

PATRIZIA Immobilien AG  
Speech by CEO Wolfgang Egger  
at the Annual General Meeting on 20 June 2018

- Check against delivery -

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Ladies and gentlemen, shareholders, and friends of PATRIZIA Immobilien AG,

Welcome to this year's Annual General Meeting! I'd also like to welcome you on behalf of my colleagues on the Executive Board. All of us are looking forward to giving you an update on the company's development and performance here today.

PATRIZIA has been in existence for 34 years now. And during all this time we have developed continuously. The past financial year was no exception. 2017 was an extremely successful year and a very special one for PATRIZIA. It was a year in which we achieved double-digit growth both in our operating result and in the volume of our assets under management on behalf of private and institutional investors. Our systematic focus on strategic development and on expanding our pan-European platform were crucial factors in this achievement. This also pays off for our shareholders. Following the bonus shares we granted in previous years instead of a dividend, this year we'd like to propose a dividend payment to you again for the first time since 2007. For the 2017 financial year, we recommend the payment of a dividend of 25 cents per share, which you can either receive in the form of a cash dividend or in PATRIZIA Immobilien AG shares.

Ladies and gentlemen,

2017 was a very successful financial year in terms of earnings performance; and it was also an extremely important milestone year in our company's further strategic evolution.

PATRIZIA is now one of the leading real estate investment managers in Europe. With around 40 billion euros in assets under management, we are among the top players. Last year's strategic acquisitions of Sparinvest Property Investors, TRIUVA and Rockspring have turned us into a truly pan-European player.

And we have a very clear vision for our future: We want to become THE leading global partner for pan-European real estate investment.

We have already taken important steps on this path:

- By acquiring Sparinvest, TRIUVA and Rockspring, we significantly expanded our European market presence and now have a much broader setup – both in terms of our product range and the client groups we are targeting.
- Today, we offer our steadily growing global investor base a very broad spectrum of attractive real estate investments in Europe in terms of sectors, risk profiles and regional markets.
- Our clients can now diversify their investment portfolio globally as well as across Europe. The acquisition of Sparinvest has enabled us to offer “funds of funds” with a global investment horizon.

At the same time, we used the integration of the newly acquired units as a catalyst to realign our organization so that we can even better meet the growing demands of our clients worldwide. We are resolutely pursuing this path. We are ready for change and remain open to new challenges and new opportunities, which we will actively use and shape.

The ability and willingness to change is and always will be part of our DNA, and forms the basis for our long-term business success, which you as our shareholders also benefit from.

Ladies and gentlemen,

For PATRIZIA, the year 2017 and the first months of 2018 were characterized by growth and evolution. Allow me to briefly elaborate on this.

Growth is never an end in itself for PATRIZIA. We grow because our clients grow – be they foundations or savings banks, pension funds, insurance companies or sovereign wealth funds – and because their wishes and requirements increase as a result.

Nowadays investors expect us to be able to develop concepts that are tailored to their individual needs. For example, some investors have a clear idea of the risk classes, property sectors, and countries into which they want to invest in. Others prefer to rely on the investment manager's expertise and follow their suggestions and strategies.

We have to give both groups what they want. In short, we want to be a partner to our clients, interacting with them as equals, and we want to keep being able to meet their growing requirements into the future. So growth is a means to successfully asserting ourselves on the market in the medium and long term.

We all know that the situation in the real estate investment market is probably the most challenging it's ever been. Low interest rates and a lack of investment alternatives are driving increasing demand for real estate investments. This causes prices to rise and yields to fall accordingly. And this development will continue for the time being, because in an environment of continued negative interest rates in the traditional investment markets, institutional investors worldwide will continue to maintain, if not expand, their real-estate investments at a high level.

Let me give an example from our client base to show the leverage that exists in this development:

One of our longstanding clients – a professional pension scheme – had a total investment portfolio of 14 billion euros in 2000. Of this amount, four per cent was invested in real estate, which sums up to around 500 million euros.

Since then, this client's total investment portfolio has grown to 25 billion euros, and the real-estate portion has doubled to eight per cent. So their real estate investments have quadrupled to two billion euros.

What does this example show? That our clients are growing rapidly overall. To efficiently manage this growth, they MUST diversify. In this, they rely on investment managers who offer them a broad variety of investment options across all asset classes, risk profiles and markets, from a single source.

