

Q1 2016 Results Conference Call

Karim Bohn, CFO

10 May 2016



2016 with a strong start...

FINANCIAL RESULTS Q1 2016:

Operating income of EUR 216.9m

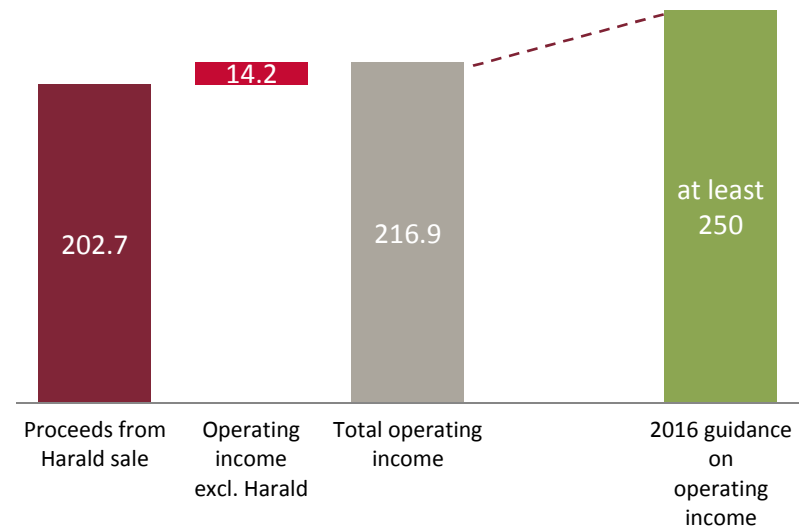
- ◆ Harald: 202.7m
excluding transaction-related taxes and minorities
 - ◆ Operating business: EUR 14.2m
(Q1 2015: EUR 7.5m; +90.3%)
- Q1 2016 results fully in line with guidance of operating income of at least EUR 250m

Q1-HIGHLIGHTS:

- ◆ **Assets under Management:** EUR 16.5bn
(Q4 2015: EUR 16.6m)
- ◆ **Transaction volume:** EUR 2.2bn
(Q1 2015: EUR 0.7bn; +214.3%) incl. Harald
- ◆ **Strong transaction pipeline** with further EUR 1.1bn acquisitions already signed
- ◆ **Institutional funds raised:** EUR 508.8m
(Q1 2015: EUR 130.0 m; +291.4%)
- ◆ Focus on **operational efficiency** with disposal of property management reducing headcount by at least 170 FTE

OPERATING INCOME Q1 2016

(in EUR million)
As of 31 March 2016



...and positive earnings contribution across all businesses

MANAGEMENT	TRANSACTIONS	INVESTORS ACCESS	EQUITY INVEST
<ul style="list-style-type: none">◆ AuM: EUR 16.5bn thereof international: EUR 5.5bn national: EUR 11.0bn◆ Third party management: 40 residential and commercial vehicles◆ Asset and portfolio management	<ul style="list-style-type: none">◆ Unique access to deal flow◆ EUR 2.2bn transactions◆ EUR 1.2bn sales◆ EUR 1.0bn acquisitions◆ 21 major single transactions	<ul style="list-style-type: none">◆ EUR 508.8m funds raised in Q1 2016◆ Diversified client base: more than 200 national and international investors more than 50% have multiple investments◆ German retail funds business successfully launched in Q1 2016	<ul style="list-style-type: none">◆ EUR 353m invested capital◆ EUR 185m invested in co-investments alongside our partners◆ Principal investments of EUR 168m offer attractive returns to PATRIZIA shareholders

