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ANNUAL REPORT 2008

(SHORT VERSION)

08

## A. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

€ 1,000	2008	2007
Rental income	38,659.6	38,109.9
Other turnover	1,258.5	2,897.9
Operating costs passed on to tenants	12,075.9	11,325.9
<b>Gross revenues</b>	<b>51,994.0</b>	<b>52,333.7</b>
Operating expenses	-12,310.8	-11,788.3
Other expenses directly related to the properties	-2,494.6	-4,222.1
<b>Net operating income</b>	<b>37,188.6</b>	<b>36,323.3</b>
NOI as a % of the gross revenues	71.5%	69.4%
Profit from the sale of properties	19,636.0	13,373.0
Book value of properties sold	-12,622.5	-9,433.6
<b>Result from the sale of properties</b>	<b>7,013.5</b>	<b>3,939.4</b>
Administrative expenses	-13,654.3	-14,573.8
Other operating income	1,671.9	1,353.1
<b>EBITDA</b>	<b>32,219.7</b>	<b>27,042.0</b>
EBITDA as a % of the gross revenues	62.0%	51.7%
Depreciation of investment property under development and other assets	-42,493.1	-1,718.5
Depreciation of investment property held for sale	-5,079.0	0.0
<b>Depreciation and amortisation</b>	<b>-47,572.1</b>	<b>-1,718.5</b>
Revaluation gains	13,784.3	62,386.1
Revaluation losses	-60,450.3	-4,813.4
<b>Change from revaluation</b>	<b>-46,666.0</b>	<b>57,572.7</b>
<b>Operating result (EBIT)</b>	<b>-62,018.4</b>	<b>82,896.2</b>
EBIT as a % of the gross revenues	-119.3%	158.4%
Financing costs	-15,981.1	-13,449.5
Foreign currency gains/losses	-3,187.3	4,625.3
Result of financial investments	9,337.3	6,849.1
Result from financial assets	-7,800.9	0.0
Result from investments in associates	-15,065.4	379.8
<b>Financial result</b>	<b>-32,679.4</b>	<b>-1,595.3</b>
<b>Net income before taxes (EBT)</b>	<b>-94,715.8</b>	<b>81,300.9</b>
Taxes on income	-22,745.8	-14,060.3
thereof to the tax group parent	-2,148.0	-1,857.2
<b>Consolidated net income</b>	<b>-117,461.6</b>	<b>67,240.6</b>
of which minority interests	-20,905.4	-1,246.2
of which parent company	-96,556.2	68,486.8
Earnings per share in € (undiluted equals diluted)	-2.22	1.58
Operating cash flow per share in €	0.52	0.47
Cash flow from business activities per share in €	0.46	0.48

**B. CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2008**

€ 1,000	31.12.2008	31.12.2007
<b>Assets</b>		
Property assets let	588,187.0	598,972.0
Property assets under development	162,236.6	109,424.2
Office furniture and equipment	228.7	3,878.6
Intangible assets	480.3	744.6
Prepayments on investments in properties	200.0	16,834.0
Investments in associates	45,978.4	59,683.2
Loans to joint ventures	25,389.4	14,721.8
Loans to associates	6,499.8	3,066.6
Other loans	1,006.3	9,160.1
Deferred tax assets	4,881.1	4,725.9
thereof from the tax group parent	447.8	2,631.7
<b>Long-term assets</b>	<b>835,087.6</b>	<b>821,211.0</b>
long-term assets as a % of balance sheet total	83.8	84.2
Investment property held for sale	1,247.2	0.0
Receivables from joint venture partners	105.0	183.7
Receivables and other assets	11,001.7	10,822.9
Cash and cash equivalents	148,802.2	143,586.5
<b>Short-term assets</b>	<b>161,156.1</b>	<b>154,593.1</b>
<b>Total assets</b>	<b>996,243.7</b>	<b>975,804.1</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Share capital	315,959.9	315,959.9
Capital reserves	145,356.2	145,205.0
Retained earnings	68,809.1	187,921.9
Minority interests	28,370.8	42,960.0
<b>Shareholders' equity</b>	<b>558,496.0</b>	<b>692,046.8</b>
shareholders' equity as a % of balance sheet total	56.1	70.9
Provisions	2.7	2.2
Financial liabilities	287,222.1	207,678.2
Trade creditors	152.0	40.9
Other liabilities	14,993.1	3,510.7
Deferred tax liabilities	44,482.3	23,963.7
<b>Long-term liabilities</b>	<b>346,852.2</b>	<b>235,195.7</b>
Provisions for taxation	50.5	6.3
Provisions	37,700.5	6,038.2
Payables to related companies and joint venture partners	1,531.2	2,068.7
Financial liabilities	28,426.0	24,436.3
Trade creditors	5,011.4	2,684.1
Other liabilities	18,175.9	13,328.0
<b>Short-term liabilities</b>	<b>90,895.5</b>	<b>48,561.6</b>
<b>Total liabilities and shareholders' equity</b>	<b>996,243.7</b>	<b>975,804.1</b>

## C. CONSOLIDATED CASH FLOW STATEMENT

€ 1,000	2007	2006
Cash flow from operating activities		
Net income before taxes	-94,715.7	81,300.9
Revaluation gains/losses	46,666.0	-57,572.7
Depreciation and Amotisation	47,572.0	1,718.5
Result from financial assets	7,800.9	0.0
Income from the sale of properties and office equipment	-7,013.5	-3,939.4
Income (-)/ Loss (+) from the sale of financial assets	46.9	310.0
Taxes paid	-2,520.5	-3,084.8
Interest income/expense	6,643.8	6,600.4
Result from investments in associates	15,065.2	-379.7
Foreign currency gains/losses	3,187.3	-4,625.3
<b>Operating cash flow</b>	<b>22,732.4</b>	<b>20,327.9</b>
Investment property held for sale		
Receivables and other assets	18.2	0.0
Trade creditors	786.9	2,321.2
Provisions	-3,789.5	-5,380.6
Deferred tax assets/liabilities	-600.5	3,571.6
Other short-term liabilities	2,119.3	1,718.4
<b>Cash flow from change in net current assets</b>	<b>-2,892.2</b>	<b>967.2</b>
<b>Cash flow from operating activities</b>	<b>19,840.2</b>	<b>21,295.0</b>
Cash flow from investment activities		
Acquisition of property assets	-41,384.9	-49,442.0
Acquisition of property companies, less cash and cash equivalents in the amount of 2.986,6 € 1,000 (2007: 8.928,6 € 1,000)	-10,622.9	-75,024.5
Acquisition of office equipment and intangible assets	-826.5	-1,578.8
Prepayments on investments in properties	-476.3	-14,834.0
Investments in associates	-1,096.0	0.0
Acquisition of financial assets	-21,529.1	-22,533.8
Disposal of securities	0.0	202,136.8
Repayments of joint ventures	17,738.2	4,990.7
Disposal of property assets, property companies and other assets, less cash and cash equivalents in the amount of 2.286,6 € 1,000 (2007: 656,8 € 1,000)	17,232.5	13,053.4
Dividend payments of associated companies	825.0	750.0
Interest received from financial investments	6,436.2	2,880.6
<b>Cash flow from investment activities</b>	<b>-33,703.9</b>	<b>60,398.4</b>
Cash flow from financing activities		
Cash inflow from financing	57,635.2	9,119.6
Cash inflow from minorities	645.2	45,795.7
Costs for the capital increase SICAR	0.0	-3,651.0
Distributions	-15,211.3	0.0
Financing through related companies	400.3	0.0
Repayment of financing	-8,688.4	-11,539.5
Interest paid	-13,681.3	-11,349.6
<b>Cash flow from financing activities</b>	<b>21,099.7</b>	<b>28,375.2</b>
<b>Net change in cash and cash equivalents</b>	<b>7,236.0</b>	<b>110,068.7</b>
Cash and cash equivalents as at 1 January	143,586.5	33,971.0
Changes in the value of foreign currency	-2,020.3	-453.2
Net change in cash and cash equivalents	7,236.0	110,068.7
<b>Cash and cash equivalents as at 31 December</b>	<b>148,802.2</b>	<b>143,586.5</b>

