

London 14 March 2017

Dear Sirs,

Following thorough due diligence proving the quality and fair value of their respective real estate portfolios, Petrus Advisers have become significant shareholders in both Immofinanz and CA-Immobilien ("CAI").

We are shareholders alongside some of the most renowned Austrian industrial families such as Fries, Scherb, Rauch, Schaschl and Gröller as well as the successful real estate investor Ernst Vejdovszky (S-Immo AG) – who all seem to appreciate the bargain Immofinanz' share price currently offers.

The market evidently does not approve management's current efforts. Leading London based investors are betting on further share price declines – a situation that is similar to OMV and RBI last summer.

We appreciate that you have started to undertake significant restructuring efforts and are convinced that the planned merger with CAI will be highly value creative. However, both Immofinanz and CAI shares are trading at a significant discount to NAV of 38.7%¹ and 17.2%², respectively. This is due to obvious performance issues:

- Your Russia portfolio has repeatedly delivered negative surprises. A string of write-offs combined with delays of the planned divestiture has unnerved investors.
- Historically low occupancy rates of your office portfolio as well as inefficient cost structures at Immofinanz.
- For years, Immofinanz and CAI have been disposing of properties and consequently, both companies are now overcapitalised compared to peers with LTVs of 47.6% and 33.2%, respectively³ – this represents a drag on profitability.
- The pending merger with CA-Immo is, amongst others, subject to the condition precedent of the sale of the Russia portfolio and consent on the valuation will have to be found. The resulting uncertainty regarding timing and terms has affected the valuation of both companies. We believe this needs to change so that synergies can be reaped promptly and the leadership vacuum at CAI be ended.

We are therefore demanding the prompt implementation of our action plan for value creation at Immofinanz:

- 1) **Russia:** Sale of the Russia portfolio at market prices
- 2) **Sale of non-core assets:** Swift execution of the communicated non-core divestiture programmes at both Immofinanz and CAI
- 3) **Cash Deal for CAI at Euro 23.5:** Takeover offer to all shareholders of CAI at Euro 23.5 followed by conclusion of a profit and loss transfer agreement
- 4) **Share buy-back:** Buy-back of Immofinanz shares to offset the dilution from the convertible bond in January 2017

The combined entity will have assets of Euro 8.8 billion with an LTV of 53.9%⁴ and will be one of the leading European office real estate players. Similar to the RBI and OMV examples – which show a share price performance since last summer of 114% and 54%, respectively⁵ - it can be expected that short sellers will have to cover their positions; which would contribute to achieving share prices closer to the fair values of Immofinanz and CAI.

Our models show a price range for Immofinanz with an appropriate capital structure of Euro 3.50 to 3.80 and hence the potential for the share price to more than double.

We would be pleased to assist you in any way necessary for a swift implementation, as we believe a fresh start will require full focus now.

Yours sincerely,



Klaus Umek

Managing Partner
Petrus Advisers



Till Hufnagel

Partner
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¹ Based on a share price of €1.705 per 10/03/2017.

² Based on a share price of €18.795 per 10/03/2017.

³ Immofinanz: net debt adjusted for CAI and Buwog stakes over total property assets, per 31/10/2016. CAI: net debt adjusted for Immofinanz stake over total property assets, per 30/09/2016.

⁴ Pro forma Petrus Advisers estimate based on Immofinanz data per 31/10/2016 and CAI data per 30/09/2016 subject to sale of Russia, Gerling (partial) and non-core assets; but before share buy-back.

⁵ Performance between 27/06/2016 and 10/03/2017.