PATRIZIA

Remuneration system for the members of the Management Board as approved for the Annual General Meeting on 14 October 2021

Basic features of the remuneration system and contribution to promoting the business strategy and long-term development of PATRIZIA AG

The remuneration system for the Management Board of PATRIZIA AG is to follow the same principles and clear lines as the system implemented for all other employees and executives of PATRIZIA, particularly with regard to the remuneration structure and elements, but also with regard to the target agreement approach behind the performance-related remuneration elements.

In recent years, four companies have merged to form ONE PATRIZIA. As part of the integration process of the acquisitions made since 2017, PATRIZIA has implemented a new remuneration system for the entire company including the Management Board. In the process, the remuneration and employment conditions of all employees of the Company were included and Group-wide contract adjustments were made to harmonise the remuneration system. The employees - like the members of the Management Board - are incentivised to achieve the strategic goals of the company. In assessing the appropriateness of the remuneration system, external (horizontal) comparisons were included, as well as internal (vertical) comparisons, which considered the remuneration of the Management Board members with the remuneration of the senior leaders (management level below the Management Board) and all employees of the company.

The following principles were taken into account when designing the remuneration system for the members of the Management Board:

- Harmonisation of the Management Board's remuneration structure and elements with PATRIZIA employees and PATRIZIA senior leaders.
- Supporting the achievement of PATRIZIA's corporate strategy and vision of becoming the leading partner for global real assets and ensuring continued long-term success, which is reflected in PATRIZIA's medium-term strategy "Strategy 2023". In particular, the structure and design of PATRIZIA's annual Short-Term Incentive Plan (STI) and Long-Term Incentive Plan (LTI), including the target agreement approach, aims to support the achievement and fulfilment of the objectives set out in the "Strategy 2023".

- Consideration of PATRIZIA's diverse stakeholder interests by incorporating various objectives with a focus on sustainability.
- Ensuring market competitiveness in line with legal requirements and recommendations (e.g. § 87a AktG, German Corporate Governance Code).
- Enabling a clear performance orientation by focusing on the achievement of collective and individual goals.

The new remuneration system contributes to the strategy, long-term interest and sustainable success of PATRIZIA and its stakeholders through the following principles:

- Diverse individual and corporate goals that reflect the company's strategy and are geared towards long-term value creation and sustainability.
- Full alignment with key performance indicators used for strategic decision making and regular financial reporting (e.g. operating income, asset under management growth and cost coverage ratio).
- Focus on further improving recurring profitability, efficiency and growth of the corporate platform to remain competitive and secure PATRIZIA's leading market position.

The system for the remuneration of Management Board members is designed in a clear and comprehensible manner. It complies with the requirements of the German Stock Corporation Act (AktG) as amended by the Act Implementing the Second Shareholders' Rights Directive of 12 December 2019 (Federal Law Gazette Part I 2019, No. 50 of 19 December 2019) and takes into account the recommendations of the German Corporate Governance Code (GCGC) in the version adopted by the Government Commission on the German Corporate Governance Code on 16 December 2019 and coming into force on 20 March 2020.

For future contract extensions or contract conclusions for Management Board members, only the new remuneration system will be applied.

Due to PATRIZIA's increasing international orientation, the diverse portfolio and the background of the Management Board members, the market comparison is based on two peer groups, a German and a European peer group. An external independent expert was consulted to determine the peer groups. The European peer group focuses primarily on capital investment companies and is supplemented by financial services companies with a focus on real estate financing. As the number of comparable capital investment companies in Germany is limited, the German peer group focuses on the real estate sector and companies that are comparable to PATRIZIA in terms of their business model and size, number of employees and geographical and industry/business focus.