## D. STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

€ 1,000	Share capital	Capital reserves	Retained earnings	Valuati- on result (hedging)	Reserves from associates	Minority interests	Share- holders' equity (total)
<b>As at 1st January 2007</b>	<b>315,959.9</b>	<b>147,257.2</b>	<b>119,629.1</b>	<b>-136.0</b>	<b>0.0</b>	<b>0.0</b>	<b>582,710.2</b>
Valuation of cash flow hedge	0.0	0.0	0.0	-48.7	0.0	0.0	-48.7
Consolidated net income for the period 2007	0.0	0.0	68,486.8	0.0	0.0	-1,246.2	67,240.6
<b>Total result for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>68,486.8</b>	<b>-48.7</b>	<b>0.0</b>	<b>-1,246.2</b>	<b>67,191.9</b>
Capital increase	0.0	-2,052.2	0.0	0.0	0.0	44,200.2	42,148.0
Acquisition of new companies	0.0	0.0	0.0	0.0	0.0	-3.3	-3.3
Group disposal of companies	0.0	0.0	-9.3	0.0	0.0	9.3	0.0
<b>As at 31st December 2007</b>	<b>315,959.9</b>	<b>145,205.0</b>	<b>188,106.6</b>	<b>-184.7</b>	<b>0.0</b>	<b>42,960.0</b>	<b>692,046.8</b>
Valuation of cash flow hedge	0.0	0.0	0.0	-6,962.3	0.0	-747.7	-7,710.0
Reverse on changes recognised directly in the associate's equity	0.0	0.0	0.0	0.0	-383.1	0.0	-383.1
Consolidated net income for the period 2008	0.0	0.0	-96,556.2	0.0	0.0	-20,905.5	-117,461.6
<b>Total result for the period</b>	<b>0.0</b>	<b>0.0</b>	<b>-96,556.2</b>	<b>-6,962.3</b>	<b>-383.1</b>	<b>-21,653.1</b>	<b>-125,554.7</b>
Dividend payments	0.0	0.0	-15,211.3	0.0	0.0	0.0	-15,211.3
Acquisition of new companies	0.0	0.0	0.0	0.0	0.0	6,570.0	6,570.0
Payments from minorities and purchase of minority interests	0.0	151.3	0.0	0.0	0.0	493.9	645.2
<b>As at 31st December 2008</b>	<b>315,959.9</b>	<b>145,356.3</b>	<b>76,339.1</b>	<b>-7,147.0</b>	<b>-383.1</b>	<b>28,370.8</b>	<b>558,496.0</b>

## E. SEGMENT REPORTING FOR THE YEAR ENDED 31 DECEMBER 2008

### Segmentation by sectors

€ 1,000

				2008				2007
	Income Producing	Trading	Development	Total	Income Producing	Development	Total	
Rental income	38,658.9	0.0	0.7	38,659.6	38,109.9	0.0	38,109.9	
Other turnover	1,258.5	0.0	0.0	1,258.5	2,897.9	0.0	2,897.9	
Operating costs passed on to tenants	12,075.9	0.0	0.0	12,075.9	11,325.9	0.0	11,325.9	
<b>Gross revenues</b>	<b>51,993.3</b>	<b>0.0</b>	<b>0.7</b>	<b>51,994.0</b>	<b>52,333.7</b>	<b>0.0</b>	<b>52,333.7</b>	
Expenses directly related to the properties (including operating costs)	-12,310.8	0.0	-2,494.6	-14,805.4	-11,788.3	-4,222.1	-16,010.4	
<b>Net operating income</b>	<b>39,682.5</b>	<b>0.0</b>	<b>-2,493.9</b>	<b>37,188.6</b>	<b>40,545.4</b>	<b>-4,222.1</b>	<b>36,323.3</b>	
NOI as a % of the gross revenues	76.3			71.6	77.5		69.4	
Result from the sale of properties	7,013.5	0.0	0.0	7,013.5	3,939.4	0.0	3,939.4	
Administration expenses	-8,830.9	0.0	-4,823.4	-13,654.3	-10,993.3	-3,580.5	-14,573.8	
Other operating costs	1,487.3	0.0	184.6	1,671.9	1,250.3	102.8	1,353.1	
<b>EBITDA</b>	<b>39,352.4</b>	<b>0.0</b>	<b>-7,132.7</b>	<b>32,219.7</b>	<b>34,741.8</b>	<b>-7,699.8</b>	<b>27,042.0</b>	
EBITDA as a % of the gross revenues	75.7			62.0	66.4		51.7	
Revaluation gains/losses	-46,434.5	0.0	-231.5	-46,666.0	41,085.8	16,486.9	57,572.7	
Depreciation and amortisation	-2,006.8	-5,079.0	-40,486.3	-47,572.1	-1,556.6	-161.9	-1,718.5	
<b>Operating result (EBIT)</b>	<b>-9,089.0</b>	<b>-5,079.0</b>	<b>-47,850.5</b>	<b>-62,018.4</b>	<b>74,271.0</b>	<b>8,625.2</b>	<b>82,896.2</b>	
EBIT as a % of the gross revenues					141.9		158.4	
Financing costs and result of financial investments	-2,517.0	0.0	-4,126.9	-6,643.9	-3,397.8	-3,202.6	-6,600.4	
Foreign currency gains/losses	-2,348.9	0.0	-838.3	-3,187.2	4,953.6	-328.3	4,625.3	
Result from financial assets	0.0	0.0	-7,800.9	-7,800.9	0.0	0.0	0.0	
Result from investments in associates	0.0	0.0	-15,065.4	-15,065.4	-5.9	385.6	379.8	
<b>Net income before taxes (EBT)</b>	<b>-13,954.9</b>	<b>-5,079.0</b>	<b>-75,681.9</b>	<b>-94,715.8</b>	<b>75,821.0</b>	<b>5,479.9</b>	<b>81,300.9</b>	
Segment property assets	588,187.0	1,247.2	162,236.6	751,670.9	598,972.0	109,424.2	708,396.2	
Other segment assets	138,967.3	0.0	100,724.5	239,691.7	150,265.4	112,416.6	262,681.9	
Deferred tax assets	3,748.4	0.0	1,132.7	4,881.1	4,478.2	147.7	4,725.9	
<b>Balance sheet total</b>	<b>730,902.7</b>	<b>1,247.2</b>	<b>264,093.8</b>	<b>996,243.7</b>	<b>753,815.6</b>	<b>221,988.4</b>	<b>975,804.1</b>	
Segment liabilities	247,867.9	0.0	145,346.8	393,214.7	227,426.2	32,361.1	259,787.3	
Deferred tax liabilities incl. tax provisions	38,305.4	0.0	6,227.4	44,532.8	21,573.7	2,396.3	23,970.0	
<b>Segment debts</b>	<b>286,173.3</b>	<b>0.0</b>	<b>151,574.2</b>	<b>437,747.5</b>	<b>248,999.9</b>	<b>34,757.4</b>	<b>283,757.3</b>	
Capital expenditure <sup>2)</sup>	62,447.8	6,344.2	113,711.4	182,503.4	39,082.4	105,637.3	144,719.6	
Employees <sup>3)</sup>								

<sup>2)</sup> The investments refer to all additions to long-term property assets, office furniture and equipment and intangible assets

<sup>3)</sup> As of 31 December 2008 (2007), companies that are consolidated proportionately are included in full

## Segmentation by regions

				2008					2007	
CEE	SEE	CIS	Holding	Total	CEE	SEE	CIS	Holding	Total	
23,585.7	15,073.9	0.0	0.0	38,659.6	24,709.3	13,400.6	0.0	0.0	38,109.9	
0.0	1,258.5	0.0	0.0	1,258.5	0.0	2,897.9	0.0	0.0	2,897.9	
8,352.8	3,723.1	0.0	0.0	12,075.9	7,931.3	3,394.6	0.0	0.0	11,325.9	
<b>31,938.5</b>	<b>20,055.5</b>	<b>0.0</b>	<b>0.0</b>	<b>51,994.0</b>	<b>32,640.6</b>	<b>19,693.1</b>	<b>0.0</b>	<b>0.0</b>	<b>52,333.7</b>	
-10,144.5	-4,611.9	-49.0	0.0	-14,805.4	-10,572.1	-5,438.3	0.0	0.0	-16,010.4	
<b>21,794.0</b>	<b>15,443.6</b>	<b>-49.0</b>	<b>0.0</b>	<b>37,188.6</b>	<b>22,068.5</b>	<b>14,254.8</b>	<b>0.0</b>	<b>0.0</b>	<b>36,323.3</b>	
68.2	77.0			71.5	67.6	72.4	0.0	0.0	69.4	
7,013.5	0.0	0.0	0.0	7,013.5	3,939.4	0.0	0.0	0.0	3,939.4	
-4,048.4	-3,522.6	-1,247.5	-4,835.8	-13,654.3	-2,589.3	-3,156.3	-450.3	-8,377.8	-14,573.8	
409.6	846.8	11.5	404.0	1,671.9	843.4	39.3	0.0	470.4	1,353.1	
<b>25,168.7</b>	<b>12,767.8</b>	<b>-1,285.0</b>	<b>-4,431.8</b>	<b>32,219.7</b>	<b>24,262.0</b>	<b>11,137.8</b>	<b>-450.3</b>	<b>-7,907.4</b>	<b>27,042.0</b>	
78.8	63.7			62.0	74.3	56.6	0.0	0.0	51.7	
-24,368.3	-22,297.6	0.0	0.0	-46,666.0	40,587.7	16,985.0	0.0	0.0	57,572.7	
-14,834.0	-11,625.8	-21,080.1	-32.2	-47,572.1	-849.8	-852.0	0.0	-16.7	-1,718.5	
<b>-14,033.6</b>	<b>-21,155.6</b>	<b>-22,365.1</b>	<b>-4,464.0</b>	<b>-62,018.4</b>	<b>63,999.9</b>	<b>27,270.8</b>	<b>-450.3</b>	<b>-7,924.1</b>	<b>82,896.2</b>	
-43.9	-105.5			-119.3	196.1	138.5	0.0	0.0	158.4	
-10,655.7	-9,245.2	-4,541.2	17,798.2	-6,643.9	-10,195.4	-6,133.0	-2,704.7	12,432.7	-6,600.4	
-1,293.8	-1,589.8	-323.2	19.5	-3,187.3	4,104.3	880.8	-152.8	-207.0	4,625.3	
-7,800.9	0.0	0.0	0.0	-7,800.9	0.0	0.0	0.0	0.0	0.0	
0.0	0.0	-17,064.4	1,999.0	-15,065.4	0.0	0.0	0.0	379.8	379.8	
<b>-33,784.0</b>	<b>-31,990.6</b>	<b>-44,293.9</b>	<b>15,352.7</b>	<b>-94,715.8</b>	<b>57,908.8</b>	<b>22,018.6</b>	<b>-3,307.8</b>	<b>4,681.4</b>	<b>81,300.9</b>	
431,953.1	293,345.9	26,371.9	0.0	751,670.9	437,011.6	248,371.5	23,013.1	0.0	708,396.2	
23,351.7	29,635.5	21,075.2	165,629.30	239,691.7	20,559.1	17,094.9	864.7	224,163.3	262,682.0	
49.5	1,359.7	0.0	3,471.9	4,881.1	45.0	381.1	0.0	4,299.8	4,725.9	
<b>455,354.3</b>	<b>324,341.1</b>	<b>47,447.1</b>	<b>169,101.2</b>	<b>996,243.7</b>	<b>457,615.7</b>	<b>265,847.5</b>	<b>23,877.8</b>	<b>228,463.1</b>	<b>975,804.1</b>	
192,223.4	154,748.8	32,861.5	13,381.2	393,214.7	154,702.4	86,168.3	2,587.4	16,329.2	259,787.3	
25,879.7	13,685.2	4,870.5	97.5	44,532.8	17,591.0	4,746.4	1,630.7	1.9	23,970.0	
<b>218,103.0</b>	<b>168,434.0</b>	<b>37,732.0</b>	<b>13,478.7</b>	<b>437,747.5</b>	<b>172,293.4</b>	<b>90,914.7</b>	<b>4,218.1</b>	<b>16,331.1</b>	<b>283,757.3</b>	
80,359.0	77,609.3	24,438.8	96.3	182,503.4	64,896.2	56,732.7	23,013.3	77.4	144,719.6	
53	12	0	25	90	58	70	0	23	151	

