



REAL **TRUST** – REAL **PERFORMANCE**

Q1 2018
Quarterly Statement

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1. Results of operations

In Q1 2018 PATRIZIA again generated outstanding investment performance for its institutional and private investors which formed the basis for the strong operating income of EUR 42.7m (+358% year-on-year). At the same time organic and inorganic growth in assets under management (AUM) helped to increase management fees by 63% year-on-year to EUR 37.4m, while total service fee income (which includes management, transaction and performance fees) grew by 110% to EUR 65.1m.

For the first time, the results include the earnings contribution of TRIUVA, the investment manager acquired by PATRIZIA in November 2017. The most recent acquisition - Rockspring - will start to contribute to results from Q2 2018 onwards. Due to closing of the transaction at the end of Q1 2018, Rockspring's AUM are already included in the Q1 2018 reporting. Overall, the integration of both companies along with that of Sparinvest Property Investors (now known as PATRIZIA Multi Managers) is firmly on track.

Despite softer transaction markets compared to the prior year, management and performance fees as well as net sales revenues and co-investment income have been major drivers of the strong results. Growth in staff costs and other operating expenses primarily due to the first-time consolidation of TRIUVA from combined EUR 30.7m in Q1 2017 to EUR 43.0m in Q1 2018 - equivalent to a growth of 40% - was well below the growth of management fees as well as total service fee income.

The first-time application of IFRS 9 accounting standards significantly increased PATRIZIA Immobilien AG's equity by EUR 297.3m year-to-date, further strengthening the Group's already solid financial position (reference is made to page 90 of the 2017 Annual Report). IFRS 9 from 1 January 2018 onwards measures participations (e.g. PATRIZIA's co-investments) at fair value as opposed to at cost. Furthermore potential performance-based profit distribution claims (e.g. for the co-investment GBW) are now measured at fair

value. Together with net profit for the period of EUR 33.1m, total shareholders' equity as at 31 March 2018 amounts to around EUR 1.1bn.

PATRIZIA's strong performance in Q1 2018 is in line with company expectations and therefore operating income guidance for the full year is confirmed at EUR 85.0-100.0m.

Following the purchase price payment for the three acquisitions announced in Q4 2017 and the strategic disposal of principal investments during Q1 2018, PATRIZIA's available cash and term deposits of approximately EUR 500m give the Group sufficient flexibility for further strategic development.



