CA IMMO
International

ANNUAL REPORT
2009

# IM
# MOV
# ABLES

CA IMMO
International

# SUCCESS COMES TO THOSE WHO CAN MOVE WITH THE TIMES.

To those who keep an open mind. Who are always striving for the optimum. Who recognise developments at an early stage and act quickly.

And so, on closer inspection, our business in "immovable assets" reveals itself to be full of action, dynamism and perspectives.

There is only one thing that is as immovably solid as our properties: the many years in which CA Immo International has positioned itself as a specialist in high-quality office property in Europe.

# KEY FIGURES

## INCOME STATEMENT

| | | 2009 | 2008 |
|---|---|---|---|
| Rental income | € m | 40.3 | 38.7 |
| EBITDA | € m | 24.9 | 32.2 |
| Operating result (EBIT) | € m | –127.1 | –62.0 |
| Net income before taxes (EBT) | € m | –150.0 | –94.7 |
| Consolidated net income | € m | –134.5 | –117.5 |
| Attributable to the owners of the parent | € m | –123.3 | –96.6 |
| Operating cash flow | € m | 23.5 | 22.7 |
| Capital expenditure | € m | 90.9 | 182.5 |

## BALANCE SHEET

| | | 2009 | 2008 |
|---|---|---|---|
| Total assets | € m | 882.8 | 996.2 |
| Stated value (equity) (incl. minority interests) | € m | 424.6 | 558.5 |
| Long- and short-term financial liabilities | € m | 373.9 | 315.6 |
| Net debt | € m | 258.0 | 166.8 |
| Gearing | % | 61 | 30 |
| Equity ratio | % | 48 | 56 |
| Equity-to-fixed-assets ratio | % | 57 | 67 |
| Net asset value | € m | 405.6 | 530.1 |
| Net asset value (NNNAV) | € m | 416.7 | 549.7 |

## PROPERTY PORTFOLIO

| | | 2009 | 2008 |
|---|---|---|---|
| Total usable space (excl. parking, excl. projects) | sqm | 288,169 | 230,831 |
| Gross yield of investment properties [1)] | % | 8.5 | 7.3 |
| Book value of properties | € m | 674.0 | 751.7 |

[1)] excluding the Capital Square, Dunacenter and Sava Business Center project completions that have been newly incorporated in the portfolio

# KEY FIGURES OF SHARE

## KEY FIGURES PER SHARE

| | | 2009 | 2008 |
|---|---|---|---|
| Rental income/share | € | 0.93 | 0.89 |
| Operating cash flow/share | € | 0.54 | 0.52 |
| Earnings/share (EPS) | € | –2.84 | –2.22 |
| | | | |
| NNNAV/share | € | 9.59 | 12.65 |
| NAV/share | € | 9.33 | 12.20 |
| Price (31.12.)/NNNAV per share –1 [1)] | % | –45.45 | –77.63 |

## MULTIPLIERS

| | 2009 | 2008 |
|---|---|---|
| P/E ratio (PER) | –1.8 | –1.3 |
| Price/cash flow | 9.7 | 5.4 |
| Ø EV/EBITDA | 17.3 | 15.4 |

## VALUATION

| | | 2009 | 2008 |
|---|---|---|---|
| Market capitalisation (31.12.) | €m | 227.3 | 123.0 |
| Market capitalisation (annual average) | €m | 174.3 | 330.5 |
| Stated value (equity) (including minority interests) | €m | 424.6 | 558.5 |
| Ø Enterprise value (EV) | €m | 432.3 | 497.4 |
| Net asset value (NNNAV) | €m | 416.7 | 549.7 |

## SHARES

| | | 2009 | 2008 |
|---|---|---|---|
| Number of shares (31.12.) | | 43,460,785 | 43,460,785 |
| Ø Number of shares | | 43,460,785 | 43,460,785 |
| Ø Price/share | € | 4.01 | 7.60 |
| | | | |
| Closing price (31.12.) | € | 5.23 | 2.83 |
| Highest price | € | 6.30 | 11.98 |
| Lowest price | € | 2.05 | 1.75 |

[1)] Before deferred taxes

ISIN: ATCAIMMOINT5 / REUTERS: CAII.VI / BLOOMBERG: CAII:AV

# WE MOVE FORWARD. COME WHAT MAY.

The storm has passed, but the clouds remain. In the midst of market turbulence, CA Immo International was obliged to slow its game and adjust to the new realities. The focus switched to countries where we maintain a strong presence; steady asset accumulation, efficient implementation of development projects and safeguarding the earning power of investment properties took priority over expansion into new markets. Nonetheless, our strategy has never changed: we are moving ahead.

BUCHAREST BUSINESS PARK, BUCHAREST
Fully (100 %) let.

Please find details concerning the CA Immo International's activities in the segment Report from page 44 on.

# WE TAKE AN IN-DEPTH APPROACH. EVERY TIME.

We are able to do the things we can do because we have spent decades building solid foundations. As a specialist in prime office properties, we don't need to put our faith in outside expertise: we have our own experts in place on key markets. Our teams develop office properties from an interdisciplinary angle, taking account of market-related, technical and economic imperatives as well as environmental and socio-political considerations. After all, sustainability and feasibility are now decisive factors in urban planning and the real estate sector.

CAPITAL SQUARE OFFICE BUILDING, BUDAPEST
Named the „Best Office Development 2009"
(Construction & Investment Journal Award)

Please find details concerning the portfolio strategy of CA Immo International on page 39.

# COMPANY PROFILE

## A PROPERTY INVESTOR AND DEVELOPER

CA Immo International has property assets with an approximate book value of € 674 m in Eastern and South Eastern Europe. The company has been listed on the Vienna Stock Exchange since 2006.

## A SPECIALIST IN HIGH GRADE OFFICE PROPERTIES

CA Immo International is established as an office specialist, a segment in which the company can draw on wide-ranging expertise as well as more than 20 years' experience through the parent company CA Immo. In the areas of investment properties and investment properties under development, the operational focus is on high grade office buildings, especially in prime locations.

## A PROPRIETOR WITH STRONG DEVELOPMENT EXPERTISE

The Company has core expertise in two business areas: portfolio management (with the emphasis on maximising revenue from investment properties) and investment properties under development (construction of high-quality properties).

## MISSION STATEMENT

Our goal is to use real estate to create permanent assets that offer long-term benefits to both shareholders and tenants. In managing and developing properties, we take account of economic, environmental and social factors, thereby increasing the value of our real estate and the company over the long term. Our business activities are carried out with professionalism, transparency and fairness. We pursue our objectives on the basis of our experience, our international network and a far-sighted strategic approach.

More information on Corporate Social Responsibility is provided on page 30.

# CONTENT

# THE STRATEGY OF CA IMMO INTERNATIONAL IN 2010

Last year, 2009, presented major challenges to the real estate sector across Eastern and South Eastern Europe. Despite clear signs of a recovery on the property markets towards the end of the year, we are braced for more market-related challenges in the medium term. We will need to adapt the strategy of CA Immo International to the changing conditions accordingly and accept that for the foreseeable future, there will be no return to the exponential growth rates of the past.

Bearing this in mind, the main elements of CA Immo International's strategy in 2010 will be as follows:

## REGIONAL FOCUS ON CENTRAL EUROPE

The core markets of CA Immo International are Poland, Hungary, the Czech Republic and Slovakia. On these markets, we manage the entire real estate value chain, from the development to the letting of income-producing properties, through a network of local branch offices. We have made a long-term commitment to these markets, one that we plan to consolidate by making selective investments.

In South Eastern Europe – a region in which we maintain a presence thanks to investments in Slovenia, Serbia, Romania and Bulgaria – we intend to carry on with our current projects and properties, only making new investments where suitable opportunities arise. If future conditions lend themselves to an exit strategy, we may take our leave from one or more of these countries.

In all other countries in which our representation is limited to individual projects (meaning Russia in particular), we will seek to make an exit as soon as an opportune moment arises in respect of current projects.

Generally speaking, improving our position in countries where we are established as a market player will always take precedence over gaining entry onto new markets under our regional strategy.

## FOCUS ON INVESTMENT PROPERTIES

Most of the development projects current under construction will be concluded in 2010. Those construction projects which have not yet started are subject to continual and thorough review to establish the available options. Otherwise, the investment strategy will focus on acquiring investment properties for long-term letting; new development projects will only be entered into selectively.

## CAREFUL MANAGEMENT OF THE PORTFOLIO

The top priority is to secure steady cash flow from rentals. Vacancy will be reduced and the earning power of our real estate will be increased by means of regular dialogue with existing tenants and an active search for new tenants. Concentrating on this core element of our business will ensure a healthy cash flow for the company, even in the difficult rental climate.

# EDITORIAL

f.l.t.r.:
Bruno Ettenauer,
Wolfhard Fromwald,
Bernhard H. Hansen

## DEAR SHAREHOLDERS AND READERS,

The activity of CA Immo International in 2009 was influenced by a difficult economic climate and further market-related devaluations.

Towards the end of the year, the business environment was showing signs of improvement that could not realistically have been predicted early in 2009. However, for any long-term recovery to take hold on the markets of Eastern and South Eastern Europe, banks will have to be prepared to resume supplies of credit to the real estate sector across the region.

In operational terms, the year was notable for completions of development projects, which resulted in a rise in rental income. The significant reduction in indirect expenditure (down 18 % on the previous year) also impacted positively on the operating result. The EBITDA fell from € 32.2 m in 2008 to € 24.9 m in 2009, largely as a result of profits from sales of € 7.0 m included in the results for the previous year. The operating result was counteracted by a negative revaluation result of € –152.0 m, a figure much higher than that for 2008 (€ –46.7 m). Owing to the unrealised revaluation losses shown in the books, the consolidated loss expanded significantly, from € –96.6 m in 2008 to € –123.3 m in 2009.

**Outlook for 2010**

We believe 2010 will be mainly defined by developments on the rental market. One central priority for CA Immo International will be to reduce the vacancy rates in properties completed in 2009. The additional lettings will produce a sharp rise in rental income on a like-for-like basis in 2010, despite an expected fall in the rent levels on new lettings. Provided property values stabilise, the Management Board expects the annual result for 2010 as a whole to be positive.

Vienna, March 2010
The Management Board

Bruno Ettenauer — Bernhard H. Hansen — Wolfhard Fromwald

# REPORT OF THE SUPERVISORY BOARD

Helmut Bernkopf
Chairman of the Supervisory Board

## DEAR SHAREHOLDERS!

The Supervisory Board held five meetings with the Management Board in business year 2009, all of which took the form of open discussions. Regular reporting has provided the Supervisory Board with full and timely updates on all pertinent issues linked to the economic situation, current business developments, staff changes and (dis)investment plans across the CA Immo International Group; associated opportunities and threats were thus evaluated in detail. The company's strategic alignment was coordinated with the Supervisory Board at a special one-day strategy convention, and progress on strategy implementation was discussed at regular intervals. With 2009 presenting major challenges for the real estate sector, the focus moved away from the aggressive expansion of recent years and onto the stabilisation of core business. The main emphasis was on the maintenance and consolidation of operating cash-flow through a combination of proactive letting activities, a consistent programme of cost reduction, judicious implementation of projects launched in recent years and the preservation of a sound capital basis. Once again, special reports concerning the company's liquidity and property valuation were on the agenda. The Supervisory Board Chairman maintained close contact with the Management Board, which fully explained any departures from agreed plans and targets. Decisions and measures taken by the Management Board were transparent and raised no objections.

In the last business year, Regina Prehofer and Gerhard Nidetzky stepped down from the Supervisory Board prematurely. We would like to take this opportunity to thank them for their dedication! At the proposal of the full Supervisory Board, Helmut Bernkopf and Peter Hofbauer were elected to the Supervisory Board for the statutory term of office by the 5th Ordinary General Meeting; at the subsequent constitutive meeting held on 7 May 2009, Helmut Bernkopf was appointed Chairman and Alarich Fenyves was elected as Deputy Chairman.

On 11 September 2009, Alarich Fenyves died unexpectedly at the age of 64. Alarich Fenyves was born in the city of Fürth in Bavaria. He studied law in Graz and New York. Much of his career was spent in managerial roles for Creditanstalt and Bank Austria. Mr. Fenyves was elected to the Management Board of Bank Austria in 1995, later becoming a partner at Roland Berger in 2001 and joining the Supervisory Board of CA Immo International in 2006. As a member of the Supervisory Board, he was well known for his depth of expertise, his straightforwardly engaging manner, his tolerance and, above all, his sound business judgement. The sudden passing of Mr. Fenyves came as a deeply painful shock to us all, and we will honour his memory. He is succeeded as Deputy Chairman of the Supervisory Board by Ernst Nonhoff.

The Management Board of CA Immo International was consolidated by the accession of Bernhard H. Hansen, previously Chairman of the Management Board at CA Immo's German subsidiary Vivico Real Estate GmbH; the contracts of executive officers Bruno Ettenauer and Wolfhard Fromwald were extended.

Last business year, as in 2008, the Supervisory Board was predominantly concerned with realising and monitoring the status of CA Immo International Group development projects initiated in previous years and resumed in 2009. Written reports on project controlling were submitted to the Supervisory Board at regular intervals.

At its meeting of 26 May 2009, the Supervisory Board addressed the amalgamation of two Hungarian subsidiaries, a move that would simply the Group structure considerably. Capital increases at subsidiaries in Hungary and Serbia and replacements for senior executives in various property companies were approved on 23 March and 25 November 2009 respectively with a view to consolidating the equity structure.

At its meetings of 26 May and 27 August 2009, the Supervisory Board considered at length the issue of financing in connection with the realisation of the Airport City St. Petersburg project.

In addition, the various committees addressed more specific matters. The audit committee convened twice in the period under review, and the remuneration and nomination committee also sat twice to discuss matters relating to the Management Board. The investment committee did not convene, although it did issue a number of authorisations by round-robin. The corporate governance report contains more information on the composition and activities of the Supervisory Board and its committees.

At the meeting held on 23 March 2009, the Supervisory Board discussed compliance management at CA Immo International and the compliance officer's annual report; on 26 May 2009, corporate governance within the Group was reviewed and the independence criteria for Supervisory Board members were reaffirmed in accordance with the Austrian Corporate Governance Code. The independence criteria defined by the Supervisory Board may be viewed in full on the company's website (www.caimmointernational.com). In order to uphold and enhance the efficiency of its activities as well as sensitivity to the interests of shareholders, Supervisory Board carried out its first self-evaluation (C-Rule 36) in business year 2009, thereby complying with international standards. In future, the results of the evaluation will be established as part of a critical self-assessment process.

The rules of procedure for the Supervisory Board and Management Board were adapted by resolution on 26 May 2009 in the area of transactions requiring consent.

KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH has audited the annual financial statements for 2009 (including the management report) and the consolidated financial statements for 2009 (including the Group management report) and expressed its unqualified auditor's opinion. All documents making up the financial statements, the Management Board's proposal on the distribution of profit, the auditor's reports and the corporate governance report were discussed in detail by the audit committee in the presence of the auditor and the Management Board members and examined according to Article 96 of the Austrian Stock Corporation Act; after concluding the examination, no significant objections were raised. The Supervisory Board endorsed the annual financial statements, which were thus adopted in accordance with Article 96 Subsection 4 of the Austrian Stock Corporation Act, and indicated its consent to the Management Board's proposal on the distribution of profit.

The Supervisory Board would like to extend thanks to the Management Board and all employees for their forward-looking contributions.

Vienna, March 2010

On behalf of the Supervisory Board
Helmut Bernkopf, Chairman

# HIGHLY POSITIVE DEVELOPMENTS ON CAPITAL MARKETS

Following on from the historic collapse of 2008, the capital markets remained beleaguered in the opening months of 2009. Disappointing economic figures, the hotly debated nationalisation of the banking sector and the crisis in Eastern Europe all contributed to the heavy losses sustained until mid-March. With investors feeling insecure, stock markets remained highly volatile. Despite this, the markets were performing relatively well by the end of 2009; growth rates were high in some instances, even as the real economy struggled to contain the effects of recession. After hitting a low point early in March, the markets expanded strongly in the second half of the year. Although investors are still very sceptical, the welcome positive trend that recently emerged may well continue into 2010 according to expert opinion. New entrants to the market were the big winners in 2009. The international benchmark indices (Dow Jones, Eurostoxx 50, DAX and Nikkei225) closed the market year with across-the-board gains of around 20 %. The ATX, the key index of the Vienna Stock Exchange, rose by an impressive 43 % to just under 2,500 points. Real estate shares also regained their popularity as the year progressed, with the Austrian real estate index (IATX) gaining well over 200 % during 2009.

PERFORMANCE OF INDICES

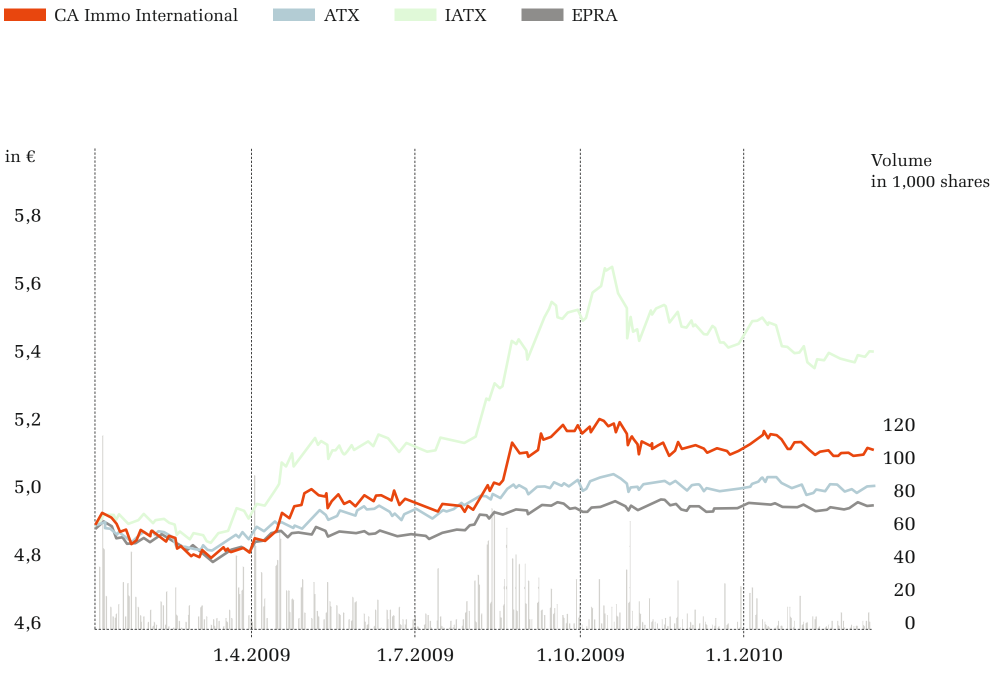
(02.01.2009 to 30.12.2009)

| | |
|---|---|
| Dow Jones | 18.8 % |
| Eurostoxx 50 | 21.2 % |
| DAX | 24.0 % |
| NIKKEI225 | 19.0 % |
| ATX | 42.5 % |

**Positive trend for CA Immo International share**

The CA Immo International share began the year at € 2.75, subsequently plunging in value to hit a low for the year of € 2.05 in mid-March. From the second quarter onwards, however, the markets turned sharply upwards. Generally speaking, prices for property shares rose far more strongly than rates for shares in other sectors, although their value had previously collapsed. By the middle of the year, the CA Immo International share had increased 77 % on its low value recorded in March. The rate rose continually in the months that followed, reaching a yearly high of € 6.30 in October, equivalent to an increase

SHARE PRICE DEVELOPMENT IN RELATION TO ATX, IATX, EPRA (02.01.2009 to 15.03.2010)



KEY PERFORMANCE FIGURES
(02.01.2009 to 30.12.2009)

| | |
|---|---|
| CA Immo International | 90.2 % |
| ATX | 42.5 % |
| IATX | 217.3 % |
| EPRA | 27.2 % |

of 129 % on the starting price for 2009. The performance of the share thus mirrored that of the sector as a whole. The rate fell steadily in the final quarter, however, fluctuating between € 5.00 and € 5.40 and closing at a price of € 5.23, producing an annual performance of 90 %. Compared to the previous year, therefore, the discount to the intrinsic value remained at a high level, falling from just under 80 % to 45 %.

The upward trend on the stock markets gave a significant boost to the CA Immo share early in 2010. The rate fluctuated within the range of € 5.30 to € 5.70 in the opening weeks of the year before dropping back to the € 5 mark. The share price reached a high of € 5.73 in the first two months of the year, with the lowest level reported as € 4.96. More information on the outlook for the capital market is given on page 59.

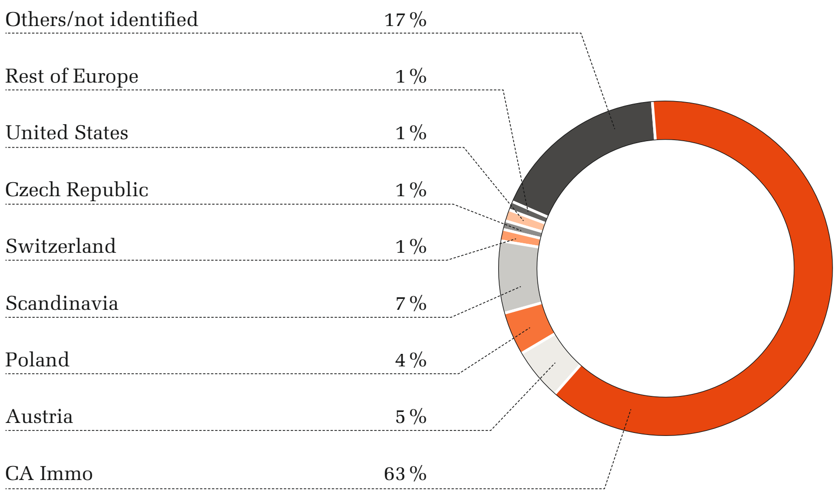
**Slight fall in trading volume**

Last business year, the trading turnover of the CA Immo International share declined marginally; the average daily volume (double-counting) was approximately 117,000 shares in 2009, compared to 155,000 shares in 2008. Due to the price decrease, average daily turnover also fell by 55 %, from around € 1.0 m in 2008 to approximately € 0.5 m in 2009 (a trend that reflected the general pattern for shares traded on the Vienna Stock Exchange). Market capitalisation was € 227.3 m on the balance sheet date, compared to € 123.5 m in 2008.

**Suspension of dividend payment**

CA Immo International was the first Austrian real estate company to pay a dividend in its first full year of business (2007). The dividend yield, determined by the company's profitability, growth prospects and capital requirements, was 2.35 %. The current economic climate has, however, forced the abandonment of this policy; no dividend has been paid for 2008 due to the negative result for

SHAREHOLDER STRUCTURE BY COUNTRY
Source: Shareholder Identification, CA Immo International



the year as detailed in the annual financial statements of CA Immo International AG. No dividend payment will be made for business year 2009 either.

**Share capital and shareholders**

At the end of the year, CA Immo International's share capital stood at € 315.96 m, divided across 43,460,785 bearer shares listed on the prime market of the Vienna Stock Exchange. The corporate governance report on page 20 provides more information on the structure of shares and shareholder rights.

The shares of CA Immo International have free float of around 37 %. At year end, around 63 % were held directly or indirectly by the parent company CA Immo, the company's largest shareholder; no other shareholders are known to have a shareholding of more than 5 %. In regional terms, the free float comprises 7 % in Scandinavia, 5 % in Austria and 4 % in Poland, with almost all of the remainder distributed elsewhere in Europe. Shareholders are predominantly institutional investors, with private investors making up just under 2 % according to the company's own estimates. The institutional investors are mainly GARP investors (growth at a reasonable price) (32 %), followed by sovereign wealth funds with 24 % and growth-oriented investors at 22 %.

**Ordinary General Meeting elects new Supervisory Board members**

The 5th Ordinary General Meeting was held on 7 May 2009 at the Savoyen Vienna hotel. Attendance was 62 %. The main event of the meeting was the election of Helmut Bernkopf and Peter Hofbauer to the Supervisory Board. Both candidates were elected for the statutory term of office, i.e. until the end of the Ordinary General Meeting that passes resolutions on the annual financial statements for 2013. The corporate governance report has more information on the CA Immo International Supervisory Board (from page 26 on). No resolutions were passed in connection with capital measures (capital increases, convertible bonds, share repurchases etc.). Information on the company's authorised and contingent capital is provided in the notes on page 113.

BASIC INFORMATION ON THE CA IMMO INTERNATIONAL SHARE

| | |
|---|---|
| Type of shares: | No-par value shares |
| Listing: | Vienna Stock Exchange, Prime Market |
| Indices: | IATX, ATX-Prime |
| Specialist: | Erste Group Bank AG |
| Market maker: | UniCredit CAIB AG |
| Stock exchange symbol / ISIN: | CAII / ATCAIMMOINT5 |
| Reuters: | CAII.VI |
| Bloomberg: | CAII:AV |
| | |
| Shareholders' Infoline (in Austria): | 0800 01 01 50 |
| E-mail: | ir@caimmointernational.com |
| Website: | www.caimmointernational.com |

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**Investor relations**

CA Immo International is committed to an accurate, open and transparent policy of information provision. All information – including annual and quarterly reports, corporate presentations, ad-hoc reports and press releases – is made available without delay to anyone visiting the website www.caimmointernational.com. As an additional service, CA Immo International produces an electronic newsletter. The Management Board and investor relations team maintain personal contacts with analysts, bank investment consultants, private and institutional investors, fund managers and others by organising numerous road shows (mostly in Europe in 2009). Last business year, 134 individual discussions and Group presentations attracted 320 interested parties.

In 2009, CA Immo International was subject to regular coverage by financial experts from Crédit Agricole Cheuvreux, Erste Bank and UniCredit CAIB AG.

FINANCIAL CALENDAR 2010

25. MARCH
PUBLICATION OF ANNUAL RESULTS FOR 2009

5. MAY
ORDINARY SHAREHOLDERS' MEETING

28. MAY
INTERIM REPORT FOR THE FIRST QUARTER 2010

26. AUGUST
INTERIM REPORT FOR THE FIRST HALF 2010

25. NOVEMBER
INTERIM REPORT FOR THE THIRD QUARTER 2010

# CORPORATE GOVERNANCE REPORT

**From basic values to real-world value management**
Since the implementation of the Austrian Corporate Governance Code, the CA Immo Group has been determined to play a pioneering role in this field and set an example to the sector. The Group management has never been concerned about providing details of individual executive salaries, for example; neither was there ever any debate about transparency in the area of property valuation, with specific property values invariably open to scrutiny. Professional, transparent and value-based corporate management is also becoming ever more important in view of rising demands from investors, tighter credit markets and so on. For CA Immo International, therefore, corporate governance is not simply a question of acting in accordance with the law or voluntarily introducing self-regulation measures; it is about adhering to all aspects of corporate management, monitoring compliance with legal, economic and social requirements and ensuring day-to-day processes take account of such requirements. In other words, all measures (linked to value management, sound corporate governance and compliance management) are implemented at all corporate levels, and in the various subsidiary companies.

**The Austrian Corporate Governance Code**
The Austrian Corporate Governance Code has established as an element of the capital market system in Austria since 2002; it is thus a key tool in terms of cementing the trust of national and international investors. The Code was revised in the last business year in response to the Austrian Stock Corporation Amendment Act of 2009 and implementation of the EU recommendation on managerial remuneration in listed companies. In particular, amendments were made to the regulations on variable remuneration, severance indemnity, share-based remuneration, remuneration reporting and the remuneration committee. The amended C and R Rules of the Code in its January 2010 version shall apply to all business years commencing after 31 December 2009. The Code may be viewed on the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

**Commitment to observing the provisions of the Austrian Corporate Governance Code**
The Management Board and Supervisory Board of CA Immo International are committed to the regulations of the Austrian Corporate Governance Code and thus to transparency and uniform principles of good corporate management. CA Immo International has implemented almost in full the regulations and recommendations of the Code as amended in January 2009, as applicable for the 2009 business year just completed. There are deviations with respect to the following C Rules: No. 39 (Emergency decision-making committee); No. 45 (Executive functions in competitor companies); and No. 53 (Autonomy of the Supervisory Board). This Report contains an explanation of these deviations. Compliance with the Code is evaluated annually by KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH, which in 2010 once again confirmed the validity of public statements concerning compliance with the Code in the 2009 business year. The results of the evaluation may be viewed on the website www.caimmointernational.com/de/investor_relations/corporate_governance.

**Prevention of insider dealing**
The Management Board of CA Immo International, which has always placed a high priority on the equal treatment of all shareholders, is determined to avoid conflicts of interest and insider trading. The introduction of compliance guidelines has ensured active implementation of the Issuer Compliance Decree published by the Austrian Financial Market Authority in all executive bodies of the Group and at all corporate levels. Observance of these guidelines and other sector-specific rules of conduct is monitored by the compliance officer. Members of the Management and Supervisory Boards and others performing management tasks at CA Immo International are required to disclose all personal acquisitions and sales of shares in CA Immo International and CA Immo. The ruling also applies to anyone with a close relationship to such managerial personnel. Purchases and sales of personal shares by Board members are reported at www.caimmointernational.com on an ongoing basis; an overview of share ownership is provided on page 29 (Directors' dealings).

**'One share – one vote'**
CA Immo International has issued 43.5 million ordinary shares in accordance with the 'one share – one vote' principle. Around 63 % of shares are held, directly or indirectly, by the parent company CA Immo (also a listed company). The shareholder structure is set out in detail on page 17 and page 18. There are no preference shares or restrictions on ordinary shares of the company. The Austrian Takeovers Act ensures that all CA Immo International shareholders would receive the same price for their shares in the event of a takeover bid (mandatory offer). The shareholders alone would decide whether to accept or reject any such bid.

**Regulations on conflicts of interest and own-account business**

To avoid conflicts of interest, Supervisory Board members are prohibited from taking up executive positions with any competitor companies; otherwise, a substantiated statement must be submitted in accordance with the 'comply or explain' principle (C-Rule 45). Although a number of CA Immo International Supervisory Board members hold executive positions with similar companies within the sector, each of them is obliged to declare without delay any consultancy or executive functions performed for a competitor organisation or business partner. Stringent standards are applied when determining the existence of a conflict of interests; in the event of a contradiction of interests arising, the member in question shall be required to abstain from taking part in voting procedures. Moreover, Management Board members may only enter into secondary activities (in particular accepting Supervisory Board mandates with companies not connected to the Group) with the approval of the Supervisory Board. The Management Board must authorise all external mandates held by senior executives. The following Supervisory Board members hold executive positions with similar companies: alongside their functions at CA Immo International, Helmut Bernkopf and Reinhard Madlencnik serve on the Supervisory Board of the parent company CA Immo (also a listed company). Furthermore, as a result of their functions in UniCredit Bank Austria AG, Helmut Bernkopf, Reinhard Madlencnik and Peter Hofbauer also hold supervisory board mandates in a number of subsidiaries of the Bank with corporate objects in a similar sector (property, project developments). A full list of executive functions performed by Management and Supervisory Board members may be viewed at www.caimmointernational.com and in the related party disclosures in the notes from page 124 on. No loans were extended to Supervisory Board members. There are no direct agreements, and in particular no consultancy contracts, between CA Immo International and members of the Supervisory Board.

**Supervisory and Management Board collaboration according to the Code**

Cooperation between the Supervisory Board and the Management Board is based on open discussion between and within these bodies in accordance with the principles of sound corporate governance. The Supervisory Board is provided with full details of pertinent issues regularly (or informed in good time prior to relevant Supervisory Board meetings) in order that business developments and issues requiring decisions may be considered in the proper manner.

**Management Board jurisdiction**

Since October 2009, the Management Board of CA Immo International has comprised three members. Cooperation between Board members is regulated by pertinent legal provisions as well as the Articles of Association and rules of procedure passed by the Supervisory Board (including the schedule of responsibilities). Regardless of the individual responsibilities of Board members, all agendas are discussed openly at regular Management Board meetings, with departmental representatives included in the discussions; the implementation of resolutions passed is constantly monitored. The Supervisory Board is informed immediately of any significant discrepancies from planned values. To a large extent, the Management Board takes responsibility for communication tasks of critical importance.

# COMPOSITION OF THE MANAGEMENT BOARD

## BRUNO ETTENAUER CHIEF EXECUTIVE OFFICER

Bruno Ettenauer was born in 1961. He completed a doctorate at the Vienna University of Economics and Business before joining P.S.K. Bank in 1985, where he spent five years in the Private Clients/Special Financing department. A year at Austrian Länderbank and another year at Bankhaus Feichtner gave him valuable insight and experience in the fields of property/mortgage financing, due diligence and contractual procedures. In 1999, Bruno Ettenauer joined Creditanstalt AG as co-head of the Financing and Consulting department; in November 2000, he was appointed head of real estate transactions (Austria and central/eastern Europe) at Creditanstalt/Bank Austria. Bruno Ettenauer became a member of the CA Immo International Management Board in 2006; he is responsible for the areas of real estate (investment/asset management), financing (equity and debt funding), project organisation, IT, personnel and legal affairs. Alongside other Group functions (including acting as the CEO of CA Immo), he holds Supervisory Board mandates at UBM Realitätenentwicklung AG [1)], Bank Austria Creditanstalt Real Invest GmbH, Bank Austria Creditanstalt Real Invest Immobilien-Kapitalanlage GmbH, Bank Austria Wohnbaubank AG and WED Wiener Entwicklungsgesellschaft für den Donauraum AG; he is also general partner at Dr. Bruno Ettenauer Immobilienhandel KEG.

Initial appointment [2)]: 19 June 2006 Term of office ends: 30 September 2012

## WOLFHARD FROMWALD MEMBER OF MANAGEMENT BOARD, CFO

Wolfhard Fromwald, born in 1952, completed a degree in business administration at the Hochschule für Welthandel (now the Vienna University of Economics and Business). From 1980 to 2001, he worked in the Investment department of Creditanstalt. He held various positions during that time, including deputy head of division and head of the Industry, Service and Trade department. From 1990 onwards, he acted as Managing Director of various investment companies, including CA Immobilien Invest AG, CA Immobilien Development AG, Industrie und Immobilien-Verwaltung GmbH, Handelsbeteiligung GmbH and SCS Liegenschaftsverwaltung GmbH. He was also a Supervisory Board member at ÖRAG Österreichische Realitäten AG, Universale Bau AG and Semperit Holding. At CA Immo International, Wolfhard Fromwald is responsible for the areas of finance and accounting, controlling, corporate communications and investor relations and capital markets. At present he holds a Supervisory Board mandate at UBM Realitätenentwicklung AG [1)] ; amongst his Group functions, he serves on the Management Board of the parent company CA Immo (also a listed company).

Initial appointment [2)]: 19 June 2006 Term of office ends: 30 September 2012

## BERNHARD H. HANSEN MEMBER OF MANAGEMENT BOARD, CTO

Bernhard H. Hansen, born in 1954, gained his first experience of real estate projects at organisations that included Strabag Bau AG and the United States Army Corps of Engineers; he also headed the construction division of the European Space Agency. He joined Deutsche Bank AG in 1992, where he oversaw project development for a subsidiary company. In 1996 he was appointed Managing Director of Deutsche Interhotel Holding GmbH & Co. KG, later fulfilling the same role at companies that included DB Immobilien. In 2000 he was appointed to the Management Board of DB Station & Service AG. At the start of 2006, Bernhard H. Hansen became Chairman of the Management Board of Vivico. In October 2009, he joined the Management Board of CA Immo International; in his capacity as CTO (Chief Technical Officer), he is responsible for all technological divisions and the implementation of all Group development activities. In addition to his Group functions, Mr. Hansen holds posts in Eurohypo Aktiengesellschaft, IREBS Immobilienakademie, ULI Germany, Bulwien Gesa AG, the ICG Corporate Governance Initiative, the architecture working group of the Kulturkreis der deutschen Wirtschaft (which promotes culture through businesses) and the German Property Federation (ZIA).

Initial appointment: 1 October 2009 Term of office ends: 30 September 2012

1) 25 % participation (plus four shares) through CA Immo International AG
2) In relation to the IPO of CA Immo International AG (initial appointment to the pre-registration company: 2004)

## DIVISION OF RESPONSIBILITIES

FULL MANAGEMENT BOARD

DIVISIONS:
AUDITING AND RISK MANAGEMENT

BRUNO ETTENAUER

DIVISIONS:
EQUITY AND DEBT FUNDING

Project organisation / IT / personnel / legal affairs

Investment management

Asset management

WOLFHARD FROMWALD

DIVISIONS:
CORPORATE COMMUNICATIONS
INVESTOR RELATIONS/
CAPITAL MARKETS

Finance and accounting

Controlling

BERNHARD H. HANSEN

Development

Technology

# COMPOSITION OF THE SUPERVISORY BOARD

## HELMUT BERNKOPF

CHAIRMAN OF SUPERVISORY BOARD

Helmut Bernkopf, who was born in 1967, began his international career in the corporate clients area of Bank Austria in 1994. In the course of his career, he headed the corporate clients business at Bank Austria Romania and was appointed to the Management Board of HVB Bank Romania. He returned to Vienna at the end of 2004 to take up the post of General Manager at Bank Austria, where he was responsible for the central and eastern Europe region. From 2007 to 2008, Mr. Bernkopf was Deputy President of the Board of Management at UniCredit Bank Russia. He returned to the Management Board of UniCredit Bank Austria AG in September 2008 in order to oversee corporate clients business and the investment banking division. In addition to his role at CA Immo International, Mr. Bernkopf is Deputy Chairman of the Supervisory Board at CA Immobilien Anlagen AG and a Supervisory Board member at Lenzing AG (both listed companies). He holds other mandates in non-listed companies.

Initial appointment: 2009
Term of office ends: 2014 (10th Ordinary General Meeting)

## ERNST NONHOFF

DEPUTY CHAIRMAN OF SUPERVISORY BOARD

Ernst Nonhoff, who was born in 1944, worked for IBM Austria for 30 years, serving as Director General from 2000 to 2007. In 2002 he was appointed President of the Board of Trustees at the American Chamber of Commerce in Austria, in 2006 he became a member of the Supervisory Board and since 2009 he has served as the Deputy Chairman of the Supervisory Board at CA Immo International. He holds no mandates with listed companies at home or abroad aside from his post as a Supervisory Board member at S&T System Integration & Technology Distribution AG.

Initial appointment: 2006
Term of office ends: 2011 (7th Ordinary General Meeting)

## PETER HOFBAUER

Peter Hofbauer, born in 1964, has performed a senior management role at UniCredit Bank Austria AG since 2005. He started his career in 1983 as a system programmer at Siemens while still reading for a degree in business computing and IT at the University of Vienna. After completing his studies and taking on various other tasks, he joined KPMG in 1988, subsequently being appointed authorised agent in 1991 and authorised signatory/senior manager in 1996. Peter Hofbauer has been a certified accountant and tax advisor since 1996, his main task being the auditing of banks. From 1998 to 2004, he performed a range of roles at BAWAG in his capacity as head of Risk Controlling; during this time he also served on the Executive Board of Slovakian subsidiary Istrobanka. In mid–2006, Peter Hofbauer accepted the leadership of the Shareholdings, Capital and Strategic Projects department at Bank Austria, while also heading the Group Accounting & Tax department. Mr. Hofbauer holds no other Supervisory Board mandates or similar functions with domestic or foreign listed companies.

Initial appointment: 2009
Term of office ends: 2014 (10$^{th}$ Ordinary General Meeting)

## REINHARD MADLENCNIK

As head of the Real Estate division at UniCredit Bank Austria AG, Reinhard Madlencnik, who was born in 1961, is responsible for all commercial real estate business as well as property financing. He holds no posts with listed companies at home or abroad aside from his Supervisory Board functions at CA Immo International and CA Immobilien Anlagen AG.

Initial appointment [1)]: 2006
Term of office ends: 2011 (7$^{th}$ Ordinary General Meeting)

[1)] In relation to the IPO of CA Immo International AG (initial appointment to the pre-registration company: 2004)

**Independence of Supervisory Board members**

The Supervisory Board of CA Immo International currently has four members, all of whom were elected by the Ordinary General Meeting. In compliance with the Corporate Governance Code, the Supervisory Board has defined criteria for evaluating its independence (C Rule 53). According to these criteria, a Board member shall be deemed to be independent where he or she has no business or personal relationship with CA Immo International or its Management Board which could cause a material conflict of interests and thus influence the conduct of that member. The guidelines on independence compiled by the Supervisory Board are published in full on the company's website (www.caimmointernational.com), along with a list of all mandates outside of CA Immo International held by Board members. All members of the Supervisory Board have declared their independence in line with these criteria. In addition, all members of the Supervisory Board meet the criteria under C Rule No. 54, in that they do not represent the interests of any shareholder with more than a 10 % holding. Some Board members perform functions in related companies or organisations that could potentially lead to conflicts of interests (C Rule 45), but appropriately stringent internal provision has been made in these cases (described on page 21). A detailed account of business relationships with related companies and persons (related party disclosures) appears in the notes from page 124 on.

**Responsibilities of the Supervisory Board**

The responsibilities of the Supervisory Board are stipulated in the Articles of Association and the rules of procedure adopted by the Supervisory Board. The obligations therein defined as regards information provision and reporting by the Management Board also apply to the subsidiaries of CA Immo International. The full committee rules on matters of critical importance as well as general strategy. The Supervisory Board held five meetings in the year under review. The Board also executes its duties through three competent committees. In contrast to the provisions of C Rule No. 39, where decisions are required on urgent matters, the Chair of the Supervisory Board is competent. However, such decisions must be submitted as quickly as possible to the whole of the Supervisory Board for approval. Regular reports on the work of the committees as well as the presiding committee are submitted to the Supervisory Board.

**The audit committee**

CA Immo International's audit committee, which is responsible for overseeing the entire process of financial reporting, carries out preparatory work for the full Supervisory Board on all issues connected with the annual and consolidated financial statements, the proposal on the use of profit and the management report. It also monitors the effectiveness of the internal control system and the CA Immo International risk management system as well as the independence and competence of the auditing company (as assessed by 'peer reviews'). The audit committee convened twice in 2009 to discuss and audit the annual and consolidated financial statements for 2008, including the management reports and corporate governance report, with the auditor and the Management Board (23 March 2009). A statement was obtained from the proposed auditor, whose legal relationship with CA Immo International and its senior executives was scrutinised; the fee for carrying out the audit was negotiated and a recommendation on the selection of an auditor was submitted. The Internal Monitoring System and the implementation of risk management in the company were also examined. At the meeting held on 27 August 2009, the audit committee discussed the financial results for the first half of 2009. No objections were raised at either meeting. A financial expert, Peter Hofbauer, sits on the audit committee of CA Immo International in compliance with the Code.

**The investment committee**

The investment committee may approve transactions and measures to a maximum volume of € 75 m; beyond this limit, the full Supervisory Board assumes responsibility. Working with the Management Board and bringing in competent experts where necessary, the investment committee is also required to prepare the ground for significant (investment) decisions to be taken by the full Supervisory Board. The investment committee did not convene during the reporting period, although it did issue a number of authorisations by round-robin.

**The remuneration and nomination committee**

The remuneration and nomination committee is responsible for all Management Board-related matters, and succession planning in particular. Management Board members are selected according to a defined appointment procedure, taking into account corporate strategy and the current position of the organisation. When Supervisory Board mandates become available, the nomination committee (or full Supervisory Board) also proposes candidates to the Ordinary General Meeting, taking into consideration personal and specialist qualifications as well as the diversification of the Supervisory Board. The remuneration and nomination committee convened twice during the reporting period to discuss Management Board matters (Management Board mandates and changes

COMPOSITION OF COMMITTEES

| Audit committee | Investment committee | Remuneration and nomination committee |
|---|---|---|
| Peter Hofbauer (Chairman) | Helmut Bernkopf (Chairman) | Helmut Bernkopf (Chairman) |
| Reinhard Madlencnik | Reinhard Madlencnik | Peter Hofbauer |
| Ernst Nonhoff | Ernst Nonhoff | Ernst Nonhoff |

to the regulations on variable remuneration). In accordance with the criteria outlined, Bernhard H. Hansen, then Chairman of the Management Board of CA Immo's German subsidiary Vivico Real Estate GmbH, was proposed to the Supervisory Board as a suitable CTO (Chief Technical Officer) for CA Immo International. The full Supervisory Board subsequently appointed Mr. Hansen as a new Management Board member with effect from 1 October 2009 (to the end of September 2012). The contracts of executive officers Bruno Ettenauer and Wolfhard Fromwald were extended to this date. Supervisory Board members Helmut Bernkopf and Peter Hofbauer were re-elected as proposed by the full Supervisory Board.

**Measures for the active promotion of women**

CA Immo International actively promotes career opportunities for women in senior positions within the company. Details are provided in the Chapter "Personnel" on page 60.

**Risk management**

The entire Management Board of CA Immo International takes responsibility for the area of risk management. Under a reorganisation process designed to maintain and enhance the quality of risk management, a separate Internal Auditing unit under the control of the full Management Board was set up under C-Rule 18 alongside the Risk Management department in October 2009. The unit, will take up its assigned tasks from the 2010 business year onwards and, will oversee compliance with legal provisions, internal guidelines and rules of conduct on the basis of an auditing plan; it will also monitor the potential for risk in operational processes (upholding the dual verification principle in all organisational entities, continual reporting, and so on) while assessing the potential for efficiency improvements. Reports on the auditing plan and assessment results will be submitted to the Supervisory Board at least once every year. The Internal Monitoring System has also been extended to promote the early identification and monitoring of risk; this has ensured full compliance with C-Rule 18 of the Austrian Corporate Governance Code. The full risk management report appears on page 64.

**Auditing company fees**

CA Immo International's annual and consolidated financial statements were audited by KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH. In the case of foreign subsidiaries, local KPMG accountants are generally charged with reviewing and auditing the semi-annual and annual financial statements and with overseeing the conversion to IFRS. The management letter from the auditing company along with a report on the effectiveness of risk management within the Group were brought to the attention of the Supervisory Board Chairman and discussed by the audit committee and the full Supervisory Board. A total of € 155 K (€ 148 K in 2008) was charged for auditing the Group and associated similar services. Project-related and other (consultancy) services amounted to € 33 K in the reporting period (€ 68 K in 2008). No consulting services which could compromise independence (particularly legal/tax consultancy services) were rendered.

# REMUNERATION REPORT

The remuneration report sets out the principles for determining payments to the Management Board and the remuneration of the Supervisory Board. It explains the relevant amounts and structure and indicates the number of shares owned by the members of the Management and Supervisory Boards.

**Payments to the Management**

Board Members of the Management Board are remunerated for the functions they perform at CA Immo International and CA Immo as well as their management services to Vivico Real Estate GmbH, which is responsible for all CA Immo Group activities in Germany; they are remunerated solely on the basis of employment contracts concluded with the parent company CA Immo. These contracts were redefined in October 2009 in connection with the appointment of Bernhard H. Hansen and the extensions to the mandates of Bruno Ettenauer and Wolfhard Fromwald. Remuneration for Management Board members continues to comprise a fixed element and a (variable) performance-related element, which has a ceiling of 100 % of the fixed annual salary. The level of fixed salaries depends on spheres of responsibility as determined in the schedule of responsibilities. Fixed salaries are paid in advance in 14 monthly payments. Operational and qualitative targets are agreed annually for the calculation of the variable payment, a positive consolidated result (after minorities) being the basic prerequisite for any variable payment. About one-third of the total payments to the Management Board, corresponding to time expenditure, are charged to CA Immo International. Furthermore, from the 2010 business year onwards, the Management Board (and the first management level) will also have the option, by making the relevant own investment, of participating in an LTI programme (Long Term Incentive) and hence in the medium and long-term development of the corporate group as well defined according to the scope of duties, responsibilities taken, corporate goals achieved and the financial position of the company.

