

# Conference Call on H1 2015

Business Development, Financials & Outlook 2015

6 August 2015

# Q2

REPORT FOR THE FIRST HALF  
JANUARY TO JUNE 2015



# Agenda

- ◆ REVIEW H1 – EVENTS HAPPENED
- ◆ ASSETS UNDER MANAGEMENT
- ◆ BRIDGE INVESTMENTS
- ◆ CO-INVESTMENTS
- ◆ THIRD PARTIES
- ◆ OWN INVESTMENTS
- ◆ FINANCIALS Q2/H1
- ◆ OUTLOOK FY 2015

# Key Financials H1 2015

In EUR'000	Q2 2015	Q2 2014	H1 2015	H1 2014	Comment
Operating result	9,335	5,458	16,811	21,450	Solid Q2 could not offset Q1, resulting in H1 results below previous year's level
EBT	8,035	2,019	11,648	15,190	
Net profit for the period	7,297	3,271	10,147	15,311	

	30.06.2015	31.12.2014	30.06.2014	Comment
Cash and cash equivalents	126,477	145,361	119,589	Thereof EUR 73m connected with the Swedish real estate fund ("Harald")
Bank loans	880,188	121,950	238,534	Thereof EUR 796 new loans connected with bridge investments
Equity ratio	28.0%	55.3%	47.2%	Decrease due to temporary consolidation of bridge investments on the own balance sheet

# Highlights Q2 2015

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## BRIDGE INVESTMENTS MANCHESTER

- ◆ 80,000 sqm mixed use site with existing buildings and building plots
- ◆ Further details see slide 13, 18

## HARALD

- ◆ Takeover of a Swedish Real Estate Fund with more than 14,000 units in Germany and Sweden via a voluntary public offer
- ◆ Further details see slides 14-18

## CO-INVESTMENTS SÜDEWO

- ◆ Sale of SÜDEWO Group to Deutsche Annington
- ◆ Further details see slides 20-21

## THIRD PARTIES

- ◆ Purchase of the Madame Tussauds building in London (EUR 466m) for a Taiwanese insurance company (Closing in August)

➤ **INCREASE IN OUTLOOK: OPERATING RESULT FOR 2015+2016 CUMULATED AT LEAST EUR 200M**

# Agenda

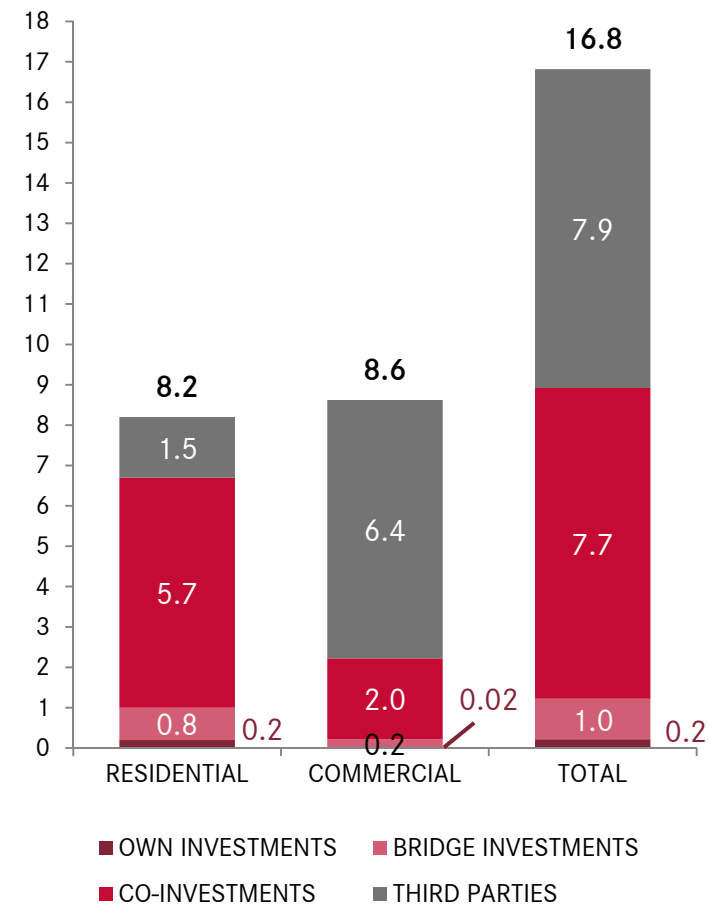
- ◆ REVIEW H1
- ◆ **ASSEST UNDER MANAGEMENT – ASSET ALLOCATION**
- ◆ BRIDGE INVESTMENTS
- ◆ CO-INVESTMENTS
- ◆ THIRD PARTIES
- ◆ OWN INVESTMENTS
- ◆ FINANCIALS Q2/H1
- ◆ OUTLOOK FY 2015

# Assets under Management

## AUM ROSE BY 15% TO EUR 16.8BN

- ◆ 47% of AuM managed on behalf of third parties without PATRIZIA equity involvement
- ◆ 7% of AuM on PATRIZIA's own balance sheet: Bridge investments as short-term investments intended for sale within 12-18 months worth EUR 1bn (5.8%)
- ◆ 27% or EUR 4.6bn outside Germany
- ◆ Biggest deals in H1 2015:
  - ◆ Basket: EUR 286m (Co-Investment)
  - ◆ Manchester: EUR 140m (Bridge Investment)
  - ◆ Harald: EUR 900m (Bridge Investment)
- ◆ Sale of SÜDEWO Group will be effective in Q3 2015 (outflow of EUR 1.6bn AuM)

ASSETS UNDER MANAGEMENT (IN EUR BILLION)

