

PATRIZIA SE
Speech by Wolfgang Egger, CEO
Member of the Board of Directors and
Executive Director
at the Annual General Meeting on 25 May 2023

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Dear shareholders,
friends and partners of PATRIZIA,
ladies and gentlemen,

I'd like to join my colleagues by welcoming you to this year's Annual General Meeting!

We're looking forward to talking with you today. This exchange is crucial, especially now that the market environment is so challenging. So we're eager to answer any questions you have about the 2022 financial year, our strategy, and of course how we're navigating PATRIZIA and our clients through this demanding environment.

As was mentioned earlier, unlike at the virtual Annual General Meetings of the past two years during the pandemic, this time you can once again pose your questions directly to us during the event. In this way, we're combining the benefits of in-person and online Annual General Meetings: we can enjoy the range and flexibility of a virtual meeting while also being able to have the direct exchange with you that we have always prized.

Honoured shareholders,

As you have already heard, the market environment has undergone a fundamental change over the past year and a half. Rising interest rates, high energy costs, Russia's attack on Ukraine, and macroeconomic uncertainty are putting pressure on many different markets – especially real estate markets. Over the past year, investment and transaction activity has shrunk dramatically, both in the real estate markets and in infrastructure. Many project developments are being postponed or scrapped entirely. For the time being, investors are scaling back their investments in real assets – which include real estate and infrastructure. Everyone's waiting for signs of interest rates levelling off and the corresponding trend towards price floors.

The challenging market environment is leaving its mark on our business as well: the past year did not see the market recovery and renewed upswing in transactions and investments that was hoped for. As a result, we were unable to reach our original targets for income and growth. We are also dissatisfied with PATRIZIA's share price performance as it fails to reflect our Company's long-term value.

After all, long-term demand for real assets has never waned. Investing in real estate and infrastructure is the only way to solve future-defining issues resulting from global megatrends:

- The green transformation of business and society is gathering pace. Without investments in modern real estate and infrastructure, we will not achieve the required level of decarbonisation.
- Further population growth, and the urbanisation that goes along with it, calls for new concepts in urban development, mobility and logistics.
- Demographic change, new ways of working and shifts in shopping behaviour have changed how almost all real estate segments are used and are placing additional demands on infrastructure.
- Digitalisation and smart technologies offer a wide range of solutions. But these don't appear out of nowhere: they require expansion of the digital infrastructure as well as the modernisation of real assets.

Ladies and gentlemen,

Investments in real estate and infrastructure are essential for shaping our sustainable future. So it is still true that real assets are investments with a future.

Over the past few years, we've kept PATRIZIA firmly on course to benefit from the long-term trend towards real assets:

- First: We've created a future-proof international management structure that is close to both the market and business operations.
- Second: Our business model is resilient – and enables us to emerge from crises stronger than before.
- Third: We have a clear growth plan.
- Fourth: We have a strong client base and continue to grow internationally.
- Fifth: We consistently live up to our corporate responsibility.

This sets the course for PATRIZIA's future success. We will emerge from the current market situation stronger than before. After all, every crisis gives us an opportunity to

- attract new clients,
- invest for our clients at attractive conditions,
- and target the expansion of PATRIZIA's product range through suitable strategic acquisitions.

We are well positioned to make the most of these opportunities. I'd now like to explain why this is the case.

First: We've created a future-proof international management structure.

Ladies and gentlemen,

At last year's Annual General Meeting, we talked about why the legal form of a European public company, a Societas Europaea or SE for short, is the best fit for PATRIZIA. We also explained why we added international leaders to our Supervisory Board, now our Board of Directors.

In the previous financial year, we successfully completed the transition to an SE following your overwhelming support. Here again are the three main reasons why we made this change:

- Being an SE better reflects the international dimension of our business and makes us more attractive to international investors.
- By expanding our Supervisory Board – or Board of Directors as it is now – we've gained additional expertise for our international growth, innovative investment solutions and digitalisation.
- Through our new Executive Committee, we can accelerate the implementation of our growth strategy. This is because placing the activities of all our business areas close to our clients and markets allows us to make decisions quickly.

I am sure that we have everything we need going forward. We have an outstanding management team, which recently welcomed two internationally renowned leaders.

Following on from Uwe Reuter's remarks, I'd like to add that I'm especially pleased that we have recruited Asoka Wöhrmann, who will be my successor as CEO.

- Asoka Wöhrmann is an exceptional leader in the investments industry.
- He has more than 20 years of experience at Deutsche Bank and at DWS, one of the world's leading asset managers.
- He has a wealth of international experience handling all kinds of investments and of course a strong international client network.
- Mr Wöhrmann is a driver of profitable, dynamic growth.
- Impressive credentials, yes, but I'm most struck by his integrity, values and energy.
- He possesses the entrepreneurial passion required to inspire our clients, our management team and our employees on the next leg of PATRIZIA's journey.
- This is why Asoka Wöhrmann is the ideal person to succeed me as CEO: he will lead PATRIZIA into our next chapter of international growth.

