

Report of the Supervisory Board

Dear shareholders,
Dear ladies and gentlemen,

PATRIZIA developed significantly over the past fiscal year and once more safely achieved the forecast consolidated operating result.

The Supervisory Board of PATRIZIA Immobilien AG performed all the duties incumbent upon it in accordance with the law, the Articles of Association and the bylaws with great care in fiscal year 2012. We regularly advised the Managing Board on corporate management issues and monitored management measures. We were involved in all key decisions. The Managing Board fulfilled its reporting duties as prescribed by law and the bylaws in full and provided us with comprehensive information on a regular basis regarding key aspects of the Company's and Group's business performance. We were provided with equally detailed information about the current earnings and liquidity situation including opportunities and risks and the measures being taken to manage them. The PATRIZIA Managing Board provided detailed explanations of and justifications for the Company's budgeting and its realization as well as for deviations from previously prepared plans and targets.

Ordinary Meetings of the Supervisory Board

The Supervisory Board came together in four ordinary meetings during the reporting year. Each member attended every meeting. Regular exchanges between the Supervisory Board and the Managing Board also took place outside of these meetings in personal discussions. We discussed all measures in detail that, according to the law, the Articles of Association or the bylaws of the Managing Board, require the approval of the Supervisory Board and made our decisions on the basis of the reports and resolutions of the Managing Board. When necessary, urgent resolutions of the Supervisory Board were also passed by circulation. Contrary to the recommendations of the German Corporate Governance Code, we refrained from forming committees owing to the number of three Supervisory Board members. The Supervisory Board considers it expedient to base the size of the Supervisory Board of PATRIZIA Immobilien AG on the statutory minimum number of members in order to enable it to work efficiently and to allow an intensive exchange of ideas.

During the first regular meeting of the Supervisory Board for the year held on March 27, 2012, we approved the 2011 annual financial statements for PATRIZIA Immobilien AG and the consolidated financial statements for the Group as well as the combined management report for the Company and the Group. Following a separate examination, the Supervisory Board also approved the dependent company report for the 2011 fiscal year. In addition to the report from the operational areas, significant attention was devoted to budgeting for the Group including liquidity planning. In this context, we also approved the target agreement with the Managing Board, which represents a significant component of variable compensation. The proposed resolutions for the agenda of the 2012 Annual General Meeting were also approved. A resolution concerning the appropriation of net profits and the capital increase from retained earnings in order to issue bonus shares had already been passed by circulation in the run-up to the meeting.

Before the Annual General Meeting on June 20, 2012 the Supervisory Board also sat without the PATRIZIA Managing Board. The agenda included a review of the bylaws governing the Managing Board in order to cope with the increasing co-investment activities as well as legal and business relationships with related parties.

The meeting of the Supervisory Board held immediately after the Annual General Meeting on June 20, 2012, focused on the development of the operating business. The discussions centered on PATRIZIA

Projektentwicklung, which has seen strong growth as a result of the many construction projects of Wohnmodul I, the current state of implementation of the LBBW transaction (Süddeutsche Wohnen GmbH) and the status of expansion in Europe. The Supervisory Board paid special interest to commitments in the United Kingdom and Scandinavia.

The Supervisory Board met for the third time on September 28, 2012. We again devoted ourselves to strategy in Europe. The plan to strengthen market presence for existing fund clients and support the acquisition of new clients by building up own local staff appears to my colleagues and me to be sound, and we welcome it wholeheartedly. The Supervisory Board also supports the acquisition of experienced asset management companies located in other countries in order to increase presence in Western Europe. In this context we requested information concerning the level of acceptance for PATRIZIA's strategy in the capital market. Finally we were informed about the current status of the planned implementation of the European AIFM Directive in German law and discussed possible consequences for PATRIZIA.

