

Dear shareholders,
Dear ladies and gentlemen,

2015 was an outstanding year for PATRIZIA Immobilien AG – a year that not only ended with the best result in the Company’s history but which also, to a significant degree, set the course for the future.

Cooperation between the Managing Board and the Supervisory Board

The PATRIZIA Immobilien AG Supervisory Board accomplished all mandatory duties in accordance with the law, the Articles of Association and the rules of procedure in detail in the 2015 fiscal year. We regularly advised the Managing Board on corporate management issues and monitored the measures taken. At the same time, we were always involved in all major decisions from an early stage onwards. The Managing Board fulfilled its reporting duties as prescribed by law and the rules of procedure comprehensively and provided us with regular written and verbal information about all fundamental aspects of the Company’s and the Group’s performance. We were provided with equally complete information regarding the current risks and opportunities concerning the earnings and liquidity situation. The PATRIZIA Managing Board always discussed the business plan and its deviations with us in detail and provided us with corresponding explanations.

Supervisory Board Meetings

Four ordinary and six extraordinary Supervisory Board meetings were held in the reporting year. Where necessary, the Supervisory Board met without the Managing Board. Each member attended every meeting. Regular exchange between the Supervisory Board and the Managing Board also took place outside of the scheduled meetings. Where the law, the Articles of Association or the rules of procedure required the agreement of the Supervisory Board for individual decisions, we made our conclusions on the basis of the reports and proposed resolutions from the Managing Board. When necessary, urgent Supervisory Board resolutions were passed by circulation. Since the PATRIZIA Immobilien AG Supervisory Board consists of three members, no committees were formed. The Supervisory Board considers it expedient to base the size of the PATRIZIA Immobilien AG Supervisory Board on the statutory minimum number of members in order to enable it to work efficiently and to allow an intensive exchange of ideas.

Focus of supervisory activities, personnel changes in the Managing Board

The first ordinary meeting of the Supervisory Board, which took place on 23 March 2015, was also the meeting held to approve the accounts for the 2014 fiscal year. The Supervisory Board performed an associated review of the 2014 financial statements of PATRIZIA Immobilien AG and of the consolidated financial statements, as well as of the executive management summary of the Company and the Group. Following separate analysis, it also approved the dependent company report for the 2014 fiscal year. The Supervisory Board agreed to the proposal on the deployment of net profit made by the Managing Board. The key topics at each meeting of the Supervisory Board were the liquidity situation and the report on operational development. We also addressed the planning for the 2015 fiscal year and received a detailed description of the business activities and the organisation of PATRIZIA Nordics.

In an extraordinary meeting of the Supervisory Board on 13 April 2015, the Supervisory Board approved the acquisition of a Swedish real estate fund “Harald” with an equity investment of up to EUR 300 million (including a EUR 200 million corporate loan). In two further extraordinary meetings on 6 and 12 May 2015, we approved the transaction with an additional equity stake of up to EUR 50 million. On 11 May 2015, the Supervisory Board decided to take the expiry of Mr Arwed Fischer’s Managing Board contract as an opportunity for a generation change in the Chief Financial Officer position. Further on, we extended Mr Klaus Schmitt’s Managing Board contract for five further years, until 31 December 2020, in a resolution passed by circulation on 12 June 2015.

The Supervisory Board convened for a second ordinary meeting on 24 June 2015. The discussions of operating areas focused on co-investments and the establishment of a subsidiary in Spain. We were also informed about the current status of the “compliance” project and a company-internal code of conduct, and approved the targets for the legally required proportion of women on the Supervisory and the Managing Board.

The main subjects of the third ordinary meeting of the Supervisory Board on 28 September 2015 were the status quo, the development and declared targets of PATRIZIA UK & Ireland and the establishment of a Pan-European Logistics Division. Besides the current liquidity overview, we were informed in detail about the current status of the “Harald” project.

In a further extraordinary meeting on 12 October 2015, the Supervisory Board appointed Mr Karim Bohn to the Managing Board of PATRIZIA Immobilien AG with effect from 1 November 2015. Mr Karim Bohn became Chief Financial Officer with the resignation of Mr Arwed Fischer from this position on 13 November 2015. Mr Arwed Fischer will assist the Company in an advisory capacity with his long-standing experience until end of August 2016. The Supervisory Board would like to thank Mr Fischer very warmly for the excellent collaboration over the past few years, during which he has played a significant role in the redirection of the Company. Furthermore, the Supervisory Board approved the sale of the “Harald portfolio” in an extraordinary meeting on 27 November 2015.