as of 31 March 2016

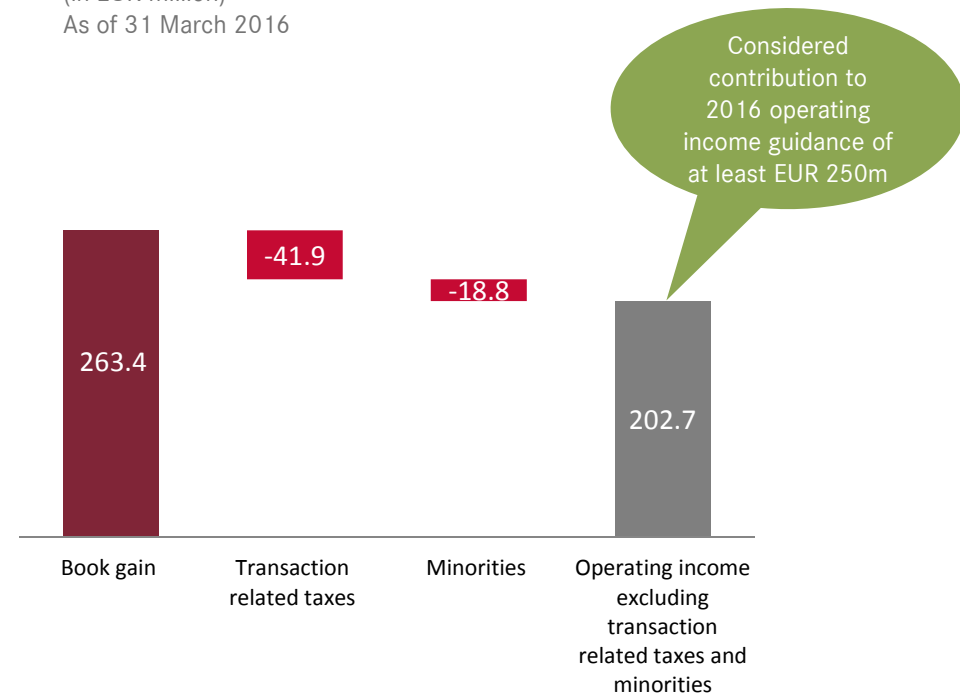
Harald: Contribution to Q1 2016 results

HARALD DISPOSAL AT A GLANCE

- ◆ 94% of Harald closed in Q1 2016
- ◆ Book gain: EUR 263.4m
- ◆ Operating income: EUR 202.7m excluding transaction related taxes and minorities
- ◆ EUR 202.7m reflects the contribution to PATRIZIA's 2016 operating income guidance
- ◆ Remaining portfolio expected to close during the course of 2016:
 - ◆ Gross proceeds: EUR 66.0m
 - ◆ Book value: EUR 51.7m
 - ◆ Operative income: EUR 4.2m after transaction related taxes and minorities

HARALD EARNINGS BRIDGE

(in EUR million)
As of 31 March 2016



Stable Assets under Management supported by strong transaction activities

2016 AUM NET GROWTH TARGET OF EUR 2.0BN

AuM level supported by strong transaction activities

Q1 2016 overview

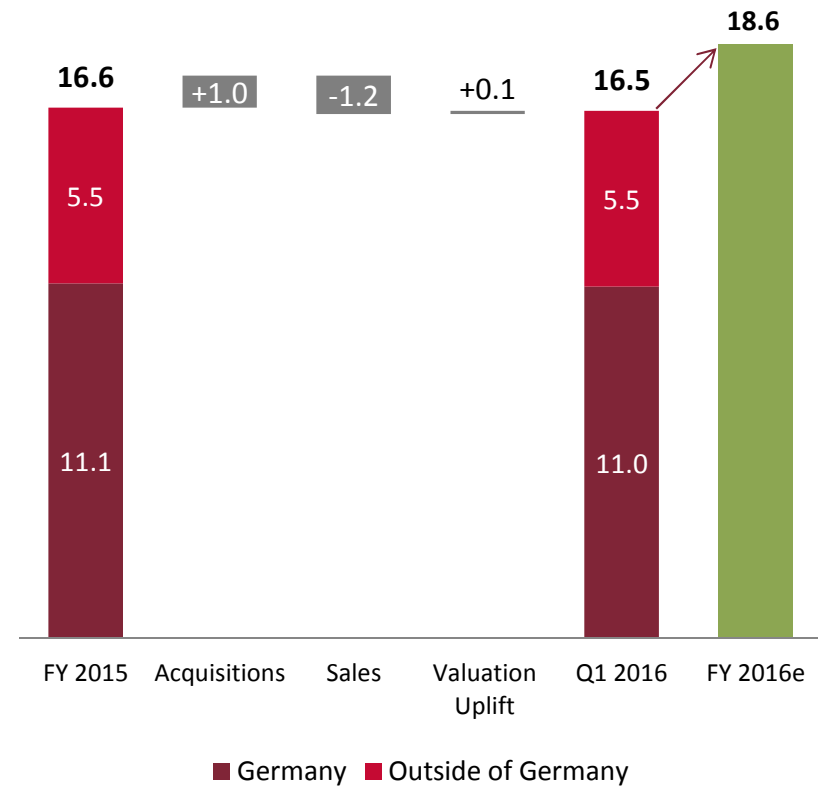
- ◆ EUR 2.2bn total transactions closed
- ◆ EUR 1.0bn acquisitions
- ◆ EUR 1.2bn sales
(thereof EUR 1.0bn sale of Harald)
- ◆ EUR 0.1bn valuation uplift mainly driven by Harald disposal

