PATRIZIA AG
Speech by Karim Bohn, Chief Financial Officer to the Annual General Meeting on 1 July 2020

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Ladies and Gentleman,
Dear Shareholders,

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

As Chief Financial Officer, I would now like to explain to you how our **operating income, net assets and financial position** have developed in financial year 2019 and in the course of implementing our growth strategy, and what impact the Covid-19 pandemic will have on the expected key figures for the current financial year.

Let me assure you at the outset that PATRIZIA is very well positioned in general, but especially also for the current crisis. As of December 31, 2019, we have available liquidity of over EUR 600 million and have a rock-solid balance sheet. We have not had to send any employees on short-time work in recent weeks, we have quickly adapted to the new circumstances and have thus been able to continue to provide our clients with good support and accompany them through the current crisis.

In contrast to many other companies in Germany, our proposal to pay a dividend per share of EUR 0.29 for the financial year 2019 remains unchanged. In other words - we are and remain a strong, reliable partner - for all our stakeholders!

We created the basis for this in the very successful financial year 2019, among other things. The two most important key figures by which we manage our business are **Assets under Management** and **operating profit**. We see a clearly positive development in both indicators, or rather, we were able to exceed the targets we set ourselves for financial year 2019.

We were able to increase our first key performance indicator, **Assets under Management**, by 8.4 percent in 2019. The background to this growth is that national and international clients have entrusted us with a total of EUR 3.2 billion in new equity for investments in the European real estate market. This represents another 24.6% increase over the previous year and is a new record for PATRIZIA. In 2019, we were able to attract more than 20 new institutional investors to our products and thus now have a strong and diversified institutional client base of over 400 national and international clients. We also continued to grow in our business with private and semi-professional investors and launched the first fund that can also be subscribed to outside of Germany.

Our second key performance indicator is the **operating income** as an indicator of the Company's **earnings position**. We were even able to exceed the forecast range we gave at the beginning of 2019 with earnings at the end of the year of EUR 134.5 million, thereby once again significantly improving the quality of earnings compared to the previous year. This means that an increasingly large proportion of our is generated by stable fee income.

Total service fee income rose by 8.7 percent to EUR 348.0 million. In particular, we increased income from **management fees.** They increased by 8.8 percent to EUR 190.9 million. Management fees are a stable, sustainable and high-quality source of income for us. They are generated by our management services and services in the administration of real estate assets and are therefore incurred on an ongoing basis and largely independent 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 financial year 2019, we signed transactions in the European real estate market worth EUR 9.0 billion for our clients. This corresponds to a growth rate of 32.6 percent compared with the previous year. By comparison, the European market as a whole experienced a decline of 2.4 percent in the same period. A clear sign of market share gains. PATRIZIA received EUR 65.3 million in **transaction fees** for the implementation of these transactions in financial year 2019, which corresponds to an increase of 24.8 percent over the previous year.

The third component of total service fee income, the **performance fees**, remained at a consistently high level of EUR 91.8 million and again reflect the very good performance that PATRIZIA was able to generate for its clients.

However, the improved quality of our earnings is not only characterised by increased total service fee income. Our operating income is now also much less dependent on the more volatile **net sales revenues and co-investment income**. In line with our strategy, these fell by 42.0% to EUR 23.8 million. This item includes rental income as well as net sales proceeds from investments on the own book, so-called Principal Investments. Co-investment income is also included.

Let us take a look at the development of our cost base. The relevant indicator for this is our **net operating expenses**. These rose by 8.1 percent year-on-year, less than our recurring management fees, which increased by 8.8 percent over the same period. It should be noted here that the net expense items in the financial year 2019 included for the first time additional expenses for the use of new technologies in the amount of EUR 7.6 million to prepare the PATRIZIA platform for the future. Adjusted for this effect, the net operating expenses grew by only 4.5% compared to the previous year and thus significantly less than our recurring management fees.

Ladies and gentlemen,

in times like these, however, a strong company needs not only high-quality, recurring earnings 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 **financial position** and show you how solid the company is positioned.

As a financially strong company, PATRIZIA was again able to build up a liquidity cushion in 2019 and increase its **available liquidity** by 19.7% or EUR 100.1 million. We now have freely available bank balances, cash and cash equivalents, term deposits and securities totaling EUR 607.0 million. 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 on the other hand the flexibility to take advantage of any growth opportunities that may arise. Even after deducting outstanding debt financing via bonded loans totaling EUR 300.0 million and a further EUR 93.2 million in bank loans for properties temporarily held on the balance sheet, PATRIZIA's **net cash** stands at EUR 241.9 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 60.7 percent as of December 31, 2019. Taking into account the net cash just explained, this results in a very solid **net equity ratio** of 75.7 percent.