The CEE (Central Eastern Europe) segment comprises the companies in Hungary, Poland, the Czech Republic, Slovakia and Estonia. The SEE (South Eastern Europe) segment contains companies in Romania, Bulgaria, Slovenia, Croatia and Serbia. The CIS (Commonwealth of Independent States) segment consists of Russia and Cyprus. The Holding segment encompasses the holding companies in Austria, the Netherlands, Luxembourg, Hungary, as well as the company consolidated at equity in Austria.

## GENERAL OVERVIEW OF PROPERTIES

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

Post-code	City	Address	Share	Additions Month/ Year	Plot <sup>1)</sup>	Office space	Retail space	Hotel space
<b>PROPERTY ASSETS LET</b>					<b>81.4</b>	<b>160.0</b>	<b>12.1</b>	<b>39.1</b>
<b>Property assets</b>								
BG	Sofia	Mladost Office Building	100%	03/03	5.7	3.9	0.0	0.0
BG	Sofia	Mladost II	100%	05/06	2.9	6.9	0.2	0.0
CZ	Prague	ECM Airport Center	100%	07/05	E	0.0	3.5	13.8
CZ	Prague	English International School	100%	10/07	24.0	0.0	0.0	0.0
H	Budapest	Víziváros Office Center	100%	09/05	4.0	11.7	0.3	0.0
H	Budapest	R70 Office Complex	100%	06/03	3.9	16.1	0.3	0.0
H	Budapest	Buda Business Center	100%	09/05	1.8	5.5	0.1	0.0
H	Budapest	Canada Square	100%	07/05	1.4	5.0	0.0	0.0
H	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	1.3	23.2	0.7	0.0
CZ	Pilsen	Hotel Diplomat	100%	08/08	2.9	3.9	0.0	10.0
RO	Bukarest	Opera Center 1	100%	09/03	2.6	10.3	0.7	0.0
RO	Bukarest	Opera Center 2	100%	03/04	0.8	3.2	0.0	0.0
RO	Bukarest	Bukarest Business Park	100%	10/05	15.7	23.8	0.1	0.0
SRB	Beograd	Belgrad Office Park	100%	12/07	E	8.9	0.0	0.0
SRB	Beograd	Belgrad Office Park 2 <sup>6)</sup>	100%	12/07	E	9.8	0.0	0.0
SK	Bratislava	BBC	100%	01/00	7.9	7.3	0.8	0.0
SI	Ljubljana	Austria Trend Hotel	100%	04/05	2.9	0.0	2.6	15.4
<b>Property assets total</b>					<b>81.4</b>	<b>160.0</b>	<b>12.1</b>	<b>39.1</b>
<b>Property assets under development</b>					<b>660.3</b>	<b>105.6</b>	<b>105.2</b>	<b>4.8</b>
<b>Land reserve</b>								
RO	Arad	Arad	100%	12/07	31.7			
SRB	Belgrad	Log Center	50%	09/08	265.0			
CZ	Prag	ECM City Deco	100%	06/07	6.3			
<b>Land reserve total</b>					<b>303.0</b>			
<b>Actual projects</b>								
HU	Budapest	Capital Square (Vaci Ut 76)	100%	01/07	8.5	31.0	1.5	0.0
PL	Warsaw	Poleczki Business Park Phase 1	50%	03/07	72.4	19.1	0.0	0.0
RO	Sibiu	Retail Centre Sibiu	100%	12/07	218.9	0.0	80.5	0.0
RU	Moscow	Maslov	50%	12/06	3.3	15.3	0.0	0.0
RU	St. Petersburg	Pulkovo Business Park 5)	25%	12/07	15.6	7.8	0.0	4.8
RU	Moscow	Matryoshka	50%	06/08	7.5	0.0	12.1	0.0
SRB	Beograd	Sava City	100%	02/07	E	16.8	0.0	0.0
HU	Győr	Pannonia Shopping Center	50%	09/08	21.2	0.0	8.2	0.0
SK	Bratislava	BBC Plus	100%	01/00	6.3	13.8	0.3	0.0
SK	Bratislava	Starohorska Street	50%	09/08	3.7	1.8	2.5	0.0
<b>Actual projects total</b>					<b>357.4</b>	<b>105.6</b>	<b>105.2</b>	<b>4.8</b>

Residential space	Industrial space	Storage space	Others	Total Space <sup>5)</sup>	Acquisition costs as at 31.12.2008 <sup>4)</sup>	IFRS-Book values as at 31.12.2008 <sup>2)</sup>	IFRS Book values as at 31.12.2007 <sup>2)</sup>	Rental income 2008 – annualized	Level of commercial rental in %	Yield in % <sup>4)</sup>
<b>0.0</b>	<b>0.0</b>	<b>3.0</b>	<b>16.7</b>	<b>230.8</b>	<b>530,758</b>	<b>588,187</b>	<b>544,142</b>	<b>40,914</b>	<b>94%</b>	<b>7.3%</b>
0.0	0.0	0.2	0.0	4.0	9,028	9,085	11,675	1,281	100%	14.1%
0.0	0.0	0.1	0.0	7.2	16,383	16,120	18,160	1,504	100%	9.3%
0.0	0.0	0.0	0.4	17.7	41,503	51,660	60,250	3,501	97%	6.8%
0.0	0.0	0.0	6.8	6.8	12,972	11,580	12,960	739	100%	6.4%
0.0	0.0	0.0	1.4	13.4	25,847	33,770	37,428	2,439	97%	7.2%
0.0	0.0	0.0	1.6	18.0	29,161	33,780	39,634	2,575	83%	7.6%
0.0	0.0	0.0	0.4	6.1	11,849	9,870	11,145	824	73%	8.3%
0.0	0.0	0.4	0.0	5.3	12,174	13,700	15,117	1,038	98%	7.6%
0.0	0.0	0.0	0.6	17.1	43,909	47,690	52,800	3,529	99%	7.4%
0.0	0.0	0.0	0.2	7.1	20,409	22,520	20,360	1,460	98%	6.5%
0.0	0.0	0.0	1.0	24.9	71,173	96,260	85,942	5,477	82%	5.7%
0.0	0.0	0.1	0.2	14.3	27,148	27,980	0	2,442	100%	8.7%
0.0	0.0	0.0	0.5	11.5	23,379	37,678	36,293	2,625	100%	7.0%
0.0	0.0	0.0	0.1	3.3	6,345	10,344	10,018	697	100%	6.7%
0.0	0.0	0.0	1.9	25.8	61,657	67,630	81,365	5,355	100%	7.9%
0.0	0.0	1.2	0.0	10.1	29,285	26,000	0	1,998	92%	7.7%
0.0	0.0	1.1	0.3	11.1	26,771	26,540	0	0		0.0%
0.0	0.0	0.0	1.1	9.3	19,414	12,870	16,525	1,278	91%	9.9%
0.0	0.0	0.0	0.0	17.9	42,351	33,110	34,470	2,154	100%	6.5%
<b>0.0</b>	<b>0.0</b>	<b>3.0</b>	<b>16.7</b>	<b>230.8</b>	<b>530,758</b>	<b>588,187</b>	<b>544,142</b>	<b>40,914</b>	<b>94%</b>	<b>7.3%</b>
<b>0.0</b>	<b>2.9</b>	<b>3.8</b>	<b>0.0</b>	<b>222.3</b>	<b>219,801</b>	<b>162,237</b>	<b>109,424</b>	<b>0</b>		
					2,890	2,890	251	0		
					1,780	1,780	0	0		
					0	0	0	0		
					<b>4,670</b>	<b>4,670</b>	<b>251</b>	<b>0</b>		
0.0	0.0	1.1	0.0	33.7	41,008	41,008	9,933	0		
0.0	1.7	1.4	0.0	22.2	25,470	21,499	14,420	0		
0.0	0.0	0.0	0.0	80.5	27,510	23,519	23,681	0		
0.0	0.0	0.0	0.0	15.3	33,611	18,087	23,013	0		
0.0	0.0	0.0	0.0	12.5	0	0	0	0		
0.0	0.0	0.0	0.0	12.1	20,243	8,285	0	0		
0.0	1.2	0.7	0.0	18.6	48,817	38,650	32,458	0		
0.0	0.0	0.0	0.0	8.2	4,855	3,177	0	0		
0.0	0.0	0.6	0.0	14.7	10,552	2,095	5,668	0		
0.0	0.0	0.0	0.0	4.4	3,065	1,247	0	0		
<b>0.0</b>	<b>2.9</b>	<b>3.8</b>	<b>0.0</b>	<b>222.3</b>	<b>215,132</b>	<b>157,567</b>	<b>109,173</b>	<b>0</b>		