Strong pipeline ahead

- ◆ EUR 185m of transactions already closed post Q1
- ◆ Further EUR 888m signed with closing expected later this year

ASSETS UNDER MANAGEMENT

(in EUR billion)
As of 31 March 2016



Increased 3rd party fee income demonstrates PATRIZIA's operating progress...

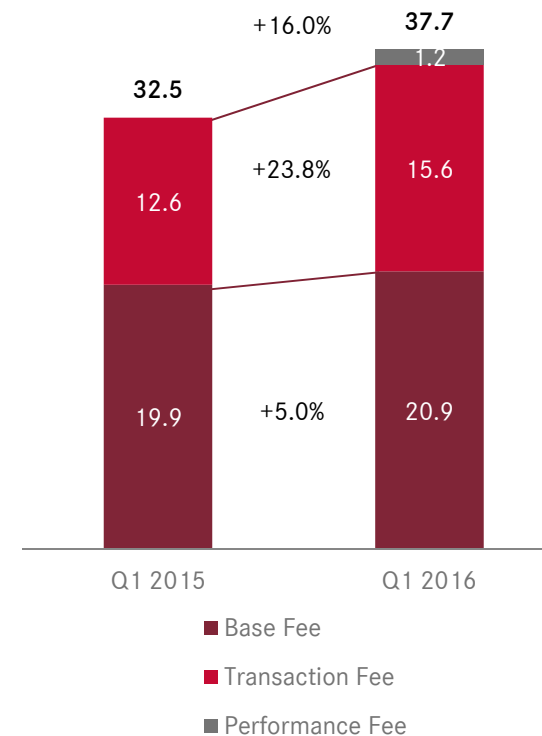
STRONG DEVELOPMENT OF FEE INCOME IN Q1 2016

- ◆ Total fee income up 16.0%:
EUR 37.7m in Q1 2016 after EUR 32.5m in Q1 2015
- ◆ Strong transaction activities are contributing increased fee stream
- ◆ Acquisitions closed in Q1 2016 will improve base fees in rest of 2016
- ◆ Future top line growth driven by:
 - ◆ already signed deals
 - ◆ further European expansion of platform
 - ◆ international broadening of investors base

Harald: as principal investment, no contribution to any fee stream

FEE INCOME

(in EUR million)
As of 31 March 2016



...and provides improved 3rd party fee income streams...

Fee structure	Fee description	Fees	Q1 2016	Q1 2015	Change in %
Acquisition Fee	Remuneration for providing investment opportunities	Fixed percentage of the purchase price of single assets or portfolios at acquisition	EUR 10.9m	EUR 8.1m	34.6%
Sales Fee	Remuneration for selling properties via single unit sales or block sales	Fixed percentage of the proceeds/sales price when an asset is sold (notarised)	EUR 4.7m	EUR 4.5m	4.4%
Performance Fee	Incentive to perform better than contracted	Fixed percentage of earnings above the defined target yield according to the underlying business plan of each fund or co-investment	EUR 1.2m	-	-
Asset, Fund and Portfolio Management Fee ¹	Remuneration for managing assets, funds and portfolios	Fixed percentage of investment volume (fair value)	EUR 17.3m	EUR 16.5m	4.8%
Others	Property Management	Fixed amount of euros unit for residential; fixed percentage of net annual rental income for commercial;	EUR 2.7m	EUR 2.3m	17.4%
	RE Development	Fixed percentage of intended sales price	EUR 0.9m	EUR 1.1m	-18.2%
TOTAL FEES			EUR 37.7m	EUR 32.5m	16.0%

All amounts in EUR m, unless stated otherwise

This table may be subject to discrepancies due to rounding differences

¹ Includes the advance profit distribution for GBW, shown in income from participations

...with transaction fees as a sustainable part of total income

TRANSACTION VOLUME TRIPLED TO EUR 2.2BN

Strong transaction volume in Q1 2016:

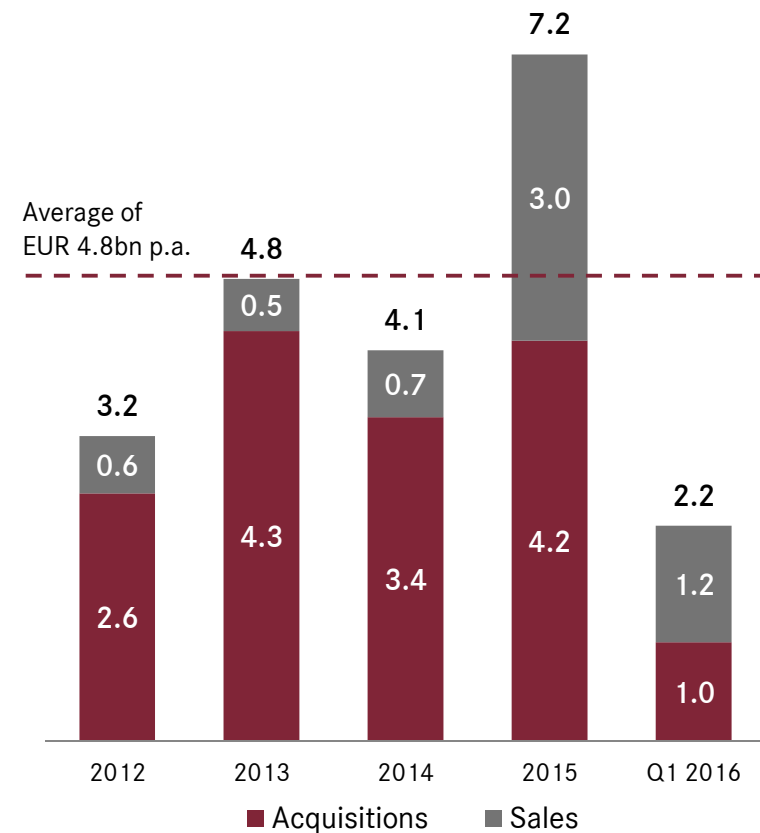
- ◆ Increase to EUR 2.2bn vs. EUR 0.7bn in Q1 2015
- ◆ Acquisitions of EUR 1.0bn, up from EUR 0.7bn in Q1 2015
- ◆ Disposals of EUR 1.2bn vs. no disposals in Q1 2015
- ◆ Disposals include sale of Harald-portfolio (EUR 1.0bn)

Landmark transactions in Q1 2016 include:

- ◆ Acquisition of 21 specialist outlets in Germany (Victoria): EUR 252m
- ◆ Acquisition of 18 specialist outlets in Germany (Jasmin): EUR 225m
- ◆ Acquisition of Oval Office in Dublin: EUR 145m
- ◆ Disposal of Harald: EUR 1.0m
- ◆ ...and a strongly filled deal pipeline ahead

TRANSACTION VOLUME

(in EUR billion)
As of 31 March 2016



Investment income reveals PATRIZIA's outstanding investment competence

INVESTMENT INCOME STRONGLY UP

Invested equity in Principal Investments and in Co-Investments

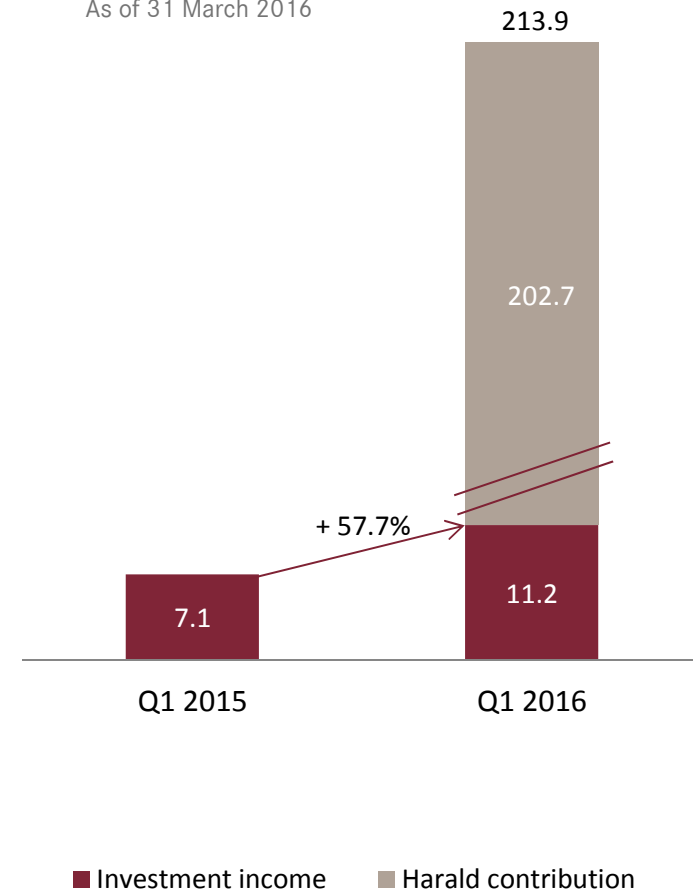
Investment discipline pays off:

- ◆ Excluding Harald, investment income is up 57.7% to EUR 11.2m after EUR 7.1m in Q1 2015
- ◆ Sale of Plot 5 in Manchester contributed to investment income
- ◆ Harvesting of Harald powers investment income
- ◆ Growth underlines strong performance and solid profitability of equity investments

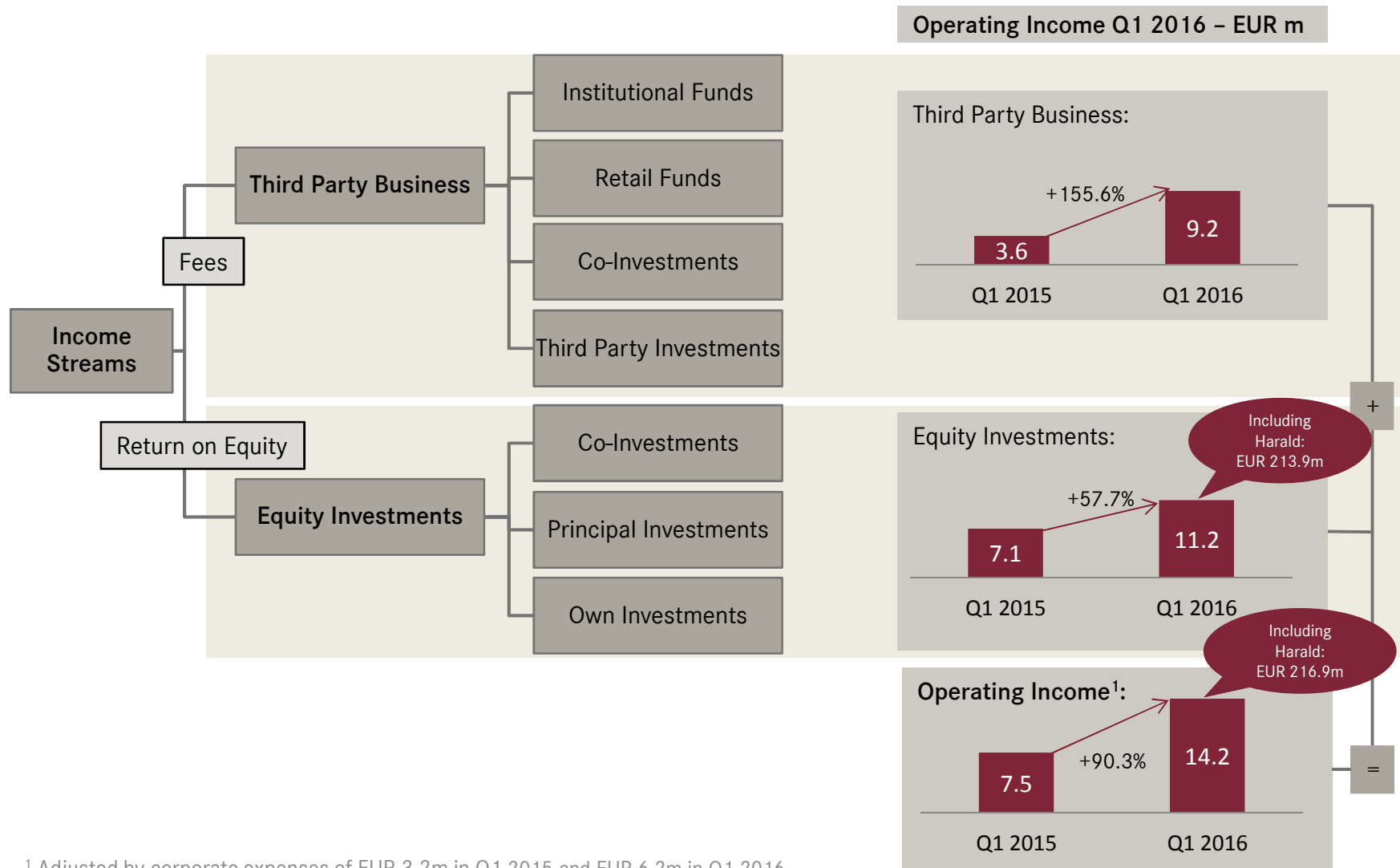
INVESTMENT INCOME

(in EUR million)

