, estimates have to be made. Uncertainties exist concerning the interpretation of complex tax regulations as well as calculation methods to determine the amount and timing of taxable income. Due to these uncertainties and the complexity estimates may vary from the real tax expense also in a material amount. This may include amended interpretations of tax authorities for previous periods. CA Immo Group recognises appropriate provisions for known and probable charges arising from ongoing tax audits.

In connection with a development project in Eastern Europe a main contractor has filed an arbitration action at the Vienna International Arbitral Center on the 15.02.2019. The claim contains alleged claims for the payment of additional costs and compensation for work performed in the amount of € 26,27 m. CA Immo Group considers the chances of this action succeeding as minimal. The expected cash outflows in this respect have been recognized in the statement of financial position accordingly.

Mortgages, pledges of rental receivables, bank accounts and share pledges as well as similar guarantees are used as market collateral for bank liabilities.

Other financial obligations

In addition, there are other financial obligations of order commitments related to building site liabilities for work carried out in the course of developing real estate in Austria in the amount of € 0 K (31.12.2017: € 8,789 K), in Germany in the amount of € 212,331 K (31.12.2017: € 153,549 K) and in Eastern Europe in the amount of € 2,668 K (31.12.2017: € 22,533 K). In addition as at 31.12.2018 CA Immo Group is subject to other financial commitments resulting from construction costs from urban development contracts which can be capitalised in the future in an amount of € 8,782 K (31.12.2017 restated: € 16,241 K).

The total obligations of the payments of equity in Joint Ventures for which no adequate provisions have been recognised amount in Austria to € 0 K (31.12.2017: € 6,035 K), in Germany to € 1,990 K (31.12.2017: € 1,990 K) and in Eastern Europe to € 0 K (31.12.2017: € 0 K) as per 31.12.2018. Besides the disclosed obligations of equity-payments, no further obligations to joint ventures exist.

Borrowings, for which the financial covenants have not been met as at reporting date, thus enabling the lender in principle to prematurely terminate the loan agreement, have to be 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 31.12.2018, this applied to no loans (31.12.2017: no loans).

42. Leases

CA Immo Group as lessor

All lease contracts concluded by CA Immo Group, under which CA Immo Group is the lessor, are recorded as operating leases in accordance with IFRS. These generally have the following essential contractual terms:

- linkage to EUR
- guaranteed value by linkage to international indices
- medium- to long-term maturities and/or termination waivers.

Future minimum rental income from existing term lease contracts or contracts with termination waivers as at the reporting date are as follows:

€ 1,000	2018	2017
In the following year	201,539	178,662
Between 1 - 5 years	511,600	435,378
More than 5 years	228,543	200,510
Total	**941,682**	**814,550**

All remaining rental agreements may be terminated at short notice and are not included in the above table.

The minimum rental income includes net rent amounts to be collected until the contractually agreed expiration of the contract or the earliest possible termination option by the lessee (tenant).

CA Immo Group as lessee

All rental agreements signed by CA Immo Group are classified as operating leases.

The lease contracts concluded by CA Immo Germany Group acting as lessee primarily relate to rented properties in Munich (until 2022) and in Frankfurt (until 2025).

The remaining operating lease agreements of CA Immo Group relate to office furniture, equipment and other assets as well as usufruct. No purchase options have been agreed. Leasing payments of € 3,738 K were recognised as expenses in 2018 (2017 restated: € 3,792 K).

The following minimum lease payments will become due in the subsequent periods:

€ 1,000	2018	2017 restated
In the following year	4,481	3,247
Between 1 - 5 years	13,814	7,929
More than 5 years	86,130	77,831
Total	**104,425**	**89,007**

43. Transactions with related parties

The following companies and parties are deemed related parties to the CA Immo Group:

- joint ventures, in which CA Immo Group holds an interest
- associated companies, in which CA Immo Group holds an interest
- the corporate bodies of CA Immobilien Anlagen Aktiengesellschaft
- IMMOFINANZ AG, Vienna, and its affiliated entities until 27.9.2018
- Starwood Capital Group ("Starwood"), from 27.9.2018

Transactions with joint ventures

Joint ventures		
€ 1,000	**31.12.2018**	**31.12.2017 restated**
Investments in joint ventures	200,012	214,950
Investments in joint ventures held for sale	0	2,276
Loans	109	3,061
Receivables	10,374	8,582
Liabilities	127,190	9,409
Provisions	12,858	12,420

	2018	**2017 restated**
Joint ventures result	21,770	70,680
Result from sale of joint ventures	1,584	884
Result from joint ventures	**23,354**	**71,564**
Other income	2,078	3,195
Other expenses	–961	–1,273
Interest income	1,043	281
Interest expense	–2	0

Outstanding loans to joint ventures and the majority of the receivables from joint ventures as at the reporting date serve to finance the properties. No guarantees or other forms of security exist in connection with these loans. The cumulative impairment loss on loans to joint ventures amounts to € 0 K (31.12.2017 restated: € 217 K). Receivables from joint ventures comprise short-term loans in the amount of € 6,244 K (31.12.2017: € 769 K). Liabilities against joint ventures include long-term loans amounted to € 0 K (31.12.2017: € 600 K). All receivables and liabilities have interest rates in line with those prevailing on the market. The remaining receivables and liabilities are predominantly the result of services performed in Germany. The liabilities to joint ventures are mainly comprised of € 118,084 K resulting from an advance dividend payment following the sale of Tower 185, which was held by a joint venture. No guarantees or other forms of security exist in connection with these receivables and liabilities.

No additional impairments or other adjustments to the book values were recognised in profit or loss.

Transactions with associated companies

€ 1,000	31.12.2018	31.12.2017
Loans	10,067	15,176

	2018	2017
Income from associated companies	0	5,034
Expenses due to associated companies	–2,387	0
Result from associated companies	**–2,387**	**5,034**
Interest income from associated companies	0	1,403

Loans to associated companies outstanding as at the reporting date relate to a project in Russia. All loans have interest rates in line with those prevailing in the market. No guarantees or other forms of security exist in connection with these loans. The cumulative impairment loss recognised on loans to associated companies, including interests amounts to € 15,836 K (31.12.2017: € 20,461 K).

The executive bodies of CA Immobilien Anlagen Aktiengesellschaft, Vienna
Management Board
Andreas Quint (from 1.1.2018)
Keegan Viscius (from 1.11.2018)
Frank Nickel (until 31.3.2018)
Dr. Hans Volckens (until 10.10.2018)

Total salary payments to Management Board members active in business year 2018 amounted to € 8,601 K (€ 1,526 K in 2017). Total expenditure on fixed salary components was € 1,918 K (€ 1,050 K in 2017). Fixed salaries amounted to € 1,060 K (€ 750 K in 2017). In addition, remuneration in kind was € 79 K (previous year: € 114 K), expense allowances were € 5 K (previous year: € 8 K) and pension fund contributions stood at € 74 K (€ 41 K in 2017). Taking into account variable salary components paid in 2018 (excluding severance and redundancy payments), the proportion of fixed remuneration was 27% (previous year: 69%). Payroll-related taxes and contributions accounted for € 701 K (€ 136 K in 2017). As at the balance sheet date 31.12.2018, severance payment provisions for Management Board members totalled € 79 K (€ 138 K on 31.12.2017). There were no payment obligations to former members of the Management Board. No loans or advances were granted to Management Board members.

Variable salary components totalled € 5,088 K (previous year: € 476 K). These include the payment of all short-, medium- and long-term bonuses. Further compensatory and severance payments totalling € 1,596 K were paid in connection with the aforementioned change of control (previous year: € 0 K).

Target attainment was 100% in business year 2017. This resulted in bonus entitlement of € 1,500 K (previous year: € 931 K), of which € 1,150 K (previous year: € 466 K) was payable on confirmation of target attainment (immediate payment). Having terminated his employment contract ahead of time, Frank Nickel received all outstanding bonus payments (immediate payments and phantom shares) of € 1,593 K prematurely. The remaining 50% of the bonus entitlement for Dr. Hans Volckens in business year 2017 (€ 350 K) was based on the average rate for the final quarter of 2017 (€ 24.82 per share) with a total of 14,101 phantom shares.

In the course of the change of control, Andreas Quint received a retention bonus of € 1,120 K for remaining at CA Immo. In addition, target attainment for business year 2018 was determined as 100% in negotiations with the CEO and all bonus payments due for business year 2018 (€ 1,120 K) were settled early and paid in full and in cash on 31.10.2018. There was no conversion to phantom shares as otherwise provided for in the remuneration system. In addition to these payments, Andreas Quint received a signing bonus in the amount of € 300 K as compensation for bonus payments not paid by his previous employer owing to his premature resignation. The signing bonus was accrued in the consolidated financial statements for 31.12.2017.

Dr. Hans Volckens received compensatory and severance payments totalling € 476 K in connection with the early resignation of his position as CFO of CA Immo. In addition, all bonus entitlement outstanding since 2016 (including phantom shares) became due for payment. Target attainment of 100% was also agreed with Dr. Volckens for business year 2018. The short term incentives indicated thus comprised immediate payments of € 350 K for 2017 and 2018 and a proportionate payment of € 408 K for the period up to and including 31.7.2019 as well as a special bonus for business year 2017 (€ 50 K). All 18,017 phantom shares earned since business year 2016, originally with a lock-up, were valued at an agreed price of € 32.00 per share and also paid in full in the amount of € 917 K.

As at 31.12.2018, there was no requirement for provisions in connection with the variable remuneration system for the tranches of phantom shares beginning in 2016, 2017 and 2018 (€ 2,191 K as at 31.12.2017).

PAYMENTS TO THE MANAGEMENT BOARD[1)]

	Andreas Quint[2)]		**Keegan Viscius[3)]**		**Hans Volckens[4)]**		**Frank Nickel[5)]**		**Total**	
€ 1,000	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Fixed salary	560	0	79	0	321	350	100	400	1,060	750
Payroll-related taxes and contributions	276	0	13	0	258	56	154	81	701	136
Remuneration in kind, company car, etc	0	0	28	0	39	34	12	80	79	114
Expense allowances	1	0	0	0	3	6	0	2	5	8
Contributions to pension funds (non-cash)	57	0	6	0	0	0	10	41	74	41
Total fixed salary components	**895**	**0**	**126**	**0**	**621**	**446**	**276**	**603**	**1,918**	**1,050**
Total fixed salary components as %	*39%*	*0%*	*100%*	*0%*	*23%*	*85%*	*15%*	*60%*	*27%*	*69%*
Short-term incentive (down payment)	860	0	0	0	1,158	76	600	400	2,619	476
Short-term incentive (phantom shares)	560	0	0	0	917	0	992	0	2,470	0
Total variable salary components	**1,420**	**0**	**0**	**0**	**2,076**	**76**	**1,593**	**400**	**5,088**	**476**
Total variable salary components as %	*61%*	*0%*	*0%*	*0%*	*77%*	*15%*	*85%*	*40%*	*73%*	*31%*
Total fixed and variable salary components	**2,315**	**0**	**126**	**0**	**2,696**	**522**	**1,869**	**1,003**	**7,006**	**1,526**
Compensatory and severance payments (CoC)	1,120	0	0	0	419	0	57	0	1,596	0
Total salary payments	**3,435**	**0**	**126**	**0**	**3,115**	**522**	**1,926**	**1,003**	**8,601**	**1,526**

1) Includes salary components paid/utilised in 2017 and 2018 only (excl. annual leave payments in the amount of € 66 K for Dr. Volckens or € 116 K for Frank Nickel). As at 31.12.2017, provision totalling € 2,191 K was made for bonus claims for business years 2016 and 2017.
2) Chief Executive Officer since 1.1.2018
3) Management Board member (CIO) since 1.11.2018
4) Management Board member (CFO) until 10.10.2018
5) Chief Executive Officer until 31.12.2017, Management Board member until 31.3.2018

Supervisory Board
Elected by the General Meeting:
Torsten Hollstein, Chairman
Dr. Florian Koschat, Deputy Chairman
Richard Gregson
Univ.-Prof. MMag. Dr. Klaus Hirschler
John Nacos
Michael Stanton
Prof. Dr. Sven Bienert (until 26.10.2018)
Dipl.-BW Gabriele Düker (until 25.10.2018)

Delegated by registered share:
Jeffrey Gordon Dishner (from 28.9.2018)
Laura Mestel Rubin (from 28.9.2018)
Sarah Broughton (from 28.9.2018)
Dr. Oliver Schumy (until 27.9.2018)
Stefan Schönauer (until 27.9.2018)

Delegated by works council:
Georg Edinger, BA, REAM (IREBS)
Nicole Kubista
Sebastian Obermair
Franz Reitermayer

As at the balance sheet data 31.12.2018, the Supervisory Board comprised six shareholder representatives elected by the Ordinary General Meeting, three shareholder representatives appointed by registered shares and four employee representatives.

In business year 2018 (for 2017), € 361 K (previous year: € 368 K) was paid out in fixed salaries (including total attendance fees of € 88 K; € 93 K in the previous year). Moreover, expenditure of € 206 K was reported in connection with the Supervisory Board in business year 2018 (2017: € 660 K). Of this, cash outlays for travel expenses accounted for approximately € 90 K (2017: € 35 K) and other expenditure (including training costs) accounted for € 43 K (2017: € 5 K). Legal and other consultancy services accounted for € 74 K (2017: € 620 K; of which € 595 K was linked to the executive search in connection with the CEO succession process). Consulting costs of € 150 K relating to the CFO search process were also taken into account in the 2018 consolidated financial statements. No other fees (particularly for consultancy or brokerage activities) and no loans or advances were paid to Supervisory Board members.

Total Supervisory Board remuneration of € 380 K for business year 2018 will be proposed to the Ordinary General Meeting on the basis of the same criteria (fixed annual payment of € 30 K per Supervisory Board member plus attendance fee of € 1,000 per meeting day), taking account of the waiver of remuneration for Supervisory Board members appointed on the basis of registered shares. As at 31.12.2018, the remuneration was recognized in the consolidated financial statements. All business transactions conducted between the company and members of the Supervisory Board which oblige such members to perform services for the CA Immo Group outside of their Supervisory Board activities in return for remuneration of a not inconsiderable value must conform to industry standards and be approved by the Supervisory Board. The same applies to contracts with companies in which a Supervisory Board member has a significant business interest. This applied to a deed of donation concluded between CA Immo and the IRE|BS Universitätsstiftung für Immobilienwirtschaft on 16.9.2014 and extended early in 2018, whereby the foundation receives an annual ringfenced amount of € 25 K from CA Immo, 50% of which is made freely available to the former Supervisory Board member Professor Sven Bienert for teaching and research activity at the IRE|BS International Real Estate Business School. No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members. No loans or advances were granted.

IMMOFINANZ Group, Vienna

From 2.8.2016 to 27.9.2018, IMMOFINANZ Group (via its 100% owned subsidiary GENA ELF Immobilienholding GmbH) held 25,690,163 bearer shares as well as four registered shares of CA Immo AG representing with approximately 26% of the capital stock the largest single shareholder of the company.

Until 27.9.2018 there was a reciprocal shareholding between the IMMOFINANZ Group and the CA Immo Group. The CA Immo Group still holds 5,480,556 bearer shares of IMMOFINANZ AG (equivalent to approximately 4.9% of the capital stock of IMMOFINANZ AG).

In 2016, CA Immo AG and IMMOFINANZ AG agreed to enter into constructive dialogue concerning a potential amalgamation of the two companies. On 28.2.2018, IMMOFINANZ AG announced to further suspend detailed discussions about a potential merger between both companies for the time being and to evaluate other strategic options, among others, a potential sale of its investment in CA Immo AG; a bidding process was started. On 2.7.2018, IMMOFINANZ AG announced the sale of its stake in CA Immo AG to SOF-11 Starlight 10 EUR S.à r.l. (now SOF-11 Klimt CAI S.à r.l.), a company managed by Starwood Capital Group. The transaction was closed on 27.9.2018 after release by the competition authorities in charge and approval of the Management Board of CA Immo of the transfer of the four registered shares on 18.7.2018.

Starwood Capital Group (Starwood)

Since 27.9.2018, SOF-11 Klimt CAI S.à r.l. (former SOF-11 Starlight 10 EUR S.à r.l.) holds 25,843,652 bearer shares as well as four registered shares of CA Immo AG, with approximately 26.16% of the capital stock representing now the largest single shareholder of the company. SOF-11 Klimt CAI S.à r.l. is an indirect wholly owned subsidiary of SOF-11 International SCSp. SOF-11 International SCSp is part of a group of companies known as SOF-XI, a discretionary fund with approximately USD 7.56 bn assets under management. SOF-XI is managed by Starwood, a privately owned global alternative investment company with more than 80 partners. Starwood Capital Group is an investor focusing on global real estate investments.

44. Key figures per share

Earnings per share

		2018	2017 restated
Weighted average number of shares outstanding	pcs.	93,052,919	93,328,942
Consolidated net income	€ 1,000	305,293	238,135
Basic earnings per share	**€**	**3.28**	**2.55**

		2018	2017 restated
Weighted average number of shares outstanding	pcs.	93,052,919	93,328,942
Dilution effect:			
Convertible bond	pcs.	6,564,697	1,595,344
Weighted average number of shares	**pcs.**	**99,617,616**	**94,924,286**
Consolidated net income attributable to the owners of the parent	€ 1,000	305,293	238,135
Dilution effect:			
Convertible bond effective interest/valuation derivative convertible bond	€ 1,000	19,632	6,434
less taxes	€ 1,000	–4,908	–1,609
Consolidated net income attributable to the owners of the parent adjusted by dilution effect	**€ 1,000**	**320,017**	**242,960**
Diluted earnings per share	**€**	**3.21**	**2.55**

The diluted earnings per share for 2017 corresponds to the undiluted earnings per share. The effect of the convertible bond on the income statement increases the earnings per share in 2017, thus there is no dilution.

45. Employees

In 2018 CA Immo Group had an average of 342 white-collar workers (2017: 337) of whom on average 68 (2017: 67) were employed in Austria, 189 (2017: 179) in Germany and 85 (2017: 91) in subsidiaries in Eastern Europe.

46. Costs for the auditors

The expenses presented in the table below refer to fees from Ernst & Young Wirtschaftsprüfungsgesellschaft.m.b.H.

€ 1,000	2018	2017
Auditing costs	352	343
Other review services	260	142
Other consultancy services	16	0
Total	**628**	**485**

In the consolidated income statement, the audit expenses, including review amount to € 1,175 K (2017: € 1,331 K). Out of this, the amount for Ernst & Young entities amounts to € 1,160 K (2017: € 1,171 K).

47. Events after the close of the business year

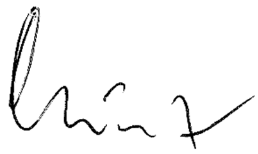
In January 2019 the closing of the sale of a subsidiary with a property in Slovenia took place.

In its meeting of 8.3.2019, the Supervisory Board of CA Immo AG appointed Dr. Andreas Schillhofer as the new Chief Financial Officer (CFO) of the company. Dr. Andreas Schillhofer will take office by 1.10.2019 at the latest.

These consolidated financial statements were prepared by the Management Board on the date below. The individual and consolidated financial statements for CA Immobilien Anlagen Aktiengesellschaft will be presented to the Supervisory Board on 27.3.2019 for approval.

