

PATRIZIA AG  
Speech by Christoph Glaser, Chief Financial Officer  
to the Annual General Meeting on 01 June 2022

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- the spoken word prevails -

\*\*\* Convenience translation \*\*\*

PATRIZIA AG  
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Dear Ladies and Gentlemen,

Welcome also from my side to our virtual Annual General Meeting today.

As Chief Financial Officer, I would now like to present to you how our **earnings, assets and financial position** have developed in the 2021 financial year and in the course of implementing our growth strategy, also with regard to the Covid-19 pandemic.

Let me start by assuring you that PATRIZIA remains very well positioned in general and despite volatile markets. We have cash and cash equivalents of EUR 512.7 million as at 31 December 2021 and a very solid balance sheet which, together with the high level of financial flexibility, will provide us with even more stability and further growth opportunities in the future. There was a significant economic upturn in 2021, but growth was limited by the Covid-19 pandemic. However, as we have adapted quickly to the new circumstances since the beginning of the crisis, we have been able to continue to serve our clients well and accompany them through the challenging markets as a reliable and strong partner.

Our proposal to distribute a dividend per share of EUR 0.32 for the 2021 fiscal year is further confirmation of this strong positioning of PATRIZIA. It is the fourth dividend increase in a row and corresponds to an increase of 6.7% compared to the previous year. In other words - we are and will remain a strong, reliable partner - for all our stakeholders!

The basis for this is a successful financial year 2021. The two most important key figures according to which we managed our business in the financial year 2021 were the **assets under management** and the **operating income**.

We were able to increase our first key performance indicator, **assets under management**, by 3.5% in 2021. The key figure was positively influenced mainly by organic growth, valuation effects and new mandates. The lower growth in assets under management compared to previous year's results, among other things, from an increased number of forward deals, e.g. project developments signed for PATRIZIA's clients in 2021. These will only be completed in the next two years and will only lead to growth in assets under management with high-quality real estate portfolios then.

We attracted more than 50 new domestic and foreign institutional investors to our products in 2021, enabling us to expand our strong and diversified institutional client base to over 500 clients. At the same time, we launched new institutional fund products to meet the growing demand for real asset investments.

Our second key performance indicator in the 2021 business year was the **operating income** as an indicator of the company's **earnings situation**. In this, we achieved a result of EUR 118.3 million at the end of the 2021 financial year and thus reached our full-year forecast according to plan. The operating income was thus 1.6% higher than in the previous year.

**Total service fee income** for the 2021 financial year was EUR 346.3 million, up 5.7% year-on-year, driven by continued growth in recurring **management and transaction fees** and a stable **performance fee** trend.

**Management fees** increased by 8.1% year-on-year to EUR 209.1 million. They are a stable, sustainable and high-quality source of income for us. They arise from our management services in the administration of the real estate and infrastructure assets entrusted to us and thus accrue continuously and largely independently of market developments. It is recurring income that contributes significantly to the financial stability of the company and is especially important for us in the current situation.

The second component of fee income is generated by transactions for our clients. Despite the persistently challenging market environment, purchases and sales with a volume of EUR 6.8 billion, i.e. 24.0% more than in the same period of the previous year, were signed for our clients in the past financial year 2021. Transactions in the overall European market also increased in 2021 - but partly due to large M&A transactions - by 20.0% to EUR 340.2 billion. Total European market activity in 2021 was thus only slightly below the record level of EUR 349.1 billion in 2019, confirming the ongoing recovery in the market in 2021. PATRIZIA received EUR 51.4 million in **transaction fees** for implementing these transactions in the 2021 financial year, 6.9% above the exceptionally high level of the previous year, confirming the continued strong realisation of investment performance for our clients.

The third component of fee income, **performance fees**, remained at a high level of EUR 85.9 million in 2021 despite the Covid-19 pandemic market environment and once again reflect the very good performance PATRIZIA was able to generate for its clients. Due to the continuously good development of the real estate assets managed by PATRIZIA, performance fees will continue to make a stable contribution to the operating income in 2021.

The increased quality of our earnings is not only characterised by higher management fees. Our operating income is now also significantly less dependent on the more volatile **net sales revenues and co-investment income**. In line with our strategy, these reduced by 37.6% to EUR 12.6 million. This item includes rental income as well as net sales proceeds from investments on own book, so-called principal investments. Income from co-investments is also included.

Let us take a look at the development of our cost base. The relevant key figure here is our **net operating expenses**. These increased by 3.2% in the reporting year 2021 compared to the previous year to EUR 226.9 million, which is primarily due to one-off costs in connection with acquisition activities. In the reporting year 2021, investments in the future in the amount of EUR 12.9 million were excluded from the net operating expenses.

