# PATRIZIA SE
# Speech by CFO, Christoph Glaser
# at the Annual General Meeting on 25 May 2023

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– check against delivery –

Ladies and gentlemen,

I would also like to welcome you to our virtual Annual General Meeting today.

As CFO, I would like to give you an overview of the development of our earnings, assets, and financial position in the 2022 financial year in connection with our growth strategy, focusing in particular on the impact of the war of aggression against Ukraine and its economic and fiscal consequences.

Allow me to start by assuring you that PATRIZIA remains very well positioned despite the difficult market conditions. As at 31 December 2022, we have available liquidity of EUR 375.1m and a strong balance sheet. This, together with our high degree of financial flexibility, gives us the necessary stability and opens up further growth opportunities for the future. The year 2022 was marked by the war in Ukraine, a sharp rise in inflation, and interest rate hikes by central banks worldwide. Nevertheless, we were able to adapt quickly to the new circumstances and continued to serve our clients successfully as a strong and reliable partner in these challenging markets.

We propose to distribute a dividend per share of EUR 0.33 for the 2022 financial year. This dividend is the fifth increase in a row and corresponds to a 3.1% increase year-on-year. This is further proof of our strong positioning. We are – and will remain – a strong and reliable partner for all our stakeholders.

We manage our business based on a range of key figures. When we talk about the development of the 2022 financial year, we should give particular attention to two of them, namely: assets under management and EBITDA.

In the 2022 financial year, we were able to significantly increase our first key management parameter, assets under management, by 21.6%. This strong improvement was supported by organic growth and positive valuation effects.

The acquisition of Whitehelm Capital as well as of ADVANTAGE Investment Partners also played a significant role in this growth. These strategic acquisitions enabled us to significantly expand our assets under management and strengthen our position in the market.

In addition, we attracted many new German and international institutional investors to our products in 2022. As a result, we now have a broadly diversified institutional client base of over 500 clients. At the same time, we launched new institutional fund products to meet the demand for real asset investments.

Our second key management parameter in the 2022 financial year was EBITDA, an indicator of the Company's results of operations. At the end of 2022 financial year, we achieved earnings of EUR 78.9m. This exceeded our full-year forecast, which had been lowered in the course of 2022. Nevertheless, EBITDA was 38.8% below the previous year overall.

This decrease was mainly due to the aforementioned market conditions and environment, which impacted our service fee income.

Despite this decline, we are confident that our solid financial position, robust business strategy, and ongoing adaptation to market conditions will provide us with growth opportunities again in the future.

In the 2022 financial year, our total service fee income was at EUR 324.7m, a decrease of 5.2% year-on-year. This decrease was due to the decline in market-sensitive transaction fees and performance fees. At this point, it's important to emphasise that we've been able to steadily increase recurring management fees.

These increased by 15.3% year-on-year to EUR 241.0m. Management fees are a stable and sustainable source of income for us. They are based on the services we provide in managing the real estate and infrastructure assets entrusted to us. They accrue on an ongoing basis and are largely independent of market developments. These recurring earnings contribute significantly to the financial stability of our Company. In the current situation, this is particularly important.

The second component of total service fee income relates to transactions that we carry out on behalf of our clients. Due to the persistently challenging market environment, transactions worth a total of EUR 6.0bn were signed in the 2022 financial year, representing a decrease of 10.7% year-on-year. We were nevertheless able to generate transaction fees of EUR 22.5m, although this corresponds to a decrease of 56.3% compared to the previous year's exceptionally high earnings.

The third component of total service fee income, performance fees, remained at a high level of EUR 61.2m despite the tough market environment in 2022. This again reflects the solid performance we were able to achieve on behalf of our clients. Due to the continuous positive development of the real assets we manage, performance fees continued to play a role in our financial results in 2022.

The increased quality of our earnings is reflected not only in the growth of recurring management fees; our profits are now also much less dependent on the more volatile net sales revenues and co-investment income. These earnings declined by 61.4% to EUR 4.3m – as planned and entirely in line with our strategy. This item includes rental income as well as net gains from the sale of investments from our own portfolio, known as principal investments. In addition, income from co-investments is also taken into account.

This development reflects our strategy to further diversify our earnings profile and to make ourselves less dependent on non-recurring revenues. By focusing on recurring management fees, we are creating a more stable and sustainable income base for our Company.

