

STRONGER

FOR CLIENTS AND SHAREHOLDERS

Results Presentation

H1 2020 | 6 August 2020

PATRIZIA H1 2020 Financial Results | Video presentation

Let our CFO Karim Bohn guide you through the most important points of our H1 2020 Financial Results

Access via QR code



Access via weblink

https://youtu.be/_9HfURNQxa0

Stronger for clients and shareholders

Resilient business model with upside through structural growth opportunities

1

**Stable and
reliable partner**

Selective
transactions for
clients, even
within challenging
Covid-19 market
environment

2

**Rock-solid
financial
position**

Continued
generation of
stable cash flows,
increased dividend
paid out in July
and ample liquidity
for further growth

3

**Structural
growth case
still intact**

Lower for longer
interest rate
environment, an
ageing population
and ongoing
industry
consolidation

1. Stable and reliable partner

PATRIZIA is still active for its global client base despite challenging Covid-19 market environment

27.07.2020

PATRIZIA advises Link on acquisition of London office building, The Cabot, in key global financial hub

PATRIZIA, a leading partner for global real assets, has acted on behalf of Link, the largest REIT in Asia, as adviser and asset manager for the acquisition of an office building located at 25 Cabot Square ('The Cabot'), Canary Wharf, London, for circa EUR 420 million.



Share this article: [in](#) [t](#) [f](#)

- PATRIZIA acts as adviser and asset manager on behalf of Link Real Estate Investment Trust (Link) from Hong Kong - the largest REIT in Asia, for its debut acquisition in the UK
- Acquisition of landmark building in London's Canary Wharf for circa EUR 420 million
- Track record of EUR 3 billion equity raise from Asian institutional clients of PATRIZIA

06.07.2020

TransEuropean flagship fund oversubscribed with EUR 1.8 billion total firepower



Share this article: [in](#) [t](#) [f](#)

- PATRIZIA's TEP VII achieves equity hard cap with EUR 750 million equity from global investors
- Fund pursuing cash-flow driven, value-add strategy across all sectors
- Highly successful series of seven TransEuropean funds launched since 1992

19.08.2020

PATRIZIA sells landmark Ericus-Contor office building in Hamburg



Share this article: [in](#) [t](#) [f](#)

- Largest single real estate transaction in Hamburg by value in 2020
- Building fully let to a range of tenants including global businesses and SMEs
- Asset management programme synergises with growth of Hafencity district

2. Solid financial position

Rock-solid balance sheet and strong cash position make PATRIZIA well prepared for the crisis

- Strong balance sheet ratios and capital structure to facilitate further profitable growth
- Dividend of EUR 0.29 per share for FY 2019 (+7.4% y-o-y) paid out in July 2020

Strong balance sheet	
EUR m	30.06.2020
Total assets	1,917.5
Equity (excl. non-controlling interests)	1,219.6
Equity ratio	63.6%
Cash and cash equivalents	502.9
+ Deposits and securities	+145.0
- Bank loans (for temporarily warehoused assets)	-55.9
- Bonded loans	-300.0
= Net cash	292.0
Net equity ratio¹	78.1%

Significant liquidity	
EUR m	30.06.2020
Bank balances, cash, deposits and securities	647.9
- Regulatory reserve for asset management companies	-29.0
- Transaction related liabilities and blocked cash	-0.0
- Liquidity in closed-end funds business property companies	-0.0
= Available liquidity²	618.9

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

² In addition 2,668,545 PATRIZIA treasury shares (worth EUR 61.8m as at 03.8.2020) which could be used as M&A currency (among other things)

3. Long-term structural growth market

We are benefiting from the structural growth market for real estate investment management, despite short-term uncertainties

Demographic change

Aging population threatens conventional pension systems



Our clients' capital is growing and hungry for yield

Lower for longer

Low interest rate environment is here to stay



Increasing allocations to real estate (perceived resilient)

