

LEADING IN PAN-EUROPEAN REAL ESTATE

Results Presentation | 21 March 2019

Highlights

FY 2018 results with strong growth in AUM and operating income

Assets under management

- AUM increased by 87.3% to EUR 41.0bn
- AUM by geography
 - | Germany: EUR 26.0bn (63%)
 - | Outside Germany: EUR 15.0bn (37%)
- Growth in line with company guidance of slightly >EUR 40.0bn AUM at year-end

Operating income

- Significant increase by 72.0% to EUR 141.4m (FY 2017: EUR 82.2m)
- Operating income in line with company guidance of slightly >EUR 140.0m

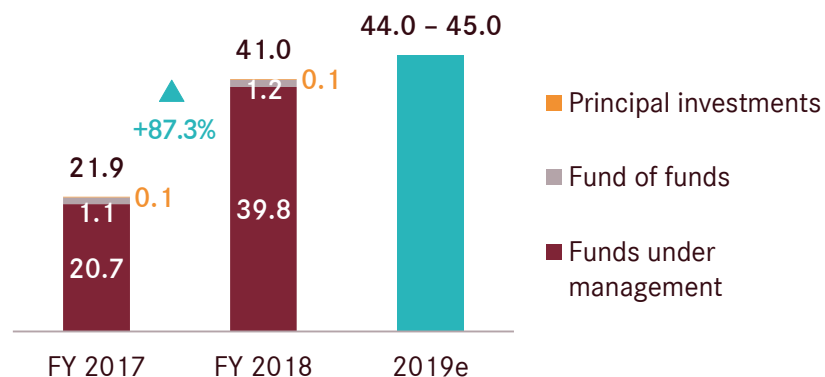
Dividend proposal

- Shareholders to participate in PATRIZIA's growth – majority of cash flow to be retained for further growth opportunities
- Proposed dividend for FY 2018 of EUR 0.27 per share (all cash dividend), equivalent to an increase of 8.0% y-o-y
- Future dividend policy to be based on y-o-y growth in management fees and AUM

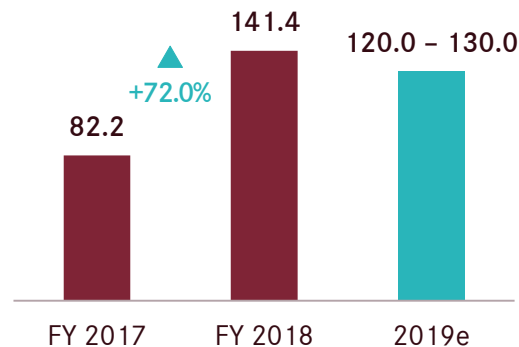
Guidance 2019e

- **Organic net AUM growth** of EUR 3.0 – 4.0bn (i.e. 7.0% – 10.0%)
- **Total AUM expected** between EUR 44.0 – 45.0bn
- **Operating income guidance** of EUR 120.0 – 130.0m

