CA IMMO

ANNUAL FINANCIAL REPORT 2016
I.A.W. ARTICLE 82 (4) OF THE
AUSTRIAN STOCK EXCHANGE ACT

CONTENT

GROUP MANAGEMENT REPORT

GROUP STRUCTURE

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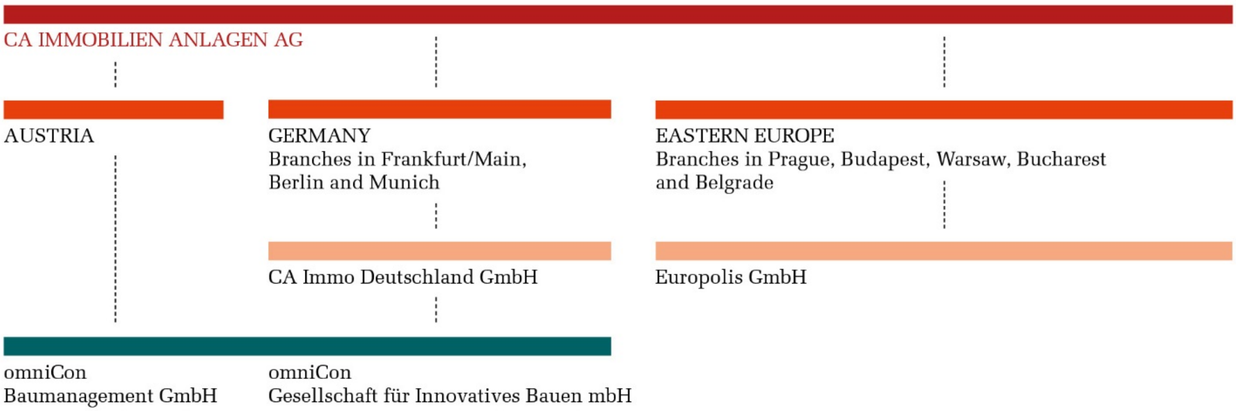


The CA Immo Group is an internationally active real estate group. The parent company of the Group is **CA Immobilien Anlagen Aktiengesellschaft**, a listed company based in Vienna whose main activity is the strategic and operational management of subsidiary companies at home and abroad. The company has branch offices in Austria, Germany, Hungary, the Czech Republic, Romania, Poland and Serbia; the Group also has offices in Cyprus and Ukraine. Each site acts as a largely autonomous profit centre. Other subsidiaries (without separate local teams) are present in Bulgaria, Croatia, the Netherlands, Slovakia and Slovenia. As at key date 31 December 2016, the Group comprised 206 companies (31.12.2015: 214) with around 363 employees (31.12.2015: 357) in 16 countries. The CA Immo Group's core field of expertise involves developing and managing modern and spacious office properties in Central and Eastern Europe. In regional terms, the company focuses on Austria, Germany, Poland, Hungary, the Czech Republic, Slovakia and Romania. Business activity in Germany is focused on Munich, Frankfurt and Berlin; in other countries, the strategic emphasis is on the capital cities. Aside from office properties, the asset portfolio of the Group includes hotels, speciality retail outlets, shopping malls and a small proportion of residential and logistical properties. From the design and development of entire urban districts to the active management of investment properties, value is generated through a comprehensive value chain.

COMPANIES BY REGION

Number of companies[1]	31.12.2016	31.12.2015
Austria	22	27
- *of which joint ventures*	*1*	*1*
Germany	101	95
- *of which joint ventures*	*16*	*15*
Eastern Europe[2]	83	92
- *of which joint ventures*	*8*	*8*
Group-wide	**206**	**214**
- *of which joint ventures*	*25*	*24*

[1] Joint ventures at property/project level
[2] Includes holding companies in Cyprus and the Netherlands established in connection with Eastern European investments

Austria

The company's domestic properties are overseen in direct subsidiaries of CA Immobilien Anlagen AG. As at 31 December 2016, the parent company also directly held property assets of approximately € 255.8 m (€ 278.2 m on 31.12.2015). As at 31 December 2016, the total Austrian portfolio comprised investment properties with a market value of € 547.0 m (€ 587,6 m on 31.12.2015) along with three development projects.

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 Frankfurt, Berlin 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. 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.

Eastern Europe

In Eastern Europe, the focus is also on commercial class A buildings in regional capitals. The Group's 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. On the balance sheet date there was also a partnership with Union Invest overseeing a subportfolio comprising two investment properties. The share of Union Invest (49%) was acquired by CA Immo in mid-January 2017. All properties in Eastern Europe are managed by regional companies in Prague, Budapest, Warsaw, Bucharest and Belgrade under the name **CA Immo Real Estate Management**.

ECONOMIC ENVIRONMENT

THE ECONOMIC TREND[1)]

In 2016 the global economy and Europe in particular had to cope with numerous challenges including geopolitical tensions, terrorist attacks, stressed banking sectors, UK's vote to leave the European Union. That notwithstanding, the European economy has shown resilience and delivered economic growth as well as strong dynamics regarding the creation of new jobs. GDP growth picked up towards the end of 2016 and is expected to maintain its momentum into 2017. European economies enjoyed a number of favourable factors, such as the low oil price, a depreciating euro (especially againstthe US dollar) and in particular accommodative monetary policies. According to the European Commission, private consumption has been the main growth driver in Europe while investment continued to be subdued, which "casts a shadow of doubt over the sustainability of the recovery and the economy's potential growth".

Stockmarkets showed strong performances across the world in 2016. The DAX rose 7% and the ATX by 9% over the 12 months. The S&P 500 gained 9% and the Dow Jones increased by 12% over the the same period. Russia's RTS index soared after the US election and gained 28% in 2016, while China's Shanghai Composite ended 10% lower.

REVIEW OF THE CA IMMO CORE MARKETS IN 2016[2)]

Growth in the eurozone amounted to 1.7% in 2016, with the EU as a whole achieving 1.9%. The unemployment rate (seasonally adjusted) for the euro area was 9.6% (down from 10.4% in January 2016) and 8.1% (down from 8.9% in January 2016) for the EU as a whole in January 2017, which is the lowest rate since January 2009. The government debt to GDP ratio stood at 91.2% at the end of the third quarter 2016 (83.3% in the EU28). Annual inflation picked up in the fourth quarter of 2016 and is expected to be 2.0% in February 2017.

The economy of **Austria** continues to grow with real GDP rising by 1.5% in 2016. The inflation rate in Austria stood at 1.0% in 2016 and is expected to increase to 1.8% in 2017. The current unemployment rate is reported at 5.7%.

The German economy continued its robust growth path and expanded by 1.9% in 2016. In EU comparison, **Germany** and the Czech Republic reported the lowest unemployment rates at just 3.8% and 3.4%, respectively, according to the most recent publication by Eurostat. The inflation rate in Germany remained on a low level throughout 2016 at 0.4%.

ECONOMIC DATA FOR CA IMMO CORE MARKETS

	Growth rate of real GDP [1)]		Annual inflation rates [2)]	Rate of unemployment [3)]	Public budget balance	Gross public debt	Current account balance
	2016	2017	in %	in %	as % of GDP 2016	as % of GDP 2016	as % of GDP 2016
EU –28	1.9	1.8	1.7	8.1	-1.9	85.1	2.1
Euro zone –19	1.7	1.6	1.8	9.6	-1.7	91.5	3.6
AT	1.5	1.6	2.1	5.7	-1.4	83.5	2.4
GER	1.9	1.6	1.9	3.8	0.6	68.2	8.7
PL	2.8	3.2	1.4	5.4	-2.3	53.6	0.2
CZ	2.4	2.6	2.3	3.4	0.3	37.8	-0.2
HU	1.9	3.5	2.4	4.3	-1.8	73.5	5.4
RO	4.9	4.4	0.3	5.4	-2.8	39.1	-2.2

Source: European Commission, Eurostat, Bloomberg
[1)] Forecast, change versus prior year (in %); [2)] by January 2017; [3)] by January 2017 (seasonally adjusted)

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

As in preceding quarters, the core CA Immo markets in the CEE region displayed positive growth trends, although the pace of growth has slowed somewhat (with the exception of Romania).

Hungary was the laggard among the CEE core markets in terms of GDP growth at 1.9% in 2016. The economy of **Romania** continued to perform extraordinarily well in 2016, recording GDP growth of 4.9%. Gross domestic product in **Poland** grew to 2.8% in 2016 and **Czechia** expanded by 2.4% over the same period. The unemployment rate in the **CEE** nations is below the EU 28 and euro zone average; it stands at 3.4% in Czechia, 4.3% in Hungary and 5.4% in Poland and Romania.

The inflation rates in most CEE countries were negative and remained below the respective targets in 2015 mainly due to the continual fall in oil prices. 2016 partly showed a turnaround into positive territory. Czechia reported an inflation rate of 0.6% for 2016, while the inflation rate in Romania produced an annual value of –1.1%. The inflation rate in Poland stood at –0.2%, Hungary yielded an annual inflation of 0.4%.

THE MONEY MARKET AND INTEREST ENVIRONMENT [1)]

Monetary policy continued to be highly expansive in 2016 and was characterised by the continuance of historically low interest rates. In March 2016, the European Central Bank (ECB) under Mario Draghi announced a package of measures that exceeded market expectations. The policy of quantitative easing was extended with a further reduction in the deposit rate to –0.4%. Starting in April, € 80 bn (up from the previous level of € 60 bn) were invested in the purchase programme for government bonds and other securities. The programme was extended at least to the end of March 2017 in December. In a recent response to criticism about the policy in Germany, the ECB said that it is still not the time to start tapering the stimulus programme.

The European Central Bank (ECB) has maintained its interest rates at record lows at its January 2017 policy meeting. The marginal refinancing rate stands at 0.0%, while the marginal lending rate stands slight above at 0.25%. The interest rate on deposit facilities (deposit rate) for the euro zone stands at –0.4%. The rate remained negative during the whole year to make lending more attractive to banks.

The 3 month Euribor rate remained in negative territory, fluctuating between –0.13% and –0.32% in the period under review. As a result of the expansive policy of the European Central Bank (ECB), yields on government bonds from eurozone countries and corporate bonds with good credit ratings remain at historic lows. The 10-year German federal bond produced a negative yield for the first time in the second quarter of 2016. Corporate bonds with a negative yield of –0.05% were issued for the first time in quarter three of 2016.

Following the presidential election in the USA in November 2016, the mood brightened on international capital markets after an initially negative reaction. The infrastructure investment and tax cuts signalled have prompted many investors to factor in higher expectations of growth and inflation and, by extension, interest rates. Yields on 10-year US Treasury bonds and other government bonds, and especially those in emerging nations and the eurozone, have posted the biggest gains since the financial crisis in some instances. On a different note, renewed concerns about the future of the euro zone pushed the spread of French, Greek and Italian bonds over that of German bunds to recent highs.

OUTLOOK [2)]

The European Commission raised its growth forecast for the euro zone slightly to 1.6% in 2017 and 1.8% in 2018. At the same time, it pointed to “exceptional risks” surrounding its forecast, such as the start of “Brexit” negotiations between Britain and the European Union and “to be clarified” intentions of the new administration of the United States in key policy areas. The unemployment rate in the euro area is expected to decline further, from 10.0% in 2016 to 9.6% in 2017.

Euro zone inflation has reached its highest level in four years (above the targeted ECB rate) in February 2017 driven by rising energy costs, which might intensify the discussion on whether the bank should reduce its stimulative monetary policy. Annual inflation up to 2.5% in the US in January 2017 (up from 2.1% in December) might lead to another interest rate hike in March and consequently to a policy turnaround of the Federal Reserve’s towards a more aggressive monetary tightening path.

1) Sources: Eurostat, Central Statistical Offices, Bloomberg
2) Sources: European Commission Winter 2017 Economic Forecast, Bloomberg, Financial Times, The Economist

PROPERTY MARKETS

THE REAL ESTATE MARKET IN AUSTRIA [3]

The investment market

In 2016 the total volume invested in commercial real estate in Austria was € 2.8 bn; Vienna was the focus, attracting around 60% of that total. Although this value was roughly 29% below the record volume of last year, it exceeded the five-year average figure by approximately 16%. The decrease was mainly due to large-scale transactions that were signed in 2016 but will not be concluded until next year.

Office properties accounted for around 40% of transactions, followed by the hotel segment with around 26%. Domestic investors were responsible for approximately 54% of investment. The proportion of international investors was therefore somewhat lower at around 46%, while the proportion of German investors fell to around 12%, its lowest level for many years.

Like last year, the peak yield on office properties fell significantly to stand at the historically low level of just under 4.0%. Yields in good and average locations also continued to fall in the final quarter to 4.7% and 5.15% respectively. CBRE Research expects demand levels for commercial real estate in Austria to remain high and estimates a transaction volume of €3.5 bn for 2017.

The office property market

The stock of premises on the Viennese office property market amounted to 10.9 million sqm at year end. The main reason for the general stability of the total portfolio compared to the previous year was the significantly lower completion volume of around 65,000 sqm (compared to approximately 178,000 sqm in 2015).

Year on year, lettings performance rose sharply (+59%) to stand at around 329,000 sqm, the highest value since 2012 and roughly 24% above the five-year average. Almost all of the office premises completed in 2016 were pre-let or (to a higher degree) earmarked to be owner-occupied, and were not therefore made available on the lettings market.

Over the course of 2016, the vacancy rate declined significantly (by more than one percent) to stand at the record low of 5.3% at year end (Q4 2015: 6.3%). The positive trend is expected to continue into next year, driven by an anticipated demand for floor space.

The peak monthly rent in Vienna has been stable at around €26.0/sqm since the first quarter of 2016. Monthly rents rose by around 6.5% to €16.50/sqm in good office locations, while monthly rents in average locations stood at €14.25/sqm.

OFFICE MARKET DEVELOPMENT IN VIENNA

	2016	2015	Change in %
Take up in sqm 1	329,000	207,000	37.1
Vacancy rate in %	5.3	6.4	–20.8
Peak rent in €/sqm net exclusive	26.00	25.85	0.6
Prime yield in %	4.00	4.20	–5.0

Sources: CBRE: Vienna Office MarketView Q4 2016, MarketView EMEA Rents and Yields Q4 2016
Note: floor space turnover includes owner-occupied transactions

THE REAL ESTATE MARKET IN GERMANY [4]

The investment market

The transaction volume for commercial real estate in Germany totalled € 52.5 bn, just below the previous year's level. In spite of sharply falling yields, the German investment market continued to display extremely robust demand levels while offering an attractive alternative to many investors in view of historically low interest rates. In quarter four Germany was the most important European investment market for commercial real estate with a volume of €19.8 bn.

Around € 24.8 bn was invested in office properties in Germany in 2016. Offices therefore constituted the asset class in greatest demand, accounting for 47% of the entire German investment market for commercial real estate. The top five locations accounted for approximately 74% of investment.

With € 4.7 bn, the transaction level on the Berlin market exceeded the 10-year average by 26%; this figure was around 40% below the record value of the previous year, however, mainly because of the shortage of high quality properties on the market. A strong final quarter in Frankfurt produced a total volume of € 6.3 bn thanks to a range

[3] Sources: CBRE: Austria Investment MarketView Q4 2016, Vienna Office MarketView Q4 2016, MarketView EMEA Rents and Yields Q4 2016
[4] Sources: CBRE: Germany Investment Quarterly MarketView Q4 2016; Germany Office Investment MarketView Q4 2016; Berlin, Munich, Frankfurt Investment MarketView H2 2016; Germany Real Estate Market Outlook 2017; Destatis

of large transactions. This value was exceeded with € 6.6 bn in Munich, where once again a very strong closing quarter generated more than € 3 bn. Investment activity in Munich was thus 50% above the five-year average. In both Frankfurt and Munich, the office area accounted for more than 80% of the investment volume.

Demand for office properties remains high in German cities, with a rising proportion of foreign investors (>50% in 2016) playing key roles in large-volume transactions in particular. Owing to high demand for investment paired with a low level of supply, the peak yield in Munich fell to 3.20% year on year, 45 base points down since the end of 2015. In the same period Berlin fell 60 base points to 3.40% in the prime office segment. The prime yield in Frankfurt stood at 4.00%, a decline of 10 base points.

The office property market [5)]

The continuing upward trend in the German economy was reflected in GDP growth of 1.9% in 2016, the strongest rate of growth in the last five years. The trend in the number of persons employed is positive, leading to a rising demand for office space; given the shortage of floor space in many inner city areas, rental rates are rising.

OFFICE MARKET DEVELOPMENT IN CA IMMO CORE MARKETS IN GERMANY

	2016	2015	Change
Berlin			
Take up in sqm	888,300	881,800	0.7
Vacancy rate in %	4.9	6.4	–30.6
Peak rent in €/sqm net exclusive	27.5	23.5	14.5
Prime yield in %	3.40	4.00	–17.6
Frankfurt am Main			
Take up in sqm	546,400	401,100	26.6
Vacancy rate in %	11.1	12.1	–9.0
Peak rent in €/sqm net exclusive	39.5	39.5	0.0
Prime yield in %	4.00	4.40	–10.0
Munich			
Take up in sqm	789,400	758,700	3.9
Vacancy rate in %	4.9	4.1	16.3
Peak rent in €/sqm net exclusive	35.0	34.0	2.9
Prime yield in %	3.20	3.65	–14.1

Sources: CBRE: Munich, Frankfurt, Berlin Office MarketView Q4 2016
Note: floor space turnover includes owner-occupied transactions

The lettings market in **Munich** performed very strongly once again in 2016. Floor space turnover totalled 789,400 sqm in 2016, approximately 4% above the previous year's value. Year on year, the continuing high demand brought about a 3% rise in the peak monthly rent to € 35.0/sqm, while the weighted monthly average rent was 3% below the previous year's level at € 16.0. The office vacancy rate currently stands at the historically low level of 4.1% (2015: 5.3%). Although the completion volume of 156,000 sqm in 2016 is the lowest value for the last 10 years, this figure is expected to rise significantly in 2017 and 2018.

Office space take-up in **Frankfurt** stood at 546,400 sqm in 2016, a significant rise of 40% on the previous year and the highest value since 2007. The vacancy rate was 11.1% at year end, well below the 10-year average of 14.8%. Aside from rising demand for office space, the demolition and conversion of older office premises to other uses underpinned the positive trend. The peak monthly rent of € 39.50 was unchanged on the previous year. The weighted average market rent is € 19.09/sqm per month. The completion volume of around 179,000 sqm was just below the 10-year average. CBRE Research does not expect the supply of floor space in the

[5)] Sources: CBRE: Munich, Frankfurt, Berlin Office MarketView Q4 2016 top segment of the market to expand significantly in the years ahead.

Office space take up for 2016 in **Berlin** was slightly up on the previous year and a new record value. The German capital therefore headed the field for another year in terms of lettings activity in the office sector. In yearly comparison, the vacancy rate fell by almost a quarter to its current level of 4.9%. The shortage of floor space led to a 15% increase in the peak monthly rent € 27.50/sqm, the strongest rate of growth among the top five locations in Germany. The weighted average rent also increased further to € 15.84/sqm per month. Although the completion volume of 340,000 sqm increased significantly on previous years, it is struggling to keep pace with high demand.

THE REAL ESTATE MARKET IN EASTERN EUROPE [1]

The investment market

Strong demand from investors for the real estate asset class has also led to a significant rise in liquidity on property markets in Eastern Europe. The registered transaction volume of € 12.6 bn – the highest recorded value – was some 42% above the previous year's volume. In regional terms, Poland accounted for the largest volume (36%), followed by the Czech Republic (29%), Hungary (13%) and Romania (7%).

The volume of office transactions was approximately € 1.1 bn in Warsaw, with a registered peak yield of up to 5.25%. This trend is expected to continue in 2017 with the suppression of yields reaching up to 5.0%. The peak yield also fell sharply (to as much as 4.85%) in Prague. JLL Research anticipates a yield of 6.75% for prime office projects in Budapest and expects further suppression thanks to greatly improved market sentiment. The office segment accounted for roughly 47% of the overall transaction volume of € 1.7 bn. The acquisition of Millennium Towers in Budapest by CA Immo was the largest single office transaction in the history of Hungary's commercial property market. Romania reported an investment volume of € 890 m, of which the capital Bucharest accounted for around 70% and the office sector was responsible for 45%; a peak yield of 7.5% is indicated.

The office property markets [2]

Lettings continued to develop positively in 2016 in all four of CA Immo's core cities (Warsaw, Prague, Budapest and Bucharest), bringing about a decrease in vacancy rates over the course of the year.

By the end of 2016, total office space in **Warsaw** had exceeded the 5.0 m sqm threshold as around 417,000 sqm of floor space was completed during the year. More than 60 projects were under construction at the time according to CBRE Research; around 54% of the associated floor space of 856,000 sqm was in a central location, with some 360,000 sqm of this scheduled for completion in 2017. Total floor space turnover in 2016 was 757,700 sqm, around 10% below the previous year's value. The vacancy rate remained high, rising from 12.3% (2015) to 14.1%. The peak monthly rent has fallen steadily over recent quarters before stabilising at the current level of around € 23/sqm in the CBD.

By the end of 2016 some 412,000 sqm of office space had been let in **Bucharest**, an increase of 42% on the previous year. Of the 294,000 sqm completed, 75% was prelet. The stock of office space totalled 2.64 m sqm, a figure set to rise to over 3 m sqm over the next two years. In annual comparison, the vacancy rate had fallen slightly by year end to 11.7%. The peak monthly rent in Bucharest was stable at € 18.5/sqm.

Annual take-up in **Budapest** amounted to 467,100 sqm in 2016, a high level above the 10-year average but below last year's record number of 538,100 sqm. Around 96,000 sqm of new space was added to the market. The vacancy rate continued its decling trend since 2012 and stood at 9.5% at the end of the year (2015: 11.7%). The prime monthly rent is reported at € 22.0 / sqm.

A historically low completion volume of 33,400 sqm was reported for the office market in **Prague** in 2016; the stock of office space was also constant at 3.20 million sqm. Lettings performance totalled 414,400 sqm in 2016, of which 305,400 sqm was newly let – a new record value. The vacancy rate fell to 10.6% over the course of the year. Peak rents in the city centre stood at € 19.50/sqm per month.

[1] Sources: Jones Lang LaSalle: CEE Investment Pulse H2 2016
[2] Sources: CBRE: Prague, Warsaw, Bucharest Office MarketView Q4 2016; JLL: Budapest City Report Q4 2016 / Q4 2015

OFFICE MARKET DEVELOPMENT IN CA IMMO CORE MARKETS IN EASTERN EUROPE

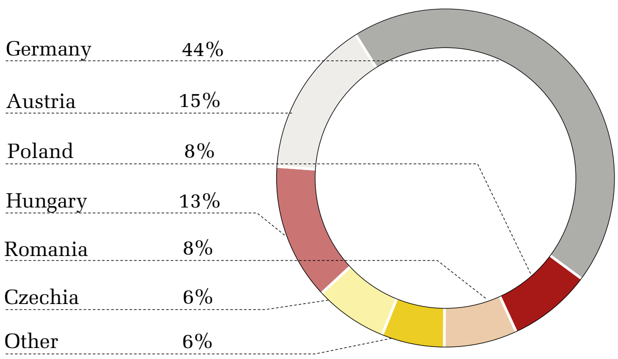
	2016	2015	Change in %
Budapest			
Take up in sqm	467,100	538,100	-15.2
Vacancy rate in %	9.5	12.1	-27.4
Peak rent in €/sqm net exclusive	22.0	21.0	4.5
Prime yield in %	6.75	7.15	-5.9
Bucharest			
Take up in sqm	412,000	238,900	42.0
Vacancy rate in %	11.7	11.9	-1.7
Peak rent in €/sqm net exclusive	18.5	18.5	0.0
Prime yield in %	7.50	7.50	0.0
Prague			
Take up in sqm	414,400	98,300	76.3
Vacancy rate in %	10.6	10.6	0.0
Peak rent in €/sqm net exclusive	19.5	19.5	0.0
Prime yield in %	5.00	5.25	-5.0
Warsaw			
Take up in sqm	757,700	832,200	-9.8
Vacancy rate in %	14.2	12.3	13.4
Peak rent in €/sqm net exclusive	23.0	23.5	-2.2
Prime yield in %	5.35	5.75	-7.5

Sources: CBRE: Prague, Warsaw, Bucharest Office MarketView Q4 2016; JLL: Budapest City Report Q4 2016 / Q4 2015, CEE Investment Market Pulse H2 2016; Note: floor space turnover includes owner-uccupied transactions

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 build up a focused portfolio of high quality and profitable investment properties within the core markets of Germany, Austria, Czechia, Poland, Hungary and Romania. The company generates additional revenue through the utilisation of developed land reserves.

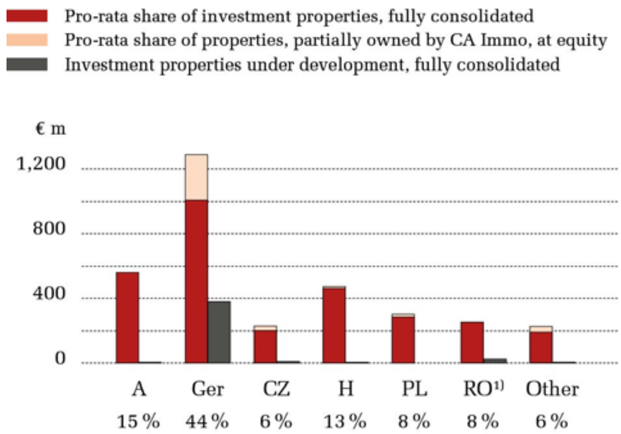
DISTRIBUTION OF BOOK VALUE PROPERTY ASSETS BY COUNTRY (Basis: € 3.8 bn)



€ 3.8 bn property assets

As at key date, the property assets of CA Immo were approximately € 3.8 bn (2015: € 3.7 bn). Of this figure, investment properties[1] account for € 3.4 bn (88% of the total portfolio) and property assets under development represent € 0.4 bn (12% of total portfolio). Germany is the biggest regional segment with a proportion of 44% of total property assets.

DISTRIBUTION OF PROPERTY ASSETS BY COUNTRY AND TYPE (incl. short-term properties)



1) Incl. 5.4 € m Investment properties under development at equity

PROPERTY ASSETS OF THE CA IMMO GROUP AS AT 31.12.2016 (PORTFOLIO VALUES)

in € m	Investment properties 2)			Investment properties under development			Short-term property assets 3)			Property assets			Property assets in %		
	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ
Austria	551	0	551	5	0	5	15	12	27	572	12	584	17	3	15
Germany	980	195	1,176	384	0	384	34	83	118	1,398	279	1,677	41	69	44
Czechia	206	30	236	14	0	14	0	0	0	220	30	250	6	7	6
Hungary	449	11	460	1	0	1	0	17	17	450	29	479	13	7	13
Poland	288	16	304	0	0	0	0	0	0	288	16	304	9	4	8
Romania	259	0	259	23	5	29	0	0	0	282	5	288	8	1	8
Others	196	37	233	6	0	6	0	0	0	202	37	239	6	9	6
Total	**2,930**	**289**	**3,219**	**433**	**5**	**438**	**49**	**113**	**162**	**3,413**	**407**	**3,820**	**100**	**100**	**100**
Share of total portfolio			84%			12%			4%			100%			

Full: Fully consolidated properties wholly owned by CA Immo
At equity: Properties partially owned by CA Immo, consolidated at equity (pro-rata share)
2) Includes properties used for own purposes
3) Short-term property assets include properties intended for trading or sale

1) Includes short-term property assets

Acquisitions

In mid-September, CA Immo signed the acquisition of the centrally located **Millennium Towers office complex** comprising 70,400 sqm in Budapest. The transaction was closed in the end of September. The transaction volume for the fully rented asset with an annual rental income of € 12 m amounts to € 172 m. With this acquisition, CA Immo expands its presence in the core market Hungary, where it currently holds the largest property portfolio following Germany and Austria.

Sales

In business year 2016, the strategic policy of focusing on large-scale, modern office properties in the portfolio was upheld across the Group. Accordingly, the majority of sales involved properties not classified as part of core business of CA Immo in regional or sectoral. Property assets (incl. assets held "at equity", where CA Immo holds a proportionate share) sold in 2016 generated total trading income of € 335.8 m and contributed € 37.6 m to the result (compared to € 53.9 m in 2015). Major contributor to the result was the sale of the railway authority building in Stuttgart, including a 13,400 sqm plot. Trading income is reinvested in the development of office projects in Germany, amongst other things.

In October, CA Immo has concluded an agreement to sell the **Šestka Shopping Center in Prague**, covering more than 27,300 sqm of retail space. The transaction was closed in the end of October 2016.

Portfolio adjustments delivered sales proceeds throughout **Austria**. A number of smaller properties with various types of use as well as superaedificates were sold with a total transaction volume of about € 57.8 m. The profit of these transactions was around € 4.7 m.

The **sale of building plots**, which were mainly concluded in the course of urban district development projects in German city centre locations, contributed a total of € 105.6 m to trading income or € 11.8 m to the result.

Investments

In 2016, CA Immo invested a total of € 168.4 m (2015: € 140.5 m) in their property portfolio (investments and maintenance costs). Of this figure, € 45.6 m was earmarked for modernisation and optimisation measures and € 122.8 m was devoted to the furtherance of development projects.

PROPERTY ASSETS BRIDGE 2015 TO 2016 AND KEY FIGURES 2016

		Austria	Germany	Eastern Europe	Total
Property assets 31.12.2015	**€ m**	**609.7**	**1,553.2**	**1,492.8**	**3,655.8**
Acquisition of new properties	€ m	0.0	0.0	165.2	165.2
Capital expenditure	€ m	9.8	114.2	37.1	161.1
Change from revaluation/impairment/depreciation	€ m	5.8	173.5	–17.5	161.9
Changes Lease incentive	€ m	0.1	2.6	–1.4	1.3
Disposals	€ m	–41.7	–166.4	–121.0	–329.0
other Changes	€ m	0.0	–0.4	4.1	3.7
Property assets 31.12.2016	**€ m**	**583.8**	**1,676.8**	**1,559.3**	**3,819.9**
Annual rental income[1)]	€ m	32.2	58.1	92.7	183.0
Annualised rental income	€ m	31.3	58.2	108.7	198.2
Economic vacancy rate for investment properties	%	5.2	6.1	9.0	7.6
Gross yield (investment properties)	%	5.6	4.9	7.2	6.1

[1)] Includes annual rental income from properties sold in 2016 (€ 5.4 m)

INVESTMENT PROPERTIES

Contributing around 88% 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 regular rental revenue. 60% of the rentable office surfaces[1] of CA Immo are certified in accordance with LEED, DGNB or BREEAM standard (see also the chapter Sustainability).

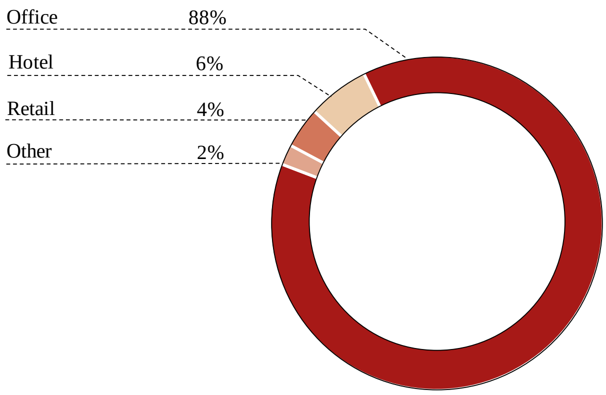
Investment properties: Office share enhanced to 88%

As at key date 31 December 2016, the Group's asset portfolio[2] incorporated a total rentable effective area of 1.3 m sqm with an approximate book value of € 3.2 bn (compared to € 2.8 bn in 2015). With 46% of book value, the Eastern Europe segment accounts for the largest proportion of the asset portfolio. In 2016, CA Immo generated total rental income of € 183.0 m (€ 187.8 m in 2014); the Eastern Europe segment accounted for roughly 51% of total rental revenue. On the basis of annualised rental revenue, the asset portfolio produced a yield of 6.1%[3] (6.3% in 2015). In line with the strategic portfolio focus, the office share in the total portfolio was further increased from 85% (31.12.2015) to 88% as at the reporting date.

Occupancy rate increased to 92.4%

The occupancy rate for the asset portfolio rose from 90.4%[4] (31.12.2015) to 92.4%[4] on 31 December 2016. In like-for-like comparisons of properties forming part of the portfolio as at 31 December 2015, the economic occupancy rate increased from 90.3% on that date to 92.0% on the balance sheet date for 2016.

DISTRIBUTION OF BOOK VALUE INVESTMENT PROPERTIES BY MAIN USAGE (BASIS: € 3.2 BN)



INVESTMENT PROPERTIES: KEY FIGURES BY COUNTRY [5]

	Fair value property assets in € m			Rentable area in sqm			Occupancy rate in %			Annualised rental income[6] in € m			Yield in %		
	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ	full	at equity	Σ
Austria	547.0	0.0	547.0	331,907	0	331,907	94.8	0.0	94.8	30.7	0.0	30.7	5.6	0.0	5.6
Germany	977.9	195.4	1173.2	297,123	34,132	331,256	94.9	89.6	93.9	47.8	10.1	57.9	4.9	5.2	4.9
Czechia	206.1	29.8	235.9	84,471	10,911	95,382	93.0	99.7	93.8	13.7	2.0	15.7	6.7	6.7	6.7
Hungary	449.1	11.3	460.4	233,345	6,982	240,327	92.3	98.5	92.5	33.1	1.2	34.3	7.4	10.2	7.4
Poland	288.3	15.8	304.1	93,614	5,820	99,434	87.0	97.0	87.5	18.7	1.0	19.7	6.5	6.1	6.5
Romania	258.9	0.0	258.9	106,377	0	106,377	92.3	0.0	92.3	20.2	0.0	20.2	7.8	0.0	7.8
Others	196.4	36.7	233.1	110,612	23,591	134,203	87.7	90.8	88.2	13.9	3.1	17.0	7.1	8.4	7.3
Total	**2,923.7**	**289.0**	**3,212.7**	**1,257,450**	**81,437**	**1,338,887**	**92.5**	**91.9**	**92.4**	**178.1**	**17.3**	**195.5**	**6.1**	**6.0**	**6.1**

Full: Fully consolidated properties wholly owned by CA Immo; At equity: Properties partially owned by CA Immo, consolidated at equity (pro-rata share)

[1] Excl. office properties with a value < € 10 m
[2] Excl. properties used for own purposes and short-term property assets
[3] Excl. the in 2015 completed project developments Kontorhaus, Monnet 4 and Kennedy-Haus, which are still in the stabilisation phase, the yield stands at 6.3% (31.12.2015: 6.5%)
[4] excl. the project developments Kontorhaus, Monnet 4 and Kennedy-Haus, completed in 2015, which are still in the stabilisation phase, the occupancy rate is 92.9% (31.12.2015: 92.7%)
[5] Excl. properties used for own purposes and short-term assets; incl. the office projects Monnet 4, Kennedy Haus and Kontorhaus, which were completed in 2015
[6] Monthly contractual rent as at key date multiplied by 12

LIKE-FOR-LIKE COMPARISON OF PROPERTIES IN THE PORTFOLIO AS AT 31.12.2015

	Book values		Annualised rental income [1]		Gross yield in %		Occupancy rate	
m	2016	2015	2016	2015	2016	2015	2016	2015
Austria	547.0	543.6	30.7	30.9	5.6	6.0	94.8	96.3
Germany	1,160.1	1,036.8	57.0	50.8	4.9	4.9	93.8	85.2[2]
Eastern Europe	1,319.9	1,306.1	94.8	97.4	7.2	7.5	90.0	91.2
Total	**3,027.0**	**2,886.5**	**182.5**	**179.1**	**6.0**	**6.2**	**92.0**	**90.3**

[1] Monthly contractual rent as at key date multiplied by 12
[2] Excl. the project developments Kontorhaus, Monnet 4 and Kennedy-Haus, which were completed in 2015, the occupancy rate as at 31.12.2015 was 93.8%

Lettings performance 2016: 16% of usable space newly let or extended

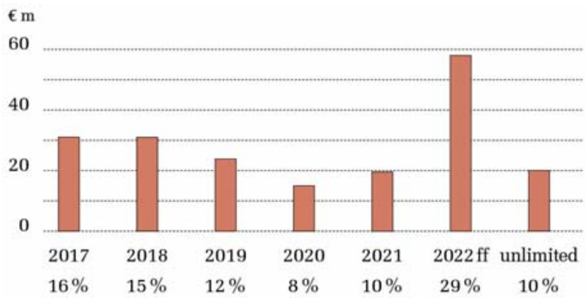
Across the Group, CA Immo let 222,959 sqm of floor space in 2016, of which 5% (about 11,000 sqm) were pre-lettings on development projects. Excluding these pre-lettings, this equates to lettings performance of 16% of the Group´s total investment portfolio, which amounts to 1.3 m sqm. New lettings and contract extensions by existing tenants accounted for around 49%; renewals of existing tenants represent 51%. Office space accounted for 88% of the total lettings performance.

The market with the highest lettings performance 2016 (in terms of regional lettable space) was Romania with about 40% new lettings or contract extensions, followed by Poland with 19% lettings performance. The biggest individual new letting was the lease contract with the Federation of Austrian Social Security Institutions in the Vienna office building in Haidingergasse for a total of 9,800 sqm office space. 39% of the lease contracts (in terms of letting volume) are concluded for a term of more than 5 years or for an unlimited term.

LETTINGS PERFORMANCE BY SEGMENT [1]

in sqm	Pre-leases development projects	New leases investment properties	Lease extensions	Total
Germany	3,764	16,921	17,629	38,314
Austria		21,139	10,710	31,849
Eastern Europe	7,256	66,732	78,808	152,796
Total	**11,020**	**104,792**	**107,147**	**222,959**
% of total	5%	47%	48%	100%

EXPIRY PROFILE OF LEASE AGREEMENTS BASED ON EFFECTIVE RENTAL INCOME



BIGGEST TENANTS (TOP 10)

	Sector	Region	Share in % of total rent [1]
PWC	Auditor	Germany	6.7
Verkehrsbuero Hotellerie	Hotel sector	Austria/Eastern Europe	2.3
Land Berlin c/o Berliner Immobilienmanagement	Property administration	Germany	2.0
TOTAL Deutschland	Energy supply	Germany	1.9
Google	IT	Austria	1.9
Robert Bosch	Industrial	Austria	1.7
Morgan Stanley	Banks	Eastern Europe	1.6
Österreichische Post	Post	Germany	1.6
InterCity Hotel	Hotel sector	Germany	1.4
IBM	IT	Eastern Europe	1.3

[1] Based on annualised rental revenue

GROUP MANAGEMENT REPORT

THE AUSTRIA SEGMENT

The asset portfolio in Austria comprises rentable effective area of 331,907 sqm with a market value of around € 547.0 m according to current valuations. In 2016, this portfolio generated rental income of € 32.2 m (€ 35.5 m in 2015), equivalent to an average yield of 5.6% (5.7% in 2015).

CA Immo invested 2016 around € 6.0 m in its Austrian investment portfolio (investments and maintenance costs), compared to € 6.0 m in 2015.

Lettings

In Austria around 21,140 sqm of office space was newly let and contracts for approx. 10,700 sqm renewed. In terms of total lettable space in Austria, this corresponds to a leasing performance of 9%. The economic occupancy rate in the asset portfolio was 94.8% as at key date (96.5% in 2015).

INVESTMENT PROPERTIES AUSTRIA: KEY FIGURES [1)]

in € m	31.12.2016	31.12.2015	Change
Book value	547.0	587.6	–6.9
Annualised rental income [2)]	30.7	33.4	–7.9
Gross yield in %	5.6	5.7	–0.1 pp
Economic vacancy rate in %	5.2	3.5	1.7 pp

[1)] Excludes properties used for own purposes
[2)] Monthly contractual rent as at key date multiplied by 12

THE GERMANY SEGMENT

At the key date, CA Immo held investment properties in Germany with an approximate market value of € 1,173.2 m (€ 1,058.5 m in 2015) and rentable effective area of 331,256 sqm. With a share of about 37% of the total CA Immo portfolio (in terms of the portfolio value), Germany is the Group's biggest investment property market. The German property assets comprise mainly modern office buildings developed by CA Immo in central locations in Berlin, Munich and Frankfurt; 69% of the lettable office spaces[1)] are certified according to DGNB or LEED standard.

Rental income of € 58.1 m was generated in 2016, compared to € 57.4 m in 2015. The yield on the portfolio was – unchanged to the value of 2015 – 4.9% as at 31 December 2016. CA Immo spent some € 9.7 m on maintaining its German investment properties in 2016 (investments and maintenance costs).

Occupancy rate up from 85%[2)] to 94%

The occupancy rate for the asset portfolio in Germany increased from 85.4%[2)] on 31 December 2015 to 93.9% on 31 December 2016. Considerable contribution to this increase in occupancy rate had the continuous stabilisation of the office projects Kontorhaus (Munich), Kennedy-Haus and Monnet 4 (Berlin), which were completed in 2015, as well as large-scale new rentals in the Tower 185 (Frankfurt). In Germany, approx. 38,300 sqm floor space (of which 26,200 sqm is office space) was newly let or extended during 2016. Pre-letting on development projects accounted for almost 3,800 sqm.

INVESTMENT PROPERTIES GERMANY: KEY FIGURES [1)]

in € m	31.12.2016	31.12.2015	Change
Book value	1,173.2	1,058.5	10.8
Annualised rental income [2)]	57.9	51.6	12.3
Gross yield in %	4.9	4.9	0.0 pp
Economic vacancy rate in %	6.1	14.6	–8.5 pp

[1)] Excl. properties used for own purposes and short-term assets
[2)] Monthly contractual rent as at key date multiplied by 12

[1)] Excl. office properties with a portfolio value < € 10 m
[2)] Excl. the office projects Monnet 4, Kontorhaus and Kennedy Haus, which were completed in 2015, the economic vacancy rate was 93.8% as at 31.12.2015

THE EASTERN EUROPE SEGMENT

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

The acquisition of the office complex Millennium Towers in Budapest, which was closed in September (see chapter "Property Assets") results in an increase of nearly all performance indicators for the Eastern European CA Immo asset portfolio.

As at key date 31 December 2016, investment properties in Eastern Europe had an approximate market value of € 1,492.4 m (€ 1,359.8 m on 31.12.2015), equivalent to around 46% of the total asset 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 98% of the overall Eastern European portfolio. Approximately 68% of the office spaces are certified in accordance with the LEED, BREEAM or DGNB standard (see also chapter Sustainability).

Following the systematic streamlining of the portfolio since 2012, only 1% of the assets each are now retail and hotel properties. The portfolio is maintained and let by the company's local teams on site.

51% of rental revenue from Eastern Europe

The company's asset portfolio comprises 675,724 sqm of rentable effective area which generated rental income of € 92.7 m in 2016 (compared to € 94.9 m in 2015). This represents 51% of CA Immo's total rental revenue. The overall portfolio produced a gross yield of 7.2% (7.6% in 2015). In 2016, CA Immo invested € 29.9 m in its Eastern Europe investment portfolio (investments and maintenance costs).

High Occupancy rate remains stable

The economic occupancy rate (measured on the basis of expected annual rental income) was – unchanged to 2015 – 91.0% as at 31 December 2016 (31.12.2015: 91.1%). Total lettings performance for the Eastern Europe segment in 2016 stood at roughly 145,500 sqm of rentable effective area (thereof office space accounted for 131,100 sqm); this corresponds to a letting performance of 22% based on total stock in the region.

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

INVESTMENT PROPERTIES IN EASTERN EUROPE: KEY FIGURES [1]

	Fair value property assets in € m			Annualised rental income [2] in € m			Occupancy rate in %			Yield in %		
	full	at equity	Total	full	at equity	Total	full	at equity	Total	full	at equity	Total
Poland	288.3	15.8	304.1	18.7	1.0	19.7	87.0	97.0	87.5	6.5	6.1	6.5
Hungary	449.1	11.3	460.4	33.1	1.2	34.3	92.3	98.5	92.5	7.4	10.2	7.4
Romania	258.9	0.0	258.9	20.2	0.0	20.2	92.3	0.0	92.3	7.8	0.0	7.8
Czechia	206.1	29.8	235.9	13.7	2.0	15.7	93.0	99.7	93.8	6.7	6.7	6.7
Others	196.4	36.7	233.1	13.9	3.1	17.0	87.7	90.8	88.2	7.1	8.4	7.3
Total	**1,398.8**	**93.6**	**1,492.4**	**99.7**	**7.2**	**106.8**	**90.7**	**95.2**	**91.0**	**7.1**	**7.7**	**7.2**

Full: Fully consolidated properties wholly owned by CA Immo
At equity: Properties partially owned by CA Immo, consolidated at equity (pro-rata share)
[1] Excludes short-term property assets
[2] Monthly contractual rent as at key date multiplied by 12

INVESTMENT PROPERTIES UNDER DEVELOPMENT

Project development as a driver of organic growth

Through its development activity, CA Immo raises the quality of the company's portfolio and concurrently achieves organic growth. In addition, the company increases the value of land reserves by acquiring building rights and utilises them by means of sales or joint venture developments. CA Immo either transfers completed projects to its portfolio or sells them (through forward sales or to investors upon completion).

In the course of its development activity, CA Immo covers a deep value chain from site development and property use approval to construction management and the letting or sale of completed properties. Information on sustainability aspects of the business area investment properties under development can be found in the chapter Sustainability.

88% of development activity in Germany

As at 31 December 2016, the development division represented around 12% (equivalent to approximately € 438.5 m, 2015: € 417.5 m) of CA Immo's total property assets. Accounting for a share of 88%, the focus of project development activity is still firmly on Germany. Developments and land reserves in Eastern Europe (11%) and in Austria (1%) account for the remainder of property assets under development. Development projects in Germany with a total book value of € 383.6 m are divided into projects under construction accounting for around € 118.9 m and plots subject to property use approval and long-term land reserves (€ 264.6 m).

THE AUSTRIA SEGMENT

In the **Vienna district of Lände 3**, CA Immo has made rapid progress with utilisation of the last three construction sites on Erdberger Lände itself, a process that began in 2015.

Alongside the construction of 220 rental apartments for a local investor (Wohnbau Süd), which began early in 2016, CA Immo commenced building work on the development of 270 more apartments on the Lände 3 site at the start of September together with joint venture partner JP Immobilien. The residential project, which will comprise around 500 apartments in total, will be marketed under the name **Laendyard Living**.

CA Immo also commenced development of the 14,700 sqm **ViE office building** in the Lände 3 district at the end of 2016. Completion of the last structure under development in the Lände 3 district is scheduled for 2018.