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

Post-code	City	Address	Share	Additions Month/ Year	Plot <sup>1)</sup>	Office space	Retail space	Hotel space
<b>Properties held for sale</b>					<b>1,530.8</b>	<b>50.3</b>	<b>1.3</b>	<b>0.6</b>
<b>Properties held for sale Eastern and South East Europe</b>								
SK	Bratislava	Starohorska Street	50%	09/08				
<b>Properties held for sale Eastern and South East Europe total</b>								
<b>Properties sold in 2008</b>								
PL	Warsaw	Renaissance Tower Warschau	100%	05/02	E	16.8	0.5	0.0
<b>Properties sold in 2008</b>						<b>16.8</b>	<b>0.5</b>	<b>0.0</b>
<b>Properties sold in 2008</b>								
						<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Austria					86.4	3.8	2.0	0.0
Germany					1,349.6	2.6	0.0	15.9
Eastern Europe					E	16.8	0.5	0.0
<b>Properties sold in 2008</b>					<b>1,436.1</b>	<b>23.3</b>	<b>2.5</b>	<b>15.9</b>
<b>Property assets let</b>								
					<b>81.4</b>	<b>160.0</b>	<b>12.1</b>	<b>39.1</b>
<b>Property assets under development</b>								
					<b>660.3</b>	<b>105.6</b>	<b>105.2</b>	<b>4.8</b>
<b>Land reserve</b>								
					<b>303.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Actual projects</b>								
					<b>357.4</b>	<b>105.6</b>	<b>105.2</b>	<b>4.8</b>
<b>Properties held for sale</b>								
					<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Properties sold in 2008</b>								
					<b>0.0</b>	<b>16.8</b>	<b>0.5</b>	<b>0.0</b>
<b>Total</b>								
					<b>741.8</b>	<b>265.6</b>	<b>117.3</b>	<b>43.9</b>
<b>Total (incl. properties sold)</b>								
					<b>741.8</b>	<b>282.4</b>	<b>117.8</b>	<b>43.9</b>

<sup>1)</sup> Residential ownership (WE), properties built on third party land (SÄ), perpetual lease €

<sup>2)</sup> IFRS values: property assets let and properties held for sale are valued AT FAIR MARKET VALUE, property assets under development AT COST

<sup>3)</sup> All plot sizes relate to the share held by CA Immo, CA Immo International or the CA Immo New Europe in the property companies as shown in the column headed "Share"

<sup>4)</sup> Calculation Yield (gross yield): Rental income annualized / Book value IAS 40

<sup>5)</sup> at equity interest

<sup>6)</sup> BOP 2: completion in December 2008, not included in yield

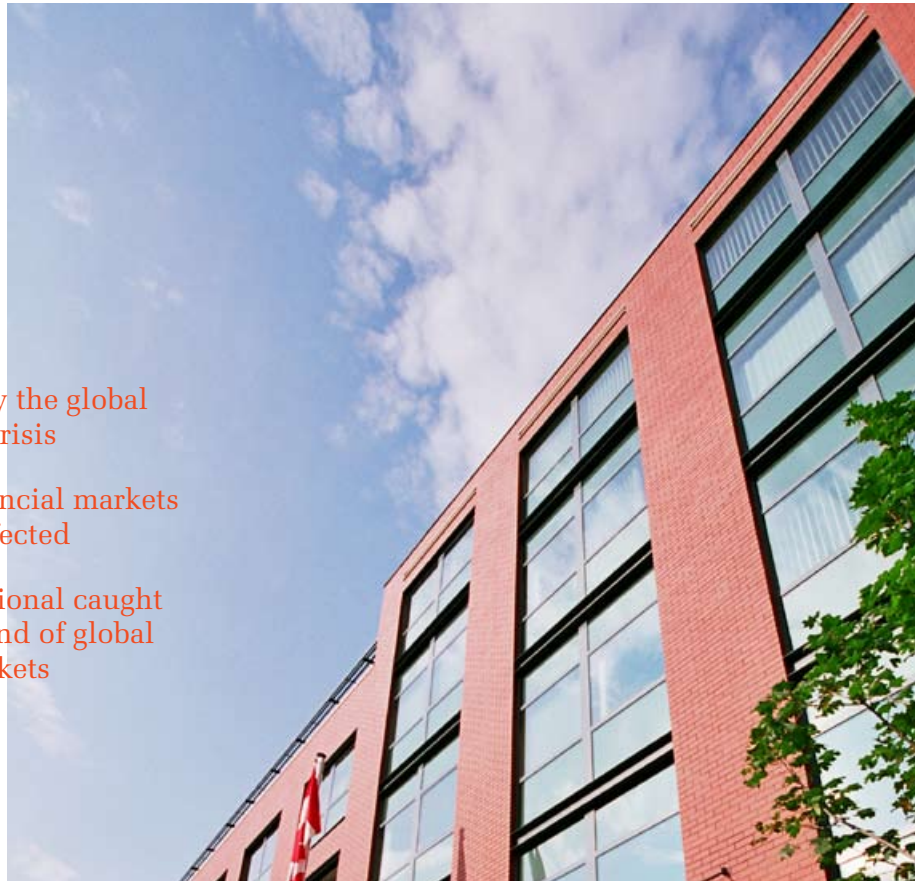
Residential space	Industrial space	Storage space	Others	Total Space <sup>5)</sup>	Acquisition costs as at 31.12.2008 <sup>4)</sup>	IFRS-Book values as at 31.12.2008 <sup>2)</sup>	IFRS Book values as at 31.12.2007 <sup>2)</sup>	Rental income 2008 – annualized	Level of commercial rental in %	Yield in % <sup>4)</sup>
0.5	0.0	43.7	42.2	138.7	182,796	168,350	0	10,707		
					6,326	1,247	0	0		
					<b>6,326</b>	<b>1,247</b>	<b>0</b>	<b>0</b>		
0.0	0.0	0.2	0.0	17.5	0	0	54,830	0		
<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>17.5</b>	<b>0</b>	<b>0</b>	<b>54,830</b>	<b>0</b>		
<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>							
2.4	6.1	0.0	0.0	14.5	0	0	29,901	0		
1.4	0.0	22.5	53.1	95.6	0	0	0	0		
0.0	0.0	0.2	0.0	17.5	0	0	54,830	0		
<b>3.8</b>	<b>6.1</b>	<b>22.7</b>	<b>53.1</b>	<b>127.5</b>	<b>0</b>	<b>0</b>	<b>84,731</b>	<b>0</b>		
<b>0.0</b>	<b>0.0</b>	<b>3.0</b>	<b>16.7</b>	<b>230.8</b>	<b>530,758</b>	<b>588,187</b>	<b>544,142</b>	<b>40,914</b>	<b>94%</b>	<b>7.3%</b>
<b>0.0</b>	<b>2.9</b>	<b>3.8</b>	<b>0.0</b>	<b>222.3</b>	<b>219,801</b>	<b>162,237</b>	<b>109,424</b>	<b>0</b>		
<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4,670</b>	<b>4,670</b>	<b>251</b>	<b>0</b>		
<b>0.0</b>	<b>2.9</b>	<b>3.8</b>	<b>0.0</b>	<b>222.3</b>	<b>215,132</b>	<b>157,567</b>	<b>109,173</b>	<b>0</b>		
<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6,326.3</b>	<b>1,247.2</b>	<b>0.0</b>	<b>0.0</b>		
<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>17.5</b>	<b>0</b>	<b>0</b>	<b>54,830</b>	<b>0</b>		
<b>0.0</b>	<b>2.9</b>	<b>6.8</b>	<b>16.7</b>	<b>453.1</b>	<b>756,886</b>	<b>751,671</b>	<b>653,566</b>	<b>40,914</b>		
<b>0.0</b>	<b>2.9</b>	<b>7.0</b>	<b>16.7</b>	<b>470.6</b>	<b>756,886</b>	<b>751,671</b>	<b>708,396</b>	<b>40,914</b>		

## THE STRATEGY OF CA IMMO INTERNATIONAL FOR 2009

2008 impacted by the global  
financial crisis

Real estate and financial markets  
severely affected

CA Immo International caught  
in downward trend of global  
stock markets



The real estate sector is confronted with major challenges across the globe in 2009. In the face of the persistent tightening of credit, the flow of liquidity into the sector as well as into individual companies has become increasingly scarce - in particular with regards to financing from third parties such as banks and the capital markets. The effects of this will be felt on property investment markets across Europe. As a result, we do not foresee an end to the strong reluctance to enter into transactions during 2009; some distress sales are also a distinct possibility. With data on the real economy painting a rapidly worsening picture, and with forecasts pointing to stagnation at best, the demand for real estate will diminish, and far more attention will surely be paid to the creditworthiness of tenants. Against such a backdrop, CA Immo International must introduce an immediate and consistent set of measures if the company is to steer a steady path through the current economic situation.