Wolfgang Egger
CEO



Karim Bohn
CFO

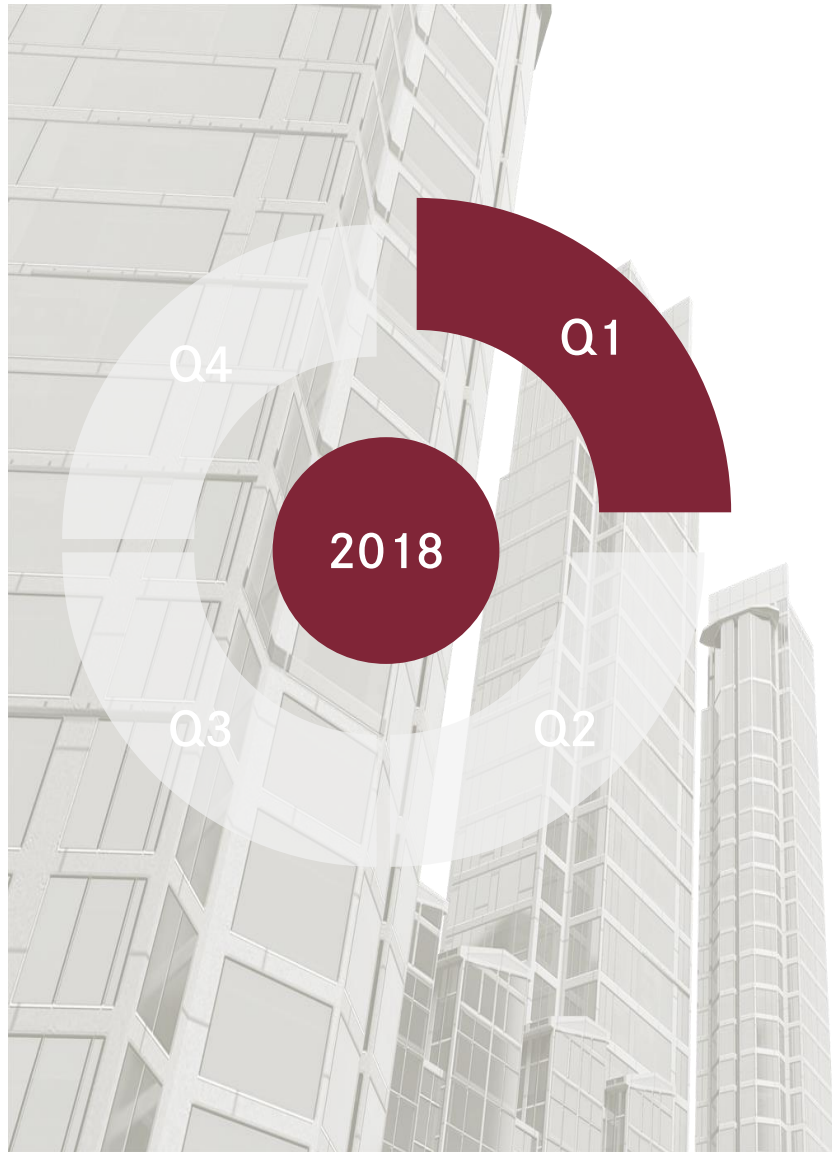


Anne Kavanagh
CIO



Klaus Schmitt
COO

2. Highlights

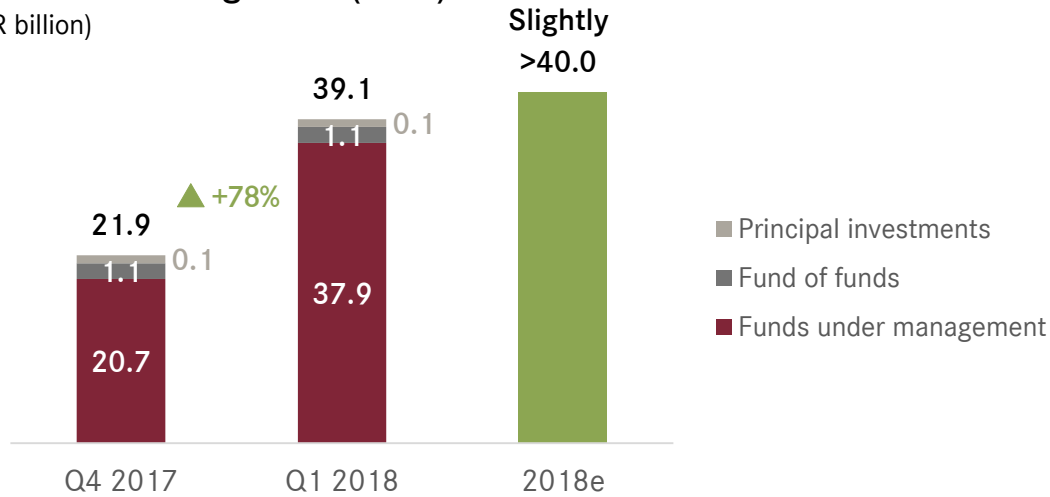


- ◆ **Operating income** up 358% year-on-year, from EUR 9.3m in Q1 2017 to EUR 42.7m in Q1 2018
- ◆ **AUM** grew from EUR 21.9bn (Q4 2017) to EUR 39.1bn in Q1 2018 primarily due to the consolidation of TRIUVA (1 January 2018) and Rockspring (23 March 2018)
- ◆ **TRIUVA** acquisition included for full quarter, growing AUM base leads to strong growth in management fees (up 63% year-on-year, from EUR 22.9m to EUR 37.4m)
- ◆ Strong **performance fees** on co-investment products, both in revenues (EUR 10.3m) and income from participations (EUR 12.4m)
- ◆ Continued strategic and profitable reduction of **principal investments** contributes with EUR 13.3m to strong Q1 2018 result
- ◆ **Staff costs** and **other operating expenses** combined increase by 40% to EUR 43.0m, primarily driven by consolidation of TRIUVA and well below growth in total service fee income
- ◆ First-time application of **IFRS 9 accounting standards** (fair value approach to participations and performance fee claims) increases **shareholders' equity** by EUR 297.3m
- ◆ Strong Q1 2018 result is in line with company expectations. **Operating income guidance** 2018 confirmed between EUR 85.0–100.0m

3. Development of key financial performance indicators (KPIs)

Assets under management (AUM)

(in EUR billion)



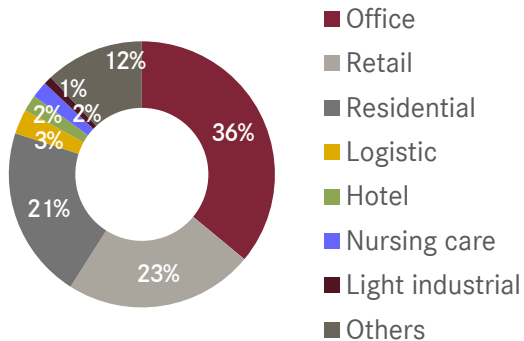
Highlights

- ◆ AUM increased by 78% to EUR 39.1bn
 | TRIUVA: EUR 10.0bn (Closing: 1 January 2018)
 | Rockspring: EUR 7.2bn (Closing: 23 March 2018)
- ◆ EUR 24.7bn (64%) of AUM is related to Germany and EUR 14.4bn (36%) is related to assets outside Germany