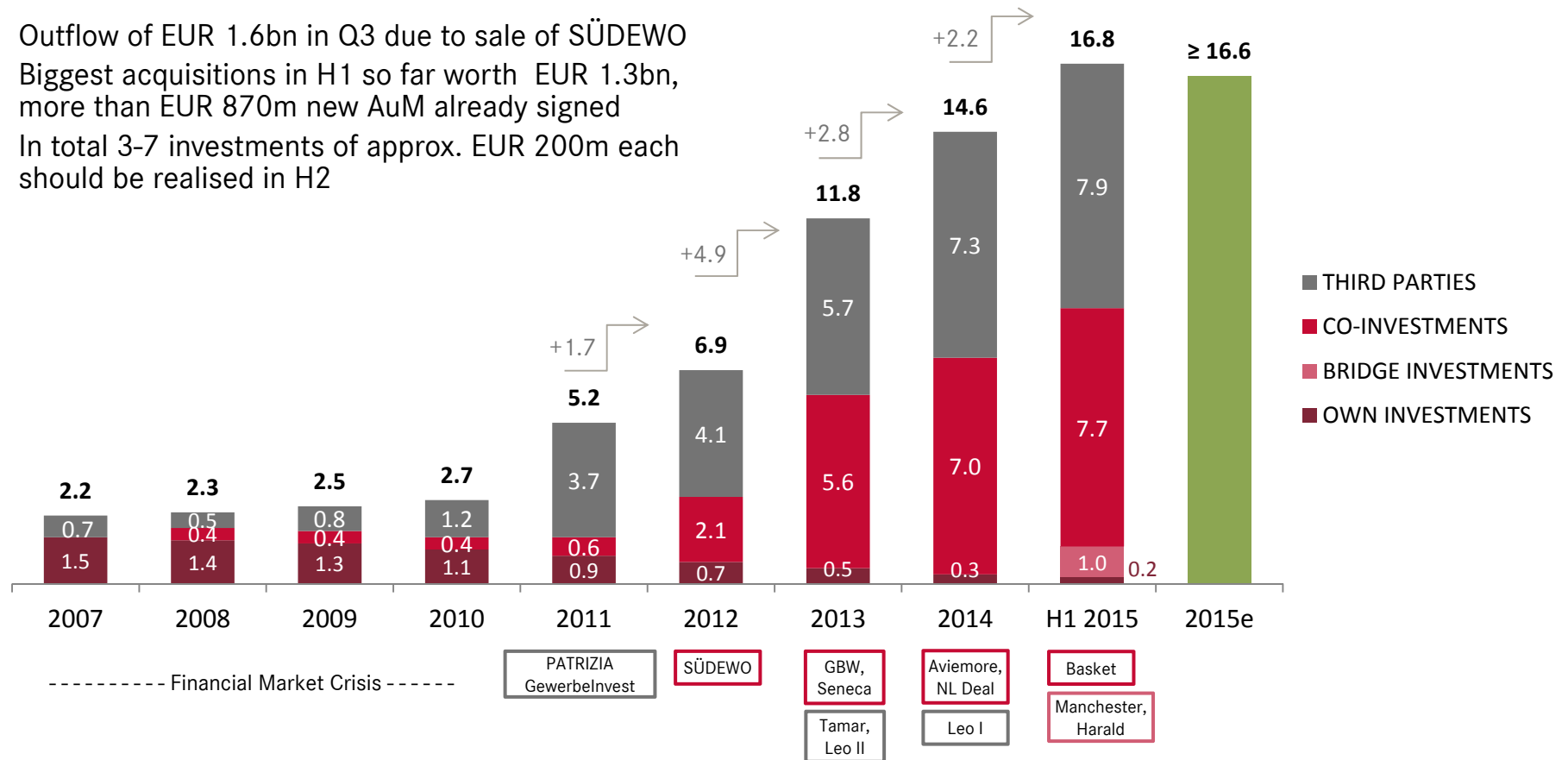


# Growth of PATRIZIA since 2007

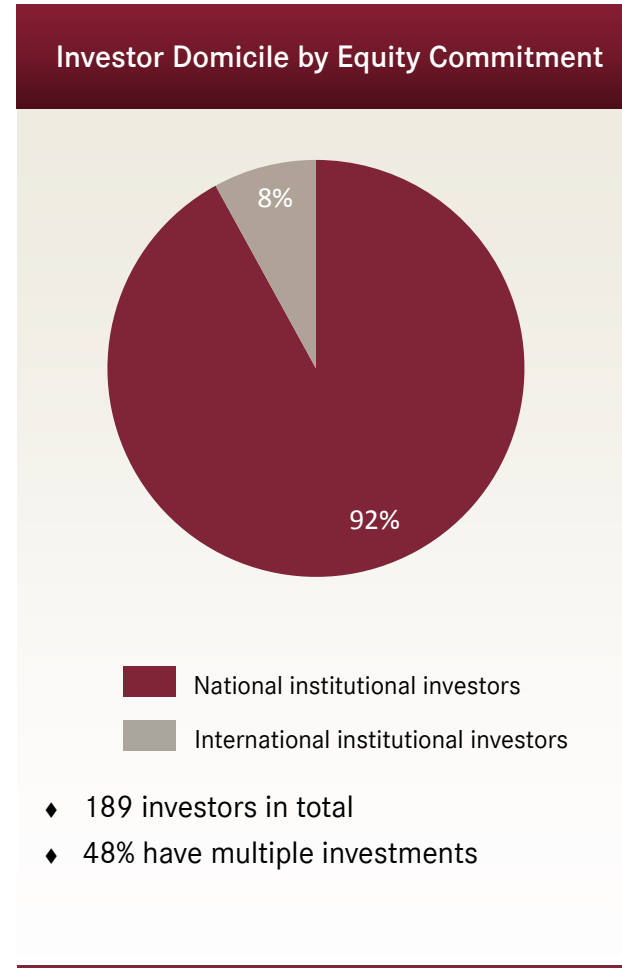
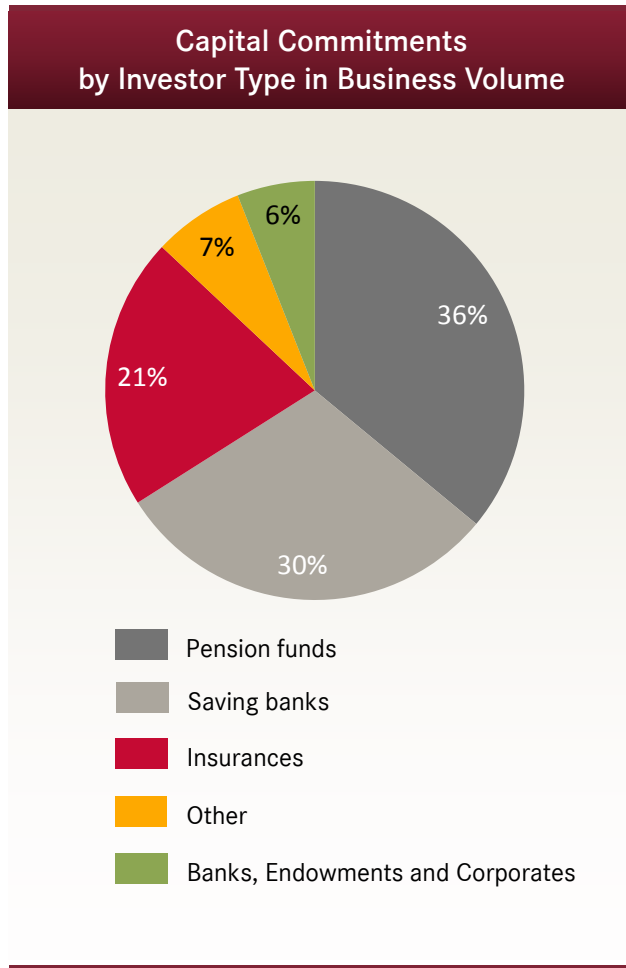
## INCREASE STABLE EARNINGS MAINLY THROUGH GROWTH OF ASSETS UNDER MANAGEMENT

### TARGET 2015: GROWTH OF ANOTHER EUR 2BN

- ◆ Outflow of EUR 1.6bn in Q3 due to sale of SÜDEWO
- ◆ Biggest acquisitions in H1 so far worth EUR 1.3bn, more than EUR 870m new AuM already signed
- ◆ In total 3-7 investments of approx. EUR 200m each should be realised in H2

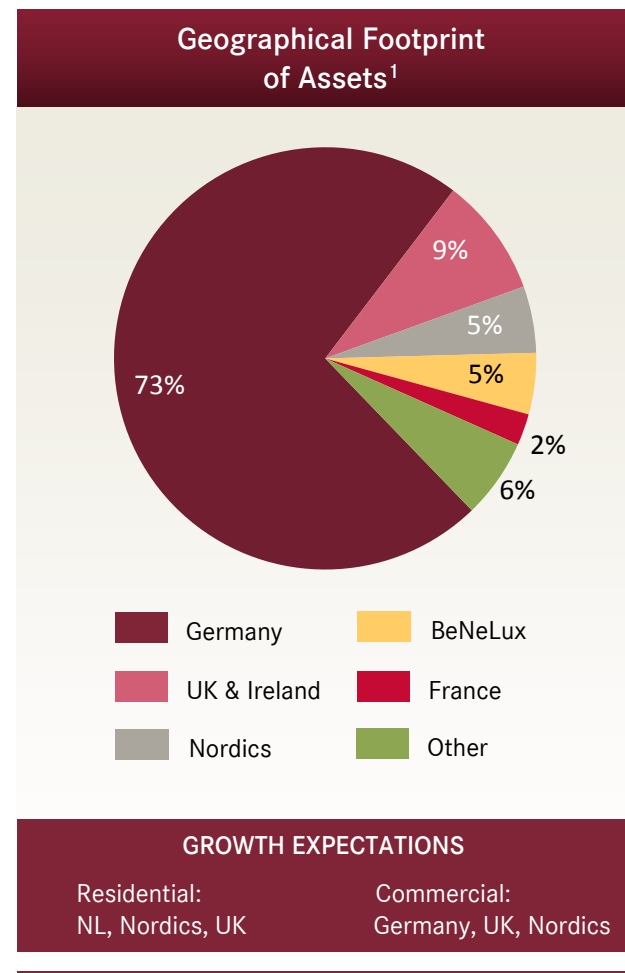
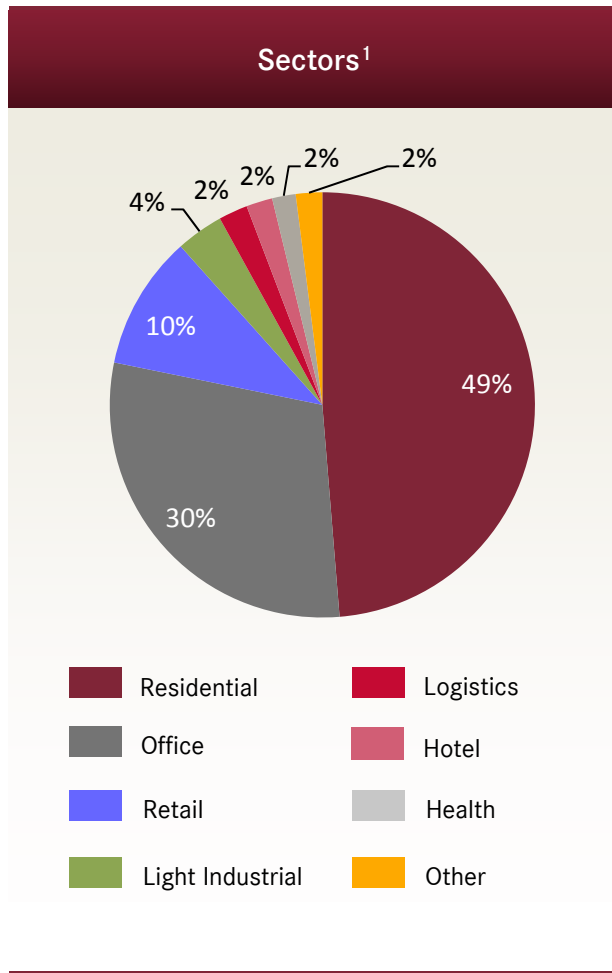