Vienna, 27 March 2019

The Management Board



Andreas Quint
(Chairman)

Keegan Viscius
(Managment Board Member)

ANNEX I TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following companies are included in the consolidated financial statements in addition to CA Immobilien Anlagen Aktiengesellschaft:

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method [1]	Foundation / First time consolidation in 2018 [2]
CA Immo Holding B.V.	Amsterdam	51,200,000	EUR	100	FC	
Europolis Holding B.V.	Amsterdam	2	EUR	100	FC	
CA Immo d.o.o.	Belgrade	32,523,047	RSD	100	FC	
CA Immo Sava City d.o.o.	Belgrade	4,298,470,439	RSD	100	FC	
TM Immo d.o.o.	Belgrade	1,307,825,923	RSD	100	FC	
BA Business Center s.r.o.	Bratislava	7,503,200	EUR	100	FC	
Europolis D61 Logistics s.r.o.	Bratislava	1,375,000	EUR	100	FC	
CA Holding Szolgáltató Kft	Budapest	13,000,000	HUF	100	FC	
CA Immo Real Estate Management Hungary K.f.t.	Budapest	54,510,000	HUF	100	FC	
Canada Square Kft.	Budapest	12,510,000	HUF	100	FC	
COM PARK Ingatlanberuházási Kft	Budapest	3,040,000	HUF	100	FC	
Duna Business Hotel Ingatlanfejlesztö Kft.	Budapest	1,370,097	EUR	100	FC	
Duna Irodaház Kft.	Budapest	838,082	EUR	100	FC	
Duna Termál Hotel Kft.	Budapest	1,182,702	EUR	100	FC	
EUROPOLIS CityGate IngatlanberuházásiKft	Budapest	13,010,000	HUF	100	FC	
Europolis Infopark Kft.	Budapest	4,140,000	HUF	100	FC	
EUROPOLIS IPW Ingatlanberuházási Kft	Budapest	54,380,000	HUF	100	FC	
Europolis Park Airport Kft.	Budapest	19,900,000	HUF	100	FC	
Europolis Tárnok Ingatlanberuházási Kft	Budapest	5,400,000	HUF	100	FC	
Kapas Center Kft.	Budapest	772,560,000	HUF	100	FC	
Kilb Kft.	Budapest	30,000,000	HUF	100	FC	
Millennium Irodaház Kft.	Budapest	3,017,200	EUR	100	FC	
R 70 Invest Budapest Kft.	Budapest	5,270,000	HUF	100	FC	
Váci 76 Kft.	Budapest	3,100,000	HUF	100	FC	
CA Immo Campus 6.1. S.R.L.	Bucharest	114,000	RON	100	FC	A
CA IMMO REAL ESTATE MANAGEMENT ROMANIA S.R.L.	Bucharest	989,570	RON	100	FC	
EUROPOLIS ORHIDEEA B.C. SRL	Bucharest	91,394,530	RON	100	FC	
EUROPOLIS SEMA PARK SRL	Bucharest	139,180,000	RON	100	FC	
INTERMED CONSULTING & MANAGEMENT SRL	Bucharest	31,500,330	RON	100	FC	
Opera Center One S.R.L.	Bucharest	27,326,150	RON	100	FC	
Opera Center Two S.R.L.	Bucharest	7,310,400	RON	100	FC	
S.C. BBP Leasing S.R.L.	Bucharest	14,637,711	RON	100	FC	
TC INVESTMENTS ARAD SRL	Bucharest	18,421,830	RON	100	FC	

[1] FC full consolidation, AEJV at equity consolidation joint ventures, AEA at equity consolidation associated companies
[2] F foundation, A acquisition,

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method [1]	Foundation / First time consolidation in 2018 [2]
VICTORIA INTERNATIONAL PROPERTY SRL	Bucharest	216	RON	100	FC	
Blitz F07-neunhundert-sechzig-acht GmbH	Frankfurt	25,000	EUR	100	FC	
Blitz F07-neunhundert-sechzig-neun GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Deutschland GmbH	Frankfurt	5,000,000	EUR	99.7	FC	
CA Immo Elf GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Fünfzehn Beteiligungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Fünfzehn GmbH & Co. KG	Frankfurt	25,000	EUR	100	FC	
CA Immo GB Eins GmbH & Co. KG	Frankfurt	25,000	EUR	94.9	FC	
CA Immo GB Eins Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Invest GmbH	Frankfurt	50,000	EUR	100	FC	
CA Immo Null Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Sechzehn Beteiligungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Sechzehn GmbH & Co. KG	Frankfurt	25,000	EUR	100	FC	
CA Immo Spreebogen Betriebs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Zehn GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Zwölf Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CM Komplementär F07-888 GmbH & Co. KG	Frankfurt	25,000	EUR	94.9	FC	
DRG Deutsche Realitäten GmbH	Frankfurt	500,000	EUR	49[3]	AEJV	
CAINE B.V.	Hoofddorp	18,151	EUR	100	FC	
CA Immobilien Anlagen d.o.o.	Ljubljana	50,075	EUR	100	FC	
ALBERIQUE LIMITED	Limassol	1,200	EUR	100	FC	
BEDELLAN PROPERTIES LIMITED i.L.	Limassol	12,705	EUR	100	FC	
EPC KAPPA LIMITED i.L.	Limassol	12,439	EUR	100	FC	
EPC LAMBDA LIMITED i.L.	Limassol	458,451	EUR	100	FC	
EPC LEDUM LIMITED i.L.	Limassol	14,053	EUR	100	FC	
EPC OMIKRON LIMITED i.L.	Limassol	57,114	EUR	100	FC	
EPC PI LIMITED i.L.	Limassol	2,310	EUR	100	FC	
EPC PLATINUM LIMITED i.L.	Limassol	2,864	EUR	100	FC	
EPC RHO LIMITED i.L.	Limassol	2,390	EUR	100	FC	

[1] FC full consolidation, AEJV at equity consolidaton joint ventures, AEA at equity consolidaton associates companies
[2] F foundation, A acquisition,
[3] Common control

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method [1]	Foundation / First time consolidation in 2018 [2]
EPC THREE LIMITED i.L.	Limassol	2,491,634	EUR	100	FC	
EPC TWO LIMITED i.L.	Limassol	970,091	EUR	100	FC	
EUROPOLIS REAL ESTATE ASSET MANAGEMENT LIMITED in Liqu.	Limassol	2,500	EUR	100	FC	
OPRAH ENTERPRISES LIMITED i.L.	Limassol	3,411	EUR	100	AEJV	
HARILDO LIMITED	Nicosia	1,500	EUR	50	FC	
VESESTO LIMITED	Nicosia	1,700	EUR	50	AEJV	
4P - Immo. Praha s.r.o.	Prague	200,000	CZK	100	FC	
CA Immo Real Estate Management Czech Republic s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Alfa, s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Amazon, s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Beta, s.r.o.	Prague	73,804,000	CZK	100	FC	
RCP Delta, s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Gama, s.r.o.	Prague	96,931,000	CZK	100	FC	
RCP ISC, s.r.o.	Prague	1,000,000	CZK	100	FC	
RCP Zeta, s.r.o.	Prague	200,000	CZK	100	FC	
Visionary Prague, s.r.o.	Prague	200,000	CZK	100	FC	A
ZAO "Avielen A.G."	St. Petersburg	370,001,000	RUB	35	AEASS	
CA Immo Bitwy Warszawskiej Sp. z o.o.	Warsaw	47,016,000	PLN	100	FC	
CA IMMO REAL ESTATE MANAGEMENT POLAND Sp. z o. o.	Warsaw	565,000	PLN	100	FC	
CA Immo Real Estate Management Poland Sp.z o. o. Pl. Europejski 2 Spółka Komandytowo - Akcyjna	Warsaw	2,050,000	PLN	100	FC	A
CA Immo Saski Crescent Sp. z o.o.	Warsaw	140,921,250	PLN	100	FC	
CA Immo Saski Point Sp. z o.o.	Warsaw	55,093,000	PLN	100	FC	
CA Immo Warsaw Spire B Sp. z o.o	Warsaw	5,050,000	PLN	100	FC	
CA Immo Warsaw Towers Sp. z o.o.	Warsaw	155,490,900	PLN	100	FC	
CA Immo Wspólna Sp. z o.o.	Warsaw	46,497,000	PLN	100	FC	
CA Immo Sienna Center Sp.z o.o.	Warsaw	116,912,640	PLN	100	FC	
CAMARI INVESTMENTS Sp. z o.o.	Warsaw	10,000	PLN	50	AEJV	
Camari Investments Sp.z.o.o. WFC S.K.A.	Warsaw	51,000	PLN	50	AEJV	

[1] FC full consolidation, AEJV at equity consolidation joint ventures, AEA at equity consolidation associated companies
[2] F foundation, A acquisition,

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method [1]	Foundation / First time consolidation in 2018 [2]
EUROPOLIS PARK BŁONIE Sp.z o.o. in Liqu.	Warsaw	1,104,334	PLN	100	FC	
Avielen Beteiligungs GmbH	Vienna	35,000	EUR	100	FC	
BIL-S Superädifikatsverwaltungs GmbH	Vienna	70,000	EUR	100	FC	
CA Immo BIP Liegenschaftsverwaltung GmbH	Vienna	3,738,127	EUR	100	FC	
CA Immo Galleria Liegenschaftsverw. GmbH	Vienna	35,000	EUR	100	FC	
CA Immo Germany Holding GmbH	Vienna	35,000	EUR	100	FC	
CA Immo International Holding GmbH	Vienna	35,000	EUR	100	FC	
CA Immo LP GmbH	Vienna	146,000	EUR	100	FC	
CA Immo Rennweg 16 GmbH	Vienna	35,000	EUR	100	FC	
CA Immobilien Anlagen Bet Fin KG	Vienna	154,818	EUR	100	FC	
CA Immo-RI-Residential Prop Holding GmbH	Vienna	35,000	EUR	100	FC	
EBL Nord 2 Immobilien Eins GmbH & Co KG	Vienna	10,000	EUR	50	AEJV	
EBL Nord 2 Immobilien GmbH	Vienna	35,000	EUR	50	AEJV	
EBL Nord 2 Immobilien Zwei GmbH & Co KG	Vienna	10,000	EUR	50	AEJV	
Erdberger Lände 26 Projekt GmbH	Vienna	35,000	EUR	100	FC	
EUROPOLIS CE Alpha Holding GmbH	Vienna	36,336	EUR	100	FC	
EUROPOLIS CE Rho Holding GmbH	Vienna	35,000	EUR	100	FC	
EUROPOLIS GmbH	Vienna	5,000,000	EUR	100	FC	
omniCon Baumanagement GmbH	Vienna	100,000	EUR	100	FC	
PHI Finanzbeteiligungs und Investment GmbH	Vienna	35,000	EUR	100	FC	
Europolis Zagrebtower d.o.o.	Zagreb	15,347,000	HRK	100	FC	

[1] FC full consolidation, AEJV at equity consolidation joint ventures, AEA at equity consolidation associated companies
[2] F foundation, A acquisition, TC transition consolidation

As at 31.12.2018 CA Immo Group held 99,7% of shares in CA Immo Deutschand GmbH, Frankfurt am Main (or simply Frankfurt). The following subsidiaries, shares in joint ventures and associated companies of CA Immo Deutschland GmbH, Frankfurt, are therefor also included in the consolidated financial statements:

Company	**Registered office**	**Nominal capital**	**Currency**	**Interest in %**	**Consolidation method** [1]	**Foundation / First time consolidation in 2018** [2]
CA Immo 13 GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo 14 GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Bärenquellbrauerei GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Bärenquellbrauerei Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin DGSB Projekt GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin DGSB Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Europaplatz 01 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Europaplatz 01 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Europaplatz 03 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Europaplatz 03 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Hallesches Ufer GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 4 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 7 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 8 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 8 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 9 GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Lietzenburger Straße Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Mitte 01 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Mitte 01 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Mitte 02 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Mitte 02 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Schöneberger Ufer Beteiligungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Schöneberger Ufer GmbH & Co. KG	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Schöneberger Ufer Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Düsseldorf BelsenPark MK 2.1 Projekt GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Düsseldorf BelsenPark MK 3 Projekt GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Düsseldorf BelsenPark Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt Alpha Beteiligungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt Karlsruher Straße GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	

[1] FC full consolidation, AEJV at equity consolidation joint ventures, AEA at equity consolidation associated companies
[2] F foundation, A acquisition,

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method [1]	Foundation / First time consolidation in 2018 [2]
CA Immo Frankfurt Karlsruher Straße Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt Nord 4 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Frankfurt Nord 4 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt ONE Betriebs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt ONE GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo München MI 1 - Arnulfpark Grundstücksverwertungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo München MK 6 - Arnulfpark Grundstücksverwertungs GmbH	Frankfurt	25,000	EUR	100	FC	
omniCon Gesellschaft für innovatives Bauen mbH	Frankfurt	100,000	EUR	100	FC	
Stadthafenquartier Europacity Berlin GmbH & Co. KG	Frankfurt	5,000	EUR	50	AEJV	
Stadthafenquartier Europacity Berlin Verwaltungs GmbH	Frankfurt	25,000	EUR	50	AEJV	
Baumkirchen MK GmbH & Co. KG	Grünwald	10,000	EUR	100	FC	
Baumkirchen MK Verwaltungs GmbH	Grünwald	25,000	EUR	100	FC	
Baumkirchen WA 1 GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen WA 1 Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	
Baumkirchen WA 2 GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen WA 2 Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	
Baumkirchen WA 3 GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen WA 3 Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	
CA Immo Bayern Betriebs GmbH	Grünwald	25,000	EUR	100	FC	
CA Immo Fonds Services GmbH	Grünwald	25,000	EUR	100	FC	F
CA Immo München Ambigon Nymphenburg GmbH & Co. KG	Grünwald	5,000	EUR	100	FC	
CA Immo München Ambigon Nymphenburg Verwaltungs GmbH	Grünwald	25,000	EUR	100	FC	
CA Immo München Nymphenburg GmbH & Co. KG	Grünwald	5,000	EUR	100	FC	
CA Immo München Nymphenburg Verwaltungs GmbH	Grünwald	25,000	EUR	100	FC	
CA Immo Projektentwicklung Bayern GmbH & Co. KG	Grünwald	255,646	EUR	100	FC	
CA Immo Projektentwicklung Bayern Verwaltungs GmbH	Grünwald	25,565	EUR	100	FC	
CAMG Zollhafen HI IV V GmbH & Co. KG	Grünwald	105,000	EUR	50[3]	AEJV	
CAMG Zollhafen HI IV V Verwaltungs GmbH	Grünwald	25,000	EUR	50[3]	AEJV	
CPW Immobilien GmbH & Co. KG	Grünwald	5,000	EUR	33.3[3]	AEJV	
CPW Immobilien Verwaltungs GmbH	Grünwald	25,000	EUR	33.3[3]	AEJV	
Eggarten Projektentwicklung GmbH & Co. KG	Grünwald	16,000	EUR	50	AEJV	
Eggarten Projektentwicklung Verwaltung GmbH	Grünwald	25,000	EUR	50	AEJV	
Kontorhaus Arnulfpark Betriebs GmbH	Grünwald	25,000	EUR	100	FC	
Kontorhaus Arnulfpark GmbH & Co. KG	Grünwald	100,000	EUR	99.9	FC	
Kontorhaus Arnulfpark Verwaltungs GmbH	Grünwald	25,000	EUR	100	FC	
SKYGARDEN Arnulfpark GmbH & Co. KG	Grünwald	100,000	EUR	100	FC	
SKYGARDEN Arnulfpark Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	

[1] FC full consolidation, AEJV at equity consolidation joint ventures, AEA at equity consolidation associated companies
[2] F foundation, A acquisition,
[3] common control

Company	Registered office	Nominal-capital	Currency	Interest in %	Consolidationmethod [1]	Foundation/ First time consolidation in 2018 [2]
Congress Centrum Skyline Plaza Beteiligung GmbH	Hamburg	25,000	EUR	50	AEJV	
Congress Centrum Skyline Plaza GmbH & Co. KG	Hamburg	25,000	EUR	50	AEJV	
Congress Centrum Skyline Plaza Verwaltung GmbH	Hamburg	25,000	EUR	50	AEJV	
REC Frankfurt Objektverwaltungsgesellschaft mbH i.L.	Hamburg	25,000	EUR	50	AEJV	
CA Immo Mainz Hafenspitze GmbH	Mainz	25,000	EUR	100	FC	
CA Immo Mainz Quartiersgarage GmbH	Mainz	25,000	EUR	100	FC	
CA Immo Mainz Rheinallee III GmbH&Co. KG	Mainz	5,000	EUR	100	FC	
CA Immo Mainz Rheinwiesen II GmbH & Co. KG	Mainz	5,000	EUR	100	FC	F
CA Immo Mainz Verwaltungs GmbH	Mainz	25,000	EUR	100	FC	
Mainzer Hafen GmbH	Mainz	25,000	EUR	50	AEJV	
Marina Zollhafen GmbH	Mainz	25,000	EUR	37,5 [3]	AEJV	
Zollhafen Mainz GmbH & Co. KG	Mainz	1,200,000	EUR	50,1 [3]	AEJV	
SEG Kontorhaus Arnulfpark Beteiligungsgesellschaft mbH	München	25,000	EUR	99	FC	
Skyline Plaza Generalübernehmer GmbH & Co. KG	Oststeinbek	25,000	EUR	50	AEJV	
Skyline Plaza Generalübernehmer Verwaltung GmbH	Oststeinbek	25,000	EUR	50	AEJV	
Boulevard Süd 4 Verwaltungs-GmbH	Ulm	25,000	EUR	50	AEJV	
Boulevard Süd 4 GmbH & Co. KG	Ulm	200,000	EUR	50	AEJV	

[1] FC full consolidation, AEJV at equity consolidation joint ventures, AEA at equity consolidation associated companies
[2] F foundation, A acquisition,
[3] common control

DECLARATION OF THE MANAGEMENT BOARD PURSUANT TO SECTION 124 OF THE AUSTRIAN STOCK EXCHANGE ACT

The Management Board confirms to the best of their knowledge that the consolidated financial statements of CA Immobilien Anlagen Aktiengesellschaft, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, give a true and fair view of the consolidated financial position of CA Immo Group and its consolidated financial performance and of its consolidated cash flows and that the group management report gives a true and fair view of the business development, the financial performance, and financial position of the Group, together with a description of the principal risks and uncertainties the CA Immo Group faces.

Vienna, 27 March 2019

The Management Board

Andreas Quint
(Chairman)

Keegan Viscius
(Managment Board Member)

AUDITOR'S REPORT*)

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

CA Immobilien Anlagen Aktiengesellschaft, Vienna,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2018 and its financial performance for the year then ended in accordance with the International Financial Reportings Standards (IFRS) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters that we identified:

Titel

Valuation of Investment Property

Risk

CA Immobilien Anlagen Aktiengesellschaft reports investment properties in the amount of TEUR 3.755.196 and investment properties under development in the amount of TEUR 651.575 in its consolidated financial statements as of December 31, 2018. The consolidated financial statements as of December 31, 2018 also include a result from revaluation amounting to TEUR 276.461.

Investment properties are measured at fair value based on valuation reports from external, independent valuation experts.