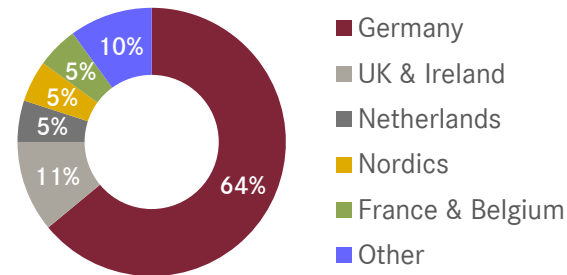
Guidance 2018e

- ◆ Organic AUM growth of EUR 2.0-3.0bn
- ◆ Total AUM growth (including corporate acquisitions) of EUR 18.9-19.9bn¹

Sectoral distribution



Geographical distribution



¹ Including TRIUVA and Rockspring on the basis of pro-forma assets under management

3. Development of financial performance indicators (KPIs)

Operating income

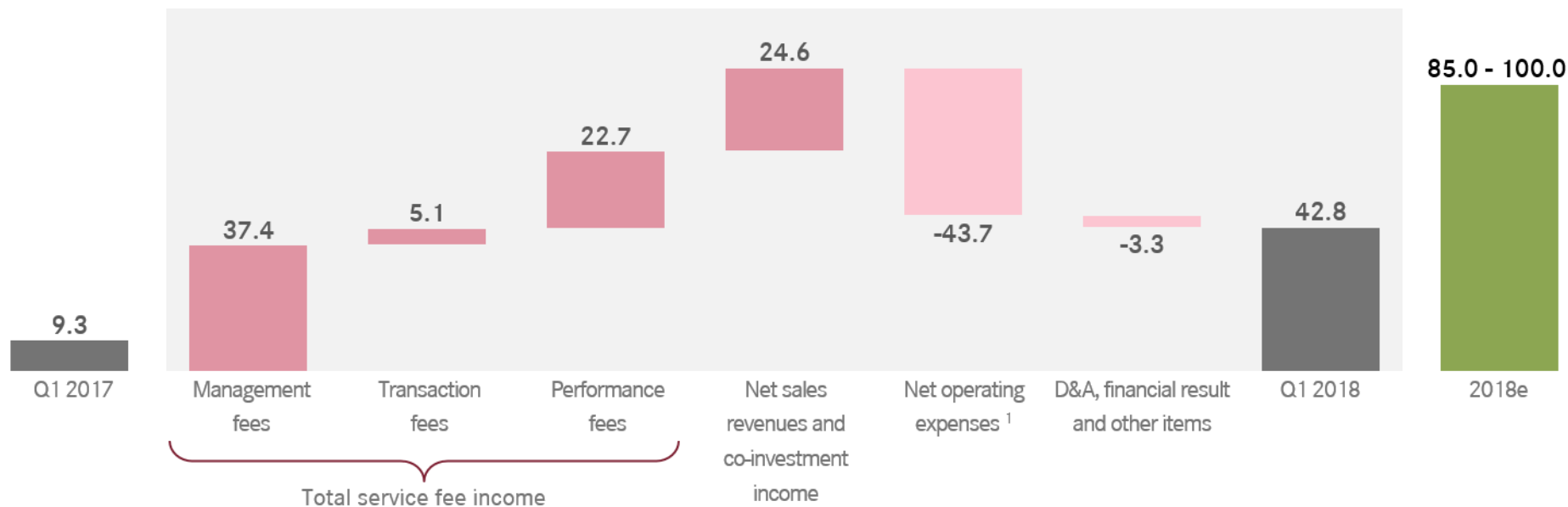
- ◆ Significant increase by 358% to EUR 42.7m (Q1 2017: EUR 9.3m)
- ◆ Guidance for FY 2018 confirmed between EUR 85.0-100.0m

Highlights

- ◆ Strong management and performance fees more than compensate for softer overall transaction market
- ◆ High net sales revenues and co-investment income reflect the strategic and profitable reduction of principal investments as well as the successful performance of co-investment products
- ◆ Net operating expenses increased year-on-year due to first time consolidation of TRIUVA, but show slower growth than respective income streams

Income bridge Q1 2018

(in EUR million)