# Asset Allocation of Funds and Co-Investments





# Asset Allocation of PATRIZIA, Funds and Co-Investments



As of 30 June 2015

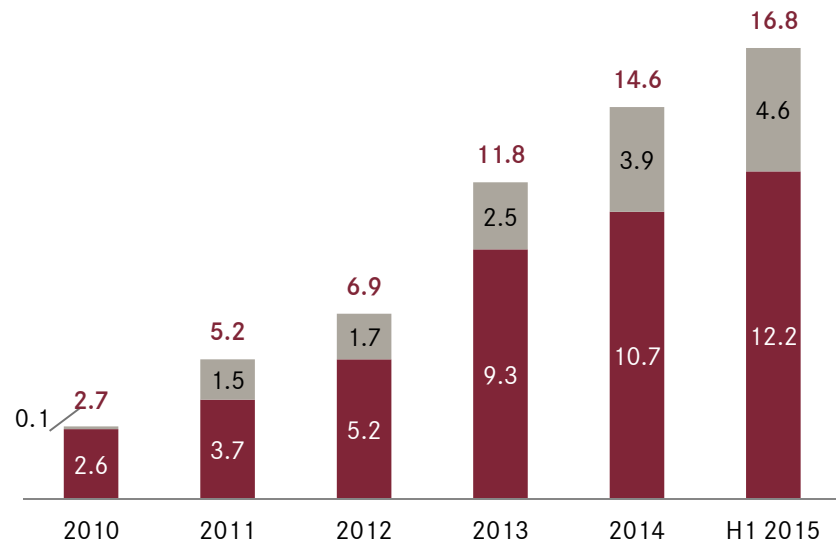
<sup>2</sup> This diagram may be subject to discrepancies due to rounding differences

# Assets under Management and Staff in Germany and Abroad

**INCREASING ASSETS UNDER MANAGEMENT REQUIRE TO STRENGTHEN LOCAL TEAMS**

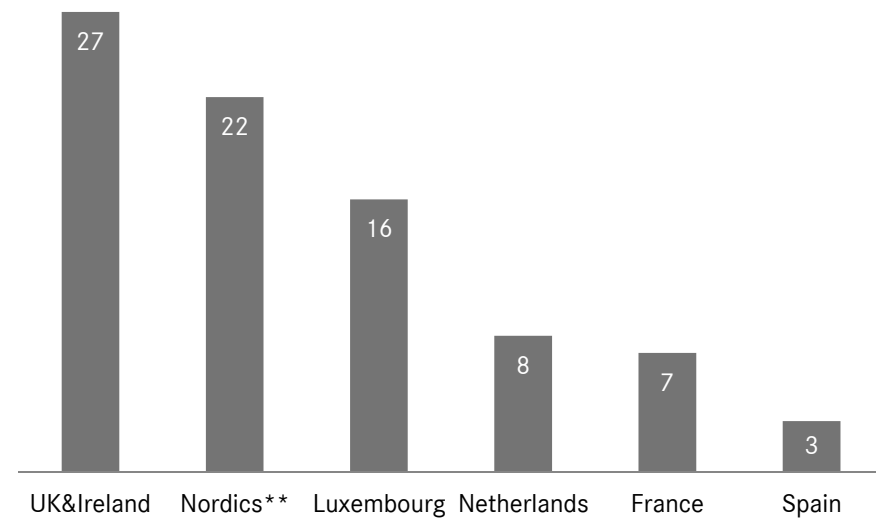
**NO CHANGE IN STAFF NUMBERS SINCE Q1 2015: 800 EMPLOYEES IN TOTAL, THEREOF 83 ABROAD**

Assets under Management in EUR billion



Germany  
International

International Employees by Country excl. Germany\*



\* Germany: 717, incl. 37 trainees

\*\* Nordics: Denmark (18), Finland (3), Sweden (1)

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- ◆ ASSETS UNDER MANAGEMNT
- ◆ **BRIDGE INVESTMENTS – “MANCHESTER “ AND “HARALD”**
- ◆ CO-INVESTMENTS
- ◆ THIRD PARTIES
- ◆ OWN INVESTMENTS
- ◆ FINANCIALS Q2/H1
- ◆ OUTLOOK FY 2015

# The Strategy behind “Bridge Investments”

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## DISPOSAL STRATEGY FOR “MANCHESTER” AND “HARALD”

### Balanced as bridge investments within inventories

- ◆ PATRIZIA has bought two portfolios on its own account and aims to divest smaller sub-portfolios individually
- ◆ Portfolio sales to existing PATRIZIA vehicles/investors and/or 3<sup>rd</sup> party market participants over next 12-18 months

### First deals likely to be completed by the end of the year

- ◆ Example: successful sale of “Umea portfolio”, Sweden (630 units out of the Harald portfolio)

## ASSET & PROPERTY MANAGEMENT

- ◆ Existing Asset Manager and Property Managers likely to retain existing mandates during “Bridge Investment” period
- ◆ PATRIZIA has control over the entire asset/legal entity, its operations and execution of the business plan
- ◆ In addition, PATRIZIA is ultimately responsible for accounting, controlling, etc. (fully consolidated subsidiary of PATRIZIA) and takes over all relevant “holding functions” such as corporate finance, treasury, etc.

# Bridge Investment „Manchester First Street“

## PATRIZIA'S FIRST INVESTMENT IN THE UK PRIVATE RENTAL SECTOR ('PRS')

- ◆ Signing in May 2015, closing on 30 June 2015
- ◆ Purchase price: approx. GBP 100m (EUR 140m)
- ◆ 80,000 sqm mixed use site with:
  - ◆ Melia-Innside-Hotel (208 beds)
  - ◆ 9 bar and restaurant units
  - ◆ 700 carpark spaces
  - ◆ 17,000 sqm office building known as “No. 1 First Street”: WALT of 9 years, let to high quality occupiers such as Ford, Auto Trader and Jacobs Engineering
- ◆ Site with capacity for the development of up to 93,000 sqm office space and approx. 500 new apartments
- ◆ PATRIZIA will develop the new constructions over the next 5-7 years
- ◆ **This development will form the foundation for a dedicated PRS fund**
- ◆ Financing via GBP 77.7m (EUR 109m) bank loans, with a term till June 2016 and an interest rate of 2.3%



# Bridge Investment “Harald” – Transaction Highlights

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## UNIQUE OFF-MARKET TRANSACTION

### **PATRIZIA’s 3<sup>rd</sup> largest residential real estate transaction**

- ◆ c. EUR 900m transaction volume (GAV for 100% of shares)
- ◆ Core competency – attractive residential portfolio with c. 13,500 units in PATRIZIA’s home market with strong recurring rental income stream, low vacancy rate and good technical condition

### **Unique opportunity: off-market transaction**

- ◆ Transaction sourced through PATRIZIA’s well established international network
- ◆ Not subject to the usual “structured sales” or auction process

### **Transaction structure: public takeover**

- ◆ Public takeover of residential real estate funds (“feeder vehicles“) in Norway and Sweden
- ◆ More than 8,000 retail shareholders (private individuals) across Norway and Sweden
- ◆ US counter bidder arose as competitor after announcement of takeover offer: Voluntary public offer price had to be increased twice

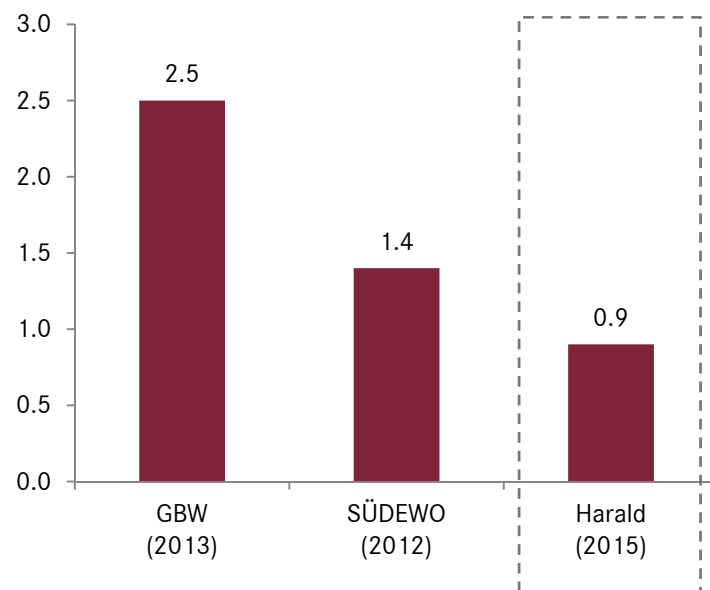
### **Financing and Financials**

- ◆ 100% of shares financed via EUR 140m PATRIZIA equity and EUR 200m debt (41% : 59%)
- ◆ Loans on corporate level with an interest rate at 1.8% in the first 12 months, then 2.3%
- ◆ Approx. EUR 30m rental revenues on a pro rata temporis base in 2015 achievable (depends on date of sales, and transfer of ownership, usage and encumbrances respectively); rental revenues of EUR 6.3m in June 2015
- ◆ Acceptance as at 30 June 2015: Norway 89.3%, Sweden 88.3%

