

Report of the Board of Directors

Dear Shareholders,
Dear Readers,

The financial year 2022 has been a challenge for all of us. Russia's unjustifiable war of aggression on Ukraine, persistent supply bottlenecks, energy price shocks and inflation have shaped the past year and, last but not least, placed great burdens on many people in our country. The rapid and sharp rise in interest rates has also contributed to the fact that 2022 will certainly go down as one of the more demanding years in post-war economic history.

It is hardly surprising that PATRIZIA was not able to fully escape this market environment. This can be seen, among other things, in our annual result: your Company closed the financial year 2022 with a significantly lower consolidated EBITDA of EUR 78.9m. This corresponds to a decrease of 38.8% compared to the previous year.

However, if we look at the international capital markets in the past year, it also becomes clear that PATRIZIA did not fare badly overall in view of the adverse market environment. Our comprehensive strategic restructuring, which was initiated at an early stage, certainly made a significant contribution to this. In 2022, we transformed the Company into a modern, powerful, and up-to-date SE. We have revised the structures and initiated and established programmes to increase efficiency. Last but not least, we have considerably modernised, internationalised and rejuvenated the Supervisory Board and the Board of Directors in the last two years. To a large extent, we have thus created the conditions to ensure our weather resistance and our strength for the future. At the same time, we have taken important steps to strengthen the Company with improved cost orientation, innovative strength and a clear focus on the changing needs of our clients.

In view of the strains from the macroeconomic environment, some aspects are worth highlighting: For instance, the Company succeeded in further strengthening the Real Assets Investment Management platform in 2022. The organic growth of assets under management through the realisation of asset acquisitions in the area of real estate and infrastructure for national and international clients, as well as the successful conclusion of two international M&A transactions in the area of infrastructure and multi-manager products, have contributed to this in particular. PATRIZIA operates a strong platform with high quality assets under management for long-term oriented clients and a leverage ratio below the market average in the funds it manages.

Composition of the Supervisory Board and Board of Directors and their Committees

On 1 June 2022, the Annual General Meeting of PATRIZIA AG resolved to convert the Company into a Societas Europaea (SE) by way of a cross-border merger. This was a significant step for the Company, which was comprehensively and intensively prepared and monitored by the Supervisory Board. The conversion into the SE became effective with the registration of the merger in the commercial register on 15 July 2022. With the conversion into an SE, PATRIZIA has a powerful, forward-looking monistic management structure.

Last but not least, but also in the course of the conversion to an SE, PATRIZIA adjusted its top management structure and made new appointments to a number of mandates. In the period up to 15 July 2022, the Supervisory Board of PATRIZIA AG consisted of five members, namely Mr Uwe H. Reuter, Mr Jonathan Feuer, Mr Axel Hefer, Ms Marie Lalleman and Mr Philippe Vimard. Since 15 July 2022, the Board of Directors of PATRIZIA SE consists of seven members, namely Mr Uwe H. Reuter, Mr Wolfgang Egger, Mr Jonathan Feuer, Mr Axel Hefer, Ms Marie Lalleman, Ms Saba Nazar and Mr Philippe Vimard. Wolfgang Egger is also one of the three Executive Directors.

Both the Supervisory Board, which existed until 15 July 2022, and the Board of Directors, which exists since then, have each established an Audit Committee and a Nomination and Remuneration Committee.

The members of the Audit Committee in the year under review were:

- Jonathan Feuer (Chair)
- Axel Hefer
- Uwe H. Reuter

The members of the Nomination and Remuneration Committee in the year under review were:

- Marie Lalleman (Chair)
- Uwe H. Reuter
- Philippe Vimard

Cooperation with the Management Board and the Executive Directors

In the financial year 2022, the Supervisory Board of PATRIZIA AG and the Board of Directors of PATRIZIA SE diligently performed all the duties incumbent upon it by law, the Articles of Association and the Rules of Procedure.

