

VIA EMAIL

Petrus Advisers Ltd.

Attn.: Mr. Klaus Umek and Mr. Till Hufnagel

100 Pall Mall

London SW1Y 5NQ

Vienna, 21 December 2021

## English language translation

### Response to your letter from 2 December 2021

Dear Mr. Umek,

Dear Mr. Hufnagel,

We welcome the present interest in ESG issues as expressed in your letter. IMMOFINANZ has been active in this area for many years. We are proud to have Prof. Dr. Sven Bienert, one of the leading European ESG and sustainability experts, as a member of our Supervisory Board since 2019. In response to your letter dated 2 December 2021, you will find a summary of the most important cornerstones and aspects of the company's ESG strategy in the enclosed **annex**.

The increases in the investment to approximately 5.02% of IMMOFINANZ, which were reported by Petrus Advisers on 30 November 2021 and 17 December 2021 (thereof 3.35% via options), is a step we view as a strong signal of your confidence in our company.

IMMOFINANZ follows a comprehensive and active capital market communications policy and maintains a constructive dialogue with all its shareholders. Many sections of your letter dated 2 December repeat, among others, questions and thematic blocks which you raised and presented – and were answered by the company – at the last annual general meeting.

Please refrain from maintaining that there were conflicts of interest in decisions by the Supervisory Board as regards IMMOFINANZ's investment in S IMMO. We can assure you that the Supervisory Board is involved continuously and in detail with the oversight of the company's business activities and its leadership and direction by the Executive Board.

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On this note, we would like to wish you and your investors, for whom we are also directly available, a successful close to 2021.

Sincerely,

Sven Bienert

Bettina Breiteneder

Michael Mendel

IMMOFINANZ AG

Presidium of the Supervisory Board

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## Annex – ESG as an integral part of the corporate strategy

### A. Goals/commitment:

As one of the largest listed real estate companies in Europe, we support the EU's Green Deal and are committed to compliance with the UN Sustainable Development Goals. ESG issues therefore have high priority for the Supervisory Board and Executive Board of IMMOFINANZ, and also for the entire company, as an integral part of our growth strategy, and we have already launched numerous strategic initiatives in this context.

Our stated goal is to make our property portfolio emission-free by 2040 – an achievement that will place us clearly ahead of the ambitious target set by the Paris Climate Agreement<sup>1</sup> (i.e. 2050) and the repeated upward revisions of the German regulation<sup>2</sup> (i.e. 2045). In this way, we will play an active role in limiting global warming. We have taken numerous steps in recent years to reach this ambitious goal, e.g. through the expansion of green building certifications, energetic optimisation and the increased use of photovoltaic equipment. Together with external experts, our detailed Net Zero Emission Strategy, including concrete measures for the portfolio, was further developed and presented in 2021. We are following a commitment and validation programme with the internationally recognised Science Based Target Initiative (SBTi) to ensure that our strategy agrees with the latest science-based short- and long-term goals. This external target validation and high level of ambition set us clearly apart from the competition. IMMOFINANZ's score for "commitment" in your October ranking unfortunately does not provide the reader with sufficient information based on the above-mentioned facts.

Our successful activities in this area have been confirmed by independent, international market participants like Sustainalytics with an ESG rating of 15.6 (on a scale of 0 to 100). This rating places us clearly ahead of most of the sector. Measurement with well-defined content and externally recognised guidelines is more important than ever for sustainability/ESG. We cannot accept the use of self-defined ESG scales because they potentially favour greenwashing. Our next step will include the presentation of an expanded, comprehensive ESG strategy for IMMOFINANZ as an integral part of the business and growth strategy.

