

PATRIZIA

The European Real Estate Investment Company

9M 2017 Results Presentation

13 November 2017



PATRIZIA – The European Real Estate Investment Company

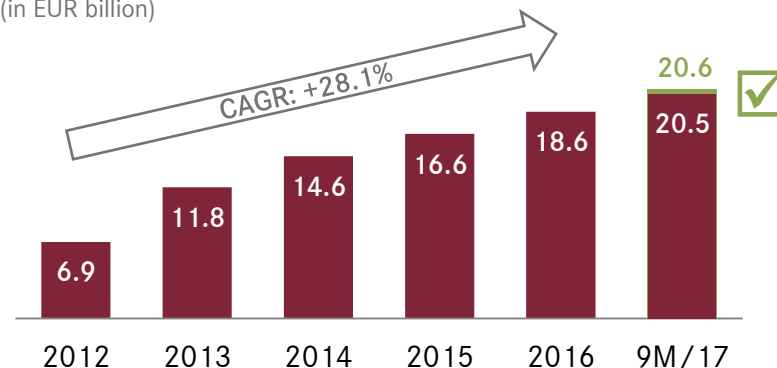
HIGHLIGHTS

- Strong results in the first nine months of 2017 confirm strategic growth path
 - Assets under management increased by EUR 1.9bn to EUR 20.5bn
 - Operating income up 6.1% to EUR 46.6m
- Profitable AUM growth demonstrates scalability of European investment management platform

- Increased earnings guidance for 2017
 - Full-year operating income expected to slightly surpass EUR 75m
 - On track to achieve AUM guidance: net organic growth in AUM of EUR 2.0bn expected
 - AUM expected to reach EUR 21.6bn by year-end including SPI acquisition

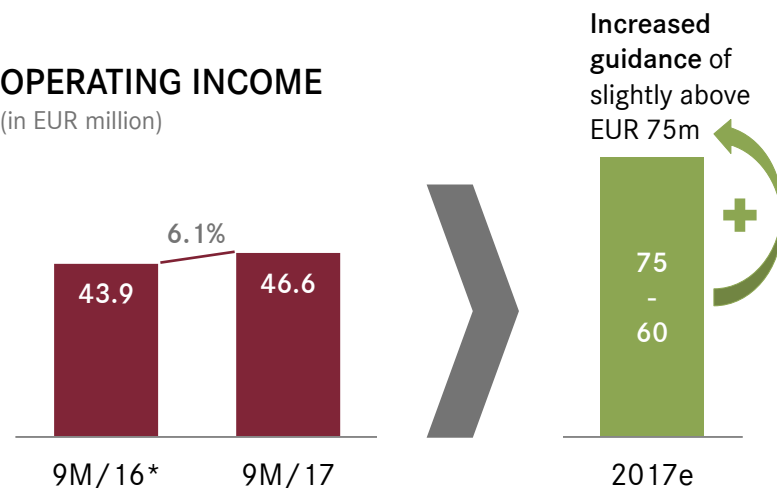
ASSETS UNDER MANAGEMENT

(in EUR billion)