So let me just get this straight: The current crisis makes two things particularly important: recurring income and sufficient liquidity. We have achieved both through our transformation into a pure investment manager and our cost discipline of recent years. Now we are well positioned not only to survive the current crisis, but even to emerge from it stronger.

Dear Shareholders,
last year's good business performance enables us to let you participate in the company's success again this year. In 2018, we started to pay a **dividend** for the financial year 2017 and were already able to increase the dividend in the following year by 8% compared to the previous year. I am pleased to inform you that we intend to continue this trend this year.

Under Item 2 of the agenda, the Supervisory Board and Management Board of PATRIZIA AG propose that the unappropriated profit for financial year 2019 in the amount of EUR 500,753,573.13 be used to distribute a dividend of 29 cents per no-par value share entitled to a dividend, i.e. a total of EUR 26,008,049.99, and that the remaining amount of EUR 474,745,523.14 be carried forward to new account as profit carried forward. This corresponds to a further increase in the dividend per share of 7.4 percent and is thus in line with our strategy of aligning the growth of the dividend with the growth of Assets under Management and the growth of operating income. We intend to maintain this policy in the future.

Please note that the distribution amount that I have just mentioned differs from the amount stated under item 2 of the agenda in the invitation to the Company's Annual General Meeting 2020, as additional PATRIZIA shares were acquired as part of the share buy-back programme between the time of publication of the invitation to the Annual General Meeting and today. This has reduced the number of no-par value shares entitled to dividends to 89,682,931 and the distribution amount accordingly from EUR 26,127,124.28 to EUR 26,008,049.99.

At this point, I would like to take the opportunity to comment briefly on the development of the parent **company's unappropriated profit for the year under the German Handelsgesetzbuch (HGB)** and the consolidated net profit for the year under IFRS international accounting standards. PATRIZIA AG's unappropriated profit under HGB increased by 7.3 percent in financial year 2019 from EUR 466.6 million to EUR 500.8 million. It should be noted here that the HGB unappropriated profit includes the profit carried forward from previous periods. In order to assess the performance of the past 2019 financial year only and as the basis for the 2019 dividend proposal, we are instead using the consolidated net profit for 2019 attributable to the shareholders of the parent company under IFRS in the amount of EUR 52.9 million. This results in a payout ratio of around 50.7 percent based on the number of shares issued. As I have just mentioned, we are reassigning part of the profit for the 2019 financial year to new accounts in order to remain prepared for growth opportunities and digitalization 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 and holds 51.81 percent of the shares via First Capital Partner GmbH. We are also pleased about the trust Allianz SE has placed in us in recent years. Through its subsidiaries, it increased its share in PATRIZIA AG to 5.02% in March 2020 and is thus now another major shareholder of our company with a long-term orientation alongside Union Investment GmbH. In total, institutional investors held just under 39% of the shares in PATRIZIA at the end of 2019 and a further 8% were held by private investors.

We were very active in the area of **Investor Relations** in 2019 for our existing shareholders - and in order to win new equity investors for the PATRIZIA share. On 41 so-called roadshow days we were on the road in 31 cities around the world and were available to answer questions from capital market participants. These events also included various dates for private investors, for example in cooperation with the Schutzgemeinschaft der Kapitalanleger, SdK for short, and the Deutsche Schutzvereinigung für Wertpapierbesitz, DSW for short. A further milestone was the holding of the first Capital Markets Day for institutional investors and equity analysts in November 2019, at which we presented our medium-term strategic goals - our Strategy 2023.

The latter was also one of the catalysts for the rise of the **PATRIZIA share price** in the last quarter of 2019. The slow start to the transaction volume in the European real estate market at the beginning of 2019 lead to a weak start for the share. This effect was intensified by the increased regulatory activity in the Berlin residential real estate sector, which led to a collective punishment of European real estate stocks - unfortunately also of PATRIZIA. However, following the publication of our medium-term strategic goals in November 2019 and the confirmation of our annual goals for financial year 2019, the share recovered significantly and closed the year with a total increase of 19.3% at a price of EUR 19.86.

However, the strong performance of the share price in the current year is particularly pleasing. On the reporting date of 24.06.2020, the share price was EUR 22.30, which represents a further performance of 12.3 percent since the beginning of the year. By comparison, the DAX and SDAX were down approximately 9.0 percent in the same period. The FTSE EPRA NAREIT Developed Europe Index, which tracks the European real estate market and which we use as a reference for the asset class we manage, lost 22.9 percent in value during the same period. We also use the STOXX 600 Financial Services Index as a benchmark for our industry. This index lost 8.7 percent between the beginning of the year and the reporting date. The strong relative performance of PATRIZIA shares this year shows us that many investors now regard them as a safe haven in the current crisis.

