PETRUSADVISERS

CA Immo Anlagen AG („CAI“)
Andreas Quint (CEO), Hans Volkert Volckens (CFO)
Mechelgasse 1
1030 Wien

Cc. Torsten Hollstein (Chairman of the Supervisory Board)

London, 26 February 2018

Dear Sirs,

In our letter to the Chairman of the Supervisory Board of 27 November 2017, we expressed our high esteem for Frank Nickel and Hans Volckens and demanded the termination of any merger discussions with Immofinanz ("IIA"), fair accounting of CAI's landbank, and a commercially driven management of your debt level in combination with share buy-backs.

We were surprised by Frank Nickel's departure from the company as he has done a great job at the helm. We now welcome Andreas Quint with his strong background in valuation and deal-making as new CEO working alongside the dynamic CFO Hans Volckens with his strong implementation skills. The events of the recent months have unfolded fast and confirm our views:

Value Destruction by IIA's Management – Merger Pointless

Under the leadership of Oliver Schumy, IIA's management has continuously diminished the company and its value. CAI and Petrus Advisers are significant shareholders in IIA and have suffered damages: the disaster around Russia, the sale of the logistics business, the sale of the BUWOG stake, the convertible bond issuance and incentivised conversion, financing, dramatic losses in nearly every development, the chaos at EMPARK and a lack of improvement of FFO.

Since selling the Russia portfolio, Mssrs. Schumy and Schönauer have been mute on their idea of a merger with CAI. We assume they have – late, as always – come to acknowledge reality. Since the acquisition of the CAI stake 2 years ago, IIA's NAV has declined by 27% (!), while CAI's has grown by 13%. We therefore continue to support your strategy of ignoring IIA. Internationally, nobody believes that IIA management can effectively run a larger entity or even their own business – a sale of the 26% stake in one or several steps is to follow.

CAI Growth-Path

We expect CAI to grow FFO with determination and success:

1) Organic growth by means of flawlessly working through the existing office development programme, hence expanding CAI's position as the leading player in the German prime office real estate segment;
2) Acquisitions focussing on higher yielding assets as achievable in CEE;
3) Proactive development of the residential landbank with the aim of accelerating the programme. Timely communication of concrete goals for this programme;
4) Active portfolio management to realise profits and strengthen cash-flow generation;
5) Active asset management to realise the enormous reversionary potential of expiring contracts;
6) Return of capital to shareholders should LTV remain below 40% despite the growth programme.

When simply looking at your office landbank and development programme, we estimate FFO1 (post tax) of €128m for 2019 and €163m for 2022 and FFO2 (incl. profits from sale of properties) of €179m for 2019 and €218m for 2022; and an LTV of 36% and 29%, respectively. Taking into account the residential landbank, your stake in IIA and assets held for sale, we calculate a target share price for CAI of at least €32 – even before you return capital to shareholders. Clear communication of these prospects in the context of a mid-term plan is in our view crucial!

Sincerely,

Klaus Umek
Managing Partner

Till Hufnagel
Partner

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