

PATRIZIA

The European Real Estate Investment Company

FY 2016 Results Presentation

14 March, 2017



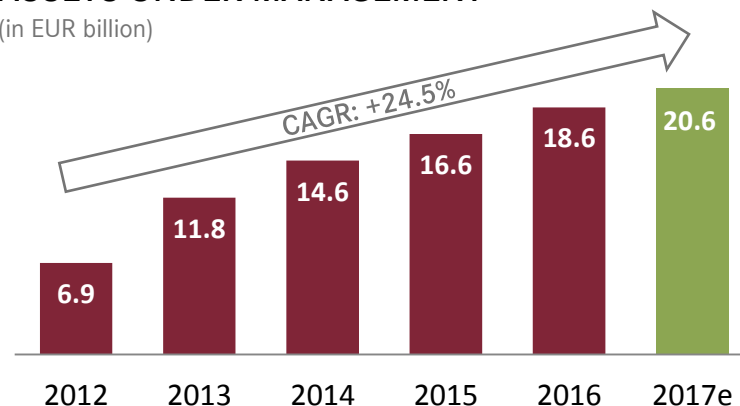
PATRIZIA – The European Real Estate Investment Company

RESULTS HIGHLIGHTS

- 2016 – promised and delivered
 - AuM growth target of EUR 2.0bn achieved
 - Operating income of EUR 283.2m outperformed increased target of at least EUR 265m
 - Adjusted operating income up 69.1% to EUR 72.2m
- Strong operating performance demonstrates scalability of European investment management platform
- 2017 – strong year ahead
 - Full transaction pipeline of EUR 2.1bn signed, but not yet closed transactions are a robust start into an encouraging 2017
 - Operating income guidance 2017 increased to EUR 60-75m – despite EUR 7m expenses for global expansion
 - AuM expected to grow by about EUR 2bn

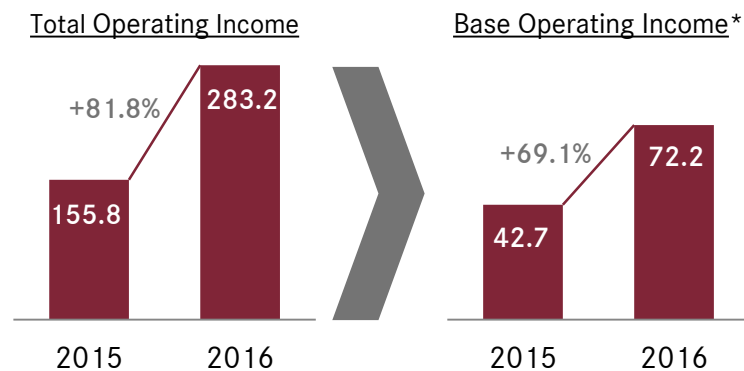
ASSETS UNDER MANAGEMENT

(in EUR billion)



OPERATING INCOME

(in EUR million)

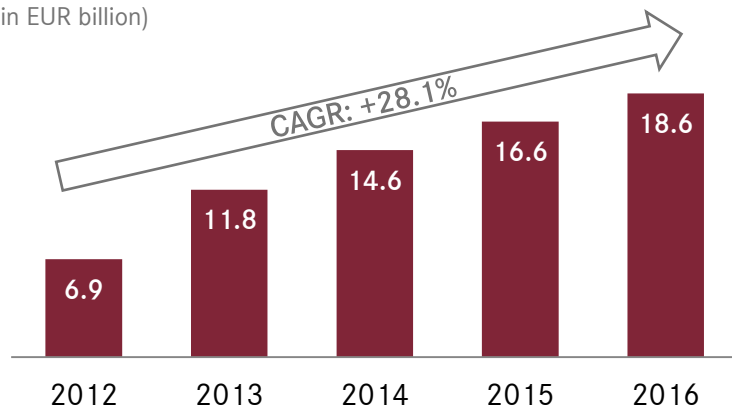


* Adjusted for Harald and SÜDEWO

PATRIZIA continues on its growth path

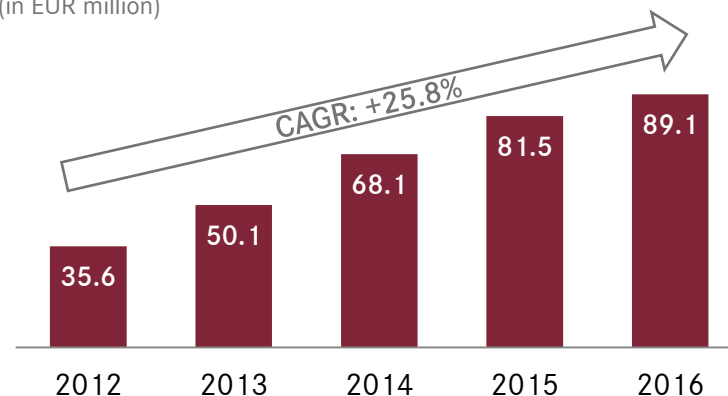
ASSETS UNDER MANAGEMENT

(in EUR billion)