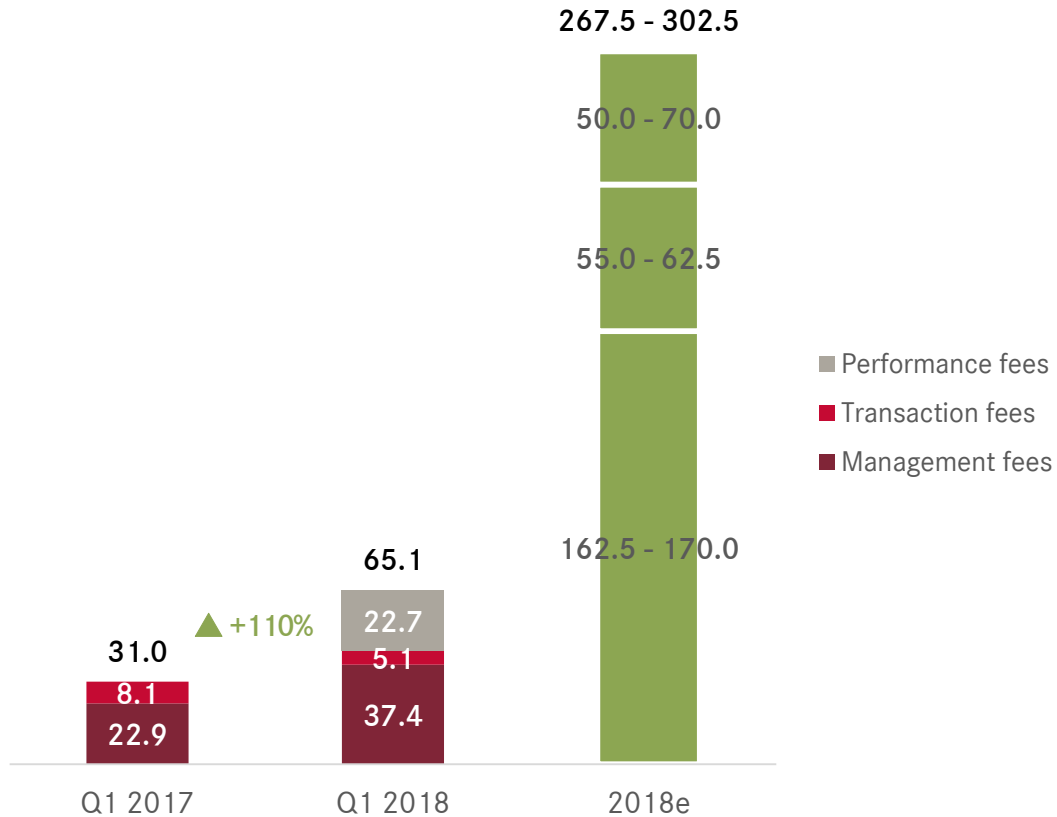


¹ Netted against other operating income of EUR 1.4m

3. Development of financial performance indicators (KPIs)

Total service fee income

(in EUR million)



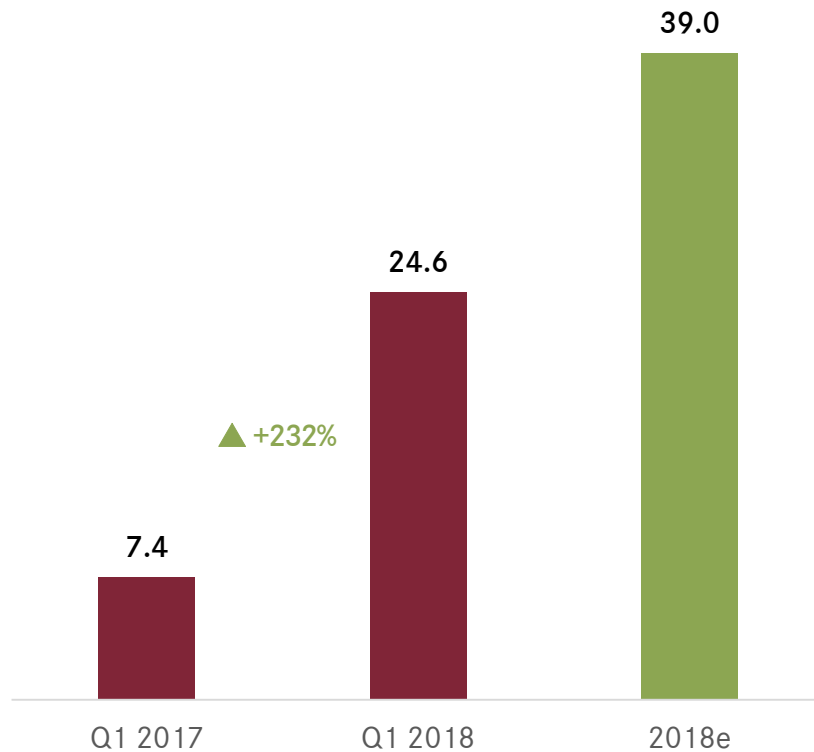
Highlights

- ◆ **Total service fee income** up 110% to EUR 65.1m driven by outstanding investment performance and first-time consolidation of TRIUVA
- ◆ Significant increase of **management fees** by 63% to EUR 37.4m reflects additional management fees coming from TRIUVA
- ◆ Despite softer transaction markets across Europe vs. Q1 2017, **transaction fees** contribute EUR 5.1m to total service fee income
- ◆ Strong outperformance of products, especially of co-investments, yields substantial **performance fees** of EUR 22.7m; in the income statement, these fees are partly included in revenues (EUR 10.3m) and partly in income from participations (EUR 12.4m)

3. Development of financial performance indicators (KPIs)

Net sales revenues and co-investment income

(in EUR million)