Assets under management | EUR bn



Operating income | EUR m



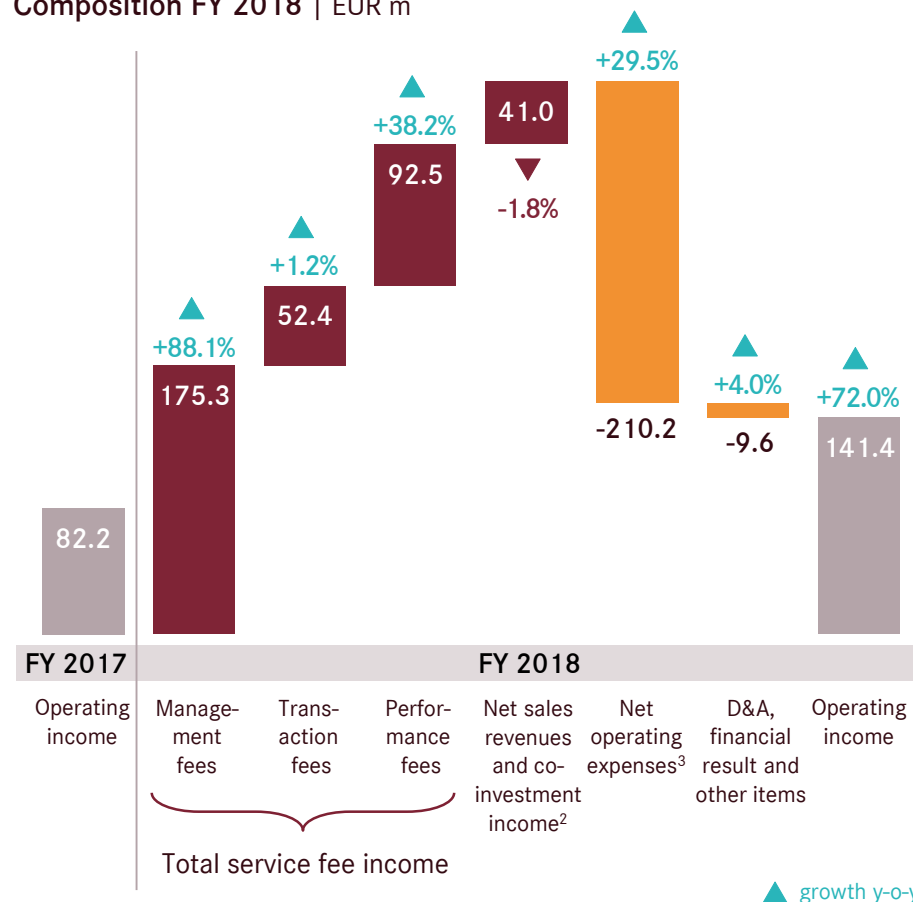
Operating income

Operating income up 72.0% year-on-year to EUR 141.4m

Highlights

- **Total service fee income** up 51.1% to EUR 320.2m (2017: EUR 211.9m) due to:
 - | Strong **management fees** (primarily attributable to the consolidation of TRIUVA and Rockspring)
 - | **Performance fee** growth (attributable to above-average performance generated for clients in 2018)
- **Net sales revenues and co-investment income** of EUR 41.0m reflect:
 - | Positive development of **co-investments** of EUR 18.1m (2017: EUR 31.7m¹)
 - | Strategic and profitable reduction of **principal investments** in FY 2018 contributed EUR 14.9m (2017: EUR 10.0m)
 - | Further EUR 8.0m (2017: EUR 0.0m) from **realised changes in value of investment property**
- Growth in **net operating expenses** by 29.5% due to the consolidation of TRIUVA and Rockspring; well below the growth rate of management fees (88.1%) – **first cost synergies already realised** during 2018

Composition FY 2018 | EUR m



¹ In 2017 the sale of a UK joint venture with Oaktree totalling EUR 10.5m made an exceptionally strong contribution to co-investments

² Including EUR 8.0m realised changes in value of investment property | ³ Inter alia netted against other operating income of EUR 20.7m

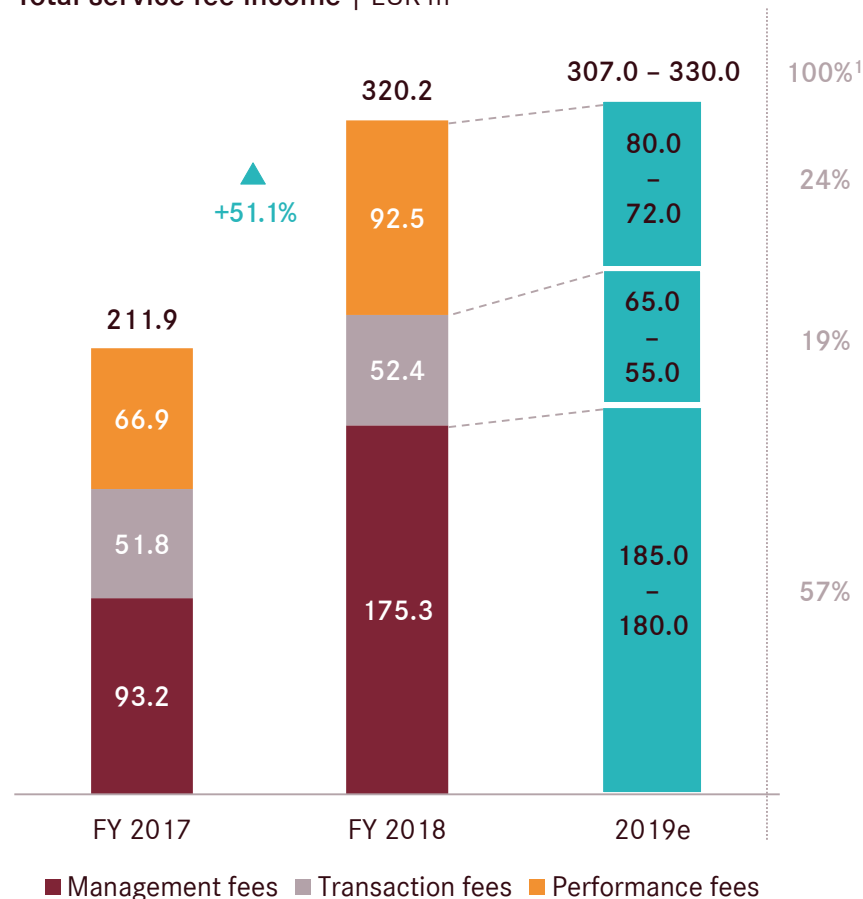
Total service fee income

Stronger pan-European platform drives diversified income streams

Highlights

- **Total service fee income** up 51.1% to EUR 320.2m driven by:
 - | Organic growth in assets under management
 - | Acquisitions of TRIUVA and Rockspring
 - | Superior investment performance
- **Management fees** up 88.1% to EUR 175.3m due to:
 - | Organic growth in assets under management
 - | Additional management fees generated by TRIUVA and Rockspring; fees are partly included in revenues (EUR 165.8m) and partly in income from participations (EUR 9.5m)
 - | Management fee contribution to total service fee income increased from 44.0% in 2017 to 54.7% in 2018, expected to rise to 57% in 2019
- **Transaction fees** up 1.2% to EUR 52.4m
 - | Acquisitions fees: EUR 30.7m vs. disposal fees: EUR 21.7m
 - | The moderate increase in transaction fees is partly due to deviating transaction fee structures of the acquired companies
- **Strong performance fees** of EUR 92.5m partly included in:
 - | Revenues (EUR 76.4m)
 - | Income from participations (EUR 12.4m)
 - | Operating income from participations (IFRS 9) (EUR 3.8m)
- **2019e guidance**
Total service fee income of EUR 307.0m – EUR 330.0m

