

PATRIZIA: Second quarter paves the way for earnings surge to a cumulative total of at least EUR 200 million for 2015/2016

- ◆ Very positive half-year performance and significantly improved forecast for PATRIZIA
- ◆ Growth in assets under management to EUR 16.8 billion (+15%)
- ◆ Sale of Swedish portfolio (630 units) produces income of EUR 5.3 million
- ◆ Effects from the sale of SÜDEWO will not be seen until the third-quarter results
- ◆ Second-quarter operating result rises to EUR 9.3 million (second quarter of 2014: EUR 5.5 million)
- ◆ Cumulative forecast for 2015 and 2016: operating result of at least EUR 200 million; strong growth will only be reflected in the results figures for the second half of the year

Augsburg, 6 August 2015. Transactions were a predominant feature for PATRIZIA Immobilien AG (ISIN DE000PAT1AG3) in the second quarter, with the acquisition of a Swedish real estate fund comprising over 14,000 apartments in Germany and Sweden for around EUR 900 million, the sale of the Süddeutsche Wohnen Group for EUR 1.9 billion, the purchase of the First Street site in Manchester for the equivalent of around EUR 140 million and of London's world-famous wax museum Madam Tussauds for a Taiwanese investor for the sum of EUR 466 million all taking place in the quarter under review. Most of the transactions will feature in the third-quarter results.

First half-year result down on previous year

After the first six months, the **operating result**, the Group's principal control parameter, fell by EUR 4.6 million to EUR 16.8 million in comparison with the previous year. The bridge investments contributed EUR 5.5 million to results, mainly from the sale of a first sub-portfolio. 36% of the operating result was generated by Management Services. The **profit for the period** for the first half of 2015 fell 34% to EUR 10.1 million (first half of 2014: EUR 15.3 million).

Stable income from participations

Income from participations amounted to EUR 10.0 million in the first half of 2015 (first half of 2014: EUR 8.3 million) and included the prorata advance profit distributions of the co-investments SÜDEWO (EUR 3.6 million) and GBW (EUR 4.7 million). As the annual guaranteed dividend payable to PATRIZIA from the co-investment GBW of EUR 3.2 million is being treated on an accruals basis from the start of the 2015 financial year, an additional amount of EUR 1.6 million was posted for the half-year. The co-investment WohnModul I almost doubled **earnings from companies accounted for using the equity method**, from EUR 1.6 million in the previous year to EUR 3.0 million.

New loans shape balance sheet

Contrary to the trend in recent years, **bank loans** increased greatly to EUR 880 million (31 December 2014: EUR 122 million). This is due to the temporary recognition of the bridge investments in the company's own books and to the associated external financing. The acquisition of the Swedish real estate fund accounted for bank loans of EUR 687 million. Of this, EUR 200 million was used to finance the friendly takeover, with the remaining sum taken on as existing asset finance within the acquired portfolio. Bank loans for an additional EUR 109 million were taken out to purchase the bridge investment in Manchester. Consequently, the 55% equity ratio posted at the end of 2014 fell to 28%.

Outlook for 2015

In view of the recent transactions, PATRIZIA has increased its operating result forecast and now expects the 2015 and 2016 fiscal years to generate a cumulative total of at least EUR 200 million. The Managing Board will announce the precise figures for the two fiscal years when it publishes its third-quarter figures on 12 November 2015. It is already apparent that the sale of SÜDEWO will boost the operating result for the third quarter of 2015 by around EUR 98 million. A further amount of EUR 18 million is expected to be received in the final quarter of 2015. However, the regular income received from this co-investment will be lost. It is not yet possible to definitively assign the expected contributions to results from the re-sale of the Swedish real estate fund's portfolios to the individual fiscal years.

Due to the temporary recognition of the bridge investments, the published targets for bank loans and equity ratio will not be achieved at the end of 2015. They will instead now be reached one year later at the end of 2016, when we aim to be debt-free and have an equity ratio of around 80%.

The plans to sell PATRIZIA's own portfolio remain unchanged, with the majority of the sell-off set to be completed on schedule by the end of the year. The equity which is released as a result will continue to be re-invested in profitable co-investments. The planned net increase in assets under management of EUR 2 billion also remains unchanged, although the sale of SÜDEWO in July led to an outflow of EUR 1.6 billion in assets under management. This outflow will be fully offset by acquisitions that have already been made and by new acquisitions.

The complete quarterly report for the first half of 2015 can be viewed at www.patrizia.ag/en/investor-relations/financial-reports/quarterly-reports

Extract from the consolidated income statement

	2 nd quarter 2015	2 nd quarter 2014	1 st half 2015	1 st half 2014	2014
	01.04. – 30.06.2015	01.04. – 30.06.2014	01.01. – 30.06.2015	01.01. – 30.06.2014	01.01. – 31.12.2014
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Revenues	55,525	37,601	102,807	84,649	291,815
Total operating performance	53,590	43,798	95,913	99,199	205,468
EBITDA	6,107	586	5,698	12,753	13,642
EBIT	4,238	-1,097	2,229	9,486	6,702
EBT	8,035	2,019	11,648	15,190	41,998
Operating result ¹	9,335	5,458	16,811	21,450	50,210
Profit for the period	7,297	3,271	10,147	15,311	35,020

¹ Adjusted for amortisation on other intangible assets (fund management contracts), unrealised value adjustments to investment property (affects only the entire year 2014) and non-cash effects from interest hedging transactions. Realised changes in the value of investment property have been added.

PATRIZIA Immobilien AG

With 800 employees in more than ten countries, PATRIZIA Immobilien AG has been active on the real-estate market as both an investor and service provider for more than 30 years. PATRIZIA's range includes the purchase, management, value increase and sale of residential and commercial real estate. As a recognised business partner of both large institutional investors and private investors, the Company operates in Germany and other countries and covers the entire value chain in the real estate industry. At present, the Company manages real estate assets worth around EUR 17 billion, primarily as a co-investor and portfolio manager for insurance companies, pension fund institutions, sovereign funds and savings banks. Further information can be found at www.patrizia.ag.

The Managing Board

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