



# Real Estate Share Initiative 9<sup>th</sup> Annual Conference, Frankfurt/Main

October 20, 2009

# Agenda

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## Business model

Review 1st half of 2009

Outlook 2009

German residential real estate market

Appendix



## PATRIZIA nationwide platform with local market expertise

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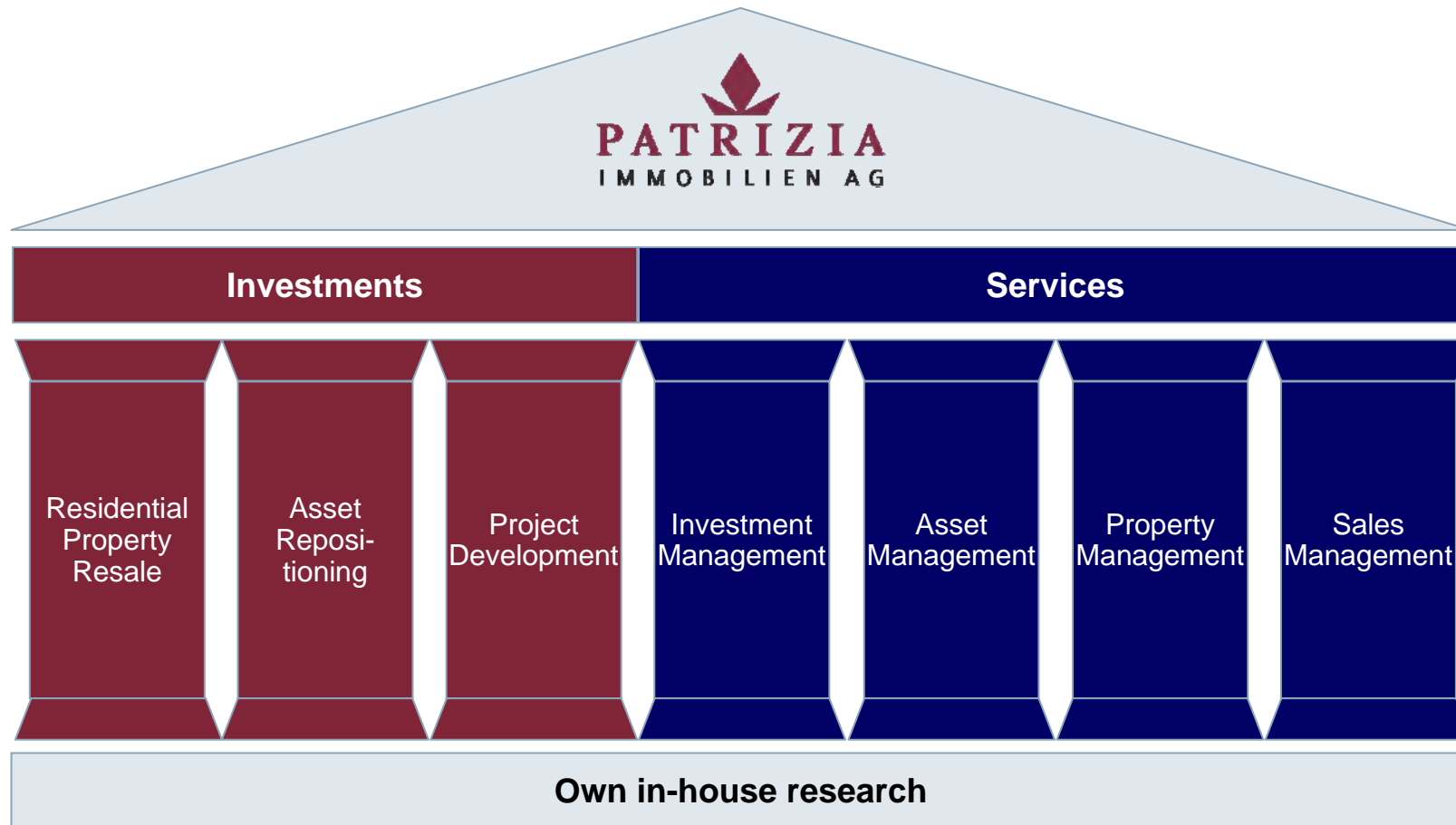
- Formation:** 1984
- Head office:** Augsburg
- Employees:** 350 salaried employees
- Branches:** Berlin, Cologne, Dresden, Frankfurt, Hamburg, Munich
- Business activities:** PATRIZIA is a real estate trader and service provider with focus on acquisition, value enhancement and subsequent placement of residential and commercial real estate.
- Portfolio:** approx. 11,800 high-quality units in attractive locations within Germany

| Share                                   |                        |
|---|------------------------|
| ISIN                                    | DE000PAT1AG3           |
| WKN                                     | PAT1AG                 |
| No. of shares in issue at June 30, 2009 | 52,130,000             |
| Indices                                 | SDAX, EPRA, GEX, DIMAX |



# The PATRIZIA integrated business model – our business lines

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# Investments segment – Invest. Optimize. Realize.



Grotenbleken, Hamburg

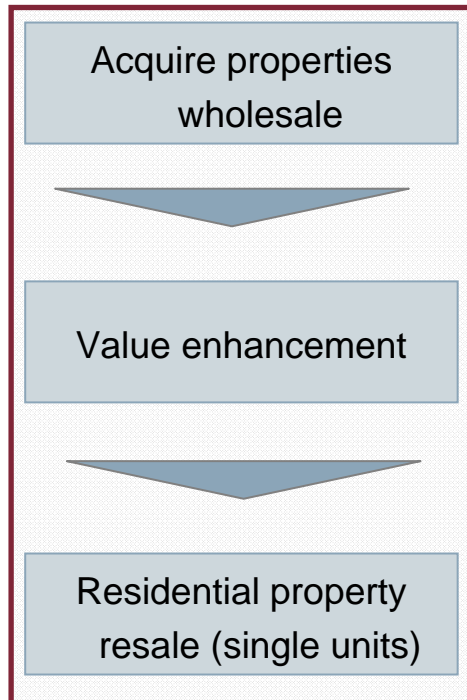


Ludwigsfeld, Munich

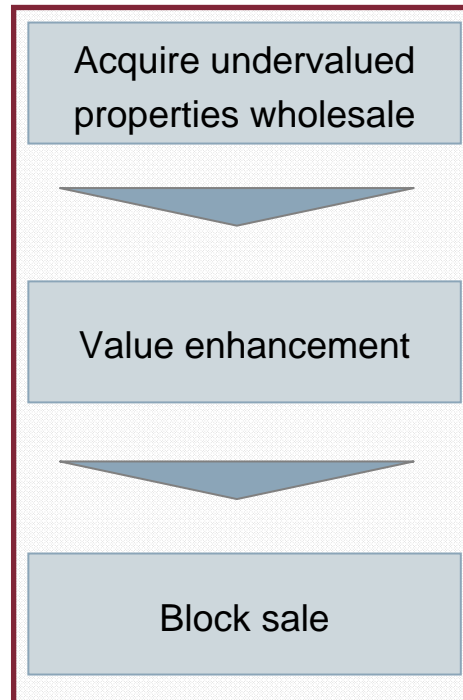


Zwingerstrasse, Munich

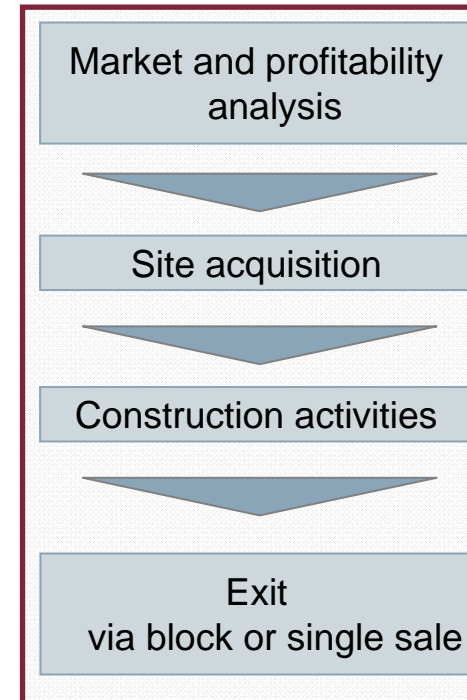
## Residential Property Resale



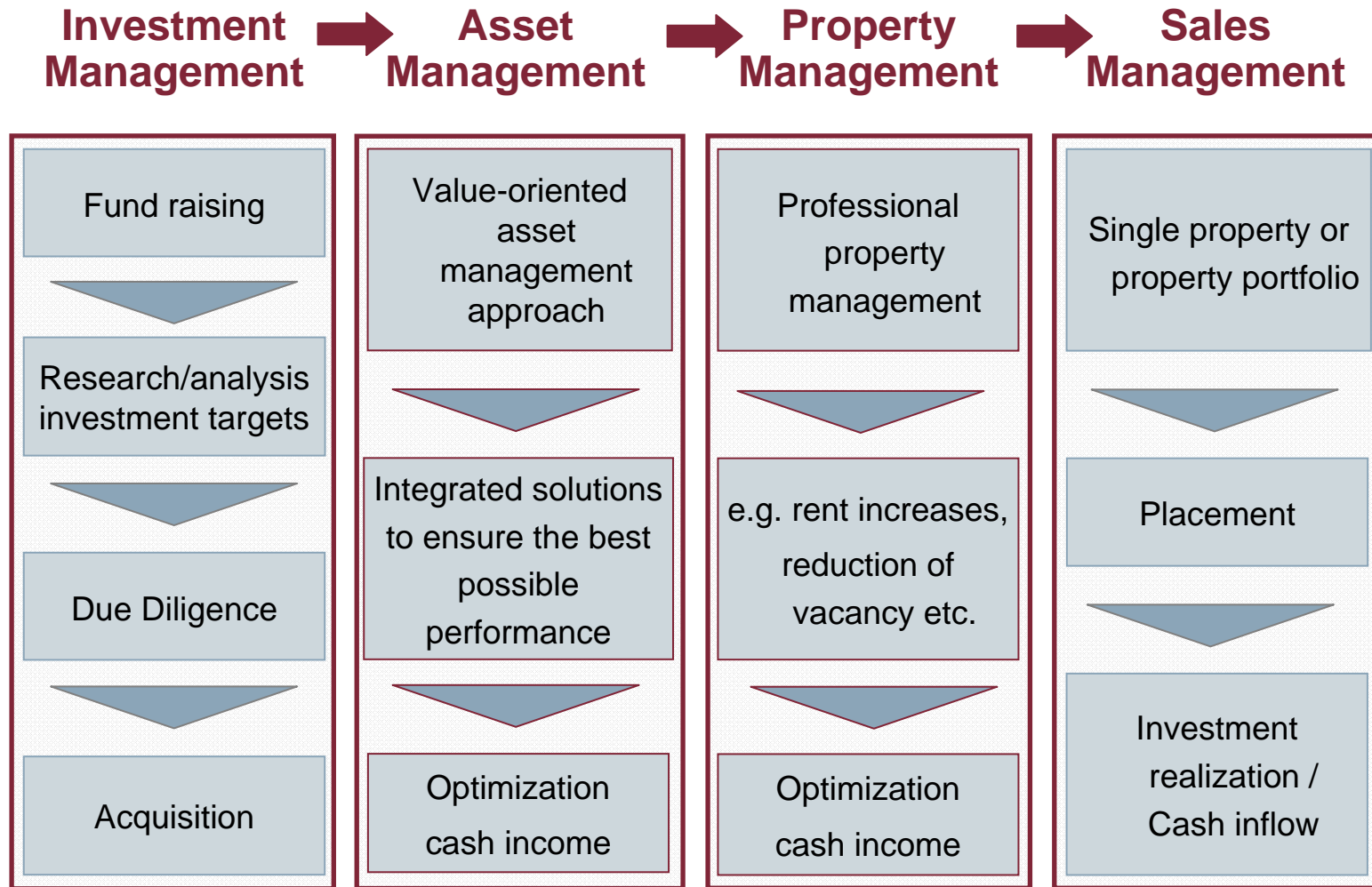
## Asset Repositioning



## Project Development



# Services segment – Invest. Optimize. Realize.



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## Business development 1<sup>st</sup> half of 2009