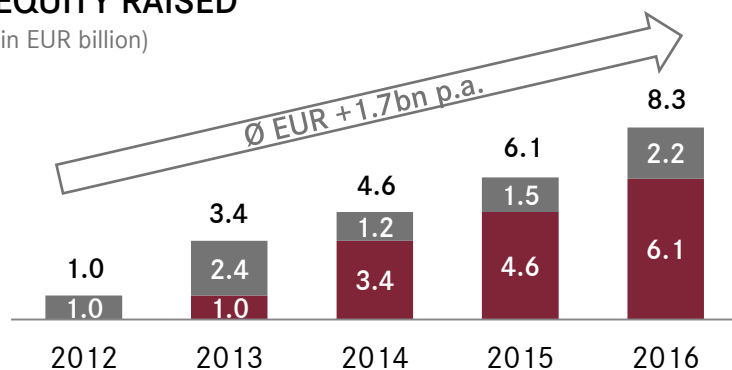
ASSET MANAGEMENT FEE INCOME

(in EUR million)



EQUITY RAISED

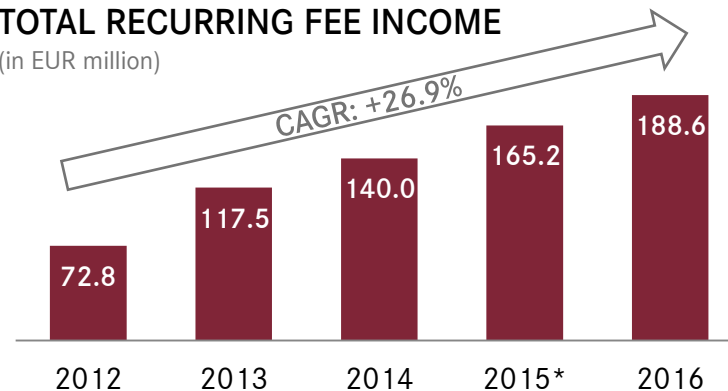
(in EUR billion)



- New equity raised
- Equity raised in previous years accumulated

TOTAL RECURRING FEE INCOME

(in EUR million)



* Excluding EUR 103.4m of exceptional fee income from SÜDEWO

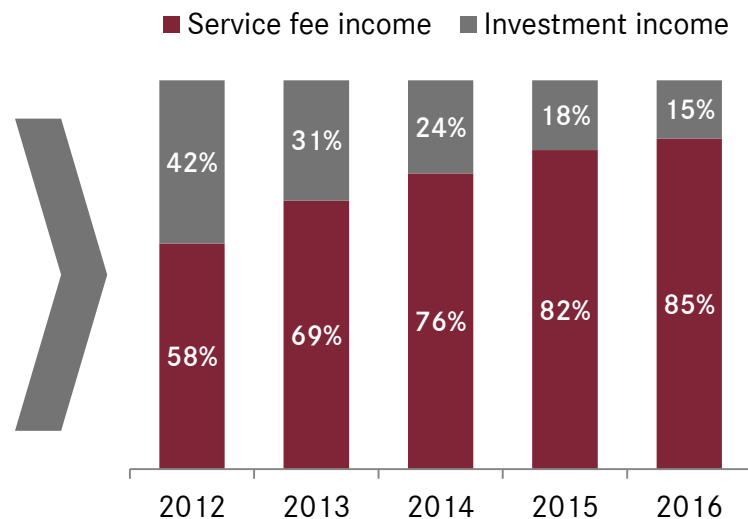
Successful transformation of volatile investment to stable fee income

- Fee income from investment management services is consistently and sustainably increasing
- Sales proceeds from own assets held on the balance sheet, is steadily diminishing
- Co-investment income continues to deliver attractive return on equity
- Increase in operating income demonstrates the reliability and scalability of the fee streams from the investment management business and underlines PATRIZIA´s track record