The valuation of investment properties is subject to material assumptions and estimates. The material risk for every individual property exists when determining assumptions and estimates such as the discount-/capitalization rate and rental income and for investment properties under development the construction and development costs to completion and the developer's profit. A minor change in these assumptions and estimates can have a material impact on the valuation of investment properties.

The respective disclosures relating to significant judgements, assumptions and estimates are shown in Section "3 b) – Property valuation" in the consolidated financial statements.

Consideration in the audit

To address this risk, we have critically assessed the assumptions and estimates made by management and the external valuation experts and performed, among others, the following audit procedures with involvement of our internal property valuation experts:

- Assessment of concept and design of the underlying property valuation process
- Assessment of the competence, capability and objectivity of the external valuation experts engaged by management
- Assessment of the applied methods and the mathematical accuracy of selected valuation reports as well as assessment of the plausibility of the underlying assumptions (eg. Rental income, discount-/capitalization rate, usable space, vacancy rate) by means of comparison with market data if available
- Check of certain input-data as included in the valuation reports with data in the accounting system or underlying agreements
- Inquiry of project-management for selected properties under development regarding reasons for deviations between plan and actual costs and current estimation of cost to completion; check of actual costs for those projects through review of project-documentation and vouching on a sample basis as well as evaluation of the derived percentage of completion

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and the auditor’s report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Additional information in accordance with article 10 EU regulation

We were elected as auditor by the ordinary general meeting at May 9, 2018. We were appointed by the Supervisory Board on August 14, 2018. We are auditors since the financial year 2017.

We confirm that the audit opinion in the Section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant
The engagement partner is Alexander Wlasto, Certified Public Accountant].

Vienna, March 27, 2019

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Alexander Wlasto mp	Mag. (FH) Isabelle Vollmer mp
Wirtschaftsprüfer / Certified Public Accountant	Wirtschaftsprüferin / Certified Public Accountant

Mag. Alexander Wlasto mp	Mag. (FH) Isabelle Vollmer mp
Wirtschaftsprüfer / Certified Public Accountant	Wirtschaftsprüferin / Certified Public Accountant

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

STATUTORY FINANCIAL STATEMENTS AND MANAGEMENT REPORT

CONTENT

FINANCIAL STATEMENTS AND MANAGEMENT REPORT

BALANCE SHEET AS AT 31.12.2018

Assets

	31.12.2018	31.12.2017
	€	€ 1,000
A. Fixed assets		
I. Intangible fixed assets		
EDV software	271,299.57	292
	271,299.57	**292**
II. Tangible fixed assets		
1. Land and buildings	241,735,662.54	208,460
of which land value: € 41,015,606.28; 31.12.2017: € 40,646 K		
2. Other assets, office furniture and equipment	729,126.05	688
3. Prepayments made and construction in progress	612,930.21	16,615
	243,077,718.80	**225,763**
III. Financial assets		
1. Investments in affiliated companies	2,716,231,499.18	2,534,275
2. Loans to affiliated companies	752,582,554.67	494,345
3. Investments in associated companies	273,410.64	281
4. Loans to associated companies	0.00	850
5. Other loans	3,588,865.00	4,920
	3,472,676,329.49	**3,034,671**
	3,716,025,347.86	**3,260,726**
B. Current assets		
I. Receivables		
1. Trade receivables	160,392.22	53
2. Receivables from affiliated companies	30,163,947.96	40,307
3. Receivables from associated companies	12,000.00	103
4. Other receivables	15,153.96	10,400
	30,351,494.14	**50,863**
II. Cash and cash equivalents	**95,066,043.54**	**145,798**
	125,417,537.68	**196,661**
C. Deferred charges	**4,772,128.60**	**2,639**
D. Deferred tax asset	**1,141,035.07**	**0**
	3,847,356,049.21	**3,460,026**

Liabilities and shareholders' equity

	31.12.2018	31.12.2017
	€	€ 1,000
A. Shareholders' equity		
I. Share capital		
Share capital drawn	718,336,602.72	718,337
Treasury shares	– 42,020,868.99	– 40,582
	676,315,733.73	**677,755**
II. Tied capital reserves	854,841,594.68	854,842
III. Tied reserves for treasury shares	42,020,868.99	40,582
IV. Net profit	944,552,011.50	840,429
of which profit carried forward: € 766,006,772.46; 31.12.2017: € 557,421 K		
	2,517,730,208.90	**2,413,608**
B. Grants from public funds	**306,977.05**	**317**
C. Provisions		
1. Provision for severance payment	182,232.00	240
2. Tax provisions	2,816,000.00	1,956
3. Provision for deferred taxes	0.00	475
4. Other provisions	12,370,441.81	15,929
	15,368,673.81	**18,600**
D. Liabilities		
1. Bonds	990,000,000.00	840,000
of which convertible: € 200,000,000.00; 31.12.2017: € 200,000 K		
thereof with a residual term of more than one year: € 990,000,000.00; 31.12.2017: € 840,000 K		
2. Liabilities to banks	109,684,059.57	98,822
thereof with a residual term of up to one year: € 25,499,377.82; 31.12.2017: € 1,848 K		
thereof with a residual term of more than one year: € 84,184,681.75; 31.12.2017: € 96,975 K		
3. Trade payables	968,484.43	1,876
thereof with a residual term of up to one year: € 729,519.21 ; 31.12.2017: € 1,711 K		
thereof with a residual term of more than one year: € 238,965.22; 31.12.2017: € 165 K		
4. Payables to affiliated companies	195,206,281.56	71,715
thereof with a residual term of up to one year: € 195,206,281.56; 31.12.2017: € 71,715 K		
5. Other liabilities	15,933,300.83	12,620
of which from taxes: € 670,714.46 ; 31.12.2017: € 0 K		
of which social security related : € 188,261.79; 31.12.2017: € 127 K		
thereof with a residual term of up to one year: € 15,933,300.83; 31.12.2017: € 12,620 K		
	1,311,792,126.39	**1,025,033**
thereof with a residual term of up to one year: € 237,368,479.42; 31.12.2017: € 87,893 K		
thereof with a residual term of more than one year: € 1,074,423,646.97; 31.12.2017: € 937,140 K		
E. Deferred income	**2,158,063.06**	**2,468**
	3,847,356,049.21	**3,460,026**

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2018

		2018		2017
	€	€	€ 1,000	€ 1,000
1. Gross revenues		**31,119,626.05**		**32,171**
2. Other operating income				
a) Income from the sale and reversal of impairment losses of fixed assets except of financial assets	8,885,757.52		13,502	
b) Income from the reversal of provisions	381,291.78		457	
c) Other income	331,082.32	**9,598,131.62**	337	**14,296**
3. Staff expense				
a) Salaries	– 13,015,819.98		– 9,659	
b) Social expenses	– 2,527,726.32	**– 15,543,546.30**	– 2,167	**– 11,826**
thereof expenses in connection with pensions: € 230,964.89; 2017: € 169 K				
thereof expenses for severance payments and payments into staff welfare funds: € 227,401.90; 2017: € 186 K				
thereof payments relating to statutory social security contributions as well as payments dependent on remuneration and compulsory contributions: € 1,967,685.67; 2017: € 1,677 K				
4. Depreciation on intangible fixed assets and tangible fixed assets		**– 6,802,159.17**		**– 13,890**
of which unscheduled depreciation in accordance with § 204 para. 2 Commercial Code: € 0.00; 2017: € 7,194 K				
5. Other operating expenses				
a) Taxes	– 1,086,212.26		– 464	
b) Other expenses	– 17,286,279.81	**– 18,372,492.07**	– 18,430	**– 18,894**
6. Subtotal from lines 1 to 5 (operating result)		**– 439.87**		**1,857**
7. Income from investments		**28,130,854.70**		**75,964**
of which from affiliated companies: € 28,004,088.90; 2017: € 75,903 K				
8. Income from loans from financial assets		**21,461,020.78**		**13,544**
of which from affiliated companies: € 20,975,129.00; 2017: € 12,938 K				
9. Other interest and similar income		**959.73**		**139**
10. Income from the disposal and revaluation of financial assets and securities of current assets		**163,054,223.70**		**216,402**
11. Expenses for financial assets and interest receivables in current assets, thereof		**– 7,496,005.38**		**– 4,236**
a) Impairment: € 5,572,488.28; 2017: € 2,911 K				
b) Bad debt allowance of interest receivables € 1,043,240.48; 2017: € 1,322 K				
c) Expenses from affiliated companies: € 6,454,451.86; 2017: € 2,797 K				
12. Interest and similar expenses		**– 24,913,471.04**		**– 20,777**
of which relating to affiliated companies: € 2,586,883.55; 2017: € 1,695 K				
13. Subtotal from lines 7 to 12 (financial result)		**180,237,582.49**		**281,036**
14. Result before taxes		**180,237,142.62**		**282,893**
15. Taxes on income		**2,960,025.47**		**4,140**
thereof deferred taxes: income € 1,616,291.25; 2017: € 439 K				
16. Net profit for the year		**183,197,168.09**		**287,033**
17. Allocation to treasury share reserve		**– 4,651,929.05**		**– 4,025**
18. Profit carried forward from the previous year		**766,006,772.46**		**557,421**
19. Net profit		**944,552,011.50**		**840,429**

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2018

ACCOUNTING AND VALUATION PRINCIPLES AND GENERAL INFORMATION

CA Immobilien Anlagen Aktiengesellschaft ("CA Immo AG") is classified as public interest entity according to section 189a Austrian Commercial Code (UGB) and as a large company according to section 221 Austrian Commercial Code (UGB).

The annual financial statements were prepared in accordance with Austrian Generally Accepted Accounting Principles in the current version and with the principles of proper accounting and general standards, to present a true and fair view of assets, financial situation and profit and loss. Furthermore, going concern principle, prudence and completeness as well as individual valuation of assets and liabilities were taken into account in the preparation of the financial statements.

For profit and loss, classification by nature was used.

1. Fixed assets

Intangible and tangible fixed assets

Intangible and tangible assets are stated at acquisition or production cost reduced by scheduled depreciation, if depreciable, and unscheduled depreciation, where required.

		Years
	from	**to**
EDV software	3	4
Fit-outs	5	10
Buildings	33	50
Other assets, office furniture and equipment	2	20

Scheduled depreciation is performed on a linear basis, with the depreciation period corresponding to useful life expectancy. Additions in the first half of the business year are subject to full annual depreciation, while additions in the second half are subject to half of the annual depreciation.

Unscheduled depreciation is only carried out where it is anticipated that permanent value impairments will occur. Reversal of impairments recognised in prior periods are recorded if the fair value is higher than the book value at the balance sheet date, but below amortised costs.

Financial assets

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

Loans to affiliated companies, associated companies and other loans are stated at acquisition costs less repayments made and unscheduled depreciation.

Unscheduled depreciation is only recorded if permanent impairment losses are expected to occur. A reversal of impairment losses recognised in prior periods is recorded if the fair value is considerably higher than the book value at the balance sheet date. The valuation is done by a simplified subsidiary valuation model based on the fair value of the respective property for IFRS purposes adjusted for other assets or liabilities of the subsidiary.

2. Current assets

Receivables are stated at nominal value. Identifiable default risks are considered by carrying out individual value adjustments. Income from investments is recognised on the basis of shareholders' resolutions.

Reversal of short term asset impairments or the release of allowances are made when the underlying reasons for such decreases are no longer valid. In respect of interest receivables, relevant amounts for valuation are derived from IFRS equity of the respective entities.

3. Deferred charges and deferred income

Prepayments are recorded under deferred charges. Additionally the disagio of the bond is capitalized under this item and released over the redemption period, according to the effective interest method.

Rent prepayments and investment allowances from tenants are shown under deferred income.

4. Deferred taxes

Provisions for deferred taxes are made using the 25% rate of corporate income tax, according to Art 198 par 9 and 10 in Austrian Commercial Code, using the liablity method, i.e. on the temporary differences arising between tax basis of assets and liabilities and their accounting values and without discounting. Deferred taxes with a tax rate of 3% were also applied to deferred taxes of tax members, which themselves account for only 22% of group tax (instead of 25% corporate income tax). CA Immo AG records tax losses amounting to the maximum of netted deferred tax assets and deferred tax liabilities, taking into account the 75% threshold. As the tax planning does not provide sufficient evidence of future taxable profits, as at 31.12.2018 it was not possible to exercise the option to capitalize carried forward losses.

5. Grants from public funds

These grants will be released over the remaining useful life of the building.

6. Provisions

Provisions for severance payments amount to 252 % (31.12.2017: 202%) of the imputed statutory notional severance payment obligations at the balance sheet date. The calculation is performed using the PUC method, which is recognised in international accounting, based on an interest rate of 0.17% (31.12.2017: 0%) and future salary increases (including inflation rate) of 4%. For the computation of severance payments provisions, life expectancy statistical information was used. The period for build-up is until retirement, i.e. for a maximum of 25 years. The same parameters were applied for calculation of the provisions as in the previous year. Interest as well as effects from the change in interest rate were recorded in "personnel expenses".

Tax and other provisions are made on a prudent basis, in accordance with anticipated requirements. They take into account all identifiable risks and not yet finally assessed liabilities.

7. Liabilities

Liabilities are stated at the amount to be paid.

8. Tax group

In business year 2005 a group and tax compensation agreement was concluded for the formation of a tax group within the meaning of section 9 of the Austrian Corporation Tax Act (KStG) effective from business year 2005. In the subsequent years this was expanded to include additional group members. The group is headed by CA Immo AG. In business year 2018 the tax group comprised 14 Austrian group companies (2017: 14), in addition to the group head entity.

The allocation method used by the CA Immo tax group is the distribution method where tax profits of a group member are offset against pre-group tax losses carried forward and the remaining profit of the group member taxed at a rate of 22%, respectively up to a tax rate of 25% if the tax group has a profit. Losses carried forward of a group member are retained. In case of termination of the tax group or the withdrawal of a tax group member, CA Immo AG, as group head entity, is obliged to pay a final compensation payment for unused tax losses that have been allocated to the head of the group. These compensation payments are based on the fair value of all (notional) prospective tax reductions, which the group member would have potentially realized, if it had not joined the tax group. Upon withdrawal of a tax group member or termination of the tax group, the final compensation payment will be determined through the professional opinion of a mutually appointed chartered accountant. As at 31.12.2018 the possible obligations against group companies resulting from a po-ssible termination of the group, were estimated at € 25,935 K (31.12.2017: € 27,326 K). As at 31.12.2018 only group companies subject to liquidation or merger left the tax group, so no provision for termination settlement was made.

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

9. Note on currency translation

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

EXPLANATORY NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

10. Explanatory notes on the balance sheet

a) Fixed assets

The breakdown and development of fixed assets can be seen in the assets analysis in Appendix 1.

Tangible assets

Additions to property and buildings and to prepayments made and construction in progress mainly relate to restoration of a garage, reconstruction for tenants in Erdberger Lände, as well as current investments. As at the balance sheet date, the tangible assets comprise 4 properties (31.12.2017: 4 properties).

In the current year additions to advances and construction in progress amount to € 104 K (2017: € 28 K) and relate to capitalized interest. As at the balance sheet date interests amounting to € 133 K (31.12.2017: € 28 K) have been capitalized.

In 2018, unscheduled depreciation on tangible assets amounted to € 0 K (2017: € 7,194 K) and reversals of impairment losses amounting to € 8,869 K (2017: € 4,565 K) were recorded.

Financial assets

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

Impairment losses on financial assets in the amount of € 5,572 K (2017: € 2,911 K) and reversals of impairment losses in the amount of € 147,596 K (2017: € 216,396 K) were recognized in 2018.

Book value of investments in affiliated companies amounts to € 2,716,231 K (31.12.2017: € 2,534,275 K). Current additions are mainly the result of the acquisition of a subsidiary in Czechia and of various shareholders' contributions. Disposals mainly relate to the sale of a subsidiary in Austria and Hungary, as well as capital decreases. The company was an unlimited liability partner of Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OG, Vienna, whose sale took place in January 2018.

Loans to affiliated companies are made up as follows:

€ 1,000	31.12.2018	31.12.2017
CA Immo Holding B.V., Amsterdam	240,787	102,815
EUROPOLIS ORHIDEEA B.C. S.R.L., Bucharest	54,424	26,424
4P - Immo. Praha s.r.o., Prague	44,689	47,589
INTERMED CONSULTING & MANAGEMENT S.R.L., Bucharest	38,170	34,200
RCP Amazon, s.r.o., Prague	35,388	38,638
Vaci 76 Kft, Budapest	33,076	34,776
Visionary Prague, s.r.o., Prague	32,027	0
Europolis Holding B.V., Amsterdam	31,690	35,520
CAINE B.V., Hoofddorp	30,493	31,493
BA Business Center s.r.o., Bratislava	28,000	28,000
CA Immo Invest GmbH, Frankfurt	25,500	28,000
EUROPOLIS City Gate Ingatlanberuházási Kft, Budapest	23,400	13,000
Duna Irodaház Kft., Budapest	20,639	0
Other up to € 20 m	114,300	73,890
	752,583	**494,345**

Loans to affiliated companies to the value of € 15,422 K (31.12.2017: € 119,171 K) have a remaining term of up to one year.

€ 1,000	31.12.2018	31.12.2017
ZAO Avielen AG	3,589	4,801
Other	0	119
	3,589	**4,920**

Other loans amounting to € 0 K (31.12.2017: € 119 K) have a remaining term of up to one year.

b) Current assets

All receivables – as in the previous year – have a due date of less than one year. There is no exchangeable securitization issued in connection with receivables.

Trade receivables amounting to € 160 K (31.12.2017: € 53 K) include outstanding rent and reinvoiced operating costs.

Receivables from affiliated companies are made up as follows:

€ 1,000	31.12.2018	31.12.2017
Trade receivable (current reinvoicings to affiliated companies)	2,224	2,501
Receivables from interest	23,299	18,873
Receivables from dividend payments	0	13,211
Receivables from tax compensation	4,641	5,722
	30,164	**40,307**

Other receivables amounting to € 15 K (31.12.2017: € 10,400 K) mainly include receivables from cost reinvoicings (as at 31.12.2017 receivables from sales price for a property). In 2018 the decrease in allowances for receivables amounted to € 505 K (2017: € 212 K).

c) Deferred charges

€ 1,000	31.12.2018	31.12.2017
Disagio bonds	4,488	2,336
Other	284	303
	4,772	**2,639**

d) Deferred tax assets/ Provisions for deferred taxes

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

€ 1,000	31.12.2018	31.12.2017
Land and buildings	– 14,785	– 14,939
Partnership	13,753	1,659
Securities	7	0
Other assets, office furniture and equipment	8	18
Ancillary bond expenses	3,494	3,007
Bank loans ancillary expenses	908	1,186
Provisions for severance payments	139	198
Deferred income	1,636	1,700
Base for tax rate 25%	**5,160**	**– 7,171**
Differences in tax group members (basis for 3% tax rate)	**– 4,965**	**– 3,604**
Out of which resulted deffered tax / provision for deferred tax liabilities	1,141	– 1,901
less: offsetting with tax losses carried forward	0	1,426
As at 31.12.	**1,141**	**– 475**

Movements in deferred tax liabilities are presented below:

€ 1,000	2018	2017
As at 1.1. provision for deferred taxes	**– 475**	**– 914**
Changes affecting pofit and loss provisions for deffered tax liabilities	475	439
Changes affecting profit and loss for deffered tax	1,141	0
As at 31.12. deferred tax asset / provision for deferred taxes	**1,141**	**– 475**

e) Shareholders' equity

Share capital is equivalent to the fully paid in nominal capital of € 718,336,602.72 (31.12.2017: € 718,336.602.72). It is divided into 98,808,332 bearer shares and four registered shares of no par value. Out of nominal capital 5,780,037 treasury shares (31.12.2017: 5,582,054), each amounting to € 7.27, thus totaling € 42,020,868.99 (31.12.2017: € 40,581,532.58), were deducted from shareholders' equity. The registered shares are held by SOF-11 Klimt CAI S.à r.l. (former SOF-11 Starlight 10 EUR S.á r.l.), Luxemburg, an entity managed by Starwood Capital Group ("Starwood"), each granting the right to nominate one member of the Supervisory Board. The Supervisory Board currently consists of six members elected by the Annual General Meeting as well as three members elected by the registered shares and four delegated by the works council.