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Transaction market for single unit sale increased slightly; we expect that the transaction market for block sales will pick up during the 2<sup>nd</sup> half of 2009 as well

### Investments

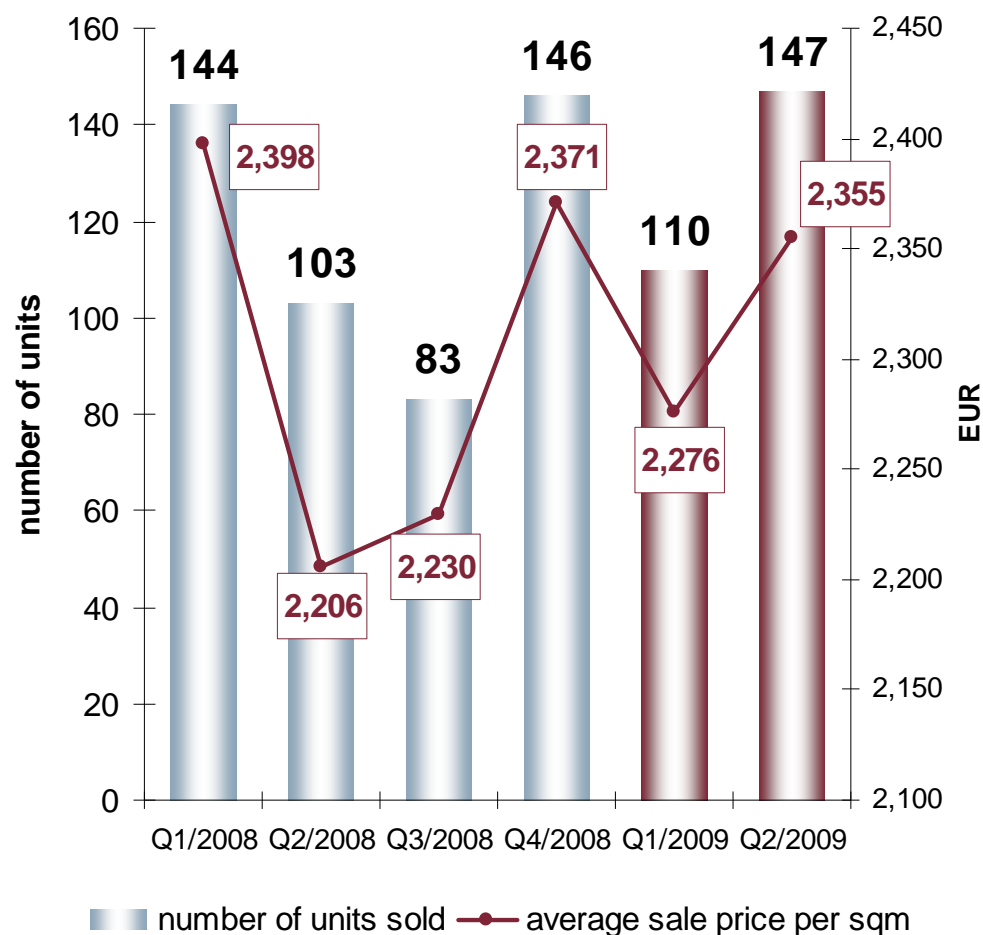
- Private investors: 257 single units sold in H1 2009
- Institutional investors: no block sales realized
- Real estate portfolio: furthermore stable value, no fair value adjustments necessary
- Rental income: rent per sqm at EUR 7.74 stabilized on a high level (Dec. 2008: EUR 7.31)

### Services

- Revenues/service fees and key earning figures improved despite slow transaction market
- Acquisition of round about 1,550 units for our fund vehicles (volume: EUR 150 million)

## Number of units sold – Residential Property Resale

In H1 in the privatization business line 257 single units sales let to purchase price revenues of EUR 39.6 million



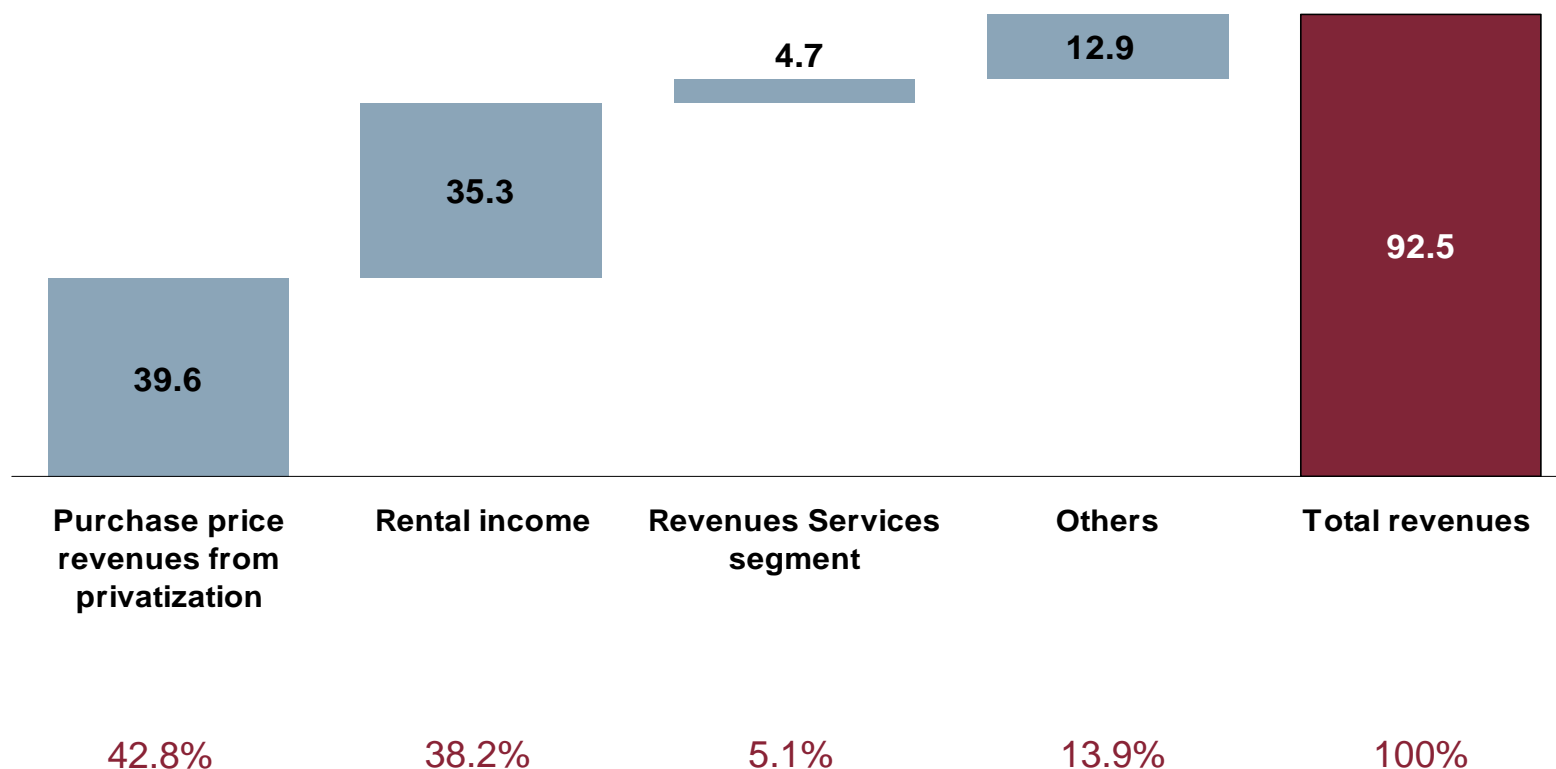
- Sales increased in course of the year
- Sales higher than in H1 2008 (247 units)
- Average sales price of EUR 2,355 per sqm remained at a high level
- Average rent per sqm stabilized at EUR 7.74 (Dec., 2008: EUR 7.31)

## Split of revenues

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Revenues decreased by 5.9% compared with H1 2008 (EUR 98.3 million) due to lack of block sales