Highlights

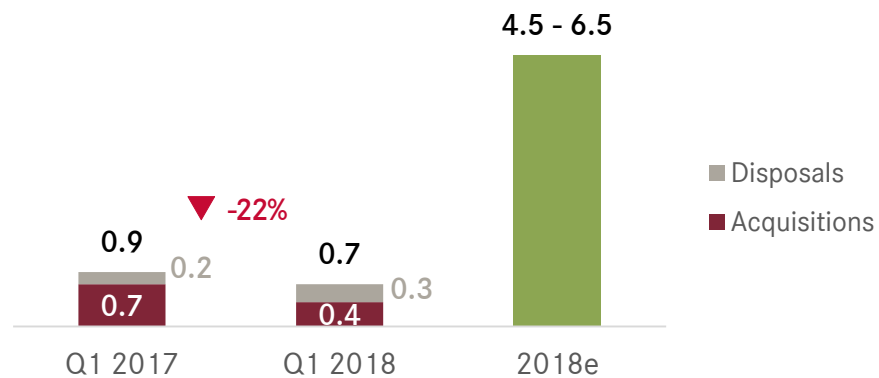
- ◆ Net sales revenues and co-investment income amounts to EUR 24.6m
- ◆ Biggest driver of this strong result is the strategic and profitable **reduction of principal investments** totalling EUR 13.3m
- ◆ Successful performance of **co-investment products** contributes another EUR 10.5m

3. Development of financial performance indicators (KPIs)

Transaction volume

(in EUR billion)

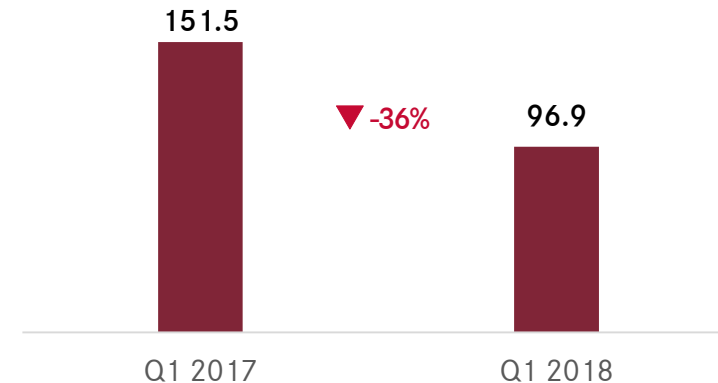
- ◆ Transactions worth EUR 0.7bn completed in Q1 2018 (Q1 2017: EUR 0.9bn)
- ◆ EUR 0.4bn acquisitions and EUR 0.3bn disposals
- ◆ Transaction market expected to remain active resulting in a transaction volume between EUR 4.5bn and EUR 6.5bn for FY 2018



Equity raised

(in EUR million)

- ◆ Equity of EUR 96.9m was raised from institutional and private investors for various national and international investments (Q1 2017: EUR 151.5m)



4. Capital allocation

31.03.2018	Assets under management	Invested capital (fair value)	Invested capital (at cost)	Participations
	in EUR million	in EUR million	in EUR million	in %
Third-party business	32,828.8			
Co-investments	6,153.8	1 495.2	197.7	
Residential	5,193.2	463.6	171.7	
GBW GmbH	3,958.5	¹ 127.6	52.2	5.1
GBW performance fee claims	-	¹ 216.5	-	-
WohnModul I SICAV-FIS	1,234.7	98.1	98.1	10.1
Harald	-	21.3	21.3	5.1
Other	-	0.1	0.1	0.0
Commercial Germany	957.8	29.9	24.2	
Alliance	205.0	5.3	5.3	5.1
Seneca	201.4	¹ 5.1	4.9	5.1
PATROffice	21.4	3.1	3.1	6.3
sono west	36.2	11.0	5.7	28.3
TRIUVA/IVG logistics	332.8	¹ 3.5	3.4	2.1
TRIUVA/IVG commercial	161.0	¹ 2.0	1.9	11.0
Commercial international	2.8	1.8	1.8	
Citruz Holdings LP (UK)	2.8	0.6	0.6	10.0
First Street Development LTD (UK)	-	1.2	1.2	10.0
Principal investments	93.5	121.8		
Other balance sheet items	-	284.5		
Tied-up investment capital	39,076.1	901.5		
Available liquidity	-	501.6		
of which debt (bonded loans)	-	317.0		

Highlights

- 1** Invested capital in co-investments increased compared to year-end 2017 due to the first time application of IFRS 9
- 2** With the acquisition of TRIUVA, PATRIZIA acquired co-investment stakes in TRIUVA funds

¹ Net of deferred taxes from valuation in accordance with IFRS 9

5. Consolidated income statement (I)

EUR k		Q1 2018	Q1 2017
Revenues	1	81,876	40,949
Income from the sale of investment property		306	164
Changes in inventories	2	-15,421	-4,798
Other operating income	3	1,372	6,114
Income from the deconsolidation of subsidiaries		0	0
Total operating performance		68,133	42,429
Cost of materials		-1,817	-3,410
Cost of purchased services		-2,520	-3,529
Staff costs	4	-26,636	-20,413
Changes in value of investment property		0	0
Other operating expenses	4	-16,328	-10,330
Income from participations	5	15,723	5,915
Earnings from companies accounted for using the equity method	6	9,461	44
Cost from the deconsolidation of subsidiaries		0	-65
EBITDAR		46,016	10,641
Reorganisation expenses		-57	-501
EBITDA	7	45,959	10,140