The remuneration components

The remuneration of Management Board members is based on their respective areas of responsibility, their individual performance, the performance of the Management Board as a whole and the economic and financial situation and success of PATRIZIA. The remuneration of Management Board members aims to be appropriate, performance-oriented and in line with the market. It is made up of the following non-performance-related and performance-related components with short-term and long-term incentive effects:

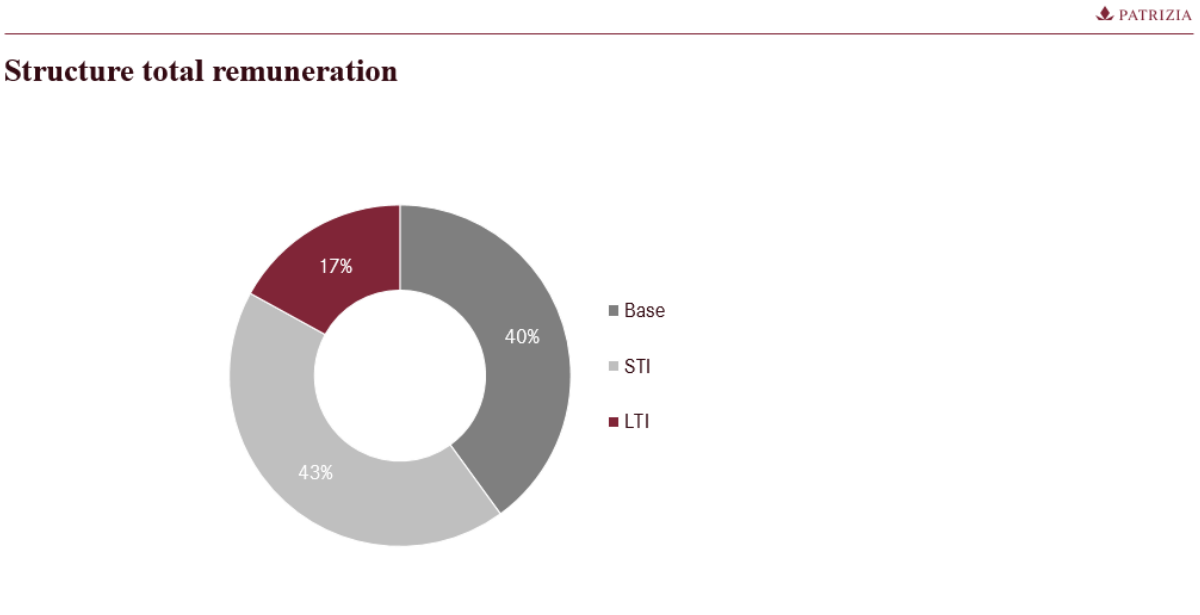
- Fixed annual remuneration (basic salary, pension contribution, fringe benefits)
- Short Term Incentive (STI)
- Long-Term Incentive (LTI)

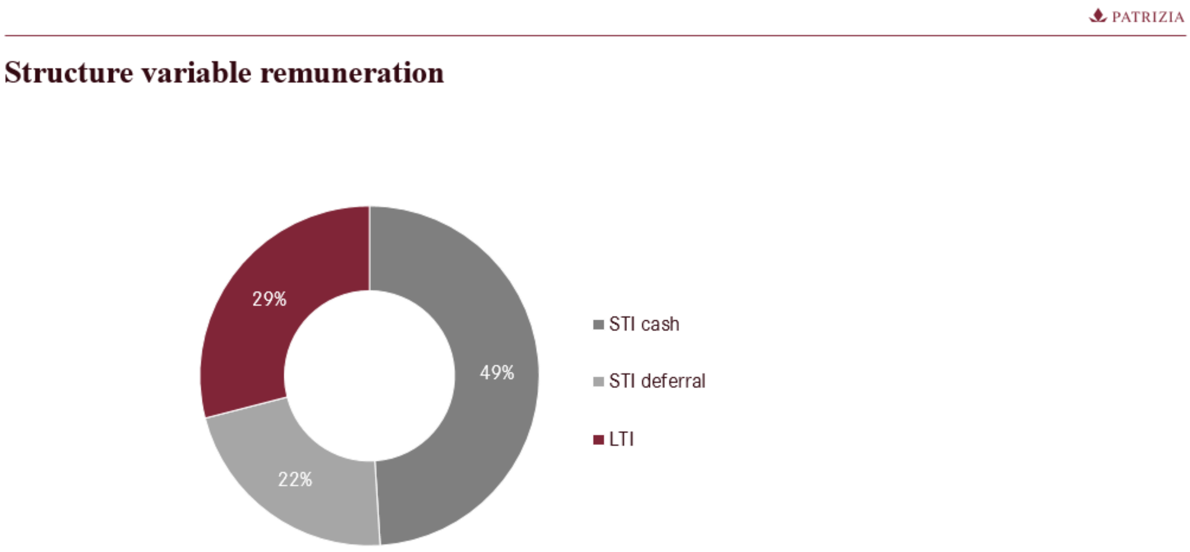
On the basis of the remuneration system, the Supervisory Board determines a concrete target total remuneration for each member of the Management Board, which is in an appropriate relationship to the tasks and performance of the Management Board member as well as to the situation of the company and does not exceed the usual remuneration without further ado. The target total remuneration is made up of the sum of all remuneration components relevant for the total remuneration. For STI and LTI, the target amount is based on 100 % target achievement.