INVESTMENT PROPERTIES UNDER DEVELOPMENT BY COUNTRY

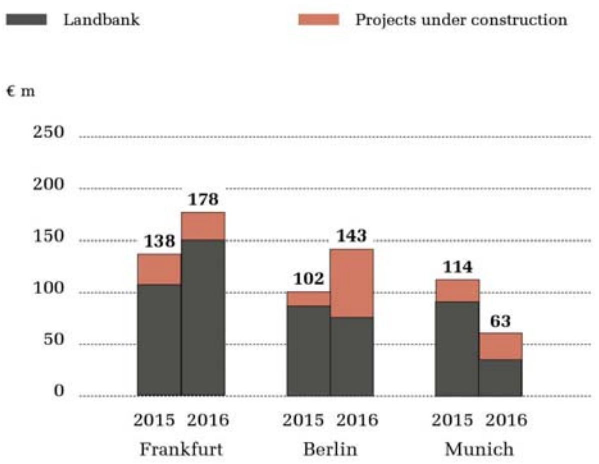
	Landbank		Projects under development		Total Investment Properties under Development	
in € m	Book value	Book value in %	Book value	Book value in %	Book value	Book value in %
Austria	**0.0**	**0.0**	**5.5**	**3.7**	**5.5**	**1.2**
Frankfurt	151.3	51.9	27.0	18.3	178.3	40.7
Berlin	76.8	26.4	65.9	44.8	142.7	32.5
Munich	36.5	12.5	26.1	17.7	62.6	14.3
Germany	**264.6**	**90.8**	**118.9**	**80.8**	**383.6**	**87.5**
Czech Republic	13.8	4.7	0.0	0.0	13.8	3.1
Hungary	1.3	0.4	0.0	0.0	1.3	0.3
Poland	0.0	0.0	0.0	0.0	0.0	0.0
Romania	5.9	2.0	22.7	15.4	28.6	6.5
Other	5.8	2.0	0.0	0.0	5.8	1.3
Eastern Europe	**26.8**	**9.2**	**22.7**	**15.4**	**49.5**	**11.3**
Total	**291.4**	**100.0**	**147.1**	**100.0**	**438.5**	**100.0**

THE GERMANY SEGMENT

CA Immo's development activity in Germany focused on large scale, mixed-use urban projects in Berlin, Munich and Frankfurt. As at 31 December 2016, CA Immo held rentable effective area under construction amounting to 148,235 sqm in Germany with an expected market value (after completion) of around € 742.0 m.

In addition to the current project volume, German land reserves with a value of € 264.6 m provide additional potential for development; after completion, usable space of approximately 800,000 sqm will have a value of around € 2 bn. These existing reserves will form the basis for the value-creating development activity of CA Immo over the years ahead.

GERMANY: BREAKDOWN OF ASSETS UNDER DEVELOPMENT

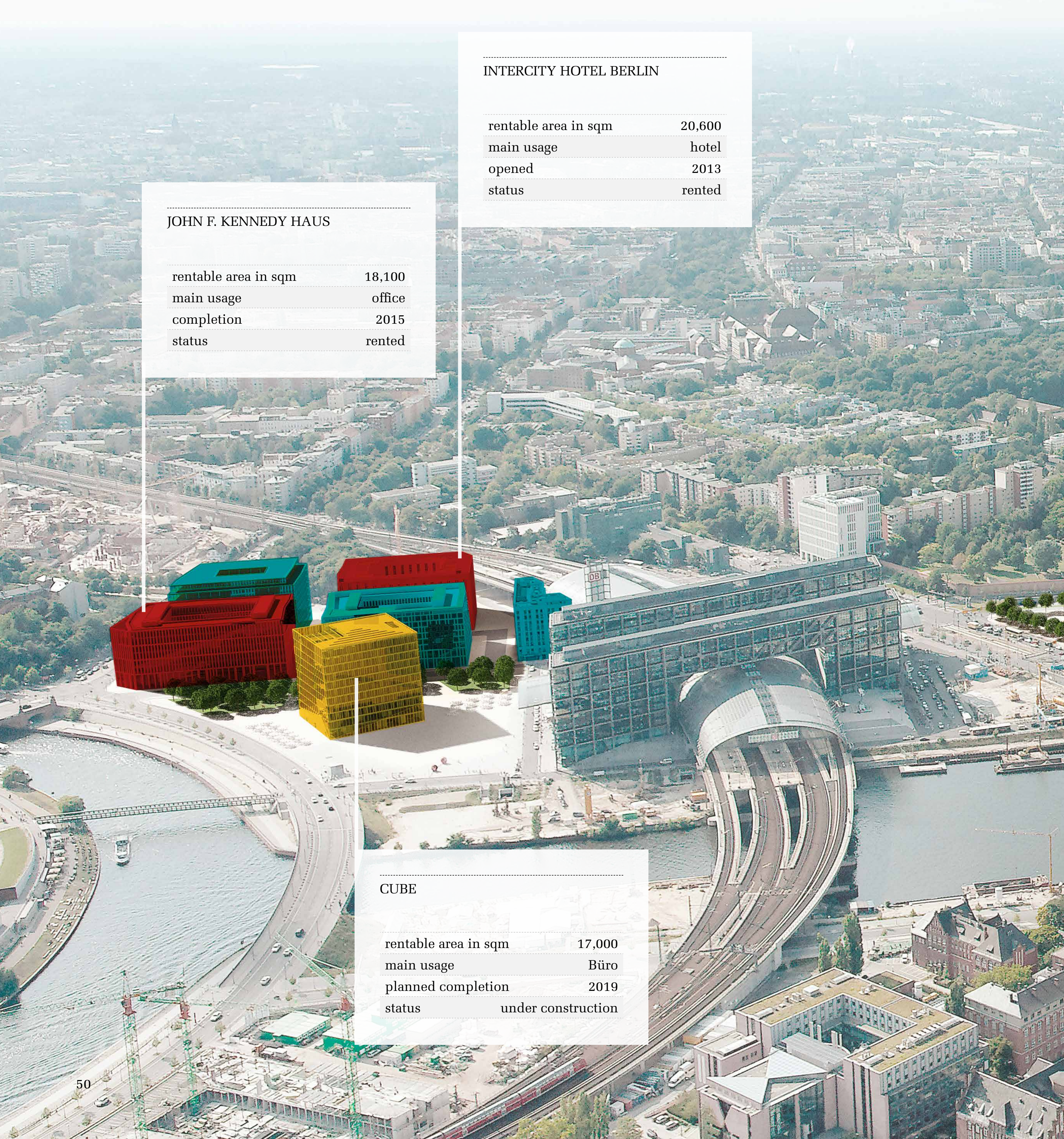


PROJECTS UNDER DEVELOPMENT

in € m	Total investment [1]	Outstanding construction costs	Planned rentable effective area in sqm	Gross yield on cost in %	City	Main usage	Share[2] in %	Pre-letting rate in %	Start of cons-truction	Scheduled completion
Projects (own stock)										
VIE	37.8	33.1	14,715	6.3	Vienna	Office	100	0	Q3 2016	Q3 2018
MY.O	96.0	84.5	26,183	6.0	Munich	Office	100	0	Q1 2017	Q3 2019
KPMG building	56.3	26.9	12,705	5.8	Berlin	Office	100	90	Q4 2015	Q2 2018
Rieck 1, Phase 2	10.4	9.2	2,786	6.4	Berlin	Office	100	0	Q4 2016	Q2 2019
ZigZag	16.3	12.8	4,389	5.7	Mainz	Office	100	0	Q2 2017	Q3 2018
Steigenberger [3]	56.3	41.9	17,347	6.4	Frankfurt	Hotel	100	93	Q3 2016	Q3 2018
Orhideea Towers	74.0	57.9	36,918	8.3	Bucharest	Office	100	22	Q4 2015	Q4 2017
Subtotal	**347.1**	**266.4**	**115,044**	**6.2**						
Projects (for sale)										
Cube	98.3	75.7	16,990	n.m.	Berlin	Office	100	0	Q4 2016	Q4 2019
Rieck I, Phase 1	25.7	22.4	5,215	n.m.	Berlin	Office	100	100	Q4 2016	Q1 2019
Rheinallee III	59.2	44.4	19,668	n.m.	Mainz	Residential	100	95	Q3 2016	Q3 2018
Baumkirchen WA 2	65.5	16.9	11,232	n.m.	Munich	Residential	50	99	Q2 2015	Q3 2017
Baumkirchen WA 3	66.4	39.9	13,631	n.m.	Munich	Residential	50	82	Q1 2016	Q3 2018
Baumkirchen NEO	86.2	64.9	18,088	n.m.	Munich	Mixed	50	26	Q1 2017	Q2 2019
Laendyard Living	57.1	44.8	19,439	n.m.	Vienna	Residential	50	31	Q3 2016	Q3 2018
Wohnbau Süd	34.1	17.9	14,100	n.m.	Vienna	Residential	100	100	Q2 2016	Q2 2018
Subtotal	**492.4**	**326.9**	**118,364**							
Total	**839.6**	**593.3**	**233,408**							

[1] incl. plot [2] All figures refer to the project share held by CA Immo [3] The Mannheimer Strasse bus station next to the hotel (now completed with a value of € 4.0 m) is still assigned to property assets under development as temporary usage and is not included in the table.

DEVELOPMENT OF URBAN DISTRICT EUROPACITY IN BERLIN



INTERCITY HOTEL BERLIN

rentable area in sqm	20,600
main usage	hotel
opened	2013
status	rented

JOHN F. KENNEDY HAUS

rentable area in sqm	18,100
main usage	office
completion	2015
status	rented

CUBE

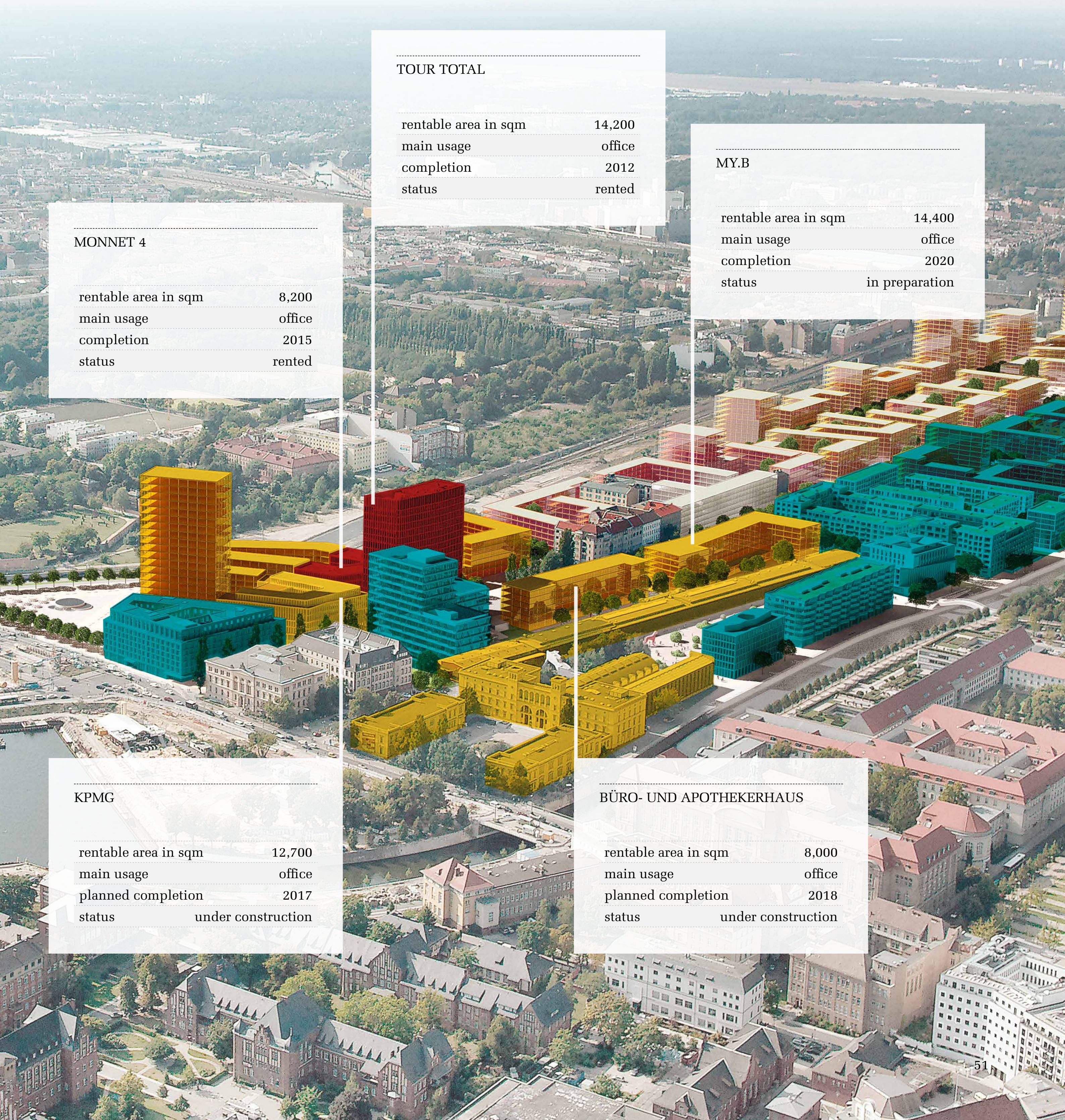
rentable area in sqm	17,000
main usage	Büro
planned completion	2019
status	under construction

Developed by CA Immo

Plots sold

Plots owned by CA Immo

EUROPACITY



TOUR TOTAL

rentable area in sqm	14,200
main usage	office
completion	2012
status	rented

MY.B

rentable area in sqm	14,400
main usage	office
completion	2020
status	in preparation

MONNET 4

rentable area in sqm	8,200
main usage	office
completion	2015
status	rented

KPMG

rentable area in sqm	12,700
main usage	office
planned completion	2017
status	under construction

BÜRO- UND APOTHEKERHAUS

rentable area in sqm	8,000
main usage	office
planned completion	2018
status	under construction

The main focus of current development activity in Germany

Berlin

Around Berlin's main rail station, the **city district Europacity** is taking shape, drawing together office, residential, hotel and culture on some 40 hectares. Reputable companies such as TOTAL, Steigenberger, Airbus, 50 Hertz, and Ernst Basler & Partner have already signed up as tenants or investors. CA Immo is developing three office projects in this district on the key date.

In January 2016, CA Immo decided to develop the Rieck I office building spanning some 9,500 sqm of gross office space in Europacity, Berlin. A leasing contract with ABDA – Bundesvereinigung Deutscher Apothekerverbände (Federal Union of German Associations of Pharmacists) – concerning some 70% of the office space is already concluded. 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 (section 2) will continue to be held by CA Immo.

Construction of the 18,500 sqm, **detached Cube building** at Berlin's main rail station began in the second half of 2016. 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.

Munich

560 high-quality housing units and attractive office spaces are expected to be completed by the end of 2018 in the **district development project Baumkirchen** Mitte in the Munich district of Berg am Laim with a surface of about 130,000 sqm. The major share of the privately financed apartments in the three residential sections has already been sold. The remaining 50 subsidised apartments in the third building section are expected to be sold in the first half of 2017. Preparation for apartment sales on the final construction site and for the construction of the **NEO hotel and office building** took place in parallel. Construction is expected to start in the first half of 2017.

CA Immo is preparing the development of an office building with some 27,000 sqm in the Munich district Nymphenburg under the name **My.O**. This 7-storey ensemble is being built in a central location close to the city railway. Start of construction is planned for the first half year of 2017.

The town planning and landscaping competition organised by CA Immo in partnership with the state capital of Munich to develop a 14-hectare site on Ratoldstrasse in the Munich district of Feldmoching was decided in July. Around 900 apartments are now to be built on what are largely brownfield property reserves at present. The result of the competition will form the basis of the forthcoming land use plan.

Frankfurt

Directly adjacent to the southern exit of the Frankfurt mainline station, CA Immo is developing an eight-level hotel with some 400 rooms along with 82 underground parking spaces for the Steigenberger Hotel Group. The hotel's opening is planned for the end of 2018.

Mainz

In the city quarter Zollhafen Mainz jointly developed by CA Immo and Stadtwerke, the construction of the residential and retail building Rheinallee III with a total of some 20,000 sqm lettable space was started in summer 2016. CA Immo is realising the building for an investor on a ready-to-occupy basis. Development of the ZigZag office building is under preparation on the same site.

THE EASTERN EUROPE SEGMENT

The Eastern Europe segment accounts for property assets under development (incl. land reserves) with an approximate market value of € 49.5 m. As at 31 December 2016, CA Immo had one development project under construction in eastern Europe: the **Orhideea Towers office project** in Bucharest spans some 37,000 sqm.

PROPERTY VALUATION

Property valuation constitutes the 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 are also key variables with a major influence on the demand situation on real estate investment markets.

External valuations to international standards

The value of real estate is generally determined by independent expert appraisers from outside the company applying recognised valuation methods. External valuations are carried out in line with standards defined by the Royal Institution of Chartered Surveyors (RICS). The 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 each party acts 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 competent assessment of the expert appraiser determines and considers other parameters such as, in particular, 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. Possible risks are considered, amongst other things, in respect of future attainable rents and the capitalisation and discounting 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 greater 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 **liquidation, costing or residual value method**) is used, depending on the property and the status of development.

An external valuation of over 95% of all property assets was carried out on the key date 31 December 2016. Values for other property assets were updated on the basis of binding purchase agreements or internally in line with the previous year's valuations.

The valuations as at 31 December 2016 were undertaken by the following companies:

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

Market environment in 2016

Like the previous year, the market environment for the core markets of Germany, Austria and the CEE nations was positive in 2016 (see also the 'Property markets' section). The positive economic trend in Germany has prompted a boom in investment and generated record high turnover from lettings and sustained yield compression. The encouraging development has also been reflected on the rental market of Germany in improved letting performance, occupancy rates and average rents in the German office cities. The CA Immo Group was able to derive significant benefit from these positive market trends thanks to its strong market positions in the cities of Munich, Frankfurt and Berlin. The Vienna office market also enjoyed greater interest from investors in a stable operating environment. The core Eastern European markets of Prague, Budapest and Bucharest were characterised by stable operating performance also in 2016. Extensive building activity is currently taking place on the office market in Warsaw, which also reports record lettings performance and strong interest from international investors. This also leads to significant yield suppression for core properties. Transaction activity on the investment markets in the CEE region continued its clearly positive trend and reached a historic record volume. For 2016 as a whole, the CA Immo Group recorded a positive revaluation result of € 138.3 m (€ 213.8 m in 2015).

AUSTRIA

A low volume of new office premises coupled with high levels of pre-letting made for a stable office property market in Austria in 2016; accordingly, there were no major value changes in the CA Immo asset portfolio. As at the key date, the revaluation result was € 2.4 m, against € 5.4 m in 2015. The average gross yield on investment properties increased slightly yoy from 5.7% to 5.6% (fully consolidated properties).

GERMANY

Strong performance on the German office market resulted in highly positive value development for the real estate portfolio, mainly on account of this positive market trend coupled with successful implementation of development projects and highly profitable sales of non-strategic properties. The revaluation result for the Group as at 31 December 2016 was € 144.0 m (31.12.2015: € 169.4 m). The largest contributions to the revaluation gain in terms of amount in the German segment came from undeveloped real estate in Frankfurt and Munich, the investment properties Skygarden, Ambigon and Kontorhaus in Munich, the John F. Kennedy-Haus and the InterCity Hotel in Berlin. Year on year, the gross yield increased slightly from 4.8% to 4.9% (fully consolidated properties).

VALUATION RESULT FOR AUSTRIA [1]

	Acquisition costs (€ m)	Book value (in € m)	Revaluation/ Impairment	Gross Yield in %	
	31.12.2016	31.12.2016	in € m	31.12.2015	31.12.2016
Income producing investment properties [2]	602.1	547.0	0.4	5.7	5.6
Investment properties under development	4.3	5.5	0.4		
Assets held for sale	10.7	15.1	1.7		
Total	**617.1**	**567.6**	**2.4**		

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

VALUATION RESULT FOR GERMANY [1]

	Acquisition costs (€ m) 31.12.2016	Book value (in € m) 31.12.2016	Revaluation/ Impairment in € m	Gross Yield (in %) 31.12.2015	31.12.2016
Income producing investment properties [2]	739.8	977.9	94.6	4.8	4.9
Investment properties under development	315.2	383.6	49.5		
Assets held for sale	0.0	0.0	0.0		
Properties held for trading	36.8	34.1	0.0		
Total	**1,091.8**	**1,395.6**	**144.1**		

[1] Based on fully consolidated properties; excl. the recently completed office projects Kontorhaus (Munich), John F. Kennedy Haus and Monnet 4 (Berlin) the gross profit as at 31.12.2016 was 5.2%
[2] Excludes properties used for own purposes

EASTERN EUROPE

The 2016 revaluation result for the Eastern Europe segment stood at € -8.2 m (2015: € 39.0 m). The market environment was widely stable across much of CA Immo's core region in 2016. One exception is Warsaw where the supply of modern office space puts pressure on the supply and demand balance in the short term owing to vigorous building activity, which is reflected in revaluation adjustments. The acquisition of Millennium Towers in Budapest led to a revaluation gain in the amount of € 7.2 m. The average gross yield on investment properties decreased slihtly yoy from 7.6% to 7.1% (fully consolidated properties).

VALUATION RESULT FOR EASTERN EUROPE [1]

	Acquisition costs (€ m) 31.12.2016	Book value (in € m) 31.12.2016	Revaluation/ Impairment in € m	Gross Yield (in %) 31.12.2015	31.12.2016
Investment properties	1,502.4	1,398.8	–8.2	7.6	7.1
Investment properties under development	54.1	44.0	0.0		
Assets held for sale	0.0	0.0	0.0		
Total	**1,556.6**	**1,442.8**	**–8.2**		

[1] Based on fully consolidated properties

FINANCING

As a real estate company, CA Immo operates in a capital-intensive sector where success is heavily dependent on access to debt. It is highly relevant 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 2016, the total financial liabilities of the CA Immo Group stood at € 1,565,639 K, above the previous year's value of € 1,403,989 K. Net debt after the deduction of the Group's cash and cash equivalents amounted to € 1,167,656 K at year end (2015: € 1,191,446 K). The company thus has an extremely robust balance sheet with a healthy equity ratio of 51.2% (53.2% in 2015), which in conservative debt figures equates to gearing of 53.0% (2015: 56.2%) and a loan-to-value (LTV) ratio of 34.2% (2015: 37.2%).

In addition to financing already secured which is thus reflected on the balance sheet, the CA Immo Group has non-utilised credit lines that will be used to finance development projects under construction in Germany; payment dates will be set by the banks as construction work progresses. This financing framework amounted to € 111,768 K as at the key date, whereby joint ventures are recognised according to the amount of the holding. Continual optimisation of the financing structure has led to a further significant reduction in financing costs in 2016 (€ -41,622 K against € -60,172 K in 2015). The resulting strengthened recurring earnings power further improves the Group's profitability and is reflected in growing Funds from Operations (FFO).

Confirmation of investment grade rating

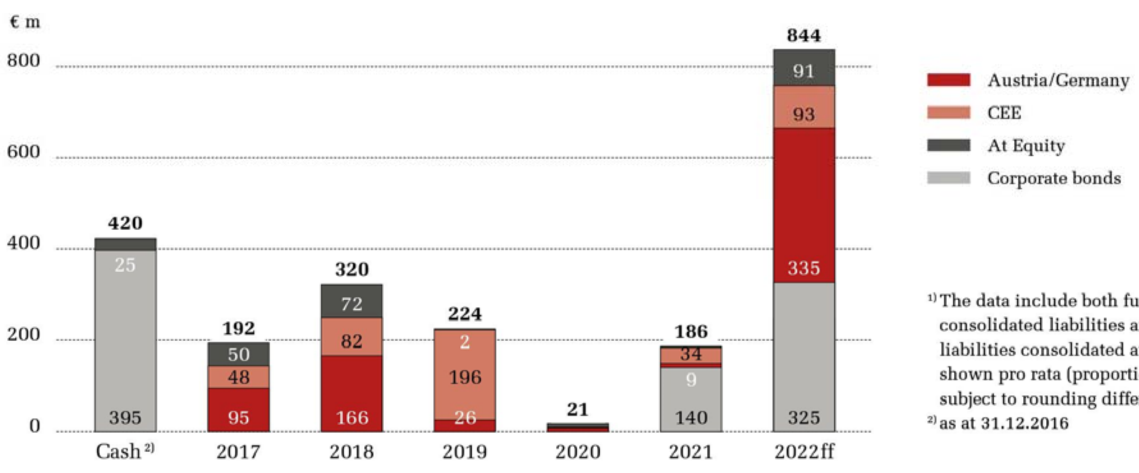
In December 2015 Moody's Investors Service, the international rating agency, classified CA Immobilien Anlagen AG with a Baa2 investment grade (long-term issuer) rating with stable prospects. The credit report published by Moody's emphasised the high quality and regionally diversified portfolio of office 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 communicated in April 2016, Moody's outlook was lowered from neutral to negative. The Baa2 issuer rating was last confirmed in July 2016 in a more detailed credit report.

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

Expiry profile

The diagram below shows the maturity profile of the financial liabilities of the CA Immo Group as at 31 December 2016 (assuming options to extend are exercised). The due amounts shown for 2017, fully secured mortgage loans, total approximately

EXPIRATION PROFILE FINANCIAL LIABILITIES[1] (as at 31.12.2016, basis: 1.8 € bn)



[1] The data include both fully consolidated liabilities and liabilities consolidated at equity shown pro rata (proportionately); subject to rounding difference
[2] as at 31.12.2016

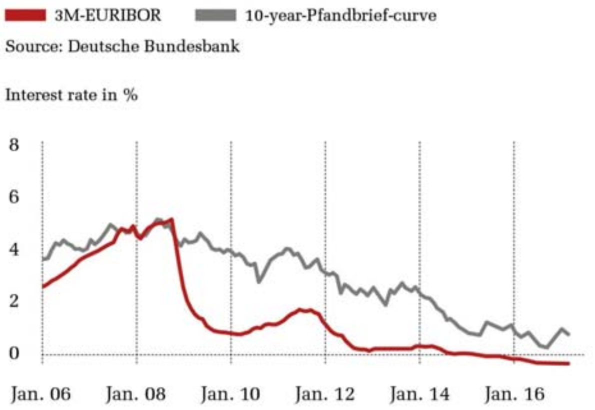
€ 192 m as at the key date. Of this, proportionate financing for joint ventures accounted for approximately € 50 m, partly repaid through the buy-out of joint venture partner Union Investment at the beginning of 2017 (see supplementary report). Regarding maturities of fully consolidated liabilities amounting to approximately € 143 m, secured loans due in Austria and Germany accounted for € 95 m, and project financing in Eastern Europe accounted for approximately € 48 m.

Falling financing costs

As the table shows, average financing costs for the CA Immo Group on the basis of total financial liabilities (i.e. including proportionate joint venture financing) stood at 2.3% as at key date 31 December 2016. This figure contains derivatives used for interest rate hedging in the form of interest rate swaps and caps. Where the latter are disregarded, the average interest rate is lower at 2.1%.

As a result, average financing costs fell significantly during 2016, as in the previous years (the figure on key date 31 December 2015 was 2.9%). The use of cash and cash equivalents to optimise the financing structure through the repayment of costly loans and the use of derivatives for interest rate hedging were the key drivers. With base rates still at historic lows and even negative in some instances (Euribor), and given the persistently competitive environment for bank financing (especially in Germany), which entails lower financing margins, the trend on all core markets of CA Immo was for decreasing financing costs.

INTEREST RATE 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
Income producing investment properties						
Austria	146.9	47.4	2.2	2.8	5.5	7.2
Germany	574.1	119.6	1.4	1.9	5.0	2.5
Czechia	116.4	51.2	2.3	2.2	2.6	1.8
Hungary	182.4	86.9	2.9	3.0	4.8	7.0
Poland	130.7	60.0	2.0	2.0	2.3	2.5
Romania	49.0	32.9	3.7	4.0	3.0	2.7
Others	36.2	0.0	3.5	3.5	1.1	0.0
Total	**1,235.7**	**398.1**	**2.0**	**2.3**	**4.3**	**4.0**
Development projects	46.3	6.3	1.4	1.4	2.1	2.2
Short-term property assets	38.8	0.0	1.7	1.7	0.8	0.0
Financing on parent company level	466.5	0.0	2.5	2.5	5.3	0.0
Total	**1,787.2**	**404.4**	**2.1**	**2.3**	**4.4**	**4.0**

[1)] The data include both fully consolidated liabilities and liabilities consolidated at equity and represented pro rata (proportionately)

BASIC PARAMETERS OF THE FINANCING STRATEGY

Current emphasis on secured financing

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.

Raising the proportion of unsecured financing

As at the key date, unsecured financing at Group parent company level was essentially limited to three bonds placed on the capital market with a total volume of approximately € 465 m; this received a boost of € 175 m in February 2017 with the issue of corporate bond 2017-2024. As at 31 December 2016, the book value of CA Immo's unsecured real estate was approximately € 1.0 bn. To secure the Group's investment grade rating, expansion of the volume of unsecured real estate is planned: the use of issue proceeds from unsecured financing instruments should enable the repayment of mortgage credit and thus the release of encumbrances relating to currently secured real estate.

Long-term financial indicators

Upholding 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 40-45% for the loan-to-value ratio (net financial liabilities to property assets). In the mid-term, the interest rate hedging ratio (around 77% as at the key date) is to be maintained at that level.

Long-term interest rate hedging

Since the interest paid makes up the biggest expense item 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 (and, to a lesser extent, interest rate caps) are used as interest hedging tools. It is also possible to utilise the instrument of a swaption, an option to enter into an interest rate swap in a defined timeframe. In future, fixed-interest bonds will also make up a greater part of the interest rate hedging ratio.

Of the derivatives deployed, interest swap agreements account for a nominal value of € 397,766 K. The weighted average term remaining on derivatives used for interest rate hedging is around 4.0 years, compared to a weighted remaining term of 4.4 years on financial liabilities. Interest rate caps represent a nominal value of € 44,196 K.

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 the fair value on the relevant key date is recognised directly in equity; for fair value derivatives, by contrast, the change is recognised as expenditure in the income statement under 'Income from interest rate derivative transactions'. As at key date 31 December 2016, contracts with a nominal value of € 92,360 K and a fair value of € –4,151 K were classified as cash flow hedges. The nominal value of swaps classified as fair value derivatives was € 305,406 K; the negative fair value was € –7,432 K as at 31 December 2016.

Bonds

As at key date 31 December 2016, CA Immo had the following outstanding bonds registered for trading on the unlisted securities market of the Vienna Stock Exchange:

ISIN	Typus	Outstanding Volume	Maturity	Cupon
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%

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, bond conditions contain a loan-to-value (LTV) covenant.

Issuance of new corporate bonds

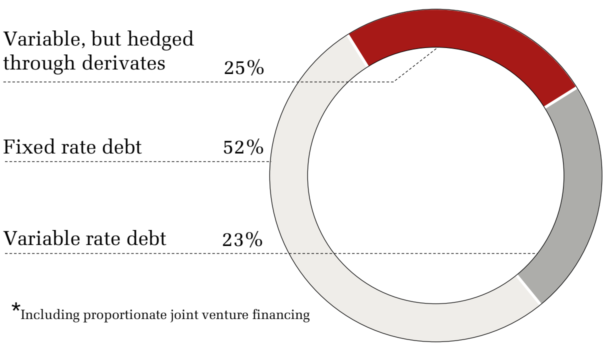
After being granted an investment grade rating in December 2015, CA Immo issued another unsecured corporate bond in February 2016 with a volume of € 150 m, a term of seven years and an interest rate of 2.75%. In July 2016 another corporate bond with a volume of € 140 m, a term of 5 years and an interest rate of 1.875% was issued. Both issues were assessed at Baa2 by the rating agency Moody's, in line with the issuer rating. Proceeds from the issues served to refinance the bond 2006-2016 due in September 2016 (€ 186 m) and to increase the Group's recurring income, including through further optimisation of the financing structure.

In February 2017 another corporate bond 2017-2024 with a volume of € 175 m and an interest rate of 1.875% was issued. The bond is registered for trading on the unlisted securities market of the Vienna Stock Exchange and the regulated market of the Luxembourg Stock Exchange (ISIN AT0000A1TBC2) and was also assessed at Baa2 by Moody's. Almost twice oversubscribed, more than two thirds of the bond were placed with private and institutional investors in Austria. Proceeds from the issue will serve to refinance secured financing with largely variable interest rates and to substitute planned bank financing.

Sources of financing

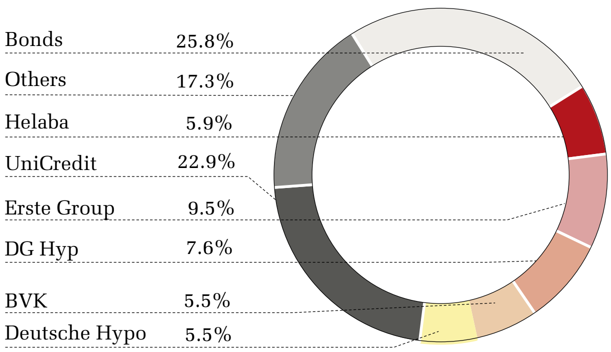
CA Immo has business relations with a large number of financing partners. With around 23% of total outstanding financial liabilities, the main financing bank is the UniCredit Group. As the diagram shows, Nord LB/Deutsche Hypo, DG Hyp, Helaba, Bayrische Versorgungskammer (BVK) and Erste Group also accounted for significant shares as at the key date. No other financing bank or insurance company provides more than 5% of the financing volume.

FINANCIAL DEBT AS OF 31.12.2016*
(Basis: € 1.8 bn)



*Including proportionate joint venture financing

FINANCING SPLIT BY BANKS*
(Basis: € 1.8 bn)



* Including proportionate joint venture financing

RESULTS

KEY FIGURES FROM THE INCOME STATEMENT

Sustained earnings

Rental income for CA Immo increased by 7.0% to € 165,603 K in 2016. This positive trend was essentially made possible by the acquisition of the minority share of the EBRD early in quarter three 2015 and the increase in rent this entailed. As the following table shows, the company was able to more than compensate for the drop in rent of € 11,184 K resulting from property sales thanks to inflows from this acquisition.

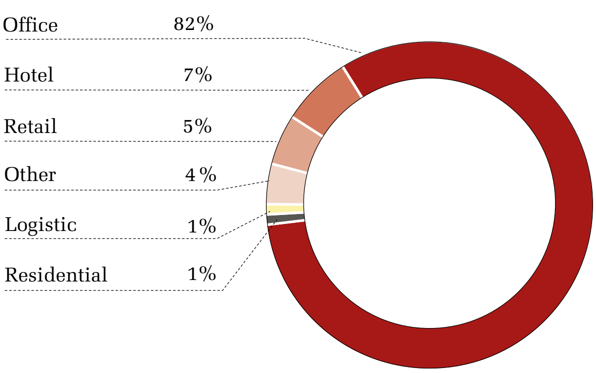
Incentive arrangements from various lease agreements (in particular rent-free periods) are linearised for the total term of the lease contract. Rental income therefore shows the effective economic rent and not the actual cash-relevant rent during the period. Of the rental income for business year 2016, linearisation of this kind accounted for €–278 K (€ 4,155 K in 2015).

In year-on-year comparison, property expenses directly attributable to the asset portfolio, including own operating expenses, declined by –4.0% from €–19,225 K to €–18,453 K. The main expenditure items are vacancy costs and operating expenses that cannot be passed on (€–5,820 K), agency fees (€–2,373 K), maintenance (€–6,097 K), allowances for bad debt (€–309 K) and other directly attributable expenses (€–3,044 K). While bad debt losses, agency fees, individual value adjustments and other expenses fell, maintenance rose compared to the previous year.

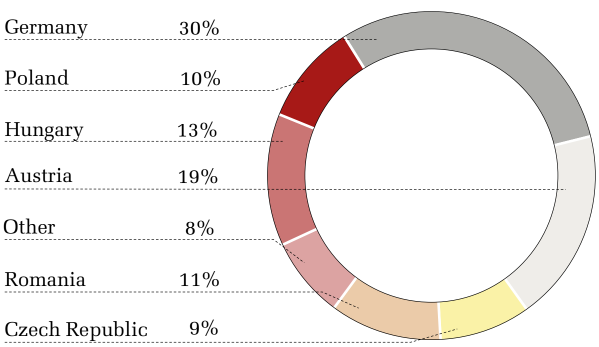
The net result from renting attributable to letting activities rose by 8.5% (from € 135,592 K to € 147,150 K) after the deduction of direct management costs. The operating margin on letting activities (net rental income in relation to rental income), an indicator of the efficiency of rental business, increased from 87.6% to 88.9%.

In business year 2016 no earnings were generated from hotel management due to property sales. Other expenditure directly attributable to project development stood at €–2,333 K at year end (€–2,159 K in 2015).

RENTAL INCOME BY MAIN USAGE (Basis: € 165.6 m)



RENTAL INCOME BY COUNTRY (Basis: € 165.6 m)



CHANGE IN RENTAL INCOME FROM 2015 TO 2016

€ m	Austria	Germany	Eastern Europe	Total
2015	**35.5**	**48.9**	**70.4**	**154.8**
Change				
Resulting from indexation	0.4	0.5	0.3	1.2
Resulting from change in vacancy rate or reduced rentals	–0.7	1.2	–2.9	–2.4
Resulting from new acquisitions	0.0	0.0	2.4	2.4
Resulting from whole-year rental for the first time	0.0	4.3	0.0	4.3
Resulting from completed projects	0.0	0.7	0.0	0.7
Acquisition of joint venture partner share EBRD Portfolio	0.0	0.0	15.7	15.7
Resulting from sale of properties	–3.0	–7.1	–1.2	–11.2
Total change in rental income	**–3.3**	**–0.3**	**14.4**	**10.8**
2016	**32.2**	**48.6**	**84.8**	**165.6**

INDIRECT EXPENSES

€ 1,000	2016	2015
Personnel expenses	-33,318	-31,271
Legal, auditing and consulting fees	-8,611	-6,019
Third party acquired development services	-2,975	-4,578
Office rent	-1,514	-1,467
Travel expenses and transportation costs	-1,194	-1,208
Other expenses internal management	-2,682	-2,906
Other indirect expenses	-3,696	-4,231
Subtotal	**-53,989**	**-51,679**
Own work capitalised in investment property	8,136	7,829
Change in properties held for trading	1,713	1,399
Indirect expenses	**-44,140**	**-42,452**

Property sales result

Trading income of € 28,099 K (previous year: € 9,535 K) was earned in 2016 in connection with the scheduled sale of properties held in current assets. This income was counteracted by book value deductions and other directly attributable expenditure of €–18,669 K. The trading portfolio thus contributed a total of € 9,430 K to the result, compared to € 3,089 K in 2015. As at year end, the remaining volume of properties intended for trading stood at € 34,147 K.

Profit from the sale of investment properties of € 23,340 K was below the previous year's value of € 36,547 K. Germany delivered the largest contribution to earnings from property sales in the amount of € 19,752 K. In 2015, sales in Germany accounted for € 24,759 K. The biggest contribution came from a non-strategic property sale in Stuttgart.

Income from services

Gross revenue from services declined by –18.2% in yearly comparison to stand at € 13,265 K (€ 16,219 K in 2015). Alongside development revenue for third parties via the subsidiary omniCon, this item contains revenue from asset management and other services to joint venture partners.

Indirect expenditures

In 2016 indirect expenditures rose 4.0% from the previous year's figure of €–42,452 K to €–44,140 K. Unlike in previous periods, this item also contains expenditure counterbalancing the aforementioned gross revenue from services. As the above table shows, total indirect expenditure includes the item 'Internal expenditure capitalised', which was 3.9% up on the 2015 figure at € 8,136 K. This item may be regarded as an offsetting item 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

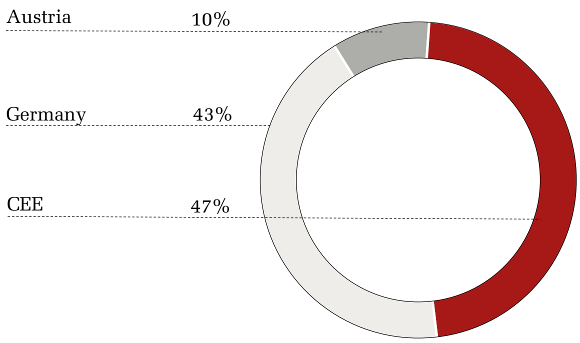
Other operating income stood at € 873 K compared to the 2015 reference value of € 1,470 K.

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

Earnings before interest, taxes, depreciation and amortisation (EBITDA) stood at € 147,585 K, down –0.7% on the previous year's level of € 148,558 K. While sustained earnings were increased compared to the previous year, lower results from property sales as outlined above led to the slight decline.

The contribution of the various regional segments to overall earnings is as follows: with an EBITDA of € 69,657 K, the CEE segment generated the largest share (approximately 47%). Germany accounted for € 63,143 K (43%) and the Austria segment contributed € 14,875 K (10%).

EBITDA (BASIS € 147.6 M)



Revaluation result

The total revaluation gain of € 179,094 K in 2016 was counterbalanced by a revaluation loss of €–40,834 K. The cumulative revaluation result of €138,260 K was therefore highly positive (€213,818 K in 2015).

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 2016 – in combination with strong fundamental data of the letting markets –, which is also reflected in the valuation result of CA Immo. The biggest contribution to the revaluation gain was delivered by undeveloped properties in Frankfurt and Munich, the newly acquired Millennium Towers in Budapest in September 2016 and by the investment properties of Skygarden, Ambigon and Kontorhaus in Munich as well as John. F. Kennedy-Haus and Inter-City Hotel in Berlin.

In regional terms, the revaluation result for Germany totaled € 144,046 K. Austria also reported positive results with € 2,145 K, while in Eastern Europe a loss of €–8,201 K was recognised.

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 2016 this contribution totalled € 11,420 K (2015: € 43,221 K). The declining result was mainly due to the full takeover of shares in joint ventures and the subsequent full consolidation and sale of such shares.

Earnings before interest and taxes (EBIT)
Earnings before interest and taxes (EBIT) stood at € 293,833 K in 2016, –27.0% below the corresponding figure for last year of € 402,715 K. As outlined above, the lower revaluation result was the key driver of the decline in annual comparison.

In regional terms, the Germany segment contributed the biggest share to Group EBIT with € 220,619 K, or 75%. On an EBIT basis, Austria generated € 14,696 K in 2016 (5%), with Eastern Europe contributing € 58,518 K (20%).

Financial result
The financial result for 2016 was €–56,228 K, compared to €–86,702 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, fell sharply to €–41,622 K (2015: €–60,172 K). Loan repayments linked to sales and continual optimisation of the financing structure had positive effects. Lower costs of floating-rate financing also had a positive impact.

In addition to interest paid as shown in the income statement, financing costs of € 3,832 K (€ 236 K in 2015) with a weighted average interest rate of 3.30% (2015: 1.66%) were capitalised in business year 2016 in connection with the construction of real estate.

The result from interest rate derivative transactions delivered a negative contribution of €–1,662 K (against €–15,299 K in 2015). In the previous year this item mainly contained reclassifications of negative cash values of interest rate swaps previously recognised in equity which were realised in the period under review owing to the settlement of contracts.

The result from financial investments of € 7,229 K was lower than that for the reference period (€ 12,344 K in 2015). The value for last year primarily included accrued interest on loans to joint venture companies repurchased below par by the financing bank.

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 €–20,174 K (€–23,574 K in 2015). The result from other financial assets includes depreciation linked to the subsequent valuation of securities available for sale of €–15,768 K.

Earnings before taxes (EBT)
On the basis of the earnings performance outlined above, earnings before taxes (EBT) of € 237,605 K declined by –24.8% year-on-year (2015: € 316,013 K).

Taxes on income
Taxes on earnings amounted to €–53,688 K in 2016 (compared to €–95,174 K in 2015).

Result for the period
The result for the period was €183,910 K, –16.7% below the previous year's value of € 220,839 K. Earnings per share amounted to € 1.94 on 31 December 2016 (€ 2.25 per share in 2015).

Cash flow
Gross cash flow stood at €130,052 K in 2016, compared to € 102,898 K in 2015. Cash flow from operating activities takes account of changes in current assets linked to the sale of properties intended for trading and totalled € 125,368 K in 2016 (€ 113,157 K in 2015).

Cash flow from investment activities, which comprises the net balance between investments and real estate sales, stood at € 39,474 K in 2016 compared to the previous year’s value of €101,548 K. Amongst other things, this item includes the acquisition of Millennium Towers in Budapest.

Cash flow from financing activities of € 23,455 K (€–171,372 K in 2015) includes the corporate bond issuances in February and July 2016 with a total a volume of € 315 m.

CASH FLOW STATEMENT: SHORT VERSION

€ m	2016	2015	Change in %
Cash flow from			
- business activities	125.4	113.2	11
- Investment activities	39.5	101.5	–61
- financing activities	23.5	–171.4	n.m.
Changes in cash and cash equivalents	**188.3**	**43.3**	**n.m.**
Cash and cash equivalents			
- beginning of the business year	207.1	163.6	27
- changes in the value of foreign currency	–0.3	0.1	n.m.
- the end of the business year	395.1	207.1	91

Funds from operations (FFO)

An FFO I of € 91,712 K was generated in 2016, 13.6% above the previous year's value of € 80,766 K. FFO I per share stood at € 0.97 at the reporting date, an increase of 18.3% in year-on-year comparison (2015: € 0.82 per share). The FY 2016 guidance of > € 0.90 per share was therefore solidly exceeded by 7.3%. 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 € 113,671 K (€ 121,155 K in 2015). FFO II per share amounted to € 1.20 at the reporting date (2015: € 1.24 per share).

FUNDS FROM OPERATIONS (FFO)

€ m	2016	2015
Net rental income (NRI)	147.1	135.6
Result from hotel operations	0.0	0.3
Income from services rendered	13.3	16.2
Other expenses directly related to properties under development	–2.3	–2.2
Other operating income	0.9	1.5
Other operating income/expenses	11.8	15.8
Indirect expenses	–44.1	–42.5
Result from investments in joint ventures [1)]	7.9	14.8
Finance costs	–41.6	–60.2
Result from financial investments	7.2	12.3
Other adjustment 2)	3.4	4.8
FFO I (excl. Trading and pre taxes)	**91.7**	**80.8**
Trading result	9.4	3.1
Result from the sale of investment properties	23.3	36.5
Result from sale of joint ventures	0.9	0.7
At-Equity result property sales	3.9	9.4
Result from property sales	37.6	49.7
Other financial results	0.0	0.2
Current income tax	–10.1	–36.6
current income tax of joint ventures	–1.6	–1.1
Other adjustments	–3.9	–6.0
Other adjustments FFO II	0.0	34.2
FFO II	**113.7**	**121.2**

[1)] Adjustment for real estate sales and non-sustainable results
[2)] Adjustment for other non-sustainable results

BALANCE SHEET ANALYSIS

Assets

As at the balance sheet date, long-term assets amounted to € 3,659,806 K (84.9% of total assets). The growth of investment property assets on balance sheet to € 2,923,676 K (€ 2,714,305 K as at 31 December 2015) was among other factors driven by the acquisition of the Millennium Towers office complex in Budapest.

The balance sheet item 'Property assets under development' increased by 5.9% to € 433,049 K compared to 31 December 2015. Total property assets (investment properties, hotels and other properties used for own purposes, property assets under development and property assets held as current assets) amounted to € 3,424,269 K on the key date, hence up on the level for the end of 2015 (€ 3,203,435 K).