Despite the tough climate that prevails, however, we must also bear in mind the inherently cyclical nature of our sector – and not neglect to start establishing the basis on which we will be able to exploit opportunities that emerge as the market recovers. In this way, we can fortify the long-term strategic strengths of our company.

In terms of our strategy, this will mean switching the focus from the aggressive expansionism of recent years to the stabilisation of our core business. With its wealth of experience, sound capital basis, and well-adjusted portfolio CA Immo International has many strengths that will enable us to secure the future of the company and grow organically.

The strategic and operational priorities for 2009 are therefore as follows:

<b>STRATEGIC GOAL</b>	<b>Secure and consolidate operational cash flow</b>	
<b>OPERATIONAL MEASURES</b>	<p><b>Optimisation of rental income by taking steps to prevent vacancy</b> Regular rental income is the basis for the business activity of CA Immo International. Securing rental revenue is therefore the top priority, especially in times of high economic volatility. By intensifying dialogue with existing tenants, we will gain a full picture of the business situations and future property requirements of tenants, and be in a position to identify any necessary amendments well before the tenancy comes to an end. This will also enable us to take steps at the right time in order to agree extensions or find new tenants.</p>	<p><b>Consistent cost reduction</b> CA Immo International has a strong platform, which gives broad based know-how. Given the changing pace of expansion and development it is now key to intensify the usage of this internal know-how by a) increasing the usage of internal resources for services previously sourced by third parties and b) offering services to third parties. The aim has to be to reduce third party costs by using the own potential and thereby decrease overall administrative costs.</p>
<b>FINANCIAL TARGETS FOR 2009</b>	<b>Stabilise like-for-like rental income at 2008 level</b>	<b>Reduce administrative costs by 5-10% compared to 2008</b>
<b>STRATEGIC GOAL</b>	<b>Exploit the potential of development projects</b>	<b>Sustain the sound capital basis</b>
<b>OPERATIONAL MEASURES</b>	<p><b>Careful implementation of ongoing projects</b> In 2009, the clear focus in eastern Europe will be on the realisation of real estate development projects already in progress. The number of planned projects was cut early in 2008; now re-evaluation as to whether further investment should be postponed will take place in connection with those projects scheduled for processing in multiple phases and those for which building permission has been obtained and decisions are due on the commencement of construction.</p>	<p><b>Securing financing for development projects</b> The biggest operational challenge is to secure debt financing for our projects in addition to the equity that is already in place. For the majority of our development projects we already have secured binding financing agreements. As we are now approaching final negotiations for the remaining projects, it is key to reach long term solutions for them as well.</p>
<b>FINANCIAL TARGETS FOR 2009</b>	<b>Invest in development projects of approx. € 100 m in eastern Europe</b>	<b>Maintain an equity ratio of at least 50%</b>

## 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. CA Immo International devalued its property assets by about 11 % in 2008 and is posting correspondingly a negative consolidated net income. As unwelcome as this valuation result may be, we believe that it reflects a realistic view of conditions on the property markets as they appear at the start of 2009.

All of our markets saw a general increase in the property yields assumed by the valuers. There are a number of general factors responsible for this that apply throughout Europe, in addition to causes affecting individual properties and the individual regional markets:

**Collapse of the property investment market:** The number and volume of real estate transactions in Europe fell, particularly as a result of the tighter loan allocations by the banks. This tends to increase valuation uncertainty since there are fewer reference transactions on the market with which to perform plausibility checks of the property values than has been the case in previous years. Valuers respond to this situation in the form of higher risk surcharges or by applying deductions for a lack of liquidity.

**Negative business expectations:** Economic growth is an important driver both for the level of future rents and for movements in the vacancy rate. Hence the rapidly worsening economic predictions cause the valuers to lower their assumptions with respect to achievable rents and occupancy rates. In addition, a decrease in expected inflation results in a reduction in assumed rent growth.

**Increasing risk surcharges on the cost of equity:** Although the second half of 2008 saw a drop in interest levels, with positive effects in principle on property values, in view of the recently observed increase in risk surcharges there has not so far been any reduction in the actual costs of loan capital. Moreover, virtually every investment category has seen an increase in the imputed or implied costs of equity since mid-2008 at the latest. The reason for this is the increased price volatility that can be observed in almost every class of investment, and a general paradigm shift in the pricing of risk. This aspect results, in particular, in decreases in the valuation of development projects (see below).

The collapse of the property investment market was particularly pronounced in eastern and south east Europe owing to the lack of foreign capital. The other factors,

### VALUATION OF INCOME-PRODUCING PROPERTIES

Region	Acquisition costs		Fair Value		Revaluation		Gross
	(in € m)	(in € m)	in € m	in %	31.12.2007	initial yield	
	31.12.2008	31.12.2008				31.12.2008	
Slovakia	19.4	12.9	-4.7	-27.0 %	7.5 %	9.9 %	
Czech Republic	81.6	91.2	-13.5	-12.9 %	5.7 %	7.3 %	
Hungary	122.9	138.8	-18.3	-11.6 %	6.6 %	7.5 %	
Poland	91.6	118.8	12.1	11.3 %	6.7 %	5.8 %	
<b>CEE total</b>	<b>315.6</b>	<b>361.7</b>	<b>-24.4</b>	<b>-6.3 %</b>	<b>6.5 %</b>	<b>7.0 %</b>	
Bulgaria	25.4	25.2	-4.6	-15.5 %	9.1 %	11.0 %	
Rumania	91.4	115.7	-12.1	-9.5 %	7.0 %	7.5 %	
Slovenia	42.4	33.1	-2.1	-5.9 %	5.2 %	6.5 %	
Serbia	56.1	52.5	-3.5	-6.3 %	n. a.	7.7 %	
<b>SEE total</b>	<b>215.2</b>	<b>226.5</b>	<b>-22.3</b>	<b>-9.0 %</b>	<b>7.0 %</b>	<b>7.8 %</b>	
<b>Total</b>	<b>530.8</b>	<b>588.2</b>	<b>-46.7</b>	<b>-7.4 %</b>	<b>6.7 %</b>	<b>7.3 %</b>	



BUDAPEST R70 Office Complex

particularly in relation to the availability and cost of debt capital, were even more marked than in western Europe. The increase in country risk surcharges also brought about an increase in the relevant reference interest rates. But there were significant differences in the extent of market adjustment across the entire region. Thus, the value of our portfolio in south east Europe (SEE) with devaluation of about 9.0% was far more sharply affected than our properties in eastern Europe, which lost some 6.3% of their value (CEE). This was the result in particular of the robust market conditions in Poland, which led to an upward revaluation of the properties in Warsaw so that the overall effect of downward revaluations in the other countries of this sub-region was attenuated. In absolute figures, over half of the entire change in value in south east Europe was accounted for by the Bucharest Business Park property, which was re-valued downwards by around 17% to € 67.7 m and is now posting a gross initial return of 7.9%.

When valuing our development projects and land reserves, the procedure known as the “residual value method” is used. This essentially takes the potential value on completion (for which the parameters listed above for income producing properties are the most important factors) and deducts the anticipated costs still to arise before completion. In addition to the construction costs and other secondary expenses, any profit that could be expected by a potential purchaser with respect to the individual project risk is also subtracted (usually 15-25% referred to total investment costs for the project). The

## VALUATION OF DEVELOPMENT PROJECTS

Region	Acquisition costs (in € m)	Book value (in € m)	Depreciation	
	31.12.2008	31.12.2008	in € m	in %
CEE	85.0	69.0	-8.6	-28.2 %
SEE	81.0	66.8	-10.7	-3.9 %
CIS	53.9	26.4	-21.1	-21.9 %
<b>Total</b>	<b>219.8</b>	<b>162.2</b>	<b>-40.5</b>	<b>-8.2 %</b>

resulting amount is then the value set for the project at the stage it has reached at the key date.

This method inevitably means that a significant developer profit is realised when the project is completed on schedule.

The general increase in assumed appropriate return on equity mentioned above led to an increase for 2008 in this future developer profit that is at least notionally achievable. These raised expectations of developer profit could not be sufficiently offset by reduced construction costs so that the project valuations fell.

In regional terms, Russia was the country that was most affected. Credit availability was massively reduced towards the end of the year and ultimately resulted in many development projects being cancelled. The project costings were also affected by estimated rental values that were significantly lower than those at the start of the year. The amortisations related to the two Moscow projects, Matryoshka (€ -12.0 m) and Maslov Tower (€ -9.1 m). A value adjustment amounting to € -17.1 m was also made to the 25 % stake held via the CA Immo New Europe Property Fund in the project company running the project at St Petersburg airport (Pulkovo), posted under “Stakes in associated companies”. Other important depreciations occurred in Belgrade (Sava City) and Bratislava (BBC Plus and Sekyra Tower).

