

*Dear Shareholders,
Ladies and Gentlemen,*

2019 was another successful financial year for PATRIZIA AG. The Company has become more attractive as a platform for real estate investment for domestic and international clients. Our motto in this annual report reflects this development: “stronger for clients and shareholders”.

PATRIZIA AG further expanded its leading position as a global partner for pan-European real estate investment in 2019 and ranks among the top 10 investment managers for real estate in Europe. Our clients include global institutional investors, such as pension funds, insurance companies and sovereign wealth funds as well as private clients from Germany. They all trust in our 35+ years of experience in the real estate industry and in PATRIZIA’s strong pan-European platform. Our clients invest with us on a long-term basis in order to generate sustainable, stable and growing income from real estate, especially to secure retirement provisions. Clients trust us and are making repeated investments with PATRIZIA. As a result, our real estate assets under management have continued to grow. This strengthens our company in the long term, increases our recurring income and benefits our shareholders.

Financial year 2019

Our business model has gained stronger international focus as a result of the successful integration of the companies acquired in 2017 and 2018. Today we offer our clients a more diverse product range and improved access to the European real estate market.

Overall, we signed real estate transactions with a total volume of almost EUR 9.0bn for our domestic and international clients, an increase of 32.6% over the previous year and a record for PATRIZIA. A large part of the transactions related to investments in the European real estate markets totalling EUR 5.5bn. At the same time, as part of our active portfolio management, we sold properties worth EUR 3.5bn delivering performance for our clients. PATRIZIA AG thus gained further relevance as a transaction partner, while the European transaction volume for real estate overall has shrunk by 2.4% in 2019.

Investors entrusted PATRIZIA with EUR 3.2bn in new equity for investments in the European real estate market in 2019, an increase of 24.6% over the previous year. More than half of the new capital comes from international addresses. In our business with institutional investors, we acquired more than 20 new domestic and international clients, thereby increasing our strong, diversified client base to over 400. Some 73% of the equity capital entrusted to us comes from existing clients who have multiple investments in PATRIZIA’s various fund products. Independent experts again certified the quality of our products. In October 2019, for example, we won the MSCI Award for the second time in a row for our ‘PanEuropean’ fund, which has been in existence for several decades, in the area of balanced fund products. The award recognises the strong positive performance of the fund compared to competitors.

Our business with clients also developed successfully. In addition to new, attractive closed-end fund products for domestic private investors, a fund for (semi-)professional investors was launched for the first time, which can also be subscribed to by investors outside Germany. We expect our client base in this segment to continue to grow and that this will further strengthen our business model.



Management Board f. i. t. r.: Klaus Schmitt (COO), Dr Manuel Käsbauer (CTIO), Karim Bohn (CFO), Wolfgang Egger (CEO), Alexander Betz (CDO), Simon Woolf (CHRO), Anne Kavanagh (CIO)

The successful expansion of our business is reflected in our assets under management. We increased assets under management by 8.4% to EUR 44.5bn in 2019. With this growth we increase the volume of our management fees, which rose by 8.8% to EUR 190.9m. We thus achieved an operating result of EUR 134.5m and exceeded our forecast of EUR 120.0 to 130.0m.

We have a very solid balance sheet and a high degree of financial flexibility, which will provide greater stability and further growth opportunities for PATRIZIA in the future.

We would like our shareholders, to participate in PATRIZIA's success in the financial year 2019. In agreement with the Company's Supervisory Board, we will propose a dividend payment of EUR 0.29 per share to the 2020 Annual General Meeting. This corresponds to a further increase in the distribution of EUR 0.02 per share or 7.4%.

Further milestones 2019

In 2019, we celebrated the 20th anniversary of the PATRIZIA Children Foundation. We are happy and proud that more than 200,000 children in need have already found access to education and medical care through the Foundation in line with our claim of “building communities & sustainable futures”.