Share of the variable component in the total remuneration of the Management Board

Taking into account the different target percentages for the individual Management Board members based on their area of responsibility, the total variable remuneration from the annual Short-Term Incentive amounts to 70-140% of the basic salary if the corporate and personal targets are fully achieved (100% target achievement). The variable remuneration from the long-term incentive amounts to 31-60% of the basic salary in the case of full target achievement (100% target achievement). In total, 54-65% of the total remuneration (basic salary + STI + LTI) is thus attributable to performance-related variable remuneration elements.

This results in the following average remuneration structure of non-performance-related (fixed) and performance-related (STI + LTI) remuneration components:





In accordance with the recommendations of the German Corporate Governance Code, the variable part of the target remuneration at PATRIZIA has a predominantly long-term character. Thus, more than 50 % of the annual variable remuneration (variable remuneration understood as STI and LTI awards together) ("deferral limit") is granted in share-based instruments awarded as deferred remuneration from the short-term incentive and/or through the long-term incentive plan. These awards are subject to multi-year performance periods.

In order to meet the requirements of the German Corporate Governance Code, so-called performance shares with a three-year performance period and a two-year holding period are granted as part of PATRIZIA's long-term incentive plan; in addition, the part of the short-term incentive required to reach the deferral threshold is granted in phantom shares and deferred for four years. The values of the performance shares and phantom shares depend on the performance of the PATRIZIA share price.

The predominantly long-term character of the variable remuneration is also favoured by a structure in which more than 50% of the variable remuneration is based on the achievement of long-term targets. The targets used in the STI and LTI, such as "growth in assets under management (AUM)" or "cost coverage ratio (CCR)", have a long-term performance character. AUM correlates with a long product life and ensures stable and recurring management fees over several years. The CCR reflects the company's profitability ratio, with income mainly based on management fees. In addition, the performance shares granted under the LTI are linked to the development of PATRIZIA's CCR and the development of the Company's Total Shareholder Return (TSR) compared to peer indices. Both CCR and TSR represent PATRIZIA's long-term and sustainable success.

Fixed remuneration components

The fixed annual remuneration is a non-performance-related component of remuneration. This consists of a basic salary, which is paid as a monthly salary and corresponds to the function of the Management Board member.

In addition, the following fringe benefits are granted in particular: PATRIZIA AG grants allowances for statutory pension insurance or contributions to a private pension plan if the Management Board member takes out a corresponding insurance policy. Depending on the plan, the allowances are paid monthly or annually and in gross amounts.

Fringe benefits further include benefits in kind and other benefits, which essentially comprise the tax-deductible amounts for insurance premiums and the use of company cars or company car allowances.

The company has taken out insurance for the members of the Management Board to cover their personal liability arising from their Management Board activities. The D&O insurance provides for a deductible of 10% of the damage up to 150% of the fixed annual remuneration of the Management Board member.