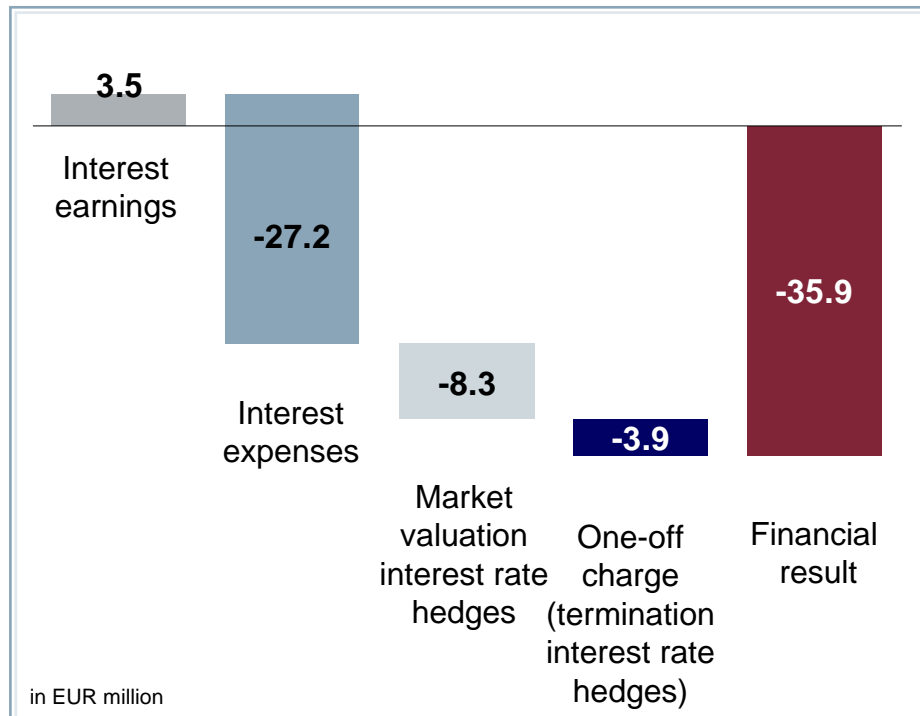
in EUR million



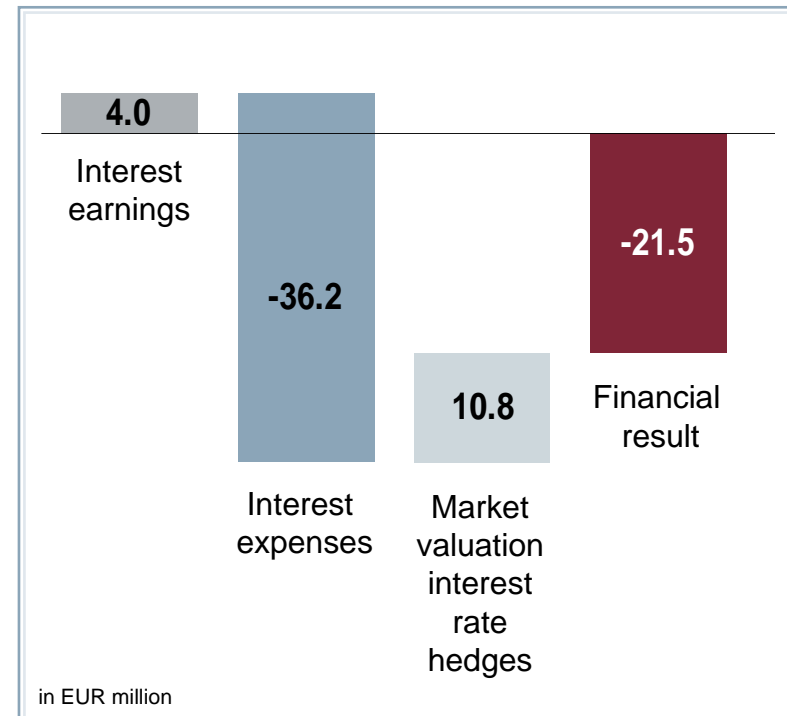
# Financial result

The market valuation of interest rate hedges impacted the financial result in Q1 by EUR -11.3 million, in Q2 2009 by EUR 3.0 million.

H1 2009



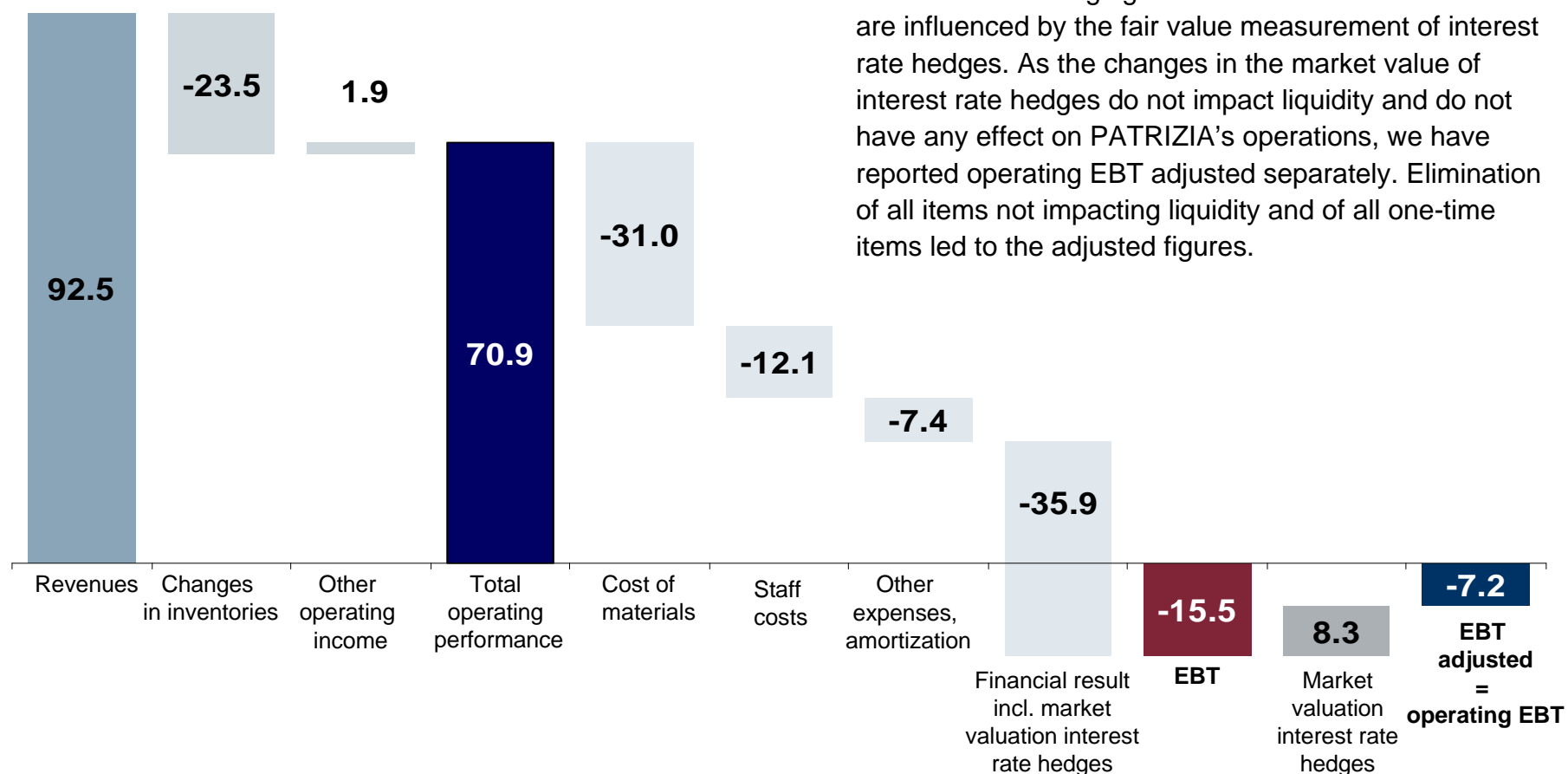
H1 2008



## EBT in accordance with IFRS and adjusted

EBT 1<sup>st</sup> half of 2009 amounted to EUR -15.5 million, thereof EUR -8.3 million market valuation of interest rate hedges

in EUR million



PATRIZIA's earning figures in accordance with IFRSs are influenced by the fair value measurement of interest rate hedges. As the changes in the market value of interest rate hedges do not impact liquidity and do not have any effect on PATRIZIA's operations, we have reported operating EBT adjusted separately. Elimination of all items not impacting liquidity and of all one-time items led to the adjusted figures.

## Residual terms of our bank loans

Financing secured: At the beginning of the second half of the year, around 2% of our loans have terms of less than 12 months

|                | Bank loans<br>as of<br>06/30/2009<br>EUR'000 | Bank loans<br>as of<br>04/01/2009<br>EUR'000 | Bank loans<br>as of<br>12/31/2008<br>EUR'000 |
|----------------|--|--|--|
| < 1 year       | 17,245                                       | 70,164                                       | 597,884                                      |
| 1 to 2 years   | 663,254                                      | 99,559                                       | 117,673                                      |
| > 2 to 5 years | 425,083                                      | 784,302                                      | 269,753                                      |
| > 5 years      | 0  | 173,650                                      | 176,425                                      |
| <b>TOTAL</b>   | <b>1,105,582</b>                             | <b>1,127,675</b>                             | <b>1,161,735</b>                             |

Debt maturity profile  
by fiscal year  
(Jan. 1 to Dec. 31)

| Debt<br>maturity | Bank loans<br>falling due<br>EUR'000 |
|------------------|--------------------------------------|
| 2009             | 17,245                               |
| 2010             | 139,957                              |
| 2011             | 551,513                              |
| 2012             | 0                                    |
| 2013             | 226,504                              |
| 2014             | 170,362                              |

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## Outlook 2009 (I)

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### Forecast

- Despite the negative operating EBT of EUR -7.2 million in H1 we anticipate an operating profit for FY 2009

### Investment segment

- Stabilize sales figures in residential property resale at a higher level
- Transaction market for block sales expected to pick up in the next months – block sales are necessary to realize a positive operating result in FY 2009!
- No fair value adjustments to investment properties expected

## Outlook 2009 (II)

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### Financing

- Financing costs for FY 2009 will be lower than in 2008
- 70% of our loans are hedged by interest rate hedging instruments (4.15%).
- Refinancing almost completed for fiscal 2009

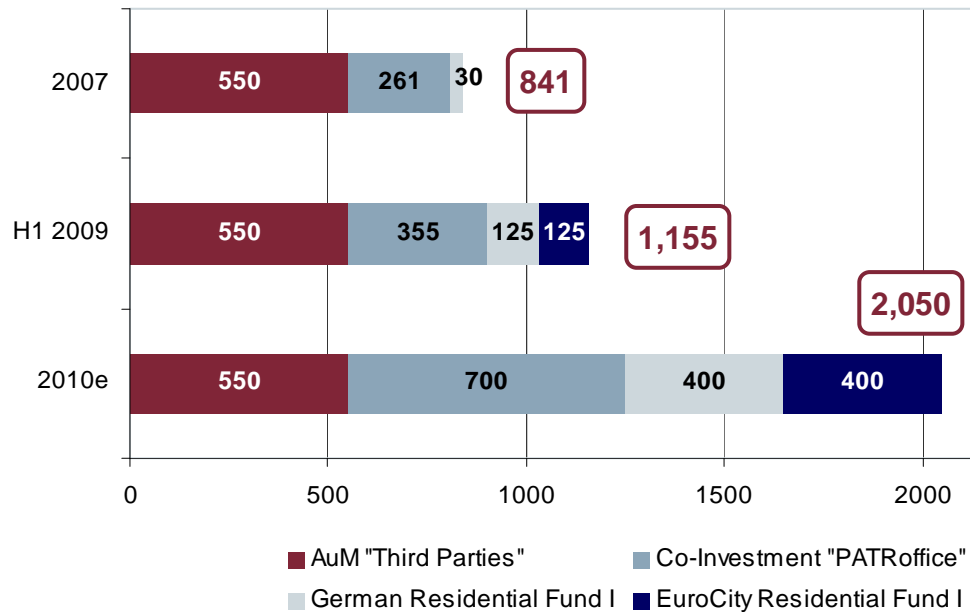
### Services segment

- Increase efforts in establishing PATRIZIA as an investment and asset manager for real estate products.
- Further acquisitions for our fund products in 2009
- Further Co-investments with institutional investors, investment vehicles with PATRIZIA`s participation

# Outlook (III) – Services segment becomes more important

Assets under Management (external) will increase to more than Euro 2 billion till 2010