**Principles and criteria of profit sharing**

The variable element of remuneration as defined by the remuneration committee at the end of the business year and insofar as it is dependent on results is checked by the auditor and paid retrospectively. From the 2010 business year onwards, 50 % of the assessment basis for the level of performance-related pay will be based on the budgeted operating result (EBITDA) of the CA Immo Group being achieved, since this takes account of all key operating control parameters that may be influenced by the Management Board. The other half of the variable remuneration will be geared to qualitative targets, including, for the 2010 business year, the organisational adaptation of the Group to the altered market conditions, the implementation of a sustainability concept and a Corporate Governance strategy across the entire Group.

**Management Board's costs for 2009**

Management Board costs charged by CA Immo to CA Immo International in 2009 (which included auxiliary staff costs, remuneration in kind and pension provision) totalled € 243.4 K (€ 250.7 K in 2008), corresponding to some 34 % of total Management Board remuneration and allocated on the basis of work and time involved. Due to the economic environment and current business trends, no performance-related salary elements were paid in 2009 (for business year 2008); 100 % of Management Board remuneration was thus made up of fixed salary elements

MANAGEMENT BOARD REMUNERATION ATTRIBUTED TO CA IMMO INTERNATIONAL

| in € 1,000 | | | 2009 | | | 2008 |
|---|---|---|---|---|---|---|
| | **Fixed [1)]** | **Variable [2)]** | **Total** | **Fixed [1)]** | **Variable [2)]** | **Total** |
| Gerhard Engelsberger [3)] | – | – | – | 20.9 | – | 20.9 |
| Bruno Ettenauer | 111.6 | – | 111.6 | 114.4 | 245.6 | 360.0 |
| Wolfhard Fromwald | 111.6 | – | 111.6 | 115.4 | 245.6 | 361.0 |
| Bernhard H. Hansen [3)] | 20.4 | – | 20.4 | – | – | – |
| **Total** | **243.4** | **–** | **243.4** | **250.7** | **491.2** | **741.9** |

1) Including auxiliary staff costs, remuneration in kind and travel expenses.
2) Paid in 2008 for 2007; no variable remuneration paid for 2008 and 2009.
3) Gerhard Engelsberger until 31.1.2008; Bernhard H. Hansen from 1.10.2009.

(previous year: 34 % fixed/66 % variable). No separate payment is made for accepting mandates in Group companies in addition to remuneration for management functions in CA Immo International or within the, CA Immo Group (with the exception of Supervisory Board mandates in UBM Realitätenentwicklung AG).

**Pension funds and severance payments**

All members of the Management Board have pension fund agreements, with annually agreed contributions paid by the parent company CA Immo; these contributions are paid by CA Immo subsidiary Vivico for Bernhard H. Hansen. During 2009, approximately € 63.7 K (around € 56.5 K in 2008) was paid for the Management Board members in the form of contributions to pension funds (defined contribution plan). In accordance with the legal regulations in Austria, the amount of a legal severance payment is determined by the amount of an overall salary as well as length of service, with the maximum payout equating to one full year's salary. Payment is forfeited in the event of the employee serving notice of termination. Payments to form a reserve for severance payment claims (defined benefit plan) amounted to € 9.2 K in business year 2009 (compared to approximately € 246.7 K in 2008). There are no further obligations. The proportion attributed to CA Immo International was included in the Management Board costs passed on. No other payments were made to former Management Board members or their surviving dependents.

**Supervisory Board remuneration**

Remuneration for the Supervisory Board is determined annually by the Ordinary General Meeting. In addition to the reimbursement of cash expenses, every member of the Board will receive a fixed annual payment of € 10 K. The chairman will receive double that amount, with the deputy chairman paid one and a half times the fixed fee. Members of committees are paid € 500 for each attendance at a committee meeting. Remuneration is paid pro rata where a Supervisory Board member steps down during the year. There are no stock option plans for members of the Board. Supervisory Board remuneration was agreed to € 68.0 K for business year 2008 (previous year: € 59.5 K). No other fees (particularly for consultancy or brokerage activities) were paid to Supervisory Board members. No loans or advances were paid to either Management Board or Supervisory Board members.

**Directors' dealings**

As part of its accumulation programme, the parent company CA Immo increased its stake in CA Immo International from 61.74 % to 62.77 % at year end. The company acquired 396,187 CA Immo International shares in 2009. As of the balance sheet date, CA Immo held a total of 27,279,396 shares in CA Immo International. In addition, 2,000 shares in total (2,000 shares in 2008) shares were privately held by Management Board member Wolfhard Fromwald at the end of 2009. Supervisory Board members hold no shares in the company.

**D&O insurance**

At CA Immo Group level, D&O manager liability insurance with coverage of € 50 m was taken out for the executive bodies (Management Board members, administrative authorities, supervisory bodies and senior executives) of the parent company and subsidiaries. The insurance does not provide for any excess.

BY AGM AGREED SUPERVISORY BOARD REMUNERATION

| in € | 2009 for 2008 | 2008 for 2007 |
|---|---|---|
| Helmut Bernkopf, Chairman from 7.5.2009 | – | – |
| Ernst Nonhoff, Deputy Chairman from 26.11.2009 | 10,500.0 | 10,500.0 |
| Alarich Fenyves from 7.5.2009 to 11.9.2009 | 10,500.0 | – |
| Peter Hofbauer from 7.5.2009 | – | – |
| Reinhard Madlencnik | 10,500.0 | 11,000.0 |
| Gerhard Nidetzky to 7.5.2009 | 16,000.0 | 17,000.0 |
| Regina Prehofer to 7.5.2009 | 20,500.0 | 20,500.0 |
| **Total** | **68,000.0** | **59,500.0** |

# CORPORATE SOCIAL RESPONSIBILITY

**Future-proof business based on a code of values**

As a listed real estate company, CA Immo International regards professionalism, transparency and fairness towards investors, capitalists, business partners, tenants, staff and the general public as the essential foundation underpinning all business activity. We are mindful of economic, ecological and social considerations in our management and development of property, and regard it as our duty to raise the value of both our real estate and the company in the long term. In 2010, the company plans to develop a sustainability profile containing specific analyses and objectives in order to make the issue of sustainability clearer and more comprehensible.

**Helping our staff succeed as individuals**

To a large extent, it is the commitment and performance of our employees that determine the quality of our work. For this reason, we aim to attract the best staff to our company and retain them with advanced incentive schemes and variable, performance-based salary components. Standardised, personal feedback meetings between staff members and their immediate superiors were introduced across the Group in 2009; the aim of these dialogues, which take place at least once a year, is to define personal development measures and objectives. CA Immo International strives to provide its people with an attractive social environment in which to work by offering a range of social benefits (including private accident insurance) and thereby establish lasting relationships between staff members and employer. More details of CA Immo International employees are given on page 60.

**Sustainability as a competitive advantage**

According to surveys carried out by the OECD and UNEP in 2007, construction and utilisation is responsible for 40 % of carbon emissions in Europe. As a leading international player in the real estate sector, the CA Immo Group is aware of the significance of these findings. The company is working hard to ensure the sustainability of its property management and development activities, which range from creating energy-efficient properties with as little impact on resources as possible to sustainable management and maintenance to the recycling of building materials in connection with demolition and refurbishment during the lifecycle of a property. Our tenants benefit from this commitment through continually optimised operating costs, higher quality of occupancy and improved comfort levels. Sustainability criteria are also influencing the purchase decisions of investors to an increasing degree.

**Sustainability – a project development requirement**

The CA Immo Group can point to a track record of structures with sustainable certification completed by its subsidiary Vivico. These include the ATMOS and LAIM290 office buildings in Munich, which in 2008 were recognised as environmentally sound, resource-friendly and economically efficient development projects by the German Sustainable Building Council.

In 2009, the company gradually started to extend these sustainability criteria for the property development field to new CA Immo International projects. As a result, high quality real estate has been added to the asset portfolio and projects are meeting with broad acceptance amongst investors, users, residents and politicians. Every new project launched by the Group must now be realised in line with certification standards or, in certain cases, be certified in respect of sustainability.

More information on Group activities in the field of sustainable building appears in the “Research and development” section on page 61.

ARNULFPARK®
Munich / Germany, ATMOS office building

# CORPORATE HISTORY CA IMMO INTERNATIONAL

CA Immo International is a subsidiary of CA Immobilien Anlagen AG (CA Immo for short), which was founded in 1987 and whose investments focus on commercial properties in Austria, Germany and Eastern Europe. In 2006, in order to ensure clear-cut regional differentiation within the company, CA Immo bundled its Eastern Europe portfolio in the subsidiary CA Immo International. The company has developed a property portfolio with assets in a total of nine countries in CEE, SEE and the CIS: Hungary, Slovakia, Czech Republic, Slovenia, Bulgaria, Poland, Serbia, Romania and Russia.

The company's property business covers two areas: the acquisition and management of investment properties and the development of projects. Since 2006, the investment properties under development field has been essentially handled via the special fund, CA Immo New Europe. Projects commenced before that time or that do not meet the criteria of this fund are implemented by CA Immo International directly. The company invests exclusively in commercial properties focusing on the office segment. Including investment properties under development and properties intended for trading property assets of CA Immo International amounted to € 674.0 m as of 31 December 2009.

In order to ensure that on-site management of investment properties is as efficient as possible, the Group has positioned regional management companies in Poland, Hungary, Romania and Serbia. These companies are entrusted with tasks relating to asset management, leasing, administration, book-keeping and project management, depending on the regional requirements, and their local presence means that they are closer to the market and to tenants, yielding clear advantages for safeguarding property quality locally and for active tenant care.

The year 2009, like 2008, was a year of consolidation. Rather than adhere to short-term market trends, organic asset growth was achieved by concluding projects in defined core regions (for full details, see the "portfolio strategy" section on page 39 and the segment reports starting on page 44).

CA Immo International shares are traded in the Prime Segment of the Vienna Stock Exchange with just under 37 % free float. The CA Immo holding in CA Immo International, which was 51 % after the IPO in 2006, has been consistently topped up and amounts 63 % at present.



CORPORATE HISTORY

**2009**
- Substantial project completions in Eastern Europe: Capital Square, Sava Business Center, Dunacenter
- Office building "Capital Square" in Hungary awarded "Best Office Development" in 2009

**2007**
- Entry to Serbian market
- Formation of CA Immo New Europe special fund (CAINE)

**2006**
- CA Immo International floats on Vienna Stock Exchange

**2005**
- First investments in Slovenia/Ljubljana

**2003**
- First investments in Bulgaria/Sofia and Romania/Bucharest

**2001**
- Acquisition of office properties in Poland/Warsaw
- Commencement of development projects in Hungary/Budapest and Czech Republic/Prague

**2000**
- First investments in Slovakia/Bratislava

**1999**
- First CEE expansion into office properties in Hungary/Budapest

**1987**
- Founding of CA Immobilien Anlagen AG

# HOLDINGS AND FUNDS

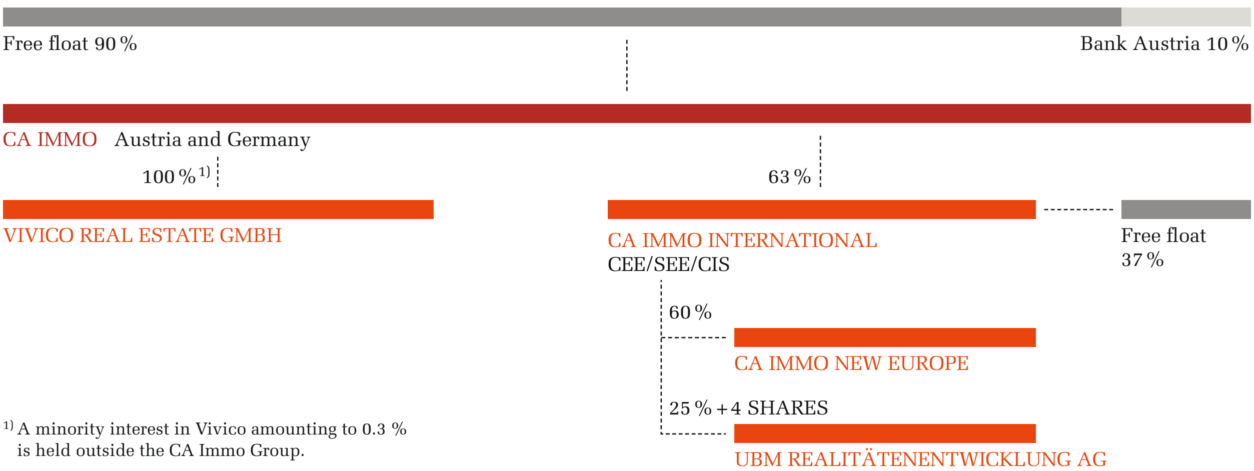
As long ago as 2006, work began on the strategic restructuring of the CA Immo Group into a real estate group with a broader base in terms of region and content. The first step was the flotation of CA Immo International; this was followed by the acquisition of a holding in the Viennese property development company, UBM Realitätenentwicklung AG, and the set-up of the Special Fund for project development activities in Eastern Europe. The aim of this realignment was to achieve a broader spread of risk – both regionally and by incorporating institutional outside investors, to utilise potential earnings in project development business and ultimately also to offer a greater variety of investment opportunities to the widest possible range of investor groups.

**CA Immo New Europe Property Fund**

CA Immo International has been concentrating its development projects in this project development fund since the start of 2007. The fund is set up under Luxembourg law in the form of a SICAR (Societé d'Investissement en Capital à Risque) and the fund investment strategy is geared to property development projects in the regions of Eastern and South East Europe. 60 % of the shares in the fund are held by CA Immo International, the remaining 40 % being owned by four institutional investors in Austria and abroad. The planned term of the fund, which is managed by one of CA Immo International's subsidiaries, is a total of seven years (with options for extension). The commitment period, within which new projects can be entered into, came to an end on 31.12.2009.

The total volume originally planned for the fund was € 1 billion, of which € 400.0 m was to be made available as equity capital. However, as a result of the changes in market conditions, investment activities were substantially reduced in comparison with the original plans and decisions were taken in agreement with the partner companies that only those development projects already in the process of implementation would be continued, so that only about one-third of the maximum amount had actually been called up as at 31.12.2009. Since the property development field was particularly badly affected by the turbulence on the property markets of Eastern and South East Europe, the original assumptions for numerous projects again had to be revised in 2009 with significant levels of value adjustments and balance-sheet provisions having to be made on the basis of these revisions. As at the balance-sheet date the portfolio of the fund recorded a book value of about € 111.7 m. Currently there are three projects under development; two projects were recently completed (Dunacenter, Sava City). You will find more details about this in the segment report starting on page 44.

ORGANISATIONAL STRUCTURE OF THE CA IMMO GROUP




1) A minority interest in Vivico amounting to 0.3 % is held outside the CA Immo Group.

**UBM holding**

CA Immo International holds 25 % plus four shares (blocking minority) in Viennese property developer UBM Realitätenentwicklung AG, which is listed on the stock exchange. With its acknowledged development expertise in the CEE area, UBM is an ideal supplement to CA Immo International and hence to the CA Immo Group. The joint “Poleczki Business Park” project in Warsaw is progressing apace. In October 2009, the topping-out ceremony for the first phase of construction was celebrated, and completion of the building complex on the site, with its total area of 14 hectares, is planned for 2015. UBM is also involved in the “Airport City St. Petersburg” project in St. Petersburg, where it is contributing both capital and, in particular, its know-how as a project developer.

In 2009, CA Immo International received a dividend of € 825.0 k for its holdings in UBM in 2008, corresponding to a return of 3 % on the capital invested. The UBM Group recorded turnover of € 205.9 m as at 30.9.2009, a drop of € 28.9 m on the previous year. The result for the first nine months of 2009 was € 7.1 m (2008: € 14.0 m). For 2010, UBM anticipates a further reduction in turnover and result. The majority shareholder in UBM – apart from CA Immo International – is the Porr Group with a holding of approximately 41 %.



POLECZKI BUSINESS PARK
Warsaw/Poland

# ECONOMIC ENVIRONMENT

## THE CYCLICAL TREND[1)]

The general economic development has a major impact on the real estate sector. Economic growth is proving to be a determining factor in the demand for commercial real estate in particular. At a time of great uncertainty over the way in which the economy will develop, companies are postponing decisions with far-reaching consequences – decisions on investments as well as long-term leases. Moreover, a fall in employee numbers means that companies are requiring smaller premises. A recession – and especially one that persists – thereby forces up vacancy rates and suppresses rent levels. Given the interlinked nature of these factors, the general economic conditions in 2009 posed serious problems for the real estate sector.

[1)] Comments are based on current data at the time of writing in February 2010; subsequent changes to preliminary figures and forecasts cannot be taken into account.

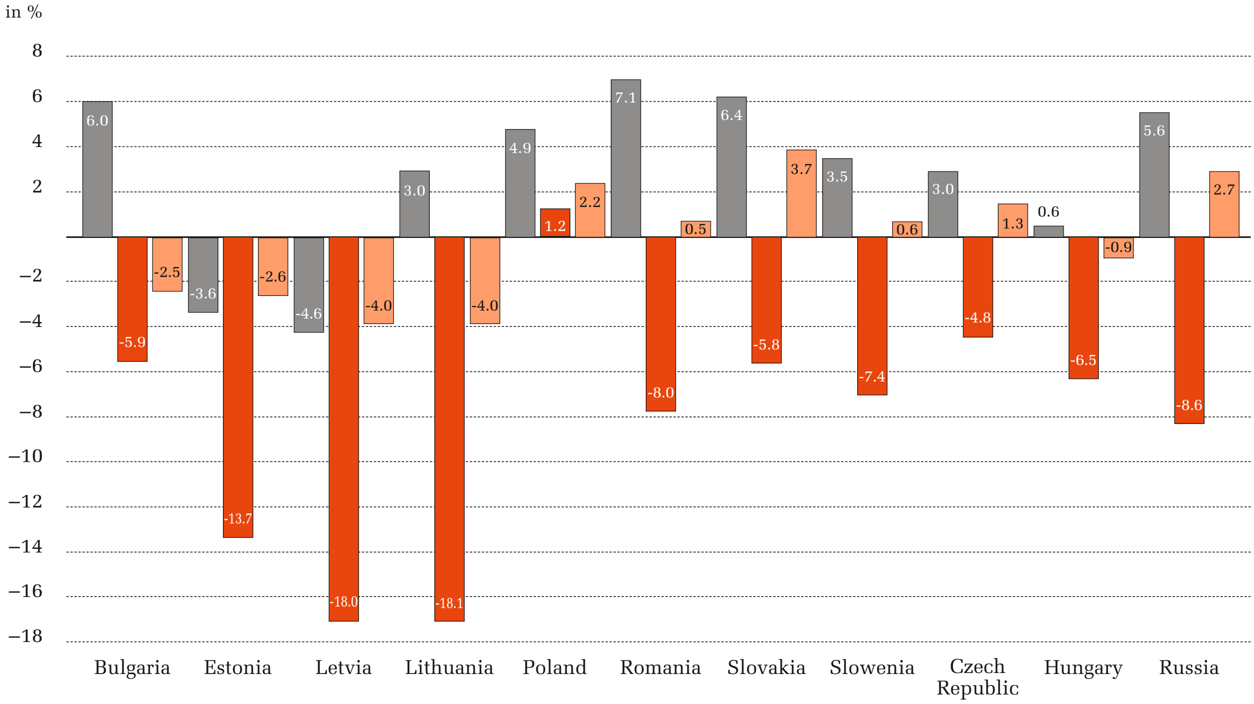
The year 2009 will be remembered as the year of the deepest recession since the Second World War. The contraction in economic output that began in the third quarter of 2008 intensified early in 2009, leading to strongly negative economic growth for the first half of the year. The downward trend came to an end in quarter three as the economic picture finally started to brighten; in the third and fourth quarters of 2009, both the USA and the Eurozone economies reported positive GDP growth rates. The recovery in the closing quarters was driven by substantial but temporary government economic stimulus programmes. The withdrawal of these initiatives could once again decelerate the pace of economic development.

By the first part of 2009, the Central, Eastern and South-eastern Europe region was feeling the tangible effects not only of the economic crisis, but also of a collapse in trust – particularly from Anglo-American investors. Several observers offered a bleak assessment of the region, and in particular of the survival chances of its financial sector.

GDP DEVELOPMENT BY COUNTRY

2008 2009e 2010e

Source: Eurostat, UniCredit



By the third quarter of 2009, however, the region was also showing clear signs of stabilisation despite the many ominous predictions. The contraction in economic output across the region eased significantly in quarter three 2009 compared to previous quarters, although the overall economic situation remained somewhat subdued. Signs of recovery are evident, but it is still too early to predict an imminent upturn.

Results varied significantly from one country to another. Poland can be singled out as the only country to achieve positive economic growth (of +1.2 %) in 2009. By contrast, the Baltic states were severely impacted by the economic crisis, returning negative growth rates ranging from –13.7 % (Estonia) to –18.1 % (Lithuania) (source: Austrian National Bank, December 2009). Russia was another of those countries most seriously affected by the crisis, with GDP for 2009 likely to fall by –8.6 %. However, the latest indicators point to a stabilisation in Russia as well, with modest expansion of 2.7 % forecast for 2010.

An interesting indicator for how the economic crisis evolved over time in eastern Europe is the development of spreads charged for insuring against the risk of a default on government bonds (credit default swap spreads). As can be seen in the graph below, the uncertainty associated with the region reached its climax around March 2009 and slowly decreased thereafter. The country risk, as it is expressed in the CDS spreads, however, is still considerably above the levels seen prior to the recent crisis.

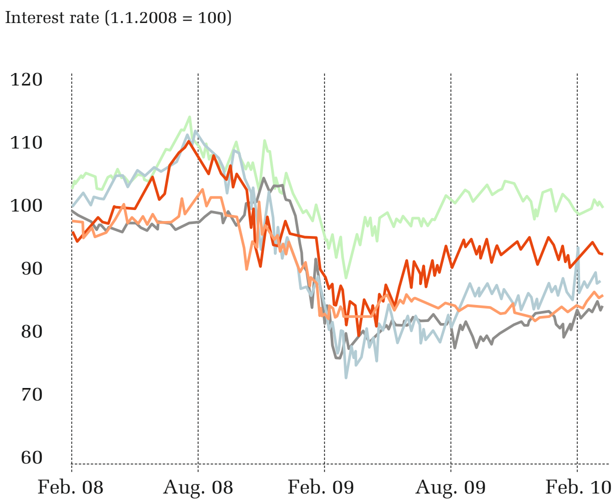
A similar picture presents itself when looking at the exchange rate development. The devaluation of local currencies against the Euro continued until quarter one 2009. From the second quarter onwards, however, there was a visible recovery of the exchange rates.



INTEREST RATE DEVELOPMENT (zu Euro)

HUF PLN CZK RUB RON

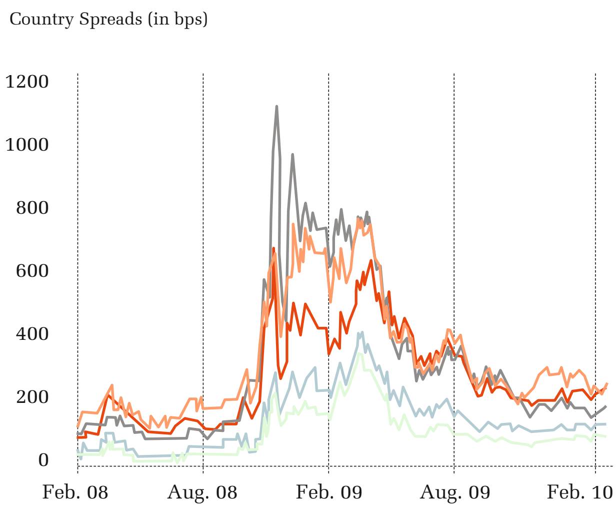
Source: Datastream




COUNTRY SPREADS DEVELOPMENT (CDS) EASTERN EUROPE

Hungary Poland Czech Republic
Russia Romania

Source: Bloomberg (5J CDS)



## MONEY MARKET AND INTEREST RATE ENVIRONMENT

The European Central Bank responded to the continuing deterioration in economic news by cutting its base rate (the interest rate for main refinancing operations) in several stages between January and May, from 2.5 % to the current level of 1.0 %. Liquidity was also channelled to the market to an unprecedented degree. As the year progressed, this played a major part in stabilising money market rates, which were rooted at record low levels as the year ended.

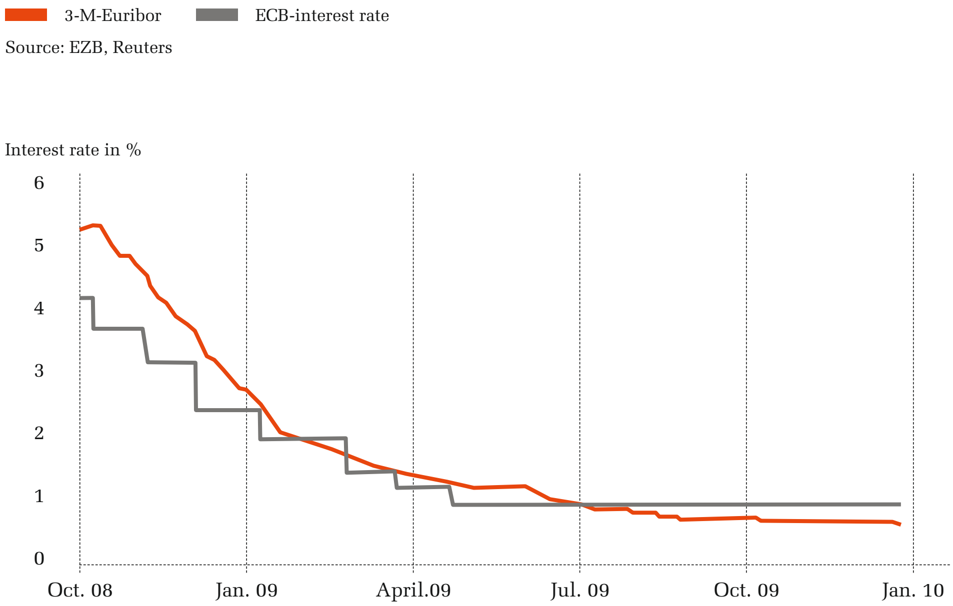
As a particularly capital-intensive sector, the real estate area is heavily dependent on a functioning credit market. The restriction in the credit supply and the rise in credit costs prompted by the Lehman insolvency of autumn 2008 were still exerting a strong effect in the first six months of 2009 especially. As the general economic conditions have gradually eased as outlined above, the liquidity situation of the banks has also been alleviated, thus improving access to the credit market for real estate companies once again. In certain countries, especially in Russia, the availability of corporate loans in general and real estate financings in particular is still limited

## OUTLOOK

For the time being, 2010 can be viewed with cautious optimism. The worst of the crisis which had such an impact on 2009 is over, and growth is expected to return to positive territory. However, despite the evident signs of stabilisation in the economic environment, the medium-term future is fraught with risk. To a not inconsiderable degree, the current upturn has been based on government stimulus packages, and it is not possible to predict how the economy will react when these initiatives are terminated. Government debt, which is increasing as a consequence of the stimulus packages, will have to be addressed in the medium term. In the short term a return to the high growth rates that the region has shown in the past is not likely.

One related issue – and a key question of rising significance as far as the real estate sector is concerned – is the future development of interest rates and inflation. With the forecasts showing a wide variety of possible outcomes, it cannot be assumed that the current environment of record low interest levels and effectively non-existent inflation can be sustained over the long term.

INTEREST RATE DEVELOPMENT ECB AND EURIBOR



# THE PROPERTY MARKET IN EASTERN EUROPE

The economic and financial crisis has had a severe impact on real economies across Eastern Europe; Hungary, some South Eastern European nations, the Baltic States and Russia have been particularly hard hit. Financing for property transactions remains very hard to come by in the region, and is only provided with high risk surcharges. This led to disintegrating investment markets, rising yields and falling property prices in 2008 and 2009.

**The investment market** [1)]

In 2009, the transaction volume on the investment market for commercial real estate in the CEE region was around € 2.5 bn, of which roughly € 2 bn was generated in the second half of the year. Although total turnover was down by 75 % on the previous year, the rise in investment activity towards the end of 2009 reflected the growing confidence of investors and the resurgence of trust in the markets. Investors focused their interest on well appointed core properties in prime locations with long contract terms. Few contracts were concluded in 2009; high quality office properties accounted for some 44 % of the total transaction volume, compared to 38 % in 2008. Retail properties accounted for a market volume of 31 %, with industrial properties making up 12 % and hotels 8 % of market turnover.

**Yields stabilised in the second half of 2009**

For 2009 as a whole, yields again increased sharply throughout the region, which in turn forced down the value of properties. The trend was particularly acute in the first six months; the rise in returns only levelled out when the investment market staged a modest recovery near the end of the year.

The increase in yield was particularly pronounced in the aforementioned countries with severe problems affecting their real economies; returns rose by up to 300 base points in the main Russian cities of Moscow and St. Petersburg. As in the previous year, values dropped most markedly in Bucharest, Sofia and Budapest; by contrast, property values in Warsaw and Prague held up relatively well.

Experts believe yields may have bottomed out, particularly in the high quality segment and established markets such as Poland and the Czech Republic. At the same time, returns for class A and B locations are diverging at an ever faster rate due to averseness to risk on the part of investors. Property locations with short histories and limited stocks (such as the smaller markets of South Eastern Europe and the Baltic States) continue to face the prospect of waning interest from potential investors and thus higher yields.

1) cf. CB Richard Ellis, CEE Property Investment 2009

**The office market** [2)]

Office markets in Eastern Europe, which are especially susceptible to economic cycles, came under widespread pressure from the financial crisis and the associated fall in demand for office premises. Numerous projects initiated prior to the crisis were completed in recent months, which has led to a sharp rise in the average vacancy rate (to around 16 %) across the CEE, SEE and CIS; the collapse in the Russian market also contributed significantly to this development. The decline in demand for office space and the increase in vacancy rates were also linked to a drop in rent levels which varied considerably from one country to the next: peak rents in Moscow fell by 63 % last year, for example, with Warsaw reporting a drop of some 30 % by the end of quarter three; the figures for Prague and Budapest “only” fell by around 9 % and 4.5 % respectively.

Although office markets remained generally subdued, the beginnings of an upturn were noted towards the end of 2009 on established markets such as Poland and the Czech Republic. Given the high levels of supply and the greater sensitivity of investors as regards the quality of real estate, the market is much more receptive to prime properties in good sites than it is to B-class locations. Despite this, many companies neglected to relocate on account of internal cost pressure, leading to across-the-board falls in the numbers of new contracts in relation to lease contract extensions.

In the final quarter of 2009, prices for high quality properties in prime locations (central business districts) stood at approximately € 19-21/sqm in Prague and € 21-23/sqm in Warsaw. Relatively high rental rates were also reported in Bucharest (€ 19.50/sqm) and Budapest (€ 22/sqm), although this only applied to a handful of properties. Most contracts are concluded at € 13-15/sqm in Bucharest and at € 12-14/sqm in Budapest. Contracts in Moscow continue to have the highest value at around € 30-40/sqm.

2) cf. JLL European Office Property Clock, Q3 2009, JLL Key Market Indicators, Q3 2009, CBRE EMEA Rents and Yields, Q4 2009

OFFICE MARKET TRENDS

correct as of fourth quarter 2009 Sources: Jones Lang Lasalle European Office Property Clock, CA Immo International, CBRE EMEA Rents and Yields Q4 2009

| | Peak rent (in €/sqm)) | Vacancy rate | Peak yield Dec. 2009 | Peak yield Dec. 2007 |
|---|---|---|---|---|
| Moscow | 30-40 | 19 % | 12.00 % | 7.50 % |
| St. Petersburg | 25-30 | 25 % | 12.50 % | 8.50 % |
| Warsaw | 21-23 | 7 % | 6.75 % | 6.25 % |
| Prague | 19-21 | 11 % | 7.00 % | 5.40 % |
| Budapest | 20-22 | 16 % | 8.00 % | 6.75 % |
| Bucharest | 18-22 | 13 % | 9.50 % | 6.75 % |
| Sofia | 14-21 | 19 % | 9.50 % | 8.00 % |
| Belgrade | 16-18 | 22 % | 9.50 % | 8.25 % |
| Bratislava | 15-17 | 12 % | 7.50 % | 6.25 % |

**The retail market**

The retail sector also found itself under increasing pressure last year as sales fell. The majority of retailers, having significantly restricted or even halted their expansion strategies, are now attempting to use lower rent levels to compensate for their losses. As with office premises, shopping centres in heavily frequented A-grade locations are outperforming those in B-class sites. Whilst rents have broadly stabilised in good locations, reductions of as much as 25 % have been reported in less frequented areas. Location and quality remain the critical factors in long-term property investments.

The CA Immo Group’s activities in the retail sector are concentrated on secondary cities in Hungary (with one specialist retail centre in Györ) and Romania (where a similar centre is under construction in Sibiu). Local retail markets in both countries have been adversely affected by falling consumer spending. Peak rents in shopping centres in **Hungary** stand at around € 50-75/sqm per month, with regional cities attracting between € 12.5 and € 20/sqm per month. In the specialist retail centres (mainly developed in regional towns in Hungary since 2005), monthly rental rates are in the range of € 7-12/sqm.

The expansion of international chains in **Romania** has either decelerated significantly or stopped entirely. With several shopping centres completed simultaneously in 2009, vacancy rates rocketed to 40-60 %, especially on secondary markets (EHL CEE/SEE Real Estate market report 2009). With a vacancy rate below 10 % and peak rents for retail parks reaching around € 22-25/sqm, Bucharest has not been so seriously impacted. Specialist retail centres in secondary cities currently command approximate rents of € 8-11/sqm.

**The hotels market** [1)]

The tourism industry in Europe experienced a tough year in 2009. The global economic crisis, rising unemployment and the spread of swine flu combined to curtail the travel plans of many. In particular, business travel contracted substantially due to drastic deterioration in the orders situation in most sectors. The crisis has also forced companies to pay greater attention to their costs, with the result that staff travel budgets have been cut, significantly in some cases. Early in 2009, spending by hotel guests in Europe was reported to have plummeted by as much as 31.3 %. Driven by declining occupancy figures and falling rates, revenue per available room (revPAR) fell by an average of 16.8 % in European hotels. According to the Hospitality Vision 2009 study by Deloitte, the figures for both visitors and overnight stays shrank in nearly every city in Europe. Countries in Eastern Europe – including the Czech Republic, the Baltic States, Romania, Russia and Slovakia – have suffered particularly heavy losses, with revPAR falling by over 20 % in local currency in some cases.

CA Immo International has two hotels in the Czech Republic, in Prague and Plzeň. In December, room occupancy in Prague increased by 2.6 % to stand at roughly 54.6 %, compared to 65.6 % in 2008. Although this signalled the first return to revenue growth for the city’s hotel market since January 2008, the picture for the year as a whole remained dispiriting, with falling visitor numbers, an expanding surplus of new hotels and the continuing recession forcing down revenue by nearly 30 %. For 2009, revPAR was € 44 in Prague, € 37 in Budapest (where room occupancy stood at 53.5 %) and € 84 in Moscow (with occupancy of 57.8 %).

[1)] cf. TRI Hospitality Consulting: European Chain Hotels Market Review, December 2009 and Deloitte: Hospitality Vision European Performance Review 2009, Uphill Struggle

# PORTFOLIO STRATEGY

Raising the corporate value of the company is the main aim of the portfolio strategy.

CA Immo International essentially pursues this aim by adopting a strong regional focus on Eastern Europe, and particularly the EU countries of the Eastern European economic area. The company invests exclusively in commercial real estate through the twin business areas of investment properties and investment properties under development. In doing so, CA Immo International draws on the experience of locally based staff as well as a decade and more of investment experience in the region by the parent company CA Immobilien Anlagen AG.

In the course of the recent financial crisis, the company's portfolio strategy passed through a process of evaluation and a measure of adjustment to specific market conditions and the general economic circumstances.

Regardless of region or asset class, however, the central objectives are to secure the earning power of investment properties whilst realising investment properties under development with the maximum efficiency.

**Focus on countries with an established presence**
In regional terms, CA Immo International restricted its activities to the existing markets of (South)Eastern Europe in 2009 and pursued two projects in Russia; the company did not engage in further regional expansion. In 2010, consolidation in those countries where a presence is already established will continue to take priority over entry into new markets. Despite the persistently tough economic climate, efforts are being made to accumulate assets in Poland, Hungary and the Czech Republic, which comprise the core region of CA Immo International. For the time being, the priority in Southeastern European countries such as Romania, Bulgaria and Serbia – countries in which CA Immo International invests and, in some cases, has its own local workforce – is to maintain a high quality stock. In these areas, occasional sales may be transacted and attractive investment opportunities entered into on a case-by-case basis. Progress will be made on current development projects in the CIS region (and especially Russia), but no new projects will be initiated in the short to medium term.

**Key asset class: office properties**
With a depth of expertise acquired over years of experience in the sector, CA Immo International is established as an office specialist. The operational focus is on the business area of investment properties as well as investment properties under development in connection with high-quality office properties (with a strong emphasis on prime locations). As regards stock, much of the organic asset accumulation envisaged for the years ahead will take place in this segment. Until further notice, investment in hotel properties will only be made in connection with large-scale projects involving experienced partner organisations; to some extent, the company will be able to utilise the expertise of Group subsidiary Viador, which specialises in hotel building. A similar strategy will be adopted in the retail sector. Although far too little attention has been paid to this area in the commercial portfolio of CA Immo International in the past, the profile of retail will be raised by means of selective development and acquisitions, working with specialist project partners.

**Solid stock, strong development expertise**
CA Immo will aim to establish a business ratio of 2:1 with a view to negating the volatility of project development to a large degree (two thirds investment properties to secure a stable cash flow, one third development (based on total investment costs) to generate higher yield). It is a combination with advantages to both business areas: the business of investment properties benefits from access to high quality new real estate, whilst the steady income from property management supports project business. Since 2007, new development projects have been initiated exclusively through the CA Immo New Europe project development fund, which was set up specifically for the purpose.

In common with CA Immo, the parent company, CA Immo International aims to sell up to 10 % of its portfolio each year, depending on market conditions and the receptiveness of the investment market. Given the poor state of the market, no sales were transacted in 2009, either from the asset portfolio or in connection with projects (completed or in progress). In 2010, sales will only be warranted where the potential proceeds would significantly exceed current market values or a major strategic advantage would thereby be achieved.

# PROPERTY ASSETS

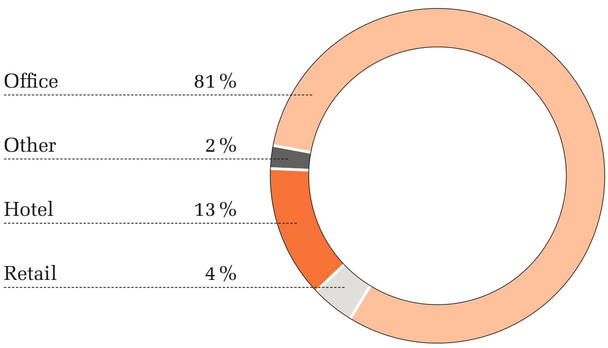
CA Immo International maintains a presence in nine countries in the regions of Eastern Europe (CEE), South Eastern Europe (SEE) and Russia (CIS) in the form of investment properties and investment properties under development. The company's property business comprises two segments: the acquisition and management of investment properties and the development of projects.

On the key date 31 December 2009, the asset portfolio of CA Immo International had an approximate market value € 605.0 m. Inclusive of investment properties under development and properties intended for trading, property assets amounted to € 674.0 m on the same date. The company is active in nine countries (Poland, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Serbia and Russia), with the CEE states accounting for 62 % of property assets, the SEE region 37 % and Russia representing 1 %.

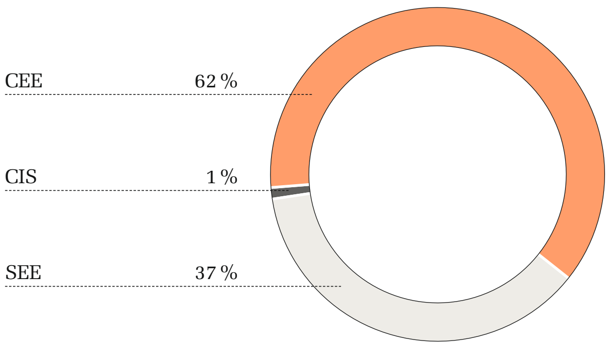
The economic and financial crisis has had a severe impact on real economies in Eastern Europe, causing investment markets to collapse, yields to rise and property values to fall throughout 2008 and 2009. In response to this trend, the value of investment properties was accordingly adjusted in the amount of € 152.0 m in 2009. As of 31 December 2009, the asset portfolio was thus yielding 8.5 %[1] (compared to 7.3 % in 2008); in regional terms, properties in the SEE delivered a yield of 9.3 %[2] (7.8 % in 2008) and investment properties in the CEE region yielded 8.0 %[3] (against 7.0 % in 2008). Full details of the valuation results may be found in the "Property valuation" section on page 49.

[1] Excluding Capital Square, Sava Business Center and Dunacenter (projects completed in 2009 and transferred to the stock)
[2] Excluding Sava Business Center (a project completed in 2009 and transferred to the stock)
[3] Excluding Capital Square and Dunacenter (projects completed in 2009 and transferred to the stock)

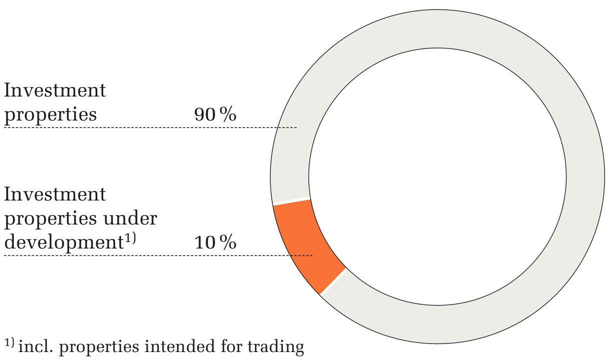
DISTRIBUTION OF BOOK VALUE BY MAIN USAGE




DISTRIBUTION OF BOOK VALUE BY REGION (CEE, SEE, CIS)

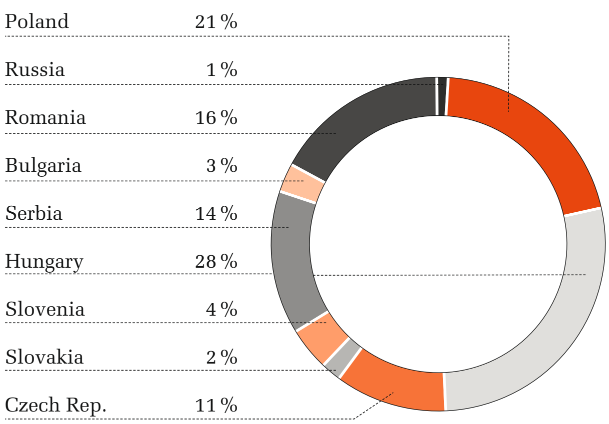



DISTRIBUTION OF BOOK VALUE BY TYPE




[1] incl. properties intended for trading

DISTRIBUTION OF BOOK VALUE BY COUNTRY



In 2009, the company generated rental income of € 40.3 m. The economic vacancy rate in the asset portfolio (measured on the basis of expected annual rental income) was 9 % in 2009, compared to 6 % in 2008; vacancy in sqm was also 9 % as of key date 31 December 2009.

Additional tables and analyses dealing with property assets are from page 138 on.

PROPERTY ASSETS BY BALANCE SHEET ITEMS

| | | CEE | SEE | CIS | Total |
|---|---|---|---|---|---|
| **Investment properties** | | | | | |
| Usable space (excluding parking spaces) | thsd sqm | 179 | 109 | 0 | 288 |
| Number of parking spaces | No. | 3,314 | 1,734 | 0 | 5,048 |
| Book value investment properties | € m | 377.6 | 227.4 | 0.0 | 605.0 |
| Rental income (annualised) | € m | 26.4 | 18.7 | 0.0 | 45.1 |
| Rental income (actual) | € m | 24.0 | 16.3 | 0.0 | 40.3 |
| Vacancy [1] | % | 11.5 | 4.7 | 0.0 | 8.8 |
| | | | | | |
| **Property assets under development [2]** | | | | | |
| Book value investment properties under development | € m | 40.3 | 23.7 | 5.0 | 69.0 |

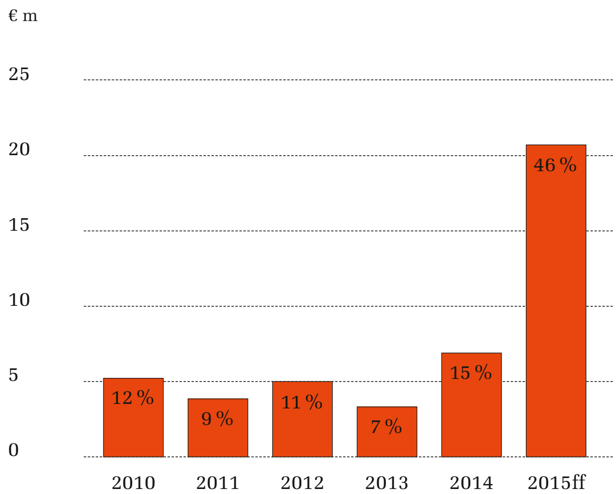
1) excluding the Capital Square, Dunacenter and Sava Business Center project completions that have been newly incorporated in the porfolio
2) including properties intended for trading

OVERALL PORTFOLIO

| | | CEE | SEE | CIS | Total |
|---|---|---|---|---|---|
| **Property assets 31.12.2008** | **€ m** | **432.0** | **293.3** | **26.4** | **751.7** |
| Investment properties | € m | 361.7 | 226.5 | 0.0 | 588.2 |
| Investment properties under development | € m | 69.0 | 66.8 | 26.4 | 162.2 |
| Properties intended for trading | € m | 1.2 | 0.0 | 0.0 | 1.2 |
| | | | | | |
| Acqusition of new properties | € m | 0.0 | 0.0 | 0.0 | 0.0 |
| Investments in current projects | € m | 64.8 | 15.1 | 3.6 | 83.4 |
| Investments in the portfolio stock | € m | 2.5 | 1.6 | 0.0 | 4.1 |
| Change from revaluation/Impairment | € m | –81.0 | –59.0 | –12.0 | –152.0 |
| Disposals | € m | –0.4 | 0.0 | –12.9 | –13.3 |
| | | | | | |
| **Property assets 31.12.2009** | **€ m** | **417.9** | **251.0** | **5.0** | **674.0** |
| Investment properties | € m | 377.6 | 227.4 | 0.0 | 605.0 |
| Investment properties under development | € m | 39.0 | 23.7 | 5.0 | 67.7 |
| Properties intended for trading | € m | 1.3 | 0.0 | 0.0 | 1.3 |
| | | | | | |
| Annual rental income (net sales) | € m | 24.0 | 16.3 | 0.0 | 40.3 |
| Annualised rental income | € m | 26.4 | 18.7 | 0.0 | 45.1 |
| Vacancy rate (investment properties) [1] | % | 11.5 | 4.7 | 0.0 | 8.8 |
| Yield (investment properties) [1] | % | 8.0 | 9.3 | 0.0 | 8.5 |

1) excluding the Capital Square, Dunacenter and Sava Business Center project completions that have been newly incorporated in the porfolio

REMAINING TERMS OF RENTAL AGREEMENTS




**The investment properties area**

The Group has established regional management companies in Poland, Hungary, Romania and Serbia with a view to managing investment properties locally as efficiently as possible. Depending on regional requirements, these organisations are charged with tasks connected to asset management, letting, administration, accounting and project management. Their local presence ensures greater proximity to the market and to tenants.