As of 31 March 2016



Strong operational start of 2016 reflected in financial results



¹ Adjusted by corporate expenses of EUR 3.2m in Q1 2015 and EUR 6.2m in Q1 2016

Development of operating income

RECONCILIATION TO OPERATING INCOME

in TEUR	Q1 2016 incl. Harald	Q1 2016 excl. Harald	Q1 2015	like-for-like change in %	LIKE-FOR-LIKE COMMENTS
EBITDA	280,180	15,127	5,266	187.3	Increase driven by rise in operating activities (fee income) and sale of Plot 5.
Amortisation of fund management contracts, depreciation on fixed assets and equipment	-1,650	-1,650	-1,600	3.1	
EBIT	278,530	13,477	3,666	267.6	Financing activities up, as principal investments increased vs. Q1 2015
Financial result (interest result)	-3,791	-1,724	-1,207	42.8	
Currency result	1,304	911	1,154	-21.1	
EBT (IFRS)	276,043	12,664	3,613	250.5	
+ Amortisation on fund management contracts	492	492	492	unch.	Decrease in line with lower condo privatisations.
Harald – Transaction related taxes and minorities	-60.719	-	-	-	
Realised change in value of investment property (NET)	1,071	1,071	3,371	-68.2	
Operating Income	216.887	14,227	7,476	90.3	

Conservative balance sheet paves ground for future growth...

IN EUR MILLION	31.03.2016	31.12.2015	COMMENTS
Total assets	1,197.7	1,631.8	Harald sale: <ul style="list-style-type: none"> • decrease of balance sheet and bank loans • increase in cash results in net cash position and significantly increased equity ratio
Equity (excl. non-controlling partners)	726.6	521.6	
Equity ratio	60.7%	32.0 %	Cash proceeds from Harald sale turns net debt into net cash position
Bank loans	188.4	821.8	
- Cash and cash equivalents	443.4	179.1	
+ Bonded loans (Schuldscheindarlehen)	57.0	67.0	
= Net debt (+)/cash (-)	-197.9	709.7	
Net equity ratio	77.2%	35.9%	

- ◆ Majority of Harald earnings realised in Q1 2016
- ◆ Balance sheet providing a net cash position
- ◆ Excellent basis for further growth in 2016 and beyond:
 - ◆ Continue European expansion with rolling out existing platform
 - ◆ Consider corporate M&A opportunities – very carefully
 - ◆ Take advantage from investment opportunities, if they arise – both as Principal Investment or Co-Investment

...facilitated by a solid capital structure

SALE OF HARALD-PORTFOLIO LEADS TO A SIGNIFICANT CASH POSITION

- ◆ Proceeds from Harald disposal result in cash position of EUR 443.4m or EUR 345.7m freely available cash
- ◆ Pay-out of transaction related taxes and minorities of approx. EUR 87.3m expected during course of 2016
- ◆ Regulatory reserve for KVGs of EUR 10.4m

CAPITAL STRUCTURE 31 MARCH 2016

IN EUR MILLION	31.03.2016
Bonded loan - long-term	27.0
Bonded loan - short-term	30.0
Mortgage debt	188.4
Other bank debt	0.1
Total debt	245.5
Cash balance	443.4
Net debt (+) / cash (-)	-197.9

AVAILABLE CASH 31 MARCH 2016

IN EUR MILLION	31.03.2016
Bank balances and cash	443.4
- Transaction-based taxes Harald	51.1
- Harald minorities	36.2
- Regulatory reserve investment companies (KVGs)	10.4
= Available cash	345.7

Outlook: Well on track for another successful year

POSITIVE MOMENTUM CONTINUES IN Q1 2016

Guidance confirmed:

- ◆ Operating income to reach at least EUR 250m
- ◆ Assets under Management to grow by EUR 2.0bn
- ◆ Strongly filled transaction pipeline ahead

