

H1 2016 Results Conference Call

Karim Bohn, CFO
9 August 2016



2016 continues strong...

FINANCIAL RESULTS H1 2016:

Operating income of EUR 231.8m

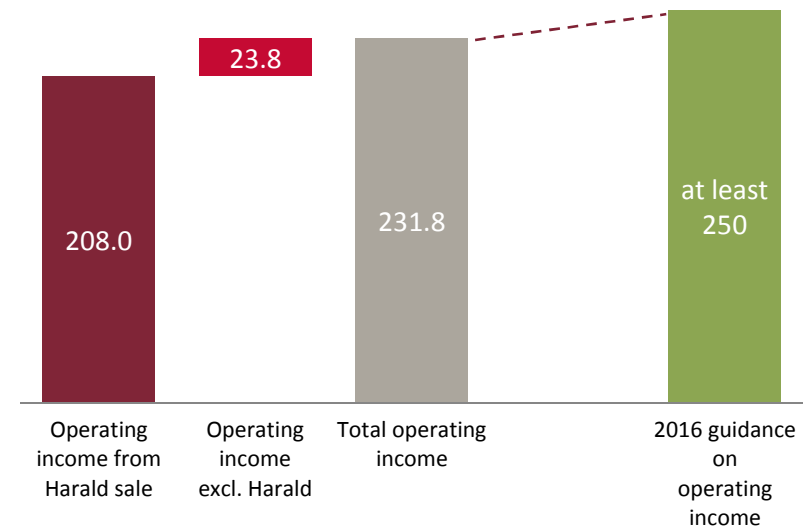
- ◆ Harald: 208.0m
excluding transaction-related taxes and minorities
 - ◆ Operating business: EUR 23.8m
(H1 2015: EUR 12.5m; +90.4%)
- H1 2016 results fully in line with guidance
of operating income of at least EUR 250m

H1-HIGHLIGHTS:

- ◆ **Assets under Management:** EUR 17.2bn
(Q4 2015: EUR 16.6m)
- ◆ **Transaction volume:** EUR 2.8bn
(H1 2015: EUR 2.5bn; +12.0%)
- ◆ **Strong transaction pipeline** with further
EUR 900m acquisitions already signed
- ◆ **Institutional funds raised:** EUR 924.3m
(H1 2015: EUR 396.2 m; +133.3%)
- ◆ Focus on **operational efficiency** with disposal of property
management by the end of the year reducing headcount
by approx. 200 FTE

OPERATING INCOME H1 2016

(in EUR million)
As of 30 June 2016



...with positive earnings contribution across all businesses

MANAGEMENT	TRANSACTIONS	INVESTORS ACCESS	EQUITY INVEST
<ul style="list-style-type: none">◆ AuM: EUR 17.2bn thereof international: EUR 5.8bn national: EUR 11.4bn◆ Third party management: 44 residential and commercial vehicles◆ Asset and portfolio management	<ul style="list-style-type: none">◆ Unique access to deal flow◆ EUR 2.8bn transactions◆ EUR 1.3bn sales◆ EUR 1.5bn acquisitions◆ EUR 0.9bn of deals already signed, to be closed until year end	<ul style="list-style-type: none">◆ EUR 924.3m funds raised in H1 2016◆ Diversified client base: more than 200 national and international investors more than 50% have multiple investments◆ First German retail fund placed within four months in H1 2016	<ul style="list-style-type: none">◆ EUR 432m invested capital◆ EUR 172m invested in co-investments alongside our clients◆ Principal investments of EUR 239m offer attractive returns to PATRIZIA shareholders¹