OPERATING INCOME

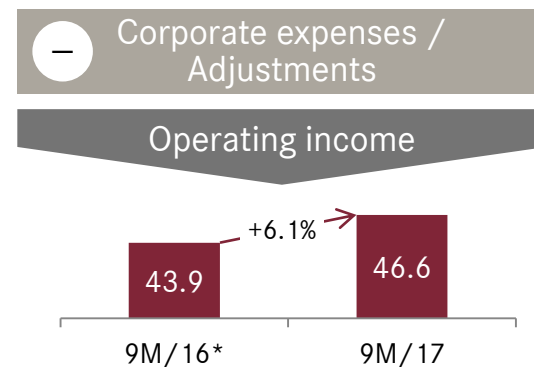
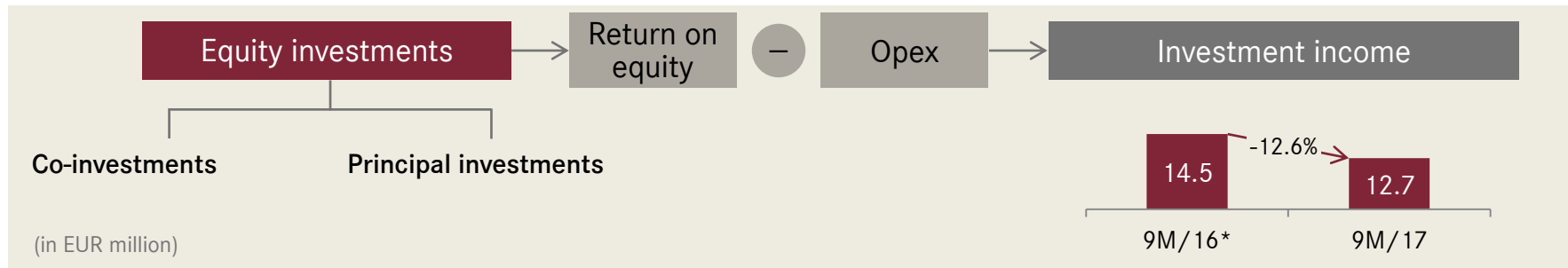
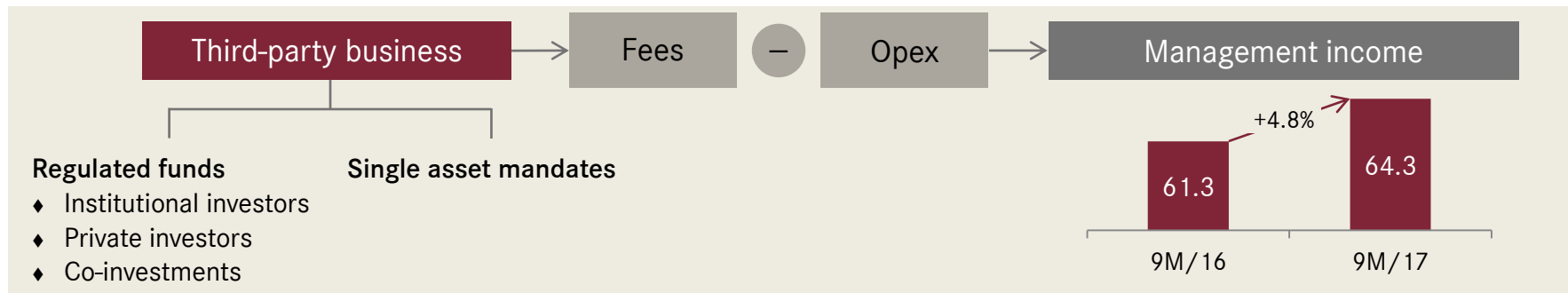
(in EUR million)



■ Full-year 2017 guidance

* Adjusted for Harald portfolio

9M/17 results confirm sustainable earnings growth



* Adjusted for Harald portfolio

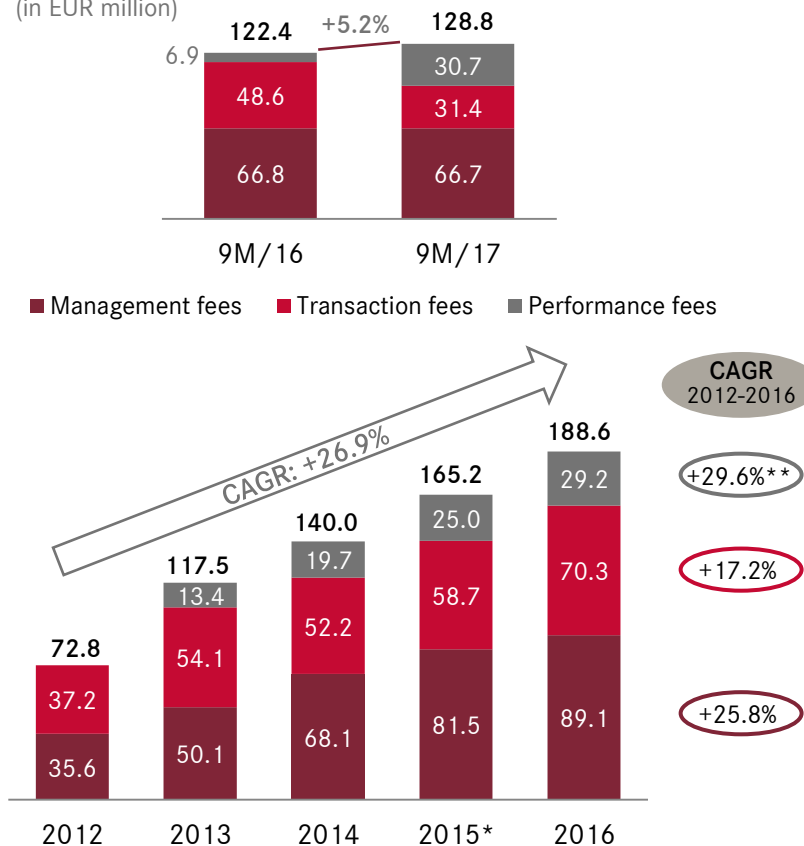
Pan-European platform drives diversified income streams