**Development of Assets under Management**  
(in EUR million)



**Investment Management**  
More acquisitions for our open-ended fund vehicles to achieve stable and recurring income.

**Asset Management**  
Focus on new service agreements with external owners of real estate portfolios.

**Co-investments**  
Further acquisitions in commercial real estate for PATRoffice; new co-investments.

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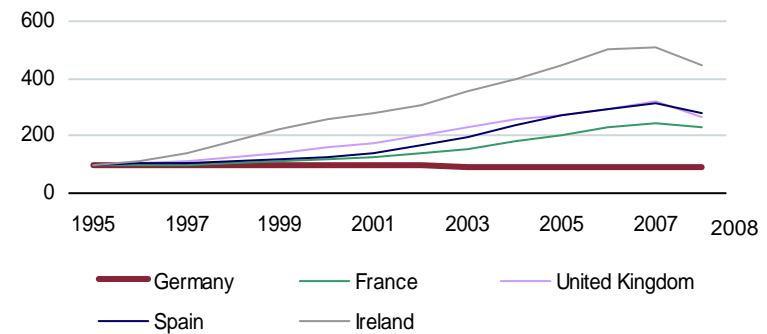


# German market supported by strong fundamentals

## No boom – no crash

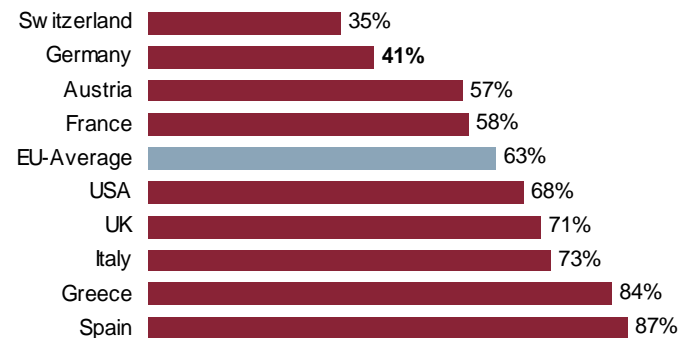
- Most European countries have experienced a steep increase in their house prices since 1995 and now see dramatic decreases since the beginning of the sub-prime crisis
- In contrast to that, Germany has more or less stable house prices since 1995 and therefore does not suffer from the current market environment

House price development 1995-2008 (Index 1995 = 100)



Source: PATRIZIA Research, OECD 2008

Owner occupancy rate (in %)



Source: PATRIZIA Research, Eurostat, Federal Statistical Office, OECD 2008

## Investments in residential real estate more than a current trend

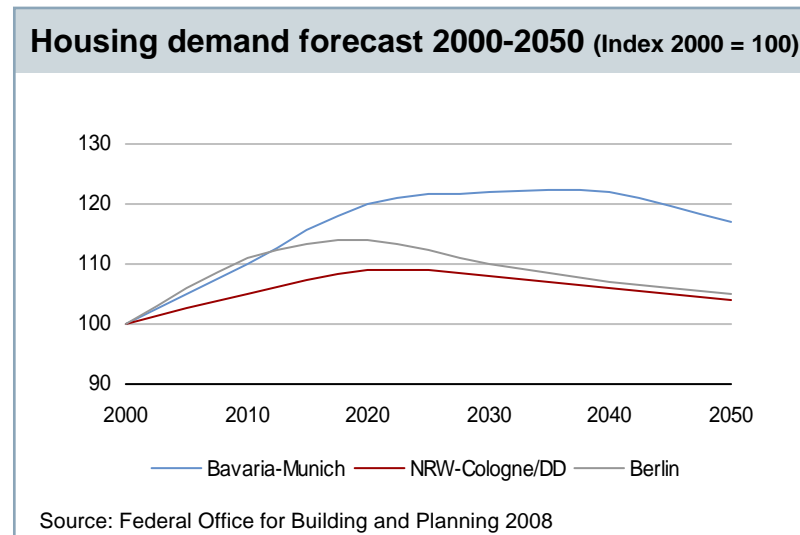
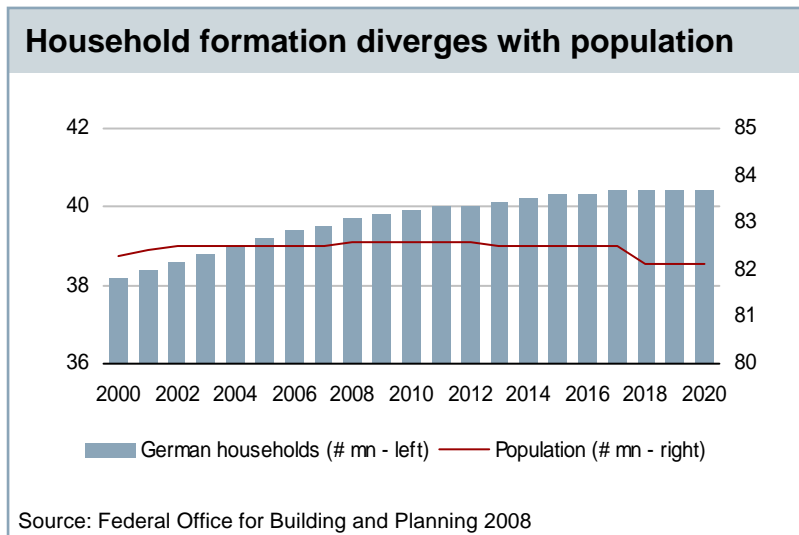
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- Residential real estate is considered as investment with stable value that protects against inflation
- The main players on the demand side are wealthy private persons, family offices as well as pension funds or insurance companies. Highly leveraged investors are not active any more
- Most attractive markets are the six metropolitan areas: Hamburg, Berlin, Cologne/Düsseldorf, Frankfurt, Stuttgart and Munich
- Residential real estate remains a marketable product in the long run, offers stable yields and low price fluctuations

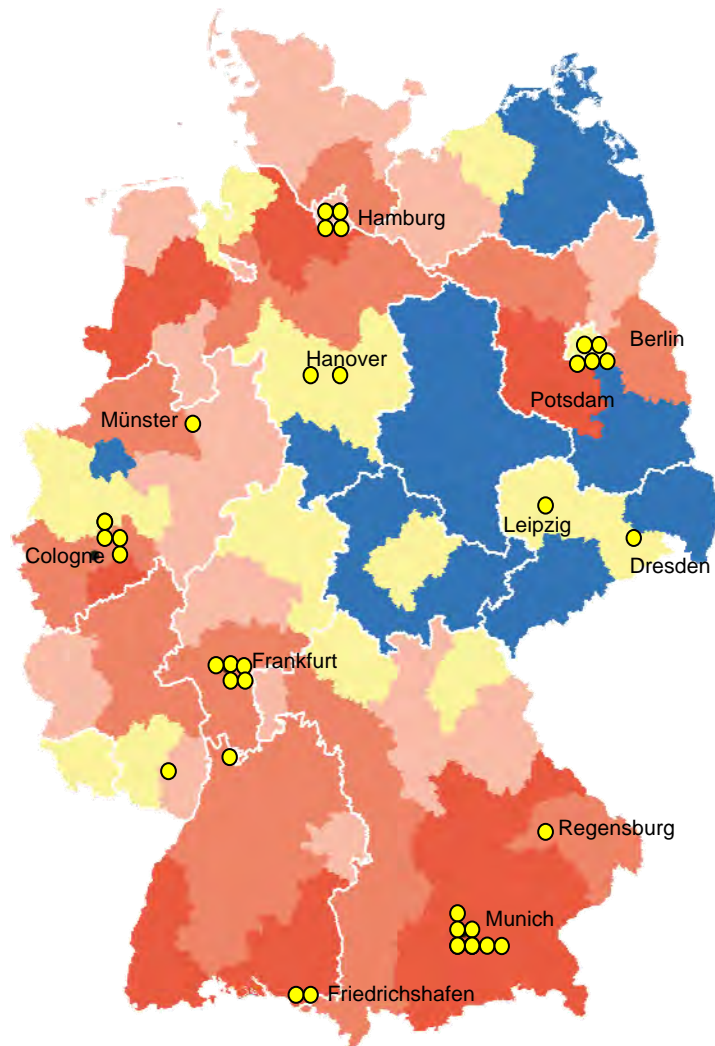
# General nationwide trends (I)

## Increasing demand:

Number of households will increase. Due to lower numbers of persons per household and rising living space per person.



# Population growth until 2020



Major regions of household growth will probably be:

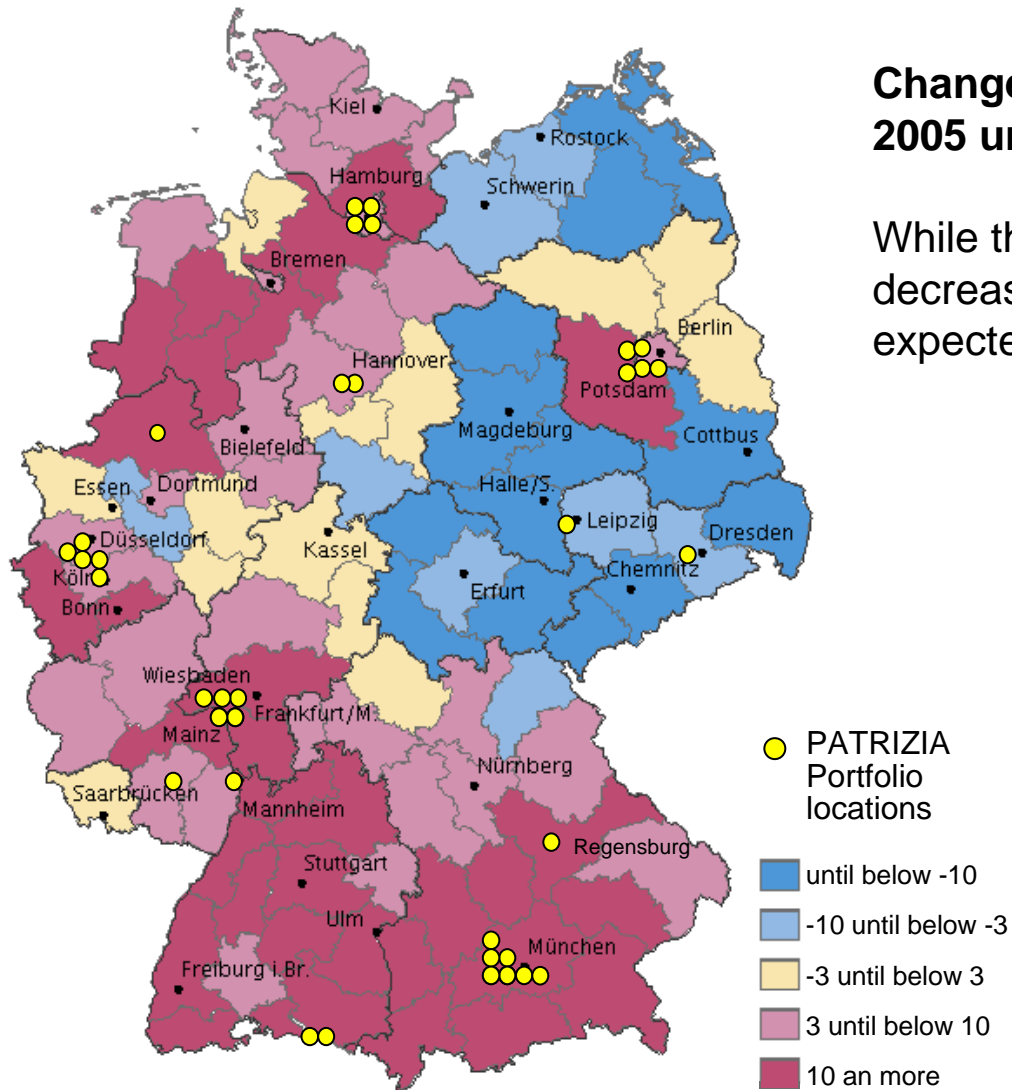
- Southern Germany
- Parts of Northern and Western Germany
- Greater Berlin area

## Implications for PATRIZIA

The majority of assets of the PATRIZIA portfolio is located exactly in areas with expected household growth and will therefore benefit from this demographic trend.