as of 30 June 2016

¹excl. warehousing for retail funds of EUR 21m

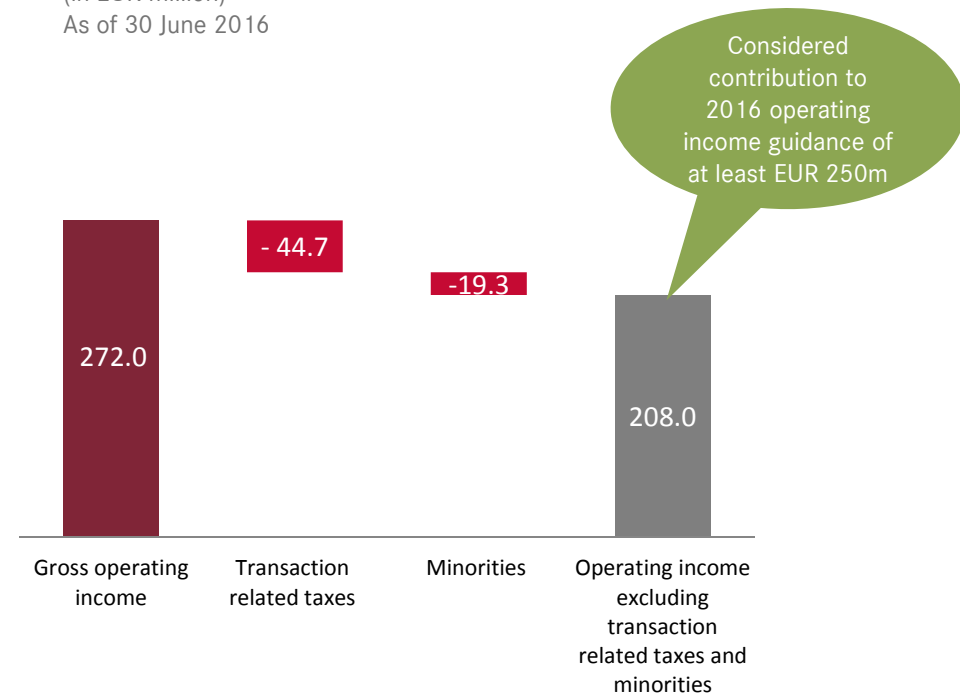
Sale of Harald completed

HARALD EARNINGS CONTRIBUTION

- ◆ Operating income of EUR 208m 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: > 300%
 - RoE: > 170%
 - EM: > 2.8x
- ◆ Where to find in the Harald effects in the P&L?
 - Asset deals:
shown as turnover 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 30 June 2016



Growing Assets under Management strengthen our base fees

2016 AUM NET GROWTH TARGET OF EUR 2.0BN

Growing AuM supported by strong transaction activities

H1 2016 overview

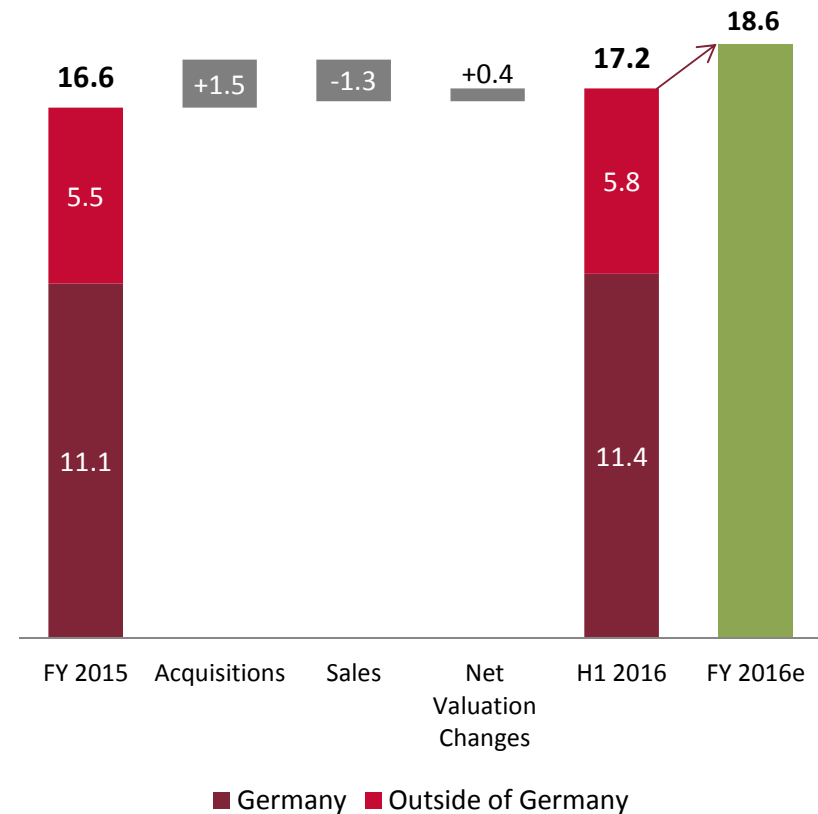
- ◆ EUR 2.8bn total transactions closed
- ◆ EUR 1.5bn acquisitions
- ◆ EUR 1.3bn sales
(of which EUR 1.0bn sale of Harald)
- ◆ EUR 0.4bn valuation uplift

