PATRIZIA AG
Speech by Karim Bohn, Chief Financial Officer
to the Annual General Meeting on 14 October 2021

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- the spoken word prevails –

*** Convenience translation ***

PATRIZIA AG
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Dear Sirs,

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

As Chief Financial Officer, I would now like to present to you how our **results of operations, net assets and financial position have** evolved in fiscal 2020 based on our implemented growth strategy, particularly in light of the Covid-19 pandemic.

Let me start by assuring you that PATRIZIA remains very well positioned in general and despite the Covid-19 pandemic. We have cash and cash equivalents of EUR 645 million as of 31.12.2020 and a very solid balance sheet which, together with our high level of financial flexibility, will provide us with even more stability and further growth opportunities in the future. Since the beginning of the crisis, we have quickly adapted to the new circumstances and have thus been able to continue to serve our clients well and accompany them as a reliable and strong partner through the Covid-19 pandemic.

Our proposal to distribute a dividend per share of EUR 0.30 for the 2020 fiscal year is further confirmation of this strong positioning of PATRIZIA. It is the third dividend increase in a row and an increase of 3.4% compared to the previous year. In other words - we are and will remain a strong, reliable partner - for all our stakeholders!

Among other things, we laid the foundation for this in fiscal year 2020, which was successful despite the Covid 19 pandemic. The two key metrics we use to manage our business are **assets under management** and **operating income**. Even in one of the worst economies in decades, we have seen an increase in assets under management for the 2020 financial year.

We were able to increase our first key performance indicator, **assets under management,** by 5.7 percent in 2020. The background to this growth is that national and international clients entrusted us with a total of EUR 1.9 billion in new equity for investments in the European real estate market, despite the worst conceivable economic environment worldwide.

We attracted more than 30 new domestic and foreign institutional investors to our products in 2020, enabling us to expand our strong and diversified institutional client base to over 450 domestic and international clients. At the same time, we launched seven new institutional fund products to meet the growing demand for real asset investments.

Our second key performance indicator is the **operating income** as an indicator of the company's **earnings situation**. In this, we achieved EUR 116.5 million at the end of the 2020 financial year, which fully met our year-end forecast. The operating result was thus 13.4% lower overall than in the previous year, due in particular to lower transaction fees and lower performance-based fees, while we were able to further increase management fees year-on-year despite the Covid 19 pandemic.

Total service fee income for the 2020 financial year amounts to EUR 327.6 million and is thus only 5.9% below the previous year's level. Here, we increased income from **management fees** in particular. They increased by 1.3% year-on-year to EUR 193.4 million. Management fees are a stable, sustainable and high-quality source of income for us. They are generated by our management services in the administration of the real estate assets entrusted to us and thus accrue on an ongoing basis and largely independently of market developments. It is recurring income that contributes significantly to the financial stability of the company and is so important for us, especially in the current situation.

The second component of total service fee income is generated by transactions for our clients. In the 2020 financial year, we were able to sign transactions in the European real estate market amounting to EUR 5.4 billion for our clients, despite lower overall transaction activity in the European real estate markets. This is a remarkable achievement considering that markets were partially closed or negatively impacted in 2020 due to Covid-19 related lockdowns. PATRIZIA received EUR 48.1 million in **transaction fees** for the implementation of these transactions in the 2020 financial year, 26.4% below the exceptionally high level of the previous year, which confirms the continued strong realisation of investment management for our clients.

The third component of total service fee income, **performance fees**, remained at a high level of EUR 86.1 million despite the difficult market environment in 2020 and once again reflect the very good performance PATRIZIA was able to generate for its clients. Due to the consistently good development of the real estate assets managed by PATRIZIA, performance fees will continue to make a stable contribution to the operating result in 2020.

However, the increased quality of our earnings is not only characterised by higher management fees. Our operating income is now also significantly less dependent on the more volatile **net sales revenues and co-investment income**. In line with our strategy, these fell by 14.8% to EUR 20.2 million. This item includes rental income as well as net sales proceeds from investments on own book, so-called principal investments. Income from co-investments is also included.