Total service fee income | EUR m



¹ At mid-point of guidance range

Transaction fees

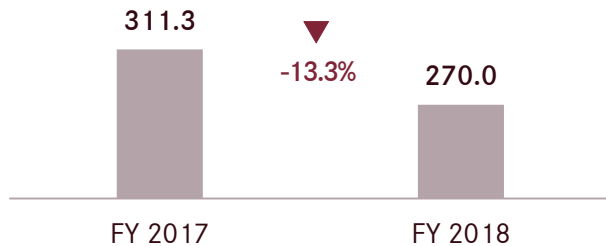
Signed transaction volume strongly outperformed overall market activity during FY 2018

Highlights

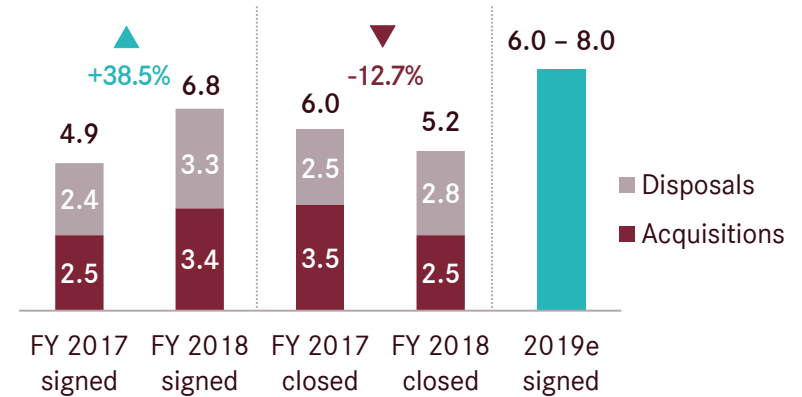
- **Transaction volume** increased by 38.5%, worth EUR 6.8bn signed in FY 2018 (FY 2017: EUR 4.9bn); thereof EUR 3.4bn acquisitions and EUR 3.3bn disposals
- The **closed transaction volume** fell by 12.7% due to timing differences between signing and closing. Despite closed disposals outweighing closed acquisitions during 2018, AUM increased y-o-y due to management mandates being transferred to PATRIZIA by existing clients
- Growth in **transaction fees** below growth in signed transaction volume partly due to deviating transaction fee structures of acquired companies, higher exit performance fee agreements (vs exit transaction fees) in selected fund vehicles and partial fee payment on closing versus signing; overall stable transaction fee margins
- **14.6% growth** in transaction fees expected for 2019 (at mid-point)

European transaction volume | EUR bn¹

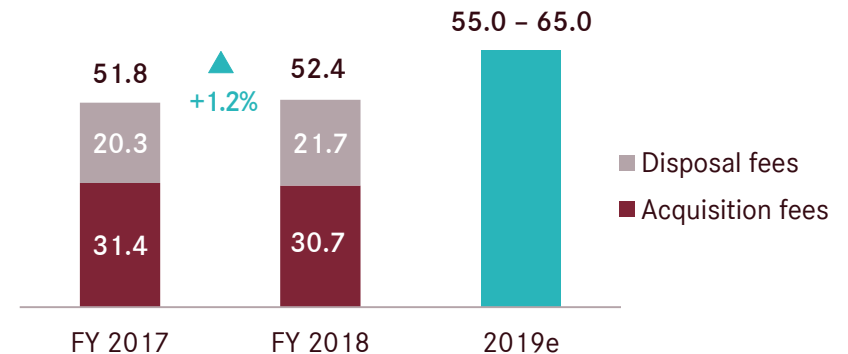
- Lower transaction activity across all sectors



Transaction volume (signed/closed) | EUR bn



Transaction fees | EUR m



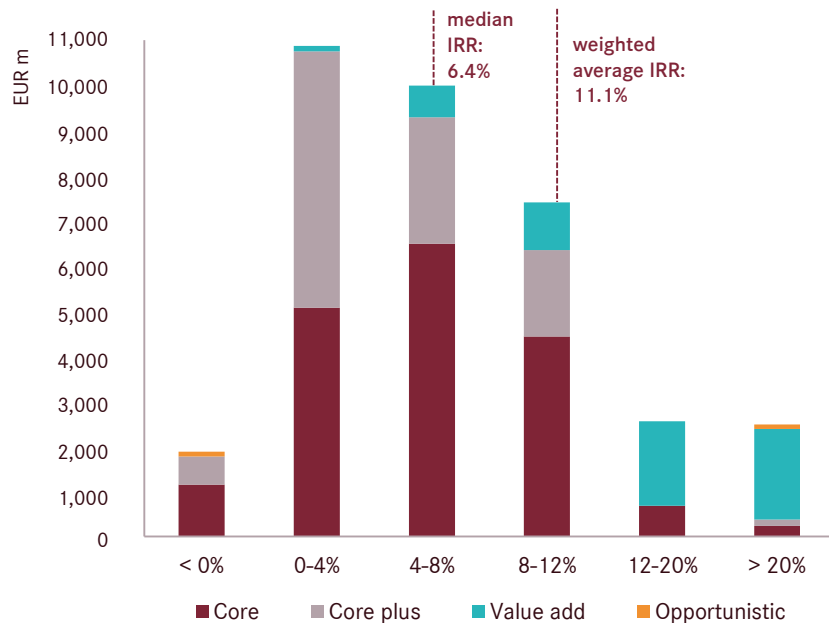
¹ Source: PATRIZIA, RCA all property including: DE, UK, IE, DK, SE, NO, FI, NL, BE, FR, ES, PT, AT, IT, PL, CZ, HU and LX