The Supervisory Board regularly advised and monitored the Management Board in its management of the Company. At the same time, we were involved in all key decisions at an early stage. The Management Board regularly informed us in writing and verbally about the fundamental aspects of business development for the Company and the Group, fundamental questions of corporate management, the current opportunities and risks of the earnings and liquidity situation as well as the intended business policy. The Management Board of PATRIZIA AG provided detailed explanations and reasons for the corporate planning and deviations in the course of business from the planning.

In the monistic management system of PATRIZIA SE, the Board of Directors determines the basic guidelines for the Company's activities. The Board of Directors made use of the statutory option to delegate day-to-day business to Executive Directors, whereby in the financial year 2022 one of the three Executive Directors was also a member of the Board of Directors. Regular reports on the course of business were submitted to the Board of Directors. All business transactions requiring approval were discussed intensively with the Executive Directors and - where necessary - approval was granted. The members of the Board of Directors also maintained an intensive dialogue with the Executive Directors outside of the meetings. They also informed themselves about the situation and development of the individual companies and the Group by means of oral and written reports, discussed the reports of the Executive Directors and intensively discussed questions of business policy, the course of business and the further development of the Company and the Group with the Executive Directors. On the basis of the reports and information provided by the Executive Directors, the Board of Directors satisfied itself of the proper conduct of business. The Board of Directors also had PATRIZIA SE's risk management system explained to it by questioning the Executive Directors, the risk manager and the auditor.

Meetings

A total of twelve meetings of the Supervisory Board and the Board of Directors took place in the year under review. The high number is due in particular to strategic M&A activities, the conversion of the Company into an SE and the reconstitution of the Board of Directors. Of the twelve meetings of the Supervisory Board and the Board of Directors, seven meetings were held in person and five meetings were held virtually.

In addition, a total of ten meetings of the Audit Committee and eleven meetings of the Nomination and Remuneration Committee were held in the reporting year. The Audit Committee held one meeting in person and nine meetings in virtual form. The Nomination and Remuneration Committee met three times in person and the other eight meetings were held virtually.

Due to the exceptionally high number of meetings, the members of the Supervisory Board/Board of Directors were not able to attend all meetings in individual cases. However, attendance was at least 90% for all members of the Supervisory Board/Board of Directors. Details on the meetings held and individual meeting attendance can be found in the following overview:

Individual attendance of meetings by members of the Supervisory Board and Board of Directors in 2022

	Supervisory Board/ Board of Directors		Audit Committee		Nomination and Remuneration Committee	
	Number	in %	Number	in %	Number	in %
Uwe H. Reuter	12/12	100%	10/10	100%	11/11	100%
Axel Hefer	11/12	92%	10/10	100%	n/a	n/a
Marie Lalleman	12/12	100%	n/a	n/a	11/11	100%
Jonathan Feuer	12/12	100%	9/10	90%	n/a	n/a
Philippe Vimard	12/12	100%	n/a	n/a	10/11	91%
Wolfgang Egger (since 15 July 2022)	5/5	100%	n/a	n/a	n/a	n/a
Saba Nazar (since 15 July 2022)	5/5	100%	n/a	n/a	n/a	n/a

Focal points of advisory and supervisory activities

The meetings focused in particular on important fundamental and individual issues, the Group's strategy, the transformation into an SE, sustainability issues and the economic situation. These included, in particular, the risk situation and risk management against the background of a greatly changed market environment - including the effects of the increased interest rate levels, the increased energy risks as well as business continuity risks such as those associated with the Covid-19 pandemic.

In a first meeting of the Supervisory Board on 28 January 2022 and another meeting on 25 February 2022, the budget planning for the current financial year was discussed.