Let me now give you an overview of our cost structure. Our net operating expenses are a vital key figure here. In the 2022 financial year, these increased by 11.3% year-on-year to EUR 250.1m, primarily due to the rise in staff costs and other operating expenses in connection with the first-time consolidations of M&A transactions as well as reorganisation expenses. The profitable deconsolidation of a project development held temporarily on the balance sheet ("Silver Swan") simultaneously had a relieving effect of EUR 17.8m on net operating expenses.

Let's summarise the previous points and look at the composition of earnings before interest, taxes, depreciation, and amortisation – or EBITDA for short.

Compared with the previous year's figure, EBITDA was particularly affected by the weakening market environment, reorganisation expenses, and positive deconsolidation effects.

The decline in market-sensitive revenues, such as transaction and performance fees, was offset by increases in recurring management fees as the largest component of service fee income.

In line with our strategy, we reduced net sales revenues and co-investment income. At the same time, the net operating expenses were affected by the rise in staff costs and the increase in other operating expenses in connection with the first-time consolidations of M&A transactions as well as reorganisation expenses.

Ladies and gentlemen,

In addition to high-quality and recurring earnings and strict cost discipline, strong companies also need a solid balance sheet, particularly in periods with persistently rising interest rates. So, I would now like to describe PATRIZIA's assets and financial position to you and illustrate how solidly the Company is positioned.

As a financially strong company, PATRIZIA's available liquidity – as at 31 December 2022 – is EUR 375.1m. This liquidity position, which we have achieved over the past few years, is now more important than ever. It gives us both the necessary security in the current situation and the flexibility to take advantage of growth opportunities as they arise.

Even after deducting outstanding debt financing in the form of bonded loans of EUR 158.0m and a further EUR 91.7m in bank loans for temporarily held real estate from existing Group liquidity, PATRIZIA's net liquidity amounts to EUR 172.2m. This gives us a solid basis for further development.

Another important metric for assessing our financial stability is the equity ratio. Amounting to 61.5% as at 31 December 2022, it correlates equity (excl. non-controlling interests) with total assets. Taking into account the net liquidity explained above, this results in an extremely solid net equity ratio of 70.1%.

In summary, the current economic situation calls for recurring earnings, sufficient liquidity, and a low external financing ratio. Through our transformation into a pure investment manager, we have developed and established these factors and our cost discipline in recent years. As a result, we were able to further strengthen our position as a leading partner for global real asset investments in 2022 and now rank second among independent real estate investment managers in Europe.

Honoured shareholders,

Our successful business activities last year set us apart from other market players, and we would like to offer you another opportunity to share in the company's success despite the difficult market conditions. We have been paying dividends continuously since 2018 and have been able to increase them steadily in recent years. I'm pleased to announce that we intend to continue this trend at today's Annual General Meeting.

Under item 2 of the agenda, the Board of Directors and the Executive Directors of PATRIZIA SE propose that the unappropriated profit for the 2022 financial year of EUR 371.4m be used to pay a dividend of 33 cents per no-par-value share eligible for a dividend, i.e. a total of EUR 28.3m. The remaining amount of approx. EUR 343.1m is to be carried forward to new account.

This corresponds to another 3.1% increase in the dividend per share, which is in line with our strategy of aligning dividend growth with growth in assets under management and management fees.

Please note that the distributed amount I have stated differs from the information under item 2 of the agenda in the invitation to the Company's Annual General Meeting 2023, as some of the shares held by the Company were used after the convening of this Annual General Meeting to pay for an outstanding portion of the purchase price for the acquisition of Whitehelm Capital.

As a result, the number of no-par-value shares eligible for dividends increased to 85,720,791, so that the distributed amount had to be adjusted accordingly from EUR 28,221,592.74 to EUR 28,287,861.03. You can also find the adjusted version of the proposed resolution on the Company's website.

I would now like to briefly discuss the development of the SE's unappropriated profit in accordance with the German Commercial Code (HGB) and the consolidated profit in accordance with the International Financial Reporting Standards (IFRS). The unappropriated surplus of PATRIZIA SE according to the HGB amounted to EUR 371.4m at the end of the 2022 financial year. It should be noted that unappropriated profit according to the HGB includes the profit carried forward from previous periods. Based on the proposed dividend, the total dividend is higher than the share of the IFRS consolidated net profit of EUR 7.2m, for which shareholders of the parent company are eligible. The consolidated net profit for the financial year 2022 was significantly impacted by the temporarily weakened market environment and one-off effects. Nevertheless, PATRIZIA continued to have a solid business model, a stable balance sheet, and an operating cash flow of EUR 120.9m in the 2022 financial year.