PROFIT & LOSS HIGHLIGHTS

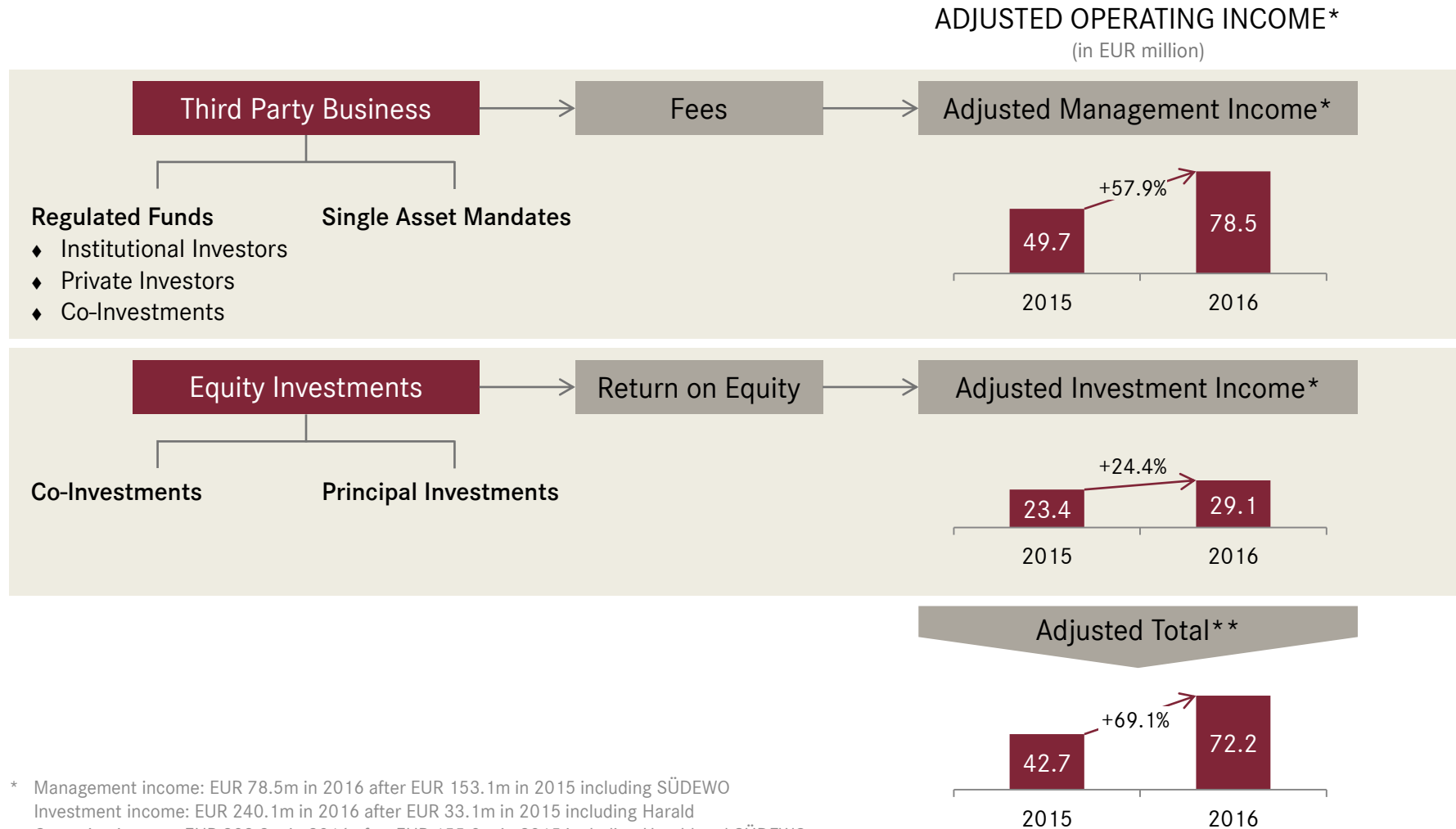
in EUR million	2012	2013	2014	adjusted* 2015	adjusted* 2016
Management fees	35.6	50.1	68.1	81.5	89.1
Transaction fees	37.2	54.1	52.2	58.7	70.3
Performance fees	0.0	13.4	19.7	25.0	29.2
Total Service fee income	72.8	117.5	140.0	165.2	188.6
Net sales revenues and Co-investment income	51.9	52.6	44.6	35.6	32.0
Net operating expenses incl. Personnel expenses	-68.3	-112.4	-128.8	-153.1	-143.9
EBITDAR	56.3	57.7	55.9	47.7	76.6
Reconciliation to Operating EBT	-12.4	-19.5	-5.7	-5.0	-4.4
Operating EBT	43.9	38.1	50.2	42.7	72.2

DEVELOPMENT OF INCOME STREAMS



* 2015 excluding SÜDEWO exit fee; 2016 excluding Harald profit

Strong operational FY 2016 reflected in financial results



* Management income: EUR 78.5m in 2016 after EUR 153.1m in 2015 including SÜDEWO

Investment income: EUR 240.1m in 2016 after EUR 33.1m in 2015 including Harald

Operating income: EUR 283.2m in 2016 after EUR 155.8m in 2015 including Harald and SÜDEWO