For me this means stepping aside to make way for an internationally experienced investment manager and CEO, leaving me free to focus on my duties as a member of the Board of Directors. My top priorities will then be our most important client relationships and of course actively supporting PATRIZIA's strategic development going forward.

As PATRIZIA's founder, I will remain the majority shareholder and am looking forward to working closely with the entire management team.

But Asoka Wöhrmann isn't the only new addition to PATRIZIA. Effective 1 June this year, Slava Shafir is joining us as Chief Operating Officer. He's going to help us make our processes and workflows even better and more efficient.

- Slava Shafir has more than 20 years of experience working in leadership positions with responsibility for operational processes and technology in the financial sector. His expertise will help us further digitalise our platforms and thus create the conditions for more scalable growth. Together, we will also further enhance our client service by incorporating new technologies.
- Slava Shafir's CV includes positions at Alex. Brown & Sons, Deutsche Bank, Barclays Capital, and Corsair Capital.
- At Barclays Ventures he worked closely with Fortune 500 companies and fast-growing technology firms to generate new income, create value for clients and drive business growth.
- In this way, Slava Shafir has extensive management experience and technological expertise and will expand our international horizons.
- We stand to benefit from all that experience and all these skills as PATRIZIA continues to grow.

Both Asoka Wöhrmann and Slava Shafir are strong, self-made men. By which I mean they are people with profound emotional intelligence, who always go the extra mile to achieve their goals, who provide genuine leadership while never thinking that they are superior. Following his term as co-CEO, Thomas Wels will continue to support us in the role of Senior Advisor. We would like to express our gratitude for all he has done for PATRIZIA. He has played a major role in expanding our international business and crafting our medium-term strategy.

That brings me to my second point: Our business model is highly resilient.

Ladies and gentlemen,

We touched on this right at the start: after about a decade of ideal investment conditions, the climate has shifted – especially in the real estate market. Today, cost-efficient financing and swimming with the market tide are no longer enough. What we’re now experiencing was aptly described by legendary investor Warren Buffett:

“Only when the tide goes out you discover who’s been swimming naked.”

At PATRIZIA, our top priority is always to ensure stable, solid growth. This is evident in our balance sheet: our net equity ratio is over 70 percent. At the end of 2022, our available liquidity was EUR 375m. In other words, we have the cash reserves to pursue market opportunities. We can further strengthen PATRIZIA’s portfolio and business model.

But what’s most important is that, compared to the market as a whole, our balance sheet and our business have the greatest possible protection against devaluation in the market. This is a lesson we learned from the financial crisis and we have been steadily improving our business model ever since.

We act as a trustee for our clients and invest a very limited amount of our own capital. Over the past few years, we have systematically reduced our own holdings. At the end of 2022, the value of our principal investments was just EUR 1.8m. At the same time, the assets we manage for our investors are currently worth some EUR 58bn.

Our clear focus is on increasing our recurring total service fee income. Last year, our management fees came to EUR 241m. That is a year-on-year increase of 15.3 percent. Our income from transaction and performance fees, however, is market-dependent. Here we recorded significant losses compared to the previous year, which we proactively set about counteracting through cost management. Since the end of last year, our “Rebalance for Growth” programme has helped us lower our costs and strengthen those areas where we expect to see the most growth.

In a moment, our CFO Christoph Glaser will take you through our balance sheet and net finance costs in detail.

Ladies and gentlemen,

What matters to me is that we have a robust business model. Even in crisis years like 2022, we have been profitable. So we’re proposing increasing dividends for the 2022 financial year by 3.1 percent to 33 cents per share. This is the fifth dividend increase in a row – despite the pandemic, despite Russia’s attack on Ukraine and despite higher interest rates and a much more challenging market environment. In fact, our stable business development means that the current crisis offers us a host of opportunities. We will seize these opportunities and in doing so emerge from this crisis even stronger than before. In the almost 40 years since PATRIZIA was founded, we have always proven this.

That brings me to my third point: We have a clear growth plan.

We want to further expand our assets under management. The more assets we manage, the wider, more resilient and more profitable the PATRIZIA platform becomes – supported in particular by recurring service fee income. We are evolving into a leading investment manager of real assets. To this end, we're expanding our investment platform in three growth areas:

- real estate funds,
- infrastructure investments and
- investment solutions covering multiple asset classes.

