

PATRIZIA Immobilien AG
Speech by CEO Wolfgang Egger
at the Annual General Meeting on 22 May 2019

- check against delivery -

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Dear Shareholders,
dear friends and partners of PATRIZIA,
Ladies and Gentlemen,

Welcome to this year's Annual General Meeting. My fellow PATRIZIA Managing Board members and I are delighted that you have made it to Augsburg to learn first-hand about PATRIZIA's development and performance.

Your PATRIZIA has been around for 35 years now. But our claim to leadership has never been as clear as it is today: we want to be the leading global partner for pan-European real estate investment. That is why we have given our Annual Report and today's Annual General Meeting the title: LEADING IN PAN-EUROPEAN REAL ESTATE. What do we mean with this aspiration?

As you all know, PATRIZIA comes from real estate. The local approach has always been the basic principle behind our actions. We rely on our strong local presence that is crucial to creating added value for our investors. In Europe alone, we have 19 offices in the 10 most important real estate markets. This means that we know the local markets and market participants very well, we have excellent local networks, and we are 'close to' the invested real estate throughout the entire investment cycle. This is the basis for successful investments and sets us apart from our competitors.

But the motto of today's event also shows that we are the preferred choice for our customers in their European real estate investments. Who are our customers? We have established trusted relationships with more than 350 institutional and around 5,000 private and semi-professional investors in Germany, across Europe, Asia and the United States. All these investors have one goal in common: to generate a stable cash flow for long-term wealth building by investing in high-quality real estate in Europe. We want to further strengthen our role as preferred partner: by providing a broad and first-class offering, an international presence, and excellent services.

We wouldn't be PATRIZIA if we didn't follow our aspiration with social responsibility. With our approach of investing sustainably and managing our real estate to increase its value in the long term, we create added value for society by "building communities and sustainable futures". This is what drives us and gives our entrepreneurial decisions a long-term, sustainable perspective.

Ladies and gentlemen,

In the fiscal year 2018, we continued to put our claim, LEADING IN PAN-EUROPEAN REAL ESTATE, into action. Three points are important to me here:

1. First, we were once again very successful. This shows that our strategy is right and that we are implementing it effectively.

2. Secondly, we have made important progress: in our organisational positioning as ONE PATRIZIA, the further development of our brand, the expansion of our worldwide presence, and the strengthening of our technology leadership.
3. And thirdly, we have further expanded our corporate responsibility efforts with the PATRIZIA Children Foundation.

Let me briefly elaborate on these aspects. I would like to start with our business performance. Afterwards, Karim Bohn will go into detail about the key financials. So at this point, I will limit myself to three key figures:

- Assets under management increased by 87.3 percent year-on-year to 41 billion euros at the end of 2018.
- At 6.8 billion euros, our agreed transaction volume in European real estate was very close to the previous record, set in 2015, of 7.2 billion euros in completed transactions.
- Last year, our investors entrusted us with new funds of around 2.6 billion euros.

So we have added another chapter to the PATRIZIA success story. In 2013, five years ago, our assets under management were below 12 billion euros. Today we are more than three times the size we were. However, we don't see size and growth as an end in themselves. We grow because our customers grow, and keep placing their trust in us. Half of all our institutional clients are invested in several PATRIZIA products. We also grow so that we can better serve our customers and support them on their path into the future. Our clients want a strong partner who can offer them a broad and diverse range of investments, risk classes, and countries. This requires expertise in a variety of markets, segments, and risk classes, and with different fund vehicles.

Why is that? One answer is the continued growth of institutional real estate investments worldwide. In addition, the share of real estate in the overall portfolio of institutional investors is growing. According to the latest survey by the INREV investors' association, the global real estate quota is now 10 percent. It has increased by more than a tenth compared with the previous year. More importantly, about half of the investors indicate they want to increase this ratio even further.

