

Mr. Clemens Schneider, CEO  
Mr. Thomas Doll, CFO  
conwert Immobilien Invest SE  
Alserbachstraße 32  
1090 Vienna

London, 6 January 2015

Dear Sirs,

Despite international investment banks recommending investing into property companies in 2015, they make no recommendation of conwert shares. Here, their equity ratings are predominantly negative or neutral. As major shareholders of conwert, we are deeply disappointed with the company's performance and the share price development over the last 3 years. During this period, the share price dramatically underperformed the European real estate share index by over 45%. Market analysts attest the management poor administration and lack of ideas despite the company's excellent assets:

conwert suffered significant turnover reduction of EUR 20.4m in the last 3 years from third party management contracts, whilst you reduced the evidently inflated cost structure by a mere EUR 8.1m.

⇒ **We urge you to immediately adopt a visibly more efficient and cost-effective way to work.**

In 2014, you sold CEE prime location properties "at book value", which had previously been written down at least twice. These properties, however, had a vacancy level of 27%. For us shareholders, this constitutes inadmissible negligence on the real estate asset management and gives rise to concern. ⇒ **We urge you to implement improved property management systems and reduce vacancies.**

You are actively choosing a "conservative", hence incorrect, accounting method for the properties. According to IFRS – thus applicable law – all investment property is subject to annual and fair valuation. Yet, in the last 6 years, you have carried out write-downs of net EUR 34.6m contrary to historically unique market developments. conwert's Austrian properties are undervalued by up to EUR 150m, according to expert research. Additionally, the book values of our German properties imply an undervaluation of up to EUR 145m when benchmarked against best-in-class peer companies. Consequently, the NAV was misrepresented by up to EUR 4 per share. ⇒ **We urge you to immediately reflect the true value of all our properties and issue a corrected balance sheet for 2014.**

Your strategy in regard to Eco Business and KWG is incomprehensible to equity analysts. Both companies' stock exchange listings still cause otherwise avoidable costs. Furthermore, the group's structure is unnecessarily complicated. ⇒ **We urge you to immediately terminate the unnecessary, expensive triple-listing.**

The issuance of bonds and convertible bonds lead conwert to incur in high interest costs the company cannot afford. The financing structure is the most expensive, your interest margin, however, the lowest in comparison. Already in spring 2014, 3 Banken-Generali, Austria's leading investment company, requested you to consolidate the financing structure. You did not comply. ⇒ **We urge you to take immediate measures for a buy-back of all outstanding bonds and convertible bonds to reduce excessive interest costs.**

conwert holds swaps to hedge its interest rates exposures. Despite multiple shareholder requests, you stood by and watched EUR140m of shareholder value being destroyed through falling interest rates. You seem to be the only one to still believe in a short term rise in interest rates. ⇒ **We urge you to immediately terminate all swap contracts.**

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Clemens Schneider's appointment to the conwert Management Board has further weakened the financial market communications – this chaos scares off investors. A previously repeatedly announced strategic reorientation never materialised. Does your focus lie on an expansion to Germany or will you concentrate on Austria? ⇒ **We urge you to immediately announce a coherent strategy for conwert and issue a statement to all shareholders on how you intend to significantly raise the company value.**

If you have no strategy, we want to know how our money will be returned as soon as possible or how you intend to place your responsibilities into more competent hands. After all conwert holds some of the best located and best renovated properties in the German speaking region.

Yours faithfully,



Klaus Umek

Managing Partner  
Petrus (UK) LLP