

To the shareholders of conwert Immobilien Invest SE

London, 16th of May 2015

Dear fellow Shareholders,

Since Petrus Advisers made public our demand for value creation in January 2015 the conwert share price has increased by 19%. The company's leadership team was not capable of anything other than defensive but aggressive responses and initiated frivolous lawsuits.

A general lack of good ideas can never be overcome by cheap intimidation or blunt threats. Also, when Deutsche Wohnen tried to snap up conwert on the cheap, we successfully terminated their misguided campaign using only numbers and analysis as arguments. conwert copy pasted our ideas and made them their defense campaign.

Today's equity environment is regulated by objective agencies which supports the victory of shareholder democracy. Sound ideas and strategies, if executed by hard working and capable managers, generate profits and create significant value for the shareholders. conwert's share price increase since the start of our active campaign is only a beginning as it is crucial that the company starts to deliver to its full potential. We demand that the company finally work hard and professionally:

- (1) **Administrative Board:** We have lost any trust in the work of Kerstin Gelbmann and her deputy Alexander Tavakoli. Against their declared intention not to, they suddenly aimed to run the company. In our opinion, these 'leaders' are exhausted and out of their depth. So instead of solving problems, they shelve them or delegate work to expensive consultants.
→ **We demand the immediate resignation of Kerstin Gelbmann and Alexander Tavakoli**
- (2) **Net Rental Income ("NRI"):** conwert has communicated €23.6 million of NRI improvement potential but has only included some €4-5 million in the 2015 FFO I guidance. Real rent increases appear to have been excluded.
→ **We request that realistic NRI improvement potentials be included in the guidance and that management be held accountable to them**
- (3) **Book Value of Properties:** Book values were revalued by only €13 million in 2014. We see significant hidden reserves of c. €150 million for the Austrian portfolio and of c. €145 million for Germany.
→ **We request a revaluation and a reflection of market values in NAV as well as the immediate termination of current appraisers and their subsequent regular rotation**
- (4) **Financing Strategy:** Any further inaction costs us money. conwert is paying 4.03%¹ while its peers pay c. 2.6%² on average. There are hence millions to be saved – every month.
→ **We urge conwert not to lose time in bringing down average interest cost**
- (5) **Dilution from Convertible:** Dilution by conversion of convertible bonds into equity is staggering (up to 20% new shares).
→ **To counter dilution, we request immediate share buy-backs at prices below book value**

We believe that conwert represents significant un-locked value based on the high quality of its real estate portfolio in Germany and Austria. conwert's peers on average trade at a premium to NAV of 42% while conwert is trading at a discount of 12%³. This implies potential upside of some 61% or some €7 per share⁴.

Should conwert not be able to find a way to achieve a share price reflecting true value, this might result in the sale of the company or a break-up. We will push for a more dynamic value creation process to achieve a trading price that in our opinion lies significantly above the currently stated book value.

Yours faithfully,



Klaus Umek
Managing Partner
Petrus Advisers

¹ As per 31 December 2014.

² Deutsche Annington, Deutsche Wohnen, Gagfah, LEG, Grand City and BUWOG as per conwert's 2014 result presentation; peer average based on the information provided in the FY2014 results presentation on page 26.

³ Peers including Deutsche Annington, Deutsche Wohnen, Gagfah, LEG, Grand City and BUWOG; premia / discounts as per Bloomberg consensus estimates as of 15/05/2015 c. 10.15 cet. NAV defined as 2015 equity book value.

⁴ Compared to €11.6 as per Bloomberg as of 15/05/2015 c. 10.15 cet.