Highlights

- 1 Revenues doubled year-on-year due to the first time consolidation of TRIUVA with increased management fees from the increased asset base, strong performance fees and the sale of principal investments (e.g. Plot 9 and 10 Manchester First Street)
- 2 Changes in inventories reflect book value of principal investments sold (-) and cost of materials allocated to inventories (+). Year-on-year increase due to higher volume of sale of principal investments
- 3 Lower level of income from expired obligations compared to the previous year
- 4 Staff costs and other operating expenses both increased due to the first time consolidation of TRIUVA
- 5 Income from participations increased by 166% due to GBW performance-related shareholder compensation of EUR 12.4m
- 6 Earnings from companies accounted for using the equity method increased due to allocated earnings of co-investment WohnModul I, driven by strong performance
- 7 EBITDA increases 353% year-on-year

5. Consolidated income statement (II)

EUR k	Q1 2018	Q1 2017
EBITDA	45,959	10,140
Amortisation of other intangible assets ¹ and software, depreciation of property, plant and equipment	-2,183	-1,355
Earnings before interest and taxes (EBIT)	43,776	8,785
Financial income	259	202
Financial expenses	1 -1,574	-850
Result from currency translation	838	12
Earnings before taxes (EBT)	43,299	8,149
Income taxes	-10,231	-2,281
Net profit for the period	2 33,068	5,868
Earnings per share (basic) in EUR	0.37	0.07
Net profit for the period attributable to:		
Shareholders of the parent company	32,893	5,868
Non-controlling interests	175	0
	33,068	5,868

Highlights

- 1 Financial expenses increased year-on-year due to bonded loan (issued during Q2 2017)
- 2 Net profit for the period up 464% year-on-year

¹ In particular fund management agreements transferred as part of the acquisition of PATRIZIA GewerbeInvest KVG mbH

6. Reconciliation of operating income

EUR k	Q1 2018	Q1 2017
EBITDA	45,959	10,140
Amortisation of other intangible assets ¹ and software, depreciation of property, plant and equipment	1 -2,183	-1,355
EBIT	43,776	8,785
Finance income/expenses	-1,315	-648
Result from currency translation	838	12
EBT	43,299	8,149
+ Amortisation of fund management contracts ¹	900	492
Realised changes in value of investment property (net)	-68	195
Reorganisation expenses	57	501
Expenses/income from unrealised currency translation	2 -1,474	-13
OPERATING INCOME	42,714	9,324

Highlights

- 1 Adjustment of amortisation of other intangible assets due to the fact, that these adjustments result from the initial consolidation of companies and not from the operational business
- 2 Adjustment of expenses/income from unrealised currency translation due to the fact these effects were not realised in the reporting period, primarily GBP exposure

¹ In particular fund management agreements transferred as part of the acquisition of PATRIZIA GewerbeInvest KVG mbH

7. Consolidated statement of financial position (I)

Assets

EUR k		31.03.2018	31.12.2017
A.	Non-current assets		
	Difference amount before purchase price allocation	1 304,421	0
	Goodwill	12,623	7,366
	Other intangible assets	34,313	35,224
	Software	11,901	11,207
	Investment property	15,843	15,979
	Equipment	6,680	4,483
	Participations in associated companies	98,544	88,905
	Participations	2 442,781	89,114
	Non-current borrowings and other loans	24,569	23,291
	Non-current tax assets	0	0
	Deferred taxes	6,033	331
	Total non-current assets	957,708	275,900
B.	Current assets		
	Inventories	105,938	99,791
	Securities	5,010	5,010
	Current tax assets	8,145	9,098
	Current receivables and other current assets	3 285,908	479,920
	Cash and cash equivalents	385,173	382,675
	Total current assets	790,174	976,494
	TOTAL ASSETS	1,747,882	1,252,394

Highlights

- 1 Difference amount before purchase price allocation due to acquisition of TRIUVA and Rockspring. Final purchase price allocation expected by year-end 2018 at the latest.
- 2 Participations increased due to first time application of IFRS 9
- 3 Current receivables and other current assets decreased in connection with the transfer of ownership of TRIUVA. The position includes investment term deposits with maturity of over three months of EUR 159.5m, which together with cash and cash equivalents of EUR 385.2m represent the Group's balance sheet liquidity

7. Consolidated statement of financial position (II)

Equity and liabilities

EUR k		31.03.2018	31.12.2017
A.	Equity		
	Share capital	89,555	89,555
	Capital reserves	129,545	129,545
	Retained earnings		
	Legal reserves	505	505
	Currency translation difference	-10,640	-11,586
	Valuation results from cash flow hedges	0	0
	Revaluation reserve according to IFRS 9	237	0
	Consolidated unappropriated profit	1	876,886
	Non-controlling interests	6,287	1,691
	Total equity	1,092,375	756,392
B.	Liabilities		
	NON-CURRENT LIABILITIES		
	Deferred tax liabilities	2	67,173
	Retirement benefit obligations	3	22,638
	Bonded loans	300,000	300,000
	Non-current liabilities	8,439	9,062
	Total non-current liabilities	398,250	325,671
	CURRENT LIABILITIES		
	Current bank loans	4	22,762
	Bonded loans	17,000	22,000
	Other provisions	16,709	16,083
	Current liabilities	152,527	93,123
	Tax liabilities	48,259	39,125
	Total current liabilities	257,257	170,331
	TOTAL EQUITY AND LIABILITIES	1,747,882	1,252,394