The net assets of joint ventures are shown in the balance sheet item 'Investments in joint ventures', which stood at € 191,369 K on the key date (€172,286 K in 2015).

Cash and cash equivalents stood at € 395,088 K on the balance sheet date, well above the level for 31 December 2015 (€ 207,112 K).

Liabilities

Equity

At year end, the Group's equity stood at € 2,204,541 K, 4.0% up compared to € 2,120,450 K on 31.12.2015. Aside from the result for the period of € 183,910 K, this also reflects the payment of a dividend (€ -47,904 K) and the acquisition of own shares (€ -54,773 K). As at 31 December 2016, the negative valuation result of these cash flow hedges recognised in equity stood at € -3,201 K. Despite the increase in assets, the equity ratio of 51.2% as at the key date remained stable and within the strategic target range (31.12.2015: 53.2%).

Interest-bearing liabilities

As at the key date, interest-bearing liabilities amounted to € 1,565,639 K, 11.5% above the previous year's value of € 1,403,989 K. Net debt (interest-bearing liabilities less cash and cash equivalents) declined from € 1,191,446 K in the previous year to € 1,167,656 K. Gearing (ratio of net debt to shareholders' equity) was 53.0% at year end (31.12.2015: 56.2%). Year on year, the loan-to-value ratio (financial liabilities less cash and cash equivalents to property assets) fell from 37.2% to 34.2%.

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	2016	2015
Shareholders' equity	**2,204.5**	**2,120.5**
Long-term interest-bearing liabilities	1,412.6	858.8
Short-term interest-bearing liabilities	153.0	545.2
Cash and cash equivalents	-395.1	-207.1
Restricted cash	-2.9	-5.4
Net debt	**1,167.7**	**1,191.4**
Equity ratio	51.2	53.2
Gearing	53.0	56.2
Loan to Value (Net)	34.2	37.2
EBITDA/Net interest expenses [1] (factor)	3.8	3.0

[1)] Net interest expenses: Finance costs minus Result from financial investments

CONSOLIDATED STATEMENT OF FINANCIAL POSITION: SHORT VERSION

	2016		2015 restated		Change
	€ m	in %	€ m	in %	in %
Properties	3,363.4	78.052	3,130.3	79	7
Investments in joint ventures	191.4	5	172.3	4	11
Intangible assets	8.2	0.190	11.6	0	–29
Financial and other assets	95.3	2.212	140.5	4	–32
Deferred tax assets	1.6	0.036	2.4	0	–34
Long-term assets	**3,659.8**	**85**	**3,457.1**	**87**	**6**
Assets held for sale	26.8	1	54.0	1	–50
Properties held for trading	34.1	1	22.1	1	55
Receivables and other assets	91.8	2	138.4	3	–34
Securities	101.6	2	105.3	3	–4
Cash and cash equivalents	395.1	9	207.1	5	91
Short-term assets	**649.3**	**15**	**526.9**	**13**	**23**
Total assets	**4,309.1**	**100**	**3,984.0**	**100**	**8**
Shareholders' equity	*2,204.5*	51	*2,120.5*	53	4
Shareholders' equity as a % of total assets	51.2%		53.2%		
Long-term interest-bearing liabilities	1,412.6	33	858.8	21	64
Short-term interest-bearing liabilities	153.0	3	545.2	14	–72
Other liabilities	299.0	7	262.2	7	14
Deferred tax assets	240.0	6	197.4	5	22
Total liabilities and shareholders' equity	**4,309.1**	**100**	**3,984.0**	**100**	**8**

Net asset value

NAV (shareholders' equity) stood at € 2,204,495 K on 31 December 2016 (€ 23.60 per share) against € 2,120,410 K at the end of 2015 (€ 21.90 per share); this represents an increase per share of 7.8%. Aside from the annual result, the change reflects the other changes to equity outlined above. Adjusted to account for the dividend payment of € 47,904 K, the growth in NAV per share for business year 2016 was 10.0%.

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 € 26.74 per share as at the key date (2015: € 24.32 per share). The EPRA NNNAV per share after adjustments for financial instruments, liabilities and deferred taxes, stood at € 24.56 per share as at 31 December 2016 (€ 22.69 per share in 2015). The share buyback programme has steadily reduced the number of shares outstanding to 93,405,017 on the key date (96,808,336 on 31.12.2015).

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

€ m	31.12.2016	31.12.2015
Equity (NAV)	**2,204.5**	**2,120.5**
Exercise of options	0.0	0.0
NAV after exercise of options	**2,204.5**	**2,120.5**
NAV/share in €	**23.60**	**21.90**
Value adjustment for [1]		
- Own used properties	6.0	5.1
- Short-term property assets	39.9	24.3
- Financial instruments	3.2	5.1
Deferred taxes	243.9	199.4
EPRA NAV after adjustments	**2,497.5**	**2,354.4**
EPRA NAV per share in €	**26.74**	**24.32**
Value adj. for financial instruments	–3.2	–5.1
Value adjustment for liabilities	–24.2	–8.9
Deferred taxes	–175.7	–144.1
EPRA NNNAV	**2,294.4**	**2,196.3**
EPRA NNNAV per share in €	**24.56**	**22.69**
Change of NNNAV against previous year	8.3%	11.4%
Price (31.12.) / NNNAV per share – 1	–28.9	–25.8
Number of shares excl. treasury shares	93,405,017	96,808,336

[1] Includes proportionate values from joint ventures

OUTLOOK

LIKELY DEVELOPMENTS AND THE MAIN OPPORTUNITIES AND RISKS

Many forecasts, including that of the European Commission, point to positive economic development in Europe in the years 2017 and 2018. We believe the general conditions on CA Immo's core markets should remain conducive to business. With the environment in Germany remaining fundamentally strong, core markets in Eastern Europe are also reporting clear growth trends. The financing and interest environment will continue to define the real estate sector in 2016.

Strategy

The strategic programme for 2012-2015, which was successfully implemented ahead of time, was succeeded last year by a new strategic agenda for 2015-2017. Alongside the finalising of sales of non-strategic properties and further optimisation of the financing structure, the focus for CA Immo now fully turns to expansion of real estate portfolios in the company's defined core markets. The main aim will be to continuously raise the profitability of the CA Immo Group over the long term. For more information and details, please refer to the 'Strategy' section.

Development

The development of high quality core office properties on the core markets of CA Immo as a driver of organic growth, especially in Germany, will remain critically important in the business years ahead and should further gain momentum. In 2016 specific efforts will be made to advance development projects under construction in Berlin (KPMG, Rieck I and Cube office projects), Frankfurt (Steigenberger Hotel), Mainz (Rheinallee III office) Bucharest (Orhideea Towers) and Vienna (ViE office, Laendyard residential).

Moreover, dates for the commencement of construction work will quickly be assigned to development projects at the preparation stage. At present, this applies to the MY.O office project and NEO (hotel/office) as well as Eggartensiedlung (residential) in Munich and the ZigZag office project in Mainz. Investment in ongoing development projects should average € 150-200 m annually. For more information and details, please refer to the 'Project development' section.

Rental business

In like-for-like comparison, rental levels are expected to be generally stable across the portfolio. The increase in rent from the Millennium Towers office complex acquisition in Budapest should more than make up for losses of rent linked to finalised sales of non-strategic properties as part of portfolio optimisation. The level of portfolio utilisation, which has risen steadily over recent years, is expected to be stable.

Financing

The environment for refinancing from expiring project financing of the CA Immo Group is still assessed as positive. In the property development area, we also expect the availability of bank financing under competitive conditions to remain healthy on our core market of Germany. With the corporate bond issue 2017-2024 in February 2017, we have already achieved one of our main financing goals in 2017. For more information and details, please refer to the 'Financing' section.

Our expectations are based on certain assumptions regarding general and specific conditions. Key factors that may influence our business plans for 2017 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, unemployment and inflation).
- The general progression of interest rates.
- The financing environment as regards availability and the cost of long-term financing with outside capital 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; the transparency and development level on our real estate markets.

FINANCIAL PERFORMANCE INDICATORS

The strategic focus of business activity at CA Immo is the sustained increased 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 **return on equity** or RoE. The aim is to produce a figure higher than the calculatory cost of capital (assuming a medium-term rate of around 7.0%), thus generating shareholder value. At 8.5% in 2016 (2015: 10.8%), this figure was above the target value. On the basis of our Strategy 2015-2017 programme, an adequate RoE is to be generated in the medium term on a sustainable basis, 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) per share (please refer to the table “Balance Sheet” and “Key Figures per Share” in the flap of the annual report).

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. See the "Investment Properties" section for a presentation of these performance indicators.

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

- The **vacancy rate** indicates the quality of the portfolio and our success in managing it. With an occupancy rate of 92.4%, 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 European cities.
- **Sustainability Certificate**: As at reporting date, 60%[1] of the CA Immo office space stock 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 with a value > € 10 m

EMPLOYEES

Stable employee structure
As at 31 December 2016 the number of international employees almost remained constant at 363[1] employees across the Group (31.12.2015: 357[2]). Germany is CA Immo's core market for staff with around 45% working here, followed by Eastern Europe (29%) and Austria (21%). 77 employees worked for the wholly owned specialist construction subsidiary omniCon as at the key date.

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. Managerial staff have the additional option of participating in a long term incentive programme. This employee participation model takes account of mid- to long-term value creation at CA Immo, which is measured in terms of growth in NAV (net asset value), TSR (total shareholder return) and growth in FFO (funds from operations). For full details, 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 develop-ment and company health promotion are the cornerstones of human resource management at CA Immo.

CA IMMO ACADEMY

BUSINESS · SKILLS · HEALTH

Training the next generation
Since the start of 2016, the CA Immo Academy has offered training and modular courses in the three core areas of professional expertise, social skills and health. In 2016, in partnership with IREBS (the International Real Estate Business School of the University of Regensburg), CA Immo also launched an evaluation course in which CA Immo staff may participate. The curriculum covers everything from international real estate valuation and land valuation to financial and technical due diligence. The aims of the 'Fit for Future', the company's programme of promoting young talent whose working groups were upheld in 2016, are innovation and international networking.

PERSONNEL DISTRIBUTION WITHIN THE CA IMMO GROUP

	31.12.2016		31.12.2015	Change		Joining / Leaving	Fluctuation rate [1]
	Total employees (Headcounts)	Thereof women in %	Total employees (Headcounts)	absolute	in %		in %
Austria	77	55	75	2	3	8/8	10,2
Germany/Switzerland[2]	180	42	184	-4	-2	19/12	10,9
Eastern Europe	106	77	98	8	8	25/17	24,7
Total	**363**	**55**	**357**	**6**	**2**	**52/37**	**14,7**

[1] Includes employees on a leave of absence; excludes 12 headcounts of joint venture companies [2] Fluctuation rate: workforce attrition x 100 / average number of employees
[2] At the end of 2016, 18 local employees were appointed at the branch of wholly owned CA Immo construction subsidiary omniCon in Basel, which was founded in 2014

[1] Of which around 10% are part-time staff; including 18 employees on unpaid leave across the Group.[2] Of which around 9% are part-time staff; including 21 employees on unpaid leave.[1] Serious injuries are defined as those requiring the employee to consult a doctor
[2] Of which around 9% are part-time staff; including 21 employees on unpaid leave.[1] Serious injuries are defined as those requiring the employee to consult a doctor

AVERAGE ABSENCES FROM WORK BY REGIONS

in days		Vacation	Illness[1]	Qualification
	Women	21	5	4
Austria	Men	24	4	4
	Women	28	12	3
Germany	Men	28	5	2
	Women	18	6	7
Eastern Europe	Men	21	1	10

[1] Excludes four long-term sick leave cases in Austria, Germany and Eastern Europe. Including these long-term sick leaves, the average of sick leaves in Austria would be 6 (women) and for Germany also 6 (men) days and for woman in CEE 7 days.

Fit2Work: greater vigour and energy

In the course of a continuous improvement process the fit2work project ensures promoting and maintaining employees' capacity to work and performance levels. Reducing risks to health and establishing an early warning system (especially for burnout) with a view to preventing long-term sick leave and early retirements are being optimized.

Safety at work

CA Immo employees on construction sites received regular safety guidance along with health and safety plans. Specific companies are tasked with ensuring the safety of subcontractor staff. A total of five accidents at work and while commuting were reported in Germany during reporting year 2016, resulting in absences of not longer than one month in each case. No other serious occupational injuries[3], illnesses or absences by CA Immo employees were reported in 2016.

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

GROUP MANAGEMENT REPORT

PERSONNEL DISTRIBUTION BY AGE AND CATEGORIES (Total: 363 employees)[1]

Employees[2]

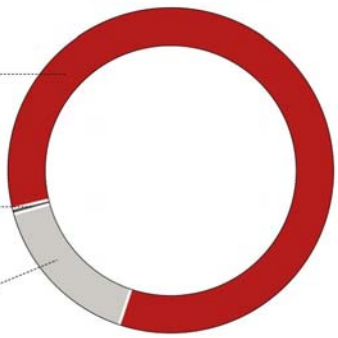
304 employees	<28	29–48	49<
F	6 %	44 %	10 %
M	2 %	24 %	14 %

Management Board

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

Executives[3]

57 employees	<28	29–48	49<
F	0 %	28 %	2 %
M	2 %	49 %	19 %



[1] Excludes 12 employees (as at 31 December 2016) 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.

[1] Serious injuries are defined as those requiring the employee to consult a doctor

SUPPLEMENTARY REPORT

The following activities are reported for the opening months of business year 2017:

Share buyback
Until the publication of this report in March 2017, another 34,727 treasury shares have been repurchased from the share buyback programme resolved in November 2016.

Acquisitions
In January, CA Immo successfully concluded negotiations with JV partner Union Investment concerning the acquisition of 49% holdings in the Danube House and Infopark office buildings in Prague and Budapest respectively. As a result of the acquisition, CA Immo raised its holding in these properties from 51% to 100%; closing has been confirmed. The transaction, which represents another step in the expansion of the portfolio of core office properties in CA Immo's core cities, will make a positive contribution of approximately € 3 m to long-term profitability (FFO I).

In February 2017 CA Immo issued a new **corporate bond** with a volume of €175 m and a term of seven years. The coupon for the fixed-rate bond was 1.875%. For full details, please refer to the Investor Relations section.

In March, CA Immo received the construction permit for the NEO office, hotel and residential complex, spanning 21,000 m² of gross floor space in Munich. Construction start for the complex was in March. The company tristar GmbH Hotelgruppe has been signed as long-term tenant for the hotel occupying the first six floors of the NEO property. CA Immo has also acquired the 50% stake in the development project previously held by PATRIZIA, and is now the sole owner.

RESEARCH AND DEVELOPMENT

Technological and social change continues to transform the office environment and the knowledge-based economy. The challenge of developing office properties today and successfully managing them over usage periods of up to 30 years calls for far-sighted planning on the basis of relevant research. Since April 2016, CA Immo is a partner to the OFFICE 21® joint research project of the Fraunhofer IAO Institute. The research phase extending from 2016 to 2018 is focusing on the success factors in creating a working environment that promotes innovation while linking analyses of best practice to exclusive research findings.

The cornerstones of the research activity are:

- Devising exemplary working environments and processes to optimise and stimulate the responsiveness and creativity of organisations
- Exploring different working cultures and subsequently producing optimised workplace models
- Developing answers to the changing requirements of office environments through the increasingly hyper-flexible, multi-site and digital workplace

The aim of the partnership is to produce specific research findings to enable the development of innovative new office properties and thereby ensure the competitiveness of the company for the long term.

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 [1)]

		31.12.2016
EPRA NAV	€ m	2,497.5
EPRA NAV per share	€	26.74
EPRA NNNAV	€ m	2,294.4
EPRA NNNAV per share	€	24.56
EPRA Net Initial Yield	%	5.0
EPRA "topped-up" Net Initial Yield	%	5.0

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

RISK REPORT

THE CA IMMO RISK CATALOGUE

STRATEGIC RISKS

CAPITAL MARKET
Acquiring equity/ loan capital

GEOPOLITICAL RISKS
Country-specific risk

EXPANSION
Strategic portfolio risk

MARKET AND LIQUIDATION RISK
Know-how risk
Market cycle risk

CLUSTER RISK
Region
Property size
Tenants

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, 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
Inflation

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 Risk Management division supports the Management Board in assessing the risk environment and the development of potential strategies to raise long-term

shareholder value. 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 2015), 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, audits operational and business processes; it acts independently in reporting and evaluating the audit results. The audit committee is responsible for overseeing the proper functioning of risk management processes.

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. 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.

STRATEGIC RISKS

CA Immo defines strategic risk as the danger of unexpected 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. In 2017, for example, the World Economic Forum (WEF)[1] is warning of particularly acute economic and social risks.

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. Another future crisis could have highly adverse consequences for CA Immo. Moreover, the effects of the relaxed **monetary policy** pursued by central banks over recent years cannot be foreseen at present. A further extension to the expansive monetary policy could lead to financial instability, potentially resulting in negative incentives for governments, misallocation of investments and resources and the creation of asset and financial bubbles, all of which would impact adversely on economic growth. The possible reintroduction of national currencies by individual eurozone members would have grave consequences for the economies and financial markets of Europe. Finally, the departure of other nations from European currency

[1] World Economic Forum: The Global Risks Report 2017, 12th edition.

union could lead to a complete collapse of the monetary system. The current economic environment is characterised by low interest rates and comparatively high valuations of real estate portfolios. An **interest rate rise** could have a negative effect on the property market and, in turn, the valuation of properties and the disinvestment plans of CA Immo. Acquiring equity and loan capital could become significantly more difficult, making expansion plans impossible or only partially feasible. There are also **geopolitical factors** which could potentially have negative effects on the capital market; in the event of an excessive concentration of properties in one region, the impact on the earnings of the CA Immo Group could be substantial. In 2017, the economic environment will be defined by political challenges facing the USA, the results of elections in Europe (France, Netherlands and Germany) and the progress of Brexit negotiations. Taken together with ongoing tensions such as the crisis in eastern Ukraine, sanctions against Russia, political instability in Turkey and the continuing civil war in Syria, these outcomes have the potential to throw economic development in Europe into considerable doubt. The possibility that the resultant increase in volatility on capital and financial markets will spread even to economically powerful countries like Austria and Germany – and their financial and real estate markets – cannot be ruled out. Many of these risks are not actively manageable; where they arise, CA Immo has a range of precautions in place to minimise the risk.

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.

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 (partial sale of Tower 185, sale of the Hesse portfolio and non-core properties, and especially the logistics portfolio), regional distribution in the portfolio is approaching the desired levels of 40% for both Eastern Europe and Germany and 20% for Austria. Germany remains the biggest single market of CA Immo. 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 present is Tower 185 in Frankfurt. The concentration risk in respect of **single tenants** is manageable. At present, the top 15 tenants are generating some 28% of rental revenue. Accounting for a share of approximately 6% of total rental income, PricewaterhouseCoopers is the largest single tenant in the portfolio at present. The generally high risk arising from the high capital commitment to **land reserves** and **land development projects** was steadily reduced through the sale of non-strategic land reserves. In addition, land development will be accelerated and partners involved at an early stage. 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 under 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; around 25% of outstanding receivables are adjusted on average. The risk of lost rent was taken into account to a sufficient degree in the estimation of property values. 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 on 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 **special asset classes** such as shopping malls, specialist retail centres 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 (especially in Germany), projects are only launched subject to appropriate pre-letting. All projects are being implemented within their approved timeframes and budgetary frameworks. Currently there are proceedings pending relating to two legally binding building permits at Erdberger Lände site in Vienna. A neighbour claims the unlawfulness of the building permits. CA Immo and its legal advisors believe that there are no grounds for entitlement to change or annul the building permits or any compensation claims of the neighbour.

Risks associated with 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, conversely, a proliferation of decision-making bodies that hinder flexible responses to changes in the market. Moreover, 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.

CA Immo takes various measures to counter these risk factors. In the case of corporate mergers (e.g. the former Vivico and Europolis), CA Immo observes structured processes of organisational integration. 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.

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, rental revenue, capital gains and other income 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 are significantly higher or lower than the obligations 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 numerous development projects as **joint ventures**, the company depends on the solvency and performance capability of partners to an extent (partner risks). 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 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. 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). The planned repayment of financial liabilities in Eastern Europe will expand the pool of unencumbered assets – a key criterion in the company's investment grade rating.

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. This also ensures the Group can meet unexpected cash flow requirements. To this end, various liquidity deployment measures have been identified and successfully implemented in some instances. The use of trading income to repay liabilities fall-

ing due in the next two years has had a highly positive effect on the **maturity profile**, which is now largely stable for the years ahead. In line with the investment horizon for real estate, loans are invariably agreed on a long-term basis. As an alternative and supplement to established means of (equity) capital procurement, the company enters into equity partnerships (joint ventures) at project level. Even with meticulous planning, however, liquidity risk cannot be eliminated, particularly where capital requests linked to joint venture partners 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 and swaps) 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. Sufficient provisions have been formed for all risks identified. Repayment of the 5.125% bond in September 2016 has brought about a further significant improvement in average borrowing costs as well as the maturity profile while raising the quota of hedged financial liabilities; the issue of another corporate bond, proceeds from which will mainly be used to reschedule existing loans in eastern Europe and substitute planned loans, has also contributed to this.

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 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. In addition, with fluctuating exchange rates, property values might be affected when converted to an investor's domestic currency (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 STATEMENT

CONTENT

A. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31.12.2016

€ 1,000	Note	2016	2015
Rental income	2	165,603	154,817
Operating costs charged to tenants	3	46,906	38,290
Operating expenses	3	– 52,726	– 44,567
Other expenses directly related to properties rented	3	– 12,633	– 12,948
Net rental income		**147,150**	**135,592**
Revenues hotel operations		0	1,681
Expenses related to hotel operations		0	– 1,430
Result from hotel operations	**4**	**0**	**251**
Other expenses directly related to properties under development	**5**	**– 2,333**	**– 2,159**
Income from the sale of properties and construction works		28,099	9,535
Book value of properties sold incl. ancillary and construction costs		– 18,669	– 6,446
Result from trading and construction works	**6**	**9,430**	**3,089**
Result from the sale of investment properties	**7**	**23,340**	**36,547**
Income from services rendered	8	13,265	16,219
Indirect expenses	9	– 44,140	– 42,452
Other operating income	10	873	1,470
EBITDA		**147,585**	**148,558**
Depreciation and impairment of long-term assets		– 3,460	– 2,915
Changes in value of properties held for trading		29	32
Depreciation and impairment/reversal	**11**	**– 3,432**	**– 2,882**
Revaluation gain		179,094	257,563
Revaluation loss		– 40,834	– 43,744
Result from revaluation		**138,260**	**213,818**
Result from joint ventures	12	11,420	43,221
Result of operations (EBIT)		**293,833**	**402,715**
Finance costs	13	– 41,622	– 60,172
Other financial results	14	0	178
Foreign currency gains/losses	19	– 328	– 4,191
Result from interest rate derivative transactions	15	– 1,662	– 15,299
Result from financial investments	16	7,229	12,344
Result from other financial assets	17	– 15,768	– 13,264
Result from associated companies	18	– 4,077	– 6,297
Financial result	**19**	**– 56,228**	**– 86,702**
Net result before taxes (EBT)		**237,605**	**316,013**
Current income tax		– 10,136	– 36,639
Deferred taxes		– 43,552	– 58,535
Income tax expense	**20**	**– 53,688**	**– 95,174**
Consolidated net income		**183,916**	**220,839**
thereof attributable to non-controlling interests		6	0
thereof attributable to the owners of the parent		**183,910**	**220,839**
Earnings per share in € (basic)	**45**	**€ 1.94**	**€ 2.25**
Earnings per share in € (diluted)	**45**	**€ 1.94**	**€ 2.25**

B. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31.12.2016

€ 1,000	Note	2016	2015
Consolidated net income		**183,916**	**220,839**
Other comprehensive income			
Cash flow hedges - changes in fair value		2,433	1,756
Reclassification cash flow hedges		177	25,931
Foreign currency gains/losses		359	597
Assets available for sale - changes in fair value		1,128	2,164
Income tax related to other comprehensive income		– 980	– 6,074
Other comprehensive income for the period (realised through profit or loss)	**21**	**3,116**	**24,373**
Revaluation IAS 19		– 413	870
Income tax related to other comprehensive income		149	– 284
Other comprehensive income for the period (not realised through profit or loss)	**21**	**– 264**	**585**
Other comprehensive income for the period	**21**	**2,852**	**24,958**
Comprehensive income for the period		**186,769**	**245,798**
thereof attributable to non-controlling interests		6	0
thereof attributable to the owners of the parent		**186,763**	**245,798**

C. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2016

€ 1,000	Note	31.12.2016	31.12.2015 restated	1.1.2015 restated
ASSETS				
Investment properties	22	2,923,676	2,714,305	2,092,917
Investment properties under development	22	433,049	408,979	496,252
Own used properties	22	6,643	7,016	7,533
Office furniture and equipment	23	5,599	5,710	1,399
Intangible assets	23	8,195	11,567	15,845
Investments in joint ventures	24	191,369	172,286	206,136
Investments in associated companies	25	0	0	18
Financial assets	26	89,713	134,824	385,410
Deferred tax assets	27	1,563	2,376	4,301
Long-term assets		**3,659,806**	**3,457,063**	**3,209,811**
Long-term assets as a % of total assets		84.9%	86.8%	87.4%
Assets held for sale and relating to disposal groups	28	26,754	54,048	91,481
Properties held for trading	29	34,147	22,069	18,445
Receivables and other assets	30	76,235	99,223	120,983
Current income tax receivables	31	15,552	39,218	42,037
Securities	32	101,555	105,250	24,547
Cash and cash equivalents	33	395,088	207,112	163,638
Short-term assets		**649,332**	**526,920**	**461,130**
Total assets		**4,309,138**	**3,983,983**	**3,670,941**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Share capital		718,337	718,337	718,337
Capital reserves		819,068	921,746	998,839
Other reserves		– 894	– 3,746	– 28,704
Retained earnings		667,984	484,074	263,235
Attributable to the owners of the parent		**2,204,495**	**2,120,410**	**1,951,707**
Non-controlling interests		46	40	0
Shareholders' equity	**34**	**2,204,541**	**2,120,450**	**1,951,707**
Shareholders' equity as a % of total assets		51.2%	53.2%	53.2%
Provisions	35	13,242	15,980	7,726
Interest-bearing liabilities	36	1,412,635	858,776	1,026,620
Other liabilities	37	87,180	84,911	162,352
Deferred tax liabilities	27	239,969	197,365	145,991
Long-term liabilities		**1,753,026**	**1,157,032**	**1,342,689**
Current income tax liabilities	38	16,736	16,382	11,372
Provisions	35	84,766	69,177	51,259
Interest-bearing liabilities	36	153,004	545,214	202,530
Other liabilities	37	97,064	75,728	84,841
Liabilities relating to disposal groups	28	0	0	26,543
Short-term liabilities		**351,571**	**706,501**	**376,545**
Total liabilities and shareholders' equity		**4,309,138**	**3,983,983**	**3,670,941**

D. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.12.2016

€ 1,000	2016	2015
Operating activities		
Net result before taxes	237,605	316,013
Revaluation result incl. change in accrual and deferral of rental income	– 137,982	– 217,973
Depreciation and impairment/reversal	3,432	2,882
Result from the sale of long-term properties and office furniture and other equipment	– 23,399	– 36,562
Taxes paid/refunded excl. taxes for the sale of long-term properties	5,588	– 4,943
Finance costs, result from financial investments and other financial result	34,393	47,651
Foreign currency gains/losses	328	4,191
Result from interest rate derivative transactions	1,662	15,299
Result from other financial assets and non-cash income from investments in at equity consolidated entities	8,426	– 23,660
Cash flow from operations	**130,052**	**102,898**
Properties held for trading	– 12,050	– 3,592
Receivables and other assets	– 11,355	13,497
Provisions	5,193	171
Other liabilities	13,527	183
Cash flow from change in net current assets	**– 4,684**	**10,259**
Cash flow from operating activities	**125,368**	**113,157**
Investing activities		
Acquisition of and investment in long-term properties incl. prepayments	– 92,915	– 92,603
Acquisition of property companies, less cash and cash equivalents of € 1,602 K (2015: € 26,080 K)	– 160,128	– 34,913
Acquisition of office equipment and intangible assets	– 1,191	– 1,342
Repayment/acquisition of financial assets	36,300	– 36,300
Acquisition of assets available for sale	– 12,073	– 94,365
Investments in joint ventures	– 2,354	– 4,051
Disposal of investment properties and other assets	145,437	164,001
Disposal of investment property companies, less cash and cash equivalents of € 1,746 K (2015: € 1,094 K)	45,528	58,135
Disposal of joint ventures and associated companies	34,616	24,292
Loans made to joint ventures	– 616	– 4,633
Loan repayments made by joint ventures	1,278	119,340
Taxes paid/refunded relating to the sale of long-term properties and loans granted	3,938	– 26,120
Dividend distribution/capital repayment from at equity consolidated entities and assets available for sale	40,192	14,359
Interest paid for capital expenditure in investment properties	– 3,462	– 236
Interest received from financial investments	4,924	15,984
Cash flow from investing activities	**39,474**	**101,548**
Financing activities		
Cash inflow from loans received	300,560	218,586
Cash inflow from the issuance of bonds	288,131	174,387
Acquisition of treasury shares	– 53,885	– 32,306
Dividend payments to shareholders	– 47,904	– 44,464
Payment related to the acquisition of shares from non-controlling interests and dividends to minority interests	– 1,675	– 3,130
Repayment of loans incl. interest rate derivatives	– 238,502	– 433,017
Repayment of bonds	– 185,992	0
Other interest paid	– 37,277	– 51,428
Cash flow from financing activities	**23,455**	**– 171,372**
Net change in cash and cash equivalents	**188,297**	**43,333**
Cash and cash equivalents as at 1.1.	207,112	163,638
Changes in the value of foreign currency	– 320	141
Cash and cash equivalents as at 31.12.	**395,088**	**207,112**

The interests paid in 2016 totalled € – 40,739 K (2015: € – 51,664 K). The income taxes refunded in 2016 added up to € 9,526 K (2015 payment of € – 31,063 K).

E. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.12.2016

€ 1,000	Note	Share capital	Capital reserves - Others	Capital reserves - Treasury share reserve
As at 1.1.2015		**718,337**	**998,839**	**0**
Valuation / reclassification cash flow hedges	21	0	0	0
Foreign currency gains/losses	21	0	0	0
Revaluation of assets available for sale	21	0	0	0
Revaluation IAS 19	21	0	0	0
Consolidated net income		0	0	0
Comprehensive income for 2015		**0**	**0**	**0**
Dividend payments to shareholders		0	– 44,464	0
Addition of non-controlling interests		0	0	0
Subsequent adjustment for acquisition of shares in non-controlling interests		0	– 323	0
Acquisition of treasury shares		0	0	– 32,306
As at 31.12.2015	**34**	**718,337**	**954,052**	**– 32,306**
As at 1.1.2016		**718,337**	**954,052**	**– 32,306**
Valuation / reclassification cash flow hedges	21	0	0	0
Foreign currency gains/losses	21	0	0	0
Revaluation of assets available for sale	21	0	0	0
Revaluation IAS 19	21	0	0	0
Consolidated net income		0	0	0
Comprehensive income for 2016		**0**	**0**	**0**
Dividend payments to shareholders	34	0	– 47,904	0
Acquisition of treasury shares	34	0	0	– 54,773
As at 31.12.2016	**34**	**718,337**	**906,148**	**– 87,080**

Retained earnings	Valuation result (hedging - reserve)	Other reserves	Attributable to shareholders of the parent company	Non-controlling interests	Shareholders' equity (total)
263,235	**– 27,503**	**– 1,202**	**1,951,707**	**0**	**1,951,707**
0	22,372	0	22,372	0	22,372
0	0	597	597	0	597
0	0	1,405	1,405	0	1,405
0	0	585	585	0	585
220,839	0	0	220,839	0	220,839
220,839	**22,372**	**2,587**	**245,798**	**0**	**245,798**
0	0	0	– 44,464	0	– 44,464
0	0	0	0	40	40
0	0	0	– 323	0	– 323
0	0	0	– 32,306	0	– 32,306
484,075	**– 5,131**	**1,385**	**2,120,410**	**40**	**2,120,450**
484,075	**– 5,131**	**1,385**	**2,120,410**	**40**	**2,120,450**
0	1,930	0	1,930	0	1,930
0	0	359	359	0	359
0	0	827	827	0	827
0	0	– 264	– 264	0	– 264
183,910	0	0	183,910	6	183,916
183,910	**1,930**	**922**	**186,763**	**6**	**186,769**
0	0	0	– 47,904	0	– 47,904
0	0	0	– 54,773	0	– 54,773
667,984	**– 3,201**	**2,307**	**2,204,495**	**46**	**2,204,541**

F. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.12.2016

GENERAL NOTES

1. Information concerning the Company

CA Immobilien Anlagen Aktiengesellschaft and its subsidiaries (the "CA Immo Group") constitute an international real estate 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 in 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, available-for-sale financial assets, 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 thousand 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 in accordance with 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 assessed by means of ratios to balance sheet total, performance indicators and/or main items of cashflow. The disclosures in the notes of the CA Immo Group are assessed at every financial statement period end, weighing the efficient preparation of the annual 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 initial assumptions.

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 it is in case of 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 following below tables illustrate the sensitivity of the fair value to a change in 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.

Office Austria Change in Yield (in % of initial yield)	**–10%**	**–5%**	**0%**	**5%**	**Change in market rent of 10%**
–10%	2.51%	6.87%	11.23%	15.59%	19.95%
–5%	–2.81%	1.25%	5.32%	9.38%	13.45%
0%	–7.60%	–3.80%	0.00%	3.80%	7.60%
+5%	–11.94%	–8.37%	–4.81%	–1.25%	2.31%
+10%	–15.88%	–12.53%	–9.19%	–5.84%	–2.50%

Office Germany Change in Yield (in % of initial yield)	**–10%**	**–5%**	**0%**	**5%**	**Change in market rent of 10%**
–10%	2.21%	6.85%	11.50%	16.14%	20.78%
–5%	–3.23%	1.11%	5.44%	9.78%	14.12%
0%	–8.13%	–4.06%	0.00%	4.06%	8.13%
+5%	–12.56%	–8.74%	–4.93%	–1.11%	2.71%
+10%	–16.59%	–13.00%	–9.40%	–5.81%	–2.22%

Office Eastern Europe Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	1.90%	6.73%	11.57%	16.41%	21.25%
–5%	–3.60%	0.94%	5.48%	10.02%	14.56%
0%	–8.54%	–4.27%	0.00%	4.27%	8.54%
+5%	–13.02%	–8.99%	–4.96%	–0.93%	3.10%
+10%	–17.09%	–13.28%	–9.47%	–5.66%	–1.85%

Retail Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	0.31%	5.82%	11.32%	16.82%	22.33%
–5%	–5.02%	0.17%	5.36%	10.55%	15.74%
0%	–9.81%	–4.91%	0.00%	4.91%	9.81%
+5%	–14.15%	–9.50%	–4.85%	–0.20%	4.45%
+10%	–18.10%	–13.68%	–9.26%	–4.84%	–0.42%

Retail Eastern Europe Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	3.18%	7.73%	12.28%	16.82%	21.37%
–5%	–2.66%	1.58%	5.81%	10.05%	14.28%
0%	–7.92%	–3.96%	0.00%	3.96%	7.92%
+5%	–12.67%	–8.96%	–5.25%	–1.55%	2.16%
+10%	–16.99%	–13.51%	–10.03%	–6.55%	–3.07%

Hotel Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	3.84%	7.55%	11.26%	14.97%	18.68%
–5%	–1.52%	1.91%	5.33%	8.76%	12.18%
0%	–6.34%	–3.17%	0.00%	3.17%	6.34%
+5%	–10.70%	–7.76%	–4.82%	–1.88%	1.06%
+10%	–14.67%	–11.94%	–9.21%	–6.47%	–3.74%

Hotel Germany Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	5.60%	8.37%	11.15%	13.93%	16.71%
–5%	0.22%	2.75%	5.28%	7.81%	10.34%
0%	–4.62%	–2.31%	0.00%	2.31%	4.62%
+5%	–9.01%	–6.90%	–4.78%	–2.66%	–0.54%
+10%	–13.01%	–11.07%	–9.12%	–7.18%	–5.24%

Hotel Eastern Europe Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	4.13%	7.59%	11.06%	14.53%	17.99%
–5%	–1.15%	2.04%	5.24%	8.43%	11.63%
0%	–5.90%	–2.95%	0.00%	2.95%	5.90%
+5%	–10.21%	–7.47%	–4.74%	–2.00%	0.73%
+10%	–14.12%	–11.58%	–9.04%	–6.50%	–3.96%

Other Austria Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	1.61%	7.61%	13.60%	19.59%	25.58%
–5%	–4.81%	0.81%	6.44%	12.07%	17.70%
0%	–10.60%	–5.30%	0.00%	5.30%	10.60%
+5%	–15.83%	–10.83%	–5.83%	–0.82%	4.18%
+10%	–20.59%	–15.86%	–11.12%	–6.39%	–1.66%

Other Germany Change in Yield (in % of initial yield)	–10%	–5%	0%	5%	Change in market rent of 10%
–10%	0.64%	6.00%	11.37%	16.73%	22.09%
–5%	–4.70%	0.34%	5.38%	10.43%	15.47%
0%	–9.52%	–4.76%	0.00%	4.76%	9.52%
+5%	–13.87%	–9.37%	–4.87%	–0.37%	4.13%
+10%	–17.83%	–13.57%	–9.30%	–5.03%	–0.77%

For the development projects, the table below illustrates the sensitivity of the fair value to an increase or decrease in the calculated outstanding development and construction costs. Existing development projects under construction were used as basis.

				Still outstanding capital expenditures	
in € m	–10%	–5%	Initial value	+5%	+10%
Still outstanding capital expenditures	608.1	641.8	675.6	709.4	743.2
Fair value	267.8	234.0	200.2	166.4	132.7
Changes to initial value	33.7%	16.9%	0.0%	–16.9%	–33.7%

The sensitivity analysis of the projects under development are based on an average percentage of completion of approximately 15% 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 capital expenditures still outstanding leads to an inversely development of the fair value of the projects under development, within the residual value method.

Taxes

All companies are subject to local income tax on rental income, capital gains and other income in their respective countries. 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 the deferred tax assets should be recognised in the group's consolidated financial statements.

Income from the disposal of investments in real estate companies in Germany and Eastern Europe is wholly or partially exempt from income tax in Austria 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 recognised 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 the 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 future tax payments which are much higher or lower than those currently estimated and recognised in the balance sheet as liabilities or assets.

CA Immo Group holds a significant part of its real estate portfolio in Germany, being subject to numerous complex tax regulations. In particular, the issuer 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.

Measurement of interest rate derivatives

CA Immo Group uses interest rate swaps, caps and swaptions 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.

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 used.

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 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 expressed in external valuation reports, as values are stated in EUR.

Moreover, CA Immo mainly 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'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. Otherwise, the entire property is classified as own used.

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 (transfer in or from own used properties),
- beginning of the 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 1.1.2016	**165**	**48**	**1**
Acquisition of shares in companies	4	0	0
New establishment of companies	5	2	0
Disposal of companies due to liquidation or restructuring	–9	0	0
Transition consolidation	–2	2	0
Sales of entities	–3	–7	0
As at 31.12.2016	**160**	**45**	**1**
thereof foreign companies	141	42	1

Acquisitions/foundations of companies

CA Immo Group acquired following entities in 2016:

Company name/domicile	Purpose	Interest in %	Purchase price in € 1,000	Initial consolidation date
Millennium office complex	4 Property Companies	100	88,332	30.9.2016
Total			**88,332**	

This transaction is an acquisition of assets and liabilities and not a business combination according to IFRS 3.

The purchase price was fully paid. In course of the acquisition, apart from net assets acquired, also the receivables/payables to affiliated companies were purchased.

Net assets acquired are presented below:

€ 1,000	Total
Properties	165,205
Other assets	793
Cash and cash equivalents	1,602
Deferred taxes	790
Financial liabilities	–512
Provisions	–628
Other liabilities	–2,866
Receivables from/payables to affiliated companies	–76,052
Net assets acquired	**88,332**

The immediate revaluation after the acquisition of the investment properties resulted in a gain of € 7,145 K, resulting from the difference between the acquisition costs and the fair value of the investment properties.

For all newly founded companies, equity in the amount of € 92 K was paid.

Disposals of companies

CA Immo Group disposed the following interests in entities in the business year 2016:

Company name/domicile	Interest held in %	Consolidation method before change in participation	Sales price € 1,000	Deconsolidation date
Europolis Harbour City	100	Full consolidation	3,486	17.5.2016
TK Czech Development IX s.r.o.	100	Full consolidation	8,461	20.10.2016
Office Center Mladost EOOD	100	Full consolidation	1,174	30.11.2016
Eggarten Projektentwicklung GmbH & Co. KG	50	Full consolidation	41,943	30.11.2016
Eggarten Projektentwicklung Verwaltung	50	Full consolidation	0	30.11.2016
Total affiliated entities			**55,064**	
Poleczki Business Park Portfolio (7 entities)	50	At-equity Joint Ventures	3,551	1.1.2016
Total joint ventures			**3,551**	
Total			**58,615**	

Due to the sale of 50% of the Eggarten entities in Germany, CA Immo Group has no control over these entities, any longer. Therefore, these companies have been deconsolidated and the remaining interest is recognised as investment in joint ventures through profit and loss.

The receivables from sales prices amounted to € 10,500 K as at 31.12.2016.

The above-mentioned disposals (measured as of date of deconsolidation) had the following effect on the consolidated financial statements:

€ 1,000	Eastern Europe	Germany	Total
Properties	–34,174	–63,052	–97,226
Other assets	–168	–20,968	–21,137
Cash and cash equivalents	–1,692	–53	–1,746
Deferred taxes	178	0	178
Current income tax liabilities	73	0	73
Provisions	665	60	725
Other liabilities	868	27	895
Receivables from/payables to affiliated companies	21,930	24	21,954
Net change	**–12,320**	**–83,963**	**–96,283**
thereof proportional net assets sold	–12,320	–41,981	–54,302
thereof additions to investments in joint ventures	0	41,981	41,981

Investments in not consolidated structured entities

As at 31.12.2016 – as in the previous year – there are no investments in not consolidated structured entities.

5. Summarized presentation of accounting methods

a) Changes in the accounting methods

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

In order to facilitate the users of the financial statements a better overview of the current assets, CA Immo has presented two new balance sheet positions within the current assets section:

- Current income tax receivables
- Securities

The presentation of the comparative figures for the previous year has been adjusted in a similar way.

€ 1,000	31.12.2015 (as reported)	Adjustment	31.12.2015 restated
Receivables and other assets	243,691	–144,468	99,223
Current income tax receivables	0	39,218	39,218
Securities	0	105,250	105,250
Total	**243,691**	**0**	**243,691**

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 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 finance instrumed according to IAS 39, with applicable fair value at the transition consolidation date through profit and 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 (corrected 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	Ask	Bid	Ask
		31.12.2016	31.12.2016	31.12.2015	31.12.2015
Switzerland	CHF	1.0694	1.0822	1.0675	1.0751
USA	USD	1.0513	1.0613	1.0768	1.0848

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 subsidiaries' 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 of 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 subsidiaries in Ukraine and 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 31.12.2016	Closing rate 31.12.2015	Average exchange rate 2016	Average exchange rate 2015
Bulgaria	BGN	1.9558	1.9558	1.9558	1.9558
Croatia	HRK	7.5578	7.6352	7.5265	7.6186
Poland	PLN	4.4240	4.2615	4.3783	4.1810
Romania	RON	4.5411	4.5245	4.4919	4.4422
Russia	RUB	64.3000	80.6736	73.0584	68.7681
Serbia	RSD	123.4723	121.6261	123.1961	120.7636
Czech Republic	CZK	27.0200	27.0250	27.0396	27.2688
Ukraine	UAH	28.4226	26.2231	28.2202	24.4147
Hungary	HUF	311.0200	313.1200	311.8425	309.3217

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 is under construction and intended for subsequent sale. Thus, a property can be sold via a forward-sale agreement and CA Immo Group hands over the finished property at a later point in time.

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. 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.