Over 2009 as a whole, CA Immo International recorded new lettings of 34,111 sqm, roughly 47,656 sqm were let to existing tenants extending contracts and 3,703 sqm were let to existing tenants expanding their floor space.

LIKE-FOR-LIKE ANALYSIS OF PROPERTIES THAT WERE ALREADY CORE AS OF 31 DECEMBER 2008

| € m | Book value | | Annualised rental income | | Gross Yield | | tenancy rate | |
|---|---|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Poland | 101.5 | 118.8 | 6.7 | 6.9 | 6.6 % | 5.8 % | 85 % | 85 % |
| Slovakia | 9.5 | 12.9 | 0.8 | 1.3 | 8.6 % | 9.9 % | 76 % | 91 % |
| Hungary | 113.3 | 138.8 | 9.4 | 10.4 | 8.3 % | 7.5 % | 86 % | 92 % |
| Czech Republic | 76.1 | 91.2 | 7.1 | 6.7 | 9.3 % | 7.3 % | 98 % | 98 % |
| **CEE** | **300.5** | **361.7** | **24.0** | **25.3** | **8.0 %** | **7.0 %** | **89 %** | **91 %** |
| Romania | 89.9 | 115.7 | 8.9 | 8.7 | 9.9 % | 7.5 % | 99 % | 100 % |
| Bulgaria | 22.1 | 25.2 | 2.4 | 2.8 | 10.7 % | 11.0 % | 100 % | 100 % |
| Serbia | 22.4 | 26.0 | 2.0 | 2.0 | 9.1 % | 7.7 % | 96 % | 92 % |
| Slovenia | 24.1 | 33.1 | 2.2 | 2.2 | 9.2 % | 6.5 % | 100 % | 100 % |
| **SEE** | **158.5** | **200.0** | **15.5** | **15.6** | **9.8 %** | **7.8 %** | **99 %** | **99 %** |
| **Portfolio – Like for Like [1]** | **458.9** | **561.6** | **39.5** | **40.9** | **8.6 %** | **7.3 %** | **92 %** | **94 %** |
| + 2009 new objects within stabilised portfolio [2] | 23.7 | | 1.4 | | 6.0 % | | 68 % | |
| **stabilised portfolio** | **482.6** | | **40.9** | | **8.5 %** | | **91 %** | |
| Completions Hungary | 77.1 | | 2.4 | | 3.1 % | | 39 % | |
| Completions Serbia | 45.2 | | 1.7 | | 3.8 % | | 46 % | |
| **New – projects completed** | **122.4** | | **4.2** | | **3.4 %** | | **42 %** | |
| **Total** | **605.0** | | **45.1** | | **7.4 %** | | **82 %** | |

[1] Like for like: comparison of properties which were already part of the stabilised portfolio at 31.12.2008
[2] Belgrade Office Park 2 in Serbia has been completed just before 31.12.2008 and was therefore not part of the stabilised portfolio

**The investment properties under development area**

Project development was significantly impacted by the extremely challenging economic climate of 2009. Property yields continued to rise, negotiations over financing became more difficult, financing costs increased, demand fell, potential tenants delayed making decisions and construction schedules were lengthened. All of this necessitated a re-evaluation of development projects and (sometimes substantial) value adjustments in relation to individual projects. External factors in particular, but also variables under the control of project teams, will go a long way towards determining whether these value adjustments can be reversed, and if so to what extent. To give an example, falling prices of raw materials and the general decline in construction activity should result in lower building costs and have a positive effect on project outcomes.

Despite the generally adverse external influences, significant operational progress was made in the investment properties under development area during 2009 as regards obtaining necessary approvals, the execution of construction work and utilisation. Projects completed and transferred to the stock of CA Immo International included the Capital Square office building in Budapest as well as the Sava Business Center office property in Belgrade in mid–2009; this was followed in October by the Dunacenter, a specialist retail centre in the Hungarian city of Györ.

The majority of projects in which CA Immo International holds a majority stake, and for which the company is responsible for raising equity capital, are fully funded, and as such can be realised on a sound financial footing. CA Immo International will continue to push ahead with current development projects in its core regions in 2010. More information on company strategy is given in the “Portfolio strategy” section on page 39.

In the field of project development, CA Immo International is involved in or contractually committed to the following projects either directly or through the CA Immo New Europe (CAINE) project development funds:



CURRENT PROJECT DEVELOPMENTS

| Location | Name | Use | Share % | Joint Venture Partner | Project director | Project volume € m | out-standing | Planned completion |
|---|---|---|---|---|---|---|---|---|
| **CA Immo International** | | | | | | | | |
| Bratislava | BBC Plus | Office | 100 | no | CA Immo Int. | 12 | 6 | 2011 |
| Moscow | Maslov Tower | Office | 50 | Katrinco/ Förster | Partner | 75 | 44 | 2012 |
| Bratislava | Sekyra Tower | Office/Residental | 50 | Sekyra Group | CA Immo Int. | 48 | 46 | 2012 |
| **CA Immo New Europe** | | | | | | | | |
| Warsaw | Poleczki Business Park | mixed | 50 | UBM | Partner | 55 | 15 | 2010 |
| Sibiu | Retail Centre Sibiu | Retail | 100 | Oasis Gruppe | Partner | 43 | 11 | 2010 |
| St. Petersburg | Airport City St. Petersburg [1] | Hotel/Office | 25 | Warimpex/ Flughafen St. Petersburg/ UBM | Partner | 66 | 33 | 2011 |

[1] At-equity interest

# SEGMENT REPORT CEE

With around 62 % of its assets in the CEE states Poland, Czech Republic, Slovakia and Hungaria, CA Immo International has traditionally maintained strong representation in the region. The investment properties and investment properties under development portfolio in the CEE region represents a total value of € 417.9 m (2008: € 432.0). On the basis of annualised annual rental income in 2009 amounting € 24.0 m[1)] (2008: € 25.3 m) the asset portfolio has a yield of 8.0 %[1)] (2008: 7.0 %).

## THE INVESTMENT PROPERTIES AREA

The asset portfolio on the core market of **Poland** includes two high quality office properties in Warsaw: the Warsaw Financial Center (50 % owned by CA Immo International) and the Wspólna building in the capital's central business district. Both properties are earning an excellent level of rent by current market standards. Vacancy in the Warsaw Financial Center increased sharply early in 2009 when a major tenant moved out, but new lettings and extensions accounted for around 13,000 sqm over the year as a whole. The vacancy rate by sqm was 16 % on key date 31 December 2009, but fell to 12 % at the start of 2010. Given the prime location of this landmark structure and its fixtures and fittings, vacancy is likely to decline still further during 2010. The vacancy level by sqm for Wspólna stood at 14 % on the key date, but the property was again reported to be 100 % let early in 2010. Both buildings are managed by a Polish company belonging to CA Immo International; taken together, they have a total rentable effective area of 32,027 sqm and an approximate market value of € 101.5 m on current valuations.

In the **Czech Republic**, meanwhile, the company owns the Europort business hotel at Prague Airport, the Diplomat Center (a Marriott Courtyard hotel) in Plzeň and a building in Prague housing the English International School. As of key date 31 December 2009, these three properties had a total rentable effective area of 38,437 sqm, a market value of approximately € 76.1 m (2008: € 91.2 m) on current valuations and an economic vacancy rate of 1.6 %.

CA Immo International has one property in **Slovakia**: the Bratislava Business Center 1, acquired in 1999. With a large tenant having vacated the premises in the summer of 2009, the building will be renovated and the vacant floor space adapted for rent in smaller units. The market value of the Bratislava Business Center 1, which has a rentable effective area of 9,257 sqm, is € 9.5 m (2008: € 12.9 m). Furthermore, currently a project is under way for the extension of the property.

In **Hungary**, two buildings were added to the stock of five investment properties in 2009: the Capital Square office block in Budapest and the Dunacenter, a specialist retail centre in Györ that gave the company its entry into the region's retail segment. Hungary thus remains CA Immo International's largest regional market. The investment properties, which are managed by a team of local experts, have a total market value of around € 190.5 m (according to current valuations) and an economic occupancy rate[1)] of 86 %.

Situated in the centre of Budapest, the **Capital Square office building** was erected by Hochtief Development Hungary. Acquired under the terms of a forward purchase agreement, the building was handed over to CA Immo International on completion in mid–2009. Capital Square, which offers a rentable effective area of 31,831 sqm, is notable for its high quality architecture, low energy consumption and excellent infrastructural links. The property – nominated “Best Office Development” in Hungary by Construction & Investment Journal (CIJ) in December 2009 – is one of the finest office buildings on the Budapest market. Rental contracts covering 3,500 sqm were concluded in the fourth quarter of 2009; in the second half of the year, 38 % of the floor space was let, mainly to international tenants such as Ferrero and Spedition Maersk. More rental agreements are expected to be signed in 2010, leading to a steady fall in the vacancy level.

The **Dunacenter, a specialist retail centre**, was completed in October 2009, the result of a 50:50 joint venture between the CA Immo New Europe Property Fund and a group of private investors. The 42,500 sqm site includes 16,375 sqm respectively 8,187.5 sqm (= 50 % stake of CA Immo International) of space rentable to national and international retailers. The economic occupancy rate for the building stood at 51 % on the key date.

[1)] Excluding properties recently added to the stock: Capital Square (Budapest) and Dunacenter (Györ)

## THE INVESTMENT PROPERTIES UNDER DEVELOPMENT AREA

In the investment properties under development area, CA Immo International with its project development fund CA Immo New Europe (CAINE) is involved in the following project in the CEE region:

**Poleczki Business Park/Poland:** This mixed-use complex made up of offices, commercial space and storage facilities is currently being built on a site spanning 140,000 sqm close to the airport and the centre of Warsaw. The project, which is being implemented as a 50:50 joint venture between the CA Immo New Europe project development fund and UBM Realitätenentwicklung AG, is currently the largest property development initiative in Poland. Following a construction period of 14 months, the topping out ceremony for the first building section of 45,000 sqm (comprising 38,000 sqm of office space and 7,000 sqm of commercial/service premises) took place in mid-October 2009. Phase one is due for completion in the first half of 2010; the aim is to establish a modern office district with a total effective area of 200,000 sqm by 2015. Investment in the first building section amounted to € 110 m and the construction project is estimated to cost € 250 m in total.

One major tenant acquired in December 2009 was Poland's Agency for Restructuring and Modernisation of Agriculture (ARMA), which will lease an area of 16,500 sqm. The first building section is thus 65 % pre-let.

Projects initiated before the establishment of the CA Immo New Europe fund and which do not satisfy the criteria of the fund, are implemented directly by CA Immo International. These projects include:

**BBC 1 Plus/Slovakia:** An office extension is being developed on a site forming part of the Bratislava Business Center 1 office building (the BBC 1, an investment property of CA Immo International). The annexe will provide additional approximate rentable effective area of 14,000 sqm and some 360 underground parking spaces. The tougher climate has already delayed the project by several months, but construction is due to start in the second quarter of 2010. As regards the letting situation, it is mainly tenants from BBC 1 that have expressed an interest in expanding or relocating.

**Sekyra Tower/Slovakia:** Construction of a high quality multi-level mixed use (office, retail and residential) building with a net effective area of 34,000 sqm and an underground car park with around 430 spaces is planned in Bratislava with project development firm Sekyra, the largest Czech/Slovak company of its kind. The site of some 7,410 sqm is located close to the old town district and the National Bank of Slovakia in central Bratislava, and offers excellent public transport connections. Next steps depend on the outcome of the property use approval process and the development of demand on the Slovakian property market.

**CITY Deco/Czech Republic:** The CITY Deco project involves real estate development in a fast-rising district of Prague. The mixed-use project with a total span of around 18,000 sqm will incorporate offices, a health centre and car park. CITY Deco is at an early stage, and realisation largely depends on an upturn in the extremely gloomy market situation; options remain open for involvement in the project.

DUNACENTER
Györ / Hungary

# SEGMENT REPORT SEE

Within South Eastern Europe, CA Immo International has invested in Romania, Bulgaria, Slovenia and Serbia totalling about 37 % of its total property assets. The asset and development portfolio in the SEE region represents a total value of € 251.0 m (2008: € 293.3 m). On the basis of annualised annual rental income in 2009 amounting to € 16.9 m [1)] (2008: € 15.6 m) the asset portfolio has a yield of 9.3 % [1)] (2008: 7,8 %).

## THE INVESTMENT PROPERTIES AREA

**Romania** is the company's main SEE target market: in the capital Bucharest, CA Immo International has three high quality office properties in good locations (Bucharest Business Park and the Opera Center 1 and 2). The properties, which are managed by a local CA Immo International team, are let at high rates; as of the key date, economic vacancy was 0.9 %. The buildings offer a rentable effective area of 40,691 sqm, and their market value is roughly € 89.9 m (2008: € 115.7 m) on current valuations.

The asset portfolio in **Bulgaria** comprises two office properties in Sofia – the Europark Office Building and the International Business Center (IBC) – both of which are fully let. Early agreement on a lengthy lease extension (to 2014) was reached in mid–2009 with Unicredit Leasing, the second largest anchor tenant of the Europark Office Building; contract negotiations are progressing with other tenants. The properties have a combined rentable effective area of 11,197 sqm and a total market value of some € 22.1 m (2008: € 25.2 m) based on latest valuations.

In **Slovenia**, the company owns a hotel in Ljubljana with an effective area of 17,931 sqm and an approximate market value of € 24.1 m (2008: € 33.1 m).

In **Serbia**, the CA Immo New Europe project development fund completed the Sava Business Center in July 2009. The eight-storey office building is located in the New Belgrade office district. The property offers a rentable effective area of some 18,500 sqm and 400 parking spaces, and was around 46 % let as of the key date. Although attracting new tenants on the Serbian market remained difficult, the company performed well in terms of lettings in 2009. This was especially evident in the case of the Sava Business Center, where reputable international organisations such as the Crédit Agricole banking group were signed up as new tenants for the long term. Counter to general market assessments and the overall market situation, which brought about corrective adjustments to rental rates in Serbia, existing contractual rents were sustained at above average levels.

Together with Belgrade Office Park (which reported an occupancy rate of 82 % on 31 December 2009), the company now has two office properties in the Serbian capital. In total, the buildings have 38,877 sqm of rentable effective area and a market value of € 91.3 m according to current valuations.

## THE INVESTMENT PROPERTIES UNDER DEVELOPMENT AREA

In the investment properties under development area, CA Immo International with its project development fund CA Immo New Europe (CAINE) is involved in (or contractually committed to) the following projects in the SEE region:

**Arad/Romania:** In cooperation with an Austrian joint venture partner, the erection of a specialist retail centre is planned for Arad, one of the ten largest cities in Romania. When complete, the centre will provide an effective area of roughly 16,700 sqm. Although financing for the project has been secured, the actual commencement of building work has been postponed for the time being owing to the difficult situation in the Romanian retail sector: implementation will only be economically viable when a sufficient level of pre-letting has been attained.

**Sibiu/Romania:** With around 170,000 inhabitants and a catchment area of some 400,000 people, Sibiu is one of the 15 largest cities in Romania. The Retail Park Sibiu project envisages construction of a double-level shopping centre with two single-storey specialist retail centres attached on a site spanning 220,000 sqm through a joint venture with a German/Romanian partner. Work on the first construction phase for an international DIY chain began in August 2009 and is proceeding according to plan. Financing has been secured and completion is anticipated in the second quarter of 2010. Intensive negotiations are in progress concerning the start of building phase two. The total planned retail space amounts to approximately 80,000 sqm; the investment cost for the project as a whole is estimated at € 100 m.

[1)] Excluding the property recently added to the stock: Sava Business Center (Belgrade)

Projects initiated before the establishment of the CA Immo New Europe fund, and those which do not satisfy the criteria of the fund, are implemented directly by CA Immo International. These projects include:

**Novi Banovci/Serbia:** CA Immo International acquired a 50 % stake in this strategic land reserve, which has an excellent location adjacent to a motorway junction near Belgrade. At the present time, negotiations over rezoning are under way; the construction of a logistics centre is one of the options envisioned.

OPERA CENTER 1AND 2
Bucharest / Romania

SAVA BUSINESS CENTER
Belgrade / Serbia

# SEGMENT REPORT CIS

## THE INVESTMENT PROPERTIES AREA

In the countries belonging to the Commonwealth of Independent States (CIS) CA Immo International had no investment properties as at the key date, 31 December 2009.

## THE INVESTMENT PROPERTIES UNDER DEVELOPMENT AREA

In the investment properties under development area, CA Immo International with its project development fund CA Immo New Europe (CAINE) is involved in the following project in the CIS region:

**Airport City St. Petersburg/Russia** (formerly Pulkovo Business Park): In St. Petersburg, a four-star Crowne Plaza hotel and two office buildings will be built on a 62,300 sqm site adjacent to Pulkovo Airport through a joint venture with Warimpex, UBM and the city's airport. CA Immo International's project development fund holds a 25 % stake in the project, which will be realised in three construction phases. Investment of approximately € 260 m in the first two phases will create effective area of around 55,000 sqm. The extremely challenging conditions that still prevail in Russia have delayed negotiations regarding finance with outside capital whilst hampering realisation of the project and the utilisation of rental premises. Despite this, the entire site has been acquired, with completion conditions in the original lease agreement eradicating pressure over the realisation schedule, at least for the time being. Construction phase one is currently in progress.

Projects initiated before the establishment of the CA Immo New Europe fund and those which do not satisfy the criteria of the fund, are implemented directly by CA Immo International. These projects include:

**Maslov Tower/Russia:** The construction of an office property with rentable effective area of over 30,000 sqm is being planned for central Moscow in a joint venture with a German partner. The investment volume has been calculated at roughly € 150 m, 50 % of which will be taken on by CA Immo International. Although work to install the infrastructure started early in 2009, the project is still being adversely affected by the tough market situation in Russia, where financing with outside capital and pre-letting remain hard to attain. The general climate and market needs will determine the launch date of the project.

**Tallinn/Estonia:** An office building with a limited amount of retail space and a gross floor area of around 22,000 sqm is planned for the Estonian capital. A joint venture has been set up to realise the project, in which CA Immo International has a 40 % stake. Financing with outside capital was secured in 2008 to acquire the real estate, and planning permission is expected to be confirmed at the end of the second quarter of 2010. Given the poor economic conditions in the Baltic region, the revenue potential no longer matches original estimates. For this reason, the project is currently on hold and subject to reevaluation with the consent of the joint venture partner.

AIRPORT CITY ST. PETERSBURG
St. Petersburg / Russia, construction site


AIRPORT CITY ST. PETERSBURG
St. Petersburg / Russia, visualisation

# PROPERTY VALUATION

It is not without reason that so much attention is paid to the valuation of the property assets: it is the substantial basis for evaluation of the real estate company and the most important parameter for determining share value. 2009, like the previous year, was characterised by major negative market value adjustments. CA Immo International devalued its property assets by a total of about 18 % in 2009 and is posting a correspondingly negative consolidated net income.

**General effects of the economic crisis on property valuations**

The crisis in the global financial system caused major uncertainty in commercial property markets, which can lead, in particular, to prices and values being subject to increased fluctuations for some time. As has also been noted in some of the valuation reports, the volume of transactions decreased sharply as a result of the general economic situation. One consequence of this was a low number of reference transactions being available for valuation purposes. This phenomenon was particularly striking in Eastern and South Eastern Europe.

As a result of the economic and financial crisis that was still clearly perceptible in Eastern and South Eastern Europe up to the end of 2009, valuation revealed a further sharp drop in property values. In total, devaluations of the property assets in Eastern and South Eastern Europe amounted to € –152.0 m, distributed as shown above across the individual balance-sheet items.

VALUATION RESULT BY MARKET VALUE

| | Acquisition costs 31.12.2009 | Balance-sheet value 31.12.2009 | Revaluation 2009 | |
|---|---|---|---|---|
| | in € m | in € m | in € m | in % |
| Investment Properties | 688.4 | 605.0 | –120.9 | –16.7 % |
| Investment Properties under Development | 121.0 | 67.7 | –31.0 | –31.4 % |
| Properties intended for Trading | 6.4 | 1.3 | 0.0 | 0.0 % |
| **Total** | **815.7** | **674.0** | **–152.0** | **–18.4 %** |

Please refer to Point 1.6.4 in the Notes on the consolidated financial statements for an explanation of the valuation methods applied.

## TRANSPARENCY

The CA Immo Group's policy of transparent operation applies to the valuation of its properties as well and it publishes the value of every property on an annual basis, together with the parameters used to determine the valuation. These detailed data, which are listed in table form at the end of this annual report, are intended to allow readers of the annual report to satisfy themselves optimally of the market conformity of our property values.

## EXTERNAL VALUATION TO INTERNATIONAL STANDARDS

A fundamental cornerstone of our commitment to transparency and objectifiable valuation is the fact that property values are determined by independent experts. The external valuations were basically made in accordance with the standards defined by the "Royal Institution of Chartered Surveyors" (RICS). RICS defines the market value as the value at which a willing purchaser can acquire a property from a willing vendor at a transaction price in line with market conditions, both purchaser and vendor having acted professionally, prudently and without duresse.

Valuation of the CA Immo International portfolio is undertaken by CB Richard Ellis. The external valuations were basically made in accordance with the standards defined by the "Royal Institution of Chartered Surveyors" (RICS). Summaries of the expert reports can be viewed on our website at www.caimmointernational.com.

**Income-producing properties**

Revaluations with respect to the income-producing portfolio were distributed as follows across the individual countries of the region shown in the table below.

The Table shows that all the countries were affected by marked value adjustments. The most important factor for these devaluations was a sharp increase in the rate of interest used by the valuers for capitalisation of the rents (equivalent yield). The equivalent yields increased by about 0.5 % to 1.5 % in comparison with the previous year and are now in a range of between 7.65 % and 9 % in Hungary, between 7.50 % and 8 % in Poland and between 9.25 % and 9.75 % in Serbia. In Romania, Slovakia and Bulgaria, equivalent yields are just over 9 %. The equivalent yields applied to the hotel properties in the Czech Republic and Slovenia are between 8 % and 9 %.

Projects newly completed in the course of the year (Capital Square and Dunacentre in Hungary, and Sava City in Belgrade) are shown separately in the Table above because they are still in the start-up phase. The low yields posted thus reflect the vacancy rates of these properties, which are at the high level typical of a start-up period.

VALUATION OF INVESTMENT PROPERTIES

| | Acquisition costs 31.12.2009 | Balance-sheet value 31.12.2009 | Revaluation 2009 | | Gross initial yield 31.12.2008 | Gross initial yield 31.12.2009 |
|---|---|---|---|---|---|---|
| | (in € m) | (in € m) | (in € m) | in % | in % | in % |
| Slovakia | 19.7 | 9.5 | –3.3 | –26.0 % | 9.9 % | 8.6 % |
| Czech Republic | 87.4 | 76.1 | –15.0 | –16.4 % | 7.3 % | 9.3 % |
| Hungary | 124.5 | 113.3 | –26.8 | –19.1 % | 7.5 % | 8.3 % |
| Poland | 92.1 | 101.5 | –18.3 | –15.3 % | 5.8 % | 6.6 % |
| **Total Central and Eastern Europe** | **323.7** | **300.5** | **–63.5** | **–17.4 %** | **7.0 %** | **8.0 %** |
| Bulgaria | 25.8 | 22.1 | –3.1 | –12.4 % | 11.0 % | 10.7 % |
| Romania | 84.9 | 89.9 | –25.8 | –22.3 % | 7.5 % | 9.9 % |
| Slovenia | 46.1 | 24.1 | –9.2 | –27.6 % | 6.5 % | 9.2 % |
| Serbia | 29.3 | 22.4 | –3.6 | –13.8 % | 7.7 % | 9.1 % |
| **Total South Eastern Europe** | **186.0** | **158.5** | **–41.7** | **–20.8 %** | **7.8 %** | **9.8 %** |
| **Portfolio - Like for Like [1]** | **509.7** | **458.9** | **–105.1** | **–18.6 %** | **7.3 %** | **8.6 %** |
| + Assets transferred to the stabilised portfolio in 2009 [2] | 26.9 | 23.7 | –3.0 | –11.3 % | | 6.0 % |
| **Stabilised portfolio** | **536.6** | **482.6** | **–108.2** | **–18.3 %** | **7.0 %** | **8.5 %** |
| Completions Hungary | 93.1 | 77.1 | –10.9 | –12.4 % | | 3.1 % |
| Completions Serbia | 58.6 | 45.2 | –1.8 | –3.9 % | | 3.8 % |
| **Newly completed projects** | **151.7** | **122.4** | **–12.8** | **–9.4 %** | | **3.4 %** |
| **Total** | **688.4** | **605.0** | **–120.9** | **–16.7 %** | **7.0 %** | **7.4 %** |

[1] Like for Like: Comparison of those assets that were already part of the stabilised portfolio as of 31.12.2008

[2] Belgrad Office Park 2 in Serbia had only been completed shortly before 31.12.2008 and therefor was not part of the stabilised portfolio as of 31.12.2008

In addition to the increase in assumed yields, there was also a reduction in the Estimated Rental Values (ERV) assumed by the valuers, reflecting the sustainably achievable rent for a property and consequently also the estimated market rent for new and subsequent lets. Between 31.12.2008 and 31.12.2009, the ERV dropped by about –6.4 %. In the face of total devaluation of –17 % (Central and Eastern Europe), and –21 % (South Eastern Europe), about one third of the change in value can thus be attributed to the decrease in expected rents.

For those properties that were already part of the income-producing portfolio as at 31.12.2008, the change in ERV was as follows:

CHANGE IN ERV (LIKE FOR LIKE)

| | 31.12.2009 as against 31.12.2008 |
|---|---|
| Slovakia | –8.5 % |
| Czech Republic | –16.0 % |
| Hungary | –2.1 % |
| Poland | –3.1 % |
| **Total Central and Eastern Europe** | **–6.2 %** |
| Bulgaria | –4.3 % |
| Romania | –3.1 % |
| Slovenia | –18.2 % |
| Serbia | –15.4 % |
| **Total South Eastern Europe** | **–7.0 %** |
| | |
| **Total** | **–6.4 %** |

**Development projects**

As regards development property, the devaluation in 2009 was about 31 % as compared with the value at the start of the year. In regional terms, the devaluations can be broken down as follows:

VALUATION OF INVESTMENT PROPERTIES UNDER DEVELOPMENT

| | Acquisition costs 31.12.2009 (in € m) | Balance-sheet value 31.12.2009 (in € m) | Revaluation 2009 (in € m) | Revaluation 2009 in % |
|---|---|---|---|---|
| CEE | 53.6 | 39.0 | –6.6 | –14.4 % |
| SEE | 36.7 | 23.7 | –12.5 | –34.5 % |
| CIS | 30.7 | 5.0 | –12.0 | –70.5 % |
| **Total** | **121.0** | **67.7** | **–31.0** | **–31.4 %** |

The devaluations in South Eastern Europe can be principally attributed to the shopping centre project in Sibiu, where the valuation assumptions regarding the areas scheduled for Phase II of the project were substantially reduced. The negative revaluation result relating to Russia is attributable to the Maslov Tower project in Moscow, the valuation of which reflects the continued difficult situation on the Moscow property market.

Changes in value in projects in which CA Immo International only has a minority interest (such as Airport City in St. Petersburg, for example) do not form part of the revaluation result but only have an indirect accounting effect in the result from financial investments and the result from associated companies.

# RESULTS

### Rental income

Rental income amounted to € 40.3 m in 2009, around 4.2 % above the value for 2008. The increase reflects in particular the contribution throughout the year delivered by properties acquired in the course of the previous year (Hotel Diplomat Pilsen, Belgrade Office Park II) – some € 2.6 m increase can be attributed to this effect. The properties completed and incorporated into the assets in 2009 – Capital Square Budapest (end of Q2 2009), Sava City in Belgrade (Q3 2009) and Duna Centre in Györ (Q4 2009) – contributed a total of € 1.0 m to rental income. These additional rental earnings were offset by a decrease in rents amounting to € 2.0 m, resulting from increased vacancy rates and reduced rental prices.

### Net operating income

The decrease in net operating income (NOI) by 6.7 % to € 34.7 m resulted, in particular, from the switch of the Hotel in Ljubljana from operation on own account to a rental basis, as in 2008 external turnover (which amounted to € 1.3 m in 2008) was included in the net operating result without the corresponding costs. In addition, there was an increase in the other expenditure directly attributable to long-term property assets (from € –2.5 m in 2008 to € –3.2 m in 2009), mainly as a result of an increase in the provision for loss of outstanding receivables.

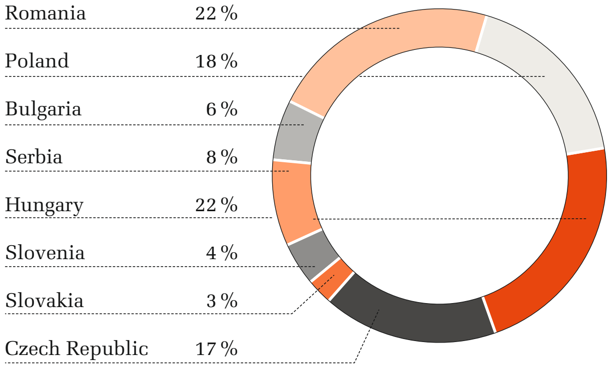
### Income from sales of properties

In contrast to the previous year, no properties were sold in 2009. The posted income from sales of properties amounting to € 0.3 m and the corresponding drop in book value of € 0.3 m relate to the exchange of a small subplot on a development property.

### Indirect expenditures

Indirect expenditures (i.e. administrative expenses not directly assignable to real estate or projects) was significantly reduced by 17.6 % from € 13.7 m in 2008 to € 11.3 m in 2009. One key factor here was the removal of the expenditure from day-to-day operation of the hotel in Ljubljana amounting to € 0.9 m; this was included in

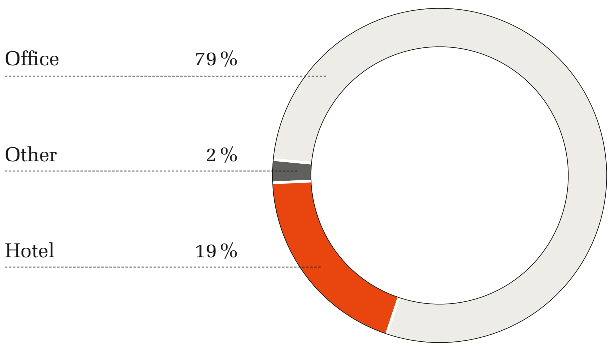
DISTRIBUTION OF RENTAL INCOME BY COUNTRY




NET OPERATING RESULT BY REGION IN RELATION TO INVESTMENT PROPERTIES

| € m | 2009 | 2008 | Change |
|---|---|---|---|
| **Central and Eastern Europe** | | | |
| Balance-sheet value | 377.6 | 361.7 | 4 % |
| Gross revenue | 31.2 | 31.9 | –2 % |
| Rental income | 24.0 | 23.6 | 2 % |
| Net operating income | 21.0 | 24.2 | –13 % |
| **NOI margin** | **67 %** | **76 %** | |
| **South Eastern Europe** | | | |
| Balance-sheet value | 227.4 | 226.5 | 0 % |
| Gross revenue | 20.1 | 20.1 | 0 % |
| Rental income | 16.3 | 15.1 | 8 % |
| Net operating income | 14.0 | 15.5 | –10 % |
| **NOI margin** | **69 %** | **77 %** | |

DISTRIBUTION OF RENTAL INCOME BY MAIN USAGE




other administrative expenses in 2008. Another important factor was the implementation of cost-saving measures that led to particular savings in variable salary elements and a marked reduction in advertising expenditure.

**Earnings before taxes and depreciation (EBITDA)**

A decrease of 22.6 % in earnings before taxes and depreciation (EBITDA) from € 32.2 m to € 24.9 m was recorded, reflecting, in particular, the absence of income from sales of properties. The first quarter contributed € 6.6 m to this result, the second quarter contributed € 6.7 m, the third quarter accounted for € 6.6 m and the fourth quarter for € 4.8 m.

There were no major shifts with respect to the regional distribution of EBITDA – Central and Eastern Europe accounted for € 17.8 m, and South Eastern Europe for € 11.4 m. EBITDA for the CIS regional segment, in which only development projects are currently held and no income-producing properties, was € –0.9 m, and EBITDA attributed to the holding stood at € –3.3 m.

**Depreciation and revaluation result**

The revaluation result in 2009 was € –152.0 m (2008: € –46.7 m). Since 1 January 2009, as a result of changes to the accounting principles, property assets under development are now also subject to the regulations of IAS 40, along with the investment properties that were already covered, and must therefore now be accounted for using the fair-value method. The result of this is that not only negative but also positive changes in the market value of property development projects are included in the revaluation result. In 2008, the negative result for the value of property development projects was shown under depreciation. In 2009, some € –120.9 m of the revaluation result was accounted for by investment properties, with € –31.1 m being accounted for by investment properties under development.

The revaluation result primarily reflects a further increase in property returns (yield expansion) in comparison with yearend 2008, resulting in a decrease in property values. In regional terms, € 41.1 m – about one third



REVALUATIONS

| Region | Balance-sheet value (€ m) | Revaluation | |
|---|---|---|---|
| | 31.12.2009 | € m | in % |
| Central and Eastern Europe Investment Properties | 377.6 | –74.4 | –16.5 % |
| Central and Eastern Europe Properties intended for Trading | 1.3 | 0.0 | –1.7 % |
| Central and Eastern Europe Investment Properties under Development | 39.0 | –6.6 | –14.4 % |
| **Total for Central and Eastern Europe** | **417.9** | **–81.0** | **–16.2 %** |
| South Eastern Europe Investment Properties | 227.4 | –46.5 | –17.0 % |
| South Eastern Europe Investment Properties under Development | 23.7 | –12.5 | –34.5 % |
| **Total for South Eastern Europe** | **251.0** | **–59.0** | **–19.0 %** |
| **CIS property assets under development** | **5.0** | **–12.0** | **–70.5 %** |
| **Total** | **674.0** | **–152.0** | **–18.4 %** |
| - of which revaluation of Investment Properties | | –120.9 | |
| - of which revaluation of Investment Properties under Development and value changes of Properties intended for Trading | | –31.1 | |

of the total devaluation – was accounted for by Hungary. Romania, with a negative revaluation result of about € 36.7 m, was also affected to a major extent by the effects of the general property crisis. The chapter headed "Property valuation" provides a detailed explanation of the decisive factors underlying this development.

The individual segments contributed to this result as follows:

**Operating result (EBIT)**

These substantial revaluation losses resulted in a decrease in the operating result (EBIT) from € –62.0 m in 2008 to € –127.1 m in 2009. Although, from a regional point of view, the EBIT dropped significantly in all the sub-regions, there were shifts in the segment areas. The development segment increased EBIT from € –47.9 m to € –34.9 m as a result of a reduction of revaluation losses compared to the previous year, whereas EBIT for the income-producing property segment, with a decrease from € –9.1 m to € –92.2 m, saw a further deterioration of its result in comparison with 2008.

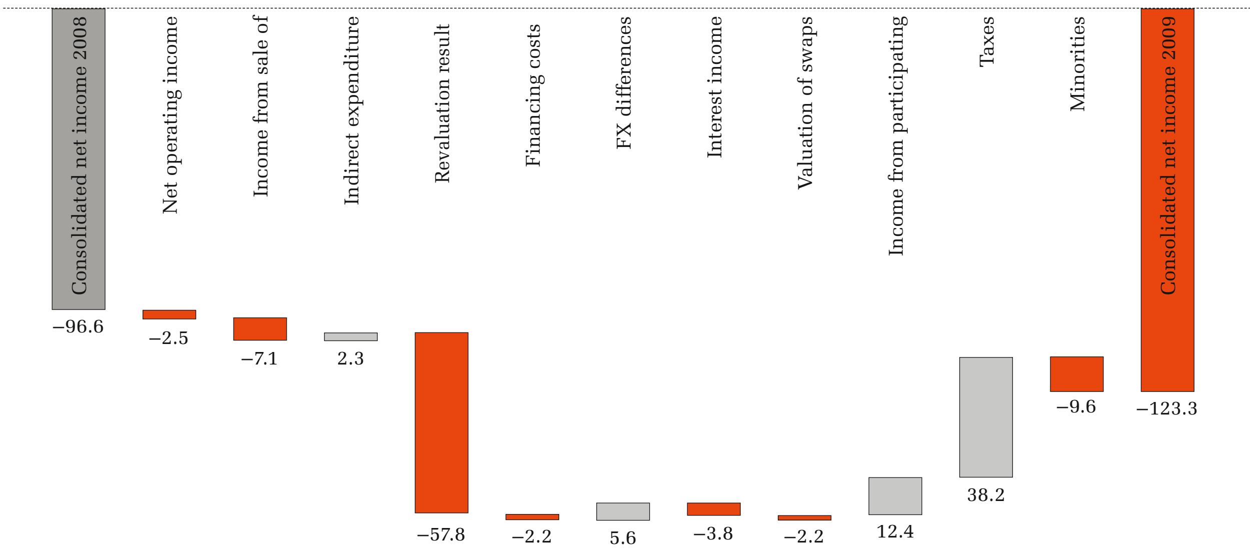
**Financial results**

The financial results improved from € –32.7 m in 2008 to € –22.8 m in 2009. Some of the effects causing this development are mutually offsetting:

The recovery of local currencies and the USD had a positive effect, so that the result from foreign currency gains/losses recovered from € –3.2 m in 2008 to € +2.4 m. A significant decrease in the negative component of the results deriving from the valuation of financial assets (depreciation of loans to companies that are not fully consolidated) and from the investment result for associated companies also had a positive effect. The latter stood at € –7.3 m in 2009 (2008: € –15. 1 m) and, in both years, is primarily the result of the negative effect on the result deriving from involvement in the Airport City St. Petersburg project.

These positive developments in comparison with the previous year were offset by an increase in financing costs by € 2.2 m to € –18.2 m, resulting from the higher volume of financing in the comparison period. The financial results were also burdened by a negative result from derivative transactions amounting to € –2.2 m. This is largely attributable to the closing of interest rate swaps following an early loan repayment.

RESULT BRIDGE BETWEEN CONSOLIDATED NET INCOME 2008 AND 2009



The result of financial investments shows a decrease of € 9.3 m to € 5.6 m, which can be principally attributed to lower reference interest rates for investments and a lower volume of investment.

**Net income before tax (EBT) and taxes on income**

Net income before tax amounted to € –150.0 m in 2009 as compared with € –94.7 m in 2008.

2009 saw a positive contribution from taxes on income, amounting to € 15.4 m as against € –22.7 m in 2008; this was the result, in particular, of a reduction in deferred taxation following the property devaluations that had been carried out.

**Consolidated net income**

The income share attributable to minority interests decreased from € –20.9 m in 2008 to € –11.3 m in 2009, mainly reflecting the proportion of minority shareholders in the CA Immo New Europe property fund, which focuses on property development. This reduction in minority shareholders reflects the improved (but still clearly negative) result from the Developments segment in comparison with the previous year.

As a result of the effects described above, there was also a decrease in consolidated net income after taking account of minorities (from € –96.6 m to € –123.3 m).

In detail, the movement of consolidated net income after minorities between 2008 and 2009 is shown in the graph below:

**Cash-flow**

Since the main negative factors leading to the fall in consolidated net income described above were non-cash-related, operational business performance was expressed in an increase of approximately 3.4 % in operational cash flow to € 23.5 m.

Cash-flow from investment activities reflects the investments made in the accounting period in current development projects and in property acquisition. The marked increase in this cash flow item as compared with the previous year (2009: € –122.2 as compared with € –33.7 m in 2008) is the result of the inflow of capital from the sale of the Renaissance Tower that was contained in the 2008 figure, on the one hand, and, on the other hand, is decisively affected by the outflow of capital amounting to about € 61.8 m in 2009 in connection with the takeover in 2009 of the Capital Square property in Budapest. In parallel to the increased outflow of capital from investment activities, there was also an increase in cash flow from financing activities from € 21.1 m in 2008 to € 63.9 m in 2009. In addition to the external financing called upon to fund investment activities, this development also includes the absence of the dividend payment that affected 2008 cash flow in the sum of € –15.2 m.

Funds from operations (FFO) after taxes stood at € 6.3 m in 2009, 61 % below the previous year's value of € 16.1 m. This difference can be largely explained by the profit from the sale of the Renaissance Tower that was included in the FFO computation in 2008.



CASH FLOW STATEMENT – SHORT VERSION

| € m | 2009 | 2008 |
|---|---|---|
| **Cash flow from** | | |
| - Business activities | 26.6 | 19.8 |
| - Investment activities | –122.2 | –33.7 |
| - Financing activities | 63.9 | 21.1 |
| **Change in cash and cash equivalents** | **–31.7** | **7.2** |
| **Cash and cash equivalents** | | |
| - Start of business year | 148.8 | 143.6 |
| - Changes in the value of foreign currency | –1.2 | –2.0 |
| - End of business year | 115.9 | 148.8 |

FFO COMPUTATION

| € m | 2009 | 2008 | Change |
|---|---|---|---|
| Net income before taxes before minorities | –150.0 | –94.7 | 58 % |
| Depreciation | 0.1 | 47.6 | –100 % |
| Revaluation gains/losses | 152.0 | 46.7 | >100 % |
| Foreign currency gains/losses | –2.4 | 3.2 | >100 % |
| corr. At-Equity income | 8.2 | 15.9 | –49 % |
| **Funds from operations before taxes** | **7.8** | **18.6** | **–58 %** |
| **Taxes paid** | | | |
| Funds from operations | –1.5 | –2.5 | –39 % |
| **Funds from Operations** | **6.3** | **16.1** | **–61 %** |

**Balance sheet – Assets**

The "Property assets let" item recorded a rise in 2009 from € 588.2 m to € 605.0 m. The increase can be attributed to the acquisition of the Capital Square property in Budapest (purchase cost: € 81.4 m), which was bought in implementation of a forward purchase agreement, and to the completion of the Sava City project in Belgrade (production costs € 57.4 m) and the Dunacenter project in Györ (production costs € 11.7 m). These acquisitions were offset by a negative valuation result of € –125.7 m to be allocated to the "Property assets let" item.

Under the item "Property assets under development", there was a decrease of € 94.5 m to € 67.7 m in comparison with the start of the year. This reflects the completion of the properties mentioned above and also the negative valuation result to be allocated to the development projects that could not be offset by construction progress in the other projects.

Investments in affiliated companies essentially relate to the share in UBM and the 25 % stake (held through the CA Immo New Europe property fund) in the project company running the development project Airport City at St. Petersburg Airport. The value change in this item from € 46.0 m on 31st December 2008 to € 38.2 m on 31st December 2009 is a result of further adjustment to the stake valuation made necessary by the difficult situation on the Russian property market. The item "Loans to associated companies" can also largely be accounted for by the St. Petersburg project.

As of 31st December 2009, cash and cash equivalents stood at € 115.9 m, 22.1 % below their value at the start of the year.

CONSOLIDATED BALANCE SHEET – SHORT VERSION

| | 2009 | | 2008 | |
|---|---|---|---|---|
| | € m | in % | € m | in % |
| Property assets | 672.7 | 76 | 750.4 | 75 |
| Down payments on property investments | 0.2 | 0 | 0.2 | 0 |
| Intangible assets | 0.8 | 0 | 0.5 | 0 |
| Financial and other assets | 75.3 | 9 | 79.1 | 8 |
| Deferred tax assets | 5.7 | 1 | 4.9 | 0 |
| **Long-term assets** | **754.8** | **86** | **835.1** | **84** |
| Receivables | 10.8 | 1 | 11.1 | 1 |
| Properties intended for trading | 1.3 | 0 | 1.2 | 0 |
| Cash equivalents and securities | 115.9 | 13 | 148.8 | 15 |
| **Short-term assets** | **128.0** | **14** | **161.2** | **16** |
| **Total assets** | **882.8** | **100** | **996.2** | **100** |
| Shareholders' equity | 424.6 | 48 | 558.5 | 56 |
| Shareholders' equity as % of balance- sheet total | 48 % | | 56 % | |
| Long-term financial liabilities | 310.7 | 35 | 287.2 | 29 |
| Short-term financial liabilities | 63.3 | 7 | 28.4 | 3 |
| Other liabilities | 56.0 | 6 | 77.6 | 8 |
| Deferred tax liabilities | 28.2 | 3 | 44.5 | 4 |
| **Total liabilities** | **882.8** | **100** | **996.2** | **100** |

**Balance sheet – Liabilities**

Share capital in CA Immo International AG is € 315,959,907.00, and thus remained unchanged in comparison with 2008. It was distributed across 43,460,785 bearer shares, about 62.8 % of which were held (as at year end) by CA Immobilien Anlagen Aktiengesellschaft (direct and indirect holdings), which is also listed on the stock exchange; the remaining shares are in free float. At the key date of 31 December 2009, unutilised authorised capital amounting to € 158.0 m was available, which can be exercised until 10 August 2012.

The decrease in equity capital from € 558.5 m to € 424.6 m reflects both the effects of the annual result achieved and the loss of minority interests resulting from the disposal of the Matryoshka project in Moscow. The drop in equity capital led to a drop in equity ratio from 56 % on 31 December 2008 to 48 % on 31 December 2009.

The increase in long-term financial liabilities by € 23.4 m to € 310.7 m results mainly from acquisition financing for the Capital Square property and from an increase in the loan amount associated with the Warsaw Financial Centre property implemented in the context of a refinancing agreement. At the same time, certain liabilities, previously classed as long-term have been restructured into short-term financial liabilities, causing an increase in this item from € 28.4 m to € 63.3 m. Net debt (financial liabilities less cash and cash equivalents) thus increased from € 166.8 m at the start of the year to € 258.0 m; gearing (ratio of net debt to shareholders' equity) rose from 30 % as at 31 December 2008 to 59 % as at 31 December 2009.