For us as a pan-European investment manager, this means that we must be a strong and stable partner. And one that offers the best performance and client service across Europe. This can only be achieved with the right strategic size. A look at the market of investment managers operating in Eu-

rope shows this, too. In 2012, the average assets under management by the top 10 investment managers was just under 24 billion euros. Today that figure exceeds 40 billion – a more than 70 per cent increase in just five years. This means that without our recent corporate acquisitions, PATRIZIA would not be a top 10 player today, and would therefore disappear from the radars of many clients, especially institutional ones.

So “GROW or GO,” which has long been the norm in all other sectors, is now true for the real estate industry, too. PATRIZIA has always embraced this credo – and will continue to do so in future.

Stricter risk management and reporting requirements – both by the supervisory authorities and by our clients – will further fuel this consolidation into larger units. Add to this the ongoing digitalization of our industry, which helps us to realize new efficiency savings and economies of scale faster, but which also requires considerable investment.

We want to continue to play a major role in shaping the development of our industry, as an independent, leading and strong market player.

This is why we have the clear ambition to be THE leading global partner for real estate investment, with a pan-European focus.

We will maintain a healthy balance in this: We want to be the first port of call for new, globally thinking institutional investors. And we will of course maintain and expand the client base we have spent so many years growing in Germany and Europe. This certainly includes our private client business with closed-end real estate funds, which has developed excellently since it was founded in 2015. Working for large global AND small and medium-sized national clients is an enormous complementary opportunity.

What does this mean? Our established longstanding clients from our home market Germany and the entire Germany-Austria-Switzerland region are also growing and are increasingly considering pan-European products. Our Europe-wide orientation will enable us to serve them even better in future.

Besides: All investors have the same basic aspirations, whether they are smaller foundations, savings banks or professional pension schemes from Germany, or international pension funds, or globally operating sovereign wealth funds. They all expect their investment manager to have:

- strong expertise with a long track record for the respective local real estate market;
- innovative ideas for attractive investments – supported by intelligent research and the highest quality in implementation;
- transparent, comprehensive, and comprehensible reporting;
- and, of course, an attractive risk-return profile for their investment.

In further developing PATRIZIA we will maintain and expand the strengths that have made us what we are today. Here I primarily mean our unparalleled presence in the key European real estate markets. Because one thing is clear: Real estate will always be a local business!

We will continue to develop our platform of offerings so that we can optimally serve global investors with a pan-European focus in addition to our established client base. We will systematically align our company to further Europe-wide growth. And we are realigning and optimizing our organization – to support this growth while at the same time making ourselves FIT for future challenges.

Ladies and gentlemen,

We made our most recent acquisitions with all this in mind. Let me briefly explain how SparInvest, TRIUVA and Rockspring strengthen us strategically:

- Sparinvest has been part of PATRIZIA since October 2017 and now operates as PATRIZIA Multi Managers. Founded in 2005 in Copenhagen, Denmark, the company specializes in fund-of-funds investments in real estate with a global investment horizon. With PATRIZIA Multi Managers, we have expanded our product range and now offer our clients the option of diversifying their portfolio globally. We were also able to significantly strengthen our position with Danish investors locally.
- As for TRIUVA, we are successfully continuing its path of investing in commercial real estate across Europe for clients, but with the advantage that we offer a larger pan-European network and have an enduringly stable ownership structure. At the same time, TRIUVA strengthens our position as the largest provider of institutional real estate special funds in Germany. In addition, the acquisition of TRIUVA and its caverns marks our entry into the infrastructure asset class.
- Rockspring gives us access to new international clients who now benefit from our pan-European platform as well. Rockspring has more than 120 institutional clients, one in three of which originates from outside Europe. At the same time, we are significantly expanding our investment hub in London. In future, we will have more than 100 employees there.

So, to sum up, we are consolidating our position as one of the leading independent real-estate investment managers in Europe. We are not bound to a group or bank, and are always seeking out properties and projects for our clients where we see the greatest value-add for them. All three strategic acquisitions have helped to make PATRIZIA larger, more diversified, more pan-European and – this is particularly relevant for you as our shareholders – more stable, and faster-growing.