Let's take a look at the development of our cost base. The relevant key figure here is our **net operating expenses**. These decreased by 3.3 percent compared to the previous year to EUR 219.7 million in the 2020 reporting year. In the 2020 reporting year, investments in the future amounting to EUR 10.7 million were excluded from the net operating expenses for the first time.

Ladies and gentlemen,

In times like these, however, a strong company needs not only high-quality, recurring income and the right degree of cost discipline, but also a rock-solid balance sheet. That is why I would now like to describe PATRIZIA's **net assets and financial position** and show you how solidly the company is positioned.

As a financially strong company, PATRIZIA was once again able to build up a liquidity cushion in 2020 and increase **available liquidity** from EUR 607.0 million in the previous year to EUR 645.0 million as at 31 December 2020. This liquidity position, which we have built up over the last few years, is now more important than ever. In the current situation, it gives us the necessary security on the one hand and the flexibility to take advantage of emerging growth opportunities on the other. Even after deducting outstanding debt financing via bonded loans of EUR 300.0 million and a further EUR 43.2 million in bank loans for real estate temporarily held on the balance sheet, PATRIZIA's **net liquidity** stands at EUR 333.1 million. This forms a solid basis for our further development.

Another important indicator for assessing our financial stability is the **equity ratio**. It puts equity in relation to total assets and stood at 63.1 percent as of 31 December 2020. Taking into account the net liquidity just explained, this results in a very solid **net equity ratio** of 76.4 percent.

So let me summarise briefly: The current economic situation makes two things particularly important: recurring income and sufficient liquidity. We have created both through our transformation into a pure investment manager and our cost discipline in recent years. This is why we were able to further expand our position as a leading partner for global real assets in 2020 and now rank among the top 3 fully independent investment managers for real estate in Europe.

In addition to the financial key figures, we were also able to achieve further important milestones with regard to the topic of sustainability. In 2020, we published the PATRIZIA Sustainability Report for the first time and were able to further advance our sustainability strategy.

A fundamental part of our DNA is to support social activities such as the PATRIZIA Foundation, which provides access to education, shelter and healthcare to more than 230,000 children in need around the world, giving them a chance at a better life. In 2020, the Foundation established the Corona Fund Education Healthcare in direct response to the Covid-19 pandemic.

Dear Shareholders,

last year's good business performance enables us to let you share in the company's success again this year. We began paying a **dividend in** 2018 for the 2017 financial year and have already been able to increase the dividend by 8.0 per cent year-on-year the following year and by a further 7.4 per cent last year. I am pleased to announce that we intend to continue the trend of increasing dividends this year.

Under item 2 of the agenda, the Supervisory Board and Management Board of PATRIZIA AG propose to use the unappropriated surplus for the 2020 fiscal year of EUR 476.7 million to distribute a dividend of 30 cents per no-par value share entitled to a dividend, i.e. a total of EUR 26.7 million, and to carry forward the remaining amount of EUR 450.0 million as profit carried forward to new account.

This corresponds to a further increase in the dividend per share of 3.4 percent and is thus in line with our strategy of basing dividend growth on the growth of assets under management and the growth of operating income. We intend to adhere to this policy in the future as well.

Please note that the distribution amount I have just stated differs from the information under item 2 of the agenda in the invitation to the Company's Annual General Meeting 2021, as the Company acquired further PATRIZIA treasury shares as part of the share buyback programme between the time of publication of the invitation to the Annual General Meeting and today. As a result, the number of no-par value shares entitled to dividends was reduced to 88,940,346, meaning that the distribution amount had to be adjusted accordingly from EUR 26,737,902.90 to EUR 26,682,103.80. The adjusted proposed resolution can also be found on the company's website.

At this point, allow me to comment briefly on the development of **the unappropriated surplus of the AG in accordance with the German Commercial Code (HGB)** and the consolidated profit in accordance with the International Financial Reporting Standards (IFRS). PATRIZIA AG's retained earnings in accordance with HGB amount to EUR 476.7 million at the end of the 2020 fiscal year. It should be noted here that the unappropriated surplus according to HGB includes the profit carried forward from past periods. In order to assess the success of only the past 2020 financial year and as a basis for the 2020 dividend proposal, we therefore use the 2020 consolidated net income attributable to the shareholders of the parent company in accordance with IFRS in the amount of EUR 37.7 million.