The maturity profile of financial liabilities by year was made up as follows as at 31 December 2009:

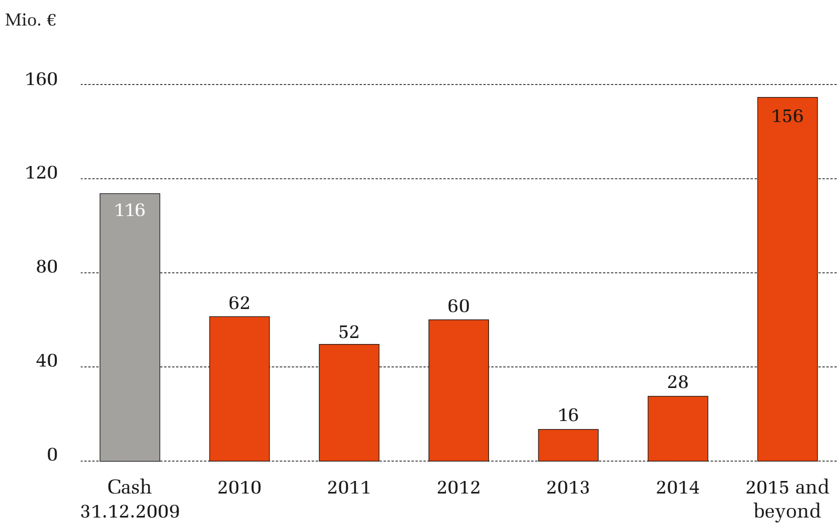
Fixed interest rates and maturing of financial liabilities are always aligned in the investment portfolio with terms that are typical for property investments.

Around 97 % of all loans are taken out in euros. The average interest on bank loans (taking account of the relevant interest hedging) stood at 5.34 %. Given the long-term nature of financing, and for reasons of prudence, the basic policy of CA Immo International when concluding a loan agreement is to secure the relevant interest level for the long term. In most cases, this is achieved by means of interest rate SWAP contracts. Consequently, as of 31 December 2009, 58 % of financial liabilities had interest rates fixed through SWAP contracts, 4 % of loan agreements had fixed interest and 38 % were at floating rates.

The significant decrease in short-term provisions essentially affects the use of the provision set up on a pro-rata basis over the construction period for the takeover of the Capital Square property.



MATURITY PROFILE OF FINANCIAL LIABILITIES
2009 bis 2015 ff



**Net Asset Value**

Owing to the annual loss and other factors outlined above, the NAV (shareholders' equity excluding minority interests) fell from € 530.1 m on 31 December 2008 to € 405.6 m on 31 December 2009. The NAV per share declined by 23.5 %, from € 12.20 on 31 December 2008 to € 9.33 on 31 December 2009.

The table below depicts the computation of the NNNAV based on NAV according to the Best Practice Policy Recommendations issued by the European Public Real Estate Association (EPRA). The key factor is the consideration of a discounting effect in relation to deferred taxes. As of 31 December 2009, therefore, NNNAV stood at € 416.7 m or € 9.59 per share.

NET ASSET VALUE (NAV AND NNNAV ACCORDING TO EPRA DEFINITION)

| € m | **31.12.2009** | **31.12.2008** |
|---|---|---|
| **Equity capital (NAV)** | **405.6** | **530.1** |
| **NAV/share in €** | **9.33** | **12.20** |
| **Computation of NNNAV** | | |
| Exercise of options | 0.0 | 0.0 |
| **NAV after exercise of options** | **405.6** | **530.1** |
| **Value adjustment for** | | |
| - projects based on IFRS Fair-Value method | 0.0 | 0.1 |
| - tenant leases held as finance leases | 0.0 | 0.0 |
| - properties held as current assets | 0.0 | 0.0 |
| - financial instruments | 8.8 | 7.1 |
| Deferred taxes | 22.5 | 39.6 |
| **EPRA NAV after adjustments** | **436.9** | **577.0** |
| Value adjustment for financial instruments | –8.8 | –7.1 |
| Value adjustment for liabilities | 0.0 | 0.0 |
| Deferred taxes | –11.4 | –20.1 |
| **EPRA NNNAV** | **416.7** | **549.7** |
| **EPRA NNNAV per share in €** | **9.59** | **12.65** |
| Change of NNNAV against previous year | –24.2 % | –18.6 % |
| **Price (31.12.)/NNNAV per share –1** | **–45.5 %** | **–77.6 %** |

# OUTLOOK

Early signs of stabilisation were observed on our main markets early in 2010. In particular, financiers across Europe are increasingly ready to resume supplies of loan capital and equity to the real estate sector.

As the financing situation eases, it is reasonable to assume that 2010 will be strongly influenced by trends on the rental market. One key objective of CA Immo International in 2010 will be to reduce vacancy rates in properties completed in 2009. As lettings increase, rental income is likely to expand significantly on a like-for-like basis in 2010, despite the anticipated drop in rental levels attainable on new lettings. The management team anticipates a positive overall result for 2010, provided property values stabilise.

As regards investment plans for 2010, the main aim will be to make progress on current development projects: in total, an investment volume of € 30-40 m is expected to be recognised on the balance sheet. Selective acquisitions will also be evaluated.

**Outlook on the capital market**

Although share prices are generally rising around the world, investors remain unusually circumspect, and prices could fall again on negative reports. In particular, the publicly traded real estate sector is likely to correlate closely with general stock markets into the medium term. The CA Immo International share will probably face continued volatility as a result.

**Looking ahead to 2010: the principal risks and uncertainties**

Our expectations for 2010 are based on certain assumptions concerning the general conditions and the specific circumstances governing the real estate business. The persistently volatile economic situation has created additional uncertainty as regards the company's ability to meet targets on investment volumes, realisation times and earnings quality.

The main factors affecting our business plans for 2010 are likely to be:

- Subsequent developments on international capital markets and the effect of these on economies in our regions.
- The extent to which economic trends affect rental demand and rent levels in specific regions.
- The availability and the cost of borrowing.
- Further developments on the property investment market, the associated price trend and its effect on the valuation of our portfolio.
- The speed at which planned development projects are realised, which will largely be determined by the availability of the requisite outside loan capital and equity.
- Political, fiscal, legal and economic risks, and the transparency and extent of development on specific property markets, especially in the SEE and CIS regions.
- The development of the general interest level.

## SUPPLEMENTARY REPORT

In 2007, CA Immo International signed a forward purchase agreement in Sofia, under the project name "Megapark", for a multi-functional building complex with useful area of about 43,400 sqm. However, ambiguities regarding fundamental elements of the contract cast doubt on whether the forward sale could be realised and led to renegotiation. The status at present is agreement that the project will be realised as a partnership by means of a financial stake expected to stand at 35 %. Completion of the first of two construction phases will be at the end of April 2010.

# PERSONNEL

CA Immo International has its head office in Austria and also has a presence in Eastern Europe (Hungary, Poland, Serbia, Romania) via subsidiaries. As at 31.12.2009, the company employed a total of 87 people (31.12.2008: 90). The operational business of CA Immo International is managed by an experienced core team, some of whom have been with the company for many years.

**CA Immo and CA Immo International: synergies arising from centralised Group control**

The agendas of CA Immo International are largely centrally controlled from the head office in Vienna. Staff in the functional areas of Investor Relations, Corporate Communications, Finance and Accounting, Controlling, Legal Affairs, Personnel, IT and Organisation is employed by the parent company, CA Immobilien Anlagen AG, and perform their tasks for both companies. The associated costs are divided between the two companies according to requirements so that synergies can be exploited cost-effectively. Asset and Investment Management and Holding Management are managed separately by the two companies, and the areas of property management, project control, bookkeeping and facility management for the Eastern European investment properties are covered by local subsidiaries in Poland, Hungary, Serbia and Romania. CA Immo International staff also work in a joint executive capacity for CA Immo New Europe where they and their teams contribute the necessary expertise to the management of the Special Fund.

**Investing in knowledge**

Sustainable and dynamic staff development is critically important for the profitable administration of our properties and for the efficient realisation of our development projects in a rapidly changing market environment. In the context of a strategy of requirement-based personnel management, CA Immo International invests specifically in the training and continued development of its international staff team.

The continuing development courses covered every area of the company. Staff development sessions, in which performance, potential and development opportunities are explained to individual staff members across all departments, were brought in for the whole Group in 2009.

**Human Resources: motivation and responsibility**

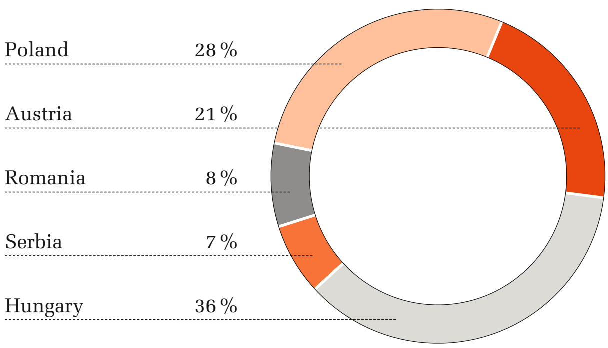
The wages and salaries paid at CA Immo International are commensurate with sector and market norms. In addition to the fixed salary component, performance-related bonuses have been defined in the form of annual targets agreed with the Supervisory Board. The highest bonus stands at a maximum of 10 % of annual salary for any employee. At management level, there is also a bonus scheme linked to the company's growth and earnings. No staff bonus was paid in 2009 as a result of economic developments. CA Immo International pays 2.5 % of employees' annual salaries into a pension fund after they have been with the company for three years. A collective accident insurance policy was also effected in 2009 for all employees of CA Immo International, providing 24/7 cover both at work and during non-working hours.

Work-life balance is also important to the company: CA Immo International uses flexible working time models to actively support compatibility between family and working life, particularly for staff members wishing to return to work after maternity leave or a career break.

PERSONNEL DEVELOPMENT

| | 31.12.2009 | 31.12.2008 | Change absolute | Change in % |
|---|---|---|---|---|
| White-collar employees | 59 | 65 | –6 | –9 % |
| Blue-collar staff | 28 | 25 | 3 | 12 % |
| Total | 87 | 90 | –3 | –3 % |

PERSONNEL DISTRIBUTION WITHIN THE CA IMMO GROUP



# RESEARCH AND DEVELOPMENT

To an increasing degree, research and development in the CA Immo Group is focused on one central issue: the sustainable development and management of real estate. As regards sustainability, CA Immo International is able to draw on expertise inherent in the Group: the CA Immo subsidiary Vivico in particular has a track record of relevant experience and success in Germany. Taking the issue of sustainability to its logical conclusion, the objective is to safeguard the value of property throughout the lifecycle. Achieving this aim demands precise analyses and efforts to keep abreast of current trends. It is also necessary to establish uniform standards and certification schemes so that progress in these activities can be communicated transparently.

**In the real estate area, research and development activities revolve around long-term economic, ecological and social objectives and tasks:**

- Minimising the lifecycle costs of buildings
- Minimising maintenance expenditure in relation to construction expenditure
- Conserving resources and cutting carbon emissions in the construction and management of real estate
- Wherever possible, preventing pollutants in the construction, modification and utilisation of properties and closing the materials cycle as regards building materials
- Creating a suitable living and working environment and promoting social integration (preventing the creation of ghetto areas)
- Linking up working, living and leisure space within the urban framework and thus creating a long-term stable environment

**Striving for systematic transparency in sustainable building**

Although numerous certification procedures are in place around the world, there is no unified “green building” standard. The two main methods used by the CA Immo Group are the American **Leadership in Energy and Environmental Design (LEED)** certification scheme and the seal of approval from the German Sustainable Building Council (DGNB).



ARNULFPARK®, Munich
Visualisation Skygarden


CAPITAL SQUARE OFFICE BUILDING, Budapest
named the „Best Office Development 2009“ (Construction & Investment Journal Award)

To clarify what is meant by "sustainable construction", the parent company CA Immo, through its German subsidiary Vivico, has been heavily involved in the first application of an energy certificate for office real estate. The Group supported the creation of a **seal of approval from the German Sustainable Building Council (DGNB)** by taking part in the pilot phase. The seal enables both investors and users to assess the sustainability of real estate much more effectively than has hitherto been possible by assessing lifecycles in a transparent and quantifiable manner.

**Group-wide analyses to optimise stock**

In the lifecycle of a building, operation accounts for 80 % of energy consumption, with the building process claiming 20 % [1)]. The greatest savings potential is thus in the portfolio of buildings. Most of the buildings in the CA Immo International portfolio are recently built properties of good quality. To maintain and enhance this quality, the potential of selected properties is being steadily analysed and necessary steps are being taken to ensure future investment meets sustainability requirements.

**The rating criteria for LEED certification (an American sustainability standard) are based on the following factors:**

- Environmentally sustainable site (and location)
- Efficiency of water consumption (utilisation of rainwater)
- Energy efficiency (operation, installation engineering, energy sources)
- Primary building materials (recycling, regional materials, renewable raw materials)
- Quality of interiors (air, light, climate)

[1)] DZ Bank AG Research: Progress towards sustainability in the real estate sector

# FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

At the heart of the business strategy pursued by CA Immo International lies a commitment to achieving a sustained increase in enterprise value. Financial performance indicators (key figures or ratios) are an important identifier and measure of the main factors that contribute to raising enterprise value long-term, and are thus used for value management purposes.

The primary such indicator is the net income generated with the money shareholders have invested (RoE– Return on Equity). The target is to produce a ratio that is higher than the imputed cost of equity (we assume a medium-term rate of around 9.0 %) and thus to generate shareholder value. As a consequence of the substantial devaluation of property assets, the return on equity for 2009 is significantly negative, as it was in the previous year – the target was not, therefore, met in the year under review. However, we are confident that the market-related devaluations of property assets have now bottomed out and that we will therefore be able to achieve an appropriate Return on Equity once more in the medium term.

Among the other quantitative factors used to measure and manage our shareholders' long-term yield are the change in NAV per share, the operating cash flow per share, return on capital employed (ROCE) and economic value added (EVA):

Since the financial indicators ultimately demonstrate the operational success of our property business, they are preceded by a series of performance indicators that cannot be immediately quantified in financial terms, which are key to measuring and managing the operating business:

**Vacancy rate and average rent**

Sound economic data nurture the demand for commercially used premises and invigorate both building activity and the property market. Cyclic discrepancies between supply and demand are reflected in the occupancy rate and attainable rents. Viewed over time, the vacancy rate and average rent are key indicators of a portfolio's quality and its successful management on the one hand, and of the asset managers' ability to respond in a timely fashion to economic influences.

**Location quality**

The quality of sites is a major criterion in property marketing. The accessibility of a location, determined by the infrastructure, plays a crucial role in this context. Changes in the quality of a location take place gradually and are eventually reflected not only in price, but also in the difficulty of attracting new tenants.

**Local presence**

Local knowledge and familiarity with the territory are critical factors in the effective cultivation of very diverse regional markets. For this reason, CA Immo International maintains its own offices in Belgrade, Budapest, Bucharest and Warsaw.

**Know How and synergies**

The competitive edge of CA Immo International stems from the local knowledge of its operating employees and the leverage of synergies in the Group, in particular in project development and property marketing.



VALUE INDICATORS

| | | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| NAV/share | | 9.33 | 12.2 | 14.9 | 13.4 |
| Change in NAV/share | % | –23.5 | –18.3 | 11.4 | n. a. |
| Operating cash flow/share | € | 0.54 | 0.52 | 0.47 | 1.03 |
| RoE [1] in % | % | –26.3 | –16.4 | 11.1 | 11.6 |
| ROCE [2] in % | % | negative | negative | 9.9 | 10.1 |
| EVA [3] | € m | negative | negative | 16.6 | 20.3 |

[1] Return on Equity (profit-generating efficiency) = consolidated net income after minority interests/average equity (without minority interests)
[2] Return On Capital Employed (ROCE) = net operating profit after tax (NOPAT)/capital employed
[3] EVA (economic value added) is a registered trademark of Stern Stewart & Co; EVA = capital employed * (ROCE – WACC); WACC 2009 = 6.6 % (WACC is the weighted average cost of debt and equity

# RISK MANAGEMENT REPORT

The CA Immo International Group is exposed to many kinds of risk in the course of its activities as an international manager of property stocks and project developer. These risks have the potential to influence current operational business outcomes and progress towards the strategic goals of the company. Ultimately, continuous growth is invariably associated with risks; for effective countermeasures to be taken, these must be identified at an early stage and assessed for content, impact and likelihood of occurrence. Systematic risk management is thus a key element of the Group's internal controlling process with a direct bearing on strategic and operational decision-making within the company. The Management Board is involved in all risk-relevant decisions and bears overall responsibility for such decisions. At all process levels, decisions are subject to the dual verification principle. Clear internal guidelines and strategies, business and investment plans and the introduction of continuous reporting systems have made it possible to monitor and control the economic risks associated with everyday business activity. All measures are applied to every Group subsidiary; investment plans are subject to scrutiny by the Supervisory Board or its investment committee. Controlling, monitoring as part of risk management and the verification and control aspects of internal auditing ensure the target-focused coordination of planning and information provision. The Internal Monitoring System (IMS) has been expanded to assist in the early identification and monitoring of risks. The effectiveness of risk management at CA Immo International is appraised annually by the auditor, who reports findings to the audit committee, Supervisory Board and Management Board. The risks that can confront CA Immo International in the course of its business activities are described below.

## STRATEGIC RISKS

**- Capital market risk:** Refinancing on the financial market is an important matter for CA Immo International. Over the past 18 months, however, it has become clear that the proper functioning of the capital market presupposes adherence to the regulations on the part of its participants, and that breaches of the rules impair the trust of investors and thus make the procurement of capital (both shareholders' equity and loan capital) much more difficult. CA Immo International addresses this capital market risk on several levels. Firstly, the company is highly skilled at planning and securing liquidity in order to avoid bottlenecks. Secondly, CA Immo International covers itself by entering into equity partnerships (joint ventures) at project level as an alternative and supplement to established sources of equity capital procurement. As regards the raising of loan capital, CA Immo International is increasingly seeking to establish or develop business relationships with domestic and foreign banks (in addition to Bank Austria, its principal bank). Generally, CA Immo International regards capital market compliance as a fixed element of corporate risk management involving not just observance of the applicable regulations, but also efficient communication that addresses the interests of investors and analysts and builds the trust of investors on the basis of constant transparency. CA Immo International's compliance programme comprises internal guidelines (including compliance guidelines), a code of conduct for staff, training and internal counselling for individuals as required as well as the assertion of sanctions under employment law where violations occur.

**- Geopolitical risks:** Given nature of its Eastern Europe commitments, CA Immo International runs the risk of changes in political systems and legislative frameworks. With the exception of Russia and Serbia, all of the countries in which the company has a presence are EU members, which means greater legal certainty and a lower risk of fundamental political or economic policy reversals. In non-EU member states, consideration is given in specific cases to insuring investments against expropriation, political violence and the convertibility of local currency, and precautions are taken as appropriate.

**- Expansion risk:** The realisation of investment plans, the assimilation of fully acquired property packages and companies and, not least, development projects constitute major challenges for the company and its employees. CA Immo International flexibly adjusts the pace of its expansion to global and (above all) regional conditions. In line with the current market climate, the company has recently slowed the pace of growth considerably. Expansion planning is carefully coordinated with the planning of financial and personnel resources. To prevent organisational bottlenecks, service processes have been developed and are subject to continual adaptation. Staff development is addressed by means of active personnel management.

**- Market and liquidation risk:** In its capacity as an investor, the Group is exposed to external, market-specific risks such as macroeconomic trends, developments in tenant sectors, rent development, the activities of other market players and the development of real estate yield across the various segments. Bearing this in mind, CA Immo International performs its own exhaustive market analyses prior to any investment decision and as a

CA IMMO INTERNATIONAL RISK MANAGEMENT

RISK MANAGEMENT CORPORATE LEVEL

| STRATEGIC RISKS | PROPERTY SPECIFIC RISKS | GENERAL BUSINESS RISKS |
|---|---|---|
| 1. Capital market risk<br>2. Geopolitical risk | 1. Property valuation risk<br>2. Asset management risk | 1. Financial risk<br>2. Business organisation risk |

RISK MANAGEMENT PROPERTY LEVEL

| STRATEGIC RISKS | PROPERTY SPECIFIC RISKS | GENERAL BUSINESS RISKS |
|---|---|---|
| 3. Growth risk<br>4. Market and liquidation risk<br>5. Concentration (cluster) risk | 3. Location risk<br>4. Investment cost and project development risk<br>5. Profit fluctuation risk<br>6. Management risk<br>7. Contract risk<br>8. Environmental risk | 3. Seller's risk<br>4. Insurance risk |



regular part of portfolio management; the company also maintains constant contact with leading experts in the sector. To minimise regional risks, the ideal resale times for the largest properties in the portfolio are considered as part of regular discussions concerning location quality, property quality and market changes. In this way, CA Immo International reduces the risk of not being able to sell properties, or only being able to sell them at a discount. Through this approach, key early indicators of market risk are systematically applied to evaluations of investment and project plans, and thus to medium-term corporate planning.

**- Concentration (cluster) risk:** "Cluster risk" arises where certain investments are overrepresented in the portfolio. CA Immo International addresses the risk of certain properties dominating the portfolio by purposely distributing property assets according to both usage type and geographical location. As a rule, no single investment may exceed 20 % of the total portfolio value for a particular region; joint venture partners are sought for large-scale investment plans.

## PROPERTY-SPECIFIC RISKS

**- Property valuation risk:** Real estate prices are subject to considerable fluctuation on account of changing economic conditions (rising and falling interest rates, expanding or contracting economies, imbalance between the supply and demand of real estate and other factors). In common with most companies in the sector, CA Immo International opted for the market value method in the conversion of its accounting to IFRS. As a consequence, changes in market value can lead to major discrepancies in results; this has produced some very positive outcomes in recent years, but also extremely negative effects more recently. Value reductions curtail not only results but also equity capital; this in turn adversely affects creditworthiness, with loan-to-value covenants unable to be upheld in some circumstances. In view of the high volatility of property prices in the region, CA Immo International has its investment properties externally valued each quarter. Owing to distortion on the capital market, limited liquidity and the associated low level of property transactions, the lack of comparable transactions and the prospect of distress sales, value assessment has been significantly hampered and properties may only be sold with greater liquidation expenditure, even at the values quoted. To maintain its creditworthiness, CA Immo International agrees appropriate leverage in advance and secures appropriate restoration periods in connection with financing.

**- Location risk:** The location of a property has a decisive influence on rentability and long-term letting potential as well as the earning power and sales revenue of a property. Location is therefore the greatest risk associated with real estate investment. To minimise this risk, CA Immo International commissions external experts to carry out regular analyses of locations and trends. Locations that are candidates for investment are assessed separately according to stringent criteria.

**- Investment cost/project development risk:** Since 2006, CA Immo International has significantly increased its proportion of development projects. These activities are mainly managed through the CA Immo New Europe project development fund. The objective is to generate extra income through the addition of the value inherent to project development. Project business is, however, associated with higher risk. Risks can arise from imponderables such as delays in the property use approval or planning permission processes, cost/deadline overruns, construction defects and so on. These risks can never be completely eliminated, even with meticulous planning and monitoring. Project development risk has increased substantially in the past two years as capital market and geopolitical risks have risen and general conditions have changed. Consequently, original project costings have had to be revised, in some instances considerably. CA Immo International is responding to the evolving situation as necessary, adjusting book values clearly and appropriately. In general, CA Immo is countering project development risk by choosing partners and service providers with care whilst maintaining stringent controlling, both internally and externally. Controlling involves regular cost monitoring, variance analyses and appropriate reporting. The start-up losses that typically arise in connection with project development also have a detrimental effect on results with the accrual of non-capitalisable costs. Over the project lifecycle, these losses are offset against revenue from lettings and sales; accordingly, projects are only launched where financially viable. CA Immo International also runs the risk of construction prices increasing: building firms are rarely prepared to shoulder construction cost risks in the context of development projects. CA Immo International has responded to this trend by establishing a wide network within the construction industry. Cost reliability is maximised by awarding contracts singly or in batches and grouping cost pools within large-scale projects. The company also seeks to enter into cooperative partnerships with a view to ensuring price stability throughout the project development cycle.

**- Profit fluctuation risk:** This risk group essentially comprises the aforementioned resale risk along with vacancy risk (where floor space is not let, income is forfeited, vacancy costs arise and the value of a property falls). The risk of loss of rent also falls into this category: we cannot rule out the possibility that the present economic climate will affect the rental market in 2010. To keep vacancy and rent losses to an absolute minimum, CA Immo International screens the creditworthiness and reputation of potential tenants. The budgeted and actual revenues generated by all properties are continually monitored, and structured quality checks are carried out. The company also cooperates with reputable estate agents when seeking new tenants. In certain cases, CA Immo International has circumvented probable future risks by selling a property – a measure that can be deployed only sparingly at the present time.

**- Property management risk:** The build quality of a property has a considerable influence on the costs of its management. A property that does not comply with current standards can generate higher investment costs in connection with restoration and improvement measures, or fail to attract tenants; this in turn adversely affects the earning power of that property. To stop this happening, CA Immo International undertakes technical due diligence prior to acquisition in order to determine a property's quality and the compliance of its fixtures and fittings with $CO_2$ criteria, energy performance certificates and so on. The company also maintains close contact with tenants and property managers so that any hidden construction defects can be remedied quickly and cost-effectively. When implementing its own projects, CA Immo International seeks to ensure that properties qualify for certification (green building).

**- Contract risk:** In order to minimise risks linked to legal disputes, CA Immo International works with lawyers on its relevant target markets, integrating them into decision-making processes at appropriate stages. At the present time, no lawsuits or arbitration proceedings which could have a material influence on the economic situation of the company are pending or foreseeable.

FINANCIAL RISK MANAGEMENT

| RISK | EFFECT | COUNTERMEASURES |
|---|---|---|
| CHANGE IN INTEREST RATES<br>Evaluating interest rate development | Reduced Group success if interest rates rise | - Mix of long-term pegged interest rates and loans bearing variable interest<br>- Use of derivate financial instruments |
| DEVELOPMENT IN EXCHANGE RATE<br>Evaluating the relationship of the EUR to the USD | Significant fluctuation in earnings owing to exchange rate gains/losses | - Natural hedging where loans are agreed in the same currency as rental agreements<br>- Changing of USD financing to EUR when changing currency in the rental agreements<br>- Exchange rate hedging |
| LIQUIDITY<br>Lack of liquidity | Attractive investments cannot be realised | - Continual short and medium-term updating of liquidity planing<br>- Optimisation of investment |
| CREDIT AGREEMENTS<br>Lack of flexibility of specific conditions | Cost drawbacks during the term of the agreement | - Continual checks on credit agreements (including derivatives) for any need for adjustment<br>- Project-related, long-term financing agreements |



- **Environmental risk:** Increasingly stringent environmental regulations are establishing ecological impact as a determining factor in property valuation to an ever greater degree. Aside from the bearing on value, ecological damage can lead to properties being left vacant or abandoned. CA Immo International therefore incorporates this consideration into its wide-ranging assessments prior to every purchase. Appropriate guarantees are also required from sellers. In its capacity as a project developer, the Group makes use of environmentally sustainable materials and energy-saving technologies wherever possible (see also “Property management risk”).

## GENERAL BUSINESS RISKS

- **Financial risks:** Risks linked to liquidity, interest rates, credit and currencies make up the main financial risks. Full details of these risks, along with a corresponding liquidity analysis, are also provided in the notes section pages 120 ff. The various financial risks facing CA Immo International are as follows:

- **Interest rate risk:** Risks from changes in interest rates are generally linked to long-term financing with outside capital. CA Immo International uses a mix of long-term fixed-rate and floating-rate loans to cut the interest rate risk. In the case of floating-rate loans, derivative financial instruments (interest rate swaps) are also used. Without exception, such instruments are used to hedge against the risk of interest rate changes arising from underlying transactions. These financial instruments are also subject to changes in value. Changes in the value of contracts that can be defined as cash-flow hedges (and all SWAPs used by CA Immo International came into this category on the balance sheet date) are shown as changes in shareholders’ equity. Changes in the value of contracts classified as fair-value derivatives are directly depicted as expenditure or income in the income statement. The reference value for interest rate SWAPs is the Euribor, which has sustained significant falls, leading to negative cash values for the SWAP contracts (in most cases, this related to valuation losses which had no effect on cash). Sufficient provisions have been formed for all identified risks.

**- Investment risk:** As of 31 December 2009, CA Immo International was exclusively investing its liquid assets on the money market (daily allowances), thereby circumventing potential creditworthiness and liquidity risks associated with issuers of securities as well as the exchange risk generally associated with investing in securities.

**- Currency (change) risk:** Owing to investment activity abroad, the management of currency risks is another important element of risk management. Exchange rate fluctuations can impact on results where rents are payable in foreign currencies or loans were raised in US dollars or Czech koruna. Non-cash effects on consolidated net income can result from the translation of individual financial statements of subsidiaries outside the eurozone. For this reason, CA Immo International seeks to peg rents to a hard currency when acquiring new properties in Eastern and South Eastern Europe. Loans are taken out in the currency underlying the relevant lease. Owing to the volatility of Eastern European currencies, payments in local currency (with the exception of operating expenses, which can also be paid in local currency) are converted into euros upon receipt.

**- Liquidity risk:** The liquidity risk facing CA Immo International is the risk of being unable to settle financial liabilities at the time of maturity. The company thus controls liquidity by ensuring the availability of sufficient financial resources to settle due liabilities. CA Immo International is proficient at planning and securing liquidity with a view to preventing bottlenecks of this kind while avoiding unnecessary potential losses and risks. In keeping with the investment horizon for real estate, most of the loans raised are long-term loans.

**- Taxation law risk:** National taxation systems are subject to ongoing change on the target markets of CA Immo International. Working with international consultants, CA Immo International monitors all relevant debates and decisions taken by national legislators. Despite this, short- and long-term tax rises linked to changing legal frameworks pose a constant risk to revenue.

## INTERNAL MONITORING SYSTEM (IMS)

The Internal Monitoring System (IMS) is a conglomeration of systematically structured measures designed to ensure compliance with guidelines and prevent errors; the guidelines include both specific company rules (Group manual, authority to sign, dual verification principle, regulations for release, etc.) as well as legal provisions. The objectives of the IMS are to preclude (preventive monitoring) and identify (detective monitoring) errors in accounting and financial reporting, thus enabling amendments or countermeasures to be introduced in good time. CA Immo International defines preventive monitoring as those checks undertaken by responsible administrators as they carry out business processes prior to and/or within individual systems (e.g. accounting and consolidation software). Detective monitoring refers in particular to controls carried out by responsible heads of department or the head of finance and accounting on the basis of analyses derived from such systems. In accordance with the organisational structure of CA Immo International, responsibility for the implementation and supervision of the Internal Monitoring System lies with the appropriate local management teams, i.e. the managing directors of the various subsidiaries are required to perform self-checks in order to assess and document compliance with the monitoring measures making up the IMS, which has been standardised across the Group. To strengthen the Internal Monitoring System, CA Immo International set up an internal auditing unit alongside the risk management unit as part of a reorganisation process. The internal auditing section, which is under the control of the full Management Board, will take up its assigned duties in 2010. In future, the unit will monitor compliance with legal provisions, internal guidelines and codes of conduct across the Group on the basis of an annual auditing plan approved by the Management Board (or in response to ad-hoc assessments performed as needs dictate); on an operational level, the unit will review the functioning of (business) processes as regards possible risk and cost-effectiveness and assess the potential for efficiency improvements. In future the internal auditing unit will also supervise the observance of checks by local management teams and determine the dependability of operational information. To achieve this, detailed reporting (EuroSox / SOX documentation) on specific processes and controls as well as accounting and financial reporting is essential. Finally, the results of these assessments will be reported to the responsible executive boards as well as the full CA Immo International Management Board. The Supervisory Board will be informed as to the auditing plan and the assessment results at least once a year. Furthermore, the proper functioning of the risk management system will be evaluated annually by the Group auditor, with the findings presented to the Management Board and the Supervisory Board or its audit committee.

CA IMMO
International

ANNUAL REPORT 2009
CONSOLIDATED FINANCIAL STATEMENTS

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## CONSOLIDATED FINANCIAL STATEMENTS

## FINANCIAL STATEMENTS OF CA IMMO INTERNATIONAL AG



## TABLES AND ANALYSES

# A. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31.12.2009

| € 1,000 | Notes | 2009 | 2008 |
|---|---|---|---|
| Rental income | 2.1.2. | 40,273.9 | 38,659.6 |
| Other gross revenues | 2.1.2. | 0.0 | 1,258.5 |
| Operating costs passed on to tenants | 2.1.2. | 11,077.7 | 12,075.9 |
| **Gross revenues** | **2.1.2.** | **51,351.6** | **51,994.0** |
| Operating expenses | 2.1.3. | –13,445.3 | –12,310.8 |
| Other expenses directly related to properties | 2.1.3. | –3,215.9 | –2,494.6 |
| **Net operating income** | | **34,690.4** | **37,188.6** |
| NOI as a % of the gross revenues | | 67.6 % | 71.5 % |
| Profit from the sale of long-term properties | | 265.5 | 19,636.0 |
| Book value of long-term properties sold | | –349.8 | –12,622.5 |
| **Result from the sale of long-term properties** | | **–84.3** | **7,013.5** |
| Indirect expenditures | 2.1.4. | –11,256.7 | –13,654.3 |
| Other operating income | 2.1.5. | 1,589.9 | 1,671.9 |
| **EBITDA** | | **24,939.3** | **32,219.7** |
| EBITDA as a % of the gross revenues | | 48.6 % | 62.0 % |
| **Depreciation and amortisation** | **2.1.6.** | **–97.8** | **–47,572.1** |
| Revaluation gain | | 4,481.1 | 13,784.3 |
| Revaluation loss | | –156,434.9 | –60,450.3 |
| **Result form revaluation** | **2.1.7.** | **–151,953.8** | **–46,666.0** |
| **Operating result (EBIT)** | | **–127,112.3** | **–62,018.4** |
| EBIT as a % of the gross revenues | | – | – |
| Financing costs | 2.1.8. | –18,150.2 | –15,981.1 |
| Foreign currency gain/loss | 2.1.9. | 2,405.0 | –3,187.3 |
| Result from derivative transactions | 2.1.10. | –2,238.2 | 0.0 |
| Result from financial investments (without impairment) | 2.1.11. | 5,568.1 | 9,337.3 |
| Impairment of financial investments | 2.1.12. | –3,121.8 | –7,800.9 |
| Income from associated companies | 2.1.13. | –7,328.9 | –15,065.4 |
| **Financial result** | | **–22,866.0** | **–32,697.4** |
| **Net income before taxes (EBT)** | | **–149,978.3** | **–94,715.8** |
| Income tax | 2.1.14. | 15,449.5 | –22,745.8 |
| thereof to the tax group parent | | 10,807.0 | –2,148.0 |
| **Consolidated net income** | | **–134,528.8** | **–117,461.6** |
| thereof attributable to non-controlling interests | | –11,271.0 | –20,905.5 |
| thereof attributable to the owners of the parent | | –123,257.8 | –96,556.1 |
| **Earnings per share in € (undiluted equals diluted)** | **2.4.8.** | **–2.84** | **–2.22** |
| **Operating Cash Flow per share** | **2.4.8.** | **0.54** | **0.52** |
| **Cahs Flow from business activities** | **2.4.8.** | **0.61** | **0.46** |

# B. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31.12.2009

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Consolidated net income | –134,528.8 | –117,461.6 |
| **Other comprehensive income** | | |
| Valuation cash flow hedges | –1,473.1 | –9,162.5 |
| Reclassification cash flow hedges | 225.4 | 0.0 |
| Other comprehensive income of associated companies | 433.9 | –537.4 |
| Income tax related to other comprehensive income | –777.9 | 1,606.8 |
| **Other comprehensive income for the year, net of tax** | **–1,591.7** | **–8,093.1** |
| **Total comprehensive income for the year** | **–136,120.5** | **–125,554.7** |
| thereof attributable to non-controlling interests | –11,626.3 | –21,653.2 |
| thereof attributable to the owners of the parent | –124,494.2 | –103,901.5 |

# C. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31.12.2009

| € 1,000 | Notes | 31.12.2009 | 31.12.2008 |
|---|---|---|---|
| **ASSETS** | | | |
| Investment properties | 2.2.1. | 604,999.0 | 588,187.0 |
| Investment properties under dvelopment | 2.2.1. | 67,726.0 | 162,236.6 |
| Office furniture, equipment and other assets | 2.2.1. | 176.8 | 228.7 |
| Intangible assets | 2.2.2. | 847.1 | 480.3 |
| Prepayments made on investments in properties | 2.2.3. | 200.0 | 200.0 |
| Investments in associated companies | 2.2.3. | 38,219.8 | 45,978.4 |
| Loans to joint ventures | 2.2.3. | 24,983.4 | 25,389.4 |
| Loans to associated companies | 2.2.3. | 11,867.8 | 6,499.8 |
| Other loans | 2.2.3. | 40.0 | 1,006.3 |
| Deferred tax assets | 2.2.4. | 5,742.0 | 4,881.1 |
| thereof from the tax group parent | | 11,254.8 | 447.8 |
| **Long-term assets** | | **754,801.9** | **835,087.6** |
| Long-term assets as a % of consolidated statement of financial position total | | 85.5 % | 83.8 % |
| Property intended for trading | 2.2.5. | 1,250.0 | 1,247.2 |
| Receivables from related companies and joint ventures | 2.2.6. | 31.7 | 105.0 |
| Receivables and other assets | 2.2.6. | 10,755.6 | 11,001.7 |
| Cash and cash equivalents | 2.2.7. | 115,917.7 | 148,802.2 |
| **Short-term assets** | | **127,955.0** | **161,156.1** |
| **Total assets** | | **882,756.9** | **996,243.7** |

| € 1,000 | Notes | 31.12.2009 | 31.12.2008 |
|---|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| Share capital | 2.2.8. | 315,959.9 | 315,959.9 |
| Result from revaluation | 2.2.8. | 145,358.7 | 145,356.2 |
| Retained earnings (incl. valuation result from hedging and other reserves) | | –55,685.3 | 68,809.1 |
| Non-controlling interests | | 19,008.7 | 28,370.8 |
| **Shareholders' equity** | | **424,642.0** | **558,496.0** |
| Shareholders' equity as a % of statement of financial position total | | 48.1 % | 56.1 % |
| | | | |
| Provisions | 2.2.9. | 0.0 | 2.7 |
| Financial liabilities | 2.2.10. | 310,659.5 | 287,222.1 |
| Trade creditors | 2.2.11. | 182.1 | 152.0 |
| Other liabilities | 2.2.11. | 14,494.6 | 14,993.1 |
| Deferred tax liabilities | 2.2.4. | 28,207.2 | 44,482.3 |
| **Long-term liabilities** | | **353,543.4** | **346,852.2** |
| | | | |
| Tax provisions | 2.2.9. | 189.5 | 50.5 |
| Provisions | 2.2.9. | 4,369.4 | 37,700.5 |
| Payables to affiliated companies and joint venture partners | | 1,350.0 | 1,531.2 |
| Financial liabilities | 2.2.10. | 63,278.1 | 28,426.0 |
| Trade creditors | 2.2.11. | 14,169.9 | 5,011.4 |
| Other liabilities | 2.2.11. | 21,214.6 | 18,175.9 |
| **Short-term liabilities** | | **104,571.5** | **90,895.5** |
| | | | |
| **Total liabilities and shareholders' equity** | | **882,756.9** | **996,243.7** |

# D. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2009

| € 1,000 | Notes | 2009 | 2008 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net income before taxes | | –149,978.4 | –94,715.7 |
| Revaluation loss | 2.1.7 | 151,953.8 | 46,666.0 |
| Depreciation and amortisation | 2.1.6 | 97.8 | 47,572.0 |
| Impairment of financial investments | 2.1.12 | 3,121.7 | 7,800.9 |
| Result from derivative transactions | 2.1.10 | 2,238.2 | 0.0 |
| Result from the sale of properties and office equipment | | 84.3 | –7,013.5 |
| Loss from asset disposal | | 7.4 | 0.0 |
| Loss from the sale of financial assets | | 0.0 | 46.9 |
| Taxes paid | | –1,528.9 | –2,520.5 |
| Interest expense | | 12,582.1 | 6,643.8 |
| Result from investments in associated companies | 2.1.13 | 7,328.9 | 15,065.2 |
| Foreign currency gain/loss | 2.1.9 | –2,405.0 | 3,187.3 |
| **Operating cash flow** | | **23,501.9** | **22,732.4** |
| | | | |
| Property intended for trading | 2.2.5 | –24.1 | 18.2 |
| Receivables and other assets | 2.2.6 | 899.1 | 786.9 |
| Trade creditors | 2.2.11 | –415.8 | –3,789.5 |
| Provisions | 2.2.9 | 865.3 | –600.5 |
| Deferred tax assets/liabilities | 2.2.4 | 0.0 | 2,119.3 |
| Other short-term liabilities | 2.2.11 | 1,804.9 | –1,426.6 |
| **Cash flow from change in net current assets** | | **3,129.4** | **–2,892.2** |
| | | | |
| **Cash flow from operating activities** | | **26,631.3** | **19,840.2** |
| | | | |
| **Cash flow from investment activities** | | | |
| Acquisition of properties | 2.3.2. | –111,168.7 | –41,384.9 |
| Acquisition of property companies, less cash and cash equivalents in the amount of € 0,0K (2008: € 2.986,6K) | | 0.0 | –10,622.9 |
| Acquisition of office equipment and intangible assets | | –44.9 | –826.5 |
| Prepayments made on investments in properties | | –110.4 | –476.3 |
| Investments in associated companies | | –1,221.4 | –1,096.0 |
| Acquisition of financial assets | | –9,296.1 | –21,529.1 |
| Repayments from associated companies | | 0.0 | 17,738.2 |
| Disposal of property assets, property companies and other assets, less cash and cash equivalents in the amount of € 16,8K (2008: € 2.286,6K) | 2.3.2. | –3,279.3 | 17,232.5 |
| Dividend payments of associated companies | | 825.0 | 825.0 |
| Interest received from financial investments | | 2,070.8 | 6,436.2 |
| **Cash flow from investment activities** | | **–122,225.1** | **–33,703.8** |

| € 1,000 | Notes | 2009 | 2008 |
|---|---|---|---|
| **Cash flow from financing activities** | | | |
| Cash inflow from financing | | 90,345.6 | 57,635.2 |
| Cash inflow from non-controlling interests | | 8,798.7 | 645.2 |
| Repayment of derivative instruments | 2.1.10. | –1,859.6 | 0.0 |
| Dividend payments | | –36.4 | –15,211.3 |
| Cash inflow from related companies | | 1,435.5 | 400.3 |
| Repayment of loans | | –18,888.6 | –8,688.4 |
| Interest paid | | –15,881.9 | –13,681.3 |
| **Cash flow from financing activities** | | **63,913.3** | **21,099.7** |
| | | | |
| **Net change in cash and cash equivalents** | | **–31,680.4** | **7,236.0** |
| | | | |
| Cash and cash equivalents as of 1.1. | | 148,802.2 | 143,586.5 |
| Changes in the value of foreign currency | | –1,204.1 | –2,020.3 |
| Net change in cash and cash equivalents | | –31,680.4 | 7,236.0 |
| **Cash and cash equivalents as of 31.12.** | **2.2.7.** | **115,917.7** | **148,802.2** |

# E. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.12.2009

| € 1,000 | Share capital | Capital reserves | Retained earnings |
|---|---|---|---|
| **As of 1.1.2008** | **315,959.9** | **145,205.0** | **188,106.6** |
| **Total comprehensive income for the period** | **0.0** | **0.0** | **–96,556.2** |
| Dividend payments | 0.0 | 0.0 | –15,211.3 |
| Acquisition of new companies | 0.0 | 0.0 | 0.0 |
| Purchase of non-controlling interests | 0.0 | 151.3 | 0.0 |
| **As of 31.12.2008** | **315,959.9** | **145,356.3** | **76,339.1** |
| | | | |
| **As of 1.1.2009** | **315,959.9** | **145,356.3** | **76,339.1** |
| **Total comprehensive income for the period** | **0.0** | **0.0** | **–123,257.8** |
| Dividend payments | 0.0 | 0.0 | 0.0 |
| Acquisition and disposal of non-controlling interests | 0.0 | 2.4 | 0.0 |
| Payments from non-controlling interests | 0.0 | 0.0 | 0.0 |
| **As of 31.12.2009** | **315,959.9** | **145,358.7** | **–46,918.7** |

| Valuation result (hedging) | Reserves from associates | Shares held by the shareholders of the parent company | Non-controlling interests | Shareholders' equity (total) |
|---|---|---|---|---|
| **–184.7** | **0.0** | **649,086.8** | **42,960.0** | **692,046.8** |
| **–6,962.3** | **–383.1** | **–103,901.6** | **–21,653.2** | **–125,554.8** |
| 0.0 | 0.0 | –15,211.3 | 0.0 | –15,211.3 |
| 0.0 | 0.0 | 0.0 | 6,570.0 | 6,570.0 |
| 0.0 | 0.0 | 151.3 | 493.9 | 645.2 |
| **–7,147.0** | **–383.1** | **530,125.2** | **28,370.8** | **558,496.0** |
| | | | | |
| **–7,147.0** | **–383.1** | **530,125.2** | **28,370.8** | **558,496.0** |
| **–1,631.6** | **395.2** | **–124,494.2** | **–11,626.3** | **–136,120.5** |
| 0.0 | 0.0 | 0.0 | –36.4 | –36.4 |
| 0.0 | 0.0 | 2.4 | –6,498.1 | –6,495.6 |
| 0.0 | 0.0 | 0.0 | 8,798.7 | 8,798.7 |
| **–8,778.6** | **12.1** | **405,633.4** | **19,008.7** | **424,642.0** |