** Total operating income reduced by corporate expenses of EUR 30.4m in FY 2015 and EUR 35.4m in FY2016

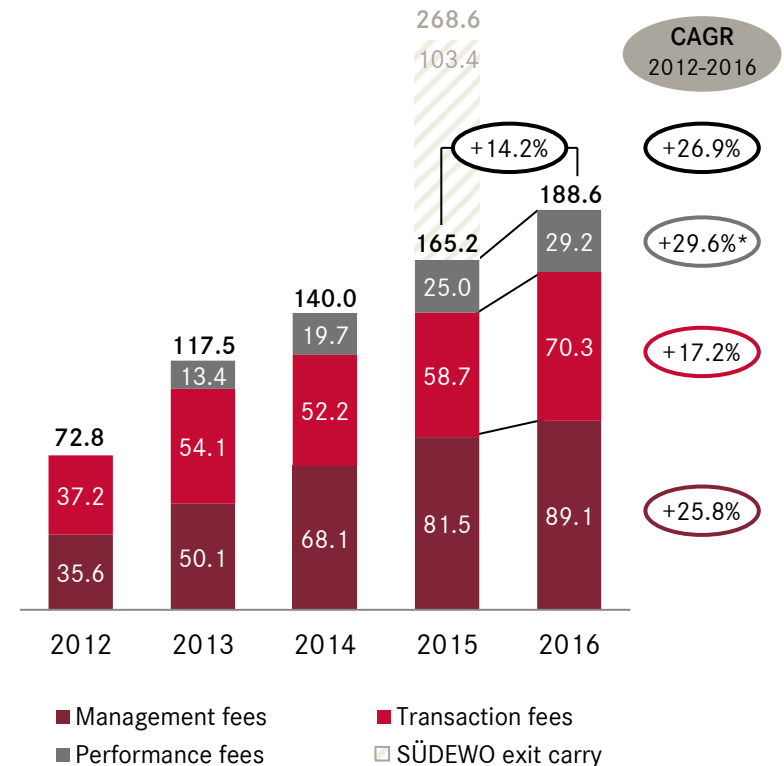
Strong fee development shows scalability of PATRIZIA's platform

STEADY RISE OF FEE INCOME CONTINUES

- Total adjusted fee income up 14.2% to EUR 188.6m
- 5-year growth progress continues in 2016; on average...
 - +25.8% p.a. fully recurrent management fees
 - +17.2% p.a. transaction fees
 - +29.6% p.a. performance fees*
- Acquisitions of ca. EUR 1.7bn to be realised in 2017 will further improve management fees
- Future top line growth driven by
 - already signed deals
 - further European expansion of platform
 - broadening of national and international investor base

FEE INCOME

(in EUR million)



* CAGR: 2013-2016

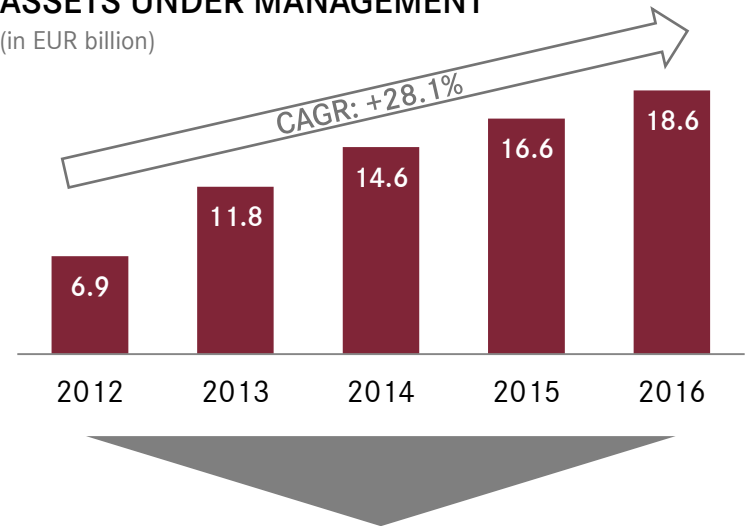
Rise in AuM increases recurring asset management fee income...

ASSET MANAGEMENT FEES STEADILY IMPROVING

- PATRIZIA receives recurring service fees for managing real estate assets from more than 200 international investors
- Fee income is steadily growing, as assets under management are further broadening on a pan-European basis and across all asset classes
- Progressive increase in asset management fees demonstrates the reliability and scalability of PATRIZIA's integrated investment management platform

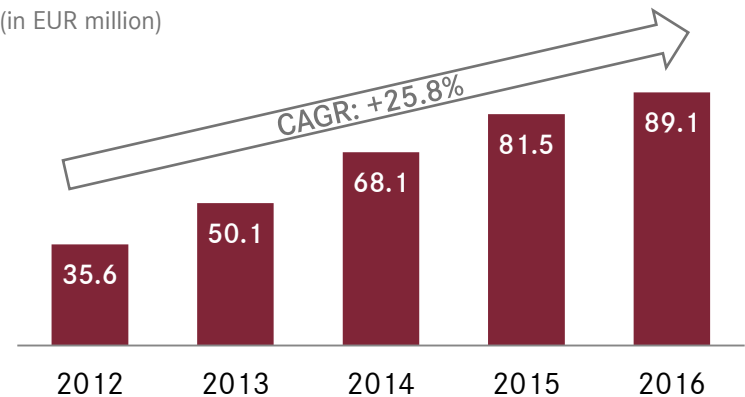
ASSETS UNDER MANAGEMENT

(in EUR billion)



ASSET MANAGEMENT FEE INCOME

(in EUR million)



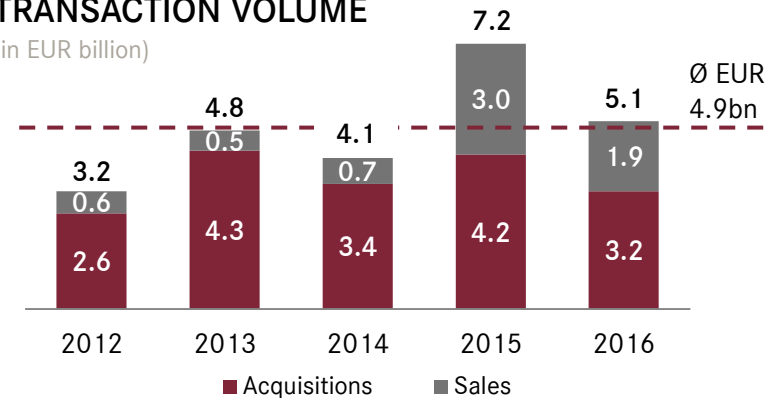
...with transaction fees as a consistent part of total income...