At the end of November 2016, the company started a share buyback programme for up to 1,000,000 shares (around 1% of the current share capital of the company). The original maximum limit of € 17.50 per share was raised to € 24.20 per share at the end of August 2017. The repurchase value to be paid must be within the scope of the authorization resolution of the Annual General Meeting and may not be lower than a maximum of 30% below and not higher than 10% above the average unweighted closing price of the ten trading days on the Stock Exchange preceding the repurchase. As before, the repurchase took place for each purpose permitted by the resolution of the Annual General Meeting and ended on 2.11.2018. In total, 197,983 shares (ISIN AT0000641352) were acquired under this program at a weighted average value including bank charges of around € 23.55 per share in 2018.

In 2018 a dividend of € 0.80 (2017: € 0.65) for each entitled share, in total € 74,423 K (2017: € 60,691 K) was distributed to the shareholders.

The total net profit as at 31.12.2018 amounting to € 944,552 K (31.12.2017: € 840,429 K) is subject to dividend payment constraints of € 1,141 K representing the amount of deferred tax asset. In the previous year there was no dividend payment constraint.

As at 31.12.2018 there is unused authorised capital amounting to € 359,168,301.36 that may be drawn on or before 18.09.2023, as well as conditional capital in the total amount of € 47,565,458.08 earmarked for the specified purpose of servicing 0.75% convertible bonds 2017-2025 (conditional capital 2013) as well as conditional capital in the amount of € 143,667,319.09 earmarked for the specified purpose of servicing convertible bonds which are issued prospectively based on the authorization from the resolution from the Ordinary General Meeting as of 9.5.2018 (conditional capital 2018).

In the third quarter 2017, CA Immo AG issued a non-subordinated unsecured convertible bond in the amount of € 200 m and with a term until April 2025 excluding subscription rights of the shareholders. The coupon payable semi-annually amounts to 0.75% p.a. and the initial conversion price has been set at € 30.5684 per share. This equals a conversion premium of 27.50% above the volume weighted average price (VWAP) of the CA Immo shares amounting to € 23.9752 on the launch date. Following the dividend payment amounting to € 0.80 per share on 14.5.2018, the conversion price has changed to € 30.4062, in accordance with section 11 (d) (ii) in issuance terms. The convertible bond was issued at 100% of its nominal value of € 100 K per bond and will be redeemed at 100% of the nominal value, if not previously repaid or converted. At the company's choice, the redemption may be effected by provision of shares, cash or a combination of the two.

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

€ 1,000	31.12.2018	31.12.2017
Other additional expenses for treasury shares	– 53,663	– 50,450
Nominal treasury shares in share capital	42,021	40,582
Reserves for other acquisition costs for treasury shares	53,663	50,450
Tied revenue reserves for treasury shares	**42,021**	**40,582**

The requirement of the legal reserve up to 10% of the share capital is fulfilled. The changes in the revenues reserves are as follows:

€ 1,000	2018	2017
As at 1.1.	**40,582**	**39,282**
Acquisition treasury shares total	– 4,652	– 4,025
Treasury shares due to decrease in share capital	1,439	1,300
Allocation to revenues reserves	4,652	4,025
As at 31.12.	**42,021**	**40,582**

f) Grants from public funds

The grants from public funds contain grants from the city of Vienna for innovative constructions. A public grant amounting to € 320 K was given in previous years, for the rebuilding of section A of Erdberg building. Another grant of € 31 K was received for a photovoltaic facility in Handelskai.

g) Provisions

Provisions for severance payment amount to € 182 K (31.12.2017: € 240 K) and include severance payment entitlements of company employees and Management Board members.

Tax provisions in the amount of € 2,816 K (31.12.2017: € 1,956 K) mainly relate to provisions for corporate tax for the current year which amount to € 2,300 K and for the previous year € 516 K.

Provisions for deferred taxes comprise the offsetting between deferred tax assets and deferred tax liabilities and amounted to € 475 K as at 31.12.2017. In 2018 a deferred tax asset was accounted for.

Other provisions are made up as follows:

€ 1,000	31.12.2018	31.12.2017
Construction services	3,434	3,216
Premiums	2,984	4,048
Derivative transactions	1,868	1,088
Property tax and land transfer tax	1,560	4,154
Staff (vacation and overtime)	695	1,418
Legal, auditing and consultancy fees	574	955
Annual report and expert opinions	171	207
Other	1,084	843
	12,370	**15,929**

In order to promote a high level of alignment with the corporate goals, all employees are provided with variable remuneration in addition to their fixed salary and thus participation in the company's success. Based on the remuneration system of the Management Board, the attainment of the budgeted quantitative and qualitative annual targets as well as a positive consolidated result are required. Furthermore, managerial staff have the additional option of participating in a remuneration scheme based on share prices. Diverging from the model for the Management Board (phantom shares), participation in the LTI program is voluntary. The revolving programme has a term (retention period) of three years per tranche; it presupposes a personal investment (maximum of 35% of the fixed annual salary). The personal investment is evaluated on the basis of the average rate for the first quarter of the year the tranche begins, and the number of associated shares is determined on the basis of that evaluation. At the end of each three-year performance period, a target/actual comparison is applied to define target attainment. The critical factor is the value generated within the Group in terms of NAV growth, TSR (total shareholder return) and growth of FFO (funds from operations). The weighting for NAV and FFO growth is 30%, and 40% for the TSR. Payments are made in cash. Within the remuneration system for the Management Board, the LTI program was dissolved in 2015 and replaced by bonus payments based on phantom shares.

The bonus payment for the Management Board is linked to long-term operational and quality-based targets and also takes account of non-financial performance criteria. It is limited to 200% of the annual salary. Of the variable remuneration, half is linked to the attainment of short-term targets defined annually by the remuneration committee (annual bonus). The other half is based on outperformance of the following indicators defined annually by the remuneration committee: return on equity (ROE), funds from operations (FFO) and NAV growth. The level of the bonus actually paid depends on the degree of target attainment: the values agreed and actually achieved at the end of each business year are determined by the Remuneration Committee. Half of performance-related remuneration takes the form of immediate payments (short term incentive); the remaining 50% is converted into phantom shares on the basis of the average rate for the last quarter of the business year relevant to target attainment. The payment of phantom shares is made in cash in three equal parts after 12 months, 24 months (mid term incentive) and 36 months (long term incentive) at the average rate for the last quarter of the year preceding the payment year.

For this kind of share-based remuneration, which is settled in cash, the liability incurred is recognised as a provision in the amount of the attributable fair value. Until the debt is settled, the attributable fair value is determined afresh on every closing date and settlement date. All changes are recognised in the income statement in the relevant business year.

h) Liabilities

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

31.12.2017 € 1,000	**Maturity** **up to 1 year**	**Maturity** **1 - 5 years**	**Maturity** **more than 5 years**	**Total**
Bonds	0	315,000	525,000	840,000
Liabilities to banks	1,847	17,956	79,019	98,822
Trade payables	1,711	165	0	1,876
Payables to affiliated companies	71,715	0	0	71,715
Other liabilities	12,620	0	0	12,620
Total	**87,893**	**333,121**	**604,019**	**1,025,033**

In bonds, the convertible bond with its related maturity is also included. The bonds item for 31.12.2018 comprises the following liabilities:

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

Liabilities to banks comprise investment loans amounting to € 109,684 K (31.12.2017: € 98,822 K), which are mainly secured by filed claims to entry in the land register and by pledge of bank credits as well as rental receivables.

Trade payables item essentially comprises liabilities for construction services and liability guarantees as well as general administrative costs.

The liabilities shown under payables to affiliated companies relate to intra-group loans amounting to € 194,923 K (31.12.2017: € 71,262 K) and trade payables amounting to € 283 K (31.12.2017: € 453 K).

Other liabilities are essentially made up of accrued interest for bonds amounting to € 12,848 K (31.12.2017: € 12,114 K), unpaid liabilities to the property management company, liabilities arising from payroll-accounting and tax charges.

i) Deferred income

€ 1,000	31.12.2018	31.12.2017
Investment grants from tenants	1,636	1,700
Rent prepayments received	522	568
Revenues from guarantees	0	200
	2,158	**2,468**

j) Contingent liabilities

	Maximum amount as at 31.12.2018 1,000		Outstanding on reporting date 31.12.2018 € 1,000	Outstanding on reporting date 31.12.2017 € 1,000
Guarantees and letters of comfort in connection with sales made by affiliated companies	36,489	€	23,967	26,855
Letter of comfort in connection with acquisitions made by affiliated companies	1,934	€	1,934	1,450
Guarantees for loans granted to affiliated companies	288	€	288	673
Other guarantees in connection with affiliated companies	4,789	€	4,789	6,130
Guarantees for loans granted to other group companies	1,027	€	1,027	8,469
Guarantees in connection with sales made by other group companies	22,442	€	22,442	0
	66,969		**54,447**	**43,577**

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

k) Liabilities from the utilisation of tangible assets

The lease-related liability from the utilisation of tangible assets not reported in the balance sheet is € 714 K (31.12.2017: € 693 K) for the subsequent business year and € 3,356 K (31.12.2017: € 3,278 K) for the subsequent five business years.

Out of this, € 635 K (31.12.2017: € 621 K) is attributable to affiliated companies for the subsequent business year and € 3,163 K (31.12.2017: € 3,107 K) for the subsequent five business years. The above mentioned amounts refers to the Rennweg office/ Mechelgasse 1. The rental agreement was concluded for an unlimited period, whereas in the above only next five years were considered.

l) Details of derivative financial instruments - swaption

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

€ 1,000		Nominal value	Fixed interest rate as at	Interest reference rate	Fair value	thereof considered as provisions
Start	End	31.12.2017	31.12.2017		31.12.2017	31.12.2017
12/2016	12/2024	11,093	0.44%	3M-EURIBOR	– 27	– 27
06/2017	06/2027	11,628	0.79%	3M-EURIBOR	– 93	– 93
06/2017	06/2027	30,641	0.76%	3M-EURIBOR	– 229	– 229
08/2017	12/2029	30,200	1.12%	3M-EURIBOR	– 740	– 740
		83,562			**– 1,088**	**– 1,088**

The fair value corresponds to the value CA Immo AG would receive upon termination of the contract at the balance sheet date. The value would be received from the financial institution, with which the contract was signed. The quoted value is a cash value. Future cash flows from variable payments as well as discount rates will be calculated based on generally accepted financial models. For the valuation, inter-bank middle rates are used. Specific bid/ ask rates as well as other termination expenses are not included in the valuation.

11. Explanatory notes on the income statement

Gross revenues

By type

€ 1,000	2018	2017
Rental income from real estate	13,352	15,408
Operating costs passed on to tenants	4,271	4,422
Income from management services	13,220	12,151
Other revenues	277	190
	31,120	**32,171**

By region

€ 1,000	2018	2017
Austria	19,635	21,674
Germany	3,892	4,197
Eastern Europe	7,593	6,300
	31,120	**32,171**

Other operating income

Revenues from sale and increase in value of tangible assets, except for financial assets

€ 1,000	2018	2017
Write-ups current year	**8,869**	**4,565**
Revenues from assets disposals	17	10,147
Book value disposed	0	– 1,139
Other expenses	0	– 71
Profit from sale of tangible assets	**17**	**8,937**
	8,886	**13,502**

The revenues from the release of provisions mainly refers to provisions for maintenance and consultancy expenses.

Other operating income of € 331 K (2017: € 337 K) results from expenses reinvoicings, insurance revenues and the release of the deferrals for government grants.

Staff expense

This item, totalling € 15,544 K (2017: € 11,826 K), includes expenses for the 67 staff members (2017: 65) employed by the company on average.

The expenses for retirement benefits are as follows:

€ 1,000	2018	2017
Pension fund contributions for Management Board members and senior executives	153	114
Pension fund contributions for other employees	78	55
	231	**169**

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

€ 1,000	2018	2017
Change in provision for severance payments to Management Board members and senior executives	– 60	54
Allocation to provision for severance payments to other employees	2	7
Severance payments to Management Board members and senior executives	115	0
Pension fund contributions for Management Board members and senior executives	126	71
Pension fund contributions for other employees	44	54
	227	**186**

Depreciation

€ 1,000	2018	2017
Depreciation of intangible fixed assets	250	365
Scheduled depreciation of buildings	6,344	6,102
Unscheduled depreciation of real estate	0	7,194
Depreciation of other assets, office furniture and equipment	200	220
Low-value assets	8	9
	6,802	**13,890**

Other operating expenses

Where they do not fall under taxes on income, the taxes in the amount of € 1,086 K (2017: € 464 K) mainly comprise the real estate charges passed on to tenants in the amount of € 207 K (2017: € 210 K) and the non-deductible input VAT € 879 K (2017: € 254 K), out of which € 386 K are for previous years.

Other expenses are made up as follows:

€ 1,000	2018	2017
Other expenses directly related to properties		
Operating costs passed on to tenants	4,069	4,204
Maintenance costs	1,646	2,266
Administration and agency fees	793	40
Own operating costs (vacancy costs)	748	395
Other	500	397
Subtotal	**7,756**	**7,302**
General administrative costs		
Legal, auditing and consultancy fees	3,385	2,663
Bond issue related expenses	1,044	2,964
Administrative and management costs	1,041	842
Advertising and representation expenses	805	1,050
Travel expenses	648	597
Office rent including operating costs	636	630
Supervisory Board remuneration	483	408
Other fees and bank charges	239	720
Costs charged to group companies	99	162
Other	1,150	1,092
Subtotal	**9,530**	**11,128**
Total other operating expenses	**17,286**	**18,430**

Income from investments

This item comprises dividends paid from companies in Austria in an amount of € 27,079 K (2017: € 73,211 K) as well as companies in Germany and Eastern Europe in the amount of € 1,052 K (2017: € 2,753 K).

Income from loans from financial investments

This item comprises interest income from loans.

Other interest and similar income

The interest income mainly refers to interests amounts from deposits and bank accounts.

Income from the sale and revaluation of financial assets and short-term securities

€ 1,000	2018	2017
Release of impairment due to increase in value	147,596	216,396
Sale of financial assets	15,458	6
	163,054	**216,402**

Expenses for financial assets and short-term interest receivables

€ 1,000	2018	2017
Depreciation of financial assets	5,572	2,911
Bad debt allowance for interest receivables	1,043	1,321
Loss from disposal	881	4
	7,496	**4,236**

Interest and similar expenses

€ 1,000	2018	2017
Interest costs for bonds	17,623	14,715
Interest costs in respect of affiliated companies	2,587	1,695
Interest for bank liabilities for the financing of real estate assets	2,399	2,438
Expenses for derivative transactions	1,774	1,566
Other	530	362
	24,913	**20,776**

Taxes on income

€ 1,000	2018	2017
Tax compensation tax group members	4,714	5,739
Corporate income tax	– 3,270	– 2,000
Deferred taxes	1,616	439
Other	– 100	– 38
Tax revenues	**2,960**	**4,140**

OTHER INFORMATION

12. Affiliated companies

CA Immobilien Anlagen AG, Vienna, is the main parent company of CA Immo AG Group. The consolidated financial statements are drawn up pursuant to International Financial Reporting Standards (IFRS) and the supplementary provisions of section 245a of the Austrian Commercial Code (UGB) and filed at the Vienna Commercial Court.

13. Executive bodies and employees

Supervisory Board
Elected by the General Meeting:
Torsten Hollstein, Chairman
Dr. Florian Koschat, Deputy Chairman
Richard Gregson
Univ.-Prof. MMag. Dr. Klaus Hirschler
John Nacos
Michael Stanton
Prof. Dr. Sven Bienert (until 26.10.2018)
Dipl.-BW Gabriele Düker (until 25.10.2018)

Delegated by registered share:
Jeffrey Gordon Dishner (from 28.9.2018)
Laura Mestel Rubin (from 28.9.2018)
Sarah Broughton (from 28.9.2018)
Dr. Oliver Schumy (until 27.9.2018)
Stefan Schönauer (until 27.9.2018)

Delegated by works council:
Georg Edinger, BA, REAM (IREBS)
Nicole Kubista
Sebastian Obermair
Franz Reitermayer

As at balance sheet date 31.12.2018, the Supervisory Board comprises six shareholder representatives elected by the Ordinary General Meeting, three shareholder representatives delegated by registered shares and four employee representatives.

In business year 2018 (for 2017), € 361 K (previous year: € 368 K) was paid out in fixed salaries (including total attendance fees of € 88 K; € 93 K in the previous year). Moreover, expenditure of € 206 K was reported in connection with the Supervisory Board in business year 2018 (2017: € 660 K). Of this, cash outlays for travel expenses accounted for approximately € 90 K (2017: € 35 K) and other expenditure (including training costs) accounted for € 43 K (2017: € 5 K). Legal and other consultancy services accounted for € 74 K (2017: € 620 K; of which € 595 K was linked to the executive search in connection with the CEO succession process). Consulting costs of € 150 K relating to the CFO search process were also taken into account in 2018. No other fees (particularly for consultancy or brokerage activities) and no loans or advances were paid to Supervisory Board members.

Total Supervisory Board remuneration of € 380 K for business year 2018 will be proposed to the Ordinary General Meeting on the basis of the same criteria (fixed annual payment of € 30 K per Supervisory Board member plus attendance fee of € 1,000 per meeting day), taking account of the waiver of remuneration for Supervisory Board members appointed on the basis of registered shares. As at 31.12.2018, the remuneration was recognized in the financial statements. All business transactions conducted between the company and members of the Supervisory Board which oblige such members to perform services for the CA Immo Group outside of their Supervisory Board activities in return for remuneration of a not inconsiderable value must conform to industry standards and be approved by the Supervisory Board. The same applies to contracts with companies in which a Supervisory Board member has a significant business interest. This applied to a deed of donation concluded between CA Immo and the IRE|BS Universitätsstiftung für Immobilienwirtschaft on 16.9.2014 and extended early in 2018, whereby the foundation receives an annual ringfenced amount of € 25 K from CA Immo, 50% of which is made freely available to the former Supervisory Board member Professor Sven Bienert for teaching and research activity at the IRE|BS International Real Estate Business School. No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members. No loans or advances were granted.