Strong pipeline ahead

- ◆ Further acquisitions worth approx. EUR 900m signed and expected to be closed until year end

ASSETS UNDER MANAGEMENT

(in EUR billion)
As of 30 June 2016



Increased fee income shows PATRIZIA's operating progress...

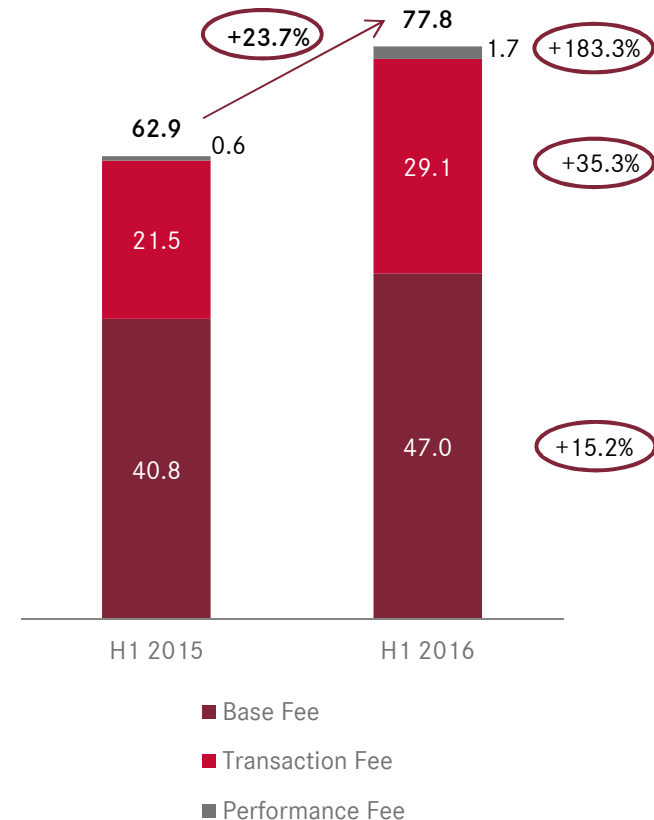
STRONG DEVELOPMENT OF FEE INCOME IN H1 2016

- ◆ Total fee growth of 23.7% across all segments
EUR 77.8m in H1 2016 after EUR 62.9m in H1 2015
- ◆ Increase in contracted base fee of 15.2%
- ◆ Strong transaction activities are contributing to increased fee stream
- ◆ Acquisitions signed and closed in H1 2016 will improve base fees from H2 2016 onwards.
- ◆ 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 30 June 2016



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

TRANSACTION VOLUME INCREASED TO EUR 2.8BN

Strong transaction volume in H1 2016:

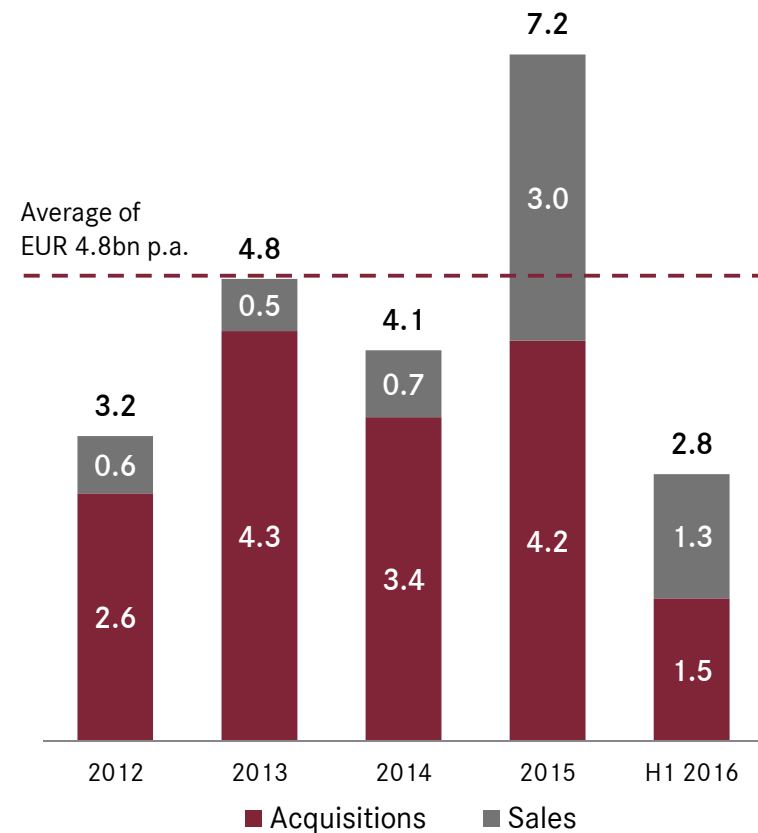
- ◆ Increase to EUR 2.8bn vs. EUR 2.5bn in H1 2015
- ◆ Acquisitions of EUR 1.5bn vs. sales of EUR 1.3bn
- ◆ Disposals include sale of Harald-portfolio (EUR 1.0bn)

Landmark transactions in H1 2016 include:

- ◆ Three retail portfolio acquisitions in Germany: EUR 797m
- ◆ Acquisition of the Astro Tower in Belgium: EUR 171m
- ◆ Acquisition of logistic assets in DE, F and NL: EUR 54m
- ◆ Acquisition of Oval Office in Dublin: EUR 145m
- ◆ Disposal of Harald: EUR 1.0bn
- ◆ ...and a strongly filled deal pipeline ahead

TRANSACTION VOLUME

(in EUR billion)
As of 30 June 2016



Investment income reveals PATRIZIA's outstanding investment competence

INVESTMENT INCOME INCREASED BY 7.0%

Income from Principal- and Co-Investments

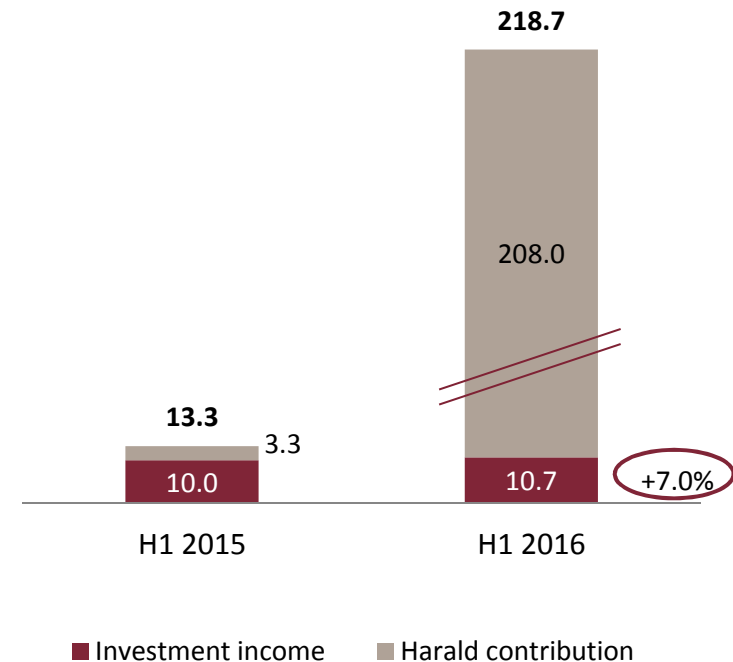
Investment discipline pays off:

- ◆ Excluding Harald, investment income is up 7.0% to EUR 10.7m after EUR 10.0m in H1 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

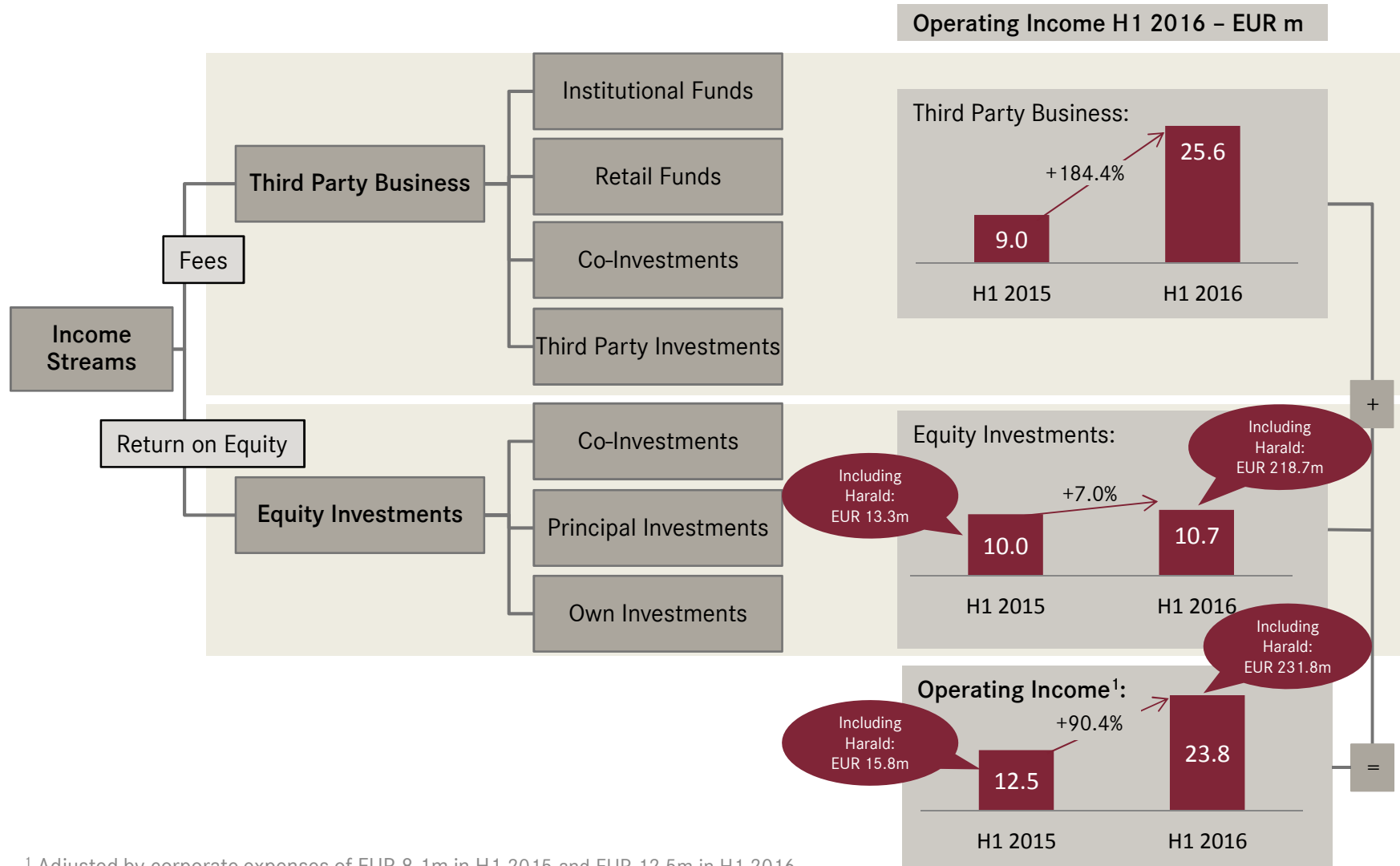
(in EUR million)

As of 30 June 2016



From H1 2016 onwards, investment income and operating income are adjusted for gains/losses from unrealised currency translations. Q1 2016 investment income of EUR 11.2m includes EUR 3.8m of non-realised currency gains.