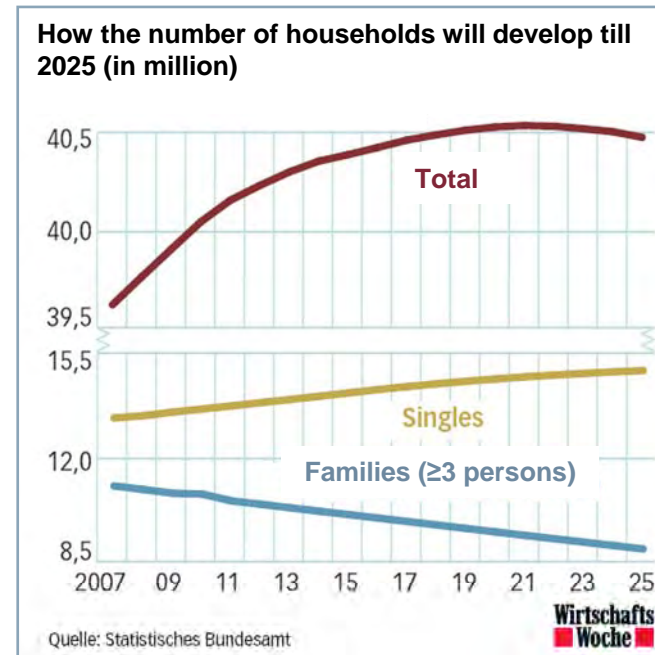


# Household formation as driver of multi-family performance



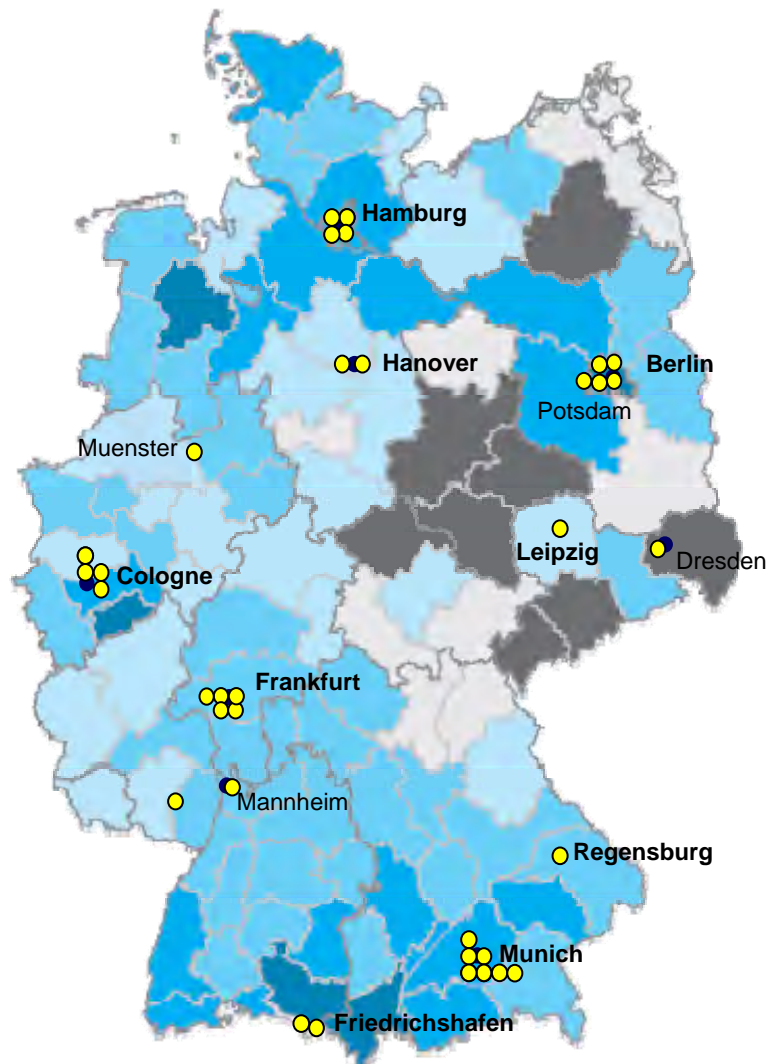
**Change in number of households from 2005 until 2025 in %**

While the population in Germany will decrease, the household formations are expected to steadily rise.



Source: Federal Office for Building and Planning, Bonn 2009

## Demand for housing until 2015



Major regions with driving housing demand will probably be:

- South Germany
- Greater Hamburg area
- Berlin
- Rhine-area with Cologne, Bonn and Düsseldorf

The German market exhibits potential for focused privatizations of high quality properties in locations with high housing demand. The majority of PATRIZIA's assets are located in these areas.

- PATRIZIA Portfolio locations
- below - 4%
- -4% to 0%
- 0% to 4%
- 4% to 8%
- 8% to 12%
- 12% and more

## General nationwide trends (II)

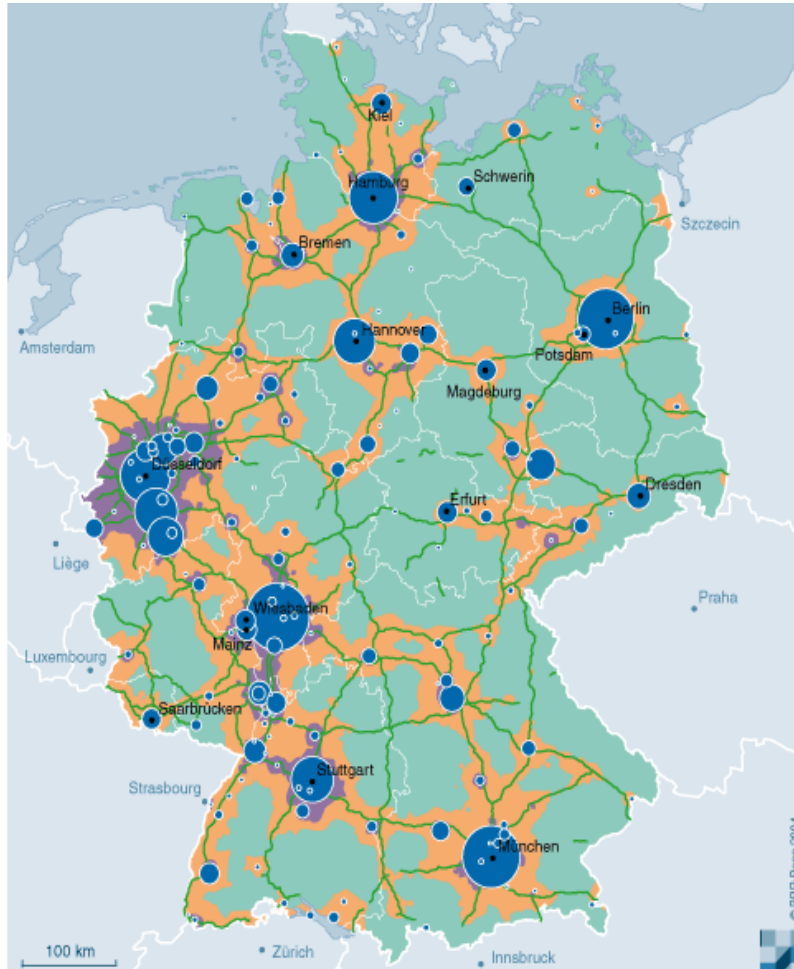
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### Strong price differentiation:

Rents and prices will only increase in attractive regions.

- Regions with:
- positive economic prospects,
  - higher income level,
  - population growth.

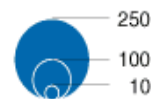
# Economic prospects – regional developments



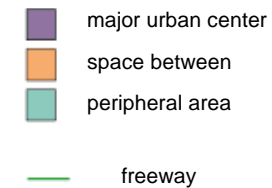
**Germany tends to regional re-urbanization – importance of German metropolitan areas increase**

Concentration on strong-growing major cities is going on.