At the Supervisory Board meeting on 11 March 2022, the CFO at the time and the auditors from Deloitte GmbH Wirtschaftsprüfungsgesellschaft discussed the annual financial statements and the annual report for the financial year 2021 in detail, including an explanation of the remuneration report by the Chair of the Nomination and Remuneration Committee, as well as a discussion of the non-financial statement as part of the sustainability reporting. In addition, the budget for the financial year 2022 was approved. Other agenda items at this meeting included succession planning for the Management Board, rules for cooperation between the Management Board and the Supervisory Board, the upcoming conversion to the legal form of Societas Europaea, the agenda for the Annual General Meeting 2022, reports on planned M&A activities and ongoing litigation, planned training for the Supervisory Board, and reports from the Audit Committee and the Nomination and Remuneration Committee. Finally, a resolution was passed on the wording of the corporate governance statement pursuant to § 289f HGB and § 315d HGB. Another resolution concerned the determination of so-called "heads of terms" for the conclusion of a lease agreement for a subsidiary of the Company located in London (UK).

The meeting of the Supervisory Board on 15 March 2022 was also the meeting to approve the financial statements for the past financial year 2021, at which the auditors of Deloitte GmbH Wirtschaftsprüfungsgesellschaft also reported on their audit activities for the financial year 2021. After reviewing the annual financial statements 2021 and the consolidated financial statements as well as the combined management report of the Company and the Group, the Supervisory Board adopted the annual financial statements and approved the consolidated financial statements. The Supervisory Board also approved the dependency report as well as the remuneration report of the company for the financial year 2021. The Supervisory Board decided to follow the proposal of the Management Board to propose to the shareholders of the Company to pay a dividend of EUR 0.32 per share for the financial year 2021. In addition, the Supervisory Board decided on the achievement of the targets for the variable remuneration of the members of the Management Board for the financial year 2021 and received a report on the Company's risk management system.

A meeting was held on 6 April 2022 to discuss in detail the Company's future strategy in the areas of Technology & Innovation.

A further meeting was held on 9 May 2022, at which the business figures for the first quarter of the financial year were discussed. In addition, after detailed discussion, interim financing from Company funds for a new infrastructure fund launched by PATRIZIA was approved.

At the meeting on 31 May 2022, the CFO presented the current business development including relevant key figures. The medium-term strategic orientation of the Company was then discussed. This was followed by a report from the Chief Digital Officer (CDO) on the optimisation of internal processes in the area of fund management based on a benchmark study conducted in 2021 by McKinsey & Company, Inc. and a process optimisation study conducted by Porsche Consulting GmbH. The Chief Technology & Innovation Officer (CTIO) reported on current developments in the area of Technology & Innovation. Finally, the individual targets for the variable Management Board remuneration for the financial year 2022 were resolved.

On 1 June 2022, the members of the Supervisory Board and the elected members of the Board of Directors of PATRIZIA SE met for a joint meeting following the conclusion of the Company's Annual General Meeting, which had resolved the conversion into a Societas Europaea with a large majority. At this meeting, the members of the Board of Directors elected the Chair and the Deputy Chair of the Board of Directors and decided on the composition of the committees and their Chairs, in each case subject to the completion of the conversion into an SE. In addition, the elected Board of Directors appointed Wolfgang Egger, Thomas Wels and Christoph Glaser as Executive Directors and decided on the content of their employment contracts and their remuneration system. Furthermore, at the meeting on 1 June 2022, the rules of procedure for the Board of Directors and the Executive Directors, including the schedule of responsibilities, and the establishment of an Executive Committee, consisting of the Executive Directors and other members of the upper management level, were resolved.

A meeting followed on 30 June 2022, at which the Supervisory Board discussed in detail the mid-term strategy of the Company with the Executive Directors appointed at that time and the Executive Committee elected at that time.