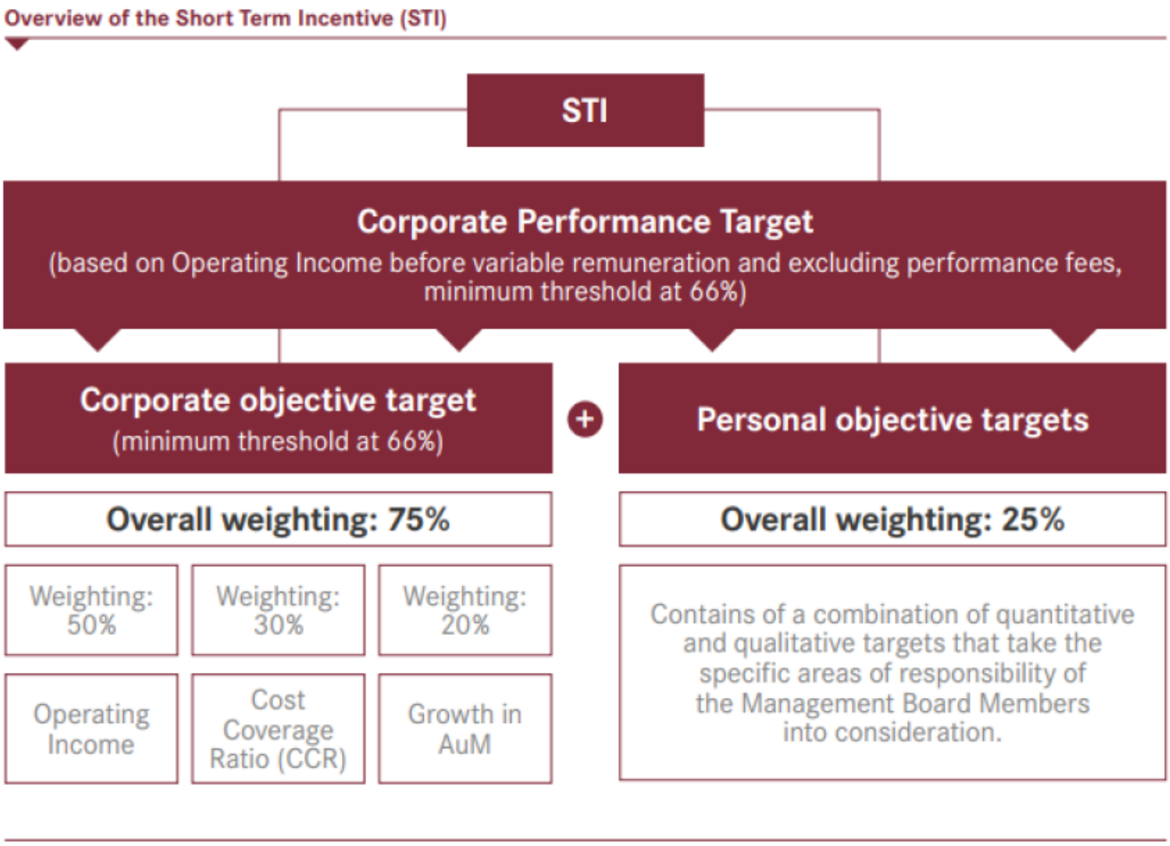
In individual cases, the Supervisory Board may grant a payment on the occasion of a new Management Board member taking up office in the year of entry or the second year of appointment. Such a payment can be used, for example, to compensate for losses of variable compensation suffered by a Management Board member at a previous employer due to the change to PATRIZIA. The payment on the occasion of taking office can be divided into partial amounts over two fiscal years.

Performance-related remuneration

Short-term variable remuneration components

The Short-Term Incentive (STI) rewards the achievement of PATRIZIA's short- to medium-term corporate target, which was set as part of the target agreement for the performance of the respective fiscal year.

The absolute and relative amount of the STI remuneration differs between the Management Board members and is based on a contractually agreed target value between 70-140% of the basic salary. The amount of the short-term variable remuneration component is determined on the basis of quantitative (financial) and qualitative (non-financial) targets defined at the beginning of the financial year. The structure of the STI is shown below:



In order for the Management Board to receive an STI for the fiscal year, a minimum threshold of 66% must be achieved for the Corporate Performance Target, which is measured against PATRIZIA's operating income (before variable compensation and excluding performance fees).

Provided that the Corporate Performance Target reaches its minimum threshold, the annual payouts are determined by the target achievement of two subcomponents - a corporate target and the personal targets. Both positive and negative developments are taken into account in the performance evaluation. Whereas the corporate targets are weighted 75% in total under the STI at 100% target achievement, a minimum threshold of 66% must be achieved for the corporate target component of the STI to pay out. There is no additional minimum threshold for the personal targets to be achieved.