Determination of fair value

Around 97.5 % (31.12.2015: 99.8 %) of the properties in Austria, about 94.2 % (31.12.2015: 95.6 %) of the properties in Germany, and about 98.0 % (31.12.2015: 90.6 %) of the properties in Eastern Europe were subject to an external valuation as of the reporting date 31.12.2016. The values of the 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 15.7 % of the market value upon completion (31.12.2015: 3.0 % 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. Among possible potential risks that are considered are, the estimated future rents and initial yields in the range from 3.5 % to 7.9 % and financing interest rates in the range from 2.3 % to 4.0 %. The rates vary in particular depending on the general market climate, location and type of use. The nearer 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 and property under development:

Classification investment properties incl. own used properties Valuation technique investment method	Fair value 31.12.2016 € 1,000	Fair value 31.12.2015 € 1,000	Inputs	Range 2016	Range 2015
Office Austria	314,610	319,030	Actual-rent €/m² p. m.	7.44 – 25.37	7.51 – 22.97
			Market-rent €/m² p. m.	7.12 – 23.63	6.79 – 22.99
			average remaining lease term in years	7.42	7.79
			average vacancy %	7.29	6.93
			Yield Term min/max/weighted average %	3.85 / 6.50 / 5.34	4.15 / 6.25 / 5.39
			Yield Reversion min/max/weighted average %	3.65 / 6.75 / 5.45	4.15 / 6.25 / 5.39
Office Germany	851,750	753,544	Actual-rent €/m² p. m.	9.47 – 21.56	9.27 – 21.52
			Market-rent €/m² p. m.	9.49 – 21.53	9.24 – 21.39
			average remaining lease term in years	6.65	7.54
			average vacancy %	2.91	7.7
			Yield Term min/max/weighted average %	4.10 / 5.65 / 4.53	3.25 / 5.75 / 4.43
			Yield Reversion min/max/weighted average %	4.10 / 5.65 / 4.54	4.40 / 5.75 / 4.86
Office Eastern Europe	1,378,595	1,201,280	Actual-rent €/m² p. m.	7.59 – 21.75	7.64 – 22.37
			Market-rent €/m² p. m.	7.91 – 20.06	7.87 – 20.76
			average remaining lease term in years	3.04	2.95
			average vacancy %	10.17	8.75
			Yield Term min/max/weighted average %	5.95 / 8.50 / 7.34	6.20 / 9.25 / 7.54
			Yield Reversion min/max/weighted average %	5.95 / 8.50 / 7.36	6.20 / 9.50 / 7.59
Office total	**2,544,955**	**2,273,854**			
Retail Austria	97,200	107,300	Actual-rent €/m² p. m.	13.36 – 13.36	9.16 – 13.54
			Market-rent €/m² p. m.	13.90 – 13.90	9.00 – 14.63
			average remaining lease term in years	2.21	5.12
			average vacancy %	5.92	2.85
			Yield Term min/max/weighted average %	4.55 / 4.55 / 4.55	4.85 / 6.00 / 5.01
			Yield Reversion min/max/weighted average %	4.65 / 4.65 / 4.65	4.85 / 6.75 / 5.10
Retail Eastern Europe	8,800	37,700	Actual-rent €/m² p. m.	4.36 – 4.36	4.37 – 11.32
			Market-rent €/m² p. m.	5.10 – 5.10	6.51 – 8.08
			average remaining lease term in years	3.90	3.80
			average vacancy %	17.86	13.97
			Yield Term min/max/weighted average %	9.00 / 9.00 / 9.00	9.00 / 9.00 / 9.00
			Yield Reversion min/max/weighted average %	9.00 / 9.00 / 9.00	9.00 / 9.00 / 9.00
Retail total	**106,000**	**145,000**			

Classification investment properties incl. own used properties **Valuation technique investment method**	**Fair value 31.12.2016** **€ 1,000**	**Fair value 31.12.2015** **€ 1,000**	**Inputs**	**Range 2016**	**Range 2015**
Hotel Austria	84,600	85,200	Actual-rent €/m² p. m.	9.39 – 10.40	8.89 – 10.40
			Market-rent €/m² p. m.	9.35 – 10.50	9.15 – 11.00
			average remaining lease term in years	10.79	11.65
			average vacancy %	2.41	1.79
			Yield Term min/max/weighted average %	4.75 / 5.50 / 5.05	4.75 / 5.75 / 5.08
			Yield Reversion min/max/weighted average %	5.00 / 5.75 / 5.12	5.00 / 5.75 / 5.29
Hotel Germany	83,400	73,800	Actual-rent €/m² p. m.	13.65 – 15.86	12.95 – 15.86
			Market-rent €/m² p. m.	13.79 – 15.86	13.16 – 15.86
			average remaining lease term in years	16.12	17.09
			average vacancy %	1.61	1.61
			Yield Term min/max/weighted average %	5.10 / 5.25 / 5.13	5.50 / 5.90 / 5.57
			Yield Reversion min/max/weighted average %	5.10 / 5.25 / 5.13	5.50 / 5.90 / 5.57
Hotel Eastern Europe	11,400	11,300	Actual-rent €/m² p. m.	4.64 – 4.64	4.63 – 4.63
			Market-rent €/m² p. m.	4.58 – 4.58	4.54 – 4.54
			average remaining lease term in years	7.67	6.99
			average vacancy %	6.16	7.51
			Yield Term min/max/weighted average %	7.50 / 7.50 / 7.50	7.50 / 7.50 / 7.50
			Yield Reversion min/max/weighted average %	8.00 / 8.00 / 8.00	8.00 / 8.00/ 8.00
Hotel total	**179,400**	**170,300**			
Other Austria	59,040	84,630	Actual-rent €/m² p. m.	4.86 – 12.00	4.81 – 11.30
			Market-rent €/m² p. m.	12.55 – 12.55	8.22 – 11.34
			average remaining lease term in years	3.91	4.37
			average vacancy %	15.28	6.44
			Yield Term min/max/weighted average %	4.00 / 6.35 / 5.85	4.00 / 6.35 / 5.56
			Yield Reversion min/max/weighted average %	4.00 / 6.25 / 5.77	4.00 / 6.25 / 5.45
Other Germany	46,970	52,540	Actual-rent €/m² p. m.	3.24 – 3.51	3.24 – 3.51
			Market-rent €/m² p. m.	3.05 – 3.44	3.06 – 6.00
			average remaining lease term in years	2.45	2.96
			average vacancy %	19.02	19.23
			Yield Term min/max/weighted average %	6.00 / 9.00 / 6.96	4.00 / 8.50 / 6.12
			Yield Reversion min/max/weighted average %	6.00 / 9.00 / 6.99	5.25 / 8.50 / 6.36
Other total	**106,010**	**137,170**			

Classification investment properties under development Valuation technique residual value	Fair value 31.12.2016 € 1,000	Fair value 31.12.2015 € 1,000	Inputs	Range 2016	Range 2015
Office Austria	5,480	16,200	Expected-rent €/m² p. m.	15.00	11.00 – 15.50
			Construction cost €/m²	1,600	1,000 – 1,600
			Related cost in % of Constr. cost	14.25	15.00
Office Germany	150,900	28,290	Expected-rent €/m² p. m.	19.00 – 27.40	8.5 – 19.5
			Construction cost €/m²	1,520 – 2,200	1,000 – 1,800
			Related cost in % of Constr. cost	13.00 – 26.00	17.00 – 24.00
Office Eastern Europe	22,700	11,600	Expected-rent €/m² p. m.	20.00	8.00 – 15.00
			Construction cost €/m²	1,486	844
			Related cost in % of Constr. cost	15.00	20.00
Hotel Germany	17,100	0	Expected-rent €/m² p. m.	19.00 – 27.40	0.00
			Construction cost €/m²	1,520 – 2,200	0
			Related cost in % of Constr. cost	13.00 – 26.00	0.00
Other Germany	4,040	0	Expected-rent €/m² p. m.	19.00 – 27.40	0.00
			Construction cost €/m²	1,520 – 2,200	0
			Related cost in % of Constr. cost	13.00 – 26.00	0.00
Development total	**200,220**	**56,090**			

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 the liquidation or residual value method.

Classification investment properties under development Comparative, liquidation or residual method	Fair value 31.12.2016 € 1,000	Fair value 31.12.2015 € 1,000	Inputs	Range 2016	Range 2015
Landbank Germany	211,510	326,770	Valuation approach / m² plot area	2.00 – 15,682.00	3.48 – 14,611.59
Landbank Eastern Europe	21,319	26,119	Valuation approach / m² plot area	1.99 – 957	4.2 – 947.42
Landbank total	**232,829**	**352,889**			

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. Vice versa, 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 twice in 2016 (2015: once). After clarification of any queries the experts create drafts 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 or RICS, and on the other hand by giving consideration to local market presence and penetration. If market conditions allow, the selected real estate experts are ones that do not act as an agent in any leasing or investment business.

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 2.5 to 16 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.

Goodwill impairment in € K				
Change in yield (in % of initial yield)	**+5%**	**+5%**	**+10%**	**+10%**
Change in market rent	**– 5%**	**– 10%**	**– 5%**	**– 10%**
Impact on the profit and loss statement	– 435.0	– 714.3	– 720.0	– 984.2

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

Interests in companies (Available for sale investments) and securities

Interests in companies which are not consolidated due to lack of control, and which are neither significantly influenced by the Group are assigned to the category “available for sale” (AFS – available for sale). The valuation of the stake purchased is made at fair value. Subsequent changes in value – as long as there are no impairments – are presented in other comprehensive income and reclassified in profit and loss upon the sale of the investment. If a listed price on an active market is not available, the fair value will be updated based on internal valuation, which is mostly based on external professional opinion regarding investment property.

Securities are primary financial instruments that are quoted on an active market and available for sale. They are classified as "available for sale" (AFS-available for sale). The initial recognition is at fair value including any transaction costs and the subsequent valuation is at fair value (stock market quotation).

In case of impairments of available-for-sale financial assets, the difference between acquisition costs and the lower fair value is recognized in profit or loss. Changes in value previously recognized in equity, are transferred from equity to profit or loss. A subsequent appreciation in value is shown in other comprehensive income. This can also lead to the fact that an impairment is booked in profit and loss during the year and in the subsequent quarters the value change is recorded in the other comprehensive income. CA Immo Group recognizes securities at the conclusion of the transaction agreement.

Loans

Loans granted by the company are assigned to the category "loans and receivables" (L&R). 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.

Receivables and other financial assets

Trade receivables from the provision of services, 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 "loans and receivables" (L&R). They are initially measured at fair value, and thereafter at amortised cost, applying the effective interest-rate method and less impairment losses.

An impairment loss on receivables is calculated based on the status of the dunning procedure, the past due date, and the individual credit rating of the relevant debtor, taking into account any security received and is recognised when there is objective indication that the receivables cannot be collected in full. Uncollectible receivables are derecognised. Subsequent payments in respect of receivables for which impairment losses have been incurred, are recognised in the consolidated income statement.

Receivables from the sale of properties having a maturity of more than one year are recognised 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.

Interest-bearing liabilities

Interest-bearing liabilities are assigned to the category "financial liabilities at amortised cost" (FLAC) 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 in financing costs or, if the conditions set forth in IAS 23 are met, capitalised as part of the construction cost.

Other liabilities

Other financial liabilities, such as trade payables, are assigned to the category “financial liabilities at amortised cost” (FLAC) and measured upon recognition at fair value and subsequently at amortised acquisition 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 on 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, floors, swaps, 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 in 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 in current assets or liabilities.

The method applied by CA Immo Group when recognising gains and 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).

In case 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, not in profit and loss. The ineffective portion is immediately recognised as an expense in the item “Result from interest rate derivative transactions”. 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 no longer qualifying for cash flow hedge accounting, such as interest rate caps, floors and swaps without a concurrent loan agreement, 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 caps and interest floors. Pursuant to IAS 39, derivatives not qualifying for hedge accounting are assigned to the category “held for trading” (HFT). Changes in the fair value are therefore recognised entirely in profit or loss in the item “Result from interest derivative transactions”.

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

h) Income from services rendered

The position "income from services rendered" at CA Immo Group includes income from services rendered, which are booked in accordance with IAS 18 as well as income from construction contracts for development works in accordance with IAS 11.

A service rendered is a service recorded in time units for a client (e.g. time-dependent advice for reconstruction, planning service or project support).

The income from a construction contract for development works (e.g. project management, construction support and approval of e.g. building construction, interior construction or property development) is recorded proportionally according to the percentage of completion ("percentage of completion method") of the total contract.

For construction contracts, the revenues are calculated proportionally, based on the ratio between contract costs borne, incurred for work performed to date, and the estimated total contract costs ("cost-to-cost method") and thus, recorded as receivables and revenues. An expected loss is recognised as an expense as soon as such loss is probable.

i) Construction work

Construction work covers the construction of buildings on the property of the customers where CA Immo Group executes the construction, with or without a general constructor.

The revenues from construction works are recorded based on the proportion of the work performed („percentage of completion method") and thus presented as receivables and revenues. The stage of completion is calculated as percentage of the construnction costs incurred at the reporting date from the estimated total construction cost (cost-to-cost method) and thus, is presented as receivables and revenues. An expected loss on a construction contract is recognised as an expense as soon as such loss is probable.

j) 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 and prepaid expenses. They are measured at cost less any impairment losses.

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

k) 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 exempted from this rule and interest bearing liabilities that are still measured at amortised cost as well as deferred taxes according to IAS 12.

l) Payment obligations to employees

Variable remuneration

As a part of their variable remuneration components, Management Board members could participate in a long term incentive scheme (LTI) from business year 2010 until 2014. LTI is a revolving programme with a term (holding period) of three years per tranche; it presupposed a personal investment limited to 50% of the fixed annual salary for Management Board members. The investment is evaluated at the closing rate on 31.12., with the number of associated shares determined on the basis of this evaluation. At the end of each three-year performance period, a target/actual comparison is applied to define target attainment. 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); weighting and respective target figures are set each year. Payments are made in cash. Within the remuneration system for the Management Board, the LTI programme was dissolved in 2015 and replaced by bonus payments based on phantom shares. The LTI programme remains effective for managerial staff with the personal investment being limited to 35 % of the fixed annual salary.

Since 2015, performance-related payments to the Management Board have been restricted to 200 % of the gross annual salary. The bonus payment is linked to long-term operational and quality-based targets and also takes account of non-financial performance criteria. Of the variable remuneration, 50% is linked to the attainment of short-term targets defined annually (annual bonus); the other half of the performance-related components depends on the exceeding of annually defined indicators such as 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 compared and confirmed 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 60 days of the business year relevant to target attainment. The payment of phantom shares is made in cash in three parts after 12 months, 24 months (mid term incentive) and 36 months (long term incentive) at the average rate for the last 60 days of 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 three pension benefits for already retired managing directors, as well as one ongoing pension benefit. 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:

	31.12.2016	31.12.2015
Interest rate	1.65%	2.01%
Salary increases expected in the future	2.0%	2.0%
Accumulation period	25 years	25 years
Expected income from plan asset	1.65%	2.01%

The actual return on plan assets for 2016 is 2.00 % (31.12.2015: 1.56 %).

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 0.00 % (2015: 0.49 %).

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.

m) 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.

n) 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 and 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 and subscription rights due to convertible bonds as well as the valuation of derivative transactions to some extent). 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
	2016	**2015**		**2016**	**2015**
Bulgaria	10.0%	10.0%	Serbia	15.0%	15.0%
Germany	15.8% to 31.9%	15.8% to 31.9%	Slovakia	21.0%	22.0%
Croatia	18.0%	20.0%	Slovenia	19.0%	17.0%
Netherlands	20.0% / 25.0%	20.0% / 25.0%	Czech Republic	19.0%	19.0%
Austria	25.0%	25.0%	Ukraine	18.0%	18.0%
Poland	19.0%	19.0%	Hungary	9.0%	10.0% / 19.0%
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.

o) 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.

p) 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 the Czech Republic, Slovakia, Hungary, Poland and Romania. The reporting Eastern Europe other regions segment consists of Bulgaria, Croatia, Slovenia, Russia, Ukraine and Serbia. 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.

q) Revenue recognition

Rental revenues

Rental revenues 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 to 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".

Revenues from the sale of investment properties
Income from the sale of properties is recognised when:

- all material economic risks and rewards associated with ownership have passed to the buyer,
- CA Immo Group does not retain any rights of disposal or effective power of disposition in respect of the object sold,
- 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.

Income from the sale of properties under construction is assessed according to IFRIC 15 in order to establish whether IAS 11 (construction contracts) or IAS 18 (revenue recognition) applies and thus to determine when income from the sale during the construction period shall be recognised. Requirement for the recognition of a disposal is that CA Immo Group has no more effective power to dispose in respect of the constructed property.

Revenues from construction contracts and construction works
In case of a construction contract for development works, respectively construction works (construction of a building on the land of a customer), the sponsor can exercise significant influence on the construction of the property. In compliance with IAS 11, related income is recognised– by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is determined according to the ratio between contract costs incurred for work performed as of the reporting date and the estimated total contract costs.

Given there is no customized project planning which means that the purchaser has only limited options to influence the specification of the property, it is an agreement for the sale of goods and the revenue is recognized according to the forenamed criteria for the sale of real estate properties. For the purpose of revenue recognition in accordance with IAS 18, contracts are separated into their individual components if materially different services are combined into a single arrangement. Such a multi-component transaction is assumed to exist when a contract contains several complementary but different elements, such as a service provided alongside a sale of an investment property. In such cases, revenue is recognised separately for each of these different elements. The purchase price of the property is recognised according to the revenue recognition criteria applicable to sales. Service revenue is recognised in accordance with the stage of completion. The following have been identified as material components of investment properties: procurement of planning permission, site development, surface construction and interior works. The allocation of the total revenues to the individual components is done by residual value method. The fair value of the components already delivered is obtained by deducting the fair value of the components not yet delivered.

Income from service rendered

Income from service contracts are recorded in accordance to the service rendered (counter-value of time-based units) until the reporting date.

r) 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 and loss, as result from revaluation (revaluation gain/loss). When property assets are sold, the valuation gain/loss 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.

s) 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 correction of the indirect expenses.

t) 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”.

Other financial result comprises the result from the repurchase of own interest-bearing liabilities (e.g. loans, bonds) if the purchase price was below the book value.

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

The result from financial investments includes interest, 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 investments mainly relates to the valuation of loans as well as impairments of securities available for sale.

u) 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:

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

Hierarchy of the fair values

31.12.2016				Measurement hierarchy accordning to IFRS 13
€ 1,000	Level 1	Level 2	Level 3	Total
Investment properties	0	0	2,923,676	2,923,676
investment properties under development	0	0	433,049	433,049
Investment property	**0**	**0**	**3,356,725**	**3,356,725**
Financial assets HFT	0	29	0	29
Financial assets available for sale	0	0	57,774	57,774
Financial instruments by category (assets)	**0**	**29**	**57,774**	**57,803**
Securities AFS	101,555	0	0	101,555
Securities AFS	**101,555**	**0**	**0**	**101,555**
Assets held for sale	0	0	26,754	26,754
Assets held for sale	**0**	**0**	**26,754**	**26,754**
Financial liabilities HFT	0	– 7,432	0	– 7,432
Financial liabilities CFH	0	– 4,151	0	– 4,151
Financial instruments by category (liabilities)	**0**	**– 11,583**	**0**	**– 11,583**
Total	**101,555**	**– 11,554**	**3,441,253**	**3,531,253**

31.12.2015				Measurement hierarchy according to IFRS 13
€ 1,000	Level 1	Level 2	Level 3	Total
Investment properties	0	0	2,714,305	2,714,305
investment properties under development	0	0	408,979	408,979
Investment property	**0**	**0**	**3,123,284**	**3,123,284**
Financial assets HFT	0	238	0	238
Financial assets available for sale	0	0	58,660	58,660
Financial instruments by category (assets)	**0**	**238**	**58,660**	**58,898**
Securities AFS	105,250	0	0	105,250
Securities AFS	**105,250**	**0**	**0**	**105,250**
Assets held for sale	0	0	54,048	54,048
Assets held for sale	**0**	**0**	**54,048**	**54,048**
Financial liabilities HFT	0	– 5,801	0	– 5,801
Financial liabilities CFH	0	– 6,942	0	– 6,942
Financial instruments by category (liabilities)	**0**	**– 12,743**	**0**	**– 12,743**
Total	**105,250**	**– 12,505**	**3,235,993**	**3,328,738**

Reclassifications between levels did not occur.

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:

2016 € 1,000	Office Austria*	Office Germany*	Office Eastern Europe	Retail Austria	Retail Eastern Europe	Hotel Austria
As at 1.1.	319,030	753,544	1,201,280	107,300	37,700	85,200
Additions	1,305	16,171	25,633	442	– 168	92
Disposals	– 10,991	0	– 4,000	– 13,040	– 26,784	– 41
Purchase of real estate companies	0	0	165,205	0	0	0
Valuation	5,163	81,517	– 8,225	2,512	– 1,825	– 663
Reclassification IFRS 5	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Change in lease incentives	103	518	– 1,298	– 15	– 123	12
Currency translation adjustments	0	0	0	0	0	0
As at 31.12.	**314,610**	**851,750**	**1,378,595**	**97,200**	**8,800**	**84,600**

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

2016 € 1,000	Hotel Germany	Hotel Eastern Europe	Others Austria	Others Germany	Others Eastern Europe	IFRS 5 all
As at 1.1.	73,800	11,300	84,630	52,540	0	51,065
Additions	22	20	1,268	398	0	0
Disposals	0	0	– 10,371	– 35,465	0	– 52,185
Purchase of real estate companies	0	0	0	0	0	0
Valuation	9,602	80	– 1,423	17,298	0	1,120
Reclassification IFRS 5	0	0	– 15,064	0	0	15,064
Reclassification	0	0	0	11,640	0	0
Change in lease incentives	– 24	0	0	559	0	0
Currency translation adjustments	0	0	0	0	0	0
As at 31.12.	**83,400**	**11,400**	**59,040**	**46,970**	**0**	**15,064**

2016 € 1,000	Development Austria	Development Germany	Development Eastern Europe	Land banks Germany	Land banks Eastern Europe
As at 1.1.	16,200	28,290	11,600	326,770	26,119
Additions	1,264	44,133	9,461	9,978	248
Disposals	– 12,397	– 2,498	0	– 65,694	– 3,390
Purchase of real estate companies	0	0	0	0	0
Valuation	412	21,655	1,639	32,568	– 1,658
Reclassification IFRS 5	0	0	0	0	0
Reclassification	0	80,460	0	– 92,100	0
Change in lease incentives	0	0	0	– 11	0
Currency translation adjustments	0	0	0	0	0
As at 31.12.	**5,480**	**172,040**	**22,700**	**211,510**	**21,319**

€ 1,000	Financial assets available for sale 2016
As at 1.1.	58,660
Valuation (OCI)	1,130
Distributions/capital reduction	– 2,016
As at 31.12.	**57,774**

2015 € 1,000	Office Austria*	Office Germany*	Office Eastern Europe	Retail Austria	Retail Eastern Europe	Hotel Austria
As at 1.1.	327,650	471,040	690,550	112,740	44,900	86,900
Additions	1,703	35,746	11,825	1,424	478	53
Disposals	– 13,894	– 7,653	0	– 7,980	0	0
Purchase of real estate companies	0	0	455,651	0	0	0
Valuation	3,540	82,791	42,939	1,024	– 7,660	– 1,741
Reclassification IFRS 5	0	0	0	0	0	0
Reclassification	0	167,217	0	0	0	0
Change in lease incentives	31	4,403	316	92	– 18	– 13
Currency translation adjustments	0	0	0	0	0	0
As at 31.12.	**319,030**	**753,544**	**1,201,280**	**107,300**	**37,700**	**85,200**

2015 € 1,000	Hotel Germany	Hotel Eastern Europe	Others Austria	Others Germany	Others Eastern Europe	IFRS 5 all
As at 1.1.	72,600	11,600	139,498	149,590	0	78,586
Additions	– 418	6	3,101	– 3	0	107
Disposals	0	0	– 49,182	– 124,278	0	– 78,678
Purchase of real estate companies	0	0	0	0	0	
Valuation	1,642	– 306	4,698	29,421	0	
Reclassification IFRS 5	0	0	– 995	0	0	51,065
Reclassification	0	0	– 12,280	– 3,030	0	
Change in lease incentives	– 24	0	– 210	839	0	– 15
Currency translation adjustments	0	0	0	0	0	
As at 31.12.	**73,800**	**11,300**	**84,630**	**52,540**	**0**	**51,065**

2015 € 1,000	Development Austria	Development Germany	Development Eastern Europe	Land banks Germany	Land banks Eastern Europe
As at 1.1.	10,500	150,500	0	327,305	10,817
Additions	0	16,717	1,983	18,460	80
Disposals	0	0	0	– 30,243	0
Purchase of real estate companies	0	0	9,024	0	11,958
Valuation	– 6,580	12,060	593	74,518	3,037
Reclassification IFRS 5	0	0	0	– 50,070	0
Reclassification	12,280	– 150,987	0	– 13,200	0
Change in lease incentives	0	0	0	0	0
Currency translation adjustments	0	0	0	0	227
As at 31.12.	**16,200**	**28,290**	**11,600**	**326,770**	**26,119**

€ 1,000	Financial assets available for sale 2015
As at 1.1.	**56,655**
Valuation (OCI)	2,566
Distributions	– 561
As at 31.12.	**58,660**

v) 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, were applicable for the first time in the business year 2016:

Standard / Interpretation	Content	entry into force[1)]
Changes in IAS 19	Defined benefit plans: employees contributions	1.2.2015
Annual improvement (cycle 2010– 2012)	Miscellaneous	1.2.2015
Changes to IFRS 11	Accounting for acquisitions of interests in joint operations	1.1.2016
Changes to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1.1.2016
Changes to IAS 27	Equity method in separate financial statements	1.1.2016
IAS 1	Disclosure initiative	1.1.2016
Annual improvement (cycle 2012– 2014)	Miscellaneous	1.1.2016
Changes to IAS 16 and IAS 41	Agriculture: bearer plants	1.1.2016
IFRS 10, 12 and IAS 28	Investment entities: applying the consolidation exception	1.1.2016

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

New and revised standards and interpretations that are not yet compulsory

Standard / Interpretation	Content	entry into force[1)]
IFRS 15	Revenue from Contracts with Customers	01.01.2018
IFRS 9	Financial instruments	01.01.2018
IFRS 16	Leasing	1.1.2019[2]
Amendments to IAS 7	Statements of Cash Flows - Disclosure Initiative	1.1.2017[2]
Amendments to IAS 12	Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses	1.1.2017[2]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	1.1.2018[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	1.1.2018[2]
Amendments to IFRS 4	Applying IFRS 9 with IFRS 4 Insurance Contracts	1.1.2018[2]
Annual Improvements to IFRS Standards (cycle 2014– 2016)	Miscellaneous	1.1.2018[2]/1.1.2017[2]
IFRIC 22	Foreign Currency Transactions and Advance Considerations	1.1.2018[2]
Amendments to IAS 40	Transfers of Investment Property	1.1.2018[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.

IFRS 9: Financial instruments

"IFRS 9 Financial Instruments" replaces "IAS 39 Financial Instruments: Recognition and Measurement". The main requirements set out in IFRS 9 can be summarized as follows:

The regulations of IFRS 9 provide a new classification model for financial assets / liabilities. While IAS 39 stipulated four measurement categories, IFRS 9 provides only the categories "amortized cost", "fair value" and for equity instruments an option to be recognized in the "other comprehensive income".

The subsequent measurement of financial assets/ liabilities will be based on three categories with different valuations and a different recognition of changes in value. The categorization results both from the dependence of the contractual cash flows of the instrument and from the business model according to which the instrument is held / managed. As financial instruments measured at "amortized cost" qualify only those, whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interests. All other financial assets are measured at fair value through profit and 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 in the other comprehensive income continues to exist.

IFRS 9 provides a three-step model for the recognition of losses and interest. Accordingly, in the first step the losses expected at the date of the acquisition should be recognized at the present value of an expected 12-month loss. 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, upon occurrence of an objective indication of impairment, the interest has to be recognized based on the net book value (book value less risk provision).

For financial liabilities the existing regulations of IAS 39 were carried forward in IFRS 9. The only significant new aspect concerns financial liabilities within the fair value option. For these liabilities, the fair value fluctuations due to changes in the group's own default risk have to be recognized in the other comprehensive income.

In addition to options regarding transitional regulations, IFRS 9 involves also extensive disclosure requirements. Changes in this regard result mainly from the regulations concerning impairments.

From the current perspective, CA Immo Group is not significantly affected by the recognition of the impairment of receivables. No decision has yet been made on the exercise of the available options regarding transitional regulations.

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 is recognized. 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 of the performance obligations in the contract. Explicit rules are provided about variable consideration, financing components, payments to the customers and non-cash transactions
4. Allocation of the transaction price to the performance obligations in the contract based on stand-alone selling prices of the individual performance obligations
5. Recognition of revenue when the entity fulfills a performance obligation.

According to IFRS 15, when entering into a contract, it has to be defined if the revenues resulting from contract have to be recorded over time or at a specific point in time. First, it is necessary to clarify based on specific criteria whether the control over a performance obligation is passed over time. If this is not the case, the revenues must be recognised at the point in time when control is passed to the customer.

If control is passed over time the revenue may be recognized over time only to the extent that the stage of completion for the performance obligation can be determined reliably using input or output oriented methods.

The standard also contains extensive regulations in respect of qualitative and quantitative information related to the following:

- contracts with customers
- significant judgments and other changes
- assets resulting from incremental costs for obtaining a contract

The effects of IFRS 15 are not comprehensively analysed as CA Immo Group currently realizes both revenues at a pecific point in time and revenues over time. In contrast to IAS 11, the regulations of IFRS 15 can lead to the possibility of an earlier realization of income in the case of residential construction. This realization over time of the revenues in the above-mentioned sector depends significantly on the contractual structure and will be analyzed in detail for each property. An earlier realization of revenue may impact the result from joint ventures as residential projects are carried out in joint venture structures within CA Immo Group.

No decision has been yet made on the exercise of available options regarding the transition.

IFRS 16: Leases

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: 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 lease commencement and need to book a corresponding leasing liability. Leases of low-value assets and short-term leases are excepted.

The changes of IFRS 16 on the operating leases of CA Immo Group will have no material impact on the financial statements of CA Immo Group, since these mainly concern leases for furniture and office equipment and immaterial rental agreements in Germany.

The application of IFRS 16 may lead to the recognition of a right of use and a liability in those cases where CA Immo Group is lessee and not owner of a land plot. The exact impact of IFRS 16 on CA Immo Group is still being analyzed; from the current perspective the effect on the financial statements of the CA Immo Group is not material.

Other changes

The first time adoption of all other new standards interpretations is not likely to have any material impact on consolidated financial statements.

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, the Czech Republic as well as Slovakia.
- Eastern Europe other region segment consists of Bulgaria, Croatia, Slovenia, Russia, Ukraine and Serbia.

€ 1,000 2016			Austria			Germany	
	Income producing	Development	Total	Income producing	Development	Total	Income producing
Rental income	32,205	0	32,205	59,563	16,954	76,516	82,474
Rental income with other operating segments	520	0	520	732	0	732	0
Operating costs charged to tenants	7,518	0	7,518	14,089	2,620	16,709	29,543
Operating expenses	– 8,553	0	– 8,553	– 15,274	– 3,503	– 18,777	– 32,090
Other expenses directly related to properties rented	– 3,465	0	– 3,465	– 4,005	– 852	– 4,857	– 7,178
Net rental income	**28,225**	**0**	**28,225**	**55,104**	**15,218**	**70,322**	**72,750**
Result from hotel operations	0	0	0	0	0	0	0
Other expenses directly related to properties under development	0	– 309	– 309	0	– 2,813	– 2,813	0
Result from trading and construction works	0	2,339	2,339	0	16,181	16,181	0
Result from the sale of investment properties	2,114	– 167	1,948	15,052	5,152	20,204	675
Income from services rendered	0	0	0	291	10,966	11,257	1,300
Indirect expenses	– 1,851	– 65	– 1,917	– 6,346	– 14,265	– 20,611	– 11,445
Other operating income	55	0	55	228	713	941	65
EBITDA	**28,543**	**1,798**	**30,341**	**64,329**	**31,152**	**95,481**	**63,345**
Depreciation and impairment/reversal	– 1,425	0	– 1,425	– 125	– 572	– 696	– 717
Result from revaluation	2,028	387	2,415	79,847	96,890	176,738	– 21,357
Result from joint ventures	0	0	0	0	0	0	0
Result of operations (EBIT)	**29,145**	**2,185**	**31,331**	**144,052**	**127,471**	**271,522**	**41,270**
31.12.2016							
Property assets[1)]	566,323	29,382	595,705	1,205,942	946,504	2,152,446	1,358,965
Other assets	23,287	15,928	39,215	259,594	463,588	723,181	255,894
Deferred tax assets	0	0	0	499	692	1,191	936
Segment assets	**589,610**	**45,311**	**634,920**	**1,466,034**	**1,410,784**	**2,876,819**	**1,615,795**
Interest-bearing liabilities	230,104	34,051	264,154	676,212	336,364	1,012,576	780,914
Other liabilities	14,402	4,669	19,071	33,129	277,335	310,464	41,740
Deferred tax liabilities incl. current income tax liabilities	48,025	1,690	49,715	129,673	106,471	236,144	34,806
Liabilities	**292,531**	**40,409**	**332,941**	**839,014**	**720,170**	**1,559,184**	**857,460**
Shareholders' equity	**297,078**	**4,902**	**301,980**	**627,021**	**690,614**	**1,317,634**	**758,335**
Capital expenditures[2)]	3,081	12,095	15,176	10,918	133,609	144,528	184,696

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

2) Capital expenditures include all acquisitions of properties (long-term and short-term) including additions from initial consolidation, office furniture and other equipment and intangible assets; thereof € 14,906 K (31.12.2015: € 6,610 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
1,681	84,155	16,421	0	16,421	209,298	0	– 43,695	165,603
0	0	0	0	0	1,252	0	– 1,252	0
728	30,271	5,540	0	5,540	60,038	0	– 13,131	46,906
– 657	– 32,747	– 6,011	0	– 6,011	– 66,088	0	13,362	– 52,726
– 162	– 7,341	– 552	0	– 552	– 16,215	57	3,525	– 12,633
1,589	**74,339**	**15,398**	**0**	**15,398**	**188,284**	**57**	**– 41,191**	**147,150**
0	0	0	0	0	0	0	0	0
– 131	– 131	0	– 51	– 51	– 3,304	0	971	– 2,333
0	0	0	0	0	18,520	0	– 9,090	9,430
425	1,100	– 1,149	0	– 1,149	22,103	– 68	1,306	23,340
0	1,300	0	0	0	12,557	10,893	– 10,185	13,265
– 807	– 12,252	– 1,428	– 102	– 1,530	– 36,311	– 21,335	13,505	– 44,140
11	77	10	0	10	1,082	293	– 502	873
1,087	**64,432**	**12,831**	**– 153**	**12,678**	**202,932**	**– 10,161**	**– 45,186**	**147,585**
– 55	– 772	– 1	0	– 1	– 2,895	– 534	– 3	– 3,432
– 101	– 21,458	2,173	– 1,480	693	158,387	0	– 20,127	138,260
0	0	0	0	0	0	0	11,419	11,420
932	**42,202**	**15,002**	**– 1,633**	**13,369**	**358,425**	**– 10,694**	**– 53,897**	**293,833**
79,739	1,438,704	229,200	1,920	231,120	4,417,975	0	– 1,005,397	3,412,579
11,859	267,753	7,624	8,820	16,444	1,046,594	655,295	– 806,892	894,997
88	1,024	0	0	0	2,215	40,182	– 40,834	1,563
91,686	**1,707,481**	**236,824**	**10,740**	**247,564**	**5,466,784**	**695,477**	**– 1,853,123**	**4,309,138**
62,861	843,775	136,578	14,796	151,374	2,271,880	653,677	– 1,359,918	1,565,639
6,435	48,175	5,135	8	5,143	382,854	12,177	– 112,778	282,253
2,789	37,594	7,621	0	7,621	331,074	1,401	– 75,770	256,705
72,085	**929,545**	**149,334**	**14,804**	**164,138**	**2,985,808**	**667,255**	**– 1,548,466**	**2,104,597**
19,601	**777,936**	**87,490**	**– 4,064**	**83,426**	**2,480,976**	**28,223**	**– 304,658**	**2,204,541**
12,481	197,177	7,115	0	7,115	363,995	472	– 72,824	291,644

€ 1,000			Austria			Germany	
2015							
	Income producing	**Development**	**Total**	**Income producing**	**Development**	**Total**	**Income producing**
Rental income	35,507	0	35,507	60,181	13,856	74,037	95,364
Rental income with other operating segments	520	0	520	616	0	616	0
Operating costs charged to tenants	8,890	0	8,890	12,405	2,105	14,510	31,644
Operating expenses	– 9,785	0	– 9,785	– 14,215	– 2,984	– 17,199	– 35,024
Other expenses directly related to properties rented	– 3,271	0	– 3,271	– 3,699	– 2,781	– 6,480	– 7,567
Net rental income	**31,861**	**0**	**31,861**	**55,288**	**10,196**	**65,484**	**84,418**
Result from hotel operations	0	0	0	0	0	0	251
Other expenses directly related to properties under development	0	0	0	0	– 3,354	– 3,354	0
Result from trading and construction works	0	245	245	0	4,396	4,396	0
Result from the sale of investment properties	2,967	– 827	2,140	39,944	11,211	51,155	895
Income from services rendered	84	0	84	614	11,270	11,884	535
Indirect expenses	– 995	– 460	– 1,454	– 4,777	– 15,885	– 20,662	– 9,677
Other operating income	54	0	54	565	1,931	2,496	680
EBITDA	**33,971**	**– 1,043**	**32,928**	**91,634**	**19,764**	**111,398**	**77,102**
Depreciation and impairment/reversal	– 1,115	0	– 1,115	– 135	– 169	– 305	– 380
Result from revaluation	710	4,728	5,438	47,050	135,571	182,621	10,007
Result from joint ventures	0	0	0	0	0	0	0
Result of operations (EBIT)	**33,566**	**3,685**	**37,251**	**138,548**	**155,165**	**293,714**	**86,729**
31.12.2015							
Property assets[1)]	593,142	16,958	610,100	1,090,654	891,437	1,982,090	1,361,708
Other assets	50,266	2,528	52,795	185,431	400,617	586,048	215,034
Deferred tax assets	0	0	0	1,165	433	1,598	1,223
Segment assets	**643,408**	**19,486**	**662,894**	**1,277,250**	**1,292,487**	**2,569,736**	**1,577,966**
Interest-bearing liabilities	264,694	1,214	265,908	623,127	336,002	959,129	925,850
Other liabilities	14,520	2,548	17,068	26,374	245,628	272,001	35,797
Deferred tax liabilities incl. current income tax liabilities	50,030	3,724	53,754	102,089	79,128	181,218	46,961
Liabilities	**329,244**	**7,486**	**336,731**	**751,590**	**660,759**	**1,412,348**	**1,008,608**
Shareholders' equity	**314,164**	**12,000**	**326,164**	**525,660**	**631,728**	**1,157,388**	**569,357**
Capital expenditures[2)]	3,181	2,489	5,670	72,237	113,458	185,695	16,376

Development	Eastern Europe core regions Total	Income producing	Development	Eastern Europe other regions Total	Total segments	Holding	Transition Consolidation	Total
2,131	97,495	17,060	0	17,060	224,099	0	– 69,282	154,817
0	0	0	0	0	1,137	0	– 1,137	0
1,776	33,420	5,334	0	5,334	62,153	0	– 23,863	38,290
– 1,765	– 36,788	– 5,839	0	– 5,839	– 69,611	0	25,044	– 44,567
– 441	– 8,008	– 963	0	– 963	– 18,723	0	5,774	– 12,948
1,701	**86,119**	**15,592**	**0**	**15,592**	**199,055**	**0**	**– 63,464**	**135,592**
0	251	0	0	0	251	0	0	251
– 105	– 105	0	– 29	– 29	– 3,488	0	1,329	– 2,159
0	0	0	0	0	4,640	0	– 1,551	3,089
– 24	871	– 9	148	139	54,304	0	– 17,757	36,547
1	536	18	0	18	12,522	3,356	342	16,219
– 1,037	– 10,714	– 1,456	– 95	– 1,551	– 34,381	– 15,120	7,050	– 42,452
126	807	250	3	253	3,609	289	– 2,428	1,470
662	**77,764**	**14,396**	**26**	**14,422**	**236,512**	**– 11,475**	**– 76,480**	**148,558**
24	– 356	– 1	0	– 1	– 1,777	– 611	– 495	– 2,882
2,092	12,099	– 886	– 1,427	– 2,313	197,846	0	15,973	213,818
0	0	0	0	0	0	0	43,221	43,221
2,779	**89,508**	**13,509**	**– 1,401**	**12,108**	**432,581**	**– 12,085**	**– 17,780**	**402,715**
106,967	1,468,675	225,340	3,400	228,740	4,289,605	0	– 1,086,172	3,203,434
12,841	227,876	10,000	9,055	19,054	885,773	689,650	– 797,249	778,173
128	1,351	0	31	31	2,980	50,900	– 51,504	2,376
119,937	**1,697,903**	**235,340**	**12,485**	**247,825**	**5,178,358**	**740,550**	**– 1,934,925**	**3,983,983**
107,774	1,033,623	180,880	13,136	194,015	2,452,676	449,022	– 1,497,708	1,403,989
5,428	41,225	6,561	6	6,567	336,862	9,847	– 100,912	245,796
3,294	50,256	7,348	1	7,349	292,577	12,648	– 91,478	213,747
116,496	**1,125,104**	**194,789**	**13,142**	**207,932**	**3,082,115**	**471,517**	**– 1,690,099**	**1,863,533**
3,441	**572,799**	**40,550**	**– 657**	**39,893**	**2,096,243**	**269,033**	**– 244,826**	**2,120,450**
19,224	35,600	2,825	0	2,825	229,790	590	– 137,871	92,508

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

Segment Eastern Europe core regions before consolidation	€ 1,000	2016 Share in %	€ 1,000	2015 Share in %
Rental income				
Poland	18,796	22.3	32,156	33.0
Romania	18,258	21.7	19,890	20.4
Czech Republic / Slovakia	20,708	24.6	21,974	22.5
Hungary	26,393	31.4	23,475	24.1
Total rental income	**84,155**	**100**	**97,495**	**100**
Fair value of investment properties IAS 40				
Poland	319,900	22.8	492,736	33.5
Romania	288,155	20.5	280,270	19.1
Czech Republic / Slovakia	324,029	23.1	347,519	23.7
Hungary	472,450	33.6	348,150	23.7
Total fair value investment property according to IAS 40	**1,404,534**	**100**	**1,468,675**	**100**

In Eastern Europe other regions development segment, the impairment for associated entity amounting to € - 4,077 K and in Holding segment, an impairment for the available for sale securities amounting to € - 15,768 were included.

2. Rental income

€ 1,000	2016	2015
Basic rental income	163,852	148,824
Conditional rental income	1,344	1,347
Change in accrued rental income related to lease incentive agreements	– 278	4,155
Settlement from cancellation of rent agreements	686	490
Rental income	**165,603**	**154,817**

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

2016	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 %
Offices	17,452	54.2%	37,762	77.7%	70,483	95.7%	10,251	91.7%	135,948	82.1%
Hotels	5,335	16.6%	4,687	9.6%	0	0.0%	933	8.3%	10,954	6.6%
Retail	5,680	17.6%	278	0.6%	3,141	4.3%	0	0.0%	9,099	5.5%
Logistics	0	0.0%	1,029	2.1%	0	0.0%	0	0.0%	1,029	0.6%
Residential	1,193	3.7%	222	0.5%	0	0.0%	0	0.0%	1,415	0.9%
Other properties	2,546	7.9%	4,611	9.5%	0	0.0%	0	0.0%	7,158	4.3%
Rental income	**32,205**	**100%**	**48,590**	**100%**	**73,624**	**100%**	**11,184**	**100%**	**165,603**	**100%**

2015	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 %
Offices	18,756	52.8%	33,365	68.2%	55,890	93.0%	9,378	91.2%	117,389	75.8%
Hotels	5,416	15.3%	4,372	8.9%	213	0.4%	903	8.8%	10,903	7.0%
Retail	6,209	17.5%	310	0.6%	3,845	6.4%	0	0.0%	10,365	6.7%
Logistics	0	0.0%	7,074	14.5%	156	0.3%	0	0.0%	7,230	4.7%
Residential	1,451	4.1%	247	0.5%	0	0.0%	0	0.0%	1,698	1.1%
Other properties	3,674	10.3%	3,555	7.3%	2	0.0%	0	0.0%	7,232	4.7%
Rental income	**35,507**	**100%**	**48,923**	**100%**	**60,106**	**100%**	**10,281**	**100%**	**154,817**	**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	2016	2015
Operating costs charged to tenants	46,906	38,290
Operating expenses	– 52,726	– 44,567
Own operating costs	**– 5,820**	**– 6,277**
Maintenance costs	– 6,907	– 5,606
Agency fees	– 2,373	– 3,589
Bad debt losses and reserves for bad debts	– 309	– 353
Other directly related expenses	– 3,044	– 3,401
Other expenses directly related to properties rented	**– 12,633**	**– 12,948**
Total	**– 18,453**	**– 19,225**

4. Result from hotel operations

CA Immo Group operated two hotels in Czech Republic until the 2nd quarter 2015. Other expenses from hotel operations mainly included expenses for food and beverages, catering, hotel rooms, licence and management fees, personnel expenses, advertising costs, bad debts, operating costs, maintenance costs and other costs related to properties. In 2015, these two hotels in the Czech Republic (2P s.r.o., Europort Airport Center a.s.) and their related management and operating companies (Hotel Operation Plzen Holding s.r.o. and Hotel Operations Europort s.r.o.) were sold.

5. Other expenses directly related to properties under development

€ 1,000	2016	2015
Operating expenses related to investment properties under development	– 902	– 728
Property advertising costs	– 196	– 56
Project development and project execution	– 1,052	– 866
Operating expenses related to investment properties under development long-term assets	**– 2,150**	**– 1,651**
Property advertising costs	0	– 9
Project development and project execution	– 182	– 499
Operating expenses related to investment properties under development short-term assets	**– 183**	**– 508**
Other expenses directly related to properties under development	**– 2,333**	**– 2,159**

6. Result from trading and construction works

€ 1,000	2016	2015
Income from trading	13,391	8,344
Income from construction works	14,709	1,191
Income from the sale of properties and construction works	**28,099**	**9,535**
Book value of properties sold incl. ancillary costs	– 6,998	– 5,499
Construction costs	– 11,672	– 947
Book value of properties sold incl. ancillary and construction costs	**– 18,669**	**– 6,446**
Result from trading and construction works	**9,430**	**3,089**
Result from trading and construction works in % from revenues	**33.6%**	**32.4%**

Costs incurred for construction work projects in accordance with IAS 11 at the reporting date total € 12,619 K (2015: € 947 K) so far, the related accumulated revenues amount to € 15,899 K (2015: € 1,191 K). On 31.12.2016 received prepayments amount to € 5,565 K (2015: € 0 K).

7. Result from sale of investment properties

€ 1,000	Austria	Germany	Eastern Europe other regions	Eastern Europe other regions	2016	Austria	Germany	Eastern Europe other regions	Eastern Europe other regions	2015
Sales prices for interests in property companies	0	87,163	11,948	1,174	100,285	0	48,862	2,095	0	50,957
Book value of net assets sold excl. goodwill	0	– 83,964	– 12,317	– 3	– 96,285	0	– 36,352	– 1,497	0	– 37,849
Goodwill of sold properties	0	– 605	0	0	– 605	0	0	0	0	0
Revaluation result for the year	0	4,238	– 1,519	0	2,718	0	26,160	– 1	0	26,158
Subsequent costs and ancillary costs	0	– 3,012	15	– 60	– 3,058	0	– 2,666	– 429	– 9	– 3,104
Results from the sale of investment property (share deals)	**0**	**3,820**	**– 1,875**	**1,111**	**3,056**	**0**	**36,003**	**168**	**– 9**	**36,162**
Income from the sale of investment properties	47,777	104,987	141	0	152,905	90,312	66,279	24,087	0	180,678
Book value of properties sold	– 47,696	– 91,897	0	0	– 139,593	– 88,966	– 42,286	– 24,022	0	– 155,274
Goodwill of sold properties	– 999	– 13	0	0	– 1,012	– 2,673	– 737	0	0	– 3,410
Revaluation result for the year	3,677	14,444	0	0	18,122	4,984	– 1	0	0	4,983
Subsequent costs and ancillary costs	– 763	– 9,381	5	0	– 10,138	– 1,517	– 25,065	– 10	0	– 26,592
Results from the sale of investment property (asset deals)	**1,996**	**18,141**	**147**	**0**	**20,284**	**2,140**	**– 1,810**	**55**	**0**	**385**
Result from the sale of investment properties	**1,996**	**21,961**	**– 1,728**	**1,111**	**23,340**	**2,140**	**34,194**	**223**	**– 9**	**36,547**

The book value of net assets sold (= equity) includes investment property in the amount of € 97,226 K (2015: € 148,585 K), for which selling prices totaling to € 97,850 K (2015: € 153,200 K) were agreed.

In Germany, in the sales prices for interests in property companies, given the change from full to at-equity consolidation, fair value of the remaining Eggarten joint venture stake is included. As at 31.12.2016, CA Immo Group holds a 50 % stake in Eggarten.

8. Income from services rendered

€ 1,000	2016	2015
Revenues from construction contracts according to IAS 11	2,044	2,256
Revenues from service contracts	8,944	9,226
Income from management	1,990	4,459
Property management revenues and other fees	287	279
Income from services rendered	**13,265**	**16,219**

Costs incurred for construction contracts in accordance with IAS 11 for development works in progress at the reporting date total € 5,667 K (2015: € 4,614 K) so far and the related accumulated revenues amount to € 7,706 K (2015: € 5,723 K). In 2016, losses recognised by reference to the stage of completion of the contract amount to € 39 K (2015: € 173 K loss). Prepayments amount to € 6,983 K as at 31.12.2016 (31.12.2015: € 5,336 K).