DEVELOPMENT OF FEE STREAMS

- Increasing service fee income confirms scalability of PATRIZIA's platform
- Total service fee income up 5.2% to EUR 128.8m
- Stable management fees despite sale of property management business beginning of 2017
- Significant growth in performance fees leads to increase of operating income guidance 2017
- Outstanding transaction pipeline of approximately EUR 1.5bn will further accelerate income streams until year end

TOTAL SERVICE FEE INCOME

(in EUR million)



* Excluding SÜDEWO exit performance fee; **CAGR: 2013-2016

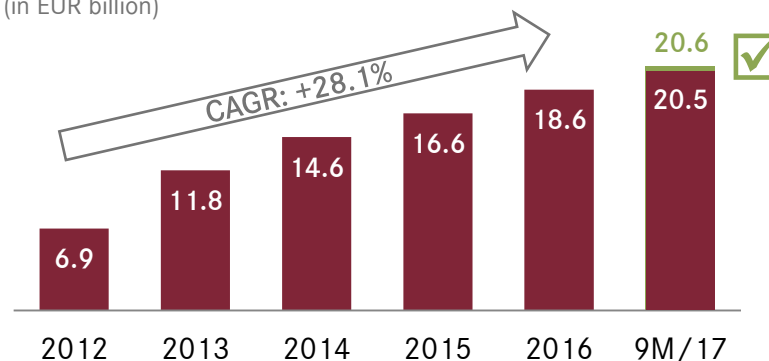
AUM growth translates into recurring management fees...

STEADILY GROWING MANAGEMENT FEES

- PATRIZIA receives recurring service fees for managing real estate assets for 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
- Strong organic growth of management fees compensated sale of property management business beginning of 2017
- Progressive increase in management fees demonstrates the reliability and scalability of PATRIZIA's integrated investment management platform

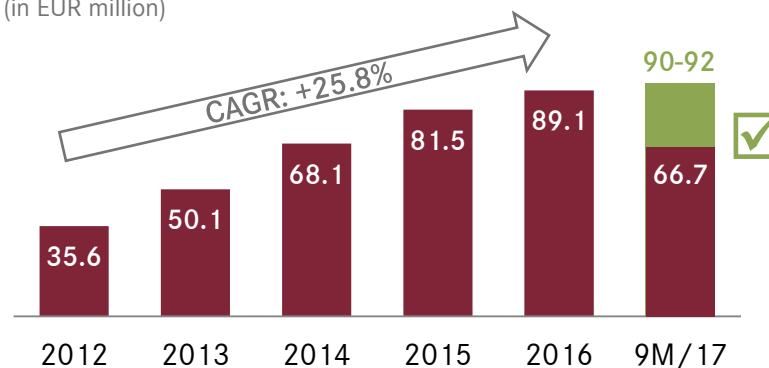
ASSETS UNDER MANAGEMENT

(in EUR billion)



MANAGEMENT FEES

(in EUR million)



■ Full-year 2017 guidance

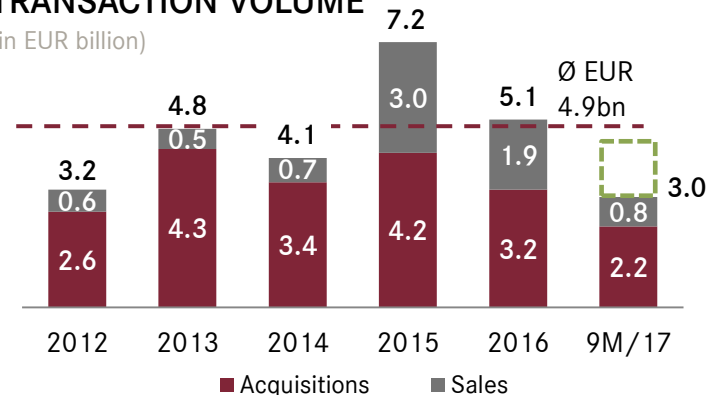
...with transaction fees remaining a consistent part of total income...

TRANSACTION FEES EXPECTED TO MAKE UP LEEWAY IN Q4 2017

- Transactions worth EUR 3.0bn completed in the first nine months of 2017
- Promising deal pipeline ahead: signed transactions worth approximately EUR 1.5bn to be closed in Q4; acquisitions and sales largely balanced
- Full-year transaction level expected to be broadly in line with annual long-term average
- 2016 transaction volume includes EUR 1.1bn from the sale of the Harald-portfolio
- 2015 transaction volume includes sale of SÜDEWO and acquisition of Harald totalling EUR 2.5bn