The corporate targets are set by the Supervisory Board at the beginning of each financial year and are defined and applied uniformly for all Management Board members. The corporate targets comprise the following performance criteria (KPIs) with their respective weighting at 100% target achievement:

- Operating income - 50% weighting
- Cost Coverage Ratio (CCR) - 30% weighting
- Growth in assets under management (AUM) - 20% weighting

The performance achieved with regard to these targets is assessed at the end of the fiscal year. For the financial performance criteria of operating income, cost coverage ratio and growth in assets under management, the values and key figures reported in the approved and audited consolidated financial statements of PATRIZIA AG are used as the basis for determining target achievement. After the end of the fiscal year, the overall target achievement is calculated on the basis of the target achievement in the individual financial performance criteria. To determine target achievement for the financial performance criteria, the Supervisory Board compares the actual value for each performance criterion with the targets for the respective financial year. Here, the quotient of the actual value achieved to the target value set by the Supervisory Board in each case (in percent) reflects the respective target achievement and results in the following target achievement. Depending on the performance achieved, the payouts for the corporate component (corporate target) with the financial performance criteria can vary between 0%-200% of the target bonus.

When determining the target achievement of the actual values of the financial performance criteria operating income, cost coverage ratio and growth of assets under management, the Supervisory Board is entitled, at its reasonable discretion, with the aim of achieving a target/actual comparison that is as operational as possible, to exclude unexpected special influences if they inappropriately influence an assessment of the performance of the Management Board in one or more of these financial performance criteria.

In addition to the financial performance criteria, the Supervisory Board sets non-financial performance criteria within the personal goals and their weighting for each Management Board member before the beginning of the financial year in order to assess the individual performance of the Management Board member. The non-financial personal performance criteria are based on the tasks and areas of responsibility of the respective Management Board member. Performance criteria for assessing the individual performance of the Management Board member can be, for example, important strategic achievements with regard to the area of responsibility or individual contributions to significant projects. The personal targets, which include non-financial performance criteria, are weighted 25% in total under the STI at 100% target achievement. The targets and the assessment of the extent to which the targets

have been achieved are reported subsequently in the remuneration report for the respective financial year.
The non-financial personal goals of the Management Board members each contain sustainability goals derived from PATRIZIA's ESG strategy and reflect the corporate purpose "Building communities & sustainable futures". PATRIZIA's ESG strategy includes long-, medium- and short-term sustainability goals, for example in the areas of sustainable assets under management, impact investing, carbon neutrality and employer attractiveness, further integration of ESG opportunities and risks into existing investment processes, standardised ESG reporting, increasing the ESG data availability of AUM and the further promotion of diversity, equal opportunities and inclusion. ESG objectives can weigh up to 50% under the personal performance criteria for the STI.

The sustainability targets set by the Supervisory Board of the Company shall be reviewed each year and updated as necessary. The Supervisory Board is entitled to replace or supplement the target criteria of the ESG sub-target for future financial years in whole or in part if, in its dutiful discretion, this is better suited to reflect the development in the area of ESG and to incentivise the Management Board members accordingly. In doing so, the board may choose from the following categories in particular: Energy Efficiency; Employee Satisfaction; Customer Satisfaction; Positive Impact (impact investing), Diversity and Promotion of Social Aspects.