IMMOFINANZ Group, Vienna

From 2.8.2016 to 27.9.2018, IMMOFINANZ Group (via its 100% owned subsidiary GENA ELF Immobilienholding GmbH) held 25,690,163 bearer shares as well as four registered shares of CA Immo AG representing with approximately 26% of the capital stock the largest single shareholder of the company.

Until 27.9.2018 there was a reciprocal shareholding between the IMMOFINANZ Group and the CA Immo Group. The CA Immo Group still holds 5,480,566 bearer shares of IMMOFINANZ AG (equivalent to approximately 4.9% of the capital stock of IMMOFINANZ AG).

In 2016, CA Immo AG and IMMOFINANZ AG agreed to enter into constructive dialogue concerning a potential amalgamation of the two companies. On 28.2.2018, IMMOFINANZ AG announced its intention to further suspend detailed discussions about a potential merger between both companies for the time being and to evaluate other strategic options, among others, a potential sale of its investment in CA Immo AG; a bidding process was started. On 2.7.2018, IMMOFINANZ AG announced the sale of its stake in CA Immo AG to SOF-11 Starlight 10 EUR S.à r.l. (now SOF-11 Klimt CAI S.à r.l.), a company managed by Starwood Capital Group. The transaction was closed on 27.9.2018 after release by the competition authorities in charge and approval of the Management Board of CA Immo of the transfer of the four registered shares on 18.7.2018.

Starwood Capital Group (Starwood)

Since 27.9.2018, SOF-11 Klimt CAI S.à r.l. (formerly SOF-11 Starlight 10 EUR S.à r.l.) holds 25,843,652 bearer shares as well as four registered shares of CA Immo AG, with approximately 26.16% of the capital stock representing now the largest single shareholder of the company. SOF-11 Klimt CAI S.à r.l. is an indirect wholly owned subsidiary of SOF-11 International, SCSp. SOF-11 International, SCSp is part of a group of companies known as SOF-XI, a discretionary fund with approximately USD 7.56 bn assets under management. SOF-XI is controlled by Starwood, a privately owned global alternative investment company with more than 80 partners. Starwood Capital Group is an investor focusing on global real estate investments.

Management Board

Andreas Quint (since 1.1.2018)
Keegan Viscius (since 1.11.2018)
Frank Nickel (until 31.3.2018)
Dr. Hans Volckens (until 10.10.2018)

Total salary payments to Management Board members active in business year 2018 amounted to € 8,601 K (€ 1,526 K in 2017). Total expenditure on fixed salary components was € 1,918 K (€ 1,050 K in 2017). Fixed salaries amounted to € 1,060 K (€ 750 K in 2017). In addition, remuneration in kind was € 79 K (previous year: € 114 K), expense allowances were € 5 K (previous year: € 8 K) and pension fund contributions stood at € 74 K (€ 41 K in 2017). Taking into account variable salary components paid in 2018 (excluding severance and redundancy payments), the proportion of fixed remuneration was 27% (previous year: 69%). Payroll-related taxes and contributions accounted for € 701 K (€ 136 K in 2017). As at the balance sheet date 31.12.2018, severance payment provisions for Management Board members totalled € 79 K (€ 138 K on 31.12.2017). There were no payment obligations to former members of the Management Board. No loans or advances were granted to Management Board members.

Variable salary components totalled € 5,088 K (previous year: € 476 K). These include the payment of all short-, medium- and long-term bonuses. Further compensatory and severance payments totalling € 1,596 K were paid in connection with the aforementioned change of control (previous year: € 0 K).

Target attainment was 100% in business year 2017. This resulted in bonus entitlement of € 1,500 K (previous year: € 931 K), of which € 1,150 K (previous year: € 466 K) was payable on confirmation of target attainment (immediate payment). Having terminated his employment contract ahead of time, Frank Nickel received all outstanding bonus payments (immediate payments and phantom shares) of € 1,593 K prematurely. The remaining 50% of the bonus entitlement for Dr. Hans Volckens in business year 2017 (€ 350 K) was based on the average rate for the final quarter of 2017 (€ 24.82 per share) with a total of 14,101 phantom shares.

In the course of the change of control, Andreas Quint received a retention bonus of € 1,120 K for remaining at CA Immo. In addition, target attainment for business year 2018 was determined as 100% in negotiations with the CEO and all bonus payments due for business year 2018 (€ 1,120 K) were settled early and paid in full and in cash on 31.10.2018. There was no conversion to phantom shares as otherwise provided for in the remuneration system. In addition to these payments, Andreas Quint received a signing bonus in the amount of € 300 K as compensation for bonus payments not paid by his previous employer owing to his premature resignation. The signing bonus was accrued as at 31.12.2017.

Dr. Hans Volckens received compensatory and severance payments totalling € 476 K in connection with the early resignation of his position as CFO of CA Immo. In addition, all bonus entitlement outstanding since 2016 (including phantom shares) became due for payment. Target attainment of 100% was also agreed with Dr. Volckens for business year 2018. The short term incentives indicated thus comprised immediate payments of € 350 K for 2017 and 2018 and a proportionate payment of € 408 K for the period up to and including 31.7.2019 as well as a special bonus for business year 2017 (€ 50 K). All 18,017 phantom shares since business year 2016, originally with a lock-up, were valued at an agreed price of € 32.00 per share and also paid in full in the amount of € 917 K.

As at 31.12.2018, there was no requirement for provisions in connection with the variable remuneration system for the tranches of phantom shares beginning in 2016, 2017 and 2018 (€ 2,191 K as at 31.12.2017).

PAYMENTS TO THE MANAGEMENT BOARD[1)]

	Andreas Quint[2)]		Keegan Viscius[3)]		Hans Volckens[4)]		Frank Nickel[5)]		Total	
€ 1,000	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Fixed salary	560	0	79	0	321	350	100	400	1,060	750
Payroll-related taxes and contributions	276	0	13	0	258	56	154	81	701	136
Remuneration in kind, company car, etc	0	0	28	0	39	34	12	80	79	114
Expense allowances	1	0	0	0	3	6	0	2	5	8
Contributions to pension funds (non-cash)	57	0	6	0	0	0	10	41	74	41
Total fixed salary components	**895**	**0**	**126**	**0**	**621**	**446**	**276**	**603**	**1,918**	**1,050**
Total fixed salary components as %	*39%*	*0%*	*100%*	*0%*	*23%*	*85%*	*15%*	*60%*	*27%*	*69%*
Short-term incentive (down payment)	860	0	0	0	1,158	76	600	400	2,619	476
Short-term incentive (phantom shares)	560	0	0	0	917	0	992	0	2,470	0
Total variable salary components	**1,420**	**0**	**0**	**0**	**2,076**	**76**	**1,593**	**400**	**5,088**	**476**
Total variable salary components as %	*61%*	*0%*	*0%*	*0%*	*77%*	*15%*	*85%*	*40%*	*73%*	*31%*
Total fixed and variable salary components	**2,315**	**0**	**126**	**0**	**2,696**	**522**	**1,869**	**1,003**	**7,006**	**1,526**
Compensatory and severance payments (CoC)	1,120	0	0	0	419	0	57	0	1,596	0
Total salary payments	**3,435**	**0**	**126**	**0**	**3,115**	**522**	**1,926**	**1,003**	**8,601**	**1,526**

1) Includes salary components paid/utilised in 2017 and 2018 only (excl. annual leave payments in the amount of € 66 K for Dr. Volckens or € 116 K for Frank Nickel). As at 31.12.2017, provision totalling € 2,191 K was made for bonus claims for business years 2016 and 2017.
2) Chief Executive Officer since 1.1.2018
3) Management Board member (CIO) since 1.11.2018
4) Management Board member (CFO) to 10.10.2018
5) Chief Executive Officer to 31.12.2017, Management Board member to 31.3.2018

14. Employees

The average number of staff employed by the company during the business year was 67 (2017: 65).

15. Auditor's remuneration

There is no indication of the auditor's remuneration for the business year pursuant to section 237 para 14 of the Austrian Commercial Code (UGB), as this information is contained in the consolidated financial statements of CA Immo AG.

16. Events after the balance sheet date

In January 2019 the closing of the sale of a subsidiary with a property in Slovenia took place.

In its meeting of 8.3.2019, the Supervisory Board of CA Immo AG appointed Dr. Andreas Schillhofer as the new Chief Financial Officer (CFO) of the company. Dr. Andreas Schillhofer will take office by 1.10.2019 at the latest.

17. Proposal for the appropriation of net earnings

It is proposed to use part of the net retained earnings of € 944,552,011.50 to pay a dividend of € 0.90 per share, i.e. a total of € 83,725,469.10, to the shareholders. The remainder of the net retained earnings in the amount of € 860,826,542.40 is intended to be carried forward.

Vienna, 27 March 2019

The Management Board

Andreas Quint
(Chairman)

Keegan Viscius
(Managment Board Member)

ASSET ANALYSIS FOR THE BUSINESS YEAR 2018

	Acquisition and production costs as at 1.1.2018	Addition	thereof additions interest	Disposal	Transfer	Acquisition and production costs as at 31.12.2018
	€	€	€	€	€	€
I. Intangible fixed assets						
EDV software	2,372,816.06	228,550.74	0.00	0.00	0.00	2,601,366.80
	2,372,816.06	**228,550.74**	**0.00**	**0.00**	**0.00**	**2,601,366.80**
II. Tangible fixed assets						
1. Land and buildings						
a) Land value	50,658,941.08	0.00	0.00	0.00	0.00	50,658,941.08
b) Building value	258,197,678.94	2,853,524.52	0.00	197,394.28	28,070,719.48	288,924,528.66
	308,856,620.02	**2,853,524.52**	**0.00**	**197,394.28**	**28,070,719.48**	**339,583,469.74**
2. Other assets, office furniture and equipment	3,108,602.63	249,534.24	0.00	91,905.44	0.00	3,266,231.43
3. Prepayments made and construction in progress	16,614,983.77	12,068,665.92	104,293.78	0.00	– 28,070,719.48	612,930.21
	328,580,206.42	**15,171,724.68**	**104,293.78**	**289,299.72**	**0.00**	**343,462,631.38**
III. Financial assets						
1. Investments in affiliated companies	2,760,241,518.07	45,213,852.18	0.00	9,565,778.36	0.00	2,795,889,591.89
2. Loans to related companies	502,859,042.39	302,098,394.57	0.00	46,534,882.29	0.00	758,422,554.67
3. Investments in associated companies	281,584.19	0.00	0.00	7.27	0.00	281,576.92
4. Loans to associated companies	850,000.00	0.00	0.00	850,000.00	0.00	0.00
5. Other loans	29,501,952.96	0.00	0.00	206,943.61	0.00	29,295,009.35
	3,293,734,097.61	**347,312,246.75**	**0.00**	**57,157,611.53**	**0.00**	**3,583,888,732.83**
	3,624,687,120.09	**362,712,522.17**	**104,293.78**	**57,446,911.25**	**0.00**	**3,929,952,731.01**

Accumulated depreciation as at 1.1.2018	Depreciation and amortisation in 2018	Reversal of impairment losses in 2018	Accumulated depreciation disposal	Transfer	Accumulated depreciation as at 31.12.2018	Book value as of 31.12.2018	Book value as at 31.12.2017
€	€	€	€	€	€	€	€
2,080,465.46	249,601.77	0.00	0.00	0.00	2,330,067.23	271,299.57	292,350.60
2,080,465.46	**249,601.77**	**0.00**	**0.00**	**0.00**	**2,330,067.23**	**271,299.57**	**292,350.60**
10,013,334.80	0.00	370,000.00	0.00	0.00	9,643,334.80	41,015,606.28	40,645,606.28
90,383,066.33	6,344,437.55	8,498,757.52	24,273.96	0.00	88,204,472.40	200,720,056.26	167,814,612.61
100,396,401.13	**6,344,437.55**	**8,868,757.52**	**24,273.96**	**0.00**	**97,847,807.20**	**241,735,662.54**	**208,460,218.89**
2,420,890.97	208,119.85	0.00	91,905.44	0.00	2,537,105.38	729,126.05	687,711.66
0.00	0.00	0.00	0.00	0.00	0.00	612,930.21	16,614,983.77
102,817,292.10	**6,552,557.40**	**8,868,757.52**	**116,179.40**	**0.00**	**100,384,912.58**	**243,077,718.80**	**225,762,914.32**
225,966,647.28	4,027,000.00	147,596,294.33	2,739,260.24	0.00	79,658,092.71	2,716,231,499.18	2,534,274,870.79
8,514,340.00	325,660.00	0.00	3,000,000.00	0.00	5,840,000.00	752,582,554.67	494,344,702.39
899.00	7,267.28	0.00	0.00	0.00	8,166.28	273,410.64	280,685.19
0.00	0.00	0.00	0.00	0.00	0.00	0.00	850,000.00
24,581,569.32	1,212,561.00	0.00	87,985.97	0.00	25,706,144.35	3,588,865.00	4,920,383.64
259,063,455.60	**5,572,488.28**	**147,596,294.33**	**5,827,246.21**	**0.00**	**111,212,403.34**	**3,472,676,329.49**	**3,034,670,642.01**
363,961,213.16	**12,374,647.45**	**156,465,051.85**	**5,943,425.61**	**0.00**	**213,927,383.15**	**3,716,025,347.86**	**3,260,725,906.93**

INFORMATION ABOUT GROUP COMPANIES

Direct investments

Company	Registered office	Share capital		Interest in %	Profit/ loss for fiscal year 2018		Shareholders' equity as at 31.12.2018		Profit/loss for fiscal 2017		Shareholders' equity as at 31.12.2017	
					in 1,000		in 1,000		in 1,000		in 1,000	
CA Immo d.o.o.	Belgrad	32,523,047	RSD	100	45	RSD	– 2,736	RSD	– 1,477	RSD	60	RSD
CA Holding Szolgáltató Kft	Budapest	13,000,000	HUF	100	22,399	HUF	692,114	HUF	16,092	HUF	669,715	HUF
Canada Square Kft.	Budapest	12,510,000	HUF	100	128	HUF	1,089,720	HUF	65,394	HUF	1,089,592	HUF
Duna Irodaház Kft., Budapest	Budapest	838,082	EUR	100	– 190	EUR	28,577	EUR	614	EUR	26,565	EUR
Duna Termál Hotel Ingatlanfejlesztö Kft.	Budapest	1,182,702	EUR	100	242	EUR	31,161	EUR	748	EUR	27,487	EUR
Duna Business Hotel Ingatlanfejlesztö Kft.	Budapest	1,370,097	EUR	100	650	EUR	35,483	EUR	1,085	EUR	31,896	EUR
Kapas Center Kft.	Budapest	772,560,000	HUF	50	– 21,752	HUF	1,619,166	HUF	193,727	HUF	1,640,917	HUF
Kilb Kft.	Budapest	30,000,000	HUF	100	350,310	HUF	2,780,771	HUF	408,574	HUF	2,730,461	HUF
Millennium Irodaház Kft.	Budapest	3,017,200	EUR	100	229	EUR	23,677	EUR	360	EUR	20,273	EUR
R 70 Invest Budapest Kft.	Budapest	5,270,000	HUF	100	– 145,263	HUF	1,991,474	HUF	1,287	HUF	2,137,046	HUF
Váci 76 Kft.	Budapest	3,100,000	HUF	100	14,788	HUF	5,420,175	HUF	72,209	HUF	5,405,388	HUF
CA Immo Invest GmbH	Frankfurt	50,000	EUR	51	4,547	EUR	16,837	EUR	5,004	EUR	14,466	EUR
DRG Deutsche Realitäten GmbH	Frankfurt	500,000	EUR	49	328	EUR	881	EUR	259	EUR	812	EUR
CAINE B.V.	Hoofddorp	18,151	EUR	100	– 936	EUR	15,004	EUR	4,238	EUR	15,940	EUR
CA Immo Holding B.V.	Amsterdam	51,200,000	EUR	100	11,029	EUR	193,682	EUR	5,451	EUR	170,490	EUR
CA Immobilien Anlagen d.o.o.	Ljubljana	50,075	EUR	100	455	EUR	10,545	EUR	353	EUR	10,092	EUR
Visionary Prague, s.r.o.	Prague	200,000	CZK	100	– 59,210	CZK	361,123	CZK	Acquisition 2018		Acquisition 2018	
Avielen Beteiligungs GmbH	Vienna	35,000	EUR	100	– 910	EUR	– 8,328	EUR	440	EUR	– 7,418	EUR
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs KG	Vienna	154,818	EUR	100	3,377	EUR	151,195	EUR	4,193	EUR	152,011	EUR
CA Immo BIP Liegenschaftsverwaltung GmbH	Vienna	3,738,127	EUR	39	1,428	EUR	16,775	EUR	8,128	EUR	25,345	EUR
CA Immo International Holding GmbH	Vienna	35,000	EUR	100	36,118	EUR	2,044,846	EUR	291,336	EUR	2,027,728	EUR
CA Immo Rennweg 16 GmbH	Vienna	35,000	EUR	100	1,815	EUR	– 1,246	EUR	1,336	EUR	– 3,061	EUR
EBL Nord 2 Immobilien GmbH	Vienna	35,000	EUR	50	5	EUR	54	EUR	5	EUR	48	EUR
EBL Nord 2 Immobilien Eins GmbH & Co KG	Vienna	10,000	EUR	50	19,117	EUR	15,963	EUR	– 1,627	EUR	– 3,167	EUR
EBL Nord 2 Immobilien Zwei GmbH & Co KG	Vienna	10,000	EUR	50	4,192	EUR	3,691	EUR	– 168	EUR	– 501	EUR
omniCon Baumanagement GmbH	Vienna	100,000	EUR	100	1	EUR	132	EUR	14	EUR	130	EUR

Information on participations for 2018 is based on preliminary figures in financial statements prepared according to local accounting standards.

MANAGEMENT REPORT

GROUP STRUCTURE

CA Immo is a real estate company with its headquarters in Vienna and branch offices in Germany, Poland, Romania, Serbia, Czechia and Hungary. The parent company of the Group is **CA Immobilien Anlagen Aktiengesellschaft**, a listed company based in Vienna whose main activity is the strategic and operational management of subsidiary companies at home and abroad. The various branch offices act as largely decentralised profit centres. Other subsidiaries (without separate local teams) are present Croatia, the Netherlands, Slovakia, Slovenia and Cyprus. As at key date 31 December 2018, the Group comprised 196 companies (31.12.2017: 200) with approximately 382 employees (378 on 31.12.2017) in 14 countries[1)].

The core business of the CA Immo Group is the letting, management and development of high quality commercial real estate with a clear focus on office properties. The company, which has a high degree of in-house construction expertise, covers the entire value chain in the field of commercial real estate. The objective is to build up a focused portfolio of high quality, high yielding investment properties within the core markets of Germany, Austria, Czechia, Poland, Hungary, Romania and Serbia. Additional earnings contributions are generated through the preparation and utilisation of land reserves in the development field. CA Immo either transfers completed projects to its investment portfolio or sells them to investors. The Group currently controls property assets of around € 4.5 bn in Germany, Austria and Eastern Europe.

Austria

The company's domestic properties are overseen in subsidiary companies of CA Immobilien Anlagen AG. As at 31 December 2018, the parent company also directly held property assets of approximately € 298.2 m (€ 257.8 m on 31.12.2017). The total Austrian portfolio comprised investment properties with a market value of € 560.2 m at 31 December 2018 (31.12.2017: € 494.2 m).

