

Dear Shareholders,
Ladies and Gentlemen,

2018 was an extraordinary year for PATRIZIA Immobilien AG. The company successfully implemented the biggest integration process in its history. Furthermore, the team achieved a number of operational successes and thereby significantly outperformed its own expectations. All in all, PATRIZIA ranks among Europe's ten biggest real estate investment managers at the end of the year, and is excellently positioned to continue actively shaping the industry.

Cooperation between the Managing Board and the Supervisory Board

In the 2018 financial year, the Supervisory Board of PATRIZIA Immobilien 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 Managing 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 Managing 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 Managing Board of PATRIZIA Immobilien 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 four ordinary meetings and one extraordinary meeting in the year under review. The Supervisory Board met without the attendance of the Managing Board where required. Every member of the Supervisory Board attended all the meetings. There was also a regular exchange of information between the Managing Board and the Supervisory Board, represented by the Chairman of the Supervisory Board outside of the scheduled meetings. 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 Managing Board. Urgent resolutions were adopted by the Supervisory Board by written procedure where required. As the Supervisory Board of PATRIZIA Immobilien 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 13 March 2018 included the approval of the annual accounts for the 2017 financial year. In addition to its examination of the annual financial statements of PATRIZIA Immobilien AG for the 2017 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 2017 financial year following its own review. The Supervisory Board concurred with the Managing Board's recommendation to pay the shareholders a dividend of EUR 0.25 per share for the 2017 financial year. Shareholders were given the option of receiving the dividend payment in cash or in the form of shares in PATRIZIA Immobilien AG. As at every Supervisory Board meeting, the report from the operational divisions was also a central topic at this meeting. Furthermore, the Managing Board reported on the integration of the acquired companies Sparinvest Property Investors, TRIUVA Kapitalverwaltungsgesellschaft mbH and Rockspring Property Investment Managers LLP, also presenting the intended project plan, objectives, procedure and responsibilities. The planned restructuring of the Group organisation was also presented. Furthermore, there was an explanation and discussion of the current and planned support of the PATRIZIA Children Foundation (formerly: PATRIZIA KinderHaus Stiftung). In conjunction with the implementation of Group-wide compliance standards, the code of values, the compliance manual, a whistleblowing system and compliance training were discussed and further procedure was presented.

At an extraordinary meeting on 25 April 2018, the Managing Board reported on the current status of the integration of the acquired companies and presented the further procedure, the economic targets, the intended measures and the planned communications with employees.

The Supervisory Board held its second ordinary meeting after the Annual General Meeting on 20 June 2018. In addition to the current situation in the operational divisions, there was a report on the integration of the acquired companies. Resolutions were also adopted on the adjustment of the executive organisation chart for the Managing Board and their targets for the 2018 financial year in addition to the amount of donations to the PATRIZIA Children Foundation. Furthermore, the Supervisory Board approved the proposal by the Managing Board to offer up to 1,434,038 treasury shares in PATRIZIA Immobilien AG for subscription by the company's shareholders in exchange for a pro rata dividend (stock dividend). In a subsequent written resolution, the Managing Board and the Supervisory Board then set the subscription price for the stock dividend at EUR 15.84 per share on 6 July 2018. On 17 July 2018, by way of a further written resolution, the Managing Board and the Supervisory Board decided that 93,339 treasury shares in total would be sold to shareholders in the context of the stock dividend.

The Supervisory Board met for its third ordinary meeting on 1 October 2018, where it heard reports on the operational divisions, the current status of the integration and the progress of various compliance activities. Furthermore, the Managing Board and the Supervisory Board agreed on diversity concepts specific to the



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

executive bodies in accordance with section 289f(2) no. 6 of the Handelsgesetzbuch (HGB – German Commercial Code). In line with the recommendations of the German Corporate Governance Code, the Supervisory Board also resolved specific objectives for the composition of the Supervisory Board and approved a skills profile for the body as a whole. It then coordinated the intensification of a pronounced cost culture by establishing systematic cost management with the Managing Board.

At the final ordinary meeting of the financial year on 19 December 2018, the Supervisory Board examined the annual budget for 2019 in detail and adopted it unanimously. The Managing Board also gave presentations on operating and integration activities, compliance and the Compensation & Benefits project, the aim of which is to develop a new remuneration system for the Group as a whole.

Further Resolutions

In addition to the resolutions adopted during meetings of the Supervisory Board, there were further written resolutions on creating and acquiring companies, on addenda to Managing Board contracts and on issuing a letter of comfort.

Corporate Governance

The Managing Board and Supervisory Board have prepared a corporate governance report that is in connection with the corporate governance statement on the PATRIZIA website at <https://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 Managing Board and the Supervisory Board in 2018, and the objectives to which the Supervisory Board is committed in terms of its own composition.

On 19 December 2018, the Managing Board and Supervisory Board approved the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act). In the opinion of the Supervisory Board, all members of the Supervisory Board are currently independent within the meaning of item 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 Managing Board was again deemed to be extremely good.

Audit of the 2018 Single-Entity and Consolidated Financial Statements

The annual financial statements of PATRIZIA Immobilien AG prepared in accordance with the German Commercial Code, the IFRS consolidated financial statements and the combined management report of PATRIZIA Immobilien AG and the Group for the 2018 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 Immobilien 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 19 March 2019, the Managing Board and the responsible auditors discussed the results of the audit and provided additional information. Deloitte also stated that the Managing Board has 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 Immobilien AG, the consolidated financial statements,

the combined management report of the Company and the Group for the 2018 financial year and the Managing 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 Immobilien AG for the 2018 financial year have therefore been adopted. The Supervisory Board agrees with the Managing Board's proposal for the appropriation of profits for the 2018 financial year and supports the payment of a dividend of EUR 0.27 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 Managing Board of PATRIZIA Immobilien AG on relationships with related parties (dependent company report) for the 2018 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 Managing 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 Managing Board contained therein.

2018 was another year full of successful milestones for PATRIZIA Immobilien AG. Not least, it succeeded in forming four companies into a single one, which can now face the future stronger and more confidently than ever before. Our sincere thanks therefore go to the Managing 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, 19 March 2019

For the Supervisory Board of PATRIZIA Immobilien AG



Dr Theodor Seitz
Chairman