Consolidation

Clients focus on selected pan-European platforms with broad product offering



Clients reduce number of investment managers and seek reliable partners



Financials & Guidance

H1 2020

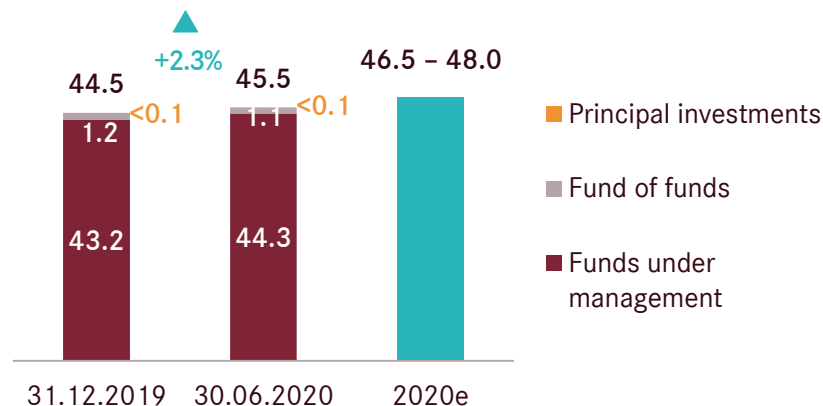
Highlights

Strong financial results despite challenging market environment – FY 2020 guidance confirmed

H1 2020

- **Operating income** of EUR 74.1m in H1 2020 confirms resilience of business model
- **Assets under management (AUM)** increased to EUR 45.5bn compared to EUR 44.5bn at YE 2019
- **Equity entrusted to PATRIZIA by its clients** increased 30.8% y-o-y to EUR 0.6bn in H1 2020
- **Strong and reliable partner:** Even during the second quarter of 2020 PATRIZIA was able to successfully execute selected property acquisitions and disposals in the segment of high-quality properties for its clients; Transaction activity slowly picking up again

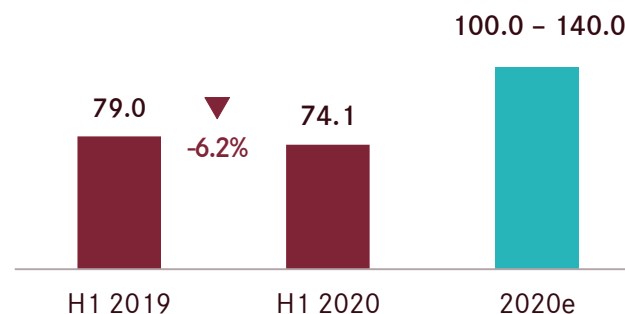
Assets under management² | EUR bn



Full-year guidance 2020

- **Operating income guidance** for FY 2020 of EUR 100.0m to 140.0m confirmed
- **Level of FY2020 guidance achievement** will depend on further Covid-19 pandemic impact on European real estate transaction markets during H2 2020
- **Organic net AUM growth** of EUR 2.0 – 3.5bn to between EUR 46.5 – 48.0bn

Operating income | EUR m



¹ AUM definition from 3M 2020 onwards reflecting best practice standards like INREV / GIPS

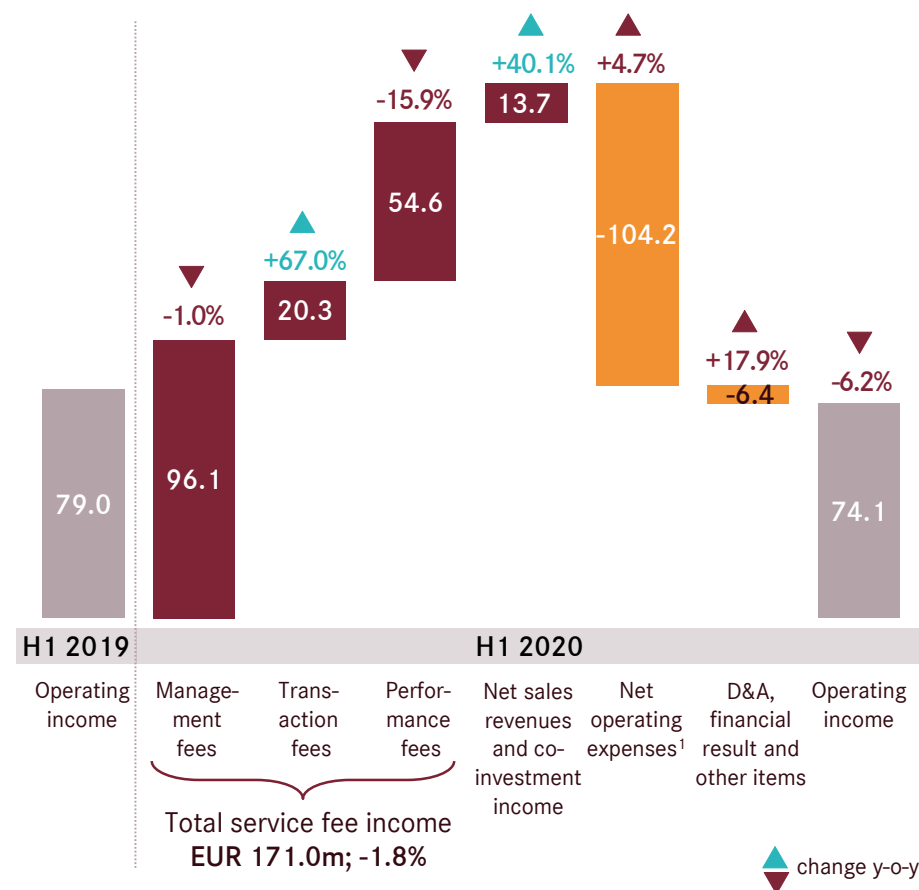
Note: All percentage rates in this presentation refer to the comparable period of the previous year, unless stated otherwise