Highlights

- 1 Consolidated unappropriated profit increased significantly due to the first time application of IFRS 9 and net profit for the period
- 2 Deferred tax liabilities increased significantly due to the first time application of IFRS 9
- 3 Retirement benefit obligations increased significantly due to the first-time consolidation of TRIUVA
- 4 Current bank loans increased due to acquisition of a property (Garmisch Partenkirchen) temporarily held on the balance sheet and to be placed with private investors during 2018

8. Contact Investor Relations and financial calendar



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- ◆ **Events:** Corporate news, Conference call presentation, Quarterly Statement, Recording of the conference call
- ◆ **Presentations:** Conference call presentation, Current company presentation

Financial calendar 2018:

- ◆ **20 June:** Annual General Meeting, Augsburg
- ◆ **7 August:** Interim Report for the first half of 2018
- ◆ **14 November:** Quarterly Statement for the first nine months of 2018

Disclaimer

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9. Appendix

Appendix ▶

Key figures

EUR k	Q1 2018	Q1 2017	Change in %
Revenues	81,876	40,949	99.9%
Total operating performance	68,133	42,429	60.6%
EBITDA	45,958	10,140	353.2%
EBIT	43,775	8,785	398.3%
EBT	43,298	8,149	431.3%
Operating income ¹	42,713	9,324	358.1%
Net profit for the period	33,067	5,868	463.5%

EUR k	31.03. 2018	31.12.2017	Change in %
Non-current assets	957,708	275,900	247.1%
Current assets	790,174	976,494	-19.1%
Equity (excl. non-controlling shareholders)	1,092,138	756,392	44.4%
Equity ratio (excl. non-controlling shareholders)	62.5%	60.4%	2.1%
Non-current liabilities	398,250	325,671	22.3%
Current liabilities	257,257	170,331	51.0%
Total assets	1,747,882	1,252,394	39.6%

¹ Please see page 12 for the definition of operating income

9. Appendix



As part of the purchase price payment for Rockspring, PATRIZIA following the end of Q1 2018 transferred treasury shares to the sellers of Rockspring. On 20 April 2018 the number of treasury shares held by PATRIZIA hence fell below the 3% threshold and amounted to 2.978%. Upon completion of the transfer PATRIZIA will hold 1,434,038 treasury shares.

9. Appendix

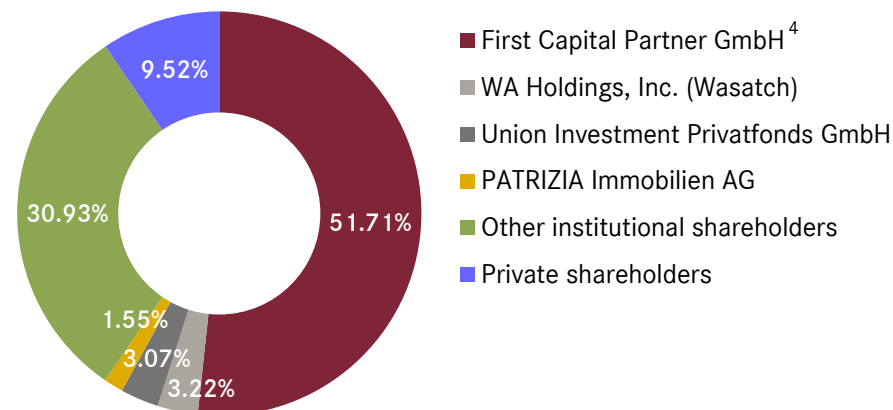
PATRIZIA shares as at 31.03.2018

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	PAT
Issued shares as at 31.03.2018	92,351,476 shares
Outstanding shares as at 31.03.2018 ¹	89,555,059 shares
First quarter 2018 high ²	EUR 21.10
First quarter 2018 low ²	EUR 17.55
Closing price as at 31.03.2018 ²	EUR 18.00
Share price performance (first quarter 2018) ²	-6.9%
Market capitalisation as at 31.03.2018	EUR 1.7 bn
Average trading volume per day (first quarter 2018) ³	160,000 shares
Indices	SDAX, DIMAX

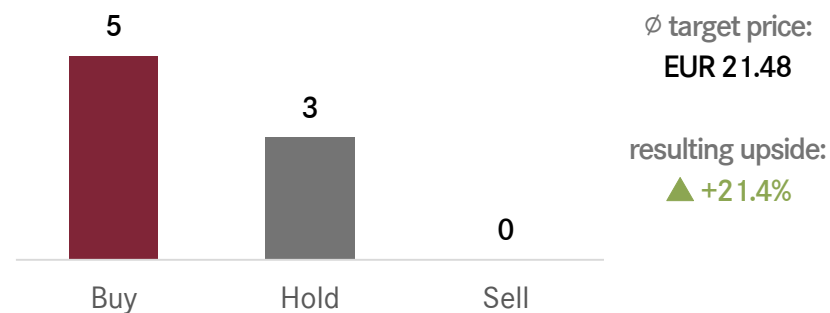
PATRIZIA share performance as at 11.05.2018