9. Indirect expenses

€ 1,000	2016	2015
Personnel expenses	– 33,318	– 31,271
Legal, auditing and consulting fees	– 8,611	– 6,019
Third party acquired development services	– 2,975	– 4,578
Office rent	– 1,514	– 1,467
Travel expenses and transportation costs	– 1,194	– 1,208
Other expenses internal management	– 2,682	– 2,906
Other indirect expenses	– 3,696	– 4,231
Subtotal	**– 53,989**	**– 51,679**
Own work capitalised in investment property	8,136	7,829
Change in properties held for trading	1,713	1,399
Indirect expenses	**– 44,140**	**– 42,452**

Personnel expenses include contributions to staff welfare funds in the amount of € 114 K (2015: € 99 K) and to pension and relief funds in the amount of € 386 K (2015: € 319 K).

10. Other operating income

€ 1,000	2016	2015
Discharge of lapsed liabilities	203	114
Other income	670	1,357
Other operating income	**873**	**1,470**

11. Depreciation and impairment losses/reversal

€ 1,000	2016	2015
Regular depreciation	– 1,831	– 2,013
Impairment loss on goodwill	– 1,629	– 902
Reversal of impairment loss previously recognised on properties held for trading	29	32
Depreciation and impairment/reversal	**– 3,432**	**– 2,882**

12. Joint ventures result

€ 1,000	2016	2015
At equity consolidation of investments in joint ventures	10,505	42,524
Result from sale of joint ventures	914	697
Result from joint ventures	**11,420**	**43,221**

In 2015, the result of at equity consolidation of joint ventures contains the increase of the fair values of the E-Portfolio related to the buy-out of the former joint venture partner, amounting to € 15,592 K at first-time consolidation date, 1.7.2015.

13. Finance costs

€ 1,000	2016	2015
Interest expense banks	– 24,900	– 40,074
Interest expense bonds	– 17,358	– 14,490
Other interest and finance costs	– 3,196	– 5,845
Capitalised interest	3,832	236
Finance costs	**– 41,622**	**– 60,172**

14. Other financial result

In 2015, CA Immo Group repurchased three loans from the financing bank. The difference between the outstanding loan amount and the purchase price for consolidated subsidiaries amounted to € 178 K.

15. Result from interest rate derivatives

€ 1,000	2016	2015
Valuation interest rate derivative transactions	– 1,498	10,614
Change of ineffectiveness of cash-flow hedges	13	19
Reclassification of valuation results recognised in equity	– 177	– 25,931
Result from interest rate derivative transactions	**– 1,662**	**– 15,299**

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 relation 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	2016	2015
Valuation of interest rate swaps without cash flow hedge relation	– 1,293	10,780
Valuation Swaption	– 169	– 110
Valuation of interest rate caps	– 36	– 57
Valuation interest rate derivative transactions	**– 1,498**	**10,614**

16. Result from financial investments

€ 1,000	2016	2015
Interest income from loans to associated companies and joint ventures	638	8,159
Interest income on bank deposits	492	524
Revenues from dividends	4,507	1,169
Other interest income	1,592	2,492
Result from financial investments	**7,229**	**12,344**

17. Result from other financial assets

The result from other financial assets for the year 2016 amounts to € – 15,768 K (2015: - 13,264 K) and refers to impairments of available for sale securities (2015 valuations of loans granted to joint ventures and other loans included).

18. Result from associated companies

€ 1,000	2016	2015
ZAO „Avielen A.G.“, St. Petersburg	– 4,077	– 6,297
	– 4,077	**– 6,297**

19. Financial result

€ 1,000		Category[1]	2016	2015
Interest expense	Interest	FLAC	– 41,622	– 60,172
Other financial results	Valuation	L&R	0	178
Foreign currency gains/losses	Valuation		– 1,183	– 8,914
	Realisation		854	4,723
Interest rate swaps	Valuation	HFT	– 1,293	10,780
	Ineffectiveness	CFH	13	19
	Reclassification	CFH	– 177	– 25,931
Swaption	Valuation	HFT	– 169	– 110
Interest rate caps	Valuation	HFT	– 36	– 57
Interest income	Interest	L&R	2,722	11,174
Financial investments	Dividends	AFS	4,507	1,169
Other financial assets	Valuation	AFS	– 15,768	– 13,264
Net result of financial instruments			**– 52,151**	**– 80,405**
Result from associated companies	Valuation	AEA	– 4,077	– 6,296
Result from associated companies			**– 4,077**	**– 6,296**
Financial result			**– 56,228**	**– 86,702**

[1] FLAC – financial liabilities at amortised cost, L&R – loans and receivables, HFT – held for trading, CFH – Cash-flow Hedge, FV/PL – at fair value through profit or loss, AFS - available for sale, AEA – at equity

20. Income tax

€ 1,000	2016	2015
Current income tax (current year)	– 17,304	– 9,248
Current income tax (previous years)	7,168	– 27,392
Current income tax	**– 10,136**	**– 36,639**
Change in deferred taxes	– 43,524	– 58,633
Tax benefit on valuation of assets available for sale in equity	– 29	99
Income tax expense	**– 53,688**	**– 95,174**
Effective tax rate (total)	22.6%	30.1%

In 2016, current income tax (current year) arises mainly from Germany.

In 2015, current income tax (previous year) mainly resulted from effects of a tax audit, especially in relation to the tax deductibility of interest expenses in Germany, for the period 2008-2010 and follow-up effects until 2013. In 2016, current income tax (previous year) mainly includes corresponding offsetting effects from appeals and rulings related to the outlined tax audits and follow-up effects. CA Immo Group has appealed for the findings of the tax audit and has pursued further legal steps in this respect.

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

€ 1,000	2016	2015
Net result before taxes	237,605	316,013
Expected tax expenses (tax rate Austria 25.0% / prior year 25.0%)	**– 59,401**	**– 79,003**
Tax-effective impairment and reversal of impairment losses of investments in affiliated entities	8,454	995
Non-usable tax losses carried forward	– 193	– 6,503
Non tax-deductible expense and permanent differences	– 2,921	– 1,153
Differing tax rates abroad	– 5,741	– 957
Capitalisation of prior years non-capitalised tax losses	810	765
Tax-exempt income	2,308	2,275
Adjustment of prior periods	5,237	– 14,489
Utilization of prior years non-capitalised tax losses	1,467	264
Trade tax effects	– 1,789	– 706
Amortisation/Reversal of amortisation of deferred tax assets	– 6,619	– 4,943
At equity consolidation of investments in joint ventures	– 1,497	8,143
Exchange rate differences not affecting tax	– 764	– 135
Change in tax rate	7,776	0
Others	– 815	274
Effective tax expense	**– 53,688**	**– 95,174**

21. Other comprehensive income

2016

€ 1,000	Valuation result/ Reclassification (Hedging)	Currency translation reserve	Reserves for available for sale valuation	Reserve according to IAS 19	Total
Other comprehensive income before taxes	2,610	359	1,128	– 413	3,683
Income tax related to other comprehensive income	– 680	0	– 301	149	– 831
Other comprehensive income for the period	**1,930**	**359**	**827**	**– 264**	**2,852**
thereof: attributable to the owners of the parent	1,930	359	827	– 264	2,852

2015 € 1,000	**Valuation result/ Reclassification (Hedging)**	**Currency translation reserve**	**Reserves for available for sale valuation**	**Reserve according to IAS 19**	**Total**
Other comprehensive income before taxes	27,687	597	2,164	870	31,317
Income tax related to other comprehensive income	– 5,315	0	– 759	– 284	– 6,359
Other comprehensive income for the period	**22,372**	**597**	**1,405**	**585**	**24,958**
thereof: attributable to the owners of the parent	22,372	597	1,405	585	24,958

In 2015, the reclassification of € 25,931 K was related to the fair values of cash flow hedges recorded in equity as at previous year's reporting date, for which the underlying loans were repaid in advance during business year.

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.

22. Long-term assets

€ 1,000 **Book values**	**Income producing investment properties**	**Investment properties under development**	**Own used properties**	**Total**
1.1.2015	**2,092,917**	**496,252**	**7,533**	**2,596,702**
Purchase of real estate companies	455,651	20,981	0	476,632
Current investment/construction	50,210	40,947	0	91,156
Disposals	– 191,988	– 41,223	0	– 233,210
Depreciation and amortisation	0	0	– 517	– 517
Reclassification to assets held for sale	– 995	– 50,070	0	– 51,065
Other reclassifications	147,217	– 147,217	0	0
Revaluation	155,892	89,068	0	244,961
Currency translation adjustments	0	227	0	227
Change in lease incentives	5,401	14	0	5,416
As at 31.12.2015 = 1.1.2016	**2,714,305**	**408,979**	**7,016**	**3,130,301**
Purchase of real estate companies	165,205	0	0	165,205
Current investment/construction	39,470	65,488	0	104,958
Disposals	– 100,666	– 83,979	0	– 184,645
Depreciation and amortisation	0	0	– 373	– 373
Reclassification to assets held for sale	– 15,064	0	0	– 15,064
Other reclassifications	11,640	– 11,640	0	0
Revaluation	103,768	54,212	0	157,980
Currency translation adjustments	0	0	0	0
Change in lease incentives	5,017	– 11	0	5,006
As at 31.12.2016	**2,923,676**	**433,049**	**6,643**	**3,363,367**

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
1.1.2015				
Acquisition costs				
Fair value of properties	2,090,524	496,252	11,880	2,598,656
Accumulated depreciation	0	0	– 4,347	– 4,347
Net book value	**2,090,524**	**496,252**	**7,533**	**2,594,309**
Incentives agreements	2,393	0	0	2,393
Fair value/book value	**2,092,917**	**496,252**	**7,533**	**2,596,701**
As at 31.12.2015 = 1.1.2016				
Acquisition costs				
Fair value of properties	2,706,511	408,965	11,880	3,127,356
Accumulated depreciation	0	0	– 4,864	– 4,864
Net book value	**2,706,511**	**408,965**	**7,016**	**3,122,491**
Lease incentive agreements	7,793	13	0	7,806
Fair value/book value	**2,714,305**	**408,979**	**7,016**	**3,130,300**
As at 31.12.2016				
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**
Lease incentive agreements	12,811	3	0	12,815
Fair value/book value	**2,923,676**	**433,049**	**6,643**	**3,363,367**

The current capital expenditures (construction costs) for investment properties under development mainly relate to Europaplatz Berlin (€ 16,223 K), Orhideea Towers in Bucharest (€ 9,461 K) and other projects in Germany. The capital expenditures in income producing investment properties relate mainly to the properties Kontorhaus Arnulfpark (€ 7,025 K) in Germany, Belgrad Office Park (€ 6,436 K) in Serbia as well as capital expenditures in other core countries.

The acquisitions of real estate companies refer exclusively to the real estate properties of the Millennium Towers in Budapest.

The disposals for the current year relate to the sale of a property for the purpose of residential construction in Vienna, Bahndirektion in Stuttgart and various other disposals in Germany and Austria as well as the sale of Sestka shopping center in Prague. Previous year disposals of income producing investment properties mainly relate to the sale of H&M Logistik Centre in Hamburg and several disposals in Germany and Vienna.

The fair value of the properties assigned as collateral for external financings totals € 2,498,010 K (31.12.2015: € 2,229,600 K).

In 2016, borrowing costs relating to the construction of properties totaling € 3,462 K (2015: € 236 K) were capitalised at a weighted average interest rate of 3.30% (2015: 1.66%).

In 2016, government grants amounted to € 2,266 K (2015: € 0 K).

23. Intangible assets and office furniture and equipment

€ 1,000	Goodwill	Software	Total	Office furniture and Equipment
Book values				
1.1.2015	**14,711**	**1,135**	**15,846**	**1,399**
Purchase of real estate companies	0	11	11	4,640
Currency translation adjustments	0	3	3	– 44
Current additions	0	854	854	489
Disposals	– 3,410	– 13	– 3,423	– 98
Depreciation and amortisation	0	– 821	– 821	– 675
Impairment	– 902	0	– 902	0
As at 31.12.2015 = 1.1.2016	**10,399**	**1,168**	**11,567**	**5,710**
Currency translation adjustments	0	0	0	– 1
Current additions	0	618	618	646
Disposals	– 1,617	– 36	– 1,653	– 6
Depreciation and amortisation	0	– 708	– 708	– 750
Impairment	– 1,629	0	– 1,629	0
As at 31.12.2016	**7,153**	**1,042**	**8,195**	**5,599**

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
1.1.2015				
Acquisition costs	34,736	3,456	38,192	4,686
Accumulated impairment/amortisation	– 20,025	– 2,323	– 22,346	– 3,287
Book values	**14,711**	**1,135**	**15,845**	**1,399**
As at 31.12.2015 = 1.1.2016				
Acquisition costs	28,153	3,118	31,271	9,770
Accumulated impairment/amortisation	– 17,754	– 1,950	– 19,704	– 4,060
Book values	**10,399**	**1,168**	**11,567**	**5,710**
As at 31.12.2016				
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**

24. Investments in joint ventures

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

Name	Project Partner	Share of CA Immo Group (Prior Year)	Registered office	Region/Country Investment	Type of investment	Aggregation	Number entities (Prior Year)
Tower 185	PPG Partnerpensions gesellschaft, WPI Fonds	approx. 33.33% (33.33%)	Frankfurt	Germany	Income producing	Sum of entities	3 (3)
Eggarten	Büschl Group represented by Park Immobilien Projekt Eggarten Holding GmbH & Co. KG	50% (-)	Munich	Germany	Income producing	Sum of entities	2 (0)

The joint venture “Tower 185“ holds the Tower 185 in Frankfurt.

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 31.12.2016, there are unrecognized losses from joint ventures amounted to € 2,200 K (31.12.2015: € 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		2016	2015	
	Eggarten	**Tower 185**	**E-Fonds**	**Tower 185**
Rental income	0	27,709	18,217	25,425
Depreciation and impairment/reversal	0	– 5	– 139	– 11
Finance costs	0	– 17,457	– 8,096	– 15,748
Income tax expense	0	– 6,581	– 29	– 2,728
Consolidated net income	**0**	**33,015**	**5,704**	**4,328**
Total comprehensive income	**0**	**0**	**– 4,886**	**0**
Comprehensive income for the period	**0**	**33,015**	**817**	**4,328**
Long-term assets	0	596,049	0	556,103
Other short-term assets	84,022	13,857	0	20,438
Cash and cash equivalents	53	10,736	0	22,817
Total assets	**84,075**	**620,643**	**0**	**599,358**
Other long-term liabilities	0	22,111	0	15,981
Interest-bearing liabilities	0	290,434	0	294,848
Long-term liabilities	**0**	**312,536**	**0**	**310,829**
Other short-term liabilities	113	4,375	0	3,417
Interest-bearing liabilities	0	4,414	0	4,390
Short-term liabilities	**113**	**8,789**	**0**	**8,322**
Shareholders' equity	**83,963**	**299,300**	**0**	**280,208**
Proportional equity as at 1.1.	**0**	**93,367**	**25,520**	**88,190**
Proportional profit of the period	0	11,202	3,801	1,443
Proportional other income	0	0	– 3,181	0
Capital decrease	0	– 4,636	0	0
Capital increases	0	0	273	5,644
Dividends received	0	0	0	– 1,909
Transition consolidation	41,981	– 208	– 26,413	0
Proportional equity as at 31.12.	**41,981**	**99,724**	**0**	**93,366**
Intercompany profit elimination and other consolidation effects	0	– 2,982	0	0
Book value investments into joint ventures 31.12	**41,981**	**96,742**	**0**	**93,366**

The following table summarizes none-material interests in joint ventures:

€ 1,000	2016	2015
Proportional equity as at 1.1.	**62,130**	**74,373**
Proportional profit of the period	456	20,179
Capital increases	13,863	3,778
Capital decrease	– 15,803	– 27,699
Dividends received	– 1,564	– 1,349
Proportional equity as at 31.12.	**59,081**	**69,283**
Goodwill	895	2,034
Intercompany profit elimination and other consolidation effects	– 88	616
Addition / Disposal / Reclassification IFRS 5	– 16,382	– 10,872
Allowance of loans and receivables	6,940	17,860
Not recognised losses	2,200	0
Book value investments into joint ventures 31.12	**52,646**	**78,920**

25. Investments in associated companies

As at 31.12.2016 there are no unrecognised losses from associated companies (31.12.2015: € 0 K).

The following table shows the interests in associated companies:

€ 1,000	2016	2015
Proportional equity as at 1.1.	**– 20,989**	**– 11,455**
Proportional profit of the period	2,181	– 9,515
Deconsolidation	0	– 18
Impairment	– 7,663	0
Allowance of loans and interests	26,471	20,002
Other consolidation adjustments	0	987
Not recognised losses	0	0
Book value 31.12.	**0**	**0**

26. Financial assets

€ 1,000	31.12.2016	31.12.2015
Other financial assets	70,144	114,526
Long-term receivables and other assets	19,569	20,299
	89,713	**134,824**

€ 1,000	Acquisition costs incl. recognized interest as at 31.12.2016	Changes in value recognised in profit or loss 2016	Changes in the value through OCI 2016	Changes in value accumulated until 31.12.2016	Book values as at 31.12.2016
Loans to joint ventures	8,926	– 1,610	0	– 5,318	3,608
Loans to associated companies	22,402	– 4,077	0	– 13,652	8,750
Other loans	27,249	0	0	– 27,249	0
Loans and receivables	**58,577**	**– 5,687**	**0**	**– 46,219**	**12,358**
Investments available for sale	54,077	0	1,130	3,696	57,774
Financial assets available for sale	**54,077**	**0**	**1,130**	**3,696**	**57,774**
Interest rate caps	106	– 36	0	– 94	12
Swaption	0	– 169	0	0	0
Derivative financial instruments	**106**	**– 206**	**0**	**– 94**	**12**
Total other financial assets	**112,761**	**– 5,893**	**1,130**	**– 42,617**	**70,144**

Due to maturity reasons the swaption was reclassified from financial assets to receivables and other assets at the end of 2016.

€ 1,000	Acquisition costs incl. recognized interest as at 31.12.2015	Changes in value recognised in profit or loss 2015	Changes in the value through OCI 2015	Changes in value accumulated until 31.12.2015	Book values as at 31.12.2015
Loans to joint ventures	18,277	– 301	0	– 12,114	6,162
Loans to associated companies	22,402	– 6,296	0	– 9,575	12,827
Other loans	27,249	0	0	– 27,249	0
Loans and receivables	**67,927**	**– 6,598**	**0**	**– 48,938**	**18,990**
Long-term receivables	36,638	0	0	0	36,638
Long-term receivables	**36,638**	**0**	**0**	**0**	**36,638**
Investments available for sale	56,094	0	2,566	2,566	58,660
Financial assets available for sale	**56,094**	**0**	**2,566**	**2,566**	**58,660**
Interest rate caps	107	– 57	0	– 58	49
Swaption	245	– 167	0	– 56	189
Derivative financial instruments	**352**	**– 224**	**0**	**– 114**	**238**
Total other financial assets	**161,011**	**– 6,822**	**2,566**	**– 46,485**	**114,526**

Investments available for sale contain minority interests in Germany.

Long-term receivables and other assets

€ 1,000	31.12.2016	31.12.2015
Cash and cash equivalents with drawing restrictions	8,288	9,026
Receivables from property sales	11,250	11,250
Other receivables and assets	31	22
Long-term receivables and other assets	**19,569**	**20,299**

27. Deferred taxes

€ 1,000	2016	2015
Deferred taxes as at 1.1. (net)	**– 194,989**	**– 141,690**
Changes from sale of companies	178	8,665
Changes from first consolidation	790	2,842
Changes due to exchange rate fluctuations	– 1	1
Changes recognised in equity	– 861	– 6,263
Changes recognised in profit or loss (incl. in disposal groups)	– 43,524	– 58,633
Changes in disposal groups	0	90
Deferred taxes as at 31.12. (net)	**– 238,406**	**– 194,989**

€ 1,000 Type	Deferred tax asset	Deferred tax liabilities	31.12.2015 Net amount	Consolidated Income Statement	Other income	Addition / Disposal / IFRS 5 / exchange rate fluctuations	31.12.2016 Net amount	Deferred tax asset	Deferred tax liabilities
Book value differences IFRS/tax of investment properties	1,042	– 241,846	– 240,804	– 44,305	0	251	– 284,857	0	– 284,857
Difference in depreciation of own used properties	533	– 122	411	349	0	0	760	760	0
Difference in acquisition costs for assets held for trading	0	– 1,118	– 1,118	– 73	0	0	– 1,192	0	– 1,192
Difference in useful life for intangible assets	65	0	65	– 65	0	0	0	0	0
Difference in useful life for equipment	218	– 1	217	– 32	0	0	185	186	– 1
Investments in joint ventures	128	– 10,342	– 10,214	– 471	0	0	– 10,685	540	– 11,225
Loans and assets available for sale	0	– 14,238	– 14,238	7,965	– 330	0	– 6,603	0	– 6,603
Assets held for sale	0	– 11,955	– 11,955	8,240	0	0	– 3,716	0	– 3,716
Revaluation of receivables and other assets	759	– 850	– 92	– 1,500	0	0	– 1,592	366	– 1,957
Revaluation of derivatives assets	0	– 2	– 2	2	0	0	0	0	0
Revaluation of cash and cash equivalents	1	– 58	– 57	38	0	0	– 19	0	– 19
Revaluation of derivatives liabilities	2,149	0	2,149	– 165	– 680	0	1,304	1,304	0
Liabilities	8,570	– 1,702	6,868	96	0	– 1	6,964	7,578	– 615
Provisions	6,333	– 10	6,323	903	150	0	7,377	7,377	0
Tax losses	67,455	0	67,455	– 14,505	0	717	53,666	53,666	0
Deferred tax assets/liabilities before offset	**87,255**	**– 282,244**	**– 194,989**	**– 43,524**	**– 861**	**967**	**– 238,406**	**71,778**	**– 310,184**
Computation of taxes	– 84,878	84,878	0				0	– 70,215	70,215
Deferred tax assets/liabilities net	**2,376**	**– 197,365**	**– 194,989**				**– 238,406**	**1,563**	**– 239,969**

The recorded tax losses include deferred tax assets related to impairment losses on investments in subsidiaries in Austria amounting to € 11,475 K (31.12.2015: € 16,976 K), which have to be deferred over 7 years for income tax purposes. The changes were fully recognized in consolidated income statement.

Tax loss carryforwards for which deferred taxes were not recognised expire as follows:

€ 1,000	2016	2015
In the following year	12,767	10,790
Thereafter 4 years	39,502	77,459
More than 5 years	21,340	22,608
Without limitation in time	321,748	324,518
Total unrecorded tax losses carried forward	**395,356**	**435,375**
thereupon non-capitalised deferred tax assets	81,755	86,908

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 € 280,344 K (31.12.2015: € 271,060 K). Tax loss carryforwards of the Austrian companies that were not recognised amount to € 201,490 K (31.12.2015: € 183,017 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 € 48,687 K (31.12.2015: € 30,692 K). Tax loss carry forwards not recognised of foreign entities amount to € 193,866 K (31.12.2015: € 252,359 K). Subject to specific requirements, gains from the disposal of investments in foreign entities are partially or completely exempt from income tax.

28. Assets held for sale

As at 31.12.2016 the share in a joint venture as well as several properties with a fair value of € 26,754 K (31.12.2015: € 54,048 K) were classified as held for sale. For these assets, 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.

€ 1,000	31.12.2016	31.12.2015
Austria - investment properties	15,064	995
Germany - Properties under development	0	50,070
Assets held for sale	**15,064**	**51,065**
Eastern Europe core regions - participation in joint ventures	11,690	2,983
Financial assets held for sale	**11,690**	**2,983**
Assets held for sale	**26,754**	**54,048**

The revaluation includes an amount of € 1,120 K (2015: € -1 K) related to investment properties after their reclassification as properties held for sale.

Of the investment properties classified as per IFRS 5, an amount of € 0 K (31.12.2015: € 0 K) is encumbered by mortgage charges representing security for loan liabilities.

29. Properties held for trading

€ 1,000	Acquisition / production costs	Accumulated impairment	31.12.2016 Book values	Acquisition / production costs	Accumulated impairment	31.12.2015 Book values
At acquisition/production costs	33,053	0	33,053	21,759	0	21,759
At net realisable value	3,745	– 2,650	1,095	2,989	– 2,679	310
Total properties held for trading	**36,798**	**– 2,650**	**34,147**	**24,748**	**– 2,679**	**22,069**

The fair value of the properties held for trading which are recognised at acquisition/production costs amounts to € 58,955 K (31.12.2015: € 37,605 K), and correspond to level 3 of the fair value hierarchy.

Properties held for trading amounting to € 32,680 K (31.12.2015: € 19,688 K) are expected to be realised within a period of more than 12 months. This applies to 12 properties (31.12.2015: 15 properties) in Germany.

In 2016, borrowing costs amounting to € 370 K (31.12.2015: € 0 K) were capitalised with a weighted average interest rate of 3.24 % (2015: 0 %) on properties held for trading. Interest bearing liabilities in connection with properties held for trading total € 0 K (31.12.2015: € 0 K).

30. Receivables and other assets

€ 1,000	Book values as at 31.12.2016	Book value as at 31.12.2015 restated
Receivables from joint ventures	6,922	39,718
Receivables from property sales	19,188	14,707
Rental and trade debtors	13,324	9,464
Cash and cash equivalents with drawing restrictions	7,800	9,322
Other accounts receivable	4,614	15,208
Receivables and other financial assets	**51,848**	**88,420**
Other receivables from fiscal authorities	9,496	8,262
Receivables IAS 11	11,045	1,572
Other non financial receivables	3,847	969
Other non financial assets	**24,387**	**10,803**
Receivables and other assets	**76,235**	**99,223**

Receivables in accordance with IAS 11 include a receivable from joint ventures amounting to € 48 K (31.12.2015: € 61 K).

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

€ 1,000	Nominal value 31.12.2016	Bad debt allowance 31.12.2016	Book value 31.12.2016	Nominal value 31.12.2015 restated	Bad debt allowance 31.12.2015 restated	Book value 31.12.2015 restated
Receivables and other financial assets without bad debt allowance	50,675	0	50,675	86,229	0	86,229
Receivables and other financial assets with bad debt allowance	6,037	– 4,864	1,173	7,210	– 5,020	2,190
Receivables and other financial assets	**56,712**	**– 4,864**	**51,848**	**93,439**	**– 5,020**	**88,420**
Other non financial assets	24,402	– 14	24,387	10,839	– 36	10,803
	81,113	**– 4,878**	**76,235**	**104,278**	**– 5,056**	**99,223**

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

€ 1,000	2016	2015 restated
As at 1.1.	**5,056**	**6,261**
Appropriation (value adjustment expenses)	1,353	1,218
Use	– 540	– 1,981
Reversal	– 658	– 468
Disposal deconsolidation	– 311	0
Currency translation adjustments	– 21	26
As at 31.12.	**4,878**	**5,056**

The aging of receivables and other financial assets, for which no allowance has been recognised is as follows:

	not due	overdue < 30 days	overdue 31 – 180 days	overdue 181 – 360 days	overdue > 1 year	Total
31.12.2016	44,065	3,943	1,768	243	655	**50,675**
31.12.2015 restated	81,373	3,426	1,145	126	159	**86,229**

For overdue not impaired receivables exist corresponding securities like deposits, bank guarantees or similar securities.

31. Current income tax receivables

This item amounting to € 10,088 K (31.12.2015: € 36,370 K) related to the CA Immo Germany Group and comprises corporate income tax and trade tax from the fiscal years 2013 until 2015 not yet assessed by the tax authorities, as well as results of partly finalized tax authorities' audits.

32. Securities

The securities disclosed in the balance sheet relate to transferable shares in IMMOFINANZ AG, Vienna, which were classified as available for sale (AFS). The CA Immo Group holds as at reporting date 54,805,566 shares (31.12.2015: 50,095,263 shares), which have been valuated at a share price of € 1.853 (31.12.2015: € 2.101).

An impairment of securities amounting to € – 15,768 K (2015: € – 12,993 K) and a dividend income amounting to € 3,288 K (2015: € 0 K) was recorded in the income statement. In the other comprehensive income it was recorded a change in value not affecting the profit and loss in line with IAS 39 and amounting to € 0 K (2015: € – 398 K).

33. Cash and cash equivalents

€ 1,000	**31.12.2016**	**31.12.2015**
Cash in banks	374,805	198,917
Restricted cash	20,260	8,178
Cash on hand	23	16
	395,088	**207,112**

34. Shareholders' equity

The share capital equals the fully paid in nominal capital of CA Immobilien Anlagen Aktiengesellschaft of € 718,336,602.72 (31.12.2015: € 718,336,602.72). It is divided into 98,808,332 (31.12.2015: 98,808,332) bearer shares and 4 registered shares of no par value. The registered shares are held by IMMOFINANZ AG, Vienna, each granting the right to nominate one member of the Supervisory Board. In addition to the members elected by the Ordinary General Meeting, the Supervisory Board consists of four members elected by the registered shares.

A total of 1,000,000 bearer shares in the company was acquired in the period between 13.1.2016 and 19.2.2016 at a total purchase price of € 15,392,916.72. The weighted average price per share is thus € 15.39. The highest consideration per share paid within the framework of the buyback program was € 16.38 and the lowest was € 14.39.

A total of 2,000,000 bearer shares in the company was acquired in the period between 25.3.2016 and 30.9.2016 at a total purchase price of € 32,347,069.75. The weighted average price per share is thus € 16.17. The highest consideration per share paid within the framework of the buyback program was € 17.50 and the lowest was € 14.66.

The third share buyback program started at the end of November 2016. The volume totals up to 1,000,000 shares (representing approximately 1 % of the current share capital of the company) with a maximum limit of € 17.50 per share. Additionally, the prize has to comply with the authorizing resolution of the Annual General Meeting, meaning that the lowest amount payable on repurchase is not to be less than 30 % and not to exceed 10 % of the average unweighted price at the close of the market on the ten trading days preceding the repurchase. The buyback will be made for any permitted purpose covered by the resolution of the Annual General Meeting and will end 2.11.2018 at the latest. As per balance sheet date 403,319 shares with a weighted average price per share of € 17.26 were acquired within the program. As at 31.12.2016, CA Immobilien Anlagen AG had acquired a total of 5,403,319 treasury shares through the share buyback programs (around 5.5 % of the voting shares).

The appropriated capital reserve as reported in the individual financial statements of CA Immobilien Anlagen Aktiengesellschaft totals € 854,842 K (31.12.2015: € 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 2016, a dividend amount of € 0.50 (2015: € 0.45) for each share entitled to dividend, totalling € 47,904 K (31.12.2015: € 44,464 K), was distributed to the shareholders. The total net profit of CA Immobilien Anlagen Aktiengesellschaft as at 31.12.2016 amounting to € 618,112 K (31.12.2015: € 448,068 K), is not subject to dividend payment constraints (31.12.2015: € 185,583 K). The Management Board of CA Immo AG proposes to use part of the retained earnings as at 31.12.2016, amounting to € 618,112 K, in 2017 to distribute a dividend of € 0.65 per share, so that a total of € 60,713 K is to be distributed to shareholders. The remaining retained earnings of € 557,399 K are to be carried forward.

As at 31.12.2016 authority exists for the issue of additional capital in the amount of € 215,500,975 in the period until 31.8.2018 and for the issue of capital in the amount of € 100,006,120 earmarked for the specified purpose of servicing a convertible bond that may be issued in the future.

35. Provisions

€ 1,000	Staff	Construction services	Subsequent costs of sold properties	Others	Total
As at 1.1.2016	**9,475**	**17,826**	**31,088**	**26,769**	**85,158**
Use	– 6,274	– 14,106	– 6,103	– 10,678	– 37,162
Reversal	– 267	– 466	– 3,170	– 2,231	– 6,134
Addition	6,769	25,856	6,033	17,396	56,055
Addition from initial consolidation	0	0	0	628	628
Disposal from deconsolidation	0	– 444	0	– 221	– 665
Accumulated interest	34	0	123	4	161
Currency translation adjustments	– 4	– 7	0	– 21	– 32
As at 31.12.2016	**9,732**	**28,659**	**27,971**	**31,647**	**98,009**
thereof: short-term	7,094	28,659	17,366	31,647	84,766
thereof: long-term	2,638	0	10,605	0	13,242

The other provisions mainly contain provisions for services (audit services, tax and legal advice), property taxes, real estate transfer taxes, service expenses for properties 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 € 352 K (31.12.2015: € 639 K), bonuses of € 6,248 K (31.12.2015: € 6,171 K), and unused holiday entitlements of € 799 K (31.12.2015: € 803 K).

The provision for bonuses comprises a long-term provision for the LTI-(long-term incentive) programme amounting to € 308 K (31.12.2015: € 895 K) as well as a short-term provision of € 927 K (31.12.2015: € 940 K).

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

€ 1,000	2016	2015
Present value of severance obligations as at 1.1	639	784
Use	-554	-228
Current service costs	209	95
Interest cost	4	8
Revaluation	55	-21
Present value of severance obligations as at 31.12	**352**	**639**

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 position from pension obligations and plan assets

CA Immo Group has a reinsurance policy for defined benefit obligations in Germany, which fulfils 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	31.12.2016	31.12.2015
Present value of obligation	– 8,945	– 8,356
Fair value of plan asset	6,968	6,878
Net position recorded in consolidated statement of financial position	**– 1,977**	**– 1,479**
Financial adjustments of present value of the obligation	– 558	734
Experience adjustments of present value of the obligation	52	– 7

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

€ 1,000	2016	2015
Present value of obligation as at 1.1.	– 8,356	– 8,965
Current Payment	84	21
Interest cost	– 167	– 140
Revaluation	– 506	727
Present value of obligation 31.12	**– 8,945**	**– 8,356**
Plan asset as at 1.1.	6,878	6,629
Expected income from plan asset	137	103
Revaluation	37	166
Current Payment	– 84	– 21
Plan asset as at 31.12	**6,968**	**6,878**

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

€ 1,000	2016	2015
Interest cost	-167	-140
Expected income from plan asset	137	103
Pensions costs	**-30**	**-36**

The following result was recognised in the other comprehensive income:

€ 1,000	2016	2015
Revaluation of pension obligation	-506	727
Revaluation of plan assets	37	166
IAS 19 reserve	**-469**	**893**

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

€ 1,000	– 0.25%	+ 0.25%
change interest rate of 0.25 percent points	– 418	393
change pension trend of 0.25 percentage points	320	– 336

36. Interest bearing liabilities

€ 1,000	Short-term	Long-term	31.12.2016 Total	Short-term	Long-term	31.12.2015 Total
Bonds	8,961	462,697	471,658	192,238	174,268	366,506
Bonds	**8,961**	**462,697**	**471,658**	**192,238**	**174,268**	**366,506**
Investment loans	143,743	949,937	1,093,681	313,612	684,508	998,120
Loans due to joint venture partners	300	0	300	39,300	0	39,300
Liabilities to joint ventures	0	0	0	63	0	63
Other interest-bearing liabilities	**144,043**	**949,937**	**1,093,981**	**352,975**	**684,508**	**1,037,483**
	153,004	**1,412,635**	**1,565,639**	**545,214**	**858,776**	**1,403,989**

The euro is the contract currency of 100% of the interest bearing liabilities (31.12.2015: 100% in EUR).

Bonds

31.12.2016	Nominal value in € 1,000	Book value excl. interests € 1,000	Deferred interest in € 1,000	Nominal interest rate	Effective interest rate	Issue	Repayment
Bond 2015– 2022	175,000	174,378	4,159	2.75%	2.83%	17.2.2015	17.2.2022
Bond 2016– 2023	150,000	149,234	3,576	2.75%	2.84%	17.2.2016	17.2.2023
Bond 2016– 2021	140,000	139,085	1,227	1.88%	2.03%	12.7.2016	12.7.2021
Total	**465,000**	**462,697**	**8,961**				

31.12.2015	Nominal value in € 1,000	Book value excl. interests € 1,000	Deferred interest in € 1,000	Nominal interest rate	Effective interest rate	Issue	Repayment
Bonds 2006– 2016	185,992	185,462	2,618	5.13%	5.53%	22.9.2006	22.9.2016
Bond 2015– 2022	175,000	174,268	4,159	2.75%	2.83%	17.2.2015	17.2.2022
Total	**360,992**	**359,730**	**6,776**				

Other interest-bearing liabilities

As at 31.12.2016 and 31.12.2015, the terms of other interest-bearing liabilities are as follows:

Type of financing and currency	Effective interest rate as at 31.12.2016 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%– 3.75%	variable	3/2017 – 12/2029	358,480	348,061	348,061
Investment loans	1.15%– 5.08%	hedged	12/2017 – 12/2024	442,272	450,802	450,802
Investment loans	0.70%– 3.95%	fix	9/2018 – 12/2024	294,499	294,817	293,099
Investment loans (total)				**1,095,251**	**1,093,681**	**1,091,962**
Loans due to joint venture partners	**3.40%**	**fix**	**12/2017**	**300**	**300**	**304**
				1,095,551	**1,093,981**	**1,092,266**

Type of financing and currency	Effective interest rate as at 31.12.2015 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	0.63 % – 4.00 %	variable	6/2016 – 12/2029	616,323	610,268	610,268
Investment loans	0.54 % – 2.70 %	hedged	6/2016 – 9/2019	288,801	292,620	292,620
Investment loans	1.95 % – 3.95 %	fix	12/2018 – 12/2024	95,666	95,232	95,642
Investment loans (total)				**1,000,790**	**998,120**	**998,530**
Loans due to joint venture partners	**3.40 % – 3.50 %**	**fix**	**12/2016**	**39,300**	**39,300**	**39,065**
Liabilities to joint ventures	**5.00%**	**fix**	**12/2016**	**63**	**63**	**63**
				1,040,153	**1,037,483**	**1,037,658**

More than 90 % of the third-party 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 object), ISCR (interest service coverage ratio, i.e. the ratio between planned EBIT and financial expenditure) and DSCR (debt service coverage ratio, i.e. the ratio between EBIT 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 planned EBIT and financial expenditure) ratios for development projects.

Other interest-bearing liabilities, for which the relevant financial covenants were not met as at 31.12.2016, 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 31.12.2016 no loans were in breach of covenants (31.12.2015: no breaches).

Taking into account all interest hedging agreements, the average weighted interest rate for all other interest bearing liabilities denominated in EUR is 2.25% (31.12.2015: 2.9%).

37. Other liabilities

€ 1,000	Short-term	Long-term	31.12.2016 Total	Short-term	Long-term	31.12.2015 Total
Fair value derivative transactions	**1,515**	**10,068**	**11,583**	**602**	**12,142**	**12,743**
Trade payables	13,801	1,779	15,581	10,568	1,564	12,131
Liabilities to joint ventures	14,756	0	14,756	14,646	0	14,646
Rent deposits	1,588	9,610	11,198	1,442	8,929	10,371
Outstanding purchase invoices	751	0	751	965	0	965
Settlement of operating costs	2,606	0	2,606	2,400	0	2,400
Other	3,890	11,430	15,321	2,849	7,978	10,827
Financial liabilities	**37,393**	**22,819**	**60,213**	**32,870**	**18,471**	**51,341**
Operating taxes	3,463	0	3,463	6,493	0	6,493
Prepayments received	50,816	53,525	104,340	31,275	53,382	84,657
Prepaid rent and other non financial liabilities	3,877	768	4,645	4,488	917	5,405
Non-financial liabilities	**58,156**	**54,293**	**112,448**	**42,256**	**54,298**	**96,555**
	97,064	**87,180**	**184,244**	**75,728**	**84,911**	**160,639**

38. Income tax liabilities

This caption includes an amount of € 15,984 K (31.12.2015: € 7,994 K) related to CA Immo Germany Group and comprises corporate income tax and trade tax for the years 2014 and 2016, which have not been finally assessed by tax authorities as well as results of partly finalized tax authorities' audits.

39. Financial instruments

Financial assets by categories

Category	IAS 39 category [1]			No financial instruments	Book value	Fair value
€ 1,000	HFT	AFS	L&R		31.12.2016	31.12.2016
Cash and cash equivalents with drawing restrictions	0	0	8,288	0	8,288	8,288
Derivative financial instruments	12	0	0	0	12	12
Primary financial instruments	0	0	23,639	0	23,639	
Investments available for sale	0	57,774	0	0	57,774	57,774
Financial assets	**12**	**57,774**	**31,927**	**0**	**89,713**	
Cash and cash equivalents with drawing restrictions	0	0	7,800	0	7,800	7,800
Derivative financial instruments	17	0	0	0	17	17
Other receivables and assets	0	0	44,031	24,387	68,418	
Receivables and other assets	**17**	**0**	**51,831**	**24,387**	**76,235**	
Current income tax receivables	**0**	**0**	**0**	**15,552**	**15,552**	
Securities	**0**	**101,555**	**0**	**0**	**101,555**	**101,555**
Cash and cash equivalents	**0**	**0**	**395,088**	**0**	**395,088**	
	29	**159,328**	**478,846**	**39,940**	**678,144**	

Category		IAS 39 category [1]		No financial instruments	Book value	Fair value
€ 1,000	HFT	AFS	L&R		31.12.2015 restated	31.12.2015
Cash and cash equivalents with drawing restrictions	0	0	9,026	0	9,026	9,026
Derivative financial instruments	238	0	0	0	238	238
Primary financial instruments	0	0	66,900	0	66,900	
Investments available for sale	0	58,660	0	0	58,660	58,660
Financial assets	**238**	**58,660**	**75,926**	**0**	**134,824**	
Cash and cash equivalents with drawing restrictions	0	0	9,322	0	9,322	9,322
Other receivables and assets	0	0	79,097	10,803	89,900	
Receivables and other assets	**0**	**0**	**88,419**	**10,803**	**99,223**	
Current income tax receivables	**0**	**0**	**0**	**39,218**	**39,218**	
Securities	**0**	**105,250**	**0**	**0**	**105,250**	**105,250**
Cash and cash equivalents	**0**	**0**	**207,112**	**0**	**207,112**	
	238	**163,910**	**371,457**	**50,022**	**585,627**	

[1] HFT – held for trading, AFS – available-for-sale, AFS/AC – available for sale/at cost, L&R – loans and receivables

The fair value of the receivables and other assets as well as the primary financial instruments in the category of loans and receivables essentially equals the book value due to daily and/or short-term maturities. Securities in the category AFS are recognized with their market value and are therefore classified as level 1 of the fair value hierarchy. Valuation of investments of AFS 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			IAS 39 category [1]	No financial instruments	Book value	Fair value
€ 1,000	HFT	CFH	FLAC		31.12.2016	31.12.2016
Bonds	0	0	471,658	0	471,658	498,201
Other interest-bearing liabilities	0	0	1,093,981	0	1,093,981	1,092,266
Interest-bearing liabilities	**0**	**0**	**1,565,639**	**0**	**1,565,639**	
Derivative financial instruments	7,432	4,151	0	0	11,583	11,583
Other primary liabilities	0	0	60,213	112,448	172,661	
Other liabilities	**7,432**	**4,151**	**60,213**	**112,448**	**184,244**	
	7,432	**4,151**	**1,625,852**	**112,448**	**1,749,883**	

[1] HFT – held for trading, CFH – Cash-flow Hedge, FLAC – financial liabilities at amortised cost

Category			IAS 39 category [1]	No financial instruments	Book value	Fair value
€ 1,000	HFT	CFH	FLAC		31.12.2015	31.12.2015
Bonds	0	0	366,506	0	366,506	369,876
Other interest-bearing liabilities	0	0	1,037,483	0	1,037,483	1,037,658
Interest-bearing liabilities	**0**	**0**	**1,403,989**	**0**	**1,403,989**	
Derivative financial instruments	5,801	6,942	0	0	12,743	12,743
Other primary liabilities	0	0	51,341	96,555	147,895	
Other liabilities	**5,801**	**6,942**	**51,341**	**96,555**	**160,639**	
	5,801	**6,942**	**1,455,330**	**96,555**	**1,564,628**	

[1] HFT – held for trading, CFH – Cash-flow Hedge, FLAC – financial liabilities at amortised cost

The fair value recognised of the other non-derivative liabilities basically equals the book value, based on the daily and short term due date.

40. Derivative financial instruments and hedging transactions

			31.12.2016			31.12.2015
€ 1,000	Nominal value	Fair value	Book value	Nominal value	Fair value	Book value
Interest rate swaps	397,766	– 11,583	– 11,583	243,227	– 12,743	– 12,743
Swaption	20,000	17	17	139,600	189	189
Interest rate caps	44,196	12	12	45,277	48	48
Total	**461,962**	**– 11,554**	**– 11,554**	**428,104**	**– 12,506**	**– 12,505**
- thereof hedging (cash flow hedges)	92,360	– 4,151	– 4,151	95,555	– 6,942	– 6,942
- thereof stand alone (fair value derivatives)	369,602	– 7,403	– 7,403	332,549	– 5,563	– 5,563

As at the balance sheet date 28.20 % (31.12.2015: 28.12 %) 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 or interest rate caps.

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

€ 1,000	Nominal value	Fair value	31.12.2016 Book value	Nominal value	Fair value	31.12.2015 Book value
- Cash flow hedges (effective)	90,626	– 4,069	– 4,069	94,484	– 6,846	– 6,846
- Cash flow hedges (ineffective)	1,734	– 82	– 82	1,071	– 96	– 96
- Fair value derivatives (HFT)	305,406	– 7,432	– 7,432	147,672	– 5,801	– 5,801
Interest rate swaps	**397,766**	**– 11,583**	**– 11,583**	**243,227**	**– 12,743**	**– 12,743**

Currency	Nominal value in € 1,000	Start	End	Fixed interest rate as at 31.12.2016	Reference interest rate	Fair value 31.12.2016 in € 1,000
Interest rate swaps						
EUR - CFH	92,360	11/2007	9/2018	2.25% – 4.50%	3M-Euribor	– 4,151
EUR - stand alone	305,406	9/2013	12/2024	– 0.18% – 2.28%	3M-Euribor	– 7,432
Total interest swaps = variable in fixed	**397,766**					**– 11,583**
Swaption	20,000	11/2015	11/2017	1.25%	6M-Euribor	17
Interest rate caps	44,196	3/2014	9/2019	1.50% – 2.00%	3M-Euribor	12
Total	**461,962**					**– 11,554**

Currency	Nominal value in € 1,000	Start	End	Fixed interest rate as at 31.12.2015	Reference interest rate	Fair value 31.12.2015 in € 1,000
Interest rate swaps						
EUR - CFH	95,555	11/2007	9/2018	2.25% – 4.79%	3M-Euribor	– 6,942
EUR - stand alone	147,672	9/2013	12/2023	0.46% – 2.28%	3M-Euribor	– 5,801
Total interest swaps = variable in fixed	**243,227**					**– 12,743**
Swaption	139,600	6/2013 – 11/2015	6/2016 – 11/2017	1.25% – 2.50%	3M-Euribor / 6M-Euribor	189
Interest rate caps	45,277	3/2014	9/2019	1.50% – 2.00%	3M-Euribor	48
Total	**428,104**					**– 12,506**

Gains and losses in other comprehensive income

€ 1,000	2016	2015
As at 1.1.	**– 5,131**	**– 27,503**
Change in valuation of cash flow hedges	2,446	1,775
Change of ineffectiveness cash flow hedges	– 13	– 19
Reclassification cash flow hedges	177	25,931
Income tax cash flow hedges	– 680	– 5,315
As at 31.12.	**– 3,201**	**– 5,131**
thereof: attributable to the owners of the parent	– 3,201	– 5,131

41. 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 and interest rate swaps) are also used to hedge the cash-flow risk of interest rate changes arising from hedged items. In addition to the general interest rate risk (interest level) there are also risks arising from a possible change in the credit rating, which would lead to an increase or a decrease of the interest margin in course of a follow-up financing.