TRANSACTION FEES UP 19.8% IN 2016

- With transactions of EUR 5.1bn completed in 2016 PATRIZIA stays above its long-term average
 - Thereof acquisitions of EUR 3.2bn
 - Sales of EUR 1.9bn include EUR 1.1bn disposal of Harald including profit
 - 2015 includes non fee-bearing sale of SÜDEWO (EUR 1.9bn) and acquisition of Harald (EUR 0.9bn)
- Landmark transactions in 2016 include:
 - Acquisition of three German retail portfolios: EUR 775m
 - Acquisition of the CoBa Tower in Frankfurt: ca. EUR 650m
 - Acquisition of the Astro Tower in Belgium: EUR 171m
 - Acquisition of European logistic assets: EUR 165m
 - Acquisition of Oval Office in Dublin: EUR 146m
 - Disposal of Harald: EUR 1.1bn
- Promising deal pipeline ahead: signed transactions worth EUR 2.1bn to be completed mainly in 2017

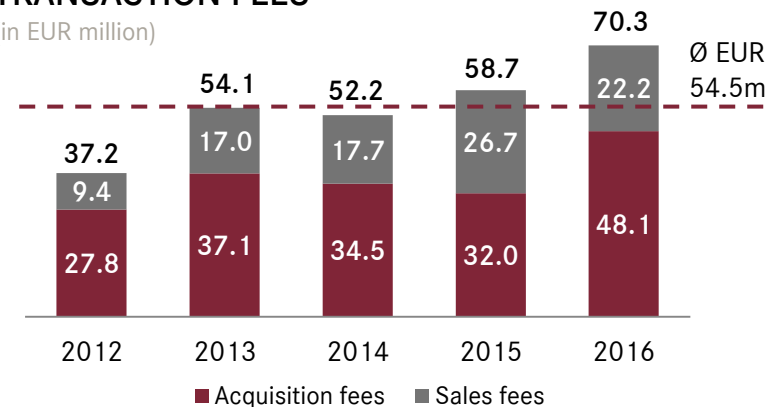
TRANSACTION VOLUME

(in EUR billion)



TRANSACTION FEES

(in EUR million)



...and performance fees confirming PATRIZIA's track record

PERFORMANCE FEE IS BECOMING RELIABLE PART OF ANNUAL FEE STREAM

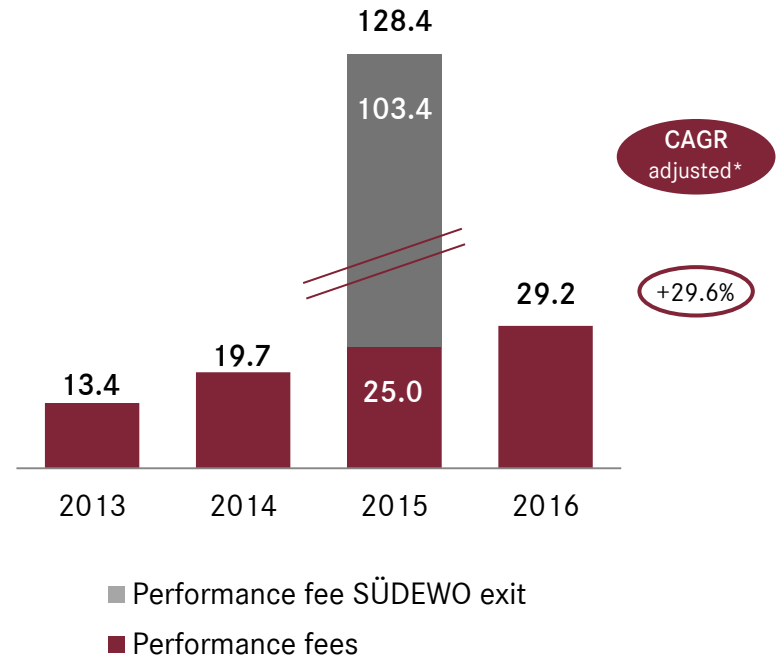
- Third party funds and co-investments generate performance fees upon exceeding pre-determined return hurdles
- Return hurdles largely relate to realised annual cash returns during investment period and at exit
- As more and more investments turn into their harvesting period, performance fee can be expected to become part of annual fee stream