We've lined up initiatives for these three growth areas for the next three years. Where we see the most growth potential is in our flagship funds. The larger the fund, the broader our clients can diversify. At the end of 2022, our flagship funds accounted for approximately half the assets and infrastructure we manage. We want to further increase this share. And we can do so because we are well set up and are enhancing operations in all three growth areas.

We work close to the asset and that benefits our clients. We have 28 corporate offices around the world, giving us a presence in all the key markets. As our international scope increases, so do our clients' investment options. In 2022, more than 70 percent of our transaction volume occurred outside Germany. We were able to pursue a wide range of investment strategies for our clients, from core and core plus to value add and opportunistic. The centrepiece of all these strategies is the creation of sustainable value through active asset management.

At PATRIZIA, our clients are at the heart of everything we do. This starts with protecting our clients' investments and sustainably creating value for them. What makes us so strong is our independence coupled with our comprehensive expertise in real estate, infrastructure and technology.

This unique combination makes PATRIZIA a pioneer through intelligent modernisation of buildings and cities and through systematic decarbonisation of our assets. And it is precisely this longstanding expertise, our independence and our clear focus on client proximity that enables us to create value for our investors over the long term. This is what sets us apart from the competition.

With our flagship funds in real estate and infrastructure, we apply our strengths to secure attractive returns for our clients. A prime example is our TransEuropean fund series. Together, its management team has already launched and successfully managed four funds. Our clients benefit from this experience through attractive returns, which in turn cements their trust in us. As a result, TransEuropean VII already has equity commitments totalling EUR 750m, and we want to achieve even more with TransEuropean VIII. We are also looking to grow flagship funds in the areas of infrastructure and impact investing, for instance with our Sustainable Communities funds for affordable homes in cities.

Our second growth area is infrastructure investments.

We are poised to enter a decade of infrastructure. There is huge demand for state-of-the-art infrastructure – whether for the energy transition, digitalisation or social infrastructure. Our successful acquisition and integration of Whitehelm Capital was an important step towards offering our clients more opportunities to invest in this area. This marks a milestone in PATRIZIA’s history: we have evolved from a provider of pan-European real estate investments into a leading partner for global investments in real assets. This opens up new, attractive investment options for our clients and accelerates their growth.

We’ve set ourselves ambitious growth targets for our infrastructure business. In the medium term, we want to expand the segment to managed assets worth between EUR 15 and 20bn. This answers the considerable interest shown by our clients: in this year’s survey of our institutional clients, some 60 percent still reported wanting to expand their infrastructure allocation in the next five years. This indicates that infrastructure investments are set to rise even in the current challenging market environment. This is especially the case for investments in the transformation of our energy economy, with our investments in bio-LNG, district heating and power generation through waste recycling. In addition, we’re investing in the further digitalisation of our cities, for example by expanding the fibre-optic cable network in the US and Spain.

We have also expanded our offering in our third growth area: investment solutions.

In this growth area, we pool investment solutions that combine several asset classes and offer Multi Manager funds. Shortly before the end of the 2022 financial year, we completed our acquisition of ADVANTAGE Investment Partners in Denmark. This added EUR 2.2bn in assets under management to our investment platform and is a perfect addition to the PATRIZIA Global Partners product range. This range previously specialised in Multi Manager products for the real estate sector. Through ADVANTAGE Investment Partners, we are expanding this range particularly to include infrastructure and private equity investments in North America.

Honoured shareholders,

This brings me to my fourth point about why PATRIZIA is well prepared for the future:

We have a strong client base and continue to grow internationally.

Our major strength is the long-standing trust we have with our clients. We have more than 500 institutional clients worldwide, plus more than 7,000 private investors and semi-professional investors served by PATRIZIA GrundInvest. This is a sound basis for future growth. Our guiding principle is that we grow in step with our clients’ investment needs. They are always looking to invest in more countries, segments and asset classes. Many of our clients want to make this journey with PATRIZIA because they are satisfied with our products and services.

Our funds frequently perform better than similar investments. One example of this is the outperformance of 4.2 percentage points compared to the INREV Index over a five-year period. The INREV Index measures the net asset value performance of European unlisted real estate funds.

Another key point is that our clients truly appreciate the service we provide. In the PATRIZIA Investor Survey carried out this spring, eight out of ten respondents said it was likely or very likely that they would recommend PATRIZIA to others. They gave our client communication, our product range and the performance of their investments positive reviews.

Our client base and our business are becoming more international all the time. This is why we are expanding our global presence, especially in the Asia-Pacific region.

At the end of last year, we opened our Singapore location. This means that we are now represented in another of the region's key financial centres. Singapore is now one of seven offices in the region alongside Hong Kong, Tokyo, Seoul, Sydney, Canberra and Melbourne. We currently manage assets worth EUR 10bn for institutional clients based in the Asia-Pacific region. By 2027, we want to double the amount of assets under management in that region.