We are an international real asset investment manager with a long-term vision. The founder and CEO of the Company, Mr Wolfgang Egger, remains its majority shareholder. At the end of 2022, he held 51.81% of the share capital via First Capital Partner GmbH. The second-largest external shareholder, Union Investment Privatfonds GmbH, retained its equity interest of 5.02% in 2022. Furthermore, Allianz SE continues to hold its treasury share of 4.99% according to the voting rights notification of 14 December 2020. As at 31 December 2022, PATRIZIA SE held treasury stock of 6.70% of the issued shares following a share buy-back programme. Of the remaining shares, 25.15% were held by institutional investors and 6.33% by private shareholders.

For our existing shareholders – and to attract new investors to the PATRIZIA share – we were very active in investor relations in 2022. In over 200 meetings with investors from 30 cities worldwide, the Executive Directors and the Investor Relations team also jointly represented the Company in person more often again. The team also participated in a large number of international investor conferences and organised a private investor webinar as well as a face-to-face event for private investors, each in cooperation with the Deutsche Schutzvereinigung für Wertpapierbesitz e.V. and the Schutzgemeinschaft der Kapitalanleger e.V.

Despite the Company's strong positioning, the PATRIZIA SE share suffered greater losses compared to the leading indices in 2022. The past year was marked by a major shift in the geopolitical situation in Europe, economic uncertainties, and interest rate hikes, creating strong volatility in the market.

The DAX index closed the year with a negative performance of only -12.35%. However, it was a different story for Germany's small- and mid-cap stocks, which include PATRIZIA: the MDAX closed -28.49% below the previous year's level, and the SDAX finished the year with a decline of -27.35%. As an investment manager without significant holdings of its own (asset-light business model), PATRIZIA is not directly affected by value changes in the real estate or infrastructure markets; however, the PATRIZIA share was not immune to the overall weakness of real estate and real estate related stocks. As a result, the PATRIZIA share closed 2022 with a deficit of 49.5% at a price of EUR 10.36. Market capitalisation at the end of the year was just under EUR 957m.

However, analysts at various banks generally maintained their positive view of PATRIZIA's shares, describing the business model as resilient. For this reason, six analysts still issue a buy recommendation; one analyst recommends holding the share, and only one analyst recommends selling.

Ladies and gentlemen,

I would like to round off my comments on PATRIZIA's earnings, assets, and financial position by talking about the disclosures relevant to acquisitions and the key features of the internal control and risk management system with regard to the accounting process. These disclosures are required by Sections 289, 289a, 315, and 315a of the German Commercial Code (HGB). The corresponding information is presented in detail in the Company's 2022 Annual Report on pp. 74ff., which has been available on PATRIZIA's website since the convening of the Annual General Meeting. I am therefore permitted to refer you to these documents.

I'd like to conclude with a brief look ahead at the 2023 financial year.

Despite a challenging market environment, we were able to deliver solid financial results in the first quarter of the 2023 financial year thanks to our diversified and strong real asset platforms. Contrary to the market trend, we recorded a moderate year-on-year increase in EBITDA and only a slight reduction of 1.8% in assets under management compared with 31 December 2022.

We manage a global real estate and infrastructure portfolio for our clients that currently amounts to EUR 58.1bn. The majority of these assets consist of what is known as core real estate and infrastructure assets, which are characterised by stable cash flows and do not involve any risky investments.

Infrastructure now accounts for 15% of PATRIZIA's assets under management, and the geographic distribution of assets under management has continued to internationalise, with 48% already invested outside Germany.

Despite the uncertainties surrounding market events, PATRIZIA reaffirmed its projection for the 2023 financial year when we published our Interim Statement for the first three months of 2023. As the development of the overall economic situation for the markets relevant to PATRIZIA cannot yet be conclusively assessed, the projection remains broad.

We are currently planning to grow assets under management to EUR 60.0bn–65.0bn and EBITDA to EUR 50.0m – 90.0m in the 2023 financial year, corresponding to an EBITDA margin of 15.6% – 24.3%.