So real estate remains an attractive asset class, especially in times of persistently low interest rates, and it will become even more important in the future. However, the larger the proportion and volume of real estate investments in the overall portfolio of pension funds and the like, the greater the requirements for effective risk management, higher-level management and first-class services. This is true for large, globally oriented investors as well as medium-sized institutional clients from Germany. At the same time, institutional investors want to keep the number of mandated investment managers as small as possible in order to ensure efficient management. Essentially, in order to invest in the global real estate markets, institutional investors are looking for strong partners with a broad and first-class offering. In a nutshell, it's 'Grow or go!'

As a result, consolidation among European real estate investment managers is continuing. In 2012, the average assets under management of the 10 largest investment managers for real estate in Europe was still at 23.7 billion euros. Last year, this figure was 46.5 billion euros – almost twice as high.

Ladies and gentlemen,

As you can see, our growth to currently over 40 billion euros in assets under management is not an end in itself. Rather, it is a prerequisite for being one of the top addresses in Europe and, above all, for being able to provide our customers with first-class service over the long term. And assets under management are an important indicator for our business. They are the basis for generating stable, recurring income

from management fees. A real estate investment manager like PATRIZIA basically has four sources of income:

- Fees from the ongoing management of funds and mandates,
- Fees from the purchase and sale of real estate,
- Performance fees, and
- Income from co-investments, when we use our own capital to invest, with our clients, in selected fund structures.

The fees from ongoing management, for example asset or fund management, are easy to plan over the term of a fund or the holding period of a portfolio. We also regard a certain minimum in transaction fees as stable, as real estate is always traded, even in periods of economic weakness. We therefore call these 'recurring revenues'. Performance fees, on the other hand, depend to a considerable extent on realised increases in value.

Recurring revenues can be used to generate stable income regardless of the market scenario, and can therefore stabilise economic performance. Which is why we plan to further increase the recurring share of our revenues.

The path to this goal leads through more assets under management and a higher transaction volume. Growth and a further expansion of our platform makes our business more stable and resilient overall. A stable business model also makes possible our sustainable dividend strategy, which Karim Bohn will discuss in more detail in a few moments.

Dear shareholders,

I'd like to talk about another operational aspect that has been key to our success in the past and in previous financial years: our ability to execute a variety of large and relevant transactions. Actively finding investment opportunities on the European market and prevailing over the competition here are essential prerequisites for growth. Our investors expect an attractive investment pipeline. This is the only way we can invest the money entrusted to us sensibly and profitably.

We again demonstrated our strength in 2018: We agreed transactions amounting to 6.8 billion euros – 39 percent more than in 2017. With its broad range of acquisitions and sales, both in terms of different sectors and different regions, PATRIZIA has further established itself as an important and relevant transaction partner. In all, we realised around 200 transactions for our clients. Here, too, the strength of our broad presence in Europe is clearly evident: with the help of our local experts in many European markets, we can identify investment opportunities at an early stage and enjoy the trust that is decisive for the successful implementation of transactions. Of the many transactions, one is outstanding in the truest sense of the word: the purchase of the 148-metre-high Eurotower in Frankfurt. We acquired the former headquarters of the European Central Bank for a long-standing Asian customer, one of the largest Taiwanese insurance companies, at the end of 2018. This means that, in addition to the Commerzbank Tower, another landmark property in Frankfurt is now part of our portfolio.

This kind of track record is only possible when everyone pulls together and has a clear goal: the success of our customers. In 2018, we once again distinguished ourselves through our independence and customer focus and won many new customers. As I mentioned earlier, we raised new equity of 2.6 billion euros in the past fiscal year. Three quarters of this sum is attributable to existing customers. This makes me particularly proud: when investors entrust us with their money not just once, but also a second,

third, fourth time or even more frequently, it shows that they trust us and that they are happy with our performance.

In this case, 'us' is not just anyone, but the employees of PATRIZIA. They made this success possible in the first place and kept convincing and inspiring our customers! On behalf of the entire Managing Board – and I think also on behalf of the shareholders present here – I would like to take this opportunity to express my gratitude to our more than 800 PATRIZIANS for their commitment.