I would like to refer to my comments on PATRIZIA's earnings, assets and financial position with the reference to the **disclosures relevant to acquisitions** and the **key features of the internal control and risk management system** with regard to the accounting process. This is provided for by the German Stock Corporation Act in accordance with Sections 289a (1) and 315a (1) of the German Commercial Code. The corresponding disclosures are presented in detail on pages 55 et seq. and 64 et seq. of the Company's Annual Report 2019. Explanations can also be found in the written reports of the Management Board, which have been available on PATRIZIA's website since the convening of the Annual General Meeting. I may therefore refer to these documents.

Ladies and gentlemen,
Finally, I would like to give you a brief **outlook on the 2020 financial year** and the further developments surrounding the current crisis. Even though measures are currently being increasingly relaxed throughout Germany, Covid-19 will probably continue to occupy us beyond 2020.

We had a solid start to 2020 and increased our **operating income** in the first quarter by 2.9% to EUR 24.7 million. In addition, with the publication of our figures for the first three months of 2020, we adjusted our **outlook for the full year 2020.** We now expect an operating income of EUR 100 to 140 million, compared to EUR 120 to 140 million at the time of the publication of the 2019 Annual Report, so we have widened the range slightly downwards to reflect the uncertainties created by Covid-19 in the second half of the year. But, ladies and gentlemen, and I would like to emphasize this "but" very much, the current crisis also shows the resilience of our business model. This is characterised, among other things, by the fact that we will remain clearly profitable despite the crisis. Given the visibility we already have today regarding fee income for the current year, we are confident that we will confirm this when we present the figures for the financial year 2020.

The Covid-19 pandemic currently has only a limited impact on our key performance indicator, Assets under Management. We manage a pan-European real estate portfolio of over EUR 45 billion for our clients. The properties in this portfolio are primarily so-called "core" properties. This risk category is characterized by the fact that the majority of the income generated with these properties 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. Despite the uncertainties surrounding the Covid-19 pandemic, we are expecting organic growth of EUR 2.0 to 3.5 billion for the current financial year. This would mean Assets under Management of between EUR 46.5 billion and 48.0 billion at the end of 2020.

Our stable financial position has enabled us to confirm our profitability in a year of crisis with the publication of our figures for the first three months of this year. Our dividend proposal for the financial year 2019 also remains unchanged. In addition, on 19 March 2020, we again launched a **share buy-back programme** in order to use our liquidity efficiently. On the one hand, such a programme benefits you as shareholders, and on the other hand, it gives us an additional currency that we can use in the event of further company takeovers.

The significant stabilization of the capital markets in recent weeks, as well as the very limited impact of the Covid-19 pandemic on PATRIZIA AG's stable business model, have led us to the decision to end the buyback program on June 22, 2020.

As part of this share buy-back programme, PATRIZIA AG has repurchased a total of 1,376,700 shares to date at an average price of EUR 20.28 per share and in a total volume of EUR 27.9 million using the authorization resolved by the Annual General Meeting on June 20, 2018. This represents a total of EUR 1,376,700 of the share capital, which corresponds to around 1.49% of the share capital.

After the end of the share buy-back programme, PATRIZIA holds a total of 2,668,545 or 2.89 percent of its own shares. The number of **outstanding shares** is accordingly 89,682,931, while the number of **shares issued** continues to be 92,351,476.

Ladies and gentlemen,
We have a strong 2019 behind us and remain well positioned despite the current adversities. We owe this in large part to the commitment and expertise of our **employees**, who, as local real estate experts, make a significant contribution to our success on the European real estate markets and the global capital markets. We would therefore like to thank our employees for their outstanding commitment to our success.

During the Covid-19 crisis a large part of our staff worked from home in order to keep the risk of infection within PATRIZIA as low as possible and to make a social contribution to overcoming the crisis. Thanks to our good IT infrastructure and above all the adaptability of our employees to this new situation, this changeover worked smoothly. 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, dear shareholders, for your trust and support. We look forward to continuing on the successful path together with you.

Before I hand the floor back to the chairman of our meeting Dr Seitz, for the sake of good form, we would like to point out that, due to the virtual holding of this year's Annual General Meeting, we are unfortunately unable to give all shareholders the opportunity to ask questions personally here and now.

In the last few weeks, however, you have had the opportunity to submit questions in our AGM-Portal, which we would now like to answer in the following. In addition, our Investor Relations team is of course available to answer your questions at any time outside the Annual General Meeting.

I would now like to hand over the floor to Dr Seitz, the chairman of our meeting.

Thank you very much for your attention!