Non-Realised Profits

- In addition to annual performance fees from third party business, PATRIZIA owns a pipeline of at least EUR 300m unrealised performance fees and investment income (from co-investments) from potential future disposals

PERFORMANCE FEES

(in EUR million)



* CAGR on performance fee, excluding performance fee for SÜDEWO exit

Positioned to capture opportunities via balance sheet strength

- PATRIZIA is conscious that the company's balance sheet is relatively underlevered
- Available cash alone is approaching EUR 400m
- PATRIZIA has only been in this position for less than one year and wants to keep its options open to respond to market opportunities
- Options to deploy cash very carefully include:
 - Continue European expansion
 - Consider corporate M&A opportunities – prudently
 - Take advantage of investment opportunities, if they arise – as co-investment

Strong Balance Sheet

in EUR million	12/31/2016
Total Assets	993.3
Equity (excl. minorities)	749.3
Equity ratio	75.4%
Bank Loans	53.2
Bonded Loans	27.0
- Cash and cash equivalents	440.2
= Net cash (-)/net debt (+)	-360.0
Net Equity Ratio	82.1%

Significant Liquidity

in EUR million	12/31/2016
Bank balances and cash	440.2
- Transaction-based liabilities Harald	36.0
- Regulatory reserve investment companies (KVGs)	6.9
= Available cash	397.2

Outlook 2017 – Operating Income of EUR 60m to EUR 75m

ASSUMPTIONS

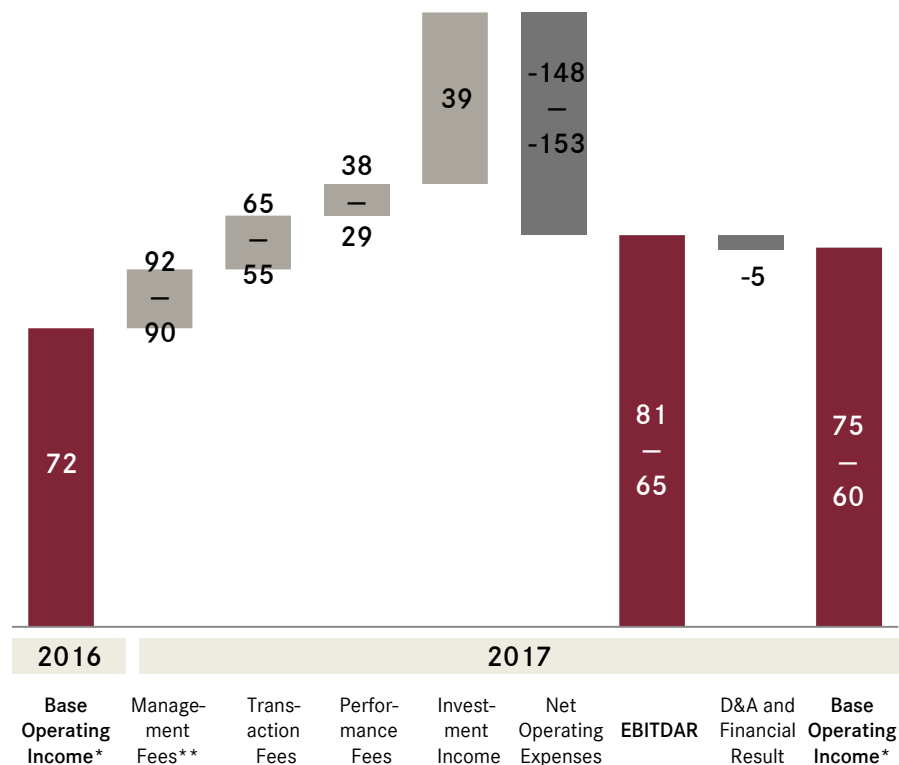
- Asset management fees based on average AuM EUR 19.5bn – EUR 20.5bn
- Transaction volume EUR 4.0bn – EUR 5.5bn
- Investment income: remaining principal investments and income from participations
- Net opex include additional costs for fundraising and marketing (estimated at EUR 7m)

Further potential upside

- Higher transaction volume and performance fees
- Deployment of EUR 400m cash
- EUR 300m of unrealised profits from performance fees and investment income from co-investments, which will emerge in case of future disposals