Ladies and gentlemen,

We were economically successful in 2018 and at the same time worked hard for our long-term success. I would now like to say a few words about my second point, our strategic progress in 2018.

First and foremost, I'd like to mention the successful integration of the four companies – PATRIZIA, Rockspring, SparInvest and TRIUVA – into a new PATRIZIA, or 'ONE PATRIZIA'. We successfully completed the integration in just a few months. Today, we have our own offices and employees in 19 European cities. In the real estate markets, for example the UK, Belgium and Poland, colleagues from our various predecessor companies are already working together as a team in one office in London, Brussels and Warsaw. We have further deepened and expanded our expertise in the various local markets.

We are also increasingly tailoring our offer for global investors. This is why in recent years, we have opened locations in New York, Melbourne, Seoul and Hong Kong. The aim is to further expand our international network so as to better serve the growing interest of global investors. A further step in this direction is the acquisition of KENZO Capital, which we announced in January 2019. KENZO is a Tokyo-based real estate asset manager with many years of experience with Japanese investors. This acquisition will enable us to attract institutional investors from Japan much more effectively. The Asian market as a whole is very interesting for us. So far, investors from Asia have entrusted us with 3 billion euros of equity that we have invested for them in Europe.

In addition, we are very successfully developing our business with products for private and semi-professional investors. Since commencing business operations in 2016, we have launched 10 closed-end real estate funds under the PATRIZIA GrundInvest brand and attracted around 5,000 private and semi-professional investors. In 2018 alone, we expanded our offering by five funds – and thus considerably. The funds currently hold real estate with a total volume of around 650 million euros. The advantage that private and semi-professional investors enjoy with us is obvious: they benefit from the same real estate expertise that we make available to our institutional clients.

Please take this opportunity to talk directly to our colleagues at PATRIZIA Grundinvest about investment opportunities in real estate funds. They await you in the foyer.

Whether they are institutional or private investors, our clients value us and have made PATRIZIA a strong brand. And we are continually developing our brand. At last autumn's EXPO REAL, the most important real estate trade fair in Europe, we presented for the first time as ONE PATRIZIA – and united the entire presence of all acquired companies under the PATRIZIA brand. This joint presence increases our visibility and clout and makes it easier to attract more international investors. I would therefore like to take this opportunity to refer to Item 6 on the agenda. We want to use the name of the company to reflect our stronger international orientation. In future, the company will be called "PATRIZIA AG" and will no longer include the German word 'Immobilien'.

In 2018, we made good progress in another area that is very important to us. I already mentioned it. The bigger and more versatile our offering, the more important it is to provide simple, fast, and seamless customer service. The idea is to make the complexity of regulatory requirements, a broad international portfolio, and comprehensive value chains quickly and easily manageable. Investors must always have a precise overview of the status, development and risks of their portfolio. The key to this lies in further expanding our tech capabilities.

Which is why we are resolutely pressing ahead with the digitalisation of PATRIZIA. In the medium term, we will deploy digital solutions along the entire value chain, to improve and integrate our services. This includes setting up one efficient, company-wide IT infrastructure. It also includes growing our competencies, for example in the field of Artificial Intelligence. This is why we became the main investor in EVANA in 2018. EVANA is a specialist for the use of Artificial Intelligence in real estate management. Using these intelligent systems can significantly increase the quality of information and overall efficiency. EVANA digitises 100 million document pages per year for various customers. This figure alone shows the potential of digitalisation for our industry.

Allow me to briefly sum up: In 2018, we made significant progress towards becoming the leading global partner for pan-European real estate investment. We successfully completed the integration of four companies in record time, and today operate worldwide as ONE PATRIZIA, and are expanding our international investor base. And we are pushing ahead with the digitalisation of our business with the clear goal of becoming the technology leader in the real estate investment industry. We are independent in our entrepreneurial actions and consistently focus on our customers. At PATRIZIA, all of this is based on a strong common set of values.