Performance fees

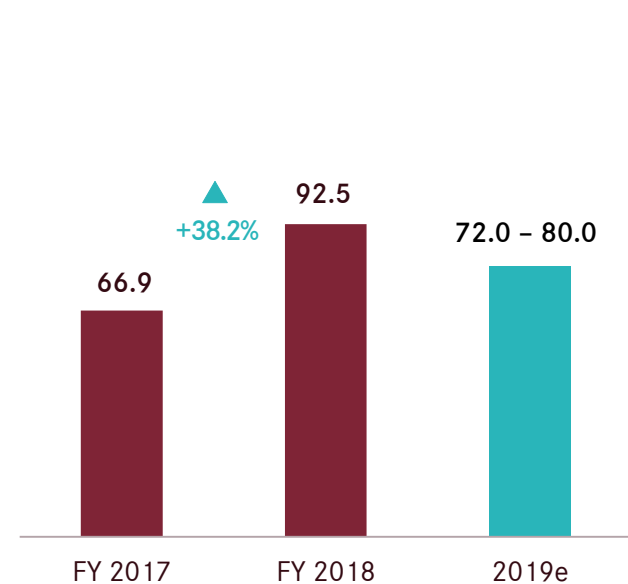
Superior returns for clients translate into attractive performance fees for PATRIZIA

- Performance fees of EUR 92.5m in FY 2018 emphasise PATRIZIA’s active asset management capabilities and investment track record (weighted average IRR of 11.1%)
- PATRIZIA expects rather “normalised” performance fees for 2019e in a range of between EUR 72.0m and EUR 80.0m after an extraordinary strong volume of EUR 92.5m in FY 2018
- Investment funds generate performance fees upon exceeding pre-determined return hurdles

Distribution of net IRRs by invested equity¹



Performance fees | EUR m

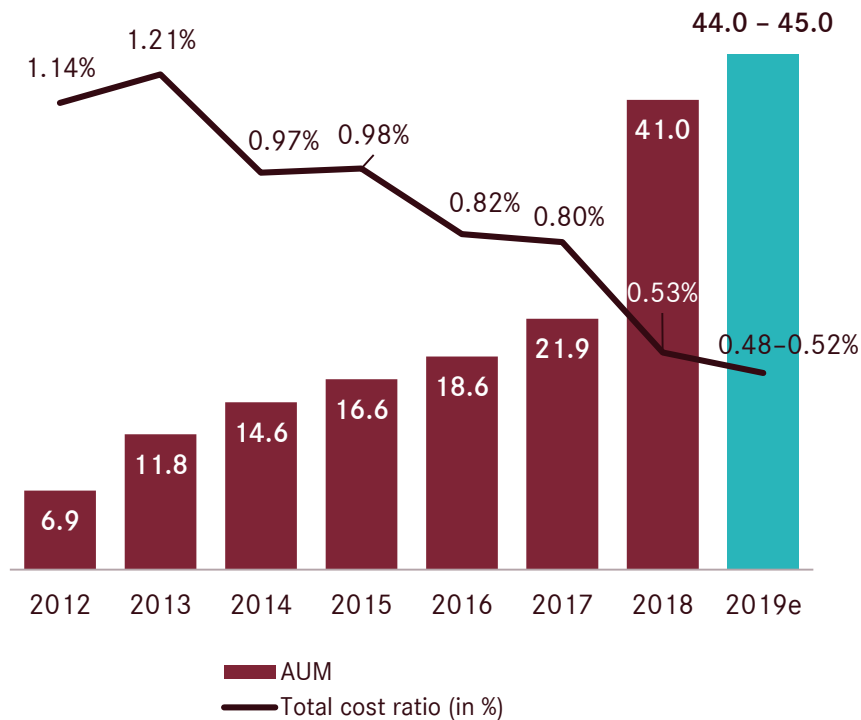


¹ Data as at 9M 2018 including SPI, TRIUVA and Rockspring; return distribution includes performance of all institutional investor vehicles with an invested equity exceeding EUR 50m, in total 119 vehicles with a total invested equity of EUR 35.2bn; past performance is not indicative of future results; returns weighted by invested equity; returns are presented including leverage, net of costs, taxes and fees