Last year, we made some major strides towards achieving this goal. For example, we entered into a partnership with Japanese company Mitsui with the goal of investing a total of USD 1bn in sustainable infrastructure in the Asia-Pacific region. In addition, at the end of the 2022 financial year, we announced a strategic partnership with a notable institutional investor for the Japanese real estate market. This opens up investments of up to EUR 1bn in Japanese real estate. We have already made the initial acquisitions required.

Ladies and gentlemen,

We have a clear plan for how we want to evolve and grow:

- as a global real asset manager,
- through different growth areas,
- by expanding our flagship funds
- by continuously expanding our international presence
- and – most importantly – through the trust we already have in relationships with our current clients.

In 2023, we want to raise the value of our assets under management to between EUR 60 and 65bn. We expect inflation and interest rates to stabilise and client and market activities to revive in the second half of 2023. On this basis, we are predicting an EBITDA of between EUR 50 and 90m for the 2023 financial year. These figures attest to the resilience of our business model. They highlight PATRIZIA's strengths and future viability even in the face of a challenging market environment.

Our results and ambitions are also a reflection of our corporate culture. We are an independent investment manager. This also means that we take only those risks we can afford and want to take. Our employees truly embody this corporate responsibility and commitment.

I would like to thank all PATRIZIAns for all they did in 2022 to pave the way for our continued growth! And thank you for your outstanding efforts in what was another challenging year!

That brings me to my final point:

We consistently live up to our corporate responsibility.

PATRIZIA was founded in 1984. Ever since, we've been investing with the goal of being a force for good in society. We have supported Germany's nationwide "Bunter Kreis" initiative for looking after critically ill children since 1992 and have sponsored the PATRIZIA Foundation since 1999. This foundation is a result of my personal efforts 24 years ago. It enables children around the world to access education. To date, the PATRIZIA Foundation has helped more than 280,000 children, giving them the chance of a better life. PATRIZIA provides funding to social projects like the Foundation of up to 1 percent of our annual EBITDA. In addition, we regularly participate in Foundation initiatives. This work is close to my heart and to the hearts of many PATRIZIAns. Last year, our employees organised several charity events and participated in them in droves. For instance, our efforts in the Bavarian Peaks Challenge – a hike through the Bavarian Alps – raised EUR 135,000 for a PATRIZIA primary school in Tanzania. The PATRIZIA Foundation is a vivid example of how we are putting our purpose of Building Communities & Sustainable Futures into practice.

But a sustainable future is built on more than a commitment to social causes. It also calls for sustainable real estate, sustainable infrastructure projects and sustainable investments. This is our claim. We live up to it through our comprehensive sustainability strategy: "Create Better Assets, Better Workplaces and Better Communities".

Part of our sustainability strategy is a timetable for achieving net zero carbon status by the year 2040. For instance, we've defined a roadmap and priorities for our funds to reduce greenhouse gas emissions. Here we use analyses conducted with the help of the Carbon Risk Real Estate Monitor (CRREM). One result of this is an improvement in our funds' sustainability ranking. In the most recent assessment carried out according to the United Nations Principles for Responsible Investment (UN PRI), our real estate division scored 4 stars. And our infrastructure division was even awarded the maximum 5 stars.

Last year we also joined the Net Zero Asset Managers initiative, which underscores our desire for a sustainable future.

But we want to do more than improve our ecological footprint. At PATRIZIA, we also promote diversity and inclusion. Our "Equity, Diversity & Inclusion" initiative – ED&I for short – is raising awareness about these topics throughout our workforce and we have set ourselves binding targets. In 2022, we entered into partnerships to better reach underrepresented communities. At the same time, we are integrating aspects that promote diversity and inclusion into individual goal agreements with PATRIZIA employees. We believe that doing so will make us an even more attractive employer and thus allow us to recruit the best people.

Ladies and gentlemen,

I would like to close my remarks by summarising the key points again:

PATRIZIA is well positioned for the future, having spent the past few years laying the groundwork for continued dynamic growth:

- We have a sound, international organisational structure for global growth and a management team capable of accelerating this growth.
- We have a resilient, robust business model that will safely guide us through these uncertain times.
- We have a clear plan for how we, as a global real asset manager, want to grow by focusing on our flagship funds, our strong client base and our internationalisation.
- And finally, we will remain true to ourselves and dovetail our growth with our extensive corporate responsibility.

Honoured shareholders,

Thank you for remaining loyal to PATRIZIA, especially given the formidable headwind currently buffeting the market. We appreciate this trust and are mindful of the responsibility this places on us. We are delighted to be working with you to continue on our strategic course and growth trajectory.

Thank you for your attention!