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OFFICE PROPERTY YIELDS 4<sup>TH</sup> QUARTER 2008

City	Yields
Belgrade	8.2–9.0 %
Bratislava	7.0–9.0 %
Budapest	7.0–8.0 %
Bucharest	7.0–8.0 %
Moscow	10.0–11.0 %
Prague	6.2–7.0 %
Sofia	8.5–9.2 %
Warsaw	6.2–7.0 %

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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 to an even greater extent of the market conformity of our property values.

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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. Valuation of the CA Immo International portfolio is undertaken quarterly by CB Richard Ellis. All the valuations were 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 home page at [www.caimmointernational.com](http://www.caimmointernational.com).

## RESULTS

### Gross revenues

Rental income amounted to € 38.7 m in 2008, around 1 % above the value for the comparable period of 2007. The increase reflects in particular additional rental income from the hotel acquired in Pilsen (Czech Republic) in the third quarter of 2008 as well as the contribution throughout the year delivered by properties acquired in the course of the previous year. These new revenue streams more than compensated for the loss of rental income from the Renaissance Tower in Warsaw, which was sold at a profit early in 2008.

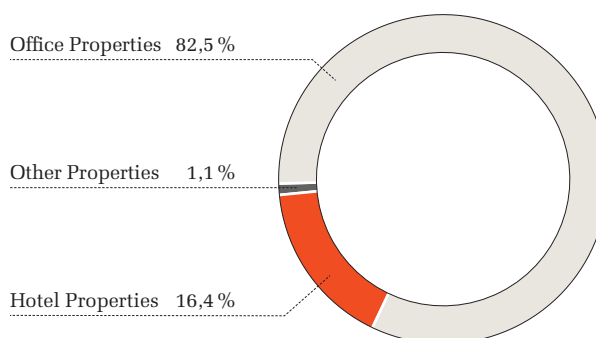
### Net operating income

The 2 % increase in net operating income (NOI) to € 37.2 m was additionally due to a decrease in Expenses directly related to properties from € 4.2 m to € 2.5 m

### Income from sales of properties

Income from the sale of properties, which rose from € 3.9 m in 2007 to € 7.0 m in 2008, reflects the sale of the Renaissance Tower in Warsaw early in 2008 for a sum around 10 % above the most recent valuation (on 31 December 2007). Since the transaction was carried out as a share deal (through the sale of shares in the company by which the property was held), the amounts shown in the income statement (revenue of € 19.6 m and book value of € 12.6 m) relate to the equity capital of this company, and not the book value of the associated property.

### DISTRIBUTION OF RENTAL INCOME BY USAGE TYPE



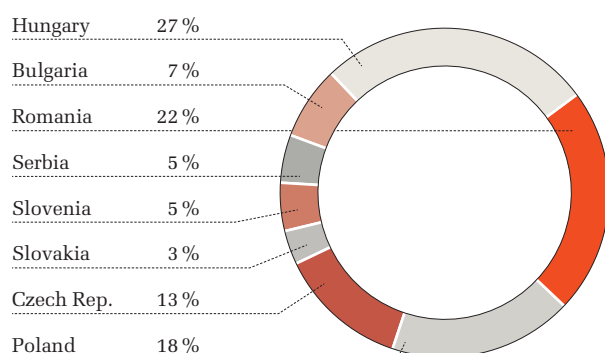
### Indirect expenditure

Indirect expenditure (i.e. administrative expenses not directly assignable to real estate or projects) was reduced from € 14.6 m to € 13.7 m. The decrease was largely the result of a cut in expenditure on services rendered by the parent company CA Immobilien Anlagen AG on behalf of CA Immo International (including accounting, communications and investor relations); this figure fell from € 2.8 m in 2007 to € 2.0 m in 2008. Given the fact that the

### NET OPERATING INCOME BY REGION IN RELATION TO LEASED PROPERTIES (INCOME PRODUCING PROPERTIES)

€ m	2008	2007	Change
<b>CEE</b>			
Market value	361.7	407.0	-11 %
Gross revenues	31.9	32.6	-2 %
Rental income	23.6	24.7	-5 %
Net operating income	24.2	22.2	-1 %
NOI margin	76 %	68 %	
<b>Net yield</b>	<b>6.7 %</b>	<b>5.5 %</b>	
<b>SEE</b>			
Market value	226.5	192.0	18 %
Gross revenues	20.1	19.7	2 %
Rental income	15.1	13.4	12 %
Net operating income	15.5	18.3	-15 %
<b>NOI margin</b>	<b>77 %</b>	<b>93 %</b>	
<b>Net yield</b>	<b>6.8 %</b>	<b>9.5 %</b>	

## DISTRIBUTION OF RENTAL INCOME BY COUNTRY



higher average staffing level owing to new appointments in 2007 was counterbalanced by the discontinuation of variable, performance-related salary components, de facto personnel costs were unchanged.

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

The net result of these developments was a 19% increase in earnings before taxes and depreciation (EBITDA), from € 27.0 m in the previous year to € 32.2 m. The first quarter contributed € 13.6 m to this result; the

second quarter contributed € 5.9 m, the third quarter accounted for € 6.6 m and quarter four provided € 6.2 m. The significantly higher contribution of the first quarter was largely due to the capital gain from the aforementioned sale of the Renaissance Tower in Warsaw, which accrued during this period.

No major shifts were reported as regards the regional distribution of the EBITDA: the CEE region accounted for € 25.2 m and SEE provided € 12.8 m. The EBITDA for the CIS segment, in which only development projects are currently maintained (no income producing properties are held), stood at € -1.3 m; the EBITDA attributed to the holding was € -4.4 m.

**Depreciation and revaluation result**

Around the end of 2008 in particular, CA Immo International was faced with sharp falls in property values across all regions (for a detailed analysis of the factors behind this, please also refer to the Property Valuation chapter). In the income statement, this influenced property assets under development and the trading portfolio (€ -45.5 m) in the form of unscheduled depreciation, and property assets let were affected by revaluation losses (€ -46,7 m). The contributions of individual segments to the result were as follows:

## RESULT OF DEPRECIATION AND REVALUATION

Region	Balance sheet value	Depreciation / Revaluation	
	(€ m)	€ m	in %
	31.12.2008		
CEE property assets let	361.7	-24.4	-6.3 %
CEE trading portfolio	1.2	-5.1	-80.3 %
CEE property assets under development	69.0	-8.6	-28.2 %
<b>Total for CEE</b>	<b>432.0</b>	<b>-38.1</b>	<b>-8.1 %</b>
SEE property assets let	226.5	-22.3	-9.0 %
SEE property assets under development	66.8	-10.7	-3.9 %
<b>Total for SEE</b>	<b>293.3</b>	<b>-33.0</b>	<b>-10.1 %</b>
<b>CIS property assets under development</b>	<b>26.4</b>	<b>-21.1</b>	<b>-21.9 %</b>
<b>Total</b>	<b>751.7</b>	<b>-92.2</b>	<b>-10.9 %</b>
of which revaluation of property assets let		-46.7	-7.4 %
of which unscheduled depreciation of property assets under development and trading portfolio		-45.5	-21.8 %

The revaluation result for 2008 was € –46.7 m (€ 57.6 m in 2007); the figure comprises revaluation gains of € 13.8 m (largely generated in Poland) and revaluation losses of € 60.5 m.

#### Operating result (EBIT)

The considerable revaluation losses caused the operating result (EBIT) to fall from € 82.9 m in 2007 to € –62.0 m in 2008.

#### Financial results

Financial results for 2008 stood at € –32.7 m, compared to € –1.6 m in 2007. A comparison of the relevant periods shows that the financing costs component of the financial results increased by € 2.5 m to € –16.0 m on account of the higher volume of financing. The result of financial investments rose sharply, from € 6.8 m to € 9.3 m. The

result of foreign currency gains/losses (€–3.2 m in 2008 compared to € 4.6 m in 2007) is mainly explained by non-cash-effective losses from the end-of-period valuation of USD loans linked to the development of the dollar rate as well as significant falls in the exchange rates of most regional currencies against the euro.

Expenses from financial assets (€ –7.8 m) and the investment result from associated companies (€ –15.1 m) derive from property depreciation in companies in which CA Immo International is only a minority shareholder (and which are therefore not fully consolidated), and from the depreciation of investments made in the form of loans or down payments to non-fully consolidated companies; the biggest single factor was the value adjustment for the 25 % share (held through the CA Immo New Europe property fund) in the project company running the St. Petersburg (Pulkovo) Airport project.

#### EARNINGS BEFORE TAX

	€ m
<b>EBT 2007</b>	<b>81.3</b>
<b>Cash effective</b>	<b>–2.7</b>
Rental Income	0.5
Property Expenses	1.7
Indirect costs	1.0
Interestresult	3.1
Result from the sale of properties	–7.8
other	–1.3
<b>Non-Cash effective</b>	<b>–173.4</b>
Revaluations	–104.2
Impairments/Depreciation	–45.9
Result from associates	–15.4
FX gains/losses	–7.8
<b>EBT 2008</b>	<b>–94.7</b>

**Net income before taxes (EBT)**

Net income before taxes stood at € -94.7 m in 2008 compared to € 81.3 m in the previous year. As the table below shows, the change is almost entirely due to non-cash-effective factors:

**Taxes on income**

Despite the negative net income before taxes, taxes on income rose from € -14.1 m in 2007 to € -22.7 m in 2008. The decisive factor behind this trend was the change in deferred taxation (€ -21.5 m in 2008 compared to € -12.5 m in 2007), which was mainly due to re-evaluation of the holding period for real estate. Current taxation, on the other hand, fell from € -1.7 m in 2007 to € -1.3 m in 2008.

