

## Supervisory Board report

*Dear Shareholders,*

*Dear Readers,*

PATRIZIA AG once again demonstrated the performance of its investment management platform in the 2020. Although the year 2020 was marked by the Covid-19 pandemic worldwide, the company stood by its clients and all stakeholders as a stable and reliable partner in a challenging time. Despite international market distortions, PATRIZIA realised attractive investment opportunities for its national and international clients and further increased its assets under management to EUR 47.0bn. PATRIZIA has thus demonstrated the strength and stability of its business model and is ideally positioned to continue actively shaping the real asset investment industry.

### Cooperation between the Management Board and the Supervisory Board

In the 2020 fiscal year, the Supervisory Board of PATRIZIA AG carefully performed all the duties assigned to it by law, by the Articles of Association and by the Rules of Procedure. We regularly advised the Management Board on its management of the Company and monitored its activities. At the same time, we were always involved in all key decisions at an early stage. The Management Board fully complied with its reporting obligations in accordance with the law and its Rules of Procedure and regularly informed us in written and oral reports about all aspects of business development that were of fundamental importance to the company and the Group. We were also informed comprehensively about the current opportunities and risks of the earnings and liquidity situation. The Management Board of PATRIZIA AG provided detailed explanations and reasons for the corporate planning and any deviations in the course of business from the planning.

### Supervisory Board meetings

Five ordinary and one extraordinary meeting of the Supervisory Board took place in the reporting year. Due to the Covid-19 pandemic, most of the meetings were held virtually. Where necessary, the Supervisory Board met without the Management Board. Each member of the Supervisory Board attended all meetings. Even outside the regular meetings, there was a regular exchange between the Management Board and the Supervisory Board, represented by the Chairman of the Supervisory Board. In addition, there was a conference call with the Chief Financial Officer to discuss the quarterly figures prior to the publication of the quarterly figures for each of the first three quarters. Where the approval of the Supervisory Board was required by law, the Articles of Association or the Rules of Procedure for individual measures, we made our decisions on the basis of comprehensive reports and resolution proposals from the Management Board. If necessary, urgent resolutions of the Supervisory Board were passed by circulation. Due to the number of three Supervisory Board members, the Supervisory Board of PATRIZIA AG did not form any committees.

### Key areas of advisory and supervisory activities

At the extraordinary meeting on 12 February 2020, the Supervisory Board approved the budget for the 2020 financial year. In addition, the Management Board provided information on the upcoming investor relations announcements regarding the result for the 2019 financial year and the forecast for the 2020 financial year.

The first ordinary meeting of the Supervisory Board on 17 March 2020 was also the meeting to approve the balance sheet for the past fiscal year 2019. In addition to the associated examination of the annual financial statements 2019 and the consolidated financial statements as well as the combined report on the situation of the Company and the Group, the Supervisory Board also approved the Company's dependent company report for the fiscal year 2019 following its own examination. The Supervisory Board concurred with the Management Board's recommendation to pay the shareholders a dividend of EUR 0.29 per share for the fiscal year 2019. In addition, the programme to buy back shares in PATRIZIA AG proposed by the Management Board was approved. Furthermore, the Management Board informed about the measures taken to ensure business continuity during the Covid-19 pandemic.

At the ordinary meeting on 24 March 2020, a report was given on the topic of compliance and further details of the final structure of the new harmonised remuneration system for PATRIZIA employees, including the Management Board, which was developed in cooperation with the remuneration consultants Willis Towers Watson. Furthermore, detailed reports were given on the business area and the COO's projects as well as PATRIZIA's digitalisation strategy. Information was also provided on current topics from the operating business and on dealing with the Covid-19 pandemic.

Following the Annual General Meeting on 1 July 2020, the Supervisory Board met for its third ordinary meeting. Here, in addition to updates from the operational areas and on the project to harmonise the remuneration system, reports were also given on fundraising and the equity available for investment from clients in the 2019 financial year. In addition, the CTIO provided detailed information about his business area and individual projects. In addition, the new Co-CEO Thomas Wels summarised

the findings from the first two months of his term of office. The Supervisory Board adopted a new business allocation plan for the Management Board.

On 15 September 2020, the Supervisory Board met for its fourth ordinary meeting and, in addition to the report from the operational areas, was also informed about the CHRO's business area and projects. In addition, information was provided on the topic of compliance as scheduled, as well as an explanation of the implementation of the Shareholder Rights Directive (ARUG II) and the reform of the German Corporate Governance Code. In addition, the Supervisory Board set parameters for calculating the amount of the company-wide variable remuneration (Corporate Performance Target).

In the last ordinary meeting of the reporting year on 16 December 2020, the Supervisory Board dealt in detail with the annual planning and the corporate goals for the 2021 financial year. In addition to a strategic update by the Co-CEO, the Management Board reported on the operational business. Furthermore, resolutions were passed on the business allocation plan from 1 January 2021 and on the age limit of the Management Board as well as on the Rules of Procedure of the Supervisory Board.