As part of the 2019 Annual General Meeting, we changed the name of our company with your majority approval from ‘PATRIZIA Immobilien AG’ to ‘PATRIZIA AG’. In doing so, we considered the successful internationalisation and transformation of our company into the leading global partner for pan-European real estate investment.

In 2019, to strengthen our global business, we acquired an investment manager outside Europe for the first time. Kenzo Capital Corporation is an established Japanese platform with headquarters in Tokyo. This gives our clients the opportunity for the first time to invest directly in the Japanese real estate market through PATRIZIA. In addition, PATRIZIA strengthens its relationships with Japanese investors.

With PATRIZIA, our goal is to be a pioneer for technology and innovations that increasingly develop our business model and the entire real estate investment industry. In 2019, we secured strategic stakes in the emerging technology companies Cognotekt, control.IT and Wirescore, which have developed innovative and leading technologies in their respective fields. With these innovations we expect to significantly improve our processes and daily work. At the same time, we want to establish standards in the industry, which will reflect in a further improved service for our clients. We continued this course at the beginning of 2020: With our investment, we secured the independence of BrickVest as a global and open industry platform for investments in real assets and have agreed a cooperation with Pi Labs, the leading European PropTech venture capital company.

As of 1 January 2020, the PATRIZIA AG Management Board expanded by adding the three core competencies of digitalisation, technology & innovation and human resources in order to accelerate our strategic development and innovations. The new board members are:

- **Alexander Betz, Chief Digitalisation Officer (CDO):** His responsibilities include the digitalisation of the PATRIZIA value chain and the expansion of the information technology (IT) platform with the goal of further improving operational excellence and service quality for clients.
- **Dr Manuel Käsbauer, Chief Technology & Innovation Officer (CTIO):** His role includes cross-industry trend scouting, identifying new business models and innovative solutions on a global scale, as well as investments in the technology sector to strengthen the product offering for our clients.
- **Simon Woolf, Chief Human Resources Officer (CHRO):** His main focus is on developing further our corporate culture and attracting the best talents to successfully implement our strategy. We regard the preparation of our employees for the digital change in our sector and the use of innovative technologies as essential in order to continue to successfully advise our clients in the future in a constantly changing environment.

Outlook 2020

For the 2020 financial year, we expect an operating income in a range of EUR 120.0 to 140.0bn. In this context, we assume that net sales revenues and co-investment income will again decrease significantly compared to the 2019 financial year. At the same time, further organic growth in fee income is stabilising operating income at a high level overall. This is in line with our strategy of improving the quality of operating income in favour of recurring fee income. At the time of publication of this report, it is not possible to conclusively assess the effects that the further spread of the Covid-19 virus will have on the general economic situation as well as on the markets relevant to PATRIZIA.

Outlook – Strategy 2023

Urbanisation, demographic development, technology and innovation, regulation and political uncertainty will continue to influence and fundamentally change our industry in the coming years. With our ‘Strategy 2023’, which we presented at the Capital Markets Day in November 2019, we are positioning PATRIZIA for a secure future in the next three to five years. Part of the strategy is to expand our product range for our clients. In addition to expanding our existing product offering, we expect to grow our business in infrastructure and debt financing products. We assume that PATRIZIA will grow organically by an average of 8 to 10% per year over the next few years. Acquisitions could lead to a higher average annual growth rate.

With ‘Strategy 2023’ PATRIZIA will take advantage of the structural growth in investments in real estate and infrastructure. Structural market growth is being driven by pension assets, which are increasing as a result of demographic developments, and by an increased investment allocation to real estate and infrastructure, which is expanding as a result of sustained low interest rates. Furthermore, we expect PATRIZIA to benefit from growing consolidation pressure in the industry, which offers advantages for strong platforms of scale. We therefore see the impending change as an opportunity and believe we are in an excellent position to successfully develop our company and business.

We are particularly encouraged in this by our committed employees who generate added value for PATRIZIA AG and its stakeholders every day through their passion to represent the best interests of our clients and shareholders. We would therefore like to take this opportunity to thank our employees for their successful work and further development of PATRIZIA in 2019.