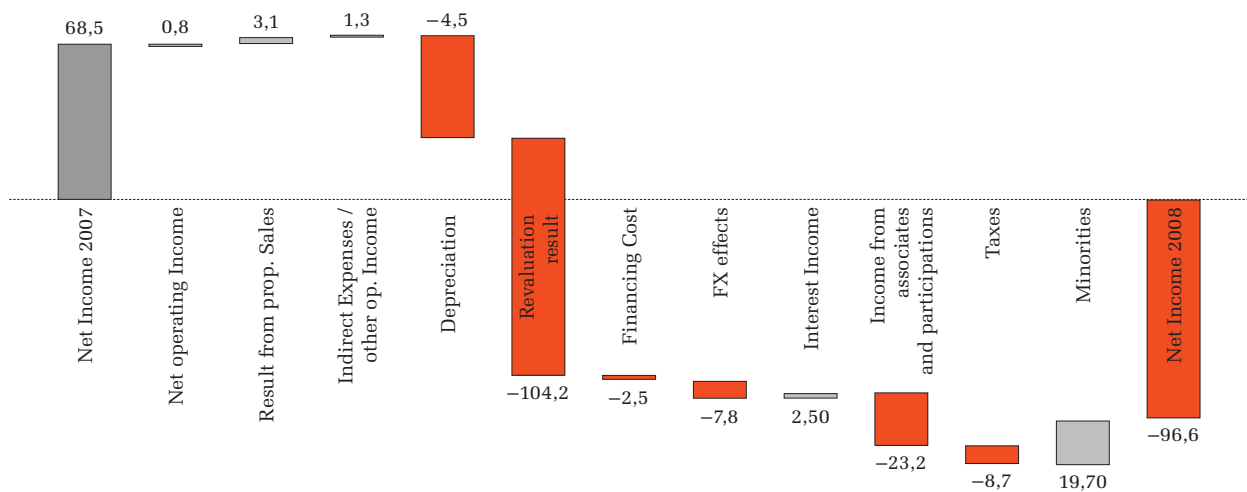
**Consolidated net income**

The income share attributable to minority interests increased from € -1.2 m in 2007 to € -20.9 m in 2008, mainly reflecting the proportion of minority shareholders in the CA Immo New Europe property fund, which focuses on property development.

The developments outlined above also led to a fall in consolidated net income after taking account of minorities (from € 68.5 m to € -96.6 m).

In detail, the movement of consolidated net income after minorities between 2007 and 2008 is shown in the graph below.

RESULT BRIDGE BETWEEN 2007 AND 2008



**Cash Flow**

Since the main negative factors leading to the fall in consolidated net income described above were non-cash-related, robust operational business performance was expressed in an increase of approximately 12 % in operational cash flow to € 22.7 m.

Cash flow from investment activities stood at € –33.7 m, with the direct or indirect (companies, down payments, financial assets) acquisition of property assets accounting for € –75.1 m. Other key factors influencing cash flow from investment activities included a net capital inflow from the sale of the Renaissance Tower in Warsaw.

Cash flow from financing activities was positive in 2008 (€ 21.1 m compared to € 28.4 m in 2007). This was due to financing arranged in connection with investments in development projects as well as additions to property assets, and was counterbalanced in particular by the dividend payment and continual interest payments.

Funds from operations (FFO) before taxes stood at € 18.6 m in 2008, 12 % below the previous year's value of € 21.2 m.

**Balance sheet: Assets**

The 'Property assets let' item recorded a fall of € 10.8 m (from € 599.0 m to € 588.2 m); the main reason for this was the negative revaluation result of € 46.7 m. Additions recognised on the balance sheet in 2008 amounting to € 59.8 m (a hotel in Pilsen and an office property in Belgrade) were counterbalanced by the book value deduction of € 55.0 m from the sale of the Renaissance Tower in Warsaw.

The 'Property assets under development' item recorded a sharp rise of € 52.8 m to € 162.2 m, mainly reflecting construction progress on specific projects and more than compensating for the depreciation that took place.

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 St. Petersburg (Pulkovo) Airport construction project. The value change in this item from € 59.7 m on 31 December 2007 to € 46.0 m on 31 December 2008 is a result of adjustment to the stake valuation made necessary by the difficult situation on the Russian property market.

As of 31 December 2008, cash and cash equivalents stood at € 148.8 m, 4 % above their value at the start of the year.

**Balance sheet: Liabilities**

At the end of 2008 just below 62 % of CA Immo International AG was owned (directly and indirectly) by the separately listed CA Immobilien Anlagen AG, the remainder is widely held. At the balance sheet date the share capital of the company amounted to € 315,959,907.– and remained unchanged compared to 2007. There are 43,460,785 bearer shares outstanding. As of December 31 2008 there was authorized capital in the amount of € 158.0 m which can be exercised until August 10 2012.

Shareholders' equity (including minority interests) fell from € 692.0 m to € 558.5 m in 2008, mainly on account

**CASH FLOW STATEMENT – SHORT VERSION**

Mio. €	2008	2007	Change
<b>Cash flow from</b>			
- business activities	19.8	21.3	-7 %
- investment activities	-33.7	60.4	n.m.
- financing activities	21.1	28.4	-26 %
<b>Change in cash and cash equivalents</b>	<b>7.2</b>	<b>110.1</b>	<b>-93 %</b>
<b>Cash and cash equivalents</b>			
- Start of business year	143.6	34.0	
- Changes in the value of foreign currency	-2.0	-0.5	
- End of business year	148.8	143.6	4 %

**FFO COMPUTATION**

Mio. €	31.12. 2008	31.12. 2008	Change
Net income before taxes before minorities	-94.7	81.3	n.m.
Depreciation	47.6	1.7	100 %
Revaluation gains/losses	46.7	-57.6	n.m.
Foreign currency gains/losses	3.2	-4.6	n.m.
corr. At equity income	15.9	0.4	100 %
<b>Funds from operations before taxes</b>	<b>18.6</b>	<b>21.2</b>	<b>-12 %</b>
Taxes paid	-2.5	-3.1	-18 %
<b>Funds from operations</b>	<b>16.1</b>	<b>18.1</b>	<b>-11 %</b>

of negative consolidated net income. Owing to the losses attributable proportionately to minority shareholders in the CA Immo New Europe property fund, consolidated net income was also the principal factor behind the fall in minority interests. The dividend payment of € 15.2 m for 2007, disbursed in the second quarter of 2008, similarly brought about a reduction in shareholders' equity. A value change in interest rate SWAPs classified as cash flow hedges (from € -0.2 m on 31 December 2007 to € -7.1 m on 31 December 2008) was also recorded; this was the result of the steep decline in the general interest level during the second half of 2008 (the item had stood at € +2.1 m on 30 June 2008).

The drop in shareholders' equity led to a fall in the equity ratio, from 71 % on 31 December 2007 to 56 % on 31 December 2008.

The change in liabilities reflects in particular financing in relation to the rise in property assets under development. Long-term financial liabilities increased by € 79.5 m to € 287.2 m, whilst short-term financial liabilities rose from € 24.4 m to € 28.4 m. Net debt (financial liabilities less cash and cash equivalents) thus increased from € 88.5 m at the start of the year to € 166.8 m; gearing (ratio of net debt to shareholders' equity) increased from 13 % on 31 December 2007 to 30 % on 31 December 2008.

The maturity profile of financial liabilities as of 31 December 2008 is shown on the following page.

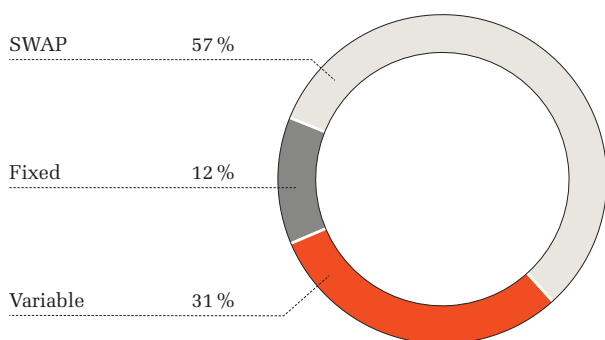
Fixed interest rates and maturing of financial liabilities are always aligned in the investment portfolio with terms that are typical for property investments.

Around 90 % of all loans are taken out in euros. The average interest on loans (taking account of interest hedging) stood at 6,6 % (6.2 % in 2007) on EUR loans and 6.1 % on USD loans (compared to 6.8 % in 2007).