On 29 September 2022, the Board of Directors held its first ordinary meeting. The topics of this meeting were the report of the Audit Committee, which, among others, dealt intensively with the topics of risk management, internal audit and compliance, and the report of the Nomination and Remuneration Committee. This was followed by a detailed report by the CFO on the financial situation of the Company and the current business figures. The Co-CEO reported on the current market environment as well as short-term and mid-term strategic plans of the Executive Directors, including measures to reduce operating costs which are deemed necessary in view of the current market environment, in particular the risk of declining transaction volumes. Together with the members of the Executive Committee, the discussion on the future strategy of the Company was continued. In view of the growth in assets under management and the expansion of the business areas, it was decided to increase the group-wide D&O insurance. Furthermore, an adjustment of the schedule of responsibilities for the Executive Directors and rules for the cooperation between the Executive Directors and the Board of Directors were resolved. A report on the currently pending legal disputes was also made on a regular basis. After discussion, the Board of Directors continued to endorse the implementation of the programme to buy back shares in PATRIZIA SE within the framework of the resolutions already passed.

At its meeting on 2 November 2022, the Board of Directors discussed the business figures for the first nine months of the year and the adjustment of the earnings guidance for the financial year 2022 due to the significant change in the market environment.

In the last meeting of the reporting year on 14 December 2022, the Board of Directors dealt in detail with the budget and the corporate goals for the financial year 2023 and decided on the Company's mid-term strategy until 2027, with a special focus on the expansion of the international product range, the sustainability strategy, and the strengthening of organic growth and earnings power. In addition to a report on current business developments by the Co-CEO and CFO, the Board of Directors was also informed about the areas of risk management, compliance (including tax compliance) and internal audit. Finally, an updated skill profile for the Board of Directors was discussed and the Declaration of Compliance with the German Corporate Governance Code 2023 was discussed and resolved. In addition, the Board of Directors resolved, among other things, to hold the Annual General Meeting 2023 in accordance with the new virtual Annual General Meeting Act and to extend the implementation of the current share buyback programme beyond 31 December 2022 until the target volume of EUR 50m is reached.

The Audit Committee dealt in particular with the selection process for the election proposal for the auditor and the independence of the auditor, the determination of the focal points for the audit of the financial statements, the monitoring of the accounting processes and the audit of the annual financial statements and the remuneration report. In addition, the audit committee dealt with the effectiveness of the internal control systems, the risk management system and the internal audit system as well as the quality of the audit and the additional services provided by the auditor. The Chair of the Audit Committee was in regular contact with the auditor. Another focus of its activities was the review of the effectiveness of the risk management system, the internal audit system and compliance. Together with the management, the Audit Committee identified potential for improvement in the structure and processes of the risk management function, which to a large extent was adapted and optimised by the Company during the course of the year in order to reflect the strongly changed market environment in the Group risk function.

The Nomination and Remuneration Committee dealt with the remuneration report, the personnel changes in the area of the Executive Directors and the Board of Directors in the new SE structure, the remuneration of the members of the Management Board and the Executive Directors, including the remuneration system and the determination of the variable remuneration for the past financial year as well as the determination of targets for the variable remuneration for the current financial year. Another focus of the activities was the preparation of succession planning for the Executive Directors, as well as the preparation of resolutions regarding employment contracts of former members of the Management Board.

Further Resolutions, Conflicts of Interest & Training

Where necessary, the Supervisory Board or the Board of Directors also made decisions by way of circular resolutions. This concerned, among other things, resolutions on the reappointment of members of the Management Board and their employment contracts as well as resolutions on termination agreements.

Mr Egger's dual function as a member of the Board of Directors and as Executive Director at the same time could possibly lead to a potential conflict of interest, which, however, did not specifically materialise in the reporting year. Nevertheless, Mr Egger will not participate in the discussions and resolutions of the Board of Directors, if required, if there is a personal conflict of interest arising from his role as Executive Director. Furthermore, the Supervisory Board and the Board of Directors are not aware of any potential conflicts of interest in the financial year 2022.

An onboarding process was conducted for new members of the Board of Directors. In addition, the Company had a renowned law firm personally explain to the members of the Board of Directors detailed information on relevant legal requirements for members of the Board of Directors in a monistic Societas Europaea as well as important further developments in stock corporation law. In addition, regular capital markets updates were provided to the Board of Directors and the Executive Directors.