Also, with these acquisitions, we have already significantly increased the share of recurring revenues from asset management in our total revenue. Based on our forecast for fiscal 2018, their share rises from 44% to 58%. This makes our revenues and earnings planning more reliable and less dependent on market fluctuations. This broader and more stable basis will enable us to operate successfully and profitably even in a more difficult market environment.

After all, as real estate experts we know: the best time to weatherproof a house is when the weather is good. In our case this means: We will use the tailwind from the currently favorable market environment to optimally prepare ourselves for future market crises.

All optimism about the future aside, we know that every upswing is eventually followed by a downturn. And that is exactly what needs to be prepared for. Every crisis also holds new opportunities. In other words: don't miss out on the crisis, because strong companies use precisely these market phases to become even stronger, for example by taking over struggling companies.

Ladies and gentlemen,

We have continued to develop for good reasons:

- to keep offering the best service to clients;
- to win new global clients;
- to empower further growth;

- and to put the company on a stable footing.

While integrating the newly acquired companies, we will also resolutely seize the opportunity to make PATRIZIA's organization more flexible, more agile, and above all more pan-European. In line with our mission statement for the integration – “The best of all worlds” – we will acquire assets and client relationships, and above all our new employees' valuable experience, skills, and culture, which we want to make the best possible use of in our future pan-European development.

We are combining the opportunities of integration and development without losing the focus on our operating business. Our clients expect us to keep delivering top quality and reliable services in the course of our increased pan-European alignment. And that is exactly what we give/offer them.

Allow me to now present to you the key elements of our new organization – based on the Target Operating Model, or TOM for short.

At the heart of TOM is the combination of our continued strong local presence in the key European investment markets, with a clear pan-European focus.

Our asset management continues to be organized locally with strong teams on the ground, grouped into three regions: The first is the so-called D-A-CH region, which means Germany-Austria-Switzerland, plus Central and Eastern Europe; second is the North-West Europe region; and third the South-West Europe region. So our unique Europe-wide network with local presence and expertise will still be one of our key strengths.

All other functions – such as fund management, transactions fund services, research, and corporate finance – will be pan-European. The employees there work as ONE team, regardless of the region, country or city in which they are based. At the same time, these employees with pan-European responsibility are part of the respective local PATRIZIA unit, so local teams and pan-European functions support each other within this pan-European partnership model.

Concurrently, we have adapted our management structure, streamlined it, and eliminated overlapping areas of responsibility. In filling management positions in the new organization, we followed the same “best of all worlds” approach: Our new senior management team consists of experienced executives who have previously worked for PATRIZIA, Rockspring, TRIUVA or Sparinvest. Experience, expertise and a clear pan-European mindset were particularly important to us in the selection process.

Ladies and gentlemen,

Aside from challenging markets and the rising expectations of an increasingly diverse and global clientele, digitalization is fundamentally changing our business. Our clear aspiration is to be a frontrunner in matters of digitalization. We can use new technologies to streamline and increase the efficiency of our organization, to adapt our business model more quickly, and – where appropriate – to “reinvent” it. Digital solutions are an essential prerequisite for developing attractive new services and products.

Digitalization is therefore a core element of our strategy and organization. We all know that the real estate industry hasn't exactly been a trailblazer in digitalization, but it is a top priority for us as part of our transformation. We will make use of the experience of our acquired companies, build a modern and consistent IT infrastructure, and thereby leverage our lead in the industry as a strategic advantage in developing innovative product ideas.

In the end, digitalization, too, is about being agile and embracing change, adapting to new challenges faster, and seizing the new opportunities associated with them. We will use digitalization to further develop our adaptability, which has distinguished and driven PATRIZIA since its foundation more than 30 years ago.

Ladies and gentlemen,

As I have already emphasized: during processes of change and while evolving our strategy and business model, we must never lose focus on the efficiency of the operational business, because only if we do our homework carefully here and keep going the extra mile for our clients will we gain the leeway to plan our long-term sustainability.

So I am both happy and proud that we were also successful in our day-to-day operations. In 2017, we completed real estate transactions with a volume of 6 billion euros, significantly increasing the volume of both purchases and sales compared to the previous year. We were active in all key markets, including Germany, the U.K., Ireland, the Nordics, and the Netherlands. And we have executed value-creating transactions in all major asset classes.