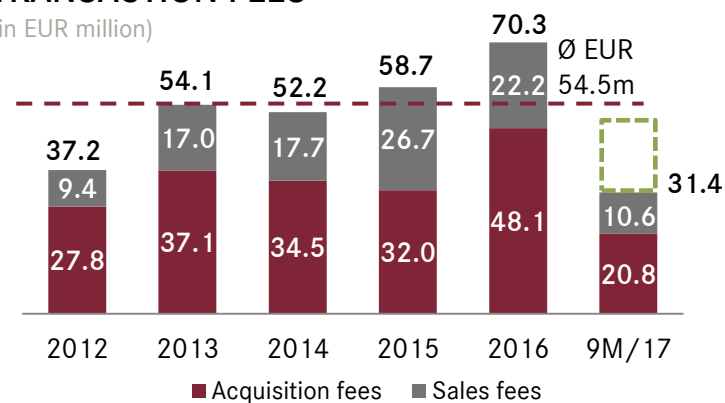
TRANSACTION VOLUME

(in EUR billion)



TRANSACTION FEES

(in EUR million)



 Q4 2017 indication

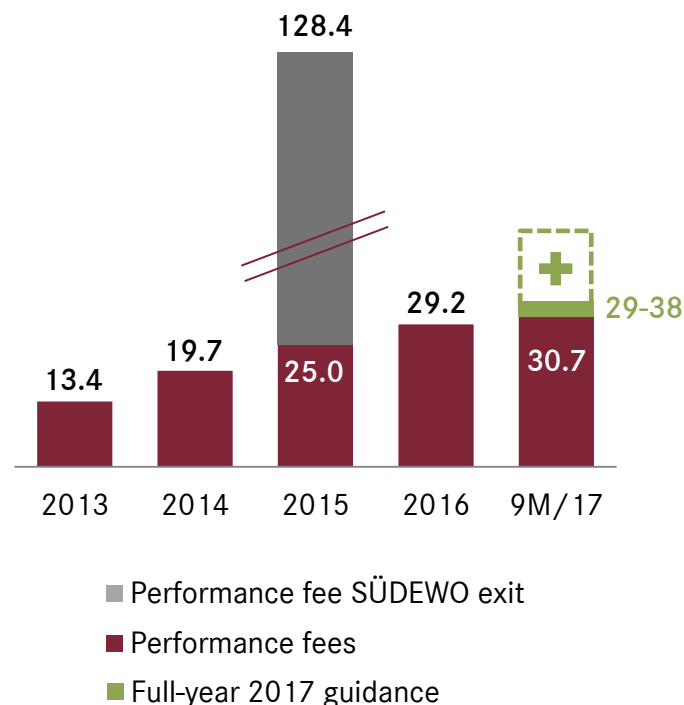
...and performance fees emphasising PATRIZIA's track record

PERFORMANCE FEES AS RELIABLE PART OF ANNUAL FEE STREAM

- Third-party funds and co-investments generate performance fees upon exceeding pre-determined return hurdles
- EUR 30.7m of performance fees in the first nine months of 2017 emphasize asset management capabilities and investment track record
- Performance fees expected to come in above the upper end of the guidance range of EUR 29m to EUR 38m in 2017

PERFORMANCE FEES

(in EUR million)



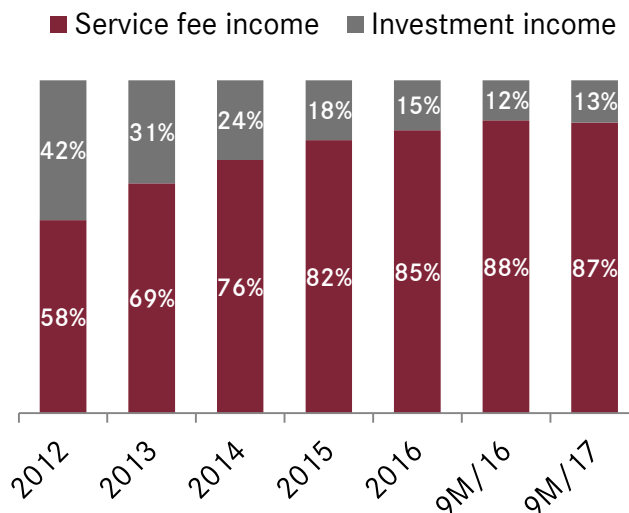
Successful evolution to significant recurring fee based cash flow

- Recurring fee income from investment management services represents 87% of total income
- Sales proceeds from own assets held on the balance sheet are phasing out
- Co-investment income continues to deliver an attractive return on equity
- Development in operating income demonstrates the reliability and scalability of the fee streams from investment management business and underlines PATRIZIA 's track record