2016 operational focus on

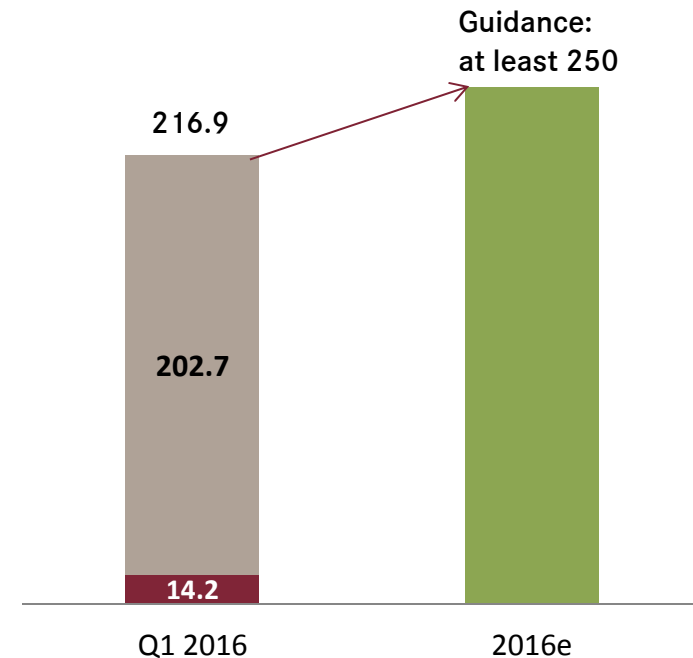
- ◆ Increase operational efficiency with disposal of property management
- ◆ Further roll-out of PATRIZIA's proven platform, and
- ◆ Appointing CIO to further accelerate European expansion

Broadening investors base for further growth by

- ◆ Approaching investors outside Europe, i.e. Asia, Australia, Americas
- ◆ Placement of further German retail funds

OPERATING INCOME GUIDANCE

(in EUR million)
As of 31 March 2015



APPENDIX

Harald contribution to Q1 2016 results

EUR'000	Harald only 3 months 2016 01.01.-31.3.2016	Comments
Revenues	426.329	Asset deals booked as • revenues and • change in inventories Revenues include rental income until closing
Income from the sale of investment property	0	
Changes in inventories	-335.199	
Other operating income	2.094	Share deals booked as income from the deconsolidation of subsidiaries
Income from the deconsolidation of subsidiaries	193.239	
Total operating performance	286.463	
Cost of materials	-2.801	Staff costs include bonus payments
Cost of purchased services	0	
Staff costs	-12.970	
Results from fair value adjustments to investment property	0	Transaction related taxes
Other operating expenses	-5.639	
Income from participations	0	
Earnings from companies accounted for using the equity method	0	
EBITDA	265.053	
Amortisation of intangible assets and depreciation on property, plant and equipment	0	
Earnings before finance income and income taxes (EBIT)	265.053	
Finance income	345	
Finance cost	-2.412	
Gains/losses from currency translation	393	
Earnings before income taxes (EBT)	263.379	
Income tax	-41.933	
Consolidated net profit	221.446	
Non-controlling shareholders	18.786	
Profit attributable to shareholders of PATRIZIA	202.660	

P&L Q1 2016 excluding Harald

EUR'000	Q1 2016 without Harald 01.01. - 31.03.2016	Q1 2015 01.01. - 31.03.2015	Comments
Revenues	62,009	47,282	Revenues increase driven by <ul style="list-style-type: none"> • Increase in 3rd party fee income • Disposal of Plot 5 in Manchester • Rental income
Income from the sale of investment property	333	1,586	
Changes in inventories	-14,893	-7,679	
Other operating income	835	1,134	Reflects disposal of Plot 5 in Manchester
Income from the deconsolidation of subsidiaries	281	0	
Total operating performance	48,565	42,323	Decrease, as developments are completed
Cost of materials	-2,637	-6,993	
Cost of purchased services	-3,379	-4,850	
Staff costs	-21,393	-21,528	
Results from fair value adjustments to investment property	0	0	
Other operating expenses	-9,995	-9,361	
Income from participations	3,172	4,991	
Earnings from companies accounted for using the equity method	794	684	
EBITDA	15,127	5,266	
Amortisation of intangible assets and depreciation on property, plant and equipment	-1,650	-1,600	
Earnings before finance income and income taxes (EBIT)	13,477	3,666	
Finance income	415	275	Financing activities and volume up compared to Q1 2015
Finance cost	-2,139	-1,482	
Gains/losses from currency translation	911	1,154	
Earnings before income taxes (EBT)	12,664	3,613	Income tax up with a tax rate down to 17.3% from 21.1% Q1 2015
Income tax	-2,191	-763	
Consolidated net profit	10,473	2,850	