Operating income

Total service fee income H1 2020 virtually unchanged

- **Total service fee income** virtually stable at EUR 171.0m (H1 2019: EUR 174.2m):
 - **Management fees** down 1.0% due to EUR 3.9m mainly aperiodic effects in H1 2019; Like-for-like growth of 3.1% y-o-y due to larger AUM base
 - **Transaction fees** significantly up to EUR 20.3m (+67.0%) due to ongoing selective transaction for clients
 - **Performance fees** remained a stable contributor to operating income with EUR 54.6m (-15.9%); further performance fee generation in H2 2020 expected
- **Net sales revenues and co-investment income** of EUR 13.7m:
 - **Co-investments** contributed EUR 12.1m
 - **Principal investments** contributed EUR 1.6m
- **Net operating expenses**¹ up 4.7% to EUR 104.2m mainly due to higher ongoing IT and personnel expenses; cost growth rate has the potential to decrease during the remaining year depending on further situation around Covid-19 pandemic

Composition H1 2020 | EUR m

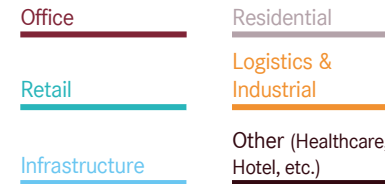
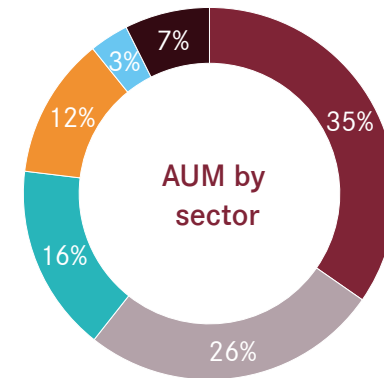


¹ Inter alia netted against other operating income of EUR 6.3m; excluding EUR 4.1m non-capitalisable expenses for investments in the future

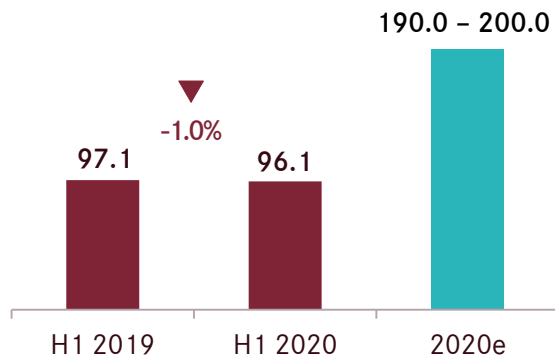
Management fees

Well diversified AUM-base and predictable management fees

- **Management fees** down 1.0% to EUR 96.1m, but mainly due to aperiodic effects of EUR 3.9m in H1 2019
- **Like-for-like management fee growth** of 3.1% due to increased AUM base
- **Diversified and long-term oriented AUM-base** forms solid basis for predictable cash flows



