

8th April 2008

REPORT OF THE SUPERVISORY BOARD OF CA IMMO INTERNATIONAL

As in previous business years, the collaboration between the Supervisory Board and Management Board in 2007 was characterised by intense and frank discussions on the economic situation, the company's prospects and individual special topics. The Supervisory Board met regularly to deliberate on the business and financial position, personnel changes, the risk situation and risk management, and the investment and acquisition plans of CA Immo International and its subsidiaries.

Supervision of and close cooperation with Management Board

In the reporting period the Supervisory Board performed all the duties prescribed by law and the Articles of Association, and monitored and advised on the conduct of business by the Management Board of CA Immo International. To facilitate the Supervisory Board's monitoring function, the Management Board reported regularly – orally or in writing – on individual transactions and measures. In the case of pending decisions on planned investments and disposals, the Supervisory Board was promptly and fully informed of the individual issues. Reports on special matters requested from the Management Board were provided quickly and properly. The Management Board explained any variances from plans and targets in a comprehensive manner. There was no cause to object to decisions or measures taken by the Management Board.

Delegated decision-making

In the inaugural meeting on 22 May 2007, Regina Prehofer and Gerhard Nidetzky were asked to continue in their roles as Chairwoman and Deputy Chairman respectively. The Supervisory Board met five times during the reporting period. In addition, numerous resolutions were adopted in writing – as envisaged for urgent matters in the Articles of Association and relevant rules of procedure. Between the meetings, the Management Board reported in writing or by telephone about major events. The Chairwoman of the Supervisory Board also maintained close contact with the Management Board, and notified the full Supervisory Board of the outcome of her discussions. The investment committee met on three occasions. In its meeting on 31 May 2007, the investment committee deliberated on the reinforcement of CA Immo International's position in Russia. On 25 June 2007 and 26 September 2007, the investment committee concerned itself, among other things, with numerous development projects concerning the construction of speciality retail and shopping centres in Hungary and Romania. The investment committee met on three occasions. The full Supervisory Board was notified in detail of the decisions and their underlying principles. In mid-September resolutions were adopted by the full Supervisory Board and thereafter at CA Immo Group level to reorganise the company's

restructure and in respect of the performance bonus for the Management Board and senior employees. There was no need, therefore, to convene the remuneration and nomination committee. The chapter on corporate governance contains full details of the committees' individual responsibilities and composition. Each member of the Supervisory Board complied with the statutory provisions governing the minimum attendance of meetings. The average attendance rate was more than 90 %.

In the meeting on 19 March 2007, the audit committee discussed and examined the annual and consolidated financial statements for 2006, the management reports and the Management Board's proposal for the distribution of profit in the presence of the auditor and the Management Board. The audit committee received a statement from the envisaged auditor, discussed the auditor's legal relationship with the company, and made a recommendation on the auditor's election. A further agenda item concerned the company's management of risk. Here again, no objections were raised.

Key issues

Major resolutions adopted by the Supervisory Board concerned acquisitions by CA Immo International and investments in development projects being pursued by CA Immo New Europe, in which CA Immo International holds a 60 % interest. The total volume of the acquisitions, investments and divestments discussed for the Eastern European regions was € 1.9 bn. The majority of the acquisitions of CA Immo International that were presented for a decision in 2007 were forward purchases that do not affect the balance sheet for the 2007 business year. Among the acquisitions that were approved were an office park in Belgrade, with an investment volume of € 51 m, and an office building in Prague, for a purchase price of € 45 m. In respect of projects being pursued by CA Immo New Europe, the Supervisory Board deliberated on granting umbrella or outline approval. Once the Supervisory Board of CA Immo International approves such a project, it is presented to the investment committee of CA Immo New Europe for a final decision. The principal project at issue in this context was the stake in the Airportcity development in St. Petersburg, a multi-purpose complex in two building phases with a total investment volume of €390 m. The portion attributable to CA Immo New Europe is € 98 m.

The Supervisory Board regularly received reports on the economic and structural changes taking place in the target markets of CA Immo International and its subsidiaries and in the financial and capital markets. On several occasions it discussed with the Management Board the opportunities and risks arising from the vigorous development of these markets. The Management Board and the Supervisory Board will also be dealing intensively with the consequences of these movements in the future.

Strategic action and change in Management Board composition

A central topic of the Supervisory and Management Boards' deliberations was the future strategic orientation of the company. Several strategy meetings took place during the year to examine the medium-term plan for the period 2007–2011 in detail.

In consultation with the Supervisory Board, Gerhard Engelsberger stepped down from the Management Board with effect from 31 January 2008. He was a member of the CA Immo Management Board from 1987, contributed to the formation of the parent company, CA Immobilien Anlagen AG, played a lead role in establishing the Eastern European portfolio, and was a member of the CA Immo International Management Board since its IPO. We are indebted to him for his hands-on approach and successful service, which was accompanied by an exceptional and trustworthy relationship with the Supervisory Board.

Gerhard Engelsberger's departure prompted a reassignment of responsibilities on the Management Board. This change went hand in hand with a reorganisation of the company's restructure, ensuring a seamless transition to the business agenda of the Management Board, which will have two members in

future. The Supervisory and Management Boards will be sustaining their joint efforts to position CA Immo International as a dynamic company with a strong future.

Committed to complying with the Austrian Corporate Governance Code

The Management and Supervisory Boards of CA Immo International have undertaken to comply with the rules of the Austrian Corporate Governance Code. The Supervisory Board fulfilled the duties and responsibilities prescribed by the Code and, in its meetings, discussed in detail the requirements of good corporate governance and the company's compliance with the Code's provisions. The Articles of Association and internal rules of procedure are continuously being harmonised with the Code. In its meeting on 19 March 2007, for example, the Supervisory Board established the criteria for its independence. These are published on the website www.caimmointernational.com. Based on these criteria, each member of the Supervisory Board has autonomously declared his independence. An account of the members who are to be regarded as independent according to these criteria is also contained in the corporate governance chapter. In respect of the Compliance Decree for Issuers issued by the Financial Market Authority, the annual review of CA Immo's compliance with the Code was presented and explained to the Supervisory Board. The regular examinations conducted by the compliance officers did not give rise to any objections.

Committee responsible for examining annual and consolidated financial statements and assessing risk management

KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH, Vienna, audited and attached its unqualified opinions to the annual financial statements for 2007 together with the management report and the consolidated financial statements for the business year ended 31 December 2007, including the Group management report. The consolidated financial statements were audited in compliance with the Austrian legal provisions and generally accepted auditing standards as well as the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB). They were confirmed as being proper. The audit committee discussed in depth and examined according to Section 96 of the Austrian Joint Stock Companies Act (AktG) the annual and consolidated financial statements for 2007, the management reports, the Management Board's proposal for the distribution of profit, and the auditor's audit reports in the presence of the auditor and the Management Board. No objections were raised. The annual financial statements for 2007 together with the management report and the consolidated financial statements for the business year ended 31 December 2007, including the Group management report, and the Management Board's proposal for the distribution of profit, were presented to the Supervisory Board for approval. The Supervisory Board endorsed the findings of the audit and adopted the annual financial statements according to Section 125 Subsection 2 AktG. The Supervisory Board agrees with the Management Board's proposal for the distribution of profit.

The Supervisory Board thanks the members of the Management Board and the employees of CA Immo International for their continuous commitment. It wishes the company much continued success.

For the Supervisory Board
Regina Prehofer
Chairwoman