The Supervisory Board members Dr Seitz, Mr Reuter and Mr Hoschek attended all six meetings of the Supervisory Board in the 2020 financial year. At four of the six meetings of the Supervisory Board in the 2020 financial year, the Supervisory Board also met without the Management Board.

No conflicts of interest arose in the Supervisory Board during the reporting year. The members of the Supervisory Board regularly undertook further training on their own. The company supported the members of the Supervisory Board in training and further education measures. To this end, the company continuously provided the Supervisory Board members with information on new regulatory and capital market requirements relevant to the Supervisory Board and Management Board. In particular, a corporate governance briefing was held as part of the Supervisory Board meeting on 15 September 2020. In addition, regular capital markets updates were provided to the Management Board and the Supervisory Board.

### Other resolutions

In addition to the resolutions passed during the Supervisory Board meetings, circular resolutions were passed, in particular on the virtual implementation of the Annual General Meeting and its agenda, the termination of the share buyback programme, the resignation and appointment of Management Board members, amendments to Management Board employment contracts, the reorganisation of business areas within the Management Board, changes of Managing Directors at subsidiaries, the reimbursement of interest payments made in the interest of PATRIZIA AG, the merger of companies and regulations to avoid conflicts of interest.

### Corporate Governance

The Management Board and Supervisory Board published the Corporate Governance Statement on the PATRIZIA website at <https://www.patrizia.ag/en/shareholders/corporate-governance/corporate-governance-statement/> on 28 January 2021. Among other things, this declaration contains information on the working methods of the Management Board and Supervisory Board, the diversity concept, age limits and the targets for the proportion of women on the Supervisory Board, Management Board and the first two management levels below the Management Board. In addition, the Supervisory Board conducted a self-assessment in the reporting year on how effectively the Supervisory Board fulfils its tasks and discussed the results of the self-assessment. The efficiency of the cooperation among each other and with the Management Board was again found to be very good.

On 16 December 2020, the Management Board and the Supervisory Board adopted the statement of conformity with the recommendations of the German Corporate Governance Code in accordance with Section 161 AktG (German Stock Corporation Act; GCGC 2017 and GCGC 2020). The recommendations were complied, with a few exceptions. This declaration and all previous declarations of conformity are also permanently available on the PATRIZIA website.

### Audit of the 2020 annual and consolidated financial statements

The annual financial statements of PATRIZIA AG prepared in accordance with the German Commercial Code (HGB), the IFRS consolidated financial statements and the combined management report of PATRIZIA AG and the Group for the 2020 fiscal year were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, including the accounting records, and were each given an unrestricted audit opinion. The members of the Supervisory Board of PATRIZIA AG received the aforementioned documents and the audit reports of Deloitte GmbH Wirtschaftsprüfungsgesellschaft in good time. The Management Board and the responsible auditors explained the results of the audit to us at the balance sheet meeting on 16 March 2021 and provided additional information. Deloitte also determined that the Management Board had set up an appropriate early risk detection system. The Supervisory Board also examined in detail the annual financial statements of PATRIZIA AG, the consolidated financial statements, the combined management report for the Company and the Group for the 2020 fiscal year and the Management Board's proposal for the appropriation of net retained profits and raised no objections. We agreed with the audit result of the external auditor findings. The Supervisory Board approved the annual and consolidated financial statements. The

annual financial statements of PATRIZIA AG for the 2020 fiscal year are thus adopted. The Supervisory Board concurred with the Management Board's proposal for the appropriation of profits for the 2020 fiscal year and supports the payment of a dividend of EUR 0.30 per share. The remaining amount of the balance sheet profit according to HGB will be carried forward to new account.

#### **Audit of the dependent company report**

The report by the Management Board of PATRIZIA AG on relationships with related parties for the 2020 fiscal year was also audited by the auditor. All legal and business relationships with related parties listed therein correspond to standard market conditions as they would have been concluded between the PATRIZIA Group and third parties. There were no transactions with related parties within the meaning of Sections 107 and 111a to 111c AktG (German Stock Corporation Act) that would have required the approval of the Supervisory Board in the 2020 fiscal year. The auditor has issued the following statement on the dependency report:

"Following our statutory audit and assessment, we confirm that

- the actual information in the report is correct,
- in the legal transactions listed in the report, the company's performance was not unreasonably high."

The dependency report prepared by the Management Board and audited by the auditor as well as the associated audit report were made available to all members of the Supervisory Board in due time. After concluding its examination, the Supervisory Board raises no objections to the report and the final declaration of the Management Board contained therein.

PATRIZIA is a stable and reliable partner and has achieved good results even in the most difficult market environment. Our sincere thanks therefore go to the Management Board and all employees for what has been achieved. With your expertise and hard work, you have contributed significantly to this positive business development.

Augsburg, 16 March 2021

For the Supervisory Board of PATRIZIA AG



**Dr Theodor Seitz**  
Chairman