# PATRIZIA's 3<sup>rd</sup> largest residential real estate transaction

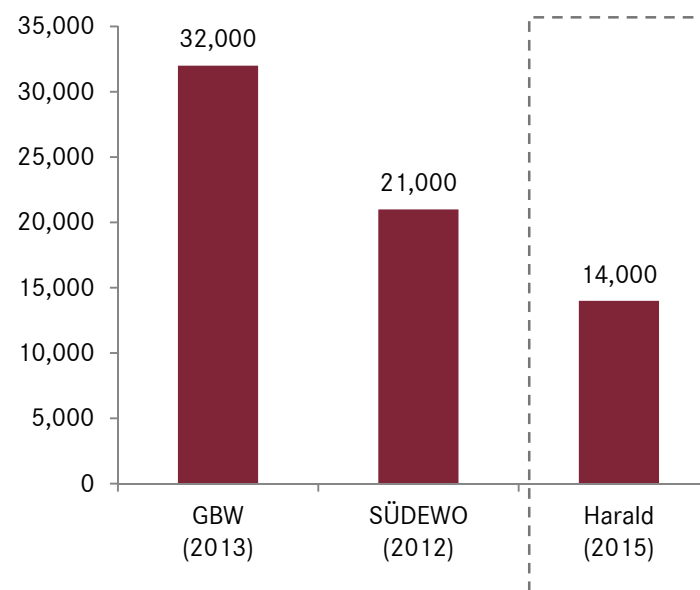
IN RECENT YEARS, PATRIZIA HAS SUCCESSFULLY COMPLETED THREE LARGE PORTFOLIO ACQUISITIONS IN GERMANY

Transaction volume ( EUR bn)



HARALD: TRANSACTION VOLUME OF C. EUR 900M...

Residential units (number)



...WITH A TOTAL OF MORE THAN 14,000 RESIDENTIAL UNITS

# Portfolio Overview

## ATTRACTIVE PORTFOLIO WITH MORE THAN 14,000 RESIDENTIAL UNITS

>5,000 units in Berlin, >1,200 units in Bavaria, remainder located across metropolitan areas in West Germany

### GERMANY

- 1** “Kiel“ (Kiel)  
> 3,500 residential units
- 2** “Romanum“ (Bavaria & Hesse)  
< 1,000 residential units
- 3** “Puchheim“ (Bavaria)  
< 500 residential units
- 4** “Mozart & Tosca“  
> 1,500 residential units
- 5** “Lohengrin“ (Berlin)  
> 5,000 residential units
- 6** “Max Frisch“  
< 2,000 residential units



### SWEDEN

- 1** “Umeå“  
> 500 residential units



All 630 Swedish units were already sold in Q2 2015 to a local investor



# Unique Opportunity: Off-Market Transaction

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## **GERMAN RESIDENTIAL REAL ESTATE IS A VERY SOUGHT AFTER INVESTMENT PRODUCT**

**EVEN WELL ESTABLISHED MARKET PLAYERS HAVE TO THINK “OUTSIDE THE BOX” TO SOURCE ATTRACTIVE INVESTMENT OPPORTUNITIES**

**European real estate investment sector: very competitive market environment**

- ◆ Germany among top picks for domestic as well as international investors
- ◆ Huge demand for portfolio transactions

**German residential assets particularly attractive**

- ◆ Residential portfolios’ “core” characteristics
- ◆ Attractive risk-return profile, stable value development

**Truly off-market**

- ◆ It is more and more challenging to identify attractive acquisition targets
- ◆ Harald was not subject to the usual “structured sales” or auction process
- ◆ Transaction identified through PATRIZIA’s well established international presence and network

**PATRIZIA achievements**

- ◆ Large portfolio of good quality...
- ◆ ...acquired “below the radar screen”

# Bridge Investments – Financials

## KEY ITEMS OF THE P&L AND BALANCE SHEET

- ◆ If we sell sub-portfolios in the form of a share deal, the result is shown in the Income from the deconsolidation of subsidiaries item
- ◆ If we sell them in form of an asset deal, the achieved sales price is shown in revenues and the disposal of assets in the decrease of inventories

<b>Key items P&amp;L - in TEUR</b>	<b>„Harald“ Q2 / First half</b>	<b>“Manchester” Q2/First half</b>
Revenues (rental revenues incl. ancillary costs)	6,255	“Manchester” was not purchased until 30 June 2015 and thus had very little impact on the semi-annual financial statements (EBT H1 = operating result H1: TEUR 88).
Income from the deconsolidation of subsidiaries <sup>1</sup>	5,277	
Total operating performance	11,900	
<b>Costs of materials</b>	<b>-2,585</b>	
Financial result	-1,159	
Gains/losses on currency translation	-1,323	
<b>EBT</b>	<b>6,266</b>	
Market valuation derivatives	-786	
<b>Operating result</b>	<b>5,480</b>	
<b>Key items balance sheet - in TEUR</b>	<b>„Harald“ 30.06.2015</b>	<b>„Manchester“ 30.06.2015</b>
Inventories	827,279	145,740
Bank balances and cash	73,056	4,562
Short-term bank loans	686,604	109,158

<sup>1</sup> Achieved sales price for company shares (not shown in revenues due to share deal): EUR 20.3m; disposal of assets and liabilities and shares of non-controlling shareholders: EUR 15.0m. Inventories in the amount of EUR 61.2 million were included in assets.

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- ◆ BRIDGE INVESTMENTS
- ◆ **CO-INVESTMENTS – IMPACT OF SÜDEWO SALE ON H2/2015**
- ◆ THIRD PARTIES
- ◆ OWN INVESTMENTS
- ◆ FINANCIALS Q2/H1
- ◆ OUTLOOK FY 2015

# Sale of the SÜDEWO Group (I)

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## THE TRANSACTION

- ◆ PATRIZIA received an unsolicited offer by Deutsche Annington SE
- ◆ In its role as investment manager, PATRIZIA analysed and subsequently presented this offer to the investor consortium for consideration

## SÜDEWO WAS ONE OF PATRIZIA'S BIGGEST CO-INVESTMENTS

- ◆ PATRIZIA's current equity stake in the co-investment: EUR 14.9m
- ◆ Share of PATRIZIA's assets under management as at 30 June 2015: EUR 1.6bn (9.6%)
- ◆ Bought in February 2012 from LBBW via a consortium of 12 investors incl. PATRIZIA for EUR 1.4bn
- ◆ Sales price now EUR 1.9bn (Multiple 17.9x NCR)
- ◆ Closing of the deal in July 2015
- ◆ Portfolio consists of 19,800 residential units, vacancy rate 2.4%
- ◆ PATRIZIA has invested EUR 89m since the acquisition in 2012



# Sale of the SÜDEWO Group (II)

## SOURCES OF INCOME

### CO-INVESTMENT SÜDEWO WAS SHOWN AS INCOME FROM PARTICIPATIONS IN THE P&L

- ◆ Acquisition fee in 2012 of EUR 10.3m was shown in revenues
- ◆ Approx. EUR 15m income from participations p.a. have to be compensated in the coming years
- ◆ First tranche of the performance fee (at the end of the life time of the co-investment) and return on equity will be realised in Q3 2014, a second tranche of performance fee in Q4
- ◆ Income out of the sale of SÜDEWO is the main reason for the increase in operating result in 2015

in EUR million	2012 <sup>1</sup>	2013	2014	H1 2015	2015e
Asset management fee	2.5	7.3	7.3	3.6	3.6
Performance Fee	2.9	5.7	5.6	-	102.9 <sup>2</sup>
Dividend/Return on Equity	1.2	1.7	1.7	-	13.3
<b>Income from participation in SÜDEWO</b>	<b>6.6</b>	<b>14.7</b>	<b>14.6</b>	<b>3.6</b>	<b>119.8<sup>3</sup></b>