PROFIT & LOSS HIGHLIGHTS

in EUR million	2012	2013	2014	adjusted* 2015	adjusted* 2016	adjusted* 9M/16	adjusted* 9M/17
Management fees	35.6	50.1	68.1	81.5	89.1	66.8	66.7
Transaction fees	37.2	54.1	52.2	58.7	70.3	48.6	31.4
Performance fees	0.0	13.4	19.7	25.0	29.2	6.9	30.7
Total service fee income	72.8	117.5	140.0	165.2	188.6	122.4	128.8
Net sales revenues and co-investment income	51.9	52.6	44.6	35.6	32.0	17.4	18.8
Net operating expenses incl. personnel expenses	-68.3	-112.4	-128.8	-153.1	-143.9	-92.0	-95.8
EBITDAR	56.3	57.7	55.9	47.7	76.6	47.8	51.8
Reconciliation to operating income	-12.4	-19.5	-5.7	-5.0	-4.4	-3.9	-5.2
Operating income	43.9	38.1	50.2	42.7	72.2	43.9	46.6

DEVELOPMENT OF INCOME STREAMS



* 2015 excluding SÜDEWO exit performance fee; 2016 excluding Harald portfolio

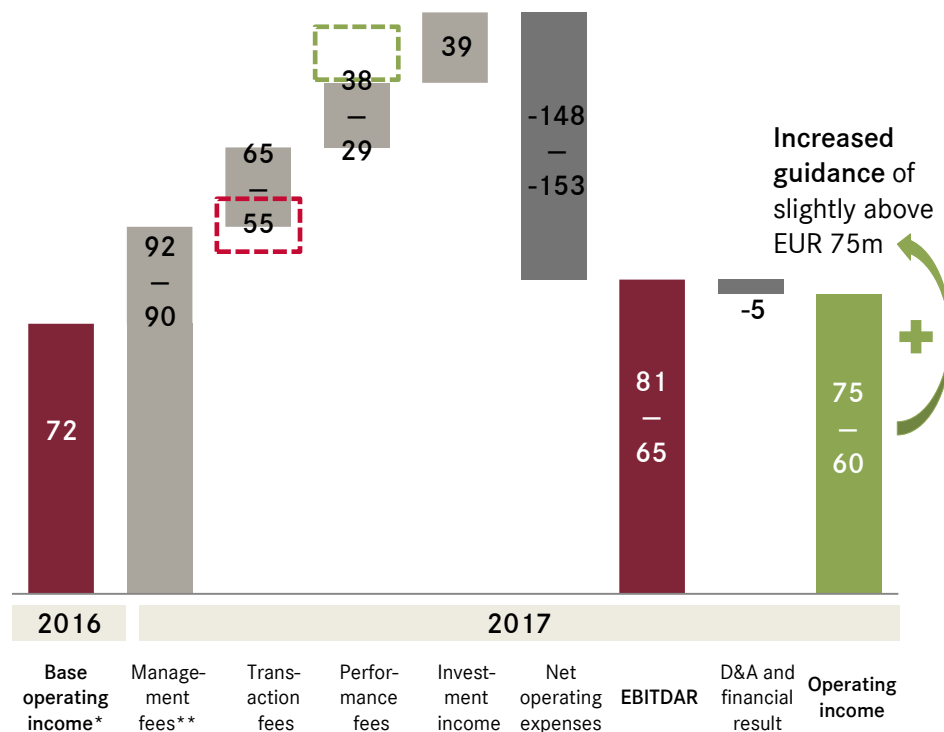
Full-year operating income expected to slightly surpass EUR 75m

INCREASED EARNINGS GUIDANCE FOR 2017

- Operating income of slightly above EUR 75m expected, compared to previous range of EUR 60m to EUR 75m
- Increase caused by higher than expected performance fees
- Shift of fees from transaction to performance fees in 2017
 - Performance fees expected to come in above the upper end of the previous range of EUR 29m to EUR 38m
 - Transaction fees expected to stay at the lower end or slightly below the previous range of EUR 55m to EUR 65m