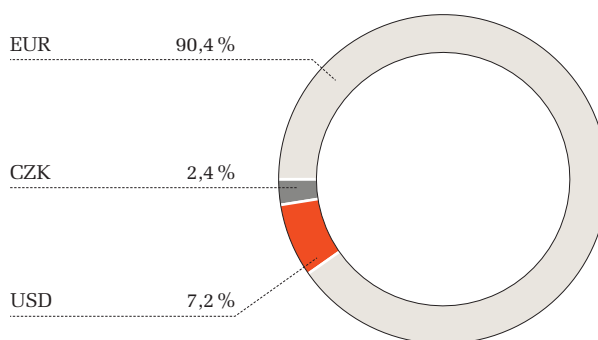
CONSOLIDATED BALANCE SHEET: SHORT VERSION

	2008		2007		Change
	€ m	in %	€ m	in %	in %
Property assets	750.4	75	708.4	73	6
Down payments on property investments	0.2	0	16.8	2	n.m.
Intangible assets	0.5	0	0.7	0	-35
Financial and other assets	79.1	8	90.5	9	-13
Deferred tax assets	4.9	0	4.7	0	3
<b>Long-term assets</b>	<b>835.1</b>	<b>84</b>	<b>821.2</b>	<b>84</b>	<b>2</b>
Receivables	11.1	1	11.0	1	1
Inventory intended for trading	1.2	0	0.0	0	
Cash equivalents and securities	148.8	15	143.6	15	4
<b>Short-term assets</b>	<b>161.2</b>	<b>16</b>	<b>154.6</b>	<b>16</b>	<b>4</b>
<b>Total assets</b>	<b>996.2</b>	<b>100</b>	<b>975.8</b>	<b>100</b>	<b>2</b>
Shareholders' equity	558.5	56	692.0	71	-19
Shareholders' equity as % of balance sheet total	56 %		71 %		
Long-term financial liabilities	287.2	29	207.7	21	38
Short-term financial liabilities	28.4	3	24.4	3	16
Other liabilities	77.6	8	27.7	3	>100
Deferred tax liabilities	44.5	4	24.0	2	86
<b>Total liabilities</b>	<b>996.2</b>	<b>100</b>	<b>975.8</b>	<b>100</b>	<b>2</b>

LOAN STRUCTURE BY INTEREST HEDGING



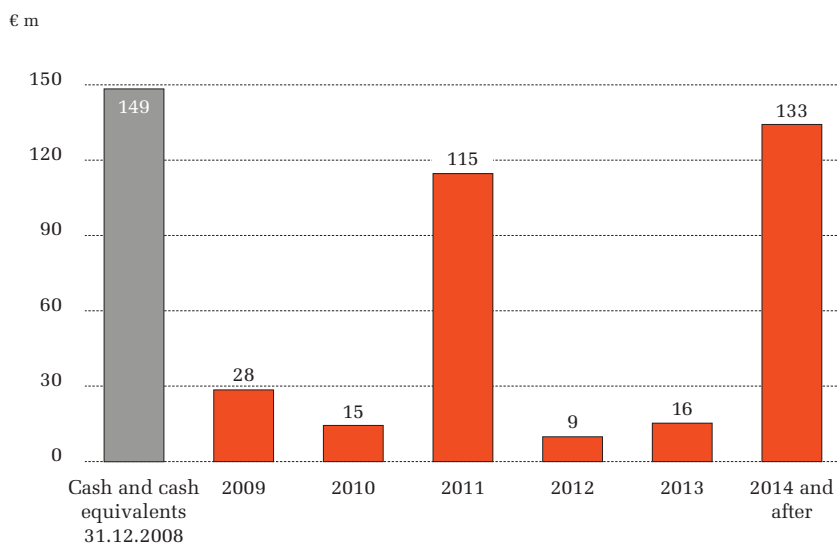
LOAN STRUCTURE BY CURRENCY



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. As of 31 December 2008, 57% of financial liabilities had interest rates fixed through SWAP contracts, 12% of loan agreements had fixed interest and 31% were at floating rates.

The increase in short-term provisions from € 6.0 m on 31 December 2007 to € 37.7 m on 31 December 2008 was mainly linked to the Capital Square project in Budapest, in connection with which CA Immo International entered into a forward purchase agreement (and for which pro-rata provision is formed according to construction progress for the anticipated purchase price).

MATURITY PROFILE OF FINANCIAL LIABILITIES 2008 to 2014ff



### Net Asset Value

Owing to the annual loss and other factors outlined above, the NAV (shareholders' equity excluding minority interests) fell from € 649.1 m on 31 December 2007 to € 530.1 m on 31 December 2008. The NAV per share declined by 18 %, from € 14.93 on 31 December 2007 to € 12.20 on 31 December 2008.

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. In view of currently rising uncertainty over the likely development of real estate values, no positive value adjustments for projects (undisclosed reserves) will be stated, in contrast to the previous year. As of 31 December 2008, therefore, NNNAV stood at € 549.7 m or € 12.65/share.

#### NAV AND NNNAV

€ m	31.12.2008	31.12.2007
<b>Equity (NAV)</b>	<b>530.1</b>	<b>649.1</b>
<b>NAV/share in €</b>	<b>12.20</b>	<b>14.93</b>
<b>Computation of NNNAV</b>		
Exercise of options	0.0	0.0
<b>NAV after exercise of options</b>	<b>530.1</b>	<b>649.1</b>
<b>Value adjustment</b>		
- projects based on IFRS fair-value method	0.1	19.1
- tenant leases held as finance leases	0.0	0.0
- properties held as current assets	0.0	0.0
- financial instruments	7.1	0.2
Deferred taxes	39.6	19.2
<b>NAV after adjustments</b>	<b>577.0</b>	<b>687.6</b>
Value adjustment for financial instruments	-7.1	-0.2
Value adjustment for liabilities	0.0	0.0
Deferred taxes	-20.1	-12.2
<b>EPRA NNNAV</b>	<b>549.7</b>	<b>675.2</b>
<b>EPRA NNNAV per share in €</b>	<b>12.65</b>	<b>15.54</b>
Change of NNNAV against previous year	-18.6 %	13.8 %
<b>Price (31.12)/NNNAV per share -1</b>	<b>-77.63 %</b>	<b>-25.34 %</b>

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## OUTLOOK FOR 2009

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### MARKET ENVIRONMENT

According to the most recent macroeconomic forecasts, the overall economic situation is unlikely to ease in the short term (see also the chapter entitled „Economic climate“). The global property sector, and particularly the region in which CA Immo International is active, is currently encountering a significant contraction in the amount of capital being made available for investments. This shortfall is prompting an appreciable downturn in the volume of transactions and sustained pressure on property securities. With negative reports still arising from the banking sector at the beginning of 2009 and continuing pressure on the capital markets, this year is sure to be a challenging one for the property sector and, therefore, CA Immo International. The situation is not expected to become any calmer until capital begins to flow into the sector again, especially from the banks, and confidence in the potency of the region's national economies increases again.

Fresh impetus is anticipated from the forthcoming development of interest rates in particular – at the start of 2009, property yields in Europe are substantially higher than the reference interest rates, so that the relative appeal of property investments is increasing.

#### Outlook for CA Immo International

CA Immo is aware of the possible effects of this difficult economic environment and consequently – as outlined in the chapter entitled „Strategy“ – will place its operating emphasis for 2009 on measures to maintain and strengthen its operating cash flow and on the selective implementation of already started development projects. 2009 will therefore be a year of consolidation for CA Immo International.

In concrete terms, we anticipate that rental income will follow a stable pattern in 2009 since, owing to the long-

term nature of lease contracts, these are not expected to suffer any immediate effect from the decline in the property market, and appropriate counter-measures can be taken by the pro-active avoidance of vacancies. As regards indirect costs, a 5 to 10 % reduction compared to the 2008 level is targeted.

The outlook for property valuation, which was of course the main factor in the 2008 result, can be gauged only with difficulty given the current market turbulence. Viewed from today's perspective, the valuation underlying the present annual financial statements fully covers the current situation on the property markets. However, should the outline conditions deteriorate in the course of the year beyond the scale currently anticipated, further adjustments cannot be ruled out.

As far as the investments planned for 2009 are concerned, the emphasis is on continuing with development projects already under construction and acquisition of projects subject to previously concluded forward purchase agreements. In total, an investment volume of around € 100 m is expected to be recognised in the balance sheet. No substantial new property acquisitions are planned for 2009.

#### Outlook on the capital market

At the beginning of 2009 the capital market demonstrated a high level of uncertainty concerning the further economic development of the East and South-East Europe region and Russia, resulting in falling prices for the shares associated with these regions, notably financial securities. Stock market experts anticipate that this turbulence may continue at least in the short term and that, consequently, 2009 will be another difficult year on the share markets. The CA Immo International share is therefore also likely to be subject to further high volatility.

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**PRINCIPAL RISKS AND UNCERTAINTIES  
CONCERNING 2009 OUTLOOK**

Our expectations for 2009 are based on certain assumptions concerning the general conditions and the specific circumstances governing the real estate business. The extremely volatile current economic situation entails additional uncertainties as regards the ability to meet targets for investment volume, timing of realisation and yield quality.

The following, in our view, are the critical parameters most likely to influence the envisaged pattern of business in 2009:

- Further developments on the international capital markets and their effect on the economies in the regions in which we are active
- The extent to which the anticipated economic decline affects rental demand and the level of rents in the individual countries in which we are active
- The availability trend and the pattern of the cost of borrowing
- Further developments on the property investment market and, by association, the price trend and its effect on the valuation of our portfolio
- Speed at which the planned development projects are realised, which depends in particular on the availability of the requisite outside borrowed and equity capital
- Political, legal/fiscal and economic risks, as well as the transparency and development level of the property market concerned, particularly in the SEE and CIS regions.
- The development of the EUR exchange rate vis-à-vis the local currencies and USD