<sup>1</sup> figures pro rata temporis

# PATRIZIA Capital Allocation

IN EUR MILLION, AS OF 30.06.2015	ASSETS UNDER MANAGEMENT	INVESTMENT CAPITAL	PARTICIPATION IN %
<b>THIRD PARTIES</b>	<b>7,899</b>	-	<b>0</b>
<b>CO-INVESTMENTS</b>	<b>7,697</b>	<b>190.2</b>	
<b>RESIDENTIAL</b>	<b>5,993</b>	<b>148.1</b>	
GBW GmbH	2,910	55.7	5.1
Süddeutsche Wohnen GmbH	1,610	15.0	2.5
WohnModul I SICAV-FIS	1,429	72.8	10.1
Others	44	4.6	10.0
<b>COMMERCIAL GERMANY</b>	<b>538</b>	<b>18.2</b>	
PATRoOffice	294	7.3	6.3
Seneca (formerly DEIKON)	186	4.9	5.1
sono west	58	6.0	30.0
<b>COMMERCIAL INTERNATIONAL</b>	<b>1,166</b>	<b>23.9</b>	
Aviemore Topco (UK)	616	13.3	10.0
Citruz Holdings LP (UK)	125	3.9	10.0
Plymouth Sound Holdings LP (UK)	72	2.4	10.0
Winnersh Holdings LP (UK)	353	4.3	5.0
<b>BRIDGE INVESTMENTS</b>	<b>973</b>	<b>318.1</b>	
Harald	827	276,3	89,0
Manchester (UK)	146	41,8	100
<b>OWN INVESTMENTS</b>	<b>230</b>	<b>131.8</b>	<b>100</b>
<b>OPERATING COMPANIES<sup>1</sup></b>	<b>-</b>	<b>32.0</b>	<b>100</b>
<b>TIED INVESTMENT CAPITAL</b>	<b>16,799</b>	<b>672.1</b>	<b>-</b>
Bank balances and cash	-	53.8	-
<b>TOTAL INVESTMENT CAPITAL</b>	<b>16,799</b>	<b>725.9</b>	<b>-</b>
thereof borrowed capital (bonded loans + bridge financing)	-	267.0	-
thereof PATRIZIA equity	-	458.9	-

Now free equity due to sale of SUDEWO in July

EUR 251.7m available for new investments

Loans to be deducted

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# Third Party Business

## PATRIZIA GewerbeInvest KVG

- ◆ First purchase (EUR 24m) for the new fund “PATRIZIA Real Invest HP” with focus on German core properties
- ◆ Two new funds launched in H1 2015
- ◆ Further real estate development secured under purchase contracts

## PATRIZIA GrundInvest KVG

- ◆ Officially licensed as an asset management company (KVG) by the German Federal Financial Supervisory Authority (BaFin) since July

	TARGET VOLUME		EQUITY COMMITTED		ASSETS UNDER MANAGEMENT		NUMBER OF FUNDS	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
EUR MILLION								
<b>PATRIZIA WohnInvest KVG</b>	<b>2,208</b>	2,026	<b>1,122</b>	1,102	<b>1,104<sup>1</sup></b>	975 <sup>1</sup>	<b>7</b>	7
<b>PATRIZIA GewerbeInvest KVG</b>	<b>8,894</b>	8,744	<b>4,652</b>	4,442	<b>6,095</b>	5,642	<b>19</b>	17
Pool Funds	5,273	5,273	2,581	2,485	3,658	3,528	9	9
Individual Funds	1,621	1,471	883	856	610	553	8	6
Label Funds	2,000	2,000	1,188	1,101	1,827	1,561	2	2
<b>PATRIZIA Real Estate Investment Management S.à r.l. (REIM)</b>	<b>169</b>	169	<b>85</b>	85	<b>169</b>	169	<b>1</b>	1
<b>TOTAL</b>	<b>11,271</b>	10,939	<b>5,859</b>	5,629	<b>7,368</b>	6,786	<b>27</b>	25

<sup>1</sup> Excludes real estate developments secured under purchase contracts



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# Consolidated Real Estate – Own Portfolio

## TARGET 2015

- ◆ approx. 150 units left, that implies 930 units to be sold

## H1 2015 ACTUAL VALUES

- ◆ sale of 272 units
- ◆ 804 units left
- ◆ sale of approx. 12,000 units from 2007-2014

REGION/ CITY	UNITS 30.06.15	SHARE	UNITS 31.12.14	SHARE	UNITS 31.12.07	SHARE
Cologne/Düsseldorf	397	49.4%	460	42.5%	1,627	12.4%
Hamburg	193	24.0%	254	23.5%	1,418	10.8%
Munich	100	12.4%	215	19.9%	5,652	43.1%
Frankfurt/Main	112	13.9%	146	13.5%	951	7.2%
Berlin	2	0.3%	6	0.6%	903	6.9%
Leipzig	-	-	-	-	981	7.5%
Hanover	-	-	-	-	444	3.4%
Dresden	-	-	-	-	561	4.3%
Regensburg	-	-	-	-	473	3.6%
Friedrichshafen	-	-	-	-	117	0.9%
<b>TOTAL</b>	<b>804</b>	<b>100%</b>	<b>1,081</b>	<b>100%</b>	<b>13,127</b>	<b>100%</b>

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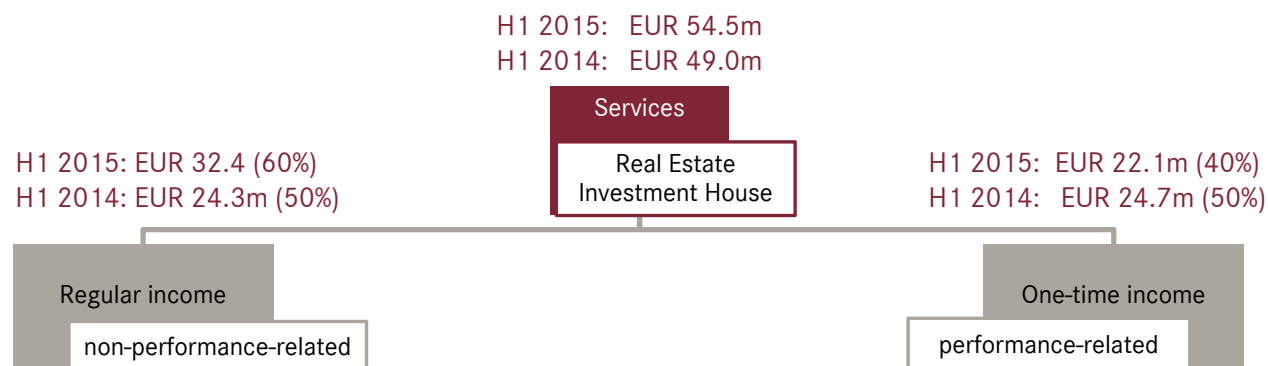
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# Service Business – Income Structure

