

Martin Simhandl
President of the Supervisory Board of S-Immo AG
Jozef Sikela
Member of the Management Board of Erste Group Bank AG

London, 8 March 2016

Dear Mr. Simhandl, dear Mr. Sikela,

as a shareholder of S-Immo AG ("S-Immo") with an initial 2.4% stake, we congratulate you on renewing the CEO contract of Ernst Vejdovszky. We have known Ernst since 2006 and appreciate his calm, detail oriented and critical view of real estate markets in the German speaking region and Central Europe. Its dividend yield of 3.5 %¹ and its cash-flow yield of 6.5 %¹ make S-Immo significantly more attractive than its peers. We estimate the 2015 IFRS book value / share at Euro 9.4² and hence substantially above the current share price of Euro 7.66. This implies that all those retail investors who - upon recommendation by Erste Bank - invested in the June 2006 capital increase at a share price of Euro 8.55 stand a fair chance of benefitting from real value appreciation; as does the large Russian investor Anadoria.

Its independent real estate development activities, its attractively priced acquisitions, its clever portfolio divestitures as well as exceptionally efficient cost structures are testimony of S-Immo under the leadership of Ernst Vejdovszky. Further factors that have contributed to the attractiveness of the S-Immo share as a stable real estate security include the reduction of the Participating Certificates Capital as well as the planned further reduction of the Loan-to-Value to around 60 %³.

As core shareholders of S-Immo we expect the company to now launch an open and transparent value strategy in order to reflect the intrinsic value potential of S-Immo in its share price. In this respect we see the following key drivers of value: clear communication of the strategy, a further reduction of average interest costs, a further un-locking of hidden reserves by means of the planned disposal of residential properties in Germany, as well as the gradual reversal of write-downs in CEE. In addition, we would support the designation of a CFO with a strong reputation in international capital markets. Lastly, we recommend that S-Immo significantly increase transparency and communication with capital markets.

S-Immo's going concern strategy should be able to successfully compete with a potential disposal of the business as a whole or in parts. We therefore ask you as main shareholders to publicly clarify which strategic considerations you would support.

We believe a dynamic and value focused corporate strategy, which is initiated by the main shareholders, stands a good chance to result in a share price of more than Euro 10 and hence in upside potential of more than 30 % compared to today. We would welcome the competition of different strategic alternatives as well as improved communication of a dynamic S-Immo also on behalf of the large number of small retail investors invested in the stock.

Sincerely



Klaus Umek
Managing Partner

¹ Analyst estimates for fiscal year 2015; based on a share price of €7.66 as per 8 March 2016.

² As per year end 2015. Based on an IFRS book value / share of €8.50 as per 30 September 2015 and assuming an estimated write-up of properties in Q4 2015 of €60 million. This estimate does not consider positive effects of operating profits to be expected for Q4 2015.

³ Loan-to-Value. Estimated as per 31 December 2015; based on S-Immo definition and pro forma for property re-valuations in Q4 2015 by an estimated €60 million. This estimate considers positive effects of operating profits to be expected for Q4 2015.