P&L Q1 2016 including Harald

EUR'000	3 months 2016	3 months 2015
	01.01.-31.3.2016	01.01.-31.3.2015
Revenues	488,338	47,282
Income from the sale of investment property	333	1,586
Changes in inventories	-350,092	-7,679
Other operating income	2,929	1,134
Income from the deconsolidation of subsidiaries	193,520	0
Total operating performance	335,028	42,323
Cost of materials	-5,438	-6,993
Cost of purchased services	-3,379	-4,850
Staff costs	-34,363	-21,528
Results from fair value adjustments to investment property	0	0
Other operating expenses	-15,634	-9,361
Income from participations	3,172	4,991
Earnings from companies accounted for using the equity method	794	684
EBITDA	280,180	5,266
Amortisation of intangible assets and depreciation on property, plant and equipment	-1,650	-1,600
Earnings before finance income and income taxes (EBIT)	278,530	3,666
Finance income	760	275
Finance cost	-4,551	-1,482
Gains/losses from currency translation	1,304	1,154
Earnings before income taxes (EBT)	276,043	3,613
Income tax	-44,124	-763
Consolidated net profit	231,919	2,850
Non-controlling shareholders	18,786	0
Profit attributable to shareholders of PATRIZIA	213,133	2,850

Balance sheet – assets

ASSETS		
EUR'000	31.03.2016	31.12.2015
A. Non-current assets		
Goodwill	610	610
Other intangible assets	36,914	37,417
Software	8,444	9,225
Investment property	16,643	20,802
Equipment	5,082	5,015
Participations in associated companies	88,972	88,179
Participations	102,629	81,406
Loans	5,251	5,498
Long-term tax assets	78	78
Deferred Taxes	2,069	7,013
Total non-current assets	266,692	255,243
B. Current assets		
Inventories	371,935	1,057,942
Securities	69	54
Short-term tax assets	8,662	8,280
Current receivables and other current assets	106,987	131,171
Bank balances and cash	443,352	179,141
Total current assets	931,005	1,376,588
Total assets	1,197,697	1,631,831

COMMENTS

Includes mainly fund management contracts of PATRIZIA
GewerbInvest

Principal Investments at fair value

Participations increased as a RETT-Blocker Harald remains with
PATRIZIA

Includes the remaining Harald portfolio (EUR 51,7m)

Reflects cash proceeds from Harald sale

Balance sheet – equity/liabilities

EQUITY AND LIABILITIES			COMMENTS
EUR'000	31.03.2016	31.12.2015	
A. Equity			
Share capital	76,324	76,324	
Capital reserve	191,637	191,637	
Retained earnings			
Legal reserves	505	505	
Non-controlling shareholders	36,976	18,190	Increase due to Harald transaction
Currency translation difference	-9,020	-869	
Consolidated unappropriated profit	467,137	254,004	Increase driven by closing of Harald disposals
Total equity	763,559	539,791	
B. Liabilities			
Non-current liabilities			
Deferred tax liabilities	34,729	63,253	Execution of Harald disposal triggers deferred tax becoming effective tax
Retirement benefit obligations	687	687	
Bonded loan	27,000	32,000	Early redemption of EUR 5m per bonded loan free of charge p.a.
Non-current liabilities	6,481	9,262	
Total non-current liabilities	68,897	105,202	
Current liabilities			
Short-term bank loans	188,428	821,828	All Harald-related liabilities redeemed
Bonded loan	30,000	35,000	
Short-term financial derivatives	0	3,677	
Other provisions	6,857	6,740	
Current liabilities	80,557	95,288	
Tax liabilities	59,399	24,305	
Total current liabilities	365,241	986,838	
Total equity and liabilities	1,197,697	1,631,831	

Financial calendar

2016

May 10 ➤ Interim report for the first quarter of 2016

June 16 ➤ Annual General Meeting, Augsburg

August 9 ➤ Interim report for the first half of 2016

November 8 ➤ Interim report for the first nine months of 2016

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, visit www.patrizia.ag

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