### B. Implementation of concrete steps

Goals are important, but they must be supported by concrete packages of measures that are integrated with the core business. Following are several examples of the packages currently in implementation – some of which were announced many years ago:

- At least 5% of the property portfolio will undergo extensive energy efficiency renovation each year
- Significant increase in the share of properties with sustainability certification
- Massive expansion of own renewable energy production (e.g. through the installation of photovoltaic equipment on building roofs)

<sup>1</sup> Paris Agreement: [https://ec.europa.eu/clima/eu-action/international-action-climate-change/climate-negotiations/paris-agreement\\_de](https://ec.europa.eu/clima/eu-action/international-action-climate-change/climate-negotiations/paris-agreement_de)

<sup>2</sup> Climate Protection Act 2021: <https://www.bundesregierung.de/breg-de/themen/klimaschutz/climate-change-act-2021-1936846>

- Complete conversion of external electricity supplies to renewable energy sources and, in turn, the elimination of fossil fuels
- Conversion to the sole use of energy-saving lighting and the replacement of refrigerants which have a high greenhouse gas potential
- Significant increase in the use of smart technologies for all properties and digitalisation of all resource consumption
- Transition to a circular economy and preparation of emission-free application standards for project development and extensive renovations
- Support for local ecosystems through green areas surrounding the IMMOFINANZ properties

## C. Transparency and traceability

IMMOFINANZ follows leading international standards and guidelines which are relevant for our core business, for example the UN Sustainability Development Goals and the Science Based Target Initiative for our Net Zero Emission Strategy. The progress in these areas is disclosed transparently in our non-financial reports. This year we are also arranging for an evaluation by CDP<sup>3</sup>, an internationally recognised non-profit organisation that collects data on the GHG emissions of listed companies on behalf of investors.

It is generally important for transparent and understandable reporting on environmental issues not to arbitrarily mix the terms CO<sub>2</sub>, GHG and CO<sub>2</sub>e because this can confuse the reader. Your presentation from October 2021, for example, uses the title “GHG” on page 7 and then bases the comparison solely on carbon dioxide. We assume you meant, where appropriate, “CO<sub>2</sub>e”, i.e. an analysis including CO<sub>2</sub> equivalents. This differentiation is particularly important for a retail property holder and, moreover, is important for the optimisation of building operations to include the greenhouse gas emissions from cooling equipment in the decarbonisation analysis. The greenhouse gas potential of these so-called F-gases is significantly higher than CO<sub>2</sub>.<sup>4</sup> IMMOFINANZ is following – as previously mentioned – a consequent exit from F-gas for these reasons.

The terms Paris-compatible, net zero and climate neutrality are also frequently confused. Our strategy is focused on decarbonising the IMMOFINANZ portfolio based on a “whole building” concept (i.e. including tenant space). It involves the comprehensive reduction of all greenhouse gas emissions and neutralisation through compensation measures for only the minimal, technologically unavoidable residual emissions. That is the only way in which the building sector can directly support the energy transformation.

Also important is the fact that the “E” in ESG is not only limited to the focus on energy and CO<sub>2</sub>e. The increasing relevance of physical climate risks, e.g. heavy rains, dry periods and hot spells etc., and the adjustment of our portfolio to reflect these changing climatic conditions are further central issues. We

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<sup>3</sup> CDP: <https://www.cdp.net/en>

<sup>4</sup> Greenhouse gas potential of selected compounds:

[https://www.umweltbundesamt.de/sites/default/files/medien/2503/dokumente/treibhauspotentiale\\_ausgewaehlter\\_verbindungen\\_und\\_deren\\_gemische.pdf](https://www.umweltbundesamt.de/sites/default/files/medien/2503/dokumente/treibhauspotentiale_ausgewaehlter_verbindungen_und_deren_gemische.pdf)

take these issues into account with regular climate risk analyses of our portfolio and an action plan based on the findings.

## Close cooperation with tenants

We have a trusting working relationship with our tenants, who represent one of our central stakeholder groups. Long-standing partnerships and close customer orientation represent a central concern. We impressively demonstrated this commitment during the corona crisis by providing fast support and temporary rental reductions to the IMMOFINANZ tenants who were affected by lockdowns. This close cooperation with our tenants is also an integral part of our Net Zero Emission Strategy.