Strong operational H1 2016 reflected in financial results



¹ Adjusted by corporate expenses of EUR 8.1m in H1 2015 and EUR 12.5m in H1 2016

Development of operating income

RECONCILIATION TO OPERATING INCOME

in EUR '000	without Harald		Change	COMMENTS
	1 st half 2016 01.01.- 30.06.2016	1 st half 2015 01.01.- 30.06.2015		
EBITDA	16,720	9,931	68.4%	Increase driven by rise in operating activities and negatively impacted by reorganisation expenses
Amortisation of fund management contracts, depreciation of software and fixed assets	-3,293	-3,469	-5.1%	
EBIT	13,427	6,462	107.8%	
Financial result (interest result)	-3,280	-2,396	36.9%	
Gains/losses from currency translation	-4,295	1,316		Realised currency gains of EUR 0.1m as well as EUR 4.4m non-realised/non-cash effective currency losses
EBT	5,852	5,382	8.7%	
Change in value derivatives	0	0	-	
+ Amortisation of fund management contracts ¹	984	984	-	
Harald - transaction-related taxes and minorities	0	0	-	Reorganisation expenses include mainly severance payments
Net realised valuation gains from the sale of investment property	1,183	4,966	-76.2%	
Reorganisation expenses	11,313	0	-	
Gains/losses from unrealised currency translation	4,436	1,150	285.7%	EUR 4.4m non-realised/non-cash effective currency losses
Operating income	23,768	12,482	90.4%	

Conservative balance sheet paves ground for future growth...

PATRIZIA'S KEY FINANCIAL AND ASSET FIGURES

in EUR '000	30.06.2016 in EUR '000	31.12.2015 in EUR '000	Change	COMMENTS
Total Assets	995,184	1,631,831	-39.0%	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. minorities)	725,696	521,601	39.1%	
Equity ratio	72.9%	32.0%	40.9 PP	
+ Bank Loans	22,375	821,828	-97.3%	Cash proceeds from Harald sale turns net debt into net cash position
+ Bonded Loans	27,000	67,000	-59.7%	
- Cash and cash equivalents	371,451	179,141	107.4%	
= Net cash (-)/net debt (+)	-322,076	709,687	-	
Net Equity Ratio*	76.7%	35.9%	40.8 PP	

- ◆ Harald sale basically completed in H1 2016
- ◆ Balance sheet providing a net cash position of EUR 322.1m
- ◆ 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 371.5m or EUR 271.2m freely available cash
- ◆ Pay-out of transaction related taxes and minorities of approx. EUR 91.1m expected during course of 2016
- ◆ Regulatory reserve for KVGs of EUR 9.2m
- ◆ Unlevered real estate assets of approx. EUR 145m provide additional liquidity reserves

CAPITAL STRUCTURE 30 JUNE 2016

IN EUR MILLION	30.06.2016
Bonded loan - long-term	27.0
Bonded loan - short-term	0
Mortgage debt	22.4
Total debt	49.4
Available cash	371.5
Net debt (+) / cash (-)	-322.1

AVAILABLE CASH 30 JUNE 2016

IN EUR MILLION	30.06.2016
Bank balances and cash	371.5
- Transaction-based taxes Harald	54.4
- Harald minorities	36.7
- Regulatory reserve investment companies (KVGs)	9.2
= Available cash	271.2

Outlook: Well on track for successful year 2016

POSITIVE MOMENTUM CONTINUES IN H1 2016

Guidance confirmed:

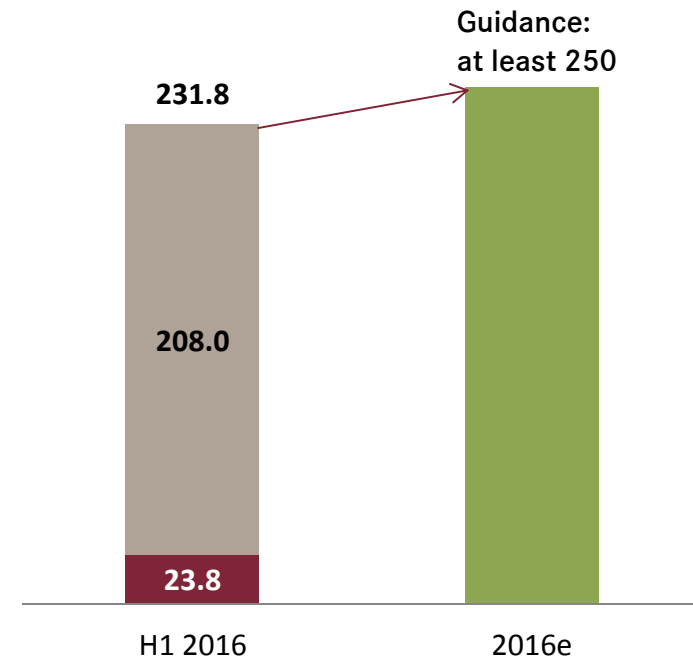
- ◆ Operating income to reach at least EUR 250m
- ◆ Assets under Management to grow by EUR 2.0bn
- ◆ Strongly filled transaction pipeline ahead

Well positioned for further profitable growth

- ◆ Strong fund raising momentum
- ◆ Excellent track record in sought after property investment market
- ◆ Growing AuM provide growing and sustainable contractual fee income
- ◆ Attractive earnings potential through performance fees and return on equity

OPERATING INCOME GUIDANCE

(in EUR million)
As of 30 June 2015



APPENDIX

Harald contribution to H1 2016 results

in EUR '000	Harald only H1 2016 01.01.- 30.06.2016	Comments
Revenues	468,523	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	-367,511	
Other operating income	3,352	
Income from the deconsolidation of subsidiaries	193,239	Share deals booked as income from the deconsolidation of subsidiaries
Total operating performance	297,603	
Cost of materials	-4,087	
Cost of purchased services	0	
Staff costs	-13,627	
Results from fair value adjustments to investment property	0	
Other operating expenses	-7,069	
Income from participations	418	
Earnings from companies accounted for using the equity method	0	
EBITDAR	273,238	
Reorganisation costs	0	
EBITDA	273,238	
Amortisation of fund management contracts, depreciation of software and fixed assets	0	
Earnings before finance income and income taxes (EBIT)	273,238	
Finance income	359	
Finance costs	-2,109	
Gains/losses from currency translation	57	
Earnings before income taxes (EBT)	271,545	
Income tax	-44,729	Transaction related taxes
Net profit for the period	226,816	
Non-controlling shareholders	19,285	
Profit attributable to shareholders of PATRIZIA	207,531	

P&L H1 2016 excluding Harald

in EUR '000	Without Harald	Without Harald	Comments
	H1 2016	H1 2015	
	01.01. - 30.06.2016	01.01. - 30.06.2015	
Revenues	110,712	96,552	Revenues increase driven by - Increase in 3 rd party fee income - Disposal of Plot 5 in Manchester - Rental income
Income from the sale of investment property	901	2,969	
Changes in inventories	-19,606	-22,219	
Other operating income	3,027	6,711	
Income from the deconsolidation of subsidiaries	3,691	0	
Total operating performance	98,725	84,013	Reflects disposal of Plot 5 in Manchester
Cost of materials	-6,741	-15,882	Decrease, as developments are completed
Cost of purchased services	-10,353	-7,145	
Staff costs	-42,622	-43,480	
Results from fair value adjustments to investment property	0	0	
Other operating expenses	-20,650	-20,556	
Income from participations	6,421	9,963	
Earnings from companies accounted for using the equity method	3,253	3,018	
EBITDAR	28,033	9,931	
Reorganisation costs	-11,313		
EBITDA	16,720	9,931	
Amortisation of fund management contracts, depreciation of software and fixed assets	-3,293	-3,469	
Earnings before finance income and income taxes (EBIT)	13,427	6,462	
Finance income	796	480	
Finance costs	-4,076	-2,876	Financing activities and volume up compared to H1 2015
Gains/losses from currency translation	-4,295	1,316	
Earnings before income taxes (EBT)	5,852	5,382	
Income tax	-2,110	-304	Income tax up due to subsequent payments of prior years tax
Net profit for the period	3,742	5,078	