Profitability and costs

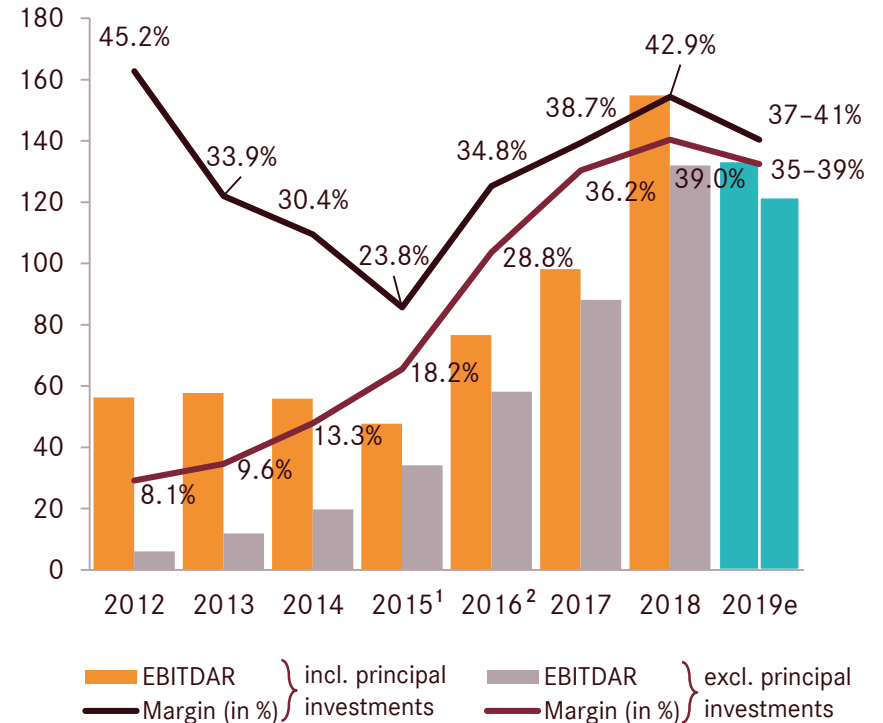
Continued efficiency improvements propel profitability and cost ratios

AUM vs. total cost ratio | EUR bn vs. %



- **Scalability of operating platform** continuously improves cost ratio
- Total cost ratio = Net operating expenses (incl. staff costs) divided by average AUM

EBITDAR margin (+/- principal investments) | EUR m, LHS vs. %



- **Margin transformation** of business model achieved, i.e. replacement of volatile principal investment income with stable service fee income. Normalised margin after extraordinary strong FY 2018

¹ 2015 excluding SÜDEWO exit fee | ² 2016 excluding Harald profit

Solid financial position

Ample cash position to drive further growth and strategic development

- Strong balance sheet ratios and capital structure to facilitate further profitable growth
- Total available liquidity amounts to EUR 506.9m as at 31.12.2018:
 - | for M&A's in the investment management area (only if added value is generated for our clients)
 - | for digitalisation/technology investments
 - | for selective investments in co-investment structures
- Increase in shareholder value and high degree of financial discipline remain priorities

Strong balance sheet

EUR m	31.12.2018
Total assets	1,778.4
Equity (excl. minorities)	1,143.1
Equity ratio	64.3%
Cash and cash equivalents	330.6
+ Deposits and securities	+211.0
- Bonded loans	-300.0
= Net cash	+241.6
Net equity ratio¹	77.3%

Significant liquidity

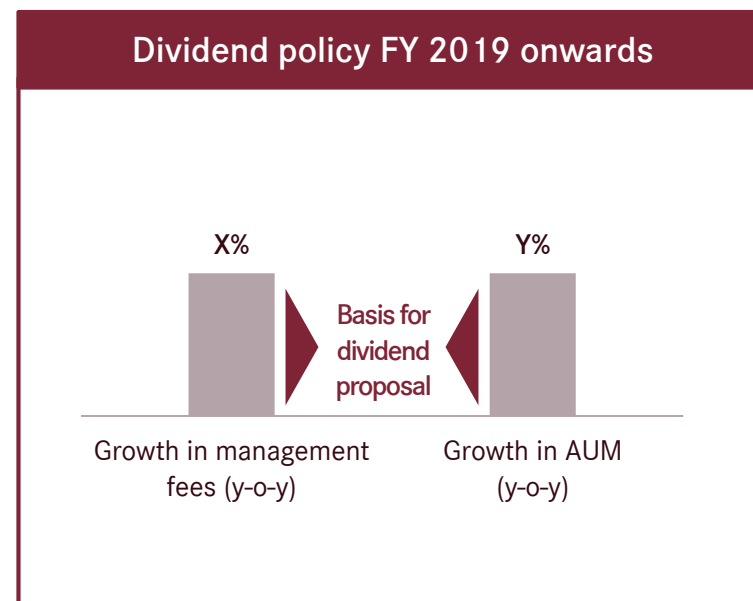
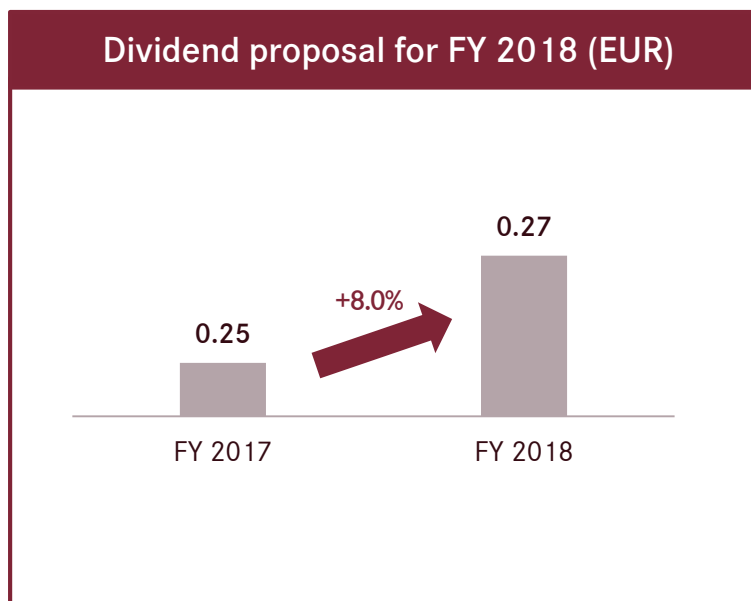
EUR m	31.12.2018
Bank balances, cash, deposits and securities	541.6
- Regulatory reserve for asset management companies	-26.2
- TRIUVA transaction liabilities	-8.5
- Liquidity in private funds business property companies	-0.1
= Available liquidity	506.9