Management fees | EUR m

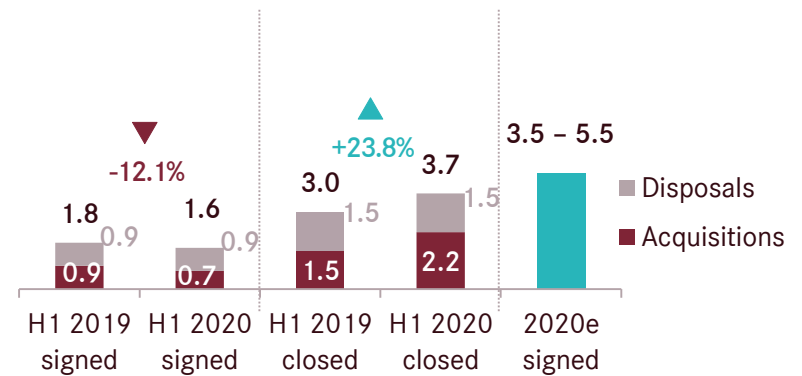


Transaction fees

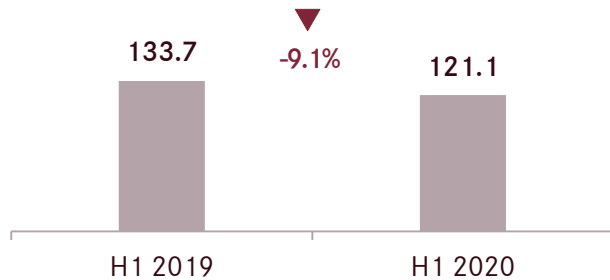
PATRIZIA is still active for its global client base despite challenging Covid-19 market environment

- Ongoing selective transaction activity for PATRIZIA’s global client base drove **transaction fee** growth to EUR 20.3m in H1 2020 (+67.0%)
- Activity in the **real estate markets** dropped significantly right after 3M 2020 and started slowly picking up again after H1 2020
- A material increase in **transaction activity** is expected by the end of 9M 2020 at the earliest, depending on further development of Covid-19 pandemic
- **The guidance range** of EUR 30.0 – 40.0m for FY 2020 is confirmed

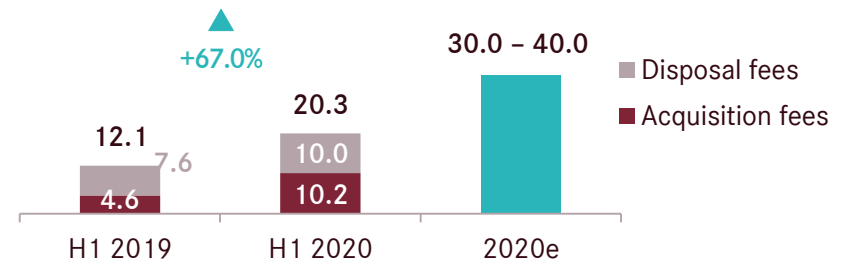
Transaction volume (signed/closed) | EUR bn



