

Silvia Schmitt-Walgenbach (CEO)
CA IMMO Anlagen AG (“CA IMMO”)
Mechelgasse 1
1030 Vienna

London, 31 October 2022

Dear Silvia,

Petrus Advisers is the second largest shareholder in CA IMMO with an investment of just below 10%. You took over the leadership at CA IMMO in the first quarter of 2022 and in April promised us clear communication of your plan. We have since not seen you communicate with the capital market in any relevant way. You have not presented your 100-day plan or bothered to prepare a Capital Markets Day. In short, it is hard to form a view on your contribution to CA IMMO.

CA IMMO is trading at a significant discount of 25% to its EPRA NTA¹. The sum of the asset values you manage is substantially higher than your market capitalization. We want you as the CEO to swiftly address the key points:

- **ESG:** The real estate sector needs to lead and quickly adapt to the road to a net zero world as it globally accounts for an estimated 30-40% of all CO₂ emissions. CA IMMO has a very attractive opportunity to become a leader in low emission premium office space. We appreciate your generic 50% CO₂ reduction target by 2030 and your ambition to reach carbon neutrality by 2050 – but the commitment lacks transparency. We demand that you communicate science based and quantitative targets for the coming years on a year-by-year basis. We furthermore demand that a substantial portion of compensation be linked to those targets – the 2021 contribution of 5% linked to qualitative ESG targets² is not transparent and too low. It should be raised to at least 20% in line with peers such as Alstria.
- **Portfolio discipline:** focusing CA IMMO’s portfolio on key locations of competitive advantage while reducing your exposure to non-core markets (SEE, Vienna) makes sense. This will increase the value and fungibility of your asset base. However, we note that you still own a substantial portion of non-office buildings (8% with 16% of new lease activity in H1 2022 in non-office³) and non-core locations such as Serbia (c. €80m of asset value) that should be addressed as soon as possible. We also note that limited progress has been reported on your residential land bank in / around Munich – we would like to see a clear path to monetization of that land bank as soon as possible.
- **Cost:** CA IMMO has a staff level of 441 employees⁴ which compares to ca. 163 at Alstria, ca. 365 at Immofinanz, ca. 133 at S Immo and ca. 225 at Colonial⁵. CA IMMO’s ca. Euro 16 million of assets per employee represents half of the peer average of ca. Euro 32 million⁶. We demand a thorough cost review including the following areas:
 - **omniCom:** You have reduced the speed of your development program making it less relevant to hold own development and construction management capacities that are not accessible to third parties.
 - **Two headquarters:** CA IMMO is still wasting space across two lifeless office locations - with you and the CFO operating from Frankfurt and the CIO based in Vienna.
 - **Lower complexity of portfolio:** We expect significant cost savings opportunities in a company on constant exit from the fringes of its former empire.
- **Fair and equal treatment of all shareholders:** We have repeatedly had to raise our voice against the wasted millions spent in the interest of one dominant shareholder and you continue to spend shareholders’ money

¹ EPRA Net Tangible Assets. €42.35 per H1 2022. Based on a share price of €31.60 per 28 October 2022. Source: Factset.

² Per remuneration report 2021, pg. 14.

³ See page 37, CA IMMO September investor presentation.

⁴ As of 2021, per annual report, pg. 127.

⁵ Number of employees as of 2021; S Immo excludes hotel employees.

⁶ Peer set includes Alstria, Immofinanz, S Immo (ex hotels), Colonial, Gecina, Covivio; based on average number of employees in 2021 and total assets as at December 2021.

arguing against the minorities. We demand that you detach from the previous toxic management team culture and lead by example to the benefit of all shareholders equally.

- **Buy none, sell high / capital allocation:** Your current plan is pointing to a reduction of your asset base with sales of non-core assets combined with reduced development activity. Your financial leverage can be expected to reduce further which fits your iron priority of keeping an investment grade rating at all costs. We question this strategy will close your discount to EPRA NTA.

We encourage you to review all options for value creation from potentially balancing leverage better. You must prepare CA IMMO for making future distributions of capital without tax leakage for minority shareholders. You must not repeat the special dividend disaster that cost independent shareholders tens of millions while benefitting only one shareholder. Where is your preparation for a capital cut?

- **Equity story:** Any capital market-based equity story for CA IMMO has to be dynamic including attractive and tax-efficiently structured capital distributions, share buybacks and acquisitions of struggling competitors and / or premium office buildings at attractive prices. If you cannot design such story and execute on it, selling your assets and dissolving CA IMMO would create more value to shareholders.

Your mandate as CEO should be centered around ESG/the future, dynamic impact and most of all modern capitalism for CA IMMO while overseeing faster and more frugal execution. So far, we have seen little of this. This needs to change if you do not want to be devoured by bureaucracy and politics. You must finally up the pace at CA IMMO and look at the benefit of all shareholders.

Sincerely,



Klaus Umek
Managing Partner



Till Hufnagel
Partner