Ladies and gentlemen,

Based on the resolution of the Annual General Meeting on 20 June 2018, the Company is authorised until 19 June 2023 to acquire treasury shares of the Company totalling up to 10% of the share capital existing at the time of the Annual General Meeting's resolution or – if this percentage is lower – of the share capital of the Company existing at the time of the authorisation. The Management Board was also authorised to sell the treasury shares acquired on the basis of the aforementioned authorisation or an authorisation granted earlier in exchange for non-cash contributions, in particular for the acquisition of companies, equity interests in companies, real estate, or real estate portfolios.

Taking advantage of this authorisation, we again launched a share buy-back programme on 1 January 2022 to utilise our liquid funds efficiently. Such a programme not only benefits you as shareholders; it also provides us with an additional currency that we can use in the event of further acquisitions.

As part of this share buy-back programme, PATRIZIA SE repurchased a total of 3,507,115 shares at an average price of EUR 12.14 per share amounting to EUR 42.6m in the 2022 financial year as at 31 December 2022. This accounts for EUR 3,507,115 of the share capital, which corresponds to 3.80% of the share capital.

Together with share buy-back programmes already implemented, PATRIZIA held a total of 6,176,119 – or 6.69% – treasury shares as at 31 December 2022.

Some of the treasury shares held by the Company were used in the 2022 financial year to settle a portion of the purchase prices for the acquisitions of Whitehelm Capital and ADVANTAGE Investment Partners.

For the acquisition of Whitehelm Capital, 830,976 treasury shares were used at an average price of EUR 21.21, totalling EUR 17.6m. This accounts for EUR 830,976 of the share capital, which corresponds to 0.90% of the share capital.

For the acquisition of ADVANTAGE Investment Partners, 231,321 treasury shares were used at an average price of EUR 11.36, totalling EUR 2.6m. This accounts for EUR 231,321 of the share capital, which corresponds to 0.25% of the share capital.

Accordingly, the number of outstanding shares at the end of 2022 totalled 86,175,357, while the number of shares issued remained at 92,351,476.

The share buy-back programme was continued in 2023 and ended on 28 February 2023. As part of this continuation, PATRIZIA SE repurchased a total of 655,379 shares this year at an average price of EUR 11.34 per share, amounting to EUR 7.4m. This accounts for 655,379 of the share capital, which corresponds to 0.71% of the share capital.

For further payment obligations related to the acquisition of Whitehelm Capital in May 2023, a total of 200,813 treasury shares were used at an average price of EUR 9.48 per share, amounting to EUR 1.9m. This accounts for EUR 200,813 of the share capital, which corresponds to 0.22% of the share capital.

Together with the previous years' share buy-back programmes and the use of treasury shares for purchase price payments, PATRIZIA held a total of 6,630,685 – or 7.18% – treasury shares at the time of the Annual General Meeting on 25 May 2023. Accordingly, the number of outstanding shares totalled 85,720,791, while the number of shares issued remained at 92,351,476.

As you can see, we have really taken advantage of opportunities to acquire and utilise our own shares in recent years. The current authorisation will expire in about three weeks, on 19 June 2023. Management proposes that this year's Annual General Meeting again authorise the acquisition and use of treasury shares up to a maximum of 10% of the share capital in line with the previous authorisation. In addition, management is to be authorised to use derivatives to acquire treasury shares up to a maximum of 5% of the share capital. These authorisations are to remain valid until 24 May 2028, thus exploiting the maximum legal time frame of five years.

Such authorisations are common practice in the market. We have submitted written reports to the Annual General Meeting on the possible exclusion of pre-emption rights and the conditions for such an exclusion.

We ask you to allow the Company to continue to acquire treasury shares and to use them for Company purposes over the next five years.

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Ladies and gentlemen,

In 2022, PATRIZIA was able to continue to grow and deliver solid results for our stakeholders despite the economic challenges. In the last two and a half years, the ever-changing market uncertainties have once again shown us the importance of a solid balance sheet and a high degree of financial flexibility. We will continue to be a stable and reliable partner.

At this point, I would like to express my sincere thanks to our employees for their great commitment to helping us succeed. With their expertise and hard work, they have played a vital role in our positive business development.

I would also like to thank you, our shareholders, for your trust in us and your support. We look forward to continuing our journey with you.

You will shortly have the opportunity to put your questions to us, which we will be happy to answer in the course of this Annual General Meeting.

In addition, our Investor Relations team is of course always there to answer your questions outside the Annual General Meeting.

And with that, I will now hand over to our chairman of the meeting, Mr Reuter.

Thank you!