# F. CONSOLIDATED SEGMENT REPORTING FOR THE YEAR ENDED 31.12.2009

### Segmentation by regions [1]

| € 1,000 | CEE | SEE | CIS | Holding | Total |
|---|---|---|---|---|---|
| | | | 2009 | | |
| Rental income | 24,014.2 | 16,259.8 | 0.0 | 0.0 | 40,273.9 |
| Other gross revenues | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating costs passed on to tenants | 7,238.5 | 3,839.2 | 0.0 | 0.0 | 11,077.7 |
| **Gross revenues** | **31,252.7** | **20,098.9** | **0.0** | **0.0** | **51,351.6** |
| Other expenses directly related to properties (incl. operating expenses) | –10,459.3 | –6,201.9 | 0.0 | 0.0 | –16,661.2 |
| **Net operating income** | **20,793.4** | **13,897.1** | **0.0** | **0.0** | **34,690.4** |
| NOI as a % of the gross revenues | 66.5 % | 69.1 % | – | – | 67.6 % |
| Result from the sale of long-term properties | –83.7 | –0.6 | 0.0 | 0.0 | –84.3 |
| Indirect expenditures | –3,593.9 | –3,135.3 | –950.0 | –3,577.5 | –11,256.7 |
| Other operating income | 691.4 | 592.7 | 10.9 | 294.8 | 1,589.9 |
| **EBITDA** | **17,807.2** | **11,353.9** | **–939.1** | **–3,282.6** | **24,939.4** |
| EBITDA as a % of the gross revenues | 57.0 % | 56.5 % | – | – | 48.6 % |
| Result from revaluation | –80,942.6 | –58,994.8 | –12,016.3 | 0.0 | –151,953.8 |
| Depreciation and amortisation | –44.1 | –17.3 | 0.0 | –36.5 | –97.9 |
| **Operating result (EBIT)** | **–63,179.6** | **–47,658.2** | **–12,955.4** | **–3,319.1** | **–127,112.3** |
| EBIT as a % of the gross revenues | – | – | – | – | – |
| Financing costs [2] | –10,118.3 | –9,089.0 | –9,192.8 | –2,503.9 | –30,904.0 |
| Result from financial investments [2] | 391.6 | 397.9 | 4,510.3 | 13,022.0 | 18,321.9 |
| Result from derivative transactions | –1,859.6 | –378.6 | 0.0 | 0.0 | –2,238.2 |
| Foreign currency gain/loss | 2,394.3 | –13.9 | –64.9 | 89.5 | 2,405.0 |
| Impairment of financial investments | –3,079.9 | –41.9 | 0.0 | 0.0 | –3,121.8 |
| Income from associated companies | 0.0 | 0.0 | –9,088.9 | 1,760.0 | –7,328.9 |
| **Net income before taxes (EBT)** | **–75,451.4** | **–56,783.7** | **–26,791.7** | **9,048.6** | **–149,978.3** |
| Income taxes | 6,971.5 | 2,938.0 | 3,475.1 | 2,064.9 | 15,449.5 |
| **Consolidated net income** | **–68,479.9** | **–53,845.8** | **–23,316.6** | **11,113.5** | **–134,528.8** |
| | | | 31.12.2009 | | |
| Segment properties [3] | 417,892.0 | 251,044.0 | 5,039.0 | 0.0 | 673,975.0 |
| Other segment assets | 48,867.1 | 16,329.2 | 12,420.0 | 87,203.8 | 164,820.1 |
| Investments in associated companies | 0.0 | 0.0 | 6,414.3 | 31,805.6 | 38,219.8 |
| Deferred tax assets | 0.0 | 26.3 | 0.0 | 5,715.8 | 5,742.0 |
| **Total assets** | **466,759.1** | **267,399.5** | **23,873.2** | **124,725.2** | **882,756.9** |
| Segment liabilities | 235,945.6 | 149,934.5 | 27,018.9 | 16,819.3 | 429,718.2 |
| Deferred tax liabilities incl. tax provisions | 19,235.2 | 9,085.0 | 0.0 | 76.5 | 28,396.7 |
| **Segment debts** | **255,180.8** | **159,019.5** | **27,018.9** | **16,895.7** | **458,114.9** |
| **Capital expenditure [4]** | **70,604.1** | **16,698.8** | **3,577.4** | **25.0** | **90,905.3** |
| **Employees [5]** | **58** | **14** | **0** | **18** | **90** |

1) CEE: Hungary, Poland, Slovakia and Czech Republic
SEE: Romania, Bulgaria, Slovenia, Croatia and Serbia
CIS: Russia, Cyprus
Holding: Austria, Netherlands, Luxembourg and Hungary

2) Financing costs and result from financial investments are allocated to the segments before consolidating entries. Financing costs and result from financial investments are therefore comparable only in total with Consolidated Statement of Comprehensive Income

| 2008 | | | | |
|---|---|---|---|---|
| CEE | SEE | CIS | Holding | Total |
| 23,585.7 | 15,073.9 | 0.0 | 0.0 | 38,659.6 |
| 0.0 | 1,258.5 | 0.0 | 0.0 | 1,258.5 |
| 8,352.8 | 3,723.1 | 0.0 | 0.0 | 12,075.9 |
| **31,938.5** | **20,055.5** | **0.0** | **0.0** | **51,994.0** |
| –10,144.5 | –4,611.9 | –49.0 | 0.0 | –14,805.4 |
| **21,794.0** | **15,443.6** | **–49.0** | **0.0** | **37,188.6** |
| 68.2 % | 77.0 % | – | – | 72.5 % |
| 7,013.5 | 0.0 | 0.0 | 0.0 | 7,013.5 |
| –4,048.3 | –3,522.6 | –1,247.6 | –4,835.8 | –13,654.3 |
| 409.6 | 846.8 | 11.5 | 404.0 | 1,671.9 |
| **25,168.8** | **12,767.8** | **–1,285.1** | **–4,431.8** | **32,219.7** |
| 78.8 % | 63.7 % | – | – | 62.0 % |
| –24,368.4 | –22,297.6 | 0.0 | 0.0 | –46,666.0 |
| –14,834.0 | –11,625.8 | –21,080.1 | –32.2 | –47,572.1 |
| **–14,033.6** | **–21,155.6** | **–22,365.2** | **–4,464.0** | **–62,018.4** |
| – | – | – | – | – |
| –11,157.3 | –9,736.2 | –8,524.1 | –2,919.0 | –32,336.6 |
| 501.7 | 491.0 | 3,982.9 | 20,717.3 | 25,692.8 |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| –1,293.8 | –1,589.8 | –323.2 | 19.5 | –3,187.3 |
| –7,800.9 | 0.0 | 0.0 | 0.0 | –7,800.9 |
| 0.0 | 0.0 | –17,064.4 | 1,999.0 | –15,065.4 |
| **–33,783.9** | **–31,990.6** | **–44,294.0** | **15,352.7** | **–94,715.8** |
| –11,450.0 | –8,200.7 | –1,845.0 | –1,250.1 | –22,745.8 |
| **–45,233.9** | **–40,191.3** | **–46,139.0** | **14,102.6** | **–117,461.6** |
| **31.12.2008** | | | | |
| 431,953.1 | 293,345.9 | 26,371.9 | 0.0 | 751,670.9 |
| 23,351.7 | 29,635.5 | 5,572.0 | 135,154.0 | 193,713.3 |
| 0.0 | 0.0 | 15,503.2 | 30,475.3 | 45,978.4 |
| 49.5 | 1,359.7 | 0.0 | 3,471.9 | 4,881.1 |
| **455,354.3** | **324,341.1** | **47,447.1** | **169,101.2** | **996,243.7** |
| 192,223.4 | 154,748.8 | 32,861.5 | 13,381.0 | 393,214.7 |
| 25,879.7 | 13,685.2 | 4,870.4 | 97.5 | 44,532.8 |
| **218,103.1** | **168,434.0** | **37,731.9** | **13,478.5** | **437,747.5** |
| **80,359.0** | **77,609.3** | **24,438.8** | **96.3** | **182,503.4** |
| **53** | **12** | **0** | **25** | **90** |

[3] Segment properties include properties let, properties under development and properties intended for trading
[4] Capital expenditure includes all acquisitions of properties (long-term and short-term), office furniture, equipment, other assets and intangible assets
[5] Situation as of 31.12.2009 (31.12.2008), employees in companies consolidated on a proportional basis are included at 100 %

## Segmentation by sectors

| € 1,000 | 2009 Income producing | Trading | Development | Total |
|---|---|---|---|---|
| Rental income | 40,273.9 | 0.0 | 0.0 | 40,273.9 |
| Other gross revenues | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating costs passed on to tenants | 11,077.7 | 0.0 | 0.0 | 11,077.7 |
| **Gross revenues** | **51,351.6** | **0.0** | **0.0** | **51,351.6** |
| Other expenses directly related to properties (incl. operating expenses) | –16,432.5 | 0.0 | –228.7 | –16,661.3 |
| **Net operating income** | **34,919.1** | **0.0** | **–228.7** | **34,690.4** |
| NOI as a % of the gross revenues | 68.0 % | – | – | 67.6 % |
| Result from the sale of long-term properties | –84.3 | 0.0 | 0.0 | –84.3 |
| Indirect expenditures | –7,585.9 | 0.0 | –3,670.8 | –11,256.7 |
| Other operating income | 1,556.8 | 0.0 | 33.1 | 1,589.9 |
| **EBITDA** | **28,805.7** | **0.0** | **–3,866.4** | **24,939.3** |
| EBITDA as a % of the gross revenues | 56.1 % | – | – | 48.6 % |
| Result from revaluation | –120,810.2 | 0.0 | –31,043.6 | –151,953.8 |
| Depreciation and amortisation | –62.8 | –21.3 | –13.6 | –97.8 |
| **Operating result (EBIT)** | **–92,167.3** | **–21.3** | **–34,923.7** | **–127,112.3** |
| EBIT as a % of the gross revenues | – | – | – | – |
| Financing costs [1)] | –17,421.7 | 0.0 | –13,482.2 | –30,904.0 |
| Result from financial investments [1)] | 7,916.8 | 0.0 | 10,405.2 | 18,321.9 |
| Result from derivative transactions | –2,238.2 | 0.0 | 0.0 | –2,238.2 |
| Foreign currency loss/gain | –69.3 | 0.0 | 2,474.3 | 2,405.0 |
| Impairment of financial investments | 0.0 | 0.0 | –3,121.9 | –3,121.9 |
| Income from associated companies | 0.0 | 0.0 | –7,328.9 | –7,328.9 |
| **Net income before taxes (EBT)** | **–103,979.8** | **–21.3** | **–45,977.2** | **–149,978.3** |
| Income taxes | 12,104.9 | 0.0 | 3,344.6 | 15,449.5 |
| **Consolidated net income** | **–91,874.8** | **–21.3** | **–42,632.6** | **–134,528.8** |
| | **31.12.2009** | | | |
| Segment properties [2)] | 604,999.0 | 1,250.0 | 67,726.0 | 673,975.0 |
| Other segment assets | 120,785.2 | 0.0 | 44,034.9 | 164,820.1 |
| Investments in associated companies | 0.0 | 0.0 | 38,219.8 | 38,219.8 |
| Deferred tax assets | 5,742.0 | 0.0 | 0.0 | 5,742.0 |
| **Total assets** | **731,526.1** | **1,250.0** | **149,980.8** | **882,756.9** |
| Segment liabilities | 332,127.5 | 0.0 | 97,590.6 | 429,718.2 |
| Deferred tax liabilities incl. tax provisions | 27,493.9 | 0.0 | 902.8 | 28,396.7 |
| **Segment debts** | **359,621.4** | **0.0** | **98,493.4** | **458,114.9** |
| **Capital expenditures [3)]** | **7,468.1** | **24.1** | **83,413.1** | **90,905.3** |

1) Financing costs and result from financial investments are allocated to the segments before consolidating entries. Financing costs and result from financial investments are therefore comparable only in total with Consolidated Statement of Comprehensive Income
2) Segment properties include investment properties, investment properties under development and properties intended for trading
3) Capital expenditure includes all acquisitions of properties (long-term and short-term), office furniture, equipment, other assets and intangible assets

For properties under development completed in 2009 the net income positions until the date of completion (except for result from revaluation) were allocated to segment Development.

| 2008 | | | |
|---|---|---|---|
| Income producing | Trading | Development | Total |
| 38,658.9 | 0.0 | 0.7 | 38,659.6 |
| 1,258.5 | 0.0 | 0.0 | 1,258.5 |
| 12,075.9 | 0.0 | 0.0 | 12,075.9 |
| **51,993.3** | **0.0** | **0.7** | **51,994.0** |
| | | | |
| –12,310.8 | 0.0 | –2,494.6 | –14,805.4 |
| **39,682.5** | **0.0** | **–2,493.9** | **37,188.6** |
| 76.3 % | – | – | 71.5 % |
| 7,013.5 | 0.0 | 0.0 | 7,013.5 |
| –8,830.9 | 0.0 | –4,823.4 | –13,654.3 |
| 1,487.3 | 0.0 | 184.6 | 1,671.9 |
| **39,352.4** | **0.0** | **–7,132.7** | **32,219.7** |
| 75.7 % | – | – | 62.0 % |
| –46,434.5 | 0.0 | –231.5 | –46,666.0 |
| –2,006.8 | –5,079.0 | –40,486.3 | –47,572.1 |
| **–9,088.9** | **–5,079.0** | **–47,850.5** | **–62,018.4** |
| – | – | – | – |
| –18,002.9 | 0.0 | –14,334.0 | –32,336.8 |
| 15,485.9 | 0.0 | 10,207.2 | 25,693.0 |
| 0.0 | 0.0 | 0.0 | 0.0 |
| –2,349.0 | 0.0 | –838.3 | –3,187.3 |
| 0.0 | 0.0 | –7,800.9 | –7,800.9 |
| 0.0 | 0.0 | –15,065.4 | –15,065.4 |
| **–13,954.9** | **–5,079.0** | **–75,681.9** | **–94,715.8** |
| –20,741.8 | 0.0 | –2,004.0 | –22,745.8 |
| **–34,696.7** | **–5,079.0** | **–77,685.9** | **–117,461.6** |

| 31.12.2008 | | | |
|---|---|---|---|
| 588,187.0 | 1,247.2 | 162,236.6 | 751,670.8 |
| 138,967.3 | 0.0 | 54,746.0 | 193,713.3 |
| 0.0 | 0.0 | 45,978.4 | 45,978.4 |
| 3,748.4 | 0.0 | 1,132.7 | 4,881.1 |
| **730,902.7** | **1,247.2** | **264,093.7** | **996,243.7** |
| 247,867.9 | 0.0 | 145,346.9 | 393,214.9 |
| 38,305.4 | 0.0 | 6,227.4 | 44,532.8 |
| **286,173.3** | **0.0** | **151,574.3** | **437,747.7** |
| **62,447.8** | **6,344.2** | **113,711.5** | **182,503.4** |

# G. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31.12.2009

## 1. GENERAL NOTES

### 1.1. Scope of business

CA Immo International AG and its subsidiaries (the "CA Immo International Group") constitute an internationally active property group. The parent company is CA Immo International AG domiciled at 1030 Vienna, Mechelgasse 1. Subsidiaries exist in Austria, Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, Luxembourg, the Netherlands, Poland, Romania, Russia, Serbia, Slovakia and Slovenia. As of 31.12.2009, the CA Immo International Group held properties in all the forenamed countries (except Austria, the Netherlands, Luxembourg, Croatia and Cyprus). The parent company of the whole CA Immo Group is CA Immobilien Anlagen Aktiengesellschaft, Vienna.

### 1.2. Accounting principles

The consolidated financial statements of CA Immo International AG were prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS), to the extent these standards are applicable to companies within the European Union.

The accounts of the companies included in the consolidated financial statements are based on the uniform accounting principles of the CA Immo International Group.

The reporting date of all the companies is 31.12.2009. At the time the statements were prepared, published figures were not available for the listed company UBM Realitätenentwicklung AG, Vienna, so that the consolidated financial statements contain the figures published by this company in its half-year financial statements as of 30.6.2009.

The consolidated financial statements are presented in one thousand 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.

### 1.3. Scope of consolidation

The following companies are included in the consolidated financial statements in addition to CA Immo International AG:

| Company | Domicile | Nominal capital | Currency | Interest held % | Consolidation method[1] |
|---|---|---|---|---|---|
| CA Immo International Beteiligungsverwaltungs GmbH | Vienna | 35,000 | EUR | 100 | FC |
| CA Immo Investment Management GmbH | Vienna | 100,000 | EUR | 100 | FC |
| CEE Hotel Development GmbH | Vienna | 70,000 | EUR | 50 | PC |
| CEE Hotel Management und Beteiligungs GmbH | Vienna | 35,000 | EUR | 50 | PC |
| H 1 Hotelentwicklungs GmbH | Vienna | 35,000 | EUR | 50[2] | PC |
| UBM Realitätenentwicklung AG | Vienna | 5,450,463 | EUR | 25 | EQ |
| CA Immo d.o.o. | Belgrade | 390,500 | EUR | 100 | FC |
| Log Center d.o.o. | Belgrade | 500 | EUR | 50 | PC |

[1] FC = full consolidation, PC = proportional consolidation, EQ = At equity consolidation
[2] 100 % interest in CEE Hotel Management und Beteiligungs GmbH, of which a portion of 50 % contained in the consolidated financial statements of CA Immo International

| Company | Domicile | Nominal capital | Currency | Interest held % | Consolidation method [1] |
|---|---|---|---|---|---|
| TM Immo d.o.o. | Belgrade | 5,250,000 | EUR | 100 | FC |
| BA Business Center a.s. | Bratislava | 7,503,200 | EUR | 100 | FC |
| Starohorska Development s.r.o. | Bratislava | 6,639 | EUR | 50 | PC |
| CA Immo Holding Hungary Kft. | Budapest | 13,000,000 | HUF | 100 | FC |
| Canada Square Kft. | Budapest | 12,500,000 | HUF | 100 | FC |
| Casa Property Kft. | Budapest | 51,310,000 | HUF | 100 | FC |
| Kapas Center Kft. | Budapest | 772,560,000 | HUF | 100 | FC |
| Kilb Kft. | Budapest | 30,000,000 | HUF | 100 | FC |
| R 70 Invest Budapest Kft. | Budapest | 5,250,000 | HUF | 100 | FC |
| Skogs Buda Business Center II. Kft. | Budapest | 327,000,000 | HUF | 100 | FC |
| Váci 76 Kft. | Budapest | 3,100,000 | HUF | 100 | FC |
| CA Immobilien S.R.L. | Bucharest | 947,100 | RON | 100 | FC |
| Opera Center One S.R.L. | Bucharest | 2,531,150 | RON | 100 | FC |
| Opera Center Two S.R.L. | Bucharest | 4,700,400 | RON | 100 | FC |
| S.C. BBP Leasing S.R.L. | Bucharest | 14,637,711 | RON | 100 | FC |
| CA Immo Holding B.V. | Hoofddorp | 51,200,000 | EUR | 100 | FC |
| CA Immobilien Anlagen d.o.o. | Ljubljana | 50,199 | EUR | 100 | FC |
| CA IMMO NEW EUROPE PROPERTY FUND S.C.A. SICAR | Luxembourg | 136,550,000 | EUR | 60 | FC |
| CA Immo S.á.r.l. | Luxembourg | 33,000 | EUR | 100 | FC |
| OOO BBM | Moscow | 10,000 | RUB | 50 | PC |
| OOO Business Center Maslovka | Moscow | 23,500,000 | RUB | 50 | PC |
| OOO Saimir | Moscow | 10,000 | RUB | 100 | FC |
| Larico Limited | Nicosia | 1,438 | EUR | 50 | PC |
| Triastron Investments Limited | Nicosia | 1,737 | EUR | 50 | PC |
| 2P s.r.o. | Plzeň | 240,000 | CZK | 100 | FC |
| Europort Airport Center a.s. | Prague | 14,100,000 | CZK | 100 | FC |
| FCL Property a.s. | Prague | 2,000,000 | CZK | 100 | FC |
| Officecenter Mladost EOOD | Sofia | 5,000 | BGN | 100 | FC |
| Officecenter Mladost 2 EOOD | Sofia | 5,000 | BGN | 100 | FC |
| Soravia Center OÜ | Tallinn | 100,000 | EEK | 40 | EQ |
| CA Betriebsobjekte Polska Sp. z.o.o. | Warsaw | 228,404,000 | PLN | 50 | PC |
| Doratus Sp. z.o.o. | Warsaw | 2,000,000 | PLN | 100 | FC |
| Mahler Property Services Sp. z.o.o. | Warsaw | 50,000 | PLN | 50 | PC |
| CA Immo Projekt d.o.o. (being wound up) | Zagreb | 11,800,000 | HRK | 100 | FC |

[1] FC = full consolidation, PC = proportional consolidation, EQ = At Equity consolidation

As of 31.12.2009, CA Immo International AG held 60 % of the shares in CA IMMO NEW EUROPE PROPERTY FUND S.C.A. SICAR, Luxembourg. The following subsidiaries and interests in joint ventures and in associates of CA IMMO NEW EUROPE PROPERTY FUND S.C.A. SICAR are therefore also included in the consolidated financial statements:

| **Company** | **Domicile** | **Nominal capital** | **Currency** | **Interest held %** | **Consolidation method[1]** |
|---|---|---|---|---|---|
| CA Immo Office Park d.o.o. | Belgrade | 500 | EUR | 100 | FC |
| CA Immo Sava City d.o.o. | Belgrade | 19,100,000 | EUR | 100 | FC |
| TC Investments Arad S.R.L | Bucharest | 4,018,560 | RON | 95.9 | FC |
| TC Investments Turda S.R.L (being wound up) | Bucharest | 200 | RON | 70 | FC |
| Pannonia Shopping Center Kft. | Györ | 380,000,000 | HUF | 50 | PC |
| CAINE B.V. | Hoofddorp | 18,151 | EUR | 100 | FC |
| Pulkovo B.V. | Hoofddorp | 25,000 | EUR | 100 | FC |
| CAINE S.á.r.l. | Luxembourg | 12,500 | EUR | 100 | FC |
| K&K Investments S.R.L | Sibiu | 21,609,000 | RON | 90 | FC |
| OAO Avielen AG | St. Petersburg | 370,000,000 | RUB | 25 | EQ |
| Poleczki Business Park Sp. z.o.o. | Warsaw | 3,936,000 | PLN | 50 | PC |

The scope of consolidation changed as follows in business year 2009:

| | **Full consolidation** | **Proportional consolidation** | **At equity** |
|---|---|---|---|
| **As of 1.1.2009** | **39** | **20** | **3** |
| Acquisitions | 0 | 0 | 0 |
| Establishments | 1 | 0 | 0 |
| Disposals | 0 | –6 | 0 |
| Transformations | –2 | –1 | 0 |
| **As of 31.12.2009** | **38** | **13** | **3** |
| of which foreign companies | 35 | 10 | 2 |

In September 2009, the CA Immo International Group established and for the first time consolidated OOO Saimir, Moscow. The company serves the purpose of supporting project developments in Russia. The capital contribution to the newly established company amounted to € 0.2K.

Effective 2.7.2009, CA IMMO NEW EUROPE PROPERTY FUND S.C.A. SICAR, Luxembourg, in which CA Immo International AG holds a 60 % interest, sold its 50 % share in Tavero Enterprises Limited (Matryoshka project), Nicosia, to the joint venture partner. The purchase price of € 2 was counterbalanced by a settlement in the amount of € 3,545.7K for the ending of the joint venture by CA IMMO NEW EUROPE PROPERTY FUND S.C.A. SICAR.

The CA Immo International Group also disposed of CEE Development B.V., Hoofddorp (holding company), and Astrakhan Hotelinvest B.V., Hoofddorp (holding company). The aggregate purchase price of € 7.0K was paid in 2009.

[1] FC = full consolidation, PC = proportional consolidation, EQ = At Equity consolidation

The changes affect the composition of the consolidated statement of financial position as follows (values as of time of sale):

| | Disposals |
|---|---|
| Properties | –12,893.0 |
| Cash and cash equivalents | –16.8 |
| Deferred taxes | 1,394.9 |
| Financial liabilities | 11,136.8 |
| Provisions | 11.1 |
| Other liabilities | 211.9 |
| Non-controlling interests | 6,498.1 |
| Payables to/receivables from related companies | –6,348.9 |
| **Net assets** | **–5.9** |

Two mergers took place effective 31.10.2009, when CSB Vagyonkezel Kft., Budapest, merged with its subsidiary Canada Square Kft., Budapest, and Skogs Hungary Kft., Budapest, merged with its subsidiary Skogs Buda Business Center II. Kft., Budapest. Each of the new entities adopted the name of the former subsidiary.

Effective 31.12.2009, Warsaw Financial Center Sp.z.o.o., Warsaw, merged with CA Betriebsobjekte Polska Sp.z.o.o., Warsaw.

The following material positions recognised in the consolidated statement of financial position are available for the companies that are consolidated proportionally (pro rata figures):

| € 1,000 | 31.12.2009 | 31.12.2008 |
|---|---|---|
| Properties | 134,280.2 | 150,337.3 |
| Properties intended for trading | 1,250.0 | 0.0 |
| Other short-term assets | 18,667.5 | 11,008.5 |
| Deferred tax assets | 0.0 | 18.2 |
| **Total assets** | **154,197.7** | **161,364.0** |
| Long-term liabilities | 102,914.0 | 80,798.2 |
| Short-term liabilities | 27,225.5 | 12,153.5 |
| Deferred tax liabilities | 7,799.1 | 14,595.4 |
| **Liabilities** | **137,938.6** | **107,547.1** |

The following material positions recognised in the consolidated income statement are available for the companies that are consolidated proportionally (pro rata figures):

| € 1,000 | 31.12.2009 | 31.12.2008 |
|---|---|---|
| Rental income | 7,444.6 | 7,523.3 |
| Other gross revenues | 0.0 | 55.8 |
| Depreciation and amortisation | –23.2 | –29,895.7 |
| Result from revaluation | –36,499.9 | 10,039.0 |
| Other operating income | 560.3 | 629.4 |
| Other expenses | –4,153.3 | –18,305.9 |
| **Financial result** | **–3,931.3** | **–5,922.1** |

The following information concerning assets, liabilities, gross revenues and results for the period is available for the companies included in the consolidated financial statements by way of at equity consolidation, namely for:

- OAO Avielen, St. Petersburg
- Soravia Center OÜ, Tallinn
- UBM Realitätenentwicklung AG, Vienna

| € 1,000 | 31.12.2009 | 31.12.2008 |
|---|---|---|
| Properties | 403,047.4 | 413,964.2 |
| Short-term assets | 166,678.9 | 150,515.1 |
| Long-term liabilities | 350,246.8 | 296,156.6 |
| Short-term liabilities | 92,232.8 | 150,331.8 |
| **Group's share in net assets** | **31,737.8** | **29,475.1** |
| Rental income | 108,209.1 | 87,858.7 |
| Consolidated net income | 2,135.4 | 7,781.5 |
| **Group's share in consolidated net income** | **510.4** | **1,945.4** |

### 1.4. Consolidation methods

The first-time inclusion of a newly acquired subsidiary in the consolidated financial statements is done in accordance with the purchase method by allocating the acquisition costs to the revalued assets (especially properties) and liabilities of the subsidiary.

The acquisition of property companies generally concerns the acquisition of individual assets and liabilities that do not constitute business operations. For this reason, the company acquisitions do not represent business combinations in the sense of IFRS 3.

All group-internal transactions between companies belonging to the scope of full and proportional consolidation and the relevant income and expenses, receivables and payables as well as unrealised interim profits are eliminated.

If a material influence can be exerted on the business and financial policy of companies (associated companies), these companies are carried at equity and the proportional annual surplus/loss of the company is entered under the book value of the shares. The value of any dividends is proportionally reduced.

### 1.5. Foreign currency translation

**Business operations in foreign currency**
The individual group companies record foreign currency transactions at the mean rate of exchange ruling on the day of the relevant transaction. Monetary assets and liabilities in foreign currency existing at the balance sheet date are translated into euros, the Group currency, at the rate of exchange ruling on that date. Any resulting foreign currency gains or losses are recognised in the income statement of the relevant business year.

**Translation of individual financial statements denominated in foreign currency**
The Group currency is the euro (EUR). Since the euro is also the functional currency of the companies in Eastern and South East Europe outside the European Monetary Union and included in the consolidated financial statements, the financial statements prepared in foreign currency are translated in accordance with the re-measurement method. Under this method, investment property and property under construction as well as monetary assets and liabilities are

translated at closing rates, whereas 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. Any gains and losses resulting from foreign currency translation are recognised in the income statement.

The foreign currency translation was based on the following rates of exchange:

| | Croatia HRK | Hungary HUF | Slovakia [1] SKK | Czech Republic CZK | Poland PLN | Romania RON | Bulgaria BGN |
|---|---|---|---|---|---|---|---|
| Closing rate 31.12.2009 | 7.3000 | 272.0000 | – | 26.4000 | 4.1225 | 4.2250 | 1.9558 |
| Average rate 2009 | 7.3543 | 281.5375 | – | 26.5179 | 4.3475 | 4.2438 | 1.9557 |
| Closing rate 31.12.2008 | 7.3990 | 265.5500 | 30.1260 | 26.5000 | 4.1880 | 4.0300 | 1.9550 |
| Average rate 2008 | 7.2300 | 251.1000 | 31.1743 | 24.9875 | 3.5355 | 3.7075 | 1.9528 |

| | Russia RUB | Serbia RSD | USD Selling | USD Buying |
|---|---|---|---|---|
| Closing rate 31.12.2009 | 43.4000 | 96.5000 | 1.4410 | 1.4310 |
| Average rate 2009 | 44.3238 | 94.2500 | | |
| Closing rate 31.12.2008 | 41.4500 | 89.3000 | 1.4140 | 1.4040 |
| Average rate 2008 | 36.7831 | 81.7625 | | |

### 1.6. Accounting and valuation principles

All compulsory amendments to existing IAS and IFRS and IFRIC and SIC interpretations (previous standards and their amendments, and new standards) to be applied in the European Union (EU) as of 31.12.2009 were taken into account in the preparation of the consolidated financial statements. The consolidated financial statements of the CA Immo Group therefore complies with the International Financial Reporting Standards.

#### 1.6.1. First-time application of new and revised standards and interpretations

The following standards and interpretations, already an integral part of EU law, were to be applied for the first time in 2009 business year:

- **Amended version of IAS 1 (Presentation of Financial Statements)**
  As a consequence of the amendments to IAS 1, some of the constituents of the financial statements have been restructured and renamed. One of the key changes to IAS 1 is the Statement of Comprehensive Income, which contains the earnings components of the Income Statement that are recognised in profit or loss, and the earnings components that are recognised directly in equity. The CA Immo Group adopts the two statement approach when disclosing its comprehensive income. One statement contains all the expenses and income that are recognised in profit or loss. The second statement contains all the earnings constituents that are recognised directly in equity. Starting with the result for the period as per the Income Statement, the Statement of Comprehensive Income thus gives rise to a general statement of performance during the accounting period. The statement of changes in shareholders' equity is therefore abridged. It now serves the purpose of separately depicting transactions with the owners of the company.

[1] Adopted the euro on 1.1.2009

- **Amended version of IAS 23 (Borrowing Costs)**
  IAS 23 has been revised to change the way in which financing costs are recognised. These costs must now be capitalised if the property concerned is a qualifying asset. The application of IAS 23 is not obligatory, however, for assets recognised at market value. The amendment of IAS 23 does not trigger any change in the accounting and valuation methods because the CA Immo Group was already exercising the capitalisation option available in prior years. It will continue to capitalise the financing costs for property under construction as acquisition and production costs.

- **Improvements to the IFRS issued in 2008 in various standards, in particular the amendment of IAS 40**
  The "Improvements to IFRS 2008" entailed the amendment of IAS 40. Investment properties under development that are to be used later as investment properties are no longer to be measured at amortised acquisition or production cost, but at fair value. The amendment of IAS 40 is to be applied prospectively from 1.1.2009.

- **Amendments to IFRS 7 "Financial instruments: Disclosures"**
  The amendments require additional disclosures about financial instruments in the Notes. In particular, the extent to which fair values of financial instruments are determined on the basis of published market prices or unobservable internal company data must be shown using a so-called "fair value hierarchy". Furthermore, the duties of disclosure are extended to include liquidity risks from financial instruments. The 2009 consolidated financial statements of the CA Immo Group have taken into consideration the amendments to IFRS 7.

- **IFRS 8 (Operating Segments)**
  This standard replaces IAS 14 and requires that external segment reporting exclusively reflects the control and reporting variables that are used internally ("management approach"). The presentation of segments is done for the CA Immo Group by region and division, and corresponds to the internal reporting system. Application of the IFRS 8 does not give rise to any change in segment reporting.

- **Amended version of IAS 27 (Consolidated and Separate Financial Statements)**
  The amendments contain simplified arrangements for the valuation of investments in an individual financial statement that is prepared under IFRS for the first time. There are no consequences for the consolidated financial statements.

- **Amendments to IAS 32 (Financial Instruments: Presentation)**
  In order to improve understanding of the final recipients of the financial instruments and their influence on the asset, financial and earnings position, specific issued instruments, which previously in spite of great similarities with ordinary shares were classified as liabilities, are now to be allocated to equity capital. There are no consequences for the consolidated financial statements of the CA Immo Group.

- **Amendment of IAS 39 (Financial Instruments: Recognition and Measurement) concerning the reclassification of financial instruments and relating to embedded derivatives**
  The amendments contain transitional arrangements and a clarification regarding the date of application of the option introduced in 2008, of valuing certain non-derivative financial assets at amortised acquisition costs which previously had to be valued at fair value. See IFRIC 9 "Embedded Derivatives" for further details. The CA Immo Group does not make use of this option; therefore there are no consequences for the consolidated financial statements.

- **Amendments to IFRS 1 (First-time Adoption of International Financial Reporting Standards)**
  The amendments to IFRS 1 have the objective of avoiding unreasonably high costs during the transition to IFRS. The amendments have no effect on the consolidated financial statements of the CA Immo Group.

- **Revised version of IFRS 2 (Share-based Payment)**
  This lays down that terms of implementation are only terms of service and performance. Moreover the rules on premature termination apply regardless of which party terminates the pro-rated remuneration plan, i.e. the company or another party, which previously was not the case. This standard has no consequences for the consolidated financial statements of the CA Immo Group.

- **IFRIC 9 (Embedded Derivatives)**
  The amendments to IFRIC 9 and IAS 39 "Embedded Derivatives" clarify the arrangements under which, when reclassifying a financial instrument previously valued at fair value and recognised in profit or loss to the category "Valued at amortised acquisition costs", it must be examined whether the relevant embedded derivatives are liable to separation.

  The amendment was necessary to clarify that the scope of IFRIC 9 excludes contracts with embedded derivatives, which are acquired in a merger of companies under joint control or on formation of a joint venture. The revised definition of an operating activity in IFRS 3 (2008), shifts the formation of a joint venture into scope of IFRIC 9.

  The IASB (International Accounting Standards Board) has stipulated compulsory adoption already for business years that end on or after 30.6.2009. First-time adoption has no consequences for the consolidated financial statements of the CA Immo Group.

- **IFRIC 13 (Customer Loyalty Programmes)**
  IFRIC 13 deals with the accounting and valuation of bonus credits granted to customers on the purchase of goods and services. Application of IFRIC 13 has no effect on the CA Immo consolidated financial statements.

- **IFRIC 14/IAS 19 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)**
  IFRIC 14 provides general guidelines on determining the upper limits of the surplus amount of a pension fund, which under IAS 19 may be carried as an asset. The amendment is relevant if a company, which has to make minimum contributions in relation to its pension plans, makes advance payments towards this. The change in interpretation enables the company to carry the benefit from these advance payments as an asset. Application of the IFRIC 14 has already been taken into account in the consolidated financial statements of the CA Immo Group.

### 1.6.2. New and revised standards and interpretations that are not yet compulsory

The following amendments and new versions of standards and interpretations had already been endorsed by the EU as of the balance sheet date, but their application was not yet compulsory in the reporting period:

| **Standard/ Interpretation** | **Content** | **Effective date [1)]** |
|---|---|---|
| IAS 32 | **Amendment about Classification of Rights Issues**<br>The amendments concern the accounting by the issuer of subscription rights, options and warrants to acquire a fixed number of equity instruments denominated in a currency other than the issuer's functional currency. | 1.2.2010 |
| IAS 39 | **Financial instruments: Recognition and Measurement**<br>The amendments substantiate the principles of accounting hedge relations. The amendments concern the requirements for the qualification of inflation risks as underlying transaction of a hedge relation. Unresolved issues regarding the hedging of unilateral risks are also clarified. | 1.7.2009 |
| IFRS 1 (revised) | **First-time Adoption of International Financial Reporting Standards**<br>Restructured version of IFRS 1, in which outdated transitional provisions were deleted and minor amendments were made to the text. | 31.12.2009 |
| IFRS 3 (revised) / IAS 27 | **Business Combinations**<br>Amended regulations on accounting of company acquisitions. Particular changes are to the scope of IFRS 3 and the accounting of gradual share acquisitions. Moreover IFRS 3 (revised) provides an option: the shares of non-controlling limited partners may be valued at their fair value or with the proportional net assets.<br>In the revised version of IAS 27 the IASB has in particular amended the regulations on accounting of transactions with non-controlling shareholders of a group: Transactions used by a parent company to change the proportion of its interest in a subsidiary, without surrendering control, shall in future be recorded as equity capital transactions not recognised in profit or loss. New rules have also been introduced concerning accounting in the event of loss of a controlling position with regard to a subsidiary: The standard stipulates how a final consolidation result is calculated and any residual interest in a former subsidiary is valued after a partial sale. | 1.7.2009 |
| IFRIC 12 | **Service Concession Arrangements**<br>Governs the accounting of agreements under which private companies conclude contracts with government bodies, intended to implement mandatory duties. The private company hereby makes use of infrastructure which remains under the authority of the government bodies. | 1.4.2009 |

| Standard/ Interpretation | Content | Effective date[1] |
|---|---|---|
| IFRIC 15 | **Agreements for the Construction of Real Estate** Governs the accounting of real estate sales, whereby the contract is concluded with the buyer before completion of the construction work. The interpretation in particular clarifies the requirements under which IAS 11 or IAS 18 is applicable and the date on which the gross revenues should be realised. | 1.1.2010 |
| IFRIC 16 | **Hedges of a Net Investment in a Foreign Operation** Dubious issues in relation to currency hedging a foreign business concern are clarified. | 1.7.2009 |
| IFRIC 17 | **Distributions of Non-cash Assets to Owners** Governs the accounting for the distribution of non-cash assets to the owners of a company. | 31.10.2009 |
| IFRIC 18 | **Transfers of Assets from Customers** Governs the accounting of assets transferred by customers to a company, in order to be connected to a network or receive permanent access to a supply of goods or services. | 31.10.2009 |

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

The indicated new versions and interpretations are not being applied prematurely. The amendments are not at present believed to have any material effects on the presentation of the asset, financial and earnings position of the CA Immo International Group.

### 1.6.3. Change of recognition, accounting and valuation methods

**Changes of IAS 40**

The “Improvements to IFRS 2008” entailed the amendment of IAS 40. Investment properties under construction that are to be used later as investment properties are no longer to be measured at amortised cost, but at fair value. The amendment of IAS 40 is to be applied prospectively from 1.1.2009. Since the CA Immo International Group exercises the option afforded by IAS 40 and measures investment properties at market or fair value, investment properties under construction must be measured at fair value from 1.1.2009.

The effect of this amendment of IAS 40 on the consolidated income statement for 2009 is as follows. In 2009, the measurement of investment properties under construction is shown in the revaluation gain/loss (in the previous year, necessary impairments were recognised in the income statement under the item “Depreciation and amortisation”). As of 31.12.2008, the properties under construction in Eastern and South East Europe contained undisclosed reserves not recognised in the consolidated financial statements according to IFRS in the amount of € 130.8K; these reserves were revalued and recognised in profit and loss effective the start of 2009. Since there were no revaluation gains on properties under construction in the reporting period, there was no further impact on the consolidated net income.

### 1.6.4. Accounting and valuation methods in detail

**Property valuation**

All the investment properties and a large portion of the investment properties under construction were valued as of 31.12.2009 by independent experts operating in the international arena, paying due regard to the current market situation. External valuation reports were not obtained for properties under construction with a recognised value of € 5,420.0K, which is equivalent to around 8.0 % of the recognised value of all properties under construction.

The external valuations were carried out generally in accordance with the standards defined by the Royal Institution of Chartered Surveyors (RICS). The RICS defines the fair value as the amount for which a property could be exchanged between willing parties in an arm's length transaction in which both the buyer and the seller act knowledgeably, prudently and without compulsion. The crisis in the global financial system has triggered considerable uncertainty in the commercial property markets. For a certain period, therefore, prices and values can be subject to significant fluctuation. The current lack of liquidity in the capital markets could make it more difficult to sell the investment properties in the short term.

In Eastern Europe, the calculated fair values of the investment properties are based on discounted, expected future cash flows or capitalised rental income. The present value of the future cash flows is determined by discounting these cash flows as of the reporting date. The discount rate is established on the basis of yields arising from transactions with comparable properties. In view of the lack of liquidity, hardly any transaction took place in most Eastern European countries. This absence of liquidity is reflected in the increasing and strongly fluctuating yields.

As a general rule, the value appraisers also take into consideration future changes in contractual rents, anticipated vacancies and their duration, lease expiration profiles and an estimation of the market rent for vacant premises and premises becoming available in future. Especially in the case of properties with a low occupancy rate and vacancies anticipated at short notice, this factor can give rise to discrepant values if the market rent and rentability are incorrectly estimated.

The most relevant components in the valuation of the investment properties in Eastern Europe are first, the estimated rental value, which reflects the sustainable rent that can be obtained for the property and, therefore, the estimation of the market rent for new and substitute tenancies, and second, the equivalent yields. Year on year, the equivalent yields have increased by around 0.5 % to 1.5 % and currently lie in a band from 7.65 % to 9.0 % for Hungary, 7.50 % to 8.0 % for Poland, and 9.25 % to 9.75 % for Serbia. In Romania, Slovakia and Bulgaria, the equivalent yields stand at just above 9.0 %. For the hotel properties in the Czech Republic and Slovenia, the recognised equivalent yields are between 8.0 % and 9.0 %.

In the case of property values under construction, the calculated market value is based largely on the projected capitalised earnings value of the projects upon completion and an appropriate developer profit, less the outstanding cost to completion (residual value method). Any risks were considered either in the expected future cash flows, or in the recognised rents, or in the applied capitalisation rates. The applied interest rates vary, in particular depending on the different property locations, and were determined according to experts' empirical values. Land banks, consisting of land that is not earmarked for active development in the near future, are valued on the basis of comparable transactions.

**Investment properties and properties under construction**

All investment properties are measured according to the fair value model specified as an option under IAS 40. Under this model, the properties are measured at the fair value prevailing on the relevant balance sheet date. Differences compared with stated values prior to revaluation (fair value of previous year plus subsequent/additional acquisition or production cost less subsequent acquisition cost reductions) are recognised in the income statement under "Result from revaluation". For further details, see item 2.2.1..

Financing costs for investment properties under construction are capitalised as production costs according to the conditions set forth in IAS 23.

**Office furniture and equipment**

The office furniture and equipment item is measured in accordance with the cost method; in other words, at acquisition or production cost less regular depreciation and impairment losses. Regular depreciation of office furniture and equipment is done on a straight-line basis over the estimated useful life of five to ten years.

**Intangible assets**

Intangible assets are carried in the consolidated statement of financial position at acquisition cost less straight-line amortisation and impairment losses. For the amortisation of computer software, a useful life of three to five years was assumed.

The other intangible assets item contained in the statement of financial position equals the difference arising from the allocation of acquisition cost to the relevant fair values of the acquired properties and the relevant deferred tax liabilities not discounted in line with IAS 12. This difference represents the benefit resulting from the later maturity of the deferred tax liabilities. It is amortised regularly in accordance with the maturity. Impairments are recognised because of the fall in the properties' market value. The impairments are recognised in the tax expenses.

**Financial assets**

Loans granted by the company and prepayments made on investments in properties are carried at amortised cost.

Investments in associated companies are valued at equity. Changes in the shareholders' equity of associated companies are recognised in profit or loss under the result from investments in associates. Changes in shareholders' equity that are not recognised in profit or loss are recognised in the reserves for associates.

**Properties intended for trading**

Properties intended for trading in the ordinary course of business, or in the process of development or construction for such sale, are recognised as inventories in compliance with IAS 2.

In contrast to the classification of investment properties according to IAS 40, such assets are recognised as intended for trading if the property concerned is intended for sale in the ordinary course of business or under construction for subsequent sale in the ordinary course of business.

The properties are first measured at acquisition or production cost. Thereafter the properties intended for trading are measured at the lower of cost and net realisable value as of the relevant balance sheet date.

The net realisable value is the estimated sales proceeds obtainable in the course of ordinary business less the estimated cost to completion and the estimated necessary selling costs.

The necessity of writing inventories down below cost to net realisable value is examined separately for each property. Estimates of the net realisable value of the properties classified as inventories are based on market value reports and/or internal valuations.

When the circumstances that previously caused inventories to be written down to the net realisable value no longer exist, the amount of the write-down is reversed – the reversal is limited to the amount of the original write-down – so that the new carrying amount is not lower than the historical acquisition or production cost.

Financing costs arising during the construction phase are also capitalised as acquisition or production costs in the case of properties intended for trading if the criteria of IAS 23 are satisfied. Here again, the amendment of IAS 23 does not trigger any change in the accounting and valuation methods because the CA Immo International Group was already exercising the capitalisation option available in prior years.

**Impairments**

If signs of a value impairment are evident, the CA Immo International Group determines the recoverable amount for the office furniture and equipment and the intangible assets. The recoverable amount is the higher of the fair value less the cost of selling (net realisable value) and the utility value or value in use.

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

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 and its retirement at the end of its useful life.

If this recoverable amount is lower than the carrying value of the asset, the asset is written down to the lower value. The calculated impairment loss is recognised in the income statement. For further details, see item 2.1.6..

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

**Receivables and other assets**
Trade debtors and other assets are recognised at fair value and subsequently measured at amortised cost, applying the effective interest-rate method and allowing for impairments.

An impairment for trade debtors is formed depending on the status of the dunning procedure and individual credit rating of the relevant debtor, taking into account securities received, and is recognised if there is an objective indication that the due receivables cannot be collected in full.

**Cash and cash equivalents**
Cash and cash equivalents include cash, sight deposits with banks as well as other short-term, highly liquid financial assets with an original term of up to three months. This item also encompasses bank balances subject to drawing restrictions of not more than 3 months.

**Payment obligations to employees**
The CA Immo International Group has the legal obligation to pay 1.53 % of the monthly salary of all staff joining domestic companies after 31.12.2002 into a staff pension fund. There are no obligations beyond the legal requirements for staff employed after 1.11.2006 by CA Immo International AG. The company did not employ any staff before this deadline. This means that the pension scheme is a defined contribution plan. In 2009, an amount of € 23.2K (2008: € 23.2K) was paid in and recognised immediately as an expense.

Based on an agreement with a pension fund, a defined contribution pension obligation exists for employees in Austria with a certain number of years of service. In the year under review, an amount of € 33.4K (2008: € 26.7K) was paid in and recognised as an expense.

In contrast to the prior year, a provision for severance payments no longer exists as of 31.12.2009.

**Other provisions**
Other provisions are stated if the CA Immo International Group has legal or actual payment obligations towards third parties due to a past event and this obligation is likely to lead to an outflow of funds. Such provisions are stated at the value which can be determined by the best possible estimate at the time the consolidated financial statements are prepared. If a reasonable estimate of the amount is not possible, a provision is not set up and an explanation is given in the Notes. 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 stated.

**Taxes**
The income tax expense reported for the business year contains the income tax of the individual subsidiaries calculated from their taxable income and the tax rate applicable in the relevant country (“actual tax”) and the change in deferred taxes recognised in the income statement as well as the amortisation of the item “Other intangible assets”.

In line with IAS 12, all temporary differences between the tax accounts and consolidated statement of financial position are considered in the calculation of deferred taxes. Deferred taxes on losses carried forward are capitalised to the extent that such losses carried forward are likely to be netted against future tax profits within the next five to seven years.