## A SIMPLE WAY FOR STEADY GROWTH

- ◆ Increase in earnings mainly through growth of assets under management

### FEE SPLIT

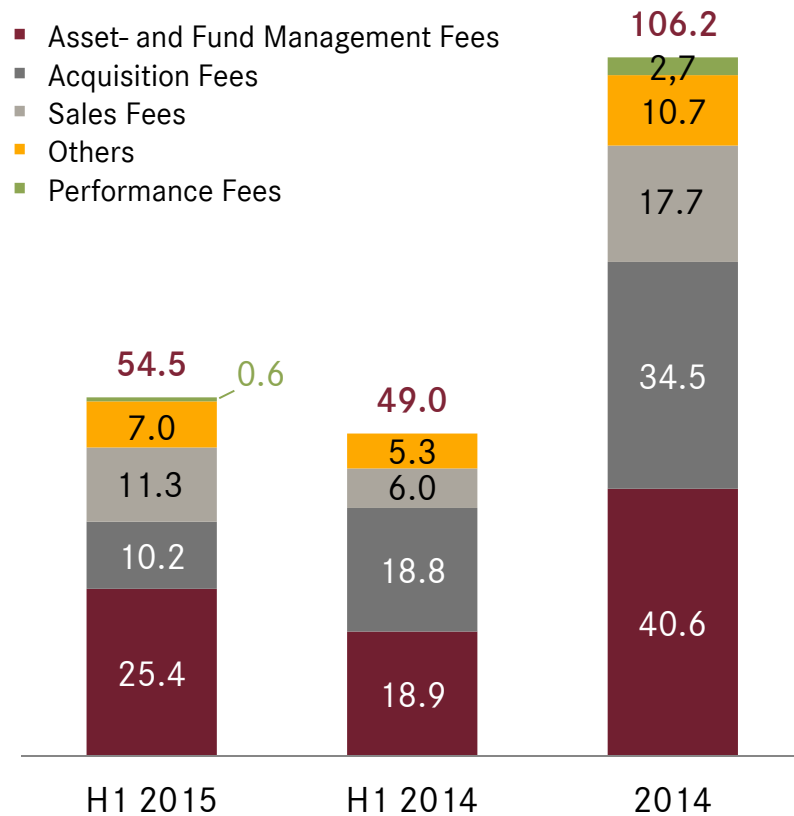


### SPLIT OF REVENUES OUT OF THE SERVICE BUSINESS

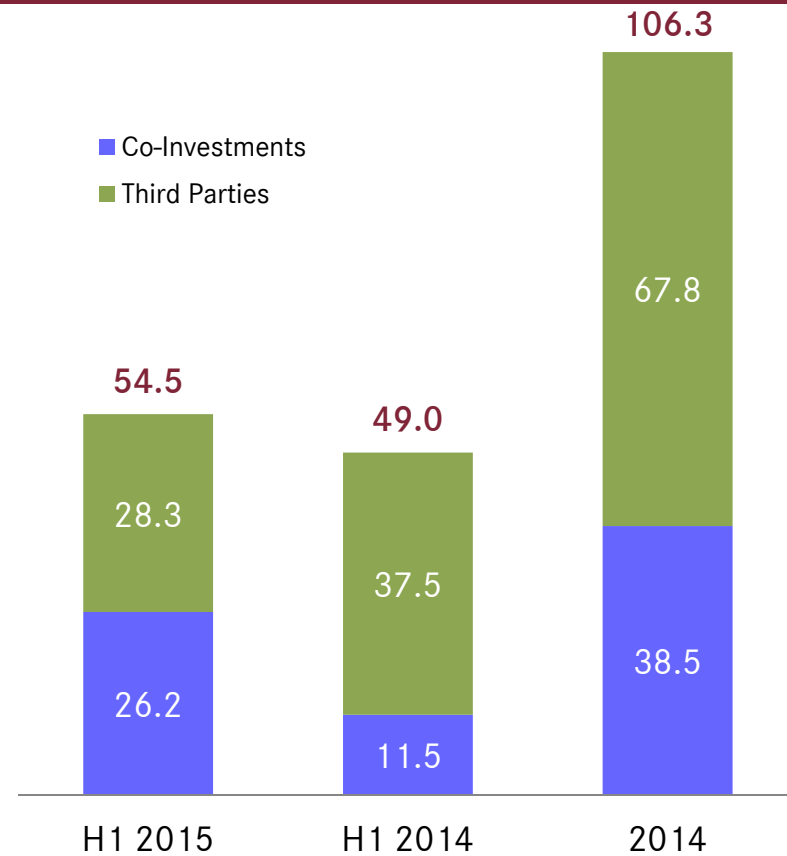
	H1 2015	SHARE	H1 2014	SHARE	CHANGE	2014	SHARE
<b>Split by fee structure</b>	<b>54,505</b>	<b>100%</b>	<b>49,031</b>	<b>100%</b>	11%	<b>106,285</b>	<b>100%</b>
Recurrent management fees	32,441	60%	24,267	49%	34%	51,298	48%
Acquisition/sales and performance fees	22,064	40%	24,764	51%	-11%	54,987	52%
					%		
<b>Split by level of participation</b>	<b>54,505</b>	<b>100%</b>	<b>49,031</b>	<b>100%</b>	11%	<b>106,285</b>	<b>100%</b>
Co-Investments	26,223	48%	11,527	24%	128%	38,467	36%
Third parties	28,282	52%	37,504	76%	-25%	67,818	64%

# Service Business in Detail – How we earn Fees

## SERVICE REVENUES BY FEE STREAM



## SERVICE FEES BY BUSINESS UNIT



## Sources of Income\* – Service Business Revenues

Fee structure	Fees	Q2 2015	Q2 2014	H1 2015	H1 2014	2014
Acquisition Fee	Fixed percentage of the purchase costs of single assets or portfolios at the time of acquisition	EUR 2.1m	EUR 2.2m	EUR 10.2m	EUR 18.8m	EUR 34.5m
Sales Fee	Fixed percentage of the proceeds/sales price when an asset is sold (notarised)	EUR 6.8m	EUR 3.6m	EUR 11.3m	EUR 6.0m	EUR 17.7m
Performance Fee	Fixed percentage of earnings above the defined target yield according to the underlying business plan of each fund or co-investment	EUR 0.6m	EUR 0	EUR 0.6m	EUR 0	EUR 2.7m
<b>TOTAL ONE-TIME TRANSACTION AND PERFORMANCE FEES</b>		<b>EUR 9.5m</b>	<b>EUR 5.8m</b>	<b>EUR 22.1m</b>	<b>EUR 24.8m</b>	<b>EUR 55.0m</b>
Asset, Fund and Portfolio Management Fee	Fixed percentage of investment volume (fair value)	EUR 13.0m	EUR 10.6m	EUR 25.4m	EUR 18.9m	EUR 40.6m
Others	Property Management: Fixed amount of euros per unit for residential; fixed percentage of net annual rental income for commercial;	EUR 3.7m	EUR 2.8m	EUR 7.0m	EUR 5.3m	EUR 10.7m
	RE Development: Fixed percentage of intended sales price					
<b>TOTAL RECURRING MANAGEMENT FEES</b>		<b>EUR 16.7m</b>	<b>EUR 13.4m</b>	<b>EUR 32.4m</b>	<b>EUR 24.2m</b>	<b>EUR 51.3m</b>
<b>TOTAL FEES</b>		<b>EUR 26.2m</b>	<b>EUR 19.2 m</b>	<b>EUR 54.5m</b>	<b>EUR 49.0m</b>	<b>EUR 106.3m</b>

\* All mentioned fees are shown in the Revenues item

# Sources of Income – Participations

## INVESTMENT RESULT AS GROWTH TRIGGER

### INCOME FROM PARTICIPATIONS

EUR million	H1 2015	H1 2014	2014
<b>SÜDEWO</b>			
Asset Management Fee	3.6	3.6	7.3
<b>Total SÜDEWO</b>	<b>3.6</b>	<b>3.6</b>	<b>14.6*</b>
<b>GBW</b>			
Asset Management Fee	4.7	4.7	9.5
Dividend (guaranteed dividend of 6% since 2014)	1.6	0.0	3.2
<b>Total GBW</b>	<b>6.3</b>	<b>4.7</b>	<b>24.1*</b>
<b>Income from participations</b>	<b>10.0</b>	<b>8.3</b>	<b>39.1*</b>

### EARNINGS FROM COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

EUR million	H1 2015	H1 2014	2014
<b>WohnModul I</b>			
<b>Earnings from companies accounted for using the equity method</b>	<b>3.0</b>	<b>1.6</b>	<b>3.2</b>

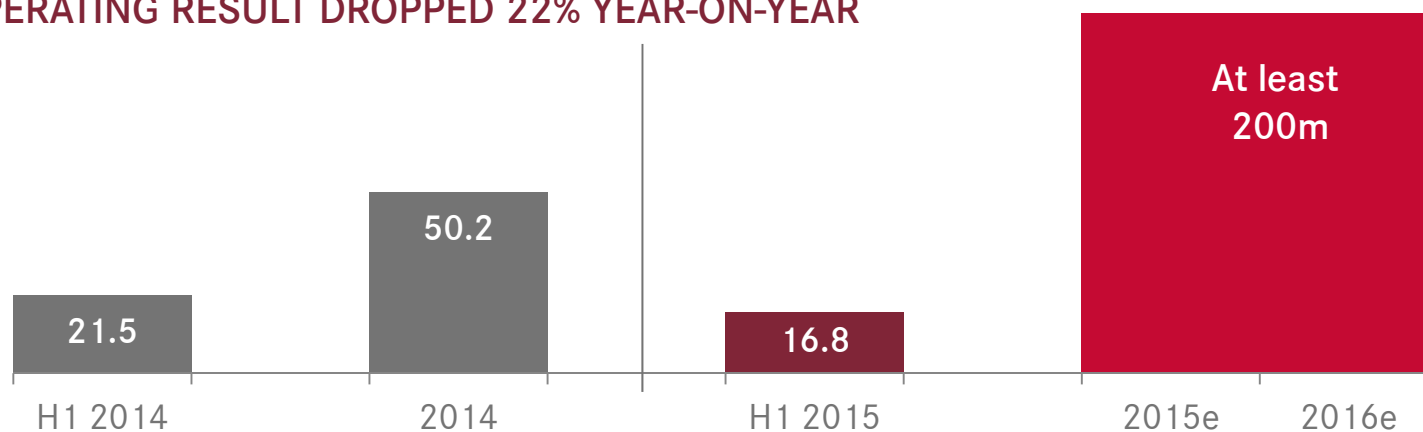
\* incl. performance fees and dividend payments that are usually not posted until the final quarter of a FY