Shareholder structure as at 11.05.2018



Analyst recommendations as at 11.05.2018



¹ Reduced number of shares compared to the issued shares due to share buybacks in 2017; ² Closing price on Xetra trading; ³ All German stock exchanges;

⁴ First Capital Partner is attributable to CEO Wolfgang Egger; Source: Thomson Reuters, PATRIZIA share register

9. Appendix

Consolidated statement of comprehensive income

EUR k	Q1 2018	Q1 2017
Net profit for the period	33,067	5,868
Items of other comprehensive income reclassified to net profit for the period		
Profit/loss arising on the translation of the financial statements of foreign operations	946	689
Value adjustments resulting from equity instruments measured including capital gains (IFRS 9)	237	0
Total comprehensive income for the reporting period	34,250	6,557
Total comprehensive income attributable to:		
Shareholders of the parent company	34,075	6,557
Non-controlling interests	175	0
	34,250	6,557

9. Appendix

Consolidated statement of changes in equity

EUR k	Share capital	Capital reserve	Retained earnings (legal reserves)	Currency translation difference	Revaluation reserve according to IFRS 9	Consolidated unappropriated profit	Equity of the shareholders of the parent company	Equity of non-controlling interests	Total
As at 01.01.2017	83,956	184,005	505	-10,803	0	491,679	749,342	1,691	751,033
Net amount recognised directly in equity, where applicable less income taxes	0	0	0	689	0	0	689	0	689
Net profit for the period	0	0	0	0	0	5,868	5,868	0	5,868
As at 31.03.2017	83,956	184,005	505	-10,114	0	497,547	755,899	1,691	757,590
As at 01.01.2018 before retrospective changes according to IAS 1	89,555	129,545	505	-11,586	0	546,682	754,700	1,691	756,392
Changes in course of first-time application of IFRS 9 financial instruments	0	0	0	0	0	297,312	297,312	0	297,312
As at 01.01.2018 after retrospective changes according to IAS 1	89,555	129,545	505	-11,586	0	843,994	1,052,012	1,691	1,053,704
Net amount recognised directly in equity, where applicable less income taxes	0	0	0	946	0	0	946	0	946
Non-controlling interests arising from the inclusion of new companies	0	0	0	0	0	0	0	4,421	4,421
Changes in course of revaluation of IFRS 9 financial instruments	0	0	0	0	237	0	237	0	237
Net profit for the period	0	0	0	0	0	32,892	32,892	175	33,067
As at 31.03.2018	89,555	129,545	505	-10,640	237	876,886	1,086,087	6,287	1,092,375

9. Appendix

Consolidated statement of cash flows (I)

EUR k	Q1 2018	Q1 2017
Net profit for the period	33,067	5,868
Income taxes recognised through profit or loss	10,231	2,281
Financial expenses recognised through profit or loss	1,574	850
Financial income recognised through profit or loss	-259	-202
Income from divestments of participations, recognised through profit or loss	0	-2,453
Amortisation of other intangible assets and software, depreciation of property, plant and equipment	2,183	1,355
Income from the sale of investment property	-306	-164
Expenses of the deconsolidation of subsidiaries	0	65
Other non-cash effects	-9,537	-4,142
Changes in inventories, receivables and other assets not attributable to investing activities	-10,788	-73,510
Changes in liabilities not attributable to financing activities	3,928	-6,676
Interest paid	-156	-849
Interest received	253	145
Income tax payments	-2,035	-5,647
Cash inflow/outflow from operating activities	28,156	-83,079

9. Appendix

Consolidated statement of cash flows (II)

EUR k	Q1 2018	Q1 2017
Investments in other intangible assets, software and equipment	-840	-1,011
Payments received from the sale of investment property	487	1,745
Payments for the development of investment property	-45	-66
Payments received from the disposal of securities and short-term investments	37,500	0
Payments for the acquisition of participations	-1,972	-270
Payments received from the equity reduction of participations	780	0
Payments received from the disposal of participations	928	2,455
Payments for investments in companies accounted for using the equity method	-171	0
Payments for loans to companies	-1,278	0
Payments for the disposal of consolidated companies and other business units	0	-2,684
Payments for the acquisition of consolidated companies and other business units	-77,193	0
Cash outflow/inflow from investing / divesting activities	-41,805	169
Borrowing of loans	21,147	104,500
Repayment of loans	-5,000	-7,485
Cash inflow from financing activities	16,147	97,015
Change in cash and cash equivalents	2,498	14,105
Cash and cash equivalents at 01.01.	382,675	440,219
Effects of changes in foreign exchange rates on cash and cash equivalents	0	-7
Cash and cash equivalents at 31.03.	385,173	454,317