[1)] Includes holding companies in Cyprus and the Netherlands and another company in Switzerland.

Germany

The operational platform for all Group activities in Germany is **CA Immo Deutschland GmbH**. As a former collecting society for state-owned railway properties in Germany, the company has a wealth of expertise in developing inner city real estate. With subsidiaries in Berlin, Frankfurt and Munich, an appropriate local profile is assured. Aside from investment properties, the company's property assets mainly comprise properties under construction and undeveloped plots alongside a portfolio of properties intended for trading or sale. Investment properties are largely held in direct holdings and let and managed by **DRG Deutsche Realitäten GmbH**, a joint venture set up with the Austrian estate agent and property management firm ÖRAG. A number of development projects (in Munich and Mainz, for example), are being realised in the framework of joint ventures. Construction management – which encompasses construction management, project management and construction supervision – is carried out by CA Immo's German subsidiary **omniCon**, which also performs these services for third parties.

COMPANIES BY REGION

Number of companies[1)]	31.12.2018	31.12.2017
Austria	20	20
- *Of which joint ventures*	*3*	*3*
Germany	101	101
- *Of which joint ventures*	*27*	*28*
Eastern Europe[2)]	75	79
- *Of which joint ventures*	*4*	*8*
Group-wide	**196**	**200**
- *Of which joint ventures*	*34*	*39*

[1)] Joint ventures involving consolidated companies.
[2)] Includes holding companies in Cyprus and the Netherlands established in connection with Eastern European investments.

Eastern Europe
In Eastern Europe, the strategic focus is also on commercial class A buildings in the respective capitals. The portfolio of investment properties in Eastern Europe, along with a small proportion of development projects and undeveloped plots, is directly held via CA Immo participating interests and via **Europolis GmbH**, another wholly owned subsidiary of CA Immo acquired from the Volksbank Group early in 2011. All Eastern European properties are managed by regional subsidiaries under the name **CA Immo Real Estate Management**.

ECONOMIC ENVIRONMENT

The economic trend1[1]
The International Monetary Fund (IMF) painted in its January 2019 Update of the World Economic Outlook a cautious yet positive picture of the global economy. An estimated economic growth of 3.7% in 2017 was followed by the same forecast for 2018 and a slight decrease of 0.2 percentage points to 3.5% in 2019 and 3.6% in 2020. The current outlook is 0.2 and 0.1 percentage point below the forecasts published in October 2018.

Most recent economic data and survey outcomes point to slower economic growth in the European Union. The increase of 1.8% of the eurozone over the year 2018 was 60 basis points below the 2017 figure. Prospects for growth have been revised down slightly due to persistent geopolitical and economic uncertainties at the global level. The unemployment rate in the EU-28 has reached its lowest level since 2008.

Review of the CA Immo core markets in 2018[2]
Growth in the eurozone in 2018 came to 1.8%, and across the entire EU to 1.9%, compared to 2.4% and 2.4%, respectively, in the previous year. The (seasonally adjusted) unemployment rate was 7.9% (down from 8.6% in January 2018) in the eurozone and 6.6% (down from 7.2% in January 2018) for the EU as a whole in January 2019, which is the lowest rate since January 2000. The government debt stood at 86.1% in the eurozone at the end of the third quarter of 2018 (80.8% in the EU-28).

Annual inflation in the eurozone was 1.4% in January 2019, clearly less than the rate targeted by the ECB of below, but close to 2.0% (January 2018: 1.3%), whereas the euro area reported 1.5% (January 2018: 1.6%). The inflation rate continued to be below the ECB target recently, but is, given the monetary measures taken, sustained economic stability and associated higher wage increases, expected to grow in the medium term.

The economy of Austria grew with real GDP rising by 2.7% in 2018. The inflation rate in Austria stood at 1.7% in January 2019. The current unemployment rate is 4.7%.

Employment has reached a new record level in **Germany**, underlining the extremely robust situation of the German economy, which has a positive effect also on other European countries, such as Czechia. In EU comparison, Germany and Czechia reported the lowest unemployment rates at only 3.3% and 2.1%, respectively, according to the most recent publication of Eurostat.

The German economy recorded a GDP growth of 1.4% in 2018, representing a decline of 80 basis points from last year's 2.2%. The slowdown was caused mainly by weakening export growth and growing consumer restraint, particularly in the second half of the year. The inflation rate for Germany was reported at 1.7% in January 2019.

As observed in preceding years, the positive economic trend in the core CA Immo markets in the CEE region was maintained over the year 2018, albeit a slowing compared to the previous year. Strong increases in employment combined with real wage growth stimulate private consumption. Additionally, there is a massive effect from large inflows of EU funds, representing an essential lever for the CEE economies.

Within the CEE core markets, Poland and Hungary reported the highest GDP growth of 5.4% or 4.9% respectively in 2018. The gross domestic product in Romania grew by 4.1% in 2018, and in Czechia by 3.0%. The unemployment rate in the CEE countries is significantly lower than in the EU-28 and the euro area average; it stands at 2.1% in the Czechia, 3.5% in Poland, 3.7% in Hungary and 3.8% in Romania.

Compared to the previous year, the inflation rate in 2018 in all CEE core countries displayed a slighty negative trend and stood partly below the eurozone average. The Czechia reported an inflation rate of 2.0% for January 2019, whereas the annual rate in Romania stood at 3.2%. The annual inflation rate in Poland was recorded at 0.7%, in Hungary at 2.8%.

[1] International Monetary Fund, European Commission, Eurostat, Bloomberg, Financial Times, The Economist

[2] Eurostat, European Commission, Bloomberg, Financial Times, The Economist

The money market and interest environment[1)]
At its latest meeting held on 7th March 2019, the Governing Council of the ECB decided that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.00%, 0.25% and -0.40%, respectively. In a press release, the Governing Council expected "the key ECB interest rates to remain at their present levels at least through the end of 2019, and in any case for as long as necessary to ensure the continued sustained convergence of inflation to levels that are below, but close to, 2% over the medium term."

The expansive monetary market policy of the European Central Bank (ECB) was continued in 2018. The purchase programme for government bonds and other securities as a special monetary policy measure remained in effect until the end of the year but was not extended. According to the official publication of the European Central Bank, "the Governing Council intends to continue reinvesting, in full, the principal payments from maturing securities purchased under the asset purchase programme for an extended period of time past the date when it starts raising the key ECB interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation." Furthermore "a new series of quarterly targeted longer-term refinancing operations (TLTRO-III) will be launched, starting in September 2019 and ending in March 2021, each with a maturity of two years. These new operations will help to preserve favourable bank lending conditions and the smooth transmission of monetary policy."

The 3-month Euribor remained in negative territory, fluctuating between –0.31% and –0.33% in the period under review. Due to the continued strong growth momentum, pressure to increase interest rates in CEE countries should be mounting. In 2018, the Czech central bank increased the interest rate four times. Romania surprised the market in January 2018, as the interest rate was raised for the first time since 2008 (increasing the key interest rate by 25 base points to 2.0%), followed by two more increases until May up to 2.5%. In the medium term further interest rate increases are expected in all CEE core markets.

Influenced by four interest rate increases by the Federal Reserve Bank within 2018 the yield on 10-year US Treasury bonds reached its 5-year high of 3.3%. However, by the end of the year, this value had fallen back to 2.6%. The demonstrably increased readiness of the FED for interest rate increases led combined with other factors to an increase in volatility on the international financial markets.

Outlook[2)]
In March 2019 the European Central Bank (ECB) revised its growth forecast for the euro area down to 1.1% for the year 2019 and 1.6% for 2020. The expected inflation was reduced to 1.2% for 2019 and 1.5% for 2020.

THE REAL ESTATE MARKET IN AUSTRIA[3)]

The investment market
In 2018 the total volume invested in commercial real estate in Austria was approximately € 4.1 bn. This value was around 18% below the record volume of 2017 at approximately € 5.0 bn.

Due to stable economic framework conditions as well as a further growing shortage of core properties in the German metropolitan cities, Austria remains the focus of both German and international investors, who accounted for more than 44% of the overall investment volume in 2018.

Like last year, the prime yield on office properties dropped and currently stands at a historically low level of just under 3.75% for offices in Vienna's CBD. Yields in good and average locations also fell again in 2018, to 4.10% and 4.60%, respectively. CBRE Research expects demand for commercial properties in Austria to remain high in 2019 and, as a result – given limited product availability – further declining yields, especially in the office sector.

The office property market
The stock of office floor space in the Viennese market amounted to around 11.3 m sqm at year end. The completion volume of office space totalled approximately 266,000 sqm in 2018, increasing by more than 70% compared to the previous year.

1) Sources: European Central Bank, Eurostat, Central Statistical Offices, Bloomberg
2) Sources: European Central Bank, Bloomberg, Financial Times, The Economist
3) Sources: CBRE: ERIX, Austria Investment MarketView H2 2018; Vienna Office MarketView H2 2018; Austria Real Estate Market Outlook 2019

Year on year, the lettings performance increased, standing at around 269,000 sqm (2017: 192,000 sqm). Over the course of 2018, the vacancy rate, due to higher completion volumes, went up by approximately 30 basis points to 5.2%.

The peak monthly rent in Vienna remained constant at around € 25.50/sqm. Monthly rents rose to around € 18.50/sqm in good office locations, while monthly rents in average locations stood at about € 15.50/sqm.

THE REAL ESTATE MARKET IN GERMANY[1)]

The investment market

The transaction volume for commercial real estate in Germany totalled € 60.2 bn (5% above the previous year's result), once again surpassing the former top result achieved in 2017. In spite of sharply falling yields, Germany continued to stand out as a stable and safe investment market that displayed extremely robust demand levels supported both by German and international investors. Office properties remain the investment focus of investors, accounting for almost half of the total volume in 2018. The top locations attracted around 60% of investment. Prime yields were subject to further compression in the year under review, albeit to a more moderate extent than in the previous years. The CBD net initial yield for the top 7 markets is reported at 3.06%.

The **Berlin** office market posted undiminished strong demand, generating € 6.8 bn, the third best year in its history (73% above the 10-year average figure). The prime yield stood at 3.10% (2017: 3.10%). The office market in **Frankfurt** recorded investment volumes of € 9.6 bn (41% above last year's level). The largest single transactions in Germany all took place in Frankfurt. The prime yield remained stable and stood at 3.20% at the end of the year.

At a volume of € 6.7 bn, the office investment market in **Munich** recorded a growth of 12% in yearly comparison. Year on year, the prime yield fell to 2.90%, 20 basis points down since the end of 2017.

The office property market[2)]

The continued positive development of the German economy was reflected in GDP growth of 1.4% in 2018, a lower growth rate than in the previous years (2017: 2.2%, 2016: 2.2%). In 2018 the level of employment, however, reached another peak since the German reunification. These extremely positive framework conditions continue to drive up demand for office space, which, given the shortage of floor space in inner city areas, sustains the positive rental rate momentum.

The lettings market in **Munich** performed once again very strongly in 2018. Floor space take-up totalled 984,000 sqm, remaining at the same level as in the previous year. Extremely tight supply coupled with continuing high demand brought about a rise in the peak monthly rent of more than 4% to € 38.0/sqm, while the weighted monthly average rent of around € 18.70 was 8% above last year. The office vacancy rate of 2.9% (2017: 3.1%) reached a new historic low for the overall market at year end. At a vacancy rate of 2.0% Munich's city area was practically fully let.

The completion volume of around 256,400 sqm in 2018 (new builds and core refurbishments) exceeded last year's level by 8%, just above the ten-year average figure. Despite significantly rising numbers of projects, no easing of the supply situation is in sight for 2019. The stock of office floor space totalled approximately 21.6 m sqm at year end.

Office space take-up in **Frankfurt** stood at 620,200 sqm in 2018, representing a decline of more than 13% on the previous year. Continuing high demand reduced the vacancy rate to 7.8%. Compared to last year, the peak monthly rent rose slightly to € 41.00/sqm. The weighted monthly average rent in the market is reported at € 20.70/sqm, remaining stable against the prior year. The completion volume (new builds and core refurbishments) was around 104,700 sqm, clearly below the 10-year average. From what is known today, about 590,000 sqm of office space is under development at the moment, of which more than half is already let. Completion of "ONE", CA Immo‘s currently largest development project in Frankfurt, is scheduled for the year 2021. At the end of the year, the reported stock of office space was around 11.3 m sqm.

Office space take-up of 840,400 sqm registered for **Berlin** in 2018 was down by 9% on the previous year, but still was 34% above the 10-year average. Compared to the prior year, the vacancy rate fell again substantially to its current level of 2.2% (2017: 3.1%). This shortage of floor space led to a 12% increase in the peak monthly rent to € 33.50/sqm. The weighted average rent also went up further to € 21.25/sqm per month, 10% above the value of last year. Over the course of 2018, about 230,700 sqm of new space was completed, of which only 6% was still

[1)] Sources: CBRE: ERIX, Germany Office Investment MarketView Q4 2018; Berlin, Munich, Frankfurt Investment MarketView Q4 2018

[2)] Sources: CBRE: ERIX, Munich, Frankfurt, Berlin Office MarketView Q4 2018; Destatis available for rent on completion. Although an increase to more than 440,000 sqm is expected for 2019, the current development pipeline is struggling to keep pace with high demand. At the end of the year, the stock of office space totalled around 18.2 m sqm.

THE REAL ESTATE MARKET IN CENTRAL AND EASTERN EUROPE[1)]

The investment market

In CEE the positive momentum in the properties markets was sustained. The registered transaction volume of commercial properties of € 13.2 bn was 11% above the previous record value posted last year. In regional terms, Poland accounted for the largest volume (54%), followed by Czechia (19%), Hungary (14%) and Romania (7%).

The investment volume was at approximately € 7.2 bn in Poland, a new peak value for the fourth year in a row. € 2.75 bn of transaction volume was recorded in the office market. The reported prime yield in **Warsaw** was approximately 4.75%. With its acquisition of the Warsaw Spire C prime office property CA Immo, after 2017, was active in the market in 2018 as well. Based on strong fundamental data, **Prague** further strengthened its position as an internationally sought-after investment market, with the prime yield standing at 4.50%.

Due to the strong performance in the second half of the year, the investment volume in Hungary surpassed the level of 2017, posting high demand in the investment market for the third consecutive year. **Budapest** recorded considerable yield compression of 5.75% for prime office projects (2017: 6.00%). Romania registered an investment volume of approximately € 900 m in 2018, of which the office sector accounted for around 50%. **Bucharest** attracted more than 78% of the overall investment volume in Romania. The prime yield is reported at 7.25%.

The office property markets[2)]

Lettings continued to develop positively in all four major cities of CA Immo (Warsaw, Prague, Budapest and Bucharest) in 2018, bringing about a decrease in vacancy rates over the course of the year.

By the end of 2018, total office space in **Warsaw** stood at around 5.5 m sqm, as approximately 230.000 sqm had been completed during the year. Currently, 700,000 sqm is under construction. By 2021, floor space is expected to expand to more than 6 m sqm.

The office pipeline is heavily concentrated on the CBD of the Polish capital. Office floor space take-up was 858,400 sqm in 2018, both above the level of 2017 and the record level seen in the year 2015. At the end of the year, the vacancy rate stood at 8.7%, down 3.0% from last year's value. Peak rents have fallen steadily in the past quarters, standing at approximately € 24.00 /sqm per month in central locations.

During 2018 some 325,000 sqm of office space had been let in **Bucharest**, a decline of 8% on the previous year. The stock of office space totalled 2.91 m sqm, following a completion volume of around 144,000 sqm (including CA Immo's Orhideea Towers) at the end of the year, and is set to rise by another 300,000 sqm in 2019. Over the year 2018, the vacancy rate again fell sharply, reaching a historically low level of 7.4% at the end of the year. The largest part of the vacant space is concentrated in category B buildings. The peak monthly rent in Bucharest was stable at € 18.50/sqm.

Annual take-up in **Budapest** amounted to 536,000 sqm in 2018, exceeding the former record of the year 2015. The total office space as at year end was 3.6 m sqm. In 2018, the completion volume reached approximately 230,000 m sqm, the highest level in a decade, but is expected to decline again considerably in the following year. The vacancy rate continued its declining trend since 2012 and stood at a record level of 7.3 % at the end of the year (2017: 7.5%), although the supply of office space had gone up. The current average monthly rent of available office space is reported at € 12.20/sqm, compared to € 25.00 /sqm per month for category A office space. CBRE reports 5%-9% rental growth across the market in 2018.

The office property market in **Prague** posted a record year in 2018. The 2017 stock of office space of around 3.34 m sqm was expanded by roughly 133,000 sqm in 2018. The lettings performance of 520,000 sqm reached a historic record level. The vacancy rate fell substantially and was at 5.1% at the end of the year. Monthly peak rents in central locations stood at € 21.50/sqm.

[1)] Sources: JLL: CEE Investment Market H2 2018

[2)] Sources: CBRE: ERIX, Prague, Warsaw, Office MarketView Q4 2018, Romania Market View 2018, Budapest Offices Snapshot Q4 2018

PROPERTY ASSETS

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

CA Immo Group's property assets

By the acquisition of investment properties as well as the transfer of own project completions into the investment portfolio, CA Immo has increased the value of its property assets in 2018 by 17% up to € 4.5 bn (2017: € 3.8 bn). Of this figure, investment properties account for € 3.8 bn (84% of the total portfolio), property assets under development represent € 0.7 bn (15%) and short-term properties[1)] € 59 m (1%). With a proportion of 44% of total property assets, Germany is the biggest regional segment.

Portfolio of CA Immobilien Anlagen AG

Property assets directly held by CA Immobilien Anlagen AG represent a rentable effective area of 141,572 sqm (2017: 132,365 sqm). As at the balance sheet date, these assets comprised four investment properties in Austria with a market value (including prepayments made and construction in progress) of € 242,349 K (4 investment properties; € 225,075 K on 31.12.2017). This portfolio generated rental income of € 13,352 K in 2017 (€ 15,408 K in 2017).

Lettings

An approximate of 22,400 sqm of floor space was newly let or extended in 2018 (15,800 sqm in 2017). After Österreichischen Post AG moved out from the office building on Erdberger Lände site, the economic occupancy rate in the asset portfolio was down to approximately 74% (94% in 2017). Wiener Verkehrsamt (drivers and vehicles licencing authority) and the Hauptverband der österreichischen Sozialversicherungsträger ('Federation of Austrian Social Insurance Entities') could already be acquired as new tenants. In addition, Volksbank Wien will occupy approximately 14,000 sqm of office space from the end of 2019.

Project completions

Situated close to the Lände and Wiener Prater recreation areas is the **ViE office building**, spanning. The building, which spans around 13,200 sqm, was completed by CA Immo in autumn 2018 and is now part of the CA Immo investment portfolio.

Investments

The company invested € 14,922 K in its development projects and asset portfolio in 2018 (€ 17,253 K in 2017). Of this figure, € 1,646 K was earmarked for modernisation and optimisation measures (especially for tenant fit-out of Erdberger Lände, Wolfganggasse, Storchengasse and of Donau Business Center at Handelskai) (€ 2,266 K in 2017); additional € 11 K (2017: € 47 K) was devoted to development projects.