We would also like to thank you, our shareholders, our clients and business partners for your loyalty and interest in PATRIZIA – we look forward to continuing PATRIZIA’s journey together with you.

Augsburg, 13 March 2020

Your Management Board of PATRIZIA AG



Wolfgang Egger
Chairman of the
Management Board,
CEO



Alexander Betz
Member of the
Management Board,
CDO



Karim Bohn
Member of the
Management Board,
CFO



Dr Manuel Käsbauer
Member of the
Management Board,
CTIO



Anne Kavanagh
Member of the
Management Board,
CIO



Klaus Schmitt
Member of the
Management Board,
COO



Simon Woolf
Member of the
Management Board,
CHRO

Dear Shareholders,
Ladies and Gentlemen,

In 2019, PATRIZIA AG once again demonstrated the capabilities of its pan-European investment management platform. Considerable inflows of global client funds and a record transaction volume contributed to strong organic growth in assets under management and the corresponding fee income. At the same time, with its existing investment products the Company again achieved an attractive outperformance for national and international clients, thus maintaining the performance fees at a high level. All in all, PATRIZIA thus exceeded its own expectations for the financial year and is excellently positioned to continue actively shaping the industry.

Cooperation between the Management Board and the Supervisory Board

In the 2019 financial year, the Supervisory Board of PATRIZIA AG carefully performed all the duties assigned to it by law, by the Articles of Association and by its rules of procedure. We regularly advised the Management Board in its management of the Company and monitored its activities. We were also involved in all decisions of material importance to the Company at an early stage. The Management Board complied fully with its reporting obligations in accordance with the law and its rules of procedure and informed us regularly in written and oral reports about all fundamental aspects of the business development of the Company and the Group. We were also informed extensively about the current opportunities and risks of the earnings and liquidity situation. The Management Board of PATRIZIA AG provided a detailed discussion and explanation of the Company's business plan and any deviations between this plan and the actual course of business.

Supervisory Board meetings

The Supervisory Board held five ordinary meetings and one extraordinary meeting in the year under review. The Supervisory Board met without the attendance of the Management Board where required. Every member of the Supervisory Board attended all the meetings. There was also a regular exchange of information between the Management Board and the Supervisory Board, represented by the Chairman of the Supervisory Board outside of the scheduled meetings. In addition, before the publication of the quarterly figures of the first three quarters there was a conference call with the CFO to discuss the quarterly figures. Where the Supervisory Board was required to approve individual measures in accordance with the law, the Articles of Association or its rules of procedure, we made our decisions on the basis of comprehensive reports and resolution proposals by the Management Board. Urgent resolutions were adopted by the Supervisory Board by written procedure where required. As the Supervisory Board of PATRIZIA AG comprises three members, it did not form any committees.

Key areas of advisory and supervisory activities

The first ordinary meeting of the Supervisory Board on 19 March 2019 included the approval of the annual accounts for the 2018 financial year. In addition to its examination of the annual financial statements for the 2018 financial year, the consolidated financial statements and the combined management report of the Company and the Group, the Supervisory Board approved the dependent company report prepared by the Company for the 2018 financial year following its own review. The Supervisory Board concurred with the Management Board's recommendation to pay the shareholders a dividend of EUR 0.27 per share for the 2018 financial year. In addition, in this meeting the agenda for the Annual General Meeting was approved.

In the ordinary meeting on 26 March 2019, Simon Woolf was introduced as the new Head of Human Resources and informed the Supervisory Board on the major projects in the HR division. In addition, there was a report on the implementation of the target structure for the compliance function within the Group and on the status of compliance projects. There were also reports on current topics relating to the operating business. Furthermore, the Management Board reported on the integration of the companies bought in 2017 and 2018 and on the purchase of the Kenzo Corporation. Reports were also given on the improvement of effectiveness and efficiency in terms of strategy and targets, while at the same time maintaining quality.