This also includes, ladies and gentlemen, the fact that PATRIZIA has taken its social responsibility seriously from the very beginning. We became involved with disadvantaged children at an early stage and founded the PATRIZIA Children Foundation (PCF) 20 years ago. The foundation is committed to ensuring that children have access to education, which empowers them to find their personal way into a self-determined life. Around 200,000 children worldwide have benefited from the support of the PATRIZIA Children Foundation to date. In its 20th anniversary year, we will open the 20th Children Center. We now have a footprint around the globe – in Africa and Asia, but also right here in Augsburg. The hallmark of all our projects is that 100 percent of every Euro donated goes to the project. PATRIZIA AG shoulders all the administrative costs. In 2018, we decided to further step up our social commitment: PATRIZIA will support charitable organisations – including the PATRIZIA Children Foundation – with up to 1 percent of its annual operating income.

As different as the types of projects and their framework conditions are, there are two connecting factors: our long-term perspective and our cooperation with local partners. We support every project on a long-term basis and create values that go far beyond the constructed building. And: We always collaborate with local partners. They know the local conditions best and know where and how help will best be received. In addition, the foundation is an open platform. Our business partners, other interested companies and personages are cordially invited to participate in the PATRIZIA Children Foundation. I am very happy that last year we were able to open our new Children Center in Kenya with Auma and Barack Obama. As of this year, football world cup winner Mario Götze and his wife Ann-Kathrin have been supporting the PATRIZIA Children Foundation as ambassadors. Their high profile will certainly help us to expand the foundation community. At the PATRIZIA Children Foundation, too, we put our core idea of building communities and shaping a sustainable future into action.

Our colleagues from the PATRIZIA Children Foundation will be happy to give you an idea of our activities at today's Annual General Meeting at the info stand in the foyer – they will be happy to give you further information on our projects worldwide.

Ladies and gentlemen,

As you can see, PATRIZIA continues on its path of taking responsibility all over the world. The basis for this is our entrepreneurial success. Here, we see ourselves excellently positioned for the future. We expect that the fundamental trends in the European real estate market will remain stable this year despite greater uncertainty:

- The investment needs of global investors remain high and European real estate continues to stand for stable value and attractive returns.
- Interest rates will remain low for the foreseeable future.
- Economic development in Germany and Europe is fundamentally robust, even though the increased geopolitical uncertainty, the back and forth surrounding Brexit, and trade conflicts are weighing on the economy.

We have had many years of growth and are now in the late phase of the real estate cycle. Nobody knows whether the real estate market will cool down in one, three, or five years. And that's not essential to us. Even in a cooling market environment, we will resolutely exploit our opportunities:

- We have gained considerable strength in recent years. We cover additional markets and sectors and are winning new customer groups for PATRIZIA. Our broader and more diversified platform makes us more resilient and flexible.
- We are increasing the proportion of recurring revenues. This makes our business more independent of developments in the real estate markets.
- And we pay attention to a solid, stable balance sheet – Karim Bohn will tell you more about this in a moment.

LEADING IN PAN-EUROPEAN REAL ESTATE – we will systematically continue along this path in 2019, and expand our leading role as the global partner for pan-European real estate investment. I cordially invite you to continue on this successful path with us. Thank you very much for your trust and confidence.

I would also like to thank the members of our Supervisory Board, Theodor Seitz, Alfred Hoschek and Uwe Reuter. Personally, I deeply appreciate the cooperation with them and look forward to a continued good and constructive cooperation. The same is true for my fellow board members Anne Kavanagh, Karim Bohn, and Klaus Schmitt. The past year was very challenging for all of us, but at the same time it gave us a lot of pleasure to accept the challenges as a team and to continue to position PATRIZIA for the future.

Ladies and gentlemen,

Thank you for your attention.