Ladies and Gentlemen,

in times like these, however, a strong company needs not only high-quality and recurring income and the right amount of cost discipline, but also a rock-solid balance sheet. That is why I would now like to describe PATRIZIA's **asset and financial situation** and show you how solidly the company is positioned.

As a financially strong company, PATRIZIA has **available liquidity** of EUR 512.7 million as at 31 December 2021. 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 the flexibility to take advantage of emerging growth opportunities on the other. Even after deducting outstanding debt financing via promissory note loans of EUR 234.0 million and a further EUR 171.1 million in bank loans for real estate temporarily held on the balance sheet, PATRIZIA's **net liquidity** stands at EUR 147.0 million. This forms a secure basis for our further development.

Another important indicator for assessing our financial stability is the **equity ratio**. It puts equity in relation to the balance sheet total and stood at 62.2% as of 31.12.2021. Taking into account the net liquidity just explained, this results in a very solid **net equity ratio** of 74.6%.

So let me summarise briefly: The current economic situation makes two things particularly important: recurring income and sufficient liquidity. We have created both through our transformation into a pure investment manager and our cost discipline in recent years. That is why we were able to further expand our position as a leading partner for global real asset investments in 2021 and now rank among the top 3 fully independent investment managers for real estate in Europe.

Dear Shareholders,

last year's good business performance enables us to let you share in the company's success again this year. We started paying a **dividend** in 2018 for the 2017 financial year and were able to increase the dividend by 3.4% last year. I am pleased to announce that we intend to continue the trend of increasing dividends this year.

Under Item 2 of the Agenda, the Supervisory Board and Management Board of PATRIZIA AG propose that the unappropriated profit for the 2021 fiscal year of EUR 426.1 million be used to distribute a dividend of 32 cents per no-par value share entitled to a dividend, i.e. a total of EUR 28.3 million, and that the remaining amount of EUR 397.7 million be carried forward to new account.

This corresponds to a further increase in the dividend per share of 6.7% and is thus in line with our strategy of orienting the growth of the dividend to the growth of assets under management as well as the growth of management fees.

Please note that the distribution amount I have just stated differs from the information under Item 2 of the agenda in the invitation to the Company's Annual General Meeting 2022, as the Company acquired further PATRIZIA treasury shares as part of the share buyback programme between the time of publication of the invitation to the Annual General Meeting and today. As a result, the number of no-par value shares entitled to dividends was reduced to 88,487,382, so that the distribution amount had to be adjusted accordingly from EUR 28,393,507.52 to EUR 28,315,962.24. The adjusted proposal for resolution can also be found on the company's website.

At this point, allow me to comment briefly on the development of **the unappropriated profit of the AG in accordance with the German Commercial Code (HGB)** and the consolidated profit in accordance with the International Financial Reporting Standards (IFRS). PATRIZIA AG's unappropriated profit according to HGB amounts to EUR 426.1 million at the end of the 2021 fiscal year. It should be noted here that the unappropriated profit according to HGB includes the profit carried forward from previous periods. To assess the success of only the past 2021 financial year and as a basis for the 2021 dividend proposal, we therefore use the 2021 consolidated net profit attributable to the shareholders of the parent company according to IFRS in the amount of EUR 47.9 million. This results in a payout ratio based on the shares issued - i.e. without taking into account the shares bought back and not entitled to dividends - of 61.7%. As just mentioned, we are carrying forward part of the profit of the 2021 financial year to new account in order to continue to be prepared for growth opportunities and digitalisation in the future.

Ladies and Gentlemen,

we are an independent international real asset 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% of the shares through First Capital Partner GmbH. We are also pleased about the continued trust placed in us by the two major shareholders Union Investment Privatfonds GmbH and Allianz SE, who hold 5.02% and 4.99% of PATRIZIA AG shares respectively, according to the latest public reports. As at 31 December 2021, PATRIZIA AG held treasury stock of 4.04% of the issued shares following a share buyback programme. Overall, institutional investors held 28.4% of the shares in PATRIZIA at the end of 2021 and a further 5.8% were held by private investors.

For our existing shareholders - and to attract new equity investors to the PATRIZIA share - we were very active in the area of **investor relations** in 2021. Despite travel restrictions during 2021, the Management Board and Investor Relations team presented the Company, mainly via video conference in more than 180 meetings with investors from 34 cities worldwide. In addition, the team participated in a large number of international investor conferences and organised one private investor webinar each in cooperation with the Deutsche Schutzvereinigung für Wertpapierbesitz e.V. and the Schutzgemeinschaft der Kapitalanleger e.V..