# Operating Result

## CALCULATION OF THE ADJUSTED FIGURES

In TEUR	2 <sup>nd</sup> quarter 2015	2 <sup>nd</sup> quarter 2014	1 <sup>st</sup> half 2015	1 <sup>st</sup> half 2014	2014
EBT (IFRS)	8,035	2,019	11,648	15,190	41,998
Amortisation on fund management contracts	492	621	984	1,241	2,485
Unrealised change in the value of investment property	0	0	0	0	-51
Realised change in the value of investment property	1,594	3,560	4,965	7,807	8,566
Change in the value of derivatives	-786	-742	-786	-2,819	-2,819
Release of other result from CF hedging	0	0	0	0	31
<b>Operating EBT</b>	<b>9,335</b>	<b>5,458</b>	<b>16,811</b>	<b>21,450</b>	<b>50,210</b>

## OPERATING RESULT DROPPED 22% YEAR-ON-YEAR



BI = Bridge Investments

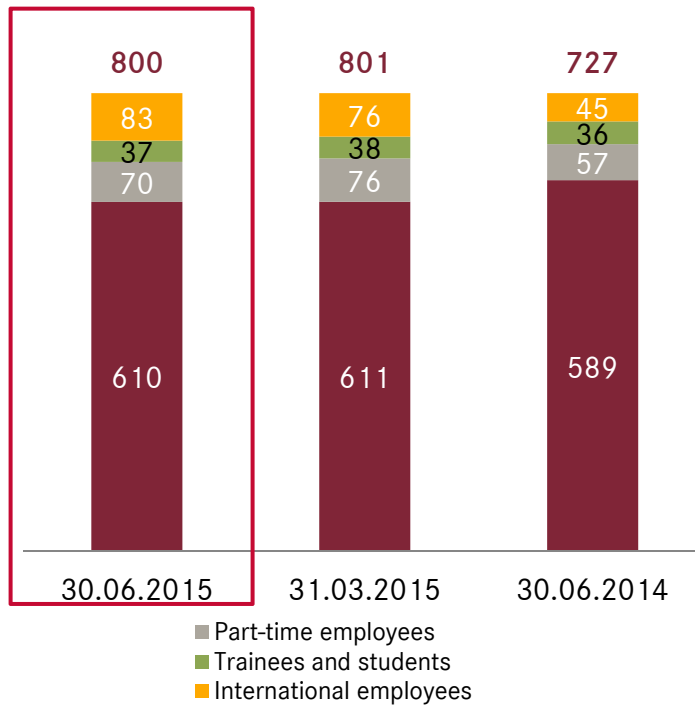


# Staff Costs

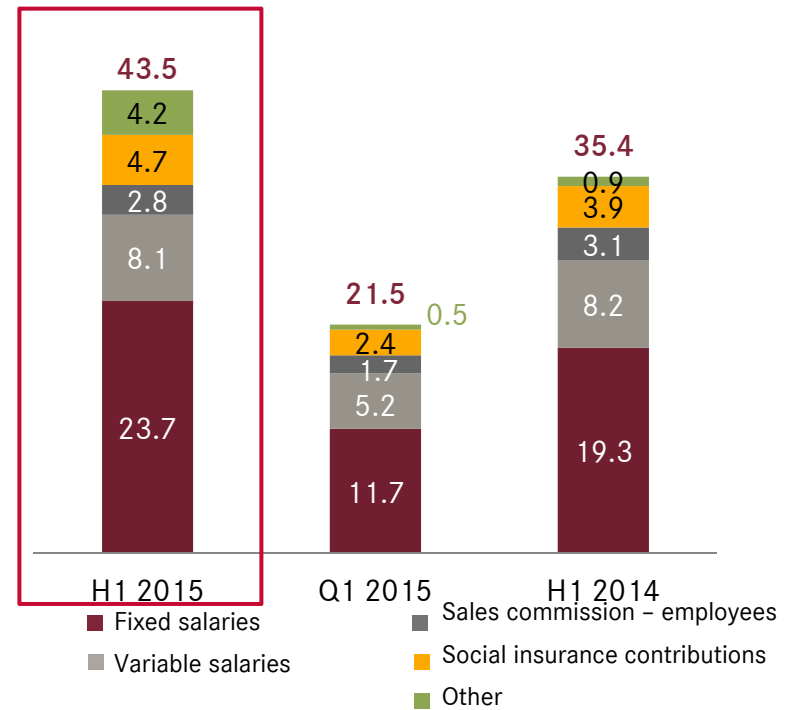
## NUMBER OF EMPLOYEES REMAINED CONSTANT SINCE THE END OF MARCH 2015

- ◆ Increase in staff costs by 22.8% to EUR 43.5m (H1 2014: EUR 35.4m) due to new appointments (+10% FTE y-o-y) and salary adjustments in line with market trends
- ◆ EUR -3.2m effect from provisions for long-term variable compensation due to higher share price (+126% y-o-y)

STAFF (NUMBER, NOT FTE)



COSTS



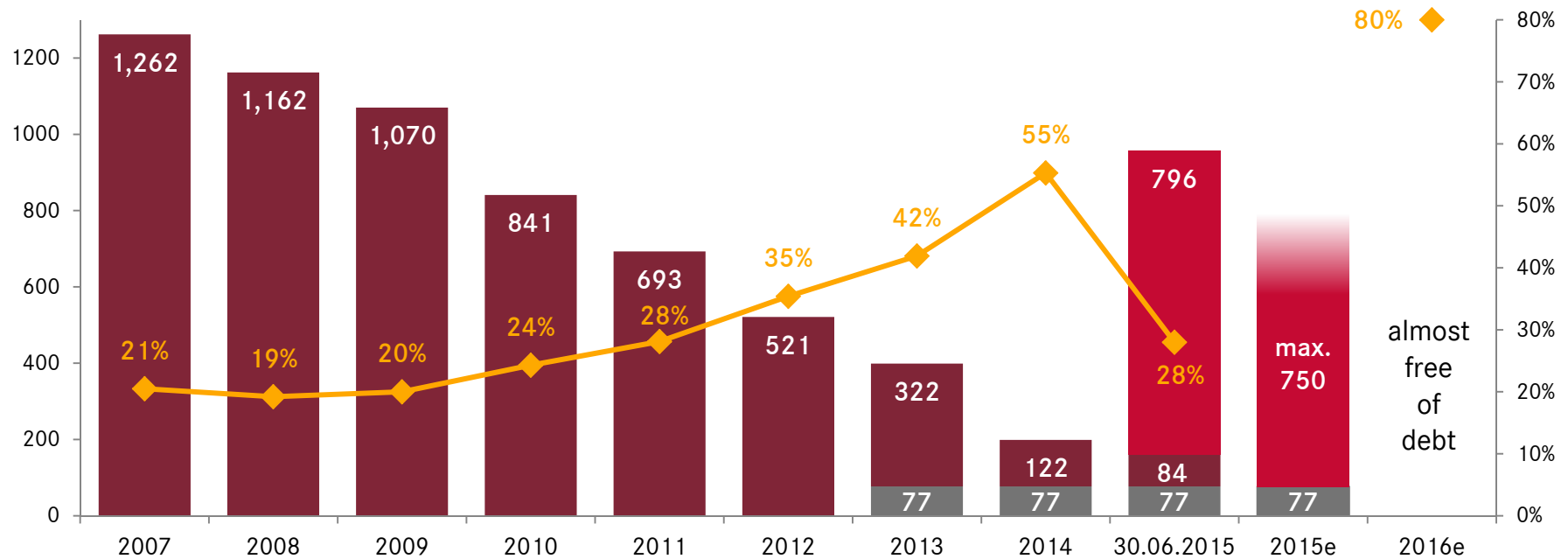
# P&L

EUR'000	Q2 2015	Q2 2014	H1 2015	H1 2014	2014
Revenues	55,525	37,601	102,807	84,649	291,815
Income from the sale of investment property	1,383	2,067	2,969	5,512	17,019
Changes in inventories	-14,540	1,494	-22,219	5,178	-110,509
Other operating income	5,945	2,636	7,079	3,860	7,143
Income from the deconsolidation of subsidiaries	5,277	0	5,277	0	0
<b>Total operating performance</b>	<b>53,590</b>	<b>43,798</b>	<b>95,913</b>	<b>99,199</b>	<b>205,468</b>
Cost of materials	-11,474	-11,625	-18,467	-26,415	-54,455
Cost of purchased services	-2,295	-3,188	-7,145	-5,656	-9,990
Staff costs	-21,952	-17,853	-43,480	-35,396	-77,239
Results from fair value adjustments to investment property	0	0	0	0	51
Other operating expenses	-11,762	-13,734	-21,123		-50,193
<b>EBITDA</b>	<b>6,107</b>	<b>586</b>	<b>5,698</b>	<b>12,753</b>	<b>13,642</b>
Amortisation of intangible assets and depreciation on property, plant and equipment	-1,869	-1,683	-3,469	-3,267	-6,940
<b>Earnings before finance income and income taxes (EBIT)</b>	<b>4,238</b>	<b>-1,097</b>	<b>2,229</b>	<b>9,486</b>	<b>6,702</b>
Income from participations	4,972	4,168	9,963	8,334	39,062
Earnings from companies accounted for using the equity method	2,334	782	3,018	1,566	3,182
Finance income	1,355	996	1,630	3,418	4,413
Finance cost	-3,703	-3,138	-5,185	-8,013	-11,912
Gains/losses from currency translation	-1,161	308	-7	399	551
<b>Earnings before income taxes (EBT)</b>	<b>8,035</b>	<b>2,019</b>	<b>11,648</b>	<b>15,190</b>	<b>41,998</b>
Income tax	-738	1,252	-1,501	121	-6,978
<b>Net profit for the period</b>	<b>7,297</b>	<b>3,271</b>	<b>10,147</b>	<b>15,311</b>	<b>35,020</b>