INCOME BRIDGE

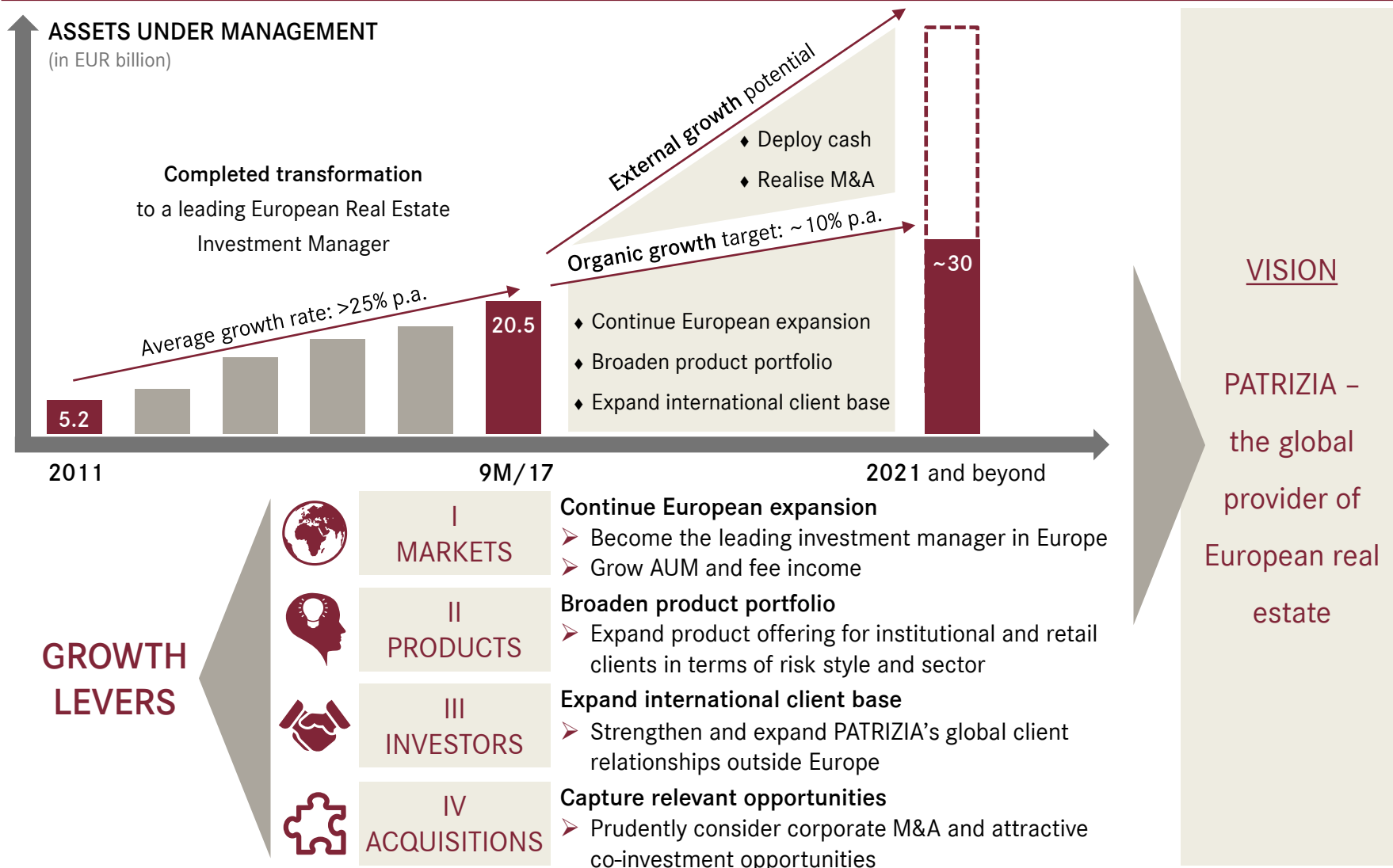
(in EUR million)



* Adjusted for Harald portfolio

** 2016 starting base like for like EUR 10m lower due to the sale of the property management business beginning of 2017

Evolution to the global provider of European real estate



PATRIZIA is prudently pursuing M&A opportunities



GOALS

- ◆ Acquire and integrate complementary platforms sharing the same vision and business strategy
- ◆ Add value and expertise through closing gaps in existing capabilities
- ◆ Selective co-investments where strategically relevant and economically reasonable



CRITERIA

- ◆ M&A's must be financially accretive
- ◆ Targets to be significant enough in size in order to achieve notable contribution to expansion
- ◆ Cultural fit to PATRIZIA to ensure value orientation and mind-set



FOCUS MARKET

- ◆ Ensure top quartile performance in existing investments
- ◆ Provide access to new markets
- ◆ Proactive sourcing of investments and active asset management



FOCUS PRODUCT

- ◆ Broaden product portfolio over new product lines
- ◆ Ensure products meet investor requirements



FOCUS INVESTOR

- ◆ Expand global investor base
- ◆ Ensure reporting and performance is rated highly by investors



ACTIVITIES

- ◆ Oct 2017: Acquisition of SPI, a Copenhagen-based leading provider of fund of funds products
- ◆ Nov 2017: Acquisition of TRIUVA increases PATRIZIA's AUM to more than EUR 30bn
- ◆ Continuous dialogue with multiple potential targets