For the calculation of deferred taxes, the tax rates expected to apply at the time of reversing the temporary differences are used. The calculation of deferred taxes was based on the following tax rates: Austria 25 % (2008: 25 %), Bulgaria 10 % (2008: 10 %), Croatia 20 % (2008: 20 %), Luxembourg 28.59 % (2008: 29.63 %), the Netherlands 20 % (2008: 20 %), Poland 19 % (2008: 19 %), Romania 16 % (2008: 16 %), Russia 20 % (2008: 24 %), Serbia 10 % (2008: 10 %), Slovakia 19 % (2008: 19 %), Slovenia 20 % (2008: 20 %), Czech Republic 19 % (2008: 19 %), Hungary 19 % (2008: 16 %), Cyprus 10 % (2008: 10 %).



Income tax is basically payable in respect of property on both the rental income from the relevant property and profits from the sale of the property. Income from the sale of invstments in foreign companies is wholly or partly exempt from income tax if certain requirements are met. Even if these conditions are met in individual cases, the deffered taxes are carried in full for property assets.

In business year 2005, a group and tax compensation agreement was concluded in Austria for the formation of a group of companies within the meaning of Section 9 of the Austrian Corporation Tax Act (KStG) with effect from business year 2005. In accordance with this agreement, the members of the group pay tax compensation of 22 % to 25 % to the head of the group after using up their own and/or transferred losses carried forward. The head of the group is CA Immobilien Anlagen Aktiengesellschaft, Vienna. CA Immo International AG (parent company of the CA Immo International Group) is a member of the group. In business year 2007, an agreement on amendments and supplements to the group and tax compensation agreement was concluded between CA Immobilien Anlagen Aktiengesellschaft and CA Immo International AG as well as CA Immo Investment Management GmbH. An agreement to supplement the group and tax compensation agreement was also concluded between CA Immo International AG and CA Immo Investment Management GmbH. In the consolidated financial statements of the CA Immo International Group, deferred taxes at the currently applicable tax rate of 25 % are recognised for losses carried forward from the Austrian group members, and the losses carried forward that were transferred to the head of the group are shown in the entries "Taxes on income" and "Deferred taxes" from group taxation.

Estimates are to be made for the purpose of forming tax provisions. An examination must also be performed to establish the extent to which deferred tax assets are to be recognised. The probability that deferred tax assets arising from temporal differences and losses carried forward can be offset against taxable profits is to be assessed. Uncertainties exist concerning the interpretation of complex tax regulations and regarding the amount and effective date of future taxable income. The impairment test applied to deferred tax assets depends on enterprise-specific forecasts concerning, among other things, the future earnings situation in the relevant group company. In particular against the background of an existing network of diverse international alliances, differences between the actual results and the assumptions on the one hand, and future changes to these assumptions on the other, can influence future tax expenses and refunds. The CA Immo International Group forms appropriate provisions for probable charges arising from current tax audits by the relevant national fiscal authorities.

**Financial liabilities**

Financial liabilities are stated at the amount actually received. 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 recognised under financing costs.

**Trade creditors and other liabilities**

Trade creditors and other liabilities are measured at amortised cost.

**Derivative financial instruments**

The CA Immo International Group uses derivative financial instruments, such as interest rate swaps, forward exchange transactions and time options 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 fair value is positive, and as financial liabilities if their fair value is negative. The fair value of the derivative financial instruments corresponds to the amount that would be payable by the CA Immo International Group if the position were closed on the balance sheet date. The method applied to recognise gains and losses depends on the classification of the derivative financial instrument, as either a cash flow hedge (safeguard against future cash flows) or a fair value hedge (safeguarding the fair value of assets and liabilities), and on the satisfaction of the criteria for hedge accounting.

The CA Immo International Group does not hold any financial instruments for trading purposes.

- Cash flow hedges

In the case of derivatives serving the purpose of hedging cash flows and thus qualifying as cash flow hedges, the effective portion of the change in fair value is recognised directly in equity. The ineffective portion is immediately recognised as an expense under the item “Result from derivatives transactions”. The measurement gains or losses from cash flow hedges recognised in equity are reclassified into profit or loss in the period in which the conditions for (cash flow) hedge accounting are no longer satisfied.

In order to satisfy the conditions governing classification as a cash flow hedge, when concluding the swap/transaction, the CA Immo International Group records the hedging relationship between the hedging instrument and the underlying transaction, the aim of its risk management, and the underlying strategy pursued when concluding hedging transactions. The effectiveness of the hedging relationship is regularly assessed by measuring the prospective and retrospective effectiveness.

CA Immo International AG holds interest rate swaps as a hedging instrument for the interest rate risk arising from variable interest payments.

- Fair value derivatives

Derivatives transactions that do not or no longer meet the criteria of cash-flow hedge accounting are identified as fair value derivatives. The amendment of the fair value of these derivative hedging instruments is recorded in Consolidated Income Statement under Result from derivatives transactions.

The CA Immo International Group primarily uses interest rate swaps, forward exchange transactions and time options in order to hedge against interest and currency risks.

**Recognition of revenues**

Rental income is recognised on the basis of the lease contracts.

One-off payments and rent-free periods for properties measured at fair value according to IAS 40 are recognised in the course of property valuation at fair value and not allocated over the entire term.

Fee and commission income is recognised according to the extent of services rendered by the balance sheet date.

**Financial result**

Financing costs comprise interest payable for external funds, expenses similar to interest as well as current results from hedging transactions. Interest is deferred over time.

Foreign currency gains and losses in connection with financing and investment transactions are shown in the financial result.

The result from derivatives transactions consists of gains and losses from the sale or measurement of interest rate swaps unless same are recognised in equity as cash flow hedges.

The fair values of the interest rate swaps are calculated by discounting the future cash flows from variable payments on the basis of generally recognised models of financial mathematics. A cash flow hedge relationship does not exist in the case of interest rate swaps without a concurrent credit agreement, so that changes in the measurement of the interest rate swaps are recognised in the financial result (not realised). For further details, see item 2.1.10..

The result from financial investments includes the interest, dividends and similar income from the investment of funds and investments in financial assets.

The expenses from financial investments refer to the valuation of loans and prepayments made on investments in properties.

The result from investments in associates encompasses the pro rata results of companies valued at equity.

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

### 2.1. Consolidated income statement

#### 2.1.1. Gross revenues and segment reporting

The income statement adopts the type of expenditure format and follows the recommendation of EPRA (European Public Real Estate Association).

The segments subject to mandatory reporting were identified on the basis of the information regularly used by the company's principal decision maker when deliberating on the allocation of resources and assessing earning power.

The presentation of segments is done by region and division, and corresponds to the Group's internal reporting system.

The segments subject to mandatory reporting generate gross revenues from rental activity. The gross revenues are attributed to the country in which the investment property is situated and originate exclusively from foreign countries.

The CA Immo International Group obtains rental income from a large number of tenants. The CA Immo International Group does not generate more than 10 % of total gross revenues from a single tenant.

The attribution of the long-term assets to Austria and foreign countries is as follows:

| € 1,000 | 31.12.2009 | 31.12.2008 |
|---|---|---|
| Domestic | 88.3 | 124.8 |
| Foreign | 673,660.6 | 751,007.7 |
| - of which Hungary | 191,144.2 | 183,057.0 |
| - of which Poland | 139,281.2 | 140,280.4 |
| - of which Romania | 111,492.8 | 142,072.1 |
| - of which Serbia | 93,440.3 | 93,016.9 |
| - of which Czech Republic | 76,120.0 | 91,220.0 |
| - others | 62,182.2 | 101,361.4 |

The long-term assets contain the investment properties, investment properties under construction, intangible assets and office furniture and equipment.

The accounting and valuation methods applied to the segments subject to mandatory reporting correspond to the Group's accounting guidelines set forth under item 1.6.. The management expenses are apportioned according to the gross revenues generated by the individual segments.

**2.1.2. Rental income/other gross revenues**
The rental income comprises the following:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| **Rental** | | |
| Rental income | 40,273.9 | 38,659.6 |
| Operating costs passed on to tenants | 11,077.7 | 12,075.9 |
| **Gross revenuese** | **51,351.6** | **50,735.5** |
| Operating expenses | –13,445.3 | –12,310.8 |
| Other expenses directly related to long-term properties | –3,215.9 | –2,494.6 |
| **Net operating income** | **34,690.4** | **35,930.1** |
| NOI as % of gross rental income | 67.6 % | 70.8 % |
| **Other gross revenues** | **0.0** | **1,258.5** |

The prior year's other revenues relates to the income from the hotel business in Ljubljana. The hotel management business was sold effective 1.4.2008.

**2.1.3. Operating expenses and other expenses directly related to long-term properties**
The expenses indicated here are those connected with the long-term properties.

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Operating costs passed on to tenants | –11,092.6 | –11,531.8 |
| Own operating costs (vacancy costs) | –2,352.7 | –779.0 |
| **Operating costs** | **–13,445.3** | **–12,310.8** |
| Bad debts and value adjustments | –1,078.2 | –169.4 |
| Agency fees | –596.1 | –448.1 |
| Maintenance costs | –490.4 | –848.1 |
| Property tax | –440.9 | –576.6 |
| Property advertising | –187.4 | –28.9 |
| Administrative fees | –109.1 | –90.8 |
| Insurance fees | –27.0 | –67.4 |
| Usufruct | –21.4 | –154.0 |
| Other expenses directly related to properties | –265.4 | –111.3 |
| | **–3,215.9** | **–2,494.6** |
| **Total** | **–16,661.2** | **–14,805.4** |

The rise in vacancy costs originates in particular from the properties in Serbia and Hungary that were completed in business year 2009.

The bad debts and value adjustments are chiefly attributable to allowances for uncollectible accounts in Slovenia and the Czech Republic.

### 2.1.4. Indirect expenditures

The indirect expenditures comprise the following:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| **Legal, auditing and consultancy fees** | | |
| Solicitor's fees | −755.7 | −768.0 |
| Auditing costs | −513.4 | −612.6 |
| Tax consulting and accounting fees | −444.6 | −518.8 |
| Cost of expert opinions | −236.4 | −527.5 |
| Notary's fee | −44.0 | −60.4 |
| Cost of recruiting and appointing staff | −12.1 | −30.7 |
| Technical consulting fees | −9.1 | −120.2 |
| Other fees | −293.4 | −259.2 |
| | **−2,308.7** | **−2,897.4** |
| **Internal management** | | |
| Staff expenses (excluding for hotel in Ljubljana) | −2,626.7 | −2,771.3 |
| Administrative and management fees from affiliated companies | −2,183.6 | −1,979.8 |
| Administrative and management fees | −359.1 | −990.3 |
| Travel expenses/third-party travel | −367.3 | −462.1 |
| Office rent | −88.5 | −145.7 |
| Vehicle costs | −57.2 | −68.3 |
| Telephone charges | −34.3 | −27.6 |
| Seminar and training costs | −18.5 | −39.3 |
| Other | −296.0 | −228.5 |
| | **−6,031.2** | **−6,713.0** |
| **Other indirect expenses** | | |
| Penalties and cases of damage | −1,022.0 | −704.9 |
| Non-deductible value-added tax | −777.1 | −395.3 |
| External project management | −369.0 | −376.1 |
| Taxes and duties | −210.7 | −61.3 |
| Bank charges | −164.2 | −200.4 |
| Advertising and representation fees | −122.2 | −1,205.9 |
| Insurance fees | −94.3 | −69.1 |
| Publication costs | −55.5 | −89.9 |
| Remuneration of the Supervisory Board | −71.2 | −52.0 |
| Membership fees | −30.7 | −1.4 |
| Hotel expenses (Ljubljana) including hotel staff expenses | 0.0 | −887.8 |
| | −2,916.9 | −4,044.1 |
| **Total** | **−11,256.7** | **−13,654.4** |

The penalties and losses include value adjustments in connection with input tax refund claims and outstanding purchase price claims.

The increase in taxes and duties is attributable to the company tax arising from a merger in Poland.

The prior year's hotel expenses represent the cost of managing the hotel in Ljubljana.

### 2.1.5. Other operating income

The other operating income consists of the following:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Settlements from cancellation of rent agreements | 943.2 | 381.1 |
| Revenues from management services | 250.5 | 159.3 |
| Property management revenues | 147.2 | 154.9 |
| Penalty payments | 47.2 | 0.0 |
| Operating costs passed on to tenants | 44.2 | 110.5 |
| Insurance compensation | 20.2 | 27.7 |
| Release of provisions | 14.1 | 140.2 |
| Release of value adjustments | 0.0 | 441.9 |
| Other | 123.3 | 256.3 |
| **Total** | **1,589.9** | **1,671.9** |

The settlements comprise payments for the premature termination of leases in Poland and Romania.

### 2.1.6. Depreciation and amortisation

Depreciation and amortisation consists of the following:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Impairment charges for investment properties under development | 0.0 | –40,486.3 |
| Impairment charges for properties intended for trading | –21.3 | –5,079.0 |
| Scheduled depreciation of other long-term assets | –76.1 | –2,006.8 |
| | **–97.8** | **–47,572.1** |

In view of the amendment of IAS 40, impairment losses on investment properties under development are to be recognised under the result from revaluation from 1.1.2009.

### 2.1.7. Result from revaluation

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Revaluation loss for investment properties under development [1] | –31,043.6 | –231.5 |
| Revaluation loss for investment properties | –120,910.2 | –46,434.5 |
| **Revaluation loss** | **–151,953.8** | **–46,666.0** |
| Impairment charges for investment properties under development | 0.0 | –40,486.3 |
| | **–151,953.8** | **–87,152.3** |

[1] 2008: concerns the valuation or measurement of investment properties under development reclassified as investment properties upon completion (see segment reporting by division).

The revaluation losses arising from investment properties under development and investment properties are shown as a netted amount in the consolidated statement of comprehensive income. In detail, the result from revaluation consists of the following:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Revaluation gain as of 1.1.2009/amended IAS 40 | 130.8 | 0.0 |
| Revaluation gain | 4,481.1 | 13,784.3 |
| Revaluation loss | –156,565.7 | –60,450.3 |
| | **–151,953.8** | **–46,666.0** |

Reference is made to the comments under item 2.2.1. Long-term properties and office furniture and equipment.

### 2.1.8. Financing costs

Financing costs consist of the following:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Bank interest | –15,378.8 | –13,149.5 |
| Interest expenses of joint ventures | –10.7 | –25.3 |
| Other interest and financing costs | –2,760.7 | –2,806.3 |
| | **–18,150.2** | **–15,981.1** |

### 2.1.9. Foreign currency gain/loss

The foreign currency gains/losses contain changes in the measurement of forward exchange transactions in the amount of € 2,138.5K (2008: € 0.0K) and the balance of unrealised (non-cash) gains and losses from the end-of-period valuation of foreign currency loans taken out in USD and CZK in the amount of € 266.5K (2008: losses in the amount of € 3,187.3K).

### 2.1.10. Result from derivative transactions

The result from derivatives transactions contains the premature realisation and measurement of interest rate swaps. In 2009, for the first time, the measurement of an interest rate swap was recognised in profit or loss on a pro rata basis. This action was taken because of the pro rata premature termination of the underlying transaction. A cash flow hedge relationship does not exist in the case of interest rate swaps without a concurrent credit agreement, so that changes in the measurement of the interest rate swaps are recognised in profit and loss in the financial result. Following the repayment of two loans, the underlying interest rate swaps were also terminated and recognised in profit and loss.

The inefficiencies revealed by the test performed as of 31.12.2009 to establish the effectiveness of the cash flow hedges were recognised in profit and loss.

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Valuation of derivatives transactions (not realised) | –306.2 | 0.0 |
| Ineffectiveness of swaps | –72.4 | 0.0 |
| Realised result from derivatives transactions | –1,859.6 | 0.0 |
| **Result from derivative transactions** | **–2,238.2** | **0.0** |

**2.1.11. Result from financial investments (without impairment)**

The result from financial investments comprises the following:

| € 1,000 | | 2009 | 2008 |
|---|---|---|---|
| Interest income from loans | HTM | 3,550.9 | 2,763.5 |
| Interest income from banks | L&R | 1,895.3 | 5,449.4 |
| Other interest income | L&R | 121.9 | 1,124.4 |
| | | **5,568.1** | **9,337.3** |

HTM Held to maturity  L&R Loans and Receivables

The result from financial investments decreased, primarily because of lower interest rates for investments and a reduced investment volume.

**2.1.12. Impairment of financial investments**

The expenses from financial investments, in the amount of € 3,121.8K (2008: € 7,800.9K), arise from a value adjustment for a prepayment on property investments in the amount of € 110.4K (2008: € 5,003.5K) and from loans, in the amount of € 3,011.4K (2008: € 2,797.4K).

**2.1.13. Income from associated companies**

The result from associated companies consists of the following:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| UBM Realitätenentwicklung AG, Vienna | 1,760.0 | 1,999.0 |
| OAO Avielen AG, St. Petersburg | –9,088.9 | –17,064.4 |
| | **–7,328.9** | **–15,065.4** |

**2.1.14. Income tax**

Tax income (tax expenses in 2008) consists of the following:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Corporation tax and trade tax (actual taxes) | –1,533.1 | –1,272.4 |
| Corporation tax and trade tax for prior years | –3.0 | 0.0 |
| **Tax ratio** | **1.0%** | **1.3%** |
| Tax on the valuation of derivative instruments | 420.7 | 0.0 |
| Deferred taxes on adjustment items from intangible assets | –2,948.5 | –20.9 |
| Change in deferred taxes | 19,513.4 | –21,452.5 |
| **Tax income/expenses** | **15,449.5** | **–22,745.8** |

The difference between the expected and the effective tax credit (tax expense) arises for the following reasons:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Net income before taxes | –149,978.4 | –94,715.9 |
| **Expected tax income (25 % / prior year: 25 %)** | **37,494.6** | **23,678.9** |
| Change in assessment of period of time during which the properties are expected to be held | 0.0 | –36,923.3 |
| Equity investment impairments affecting tax | 6,608.3 | 1,799.4 |
| Differing tax rates abroad | –11,894.1 | –9,407.6 |
| Exchange rate differences not affecting tax | 680.4 | 8,655.3 |
| Changes in the tax rate | –736.7 | 0.0 |
| Non-tax-deductible expenses | –2,819.6 | –6,617.0 |
| Unrecognised losses carried forward | –19,149.3 | –5,099.3 |
| Tax-exempt income | 841.6 | 1,546.7 |
| Trade tax | –223.9 | –289.9 |
| Adjustment for prior-year corporation tax | 386.1 | 165.9 |
| Adjustment for prior-year deferred taxes | 8,413.4 | –275.1 |
| Permanent differences | –626.8 | –2.9 |
| Foreign withholding tax | –462.8 | 16.3 |
| Other | –3,061.4 | 6.8 |
| **Effective tax credit/expense** | **15,449.8** | **–22,745.8** |

The utilisation of losses carried forward that have not been recognised to date reduces the tax expenses by € 441.9K.

## 2.2. Consolidated statement of financial position

### 2.2.1. Long-term properties and office furniture and equipment

| € 1,000 | Long-term properties | | Office furniture and equipment | Total |
|---|---|---|---|---|
| | Investment properties | Under development | | |
| **Market value/acquisition cost** | | | | |
| **As of 1.1.2008** | **598,972.0** | **109,424.2** | **7,184.8** | **715,581.0** |
| Additions from company acquisitions | 59,774.3 | 45,852.8 | 17.0 | 105,644.1 |
| Additions | 1,840.0 | 74,193.0 | 817.1 | 76,850.1 |
| Disposals | –54,984.5 | 0.0 | –5,318.7 | –60,303.2 |
| Reclassification | 29,251.2 | –26,767.9 | –2,315.0 | 168.3 |
| Revaluation | –46,666.0 | 0.0 | 0.0 | –46,666.0 |
| **As of 31.12.2008 = 1.1.2009** | **588,187.0** | **202,702.1** | **385.2** | **791,274.3** |
| Additions | 4,106.8 | 83,408.5 | 43.8 | 87,559.1 |
| Disposals | –367.1 | –24,851.8 | –32.7 | –25,251.6 |
| Reclassification | 133,982.6 | –162,489.2 | –1.1 | –28,507.7 |
| Revaluation | –120,910.2 | –31,043.6 | 0.0 | –151,953.8 |
| **As of 31.12.2009** | **604,999.0** | **67,726.0** | **395.2** | **673,120.2** |
| **Accumulated depreciation** | | | | |
| **As of 1.1.2008** | **0.0** | **0.0** | **–3,306.2** | **–3,306.2** |
| Disposals | 0.0 | 0.0 | 5,093.3 | 5,093.3 |

| € 1,000 | Long-term properties | | Office | Total |
|---|---|---|---|---|
| | Investment properties | Under development | furniture and equipment | |
| Depreciation | 0.0 | –40,465.5 | –1,943.6 | –42,409.2 |
| **As of 31.12.2008 = 1.1.2009** | **0.0** | **–40,465.5** | **–156.5** | **–40,622.0** |
| Disposals | 0.0 | 11,957.9 | 7.7 | 11,965.6 |
| Depreciation | 0.0 | 0.0 | –69.7 | –69.7 |
| Reclassification | 0.0 | 28,507.6 | 0.1 | 28,507.7 |
| **As of 31.12.2009** | **0.0** | **0.0** | **–218.4** | **–218.4** |
| | | | | |
| **Book value as of 1.1.2008** | **598,972.0** | **109,424.2** | **3,878.6** | **712,274.8** |
| **Book value as of 31.12.2008 = 1.1.2009** | **588,187.0** | **162,236.6** | **228.7** | **750,652.3** |
| **Book value as of 31.12.2009** | **604,999.0** | **67,726.0** | **176.8** | **672,901.8** |

The current investments in existing projects relate mainly to single projects in each of Moscow, Sibiu and Warsaw. The investments in existing properties largely concern the renovation of a property in Budapest and tenant-specific improvements in Warsaw.

The disposals refer to the disposal of the Matryoshka project in Moscow.

The amendment of IAS 40 requires that investment properties under construction are also measured and recognised at fair value from 1.1.2009. Reference is made to the comments on depreciation and amortisation under item 2.1.6. and on the revaluation gain/loss under item 2.1.7.

The additions in business year 2009 contain capitalised interest on borrowed capital in the amount of € 2,373.2K (2008: € 1,350.1K). The weighted average interest rate is 3.7 % (2008: 4.6 %).

The book value of the properties pledged as collateral for long-term loans amounts to € 602,296.0K (2008: € 619,571.9K). Of this amount, € 127,162.0K (2008: € 120,935.5K) is attributable to joint ventures.

### 2.2.2. Intangible assets

| € 1,000 | Software | Other | Total |
|---|---|---|---|
| **Acquisition cost** | | | |
| **As of 1.1.2008** | **323.70** | **516.50** | **840.2** |
| Current additions | 9.20 | 0.00 | 9.2 |
| Disposals | –114.80 | 0.00 | –114.8 |
| Reclassification | –168.30 | 0.00 | –168.3 |
| **As of 31.12.2008 = 1.1.2009** | **49.80** | **516.50** | **566.3** |
| Current additions | 1.40 | 3,320.70 | 3,322.1 |
| **As of 31.12.2009** | **51.10** | **3,837.20** | **3,888.4** |
| | | | |
| **Accumulated amortisation** | | | |
| **As of 1.1.2008** | **–62.40** | **–33.10** | **–95.5** |
| Amortisation | –84.00 | –20.90 | –104.9 |
| Disposals | 114.40 | 0.00 | 114.4 |
| **As of 31.12.2008 = 1.1.2009** | **–32.00** | **–54.00** | **–86.0** |
| Amortisation | –6.80 | –2,948.70 | –2,955.5 |
| **As of 31.12.2009** | **–38.60** | **–3,002.70** | **–3,041.3** |
| | | | |
| **Book value as of 1.1.2008** | **261.30** | **483.40** | **744.7** |
| **Book value as of 31.12.2008 = 1.1.2009** | **17.80** | **462.50** | **480.3** |
| **Book value as of 31.12.2009** | **12.50** | **834.50** | **847.1** |

### 2.2.3. Financial assets

| € 1,000 | IAS 39 category | Acquisition cost | Changes in value recognised in profit or loss 2009 | of which impairment | accumulated | Repayment | Changes in value not recognised in profit or loss | Fair value 31.12.09 | Book value 31.12.09 | Book value 31.12.08 |
|---|---|---|---|---|---|---|---|---|---|---|
| Loans to joint ventures | HTM | 24,006.2 | 2,031.4 | 0.0 | 5,752.1 | –4,774.9 | 0.0 | 24,983.4 | 24,983.4 | 25,389.4 |
| Loans to associated companies | HTM | 15,258.2 | –1,597.6 | –2,614.5 | –3,390.4 | 0.0 | 0.0 | 11,867.8 | 11,867.8 | 6,499.8 |
| Other loans | HTM | 930.0 | –36.3 | –41.9 | 40.0 | –930.0 | 0.0 | 40.0 | 40.0 | 1,006.3 |
| **Total HTM** | | **40,194.4** | **397.5** | **–2,656.4** | **2,401.7** | **–5,704.9** | **0.0** | **36,891.2** | **36,891.2** | **32,895.5** |
| Prepayments made on investments in properties | L&R | 7,313.9 | –110.4 | –110.4 | –7,113.9 | 0.0 | 0.0 | 200.0 | 200.0 | 200.0 |
| Investments in associated companies | AE | 60,664.1 | –7,328.9 | –10,204.1 | –22,014.6 | –825.0 | 395.3 | 38,219.8 | 38,219.8 | 45,978.4 |
| **Total** | | **108,172.4** | **–7,041.8** | **–12,970.9** | **–26,726.8** | **–6,529.9** | **395.3** | **75,311.0** | **75,311.0** | **79,073.9** |

HTM Held to maturity L&R Loans and Receivables AE At Equity

As in the previous year, the prepayments made on investments in properties to be closed at a later date refer as of 31.12.2009 to the prepayment for a project development company in Prague (forward purchase). The performance of the contract by the partner is uncertain at present.

The investments in associated companies comprise the following:

| € 1,000 | 31.12.2009 | 31.12.2008 |
|---|---|---|
| UBM Realitätenentwicklung AG, Vienna | 31,805.6 | 30,475.3 |
| OAO Avielen AG, St. Petersburg | 6,414.3 | 15,503.2 |
| | **38,219.9** | **45,978.5** |

As of 31.12.2009, the share price of UBM Realitätenentwicklung AG, Vienna, was € 29.9.(2008: € 30,0) Therefore, the stock market value of 750,004 shares at a price of € 29.9 was € 22,425.1K (2008: € 22,500.1K).

The fair value of the remaining financial assets corresponds to the discounted future repayments on the basis of a current market interest rate.

### 2.2.4. Deferred taxes

Temporary differences between the book values in the consolidated financial statements and the relevant tax base have the following effect on the tax deferrals recognised in the statement of financial position:

| € 1,000 | 31.12.2009 | 31.12.2008 |
|---|---|---|
| **Deferred tax assets** | | |
| Intangible assets | 726.7 | 21.6 |
| Receivables and other assets | 464.4 | 981.9 |
| Provisions | 14.2 | 37.2 |
| Liabilities | 1,514.7 | 394.0 |
| | **2,720.0** | **1,434.7** |
| **Deferred tax liabilities** | | |
| Properties | 28,662.2 | 44,531.3 |
| | **28,662.2** | **44,531.3** |
| | | |
| **Value adjustment for deferred tax assets** | **–4,421.3** | **–1,011.2** |
| **Losses carried forward (deferred tax assets)** | **7,898.4** | **4,506.7** |
| **Tax deferral (net)** | **–22,465.0** | **–39,601.2** |
| | | |
| **Deferred tax assets** | **5,742.0** | **4,881.1** |
| **Deferred tax liabilities** | **28,207.2** | **44,482.3** |



In the previous year, the value adjustments for deferred tax assets (excluding losses carried forward) were not recognised separately and reduced the amount of the relevant item in the accounts. The value adjustment for deferred tax assets in 2008, in the amount of € 1,011.2K, referred exclusively to properties.

Deferred taxes on losses carried forward are capitalised if they are likely to be used within the next five to seven years. The basis of the recognised deferred taxes on losses carried forward amounts to € 36,093.8K (31.12.2008: € 21,588.8K). The recognition of this deferred tax claim arises first from existing projections, which show a utilisation in the near future of the tax losses carried forward, and second from the existence of adequate taxable temporary differences from properties.

Deferred taxes on losses carried forward which have not been capitalised amount to € 40,397.9K (2008: € 10,000.3K). Losses carried forward for which no deferred taxes were recognised total € 173,443.4K and expire as follows:

| Year | € 1,000 |
|---|---|
| 2010 | 169.0 |
| 2011 | 13,903.5 |
| 2012 | 2,600.6 |
| 2013 | 4,998.6 |
| 2014 | 1,487.6 |
| 2015 | 2,885.4 |
| 2016 | 816.4 |
| 2017 | 276.2 |
| 2018 | 9,894.9 |
| 2019 | 2.9 |
| **Without limitation in time** | **136,408.4** |
| **Total** | **173,443.4** |
| **corresponding non-capitalised deferred taxes** | **40,397.9** |

Tax deferrals changed as follows:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| **Deferred taxes as of 1.1 (net)** | **–39,601.2** | **–19,237.8** |
| Change due to company acquisitions/purchase price arrears | –3,320.7 | –2,206.2 |
| Change due to sale of companies | 1,394.9 | 2,664.6 |
| Change due to exchange rate fluctuations | –152.9 | –838.1 |
| Changes recognised in equity | –298.6 | 1,468.9 |
| Changes recognised in profit or loss | 19,513.4 | –21,452.6 |
| **Deferred taxes as of 31.12 (net)** | **–22,465.1** | **–39,601.2** |

As of the reporting date, no temporary differences exist in the CA Immo International Group in connection with stakes in foreign subsidiaries, foreign associated companies, or interests in foreign joint ventures, for which deferred taxes were not recognised according to IAS 12.39. Subject to compliance with certain conditions, income from the disposal of equity investments in foreign companies is partly exempt from income tax.

The amount of temporary differences in connection with stakes in domestic subsidiaries, domestic associated companies and interests in domestic joint ventures, for which deferred taxes were not recognised according to IAS 12.39, is negligible. These immaterial temporary differences are counterbalanced by unrecognised losses carried forward of the Austrian companies in the amount of € 50,941.6K.

### 2.2.5. Properties intended for trading

| € 1,000 | |
|---|---|
| **Acquisition cost** | |
| **As of 1.1.2008** | **0.0** |
| Additions | 6,326.2 |
| **As of 31.12.2008 = 1.1.2009** | **6,326.2** |
| Additions | 24.1 |
| **As of 31.12.2009** | **6,350.3** |
| | |
| **Accumulated depreciation** | |
| **As of 1.1.2008** | **0.0** |
| Depreciation | –5,079.0 |
| **As of 31.12.2008 = 1.1.2009** | **–5,079.0** |
| Depreciation | –21.3 |
| **As of 31.12.2009** | **–5,100.3** |
| | |
| **Book value as of 1.1.2008** | **0.0** |
| **Book value as of 31.12.2008 = 1.1.2009** | **1,247.2** |
| **Book value as of 31.12.2009** | **1,250.0** |

This item refers to the planned construction of dwelling units in Slovakia that are intended for sale.

The properties intended for trading are encumbered by mortgage charges in the amount of € 1,250.0K (2008:€ 1,247.2K), representing security for loan liabilities.

For these properties, no financing costs were capitalised in business year 2009 (2008:€ 0.0K).
As in the previous year, no impairment losses were reversed.

### 2.2.6. Receivables and other assets

The receivables and other assets consist of the following:

| € 1,000 | IAS 39 category | 31.12.2009 | 31.12.2008 |
|---|---|---|---|
| **Receivables from related companies and joint ventures (50 % interest)** | **L&R** | **31.7** | **105.0** |
| Trade debtors | L&R | 4,019.1 | 3,300.2 |
| Receivables from fiscal authorities | L&R | 3,805.9 | 4,140.8 |
| Prepaid expenses | L&R | 754.3 | 1,163.9 |
| Receivables from derivatives | CFH | 807.1 | 0.0 |
| Other receivables and assets | L&R | 1,369.2 | 2,396.8 |
| **Receivables and other assets** | | **10,755.6** | **11,001.7** |
| | | **10,787.3** | **11,106.7** |

L&R Loans and Receivables   CFH Cash flow hedge

**Aging of receivables and other assets:**

| 31.12.2009<br>€ 1,000 | Not due | Overdue<br>< 30 days | <br>31–180 days | <br>181–360 days | <br>> 1 year | Total |
|---|---|---|---|---|---|---|
| **Nominal values of receivables** | | | | | | |
| Receivables from related companies and joint ventures | 31.7 | 0.0 | 0.0 | 0.0 | 0.0 | 31.7 |
| Trade debtors | 990.3 | 1,306.5 | 2,134.9 | 584.8 | 265.6 | 5,282.1 |
| Loans granted | 1,087.3 | 0.0 | 0.0 | 0.0 | 0.0 | 1,087.3 |
| Receivables from sales | 0.3 | 0.0 | 0.0 | 0.0 | 915.5 | 915.8 |
| Receivables from fiscal authorities | 4,332.5 | 9.8 | 20.3 | 50.3 | 0.4 | 4,413.4 |
| Prepaid expenses | 754.3 | 0.0 | 0.0 | 0.0 | 0.0 | 754.3 |
| Receivables from derivatives | 807.1 | 0.0 | 0.0 | 0.0 | 0.0 | 807.1 |
| Other receivables and assets | 185.7 | 186.3 | 72.9 | 159.7 | 41.1 | 645.6 |
| **As of 31.12.2009** | **8,189.2** | **1,502.6** | **2,228.1** | **794.8** | **1,222.7** | **13,937.3** |
| **Value adjustments for receivables** | | | | | | |
| Trade debtors | –93.5 | –61.5 | –440.3 | –477.4 | –190.2 | –1,262.9 |
| Loans granted | –354.9 | 0.0 | 0.0 | 0.0 | 0.0 | –354.9 |
| Receivables from sales | –0.3 | 0.0 | 0.0 | 0.0 | –915.5 | –915.8 |
| Receivables from fiscal authorities | –590.2 | 0.0 | –4.8 | –12.6 | 0.0 | –607.6 |
| Other receivables and assets | 0.0 | 0.0 | 0.0 | 0.0 | –8.8 | –8.8 |
| **As of 31.12.2009** | **–1,038.9** | **–61.5** | **–445.1** | **–490.0** | **–1,114.5** | **–3,150.0** |
| **Book values of receivables** | | | | | | |
| Receivables from related companies and joint ventures | 31.7 | 0.0 | 0.0 | 0.0 | 0.0 | 31.7 |
| Trade debtors | 896.8 | 1,245.0 | 1,694.6 | 107.4 | 75.4 | 4,019.1 |
| Loans granted | 732.4 | 0.0 | 0.0 | 0.0 | 0.0 | 732.4 |
| Receivables from fiscal authorities | 3,742.4 | 9.8 | 15.5 | 37.7 | 0.4 | 3,805.8 |
| Prepaid expenses | 754.3 | 0.0 | 0.0 | 0.0 | 0.0 | 754.3 |
| Receivables from derivatives | 807.1 | 0.0 | 0.0 | 0.0 | 0.0 | 807.1 |
| Other receivables and assets | 185.6 | 186.3 | 72.9 | 159.7 | 32.4 | 636.8 |
| **As of 31.12.2009** | **7,150.3** | **1,441.1** | **1,783.0** | **304.8** | **108.2** | **10,787.3** |

## Aging of receivables and other assets:

| 31.12.2008 € 1,000 | Not due | Overdue < 30 days | 31–180 days | 181–360 days | > 1 year | Total |
|---|---|---|---|---|---|---|
| **Nominal values of receivables** | | | | | | |
| Receivables from related companies and joint ventures | 105.0 | 0.0 | 0.0 | 0.0 | 0.0 | 105.0 |
| Trade debtors | 1,983.3 | 864.4 | 206.9 | 437.9 | 221.8 | 3,714.3 |
| Loans granted | 901.6 | 0.0 | 0.0 | 0.0 | 0.0 | 901.6 |
| Prepaid expenses | 1,163.9 | 0.0 | 0.0 | 0.0 | 0.0 | 1,163.9 |
| Receivables from fiscal authorities | 3,018.3 | 667.3 | 411.2 | 10.0 | 34.0 | 4,140.8 |
| Other receivables and assets | 980.4 | 255.9 | 327.4 | 1.1 | 447.6 | 2,012.4 |
| **As of 31.12.2008** | **8,152.5** | **1,787.6** | **945.5** | **449.0** | **703.4** | **12,038.9** |
| **Value adjustments for receivables** | | | | | | |
| Trade debtors | 0.0 | 0.0 | –27.8 | –170.6 | –215.7 | –414.1 |
| Other receivables and assets | –26.1 | –43.5 | 0.0 | 0.0 | –447.6 | –517.2 |
| **As of 31.12.2008** | **–26.1** | **–43.5** | **–27.8** | **–170.6** | **–663.3** | **–931.3** |
| **Book values of receivables** | | | | | | |
| Receivables from related companies and joint ventures | 105.0 | 0.0 | 0.0 | 0.0 | 0.0 | 105.0 |
| Trade debtors | 1,983.3 | 864.4 | 179.1 | 267.3 | 6.1 | 3,300.2 |
| Loans granted | 901.6 | 0.0 | 0.0 | 0.0 | 0.0 | 901.6 |
| Prepaid expenses | 1,163.9 | 0.0 | 0.0 | 0.0 | 0.0 | 1,163.9 |
| Receivables from fiscal authorities | 3,018.3 | 667.3 | 411.2 | 10.0 | 34.0 | 4,140.8 |
| Other receivables and assets | 954.3 | 212.4 | 327.4 | 1.1 | 0.0 | 1,495.2 |
| **As of 31.12.2008** | **8,126.4** | **1,744.1** | **917.7** | **278.4** | **40.1** | **11,106.7** |

## Change in value adjustments:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| **As of 1.1** | **931.3** | **1,334.9** |
| Appropriation (value adjustment expenses) | 2,301.2 | 611.2 |
| Use | –70.4 | –560.7 |
| Appropriation | 0.0 | –441.9 |
| Interest income for impaired financial assets | –7.3 | –4.8 |
| Foreign currency gain/loss | –4.8 | –7.4 |
| **As of 31.12** | **3,150.0** | **931.3** |

### 2.2.7. Cash and cash equivalents

| € 1,000 | 31.12.2009 | 31.12.2008 |
|---|---|---|
| Credit balances with banks | 113,978.6 | 147,372.9 |
| Bank balances subject to drawing restrictions | 1,923.4 | 1,412.5 |
| Cash on hand | 15.7 | 16.8 |
| | **115,917.7** | **148,802.2** |

The bank balances subject to drawing restrictions serve the purpose of securing current loan repayments (amortisation and interest). They cannot be used otherwise without the consent of the lender.

### 2.2.8. Shareholders' equity

The fully paid-in nominal capital of CA Immo International AG in the amount of € 315,959.9K is stated as share capital. It is sub-divided into 43,460,785 shares of no par value.

In the reporting period, appropriated capital reserves in the amount of € 66,541.6K were reversed in the individual financial statements to cover the net loss. The individual financial statements of CA Immo International AG as of 31.12.2009 show remaining appropriated capital reserves in the amount of € 29,719.5K. Since the net profit disclosed in the individual financial statements of CA Immo International AG is zero, a profit distribution for 2009 cannot take place.

For business year 2008, no dividend was distributed to the shareholders in 2009 (2008: € 0.35 per share, totalling € 15,211.3K).

As of the reporting date, 31.12.2009, the authorised capital available for capital increases until 10.8.2012 at the latest, amounted to € 157,980.0K (2008: € 157,980.0).

### 2.2.9. Provisions

| € 1,000 | Actual taxes | Staff | Other | Total |
|---|---|---|---|---|
| **As of 1.1.2009** | **50.6** | **123.8** | **37,579.4** | **37,753.8** |
| Exchange rate differences | 2.3 | –0.1 | –1,999.8 | –1,997.6 |
| Disposals from final consolidation | 0.0 | 0.0 | –11.1 | –11.1 |
| Use | –46.3 | –25.1 | –34,688.7 | –34,760.1 |
| Release | –3.6 | –31.8 | –317.7 | –353.1 |
| Reclassification | 186.5 | 5.1 | 3,735.4 | 3,927.0 |
| **As of 31.12.2009** | **189.5** | **71.9** | **4,297.5** | **4,558.9** |
| - of which short-term | 189.5 | 71.9 | 4,297.5 | 4,558.9 |
| - of which long-term | 0.0 | 0.0 | 0.0 | 0.0 |

Staff provisions mainly relate to unused vacation in the amount of € 68.6K (31.12.2008: € 104.9K).

The present value of severance payment obligations changed as follows in the reporting period:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| **Provisions for severance payments** | | |
| Cash value of severance payment obligations as of 1.1 | 2.7 | 2.3 |
| Use | –2.7 | 0.0 |
| Service cost | 0.0 | 0.4 |
| **Cash value of severance payment obligations as of 31.12** | **0.0** | **2.7** |

Interest expenses and service cost are included in staff expenses and thus in the indirect expenditures.

The table below shows the composition of other provisions:

| € 1,000 | 31.12.2009 | 31.12.2008 |
|---|---|---|
| Operating costs and outstanding purchase prices | 937.9 | 1,091.7 |
| Construction services | 605.7 | 34,654.6 |
| Auditing costs | 354.4 | 370.9 |
| Legal consulting fees | 288.5 | 309.5 |
| Property tax | 266.5 | 269.6 |
| Commission | 243.4 | 0.0 |
| Cost of expert opinions | 111.5 | 233.2 |
| Tax consulting fees | 89.7 | 58.8 |
| Annual reports | 65.3 | 77.3 |
| Other | 1,334.6 | 513.8 |
| **Total** | **4,297.5** | **37,579.4** |

The provision for construction services relating to the previous year primarily originates from outstanding construction invoices for a project in Hungary, which was completed in 2009.

### 2.2.10. Financial liabilities

| € 1,000 | | | | 31.12.2009 | 31.12.2008 |
|---|---|---|---|---|---|
| | Maturity | | | Book value | Book value |
| | up to 1 year | 1–5 years | more than 5 years | Total | Total |
| Investment credit | 47,721.9 | 155,013.7 | 149,193.1 | 351,928.7 | 283,473.6 |
| Credit from joint venture partners | 15,556.2 | 0.0 | 6,452.7 | 22,008.9 | 32,174.5 |
| | **63,278.1** | **155,013.7** | **155,645.8** | **373,937.6** | **315,648.1** |

The terms of the major financial liabilities as of 31.12.2009 are as follows:

| Type of financing and currency | Effective interest rate as of 31.12.2009 | Floating/ fixed interest | Maturity | Book value | Fair value |
|---|---|---|---|---|---|
| | % | | | € 1,000 | € 1,000 |
| Investment credit/EUR | 6.700 | floating | 02/2010 | 7,828.6 | 7,828.6 |
| Investment credit/EUR | 2.450 | floating | 10/2010 | 18,175.8 | 18,175.8 |
| Investment credit/EUR | 2.500 | floating | 12/2010 | 5,344.5 | 5,344.5 |
| Investment credit/EUR | 3.827 | floating | 07/2011 | 14,213.9 | 14,213.9 |
| Investment credit/EUR | 5.631 | floating | 07/2011 | 20,828.0 | 20,828.0 |
| Investment credit/EUR | 3.200 | floating | 12/2011 | 1,803.4 | 1,803.4 |
| Investment credit/EUR | 4.610 | floating | 06/2012 | 51,212.8 | 51,212.8 |
| Investment credit/EUR | 5.937 | floating | 12/2014 | 23,664.1 | 23,664.1 |
| Investment credit/EUR | 4.930 | floating | 12/2015 | 12,505.4 | 12,505.4 |
| Investment credit/EUR | 7.667 | floating | 03/2016 | 27,420.9 | 27,420.9 |
| Investment credit/EUR | 5.755 | floating | 11/2018 | 26,626.3 | 26,626.3 |
| Investment credit/EUR | 4.753 | floating | 06/2019 | 29,462.0 | 29,462.0 |
| Investment credit/EUR | 7.296 | floating | 09/2019 | 11,586.5 | 11,586.5 |
| Investment credit/EUR | 4.859 | floating | 09/2020 | 6,616.9 | 6,616.9 |
| Investment credit/EUR | 6.200 | floating | 06/2022 | 27,550.3 | 27,550.3 |
| Investment credit/EUR | 5.144 | floating | 12/2023 | 15,065.8 | 15,065.8 |
| Investment credit/EUR | 6.528 | floating | 03/2024 | 28,631.1 | 28,631.1 |
| Investment credit/EUR | 4.930 | floating | 12/2024 | 6,412.0 | 6,412.0 |
| Investment credit/EUR | 2.250 | floating | 08/2030 | 5,501.4 | 5,501.4 |
| Investment credit/USD | 2.201 | floating | 12/2010 | 2,255.3 | 2,255.3 |
| Investment credit/CZK | 5.720 | floating | 10/2026 | 7,522.0 | 7,522.0 |
| Credit from joint venture partners/EUR | 14.900 | fixed | 03/2010 | 14,386.4 | 14,533.6 |
| Credit from joint venture partners/EUR | 3.200 | floating | 12/2016 | 6,451.2 | 6,451.2 |
| | | | | **371,064.6** | **371,211.8** |

The average weighted interest rate, paying due regard to the concluded hedging transactions in each case, is about 5.36 % for all EUR investment credits, about 2.20 % for all USD investment credits and about 5.72 % for the CZK investment credit.

The market values of the fixed rate investment credits were determined by discounting the future payments on the assumption of a current market interest rate. The market values of the other financing transactions already correspond to the book values because of the floating interest rate and short maturity.

The CA Immo International Group uses interest rate swaps in order to manage the risk of interest rate fluctuations. If these hedges qualify for hedge accounting, the changes in the fair values as of the relevant reporting date are recognised in equity (cf. 2.4.1.). The other swaps that do not satisfy these conditions were recognised in equity under the item "result from derivative transactions". In total, the nominal value of all interest rate swaps concluded at the balance sheet date was around 60.8 % of the floating-rate EUR investment credits, 0.0 % of the floating-rate USD investment credits, and 100.0 % of the floating-rate CZK investment credit.

**2.2.11. Trade creditors and other liabilities**

The trade creditors contain liabilities from security deposits in the amount of € 8,144.4K (31.12.2008: € 129.7). The increase is attributable to the completion of a project in Hungary in particular.

The other liabilities comprise the following:

| € 1,000 | | | | 31.12.2009 | 31.12.2008 |
|---|---|---|---|---|---|
| | | Maturity | | | |
| | up to 1 year | 1–5 years | more than 5 years | Total | Total |
| Outstanding purchase prices | 17,731.1 | 0.0 | 0.0 | 17,731.1 | 17,157.2 |
| Fiscal authorities | 1,357.0 | 0.0 | 0.0 | 1,357.0 | 738.7 |
| Deferred income | 638.3 | 39.2 | 2.6 | 680.1 | 646.8 |
| Operating costs | 576.1 | 0.0 | 0.0 | 576.1 | 0.0 |
| Fair value of derivatives | 299.9 | 7,875.8 | 2,753.9 | 10,929.6 | 9,308.6 |
| Rent deposits | 370.3 | 3,762.5 | 60.6 | 4,193.4 | 3,487.0 |
| Other | 241.9 | 0.0 | 0.0 | 241.9 | 1,830.7 |
| | **21,214.6** | **11,677.5** | **2,817.1** | **35,709.2** | **33,169.1** |

The outstanding purchase prices primarily relate to properties in Serbia and Hungary that were completed in the year under review.