European transaction volume | EUR bn¹



Transaction fees | EUR m

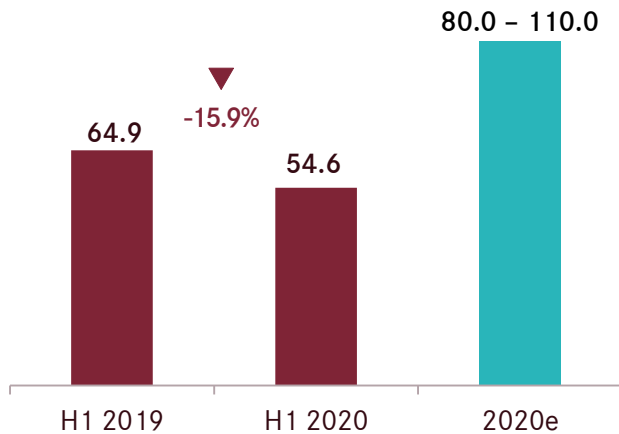


¹ Source: PATRIZIA, RCA All Property

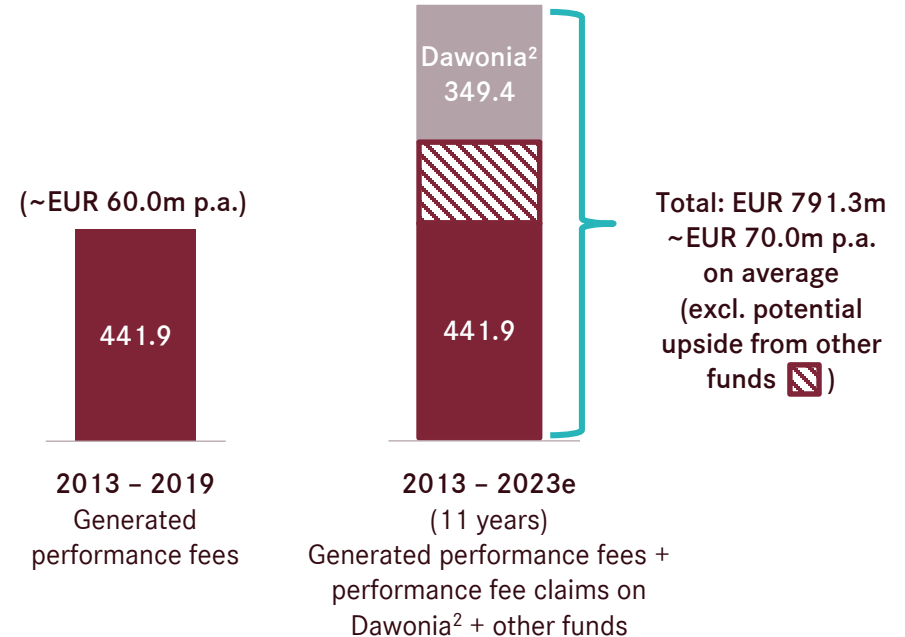
Performance fees

Superior returns for clients translate into attractive performance fees

Performance fees | EUR m



Performance fee pool¹ | EUR m



- **Performance fees** of EUR 54.6m in H1 2020 as a stable contributor to overall financial results
- Above-average **investment performance** realised for clients will lead to continued performance fee generation in H2 2020
- **Performance fee guidance** for FY 2020 of EUR 80.0 - 110.0m **confirmed**

¹ Based on revenues/pre-tax (EUR m) | ² EUR 4.7bn residential portfolio PATRIZIA manages on behalf of clients