It is an undisputed fact that the actions of tenants influence the resource consumption of properties. The GHG Corporate Protocol<sup>5</sup> and GRI Standards<sup>6</sup> unmistakably differentiate between the responsibilities in this area and the application to the various scopes<sup>7</sup>. Nevertheless, IMMOFINANZ has set a goal to be emission-free along the entire value chain by 2040. This goal can only be met through a trusting and cooperative partnership with our tenants. The digitalisation of all resource consumption and green leases will support us in these efforts.

## ESG expertise on the Supervisory Board

Prof. Sven Bienert is one of the leading ESG experts in Europe and has been a member of our Supervisory Board and Chairman of the ESG Committee since 2019. He has headed the Competence Center for Sustainable Real Estate at the IRE|BS Institute of the University of Regensburg since April 2010 – the only institution of this type in Europe. Mr. Bienert also headed the CRREM Initiative, whose instruments were used to develop the first scientific decarbonisation paths for the global real estate sector and support the software-based management of target attainment. That set an important standard for the measurement of greenhouse gas emissions in the building sector and the evaluation of real estate sustainability. This standard has become a global benchmark and is used by leading market participants (see [www.crrem.eu](http://www.crrem.eu) and [www.crrem.org](http://www.crrem.org) and there, for example, the acceptance of GRESB, UNEP FI, NZAOA, IIGCC, PCAF and much more).

Prof. Bienert is also a member of the ZIA Sustainability Advisory Board, the DGNB Real Estate Association and the managing board of the Institute for Corporate Governance. He developed the GIS ImmoRisk software for physical climate risks, publishes regularly on various issues involving sustainability/ESG and is the author of various books on this subject area. His evaluations also flowed into the closing reports by the technical expert group (TEG) for the EU Taxonomy. He is frequently involved with sustainability and ESG issues for various stakeholders, for example the United Nations (UNEP FI), Gesamtverband der deutschen Wohnungswirtschaft, the State of Bavaria and many other groups and organisations. Prof. Bienert has received numerous national and international awards for his work on ESG and sustainability. Your comments on the “lack of ESG experience on the Supervisory Board” are,

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<sup>5</sup> GHG Protocol Corporate Accounting and Reporting Standard: <https://ghgprotocol.org/corporate-standard>

<sup>6</sup> GRI Standards: <https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-english-language/>

<sup>7</sup> Scope Guidance: <https://ghgprotocol.org/guidance-0>

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consequently, diametrically opposed to the actual, and for any interested party, easily comprehensible facts.

The new Supervisory Board members who were elected with a very substantial majority at this year's annual general meeting also have ESG know-how. Moreover, it is clear that the composition of a supervisory board must include persons with complementary knowledge and experience and - given the core expertise of Prof. Bienert - IMMOFINANZ has no need to "catch up" in this area. The nominations for election to the IMMOFINANZ Supervisory Board were developed in advance through a professional and structured process together with an external consultant based on a skills matrix to ensure the broadest possible range of expertise and high diversity on this corporate body. Governance know-how was given very high priority, as is demonstrated by the assignment of responsibilities.

## **ESG criteria in the remuneration policy for the Executive Board**

Our remuneration policy, which was approved by the annual general meeting in 2020, goes beyond most Austrian companies with regard to the degree of information and detail. Non-financial goals are included as part of this remuneration policy. We also maintain a continuous dialogue with our investors, for example at the governance roadshow, and monitor the market trends. At the present time, we believe we are very well positioned with 20% of short-term, performance-based remuneration tied to non-financial goals. Our remuneration policy is evaluated regularly and adjusted, where necessary, to reflect the best market practice by listed companies. The report on the remuneration of the Executive Board for the 2020 financial year was approved by a vote of 97% at the annual general meeting in October 2021.

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