Balance sheet – assets

ASSETS			
EUR'000	30.06.2016	31.12.2015	Comments
A. Non-current assets			
Goodwill	610	610	
Other intangible assets	36,414	37,417	Includes mainly fund management contracts of PATRIZIA GewerbeInvest
Software	7,823	9,225	
Investment property	15,210	20,802	Principal Investments at fair value
Equipment	5,095	5,015	
Participations in associated companies	79,719	88,179	
Participations	101,948	81,406	Participations increased as a RETT-Blocker Harald remains with PATRIZIA
Loans	5,056	5,498	
Long-term tax assets	78	78	
Deferred Taxes	2,826	7,013	
Total non-current assets	254,779	255,243	
B. Current assets			
Inventories	273,820	1,057,942	
Securities	44	54	
Short-term tax assets	11,046	8,280	
Current receivables and other current assets	84,044	131,171	
Bank balances and cash	371,451	179,141	Reflects cash proceeds from Harald sale
Total current assets	740,405	1,376,588	
Total assets	995,184	1,631,831	

Balance sheet – equity/liabilities

EQUITY AND LIABILITIES				
EUR'000		30.06.2016	31.12.2015	Comments
A.	Equity			
	Share capital	76,324	76,324	
	Capital reserve	191,637	191,637	
	Retained earnings			
	Legal reserves	505	505	
	Non-controlling shareholders	37,475	18,190	Increase due to Harald transaction
	Valuation results from cash flow hedges	0	0	
	Currency translation difference	-8,047	-869	
	Consolidated unappropriated profit	465,277	254,004	Increase driven by closing of Harald disposals
	Total equity	763,171	539,791	
B.	Liabilities			
	Non-current liabilities			
	Deferred tax liabilities	33,818	63,253	Execution of Harald disposal triggers deferred tax
	Long-term financial derivatives	0	0	
	Retirement benefit obligations	687	687	
	Bonded loan	27,000	32,000	Early redemption of EUR 5m
	Non-current liabilities	5,696	9,262	
	Total non-current liabilities	67,201	105,202	
	Current liabilities			
	Short-term bank loans	22,375	821,828	Almost all bank loans redeemed due to strong cash position
	Bonded loan	0	35,000	
	Short-term financial derivatives	0	3,677	
	Other accruals	16,305	6,740	
	Current liabilities	66,337	95,288	
	Tax liabilities	59,795	24,305	
	Total current liabilities	164,812	986,838	
	Total equity and liabilities	995,184	1,631,831	

Development of fee income streams

Fee structure	Fee description	Fees	H1 2016	H1 2015	Change in %
Acquisition Fee	Remuneration for providing investment opportunities	Fixed percentage of the purchase price of single assets or portfolios at acquisition	EUR 19.1m	EUR 10.2m	87.3%
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 10.0m	EUR 11.3m	-11.5%
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 1.7m	EUR 0.6	183.3%
Asset, Fund and Portfolio Management Fee ¹	Remuneration for managing assets, funds and portfolios	Fixed percentage of investment volume (fair value)	EUR 39.3m	EUR 33.8m	16.3%
 Property Management	Property Management	Fixed amount of euros unit for residential; fixed percentage of net annual rental income for commercial;	EUR 5.7m	EUR 5.0m	14.0%
Others	RE Development	Fixed percentage of intended sales price	EUR 2.0m	EUR 2.0m	-
TOTAL FEES			EUR 77.8m	EUR 62.9m	23.7%

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

Financial calendar

2016

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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