The following sensitivity analysis outlines the impact of variable interest rates on interest expense. It shows the effect 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
31.12.2016				
Interest on variable rate instruments	– 2,026	– 4,052	0	0
Valuation result from fixed rate instruments (Swaps)	7,002	13,783	0	0
Valuation result from derivative financial instruments	55	256	587	1,168
	5,032	**9,986**	**587**	**1,168**
31.12.2015				
Interest on variable rate instruments	– 3,885	– 7,770	0	0
Valuation result from fixed rate instruments (Swaps)	3,398	6,698	0	0
Valuation result from derivative financial instruments	2,282	4,485	1,115	2,213
	1,795	**3,413**	**1,115**	**2,213**

Variable rate instruments contain variable rate financial liabilities, loans and receivables from financing, 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, valuation of fair value derivatives and ineffective portions of cash flow hedge valuation) and to the change in value of cash flow hedges recognized in equity.

Currency risk

Currency risks result from rental revenues and receivables denominated in BGN, CZK, HRK, HUF, PLN, RON, CHF and RSD. This foreign currency rental income is secured by linking the rental payments to EUR and USD, 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 € 11,198 K (31.12.2015: € 10,371 K) as well as bank guarantees of € 39,742 K (31.12.2015: € 31,076 K) and group guarantees in the amount of € 46,580 K (31.12.2015: € 45,497 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 by entering into capital partnerships (joint ventures) for project development purposes as an alternative and extension to established sources of raising equity capital. 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.

31.12.2016 € 1,000	Book value 2016	Contractually agreed cash flows	Cash-flow 2017	Cash-flow 2018– 2021	Cash-flow 2022 ff
Bonds	471,658	– 535,875	– 11,563	– 186,250	– 338,063
Other interest-bearing liabilities	1,093,981	– 1,185,467	– 161,358	– 571,809	– 452,300
Trade payables	15,581	– 15,581	– 13,801	– 1,779	0
Non-controlling interests held by limited partners	2,432	– 2,432	0	0	– 2,432
Liabilities to joint ventures	14,756	– 14,756	– 14,756	0	0
Other liabilities	27,444	– 27,444	– 8,836	– 17,502	– 1,106
Primary financial liabilities	**1,625,852**	**– 1,781,554**	**– 210,314**	**– 777,340**	**– 793,900**
Interest rate derivatives in connection with cash flow hedges	4,151	– 4,223	– 3,086	– 1,137	0
Interest rate derivatives not connected with hedges	7,432	– 7,414	– 1,300	– 4,336	– 1,777
Derivative financial liabilities	**11,583**	**– 11,637**	**– 4,386**	**– 5,474**	**– 1,777**
	1,637,435	**– 1,793,191**	**– 214,700**	**– 782,814**	**– 795,677**

31.12.2015 € 1,000	Book value 2015	Contractually agreed cash flows	Cash-flow 2016	Cash-flow 2017– 2020	Cash-flow 2021 ff
Other bonds	366,506	– 404,212	– 200,337	– 19,250	– 184,625
Other interest-bearing liabilities	1,037,483	– 1,119,897	– 373,332	– 478,442	– 268,123
Trade payables	12,131	– 12,131	– 10,568	– 1,564	0
Non-controlling interests held by limited partners	2,320	– 2,320	0	0	– 2,320
Liabilities to joint ventures	14,646	– 14,646	– 14,646	0	0
Other liabilities	22,243	– 22,243	– 7,656	– 13,677	– 910
Primary financial liabilities	**1,455,330**	**– 1,575,450**	**– 606,538**	**– 512,933**	**– 455,978**
Interest rate derivatives in connection with cash flow hedges	6,942	– 6,997	– 2,983	– 4,015	0
Interest rate derivatives not connected with hedges	5,801	– 5,842	– 1,289	– 2,778	– 1,774
Derivative financial liabilities	**12,743**	**– 12,839**	**– 4,272**	**– 6,793**	**– 1,774**
	1,468,073	**– 1,588,289**	**– 610,810**	**– 519,726**	**– 457,753**

The cash flows for interest rate derivatives are based on assumed values for the underlying forward rates as at the respective balance sheet date.

The cash flows from derivatives in cash flow hedge relationships are expected to have an effect on profit and loss in the period of occurrence of the underlying transaction, i.e. allocated over the term of the financing or when redeemed prematurely at the time of redemption.

Price risk

The CA Immo Group holds available-for-sale 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 a supposed 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 +/- € 10,155 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 of 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 31.12.2016 the ratio was 51.2%. With respect to the second parameter, the focus of debt financing in the Group is on secured property loans, which are usually taken directly by the project company in which the property is held. The advantage of secured financing is that it usually offers more favourable conditions than unsecured loans, since these are struc-turally subordinated compared to secured financing. Unsecured financing exists basically only in the form of corporate bonds placed on the capital markets. CA Immo Group issued in 2016 two corporate bonds and thus raises finance increasingly via the capital market. There are no explicit requirements by third parties in respect of the achievement of capital management ratios.

Net debt and the gearing ratio are other key figures relevant to the presentation of the capital structure of CA Immo Group:

€ 1,000	31.12.2016	31.12.2015
Interest-bearing liabilities		
Long-term interest-bearing liabilities	1,412,635	858,776
Short-term interest-bearing liabilities	153,004	545,214
Interest-bearing assets		
Cash and cash equivalents	– 395,088	– 207,112
Cash at banks with drawing restrictions	– 2,894	– 5,432
Net debt	**1,167,656**	**1,191,446**
Shareholders' equity	2,204,541	2,120,450
Gearing ratio (Net debt/equity)	**53.0%**	**56.2%**

Restricted cash was included in the calculation of net debt, if it is used to secure the repayments of interest bearing liabilities.

42. Other obligations and contingent liabilities

Guarantees and other commitments

As at 31.12.2016 CA Immo Germany Group is subject to guarantees and other commitments amounting to € 0 K (31.12.2015: € 120 K) resulting from urban development contracts and purchase agreements for decontamination costs and war damage costs amounting to € 566 K (31.12.2015: € 491 K). Furthermore, comfort letters and securities have been issued for one joint venture in Germany amounting to € 2,000 K (31.12.2015: € 2,000 K). As a security for the liabilities of four (31.12.2015: three) joint ventures in Germany loan guarantees, letters of comfort and declarations were issued totalling € 10,650 K (31.12.2015: € 12,150 K). Furthermore, as security for warranty risks of a german company a guarantee was issued in an amount of € 11,066 K (31.12.2015: € 6,066 K).

CA Immo Group has agreed to adopt a guarantee in connection with the project “Airport City St. Petersburg” in the extent of € 11,299 K (31.12.2015: € 13,483 K).

In connection with disposals, marketable guarantees exist between CA Immo Group and the buyer for coverage of possible warranty- and liability claims for which in the expected extent financial dispositions were made. The actual claims may exceed the expected extent.

Following the disposal of Tower 185, Frankfurt, as at 31.12.2013 CA Immo Group granted a guarantee for compensation of rent-free periods as well as rent guarantees for which adequate provisions have been recognised in the balance sheet. The shares in CA Immo Frankfurt Tower 185 GmbH & Co KG as well as the shares in CA Immo Frankfurt 185 Betriebs GmbH were pledged as security for loans.

As at 31.12.2015 CA Immo Group issued guarantees for bank liabilities of six joint ventures in Poland in the amount of € 44,269 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 the amount and timing of taxable income. Due to these uncertainties and the grade of complexity estimates may vary from the real tax expense also in a material amount. CA Immo Group recognises appropriate provisions for known and probable charges arising from ongoing tax audits. Concerning a tax audit in Eastern Europe legal steps about the prescription of default interest were introduced. CA Immo Group estimates the possibility of actual expenses due to these default interests as low.

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 € 13,300 K (31.12.2015: € 2,103 K), in Germany, in the amount of € 50,400 K (31.12.2015: € 32,922 K) and in Eastern Europe in the amount of € 31,716 K (31.12.2015: € 10,381 K). In addition as at 31.12.2016 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 € 44,136 K (31.12.2015: € 52,943 K).

The total obligations of the payments of equity in joint ventures for which no adequate provisions have been recognised amount in Austria to € 6,035 K (31.12.2015: € 0 K), in Germany to € 6,471 K (31.12.2015: € 5,021 K) and in Eastern Europe to € 191 K (31.12.2015: € 450 K) as per 31.12.2016. Besides the mentioned 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 31.12.2016, this applied to no loan (31.12.2015: no loan).

43. 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 or USD
- 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	2016	2015
In the following year	165,746	157,482
Thereafter 4 years	381,135	349,402
More than 5 years	205,385	233,198
Total	**752,266**	**740,081**

All remaining rental agreements may be terminated at short notice and 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 Berlin (until 2018), Frankfurt (until 2021) and Munich (until 2022).

The remaining operating lease agreements of CA Immo Group relate to office furniture, equipment and other assets. No purchase options have been agreed. Leasing payments of € 2,397 K were recognised as expenses in 2016 (2015: € 2,052 K).

The following minimum lease payments will become due in the subsequent periods:

€ 1,000	2016	2015
In the following year	1,836	1,830
Thereafter 4 years	3,383	4,257
More than 5 years	529	101
Total	**5,748**	**6,188**

44. 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
- O1 Group Limited, Cyprus, and its affiliated O1 Group until 1.8.2016
- IMMOFINANZ AG, Vienna, and its affiliated entities since 2.8.2016

Transactions with joint ventures

Joint ventures € 1,000	**31.12.2016**	**31.12.2015**
Investments in joint ventures	191,369	172,286
Investments in joint ventures held for sale	11,690	2,982
Loans	3,608	6,162
Receivables	6,970	39,779
Liabilities	35,145	37,637
Provisions	18,406	19,528

	2016	**2015**
Joint ventures result	10,505	42,524
Result from sale of joint ventures	914	697
Result from joint ventures	**11,420**	**43,221**
Other income	3,030	5,382
Other expenses	– 1,480	– 1,357
Interest income	468	5,363
Interest expense	0	– 696
Interest income present value financial investments	0	2,772

Apart from above mentioned transactions, in 2016, investment properties amounting to € 2,171 K (2015: € 0 K) were acquired from joint ventures.

Outstanding loans to joint ventures and the majority of the receivables from joint ventures as at the reporting date serve to finance the properties. Partly guarantees or other forms of securities exist in connection with these loans. The cumulative impairment loss on loans to joint ventures amounts to € 5,318 K (31.12.2015: € 12,114 K). Receivables from joint ventures comprise short-term loans in the amount of € 1,636 K (31.12.2015: € 34,580 K). Liabilities against joint ventures include long-term loans amounted to € 0 K (31.12.2015: € 0 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. No guarantees or other forms of security exist in connection with these receivables and liabilities.

No additional impairment losses or other adjustments to the book values were recognised in profit or loss.

Transactions with associated companies

Associated companies		
€ 1,000	**31.12.2016**	**31.12.2015**
Loans	8,750	12,827
	2016	**2015**
Expenses due to associated companies	– 4,077	– 6,297
Result from associated companies	**– 4,077**	**– 6,297**

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 amounts to € 13,652 K (31.12.2015: € 9,575 K).

The executive bodies of CA Immobilien Anlagen Aktiengesellschaft, Vienna
Management Board
Frank Nickel (Chief Executive Officer since 1.1.2016)
Dr. Hans Volckens (since 27.9.2016)
Florian Nowotny (until 30.9.2016)

In business year 2016, total salary payments to active Management Board members stood at € 1,347 K (€ 1,485 K in 2015). Of this amount, € 126 K (2015: € 101 K) were salary-related deductions. Management Board remuneration contains € 203 K in short-term incentives (€ 545 K in 2015) and € 106 K from the LTI tranche for 2013-2015 (€ 175 K in 2015 for the LTI tranche for 2012-2014). Fixed salary components made up 77 % of Management Board remuneration (52 % in 2015), with variable salary components accounting for 23 % (48 % in 2015). Provisions of € 932 K (2015: € 467 K) including incidental charges were allocated at Management Board level for variable salary components payable in 2017 on the basis of targets agreed in business year 2016. As at 31.12.2016 provisions totaling € 1,235 K (including incidental charges; € 1,835 K on 31.12.2015) had been formed in connection with the LTI programmes starting in 2014, 2015 and 2016; of this, the Management Board accounted for € 143 K (€ 206 K in the previous year). During business year 2016, contributions to pension funds for Management Board members (defined contribution plan) totalled € 124 K (€ 60 K in 2015). Payments to form a reserve for severance payment claims (defined benefit plan) amounted to € 84 K in the last business year (compared to € 65 K in 2015). As at 31.12.2016, severance payment provisions for the Management Board totalled € 84 K (€ 189 K on 31.12.2015). Payments have been made to former members of the Management Board as follows: Following early termination of his Management Board contract, Florian Nowotny received a severance payment of € 2,441 K in 2016; appropriate provision was made on the balance sheet date for payment of an additional € 150 K on 31 March 2017. In 2016, corresponding salary-based deductions amounted to € 169 K. In 2015, Dr. Bruno Ettenauer received a severance payment of € 2,490 K; further payment of an additional € 150 K was due on 30.6.2016. Appropriate provision has been made on the balance sheet date 31.12.2015. A total of € 193 K was paid to former members from maturity of the LTI tranche 2013-2015 (€ 320 K in the previous year for LTI tranche 2012-2014). There are no further obligations. No loans or advances were granted to Management Board members.

PAYMENTS TO THE MANAGEMENT BOARD [1]

€ 1,000	Frank Nickel[2] 2016	2015	Hans Volckens[3] 2016	2015	Bruno Ettenauer[4] 2016	2015	Florian Nowotny[5] 2016	2015	Total[6] 2016	2015
Fixed salary	400	0	88	0	0	343	230	246	718	589
Salary-based deductions	56	0	13	0	0	63	57	37	126	101
Remuneration in kind, company car, etc	45	0	1	0	0	9	4	4	51	13
Expense allowances	13	0	4	0	0	1	2	1	18	2
Total fixed salaries	**514**	**0**	**106**	**0**	**0**	**416**	**294**	**290**	**913**	**706**
Total fixed salaries as % (incl. contributions to pension funds)	*100%*	*0%*	*100%*	*0%*	*0%*	*50%*	*55%*	*53%*	*77%*	*52%*
Short-term variable payments (objective agreement bonus)	0	0	0	0	0	320	203	225	203	545
Mid-term variable payments (LTI programme)	0	0	0	0	0	126	106	49	106	175
Total variable payments	**0**	**0**	**0**	**0**	**0**	**446**	**309**	**274**	**309**	**720**
Total variable payments as %	*0%*	*0%*	*0%*	*0%*	*0%*	*50%*	*45%*	*47%*	*23%*	*48%*
Contributions to pension funds	41	0	0	0	0	35	83	25	124	60
Total salary payments	**555**	**0**	**106**	**0**	**0**	**896**	**686**	**589**	**1,347**	**1,485**

[1] The table contains only compensation components actually paid in 2015 or 2016. As at 31.12.2016 provisions of € 932 K were recognised for bonus entitlements for 2016
[2] Chief Executive Officer since 1.1.2016
[3] Member of the management board (CFO) since 27.9.2016
[4] Chief Executive Officer until 31.12.2015
[5] Member of the management board (CFO) until 30.9.2016
[6] Exclusive severance payment of € 2,640 K for Dr. Bruno Ettenauer and € 2,441 K for Florian Nowotny plus corresponding salary-based deductions of € 197 K (in 2015) and € 169 K (in 2016) following the early termiantion of the management board contracts.

Supervisory Board
<u>Elected by the General Meeting:</u>
Torsten Hollstein, Chairman (since 3.5.2016)
Dr. Florian Koschat, Vice Chairman (since 3.5.2016)
Richard Gregson
John Nacos
Michael Stanton
Dmitry Mints, Vice Chairman (until 21.12.2016)
Dr. Maria Doralt (until 10.11.2016)
Barbara A. Knoflach (until 10.11.2016)
Dr. Wolfgang Ruttenstorfer (until 10.11.2016)
Franz Zwickl (until 17.2.2016)

<u>Delegated by registered share:</u>
Dr. Oliver Schumy (since 2.8.2016)
Stefan Schönauer (since 2.8.2016)
Univ.-Prof. Dr. Klaus Hirschler (since 1.12.2016)
Prof. Dr. Sven Bienert (since 1.12.2016)
Timothy Fenwick (from 3.5.2016 until 30.11.2016)
Marina Rudneva (from 3.5.2016 until 2.8.2016)
Dr. Wolfgang Renner (from 3.5.2016 until 2.8.2016)

Delegated by works council:
Sebastian Obermair (since 22.3.2016)
Georg Edinger (since 3.5.2016)
Nicole Kubista (since 3.5.2016)
Franz Reitermayer (since 3.5.2016)

In the business year 2016 payments amounting to approximately € 306 K (2015: € 198 K), representing fixed remuneration for 2015 (including attendance fees for members of Supervisory Board totaling € 85 K, previous year € 19 K), were made.

Additionally Supervisory Board related expenses amounted to € 242 K (2015: € 215 K). Out of this amount, cash outlays for travel expenses amounted to € 47 K (2015: € 13 K), legal and other consultancy services for the Supervisory Board totalled € 194 K (2015: € 0 K) and other expenses were of € 1 K (2015: € 4 K). No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members.

For the business year 2016 a total remuneration of € 396 K is to be proposed to the Annual General Meeting based on the same criteria (annual fixed remuneration of € 25 K per member of the Supervisory Board as well as an attendance fee of € 1 K per meeting day); a provision was made for the same amount as at 31.12.2016. The increase compared to the previous year results from the expansion of the Supervisory Board.

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 (L Rule no. 48 and article 228 section 3 of the Austrian Commercial Code) must conform to industry standards and be approved by the Supervisory Board. The same applies to contracts with companies in which a Supervisory Board member has a significant business interest. In this specific case, the conclusion of agreements with, and award of assignments to, the global law office DLA Piper and its international partner firms was particularly relevant because Maria Doralt, who was a member of the Supervisory Board of CA Immo AG is also a partner in DLA Piper. A letter of engagement has existed with DLA Piper UK LLP since the end of 2012 concerning advice relating to the letting of the Kontorhaus office building in Munich. On behalf of the refinancing banks DLA Piper Weiss-Tessbach Rechtsanwälte GmbH acted in an advisory capacity in connection with two refinancing operations in Hungary. The relevant fees correspond to usual hourly rates for the sector and totalled € 0 K for business year 2016 (€ 164 K in 2015). No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members. No loans or advances were granted.

O1 Group Limited/O1 Group

From 20.2.2015 until its disposal to IMMOFINANZ AG on 2.8.2016 (closing date), O1 Group Limited directly or indirectly held 25,690,163 bearer shares and four registered shares of CA Immo AG.

In connection with the voluntary public partial offer made to the shareholders of IMMOFINANZ AG in 2015, CA Immo AG and O1 Group Limited were deemed parties acting in concert under the terms of the Austrian Takeover Act. In this regard, there was a memorandum of understanding with O1 Group Limited which was terminated in 2016.

During the second quarter 2015, following a competitive process with Vesper Real Estate (Cyprus) Limited, a company under the influence of Mr. Boris Mints (owner and chairman of O1 Group), a sales contract regarding a plot in Berlin (Kunstkubus, Europacity) suitable for residential construction was signed. The agreed purchase price of € 7,000 K was confirmed by an external fairness opinion and was paid in the first quarter 2016.

IMMOFINANZ AG

With share purchase agreement dated 17.4.2016, IMMOFINANZ AG acquired (i) 25,690,163 bearer shares from Terim Limited and (ii) four registered shares from O1 Group Limited of CA Immo AG (approximately 26% of the capital stock of CA Immo AG). Closing of the transaction was on 2.8.2016.

Between IMMOFINANZ AG and CA Immo AG there is a reciprocal shareholding. The CA Immo Group holds 54,805,566 bearer shares of IMMOFINANZ AG (equivalent to approximately 5.6% of the capital stock of IMMOFINANZ AG).

CA Immo AG and IMMOFINANZ AG have agreed to enter into constructive dialogue concerning a potential merger of the two companies. IMMOFINANZ AG had advocated selling or spinning off its Russian portfolio as a precondition to potentially successful merger negotiations; in mid-December 2016, the company announced that talks on the possible merger (including separation of the Russia portfolio) would be suspended and the timetable would be adjusted.

45. Key figures per share

Earnings per share

		2016	2015
Weighted average number of shares outstanding	pcs.	94,995,315	97,941,735
Consolidated net income	€ 1,000	183,910	220,839
basic (=diluted) earnings per share	**€**	**1.94**	**2.25**

46. Employees

In 2016 CA Immo Group had an average of 318 white-collar workers (2015: 331) of whom on average 65 (2015: 66) were employed in Austria, 165 (2015: 158) in Germany, 0 (2015: 22) in hotel operations in Czech Republic and 88 (2015: 85) in subsidiaries in Eastern Europe.

47. Costs for the auditor

The expenses presented in the table below refer to fees from KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

€ 1,000	2016	2015
Auditing costs	384	433
Other review services	154	155
Other consultancy services	33	118
Total	**570**	**706**

Given the issuance of two corporate bonds in 2016 (one in 2015) additional € 203 K (2015: € 90 K) for other review services were paid to the auditor in 2016.

In the consolidated income statement, the audit expenses, including review amount to € 1,182 K (2015: € 1,356 K). Out of this, the amount for KPMG entities amounts to € 1,142 K (31.12.2015: € 1,335 K).

48. Events after the close of the business year

In January 2017, CA Immo AG has successfully completed negotiations with Union Investment Real Estate GmbH on acquiring 49 % of shares each in the office buildings Danube House in Prague and Infopark in Budapest, both so far part of the open-ended property fund UniImmo: Europe. With this acquisition, CA Immo increases its share in the buildings from previously 51 % to 100 %.

In February 2017, CA Immo AG issued a corporate bond with a total volume of € 175 m and a term of seven years. The coupon rate of the fixed interest bond is 1.875 %.

CA Immo Group has received a construction permit from the City of Munich for the NEO office, hotel and residential complex, with 21,000 m² of gross floor space in the Baumkirchen Mitte quarter. CA Immo Group has also acquired the 50% stake in the development project previously held by PATRIZIA, and is now the sole owner. CA Immo Group's total investment in the building complex is € 86 m.

Until the publication of this report in March 2017, another 34,727 treasury shares have been repurchased from the share buyback programme resolved in November 2016.

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 21.3.2017 for approval.

Vienna, 20.03.2017

The Management Board

Frank Nickel (Chief Executive Officer)	Dr. Hans Volckens (Member of the Management Board)

CONSOLIDATED FINANCIAL STATEMENTS

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 2016 [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 a.s.	Bratislava	7,503,200	EUR	100	FC	
Europolis D61 Logistics s.r.o.	Bratislava	1,590,000	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	3,030,000	HUF	100	FC	
Duna Business Hotel Ingatlanfejlesztö Kft.	Budapest	1,370,097	EUR	100	FC	A
Duna Irodaház Kft.	Budapest	838,082	EUR	100	FC	A
Duna Termál Hotel Kft.	Budapest	1,182,702	EUR	100	FC	A
EUROPOLIS ABP Ingatlanberuházási Kft	Budapest	21,410,000	HUF	51[3]	AEJV	
EUROPOLIS City Gate Ingatlanberuházási Kft	Budapest	13,000,000	HUF	100	FC	
Europolis Infopark Ingatlanüzemeltető Kft	Budapest	4,140,000	HUF	51[3]	AEJV	
EUROPOLIS IPW Ingatlanberuházási Kft	Budapest	54,370,000	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	3,017,097	EUR	100	FC	A
R 70 Invest Budapest Kft.	Budapest	5,270,000	HUF	100	FC	
Skogs Buda Business Center II. Kft.	Budapest	327,010,000	HUF	100	FC	
Váci 76 Kft.	Budapest	3,100,000	HUF	100	FC	
CA Immo Real Estate Management Romania S.R.L.	Bucharest	989,570	RON	100	FC	
EUROPOLIS ORHIDEEA B.C. S.R.L.	Bucharest	91,394,530	RON	100	FC	
EUROPOLIS SEMA PARK S.R.L.	Bucharest	107,680,000	RON	100	FC	
INTERMED CONSULTING & MANAGEMENT S.R.L.	Bucharest	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 S.R.L.	Bucharest	18,421,830	RON	100	FC	
VICTORIA INTERNATIONAL PROPERTY S.R.L.	Bucharest	216	RON	100	FC	

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 %	Consolidation method [1]	Foundation / First time consolidation in 2016 [2]
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	
Pannonia Shopping Center Kft.	Györ	3,020,000	HUF	100	FC	
CAINE B.V.	Hoofddorp	18,151	EUR	100	FC	
TzoV "Europolis Logistics Park II"	Kiev	124,857,889	UAH	100	FC	
TzoV "Europolis Property Holding"	Kiev	207,021,770	UAH	100	FC	
TzoV"Corma Development"	Kiev	209,286,179	UAH	100	FC	
CA Immobilien Anlagen d.o.o.	Ljubljana	50,075	EUR	100	FC	
ALBERIQUE LIMITED	Limassol	1,100	EUR	100	FC	
BEDELLAN PROPERTIES LIMITED	Limassol	12,534	EUR	100	FC	
EPC KAPPA LIMITED	Limassol	12,097	EUR	100	FC	
EPC LAMBDA LIMITED	Limassol	458,280	EUR	100	FC	
EPC LEDUM LIMITED	Limassol	14,053	EUR	100	FC	
EPC OMIKRON LIMITED	Limassol	57,114	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

CONSOLIDATED FINANCIAL STATEMENTS

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method [1)]	Foundation / First time consolidation in 2016 [2)]
EPC PI LIMITED	Limassol	2,310	EUR	100	FC	
EPC PLATINUM LIMITED	Limassol	2,764	EUR	100	FC	
EPC RHO LIMITED	Limassol	2,290	EUR	100	FC	
EPC THREE LIMITED	Limassol	2,491,634	EUR	100	FC	
EPC TWO LIMITED	Limassol	970,092	EUR	100	FC	
EUROPOLIS REAL ESTATE ASSET MANAGEMENT LIMITED	Limassol	2,500	EUR	100	FC	
OPRAH ENTERPRISES LIMITED	Limassol	3,411	EUR	100	FC	
HARILDO LIMITED	Nicosia	1,400	EUR	50	AEJV	
VESESTO LIMITED	Nicosia	1,600	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	51[3]	AEJV	
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 Residence, s.r.o.	Prague	5,000,000	CZK	100	FC	
RCP Zeta s.r.o	Prague	200,000	CZK	100	FC	
K&K Investments S.R.L.	Sibiu	21,609,000	RON	90	AEJV	
Megapark o.o.d.	Sofia	50,936,362	BGN	49.2[3]	AEJV	
ZAO "Avielen A.G."	St. Petersburg	370,001,000	RUB	35	AEA	
ALLIANCE MANAGEMENT COMPANY Sp.z o.o. in Liqu.	Warsaw	971,925	PLN	99.9	FC	
CA Immo Bitwy Warszawskiej Sp. z o.o.	Warsaw	47,016,000	PLN	100	FC	
CA Immo Saski Crescent Sp. z o.o.	Warsaw	144,001,250	PLN	100	FC	
CA Immo Saski Point Sp. z o.o.	Warsaw	55,093,000	PLN	100	FC	
CA Immo Sienna Center Sp. z o.o.	Warsaw	114,664,320	PLN	100	FC	
CA Immo Real Estate Management Poland Sp. z o.o.	Warsaw	565,000	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	

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 %	Consolidation method [1]	Foundation / First time consolidation in 2016 [2]
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	
EUROPOLIS PARK BŁONIE Sp.z o.o. in Liqu.	Warsaw	1,104,334	PLN	100	FC	
Poleczki Business Park Sp.z.o.o. in Liqu.	Warsaw	5,000	PLN	50	AEJV	
SOFTWARE PARK KRAKÓW Sp.z o.o.	Warsaw	50,000	PLN	50	AEJV	
Avielen Beteiligungs GmbH	Vienna	35,000	EUR	100	FC	
Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OG	Vienna	4,135,427	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 Liegenschaftsverwaltung GmbH	Vienna	35,000	EUR	100	FC	
CA Immo Germany Holding GmbH	Vienna	35,000	EUR	100	FC	
CA Immo LP GmbH	Vienna	146,000	EUR	100	FC	
CA Immo International Holding GmbH	Vienna	35,000	EUR	100	FC	
CA Immo Rennweg 16 GmbH	Vienna	35,000	EUR	100	FC	
CA Immo-RI-Residential Property Holding GmbH	Vienna	35,000	EUR	100	FC	
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs KG	Vienna	154,812	EUR	100	FC	
EBL Nord 2 Immobilien GmbH	Vienna	35,000	EUR	50	AEJV	
EBL Nord 2 Immobilien Eins GmbH & Co KG	Vienna	10,000	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 Lambda Holding GmbH	Vienna	35,000	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
3) common control

As at 31.12.2016, 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 2016 [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	F
CA Immo Berlin Bärenquellbrauereri Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	F
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 9 GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Berlin Lehrter Stadtquartier 9 Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	F
CA Immo Berlin Lehrter Stadtquartier Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Berlin Lietzenburger Straße GmbH & Co. KG	Frankfurt	5,000	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	

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 2016 [2]
CA Immo Frankfurt Bauphase I GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
CA Immo Frankfurt Bauphase I Verwaltungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Frankfurt Karlsruher Straße GmbH & Co. KG	Frankfurt	5,000	EUR	100	FC	
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 Tower 185 Beteiligungs GmbH	Frankfurt	25,000	EUR	100	FC	
CA Immo Köln K 1 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	
Tower 185 Betriebs GmbH	Frankfurt	25,000	EUR	27.3[3]	AEJV	
Tower 185 Projekt GmbH & Co. KG	Frankfurt	5,000	EUR	33.3[3]	AEJV	
Tower 185 Verwaltungs GmbH	Frankfurt	25,000	EUR	33.3[3]	AEJV	
Baumkirchen MK GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen MK Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	
Baumkirchen WA 1 GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen WA 2 GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen WA 3 GmbH & Co. KG	Grünwald	10,000	EUR	50	AEJV	
Baumkirchen WA 1 Verwaltungs GmbH	Grünwald	25,000	EUR	50	AEJV	
Baumkirchen WA 2 Verwaltungs GmbH	Grünwald	25,000	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 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 Verwaltungs GmbH	Grünwald	25,565	EUR	100	FC	
CA Immo Projektentwicklung Bayern GmbH & Co. KG	Grünwald	255,645	EUR	100	FC	
CAMG Zollhafen HI IV V GmbH & Co. KG	Grünwald	5,000	EUR	50.1[3]	AEJV	F
CAMG Zollhafen HI IV V Verwaltungs GmbH	Grünwald	25,000	EUR	50.1[3]	AEJV	F
Eggarten Projektentwicklung GmbH & Co. KG	Grünwald	63,120,000	EUR	50	AEJV	F/TC[4]
Eggarten Projektentwicklung Verwaltung GmbH	Grünwald	25,000	EUR	50	AEJV	F/TC[4]
Isargärten Bauträger GmbH & Co. KG	Grünwald	15,000	EUR	33.3[3]	AEJV	
Isargärten Bauträger Verwaltungs GmbH	Grünwald	25,000	EUR	33.3[3]	AEJV	
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 [4] transition consolidation

Company	Registered office	Nominal capital	Currency	Interest in %	Consolidation method [1]	Foundation / First time consolidation in 2016 [2]
Congress Centrum Skyline Plaza Beteiligung GmbH	Hamburg	25,000	EUR	50	AEJV	
Congress Centrum Skyline Plaza Verwaltung GmbH	Hamburg	25,000	EUR	50	AEJV	
CongressCentrum Skyline Plaza GmbH & Co. KG	Hamburg	25,000	EUR	50	AEJV	
REC Frankfurt ObjektverwaltungsgesellaftmbH i.L.	Hamburg	25,000	EUR	50	AEJV	
Mainzer Hafen GmbH	Mainz	25,000	EUR	50	AEJV	
Zollhafen Mainz GmbH & Co. KG	Mainz	1,200,000	EUR	50.1[3]	AEJV	
CA Immo Mainz Hafenspitze GmbH	Mainz	25,000	EUR	100	FC	
CA Immo Mainz Rheinallee III GmbH&Co KG	Mainz	5,000	EUR	100	FC	
CA Immo Mainz Rheinallee III Verwaltungs GmbH	Mainz	25,000	EUR	100	FC	
SEG Kontorhaus Arnulfpark Beteiligungsgesellschaft mbH	Munich	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 82 (4) 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, 20.3.2017

The Management Board

Frank Nickel
(Chief Executive Officer)

Hans Volckens
(Member of the Management Board)

AUDITOR'S REPORT

Report on the Consolidated Financial Statements

Audit Opinion
We have audited the consolidated financial statements of

CA Immobilien Anlagen Aktiengesellschaft,

Vienna,

and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for our Opinion
We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities pursuant to these rules and standards are described in the “Auditors’ Responsibility” section of our report. We are independent of the audited entity within the meaning of Austrian commercial law and professional regulations, and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated financial statements as a whole. Our opinion on the consolidated financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

Valuation of investment properties
Refer to note section 5d), 5u) and 22) the consolidated financial statements / management report "Property valuation".

Risk for the Financial Statements
Investment property (comprising income producing properties and properties under development) with a total book value of 3,357 million EUR is the most significant item in the consolidated statement of financial position of the Company. Investment properties are presented at fair value in the consolidated financial statements. Because the valuation of investment properties cannot be based on quoted prices in active markets, the valuation of investment properties in accordance with IAS 40 involves subjective judgments and gives rise to significant uncertainties that can be difficult to corroborate. As a result, the valuation of these investment properties is significant for our audit.

Our Response

The Management Board annually engages external appraisers to support its determination of the fair value of investment properties. KPMG real estate and valuation specialists assisted us in evaluating objectivity, independence and expertise of the external appraisers, and challenging management and the external appraisers about the appropriateness of the (movements in) fair value and significant estimates used, including among other property yields, future market rent, void rates and periods as well as rent free periods. In addition we evaluated the Company's controls over data used in the valuation of the investment property portfolio.

We selected a sample of appraisal reports focusing on the most valuable properties in the portfolio and considering other quantitative and qualitative criteria, such as asset class or geographic location or properties where the year on year fair value movement was not in line with our expectation. For the selected appraisal reports we performed the following:

– We confirmed that the valuation approach for each was in accordance with the Global Valuation Standards issued by the Royal Institution of Chartered Surveyors (RICS) and suitable for use in determining the carrying value in the consolidated statement of financial position.

– We agreed the property information in the appraisal reports by tracing a sample of inputs, including among others, current rental income and rent free periods, to the underlying property records held by the Group. We also tested the data inputs underpinning the valuation for a sample of properties by agreeing them back to supporting documentation.

– Among others, we compared the yields used by the appraisers to an estimated range of expected yields, determined via reference to published benchmarks. We also considered the reasonableness of other assumptions that are not so readily comparable to published benchmarks, such as estimated current and future market rent, void rates and periods as well as rent free periods. Where assumptions were outside the expected range or otherwise deemed unusual, and/or valuations appeared to experience unexpected movements, we undertook further investigations with management and the external appraisers.

– We met with asset managers to gain a deeper understanding of the status of individual properties regarding changes in tenant structure, significant changes in fair value, or management's general market assessment. We also challenged management on the movements in the valuations.

– We also assessed the appropriateness of the disclosures relating to the estimation uncertainty and sensitivity of the valuations, as we consider these assumptions to be important to users of the consolidated financial statements.

Income tax

Refer to note section 5n), 20, 27, 31 and 38 the consolidated financial statements / management report "Results".

Risk for the Financial Statements

The Company has a complex legal structure and operates in various tax jurisdictions. Dependent on meeting certain requirements, property sales transactions often can be structured, such that no income tax becomes due upon the sale of real estate property.

In addition, the structuring of property purchase and sales transactions, inherent in the real estate holding and investment industry, require significant judgments amongst others relating to the recognition and classification of income tax related balances in connection with property sales transactions, which have a significant influence on the IFRS financial statements.

Therefore, the calculation of and accounting for current and deferred income tax expense/benefit and the presentation in the consolidated financial statements is a complex process that involves the application and interpretation of complex tax and accounting rules, subjective judgments, significant uncertainties, and requires specific knowledge and competencies.

Our Response

We assessed the accounting policies applied by the Company against IFRS and the recognition, measurement and classification criteria per the Company’s accounting policies as described in the notes. We specifically challenged management’s judgments in relation to the recognition or non-recognition of deferred tax assets and liabilities and the classification of income tax related balances in connection with property sales transactions.

We also evaluated the assumptions used by the Company to determine the recoverability of deferred tax assets recognized in the consolidated statement of financial position.

In respect of material components, we obtained letters from the Company's external tax advisors, relating to the confirmation of the tax position of the Company. We assessed these letters as part of our audit and compared these information with thy Company’s calculations.

KPMG tax specialists in relevant jurisdictions assisted us in assessing tax risks and evaluating the appropriateness of the income tax calculations and the assessment of uncertain tax positions.

Management's Responsibility and Responsibility of the Audit Committee for the Consolidated Financial Statements

The Company’s management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group’s ability to continue as a going concern, and, where appropriate, to disclose matters that are relevant to the Group’s ability to continue as a going concern and to apply the going concern assumption in its financial reporting, except in circumstances in which liquidation of the Group or closure of operations is planned or cases in which such measures appear unavoidable.

The audit committee is responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibility

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance represents a high degree of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are considered material if they could, individually or in the aggregate, reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, we exercise professional judgment and retain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we plan and perform procedures to address such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions, misleading representation or override of internal control.
- We 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 entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates as well as related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. In case we conclude that there is a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention to the respective note in the financial statements in our audit report or, in case such disclosures are not appropriate, to modify our audit opinion. We conclude based on the audit evidence obtained until the date of our audit report. Future events or conditions however may result in the Company departing from the going concern assumption.
- We 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.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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 our audit as well as significant findings including any significant deficiencies in internal control that we identify in the course of our audit.
- We report to the audit committee that we have complied with the relevant professional requirements in respect of our independence and that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, related measures taken to ensure our independence.
- From the matters communicated with the audit committee we determine those matters that required significant auditor attention in performing the audit and which are therefore key audit matters. We describe these key audit matters in our audit report except in the circumstances where laws or other legal regulations forbid publication of such matter or in very rare cases, we determine that a matter should not be included in our audit report because the negative effects of such communication are reasonably expected to outweigh its benefits for the public interest.

REPORT ON OTHER LEGAL REQUIREMENTS

Group Management Report

In accordance with the Austrian Commercial Code the group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it has been prepared in accordance with legal requirements.

The legal representatives of the Company are responsible for the preparation of the group management report in accordance with the Austrian Commercial Code.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

In our opinion, the group management report has been prepared in accordance with legal requirements and is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and the understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Other Information

The legal representatives of the Company are responsible for other information. Other information comprises all information provided in the annual report, with the exception of the single and consolidated financial statements, the group management report, and the auditor's report on the consolidated financial statements.

Our opinion on the consolidated financial statements does not cover other information, and we will not provide any assurance on it.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether it contains any material inconsistencies with the consolidated financial statements and our knowledge gained during our audit, or any apparent material misstatement of fact. If on the basis of our work performed, we conclude that there is a material misstatement of fact in the other information, we must report that fact. We have nothing to report with this regard.

Auditor in Charge
The auditor in charge is Mag. Walter Reiffenstuhl.

Vienna, 20 March 2017

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Walter Reiffenstuhl

Wirtschaftsprüfer

(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.
The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

FINANCIAL STATEMENTS AND MANAGEMENT REPORT

CONTENT

FINANCIAL STATEMENTS AND MANAGEMENT REPORT

BALANCE SHEET AS AT 31.12.2016

Assets

	31.12.2016 €	31.12.2015 € 1,000
A. Fixed assets		
I. Intangible fixed assets		
EDP software	590,908.18	680
	590,908.18	**680**
II. Tangible fixed assets		
1. Property and buildings	215,735,155.59	217,168
of which land value: € 38,467,209.82; 31.12.2015: € 39,398 K		
2. Other assets, office furniture and equipment	721,387.97	518
3. Prepayments made and construction in progress	1,940,482.69	934
	218,397,026.25	**218,620**
III. Financial assets		
1. Investments in affiliated companies	2,264,458,779.15	1,922,568
2. Loans to affiliated companies	262,048,077.51	336,108
3. Investments in associated companies	280,685.19	281
4. Loans to associated companies	850,000.00	380
5. Derivative financial instruments	17,295.89	139
6. Other loans	3,248,449.00	12,594
	2,530,903,286.74	**2,272,070**
	2,749,891,221.17	**2,491,370**
B. Current assets		
I. Receivables		
1. Trade debtors	18,266.51	408
2. Receivables from affiliated companies	26,636,196.92	29,273
3. Receivables from associated companies	63,980.91	51
4. Other receivables	127,103.27	12,191
	26,845,547.61	**41,923**
II. Other securities	**0.00**	**13,658**
III. Cash on hand, cash at banks	**85,900,817.67**	**19,871**
	112,746,365.28	**75,452**
C. Deferred expenses	**1,602,229.94**	**702**
	2,864,239,816.39	**2,567,524**

Liabilities and shareholders’ equity

	31.12.2016	31.12.2015
	€	€ 1,000
A. Shareholders' equity		
I. Demanded and paid-in share capital		
Share capital drawn	718,336,602.72	718,337
Treasury shares	– 39,282,129.13	– 14,540
	679,054,473.59	**703,797**
II. Tied capital reserves	854,841,594.68	854,842
III. Tied revenue reserves for treasury shares	39,282,129.13	14,540
IV. Net profit	618,112,346.77	448,067
of which profit carried forward: € 400,163,577.46; 31.12.2015: € 191,490 K		
	2,191,290,544.17	**2,021,246**
B. Grants from public funds	**326,061.61**	**304**
C. Provisions		
1. Provision for severance payment	178,997.00	274
2. Tax provisions	111,000.00	2,648
3. Provision for deferred taxes	914,441.34	0
4. Other provisions	10,837,154.53	7,775
	12,041,592.87	**10,697**
D. Liabilities		
1. Bonds	465,000,000.00	375,000
thereof with a residual term of up to one year: € 0.00; 31.12.2015: € 200,000 K		
thereof with a residual term of more than one year: € 465,000,000.00; 31.12.2015: € 175,000 K		
2. Liabilities to banks	90,151,380.40	113,441
thereof with a residual term of up to one year: € 44,120,704.40; 31.12.2015: € 23,099 K		
thereof with a residual term of more than one year: € 46,030,676.00; 31.12.2015: € 90,342 K		
3. Trade creditors	1,227,699.99	900
thereof with a residual term of up to one year: € 1,091,728.74; 31.12.2015: € 591 K		
thereof with a residual term of more than one year: € 135,971.25; 31.12.2015: € 309 K		
4. Payables to affiliated companies	91,143,763.35	33,309
thereof with a residual term of up to one year: € 91,143,763.35; 31.12.2015: € 33,309 K		
5. Other liabilities	10,434,280.51	10,311
of which from taxes: € 203,855.76; 31.12.2015: € 1,347 K		
of which connected to social security: € 119,144.25; 31.12.2015: € 109 K		
thereof with a residual term of up to one year: € 10,434,280.51; 31.12.2015: € 10,311 K		
	657,957,124.25	**532,961**
thereof with a residual term of up to one year: € 146,790,477.00; 31.12.2015: € 267,310 K		
thereof with a residual term of more than one year: € 511,166,647.25; 31.12.2015: € 265,651 K		
E. Deferred income	**2,624,493.49**	**2,316**
	2,864,239,816.39	**2,567,524**

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2016

		2016		2015
	€	€	€ 1,000	€ 1,000
1. Gross revenues		**31,087,652.11**		**26,598**
2. Other operating income				
a) Income from the sale and reversal of impairment losses of fixed assets except of financial assets	31,482,222.04		35,629	
b) Income from the reversal of provisions	150,449.57		93	
c) Other income	2,993,086.17	34,625,757.78	547	36,269
3. Staff expense				
a) Wages	0.00		– 13	
b) Salaries	– 7,822,566.20		– 6,468	
c) Social expenses	– 4,454,099.94	– 12,276,666.14	– 4,316	– 10,797
thereof expenses in connection with pensions: € 266,749.36; 2015: € 190 K				
thereof expenses for severance payments and payments into staff welfare funds: € 2,454,470.88 €; 2015: € 2,446 K				
thereof payments relating to statutory social security contributions as well as payments dependent on remuneration and compulsory contributions: € 1,633,879.30; 2015: € 1,585 K				
4. Depreciation on intangible fixed assets and tangible fixed assets		**– 7,071,750.82**		**– 7,508**
5. Other operating expenses				
a) Taxes	– 410,909.05		– 580	
b) Other expenses	– 20,553,183.72	– 20,964,092.77	– 15,479	– 16,059
6. Subtotal from lines 1 to 5 (Operating result)		**25,400,900.16**		**28,503**
7. Income from investments		**87,772,396.85**		**57,312**
of which from affiliated companies: € 87,637,156.85; 2015: € 57,165 K				
8. Income from loans from financial assets		**14,548,062.73**		**13,617**
of which from affiliated companies: € 13,765,126.21; 2015: € 10,618 K				
9. Other interest and similar income		**597,765.92**		**23,861**
of which from affiliated companies: € 0.00; 2015: € 23,119 K				
10. Income from the disposal and revaluation of financial assets		**166,975,394.23**		**219,997**
11. Expenses for financial assets and interest receivables in current assets, thereof		**– 6,595,141.65**		**– 17,602**
a) Impairment: € 3,897,765.31; 2015: € 15,310 K				
b) Bad debt allowance of interest receivables 2,681,664.15 €; 2015: € 1,992 K				
c) Expenses from affiliated companies: € 2,341,575.29; 2015: € 15,474 K				
12. Interest and similar expenses		**– 20,550,884.14**		**– 41,808**
of which relating to affiliated companies: € 521,779.60; 2015: € 887 K				
13. Subtotal from lines 7 to 12 (financial result)		**242,747,593.94**		**255,377**
14. Result before taxes		**268,148,494.10**		**283,880**
15. Taxes on income		**5,379,243.59**		**5,004**
thereof deferred taxes: € – 35,763.89; 2015: € 0 K				
16. Net profit for the year		**273,527,737.69**		**288,884**
17. Allocation to treasury share reserve		**– 55,578,968.38**		**– 32,306**
18. Profit carried forward from the previous year		**400,163,577.46**		**191,490**
19. Net profit		**618,112,346.77**		**448,068**

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2016

ACCOUNTING AND VALUATION PRINCIPLES AND GENERAL INFORMATION

CA Immobilien Anlagen Aktiengesellschaft ("CA Immo AG") is classified as a large entity according to para 221 Austrian Commercial Code (UGB).