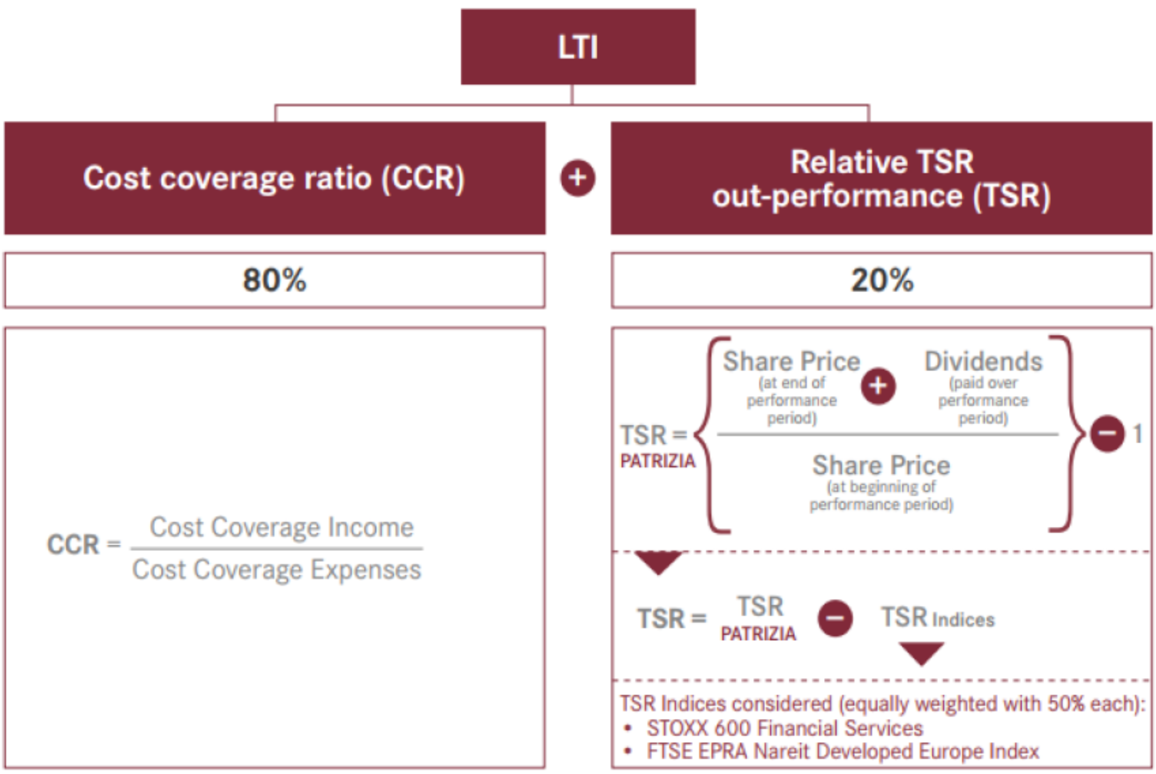
According to the German Corporate Governance Code, more than 50 % of the variable remuneration is linked to the achievement of long-term targets ("long-term threshold"). In order to follow this guideline, the part of the STI allocation required to reach this long-term threshold (in addition to the LTI allocation) is deferred and converted into phantom shares. The value of a "phantom share" corresponds to the value of a PATRIZIA AG share based on the average of the Xetra closing prices in the period beginning 30 days before and ending 30 days after 31 December of the respective performance year. The equivalent value of the "phantom shares" is paid out to the Management Board member after a lock-up period of four years from the end of the respective fiscal year. The value of a "phantom share" relevant for payment corresponds to the value of a PATRIZIA AG share according to the average of the Xetra closing prices in the period beginning 30 days before and ending 30 days after 31 December of the fourth year following the start of the lock-up period. This ensures that the above-mentioned part of the STI is value-creating in that it fully reflects the long-term price performance of the PATRIZIA share. The phantom shares do not carry voting or dividend rights. The remaining part of the STI for a fiscal year is due for payment after the approval of PATRIZIA AG's consolidated financial statements for the respective fiscal year.

A subsequent change of the financial and non-financial performance criteria of the STI and the comparison parameters is excluded. In the event of extraordinary events or developments, e.g. significant acquisitions or the sale of a part of the company, the Supervisory Board is entitled to adjust the plan conditions of the STI temporarily and appropriately at its reasonable discretion.

Long-term variable remuneration components

The Long-Term Incentive Plan (LTI) is part of the overall remuneration structure and aligns the interests of shareholders, PATRIZIA Management Board members and the Company's executives. The plan aims to focus the Management Board members on the long-term and sustainable success of the Company by measuring performance against the achievement of multi-year targets and by considering the Company's performance relative to the development of the market environment. It also supports the share ownership of individual board members. The structure of the LTI is presented below:

Overview of the Long Term Incentive (LTI)



Cost Coverage Income: Calculated from the management fees of a current financial year and 25% of the average transaction fees of the last 5 financial years (but at least EUR 14.1m)
Cost Coverage Expenses: The sum of personnel expenses (without taking into account variable compensation components) and net operating expenses, without taking into account extraordinary expenses (e.g. from M&A transactions or expensed investments in the future).

The LTI remuneration component is based on a contractually agreed target value ranging from EUR 150,000 and EUR 224,756 (equivalent to GBP 200,000) for each Management Board member.

Participants in the LTI plan are granted awards each financial year with the opportunity to participate in a new plan each year. The LTI plan uses performance shares to measure the Company's success over a three financial year period, which defines a performance period of the LTI plan.

The allocation is subject to the following performance conditions measured over three financial years. The weightings are as follows.