**Index of Metropolitan areas**

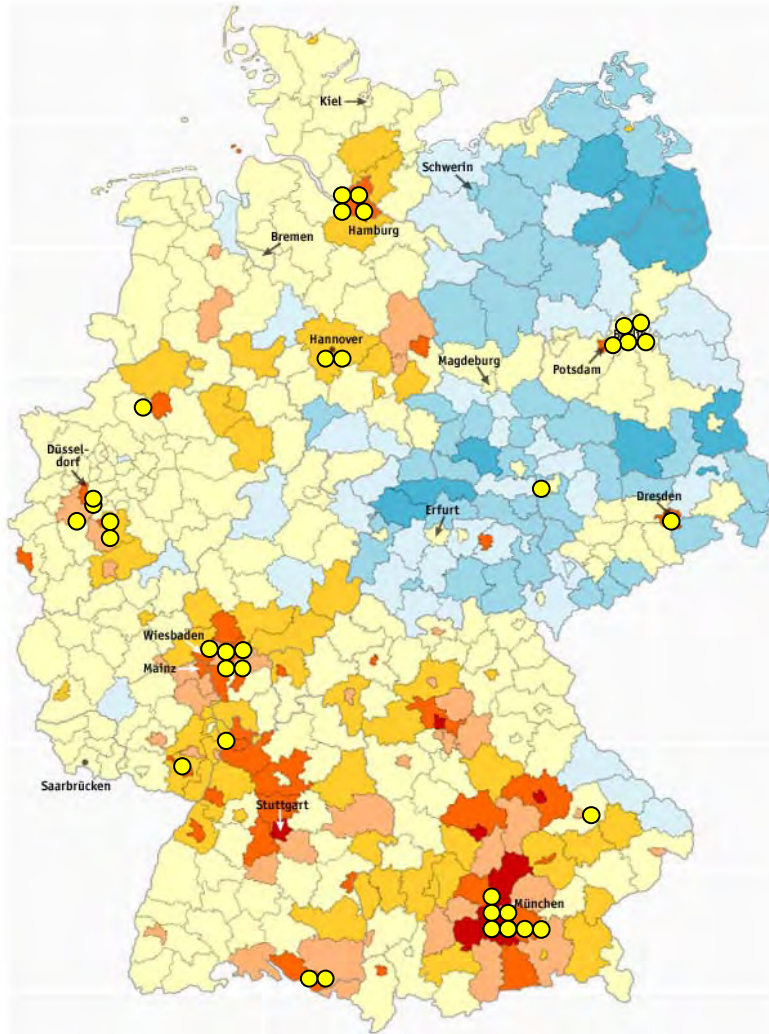


**Urban catchment area and population density**



Source: Regional Planning Report 2005

# Economic growth potential until 2020

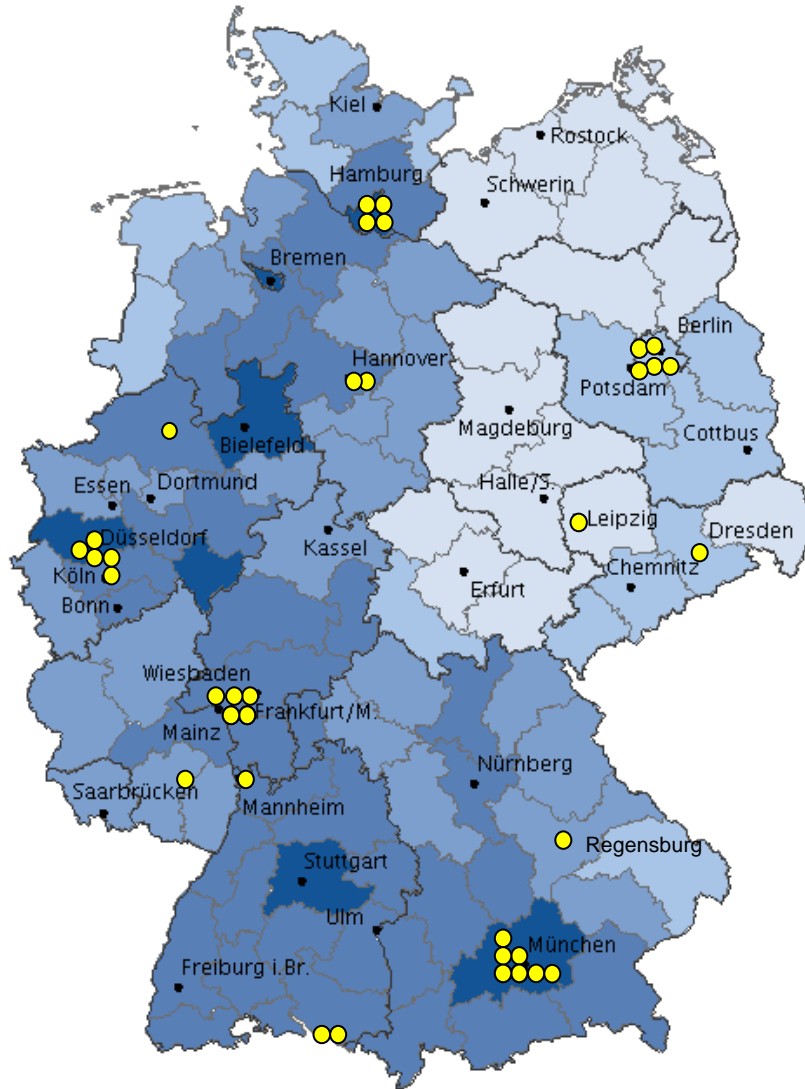


## Implications for PATRIZIA

72% of our Portfolio is located in areas with top or very good future chances for economic growth.

|   |                              |     |
|---|------------------------------|-----|
| ● | PATRIZIA portfolio locations |     |
| ■ | Top future prospects         | 42% |
| ■ | Very good future prospects   | 21% |
| ■ | Good future prospects        | 13% |
| ■ | With future prospects        | 8%  |
| ■ | Stable risk-reward-relation  | 16% |
| ■ | With future risks            | –   |
| ■ | Above average future risks   | –   |
| ■ | High future risks            | –   |

# Disposable income of private households



**Per inhabitant as an annual average in euro**

As well as the disposable income also the prices for condominiums and rents regionally differ to a large extent.

● PATRIZIA Portfolio locations

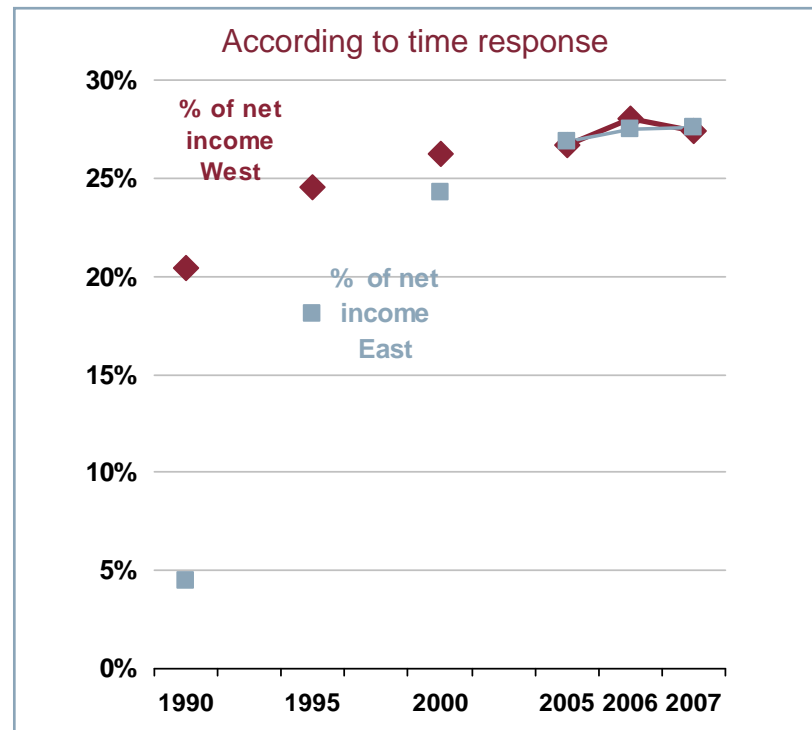
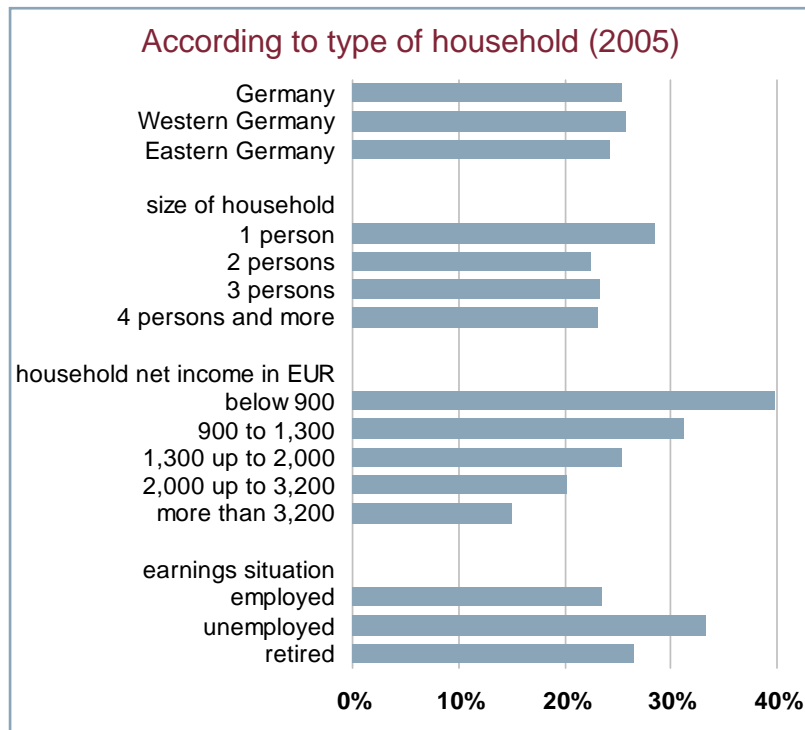
- until below 14,000
- 14,000 until below 16,000
- 16,000 until below 18,000
- 18,000 until below 20,000
- 20,000 an more

Source: Federal Office for Building and Planning, Bonn 2009

# Costs of housing

|  | Berlin | Cologne | Dresden | Frankfurt | Hamburg | Munich | Germany |
|--|--------|---------|---------|-----------|---------|--------|---------|
| Rents for first time use or re-letting (offered rents, base / without ancillary costs) 2007 in EUR/sqm | 5.5    | 7.9     | 5.5     | 9.2       | 7.6     | 10.8   | 6.0     |

## Costs of housing (gross, plus ancillary costs) in % of the household net income per month



Source: PATRIZIA Research, SOE

## Impacts on rents and prices within a city – e. g. Munich

Surcharge or discount according to living space, year of construction, interior and single areas in EUR/sqm on the basis of Munich

| in EUR per sqm                                      |                | Purchase | Rent  |
|---|----------------|----------|-------|
| <b>Reference (R)</b>                                | new building*  | 3,304    | 12,08 |
| <b>Surcharge / discount on interior</b>             | below average  | -336     | -0.49 |
|   | normal         | -157     | -0.35 |
|   | higher-quality | R        | R     |
|   | luxury         | +233     | +1.23 |
| <b>Surcharge / discount on living space</b>         | < 20 sqm       | +202     | +7.03 |
|   | 20 – 39 sqm    | -114     | +2.09 |
|   | 40 – 59 sqm    | +4       | +0.67 |
|   | 60 – 79 sqm    | R        | R     |
|   | 80 – 99 sqm    | +86      | -0.07 |
|   | 100+ sqm       | +449     | +0.69 |
| <b>Surcharge / discount on year of construction</b> | before 1950    | -331     | -0.55 |
|   | 1950s          | -768     | -1.25 |
|   | 1960s          | -1,058   | -1.44 |
|   | 1970s          | -955     | -1.35 |
|   | 1980s          | -726     | -1.00 |
|   | 1990s          | -438     | -0.56 |
|   | since 2000     | R        | R     |

\* Reference type: build in 2000 or later, 60-79 sqm, higher-quality interior

## General nationwide trends (III)

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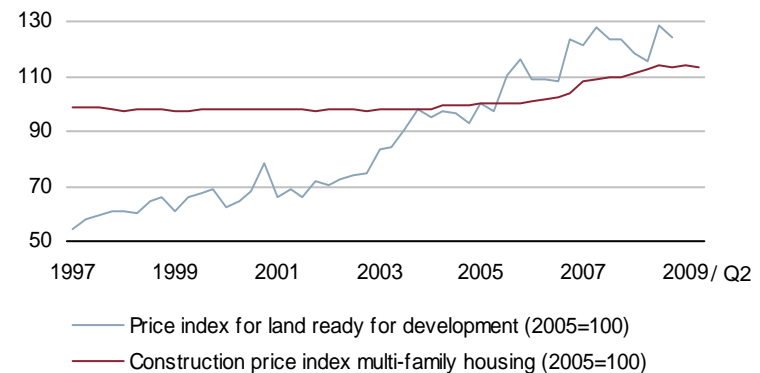
### Preference on used properties :

Rising construction costs associated with declining building permits mean that portfolio optimization / asset repositioning becomes more important.

Since 1997 prices of land ready for development have more than doubled.