Here is a small selection: In September 2017, we acquired one of the largest retail real estate portfolios traded in Germany in recent years for an individual mandate for one of our clients. It comprises 85 properties with a total value of 400 million euros. Like many other transactions, we carried out this acquisition “off-market” – i.e. outside the bidding process – which further underscores the value-add of our deep local networks in the respective markets.

In the office segment, we recently very successfully sold the Galileo office tower, one of Frankfurt’s major landmark properties, on behalf of a group of institutional investors from South Korea, at the end of the planned holding period.

We also expanded our position in hotel real estate, and acquired a total of six projects in major city-center locations. These properties pushed our assets under management in the hotel sector to over 600 million euros.

In the residential segment, we also significantly expanded our portfolio through acquisitions in Germany, Denmark, and the Netherlands.

Last but not least, in 2017 we sold several business parks in the U.K. at an increased value following successful management.

In this connection, our successful business in the area of mutual property funds for private investors also deserves a mention of course. We launched it at the end of 2015, and in the first two full financial years we have already launched six funds with a target volume of 400 million euros, in which around 3,000 private investors have participated. The business is still on a sharp upward trend.

In 2017 alone, institutional and private investors entrusted us with equity capital totaling 2.2 billion euros – meaning that in the last six years, PATRIZIA has raised more than 10 billion euros in equity from its clients – clear proof of the trust PATRIZIA enjoys in the industry.

Ladies and gentlemen,

I’d like to say something and set the record straight again about a topic that greatly affected me personally: In February, the German business newspaper “Handelsblatt” – apparently based on misinfor-

mation from the political arena which might be in the context of the upcoming Bavarian state elections – alleged that money from Russia and/or illicit funds had been involved in the acquisition of the housing society GBW in 2013. These untrue allegations hit us hard. After all, we live by the trust that is placed in us, as I just mentioned.

And so I am all the more pleased that we were able to successfully defend ourselves against this fake news. After obtaining an injunction against this false reporting from the Hamburg Regional Court in March, both the “Handelsblatt” as a publisher and every single member of the editorial staff on this story constructed with false suspicions has now fully and legally recognized the court order. “Handelsblatt” has deleted all articles in this context from its online archives.

Ladies and gentlemen,

All figures and examples mentioned are the result of the competence and commitment of the entire PATRIZIA team. I would therefore like to take this opportunity to thank all my colleagues who have once again done a superb job – tirelessly, passionately and across all departments! You are fantastic, and without you, none of this would be possible. Thank you for this, and of course on behalf of the entire Executive Board as well!

PATRIZIA is very successful in its operations, and has aligned its strategy and business model to the increasing demands of our clients and the challenges of the markets. But most importantly, we have a clear vision for our future. As PATRIZIA, we now have a great and unique opportunity to become THE leading global partner for pan-European real estate investment. And we will resolutely pursue this vision with courage, determination, and our passion for real estate.

At PATRIZIA:

- we believe that performance is the product of innovative minds;
- we always want to stay one step ahead and make a positive value contribution for our clients, partners and local communities;
- we know that this is the only way to achieve the operational excellence our stakeholders rely on;
- and we want to be the benchmark for our industry.

This leads to our fundamental claim:

PATRIZIA – “building communities and sustainable futures.”

We build communities in which all of us at PATRIZIA work together. We cooperate with our business partners and clients, and we give back to society in the communities we operate in.

This is how we create a sustainable future – whether as a preferred employer, a trusted investment manager, or a local developer of new neighborhoods.

And it is also how we create sustainable value for the company and thus for you as shareholders.

Ladies and gentlemen,

At the end of my speech I wouldn’t want to miss the opportunity to say thank you, of course. First of all, I’d like to thank you, our shareholders. Many of you have been with us for many years – and we are

deeply honored by your trust and loyalty. You can rest assured that we do everything we can to safeguard both.

I'd also like to thank our Supervisory Board for our excellent, ever constructive and always respectful working relationship. Special thanks are also due at this point to my three colleagues on the Executive Board, Anne Kavanagh, Karim Bohn and Klaus Schmitt. With them – but also with all of you! – I look forward to entering the next exciting phase of a now larger and pan-European PATRIZIA.

And now over to my colleague, our Chief Financial Officer Karim Bohn, who will explain the details of PATRIZIA's business and earnings performance, and our financial position.

Thank you for your attention!