Our attention in the final meeting of 2012 held on December 17 also focused on PATRIZIA's strategic development. Besides explaining the general business and liquidity situation, the Managing Board presented the budget for the coming fiscal year. The Supervisory Board critically questioned the increased staff costs and other operating expenses resulting from the rapid expansion of the organization. Since the investment in expansion is already matched by a corresponding increase in revenues, we approved the 2013 budget in its entirety. While reviewing the status of expansion in Europe, we discussed the possible acquisition of Tamar Capital Group Ltd. A further topic on the agenda was the declaration of conformity in accordance with Article 161 of the Aktiengesetz (AktG – German Stock Corporation Act) issued by the Managing Board and by the Supervisory Board which also expresses an opinion on the recommendations of the code. The recommendations and suggestions of the Code are observed with a few exceptions. The declaration of conformity is published on the PATRIZIA website where it can be viewed at all times. My colleagues on the Supervisory Board and I also examined the efficiency of our Supervisory Board activities and discussed the findings. The efficiency of our collaboration with each other and with the Managing Board was again found to be very good.

Extraordinary Meetings of the Supervisory Board

An extraordinary meeting of the Supervisory Board was called for February 7, 2012, owing to the impending possibility of the acquisition of all the shares in Süddeutsche Wohnen GmbH (formerly: LBBW Immobilien GmbH) by a consortium led by PATRIZIA. We had already passed the resolution concerning the submission of the notarial offer by circulation beforehand. Besides the economic consequences of PATRIZIA's offer being accepted, the Managing Board also presented the intended legal structure of the transaction. We, on our part, critically questioned in particular the financing and the current status of equity capital commitments. In the meeting, the Supervisory Board agreed to the transaction with PATRIZIA participating with EUR 15 million of equity capital.

Examination of the Annual and Consolidated Financial Statements 2012

The annual financial statements of PATRIZIA Immobilien AG, which are prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code), and the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS), as well as the combined management report for PATRIZIA Immobilien AG and the Group were examined by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, together with the bookkeeping, and each issued with an unqualified audit opinion. The documents mentioned as well as the audit reports from Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft were made available on time to

the members of the Supervisory Board for the accounts meeting on March 18, 2013. The Managing Board and the responsible auditors explained the findings of the audit and were available to provide additional information. The risk management system of the PATRIZIA Group was also the subject of the audit. The auditor confirmed that no material weaknesses are inherent in the internal control system and risk management system.

The Supervisory Board also thoroughly examined the annual financial statements of PATRIZIA Immobilien AG, the consolidated financial statements, the combined management reports for the Company and for the Group as well as the proposal on the appropriation of net profit. We concurred with the findings of the examination by the auditors. No objections were raised. The annual financial statements and the consolidated financial statements are thus approved. The Supervisory Board agrees with the proposal on the appropriation of net profit made by the Managing Board and supports a renewed capital increase from company funds in order to issue bonus shares instead of paying a dividend.

Examination of the Dependent Company Report

All legal and business relationships with related parties and companies were presented to the Supervisory Board, which carried out an in-depth review of market conformity on the basis of relevant documents. These contractual relationships with related parties and companies were also checked by the auditors and are in line with current market conditions also applicable to such relationships concluded between the PATRIZIA Group and third parties.

The dependent company report on relationships between PATRIZIA Immobilien AG and affiliated companies prepared by the Managing Board for the 2012 fiscal year was examined by the auditor and given the following opinion:

“Following our mandatory audit and assessment, we hereby confirm that:

1. The information given in the report is correct.
2. With regard to any legal transactions listed in the report, the sum paid by the Company was not unduly high.”

The auditors' report on the dependent company report was made available to the members of the Supervisory Board in good time and was discussed with the auditors present at the meeting. In accordance with the concluding findings of its examination, the Supervisory Board raises no objections to the report and the concluding declaration of the Managing Board contained therein.

The Supervisory Board would like to thank the Managing Board, the directors of the operating companies and all employees for the high level of their personal involvement. Their expertise and their lasting commitment are material to PATRIZIA's progress.

Augsburg, March 18, 2013

For the Supervisory Board



Dr. Theodor Seitz
Chairman