INCOME BRIDGE

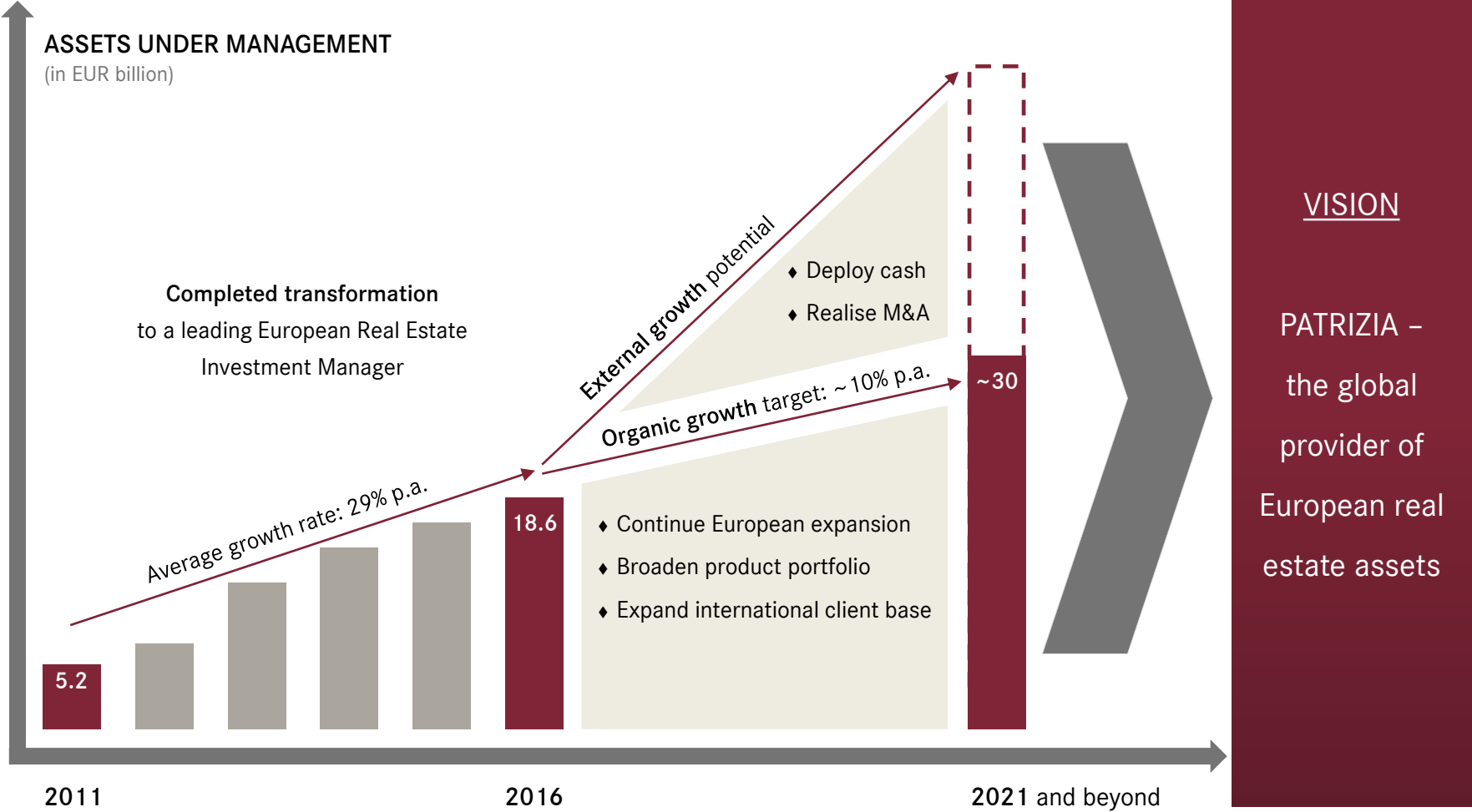
(in EUR million)



* Adjusted for non-recurring effects like Harald and SÜDEWO

** 2017 fees will be comparatively EUR 10m lower due to the sale of the property management business

PATRIZIA's strategic bridge to the future



APPENDIX

Consolidated Income Statement FY 2016 – adjusted*

EUR'000	adjusted*	adjusted*
	12 months 2016 01/01-12/31/2016	12 months 2015 01/01-12/31/2015
Revenues	325,417	338,681
Income from the sale of investment property	1,542	10,075
Changes in inventories	-115,133	-166,951
Other operating income	9,903	11,010
Income from the deconsolidation of subsidiaries	5,187	0
Total operating performance	226,916	192,815
Cost of materials	-27,708	-29,746
Cost of purchased services	-14,832	-14,787
Staff costs	-87,292	-93,519
Results from fair value adjustments to investment property	431	462
Other operating expenses	-61,191	-59,984
Income from participations	32,667	48,215
Earnings from companies accounted for using the equity method	7,651	4,232
EBITDAR	76,642	47,688
Reorganisation expenses	-20,406	0
EBITDA	56,236	47,688
Amortisation of fund management contracts, depreciation of software and fixed assets	-6,134	-7,059
Earnings before finance income and income taxes (EBIT)	50,102	40,629
Finance income	2,682	939
Finance costs	-5,204	-7,190
Losses from currency translation	-5,644	1,143
Earnings before income taxes (EBT)	41,936	35,521
Income tax	-14,193	-2,623
Net profit for the period	27,743	32,898

* 2015 excluding SÜDEWO exit fee; 2016 excluding Harald profit

Consolidated Balance Sheet FY 2016 – assets

ASSETS		
in EUR'000	12/31/2016	12/31/2015
A. Non-current assets		
Goodwill	610	610
Other intangible assets	35,416	37,417
Software	10,772	9,225
Investment property	12,226	20,802
Equipment	4,460	5,015
Participations in associated companies	85,923	88,179
Participations	102,033	81,406
Loans	7,015	5,498
Long-term tax assets	35	78
Deferred taxes	323	7,013
Total non-current assets	258,813	255,243
B. Current assets		
Inventories	182,931	1,057,942
Securities	44	54
Short-term tax assets	11,941	8,280
Current receivables and other current assets	99,311	131,171
Bank balances and cash	440,219	179,141
Total current assets	734,446	1,376,588
TOTAL ASSETS	993,259	1,631,831

