

CA IMMO Anlagen AG („CA IMMO“)
Supervisory Board
Mechelgasse 1
1030 Vienna

London, 1 October 2021

Dear members of the Supervisory Board,

Petrus Advisers stands for highest ESG¹ standards. Our focus lies primarily on governance and environmental as only fair and sustainable business practices can be profitable in the long-term. Over the past years, we have consistently raised concerns about CA IMMO's corporate governance practices and have demanded improvements. Your below average corporate governance standards are frequently picked up by research analysts leading to a much-discussed discount in the CA IMMO valuation². In the context of environmental standards, we support the Paris Agreement and thus Net Zero 2050. As an actively engaged investor, we analyse our portfolio companies' ESG practices on a regular basis with our proprietary ESG framework. High ESG standards are crucial for the attractiveness of a stock in the capital markets. We would therefore like to draw your attention to shortcomings and opportunities that we have identified at CA IMMO.

Environmental: We demand a prompt commitment to Net Zero 2050!

The real estate sector in Europe is publicly criticised for its CO2 emissions. According to most sources, the sector is responsible for an estimated 30% to 40% of all CO2 emissions. From an environmental and, in particular, CO2 emissions perspective, CA IMMO thus operates in one of the most relevant sectors of all. This creates opportunities for CA IMMO to be a pioneer in contributing to the achievement of environmental goals.

We deem it positive that CA IMMO is actively working on certain environmental initiatives. Your current focus seems to be on creating transparency and working towards the carbon-free operation of your properties in the medium-term. According to the CA IMMO team, we can expect to see quantitative targets as part of the 2021 annual report – unfortunately, significantly later than many peers. Compared to other companies in the sector, CA IMMO's ESG effort lags behind. It is noticeable that ESG appears to be only a component of your risk management and not a central part of your corporate strategy. We note that in particular CA IMMO's highly relevant real estate development segment still seems far from being able to articulate a path toward Net Zero 2050.

Governance: We call for independent supervisory board members with ESG expertise!

We have repeatedly pointed out that the CA IMMO Supervisory Board is dominated by Starwood to the detriment of minority shareholders. Since reducing the size of the Supervisory Board in May, Starwood managers directly hold three of seven seats. This alone grossly violates the independence requirements of good corporate governance standards. The Supervisory Board's handling of the special audits initiated by Petrus Advisers has proven how biased and misguided the CA IMMO Supervisory Board acts. The employment of John Nacos as advisor to Starwood Capital is another proof of aggressive governance at CA IMMO.

¹ *Environmental, Social and Governance.*

² *“it probably does not come as a surprise that this soap opera with some question marks around corporate governance has led to some additional discount” (Kempfen Research, 2 Sep 2021).*

Social: CA IMMO makes good progress.

We positively note that CA IMMO has been acting in compliance with the highest social standards. For instance, employee turnover is now at the lower end of your peer group. CA IMMO also performs well in terms of the proportion of women in the company and boasts a relatively small gender-pay-gap.

ESG & Remuneration: The matter needs higher relevance and quantitative targets!

The Supervisory Board's lack of focus on ESG goals is reflected in the remuneration policy. ESG targets so far only feature in qualitative terms in CA IMMO's incentive system and with only 10% of the short-term bonus only to a fairly limited extent. The long-term bonus is not linked to ESG targets at all – which you urgently need to change.

We are not surprised that you, as the Supervisory Board, have not yet put the necessary focus on the issue of ESG. Yet, American standards³ are simply not enough! CA IMMO must seize the opportunity to become an ESG role model. For this to happen, the Supervisory Board must set the right tone. We therefore call for an active strategy for CA IMMO to become an ESG leader, and we hold you personally accountable for setting this line of action. Given Starwood's destructive preponderance over the Supervisory Board and the missing ESG expertise of the current members, we urgently demand an enlargement of the Supervisory Board by independent ESG experts. We are available to make suggestions for adequate candidates. Lastly, we reserve the right to take further legal action against Starwood.

Best regards,



Klaus Umek
Managing Partner



Till Hufnagel
Partner

Attachment: ESG comparison of DACH and CEE office real estate players

³ For reference: the CO2 emissions per capita in 2018 were 15.2 tonnes in the US which compares to 6.4 tonnes in Europe (source: The World Bank).