- Development of the company's cost coverage ratio (CCR) - 80% weighting
- Development of the relative total shareholder return (TSR) - 20% weighting

The Company's target CCR is defined on the basis of the Company's business plan. The targets are in line with the overall strategy of PATRIZIA AG and its Group companies and the objectives set out in the Company's medium-term business plan. The Company's TSR performance is measured against two indices (STOXX 600 Financial Services Index and FTSE EPRA/NAREIT Developed Europe Index), which are equally weighted. A performance corridor is defined to determine how much of the performance shares will vest depending on the three-year performance of the two performance measures CCR and TSR. Therefore, a lower limit, a target value and a maximum value (cap) for vesting are defined. Below the threshold, no performance shares will vest and the number that will vest between the lower limit and the target value and the target value and the maximum value will be determined on a straight-line basis. Payment may be made in shares of the Company or in cash settlement.

The LTI awards granted relate to a certain number of shares in the capital of the Company and are referred to as performance shares. The performance shares granted relate to a nominal value on the date of grant, which corresponds to a certain cash amount. The performance shares may be considered as a right to receive a cash amount or a right to receive shares in the Company if the performance conditions are met at the end of the performance period. For the financial performance criterion cost coverage ratio, the values and key figures reported in the approved and audited consolidated financial statements of PATRIZIA AG are used in each case when determining target achievement.

The performance shares vest to the Management Board members after the three-year performance period and are held in trust by the Company during the following additional two-year holding period - in total, the shares are transferred to the plan participants after a total of five years. At the end of the holding period, a payout is made in cash or by transferring the vested shares to the participant.

Relevant vesting provisions for outstanding awards relating to termination of employment are contained in the terms and conditions of the LTI Plan. Depending on the nature of the termination of employment, the outcome may typically be full vesting, partial vesting or full forfeiture. The discretion is determined by the Board, if applied.

A subsequent change of the performance criteria of the LTI and the comparison parameters is excluded. In the event of extraordinary events or developments, e.g. significant acquisitions or the sale of a part of the company, the Supervisory Board is entitled to adjust the plan conditions of the LTI temporarily and appropriately at its reasonable discretion.

A change-of-control clause is provided for the LTI plan. In the event of a change of control where the company is subject to a takeover by an acquiring company, the performance shares will vest pro rata or continue to be invested depending on the acquiring company. In the event that a takeover results in a winding up of the Company, unvested awards will vest on a pro-rata basis, i.e. the number of shares granted will be divided by the number of years accrued over the vesting period. Performance shares are downgraded by reference to the number of years elapsed from the date of grant to the date of change of control in proportion to the length (in years) of the vesting period. In the event that a takeover results in the Company being organised under a new holding parent company, there will be no immediate vesting of awards and participants will be offered a replacement award by the acquiring company.

Maximum remuneration

Under the new remuneration system, the total remuneration to be granted for a financial year (sum of all remuneration amounts spent for the financial year in question, including fixed annual salary, variable remuneration (STI and LTI Award) and fringe benefits) of an Management Board member is limited to a maximum amount. This applies regardless of whether the remuneration amounts are paid in the respective financial year or at a later point in time.

Overall, maximum amounts have been set for different roles within the Management Board:

- The total remuneration of the Chairperson of the Management Board may not exceed an amount of EUR 7.0 million gross for a financial year. The same applies to the total remuneration of the Co-CEO.
- The total remuneration for each other Management Board member under this system may not exceed an amount of EUR 6.2 million gross, or GBP 5.4 million gross if a service contract provides for remuneration in GBP, for a financial year.

The Management Board members' activities as members of the management or supervisory bodies of other companies in the PATRIZIA Group are compensated for in the Management Board remuneration.