The yearly financial statements were prepared in accordance with Austrian Generally Accepted Accounting Principles 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 priciple, prudence and completeness as well as individual valuation of assets and liabilities were taken into account in the preparation of financial statements.

For profit and loss, classification by nature was used.

Previous year amounts for balance sheet as well as profit and loss were restated, according to the changed requirements of RÄG 2014 (change in the Austrian accounting legislation), these mainly referring to:

- Netting of the treasury shares in shareholders' equity : treasury shares amounting to € 32,306 K were presented as other securities and investments as at 31.12.2015; these are now, in amount of the nominal of € 7.27 per share, thus € 14,540 K, in share capital, decreasing its value. The remaining amount of € 17,766 K is shown as reduction in the revenues reserves. The nominal value of treasury shares was treated as addition to tied revenue reserves.
- Reclassification from "other operating income" to "gross revenues": € 3,383 K revenues from management fees as well as € 234 K other revenues from guarantees, totalling € 3,617 K, are presented in income statement in 2015 in "gross revenues".
- Changes in table of movement of fixed assets: starting 2016, the movement in accumulated depreciation is also included.

The valuation methods that were used until now, except the changes of the first time use of the RÄG 2014, were maintained. These changes mainly refer to:

- Additional acquisition costs for treasury shares: these are no longer activated (2015: € 33 K), but presented in the profit and loss for 2016, as expenses;
- Reversal of impairments of tangible assets: in the past, sometimes the reversals of impairements were not recorded, in case in the following years these increases in value could not be further attributed. Starting 1.1.2016 the new requirements in RÄG 2014 stipulate a compulsory reversal of impairment for the value increases from the past. These were presented in the profit and loss statement in "other operating income" and they amounted to € 11,893 K;
- Deferred taxes in shareholders' equity: in the past, deferred tax liabilities related to the increase in value, as part of a merger, were not accounted for. As at 1.1.2016 these deferred taxes, calculated in accordance with RÄG 2014 balance sheet approach, amounted to € 850 K. Furthermore, as at 1.1.2016, the deferred taxes for the release of the non-taxed reserves in a subsidiary, amounting to € 29 K, were recorded in CA Immo AG. Both above mentioned circumstances, amounting to € 879 K are not presented in profit and loss, but in revenues reserves directly in shareholders' equity, in accordance with RÄG 2014.

1. Fixed assets

<u>Intangible and tangible fixed assets</u>
Intangible and tangible assets are stated at acquisition or production cost reduced by scheduled depreciation, where 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 have occurred. 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, investment in associated companies and derivative financial instruments (swaption) 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 have occurred. 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 defaults risks are considered by carrying out individual value adjustments. Income from investments is recognised on the basis of shareholders' resolutions.

Other securities and investments are stated at acquisition cost, though not higher than share price. Accrued interest attributable to securities is included in the item "other receivables".

Reversal of short-term assets impairments are made when the underlying reasons for the decreases are no longer valid. Relevant amounts for valuation are derived from IFRS equity of subsidiary.

3. Deferred expenses and deferred income

Prepayments are recorded under deferred expenses. Additionally, the accruals for directly attributable bond expenses are capitalised under this item and released over the redemption period, according to the principals of financial mathematics.

Rent prepayments and investment allowances from tenants are shown under deferred income.

4. Grants from public funds

These grants will be released over the remaining useful life of the building.

5. Provisions

Provisions for severance payments amount to 185.5 % (31.12.2015: 188.06 %) of the imputed statutory notional severance payment obligations at balance sheet date. The calculation is performed using the PUC method, which is recognised in international accounting, based on an interest rate of 0.00 % (31.12.2015: 0.49 %) and future salary increases of 2% for employees plus an inflation rate of 2% but without taking into account the fluctuation discount. The period for build-up is until the retirement point in time, i.e. for a maximum of 25 years. Apart from the fact that the interest rate decreased compared to previous year, the same parameters were applied for calculation of the provisions as in the previous year. Interest on counter value of provision 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.

Provisions for deferred taxes are made up using the 25% rate of corporate income tax, according to Art 198 para 9 and 10 in Austrian Commercial Code, after balance sheet orientated concept and without discounting. Deferred taxes with a tax rate of 3% are also applied to differences in tax group, if members 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 75% threshold. As the tax planning does not provide sufficient evidence of future taxable profits, it was not possible to exercise the option to activate losses carry forward. As at 31.12.2016 deferred taxes were fully recorded.

6. Liabilities

Liabilities are stated on a prudent basis, at their repayment amount.

7. 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 2016 the tax group comprised 15 Austrian group companies (2015: 20), 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 rate of 22%, respectively a profit of the tax group taxed at up to 25%. Losses carried forward of a group member are retained. In case of the tax group termination or the withdrawal of a tax group member, CA Immo AG, as group head entity, is obliged to pay a final compensation 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 31.12.2016 the possible obligations against group companies resulting from a possible termination of the group, were estimated at € 21,897 K (31.12.2015: € 14,926 K). As at 31.12.2016 only group companies subject to liquidation or merger left the tax group, so no provision for termination settlement was made.

Tax expenses in profit and loss are reduced by the allocation of tax assets.

8. Note on currency translation

Foreign exchange receivables are valued at the purchase price or the lower bid rate as at the balance sheet date. Foreign exchange liabilities are valued at the purchase price or the higher offer rate as at the balance sheet date.

EXPLANATORY NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

1. Explanatory notes on the balance sheet

a) Fixed assets

The breakdown and development of fixed assets can be seen from the assets analysis in appendix 1.

Tangible assets

Additions to property and buildings and to prepayments made and construction in progress mainly relate to restauration of a garage, reconstruction for tenants in Erdberger Lände, as well as current investments. Disposals mainly relate to the sale of 2 properties and a part of a land plot. As at the balance sheet date, the tangible assets comprise 5 properties (31.12.2015: 7 properties).

In 2016 – as in the previous year – no unscheduled depreciation on tangible assets was made. In business year 2016, reversal of impairment losses of tangible assets amounting to € 14,234 K (2015: € 955 K) were recorded. Also, in 2016, reversal of impairment losses amounting to € 11,893 K refer to changes in previous year values and were made according to changes in requirements of RÄG 2014, starting 1.1.2016.

Financial assets

The notes on affiliated companies can be found in appendix 2.

Impairment losses on financial assets in the amount of € 3,898 K (2015: € 15,310 K) and reversals of impairment losses in the amount of € 164,036 K (2015: € 184,627 K) were recognised in 2016.

Book value of investments in affiliated companies amounts to € 2,264,459 K (31.12.2015: € 1,922,568 K). Current additions are mainly the result of acquisitions of four subsidiaries in Hungary and various shareholder contributions. Disposals mainly relate to the liquidation of two subsidiaries and the sale of an investment in affiliated companies.

The company is unlimited liable shareholder of Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OG, Vienna.

Loans to affiliated companies are made up as follows:

€ 1,000	31.12.2016	31.12.2015
CAINE B.V., Hoofddorp	47,373	58,266
CA Immo Holding B.V., Amsterdam	45,904	45,904
CA Immo Invest GmbH, Frankfurt	37,000	37,000
BA Business Center s.r.o., Bratislava	29,700	29,700
RCP Amazon, s.r.o., Prague	18,852	19,352
EUROPOLIS ORHIDEEA B.C. S.R.L., Bucharest	13,424	3,524
R70 Invest Budapest Kft, Budapest	12,354	12,004
EUROPOLIS SEMA PARK SRL, Bucharest	11,456	12,100
COM PARK Ingatlanberuházási Kft, Budapest	11,436	11,436
Kapas Center Kft., Budapest	10,430	10,430
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs KG, Vienna	0	49,204
TK Czech Development IX s.r.o., Prague	0	16,564
Other up to € 7 m	24,119	30,624
	262,048	**336,108**

Loans to affiliated companies amounting to € 119,511 K (31.12.2015: € 104,573 K) have a remaining term of up to one year.

The item derivative financial instruments includes financial instruments, i.e. swaptions.

Other loans are made up as follows:

€ 1,000	31.12.2016	31.12.2015
ZAO Avielen AG	2,961	4,032
Other up to € 2.5 m	287	8,562
	3,248	**12,594**

Other loans to the value of € 287 K (31.12.2015: € 8,562 K) have a remaining term of up to one year.

b) Current assets

All receivables – as in previous year – have a due date of less than one year.

Trade debtors to the value of € 18 K (31.12.2015: € 408 K) include outstanding rent and recharged operating costs.

Receivables from affiliated companies are made up as follows:

€ 1,000	31.12.2016	31.12.2015
Receivables from interest	15,946	16,514
Receivables from tax compensation	5,576	7,419
Trade debtors (current charging to affiliated companies)	5,114	5,340
	26,636	**29,273**

Other receivables in the amount of € 127 K (31.12.2015: € 12,191 K) mainly include receivables from interest, receivables from cost re-invoicings as well as receivables from tax authorities (in 2015, additionally, receivables from sales prices). In 2016, the change in allowances for receivables amounted to € – 924 K (2015: € 389 K).

Other securities included own 2006-2016 bonds redeemed from the market in 2011 with a book value of € 13,658 K and a nominal value of € 14,008 K, which were settled in September 2016 following the repayment. A gain amounting to € 350 K was realised.

c) Deferred expenses

€ 1,000	31.12.2016	31.12.2015
Additional expenses bonds	1,522	612
Other	80	90
	1,602	**702**

d) Shareholders' equity

Share capital is equivalent to the fully paid in nominal capital of € 718,336,602.72 (31.12.2015: € 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 5,403,319 treasury shares (31.12.2015: 2,000,000), each amounting to € 7.27, thus totaling € 39,282,129.13 (31.12.2015: € 14,540,000), were deducted from shareholders' equity based on the reclassifications in accordance with RÄG 2014. The registered shares are directly or indirectly held by IMMOFINANZ AG, each granting the right to nominate one member to the Supervisory Board. The right to nominate members of Supervisory Board was fully executed (31.12.2015: no appointment due to registered shares).

In the period 13.1 to 19.2.2016, CA Immo AG acquired a total of 1,000,000 bearer shares. At a total purchase price of € 15,392,916.72. The weighted average price per share is thus € 15.39. The highest consideration per share paid within the framework of the buyback program was € 16.38 and the lowest was € 14.39.

In the period 25.3 to 30.9.2016 a total of 2,000,000 bearer shares in the company were acquired at a total purchase price of € 32,347,069.75. The weighted average price per share is thus € 16.17. The highest consideration per share paid within the framework of the buyback program was € 17.50 and the lowest was € 14.66.

The third share buyback program started at the end of November 2016. The volume totals up to one million shares (representing approximately 1% of the current share capital of the company) with a maximum limit of € 17.50 per share. Additionally, the prize has to comply with the authorizing resolution of the Annual General Meeting, meaning that the lowest amount payable on repurchase is not to be less than 30 % and not to exceed 10 % of the average unweighted price at the close of the market on the ten trading days preceding the repurchase. The buyback will be made for any permitted purpose covered by the resolution of the Annual General Meeting and will end 2.11.2018 at the latest. As per balance sheet date 403,319 shares with a weighted average price per share of € 17.26 were acquired within the program. As at 31.12.2016, CA Immo AG had acquired a total of 5,403,319 treasury shares through the share buy-back programs (around 5.5% of the voting shares).

In 2016 a dividend of € 0.50 (2015: € 0.45) for each entitled share, in total € 47,904 K (2015: € 44,644 K) was distributed to the shareholders.

The total net profit as at 31.12.2016 amounting to € 618,112 K (31.12.2015: € 448,068 K) is not subject to dividend payment constraints (31.12.2015: 185,583 K according to para 235 Z1 Austrian Commercial Code).

As at 31.12.2016 there is unused authorised capital amounting to € 215,500,975.00 that may be drawn on or before 31.8.2018, as well as conditional capital in the total amount of € 100,006,120.00 earmarked for the specified purpose of servicing a convertible bond that may be issued in the future for the conversion of possible future convertible bonds.

In the revenues reserves, deferred tax affecting other comprehensive income, amounting to € 879 K is recorded, which is explained by the mergers from the previous periods as well as the release of the untaxed reserve in partnership, according to RÄG 2014. The declared revenues reserves are tied and will be increased up to the level the book value corresponds to the nominal value of the deducted amount of treasury shares from share capital.

€ 1,000	31.12.2016	31.12.2015
Other additional expenses for treasury shares	– 47,724	– 17,766
Nominal treasury shares in share capital	39,282	14,540
Reserves for other acquisition costs treasury shares	47,724	17,766
Tied revenue reserves for treasury shares	**39,282**	**14,540**

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	2016	2015
As at 1.1.	**14,540**	**0**
Deferred taxes recorded in shareholders' equity	– 879	0
Acquisition treasury shares total	– 54,700	– 32,306
Less treasury shares due to decrease in share capital	24,742	14,540
Allocation to revenues reserves	55,579	32,306
As at 31.12.	**39,282**	**14,540**

e) Grants from public funds

The grants from public funds contain grants from 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 in 2016 for a photovoltaic facility in Handelskai.

f) Provisions

Provisions for severance payment amount to € 179 K (31.12.2015: € 274 K) and include severance payment entitlements of company employees and Management Board member.

Tax provisions in the amount of € 111 K (31.12.2015: € 2,648 K) mainly relate to provisions for corporation tax in 2016.

Provisions for deferred taxes comprise the offsetting of deferred tax assets and deferred tax liabilities and is based on the differences between tax and corporate value approaches for the following:

€ 1,000	**31.12.2016**	**1.1.2016 due to RÄG 2014**
Property and buildings	15,173	14,792
Partnership	2,160	2,043
Differences in tax group members	6,940	11,037
Other assets, office furniture and equipment	-52	-66
Additional expenses bonds and bank loans	-1,630	-1,289
Provisions for severance payments	-141	-254
Deferred income	-1,711	-1,258
Base for tax	**20,739**	**25,005**
Out of which resulted provision for deferred tax liabilities	3,657	3,823
less: offsetting with tax losses carried forward	-2,743	-2,867
As at 31.12.2016 / 1.1.2016 due to RÄG 2014	**914**	**956**

As at 31.12.2016 CA Immo AG has tax losses carried forward in the amount of € 315,945 K (31.12.2015: € 316,523 K). Taxes for investment write off on outstanding amounts which have to be deferred over 7 years amount to € 41,112 K (31.12.2015: € 53,076 K) and they were fully impaired.

Movements in deferred tax liabilities are presented below:

	2016	**1.1.2016**
As at 1.1. due to RÄG 2014	**956**	**0**
Changes recognised directly in equity	0	879
Changes affecting profit and loss	-42	77
As at 31.12.2016 / 1.1.2016 due to RÄG 2014	**914**	**956**

The other provisions are made up as follows:

€ 1,000	31.12.2016	31.12.2015
Premiums	3,387	2,691
Real property tax and land transfer tax	2,740	1,548
Construction services	1,440	1,495
Legal, auditing and consultancy fees	1,764	724
Staff (vacation and overtime)	442	504
Annual report and expert opinions	191	159
Derivative transactions	165	0
Other	708	654
	10,837	**7,775**

As a part of their variable remuneration components, Management Board members could participate in a long term incentive scheme (LTI) from business year 2010 until 2014. LTI is a revolving program with a term (holding period) of three years per tranche; it presupposed a personal investment limited to 50% of the fixed annual salary for Management Board members. The investment is evaluated at the closing rate on 31.12., with the number of associated shares determined on the basis of this evaluation. At the end of each three-year performance period, a target/actual comparison is applied to define target attainment. 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); weighting and respective target figures are set each year. 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 LTI program remains effective for managerial staff with the personal investment being limited to 35% of the fixed annual salary.

Since 2015, performance-related payments to the Management Board were restricted to 200% of the gross annual salary. The bonus payment is linked to long-term operational and quality-based targets and also takes account of non-financial performance criteria. Of the variable remuneration, 50% is linked to the attainment of short-term targets defined annually (annual bonus); the other half of the performance-related components depends on the exceeding of annually defined indicators such as 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 compared and confirmed 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 60 days of the business year relevant to target attainment. The payment of phantom shares is made in cash in three parts after 12 months, 24 months (mid-term incentive) and 36 months (long term incentive) at the average rate for the last 60 days of 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.

g) Liabilities

31.12.2016 € 1,000	Maturity up to 1 year	Maturity 1 – 5 years	Maturity more than 5 years	Total
Bonds	0	140,000	325,000	465,000
Liabilities to banks	44,120	2,610	43,421	90,151
Trade creditors	1,092	136	0	1,228
Payables to affiliated companies	91,144	0	0	91,144
Other liabilities	10,434	0	0	10,434
Total	**146,790**	**142,746**	**368,421**	**657,957**

31.12.2015 € 1,000	Maturity up to 1 year	Maturity 1 – 5 years	Maturity more than 5 years	Total
Bonds	200,000	0	175,000	375,000
Liabilities to banks	23,099	46,078	44,264	113,441
Trade creditors	591	309	0	900
Payables to affiliated companies	33,309	0	0	33,309
Other liabilities	10,311	0	0	10,311
Total	**267,310**	**46,387**	**219,264**	**532,961**

The bonds item for 31.12.2016 comprises the following liabilities:

	Nominal value € 1,000	Nominal interest rate	Issue	Repayment
Bond 2015 – 2022	175,000	2.750%	17.02.2015	17.02.2022
Bond 2016 – 2021	140,000	1.880%	12.07.2016	12.07.2021
Bond 2016 – 2023	150,000	2.750%	17.02.2016	17.02.2023
	465,000			

Liabilities to banks comprise investment loans to the value of € 90,151 K (31.12.2015: € 113,441 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.

The trade creditors item essentially comprises liabilities for construction services and liability guarantees as well as general administrative costs.

The liabilities shown under payables to affiliated companies mainly relate to intra-group loans amounting to € 90,352 K (31.12.2015: € 33,297 K) and trade payables amounting to € 792 K (31.12.2015: € 12 K).

Other liabilities are essentially made up of accrued interest for bonds amounting to € 8,961 K (31.12.2015: € 6,972 K) which only become cash-effective in February and July 2017, payables from the purchase of treasury shares amounting to € 888 K (31.12.2015: € 0 K), unpaid liabilities to the property management company, liabilities arising from payroll-accounting and tax charge.

h) Deferred income

€ 1,000	31.12.2016	31.12.2015
Investment grants from tenants	1,711	1,257
Rent prepayments received	613	659
Revenues from guarantees	300	400
	2,624	**2,316**

i) Contingent liabilities

	Maximum amount as at 31.12.2016 € 1,000		Outstanding on reporting date 31.12.2016 € 1,000	Outstanding on reporting date 31.12.2015 € 1,000
Guarantees and letters of comfort in connection with sales by affiliated companies	274,676	€	144,745	143,966
Guarantees for loans granted to affiliated companies	113,157	€	61,313	81,369
Letter of comfort in connection with construction contracts of affiliated companies	17,050	€	17,050	32,720
Guarantees for loans granted to other group companies	14,504	€	8,469	52,739
Guarantees in connection with sales by other group companies	2,830	€	2,830	5,014
Other guarantees	120	€	120	0
			234,527	**315,808**

Furthermore, the stakes of CA Immo AG in the following companies are pledged in favour of the lenders financing the subsidiaries:

Kilb Kft., Budapest
Váci 76 Kft., Budapest
Duna Terminal Hotel Kft., Budapest
Duna Irodahaz Kft, Budapest
Duna Business Hotel Kft., Budapest
Millenium Irodahaz Kft., Budapest
BBP Leasing S.R.L., Bucharest

j) Liabilities from the utilisation of tangible assets

The lease-related liability from the utilisation of tangible assets not reported in the balance sheet is € 675 K (31.12.2015: € 641 K) for the subsequent business year and € 3,218 K (31.12.2015: € 3,203 K) for the subsequent five business years.

Out of this, € 611 K (31.12.2015: € 609 K) is attributable to affiliated companies for the subsequent business year and € 3,057 K (31.12.2015: € 3,043 K) for the subsequent five business years. The above mentioned amounts refers to the office in Mechelgasse 1. The rental agreement was concluded for an unlimited period, whereas in the above only next five years were considered.

k) Details of derivative financial instruments – interest rate swaps

€ 1,000		Nominal value	Fixed interest rate as at	Interest reference rate	Fair value	thereof considered as provisions
Start	End	31.12.2016	31.12.2016		31.12.2016	31.12.2016
12/2016	12/2024	11,745	0.44%	3M-EURIBOR	– 165	– 165

The fair value corresponds to the value CA Immo AG would receive upon termination of contract at balance sheet date. The value is received from the financial institution, with which the contract was signed. The quoted value is a cash value. Future cash flows are from variable payments as well as discounting 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.

l) Details of derivative financial instruments – swaption

€ 1,000		Nominal value	Fixed interest rate as at	Interest reference rate	Fair value	Book value
Start	End	31.12.2016	31.12.2016		31.12.2016	31.12.2016
11/2015	11/2017	10,000	1.25%	6M-EURIBOR	8	8
11/2015	11/2017	10,000	1.25%	6M-EURIBOR	9	9
		20,000			**17**	**17**

€ 1,000		Nominal value	Fixed interest rate as at	Interest reference rate	Fair value	Book value
Start	End	31.12.2015	31.12.2015		31.12.2015	31.12.2015
06/2013	06/2016	50,000	2.50%	6M-EURIBOR	0	0
06/2013	06/2016	50,000	2.50%	6M-EURIBOR	0	0
11/2015	11/2017	10,000	1.25%	6M-EURIBOR	70	70
11/2015	11/2017	10,000	1.25%	6M-EURIBOR	69	69
		120,000			**139**	**139**

The fair value corresponds to the amount that CA Immo AG would receive upon termination of the contract on the balance sheet date. These values were determined by the financial institution with which the transactions were concluded. The book value corresponds to the acquisition costs or the lower fair value.

2. Explanatory notes on the income statement

Gross revenues

The gross revenues are made up as follows:

By type

€ 1,000	2016	2015
Rental income for real estate	15,439	17,306
Operating costs passed on to tenants	4,536	5,675
Income from management	10,891	3,383
Other revenues	222	234
	31,088	**26,598**

By region

€ 1,000	2016	2015
Austria	21,949	24,580
Germany	2,441	0
Eastern Europe	6,698	2,018
	31,088	**26,598**

Other operating income

Revenues from sale and increase in value of tangible assets, except for financial assets

€ 1,000	2016	2015
Reversal of impairment current year	2,341	955
Reversal of impairment for previous year due to RÄG 2014	11,893	0
Reversal of impairment tangible assets	**14,234**	**955**
Revenues from assets disposals	29,093	59,527
Book value assets disposed	– 11,734	– 23,751
Other expenses	– 111	– 1,102
Profit from sale of tangible assets	**17,248**	**34,674**
	31,482	**35,629**

The revenues from release of provisions refer mainly to provisions for maintenance and consultancy expenses.

Other operating income of € 2,993 K (2015: € 547 K) results from cost re-charging and insurance revenues.

Staff expense

This item, totalling € 12,277 K (2015: € 10,797 K), includes expenses for the 59 staff members (2015: 56) employed by the company on average.

The expenses for retirement benefits are as follows:

€ 1,000	2016	2015
Pension fund contributions for Management Board members and senior executives	219	146
Pension fund contributions for other employees	48	44
	267	**190**

Expenses for severance payments as well as payments dependent on remuneration and compulsory contributions are made up as follows:

€ 1,000	2016	2015
Change of provision for severance payments to Management Board members and senior executives	– 105	– 147
Allocation to provision for severance payments to other employees	11	11
Severance payments to Management Board members and senior executives	2,441	2,490
Pension fund contributions for Management Board members and senior executives	76	59
Pension fund contributions for other employees	32	33
	2,455	**2,446**

Depreciation

€ 1,000	2016	2015
Depreciation of intangible fixed assets	378	483
Scheduled depreciation of buildings	6,379	6,698
Depreciation of other assets, office furniture and equipment	300	322
Low-value assets	15	5
	7,072	**7,508**

Other operating expenses

Where they do not fall under taxes on income, the taxes in the amount of € 411 K (2015: € 580 K) mainly comprise the real estate charges passed on to tenants in the amount of € 224 K (2015: € 257 K) and the non-deductible input VAT € 183 K (2015: € 63 K, as well as adjustment of real estate tax for a merger in amount of € 177 K).

Other operating expenses are made up as follows:

€ 1,000	2016	2015
Other expenses directly related to properties		
Operating costs passed on to tenants	4,315	5,401
Maintenance costs	2,033	2,205
Own operating costs (vacancy costs)	617	449
Administration and agency fees	36	13
Other	354	514
Subtotal	**7,355**	**8,582**
General administrative costs		
Legal, auditing and consultancy fees	4,142	2,472
Charged costs to group companies	2,600	338
Administrative and management costs	1,059	0
Expenses of bonds	959	376
Advertising and representation expenses	726	951
Office rent including operating costs	621	629
Supervisory Board remuneration	436	386
Other fees and bank charges	413	112
Claims and reserves for bad debts of other receivables	342	3
Other	1,900	1,630
Subtotal	**13,198**	**6,897**
Total other operating expenses	**20,553**	**15,479**

Income from investments

This item comprises dividends paid from companies in Austria in the amount of € 86,000 K (2015: € 56,762 K) and as well as companies in Germany and Eastern Europe in the amount of € 1,772 K (2015: € 550 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 for acquired bonds.

Income from the sale and revaluation of financial assets and short-term securities

€ 1,000	2016	2015
Reversal of impairment due to increase in value	164,036	184,627
Repayment of loans above book value	1,436	29,043
Sale of financial assets	1,153	5,232
Sale of securities from current assets	350	0
Release allowance of interest receivable	0	1,095
	166,975	**219,997**

Expenses for financial assets and short-term interest receivables

€ 1,000	2016	2015
Depreciation of financial assets	3,898	15,310
Bad debt allowance for interest receivables	2,682	1,993
Loss from disposal of investments in affiliated companies	16	299
	6,596	**17,602**

Interest and similar expenses

€ 1,000	2016	2015
Interest costs for bonds	17,052	14,409
Interest for bank liabilities for the financing of real estate assets	2,693	3,159
Interest costs in respect of affiliated companies	522	887
Expenses for derivative transactions	165	23,346
Other	119	7
	20,551	**41,808**

Taxes on income

€ 1,000	2016	2015
Tax compensation tax group members	5,565	7,762
Corporate income tax	– 152	– 2,675
Deferred taxes	– 36	0
Other	2	– 83
Tax revenues	**5,379**	**5,004**

OTHER INFORMATION

3. Affiliated companies

CA Immo AG, Vienna, is the main parent company of CA Immo 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.

4. Executive bodies and employees

Supervisory Board

<u>Elected by the General Meeting:</u>
Torsten Hollstein, Vorsitzender (since 3.5.2016)
Dr. Florian Koschat, Stv. des Vorsitzenden (since 3.5.2016)
Richard Gregson
John Nacos
Michael Stanton
Dmitry Mints, Stv. des Vorsitzenden (until 21.12.2016)
Dr. Maria Doralt (until 10.11.2016)
Barbara A. Knoflach (until 10.11.2016)
Dr. Wolfgang Ruttenstorfer (until 10.11.2016)
Franz Zwickl (until 17.2.2016)

<u>Delegated by registered share:</u>
Dr. Oliver Schumy (since 2.8.2016)
Stefan Schönauer (since 2.8.2016)
Univ.-Prof. Dr. Klaus Hirschler (since 1.12.2016)
Prof. Dr. Sven Bienert (since 1.12.2016)
Timothy Fenwick (from 3.5.2016 until 30.11.2016)
Marina Rudneva (from 3.5.2016 until 2.8.2016)
Dr. Wolfgang Renner (from 3.5.2016 until 2.8.2016)

<u>Delegated by works council:</u>
Sebastian Obermair (since 22.3.2016)
Georg Edinger (since 3.5.2016)
Nicole Kubista (since 3.5.2016)
Franz Reitermayer (since 3.5.2016)

As at balance sheet date the Supervisory Board of CA Immo AG consists of five members elected by the General Meeting as well as four members delegated by registered shares and four members delegated by works council.

In the business year 2016 payments amounting to approximately € 306 K (2015: € 198 K), representing fixed remuneration for 2015 (including attendance fees for members of Supervisory Board totaling € 85 K, previous year € 19 K), were made. Additionally, Supervisory Board related expenses amounted to € 242 K (2015: € 215 K). Out of this amount, cash outlays for travel expenses amounted to € 47 K (2015: € 13 K), legal and other consultancy services for the Supervisory Board totalled € 194 K (2015: € 0 K) and other expenses were of € 1 K (2015: € 4 K). No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members.

For the business year 2016 a total remuneration of € 396 K is to be proposed to the Annual General Meeting based on the same criteria (annual fixed remuneration of € 25 K per member of the Supervisory Board as well as an attendance fee of € 1 K per meeting day); a provision was made for the same amount as at 31.12.2016. The increase compared to the previous year results from the expansion of the Supervisory Board.

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 (L Rule no. 48 and article 228 section 3 of the Austrian Commercial Code) must conform to industry standards and be approved by the Supervisory Board. The same applies to contracts with companies in which a Supervisory Board member has a significant business interest. In this specific case, the conclusion of agreements with, and award of assignments to, the global law office DLA Piper and its international partner firms was particularly relevant because Maria Doralt, who was a member of the Supervisory Board of CA Immo is also a partner in DLA Piper. A letter of engagement has existed with DLA Piper UK LLP since the end of 2012 concerning advice relating to the letting of the Kontorhaus office building in Munich. On behalf of the refinancing banks DLA Piper Weiss-Tessbach Rechtsanwälte GmbH acted in 2015 in an advisory capacity in connection with two refinancing operations in Hungary. The relevant fees correspond to usual hourly rates for the sector and totalled € 0 K for business year 2016 (€ 164 K in 2015). No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members. No loans or advances were granted.

O1 Group Limited/O1 Group

From 20.2.2015 until its disposal to IMMOFINANZ AG on 2.8.2016 (closing date), O1 Group Limited held directly or indirectly 25,690,163 bearer shares via Terim Limited and four registered shares of CA Immo AG.

In connection with the voluntary public partial offer made to the shareholders of IMMOFINANZ AG in 2015, CA Immo AG and O1 Group Limited were deemed parties acting in concert under the terms of the Austrian Takeover Act. In this regard, there was a memorandum of understanding with O1 Group Limited which was terminated in 2016.

During the second quarter 2015, following a competitive process with Vesper Real Estate (Cyprus) Limited, a company under the influence of Mr. Boris Mints (owner and chairman of O1 Group), a sales contract regarding a plot in Berlin (Kunstkubus, Europacity) suitable for residential construction was signed. The agreed purchase price of € 7,000 K was confirmed by an external fairness opinion and was paid in the first quarter 2016.

IMMOFINANZ AG

With share purchase agreement dated 17.4.2016, IMMOFINANZ AG acquired 25,690,163 bearer shares from Terim Limited and four registered shares from O1 Group Limited of CA Immo AG (approximately 26% of the capital stock of CA Immo AG). Closing of the transaction was on 2.8.2016.

Between IMMOFINANZ AG and CA Immo AG there is a reciprocal shareholding. The CA Immo Group holds 54,805,566 bearer shares of IMMOFINANZ AG (equivalent to approximately 5.6% of the capital stock of IMMOFINANZ AG).

CA Immo AG and IMMOFINANZ AG have agreed to enter into constructive dialogue concerning a potential merger of the two companies. IMMOFINANZ AG had advocated selling or spinning off the Russia portfolio as a precondition to potentially successful merger negotiations; in mid-December 2016, the company announced that talks on the possible merger (including separation of the Russia portfolio) would be suspended and the timetable would be adjusted.

Management Board

Frank Nickel (Chief Executive Officer since 1.1.2016)
Dr. Hans Volckens (since 27.9.2016)
Florian Nowotny (until 30.9.2016)

In business year 2016, total salary payments to active Management Board members stood at € 1,347 K (€ 1,485 K in 2015). Of this amount € 126 K (2015: € 101 K) were salary-related deductions. Management Board remuneration contains € 203 K in short-term incentives (€ 545 K in 2015) and € 106 K from the LTI tranche for 2013-2015 (€ 175 K in 2015 for the LTI tranche for 2012-2014). Fixed salary components made up 77% of Management Board remuneration (52% in 2015), with variable salary components accounting for 23% (48% in 2015). Provisions of € 932 K (2015: € 467 K) including incidental charges were allocated at Management Board level for variable salary components payable in 2017 on the basis of targets agreed in business year 2016. As at 31.12.2016 provisions totaling € 1,235 K (including incidental charges; € 1,835 K on 31.12.2015) had been formed in connection with the LTI programmes starting in 2014, 2015 and 2016; of this, the Management Board accounted for € 143 K (€ 206 K in the previous year). During business year 2016, contributions to pension funds for Management Board members (defined contribution plan) totalled € 124 K (€ 60 K in 2015). Payments to form a reserve for severance payment claims (defined benefit plan) amounted to € 84 K in the last business year (compared to € 65 K in 2015). As at 31.12.2016, severance payment provisions totalled € 84 K (€ 189 K on 31.12.2015). Payments have been made to former members of the Management Board as follows: Following early termination of his Management Board contract, Florian Nowotny received a severance payment of € 2,441 K in 2016; appropriate provision was made on the balance sheet date for payment of an additional € 150 K on 31 March 2017. In 2016, corresponding salary-based deductions amounted to € 169 K. In 2015, Dr. Bruno Ettenauer received a severance payment of € 2,490 K; further payment of an additional € 150 K was due on 30.6.2016. Appropriate provision has been made on the balance sheet date 31.12.2015. A total of € 193 K was paid to former members from maturity of the LTI tranche 2013-2015 (€ 320 K in the previous year for LTI tranche 2012-2014). There are no further obligations. No loans or advances were granted to Management Board members.

PAYMENTS TO THE MANAGEMENT BOARD [1]

	Frank Nickel[2]		**Hans Volckens[3]**		**Bruno Ettenauer[4]**		**Florian Nowotny[5]**		**Total[6]**	
€ 1,000	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Fixed salary	400	0	88	0	0	343	230	246	718	589
Salary-based deductions	56	0	13	0	0	63	57	37	126	101
Remuneration in kind, company car, etc	45	0	1	0	0	9	4	4	51	13
Expense allowances	13	0	4	0	0	1	2	1	18	2
Total fixed salaries	**514**	**0**	**106**	**0**	**0**	**416**	**294**	**290**	**913**	**706**
Total fixed salaries as % (incl. contributions to pension funds)	*100%*	*0%*	*100%*	*0%*	*0%*	*50%*	*55%*	*53%*	*77%*	*52%*
Short-term variable payments (objective agreement bonus)	0	0	0	0	0	320	203	225	203	545
Mid-term variable payments (LTI programme)	0	0	0	0	0	126	106	49	106	175
Total variable payments	**0**	**0**	**0**	**0**	**0**	**446**	**309**	**274**	**309**	**720**
Total variable payments as %	*0%*	*0%*	*0%*	*0%*	*0%*	*50%*	*45%*	*47%*	*23%*	*48%*
Contributions to pension funds	41	0	0	0	0	35	83	25	124	60
Total salary payments	**555**	**0**	**106**	**0**	**0**	**896**	**686**	**589**	**1,347**	**1,485**

[1] The table contains only compensation components actually paid in 2015 or 2016. As at 31.12.2016 provisions of € 932 K were recognised for bonus entitlements for 2016.

[2] Chief Executive Officer since 1.1.2016

[3] Member of the management board (CFO) since 27.9.2016

[4] Chief Executive Officer until 31.12.2015

[5] Member of the management board (CFO) until 30.9.2016

[6] Exclusive severance payment of € 2,640 K for Dr. Bruno Ettenauer and € 2,441 K for Florian Nowotny plus corresponding salary-based deductions of € 197 K (in 2015) and € 169 K (in 2016) following the early termiantion of the management board contracts.

Employees

The average number of staff employed by the company during the business year was 59 (2015: 56).

5. 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.

6. Events after the balance sheet date

In February 2017, CA Immo AG issued a corporate bond with a total volume of € 175 m and a term of seven years. The coupon rate of the fixed interest bond is 1.875 %.

Until the publication of this report in March 2017, another 34,727 treasury shares have been repurchased from the share buyback programme resolved in November 2016.

7. Proposal for the appropriation of net earnings

It is proposed to use part of the net retained earnings of € 618,112,346.77 to pay a dividend of € 0.65 per share, i.e. a total of € 60,713,261.05, to the shareholders. The remainder of the net retained earnings in the amount of € 557,399,085.72 is intended to be carried forward to new account.

Vienna, 20.03.2017

The Management Board

Frank Nickel
(Chief Executice Officer)

Dr. Hans Volckens
(Member of the Management Board)

ASSET ANALYSIS FOR THE BUSINESS YEAR 2016

	Acquisition and production costs as at 1.1.2016 €	Addition €	Disposal €	Transfer €	Acquisition and production costs as at 31.12.2016 €
I. Intangible fixed assets					
Rights and EDP software	2,056,434.82	325,463.65	36,007.81	0.00	2,345,890.66
	2,056,434.82	**325,463.65**	**36,007.81**	**0.00**	**2,345,890.66**
II. Tangible fixed assets					
1. Property and buildings					
a) Land value	54,377,443.96	70,802.00	3,407,042.07	0.00	51,041,203.89
b) Building value	270,861,584.69	2,265,006.22	14,649,639.69	0.00	258,476,951.22
	325,239,028.65	**2,335,808.22**	**18,056,681.76**	**0.00**	**309,518,155.11**
2. Other assets, office furniture and equipment	2,855,841.88	524,473.58	189,488.30	0.00	3,190,827.16
3. Prepayments made and construction in progress	934,481.26	1,112,521.97	106,520.54	0.00	1,940,482.69
	329,029,351.79	**3,972,803.77**	**18,352,690.60**	**0.00**	**314,649,464.96**
III. Financial assets					
1. Investments in affiliated companies	2,529,570,397.01	170,644,676.08	122,701.00	8,171,803.38	2,708,264,175.47
2. Loans to related companies	343,755,595.74	11,485,000.00	76,358,374.85	-8,171,803.38	270,710,417.51
3. Investments in associated companies	289,678.33	0.00	8,094.14	0.00	281,584.19
4. Loans to associated companies	380,000.00	500,000.00	30,000.00	0.00	850,000.00
5. Derivative financial instruments	1,487,550.00	0.00	1,311,250.00	0.00	176,300.00
6. Other loans	38,754,410.79	0.00	7,487,874.47	0.00	31,266,536.32
	2,914,237,631.87	**182,629,676.08**	**85,318,294.46**	**0.00**	**3,011,549,013.49**
	3,245,323,418.48	**186,927,943.50**	**103,706,992.87**	**0.00**	**3,328,544,369.11**

Accumulated depreciation as at 1.1.2016	Depreciation and amortisation in 2016	Reversal of impairment losses in 2016	Accumulated depreciation disposal	Accumulated depreciation as at 31.12.2016	Book value as at 31.12.2015	Book value as of 31.12.2016
€	€	€	€	€	€	€
1,376,723.50	378,258.98	0.00	0.00	1,754,982.48	679,711.32	590,908.18
1,376,723.50	**378,258.98**	**0.00**	**0.00**	**1,754,982.48**	**679,711.32**	**590,908.18**
14,979,220.41	0.00	2,405,226.34	0.00	12,573,994.07	39,398,223.55	38,467,209.82
93,091,931.17	6,378,817.49	11,828,465.84	6,433,277.37	81,209,005.45	177,769,653.52	177,267,945.77
108,071,151.58	6,378,817.49	14,233,692.18	6,433,277.37	93,782,999.52	217,167,877.07	215,735,155.59
2,337,894.15	314,674.35	0.00	183,129.31	2,469,439.19	517,947.73	721,387.97
0.00	0.00	0.00	0.00	0.00	934,481.26	1,940,482.69
110,409,045.73	**6,693,491.84**	**14,233,692.18**	**6,616,406.68**	**96,252,438.71**	**218,620,306.06**	**218,397,026.25**
607,001,897.32	903,999.00	164,035,500.00	65,000.00	443,805,396.32	1,922,568,499.69	2,264,458,779.15
7,647,616.00	1,014,724.00	0.00	0.00	8,662,340.00	336,107,979.74	262,048,077.51
8,992.14	0.00	0.00	8,093.14	899.00	280,686.19	280,685.19
0.00	0.00	0.00	0.00	0.00	380,000.00	850,000.00
1,348,493.77	121,760.34	0.00	1,311,250.00	159,004.11	139,056.23	17,295.89
26,160,805.35	1,857,281.97	0.00	0.00	28,018,087.32	12,593,605.44	3,248,449.00
642,167,804.58	**3,897,765.31**	**164,035,500.00**	**1,384,343.14**	**480,645,726.75**	**2,272,069,827.29**	**2,530,903,286.74**
753,953,573.81	**10,969,516.13**	**178,269,192.18**	**8,000,749.82**	**578,653,147.94**	**2,491,369,844.67**	**2,749,891,221.17**

INFORMATION ABOUT GROUP COMPANIES

Direct investments

Company	Registered office	Share capital		Interest in %	Profit/loss for fiscal 2016		Shareholders' equity as at 31.12.2016		Profit/loss for fiscal 2015		Shareholders' equity as at 31.12.2015	
					in 1,000		in 1,000		in 1,000		in 1,000	
CA Immo d.o.o.	Belgrad	32,523,047	RSD	100	–660	RSD	1,537	RSD	–3,455	RSD	2,198	RSD
CA Holding Szolgáltató Kft	Budapest	13,000,000	HUF	100	3,657	HUF	653,623	HUF	9,160	HUF	649,966	HUF
Canada Square Kft.	Budapest	12,510,000	HUF	100	76,452	HUF	1,024,198	HUF	31,077	HUF	411,310	HUF
Duna Irodaház Kft.	Budapest	838,082	EUR	100	928	EUR	22,549	EUR	purchase	2016		
Duna Termál Hotel Ingatlanfejlesztö Kft.	Budapest	1,182,702	EUR	100	363	EUR	24,894	EUR	purchase	2016		
Duna Business Hotel Ingatlanfejlesztö Kft.	Budapest	1,370,097	EUR	100	591	EUR	27,336	EUR	purchase	2016		
Kapas Center Kft.	Budapest	772,560,000	HUF	50	293,377	HUF	1,647,190	HUF	323,147	HUF	1,353,813	HUF
Kilb Kft.	Budapest	30,000,000	HUF	100	426,755	HUF	2,691,886	HUF	494,958	HUF	2,265,132	HUF
Millennium Irodaház Kft.	Budapest	3,017,097	EUR	100	–95	EUR	19,942	EUR	purchase	2016		
R 70 Invest Budapest Kft.	Budapest	5,270,000	HUF	100	–72,178	HUF	2,135,488	HUF	–87,490	HUF	2,207,666	HUF
Skogs Buda Business Center II. Kft.	Budapest	327,010,000	HUF	100	–340	HUF	208,857	HUF	–13,642	HUF	209,197	HUF
Váci 76 Kft.	Budapest	3,100,000	HUF	100	631,025	HUF	5,333,179	HUF	428,357	HUF	4,702,153	HUF
CA Immo Invest GmbH	Frankfurt	50,000	EUR	51	6,649	EUR	15,512	EUR	–28,194	EUR	8,863	EUR
DRG Deutsche Realitäten GmbH	Frankfurt	500,000	EUR	49	125	EUR	678	EUR	243	EUR	829	EUR
Pannonia Shopping Center Kft.	Györ	3,020,000	HUF	50	–218,696	HUF	–144,742	HUF	47,485	HUF	73,952	HUF
CAINE B.V.	Hoofddorp	18,151	EUR	100	–9,403	EUR	–11,426	EUR	4,096	EUR	–30,023	EUR
CA Immo Holding B.V.	Amsterdam	51,200,000	EUR	100	7,940	EUR	161,905	EUR	9,297	EUR	152,118	EUR
CA Immobilien Anlagen d.o.o.	Ljubljana	50,075	EUR	100	116	EUR	9,739	EUR	–658	EUR	3,848	EUR
Avielen Beteiligungs GmbH	Vienna	35,000	EUR	100	–952	EUR	–7,858	EUR	–1,375	EUR	–6,906	EUR
Betriebsobjekte Verwertung Gesellschaft m.b.H. & Co. Leasing OG	Vienna	4,135,427	EUR	100	227	EUR	5,018	EUR	–1,422	EUR	4,791	EUR
CA Immobilien Anlagen Beteiligungs GmbH & Co Finanzierungs KG	Vienna	154,812	EUR	100	5,022	EUR	161,044	EUR	4,268	EUR	156,022	EUR
CA Immo BIP Liegenschaftsverwaltung GmbH	Vienna	3,738,127	EUR	39	12,666	EUR	17,545	EUR	–3,405	EUR	4,879	EUR
CA Immo International Holding GmbH	Vienna	35,000	EUR	100	190,891	EUR	1,757,242	EUR	237,372	EUR	1,570,058	EUR
CA Immo Rennweg 16 GmbH	Vienna	35,000	EUR	100	910	EUR	–4,601	EUR	367	EUR	–5,511	EUR
EBL Nord 2 Immobilien GmbH	Vienna	35,000	EUR	50	14	EUR	51	EUR	2	EUR	37	EUR
EBL Nord 2 Immobilien Eins GmbH & Co KG	Vienna	10,000	EUR	50	–1,478	EUR	–1,541	EUR	–73	EUR	–63	EUR
EBL Nord 2 Immobilien Zwei GmbH & Co KG	Vienna	10,000	EUR	50	–292	EUR	–297	EUR	–15	EUR	–5	EUR
omniCon Baumanagement GmbH	Vienna	100,000	EUR	100	10	EUR	115	EUR	11	EUR	105	EUR

Information on participations for 2016 is based on preliminary figures in financial statements prepared according to local accounting standards.

MANAGEMENT REPORT

GROUP STRUCTURE

The CA Immo Group is an internationally active real estate group. 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 company has branch offices in Austria, Germany, Hungary, Czechia, Romania, Poland and Serbia; the Group also has offices in Cyprus and Ukraine. Each site acts as a largely autonomous profit centre. Other subsidiaries (without separate local teams) are present in Bulgaria, Croatia, the Netherlands, Slovakia and Slovenia. As at key date 31.12.2016, the Group comprised 206 companies (31.12.2015: 214) with around 363 employees (31.12.2015: 357) in 16 countries[1]. The CA Immo Group's core field of expertise involves developing and managing modern and spacious office properties in Central and Eastern Europe. In regional terms, the company focuses on Austria, Germany, Poland, Hungary, Czechia, Slovakia and Romania. Business activity in Germany is focused on Munich, Frankfurt and Berlin; in other countries, the strategic emphasis is on the capital cities. Aside from office properties, the asset portfolio of the Group includes hotels, speciality retail outlets, shopping malls and a small proportion of residential and logistical properties. From the design and development of entire urban districts to the active management of investment properties, value is generated through a comprehensive value chain.