The Supervisory Board held its third ordinary meeting after the Annual General Meeting on 22 May 2019. Here the Supervisory Board elected its Chairman and its First Deputy and Second Deputy Chairman. In addition to the current situation in the operating areas, as well as reports on the project to harmonise the remuneration system and on the purchase of the Kenzo Corporation, the CFO provided detailed information on his division and individual projects. In addition, the Supervisory Board resolved on determining targets for the share of women in the Management Board and Supervisory Board.

In an extraordinary meeting on 25 June 2019, after intensive discussion the Supervisory Board resolved the new harmonised remuneration system for PATRIZIA employees including the Management Board, which had been drafted in cooperation with Willis Towers Watson. Furthermore, the Management Board reported on the results of the project developments with the remaining company properties (principal investments) and on the internal control system.



Supervisory Board f.l.t.r.: Alfred Hoschek, Dr Theodor Seitz, Uwe H. Reuter

The Supervisory Board met for its fourth ordinary meeting on 30 September 2019, where it heard reports on the operational divisions, as well as on the division and projects of the CEO. There were also reports on the implementation status of the new remuneration system and the cavern funds. The Management Board also presented the Supervisory Board its Strategy 2023 which describes the company strategy for the next three to five years. The Supervisory Board approved Strategy 2023 together with its targets and measures for the business development of the Company.

At the final ordinary meeting of the financial year on 17 December 2019, the Supervisory Board discussed the annual budget for 2020 in detail. In addition, the Management Board reported on the operating business, the implementation of the new remuneration system and the topic of compliance. Furthermore, there were detailed reports from the CIO on the division and its projects.

Further resolutions

In addition to the resolutions adopted during meetings of the Supervisory Board, there were further written resolutions on establishing companies and extending rental agreements, on updating the Articles of Association and rules of procedure for the Supervisory Board and Management Board and on purchasing real estate (portfolios).

The Supervisory Board discussed expanding the Management Board and the candidates and resolved on the appointment of members of the Management Board, on the conclusion and extension of Management Board employment contracts and the reallocation of the divisions within the Management Board.

Corporate Governance

The Management Board and Supervisory Board prepared a Corporate Governance Report that is published in connection with the Corporate Governance Statement on the PATRIZIA website at www.patrizia.ag/en/shareholders/corporate-governance/our-basic-principles/. This declaration also contains comments on the diversity concepts specific to the executive bodies approved by the Management Board and the Supervisory Board in 2018, and the objectives to which the Supervisory Board is committed in terms of its own composition.

On 17 December 2019, the Management Board and Supervisory Board approved the Declaration of Conformity in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act). The Supervisory Board believes that at present all members of the Supervisory Board are independent as defined by section 5.4.2 of the German Corporate Governance Code. Barring a few exceptions, the Company also complies with the other recommendations and suggestions of the German Corporate Governance Code. The current Declaration of Conformity and all previous declarations are also permanently available on the PATRIZIA website. My colleagues on the Supervisory Board and I also examined the efficiency of our work and discussed the results. The efficiency of the cooperation between the members of the Supervisory Board and with the Management Board was again deemed to be extremely good.

Audit of the 2019 single-entity and consolidated financial statements

The annual financial statements of PATRIZIA AG prepared in accordance with the German Commercial Code, the IFRS consolidated financial statements and the combined management report of PATRIZIA AG and the Group for the 2019 financial year were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, together with the books and records and were issued with an unqualified audit opinion in each case. The members of the Supervisory Board of PATRIZIA AG received the aforementioned documents and the audit reports by Deloitte GmbH Wirtschaftsprüfungsgesellschaft in good time. At the meeting to approve the annual accounts on 17 March 2020, the Management Board and the responsible auditors discussed the results of the audit and provided additional information. Deloitte also stated that the Management Board had established a suitable system for the early identification of risks. The Supervisory Board conducted its own detailed examination of the annual financial statements of PATRIZIA AG, the consolidated financial statements, the combined management report of the Company and the Group for the 2019 financial year and the Management Board's proposal for the

appropriation of the unappropriated profit and did not raise any objections. We agreed with the audit result of the external auditor. The Supervisory Board approved the single-entity and consolidated financial statements. The annual financial statements of PATRIZIA AG for the 2019 financial year have therefore been adopted. The Supervisory Board agrees with the Management Board's proposal for the appropriation of profits for the 2019 financial year and supports the payment of a dividend of EUR 0.29 per share. The remainder of the unappropriated profit according to HGB will be carried forward to new account.