Despite positive business development and a steady economic recovery, the PATRIZIA AG **share** was unable to match the performance of the leading German indices. This can be explained by the fact that PATRIZIA's share price performance in 2020 significantly outperformed both the DAX, MDAX and SDAX in some cases. PATRIZIA AG's business model, described by analysts as resilient and crisis-proof, led to a recovery and shift in favour of the Company in 2020 much earlier than other listed companies.

In contrast, this outperformance in 2020 led to a shift in 2021 to the detriment of the PATRIZIA share, as equity investors realised PATRIZIA price gains and allocated them to companies and economic sectors that benefited even more from the recovery in 2020 after some sharp pandemic-related declines. Even the temporarily strong price gains after the announcement of the Whitehelm Capital takeover in September 2021 could not be sustained. As a result, the PATRIZIA share ended 2021 down 21.9% at a price of EUR 20.50. Market capitalisation at the end of the year was EUR 1.9 billion.

Dear Ladies and Gentlemen,

I would like to conclude my explanations of PATRIZIA's earnings, net assets and financial position with a reference to the **takeover-relevant disclosures** and the **key features of the internal control and risk management system** with regard to the accounting process. These disclosures are required under Sections 289, 289a, 315 and 315a of the German Commercial Code. The corresponding disclosures are presented in detail in the company's Annual Report 2021 on pages 56 et seq. and 59 et seq. respectively. Explanations can also be found in the written reports of the Management Board, which have been available on PATRIZIA's website since the Annual General Meeting was convened. I would therefore like to refer to these documents.

I would like to conclude by giving you a brief **guidance for the 2022 financial year**.

As of 01.01.2022, the operating income will be replaced by EBITDA in reporting, and the cost coverage ratio (CCR) will be replaced by the EBITDA margin as a new financial performance indicator.

In the first quarter of the 2022 financial year, we delivered robust financial results despite an unfavourable geopolitical environment and significantly increased market uncertainties, thanks to our diversified and strong real asset platforms. We also saw continued growth in assets under management, reflecting the completion of the Whitehelm Capital acquisition on 1 February 2022, a continued positive valuation impact on assets under management and higher net completed acquisitions for the Group's global client base.

Despite continuing market uncertainties, we manage a global real estate and infrastructure portfolio for our clients that has grown by 13.8% compared to the end of the previous year to currently EUR 55.3 billion. The properties included in this portfolio are primarily so-called "core" properties. This risk class is characterised by the fact that the majority of the income generated with it comes from stable cash flows and not from risky investments.

Infrastructure now accounts for 12% of PATRIZIA's assets under management and the geographical distribution of assets under management has become more international, with 47% of these already invested outside Germany.

Due to increased geopolitical and macroeconomic risks as well as a strategic review of technology investments, the Management Board of PATRIZIA has adjusted the forecast for the 2022 fiscal year as a precautionary measure for the publication of our interim statement for the first three months of 2022. As the effects on the overall economic situation as well as on the markets relevant to PATRIZIA cannot be conclusively assessed, the forecast for transaction fees, total fee income, net expense items, EBITDA, EBITDA margin, EBIT and EBT reduced.

The forecast for management fees and assets under management was maintained. On the other hand, the forecast for performance fees and net income from sales of own portfolio and co-investments was even raised.

We are therefore currently planning for EBITDA of EUR 100.0 to 120.0 million, assets under management growth to EUR 57.0 to 60.0 billion, and an EBITDA margin between 29.9% and 32.4%.

Ladies and Gentlemen,

based on the resolution of the Annual General Meeting of 20 June 2018, the Company is authorised until 19 June 2023 to acquire treasury shares of the Company in an amount of up to 10% of the share capital existing at the time of the resolution of the Annual General Meeting or - if this value should be lower - of the share capital of the Company existing at the time of the exercise of the authorisation. The Management Board is also authorised to sell the treasury shares acquired on the basis of the aforementioned authorisation or an authorisation granted earlier, among other things, for non-cash consideration, in particular also as consideration for the acquisition of companies, participations in companies, real estate or real estate portfolios.

Using the authorisation described above, we have again started a **share buyback programme** on 01.01.2022 in order to use our liquid funds efficiently. On the one hand, such a programme benefits you as shareholders, and on the other hand, it provides us with additional currency that we can use in the event of further company acquisitions.

As part of this share buyback programme, PATRIZIA AG bought back a total of 963,769 shares at an average price of EUR 17.44 per share and in a total volume of EUR 16.8 million by 01 June 2022. This accounts for a total of EUR 963,769 of the share capital, which corresponds to around 1.0% of the share capital.