Disposals

No assets have been sold in business year 2018.

COURSE OF BUSINESS FOR CA IMMOBILIEN ANLAGEN AG

Results

Compared to the previous year **rental income** declined by –13% to € 13,352 K (2017: € 15.408 K). **Operating expenses** passed on to tenants declined in line from € 4,422 K to € 4,271 K. In contrast, **management revenues** rose by 9% from € 12.150 K in 2017 to € 13.220 K in 2018. Overall this led to a –3% decrease in **gross revenues** to € 31,120 K (€ 32,171 K in 2017). Revenues are distibuted as follows: 63% Austria, 13% Germany, 24% Central and Eastern Europe.

Other operating income declined by 33% to € 9,598 K (€ 14,296 K in 2017). In the previous year, sales revenues (asset disposals) amounted to € 10,147 K. Write-ups to tangible assets amounted to € 8,869 K (€ 4,565 K in 2017).

As a consequence of the change of control arising from the sale of the 26% stake in CA Immo held by the IMMOFINANZ Group to a Luxembourg fund managed by Starwood Capital Group ('Starwood'), and payments made in business year 2018 on the basis of the existing change of control clause, **staff expenses** rose by 31% from € 11,826 K in 2017 to € 15,544 K in 2018. For details of

[1)] Incl. properties intended for trading or sale remuneration paid to the Management Board, refer to the notes section. In 2018, the company employed 67 staff members on average (65 in 2017).

Depreciation charged to tangible assets stood at € –6,802 K (€ –13,890 K in 2017). **Other operating expenditures** amounted to € –18,372 K (€ –18,894 K in 2017). Around € –9,530 K (€ –11,128 K in 2017) of this figure was attributable to general administrative costs like project-related legal, auditing and consultancy fees and bond issue related expenses or administrative management costs. Other expenses directly related to properties stood at € –7,756 K (€ –7,302 K in 2017).

In overall terms, the developments outlined above led to a negative **operating result** of € 0 K compared to € 1,857 K in the previous year.

The company received total **income from investments** of € 28,131 K (€ 75,964 K in 2017) via subsidiary dividend payouts. In 2018, this item was counterbalanced by expenses linked to financial assets and interest receivables on current assets of € –7,496 K compared to € –4,236 K in 2017. Loans granted mainly to subsidiary companies produced revenue of € 21,461 K (€ 13,544 K in 2017). **Other interest and similar income** stood at € 1 K (compared to € 139 K in 2017).

Income from financial investments stood at € 163,054 K (€ 216,402 K in 2017) and include investment appreciations in an amount of € 147,596 K (€ 214,116 K in 2017). This item was offset by writedowns on equity holdings of € –5,572 K (€ –2,911 K in 2017).

Interest and similar expenditure rose by 20% to € –24,913 K (€ –20,777 K in 2017). Interest for bank loans or **real estate financing** fell by 2% to € –2,399 K (€ –3,438 K in 2017). Expenses for derivative transactions increased to € –1,774 K (€ –1,566 K in 2017). Interest costs in respect of affiliated companies increased from € –1,695 K in 2017 to € –2,587 K in 2018. After the issuance of convertible bonds in 2017, interest costs for bonds rose by 20% from € –14,715 K in 2017 to € –17,623 K in 2018. After the issuance of another corporate bond, with a volume of € 150 m and a coupon of 1.875% in September 2018, five CA Immo corporate bonds were thus trading on the unlisted securities market of the Vienna Stock Exchange and partly on the regulated market of the Luxembourg Stock Exchange (Bourse de Luxembourg). The convertible bonds issued in the fourth quarter of 2017 were included in trading on the unregulated third market (multilateral trade system) of the Vienna Stock Exchange. Except for the 2015-2022 corporate bond and the convertible, bond conditions contain a loan-to-value (LTV) covenant.

Overall, the factors outlined above the **financial result** declined by 36% from € 281,036 K in 2017 to € 180,238 K in 2018. **Earnings before taxes** stood at € 180,237 K (against € 282,893 K in 2017). After taking account of **tax revenue** of € 2,960 K (€ 4,140 K in 2017), the annual **net profit** as at 31 December 2018 stands at € 183,197 K, compared to € 287,033 K on 31 December 2017. Taking into consideration the allocation to revenue reserve of € –4,652 K (€ –4,025 K in 2017) for 5,780,037 treasury shares (around 6% of the voting stock) held by the company as of the balance sheet date as well as the profit brought forward from the previous year of € 766,007 K (€ 557,421 K in the previous year), the annual financial statements of CA Immobilien Anlagen AG show **net retained earnings** of € 944,552 K (€ 944,552 K in 2017).

Proposed dividend for 2018

For business year 2018, the Management Board will propose a dividend of € 0.90 per share with dividend entitlement. Compared to last year, this represents a further rise of approximately 13%. In relation to the closing rate as at 31 December 2018 (€ 27.62) the dividend yield was approximately 3%. The dividend will be paid on 15 May 2019 (the ex-dividend day and verification date are 13/14 May 2019, respectively).

Cash-flow

Cash flow from operating activities (operating cash flow plus changes in net working capital) stood at € 30,648 K in the past business year (€ 68,766 K in 2017). Cash flow from investment activities was € –286,827 K (€ –308,734 K in 2017) and cash flow from financing activities was € 205,448 K (€ 299,864 K in 2017).

Balance sheet: assets

Compared to the previous year, the **total assets** of CA Immobilien Anlagen AG increased from € 3,460,026 K as at 31 December 2017 to € 3,847,356 K as at 31 December 2018.

Fixed assets rose from € 3,260,726 K as at 31 December 2017 to € 3,716,025 K on 31 December 2018. As a proportion of total assets, the share of fixed assets amounted to 97% on 31 December 2018 (31.12.2017: 94%). Intangible assets, which solely comprise EDP software, decreased to € 271 K (31.12.2017: € 292 K). As at the balance sheet date, the company's **property assets** comprised four properties in Austria with a market value (including prepayments made and construction in progress) of € 242,349 K (compared to 4 properties with a market value of € 225,075 K on 31.12.2017). **Tangible fixed assets** totalled € 243,078 K (€ 225,763 K on 31.12.2017). **Financial assets** increased by 14% to € 3,472,676 K (31.12.2017: € 3,034,671 K). The book value of investments in affiliated companies stood at € 2,716,231 K (31.12.2017: € 2,534,275 K); current additions were mainly the result of capital contributions to subsidiaries for property investments and upward revaluations of the investments.

Current assets fell from € 196,661 K as at 31 December 2017 to € 125,418 K on 31 December 2018. **Receivables** show a decrease of 40% from € 50,863 K as of 31 December 2017 to € 30,351 K on 31 December 2018. On 31 December 2018, the company has cash holdings of € 95,066 K (31.12.2017: € 145,798 K).

Balance sheet: liabilities

Shareholders' equity rose to € 2,517,730 K as at the balance sheet date (€ 2,413,608 K on 31.12.2017). The equity ratio on the key date was approximately 65% (31.12.2017: 70%). Equity covered 68% of fixed assets (31.12.2017: 74%). **Provisions** amounted to € 15,369 K (31.12.2017: € 18,600 K). **Liabilities** increased from € 1,025,033 K at the end of 2017 to € 1,311,792 K as at 31 December 2018.

DEVELOPMENT OF SHAREHOLDERS' EQUITY

€ 1,000	**31.12.2017**	**Change treasury share reserve**	**Dividend payments**	**Annual result**	**Addition to reserves**	**31.12.2018**
Share capital	677,755	–1,439	0	0	0	676,316
Tied capital reserves	854,841	0	0	0	0	854,841
Retained Earnings	40,582	1,439	0	0	0	42,021
Net profit	840,430	0	–74,423	183,197	–4,652	944,552
Total equity	**2,413,608**	**0**	**–74,423**	**183,197**	**–4,652**	**2,517,730**

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

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

Voluntary public takeover bid by Starwood

On 18 April 2018, SOF-11 Starlight 10 EUR S.à r.l. of Luxembourg (now SOF-11 Klimt CAI S.à r.l.), a company managed by Starwood Capital Group, launched a voluntary public takeover bid in accordance with article 4ff of the Austrian Takeover Act to the shareholders of CA Immo. The takeover offer was aimed at acquiring up to 25,690,167 bearer shares of CA Immo or a stake of up to 26% of the overall issued bearer shares of the company. The offer price was € 27.50 per share on a *cum* dividend basis for 2017 business year. That meant that the offer price was reduced by the amount of any dividend declared between the announcement of the takeover offer and its settlement. The offer could be accepted from 18 April 2018 up to and including 30 May 2018, 17:00 local Vienna time). By the end of the acceptance period, 153,489 shares of CA Immo had been tendered. Details on the takeover offer, including statements by the Management Board and the Supervisory Board of CA Immo are available on http://www.caimmo.com/en/investor-relations/takeover-offers/.

IMMOFINANZ AG sells share package to Starwood

Following the failed takeover offer by Starwood, the Supervisory Board of IMMOFINANZ AG on 2 July 2018 approved the package sale of the approximately 26% stake in CA Immo. The purchaser of the 25,690,163 bearer shares and four registered shares was SOF-11 Starlight 10 EUR S.à r.l. (now SOF-11 Klimt CAI S.à r.l.). The selling price of the package totalled € 757.9 m, corresponding to an average of € 29.50 per share. The transaction was closed in the third quarter of 2018, after release by the competition authority and approval of the transfer of the four registered shares by the Management Board of CA Immo.

With a shareholding of around 26% and the four registered shares, Starwood now is the largest shareholder of CA Immo. Starwood is a global financial investor focusing on real estate investments.

The remaining shares of CA Immo are in free float held by both institutional and private investors. Further major shareholders include AXA S.A., BlackRock Inc. (each holding around 4% of the company's capital stock) and the S IMMO Group (holding around 6%). No other shareholders with a stake of more than 4% are known. For more information on the organisation of the shares and the rights of shareholders, please refer to the Corporate Governance Report.

Capital disclosures

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

At the 29th Ordinary General Meeting held on 3 May 2016, the Management Board was authorised to acquire treasury shares to the maximum degree admissible by law (10% of the capital stock, article 65 section 1 line 8 of the Stock Corporation Act) for a period of 30 months, and if necessary to withdraw or sell own shares via the stock exchange, or by other means, or via a public offer. Within this framework, a further share buyback programme has been initiated in November 2016 for up to 1,000,000 shares (approx. 1% of the company's capital stock). The original upper limit of € 17.50 per share was raised to € 24.20 per share at the end of August 2017. The equivalent value to be attained had to be within the range stipulated in the enabling resolution passed by the Ordinary General Meeting and may be no more than 30% below and 10% above the average non-weighted stock exchange closing price on the ten trading days preceding the repurchase. The repurchase was undertaken to support the purposes permitted by resolution of the Ordinary General Meeting and ended on 2 November 2018. A new enabling resolution for the acquisition and sale of treasury shares had been rejected by the 31st Ordinary General Meeting.

Because of the fixed upper limit of € 24.20 per share in total only 197,983 shares were acquired in the last business year The weighted equivalent value per share was approx. € 23.50 per share (or € 23.55 per share incl. incidental costs). As at 31 December 2018, CA Immobilien Anlagen AG held 5,780,037 treasury shares in total; given the total number of voting shares issued (98,808,336), this is equivalent to around 6% of the voting shares. Details of transactions completed, along with any changes to the programme, will be published at http://www.caimmo.com/en/investor-relations/share-buy-back-ca-immo/.

At the 26th Ordinary General Meeting, the Management Board, with the approval of the Supervisory Board, was again authorised to issue by 6 May 2018, in several tranches if required, convertible bonds associated with conversion or subscription rights on up to 13,756,000 bearer shares of the company with a proportionate amount of the capital stock of up to € 100,006,120 (conditional capital), up to a total amount of approximately € 100 m, and to stipulate all other conditions, the issue itself and the conversion procedures for the convertible bonds. The subscription rights of shareholders (article 174 section 4 of the Stock Corporation Act in conjunction with article 153 of the Act) were excluded.

Based on this authorisation, the company issued a non-subordinate, unsecured convertible bond under exclusion of subscription rights in a total nominal amount of € 200 m and with a term to April 2025.

The coupon (payable semi-annually) is 0.75% p.a. while the initial conversion price was fixed at € 30.5684, equivalent to a conversion premium of 27.50% above the volume-weighted average price (VWAP) for the CA Immo shares of € 23.9752 on the day of issue. Due to the payment of a cash dividend of € 0.80 per share to the shareholders of the company, the conversion price has been adjusted to € 30.4062 pursuant to § 11 (d) (ii) of the terms and conditions, and effective on 14 May 2018. The convertible bonds were issued at 100% of their nominal amount of € 100,000 per bond, excluding the subscription rights of shareholders; in the absence of premature conversion or repayment, they will be redeemed at 100% of the nominal amount at the end of the term. The company may choose to effect repayment through the provision of shares, payment or a combination of the two. The convertible bonds were registered for trading in the unregulated Third Market (multilateral trade system) of the Vienna Stock Exchange.

Information on the Management and Supervisory Boards

According to the articles of association, the Management Board of CA Immo comprises one, two or three persons. The age limit for Management Board members is defined as 65 in the Articles of Association. The final term of office for Management Board members concludes at the end of the Ordinary General Meeting that follows the 65th birthday of a Board member. The Supervisory Board comprises no less than three and no more than 12 members. At any time, Supervisory Board members appointed through registered shares may be asked to step down by the person entitled to nominate and replaced by another. The provisions of the Articles of Association regarding terms of office and elections to appoint replacements do not apply to them. The other Supervisory Board members are elected by the Ordinary General Meeting. The age limit for Supervisory Board members is defined as 70 in the Articles of Association. Supervisory Board members must step down from the Board at the end of the Ordinary General Meeting that follows their 70th birthday. The Shareholder's Meeting resolves on the dismissal of members of the Supervisory Board on the basis of a majority of at least 75% of the capital stock represented (article 21 of the Articles of Association of CA Immo).

Change-of-control clauses

All Management Board contracts contain a change of control clause assuring payments in the event of premature termination of Management Board duties following a change of control. A change of control occurs either where a shareholder or group of shareholders attains 25% of voting rights in the Ordinary General Meeting, or they are obliged to make a mandatory takeover bid where the investment threshold of 30% is exceeded. Corporate mergers always constitute a change of control. The contractual regulations provide for extraordinary termination rights as well as continued remuneration (including variable remuneration) for the remaining term of the employment contract. The exercising of a special right of termination in the event of a change of control in the sphere of the Starwood Group, the new major shareholder, has been contractually excluded for all Management Board members. Details of payments made in business year 2018 on the basis of the existing change of control clause are listed in the notes section.

COMMITTED TO OBSERVING THE AUSTRIAN CORPORATE GOVERNANCE CODE

Compliance with legal provisions applicable in the CA Immo Group's target markets is a high priority for the company. The Management Board and Supervisory Board are committed to observing the Austrian Corporate

Governance Code[1)] and thus to transparency and principles of good corporate management. The rules and recommendations of the version of the Corporate Governance Code applicable in business year 2018 (January 2018 amendment) are implemented almost in full. Discrepancies are noted in respect of C Rules no. 2 (right of appointment to the Supervisory Board), no. 38 (appointment of Management Board members) and no. 45 (executive positions with competitor companies). The evaluation carried out by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. concerning compliance with rules 1 to 76 of the Austrian Corporate Governance Code for business year 2018 found that declarations of conformity submitted by CA Immo with regard to compliance with the C and R Rules of the Code were correct. The corporate governance report is also available on the company's web site at https://www.caimmo.com/de/investor-relations/corporate-governance/.

RISK MANAGEMENT AT CA IMMO

To ensure the success of CA Immo as a business over the long term and enable the company to meet its strategic objectives, effective management of new and existing risks is essential. A commensurate measure of risk must be accepted if we are to utilise market opportunities and exploit the potential for success they hold. For this reason, risk management and the internal monitoring system (IMS) deliver an important contribution to the Group's corporate governance (defined as the principle of responsible management).

Strategic alignment and tolerance of risk

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

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

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

[1)] The Austrian Corporate Governance Code may be viewed on the web site of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

KEY FEATURES OF THE INTERNAL MONITORING SYSTEM (IMS)

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

STRATEGIC RISKS

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

The global **financial market and economic crisis** and the sovereign debt crisis (especially in the eurozone) have in the past had a significant negative impact on the asset, financial and revenue positions of CA Immo. Even though the upturn in the eurozone, apparent since the 2009 financial crisis, has levelled off, another future crisis could have highly adverse consequences for CA Immo.

In their outlooks for 2019, experts indicate that global economic growth has passed its peak. Economic momentum may slow down not only in the eurozone but also in many emerging countries – according to the World Economic Outlook of the International Monetary Fund (IMF)[1]. A global economic downturn is not expected for 2019. There may be political stress factors, in particular, that will cause market volatility. The budgetary conflict with Italy and the worries over an unregulated BREXIT are also putting a strain on Europe. In addition to this there is the global trade war – particularly between the USA und China.

The IMF predicts global growth of 3.5% for 2019. This is expected to rise a little more sharply at 3.6% for the following year. In Germany, CA Immo's largest market, growth this year is expected to be slow at only 1.3%; 0.6 percentage points less than last autumn. The German economy is only expected to recover again in 2020 with an increase of 1.6%. The OECD anticipates a further slowdown for the eurozone to 1.8% and 1.6% in 2020.[2]

Moreover, the effects of the relaxed **monetary policy** pursued by central banks over recent years cannot be foreseen at present. A further extension to expansive monetary policy could give rise to financial instability, resulting in asset and financial bubbles that would adversely impact economic growth.

In contrast, a slight increase in inflation predicted for 2019 could cause the central banks to continue tightening their expansive monetary policy which would, in turn, lead to higher interest rates. Although the economic environment remains characterised by low interest rates and relatively high property portfolio valuations, the possibility of an **interest rate rise** negatively affecting the real estate market – and thus property valuations and the divestment plans of CA Immo – cannot be discounted. Acquiring equity and loan capital could become significantly more difficult, making expansion plans impossible or only partially feasible.

The possible reintroduction of national **currencies** by individual eurozone members would also have grave consequences for the economies and financial markets of Europe. Finally, the departure of other nations from European currency union could lead to a complete collapse of the monetary system.

[1] International Monetary Fund (IMF). 2018. World Economic Outlook 2018: Challenges to Steady Growth. Washington, DC: IMF. https://www.imf.org/en/publications/weo.

[2] International Monetary Fund (IMF). 2018. World Economic Outlook 2018: Challenges to Steady Growth. Washington, DC: IMF. https://www.imf.org/en/publications/weo.

Geopolitical risks such as political instability, lack of basic legislation and arbitrary government practices offset the economic opportunities offered by enterprises in other countries. Consequently, enterprises operating in an unstable region have to factor in significant impacts on their business activities, such as tax increases, customs duties, export bans, expropriations and seizure of assets. Where properties are concentrated too strongly in a single region, these factors can also have a considerable influence on the profitability of the CA Immo Group. It is therefore vital to keep an eye on geopolitical tensions and political factors.