This results in a payout ratio based on the shares issued - i.e. excluding repurchased shares and shares not entitled to dividends - of around 73.5 percent. As just mentioned, we are writing forward part of the profit for the 2020 financial year to new account in order to continue to be prepared for growth opportunities and digitalisation in the future.

Ladies and gentlemen,

we are an independent international investment manager with a long-term orientation. This is also reflected in our stable **shareholder structure.** Wolfgang Egger remains the largest shareholder, holding 51.81 percent of the shares through First Capital Partner GmbH. We are also pleased about the continued trust placed in us by the two major shareholders Union Investment Privatfonds GmbH and Allianz SE, which hold 5.02 percent and 4.99 percent of PATRIZIA AG shares respectively. Overall, institutional investors held just under 40% of the shares in PATRIZIA at the end of 2020 and a further 5.6% were held by private investors.

For our existing shareholders - and to attract new equity investors to the PATRIZIA share - we were very active in the area of **investor relations in** 2020. Despite travel restrictions during 2020, we presented the Company, mainly via video conference, to investors from 42 cities around the world on 38 roadshow days and answered questions from capital market participants. These events also included various appointments for private investors, for example in cooperation with the Deutsche Schutzvereinigung für Wertpapierbesitz, or DSW for short.

Driven by the solid preliminary financial result for the 2019 fiscal year published in February 2020, the **PATRIZIA share** started the new year strongly. The deteriorating mood on the stock market due to the economic crisis subsequently had only a brief, negative effect on the share. Analysts and investors described our business model as resilient and crisis-proof. This led to a continuously better performance compared to all benchmark indices over the year 2020. As a result, the PATRIZIA share was able to end the year 2020 with a plus of 32.2 percent and a price of EUR 26.25. Market capitalisation at the end of the year was EUR 2.4 billion.

Dear Sirs,

I would like to conclude my comments on PATRIZIA's results of operations, net assets and financial position by referring to the following **facts relevant to the acquisition and the key features of the internal control and risk management system with regard to the** financial reporting process. These disclosures are required under Sections 289, 289a, 315 and 315a of the German Commercial Code. The relevant disclosures are presented in detail in the Company's Annual Report 2020 on pages 46 et seq. and 64 et seq. respectively. Explanations can also be found in the written reports of the Management Board, which have been available on PATRIZIA's website since the Annual General Meeting was convened. I would therefore like to refer to these documents.

I would like to conclude by giving you a brief **outlook for fiscal year 2021.**

The first half of 2021 was again positive for us and the financial results demonstrate the stability and continued growth momentum. In the first six months, we achieved an operating income of EUR 57.4 million. We also saw further growth in assets under management. This led to an 8.2 percent year-on-year increase in management fees to EUR 104.0 million. Furthermore, we signed transactions worth EUR 2.1 billion for our global clients, an increase of 30.0% compared to the same period of the previous year. Following the publication of our figures for the first six months of 2021, we are very well on track to achieve our **full-year guidance for 2021.** We can therefore reconfirm our forecast of an operating income of between EUR 100.0 million and EUR 145.0 million today as well.

The Covid-19 pandemic continues to have only a limited impact on our key performance indicator, assets under management. We currently manage a pan-European real estate and infrastructure portfolio of over EUR 48 billion for our clients. The properties included in this portfolio are primarily so-called "core" properties. This risk class is characterised by the fact that the majority of the income generated by it comes from stable cash flows and not from risky investments.

PATRIZIA will continue to focus on these high-quality properties, which are more than ever in the focus of international institutional investors. We therefore continue to expect organic growth in our assets under management. For the current financial year, we continue to expect organic growth in assets under management of EUR 3.0 to 6.0 billion. This would mean real estate assets under management of between EUR 50.0 billion and EUR 53.0 billion by the end of 2021.