Together with share buyback programmes already carried out and after partial use of treasury shares for takeover purposes, PATRIZIA holds a total of 3,864,094 or 4.18% treasury shares as at 01.06.2022. Accordingly, the number of **shares outstanding** is currently 88,487,382, while the number of **shares issued** remains at 92,351,476.

Part of the treasury shares held by the Company were used to pay part of the purchase price for the acquisition of Whitehelm Capital announced on 13 September 2021. The transaction was successfully completed on 1 February 2022.

Dear Ladies and Gentlemen,

Before I come to the end, I would like to briefly turn to a completely different topic, namely the proposed change of legal form of PATRIZIA AG to a stock corporation in the form of a European Company (SE) under agenda item 7. You have already received information on this in the convening notice and in the notarised "merger plan".

You are asked today to approve the conversion of the Company into the legal form of an SE.

The SE is a supranational legal form based on European law that promotes efficient corporate governance and the formation of an open and international corporate culture. The legal form of the SE emphasises the European and international orientation of the PATRIZIA Group.

The change of legal form will be effected by way of a cross-border merger of PATRIZIA Logistics Management Europe N.V. as the transferring company to PATRIZIA AG as the acquiring company. PATRIZIA Logistics Management Europe N.V. is a stock corporation under Dutch law with its registered office in Amsterdam, the Netherlands. PATRIZIA AG is the sole shareholder of this company, in which parts of the PATRIZIA Group's logistics business are currently bundled. The net assets of the merging company have not changed significantly since the merger plan was notarised on 8 April 2022.

Upon the merger taking effect by entry in the commercial register of the Augsburg Local Court, PATRIZIA AG will assume the legal form of an SE and will conduct its business in future under the name "PATRIZIA SE". When the merger takes effect, PATRIZIA SE will take over the entire assets and liabilities of PATRIZIA Logistics Management Europe N.V. by way of universal succession, which will cease to exist when the merger takes effect. This contributes to a streamlining of the Group structure. The business of PATRIZIA Logistics Management Europe N.V. is to be continued in future by a branch of PATRIZIA SE in the Netherlands.

The conversion into an SE only leads to a change of the legal form, the company itself remains economically identical.

As all issued shares in PATRIZIA Logistics Management Europe N.V. are held by PATRIZIA AG, the share capital of PATRIZIA AG will not be increased to implement the merger and no new shares in PATRIZIA AG will be issued as part of the merger. Therefore, the share capital of PATRIZIA SE will remain unchanged in its amount, structure and division, as will the conditional capital and authorised capital that have not yet expired. The merger plan announced to you therefore does not contain any information on the share exchange ratio, the details regarding the transfer of the shares in the SE or the point in time from which the shares in the SE grant a right to participate in the profits.

After all, you as shareholders will also hold the same amount of PATRIZIA SE shares as you currently hold in PATRIZIA AG. Not only will the number of shares remain the same, but also the change in legal form does not result in any changes to some of the key aspects for you as shareholders: The Company's listing on the stock exchange will remain unchanged. The tradability of the share is therefore guaranteed without interruption. The equity structure of the Company will also not be changed by PATRIZIA AG's change of legal form to an SE; even after the change of legal form, each share grants one vote at the Annual General Meeting. You therefore do not have to do anything to continue to hold an interest in the Company. Likewise, nothing changes with regard to dividend entitlement.

Ladies and Gentlemen,

PATRIZIA has managed to continue to grow and generate solid results for its stakeholders in 2021, despite the ongoing economic challenges posed by the Covid-19 pandemic. The ongoing Covid-19 pandemic, as well as new market uncertainties, have once again highlighted to us over the past two and a half years the importance of having an established network of local experts on the ground as a competitive advantage. More than ever before, the expertise and experience of our local staff were in demand in all relevant real asset markets.

We would therefore like to **thank our employees** for their great commitment to our success. With their expertise and hard work, they have contributed significantly to this positive business development.

In 2021, a large part of our workforce continued to work from home - at least in part - due to the ongoing Covid-19 crisis, a large proportion of our staff worked from home - at least in part - in order to keep the risk of infection within PATRIZIA as low as possible and to make a social contribution to overcoming the crisis. 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, our **shareholders**, for your trust and support. We look forward to continuing our successful path together with you.

Before I hand the floor back to our chairman of the meeting, Mr Reuter, I would like to point out, for the sake of good form, that due to the virtual conduct of this year's Annual General Meeting, we are unfortunately unable to exchange views with you here in person.

In recent weeks, however, you have had the opportunity to submit questions in our AGM portal, which we will be happy to answer in the course of this Annual General Meeting. In addition, our Investor Relations team will of course be available to answer your questions at any time outside the Annual General Meeting.

With this, I hand over the floor to our chairman of the meeting, Mr Reuter.

Thank you for your attention!