The year-on-year rise in liabilities to fiscal authorities is primarily attributable to an input tax correction in Luxembourg in the amount of € 400.0K and the building tax in Serbia in the amount of € 300.0K.

The apportionment of the maturities of the derivative transactions' fair values was performed according to the expiration date of the transactions.

Liabilities arising from operating costs exist in Hungary and Romania in particular.

**2.3. Cash flow**

The consolidated cash flow statement shows how the cash position has changed in the business year because of cash inflows and outflows.

The CA Immo International Group calculates the cash inflows and outflows from operating activities by the indirect method, and the cash inflows and outflows from investment and financing activities by the direct method.

Interest paid is assigned to financing activities, and interest received to investment activities.

The acquisition of properties and companies is attributed to investment activities.

Investment and financing transactions that do not give rise to an inflow or outflow of cash or cash equivalents are to be omitted from the cash flow statement. The CA Immo International Group did not conclude any such transactions either in the reporting period or in the previous year.

### 2.3.1. Fund of cash and cash equivalents

The cash fund (fund of cash and cash equivalents) consists of cash and bank balances. Securities and short-term liabilities to banks do not form part of the cash fund.

The cash and cash equivalents contain € 1,923.4K (31.12.2008: € 1,412.5K) of bank balances to which the CA Immo International Group has only restricted access. These balances serve the purpose of securing current loan repayments (amortisation and interest). They cannot be used otherwise without the consent of the lender.

### 2.3.2. Cash flow from investment activities

The outpayments for the acquisition of properties in the amount of € 111,168.7K (2008: € 41,384.9K) exclusively concern investments in investment properties and investment properties under construction. Changes arising from the increase/decrease in net current assets (in particular the provision for outstanding construction services) relating directly to the acquisition of properties are eliminated from the outpayments.

| € 1,000 | **2009** | **2008** |
|---|---|---|
| Additions acc. to change in fixed assets | –87,515.3 | –76,033.0 |
| Change in provisions for outstanding construction services | –34,049.0 | 31,357.8 |
| Change in trade creditors and other liabilities | 10,395.6 | 3,290.2 |
| **Acquisition of properties** | **–111,168.7** | **–41,384.9** |

The inpayments from the disposal of properties and property holding companies comprise the following:

| € 1,000 | **2009** | **2008** |
|---|---|---|
| Purchase prices | 283.1 | 20,049.9 |
| Purchase price holdback (payment in subsequent years) | 0.0 | –530.6 |
| Retirement of cash and cash equivalents from final consolidation | –16.8 | –2,286.8 |
| Settlement for project exit | –3,545.7 | 0.0 |
| **Disposal of long-term properties and other assets, less cash and cash equivalents** | **–3,279.3** | **17,232.5** |

## 2.4. Other information

### 2.4.1. Financial instruments

Financial instruments include both primary and derivative financial instruments.

Primary financial instruments held within the Group mainly comprise financial assets, receivables, credit balances with banks, financial liabilities, trade creditors and other liabilities.

Derivative financial instruments consist of the following:

| € 1,000 | 31.12.2009 | | | 31.12.2008 | | |
|---|---|---|---|---|---|---|
| | Book value | Fair value | Nominal value | Book value | Fair value | Nominal value |
| Forward exchange transactions | 629.4 | 629.4 | 6,848.3 | 0.0 | 0.0 | 0.0 |
| Time options | 177.7 | 177.7 | 1,250.0 | 0.0 | 0.0 | 0.0 |
| Interest rate swaps | –10,929.6 | –10,929.6 | 218,196.3 | –9,308.6 | –9,308.6 | 177,602.0 |
| - of which cash flow hedges recognised in equity | –10,551.0 | –10,551.0 | 214,081.7 | –9,308.6 | –9,308.6 | 177,602.0 |
| - of which cash flow hedges recognised in profit or loss | –378.6 | –378.6 | 4,114.6 | 0.0 | 0.0 | 0.0 |

The forward exchange transactions and time options concern two EUR loans in Poland to hedge against future rate fluctuations. The CA Immo International Group uses interest rate swaps (floating to fixed) in order to manage the risk of interest rate fluctuations.

Following the premature amortisation of a loan, a directly related underlying transaction no longer exists for a portion of an interest rate swap with a nominal amount of € 4,114.6K.

The market values and conditions of the interest rate swaps existing as of 31.12.2009 are as follows:

| Currency | Nominal value € 1,000 | Start | End | Fixed interest rate as of 31.12.2009 % | Reference interest rate | Fair value 31.12.2009 € 1,000 | Classification |
|---|---|---|---|---|---|---|---|
| EUR | 6,604.8 | 03/2003 | 03/2010 | 3.960 | 3M-EURIBOR | –49.4 | cfh |
| EUR | 7,541.6 | 02/2005 | 04/2012 | 3.510 | 3M-EURIBOR | –294.4 | cfh |
| EUR | 3,770.8 | 07/2005 | 04/2012 | 3.045 | 3M-EURIBOR | –108.3 | cfh |
| EUR | 22,865.0 | 05/2006 | 12/2014 | 4.200 | 6M-EURIBOR | –1,509.6 | cfh |
| EUR | 15,300.0 | 07/2007 | 07/2011 | 4.720 | 3M-EURIBOR | –729.9 | cfh |
| EUR | 888.0 | 07/2007 | 12/2011 | 4.695 | 3M-EURIBOR | –33.8 | cfh |
| EUR | 14,334.5 | 07/2007 | 06/2014 | 4.755 | 3M-EURIBOR | –1,266.4 | cfh |
| EUR | 12,810.7 | 07/2007 | 06/2014 | 4.750 | 3M-EURIBOR | –1,181.1 | cfh |
| EUR | 5,515.4 | 07/2007 | 06/2014 | 4.755 | 3M-EURIBOR | –508.1 | cfh |
| EUR | 5,276.4 | 07/2007 | 06/2014 | 4.760 | 3M-EURIBOR | –447.4 | cfh |
| EUR | 9,441.0 | 09/2007 | 12/2012 | 4.500 | 3M-EURIBOR | –611.8 | cfh |
| EUR | 30,346.0 | 06/2008 | 03/2016 | 4.505 | 3M-EURIBOR | –2,753.9 | cfh/fvd |
| EUR | 16,650.0 | 03/2009 | 12/2010 | 2.020 | 1M-EURIBOR | –250.5 | cfh |
| EUR | 7,720.0 | 03/2009 | 12/2011 | 2.425 | 3M-EURIBOR | –126.4 | cfh |
| EUR | 51,610.0 | 06/2009 | 06/2012 | 2.310 | 3M-EURIBOR | –558.9 | cfh |
| CZK | 7,522.0 | 06/2008 | 06/2013 | 4.620 | 3M-PRIBOR | –499.7 | cfh |
| | **218,196.3** | | | | | **–10,929.6** | |

cfh Cash flow hedge fvd Fair value derivative

The average weighted interest rate is about 3.64 % for all EUR interest rate swaps and about 4.62 % for the CZK interest rate swap.

The fair value is the value which the relevant company would receive or pay upon liquidation of the deal at the balance sheet date. This value was determined by the bank with which the relevant transaction was concluded.

The fair values were calculated by discounting the future cash flows from variable payments on the basis of generally recognised models of financial mathematics. The valuation was based on interbank middle rates of exchange.

**Changes recognised directly in equity**

| € 1,000 | **2009** | **2008** |
|---|---|---|
| **As of 1.1** | **–7,894.8** | **–184.8** |
| Change in valuation of cash flow hedges | –1,473.1 | –9,162.5 |
| Reclassification of cash flow hedges | 225.4 | 0.0 |
| Income taxes on cash flow hedges | –739.2 | 1,452.5 |
| **As of 31.12** | **–9,881.6** | **–7,894.8** |
| - of which parent company's share | –8,778.6 | –7,147.1 |
| - of which non-controlling interests | –1,103.0 | –747.7 |

The table below shows the financial instruments that are subsequently measured at fair value. They are assigned to one of levels 1 to 3, depending on the extent to which the fair value is observable in the market.

Level–1 measurements at fair value are those arising from listed prices (unadjusted) on active markets for identical financial assets or liabilities.

Level–2 measurements at fair value are those based on parameters not corresponding to listed prices for assets or liabilities as in level 1 (data), but deduced either directly (as prices) or indirectly (deduced from prices).

Level–3 measurements at fair value are those arising from models using parameters to measure assets or liabilities, whereas such parameters are not based on observable market data (unobservable parameters, assumptions).

| € 1,000 | | | | **31.12.2009** |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets in the category "measured at fair value in profit or loss"** | | | | |
| Forward exchange transactions | 0.0 | 807.1 | 0.0 | 807.1 |
| **Financial liabilities in the category "Derivatives/Hedge accounting"** | | | | |
| Interest rate swaps | 0.0 | –10,551.0 | 0.0 | –10,551.0 |
| **Financial liabilities in the category "measured at fair value in profit or loss"** | | | | |
| Interest rate swaps | 0.0 | –378.6 | 0.0 | –378.6 |
| **Total** | **0.0** | **–10,122.5** | **0.0** | **–10,122.5** |

No transfers between the levels were made during the reporting period.

**Capital market risk**
The CA Immo International Group manages the risks arising from the capital markets in a variety of ways. It takes liquidity planning and safeguarding measures, for example, in order to avoid tight positions. It also protects itself by entering into capital partnerships (joint ventures) for project development purposes. This policy serves as an alternative to and extension of the customary sources of equity capital. Outside capital is procured by the CA Immo International Group not only from its principal bank, Bank Austria/UniCredit Group, but also and to a growing extent through new or developing business relations with other domestic and foreign banks.

**Interest rate risk**
Risks resulting from changes in interest rates chiefly concern long-term loans. In order to reduce the interest rate risk, a mix of long-term fixed-rate and floating-rate loans are used. In the case of floating-rate loans, derivative financial instruments (interest rate swaps) are used to hedge against the interest rate risks arising from the underlying transactions.

A list of all major interest-bearing liabilities and concluded swaps together with maturities is given in 2.2.10. and 2.4.1. of these Notes. Risks constituting a major and permanent danger to the CA Immo International Group do not exist at present.

The effects on the consolidated income statement and equity capital illustrated below would arise from a change in interest rates of 100 basis points. This analysis is based on the assumption that all other variables, especially exchange rates, remain constant.

| € 1,000 | Recognised in profit or loss | | Recognised directly in equity | |
|---|---|---|---|---|
| | **100 bp increase** | **100 bp decrease** | **100 bp increase** | **100 bp decrease** |
| **31.12.2009** | | | | |
| Variable rate instruments | –3,503.5 | 3,503.5 | 0.0 | 0.0 |
| Interest rate swaps (interest) | 2,182.0 | –2,182.0 | 0.0 | 0.0 |
| Interest rate swaps (valuation) | 177.2 | –179.8 | 5,245.0 | –5,081.6 |
| | **–1,144.3** | **1,141.7** | **5,245.0** | **–5,081.6** |
| **31.12.2008** | | | | |
| Variable rate instruments | –2,809.7 | 2,809.7 | 0.0 | 0.0 |
| Interest rate swaps (interest) | 1,776.0 | –1,776.0 | 0.0 | 0.0 |
| Interest rate swaps (valuation) | 0.0 | 0.0 | 5,668.4 | –5,933.7 |
| | **–1,033.7** | **1,033.7** | **5,668.4** | **–5,933.7** |

The sensitivity analysis is performed on the basis of the consolidated statement of financial position values as of 31.12.2009, assuming an interest rate change of 100 basis points. The variable rate instruments contain the interest-related financial liabilities and lendings, disregarding hedge relationships. In the case of the financial derivatives, an interest rate change gives rise to a component that is recognised in profit and loss (interest and valuation of fair value derivatives) and to the change in value of the cash flow hedges recognised in equity.

**Currency risk**
Currency risks result from rental income and receivables in foreign currency, especially in BGN, CZK, HUF, PLN, RON and RSD. These foreign currency inflows from rents are secured by tying the rents to EUR and USD so that on balance no major risk exists.

On the liabilities side, risks exist because of loans taken out in CZK and USD (cf. Notes 2.2.10.). This risk is mainly counterbalanced by rental income in CZK and USD. Loans are taken out in the same currency as the one on which the rental agreement in question is based. Non-cash effects on the consolidated net income can result from the translation from local currency of the individual financial statements of subsidiaries outside the euro zone.

Assuming that the euro exchange rate, measured against USD, had increased by 10 % as of the balance sheet date (from 1.4310 to 1.5741), a currency gain recognised in profit or loss of € 279.0K would have arisen. Assuming that the euro exchange rate, measured against USD, had decreased by 10 % as of the balance sheet date (from 1.4310 to 1.2879), a currency loss recognised in profit or loss of € 341.0K would have arisen.

Assuming that the euro exchange rate, measured against CZK, had increased by 10 % as of the balance sheet date (from 26.4000 to 29.0400), a currency gain recognised in profit or loss of € 683.8K would have arisen. Assuming that the euro exchange rate, measured against CZK, had decreased by 10 % as of the balance sheet date (from 26.4000 to 23.7600), a currency loss recognised in profit or loss of € 835.8K would have arisen.

**Credit risk**

On the assets side, the amounts stated represent the maximum default risk as no major set-off agreements exist. For risks from securities and other guarantees see Point 2.4.3.The trade debtors are counterbalanced by rent deposits received in the amount of € 4,193.4K and by bank guarantees. Where recognisable, the risk resulting from rent receivables and receivables from property sales is considered by carrying out value adjustments. If there are objective indications of a value adjustment (such as e.g. late payment, litigation, insolvency), an impairment is recognised. The same applies to financing obtained by joint ventures or associated companies if, in view of the relevant company's business development, full repayment is not to be expected. The impairment loss is the difference between the current book value of the asset and the cash value of the expected future cash flow from the receivable. The default risk of other financial instruments stated on the assets side may be considered as low since the transactions were mainly concluded with blue-chip financial institutions.

**Fair values**

The fair values of the financial assets and financial liabilities are stated together with the relevant items. The fair value of the other primary financial instruments corresponds to the book value because of the day-to-day or very short maturities.

### 2.4.2. Liquidity risk

The liquidity risk is the risk of being unable to settle financial liabilities at the time of maturity. The CA Immo International Group controls liquidity by ensuring the availability of sufficient financial resources to settle due liabilities, while avoiding unnecessary potential losses and risks. In keeping with the investment horizon for real estate, most of the loans raised are long-term loans.

The table below shows the contractually agreed (undiscounted) interest and redemption payments of the primary financial liabilities and derivative financial instruments.

| 31.12.2009<br>€ 1,000 | Book value 2009 | Contractually agreed cash flows | Cash flow 2010 | Cash flow 2011-2014 | Cash flow 2015 ff. |
|---|---|---|---|---|---|
| Primary financial liabilities: | | | | | |
| Financial liabilities | 373,937.6 | –472,685.2 | –75,416.5 | –205,227.6 | –192,041.1 |
| Trade creditors | 14,352.0 | –14,352.0 | –14,169.9 | –182.1 | 0.0 |
| Payables to related companies and joint ventures (interest-bearing) | 626.3 | –638.9 | –638.9 | 0.0 | 0.0 |
| Payables to related companies and joint ventures (interest-free) | 723.7 | –723.7 | –723.7 | 0.0 | 0.0 |
| Other interest-free liabilities | 24,779.6 | –24,779.6 | –20,914.7 | –3,801.7 | –63.2 |
| Derivative financial liabilities: Interest rate derivatives in connection with cash flow hedges [1)] | 10,551.0 | –11,592.8 | –5,568.2 | –5,894.4 | –130.2 |
| Interest rate derivatives without a hedge relationship | 378.6 | –402.9 | –146.4 | –236.1 | –20.4 |
| | **425,348.8** | **–525,175.1** | **–117,578.3** | **–215,341.9** | **–192,254.9** |

| 31.12.2008<br>€ 1,000 | Book value 2008 | Contractually agreed cash flows | Cash flow 2009 | Cash flow 2010-2013 | Cash flow 2014 ff. |
|---|---|---|---|---|---|
| Primary financial liabilities: | | | | | |
| Financial liabilities | 315,648.1 | –396,821.8 | –41,364.9 | –180,903.3 | –174,553.6 |
| Trade creditors | 5,163.4 | –5,163.4 | –5,011.4 | –152.0 | 0.0 |
| Payables to related companies and joint ventures (interest-bearing) | 799.2 | –818.0 | –818.0 | 0.0 | 0.0 |
| Payables to related companies and joint ventures (interest-free) | 732.0 | –732.0 | –732.0 | 0.0 | 0.0 |
| Other interest-free liabilities | 23,860.4 | –23,860.4 | –18,175.9 | –5,681.8 | –2.7 |
| Derivative financial liabilities: Interest rate derivatives in connection with cash flow hedges [1)] | 9,308.6 | –11,794.7 | –3,729.6 | –7,436.5 | –628.6 |
| | **355,511.7** | **–439,190.3** | **–69,831.8** | **–194,173.6** | **–175,184.9** |

### 2.4.3. Other liabilities and contingent liabilities

**Contingent liabilities**

As of 31.12.2009, contingent liabilities exist for Eastern/South East Europe in the amount of € 1,905.0K (31.12.2008: € 7,182.0K) in respect of a proportionally consolidated company in Slovakia.

The pro rata contingent liabilities of associated companies accepted jointly by the CA Immo International Group and the other owners stand at € 3,360.0K (31.12.2008: € 3,360.0K) and relate to a mortgage charge securing a long-term loan.

**Open lawsuits**

In the reporting period, an out-of-court compensation claim in the amount of around € 22,000.0K, considered unjustified by the CA Immo International Group, was asserted against the Group. Since an actual demand currently appears unlikely, no provisions were formed in this connection.

[1)] The stated cash flows for interest rate derivatives are estimates based on forward rates.

**Material outstanding purchase commitments**

Besides the liabilities and provisions already contained in the statement of financial position as of 31.12.2009, the acquisition of a property company in Hungary is no longer associated with a purchase commitment arising from the forward purchase (2008: € 51,000.0K).

The prepayments on investments in properties to be closed at a later date refer to City Deco in Prague. The performance of the contract by the partner is uncertain at present.

### 2.4.4. Lease contracts

**CA Immo International as lessor**

The rent agreements concluded by the CA Immo International Group as the landlord or lessor are classified as operating leases according to IFRS. They generally contain the following material provisions:

- linkage to EUR or USD
- value maintenance through linkage to international indices
- medium to long-term durations or waiver of termination

As of 31.12.2009, the future minimum rental income from existing lease contracts that are either limited in time or subject to a termination waiver comprises the following elements:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Following year | 38,713.3 | 32,537.9 |
| 4 years thereafter | 110,154.8 | 76,656.1 |
| More than 5 years | 74,651.7 | 59,172.6 |
| | **223,519.8** | **168,366.6** |

All of the other lease contracts can be terminated at short notice.

The minimum lease payments (rents) consist of the net rents payable until the agreed end of the contract or until the earliest possible termination date available to the lessee (tenant).

**CA Immo International as lessee**

All the rental or lease obligations accepted by the CA Immo International Group are to be classified as operating leases. The operating lease agreements concern office furniture and equipment and motor vehicles.

The following minimum lease payments fall due in the forthcoming periods:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Up to 1 year | 41.3 | 24.0 |
| 2 to 5 years | 14.1 | 64.0 |
| | **55.4** | **88.0** |

No future minimum lease payments exist beyond a period of 5 years.

**2.4.5. Business relationships with related companies and parties**
Related companies and parties of the CA Immo International Group are:

- CA Immobilien Anlagen Aktiengesellschaft and its subsidiaries
- Joint ventures and associated companies
- the executive bodies of CA Immo International AG
- the executive bodies of CA Immobilien Anlagen Aktiengesellschaft
- UniCredit Bank Austria AG/UniCredit Group

The parent company of CA Immo International AG is CA Immobilien Anlagen Beteiligungs GmbH, which holds a 50.99 % interest. The parent company of the whole CA Immo Group is CA Immobilien Anlagen Aktiengesellschaft, which holds a direct interest of 11.77 % in CA Immo International AG and also prepares and publishes overarching consolidated financial statements. CA Immo International AG has concluded an agreement with CA Immobilien Anlagen Aktiengesellschaft, concerning the performance of services relating to finance and accounts, taxes and controlling, marketing and general administration. These services are performed for both CA Immo International AG and its domestic and foreign group companies. The services to be provided by CA Immobilien Anlagen Aktiengesellschaft encompass all the commercial and administrative activities associated with proper business management, support for the Supervisory Board and its committees, conducting the annual and general meetings of CA Immo International AG and its domestic and foreign subsidiaries, and assisting the Management Board with all public affairs, including reporting and investor relations. The company has also concluded an agreement with CA Immobilien Anlagen Aktiengesellschaft concerning the provision of office equipment and personnel. The agreement covers staff, office equipment, telephones, EDP, office supplies, other technical equipment (photocopiers, computers etc.) and the necessary office premises. The fee payable for provisioning the entire office infrastructure is based on actual costs incurred. An agreement has also been concluded with CA Immobilien Anlagen Aktiengesellschaft regarding the settlement of income taxes (tax compensation) from the inclusion of CA Immo International AG in the tax group headed by CA Immobilien Anlagen Aktiengesellschaft (cf. item 1.6.).

The transactions described above affected profit and loss as follows:

The net payments for management (cf. item 2.1.5.) and other services amounted to € 2,552.6K (2008: € 1,979.8K).

As of the indicated balance sheet dates, the following significant receivables and liabilities existed from and to CA Immobilien Anlagen Aktiengesellschaft or Joint ventures and associated companies of CA Immo International AG:

| € 1,000 | **31.12.2009** | **31.12.2008** |
|---|---|---|
| **Loans to joint ventures** | | |
| Triastron Investments Limited, Nicosia | 16,156.5 | 14,506.8 |
| Poleczki Business Park Sp.z.o.o., Warsaw | 6,481.6 | 6,479.2 |
| Pannonia Shopping Center Kft., Györ | 1,180.3 | 0.0 |
| Log Center d.o.o., Belgrade | 1,165.0 | 0.0 |
| Starohorska Development s.r.o., Bratislava | 0.0 | 1,493.4 |
| H1 Hotelentwicklungs GmbH, Vienna | 0.0 | 253.5 |
| Kornelco Holdings Limited, Nicosia | 0.0 | 2,656.5 |
| **Total** | **24,983.4** | **25,389.4** |
| **Loans to associated companies** | | |
| OAO Avielen AG, St. Petersburg | 11,867.8 | 4,599.8 |
| Soravia Center OÜ, Tallinn | 0.0 | 1,900.0 |
| **Total** | **11,867.8** | **6,499.8** |

| € 1,000 | 31.12.2009 | 31.12.2008 |
|---|---|---|
| **Receivables from affiliated companies and joint ventures** | | |
| CA Immobilien Anlagen Aktiengesellschaft, Vienna | 30.9 | 30.9 |
| Pannonia Shopping Center Kft., Györ | 0.5 | 0.3 |
| Poleczki Business Park Sp.z.o.o., Warsaw | 0.3 | 68.3 |
| H1 Hotelentwicklungs GmbH, Vienna | 0.0 | 5.5 |
| **Total** | **31.7** | **105.0** |
| **Payables to affiliated companies and joint ventures** | | |
| CA Immobilien Anlagen Aktiengesellschaft, Vienna | 696.9 | 663.7 |
| CA Betriebsobjekte Polska Sp.z.o.o., Warsaw | 626.3 | 799.2 |
| Poleczki Business Park Sp.z.o.o., Warsaw | 22.5 | 0.0 |
| Mahler Property Sp.z.o.o., Warsaw | 4.3 | 51.2 |
| CA Immo Rennweg 16 GmbH, Vienna | 0.0 | 17.1 |
| **Total** | **1,350.0** | **1,531.2** |



The loans to joint ventures existing as of the balance sheet date serve the purpose of financing the property and project development companies. The interest rates are market rates. No guarantees or other forms of security exist in connection with these loans.

The loans to associated companies existing as of the balance sheet date serve the purpose of financing the property companies. All the 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 on loans to associated companies is € 4,935.6K. In the reporting period, an amount of € 2,614.5K was recognised as an expense.

The payable to CA Betriebsobjekte Polska Sp.z.o.o, Warsaw, originates from the granting by same of a short-term loan. The interest rate is in conformity with the market. No security was provided.

The other receivables and payables from and to joint ventures originate primarily from the charging of management services. The offsetting takes place in compliance with the arm's length principle.

**The executive bodies of CA Immo International AG, Vienna, are:**

**Management Board**
Bruno Ettenauer
Wolfhard Fromwald
Bernhard H. Hansen (since 1.10.2009)

**Supervisory Board** [1)]
Helmut Bernkopf, Chairman
Ernst Nonhoff, Deputy Chairman
Peter Hofbauer
Reinhard Madlencnik
Gerhard Nidetzky (until 7.5.2009)
Regina Prehofer (until 7.5.2009)
Alarich Fenyves (until 24.9.2009)

[1)] As of 31.12.2009, the Supervisory Board had a full complement of members

An identity of membership exists on the Management Boards of CA Immo International AG and CA Immobilien Anlagen Aktiengesellschaft. The Management Board members of CA Immo International AG are remunerated exclusively on the basis of the employment contracts with CA Immobilien Anlagen Aktiengesellschaft. The management fees (including ancillary labour costs, payments in kind and pension provisions) passed on to CA Immo International AG totalled € 243.4K in 2009 (2008: € 250.7K), which corresponds to around 29.0 % of the total costs attributable to the Management Board. The apportioned amount concurred with the actual labour and time input. The remuneration of Bernhard H. Hansen is paid entirely by Vivico Real Estate GmbH, Frankfurt, the company responsible for all activities in Germany within the CA Immo Group (Group parent); no costs are passed on to CA Immo International AG. A stock option plan does not exist. In 2009 the members of the Supervisory Board were remunerated (for business year 2008) in the total amount of € 54.5K (paid in 2008 for business year 2007: € 59.5K). In addition to this amount, no fees were paid to members of the Supervisory Board, in particular for consultancy and agency services. Neither loans nor advances were provided to members of the Management or Supervisory Boards.

Alongside their roles in CA Immo International AG, Helmut Bernkopf and Reinhard Madlencnik also serve on the Supervisory Board of CA Immobilien Anlagen Aktiengesellschaft. In addition, Helmut Bernkopf is the member of the Management Board of UniCredit Bank Austria AG responsible for corporate and investment banking. Besides overseeing group accounting and tax at UniCredit Bank Austria AG, Peter Hofbauer has been responsible for the bank's shareholdings, capital and strategic projects since mid–2006. Reinhard Madlencnik heads the real estate division of UniCredit Bank Austria AG.

UniCredit Bank Austria AG/UniCredit Group is the principal bank of the CA Immo International Group. CA Immo International Group carries out a large proportion of its payment transactions, finances its properties and invests cash and cash equivalents through and with UniCredit Bank Austria AG/UniCredit Group.

The tables below illustrate the relationships that exist with UniCredit Bank Austria AG/UniCredit Group:

**Consolidated statement of financial position:**

| € 1,000 | **31.12.2009** | **31.12.2008** |
|---|---|---|
| Share of financial liabilities recognised in consolidated statement of financial position | 44.9 % | 44.9 % |
| Outstanding receivables/liabilities | –89,499.7 | –30,603.3 |
| Market value of interest rate swaps | –8,249.3 | –7,689.1 |

**Consolidated income statement:**

| € 1,000 | **2009** | **2008** |
|---|---|---|
| Net interest expenses of CA Immo International (incl. interest income, swap expenses and income and loan processing charges) | | |
| -CA Immo International | 1,058.6 | 2,323.8 |
| -CA Immo International subsidiaries | –9,832.6 | –5,804.3 |

Bank loans are obtained to finance the Group's activities and are secured by company shares, mortgage charges and similar guarantees. No value adjustments for bank loans were recognised in profit or loss. The terms and conditions of the business relationship with the Bank Austria/UniCredit Group are in line with those prevailing in the market.

### 2.4.6. Net profit effect on the income statement of the settlement of transactions within the CA Immo International Group and the CAINE Group

CA Immo International AG has a majority (60 %) interest in CA IMMO NEW EUROPE PROPERTY FUND S.C.A. SICAR, Luxembourg. The subgroup consolidated financial statements of CA IMMO NEW EUROPE PROPERTY FUND S.C.A. SICAR, Luxembourg, are fully consolidated in the consolidated financial statements of the CA Immo International Group, so that business transactions with CA IMMO NEW EUROPE PROPERTY FUND S.C.A. SICAR and its subsidiaries (collectively "the CAINE Group") are not included in the individual items of the financial statements, but reflected only in the share of net income attributable to non-controlling interests.

Reconciliation of the non-controlling interest in the subgroup CA IMMO NEW EUROPE PROPERTY FUND S.C.A. SICAR, Luxembourg, (CAINE), based on group-internal settlements:

| € 1,000 | **31.12.2009** | **31.12.2008** |
|---|---|---|
| Result of subgroup CAINE after consolidation of CA Immo Group | –24,349.9 | –46,228.4 |
| - of which 39.97 % expected non-controlling interest | –9,732.0 | –18,476.2 |
| Actual non-controlling interest | –11,166.0 | –20,819.9 |
| **Difference** | **1,434.0** | **2,343.7** |
| | | |
| **Composition of difference** | | |
| Non-controlling interest in respect of asset management fee | **1,358.9** | **1,766.5** |
| Non-controlling interest in respect of interest income | 38.6 | 558.5 |
| Non-controlling interest in respect of management fees | 36.5 | 39.7 |
| Non-controlling interest in respect of marketing expenses | 0.0 | –21.0 |
| **Total** | **1,434.0** | **2,343.7** |

### 2.4.7. Capital management

The capital management activities of the CA Immo International Group seek to ensure the availability at all times of the resources required for the company's continued existence and to optimise, as far as possible, the cost of the capital needed in this connection.

The key indicator for capital management purposes is the ratio of shareholders' equity to net debt (gearing) within the overall capital structure. The goal is not to exceed a gearing ratio of around 100 %. Indicators measuring the management of group capital are not externally rated or subject to any explicit third-party requirements. The target was established paying due regard to the prevailing market conditions on which lenders are willing to make outside capital available and to the desire to maximise the return on the capital employed. A gearing ratio that is too low is detrimental to the return on equity because of the lack of leverage, and if the gearing is too high, access to borrowed capital becomes more difficult or subject to significantly elevated interest rates. While giving consideration to the overarching goal, an appropriate gearing ratio is established for the individual property and property development project whenever an investment decision is taken. If, in particular because of unscheduled impairments, the gearing ratio persistently remains above the target, appropriate action can be taken. The available measures include, above all, property disposals and capital increases. A ratio below the target can be countered by returning equity to the shareholders in the form of dividends or by repurchasing shares.

The net financial liability and gearing ratio are key indicators of the CA Immo International Group's capital structure. They developed as follows:

| € 1,000 | 31.12.2009 | 31.12.2008 |
|---|---|---|
| **Interest-bearing liabilities** | | |
| Financial liabilities | 373,937.6 | 315,648.1 |
| **Interest-bearing assets** | | |
| Cash and cash equivalents | –115,917.7 | –148,802.2 |
| **Net financial liability** | **258,019.9** | **166,845.9** |
| **Shareholders' equity** | **424,642.0** | **558,496.0** |
| **Gearing (net debt/equity)** | **60.8 %** | **29.9 %** |

### 2.4.8. Key figures per share

**Earnings per share**

Earnings per share are calculated by dividing consolidated net income by the weighted number of ordinary shares in circulation during the business year.

| | | 2009 | 2008 |
|---|---|---|---|
| Weighted number of share in circulation | | 43,460,785 | 43,460,785 |
| Consolidated net income | € 1,000 | –123,257.8 | –96,556.2 |
| Earnings per share | € | –2.84 | –2.22 |

Diluted earnings per share equal earnings per share since no financial instruments with a dilution effect were issued. Dilution could occur in the future, however, in view of the existence of contingent capital in the amount of € 157,980.0K.

**Cash flow per share**

Cash flow per share is calculated by dividing the operating cash flow and cash flow from operating activities by the weighted number of ordinary shares in circulation during the business year.

| | | 2009 | 2008 |
|---|---|---|---|
| Weighted number of shares in circulation | | 43,460,785 | 43,460,785 |
| Operating cash flow | € 1,000 | 23,501.9 | 22,732.4 |
| Operating cash flow per share | € | 0.54 | 0.52 |
| Cash flow from business activities | € 1,000 | 26,631.3 | 19,840.2 |
| Cash flow from business activities per share | € | 0.61 | 0.46 |

### 2.4.9. Payroll

In business year 2009, the CA Immo International Group employed an average of 45 white-collar workers (2008: 62) and 14 blue-collar workers (2008: 9). In addition, proportionally consolidated companies employed an average of 11 white-collar workers (2008: 14) and 19 blue-collar workers (2008: 20).

**2.4.10. Costs for the auditor**

In accordance with section 266 Z 11 Austrian Commercial Code the costs for the auditor of CA Immo International AG, Vienna, incurred in the business year are to be disclosed. These are as follows:

| € 1,000 | 2009 | 2008 |
|---|---|---|
| Audit | 102.0 | 95.0 |
| Other advisory services | 53.0 | 53.0 |
| Tax conultancy services | 33.0 | 68.0 |
| | **188.0** | **216.0** |

**2.4.11. Events after the close of the business year**

No material events have occurred since the reporting date.

Vienna, 8.3.2010

The Management Board

Bruno Ettenauer | Bernhard H. Hansen | Wolfhard Fromwald

DECLARATION OF THE MANAGING BOARD DUE TO SECTION 82 (4) OF THE AUSTRIAN STOCK EXCHANGE ACT

The managing board confirms to the best of their knowledge that the consolidated financial statements of CA Immo International AG, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the CA Immo International Group and that the group management report gives a true and fair view of the development and performance of the business and position of the CA Immo International Group, together with a description of the principal risks and uncertainties the CA Immo International Group faces.

Vienna, 8.3.2010

The Managing Board

Bruno Ettenauer | Bernhard H. Hansen | Wolfhard Fromwald

## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**Report on the Consolidated Financial Statements**
We have audited the accompanying consolidated financial statements of

**CA Immo International AG,**
**Vienna**,

for the **fiscal year from 1 January 2009 to 31 December 2009**. These consolidated financial statements comprise the consolidated statement of financial position as of 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year ended 31 December 2009 and notes, comprising a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements and for the Accounting System**
The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility and Description of Type and Scope of the Statutory Audit**
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 December 2009 and of its financial performance and its cash flows for the year from 1 January to 31 December 2009 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

**Report on the Management Report for the Group**

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 8 March 2010

KPMG
Wirtschaftsprüfungs- und Steuerberatungs GmbH

Mag. Walter Reiffenstuhl
Wirtschaftsprüfer

ppa Mag Nikolaus Urschler
Wirtschaftsprüfer

(Austrian Chartered Accountants)

This report is a translation of the original report in German, which is solely valid.

Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements and the management report are identical with the audited version. The Auditor's Report only refers to the complete German version of the consolidated financial statements an the management report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

# FINANCIAL STATEMENTS OF CA IMMO INTERNATIONAL AG

## PROFIT AND LOSS ACCOUNT FOR THE BUSINESS YEAR ENDED 31.12.2009

| | | 2009 | | 2008 |
|---|---|---|---|---|
| | € | € | € 1,000 | € 1,000 |
| **1. Gross revenues** | | **2,333,838.84** | | **2,389.1** |
| **2. Other operating income** | | | | |
| a) Income from the release of provisions | 236,621.66 | | 103.8 | |
| b) Other | 716,057.64 | 952,679.30 | 771.2 | 874.9 |
| **3. Staff expenses** | | | | |
| a) Salaries | –1,455,999.58 | | –1,538.4 | |
| b) Payments relating to dispatching and payments into staff welfare funds | –130,362.42 | | –23.7 | |
| c) Expenses in connection with pensions | –33,365.67 | | –26.7 | |
| d) Payments relating to statutory social security contributions as well as payments dependent on remuneration and compulsory contributions | –355,708.64 | | –333.8 | |
| e) Other social expenses | 0.00 | –1,975,436.31 | –0.3 | –1,922.9 |
| **4. Depreciation of tangible fixed assets** | | **–35,785.04** | | **–30.8** |
| **5. Other operating expenses** | | | | |
| a) Taxes | –366.80 | | –1.8 | |
| b) Other | –17,529,881.76 | –17,530,248.56 | –5,640.6 | –5,642.4 |
| **6. Subtotal from S 1 to 5 (operating result)** | | **–16,254,951.77** | | **–4,332.1** |
| **7. Income from investments in related companies** | | **2,125,000.00** | | **3,850.0** |
| **8. Income from loans** | | **6,168,327.41** | | **9,563.6** |
| of which from related companies: € 1,796,177.22; previous year: € 5,219,933 | | | | |
| **9. Other interest and similar income** | | **1,059,192.97** | | **3,528.6** |
| of which from related companies: € 0.00; previous year: € 218,537 | | | | |
| **10. Expenses from financial assets** | | **–60,241,779.73** | | **–80,357.0** |
| of which: a) depreciation and amortisation: € 48,413,395.73; previous year: € 78,054,447 | | | | |
| b) expenses from related companies: € 46,480,018.00; previous year: € 53,070,303 | | | | |
| **11. Interest and similar expenses** | | **0.00** | | **–14.0** |
| **12. Subtotal from S 7 to 11 (financial result)** | | **–50,889,259.35** | | **–63,428.8** |

| | | 2009 | | 2008 |
|---|---|---|---|---|
| | € | € | € 1,000 | € 1,000 |
| **13. Result from usual business activity** | | **–67,144,211.12** | | **–67,760.9** |
| **14. Taxes on income** | | **602,647.17** | | **860.0** |
| **15. Annual deficit** | | **–66,541,563.95** | | **–66,900.9** |
| **16. Reduction of capital reserves** | | **66,541,563.95** | | **63,644.1** |
| **17. Profit carried forward from the previous year** | | **0.00** | | **3,256.8** |
| **18. Profit as shown in the balance sheet** | | **0.00** | | **0.0** |

FINANCIAL STATEMENTS OF CA IMMO INTERNATIONAL AG

## BALANCE SHEET AS OF 31.12.2009

| | 31.12.2009<br>€ | 31.12.2008<br>€ 1,000 |
|---|---|---|
| **ASSETS** | | |
| **A. Fixed assets** | | |
| **I. Tangible fixed assets** | | |
| Other assets, office furniture and equipment | 88,286.15 | 124.1 |
| **II. Financial assets** | | |
| 1. Investments in affiliated companies | 234,062,077.45 | 205,107.4 |
| 2. Loans to affiliated companies | 65,734,990.84 | 89,673.3 |
| 3. Pre-payments on investments in affiliated companies | 200,000.00 | 200.0 |
| 4. Investments in joint-ventures | 124,761.03 | 1,526.8 |
| 5. Loans to joint-ventures | 3,244,771.00 | 9,613.4 |
| | **303,366,600.32** | **306,120.9** |
| | **303,454,886.47** | **306,245.0** |
| **B. Current assets** | | |
| **I. Receivables and other assets** | | |
| 1. Receivables from affiliated companies | 9,689,769.22 | 20,543.8 |
| 2. Receivables from joint-ventures | 532,465.57 | 7,007.7 |
| 3. Other receivables and other assets | 465,624.11 | 546.0 |
| | **10,687,858.90** | **28,097.5** |
| **II. Cash on hand, credit balances with banks** | **52,000,393.13** | **82,668.4** |
| | **62,688,252.03** | **110,765.9** |
| **C. Deferred expenses** | **0.00** | **86.1** |
| **ASSETS** | **366,143,138.50** | **417,097.0** |

| | 31.12.2009 | 31.12.2008 |
|---|---|---|
| | € | € 1,000 |
| **LIABILITIES** | | |
| **A. Shareholders´ equity** | | |
| **I. Share capital** | **315,959,906.95** | **315,959.9** |
| **II. Capital reserves** | | |
| Tied | 29,719,451.19 | 96,261.0 |
| **III. Net profit** | | |
| of which profit carried forward: € 0.00; previous year: profit carried forward: € 0.00 | 0.00 | 0.0 |
| | **345,679,358.14** | **412,220.9** |
| **B. Provisions** | | |
| 1. Provisions for severance payments | 0.00 | 2.7 |
| 2. Other provisions | 14,738,064.47 | 3,145.7 |
| | **14,738,064.47** | **3,148.4** |
| **C. Liabilities** | | |
| 1. Trade creditors | 109,365.08 | 153.8 |
| 2. Payables to affiliated companies | 696,889.74 | 674.2 |
| 3. Payables to joint-ventures | 8,540.00 | 102.5 |
| 4. Other payables | 4,910,921.07 | 797.2 |
| of which from taxes: € 3,370.08; previous year: € 3,443 | | |
| of which in connection with social security: € 27,564.40; previous year: € 31,096 | | |
| | **5,725,715.89** | **1,727.7** |
| **LIABILITIES** | **366,143,138.50** | **417,097.0** |
| Contingent liabilities from guarantees | 92,175,000.00 | 130,592.0 |

## OTHER INFORMATION

The annual financial statements of CA Immo International AG for the 2009 business year, prepared according to the Austrian accounting principles and for which an unqualified auditors' opinion was expressed by KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH, will be submitted together with the relevant documents to the Austrian Register of Companies of the Commerical Court of Vienna, no. 248937i. These financial statements can be ordered free of charge from CA Immo International AG, 1030 Vienna.