TRIUVA at a glance – Closing of acquisition expected in Q1 2018

TRIUVA

COMPANY



EUROPEAN PLATFORM

More than 40 years of experience across Europe within real estate

INVESTORS



POWERFUL INSTITUTIONAL INVESTOR BASE

More than 80 German speaking institutional investors and successfully attracting Asian capital

PRODUCTS



REAL ESTATE CORE (EUR 6.6bn AUM)

Real estate investments, mostly office and retail in Europe



REAL ESTATE EXTENDED (EUR 0.8bn AUM)

Funds for special real estate strategies in logistics and healthcare



CAVERNS (EUR 2.2bn AUM)

Infrastructure investments in caverns, qualifying as RE investment



LIQUIDATION (EUR 0.2bn AUM)

Legacy funds, earmarked for liquidation within 2017

KEY FACTS



15

Offices

200

Employees

11

Countries

80

Investors

40

Funds

9.8

AUM (EUR bn)

+ TRIUVA = COMBINED

TOTAL AUM (EUR bn)	20.5	9.8	30.3
Office	7.4	4.9	12.3
Retail	3.1	1.2	4.3
Residential	7.6		7.6
Caverns		2.2	2.2
Others	2.5	1.4	3.8

Note: Total AUM of EUR 9.8bn is including fund of funds business and liquidity within the funds

Appendix

Consolidated Income Statement for the first nine months of 2017

EURk	9 months 2017	9 months 2016*
	01.01.-30.09.2017	01.01.-30.09.2016
Revenues	163,006	163,935
Income from the sale of investment property	268	1,153
Changes in inventories	-19,359	-20,617
Other operating income	13,152	6,330
Income from the deconsolidation of subsidiaries	1	3,691
Total operating performance	157,068	154,492
Cost of materials	-11,411	-15,737
Cost of purchased services	-8,977	-10,762
Staff costs	-59,780	-62,642
Other operating expenses	-40,167	-31,764
Income from participations	13,680	10,256
Earnings from companies accounted for using the equity method	2,109	3,936
Cost from the deconsolidation of subsidiaries	-750	0
EBITDAR	51,772	47,779
Reorganisation expenses	-3,578	-13,732
EBITDA	48,194	34,047
Amortisation of fund management contracts, depreciation of software and fixed assets	-4,234	-4,799
Earnings before finance income and income taxes (EBIT)	43,960	29,248
Finance income	759	1,458
Finance costs	-3,454	-4,683
Currency result	-2,106	-6,721
Earnings before income taxes (EBT)	39,159	19,302
Income tax	-8,866	-8,467
Net profit/loss for the period	30,293	10,835

* Adjusted for Harald portfolio

Consolidated Balance Sheet as of 30.09.17 – Assets

ASSETS		
in EURk	30.09.2017	31.12.2016
A. Non-current assets		
Goodwill	610	610
Other intangible assets	33,922	35,416
Software	10,769	10,772
Investment property	9,627	12,226
Equipment	4,768	4,460
Participations in associated companies	83,742	85,923
Participations	101,284	102,033
Loans	14,444	7,015
Long-term tax assets	0	35
Deferred taxes	280	323
Total non-current assets	259,446	258,813
B. Current assets		
Inventories	120,294	182,931
Securities	11,010	44
Short-term tax assets	6,796	11,941
Current receivables and other current assets	282,666	99,311
Bank balances and cash	531,949	440,219
Total current assets	952,715	734,446
TOTAL ASSETS	1,212,161	993,259

Consolidated Balance Sheet as of 30.09.17 – Equity and Liabilities

EQUITY AND LIABILITIES		
in EURk	30.09.2017	31.12.2016
A. Equity		
Share capital	90,142	83,956
Capital reserve	139,402	184,005
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	1,691	1,691
Currency translation differences	-11,267	-10,803
Consolidated unappropriated profit	521,972	491,679
Total equity	742,445	751,033
B. Liabilities		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	16,830	17,992
Retirement benefit obligations	693	648
Bonded loans	300,000	22,000
Non-current liabilities	6,083	6,866
Total non-current liabilities	323,606	47,506
CURRENT LIABILITIES		
Short-term bank loans	0	53,200
Bonded loans	22,000	5,000
Short-term financial derivatives	0	0
Other accruals	18,060	27,627
Current liabilities	80,833	75,343
Tax liabilities	25,217	33,550
Total current liabilities	146,110	194,720
TOTAL EQUITY AND LIABILITIES	1,212,161	993,259

Successful completion of share buy-backs

RATIONALE

- Key rationale: Use shares as additional M&A currency
 - ◆ Increase flexibility in purchase price consideration
 - ◆ Avoid dilution of existing shareholders
 - ◆ Align goals of target's existing management team with PATRIZIA
- Other options include cancellation of shares and employee participation programmes