In addition construction costs have been increasing sharply within the last 2 years (also due to increase of VAT from 16% to 19% as of Jan. 1, 2007)

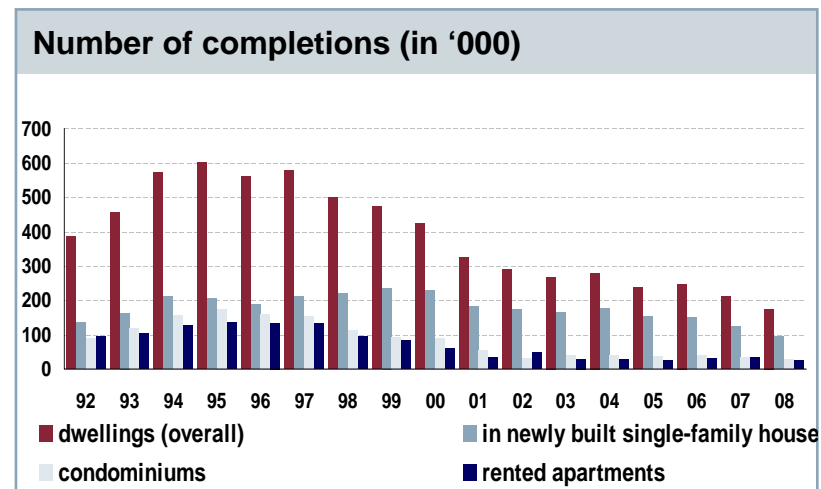
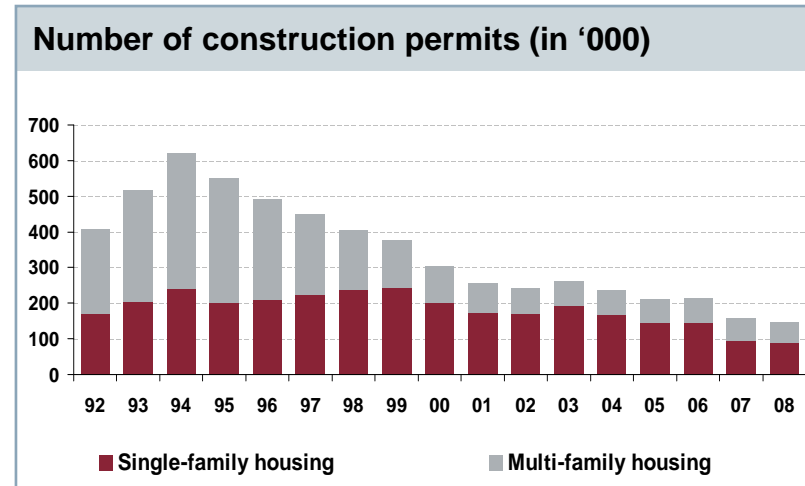
Construction costs and land prices Germany



Source: Federal Statistical Office 2009

# Lack of supply supports refurbishment of existing properties

- Overall, construction activity is focused in and around the bigger German cities
- Increasing construction costs have led to a significant decrease in the application and respectively approval of construction permits for multi-family housing since 1994. The outlook for the coming years remains subdued
- Completions continue their downward trend, leading to tight market conditions in the renting sector of economically strong western agglomerations



**Annually finalized residential units per 1,000 inhabitants 2004 to 2007 (in units)**

| Berlin | Cologne | Dresden | Frankfurt | Hamburg | Munich | Germany |
|--------|---------|---------|-----------|---------|--------|---------|
| 0.9    | 2.5     | 1.3     | 3.0       | 2.0     | 6.9    | 2.6     |

Source: PATRIZIA Research, Federal Statistical Office 2009

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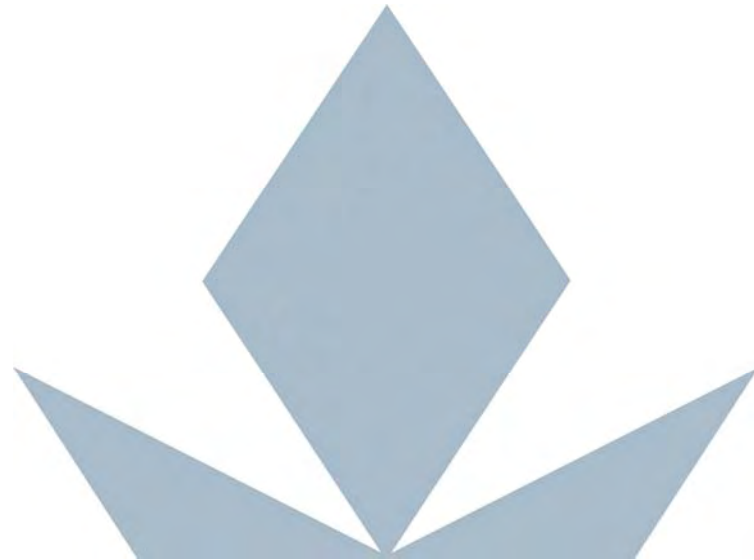
Business model

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Review 1<sup>st</sup> half of 2009

Outlook 2009

Appendix



# PATRIZIA Portfolio as of June 30, 2009



| Region/City          | units         | % of the PATRIZIA portfolio | area in sqm    |
|----------------------|---------------|-----------------------------|----------------|
| Munich               | 4,965         | 42.0 %                      | 342,373        |
| Cologne / Düsseldorf | 1,545         | 13.1 %                      | 134,359        |
| Hamburg              | 1,325         | 11.2 %                      | 87,853         |
| Leipzig              | 981           | 8.3 %                       | 64,391         |
| Berlin               | 952           | 8.1 %                       | 61,268         |
| Frankfurt/Main       | 937           | 7.9 %                       | 58,957         |
| Regensburg           | 439           | 3.7 %                       | 30,170         |
| Hanover              | 433           | 3.7 %                       | 29,900         |
| Dresden              | 152           | 1.3 %                       | 10,284         |
| Friedrichshafen      | 80            | 0.7 %                       | 5,195          |
| <b>Total</b>         | <b>11,809</b> | <b>100 %</b>                | <b>824,750</b> |

# Market overview selected German cities – Munich

## Market overview: Munich (42.0% of PATRIZIA's portfolio)

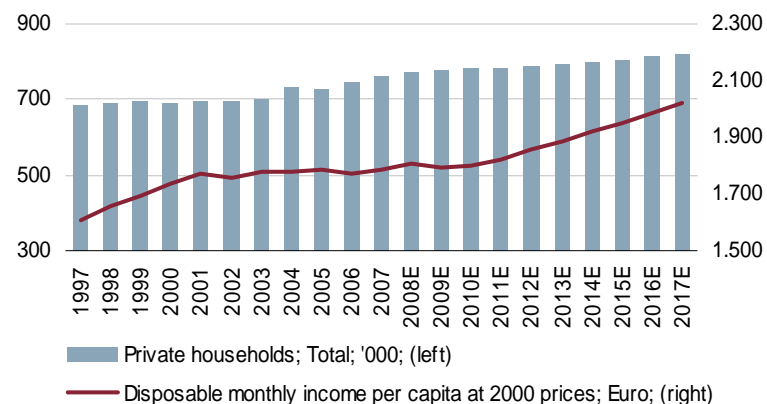
Munich and its periphery are considered one of the most highly productive and innovative business regions in Europe

### Economic snapshot

| Economic data              | Munich |               | Germany |               |
|----------------------------|--------|---------------|---------|---------------|
| Population ('000)          | 1,355  | (06/09)       | 82,217  | (12/07)       |
| Population growth          | 8.4%   | (00-07)       | -0.1%   | (00-07)       |
| Unemployment rate          | 5.0%   | (07/09)       | 8.2%    | (07/09)       |
| All service employment     | 77.0%  | (06/07)       | 72.5%   | (09/07)       |
| Employment growth          | 1.4%   | (06/06-06/07) | 1.4%    | (06/07-06/08) |
| GDP growth (real)          | 3.0%   | (06)          | 2.6%    | (07)          |
| GDP nominal per capita (€) | 53,000 | (07)          | 29,500  | (07)          |

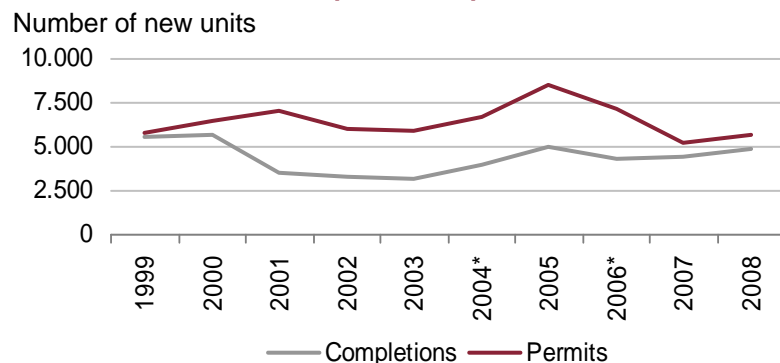
Source: Jones Lang LaSalle 2009, local statistical office 2009

### Private households and disposable income



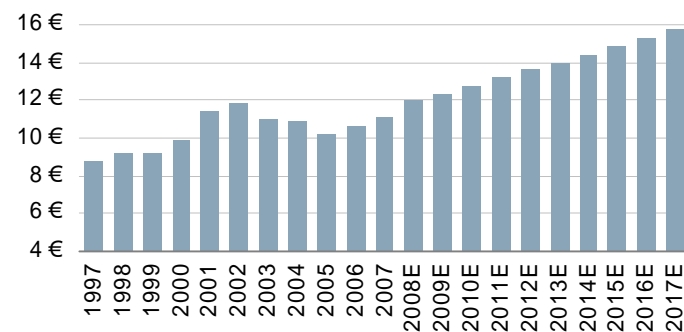
Source: Feri 2009

### Annual construction completions & permits



Source: local statistical office 2009; \* = without later registrations

### Average rent per sqm per month



Source: PATRIZIA Research, IVD, Feri 2009

# Market overview selected German cities – Hamburg

## Market overview: Hamburg (11.2% of PATRIZIA's portfolio)

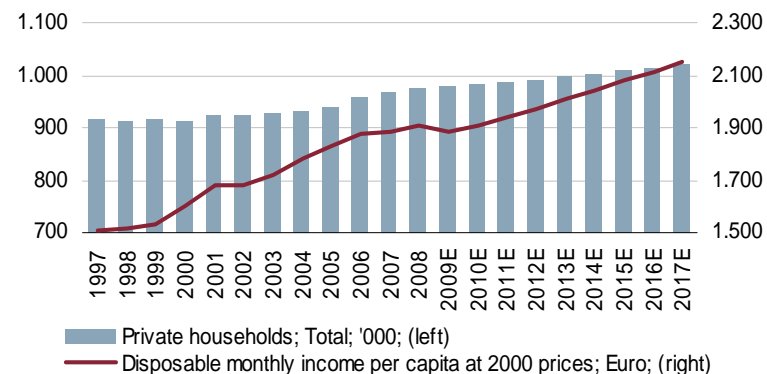
Hamburg is expected to experience an above-average long-term development as well as encouraging short-term prospects