Vienna, 2.3.2010

The Management Board

| | | |
|---|---|---|
| Bruno Ettenauer | Bernhard H. Hansen | Wolfhard Fromwald |

# TABLES AND ANALYSES

## I. CA IMMO INTERNATIONAL SHARE

### 1. REVIEW OF SHARE RATIOS

| | | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| **Key ratios per share in €** | | | | | | |
| Rental income/share | | 0.93 | 0.89 | 0.88 | 1.47 | n.a. |
| EBITDA/share | | 0.57 | 0.74 | 0.62 | 1.23 | n.a. |
| Operating cash flow/share | | 0.54 | 0.52 | 0.47 | 1.03 | 0.85 |
| Net income/share (EPS) | | –2.84 | –2.22 | 1.58 | 1.83 | n.a. |
| EV/share (31 December) | | 11.17 | 6.67 | 13.64 | 15.24 | n.a. |
| NNNAV/share | | 9.59 | 12.65 | 15.54 | 13.66 | 11.74 |
| Price (31 December)/NNNAV per share –1 | % | –45.45 | –77.63 | –25.40 | 15.70 | n.a. |
| **Multipliers** | | | | | | |
| Price/earnings ratio (PER) | | –1.8 | –1.3 | 7.4 | 8.6 | n.a. |
| Price/cash flow | | 9.7 | 5.4 | 24.8 | 15.3 | n.a. |
| Ø EV/EBITDA | | 17.3 | 15.4 | 26.2 | 11.2 | n.a. |
| **Valuation in €m** | | | | | | |
| Market capitalisation (31 December) | | 227.3 | 123.0 | 504.1 | 686.7 | n.a. |
| Market capitalisation (annual average) | | 174.3 | 330.5 | 619.3 | 381.9 | n.a. |
| Shareholders' equity | | 424.6 | 558.5 | 692.0 | 582.7 | 243.1 |
| Ø Enterprise Value (EV) | | 432.3 | 497.4 | 707.8 | 366.1 | n.a. |
| Net asset value (NNNAV) | | 416.7 | 549.7 | 675.2 | 593.5 | 260.3 |
| **Shares** | | | | | | |
| Number of shares (31 December) | Stk. | 43,460,785 | 43,460,785 | 43,460,785 | 43,460,785 | 22,165,000 |
| Ø number of shares | Stk. | 43,460,785 | 43,460,785 | 43,460,785 | 26,047,324 | n.a. |
| Ø price/share | € | 4.01 | 7.60 | 14.25 | 14.66 | n.a. |
| High | € | 6.30 | 11.98 | 17.30 | 15.90 | n.a. |
| Low | € | 2.05 | 1.75 | 10.45 | 13.52 | n.a. |

### 2. DEVELOPMENT OF SHARE CAPITAL

| Year | | Capital increase Nominal value | No. of shares | Price | Cumulative share capital |
|---|---|---|---|---|---|
| 2004 | € | 70,000 | 9,629 | 7.27 €/share | 70,000 |
| 2006 | € | 161,069,550 | 22,155,371 | 7.27 €/share | 161,139,550 |
| | € | 134,626,398 | 18,518,074 | 13.95 €/share | 295,765,948 |
| | € | 20,193,959 | 2,777,711 | 14.85 €/share | 315,959,907 |
| | | | **43,460,785** | | **315,959,907** |

## II. PORTFOLIO ANALYSIS

### 1. OVERALL PORTFOLIO

| | | CEE | SEE | CIS | Total |
|---|---|---|---|---|---|
| **Property assets 31.12.2008** | **€ m** | **432.0** | **293.3** | **26.4** | **751.7** |
| Investment properties | € m | 361.7 | 226.5 | 0.0 | 588.2 |
| Investment properties under development | € m | 69.0 | 66.8 | 26.4 | 162.2 |
| Properties intended for trading | € m | 1.2 | 0.0 | 0.0 | 1.2 |
| | | | | | |
| Acqusition of new properties | € m | 0.0 | 0.0 | 0.0 | 0.0 |
| Investments in current projects | € m | 64.8 | 15.1 | 3.6 | 83.4 |
| Investments in the portfolio stock | € m | 2.5 | 1.6 | 0.0 | 4.1 |
| Change from revaluation/Impairment | € m | –81.0 | –59.0 | –12.0 | –152.0 |
| Disposals | € m | –0.4 | 0.0 | –12.9 | –13.3 |
| | | | | | |
| **Property assets 31.12.2009** | **€ m** | **417.9** | **251.0** | **5.0** | **674.0** |
| Investment properties | € m | 377.6 | 227.4 | 0.0 | 605.0 |
| Investment properties under development | € m | 39.0 | 23.7 | 5.0 | 67.7 |
| Properties intended for trading | € m | 1.3 | 0.0 | 0.0 | 1.3 |
| | | | | | |
| Annual rental income (net sales) | € m | 24.0 | 16.3 | 0.0 | 40.3 |
| Annualised rental income | € m | 26.4 | 18.7 | 0.0 | 45.1 |
| Vacancy rate (investment properties) [1)] | % | 11.5 | 4.7 | 0.0 | 8.8 |
| Yield (investment properties) [1)] | % | 8.0 | 9.3 | 0.0 | 8.5 |

[1)] excluding the Capital Square, Dunacenter and Sava Business Center project completions that have been newly incorporated in the porfolio

### 2. CHANGE OF RENTAL INCOME 2009 VS. 2008

| € m | CEE | SEE | Total |
|---|---|---|---|
| From indexing | 0.1 | 0.1 | 0.2 |
| From currency translation | 0.0 | 0.0 | 0.0 |
| From change in vacancy rate or rent reduction | –1.7 | –0.4 | –2.0 |
| From additions of new properties | 0.0 | 0.0 | 0.0 |
| From first full year of letting | 1.5 | 1.1 | 2.6 |
| From completed projects | 0.6 | 0.4 | 1.0 |
| From property disposals | 0.0 | 0.0 | 0.0 |
| | | | |
| **Total change of rental income** | **0.4** | **1.2** | **1.6** |

3. AREA BY TYPE OF USE AND REGION (INVESTMENT PROPERTIES)

| | CEE | | SEE | | Total | |
|---|---|---|---|---|---|---|
| | sqm | % share | sqm | % share | sqm | % share |
| Office | 120,809 | 67 | 82,682 | 76 | 203,491 | 71 |
| Hotel | 23,746 | 13 | 15,376 | 14 | 39,122 | 14 |
| Retail | 18,636 | 10 | 3,701 | 3 | 22,337 | 8 |
| Industrial and warehousing | 933 | 1 | 3,136 | 3 | 4,070 | 1 |
| Other | 15,348 | 9 | 3,802 | 3 | 19,150 | 7 |
| **Useful area** | **179,472** | **100** | **108,697** | **100** | **288,169** | **100** |
| No. of parking spaces | 3,314 | | 1,734 | | 5,048 | |



4. RENTAL INCOME BY MAIN TYPE OF USE (INVESTMENT PROPERTIES)

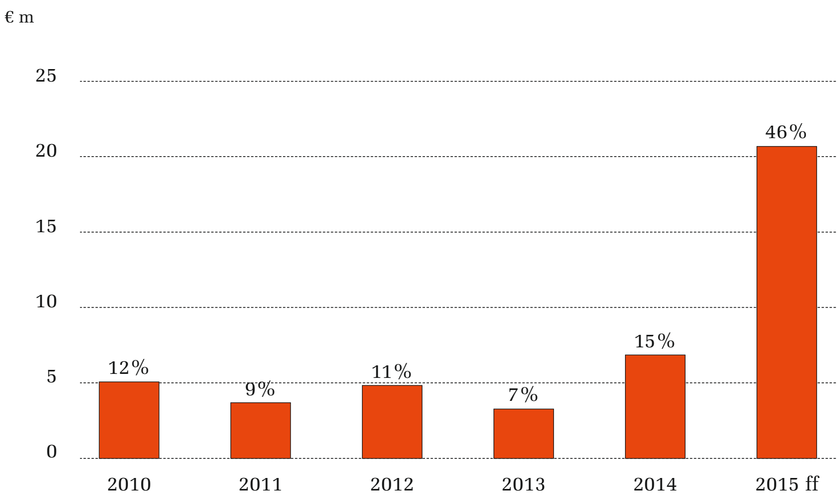
| | CEE | | SEE | | Total | |
|---|---|---|---|---|---|---|
| | € 1,000 | % share | € 1,000 | % share | € 1,000 | % share |
| Office | 17,111 | 71 | 14,590 | 90 | 31,701 | 79 |
| Hotel | 6,072 | 25 | 1,670 | 10 | 7,742 | 19 |
| Retail | 54 | 0 | 0 | 0 | 54 | 0 |
| Other | 762 | 3 | 0 | 0 | 762 | 2 |
| **Rental income** | **23,999** | **100** | **16,260** | **100** | **40,258** | **100** |

5. LARGEST TENANTS

| | **Sector** | **City** | **Share in % [1)]** |
|---|---|---|---|
| ECM Hotel operations, Europort, s.r.o. (end-user Marriott) | Hotel | Prague | 6 |
| ECM Hotel operations Plzeň s.r.o. (end-user Marriott) | Hotel | Plzeň | 4 |
| Austria Trend Hotel | Hotel | Ljubljana | 3 |
| Hewlett-Packard Magyarország Kft. | IT | Budapest | 3 |
| Cemex Üzleti Központ Kft. | Construction | Budapest | 2 |
| PriceWaterhouseCoopers Servicii S.R.L. | Consulting | Bucharest | 2 |
| NN LEASE S.R.L. – ING Group | Insurance | Bucharest | 2 |
| Johnson Controls | Automotive | Sofia | 2 |
| Cosmo Bulgaria Mobile | Telecoms | Sofia | 2 |
| Nestor Nestor Diculescu Kingston | Consulting | Bucharest | 2 |

[1)] according to rental income

6. LEASE ANALYSIS based on effective rental income of the expiring lease contracts




7. CURRENT PROJECT DEVELOPMENTS

| Location | Name | Use | Share % | Joint Venture Partner | Project director | Project volume € m | out-standing | Planned comple-tion |
|---|---|---|---|---|---|---|---|---|
| **CA Immo International** | | | | | | | | |
| Bratislava | BBC Plus | Office | 100 | no | CA Immo Int. | 12 | 6 | 2011 |
| Moscow | Maslov Tower | Office | 50 | Katrinco/ Förster | Partner | 75 | 44 | 2012 |
| Bratislava | Sekyra Tower | Office/Residental | 50 | Sekyra Group | CA Immo Int. | 48 | 46 | 2012 |
| **CA Immo New Europe** | | | | | | | | |
| Warsaw | Poleczki Business Park | mixed | 50 | UBM | Partner | 55 | 15 | 2010 |
| Sibiu | Retail Centre Sibiu | Retail | 100 | Oasis Gruppe | Partner | 43 | 11 | 2010 |
| St. Petersburg | Airport City St. Petersburg [1] | Hotel/Office | 25 | Warimpex/ Flughafen St. Petersburg/ UBM | Partner | 66 | 33 | 2011 |

[1] At-equity interest

8. BOOK VALUES BY PROPERTY AREA AND SEGMENTS

| € m | 31.12.2009 | 31.12.2009 before revaluation | Change from revaluation/decrease in value |
|---|---|---|---|
| **Investment properties** | | | |
| CEE | 300.5 | 364.0 | –63.5 |
| SEE [1] | 158.5 | 200.1 | –41.7 |
| CIS | 0.0 | 0.0 | 0.0 |
| **Like-for-like-Portfolio** | **458.9** | **564.1** | **–105.1** |
| | | | |
| **Acquisitions/Completions** | | | |
| CEE | 77.1 | 88.0 | –10.9 |
| SEE [2] | 68.9 | 73.8 | –4.9 |
| CIS | 0.0 | 0.0 | 0.0 |
| **Acquisitions / Completions** | **146.1** | **161.8** | **–15.8** |
| | | | |
| **Total 31 December 2009** | **605.0** | **725.9** | **–120.9** |
| | | | |
| **Investment properties under development** | | | |
| CEE | 39.0 | 45.6 | –6.6 |
| SEE | 23.7 | 36.1 | –12.5 |
| CIS | 5.0 | 21.5 | –16.5 |
| **Investment properties under development** | **67.7** | **103.2** | **–35.5** |
| | | | |
| **Properties intended for trading** | | | |
| CEE | 1.3 | 1.3 | 0.0 |
| SEE | 0.0 | 0.0 | 0.0 |
| CIS | 0.0 | 0.0 | 0.0 |
| **Properties intended for trading** | **1.3** | **1.3** | **0.0** |
| | | | |
| **Total portfolio** | **674.0** | **830.4** | **–156.4** |
| CEE | 417.9 | 498.8 | –80.9 |
| SEE | 251.0 | 310.0 | –59.0 |
| CIS | 5.0 | 21.5 | –16.5 |
| | | | |
| | **Disposals 2009** | **31.12.2008** | |
| **Disposals** | | | |
| CEE | 0.0 | 0.0 | 0.0 |
| SEE | 0.0 | 0.0 | 0.0 |
| CIS | –12.8 | 8.3 | 4.5 |
| **Disposals** | **–12.8** | **8.3** | **4.5** |

[1] excl. Belgrad Office Park (2nd part)
[2] incl. Belgrad Office Park (2nd part)

## III. BALANCE-SHEET AND INCOME ANALYSIS (5-YEAR COMPARISON)

### 1. CORPORATE DATA /KEY FIGURES

| | | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | |
| Rental Income | € m | 40.3 | 38.7 | 38.1 | 38.2 | 25.6 |
| EBITDA | € m | 24.9 | 32.2 | 27.0 | 32.0 | 20.7 |
| Operating Result (EBIT) | € m | –127.1 | –62.0 | 82.9 | 63.8 | 60.2 |
| Net income before taxes (EBT) | € m | –150.0 | –94.7 | 81.3 | 59.1 | 47.6 |
| Consolidated net income | € m | –134.5 | –117.5 | 67.2 | 47.8 | 46.6 |
| attributable to the owners of the parent | € m | –123.3 | –96.6 | 68.5 | 47.7 | 46.4 |
| Operating cash flow | € m | 23.5 | 22.7 | 20.3 | 26.9 | 18.9 |
| **Balance sheet** | | | | | | |
| Book value of properties | € m | 674.0 | 751.7 | 708.4 | 530.0 | 489.3 |
| Total assets | € m | 882.8 | 996.2 | 975.8 | 826.9 | 527.3 |
| Shareholders' equity | € m | 424.6 | 558.5 | 692.0 | 582.7 | 243.1 |
| Long-term and short-term liabilities to banks | € m | 373.9 | 315.6 | 232.1 | 210.4 | 225.1 |
| Net debt | € m | 258.0 | 166.8 | 88.5 | –24.5 | 204.5 |
| **Property assets** | | | | | | |
| Total usable space (excl. parking, excl.projects) | sqm | 288,169 | 230,831 | 213,276 | 196,593 | 194,711 |
| Gross yield of properties [1] | % | 8.5 | 7.3 | 6.7 | 7.5 | 7.8 |
| Vacancy rate [1] | % | 8.8 | 6.0 | 3.5 | 7.0 | 13.0 |
| Capital expenditures | € m | 90.9 | 182.5 | 144.7 | 46.2 | 254.6 |
| **Other key data** | | | | | | |
| Staff as at 31.12. (Headoffice Vienna) | | 18 | 22 | 23 | 11 | 0 |
| Gearing | % | 61 | 30 | 13 | –4 | 84 |
| Equity ratio | % | 48 | 56 | 71 | 70 | 46 |
| Equity-to-fixed assets ratio | % | 57 | 67 | 85 | 102 | 49 |
| Ø Enterprise Value (EV) | € m | 432.3 | 497.4 | 707.8 | 366.1 | n.a. |
| Ø Enterprise value/EBITDA | | 17.3 | 15.4 | 26.2 | 11.2 | n.a. |
| Net asset value (NNNAV) | € m | 416.7 | 549.7 | 675.2 | 593.5 | 260.3 |
| ROE | % | –26.3 | –16.4 | 11.1 | 11.6 | 25.6 |
| ROCE | % | –18.3 | –13.1 | 9.9 | 10.1 | 12.1 |

[1] excluding the Capital Square, Dunacenter and Sava Business Center project completions that have been newly incorporated in the porfolio

2. CONSOLIDATED INCOME STATEMENT

| € m | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| Rental Income/Net sales | 40.3 | 38.7 | 38.1 | 38.2 | 25.6 |
| - CEE | 24.0 | 23.6 | 24.7 | 23.2 | 14.3 |
| - SEE | 16.3 | 15.1 | 13.4 | 14.9 | 11.3 |
| - CIS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gross revenues | 51.4 | 52.0 | 52.3 | 47.6 | 31.3 |
| Net operating income | 34.7 | 37.2 | 36.3 | 34.0 | 22.2 |
| Result from the sale of properties | –0.1 | 7.0 | 3.9 | 3.0 | 0.0 |
| EBITDA | 24.9 | 32.2 | 27.0 | 32.0 | 20.7 |
| Operating result/EBIT | –127.1 | –62.0 | 82.9 | 63.8 | 60.2 |
| Change from revaluation | –152.0 | –46.7 | 57.6 | 32.8 | 40.4 |
| Net income before taxes/EBT | –150.0 | –94.7 | 81.3 | 59.1 | 47.6 |
| current taxes | –1.5 | –1.3 | –1.7 | –3.6 | –0.9 |
| deferred taxes | 17.0 | –21.5 | –12.4 | –7.7 | –0.2 |
| Taxes on income | 15.4 | –22.7 | –14.1 | –11.2 | –1.1 |
| **Net Income** | **–134.5** | **–117.5** | **67.2** | **47.8** | **46.6** |

3. CONSOLIDATED BALANCE SHEET

| | 2009 | | 2008 | | 2007 | | 2006 | | 2005 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | € m | % | € m | % | € m | % | € m | % | € m | % |
| Property assets | 672.7 | 76 | 750.4 | 75 | 708.4 | 73 | 530.0 | 64 | 489.3 | 93 |
| **Long-term assets** | **754.8** | **86** | **835.1** | **84** | **821.2** | **84** | **578.5** | **70** | **493.6** | **94** |
| **Short-term assets** | **128.0** | **14** | **161.2** | **16** | **154.6** | **16** | **248.4** | **30** | **33.7** | **6** |
| **Total assets** | **882.8** | **100** | **996.2** | **100** | **975.8** | **100** | **826.9** | **100** | **527.3** | **100** |
| Shareholders' equity | 424.6 | 48 | 558.5 | 56 | 692.0 | 71 | 582.7 | 70 | 243.1 | 46 |
| Long-term financial assets | 310.7 | 35 | 287.2 | 29 | 207.7 | 21 | 197.5 | 24 | 186.1 | 35 |
| Short-term financial assets | 63.3 | 7 | 28.4 | 3 | 24.4 | 3 | 12.8 | 2 | 39.0 | 7 |
| Other liabilities | 84.2 | 10 | 122.1 | 12 | 51.6 | 5 | 33.8 | 4 | 59.0 | 11 |
| **Total liabilities and shareholders' equity** | **882.8** | **100** | **996.2** | **100** | **975.8** | **100** | **826.9** | **100** | **527.3** | **100** |

4. CASH FLOW STATEMENT

| € m | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| **Cash-flow from** | | | | | |
| - operating activities | 26.6 | 19.8 | 21.3 | 27.7 | 18.4 |
| - investment activities | –122.2 | –33.7 | 60.4 | –246.0 | –146.1 |
| - financing activities | 63.9 | 21.1 | 28.4 | 231.0 | 137.1 |
| **Change in cash and cash equivalents** | **–31.7** | **7.2** | **110.1** | **12.7** | **9.5** |
| **Cash and cash equivalents** | | | | | |
| - beginning of business year | 148.8 | 143.6 | 34.0 | 20.6 | 10.9 |
| - changes in the value of foreign currency | –1.2 | –2.0 | –0.5 | 0.7 | 0.2 |
| - end of business year | 115.9 | 148.8 | 143.6 | 34.0 | 20.6 |

5. LIKE-FOR-LIKE ANALYSIS OF PROPERTIES THAT WERE ALREADY CORE AS OF 31 DECEMBER 2008

| € m | Book value | | Annualised rental income | | Gross Yield | | Tenancy rate | |
|---|---|---|---|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** |
| Poland | 101.5 | 118.8 | 6.7 | 6.9 | 6.6 % | 5.8 % | 85 % | 85 % |
| Slovakia | 9.5 | 12.9 | 0.8 | 1.3 | 8.6 % | 9.9 % | 76 % | 91 % |
| Hungary | 113.3 | 138.8 | 9.4 | 10.4 | 8.3 % | 7.5 % | 86 % | 92 % |
| Czech Republic | 76.1 | 91.2 | 7.1 | 6.7 | 9.3 % | 7.3 % | 98 % | 98 % |
| **CEE** | **300.5** | **361.7** | **24.0** | **25.3** | **8.0 %** | **7.0 %** | **89 %** | **91 %** |
| | | | | | | | | |
| Romania | 89.9 | 115.7 | 8.9 | 8.7 | 9.9 % | 7.5 % | 99 % | 100 % |
| Bulgaria | 22.1 | 25.2 | 2.4 | 2.8 | 10.7 % | 11.0 % | 100 % | 100 % |
| Serbia | 22.4 | 26.0 | 2.0 | 2.0 | 9.1 % | 7.7 % | 96 % | 92 % |
| Slovenia | 24.1 | 33.1 | 2.2 | 2.2 | 9.2 % | 6.5 % | 100 % | 100 % |
| **SEE** | **158.5** | **200.0** | **15.5** | **15.6** | **9.8 %** | **7.8 %** | **99 %** | **99 %** |
| | | | | | | | | |
| **Portfolio - like for like [1]** | **458.9** | **561.6** | **39.5** | **40.9** | **8.6 %** | **7.3 %** | **92 %** | **94 %** |
| | | | | | | | | |
| + 2009 new objects within stabilised portfolio [2] | 23.7 | | 1.4 | | 6.0 % | | 68 % | |
| **stabilised portfolio** | **482.6** | | **40.9** | | **8.5 %** | | **91 %** | |
| | | | | | | | | |
| Completions Hungary | 77.1 | | 2.4 | | 3.1 % | | 39 % | |
| Completions Serbia | 45.2 | | 1.7 | | 3.8 % | | 46 % | |
| **New – projects completed** | **122.4** | | **4.2** | | **3.4 %** | | **42 %** | |
| | | | | | | | | |
| **Total** | **605.0** | | **45.1** | | **7.4 %** | | **82 %** | |

[1] Like for like: comparison of properties which were already part of the stabilised portfolio at 31.12.2008
[2] Belgrade Office Park 2 in Serbia has been completed just before 31.12.2008 and was therefore not part of the stabilised portfolio

## IV. GENERAL OVERVIEW OF PROPERTIES CA IMMO INTERNATIONAL

Plot size in 1,000 sqm Values in € 1,000

| Country | City | Property | Share | Additions Month/Year | Plot [1] | Office space | Retail space | Hotel space |
|---|---|---|---|---|---|---|---|---|
| **Investment properties** | | | | | **114.9** | **203.5** | **22.3** | **39.1** |
| **Investment properties CEE** | | | | | | | | |
| CZ | Prague | Europort | 100 % | 07/05 | E | 0.0 | 3.1 | 13.8 |
| CZ | Prague | English International School Prague | 100 % | 10/07 | 24.0 | 0.0 | 0.0 | 0.0 |
| CZ | Plzeň | Diplomat Center Pilsen | 100 % | 08/08 | 2.9 | 3.9 | 0.0 | 10.0 |
| HU | Budapest | Víziváros Office Center | 100 % | 09/05 | 4.0 | 11.7 | 0.4 | 0.0 |
| HU | Budapest | R70 Office Complex | 100 % | 06/03 | 3.9 | 15.9 | 0.5 | 0.0 |
| HU | Budapest | Buda Business Center | 100 % | 09/05 | 1.8 | 5.6 | 0.1 | 0.0 |
| HU | Budapest | Canada Square | 100 % | 07/05 | 1.4 | 5.0 | 0.0 | 0.0 |
| HU | Budapest | Bártok Ház | 100 % | 08/05 | 3.7 | 14.3 | 2.2 | 0.0 |
| PL | Warsaw | Wspolna | 100 % | 11/01 | E | 6.2 | 0.7 | 0.0 |
| PL | Warsaw | Warschau Financial Center | 50 % | 09/05 | 0.6 | 23.3 | 0.7 | 0.0 |
| SK | Bratislava | Bratislava Business Center | 100 % | 01/00 | 1.6 | 7.3 | 0.8 | 0.0 |
| **Investment properties CEE total** | | | | | **43.9** | **93.1** | **8.6** | **23.7** |
| **Investment properties CEE new** | | | | | | | | |
| HU | Budapest | Capital Square | 100 % | 01/07 | 8.5 | 27.7 | 1.9 | 0.0 |
| HU | Györ | Dunacenter | 50 % | 09/08 | 21.3 | 0.0 | 8.2 | 0.0 |
| **Investment properties CEE new total** | | | | | **29.8** | **27.7** | **10.1** | **0.0** |
| **Investment properties CEE** | | | | | **73.7** | **120.8** | **18.6** | **23.7** |
| **Investment properties SEE** | | | | | | | | |
| BG | Sofia | IBC | 100 % | 03/03 | 5.7 | 3.9 | 0.0 | 0.0 |
| BG | Sofia | Europark Office Building | 100 % | 05/06 | 2.9 | 6.9 | 0.0 | 0.0 |
| RO | Bucharest | Opera Center 1 | 100 % | 09/03 | 2.6 | 10.3 | 0.7 | 0.0 |
| RO | Bucharest | Opera Center 2 | 100 % | 03/04 | 0.8 | 3.2 | 0.0 | 0.0 |
| RO | Bucharest | Bukarest Business Park | 100 % | 10/05 | 15.7 | 23.8 | 0.1 | 0.0 |
| SRB | Belgrade | Belgrad Office Park | 100 % | 12/07 | E | 18.1 | 0.0 | 0.0 |
| SI | Ljubljana | Austria Trend Hotel Ljubljana | 100 % | 04/05 | 2.9 | 0.0 | 2.6 | 15.4 |
| **Investment properties SEE total** | | | | | **30.6** | **66.2** | **3.3** | **15.4** |
| **Investment properties SEE new** | | | | | | | | |
| SRB | Belgrade | Sava Business Center | 100 % | 02/07 | 10.6 | 16.5 | 0.4 | 0.0 |
| **Investment properties SEE new total** | | | | | **10.6** | **16.5** | **0.4** | **0.0** |
| **Investment properties SEE** | | | | | **41.2** | **82.7** | **3.7** | **15.4** |

| Residental space | Industrial space | Storage space | Others | Total space [3] | Acquisition costs as at 31.12.2009 | IFRS-Book value as at 31.12.2009 [2] | IFRS-Book value as at 31.12.2008 | Rental income 2009 - annualised | Level of commercial rental in % | Yield 2009 in % [4] |
|---|---|---|---|---|---|---|---|---|---|---|
| **0.0** | **0.0** | **4.1** | **19.1** | **288.2** | **688,373** | **604,999** | **588,187** | **45,062** | **82 %** | **7.4 %** |
| | | | | | | | | | | |
| 0.0 | 0.0 | 0.0 | 0.4 | 17.4 | 43,735 | 42,510 | 51,660 | 3,769 | 97 % | 8.9 % |
| 0.0 | 0.0 | 0.0 | 6.8 | 6.8 | 13,372 | 9,510 | 11,580 | 791 | 100 % | 8.3 % |
| 0.0 | 0.0 | 0.1 | 0.2 | 14.3 | 30,324 | 24,100 | 27,980 | 2,494 | 100 % | 10.3 % |
| 0.0 | 0.0 | 0.0 | 1.3 | 13.4 | 25,912 | 28,170 | 33,770 | 2,350 | 95 % | 8.3 % |
| 0.0 | 0.0 | 0.0 | 1.6 | 18.0 | 29,486 | 27,180 | 33,780 | 2,168 | 73 % | 8.0 % |
| 0.0 | 0.0 | 0.0 | 0.3 | 6.0 | 12,918 | 8,600 | 9,870 | 512 | 47 % | 6.0 % |
| 0.0 | 0.0 | 0.4 | 0.0 | 5.3 | 12,186 | 11,470 | 13,700 | 1,115 | 98 % | 9.7 % |
| 0.0 | 0.0 | 0.0 | 0.6 | 17.1 | 44,030 | 37,930 | 47,690 | 3,227 | 100 % | 8.5 % |
| 0.0 | 0.0 | 0.0 | 0.2 | 7.1 | 20,569 | 20,500 | 22,520 | 1,451 | 85 % | 7.1 % |
| 0.0 | 0.0 | 0.0 | 1.0 | 24.9 | 71,486 | 81,005 | 96,260 | 5,260 | 85 % | 6.5 % |
| 0.0 | 0.0 | 0.5 | 0.7 | 9.3 | 19,707 | 9,510 | 12,870 | 819 | 76 % | 8.6 % |
| **0.0** | **0.0** | **0.9** | **13.1** | **139.5** | **323,725** | **300,485** | **361,680** | **23,956** | **89 %** | **8.0 %** |
| | | | | | | | | | | |
| 0.0 | 0.0 | 0.0 | 2.2 | 31.8 | 81,403 | 70,000 | 0 | 2,109 | 38 % | 3.0 % |
| 0.0 | 0.0 | 0.0 | 0.0 | 8.2 | 11,685 | 7,140 | 0 | 319 | 51 % | 4.5 % |
| **0.0** | **0.0** | **0.0** | **2.2** | **40.0** | **93,088** | **77,140** | **0** | **2,428** | **39 %** | **3.1 %** |
| | | | | | | | | | | |
| **0.0** | **0.0** | **0.9** | **15.3** | **179.5** | **416,813** | **377,625** | **361,680** | **26,385** | **79 %** | **7.0 %** |
| | | | | | | | | | | |
| 0.0 | 0.0 | 0.2 | 0.0 | 4.0 | 9,331 | 8,687 | 9,085 | 900 | 100 % | 10.4 % |
| 0.0 | 0.0 | 0.1 | 0.2 | 7.2 | 16,421 | 13,420 | 16,120 | 1,463 | 100 % | 10.9 % |
| 0.0 | 0.0 | 0.0 | 0.5 | 11.5 | 18,297 | 24,902 | 37,678 | 2,827 | 100 % | 11.4 % |
| 0.0 | 0.0 | 0.0 | 0.1 | 3.3 | 4,860 | 6,875 | 10,344 | 807 | 100 % | 11.7 % |
| 0.0 | 0.0 | 0.0 | 1.9 | 25.8 | 61,696 | 58,110 | 67,630 | 5,275 | 98 % | 9.1 % |
| 0.0 | 0.0 | 2.3 | 0.0 | 20.4 | 56,240 | 46,120 | 52,540 | 3,470 | 82 % | 7.5 % |
| 0.0 | 0.0 | 0.0 | 0.0 | 17.9 | 46,069 | 24,050 | 33,110 | 2,204 | 100 % | 9.2 % |
| **0.0** | **0.0** | **2.5** | **2.7** | **90.2** | **212,913** | **182,164** | **226,507** | **16,944** | **95 %** | **9.3 %** |
| | | | | | | | | | | |
| 0.0 | 0.0 | 0.6 | 1.1 | 18.5 | 58,647 | 45,210 | 0 | 1,733 | 46 % | 3.8 % |
| **0.0** | **0.0** | **0.6** | **1.1** | **18.5** | **58,647** | **45,210** | **0** | **1,733** | **46 %** | **3.8 %** |
| | | | | | | | | | | |
| **0.0** | **0.0** | **3.1** | **3.8** | **108.7** | **271,559** | **227,374** | **226,507** | **18,677** | **87 %** | **8.2 %** |

TABLES AND ANALYSES

Plot size in 1,000 sqm Values in € 1,000

| Country | City | Property | Share | Additions Month/Year | Plot [1] | Office space | Retail space | Hotel space |
|---|---|---|---|---|---|---|---|---|
| **Investment properties under development** | | | | | **607.2** | **62.0** | **82.9** | **6.0** |
| **Land reserve CEE** | | | | | | | | |
| CZ | Prague | City Deco | 100 % | 06/07 | 6.3 | | | |
| **Land reserve CEE total** | | | | | **6.3** | | | |
| **Actual projects CEE** | | | | | | | | |
| HU | Györ | Dunacenter | 50 % | 09/08 | | | | |
| HU | Budapest | Capital Square | 100 % | 01/07 | | | | |
| PL | Warschau | Poleczki Business Park | 50 % | 03/07 | 72.6 | 18.2 | 0.0 | 0.0 |
| SK | Bratislava | BBC 1 Plus | 100 % | 01/00 | 6.3 | 14.5 | 0.3 | 0.0 |
| SK | Bratislava | Sekyra Tower | 50 % | 09/08 | 3.7 | 8.0 | 1.3 | 0.0 |
| **Actual projects CEE total** | | | | | **82.6** | **40.7** | **1.6** | **0.0** |
| **Land reserve SEE** | | | | | | | | |
| RO | Arad | Specialist Retail Centre Arad | 100 % | 12/07 | 31.7 | | | |
| SRB | Belgrade | LogCenter Novi Banovci | 50 % | 09/08 | 249.2 | | | |
| **Land reserve SEE total** | | | | | **280.9** | | | |
| **Actual projects SEE** | | | | | | | | |
| RO | Sibiu | Retail Park Sibiu | 100 % | 12/07 | 218.9 | 0.0 | 80.5 | 0.0 |
| SRB | Belgrade | Sava Business Center | 100 % | 02/07 | | | | |
| **Actual projects SEE total** | | | | | **218.9** | **0.0** | **80.5** | **0.0** |
| **Actual projects CIS** | | | | | | | | |
| RU | Moscow | Maslov Tower | 50 % | 12/06 | 3.1 | 14.8 | 0.0 | 0.0 |
| RU | St. Petersburg | Airport City St. Petersburg [5] | 25 % | 12/07 | 15.6 | 6.5 | 0.8 | 6.0 |
| **Actual projects CIS total** | | | | | **18.6** | **21.3** | **0.8** | **6.0** |
| **Properties intended for trading** | | | | | **0.0** | **0.0** | **0.0** | **0.0** |
| **Properties intended for trading CEE** | | | | | | | | |
| SK | Bratislava | Sekyra Tower | 50 % | 09/08 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Properties intended for trading CEE total** | | | | | **0.0** | **0.0** | **0.0** | **0.0** |
| **Properties sold in 2009** | | | | | | | | |
| CIS | | | | | 7.5 | 0.0 | 0.0 | 0.0 |
| **Properties sold in 2009 total** | | | | | **7.5** | **0.0** | **0.0** | **0.0** |

| Residental space | Industrial space | Storage space | Others | Total space [3] | Acquisition costs as at 31.12.2009 | IFRS-Book value as at 31.12.2009 [2] | IFRS-Book value as at 31.12.2008 | Rental income 2009 - annualised | Level of commercial rental in % | Yield 2009 in % [4] |
|---|---|---|---|---|---|---|---|---|---|---|
| **0.0** | **1.8** | **2.2** | **0.0** | **154.8** | **120,963** | **67,726** | **153,951** | **0** | | |
| | | | | | | | | | | |
| | | | | | 0 | 0 | 0 | 0 | | |
| | | | | | **0** | **0** | **0** | **0** | | |
| | | | | | | | | | | |
| | | | | | | | 3,177 | | | |
| | | | | | | | 41,008 | | | |
| 0.0 | 1.8 | 1.5 | 0.0 | 21.4 | 40,376 | 37,767 | 21,499 | 0 | | |
| 0.0 | 0.0 | 0.5 | 0.0 | 15.4 | 11,010 | 0 | 2,095 | 0 | | |
| 0.0 | 0.0 | 0.0 | 0.0 | 9.3 | 2,207 | 1,250 | 1,247 | 0 | | |
| **0.0** | **1.8** | **2.1** | **0.0** | **46.1** | **53,594** | **39,017** | **69,026** | **0** | | |
| | | | | | | | | | | |
| | | | | | 2,890 | 2,100 | 2,890 | 0 | | |
| | | | | | 2,249 | 2,070 | 1,780 | 0 | | |
| | | | | | **5,139** | **4,170** | **4,670** | **0** | | |
| | | | | | | | | | | |
| 0.0 | 0.0 | 0.0 | 0.0 | 80.5 | 31,574 | 19,500 | 23,519 | 0 | | |
| | | | | | | | 38,650 | | | |
| **0.0** | **0.0** | **0.0** | **0.0** | **80.5** | **31,574** | **19,500** | **62,169** | **0** | | |
| | | | | | | | | | | |
| 0.0 | 0.0 | 0.1 | 0.0 | 14.9 | 30,656 | 5,039 | 18,087 | 0 | | |
| 0.0 | 0.0 | 0.0 | 0.0 | 13.3 | 0 | 0 | 0 | 0 | | |
| **0.0** | **0.0** | **0.1** | **0.0** | **28.2** | **30,656** | **5,039** | **18,087** | **0** | | |
| | | | | | | | | | | |
| **8.0** | **0.0** | **0.0** | **0.0** | **8.0** | **6,350** | **1,250** | **1,247** | **0** | | |
| | | | | | | | | | | |
| 8.0 | 0.0 | 0.0 | 0.0 | 8.0 | 6,350 | 1,250 | 1,247 | 0 | | |
| **8.0** | **0.0** | **0.0** | **0.0** | **8.0** | **6,350** | **1,250** | **1,247** | **0** | | |
| | | | | | | | | | | |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 8,285 | 0 | | |
| **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0** | **0** | **8,285** | **0** | | |

Plot size in 1,000 sqm    Values in € 1,000

| | Plot [1] | Office space | Retail space | Hotel space |
|---|---|---|---|---|
| **Investment properties** | **114.9** | **203.5** | **22.3** | **39.1** |
| Investment properties CEE | 43.9 | 93.1 | 8.6 | 23.7 |
| Investment properties CEE new | 29.8 | 27.7 | 10.1 | 0.0 |
| Investment properties SEE | 30.6 | 66.2 | 3.3 | 15.4 |
| Investment properties SEE new | 10.6 | 16.5 | 0.4 | 0.0 |
| **Investment properties under development** | **607.2** | **62.0** | **82.9** | **6.0** |
| Land reserve CEE | 6.3 | 0.0 | 0.0 | 0.0 |
| Actual projects CEE | 82.6 | 40.7 | 1.6 | 0.0 |
| Land reserve SEE | 280.9 | 0.0 | 0.0 | 0.0 |
| Actual projects SEE | 218.9 | 0.0 | 80.5 | 0.0 |
| Actual projects CIS | 18.6 | 21.3 | 0.8 | 6.0 |
| **Properties intended for trading** | **0.0** | **0.0** | **0.0** | **0.0** |
| Properties intended for trading CEE | 0.0 | 0.0 | 0.0 | 0.0 |
| **Properties sold in 2009** | **7.5** | **0.0** | **0.0** | **0.0** |
| | | | | |
| **Total** | **722.2** | **265.5** | **105.3** | **45.1** |
| **Total (incl. properties sold)** | **729.7** | **265.5** | **105.3** | **45.1** |

[1] Residental ownership (WE), perpetual lease (E)
[2] Change IFRS 40: 2008: Investment property under development AT COST, 2009: AT FAIR MARKET VALUE
[3] All plot sizes relate to the share held by CA Immo International or the CA Immo New Europe Property Fund in the property companies as shown in the column headed “Share”
[4] Calculation Yield (gross yield): Rental income annualised/Book value IFRS 40
[5] At equity interest

| Residental space | Industrial space | Storage space | Others | Total space [3] | Acquisition costs as at 31.12.2009 | IFRS-Book value as at 31.12.2009 [2] | IFRS-Book value as at 31.12.2008 | Rental income 2009 - annualized | Level of commercial rental in % | Yield 2009 in % [4] |
|---|---|---|---|---|---|---|---|---|---|---|
| **0.0** | **0.0** | **4.1** | **19.1** | **288.2** | **688,373** | **604,999** | **588,187** | **45,062** | **82 %** | **7.4 %** |
| 0.0 | 0.0 | 0.9 | 13.1 | 139.5 | 323,725 | 300,485 | 361,680 | 23,956 | 89 % | 8.0 % |
| 0.0 | 0.0 | 0.0 | 2.2 | 40.0 | 93,088 | 77,140 | 0 | 2,428 | 39 % | 3.1 % |
| 0.0 | 0.0 | 2.5 | 2.7 | 90.2 | 212,913 | 182,164 | 226,507 | 16,944 | 95 % | 9.3 % |
| 0.0 | 0.0 | 0.6 | 1.1 | 18.5 | 58,647 | 45,210 | 0 | 1,733 | 46 % | 3.8 % |
| **0.0** | **1.8** | **2.2** | **0.0** | **154.8** | **120,963** | **67,726** | **153,951** | **0** | | |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0 | 0 | | |
| 0.0 | 1.8 | 2.1 | 0.0 | 46.1 | 53,594 | 39,017 | 69,026 | 0 | | |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5,139 | 4,170 | 4,670 | 0 | | |
| 0.0 | 0.0 | 0.0 | 0.0 | 80.5 | 31,574 | 19,500 | 62,169 | 0 | | |
| 0.0 | 0.0 | 0.1 | 0.0 | 28.2 | 30,656 | 5,039 | 18,087 | 0 | | |
| **8.0** | **0.0** | **0.0** | **0.0** | **8.0** | **6,350** | **1,250** | **1,247** | **0** | | |
| 8.0 | 0.0 | 0.0 | 0.0 | 8.0 | 6,350 | 1,250 | 1,247 | 0 | | |
| **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0** | **0** | **8,285** | **0** | | |
| | | | | | | | | | | |
| **8.0** | **1.8** | **6.3** | **19.1** | **451.0** | **815,686** | **673,975** | **743,386** | **45,062** | | |
| **8.0** | **1.8** | **6.3** | **19.1** | **451.0** | **815,686** | **673,975** | **751,671** | **45,062** | | |

# IMPORTANT FINANCIAL VOCABULARY

## AD-HOC REPORT

Corporate information with a potential influence on the share price must be published by stock corporations in the form of ad-hoc reports pursuant to Article 48d of the Stock Exchange Act. Issuers of financial instruments quoted in official trading or registered for trading on the unlisted securities market must disclose without delay any information which might affect the financial and earnings position of the company or materially influence the stock exchange prices of securities. The company concerned is itself responsible for the content of such reports. Ad-hoc reports are meant to ensure that all market participants are equally well informed.

## ATX (AUSTRIAN TRADED INDEX)

The Austrian Traded Index covers all blue chips listed on the Vienna Stock Exchange. It is the underlying value for options and futures. The ATX comprises 20 shares of the prime segment (Prime Market) with the highest liquidity and market capitalisation.

## AUTHORISED CAPITAL

Authorisation granted by resolution of the General Meeting to the Management Board for a maximum period of five years to increase the share capital by the issue of new shares up to a certain extent without further consultation of the General Meeting.

## BENCHMARK

External comparative value used to measure various operating ratios, also used to measure the performance of various investment instruments.

## BUILDING ON THIRD-PARTY LAND

Building erected by a tenant or leaseholder on third-party property and owned by the tenant or leaseholder.

## CAPITALISATION RATE

Is used to determine the reselling price at the end of a planning period and is oriented towards the discount rate determined for each project.

## CASH-FLOW

The cash flow calculation provides an overview of the liquid funds which have flowed into and out of a company during the reporting period.

## CEE

Abbreviation for Central and Eastern Europe, an area comprising the following states: Estonia, Latvia, Lithuania, Hungary, Czech Republic, Slovakia, Poland, Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Albania, Macedonia, Bulgaria, Romania, Moldova, Ukraine, Belarus and Russia. At CA Immo Group the following states belong to CEE: Poland, Czech Republic, Slovakia and Hungary.

## CIS

Abbreviation for Commonwealth of Independent States. This CIS comprises the former Soviet Republics of Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, the Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. The Commonwealth was established in 1991 in order to strengthen economic, ecological, social and cultural cooperation, (re)create a common economic zone and promote the coordination of foreign policy.

## COMPLIANCE CODE

Binding rules of conduct for issuers of securities which primarily refer to the avoidance of conflicts of interests.

## CONSOLIDATED NET INCOME

Income after taxes.

## CONVERTIBLE

See reverse convertible bond.

## CORPORATE GOVERNANCE

Compliance with the rules of proper and responsible management and control of a company.

## COUNTRY SPREADS

Refers to the spread of risk in relation to national bonds. Can be assessed either in direct comparison with the interest on government securities from another country (Germany is usually chosen on account of the good credit rating and high liquidity of bonds) or in terms of the costs of insurance against failure (credit default swap). The higher a country spread, the greater the probability of failure of the government bonds in question from the viewpoint of investors.

## COUPON

A coupon is that part of a security that generally entitles the bearer to redemption of a dividend ("dividend coupon") or interest ("interest coupon"). In stock market jargon, the term is also a synonym for the nominal interest rate of a bond. A coupon of 6 % signifies that 6 % of the face value will be paid as interest on the relevant coupon date.

### CSR (CORPORATE SOCIAL RESPONSIBILITY)
Corporate social responsibility refers to a company's voluntary contribution towards sustainable development that goes beyond legal compliance obligations. CSR involves responsible commercial dealings in respect of actual business activity, the environment, employees and relevant interest groups.

### DEFERRED TAXES
The IFRS apply the "temporary concept" by using the balance sheet liability method. According to this method, deferred tax assets and liabilities are to be calculated for all differences between the carrying values of assets or liabilities recognised in the balance sheet and its respective tax base. This difference is expected to increase or decrease the income tax charge in the future (temporary differences). Deferred tax assets and liabilities are not discounted. Deferred tax assets in relation to loss carry-forwards must be recognised and treated like any other asset with respect to its realisation.

### DISCOUNT RATE
The discount rate is determined on the basis of the net initial returns of comparable property transactions in the market.

### DIVERSIFICATION
In the context of asset management, the spreading of investments over various types of investment with the aim of minimising risks. In real estate investments, the spreading of the portfolio over various regions and sectors.

### DIVIDEND
Distribution of profit e.g. of a stock corporation to its shareholders. The amount of the dividend is dependent on the profit of a company.

### EBIT
Earnings before interest and taxes.

### EBITDA
Earnings before interest, taxes, depreciation and amortisation.

### EBIT MARGIN
EBIT in relation to sales, operating sales return.

### EBT
Earnings before taxes.

### EPRA
European Public Real Estate Association.

### EPS (EARNINGS PER SHARE)
Net income divided by the weighted number of shares.

### EQUITY CAPITAL
Money raised by the owner of a company for financing the business or kept in retained earnings (reinvestment of profits). (Share capital plus reserves plus net profit/loss). The equity capital on the balance sheet comprises also minority interests.

### EQUITY-TO-FIXED-ASSETS RATIO
Equity capital in relation to fixed assets; indicates the extent to which the property assets and other fixed assets are covered by the equity capital.

### EQUIVALENT YIELD
The interest rate on which the capitalisation of rent is based.

### ERV (ESTIMATED RENTAL VALUE)
Reflects the long-term rent attainable for a property and, accordingly, the assessed market rent for new lettings and re-letting.

### EUROSOX
EuroSOX essentially refers to measures aimed at standardising annual auditing requirements and thus enhancing the quality and authority of annual reporting in European countries. It comprises two directives adopted by the European Parliament and European Council in response to a series of international financial scandals (the Statutory Audit and Company Reporting directives); in Austria, these were enshrined in national law through the Company Law Amendment Act 2008.

### EV (ENTERPRISE VALUE)
Defined as market capitalisation plus net debt.

### FAIR VALUE
Price at which an asset is exchanged, or an obligation settled, between knowledgeable, willing parties in an arm's length transaction (market value).

### GEARING
Relation between net debt and equity capital.

### GROSS YIELD OF PROPERTIES
Annualised actual rents related to book values.

### IAS 40
IAS 40 is an international accounting standard for companies. It regulates a sub-section of the International Financial Reporting System (IFRS), the carrying of investment property and the relevant reporting rules.

### IATX
The most important real estate securities listed on the Vienna Stock Exchange are covered by the IATX (Immobilien-ATX), a benchmark index for Austrian property securities.

### IFRS
International Financial Reporting Standards.

### INSIDER INFORMATION
Information about confidential facts relating to securities or issues which is liable to influence considerably the price of a security if such information becomes known to the public. The use of insider information e.g. for the purchase and sale of securities is forbidden and punishable under the Austrian Stock Exchange Act.

### INTEREST-RATE CAP
Contractually agreed ceiling for floating-rate liabilities protecting borrowers against a rise in interest rates. A lower limit to interest rates is an interest rate floor.

### IMS (INTERNAL MONITORING SYSTEM)
A company's internal monitoring system comprises systematic organisational measures and controls that promote compliance with guidelines and guard against damage that could be caused by a company's own staff or malicious third parties. Such measures are based on technical and organisational principles and include activities and devices aimed at internal monitoring (written instructions, reporting, dual verification principle, release provisions, etc.).

### INVESTMENT HORIZON
The period of time over which investors intend to invest their capital.

### INVESTMENT INCOME TAX
Interest and dividends earned from Austrian securities are subject to 25 % investment income tax (Kapitalertragsteuer/KESt).

### ISIN
International Security Identification Number.

### MARKET CAPITALISATION
Number of shares issued multiplied by the market price = value of a company measured by the market value of its shares.

### MARKET PRICE (QUOTATION)
Price of securities traded on the stock exchange.

### MARKET VALUE
See fair value.

### NAV (NET ASSET VALUE)
Equates to the equity capital on the balance sheet without minority interests.

### NNNAV
Calculation method according to EPRA; NAV adjusted for value adjustments (for financial instruments and development projects) and deferred taxes.

### NAV/SHARE
Net asset value of the company divided by the number of shares.

### NET DEBT
Balance of financial liabilities less liquid funds.

### PER
The price/earnings ratio indicates how often the earnings per share go into the price of a stock. The PER is an important ratio for the valuation of shares. It is especially meaningful in comparisons (historical, with competitors, with the overall market, etc.).

### PERFORMANCE
Total return of an investment. Considers changes in the value of the capital employed, but also distributions and their re-investment.

### PERPETUAL LEASE
Right applied in Poland that allows the use and management of property belonging to the state for a specified period of time (40 to 99 years).

### PRICE
See market price.

### PRICE/CASH FLOW RATIO
The price/cash flow ratio (PCR) is an important performance ratio in which the current stock price is divided by the cash flow per share. The lower the PCR, the more attractive the respective securities.

### PRICE GAIN
The positive difference between the price at which securities were purchased and the price at which they are currently quoted or have been sold.

### PRICE/NAV RATIO
The current market price of a share divided by the net asset value per share.

### RE-INVESTMENT OF PROFITS
Profits earned are fully re-invested into the company, thus increasing its intrinsic value.

### RETURN
Key ratio for the profit derived from an investment (property).Total return of an investment in relation to the capital employed; specified in percent. In contrast to the performance, value adjustments are not taken into account.

### REVERSE CONVERTIBLE BOND
A reverse convertible bond (or equity-linked bond) is a structured product whereby the issuer is entitled at the end of the term either to repay 100 % of the face value or supply a certain (predetermined) number of shares. The investor also receives one or more coupon payments during the term.

### RISK MANAGEMENT
Systematic approach for identifying and assessing potential risks and chances as well as selecting and using measures for coping with risks.

### SEE
Abbreviation for South Eastern Europe, an area comprising the following states: Albania, Bosnia and Herzegovina, Bulgaria, Greece, Croatia, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovenia, Hungary and Turkey. At CA Immo Group the following states belong to SEE: Romania, Bulgaria, Slovenia and Serbia.

### SHARE CAPITAL
Share capital of a stock corporation corresponding to the nominal value of all shares issued (minimum of € 70,000).

### SHAREHOLDER VALUE
Orientation towards shareholder value implies the consistent focus of managerial action on increasing the enterprise value for shareholders.

### SOX DOCUMENTATION
See EUROSOX.

### STAKEHOLDER VALUE
In contrast to the shareholder value principle, which regards the needs and expectations of stockholders in a company (e.g. the shareholders in a stock corporation) as the central concern, the stakeholder principle aims to encompass the company in its overall socio-economic context and reconcile the needs of various stakeholder groups.

### SWAP
Exchange of one security for another. There are three basic categories of swaps: interest-rate swaps, currency swaps and combined interest rate and currency swaps. The swap partners may e.g. exchange fixed for floating-rate obligations or loans in different currencies.

### UNDISCLOSED RESERVES
Market value less stated value of the property assets.

### VOLATILITY
A measure of the average fluctuation margin of a price within a certain period of time. The higher the (historical) volatility of an investment instrument, the higher the risk involved.

### VOTING RIGHT
Right of the shareholder to vote for or against motions presented at the General Meeting. Ownership of a share usually carries the right to vote.

### YIELD
See return.

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

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