PROPERTY-SPECIFIC RISKS

Risks linked to the market environment and composition of the portfolio

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

Given the continuing urbanisation trend world-wide, residential property markets in conurbations remain attractive. This applies to Germany, CA Immo's largest core market, where supply cannot keep pace with rising demand in many major cities. In the commercial property sector, according to experts, office premises in global metropolitan regions could benefit from the increasing importance of the service sector. Uncertainties associated with Great Britain's exit from the EU have given a further boost to the German property market, particularly in Frankfurt. Alongside Berlin and Munich, Frankfurt is one of the top three German investment locations for large-volume core properties. However, property values depend not just on the development of rental rates but also real estate starting yields. The historically high price of property investment is combining with low real estate yields to create risks to the **value of properties** in the CA Immo portfolio. Due to sustained pressure from investors there is also the risk that properties will only be available to purchase at inflated prices. The possibility of an increase in general interest rates forcing property yields up and values down can not be ruled out.

CA Immo counters **market risk** by spreading its portfolio across various countries. CA Immo counters **country-specific risk** by concentrating on defined core regions through local subsidiaries with their own on-site staff, and through appropriate regional allocation within those core markets. Market knowledge, continual evaluation of strategy and monitoring of the portfolio and purposeful portfolio management in the context of strategic decision-making (e.g. defining exit strategies, medium-term planning of sales) enable the company to respond quickly to economic and political events. CA Immo negates **transfer risk** by repatriating liquid assets from investment markets with a low credit standing. Active portfolio management is aimed at minimising **concentration risk**. In the wake of numerous sales over the past few years (sale of Tower 185 in Frankfurt and of some non-core properties) and the recent Eastern European acquisitions, regional distribution in the portfolio is approaching the desired levels of up to 20% for Austria and, apart from that, an equal distribution across Germany and Eastern Europe. Germany remains the biggest single market of CA Immo, accounting for a share of 44%. The aim here is to maintain property assets of € 250-300 m per core city to uphold consistent market relevance. For **single investments**, CA Immo defines concentration risk as a limit value of 5% of the total portfolio. The only property in this category at the balance sheet date was the Skygarden office building in Munich. The portfolio as a whole is highly diversified: the top ten Group assets represent less than 27% of the total portfolio. The concentration risk in respect of **single tenants** is also manageable. As at 31 December 2018, the top ten tenants were generating some 20% of rental revenue. With an approximate share of 3% of total rental income, PricewaterhouseCoopers followed by Frontex are currently the biggest individual tenants in the portfolio. **Land reserves** and **land development projects** present specific risks owing to the high capital commitment and absence of steady cash inflows; however, they also offer considerable potential for value increases through the securing or enhancement of building rights.

Risks are regularly reduced via the sale of non-strategic land reserves. The acquisition of building rights on remaining land will be accelerated through the company's own capacity. The development volume is indicated at approximately 15% of the equity of the CA Immo Group.

Political and economic trends in the countries in which CA Immo is active also have a significant impact on **occupancy rates** and rent losses. The earning power and market value of a property is adversely affected where the Group is unable to extend a rental agreement due to expire under favourable conditions or find (and retain for the long term) suitably solvent tenants. The creditworthiness of a tenant, especially during an economic downturn, may diminish over the short or medium term, which can affect rental revenue in turn. In critical situations, the Group can opt to cut rents in order to maintain an acceptable occupancy rate. Through careful monitoring and proactive measures (such as demanding securities and screening the creditworthiness and reputation of tenants), the Group's **loss of rent risk** has settled at the low level of approximately 1% of rental income. At present, most outstanding rental payments relate to Eastern Europe. All outstanding receivables are evaluated quarterly and adjusted according to the associated level of risk. The risk of lost rent was taken into account to a sufficient degree in the estimation of property values. Many of the Group's lease agreements contain stable value clauses, usually taking account of consumer price indices for particular countries. The level of revenue from such rental contracts and new lettings depends heavily on the inflation trend (**sustainable value risk**).

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

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

Risks associated with the project development area

Costs are generally sustained at the early stages of real estate development projects; revenue is not generated until the later phases of a project. Many development projects may be associated with **cost overruns** and **delays** in completion that are frequently caused by factors beyond the control of CA Immo. This can adversely affect the economic viability of individual projects and lead to **contractual penalties** and **compensation claims**. If no suitable tenants are found, this can produce vacancy after completion. CA Immo takes various steps to keep such risks largely under control (cost monitoring, variance analyses, long-term liquidity planning and so on). With few exceptions, projects are only launched subject to appropriate pre-letting.

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

Risks from sales transactions

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

Environmental risks

Environmental and safety regulations serve to standardise active and latent obligations to remediate contaminated sites and complying with these provisions can entail considerable investment expenses and other costs. These obligations may apply to real estate currently or formerly owned by CA Immo, or currently or formerly managed or developed by the company. In particular, the provisions cover **contamination** with undiscovered harmful materials or noxious substances, munitions and other environmental risks such as soil pollution, etc. Several regulations impose sanctions on the discharge of emissions into air, soil and water: this can make CA Immo **liable** to third parties, significantly impact the sale and letting of affected properties and adversely affect the generation of rental revenue from such properties. **Natural disasters** and extreme weather conditions can also cause considerable damage to real estate. Unless sufficient **insurance** is in place to cover such damage, this can have an adverse impact. To minimise the risk, CA Immo incorporates these considerations into its assessments prior to every purchase and appropriate guarantees are required from sellers. Wherever possible, the CA Immo Group makes use of environmentally sustainable materials and energy-saving technologies. CA Immo observes the ecological precautionary principle by ensuring all (re)development projects qualify for certification: in this way, stringent specifications regarding green buildings and sustainability are satisfied while the usage of environmentally unsound products is also ruled out.

GENERAL BUSINESS RISKS

Operational and organisational risks

Weaknesses in the CA Immo Group's **structural and process organisation** can lead to unexpected losses or additional expenditure. This risk can arise from shortcomings in **EDP** and other **information systems** as well as human error and inadequate internal inspection procedures. Flawed program sequences as well as automated EDP and information systems pose a significant operational risk where their type and scope fail to take account of business volumes or they are vulnerable to cybercrime. Human risk factors include an insufficient understanding of corporate strategy, inadequate internal risk monitoring (and especially business process controls) and excessive decision-making authority at an individual level, which can also lead to unconsidered actions or a proliferation of decision-making bodies that hinder flexible responses to changes in the market. Some real estate management tasks and other administrative duties are outsourced to third parties outside the company. In the process of transferring administrative tasks, it is possible that knowledge of managed properties and administrative processes can be lost, and that CA Immo could prove incapable of identifying and contractually committing suitable service providers within the necessary timeframe. Nonetheless, the **expertise** possessed by a company and its workforce constitutes a significant competitive factor and a unique point of distinction over competitors. When key members of staff leave, therefore, the company becomes exposed to the risk of loss of expertise, which generally requires significant commitment of corporate resources (money, time, recruitment of new employees) to redress the balance. CA Immo takes various measures to counter these risk factors. In the case of corporate mergers (e.g. the former Vivico and Europolis), structured processes of organisational integration are observed. Process organisation (i.e. system/process integration) is firmly established; activities to ensure the long-term implementation of operational processes are ongoing. The Group structure is regularly scrutinised and examined to ensure predefined structures take account of the size of the company. CA Immo counters risks linked to individual expertise (which can arise with the resignation of key knowledge holders) through regular transfers of knowledge (in training courses) and by documenting know-how (in manuals, etc.) as well as far-sighted staff planning.

Legal risks

In the course of normal business activity the companies of the Group become involved in **legal disputes**, both as plaintiffs and as defendants. Such cases are heard in various jurisdictions. In each case, different procedural law means that competent courts are not always equally efficient; moreover, in certain cases the complexity of issues in dispute can make for protracted proceedings or lead to other delays. CA Immo believes it has made sufficient financial provisions for legal disputes. At present, no lawsuits or arbitration proceedings that could threaten the company's survival are imminent or pending. As publicly announced, CA Immo has become a private party to the BUWOG criminal proceedings (privatisation of state residential construction companies in 2004) with preliminary damages of €200 m. However, the existence of any claims largely depends on the factual circumstances and the outcome of proceedings.

It is not possible to predict changes to **legal provisions**, case law and administrative practice or their impact on business results; such changes may adversely affect real estate values or the cost structure of the CA Immo Group.

Organised crime, and particularly fraud and extortion, is a general risk to commercial activity. Many countries continue to perform very poorly in combating **corruption.** Such illegal activity can lead to considerable financial repercussions and negative publicity.

Taxation risk

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

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

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

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

Partner risks

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

FINANCIAL RISKS

Liquidity, investment and refinancing risk

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

CA Immo has fluctuating stocks of cash and cash equivalents which the company invests according to its particular operational and strategic needs and objectives. In some cases, an **investment** may take the form of listed securities or funds, which are subject to a higher risk of loss. Sufficient equity capitalisation will be required for the company to retain its Baa2 investment grade (long-term issuer) **rating** (granted by Moody's in December 2015).

CA Immo counters risk of this kind by continually monitoring covenant agreements and effectively planning and securing liquidity. The financial consequences of strategic aims are also taken into account. To control liquidity peaks, the Group has secured a revolving overdraft facility at parent company level. This also ensures the Group can meet unexpected cash flow requirements. The use of trading income to repay liabilities has had a highly positive effect on the **maturity profile**, which is now largely stable for the years ahead. In line with the investment horizon for real estate, loans are invariably agreed on a long-term basis. As an alternative and supplement to established means of (equity) capital procurement, the company also enters into equity partnerships (joint ventures) at project level. Despite meticulous planning it is not possible to eliminate liquidity risk, however, particularly where capital requests linked to joint venture partners are not viable. CA Immo Deutschland has a high capital commitment, which is typical in the case of development projects. Financing has been secured for all projects under construction; additional financing is required for new project launches.

Interest rate risk

Market-led fluctuations in the interest rate affect both the level of financing costs and the fair value of interest hedging transactions concluded. For financing purposes, CA Immo uses banks at home and abroad and issues corporate bonds, thereby opting for a mix of long-term fixed-rate and floating-rate loans. To hedge against impending **interest rate changes** and associated fluctuations in financing costs, greater use is made of derivative financial instruments (interest rate caps, swaps and floors) in the case of floating-rate loans. However, hedging transactions of this kind may prove to be inefficient or unsuitable for achieving targets; they may also result in losses that affect earnings. Moreover, the **valuation of derivatives** can impact negatively on profits and shareholders' equity. The extent to which the Group utilises derivative instruments is guided by assumptions and market expectations in respect of the future interest level, and especially the 3-month Euribor rate. Should these assumptions prove incorrect, the result can be a significant rise in interest expenditure. Continual monitoring of the interest rate risk is therefore essential. No risks constituting a serious and permanent threat to the company exist at the present time. Moreover, CA Immo is increasingly obtaining finance from the capital market. Fixed-interest loans (e.g. in the form of corporate bonds) or loans hedged through derivatives currently account for 95% of the total financing volume. Continually optimising the financing structure in recent years has served to improve the maturity profile and raise the quota of hedged financial liabilities while reducing average borrowing costs. The pool of unencumbered assets – a key factor in the company's investment grade rating – was also raised and the rating of CA Immo was consolidated. The financing profile has thus become more robust.

Currency risk

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

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

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

LIKELY DEVELOPMENTS AND THE MAIN OPPORTUNITIES AND RISKS

Many forecasts expect the positive economic development in Europe to continue in the years 2019 and 2020, even if the momentum is believed to weaken. Over this period, we expect to see stable overall conditions in the key CA Immo core markets. With the environment in Germany remaining fundamentally strong, core markets in Eastern Europe are also reporting clear growth trends. In addition, the financing and interest rate environment will continue to define the real estate sector in 2019.

Strategy

Following successful implementation of the strategic programmes of recent years, CA Immo has obtained an excellent market position in its core markets. The year 2018 was characterised by strong portfolio growth. In addition to a surge in organic growth due to the successful completion of four development projects in Berlin, Vienna, Bucharest and Frankfurt and their subsequent integration into the Group's portfolio, further purchases of high quality portfolio properties were realised in the CEE core markets of Warsaw, Prague and Bucharest.

The associated significant increase in the Group's annual rental income, coupled with an optimised financing structure, directly strengthens the sustainable profitability and dividend capacity of CA Immo.

Development

Organic growth through the development of high quality core office properties in the core markets of CA Immo, especially in Germany, will remain critically important in the business years ahead. The office development projects under construction on Kunstcampus, MY.B and Cube (Berlin) as well as the third construction phase WA3 of the residential project in Munich-Baumkirchen are scheduled for completion by the end of 2019.

Moreover, dates for the commencement of construction work will quickly be assigned to development projects at the preparation stage. Apart from an office building in Prague, this applies to several residential projects, which are achievable on existing land reserves earmarked for residential units.

Rental business

In like-for-like comparison, rental levels, as in the previous year, are expected to develop positively across the portfolio in the 2019 business year. In addition to good overall economic conditions with historically low vacancy rates in several core cities, rental price growth is expected to continue, especially in Germany.

Financing

The environment for refinancing from expiring project financing of the CA Immo Group is still assessed as positive. In the property development area, we also expect the availability of bank financing under competitive conditions to remain healthy in our core market of Germany. Thanks to a significant rise in the interest rate hedging ratio over the past two years to over 90% on the key date, the robustness of the Group’s cash flow has been assured substantially, even in the event of rising interest rates. The Group's investment grade rating (Baa2 by Moody's) remained unchanged over the period under review and the outlook was raised to stable.

Key factors that may influence our business plans for 2019 include:

– Economic developments in the regions in which we operate and their impact on demand for rental premises and rental prices (key indicators comprise GDP growth, employment and inflation).
– The general progression of interest rates.
– The financing environment as regards availability and the cost of long-term financing with outside capital (both secured financing from banks and unsecured capital market financing) and, accordingly, the development of the market for real estate investment, price trends and their impact on the valuation of our portfolio. The speed at which planned development projects are realised will also depend largely on the availability of necessary external loan capital and equity.
– Political, fiscal, legal and economic risks and the transparency and development level on our real estate markets.

RESEARCH AND DEVELOPMENT

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

In the course of theoretical and practical research activity, CA Immo maintains partnerships with other companies and research institutions. For example, CA Immo is a **partner to the Office 21 joint research project of the Fraunhofer IAO Institute** (www.office21.de). The current research phase extending from 2016 to 2018 is focused on the success factors in creating a working environment that promotes innovation while linking analyses of best practice to pertinent research findings.

CA Immo continues to collaborate with **RWTH Aachen, Germany's largest technical university**, for the cube Berlin testing laboratory. Here the latest technologies for cube, the smart building project in Berlin, are tested and developed.

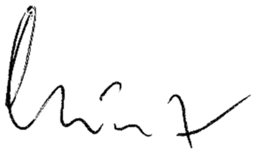
CA Immo actively participates in the main platforms for the real estate sector through cooperation agreements and memberships of such bodies as the **Urban Land Institute (ULI)**, the **German Property Federation (ZIA)**, the **German Sustainable Building Council** and its Austrian equivalent the **Austrian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

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

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

Vienna, 27 March 2019

The Management Board



Andreas Quint
(Chairman)

Keegan Viscius
(Managment Board Member)

AUDITOR'S REPORT*)

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

CA Immobilien Anlagen Aktiengesellschaft, Vienna,

These financial statements comprise the balance sheet as of December 31, 2018, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of December 31, 2018 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters that we identified:

Titel

Valuation of investments in and loans to affiliated companies

Risk

The financial statements of CA Immobilien Anlagen Aktiengesellschaft as of December 31, 2018 show material investments in affiliated companies (TEUR 2,716,231) as well as loans to affiliated companies (TEUR 752,583). Furthermore, the financial statements show income from the revaluation of investments in and loans to affiliated companies of TEUR 147,596 and impairment of such of TEUR 4,353.

All investments in and loans to affiliated companies are tested for impairment. These impairment assessments require significant assumptions and estimates.

Due to the fact that most of the affiliated companies are real estate companies the impairment test is based on a simplified entity value which is mainly influenced by the property valuation reports by external, independent valuation experts or contractually agreed purchase prices. The material risk within the valuation reports exists when determining assumptions and estimates such as the discount-/capitalization rate and rental income and for properties under development the construction and development costs to completion and the developer’s profit. A minor change in these assumptions and estimates can have a material impact on the valuation of investments in and loans to affiliated companies.

The respective disclosures relating to investments in and loans to affiliated companies are shown in Section “1 – Financial assets”, in Section “10 a) – Financial assets” and in appendix 2 – Information about group companies in the financial statements as of December 31, 2018.

Consideration in the audit

To address this risk, we have critically assessed the assumptions and estimates made by management and the external valuation experts and performed, among others, the following audit procedures with involvement of our internal property valuation experts:

- Assessment of concept and design of the underlying business process
- Assessment of the applied methods and the mathematical accuracy of the calculations and supporting documentation
- Assessment of the competence, capability and objectivity of the external valuation experts engaged by management
- Assessment of the applied methods and the mathematical accuracy of selected property-valuation reports as well as assessment of the plausibility of the underlying assumptions (eg. Rental income, discount-/capitalization rate, usable space, vacancy rate) by means of comparison with market data if available
- Check of certain input-data as included in the valuation reports with data in the accounting system or underlying agreements
- Inquiry of project-management for selected properties under development regarding reasons for deviations between plan and actual costs and current estimation of cost to completion; review of actual costs for those projects through review of project-documentation and vouching on a sample basis as well as evaluation of the derived percentage of completion

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.]

Comments on the Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the management report and the auditor’s report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the financial statements or otherwise appears to be materially misstated.

Additional information in accordance with Article 10 EU regulation

We were elected as auditor by the ordinary general meeting at May 9, 2018. We were appointed by the Supervisory Board on August 14, 2018. We are auditors since the financial year 2017.

We confirm that the audit opinion in the Section "Report on the financial statements" is consistent with the additional report to the audit committee referred to in Article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant
The engagement partner is Alexander Wlasto, Certified Public Accountant.

Vienna, March 27, 2019

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Alexander Wlasto mp	Mag. (FH) Isabelle Vollmer mp
Wirtschaftsprüfer / Certified Public Accountant	Wirtschaftsprüferin / Certified Public Accountant

Mag. Alexander Wlasto	Mag. (FH) Isabelle Vollmer
Wirtschaftsprüfer / Certified Public Accountant	Wirtschaftsprüferin / Certified Public Accountant

[*)] This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

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

The Management Board confirms to the best of their knowledge that the financial statements of CA Immobilien Anlagen Aktiengesellschaft, which were prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the CA Immobilien Anlagen Aktiengesellschaft and that the management report gives a true and fair view of the development and performance of the business and position of the company, together with a description of the principal risks and uncertainties the CA Immobilien Anlagen Aktiengesellschaft faces.

Vienna, 27 March 2019

The Management Board

Andreas Quint
(Chairman)

Keegan Viscius
(Managment Board Member)

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DISCLAIMER

This Annual Financial Report contains statements and forecasts which refer to the future development of CA Immobilien Anlagen AG and their companies. The forecasts represent assessments and targets which the Company has formulated on the basis of any and all information available to the Company at present. Should the assumptions on which the forecasts have been based fail to occur, the targets not be met or the risks set out in the risk management report materialise, then the actual results may deviate from the results currently anticipa-ted. This Annual Financial 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 Annual Financial Report largely had to be abandoned for the sake of undisturbed readability of complex economic matters.

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