### Economic snapshot

| Economic Data              | Hamburg |               | Germany |               |
|----------------------------|---------|---------------|---------|---------------|
| Population ('000)          | 1,772   | (12/08)       | 82,217  | (12/07)       |
| Population growth          | 2.9%    | (00-07)       | -0.1%   | (00-07)       |
| Unemployment rate          | 8.7%    | (07/09)       | 8.2%    | (07/09)       |
| All service employment     | 81.0%   | (06/07)       | 72.5%   | (09/07)       |
| Employment growth          | 2.6%    | (06/06-06/07) | 1.4%    | (06/07-06/08) |
| GDP growth (real)          | 3.1%    | (12/05-12/06) | 2.6%    | (07)          |
| GDP nominal per capita (€) | 49,300  | (06)          | 29,500  | (07)          |

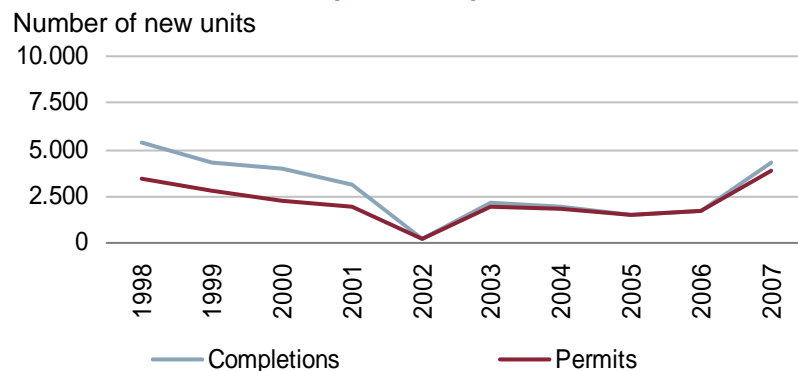
Source: Jones Lang LaSalle 2008, local statistical office 2008

### Private households and disposable income



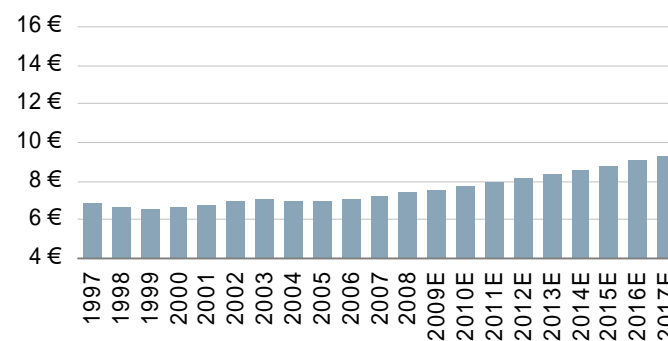
Source: Feri 2009

### Annual construction completions & permits



Source: local statistical office 2009

### Average rent per sqm per month



Source: Feri 2009

# Market overview selected German cities – Berlin

## Market overview: Berlin (8.1% of PATRIZIA's portfolio)

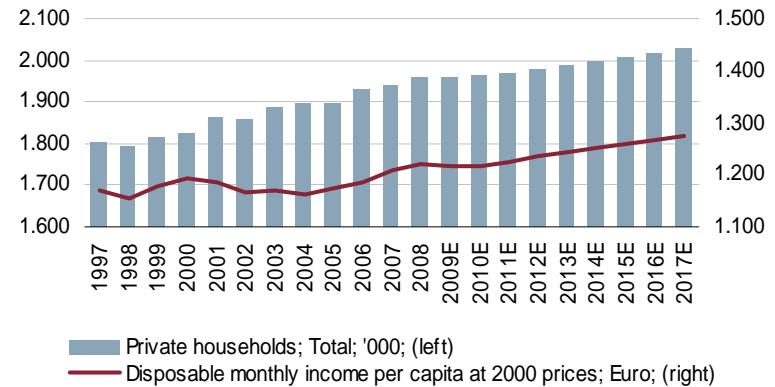
Berlin, the capital of Germany, is slowly re-emerging as a business and cultural center

### Economic snapshot

| Economic Data              | Berlin |               | Germany |               |
|----------------------------|--------|---------------|---------|---------------|
| Population ('000)          | 3,431  | (11/08)       | 82,217  | (12/07)       |
| Population growth          | 0.5%   | (00-07)       | -0.1%   | (00-07)       |
| Unemployment rate          | 14.2%  | (07/09)       | 8.2%    | (07/09)       |
| All service employment     | 83.0%  | (06/07)       | 72.5%   | (09/07)       |
| Employment growth          | 2.3%   | (06/06-06/07) | 1.4%    | (06/07-06/08) |
| GND growth (real)          | 2.0%   | (06-07)       | 2.6%    | (07)          |
| GDP nominal per capita (€) | 24,500 | (06)          | 29,500  | (07)          |

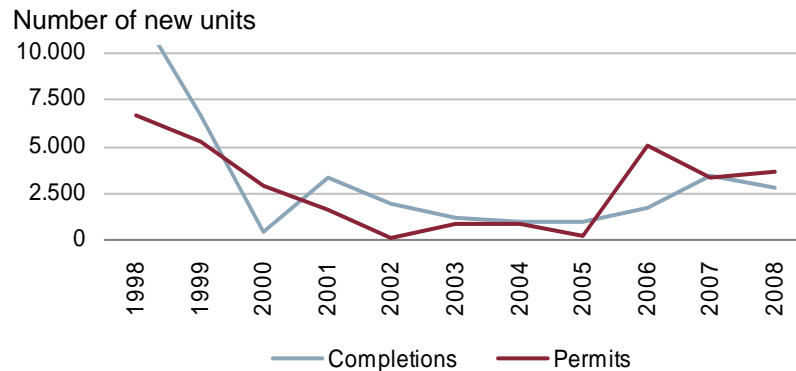
Source: Jones Lang LaSalle 2008, local statistical office 2008

### Private households and disposable income



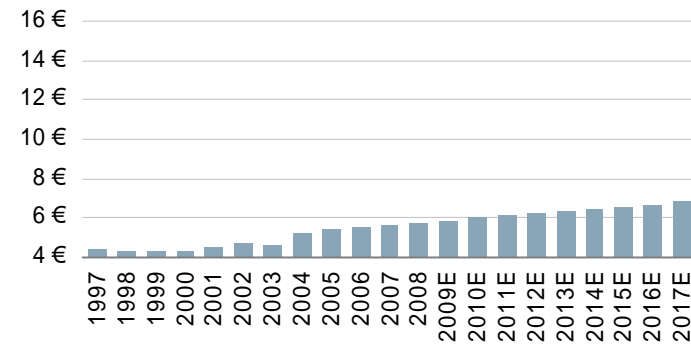
Source: Feri 2009

### Annual construction completions & permits



Source: local statistical office 2009

### Average rent per sqm per month



Source: Feri 2009

# Market overview selected German cities – Frankfurt

## Market overview: Frankfurt (7.9% of PATRIZIA's portfolio)

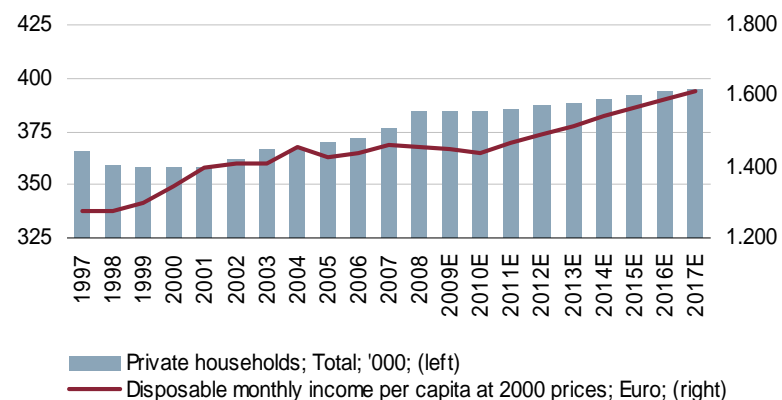
Frankfurt mainly owes its strong position to being both an international air hub and an international center of finance

### Economic snapshot

| Economic Data              | Frankfurt |               | Germany |               |
|----------------------------|-----------|---------------|---------|---------------|
| Population ('000)          | 665       | (12/08)       | 82,217  | (12/07)       |
| Population growth          | 1.4%      | (00-07)       | -0.1%   | (00-07)       |
| Unemployment rate          | 6.8%      | (07/09)       | 8.2%    | (09/08)       |
| All service employment     | 87.5%     | (12/06)       | 72.5%   | (09/07)       |
| Employment growth          | 0.2%      | (06/05-06/06) | 1.4%    | (06/07-06/08) |
| GDP growth (real)          | n/a       |               | 2.6%    | (07)          |
| GDP nominal per capita (€) | 74,000    | (06)          | 29,500  | (07)          |

Source: Jones Lang LaSalle 2008, local statistical office 2008

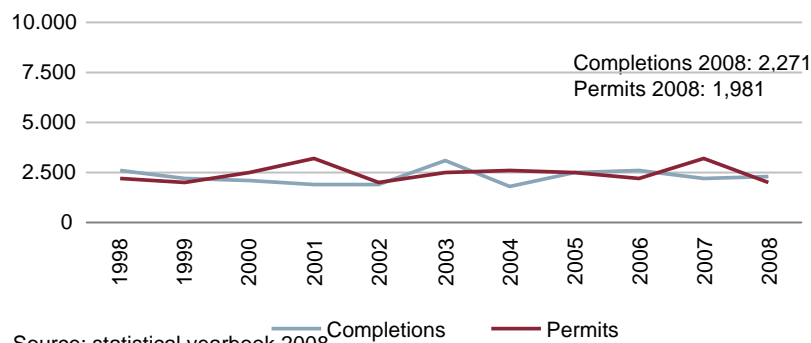
### Private households and disposable income



Source: Feri 2009

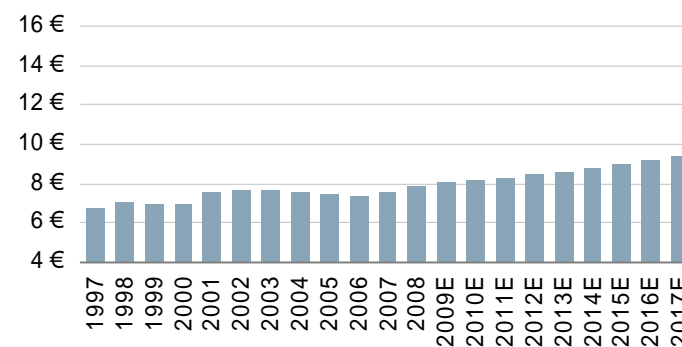
### Annual construction completions & permits

Number of new units



Source: statistical yearbook 2008

### Average rent per sqm per month



Source: Feri 2009

## Financial calendar and contact details

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### Financial calendar

October 20, 2009      Real Estate Share Initiative, Frankfurt/Main

November 10, 2009    Interim Report – 3<sup>rd</sup> quarter 2009

To be always updated, please have a look on our website [www.patrizia.ag](http://www.patrizia.ag)

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