For the individual Management Board members, a maximum remuneration to be granted for a financial year (total of all remuneration components paid for the financial year in question including fixed annual salary, variable remuneration (STI and LTI Award) and fringe benefits) (gross) has been agreed. The following maximum amounts satisfy the requirements from the abovementioned maximum amounts set for different roles within the Management Board:

	Individual maximum amount		Management Board role maximum amount	
– Wolfgang Egger:	EUR	6.1 million	EUR	7.0 million
– Thomas Wels:	EUR	6.1 million	EUR	7.0 million
– Alexander Betz:	EUR	3.0 million	EUR	6.2 million
– Dr. Manuel Käsbauer:	EUR	2.2 million	EUR	6.2 million
– Anne Kavanagh:	GBP	4.5 million	GBP	5.4 million
– Simon Woolf:	GBP	2.2 million	GBP	5.4 million

The maximum remuneration may deviate from the fixed maximum remuneration on the occasion of a new Management Board member taking office in the year of entry or the second year of appointment, provided that in exceptional cases the Supervisory Board grants the new Management Board member payments on the occasion of taking office to compensate for lost payments from the previous employment relationship. In this case, the maximum remuneration for this one financial year increases by up to 25 % for Management Board members.

Contractual Terms and Termination of Management Board Activities

The Management Board employment contracts are concluded for the duration of the appointment period. As a rule, this period is three years. Analogous to the German Stock Corporation Act (AktG), the employment contracts do not provide for the possibility of ordinary termination.

If the appointment to the Management Board is revoked, the Management Board employment contract shall also end. If the revocation is based on an important reason within the meaning of section 84 (3) AktG, which is not at the same time an important reason within the meaning of section 626 BGB for the termination of the Management Board employment contract without notice, the Management Board employment contract shall end only upon expiry of a period of twelve months to the end of the month from the end of the Management Board position, but at the latest upon expiry of the Management Board employment contract.

In accordance with the recommendations of the GCGC, payments (including fringe benefits) to a member of the Management Board on the occasion of the premature termination of his or her Management Board activities may not exceed two annual salaries and may not compensate more than the remaining term of the employment contract. The severance payment cap shall be calculated on the basis of the total remuneration for the past financial year and the expected total remuneration for the current financial year (unless a lower amount results from the provisions of the GCGC).

The Supervisory Board may agree a post-contractual non-competition clause with the Management Board members for a period of up to two years. During this period, the Management Board members are entitled to a waiting allowance. Any severance payment shall be credited against the compensation.

Malus and Clawback

Following the recommendation of the German Corporate Governance Code, malus and clawback rules have been implemented to ensure further alignment with the interests of the Company's shareholders. PATRIZIA is entitled to reclaim an appropriate portion of the variable remuneration paid in accordance with the STI or LTI component if a malus or clawback event occurs. This includes, but is not limited to, a material misstatement of the Company's financial results, a breach of relevant external or internal codes of conduct or if economic data of the Company following the performance of the respective variable remuneration component proves to be unsustainable.

Procedures for establishing, implementing and reviewing the remuneration system

The Supervisory Board shall adopt a clear and comprehensible remuneration system for the members of the Management Board.

This remuneration system shall apply to the members of the Management Board as of 1 July 2021.

A review of the remuneration system shall be conducted by the Supervisory Board at its due discretion on a regular basis, but no later than every four years. The review shall take into account all assessment criteria recommended in Section G of the German Corporate Governance Code as well as the legal requirements. It also includes a market comparison of the remuneration level with the market practice of important competitors in the same industry.

If necessary, the Supervisory Board consults external remuneration experts and other advisors. In doing so, the Supervisory Board shall ensure the independence of the external remuneration experts and advisors from the Management Board and shall take precautions to avoid conflicts of interest. The Supervisory Board shall submit the adopted remuneration system to the general meeting for approval whenever there is a significant change, but at least every four years. If the general meeting does not approve the submitted system, the Supervisory Board shall submit a revised remuneration system to the general meeting for approval at the latest at the following ordinary general meeting.

The Supervisory Board shall ensure that potential conflicts of interest of the members of the Supervisory Board involved in the deliberations and decisions on the remuneration system are avoided and, if necessary, resolved. In this context, each member of the Supervisory Board is obliged to report conflicts of interest to the Chairman of the Supervisory Board. The Supervisory Board decides on how to deal with an existing conflict of interest on a case-by-case basis.

The Supervisory Board may temporarily deviate from the remuneration system (procedures and regulations on remuneration structure) and its individual components as well as with regard to individual remuneration components of the remuneration system and their weighting or introduce new remuneration components if this is necessary in the interest of the long-term well-being of PATRIZIA AG. The Supervisory Board reserves the right to make such deviations for exceptional circumstances, such as an economic or corporate crisis or significant acquisitions. Such deviations may temporarily lead to a deviation from the maximum remuneration for all or individual Management Board members.