¹ Net equity ratio: Equity (excl. non-controlling interests) divided by total net assets (total assets less liabilities covered by cash in hand)

Dividend proposal & dividend policy

Increase in dividend per share by 8.0% y-o-y

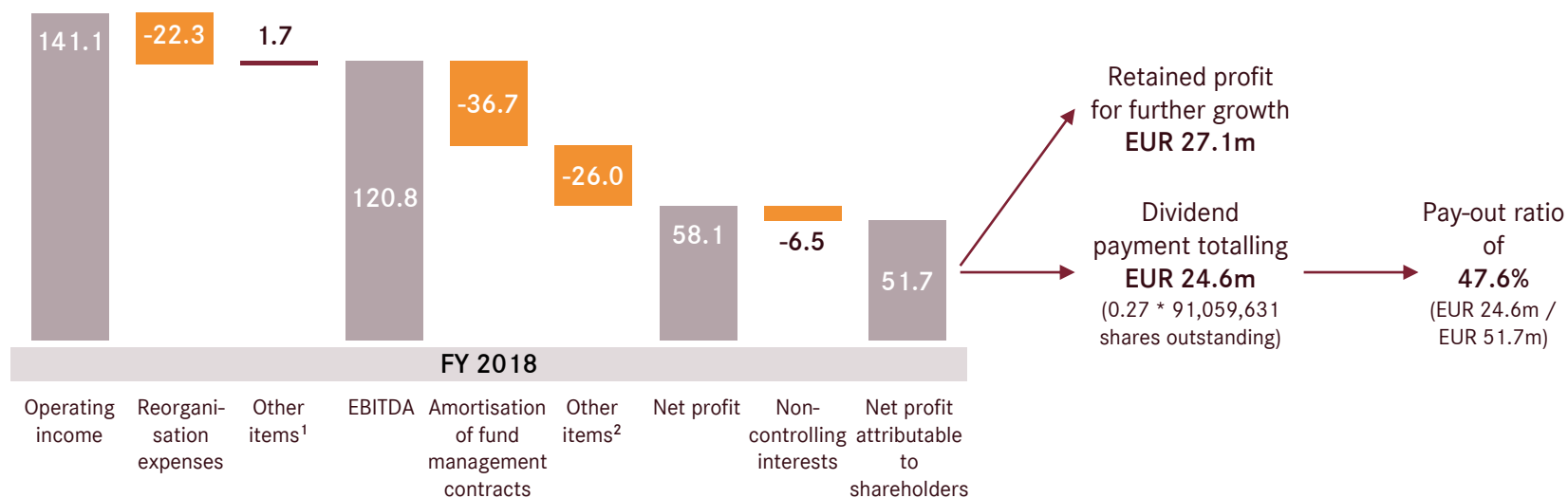
- Managing and Supervisory Board to propose a EUR 0.27 per share all cash dividend for FY 2018 to the FY 2019 AGM. Based on the FY 2018 net profit attributable to shareholders the proposal equals a pay-out ratio of 48% (up from 43% last year) → i.e. part of cash to be retained for further inorganic growth while shareholders participate in profit growth via cash dividend
- Future dividend policy is based on y-o-y growth in management fees and AUM with FY 2018 dividend of EUR 0.27 per share as starting point
- Management fees reflect PATRIZIA's most stable and recurring income stream, AUM represent a key financial performance indicator of the Group



Excursus: Net profit attributable to shareholders

Net profit 2018 burdened by reorganisation expenses and amortisation of fund management contracts

Reconciliation FY 2018 | EUR m



- **Reorganisation expenses** and **amortisation of fund management contracts** are the two most important single items explaining the difference between Operating income and net profit attributable to shareholders.
- The increase in **amortisation of fund management contracts** (as part of other intangible assets) stems from the recent **acquisition activity**. As an **identifiable asset within the purchase price allocation**, PATRIZIA amortises the value of fund management contracts over time (between 1 – 29 years depending on length of contract). As at 31.12.2018 PATRIZIA accounted **EUR 163m worth of fund management contracts**. These amortisations will continue to impact the Group's net profit going forward, are however a **non-cash item** and hence adjusted in PATRIZIA's operating income calculation.