Balance sheet FY 2016 – equity/liabilities

EQUITY AND LIABILITIES		
in EUR'000	12/31/2016	12/31/2015
A. Equity		
Share capital	83,956	76,324
Capital reserve	184,005	191,637
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	1,691	18,190
Currency translation differences	-10,803	-869
Consolidated unappropriated profit	491,679	254,004
Total equity	751,033	539,791
B. Liabilities		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	17,992	63,253
Retirement benefit obligations	648	687
Bonded loan	22,000	32,000
Non-current liabilities	6,866	9,262
Total non-current liabilities	47,506	105,202
CURRENT LIABILITIES		
Short-term bank loans	53,200	821,828
Bonded loan	5,000	35,000
Short-term financial derivatives	0	3,677
Other accruals	27,627	6,740
Current liabilities	75,343	95,288
Tax liabilities	33,550	24,305
Total current liabilities	194,720	986,838
TOTAL EQUITY AND LIABILITIES	993,259	1,631,831

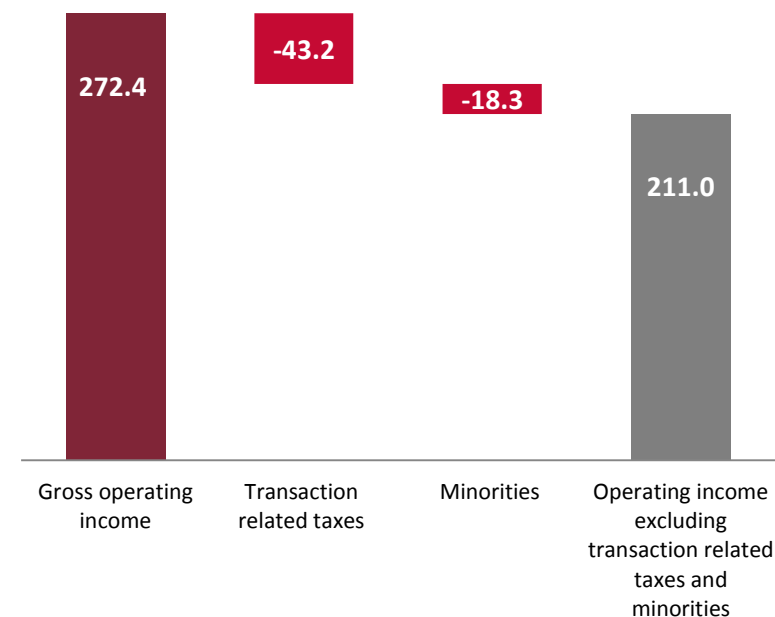
Sale of Harald completed

HARALD EARNINGS CONTRIBUTION

- Operating income of EUR 211.0m excluding transaction related taxes and minorities
- PATRIZIA will remain shareholder with a 5.1% stake and receive an annual dividend of EUR 0.8m
- KPIs:
 - IRR: 372%
 - RoE: >170%
 - EM: >2.8x
- How is Harald treated in the P&L?
 - Asset deals: shown as revenues and as changes in inventories in the income statement
 - Share deals: shown as income from the deconsolidation of subsidiaries

HARALD EARNINGS BRIDGE

(in EUR million)
As of 31 December 2016



Financial calendar

2017

- | | | |
|----------|----|---|
| March | 14 | ➤ Financial Statements 2016 |
| May | 10 | ➤ Interim report for the first quarter of 2017 |
| June | 22 | ➤ Annual General Meeting, Augsburg |
| August | 4 | ➤ Interim report for the first half of 2017 |
| November | 7 | ➤ Interim report for the first nine months of 2017 |

Conference calls about financial reports are usually held at 3 pm CET.
Invitations and dial-in numbers are provided in advance.

To stay informed, visit www.patrizia.ag

Contact details

KARIM BOHN
CFO



PATRIZIA Immobilien AG
PATRIZIA Bürohaus
Fuggerstrasse 26
86150 Augsburg

MICHAEL TEGEDER
HEAD OF IR



PATRIZIA Immobilien AG
PATRIZIA Bürohaus
Fuggerstrasse 26
86150 Augsburg

T +49 821 50910-401
F +49 821 50910-399
M +49 151 54147720
michael.tegeder@patrizia.ag
www.patrizia.ag

LAURA WANZL
MANAGER IR



PATRIZIA Immobilien AG
PATRIZIA Bürohaus
Fuggerstrasse 26
86150 Augsburg

T +49 821 50910-347
F +49 821 50910-399
M +49 151 41411174
laura.wanzl@patrizia.ag
www.patrizia.ag

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