The Supervisory Board scrutinised and unanimously adopted the outlook for 2016 in its final ordinary meeting of the year on 18 December 2015. We were again informed about the current status of the “Compliance” project and the implementation of PATRIZIA’s code of conduct. Additionally, the Managing Board provided information about transactions in the operative area during 2015.

Corporate Governance

The Managing Board and Supervisory Board prepared a Corporate Governance Report, which is published on PATRIZIA’s website at www.patrizia.ag/en/investor-relations/corporate-governance/ as part of the statement on the Company’s management. In December 2015, the Managing Board and the Supervisory Board issued the Declaration of Conformity pursuant to Article 161 of the Aktiengesetz (AktG – German Stock Corporation Act). The recommendations and suggestions of the Code are applied with a few exceptions. This current declaration and all previous declarations are also available on the PATRIZIA website. My Supervisory Board colleagues and I also examined the efficiency of our Supervisory Board activities and discussed the findings. The efficiency of our internal cooperation and with the Managing Board was again found to be very good.

Further resolutions

Following the Annual General Meeting of 25 June 2015, which had agreed to a 10% equity increase from company funds in order to issue so-called bonus shares, the Supervisory Board decided, in accordance with Article 16 of the Articles of Association, to amend the wording of the first sentence of Article 4 (4) Sentence 1 of the Articles of Association (Contingent Capital 2012).

Personnel changes in the Supervisory Board

During 2015, there have been personnel changes in the PATRIZIA Immobilien AG Supervisory Board. Our longstanding Supervisory Board member Mr Manfred J. Gottschaller died suddenly and unexpectedly on 4 June 2015. With Mr Gottschaller, PATRIZIA has lost a prudent and experienced member of the Supervisory Board. We are all aware of his close involvement with the Company and his extensive achievements on behalf of PATRIZIA. Mr Hoschek succeeded Mr Gottschaller on the PATRIZIA Immobilien AG Supervisory Board, as he had been elected as substitute member by the 2014 Annual General Meeting. In June 2015, Mr Harald Boberg resigned from his position as a Supervisory Board member. He was succeeded by Mr Gerhard Steck, who was appointed as member by the Local Court of Augsburg effective as per 1 July 2015. I would like to thank Mr Boberg on behalf of the Supervisory Board for his constructive cooperation at all times and his services in the interests of the Company.

Examination of the Annual and Consolidated Financial Statements 2015

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 members of the Supervisory Board received the aforementioned documents as well as the audit reports from Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft punctually. The Managing Board and the auditors in charge explained the findings of the audit to us at the Accounts Meeting on 14 March 2016 and were available to provide additional information and answer questions. Deloitte & Touche also stated that the Managing Board has set up a suitable early risk detection system.

The Supervisory Board also thoroughly verified the annual financial statements of PATRIZIA Immobilien AG, the consolidated financial statements, the combined management report for the Company and for the Group as well as the Managing Board's proposal on the deployment of net profit and did not raise any objections. We agreed with the findings of the examination by the auditor. The Supervisory Board approved the annual and consolidated financial statements. The annual financial statements of PATRIZIA Immobilien AG are thus adopted. The Supervisory Board agreed with the proposal on the deployment of net profit made by the Managing Board and supports a further capital increase from company funds in order to issue bonus shares instead of paying a dividend.

Examination of the Dependency Report

The Managing Board's report on businesses with related parties for the 2015 fiscal year was also checked by the auditors. All legal and business relationships with related parties listed therein are in line with current market conditions to such relationships concluded between the PATRIZIA Group and third parties. The Dependency Report was issued with the following unqualified audit certificate by the auditor:

"Following our dutiful 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 amounts paid by the Company were not unduly high."

The Dependency Report prepared by the Managing Board and checked by the auditors as well as the associated audit report was made available to all members of the Supervisory Board in due time. 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.

2015 was yet another year of growth for PATRIZIA comprising plenty of challenges. We would like to express our sincere gratitude to the Managing Board and to all employees who, as local real estate experts, ensure our success all over Europe and who work with strong commitment and loyalty for the future of PATRIZIA.

Augsburg, 16 March 2016

For the Supervisory Board



Dr Theodor Seitz
Chairman