Austria

The company's domestic properties are overseen in direct subsidiaries of CA Immobilien Anlagen AG. As at 31.12.2016, the parent company also directly held property assets of approximately € 255.8 m (€ 278.2 m on 31.12.2015). As at 31.12.2016, the total Austrian portfolio comprised investment properties with a market value of € 547.0 m (€ 587.6 m on 31.12.2015) along with three development projects.

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.

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

COMPANIES BY REGION

Number of companies[1]	31.12.2016	31.12.2015
Austria	22	27
- *of which joint ventures*	*1*	*1*
Germany	101	95
- *of which joint ventures*	*16*	*15*
Eastern Europe[2]	83	92
- *of which joint ventures*	*8*	*8*
Group-wide	**206**	**214**
- ***of which joint ventures***	***25***	***24***

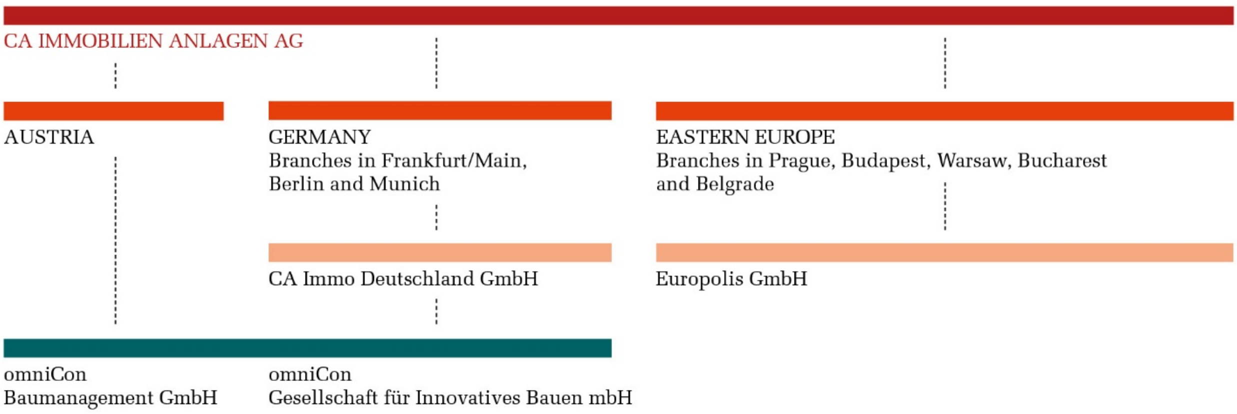
[1] Joint ventures at property/project level
[2] Includes holding companies in Cyprus and the Netherlands established in connection with Eastern European investments

With subsidiaries in Frankfurt, Berlin 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. 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.

Eastern Europe

In Eastern Europe, the focus is also on commercial class A buildings in regional capitals. The Group's 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. On the balance sheet date there was also a partnership with Union Invest overseeing a sub-portfolio comprising two investment properties. The share of Union Invest (49%) was acquired by CA Immo in mid-January 2017. All properties in Eastern Europe are managed by regional companies in Prague, Budapest, Warsaw, Bucharest and Belgrade under the name **CA Immo Real Estate Management**.

GROUP STRUCTURE



ECONOMIC ENVIRONMENT

The economic trend[1]

In 2016 the global economy and Europe in particular had to cope with numerous challenges including geopolitical tensions, terrorist attacks, stressed banking sectors, UK's vote to leave the European Union. That notwithstanding, the European economy has shown resilience and delivered economic growth as well as strong dynamics regarding the creation of new jobs. GDP growth picked up towards the end of 2016 and is expected to maintain its momentum into 2017. European economies enjoyed a number of favourable factors, such as the low oil price, a depreciating euro (especially against the US dollar) and in particular accommodative monetary policies. According to the European Commission, private consumption has been the main growth driver in Europe while investment continued to be subdued, which "casts a shadow of doubt over the sustainability of the recovery and the economy's potential growth".

Stock markets showed strong performances across the world in 2016. The DAX rose 7% and the ATX by 9% over the 12 months. The S&P 500 gained 9% and the Dow Jones increased by 12% over the the same period. Russia's RTS index soared after the US election and gained 28% in 2016, while China's Shanghai Composite ended 10% lower.

Review of the CA Immo core markets in 2016[2]

Growth in the eurozone amounted to 1.7% in 2016, with the EU as a whole achieving 1.9%. The unemployment rate (seasonally adjusted) for the euro area was 9.6% (down from 10.4% in January 2016) and 8.1% (down from 8.9% in January 2016) for the EU as a whole in January 2017, which is the lowest rate since January 2009. The government debt to GDP ratio stood at 91.2% at the end of the third quarter 2016 (83.3% in the EU28). Annual inflation picked up in the fourth quarter of 2016 and is expected to be 2.0% in February 2017.

The economy of **Austria** continues to grow with real GDP rising by 1.5% in 2016. The inflation rate in Austria stood at 1.0% in 2016 and is expected to increase to 1.8% in 2017. The current unemployment rate is reported at 5.7%.

The German economy continued its robust growth path and expanded by 1.9% in 2016. In EU comparison, **Germany** and Czechia reported the lowest unemployment rates at just 3.8% and 3.4%, respectively, according to the most recent publication by Eurostat. The inflation rate in Germany remained on a low level throughout 2016 at 0.4%.

As in preceding quarters, the core CA Immo markets in the CEE region displayed positive growth trends, although the pace of growth has slowed somewhat (with the exception of Romania).

[1] European Commission, Bloomberg, Financial Times, The Economist

[2] Eurostat, European Commission, Bloomberg

Hungary was the laggard among the CEE core markets in terms of GDP growth at 1.9% in 2016. The economy of **Romania** continued to perform extraordinarily well in 2016, recording GDP growth of 4.9%. Gross domestic product in **Poland** grew to 2.8% in 2016 and **Czechia** expanded by 2.4% over the same period. The unemployment rate in the **CEE** nations is below the EU 28 and euro zone average; it stands at 3.4% in Czechia, 4.3% in Hungary and 5.4% in Poland and Romania.

The inflation rates in most CEE countries turned negative and remained below the respective targets last year mainly due to the continual fall in oil prices. 2016 partly showed a turnaround into positive territory. Czechia reported an inflation rate of 0.6% for 2016, while the inflation rate in Romania produced an annual value of –1.1%. The inflation rate in Poland stood at – 0.2%, Hungary yielded an annual inflation of 0.4%.

The money market and interest environment[1)]
Monetary policy continued to be highly expansive in 2016 and was characterised by the continuance of historically low interest rates. In March 2016, the European Central Bank (ECB) under Mario Draghi announced a package of measures that exceeded market expectations. The policy of quantitative easing was extended with a further reduction in the deposit rate to – 0.4%. Starting in April, € 80 bn (up from the previous level of € 60 bn) were invested in the purchase programme for government bonds and other securities. The programme was extended at least to the end of March 2017 in December. In a recent response to criticism about the policy in Germany, the ECB said that it is still not the time to start tapering the stimulus programme.

The European Central Bank (ECB) has maintained its interest rates at record lows at its January 2017 policy meeting. The marginal refinancing rate stands at 0.0%, while the marginal lending rate stands slight above at 0.25%. The interest rate on deposit facilities (deposit rate) for the euro zone stands at – 0.4%. The rate remained negative during the whole year to make lending more attractive to banks.

The 3 month Euribor rate remained in negative territory, fluctuating between – 0.13% and – 0.32% in the period under review. As a result of the expansive policy of the European Central Bank (ECB), yields on government bonds from eurozone countries and corporate bonds with good credit ratings remain at historic lows. The 10-year German federal bond produced a negative yield for the first time in the second quarter of 2016. Corporate bonds with a negative yield of – 0.05% were issued for the first time in quarter three of 2016.

Following the presidential election in the USA in November 2016, the mood brightened on international capital markets after an initially negative reaction. The infrastructure investment and tax cuts signalled have prompted many investors to factor in higher expectations of growth and inflation and, by extension, interest rates. Yields on 10-year US Treasury bonds and other government bonds, and especially those in emerging nations and the eurozone, have posted the biggest gains since the financial crisis in some instances. On a different note, renewed concerns about the future of the euro zone pushed the spread of French, Greek and Italian bonds over that of German bonds to recent highs.

Outlook [2)]
The European Commission raised its growth forecast for the euro zone slightly to 1.6% in 2017 and 1.8% in 2018. At the same time, it pointed to “exceptional risks” surrounding its forecast, such as the start of “Brexit” - negotiations between Britain and the European Union and “to be clarified” intentions of the new administration of the United States in key policy areas. The unemployment rate in the euro area is expected to decline further, from 10.0% in 2016 to 9.6% in 2017.

Euro zone inflation has reached its highest level in four years (above the targeted ECB rate) in February 2017 driven by rising energy costs, which might intensify the discussion on whether the bank should reduce its stimulative monetary policy. Annual inflation up to 2.5% in the US in January 2017 (up from 2.1% in December) might lead to another interest rate hike in March and consequently to a policy turnaround of the Federal Reserve towards a more aggressive monetary tightening path.

[1)] Sources: Eurostat, Central Statistical Offices, Bloomberg

[2] Sources: European Commission Winter 2017 Economic Forecast, Bloomberg, Financial Times, The Economist

THE REAL ESTATE MARKET IN AUSTRIA[1]

The investment market

In 2016 the total volume invested in commercial real estate in Austria was € 2.8 bn; Vienna was the focus, attracting around 60% of that total. Although this value was roughly 29% below the record volume of last year, it exceeded the five-year average figure by approximately 16%. The decrease was mainly due to large-scale transactions that were signed in 2016 but will not be concluded until next year.

Office properties accounted for around 40% of transactions, followed by the hotel segment with around 26%. Domestic investors were responsible for approximately 54% of investment. The proportion of international investors was therefore somewhat lower at around 46%, while the proportion of German investors fell to around 12%, its lowest level for many years.

Like last year, the peak yield on office properties fell significantly to stand at the historically low level of just under 4.0%. Yields in good and average locations also continued to fall in the final quarter to 4.7% and 5.15% respectively. CBRE Research expects demand levels for commercial real estate in Austria to remain high and estimates a transaction volume of €3.5 bn for 2017.

The office property market

The stock of premises on the Viennese office property market amounted to 10.9 million sqm at year end. The main reason for the general stability of the total portfolio compared to the previous year was the significantly lower completion volume of around 65,000 sqm (compared to approximately 178,000 sqm in 2015).

Year on year, lettings performance rose sharply (59%) to stand at around 329,000 sqm, the highest value since 2012 and roughly 24% above the five-year average. Almost all of the office premises completed in 2016 were pre-let or (to a higher degree) earmarked to be owner-occupied, and were therefore not made available on the lettings market.

Over the course of 2016, the vacancy rate declined significantly (by more than one percent) to stand at the record low of 5.3% at year end (Q4 2015: 6.3%). The positive trend is expected to continue into next year, driven by an anticipated demand for floor space.

The peak monthly rent in Vienna has been stable at around € 26.0/sqm since the first quarter of 2016. Monthly rents rose by around 6.5% to € 16.50/sqm in good office locations, while monthly rents in average locations stood at € 14.25/sqm.

THE REAL ESTATE MARKET IN GERMANY[2]

The investment market

The transaction volume for commercial real estate in Germany totalled € 52.5 bn, just below the previous year's level. In spite of sharply falling yields, the German investment market continued to display extremely robust demand levels while offering an attractive alternative to many investors in view of historically low interest rates. In quarter four Germany was the most important European investment market for commercial real estate with a volume of €19.8 bn.

Around € 24.8 bn was invested in office properties in Germany in 2016. Offices therefore constituted the asset class in greatest demand, accounting for 47% of the entire German investment market for commercial real estate. The top five locations accounted for approximately 74% of investment.

With € 4.7 bn, the transaction level on the Berlin market exceeded the 10-year average by 26%; this figure was around 40% below the record value of the previous year, however, mainly because of the shortage of high quality properties on the market. A strong final quarter in Frankfurt produced a total volume of € 6.3 bn thanks to a range of large transactions. This value was exceeded with € 6.6 bn in Munich, where once again a very strong closing quarter generated more than € 3 bn. Investment activity in Munich was thus 50% above the 5-year average. In both Frankfurt and Munich, the office area accounted for more than 80% of the investment volume.

[1] Sources: CBRE: Austria Investment MarketView Q4 2016, Vienna Office MarketView Q4 2016, MarketView EMEA Rents and Yields Q4 2016

[2] Sources: CBRE: Germany Investment Quarterly MarketView Q4 2016; Germany Office Investment MarketView Q4 2016; Berlin, Munich, Frankfurt Investment MarketView H2 2016; Germany Real Estate Market Outlook 2017; Destatis

Demand for office properties remains high in German cities, with a rising proportion of foreign investors (>50% in 2016) playing key roles in large-volume transactions in particular. Owing to high demand for investment paired with a low level of supply, the peak yield in Munich fell to 3.20% year on year, 45 base points down since the end of 2015. In the same period Berlin fell 60 base points to 3.40% in the prime office segment. The prime yield in Frankfurt stood at 4.00%, a decline of 10 base points.

The office property market[1)]

The continuing upward trend in the German economy was reflected in GDP growth of 1.9% in 2016, the strongest rate of growth in the last five years. The trend in the number of persons employed is positive, leading to a rising demand for office space; given the shortage of floor space in many inner city areas, rental rates are rising.

The lettings market in **Munich** performed very strongly once again in 2016. Floor space turnover totalled 789,400 sqm in 2016, approximately 4% above the previous year's value. Year on year, the continuing high demand brought about a 3% rise in the peak monthly rent to € 35.0/sqm, while the weighted monthly average rent was 3% below the previous year's level at € 16.0. The office vacancy rate currently stands at the historically low level of 4.1% (2015: 5.3%). Although the completion volume of 156,000 sqm in 2016 is the lowest value for the last 10 years, this figure is expected to rise significantly in 2017 and 2018.

Office space take-up in **Frankfurt** stood at 546,400 sqm in 2016, a significant rise of 39% on the previous year and the highest value since 2007. The vacancy rate was 11.1% at year end, well below the 10-year average of 14.8%. Aside from rising demand for office space, the demolition and conversion of older office premises to other uses underpinned the positive trend. The peak monthly rent of € 39.50 was unchanged on the previous year. The weighted average market rent is € 19.09/sqm per month. The completion volume of around 179,000 sqm was just below the 10-year average. CBRE Research does not expect the supply of floor space in the top segment of the market to expand significantly in the years ahead.

Office space take up for 2016 in **Berlin** was slightly up on the previous year and thus a new record value. The German capital therefore headed the field for another year in terms of lettings activity in the office sector. In yearly comparison, the vacancy rate fell by almost a quarter to its current level of 4.9%. The shortage of floor space led to a 17% increase in the peak monthly rent of € 27.50/sqm, the strongest rate of growth among the top five locations in Germany. The weighted average rent also increased further to € 15.84/sqm per month. Although the completion volume of 340,000 sqm increased significantly on previous years, it is struggling to keep pace with high demand.

THE REAL ESTATE MARKET IN EASTERN EUROPE[2)]

The investment markets

Strong demand from investors for the real estate asset class has also led to a significant rise in liquidity on property markets in Eastern Europe. The registered transaction volume of € 12.6 bn – the highest recorded value – was some 42% above the previous year's volume. In regional terms, Poland accounted for the largest volume (36%), followed by Czechia (29%), Hungary (13%) and Romania (7%).

The volume of office transactions was approximately € 1.1 bn in Warsaw, with a registered peak yield of up to 5.25%. This trend is expected to continue in 2017 with the suppression of yields reaching up to 5.0%. The peak yield also fell sharply (to as much as 4.85%) in Prague. JLL Research anticipates a yield of 6.75% for prime office projects in Budapest and expects further suppression thanks to greatly improved market sentiment. The office segment accounted for roughly 47% of the overall transaction volume of € 1.7 bn. The acquisition of Millennium Towers in Budapest by CA Immo was the largest single office transaction in the history of Hungary's commercial property market. Romania reported an investment volume of € 890 m, of which the capital Bucharest accounted for around 70% and the office sector was responsible for 45%; a peak yield of 7.5% is indicated.

The office property markets[3)]

Lettings continued to develop positively in 2016 in all four of CA Immo's core cities (Warsaw, Prague, Budapest and Bucharest), bringing about a decrease in vacancy rates over the course of the year.

1) Sources: CBRE: Munich, Frankfurt, Berlin Office MarketView Q4 2016
2) Sources: Jones Lang LaSalle: CEE Investment Pulse H2 2016
3) Sources: CBRE: Prague, Warsaw, Bucharest and Budapest Office MarketView Q4 2016

By the end of 2016, total office space in **Warsaw** had exceeded the 5.0 million sqm threshold as around 417,000 sqm of floor space was completed during the year. More than 60 projects were under construction at the time according to CBRE Research; around 54% of the associated floor space of 856,000 sqm was in a central location, with some 360,000 sqm of this scheduled for completion in 2017. Total floor space turnover in 2016 was 757,700 sqm, around 10% below the previous year's value. The vacancy rate remained high, rising 1.9% on last year's level to 14.1%. The peak monthly rent has fallen steadily over recent quarters before stabilising at the current level of around € 23/sqm in the CBD.

By the end of 2016 some 412,000 sqm of office space had been let in **Bucharest**, an increase of 42% on the previous year. Of the 294,000 sqm completed, 75% was prelet. The stock of office space totalled 2.64 million sqm, a figure set to rise to over 3 million sqm over the next two years. In annual comparison, the vacancy rate had fallen slightly by year end to 11.7%. The peak monthly rent in Bucharest was stable at € 18.5/sqm.

Annual take-up in **Budapest** amounted to 467,100 sqm in 2016, a high level above the 10-year average but below last year's record number of 538,100 sqm. Around 96,000 sqm of new space was added to the market. The vacancy rate continued its decling trend since 2012 and stood at 9.5% at the end of the year (2015: 11.7%). The prime monthly rent is reported at € 22.0/sqm.

An historically low completion volume of 33,400 sqm was reported for the office market in **Prague** in 2016; the stock of office space was also constant at 3.20 million sqm. Lettings performance totalled 414,400 sqm in 2016, of which 305,400 sqm was newly let – a new record value. The vacancy rate fell to 10.6% over the course of the year. Peak rents in the city centre stood at € 19.50/sqm per month.

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, the Group specialises in commercial real estate with a clear focus on office properties in capital cities in the centre of Europe. The objective is to build up a focused portfolio of high quality and sustainable investment properties within the core markets of Germany, Austria, Czechia, Poland, Hungary, Romania and Slovakia. The company generates additional revenue through the utilisation of developed land reserves.

CA Immo Group's property assets

As at key date 31.12.2016, CA Immo Group held property assets of approx. € 3.8 bn (31.12.2015: € 3.7 bn). Of this figure, investment properties account for € 3.4 bn (88% of the total portfolio)[1)] and property assets under development represent € 0.4 bn (12% of the total portfolio). Germany is the biggest regional segment with a proportion of 44% of total property assets.

Portfolio of CA Immobilien Anlagen AG

Property assets directly held by CA Immobilien Anlagen AG represent a rentable effective area of 134,529 sqm (2015: 141,475 sqm). As at the balance sheet date, these assets comprised five properties (7 in 2015) and two project developments in Austria with a market value (including prepayments made and construction in progress) of € 217,676 K (€ 218,102 K on 31.12.2015). This portfolio generated rental income of € 15,439 K in 2016 (€ 17,306 K in 2015).

Lettings

An approximate of 13,691 sqm of floor space was newly let or extended in 2016 (5,915 sqm in 2015). Contracts were also concluded for another 1,075 sqm or so of floor space that will be occupied in 2017. In addition, a lease for 9,821 sqm rental space for the Erdberger Lände property had been concluded with a lease term starting on 1 January 2018. The economic occupancy rate in the asset portfolio was approximately 93% (95% in 2015). The biggest tenants of CA Immobilien Anlagen AG are Österreichische Post AG and Robert Bosch AG.

Development projects

In the **Vienna district of Lände 3**, CA Immo has made rapid progress with utilisation of the last two construction sites on Erdberger Lände itself, a process that began in 2015.

Alongside the construction of 220 rental apartments for a local investor (Wohnbau Süd), which began early in 2016, CA Immo started development of the 14,700 sqm **ViE office building** at the end of 2016. Completion of the

[1] Includes properties used for own purposes and short-term property assets

last structure under development in the Lände 3 district is scheduled for 2018.

Investments

The company invested € 3,446 K in its asset portfolio in 2016 (€ 2,288 K in 2015). Of this figure, € 2,033 K was earmarked for modernisation and optimisation measures (especially for tenant fit-out and reconstruction of Erdberger Lände, Wolfganggasse, Storchengasse and of Donau Business Center at Handelskai) (€ 2,205 K in 2015); € 118 K (€ 364 K in 2015) was devoted to the furtherance of development projects.

Disposals

As part of its portfolio streamlining, two investment properties of various asset classes in Vienna with a book value of € 11,727 K were sold in 2016 (compared to 6 investment properties with a value of € 23,751 K in 2015). The book value also reflects pro-rata costs for a plot of land that was sold in 2015. These sales generated total income of € 31,482 K (compared to € 35,629 K in 2015).

COURSE OF BUSINESS FOR CA IMMOBILIEN ANLAGEN AG

Results

As a result of sales during the previous year **rental income** decreased by 11% (from € 17,306 K to € 15,439 K). **Operating expenses** passed on to tenants declined in line from € 5,675 K to € 4,536 K. Furthermore, the company generated management revenues of € 10,891 K (€ 3,383 K in 2015). Overall this led to a 17% increase in **gross revenues** from € 26,598 K to € 31,088 K.

Other operating income amounted to € 34,626 K (€ 36,269 K in 2015) and comprise the following: sales revenues in the amount of € 29,093 K (€ 59,527 K in 2015) with a corresponding book value decrease amounting to € –11,734 K (€ –23,751 K in 2015). Profit from the sale of tangible assets stood at € 17,248 K in 2016 versus € 34,674 K in 2015. Write-ups to tangible assets amounted to € 14,234 K (€ 955 K in 2015).

Staff expenses increased by 14% from € – 10,797 K in 2015 to € –12,277 K in 2016. The increase mainly results from higher profit sharing bonus and other bonuses. Staff expenses include a severance payment of € 2,441 K to the former CFO Florian Nowotny following early termination of his Management Board contract. In addition, appropriate provision was made on the balance sheet date for payment of an additional € 150 K on 31 March 2017. In 2016, the company employed 59 staff members on average (2015: 56).

Compared to the previous year **depreciation charged to tangible assets** decreased by 6% to € –7,072 K (€ –7,508 K in 2015).

Primarily caused by higher general administratve expenses (€ –13,198 K in 2016 compared to € -6,897 K in 2015) – among other things caused by project-related legal, auditing and consultancy fees associated with the potential merger with IMMOFINANZ AG – other **operating expenditures** rose by 31% to € –20,964 K (€ –16,059 K in 2015). In contrast, other expenses directly related to properties dropped by 14% from € –8,582 K in 2015 to € –7,355 K in 2016.

In overall terms, the developments outlined above led to an **operating result** of € 25,401 K in 2016 (€ 28,503 K in 2015).

The company received total **income from investments** of € 87,772 K (€ 57,312 K in 2015) via subsidiary dividend payouts. In 2016, this item was counterbalanced by expenses linked to financial assets and interest receivables on current assets of € –6,595 K compared to € –17,602 K in 2015. Loans granted mainly to subsidiary companies produced revenue of € 14,548 K (€ 13,617 K in 2015). **Other interest and similar income** stood at € 598 K (compared to € 23,861 K in 2015) and included accrued interest of € 521 K for an own bond held by the company.

Income from financial investments stood at € 166,975 K (€ 219,997 K in 2015) and include investment appreciations in an amount of € 164,036 K (€ 184,627 K in 2015), revenues from the repayment and the disposal of loans above book value in an amount of € 1,436 K and revenues from the sale of financial assets in the amount of € 1,153 K. This item was offset by writedowns on equity holdings of € –3,898 K (€ –15,310 K in 2015).

Due to the further optimisation of the financing structure, **interest and similar expenditure** fell by another 51% from € –41,808 K in 2015 to € –20,551 K in 2016. Interest for bank loans or **real estate financing** fell by 15% to € –2,693 K (€ –3,159 K in 2015). Expenses for derivative transactions decreased to € –165 K (€ –23,346 K in 2015). Interest costs in respect of affiliated companies decreased from € –887 K in 2015 to € –522 K in 2016. Moreover, repayment of 5.125% CA Immo bond

06-16 (ISIN: AT0000A026P5) in the third quarter positively influenced the average financing costs of the company. Due to the issuance of further bonds **interest expenses for bonds** stood at € –17,052 K in 2016 versus € –14,409 K in 2015. As of 31.12.2016, the company has three outstanding bonds, registered for trading on the unlisted securities market of the Vienna Stock Exchange. In February 2017, a further bond with a volume of € 175 m with a coupon of 1.875% and a seven-year term has been issued. The bonds provide unsecured financing for CA Immobilien Anlagen AG; they are on equal footing to one another and to all other unsecured financing of CA Immobilien Anlagen AG. The conditions of the bonds do not provide for any relevant financial covenants.

Overall, the factors outlined above led to an **financial result** of € 242,748 K in 2016 (€ 255,377 K in 2015). **Earnings before taxes** stood at € 268,148 K (against € 283,880 K in 2015). After taking account of **tax revenue** of € 5,379 K (2015: € 5,004 K), the annual **net profit** as at 31.12.2016 stands at € 273,528 K, compared to € 288,884 K on 31.12.2015. Taking into consideration the allocation to revenue reserve of € –55,579 K (€ –32,306 K in 2015) for 5,403,319 treasury shares (around 5.5% 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 € 400,164 K (€ 191,490 K in the previous year), the annual financial statements of CA Immobilien Anlagen AG show **net retained earnings** of € 618,112 K (€ 448,068 K in 2015).

Proposed dividend for 2016

For business year 2016, the Management Board will propose a dividend of € 0.65 per share. Compared to last year, this represents another rise of approximately 30%. In relation to the closing rate as at 31.12.2016 (€ 17.47), the dividend yield is back to approximately 4%. The dividend will be paid on 17 May 2017 (the ex-dividend day and verification date are 15 May/16 May 2017 respectively).

Cash-flow

Cash flow from operating activities (operating cash flow plus changes in net working capital) stood at € 91,479 K in the past business year (€ 39,455 K in 2015). Cash flow from investment activities was € –60,618 K (2015: € –131,790 K) and cash flow from financing activities was € 35,169 K (2015: € 84,513 K).

Balance sheet: assets

Compared to the previous year, the **total assets** of CA Immobilien Anlagen AG increased from € 2,567,524 K as at 31.12.2015 to € 2,864,240 K as at 31.12.2016.

Fixed assets rose by 10% from € 2,491,370 K as at 31.12.2015 to € 2,749,891 K on 31.12.2016. As a proportion of total assets, the share of fixed assets amounted to 96% on 31.12.2016 (31.12.2015: 97%). Intangible assets, which solely comprise EDP software, decreased to € 591 K (31.12.2015: € 680 K). As at the balance sheet date, the company's **property assets** comprised five properties in Austria with a market value (including prepayments made and construction in progress) of € 217,676 K (compared to seven properties with a market value of € 218,102 K on 31.12.2015). **Tangible fixed assets** totalled € 218,397 K (€ 218,620 K on 31.12.2015). **Financial assets** increased by 11% to € 2,530,903 K (31.12.2015: € 2,272,070 K). The book value of investments in affiliated companies stood at € 2,264,459 K (31.12.2015: € 1,922,568 K); current additions were mainly the result of the acquisition of four entities in Hungary (Millenium Towers office complex).

Current assets increased from € 75,452 K as at 31.12.2015 to € 112,746 K on 31.12.2016. **Receivables** show a decline of 36% from € 41,923 K as of 31.12.2015 to € 26,846 K on 31.12.2016. In the previous year the item **'Other securities'** contained own bonds repurchased from the market in 2011 with a book value of € 13,658 K and a nominal value of € 14,008 K; the bond has been repaid in 2016. Furthermore, the item included 2,000,000 treasury shares of the company with a book value of € 32,306 K. Due to the changed requirements of RÄG 2014 (change in the accounting legislation) those treasury shares are now separated from shareholders' equity in the amount of the nominal value of € 7.27 per share (total amount: € 14,540 K). The remaining amount of € 17,766 K is shown as a reduction in the revenues reserves. On 31.12.2016 the company has cash holdings of € 85,901 K (31.12.2015: € 19,871 K).

Balance sheet: liabilities

Shareholders' equity rose to € 2,191,291 K as at the balance sheet date (€ 2,021,246 K on 31.12.2015). The equity ratio on the key date was approximately 77% (31.12.2015: 79%). Equity covered 80% of fixed assets (31.12.2015: 81%). **Provisions** amounted to € 12,042 K (31.12.2015: € 10,697 K). **Liabilities** increased from € 532,961 K at the end of 2015 to € 657,957 K as at 31.12.2016.

DEVELOPMENT OF SHAREHOLDERS' EQUITY

€ 1,000	31.12.2015	Change Treasury share reserve	Deferred taxes directly in equity	Dividend payments	Annual result	Addition to reserves	31.12.2016
Share capital	703,797	–24,742	0	0	0	0	679,055
Tied capital reserves	854,842	0	0	0	0	0	854,842
Tied revenue reserves	14,540	–29,958	–879	0	0	55,579	39,282
Net profit	448,067	0	0	–47,904	273,528	–55,579	618,112
Total equity	**2,021,246**	**–54,700**	**–879**	**–47,904**	**273,528**	**0**	**2,191,291**

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).

IMMOFINANZ AG as new main shareholder

On the basis of the share purchase agreement of 17 April 2016, O1 Group Limited ('O1') sold its 25,690,163 bearer shares indirectly held via Terim Limited ('Terim') (approximately 26% of the entire capital stock of CA Immo) and the four registered shares of CA Immo directly held by O1 to IMMOFINANZ AG. The purchase price was € 23.50 per share, with the total transaction volume approximately € 604 m. Closing for the transaction took place on 2 August 2016.

With a shareholding of 26% and four registered shares, IMMOFINANZ AG is the largest shareholder in CA Immo. As at the balance sheet date, the company held 5,403,319 treasury shares. The registered shares confer the right of nominating up to four Supervisory Board members. Full use was made of this right of appointment: the Supervisory Board currently comprises five shareholder representatives elected by the Ordinary General Meeting, four shareholder representatives appointed by registered shares and four employee representatives. Transfer of registered shares requires the approval of the company.

The remaining shares of CA Immo (approximately 74% of the capital stock) are in free float with both institutional and private investors. The company is not aware of any other shareholders with a stake of more than 4% or 5%. There are no preference shares or restrictions on issued ordinary shares of the company. Apart from IMMOFINANZ AG, there are no holders of shares with special inspection rights. Employees who hold shares directly exercise their rights to vote at the Ordinary General Meeting.

Potential merger of CA Immo and IMMOFINANZ

CA Immo and IMMOFINANZ AG have agreed to enter into constructive dialogue concerning a potential amalgamation of the two companies.

In line with the Austrian Stock Corporation Act, such a merger must be approved by the Ordinary General Meetings of both organisations with a 75% majority. A fair and transparent process allied with corporate governance that conforms to international conventions are key elements in establishing a sound basis on which shareholders can make decisions on the transaction.
IMMOFINANZ AG had advocated selling or spinning off the Russia portfolio as a precondition to potentially successful merger negotiations; in mid-December 2016, the company announced that talks on the possible merger (including separation of the Russia portfolio) would be suspended and the timetable would be adjusted.
CA Immo is well prepared for negotiations and will thoroughly examine the pros and cons of a possible merger in the interests of its shareholders. According to the IMMOFINANZ AG announcement, the timing of the separation of the Russian properties should be such that the

Ordinary General Meetings of the two companies that will rule on a potential merger could take place in 2018.

Capital disclosures

At the 28th Ordinary General Meeting of 28 April 2015, the Management Board was authorised to increase the capital stock by up to € 215,500,975 (approximately 30% of current capital stock) by 31 August 2018 through cash or contribution in kind against the issue of up to 29,642,500 bearer shares (in several tranches if required), thereby observing the statutory subscription right (article 153 section 6 of the Austrian Stock Corporation Act) and determining the issue price and conditions by agreement with the Supervisory Board.

At the 27th Ordinary General Meeting held on 8 May 2014 and 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.

A total of three share buyback programmes were undertaken in the past business year, with the repurchases approved in January and March respectively performed on the basis of the enabling resolution passed by the 27th Ordinary General Meeting and the buyback programme that started at the end of November performed on the basis of the enabling resolution passed by the 29th Ordinary General Meeting. Details of transactions completed as part of the buyback programme are 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, 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.

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

Both 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, or a corporate merger takes place. A merger constitutes 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. Otherwise, there are no significant agreements in place that would become effective, change or terminate in the event of a change of control in the company resulting from a takeover bid.

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. We organise our business in such a way that we are able to comply with all applicable compliance standards in our everyday business dealings. The Management Board and Supervisory Board are committed to observing the Austrian Corporate Governance Code[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 2016 (January 2015 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), no. 39 (committee authorised to take decisions in urgent cases) and no. 45 (executive positions with competitor companies). The evaluation carried out by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft concerning compliance with rules 1 to 76 of the Austrian Corporate Governance Code for business year 2016 found that declarations of conformity submitted by CA Immo with regard to compliance with the C and R Rules of the Code were correct.

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 Risk Management division supports the Management Board in assessing the risk environment and the development of potential strategies to raise long-term shareholder value. 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 2015), 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, audits operational and business processes; it acts independently in reporting and evaluating the audit results. The audit committee is responsible for overseeing the proper functioning of risk management processes.

[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. 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.

STRATEGIC RISKS

CA Immo defines strategic risk as the danger of unexpected 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. In 2017, for example, the World Economic Forum (WEF)[1] is warning of particularly acute economic and social risks.

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. Another future crisis could have highly adverse consequences for CA Immo. Moreover, the effects of the relaxed **monetary policy** pursued by central banks over recent years cannot be foreseen at present. A further extension to the expansive monetary policy could lead to financial instability, potentially resulting in negative incentives for governments, misallocation of investments and resources and the creation of asset and financial bubbles, all of which would impact adversely on economic growth. The possible reintroduction of national currencies by individual eurozone members would 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. The current economic environment is characterised by low interest rates and comparatively high valuations of real estate portfolios. An **interest rate rise** could have a negative effect on the property market and, in turn, the valuation of properties and the disinvestment plans of CA Immo. Acquiring equity and loan capital could become significantly more difficult, making expansion plans impossible or only partially feasible. There are also **geopolitical factors** which could potentially have negative effects on the capital market; in the event of an excessive concentration of properties in one region, the impact on the earnings of the CA Immo Group could be substantial. In 2017, the economic environment will be defined by political challenges facing the USA, the results of elections in Europe (France, Netherlands and Germany) and the progress of Brexit negotiations. Taken together with ongoing tensions such as the crisis in eastern Ukraine, sanctions against Russia, political instability in Turkey and the continuing civil war in Syria, these outcomes have the potential to throw economic development in Europe into considerable doubt. The possibility that the resultant increase in volatility on capital and financial markets will spread even to economically powerful countries like Austria and Germany – and their financial and real estate markets – cannot be ruled out. Many of these risks are not actively manageable; where they arise, CA Immo has a range of precautions in place to minimise the risk.

[1] World Economic Forum: The Global Risks Report 2017, 12th edition.

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.

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 (partial sale of Tower 185, sale of the Hesse portfolio and non-core properties, and especially the logistics portfolio), regional distribution in the portfolio is approaching the desired levels of 40% for both Eastern Europe and Germany and 20% for Austria. Germany remains the biggest single market of CA Immo. 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 present is Tower 185 in Frankfurt. The concentration risk in respect of **single tenants** is manageable. At present, the top 15 tenants are generating some 28% of rental revenue. Accounting for a share of approximately 6% of total rental income, PricewaterhouseCoopers is the largest single tenant in the portfolio at present. The generally high risk arising from the high capital commitment to **land reserves** and **land development projects** was steadily reduced through the sale of non-strategic land reserves. In addition, land development will be accelerated and partners involved at an early stage. 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 under 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; around 25% of outstanding receivables are adjusted on average. The risk of lost rent was taken into account to a sufficient degree in the estimation of property values. 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 on 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 **special asset classes** such as shopping malls, specialist retail centres 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 (especially in Germany), projects are only launched subject to appropriate pre-letting. All projects are being implemented within their approved timeframes and budgetary frameworks. Currently there are proceedings pending relating to two legally binding building permits at Erdberger Lände site in Vienna. A neighbour claims the unlawfulness of the building permits. CA Immo and its legal advisors believe that there are no grounds for entitlement to change or annul the building permits or any compensation claims of the neighbour.

Risks associated with 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, conversely, a proliferation of decision-making bodies that hinder flexible responses to changes in the market. Moreover, 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.

CA Immo takes various measures to counter these risk factors. In the case of corporate mergers (e.g. the former Vivico and Europolis), CA Immo observes structured processes of organisational integration. 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.

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, rental revenue, capital gains and other income 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 are significantly higher or lower than the obligations 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 numerous development projects as **joint ventures**, the company depends on the solvency and performance capability of partners to an extent (partner risks). 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 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. 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). The planned repayment of financial liabilities in Eastern Europe will expand the pool of unencumbered assets – a key criterion in the company's investment grade rating.

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. This also ensures the Group can meet unexpected cash flow requirements. To this end, various liquidity deployment measures have been identified and successfully implemented in some instances. The use of trading income to repay liabilities falling due in the next two years has had a highly positive effect on the **maturity profile**, which is now largely stable for the years ahead. In line with the investment horizon for real estate, loans are invariably agreed on a long-term basis. As an alternative and supplement to established means of (equity) capital procurement, the company enters into equity partnerships (joint ventures) at project level. Even with meticulous planning, however, liquidity risk cannot be eliminated, particularly where capital requests linked to joint venture partners 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 and swaps) 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. Sufficient provisions have been formed for all risks identified. Repayment of the 5.125% bond in September 2016 has brought about a further significant improvement in average borrowing costs as well as the maturity profile while raising the quota of hedged financial liabilities; the issue of another corporate bond, proceeds from which will mainly be used to reschedule existing loans in eastern Europe and substitute planned loans, has also contributed to this.

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 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. In addition, with fluctuating exchange rates, property values might be affected when converted to an investor's domestic currency (exit risk).

LIKELY DEVELOPMENTS AND THE MAIN OPPORTUNITIES AND RISKS

Many forecasts, including that of the European Commission, point to positive economic development in Europe in the years 2017 and 2018. We believe the general conditions on CA Immo's core markets should remain conducive to business. With the environment in Germany remaining fundamentally strong, core markets in Eastern Europe are also reporting clear growth trends. The financing and interest environment will continue to define the real estate sector in 2016.

Strategy

The strategic programme for 2012-2015, which was successfully implemented ahead of time, was succeeded last year by a new strategic agenda for 2015-2017. Alongside the finalising of sales of non-strategic properties and further optimisation of the financing structure, the focus for CA Immo now fully turns to expansion of real estate portfolios in the company's defined core markets. The main aim will be to continuously raise the profitability of the CA Immo Group over the long term.

Development

The development of high quality core office properties on the core markets of CA Immo as a driver of organic growth, especially in Germany, will remain critically important in the business years ahead and should further gain momentum. In 2017 specific efforts will be made to advance development projects under construction in Berlin (KPMG, Rieck I and Cube office projects), Frankfurt (Steigenberger Hotel), Mainz (Rheinallee III office) Bucharest (Orhideea Towers) and Vienna (ViE office, Laendyard residential).

Moreover, dates for the commencement of construction work will quickly be assigned to development projects at the preparation stage. At present, this applies to the MY.O office project and NEO (hotel/office) as well as Eggartensiedlung (residential) in Munich and the ZigZag office project in Mainz. Investment in ongoing development projects should average € 150-200 m annually.

Rental business

In like-for-like comparison, rental levels are expected to be generally stable across the portfolio. The increase in rent from the Millennium Towers office complex acquisition in Budapest should more than make up for losses of rent linked to finalised sales of non-strategic properties as part of portfolio optimisation. The level of portfolio utilisation, which has risen steadily over recent years, is expected to be stable.

Financing

The environment for refinancing of expiring project financing of the CA Immo Group is still assessed as positive. In the property development area, we also expect the availability of bank financing under competitive conditions to remain healthy on our core market of Germany. With the corporate bond issue 2017-2024 in Fe-bruary 2017, we have already achieved one of our main financing goals in 2017.

Our expectations are based on certain assumptions regarding general and specific conditions. Key factors that may influence our business plans for 2017 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, unemployment and inflation).
- The general progression of interest rates.
- The financing environment as regards availability and the cost of long-term financing with outside capital 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; 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. The challenge of developing office properties today and successfully managing them over usage periods of up to 30 years calls for far-sighted planning on the basis of relevant research. Since April 2016, CA Immo is a partner to the OFFICE 21® joint research project of the Fraunhofer IAO Institute (www.office21.de). The research phase extending from 2016 to 2018 is focusing on the success factors in creating a working environment that promotes innovation while linking analyses of best practice to exclusive research findings.

The cornerstones of the research activity are:

- Devising exemplary working environments and processes to optimise and stimulate the responsiveness and creativity of organisations
- Exploring different working cultures and subsequently producing optimised workplace models
- Developing answers to the changing requirements of office environments through the increasingly hyper-flexible, multi-site and digital workplace

The aim of the partnership is to produce specific research findings to enable the development of innovative new office properties and thereby ensure the competitiveness of the company for the long term.

Vienna, 20 March 2017

The Management Board

Frank Nickel (Chief Executive Officer)	Hans Volckens (Member of the Management Board)

AUDITOR'S REPORT

Report on the Financial Statements
We have audited the accompanying financial statements of

CA Immobilien Anlagen Aktiengesellschaft,
Vienna, Austria,

that comprise the statement of financial position as of 31 December 2016, the income statement for the year then ended, and the notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2016, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for our Opinion
We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities pursuant to these rules and standards are described in the "Auditors' Responsibility" section of our report. We are independent of the Company within the meaning of Austrian commercial law and professional regulations, and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

Valuation of Financial Assets (Investments in and loans to affiliated companies)
Refer to notes section "1. Explanatory notes on the balance sheet" / management report "Course of Business/Balance sheet: assets".

Risk for the Financial Statements
Investments in and loans to affiliated companies amount to app 88 % of total assets of the stand-alone financial statements of the Company. As parent company of CA Immobilien Anlagen Group the Company holds investments in operational subsidiaries, mainly in Austria, Germany and the CEE region. The complex investment structure consists of several levels. The valuation of investments in affiliated companies is closely linked to the valuation of investment property held by the respective subsidiary.

At least once a year the investments are valued using the "Valuation Model" of CA Immobilien Anlagen Aktiengesellschaft. This model is based on the IFRS reporting packages as presented in the consolidation tool SAP-BPC. It uses an approach, which encompasses all significant assets and liabilities of the investment subsidiaries, taking deferred taxes into consideration. Investment properties are in general valued at fair value in accordance with IAS 40. This valuation involves significant subjective estimates and depends on the future revenue growth as well as on the discount rate applied, which gives rise to significant estimation uncertainties that can be difficult to corroborate.

The risk for the financial statements is in principle that the valuation does not comply with the Company Code.

Our Response

We assessed the valuation of the investment in and loan to each of the subsidiaries jointly. We assessed the valuation of investment property for each subsidiary during our audit of the Group's financial statements.

During our audit of the financial statements we checked whether the book value of the financial assets is in line with the IFRS net asset of the subsidiary, and where applicable the required impairment or write back of impairment is correctly processed.

Management's Responsibility and Responsibility of the Audit Committee for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company's ability to continue as a going concern, and, where appropriate, to disclose matters that are relevant to the Company's ability to continue as a going concern and to apply the going concern assumption in its financial reporting, except in circumstances in which liquidation of the Company or closure of operations is planned or cases in which such measures appear unavoidable.

The audit committee is responsible for the oversight of the financial reporting process of the Company.

Auditors' Responsibility

Our aim is to obtain reasonable assurance about whether the financial statements taken as a whole, are free of material – intentional or unintentional – misstatements and to issue an audit report containing our audit opinion. Reasonable assurance represents a high degree of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, will detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if they could, individually or as a whole, be expected to influence the economic decisions of users based on the financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, we exercise professional judgment and retain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements – intentional or unintentional – in the financial statements, we plan and perform procedures to address such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions, misleading representation or override of internal control.
- We consider 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 entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates as well as related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. In case we conclude that there is a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention to the respective note in the financial statements in our audit report or, in case such disclosures are not appropriate, to modify our audit opinion. We conclude based on the audit evidence obtained until the date of our audit report. Future events or conditions however may result in the Company departing from the going concern assumption.

- We assess the overall presentation, structure and content of the financial statements including the notes as well as whether the financial statements give a true and fair view of the underlying business transactions and events.
- We communicate to the audit committee the scope and timing of our audit as well as significant findings including significant deficiencies in internal control that we identify in the course of our audit.
- We report to the audit committee that we have complied with the relevant professional requirements in respect of our independence and that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, related measures taken to ensure our independence.
- From the matters communicated with the audit committee we determine those matters that required significant auditor attention in performing the audit and which are therefore key audit matters. We describe these key audit matters in our audit report except in the circumstances where laws or other legal regulations forbid publication of such matter or in very rare cases, we determine that a matter should not be included in our audit report because the negative effects of such communication are reasonably expected to outweigh its benefits for the public interest.

REPORT ON OTHER LEGAL REQUIREMENTS

Management Report

In accordance with the Austrian Commercial Code the management report is to be audited as to whether it is consistent with the financial statements and as to whether it has been prepared in accordance with legal requirements.

The legal representatives of the Company are responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports as applied in Austria.

Opinion

In our opinion, the management report has been prepared in accordance with legal requirements and is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the financial statements and the understanding of the Company and its environment, we did not note any material misstatements in the management report.

Other Information

The legal representatives of the Company are responsible for the other information. Other information comprises all information provided in the annual report, with the exception of the financial statements.

Our opinion on the financial statements does not cover other information, and we will not provide any assurance on it.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether it contains any material inconsistencies with the financial statements and our knowledge gained during our audit, or any apparent material misstatement of fact. If on the basis of our work performed, we conclude that there is a material misstatement of fact in the other information, we must report that fact. We have nothing to report with this regard.

Auditor in Charge
The auditor in charge is Mag. Walter Reiffenstuhl.

Vienna, 20 March 2017

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Walter Reiffenstuhl

Wirtschaftsprüfer

(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.
The financial statements together with our auditor's opinion may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

DECLARATION OF THE MANAGING BOARD DUE TO SECTION 82 (4) OF THE AUSTRIAN STOCK EXCHANGE ACT (BÖRSENGESETZ)

The managing 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, 20 March 2017

The Management Board

Frank Nickel
(Chief Executive Officer)

Hans Volckens
(Member of the Management Board)

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DISCLAIMER

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

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

This Report is printed on environmentally friendly and chlorine-free bleached paper.