STRUCTURE

- In August 2017, PATRIZIA announced a public share buy-back offer aiming to buy back up to 2.3m shares
- In the course of this offer, the Company acquired 2,011,980 PATRIZIA shares at a purchase price of EUR 17.40 per share
- A subsequent share buy-back programme of up to EUR 15.0m was completed on 30 October 2017

As of 30 October 2017, PATRIZIA held a total of 2,796,417 treasury shares (3.03% of shares outstanding)

Sparinvest Property Investors (SPI) – Investment Rationale

Through SPI PATRIZIA acquires not only a profitable business with solid performance track record but in addition secures three strategic advantages:

Acquisition rationale



New products

- Fund of funds products for PATRIZIA clients
- Expands PATRIZIA expertise on overseas real estate markets
- Enables future international product development through SPI's network



New clients

- Access to large Danish institutional clients
- Access to SPI's international investors
- Attract new/retain existing capital through product line expansion



New profits

- Profitable AUM growth
- Access to network of 'best-in-class' asset managers

The acquisition* will support PATRIZIA's strategic ambitions of profitable AUM growth and widening of our product line towards our clients. In addition, access to sought-after institutional client portfolio as well as knowledge of new markets and benchmarks provides additional strategic benefits

* Closing of transaction on 12 October 2017

Sparinvest Property Investors (SPI) – Company Overview

COMPANY KEY POINTS

THE BUSINESS – GLOBAL FUND OF FUNDS OFFERING

- ◆ SPI's business model is to provide portfolio management services within the fund of funds business (FoF)
- ◆ One of the leading global real estate fund of funds investment managers in the small- and mid-cap segment
- ◆ Solid track record and growth
 - Superior returns vs. benchmarks INREV, NCREIF, ANREV
 - AUM of approximately EUR 1 bn (full equity)
 - Fundraising for fifth fund under way, launch expected end of 2017
- ◆ Annual net revenue in the mid-single EURm area with an attractive margin

THE TEAM – EXPERIENCED & LEAN

- ◆ Company founded in 2005, management team with 19 years of average real estate experience, 11 FTEs mainly focused on investments
- ◆ Founding partner team is intact and will stay with the company after closing, all selling partners to become PATRIZIA shareholders

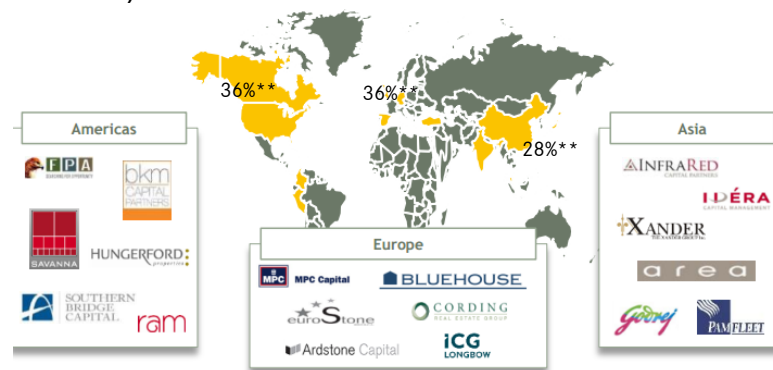
THE INVESTORS – STRONG DANISH CLIENT BASE

- ◆ Total of 21 investors across 4 funds
- ◆ 89% of total commitments from institutional investors; rest from private foundations, family offices and High Net Worth Individuals
- ◆ Dominant market position among Danish institutional investors - 9 of the 15 largest institutional investors in Denmark among clients
- ◆ Equity commitments totalling EUR 1.5bn (partially invested/redeemed)

FUND OVERVIEW

Fund***	SPF	SPF II	SPF III	SPF IV*
Vintage	2006	2010	2013	2016
Equity commitment at launch (EUR m)	480	200	317	505
Loan-to-value	<50%	<50%	<50%	<50%
No. of investments	14	15	15	17

INVESTMENT AREAS, ALLOCATION AND OPERATING PARTNERS (EXAMPLES)



* Expected allocation as fund is in a build-up phase ** Historic investment allocation *** SPF = Sparinvest Property Fund

Financial calendar

2018

- | | | |
|----------|----|--|
| March | 15 | ➤ Financial statements 2017 |
| May | 9 | ➤ Interim report for the first quarter of 2018 |
| June | 20 | ➤ Annual General Meeting, Augsburg |
| August | 7 | ➤ Interim report for the first half of 2018 |
| November | 14 | ➤ Interim report for the first nine months of 2018 |
-

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

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