

CA Immo shareholders

cc: Torsten Hollstein, CA Immo supervisory board members, CA Immo executive team, Christoph Thurnberger, Frank Nickel

London, 21 November 2018

Dear all,

As a 3.2% shareholder in CA Immobilien AG ("**CA Immo**"), Petrus Advisers want to share our observations on Starwood Capital's ("**Starwood**") acquisition of a 26% stake in CA Immo at €29.50 / share announced on 2 July 2018, and subsequent progress on value creation.

As you will recall, on 27 September 2018 Starwood used 3 of the 4 Golden Shares it acquired as part of the purchase to add three Starwood officers to CA Immo's Supervisory Board:

- **Jeff Dishner** - Senior Managing Director and Global Head of Real Estate Acquisitions,
- **Laura Rubin** - Managing Director and Head of Portfolio Management, and
- **Sarah Broughton** - Managing Director and Chief Financial Officer for Starwood Europe.

Furthermore, on 11 October 2018 Starwood's Keegan Vicscius joined CA Immo as Chief Investment Officer while CFO Hans Volckens had to leave. The latter cost the company another substantial golden handshake, paid with shareholders' money.

We struggle to understand Starwood's strategy for CA Immo. We have articulated our complaints about Andreas Quint's inertia and invisibility and have asked for the immediate mobilisation of CA Immo's under-levered balance sheet into projects and value creation opportunities in its German landbank. This will help to realize the value we have articulated in our "Updated Valuation Thoughts" piece published in late October where we show a price target of €38/share. At this point, we want to discuss alarm signs of sale transactions being held up, hidden reserves not being exploited, and a general impression of an invisible hand that steers the company sideward as it tries to fund further stock purchases.

As a real estate private equity firm, Starwood will certainly have done extensive work before investing c. €760 million in CA Immo stock. The acquisition of the 26% stake from Immofinanz was preceded by two unsuccessful tender offers in March/April for CA Immo shares at €27.50/share and for 5% in Immofinanz at €21.00/share equivalent, respectively. Now that the CA Immo part of the acquisition has worked out, Jeff Dishner has been touring CA Immo investors with no message as to the Starwood plan. Instead, Mr Dishner has offered commonplace statements and has left investors with questions as to CA Immo's value creation avenues.

Starwood have portrayed CA Immo's CEO Andreas Quint as strong and dynamic, a statement at odds with his record: he has not implemented any major initiative since joining CA Immo in January 2018. For no apparent reason, he was awarded with a prolongation of his mandate. We have seen companies with CEOs whose primary role is to sign papers prepared by major shareholders, but we fail to appreciate such arrangements and sense grounds for a legal attack. At the moment, Starwood is "looking to hire a replacement CFO" and Mr Vicsius is "familiarizing himself with the business". Putting all these pieces of information together, an investor might be tricked into believing little will happen at CA Immo any time soon. An interesting thought for Starwood, who presumably aim for a share price of €60 plus over 5 to 7 years.

Does Starwood really not have a plan or are they being dishonest with 74% of shareholders? In light of historical governance issues around CA Immo with numerous parties trying to control the business without a compulsory take-over offer, we remain sceptical and highly focused on the situation. As a first step, we will be reaching out to nominate a slate of strong and independent Supervisory Board members with a view to ensuring the highest standards of governance at CA Immo. If Starwood and Quint want to have a peaceful time we shall ensure there will be "no sleep till Brooklyn".

We will reach out to you in the coming days to discuss our strategy.

Yours sincerely,



Till Hufnagel  
Partner

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