¹ For a detailed reconciliation between operating income and EBITDA see slide 14 | ² Inter alia including depreciation of property, plant and equipment, financial result and taxes

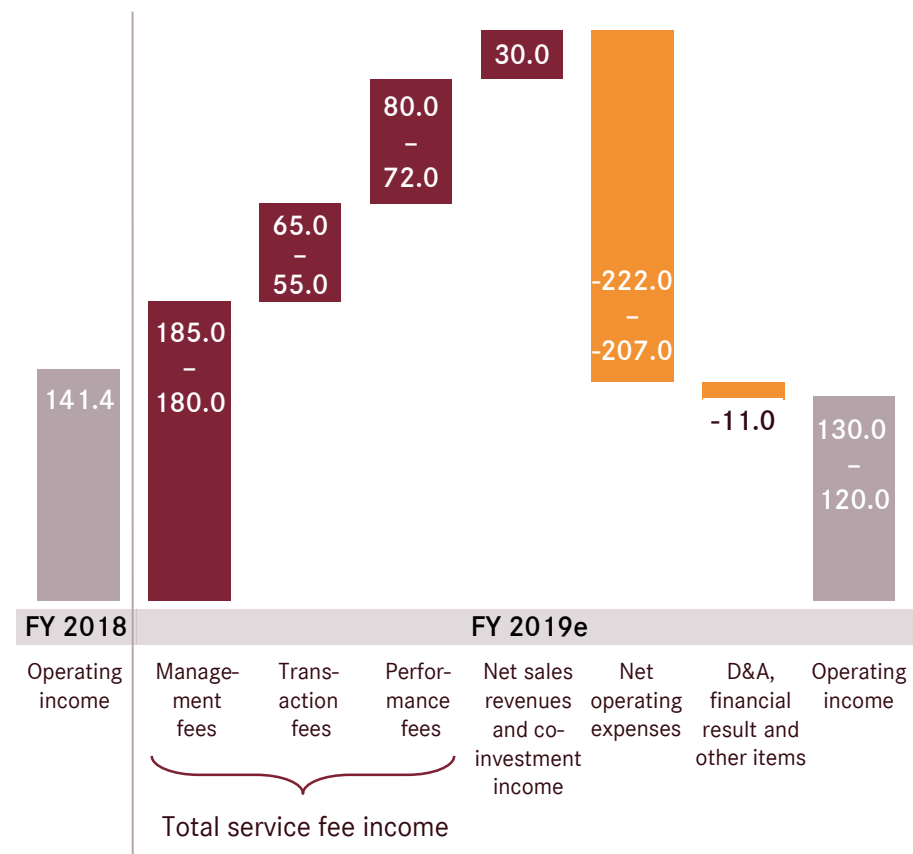
Guidance 2019e

Operating income guidance 2019e in a range of between EUR 120.0m and EUR 130.0m

Assumptions 2019e

- **Total service fee income:**
 - **Management fees:** EUR 180.0 – 185.0m based on increased assets under management however assuming closing of majority of acquisitions rather in H2 2019
 - **Transactions fees:** EUR 55.0 – 65.0m
 - **Performance fees:** EUR 72.0 – 80.0m
- **Net sales revenues and co-investment income:** EUR 30.0m
- **Net operating expenses:** EUR 207.0 – 222.0m
- **Annual cost efficiencies** from the integration of SPI, TRIUVA and Rockspring of ~EUR 22.0m which, all else being equal, should show a full effect from the 2019 business year onwards. Net operating expenses guidance for 2019 includes full four quarters impact of Rockspring (compared to three in 2018), annual inflationary cost base increase and investments in growth projects - mostly offset by cost synergies.
- **Transaction volume:** EUR 6.0 – 8.0bn
- **Assets under management:** EUR 44.0 – 45.0bn

Income composition FY 2019e | EUR m





Appendix

Capital allocation

31.12.2018	Assets under Management EUR m	Invested capital (fair value) EUR m	Invested capital (at cost) EUR m	Participations in %
Third-party business	34,324.4			
Co-investments	6,619.2	509.1	165.4	
Residential	5,565.3	481.1	144.3	
GBW GmbH	4,281.5	139.9 ¹	52.2	5.1
GBW performance fee claims	-	248.7 ¹	0.0	0.1
WohnModul I SICAV-FIS	1,283.8	70.9	70.9	10.1
Harald	-	21.5 ¹	21.1	5.1
Other	-	0.1	0.1	0.0
Commercial Germany	1,051.7	26.0	19.3	
Alliance	194.6	5.3 ¹	5.4	5.1
Seneca	192.4	5.9 ¹	4.9	5.1
PATRoffice	2.9	1.6 ¹	1.1	6.3
sono west	48.5	8.8	3.5	28.3
TRIUVA/IVG logistics	383.3	3.7 ¹	3.6	2.1
TRIUVA/IVG commercial	230.0	0.7 ¹	0.7	11.0
Commercial international	2.2	2.0	1.9	
Citruz Holdings LP (UK)	2.2	0.6 ¹	0.5	10.0
First Street Development LTD (UK)	-	1.4	1.4	10.0
Principal investments	79.6	79.8		
Other balance sheet items	-	347.3²		
Tied-up investment capital	41,023.2	936.2		
Available liquidity	-	506.9		
Total investment capital	41,023.2	1,443.1		
Of which debt (bonded loans)	-	300.0		
Of which PATRIZIA equity (without minorities)	-	1,143.1		