Audit of the dependent company report

The report by the Management Board of PATRIZIA AG on relationships with related parties (dependent company report) for the 2019 financial year was also examined by the external auditor. All the legal and business relationships with related parties described therein are conducted at arm's length conditions such as would have been agreed between the PATRIZIA Group and a third party. The auditor issued the dependent report with the following audit opinion:

"Having duly examined and assessed the report, we confirm that

1. the factual statements contained in the report are correct,
2. the Company's consideration with respect to the legal transactions listed in the report was not inappropriately high."

The dependent company report prepared by the Management Board and examined by the external auditor and the associated audit report were made available to all members of the Supervisory Board in good time. Based on the result of its examination, the Supervisory Board raises no objections to the report and the concluding statement by the Management Board contained therein.

In 2019, PATRIZIA continued to move forwards on its successful growth track. It gained new clients, concluded important transactions and increased market share. Our sincere thanks therefore go to the Management Board and all employees for what has been achieved. Your expertise and hard work have made a very crucial contribution to this positive business performance.

Augsburg, 17 March 2020

For the Supervisory Board of PATRIZIA AG



Dr Theodor Seitz
Chairman

The PATRIZIA share

PATRIZIA's key share data

		2019	2018	2017
Share price				
High	EUR	20.48	21.10	20.171 ¹
Low	EUR	15.90	14.85	13.341 ¹
Closing price	EUR	19.86	16.65	19.341 ¹
Share price performance	%	19.3	-13.9	34.71 ¹
Market capitalisation as at 31.12.	EUR bn	1.8	1.5	1.8
Average trading volume per day²				
Average trading volume per day ²	EUR	1,407,100	2,012,200	3,247,700
Average trading volume per day ²	Shares	76,778	111,500	188,500
Annual share turnover ³		0.21	0.31	0.55
Issued shares as at 31.12.	Shares	92,351,476	92,351,476	92,351,476
Outstanding shares as at 31.12.	Shares	91,059,631	91,059,631	89,555,059
Capital increase from Company funds for the issue of bonus shares	EUR, shares	-	-	8,395,589
Earnings per share (IFRS, unadjusted)				
Earnings per share (IFRS, unadjusted)	EUR	0.58	0.57	0.60
Dividend per share	EUR	0.29	0.27	0.25

¹ Closing price on Xetra-trading adjusted for capital increase from company funds (for the issue of bonus shares)