Ladies and gentlemen,

on the basis of the resolution of the Annual General Meeting of 20 June 2018, the Company is authorised until 19 June 2023 to acquire treasury shares of the Company in an amount of up to 10% of the share capital existing at the time of the resolution of the Annual General Meeting or - if this value should be lower - of the share capital of the Company existing at the time of the exercise of the authorisation. The Management Board is also authorized to sell the treasury shares acquired on the basis of the aforementioned or a previously granted authorization, among other things, for non-cash consideration, including in particular as consideration for the acquisition of companies, equity interests in companies, real estate or real estate portfolios.

On May 12, 2021, we again launched a **share buyback program** using the authorization described above in order to make efficient use of our liquid funds. On the one hand, such a programme benefits you as shareholders, and on the other hand, it provides us with additional currency that we can use in the event of further company acquisitions.

As part of this share buyback program, PATRIZIA AG bought back a total of 742,585 shares at an average price of EUR 22.35 per share and in a total volume of EUR 16.6 million by October 6, 2021. An amount of the share capital totalling EUR 742,585 is attributable to this, which corresponds to a share of around 0.8 % of the share capital.

Together with share buyback programs already implemented, PATRIZIA holds a total of 3,411,130 shares or 3.69 percent of its own shares as of October 6, 2021. Accordingly, the number of **shares outstanding** is currently 88,940,346, while the number of **shares issued** remains at 92,351,476.

A portion of the treasury shares held by the Company will be used to pay a portion of the purchase price for the acquisition of Whitehelm Capital announced on September 13, 2021. The closing of this transaction is subject to customary regulatory approvals and is expected to occur in the first quarter of 2022.

Dear Sirs,

Finally, let me give you an explanation of items 13 and 14 on the agenda. Under agenda items 13 and 14, we are asking you to approve the conclusion of two profit transfer agreements, one between PATRIZIA AG as the controlling company and PATRIZIA Acquisition Holding delta GmbH as the controlled company, and the other between PATRIZIA AG as the controlling company and PATRIZIA Acquisition Holding epsilon GmbH as the controlled company. PATRIZIA AG as the sole shareholder holds a direct 100 percent interest in each of the two controlled companies.

In particular, the agreements provide that the respective controlled company is generally obliged to transfer its entire profit to PATRIZIA AG within the scope of the statutory limits. PATRIZIA AG is generally obliged to assume any losses incurred by the controlled companies.

The agreements are a necessary prerequisite for the establishment of a so-called fiscal unity for corporate and trade tax purposes between PATRIZIA AG and the respective controlled company. Such a fiscal unity makes it possible to offset any profits of one contracting party against any losses of the other contracting party. This can lead to tax advantages for PATRIZIA AG and can therefore be economically advantageous.

Further information on the profit and loss transfer agreements can be found in the respective joint report by the Management Board of PATRIZIA AG and the management of the relevant controlled company on the conclusion and content of the profit and loss transfer agreement, which is printed on our website.

Ladies and gentlemen,

We had a strong 2020 despite the global Covid 19 pandemic and continue to be very well positioned. We owe this in large part to the dedication and expertise of our **employees**, who, as experts on the ground, contribute significantly to our success, particularly in the European real estate markets and the global capital markets.

The Covid 19 pandemic in particular made it clear to us once again how important it is to have an established network of local experts on the ground. More than ever, the expertise and experience of our employees in all relevant local real estate markets were in demand in 2020. We would therefore like to thank our employees for their great commitment to our success.

In 2020, due to the ongoing Covid-19 crisis, a large part of our workforce worked from home to minimise the risk of infection within PATRIZIA and to make a social contribution to overcoming the crisis. I would also like to express my sincere thanks to our employees for this.

On behalf of the entire Management Board, I would also like to thank you, our shareholders, for your trust and support. We look forward to continuing our successful path together with you.

Before I hand the floor back to our Chairman of the Meeting, Dr. Seitz - for the sake of good form - we would like to point out that due to the virtual execution of this year's Annual General Meeting, we are unfortunately unable to meet with you here in person.

In recent weeks, however, you have had the opportunity to submit questions in our AGM portal, which we will be happy to answer in the course of this AGM. In addition, our Investor Relations team will of course be available to answer your questions at any time outside the Annual General Meeting.

With this, I would like to hand over to our chairman of the meeting, Dr. Seitz.

Thank you for your attention!