¹ Net of deferred taxes from valuation according to IFRS 9 | ² Including goodwill and fund management contracts

Reconciliation of operating income

EUR k	2018	2017	Change
EBITDA	120,781	95,788	26.1%
Amortisation of other intangible assets ¹ and software, depreciation of property, plant and equipment	-42,235	-8,681	386.5%
EBIT	78,546	87,107	-9.8%
Financial income/expenses	-3,415	-4,232	-19.3%
Result from currency translation	1,175	-2,747	-142.8%
EBT	76,306	80,128	-4.8%
Change in the value of derivatives	22	0	
+ Amortisation of fund management contracts ¹	36,677	4,939	642.6%
- Changes in value of investment property	-3,975	-6,748	-41.1%
Realised changes in value of investment property (net)	8,043	386	1,983.7%
Reorganisation expenses	22,318	2,330	857.9%
Expenses/income from unrealised currency translation	-1,775	1,150	-254.3%
Operating income from participations (IFRS 9)	3,757	0	
OPERATING INCOME	141,373	82,185	72.0%

¹ In particular fund management contracts transferred as part of the recent acquisitions

Consolidated Income Statement

EUR k	2018	2017	Change
Revenues	350,628	249,574	40.5%
Income from the sale of investment property	828	691	19.8%
Changes in inventories	-28,731	-39,909	-28.0%
Other operating income	20,698	17,294	19.7%
Income from the deconsolidation of subsidiaries	317	1	-
Total operating performance	343,740	227,651	51.0%
Cost of materials	-11,699	-17,450	-33.0%
Cost of purchased services	-15,679	-11,450	36.9%
Staff costs	-124,954	-87,071	43.5%
Changes in value of investment property	3,975	6,748	-41.1%
Other operating expenses	-90,742	-82,228	10.4%
Impairment losses for trade receivables and contract assets	-1,059	0	-
Income from participations	28,042	49,315	-43.1%
Earnings from companies accounted for using the equity method	11,852	13,353	-11.2%
Cost from the deconsolidation of subsidiaries	-377	-750	-49.7%
EBITDAR	143,099	98,118	45.8%
Reorganisation expenses	-22,318	-2,330	857.9%
EBITDA	120,781	95,788	26.1%
Amortisation of other intangible assets ¹ and software, depreciation of property, plant and equipment	-42,235	-8,681	386.5%
Earnings before interest and taxes (EBIT)	78,546	87,107	-9.8%
Financial income	3,021	914	230.5%
Financial expenses	-6,436	-5,146	25.1%
Result from currency translation	1,175	-2,747	-142.8%
Earnings before taxes (EBT)	76,306	80,128	-4.8%
Income taxes	-18,190	-21,230	-14.3%
CONSOLIDATED NET PROFIT	58,116	58,898	-1.3%

¹ In particular fund management contracts transferred as part of the recent acquisitions

Consolidated Balance Sheet | Assets

EUR k	31.12.2018	31.12.2017
A. Non-current assets		
Goodwill	201,109	7,366
Other intangible assets ¹	166,562	35,224
Software	11,396	11,207
Investment property	8,308	15,979
Equipment	5,890	4,483
Associated companies accounted using the equity method	76,141	88,905
Participations	499,241	89,114
Non-current borrowings and other loans	27,513	23,291
Deferred taxes	6,102	331
Total non-current assets	1,002,262	275,900
B. Current assets		
Inventories	71,534	99,791
Securities	3,011	5,010
Current tax assets	15,585	9,098
Current receivables and other current assets	355,456	479,920
Cash and cash equivalents	330,598	382,675
Total current assets	776,184	976,494
TOTAL ASSETS	1,778,446	1,252,394

¹ In particular fund management contracts transferred as part of the recent acquisitions

Consolidated Balance Sheet | Equity and liabilities

EUR k	31.12.2018	31.12.2017
A. Equity		
Share capital	91,060	89,555
Capital reserves	155,222	129,545
Retained earnings		
Legal reserves	505	505
Currency translation difference	-15,605	-11,586
Revaluation reserve according to IFRS 9	49,503	0
Consolidated unappropriated profit	862,421	546,682
Non-controlling interests	10,682	1,691
Total equity	1,153,788	756,392
B. Liabilities		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	110,387	15,833
Retirement benefit obligations	21,724	776
Bonded loans	300,000	300,000
Non-current liabilities	16,836	9,062
Total non-current liabilities	448,947	325,671
CURRENT LIABILITIES		
Bonded loans	0	22,000
Other provisions	23,530	16,083
Current liabilities	99,963	93,123
Tax liabilities	52,218	39,125
Total current liabilities	175,711	170,331
TOTAL EQUITY AND LIABILITIES	1,778,446	1,252,394

Financial Calendar

2019

March 21 ➤ Annual Report 2018

May 16 ➤ Quarterly Statement for the first quarter of 2019

May 22 ➤ Annual General Meeting, Augsburg

August 7 ➤ Interim Report for the first half of 2019

November 14 ➤ Quarterly Statement for the first nine months of 2019

Invitations and dial-in numbers are provided in advance.

For further information, please visit: www.patrizia.ag.

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