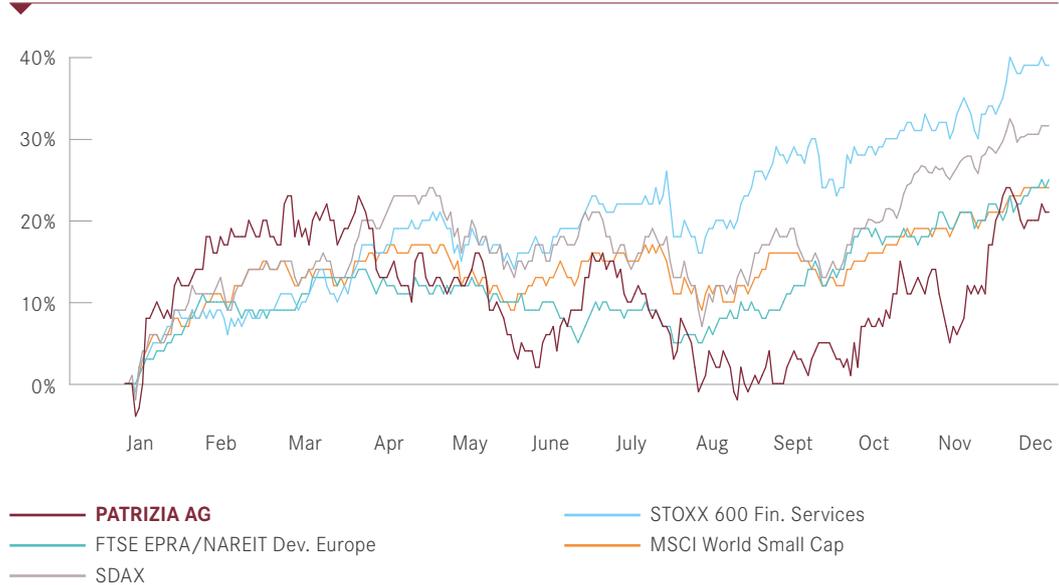
² All German stock exchanges

³ Quotient of shares traded/average number of shares outstanding (2019: 92,351,476 shares; 2018: 92,351,476 shares; 2017: 88,096,177 shares)

After the spectre of recession in 2018, stock markets again posted a positive performance in 2019. The German blue chip index, the DAX, recovered its losses from 2018, closing up 25.5% at 13,249 points, thus near to its all-time high of 13,596 points. For small and mid-caps 2019 was also a good year – with the MDAX and SDAX surging 31.2% and 31.6% respectively. Key factors underpinning the more optimistic situation on the stock exchanges were the persistently low levels of interest and declining political and global economic risks.

At the beginning of the year, the PATRIZIA share suffered from the slow momentum in transaction volume levels in the European real estate market combined with increased regulatory activity on the Berlin residential sector, which resulted in collective punishment of European real estate stocks. As a result in the middle of the year, the share price performance moved into negative territory. With the confirmation of the guidance for 2019 and the publication of our Strategy 2023 for the next 3 to 5 years on our first Capital Markets Day in November 2019 in Frankfurt, there was again a considerable recovery for the PATRIZIA share. As a result the share price increased 19.3% during the year 2019 to EUR 19.86. Market capitalisation amounted to EUR 1.8bn as at 31 December 2019.

Development of PATRIZIA's share price in 2019 compared with various indices



An average of 76,778 PATRIZIA shares were traded every day across all German stock exchanges. This corresponds to a year-on-year reduction in volume of 31.1% (2018: 111,500 shares/day) and annual share turnover of 0.21 (2018: 0.31). This development is due in part to a steady increase in the share of new and existing institutional investors with a long-term perspective in PATRIZIA AG over the last few years.

Dividend payment

In 2019, a dividend of EUR 0.27 per share was paid in cash, an increase of 8% on the previous year. The HGB unappropriated profit in the amount of EUR 466.6m was used to pay the dividend, with the remaining amount being carried forward to new account. By resolution of the Annual General Meeting on 22 May 2019, a cash dividend of EUR 24.6m was paid. Based on the share of the IFRS consolidated net profit for 2018 attributable to shareholders of EUR 51.7m, i.e. a pay-out ratio of 48%. The dividend was paid on 27 May 2019.

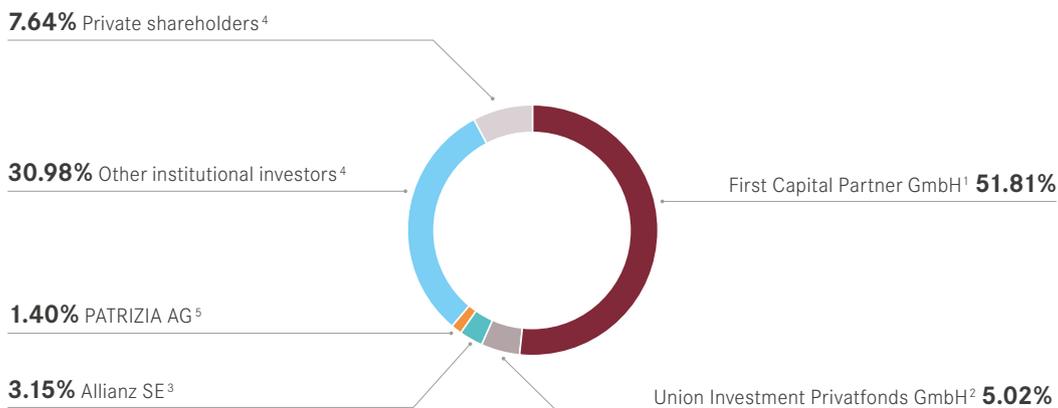
Investor Relations – valuable relationships and active communication