Corporate Governance

The Board of Directors published the Corporate Governance Statement on the PATRIZIA website at <https://www.patrizia.ag/en/shareholders/corporate-governance/corporate-governance-statement/> on 15 March 2023.

On 14 December 2022, the Board of Directors adopted the Declaration of Compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to Section 161 of the German Stock Corporation Act (GCGC 2022 and 2020). The recommendations were complied with during the year, with a few exceptions. The current and all previous declarations of compliance are also permanently available on the PATRIZIA website: <https://www.patrizia.ag/en/shareholders/corporate-governance/declarations-of-compliance/>

With the efficiency audit, the Board of Directors carried out a self-assessment and discussed how effectively the Board of Directors fulfils its tasks. Cooperation with each other and with the Executive Directors was found to be very good.

Audit of the annual and consolidated financial statements 2022

The annual financial statements of PATRIZIA SE prepared in accordance with the German Commercial Code (HGB), the consolidated financial statements prepared in accordance with IFRS, the combined management report for PATRIZIA SE and the Group for the financial year 2022 and the compensation report were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, including the accounting records, and were each given an unqualified audit opinion. The members of the Board of Directors of PATRIZIA SE received the aforementioned documents and the audit reports of BDO AG Wirtschaftsprüfungsgesellschaft ahead of the balance sheet meeting. The Executive Directors and the responsible auditors explained the results of the audit to us at the balance sheet meeting on 21 March 2023 and provided supplementary information. BDO also found that the Executive Directors have set up an appropriate early risk detection system. BDO did not report any material weaknesses in the internal control and risk management system in relation to the accounting process. In addition, the Executive Directors explained the financial statements of PATRIZIA SE and the Group as well as the risk management system at this meeting.

The Board of Directors and its committees also examined the annual financial statements of PATRIZIA SE, the consolidated financial statements, the combined management report for the Company and the Group for the financial year 2022, the remuneration report and the Executive Directors' proposal for the appropriation of unappropriated profit for their part and raised no objections. We took note of the auditor's findings and approved the annual and consolidated financial statements accordingly. The annual financial statements of PATRIZIA SE for the financial year 2022 are thus adopted. The Board of Directors concurred with the Executive Directors' proposal for the appropriation of profits for the financial year 2022 and supports the payment of a dividend of EUR 0.33 per share. The remaining amount of the balance sheet profit according to HGB will be carried forward.

The Audit Committee and the Board of Directors also considered the non-financial statement included in Chapter 1.4 in the combined management report for the Company and the Group. The Executive Directors explained the contents in detail at the meetings and answered supplementary questions from the Board of Directors members. The Board of Directors had no objections after its review.

Examination of the dependency report

The report of the Executive Directors of PATRIZIA SE on relationships with related parties for the financial year 2022 was also examined by the auditor. Accordingly, the payments made by the Company in the legal transactions were not unreasonably high under the circumstances known at the time they were made. Likewise, no transactions with related parties within the meaning of Sections 107 and 111a to 111c (German Stock Corporation Act), which would have required the approval of the Board of Directors by law or the Company's Articles of Association, were identified. The auditor issued the following note on the dependency report:

"Following our audit and assessment, we confirm that

- the factual statements in the report are correct,
- in the legal transactions listed in the report, the company's performance was not unreasonably high."

The dependency report prepared by the Executive Directors and audited by the auditor as well as the related audit report were made available to all members of the Board of Directors in due time and were presented and explained to the Board of Directors. The Board of Directors raised no objections to the dependency report and the concluding statement by the Executive Directors contained therein.

PATRIZIA succeeded in continuing to grow organically and inorganically in 2022 despite a significantly weakening market environment. In particular, however, PATRIZIA was able to implement important strategic steps and thus create the conditions for a good future. Our sincere thanks go to the Executive Directors and all employees for what has been achieved. You have contributed significantly to this development with your expertise and hard work.

Augsburg, 21 March 2023

For the Board of Directors of PATRIZIA SE



Uwe H. Reuter
Chairman