

IMMOFINANZ AG („IMMOFINANZ“)

Supervisory Board

Wienerbergstraße 9

1100 Wien

London, 2 December 2021

Dear members of the Supervisory Board,

the letter from Bettina Breiteneder, Christian Böhm and Sven Bienert dated 6 October 2021 in response to our letter dated 1 October 2021 has proven only one point: the strongly veiled self-perception of IMMOFINANZ' Supervisory Board. In your response, you have rejected all criticism. You have also not addressed any of our factual arguments nor have you provided any supporting facts. With the current Supervisory Board, shareholders are regrettably left with no hope for improvement.

It is a fact that IMMOFINANZ has never – since its existence – managed to create sustainable value for shareholders.

It is a fact that there are only four brokers left that provide research coverage and who have an average target price of €20.6 per share<sup>1</sup>, i.e. see no value creation for shareholders.

It is a fact that IMMOFINANZ performs very disappointingly in our proprietary ESG review and lags far behind the leading companies in the commercial real estate sector. With very limited ESG experience represented on the Supervisory Board, this does not come as a surprise. IMMOFINANZ' Supervisory Board's skills/qualification matrix is at best chaotic: in the annual report for 2020, the categories 'Environmental' and 'Social' are missing altogether. Instead, extensive expertise in ESG topics<sup>2</sup> is attributed to all members – with no underpinning whatsoever. Your skills matrix per September 2021 eventually included a category 'Digital/Sustainability' that exists separately from two 'Governance' categories<sup>3</sup>. We assume that 'Sustainability' covers the areas of environmental and social issues. Why these crucial areas are merged with 'Digital' is unclear to us. It is equally unclear why only Sven Bienert has core competence in the area of 'Digital/Sustainability'<sup>4</sup>. According to the same document, Nick van Ommen has no significant ESG experience at all<sup>5</sup>.

It is a fact that you have left the vexed topic of CEO selection and succession completely un-addressed in your letter. The 'Pecik' soap opera represents another low point in your track record of consistent governance failure. Leaving an utterly unqualified and incompetent CEO in place for 14 months has resulted in a leadership vacuum that underscores the paramount lack of focus at IMMOFINANZ. For more than 5 months there has not been any CEO at all. The lack of focus in almost all matters in the remit of the Supervisory Board is a major contributor to the persistently weak operating performance and explains the development of the share price, which is equally worst-in-class: The discount to book value (24%) at which the IMMOFINANZ share trades represents the low-point of the entire industry<sup>6</sup> and the share price performance since the election of Mrs. Breiteneder to the Supervisory Board has been significantly weaker than that of peers<sup>7</sup>.

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<sup>1</sup> Factset per 1 December 2021.

<sup>2</sup> Please refer to IMMOFINANZ Annual Report 2020, page 49.

<sup>3</sup> Please refer to IMMOFINANZ Governance-Roadshow-presentation from September 2021.

<sup>4</sup> 'Core competency' per Governance-Roadshow-presentation from September 2021.

<sup>5</sup> 'Tertiary/Not an apparent competency' per Governance-Roadshow-presentation from September 2021.

<sup>6</sup> 5% CA IMMO, 7% Alstria, (8%) S-IMMO (based on Q3'21 financials, market data per 1 December 2021).

<sup>7</sup> (2%) IMMOFINANZ, +16% CA IMMO, +16% S-IMMO and +54% Alstria (adjusted for dividends, market data per 1 December 2021 since 22 May 2019).

It is a fact that Management Board compensation is another area with a pressing need for improvement. Achievement of ESG goals needs to become a separate category in determining board compensation and should have a contribution of at least 20%; and it has to be based on quantitative ESG targets which are to be openly communicated ex-ante.

It is a fact, dear Mrs. Breiteneder, that since you took office as Chairwoman, you have brought us expensive failed merger discussions and unsustainable, privately over-indebted CEOs, but have skipped dividends. Your family seems to have colluded with Ronny Pecik and had secured an S-IMMO share allocation even before his disastrous entry into IMMOFINANZ. You have always and exclusively failed; practically and ethically. The IMMOFINANZ share price performance (incl. dividend) since your election to the Supervisory Board is 17% worse than that of CA IMMO and 18% worse than that of S-IMMO<sup>8</sup>. IMMOFINANZ is an ESG laggard under your leadership due to business practices and lack of focus on environment and labour conditions. In absolute terms and after dividends, you have destroyed shareholder value.

Change must always start 'at the top'. Since you do not seem to understand this nor be capable of initiating change, we recommend you resign from your posts. We are happy to assist the company in assembling a competitive and modern Supervisory Board. IMMOFINANZ shareholders finally deserve decency and hard work!

Best regards,



Klaus Umek  
Managing Partner



Till Hufnagel  
Partner

Attachment:

Analysis of ESG publications, compensation structure and share price development

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<sup>8</sup> Since 22 May 2019, adjusted for dividends, market data per 1 December 2021.