PATRIZIA AG maintains a continuous dialogue with its institutional, (semi-)professional and private share investors and analysts in order to provide proactive, transparent information on its business development and all important events concerning the company. In all, the Management Board and the Investor Relations team presented the company at 41 roadshow days in 31 cities worldwide. In addition, the team participated in a large number of international investor conferences and the DSW and SdK investor forums for private shareholders and family offices in Hamburg, Pfaffenhofen and Stuttgart. Furthermore, in 2019 a Capital Markets Day was held for investors and analysts for the first time.

PATRIZIA AG's shares are regularly covered by nine analysts from national and international banks. At the end of 2019, seven analysts (78%) recommended PATRIZIA's shares as a buy, while two analysts issued a hold recommendation. The analyst target prices as at 31 December 2019 ranged from EUR 17.90 to EUR 25.00, with an average target price of EUR 21.86 per share.

Further information can be found online at www.patrizia.ag/en/shareholders. In addition to financial reports, presentations and announcements, this section of the company's website contains the financial calendar, the roadshows/conferences for 2020 and the latest analyst opinions on PATRIZIA AG's shares.

PATRIZIA shareholder structure as at 31 December 2019 – by shareholder group



1 First Capital Partner is attributable to CEO Wolfgang Egger
 2 According to the voting rights notification of 31 October 2018
 3 According to the voting rights notification of 2 August 2019

4 Source: PATRIZIA share register
 5 Treasury shares

Shareholder structure of the Company

The shareholder structure of PATRIZIA AG changed only slightly in the past financial year. The founder and CEO of the company, Mr Wolfgang Egger, remains its majority shareholder. At the end of 2019, he held 51.81% of the share capital via First Capital Partner GmbH. The second-largest shareholder, Union Investment Privatfonds GmbH, retained its equity interest of 5.02% in 2019. In addition, Allianz Global Investors GmbH increased its equity interest to 3.15% according to the voting rights notification dated 2 August 2019. As at 31 December 2019, the number of treasury shares held by PATRIZIA AG was unchanged at 1.40% of the issued shares. 30.98% of the remaining shares are held by institutional investors, with a further 7.64% held by private shareholders.

In terms of regional distribution, PATRIZIA's shareholders, which number a good 8,500, are spread across 45 countries worldwide. However, the vast majority of the shares in free float (excluding the shares held by First Capital Partner GmbH) are held by German shareholders (61.98%), followed by shareholders in the USA (16.12%) and the United Kingdom (7.29%).

Distribution of a dividend of EUR 0.29 per share for the 2019 financial year

The Management Board and Supervisory Board of PATRIZIA AG are proposing that the HGB unappropriated profit for the 2019 financial year in the amount of EUR 500.8m can be used to pay a dividend of EUR 0.29 per share, with the remaining amount being carried forward to new account. This represented an increase in the dividend per share of 7.4% compared to the previous year. Based on the share of the IFRS consolidated net profit for 2019 attributable to shareholders of EUR 52.9m, this corresponds to a pay-out ratio of 50.7%. PATRIZIA is maintaining its previous dividend policy. This means that the growth rates of management fees and assets under management compared to the previous year will form the basis for the dividend proposal of the Management Board and Supervisory Board of PATRIZIA AG.

PATRIZIA shareholder structure as at 31 December 2019 – by region