# Positive Development of the Financial Situation

## BANK LOANS VS. EQUITY RATIO

- ◆ Financing via bank loans at property/portfolio level, bonded loans on corporate level
  - ◆ Bonded loans with a remaining term to 30 June 2016 and 2018 bearing interest at 4.5% and 4.65%; may be repaid prematurely
- ◆ Free of debt in the field of financing own 100% investments till year end; liberated equity can be reinvested in new co-investments
- ◆ Financing of bridge investments (on corporate level) as temporary opposing development; reduction depends on sales process



# Net Asset Value

## NAV / INVESTMENTS SEGMENT SHOULD REPRESENT ONLY 20% OF THE OPERATING RESULT FOR 2015

- ◆ **Investment property** and **inventories** were sold in H1 2015 at a profit with a gross margin of **10.2%** and **8.7%** respectively, thus confirming the value retention of the properties
- ◆ The whole service business that should generate 80% of the operating result in 2015 is not reflected in the NAV calculation
- ◆ NAV can only serve as a component for determining corporate value in conjunction with the value of the services business

EUR'000	31.12.2013	31.12.2014	31.03.2015	30.06.2015
Investment property (fair value) <sup>1</sup>	229,717	78,507	63,057	53,124
Participations in associated companies	18,295	68,497	70,448	72,824
Participations	80,074	96,555	97,569	97,449
Inventories (at cost, incl. Bridge Investments) <sup>2</sup>	309,203	198,694	191,015	1,149,494
Current receivables and other current assets	82,262	84,774	64,453	68,654
Bank balances and cash	105,536	145,361	160,806	126,477
Less bonded loans	-77,000	-77,000	-77,000	-77,000
Less current liabilities	-75,759	-92,506	-93,115	-137,365
Less bank loans	-321,634	-121,950	-88,211	-880,188
<b>Net Asset Value (NAV)</b>	<b>350,694</b>	<b>380,932</b>	<b>389,022</b>	<b>473,469</b>
Number of shares	63,077,300	69,385,030	69,385,030	69,385,030
<b>NAV per share</b>	<b>EUR 5.56</b>	<b>EUR 5.49</b>	<b>EUR 5.61</b>	<b>EUR 6.82</b>
Share price	EUR 7.67	EUR 12.19	EUR 16.69	EUR 21.94

<sup>1</sup> Fair market valuation; (gross) sales margin of the fiscal year H1 2015: 10.2%,

<sup>2</sup> Valuation at amortised cost; (gross) sales margin of the fiscal year H1 2015: 8.7%

<sup>3</sup> Figures excluding PATRIZIA GewerbeInvest KVG mbH, purchase loans eliminated (concerns 2011) and cash and cash equivalents increased by outflow of equity (concerns 2011 and 2012)

<sup>4</sup> Adjusted for non-property-specific items

# Balance Sheet

ASSETS		
EUR'000	30.06.2015	31.12.2014
<b>A. Non-current assets</b>		
Goodwill	610	610
Other intangible assets	38,417	39,407
Software	10,229	10,795
Investment property	53,124	78,507
Equipment	5,246	4,476
Participations in associated companies	72,824	68,497
Participations	97,449	96,555
Loans	5,843	5,281
Long-term tax assets	3,909	119
<b>Total non-current assets</b>	<b>287,651</b>	<b>304,247</b>
<b>B. Current assets</b>		
Inventories	1,149,494	198,694
<i>thereof own investments</i>	<i>176,475</i>	<i>198,694</i>
<i>thereof bridge investments</i>	<i>973,019</i>	<i>0</i>
Securities	69	86
Short-term tax assets	7,464	8,014
Current receivables and other current assets	68,654	84,774
Bank balances and cash	126,477	145,361
<b>Total current assets</b>	<b>1,352,158</b>	<b>436,929</b>
<b>Total assets</b>	<b>1,639,809</b>	<b>741,176</b>

EQUITY AND LIABILITIES		
EUR'000	30.06.2015	31.12.2014
<b>A. Equity</b>		
Share capital	69,385	69,385
Capital reserve	198,576	198,576
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	37,315	809
Currency translation difference	2,008	1,030
Consolidated unappropriated profit	151,119	139,743
<b>Total equity</b>	<b>458,908</b>	<b>410,048</b>
<b>B. Liabilities</b>		
Non-current liabilities		
Deferred tax liabilities	63,961	19,704
Retirement benefit obligations	630	630
Non-current liabilities	82,798	82,544
<b>Total non-current liabilities</b>	<b>147,389</b>	<b>102,878</b>
Current liabilities		
Short-term bank loans	880,188	121,950
<i>thereof own investments</i>	<i>84,426</i>	<i>121,950</i>
<i>thereof bridge investments</i>	<i>795,762</i>	<i>0</i>
Short-term financial derivatives	5,780	0
Other provisions	2,195	2,142
Current liabilities	137,365	92,506
Tax liabilities	6,730	11,652
Other current liabilities	1,254	0
<b>Total current liabilities</b>	<b>1,913,700</b>	<b>228,250</b>
<b>Total equity and liabilities</b>	<b>1,639,809</b>	<b>741,176</b>

# Agenda

- ◆ REVIEW H1 – EVENTS HAPPENED
- ◆ ASSETS UNDER MANAGEMENT
- ◆ BRIDGE INVESTMENTS
- ◆ CO-INVESTMENTS
- ◆ THIRD PARTIES
- ◆ OWN INVESTMENTS
- ◆ FINANCIALS Q2/H1
- ◆ **OUTLOOK FY 2015**

# New Outlook 2015

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## FIRST OUTLOOK FOR 2015

- ◆ Increase in operating result (EUR 50.2m in 2014) by approx. 10%

## NEW OUTLOOK FOR 2015+2016 (PUBLISHED IN JUNE 2015)

- ◆ Combined operating result of at least EUR 200 m
- ◆ Impact from sale of SÜDEWO on EBT (IRFS) and operating result in H2 2015: EUR 116.3m
  - ◆ Sale means the loss of the regular income from this participation: Planned earnings of approx. EUR 10.9m will not apply in H2/2015 (and around EUR 14.6m in subsequent years)
- ◆ No impact from the finalisation of VERO/F40
  - ◆ Expected earnings contribution of EUR 4-5m in 2015 cannot be realised any more
- ◆ Growth of EUR 2bn in AuM remains valid, despite the sale of SÜDEWO (EUR -1.6bn)
  - ◆ Further acquisitions with more than EUR 870m new AuM to come effective in H2: Mme Tussauds/London, Brussels, Plaza de Félix Sáenz/Malaga etc.
- ◆ Sale of the majority of PATRIZIA's own portfolio as scheduled till year's end
- ◆ Due to the recent transactions, the 2015 forecast for the equity ratio and the debt situation will be specified with the Q3/2015 figures. The "old" outlook figures become valid with a delay of 12 months for 2016 again (equity ratio of 80% and free of bank loans till 31.12.2016)

# Financial Calendar, Conferences and Roadshows

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## 2015

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August	6	➤ Interim report for the first half of 2015
	27	➤ Roadshow with Baader Bank, Vienna
September	21 - 22	➤ Berenberg & Goldman Sachs International – German Corporate Conference, Munich
	24	➤ Baader Investment Conference, Munich
	30	➤ Roadshow with Oddo Seydler Bank, London
October	1	➤ Société Générale Pan European Real Estate Conference, London
November	12	➤ Interim report for the first nine months of 2015
	17-19	➤ Roadshow with Berenberg Bank, Amsterdam, Brussels and Paris
	24	➤ Commerzbank German Commercial Property Forum, London
	30	➤ 13th Berenberg European Conference, London

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## 2016

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March	17	➤ Financial statements 2015
May	10	➤ Interim report for the first quarter of 2016
August	9	➤ Interim report for the first half of 2016
November	8	➤ Interim report for the first nine months of 2016

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The conference calls about the financial reports will usually be held at 3 pm CET. Invitations and dial-in numbers will be provided in advance.

To stay informed, take a look at our website [www.patrizia.ag](http://www.patrizia.ag)



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