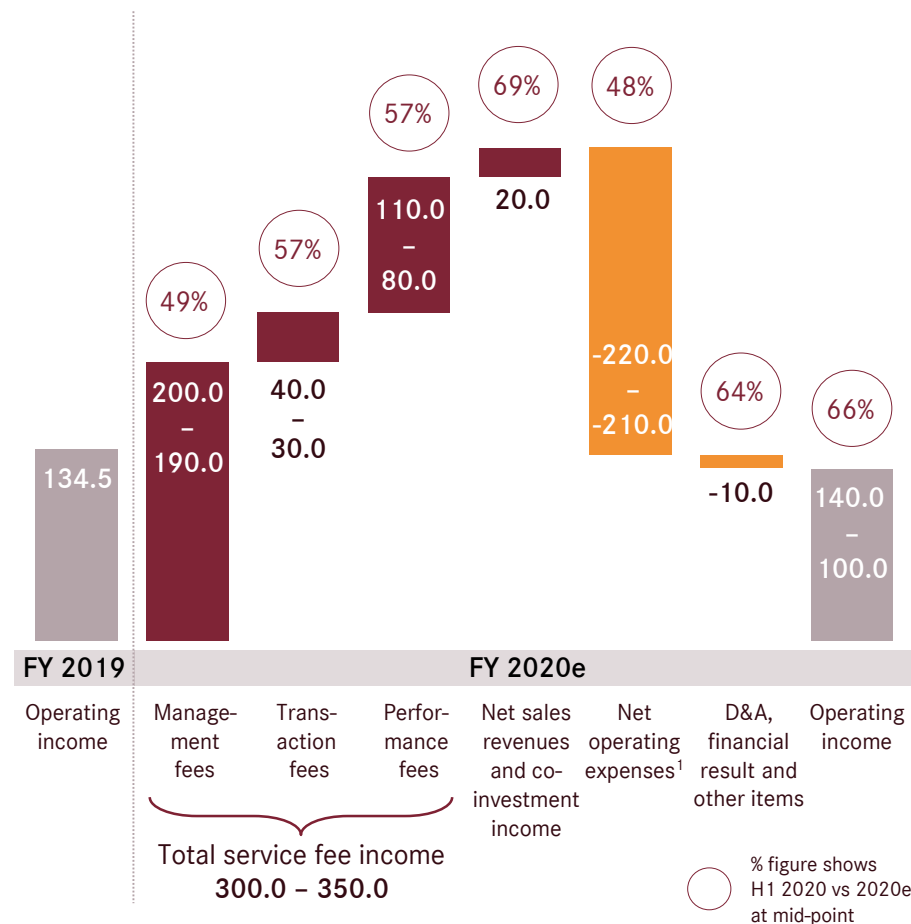
Guidance for FY 2020

Guidance for FY 2020 implies further improved earnings profile

Assumptions for FY 2020

- **Operating income guidance** for FY 2020e of EUR 100.0m to 140.0m reflects uncertain Covid-19 impact on European real estate investment markets throughout H2 2020
- **Total service fee income:** EUR 300.0 – 350.0m
 - **Management fees:** EUR 190.0 – 200.0m based on increased assets under management
 - **Transactions fees:** EUR 30.0 – 40.0m
 - **Performance fees:** EUR 80.0 – 110.0m
- **Net sales revenues and co-investment income:** EUR 20.0m
- **Net operating expenses¹:** EUR 210.0 – 220.0m
- **Transaction volume:** EUR 3.5 – 5.5bn
- **Assets under management:** EUR 46.5 – 48.0bn

Income composition FY 2020e | EUR m





Appendix

Capital allocation

As at 30.06.2020	Assets under management EUR m	Invested capital (fair value) EUR m	Invested capital (at cost) EUR m	Participations in %
Third-party business	39,281.6	0.0		
Co-Investments	6,165.1	485.2	94.5	
Residential	5,323.1	465.5	77.3	
Dawonia GmbH	4,709.1	155.1 ¹	51.7	5.1
Dawonia performance fee claims		284.8 ¹	0.0	0.1
WohnModul I SICAV-FIS	614.0	25.5	25.5	10.1
Other		0.1 ¹	0.1	0.0
Commercial Germany	839.8	17.4	14.4	
Alliance	236.2	5.7 ¹	5.3	5.1
Seneca	159.1	6.3 ¹	4.9	5.1
PATRoffice		0.5 ¹	0.2	6.3
TRIUVA/IVG logistics	444.5	4.0 ¹	3.4	2.1
TRIUVA/IVG commercial		0.8 ¹	0.7	11.0
Commercial International	2.3	2.4	2.8	
Citruz Holding LP (UK)	2.3	0.0 ¹	0.4	10.0
First Street Development LTD (UK)		2.4	2.4	10.0
Principal investments	22.7	20.6		
Other balance sheet items		394.8²		
Tied-up investment capital	45,469.4	900.6		
Available liquidity		618.9		
Total investment capital	45,469.4	1,519.6		
of which debt (bonded loans)		300.0		
of which equity PATRIZIA (excl. non-controlling interests)		1,219.6		

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

Reconciliation of operating income

EUR k	H1 2020	H1 2019	Change
EBITDA	72,511	81,661	-11.2%
Amortisation of other intangible assets ¹ , software and rights of use, depreciation of property, plant and equipment	-17,758	-23,748	-25.2%
EBIT	54,752	57,914	-5.5%
Finance income/expenses	-2,167	-2,150	0.8%
Result from currency translation	-6,511	-122	>1.000,0%
EBT	46,075	55,642	-17.2%
Amortisation of other intangible assets	9,824	15,626	-37.1%
Realised changes in value of investment property (net)	0	1,332	-100.0%
Reorganisation result	0	6,512	-100.0%
Non-cash currency effects	5,087	-153	< - 1.000,0%
Operating income from participations (IFRS 9)	9,001	0	/
Investments in the future	4,075	0	/
Operating income	74,061	78,959	-6.2%

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

Consolidated income statement

EUR k	H1 2020	H1 2019	Change %
Revenues	148,153	179,825	-17.6%
Income from the sale of investment property	0	249	-100.0%
Changes in inventories	-1,677	-20,422	-91.8%
Other operating income	6,251	6,045	3.4%
Income from the deconsolidation of subsidiaries	116	0	/
Total operating performance	152,843	165,696	-7.8%
Cost of materials	-3,112	-1,492	108.5%
Cost of purchased services	-8,089	-7,952	1.7%
Staff costs	-67,379	-62,941	7.1%
Other operating expenses	-33,397	-30,397	9.9%
Impairment losses for trade receivables and contract assets	22	-460	-104.8%
Income from participations	23,370	25,428	-8.1%
Earnings from companies accounted for using the equity method	10,000	292	>1.000,0%
Cost from the deconsolidation of subsidiaries	-1,746	0	/
EBITDAR	72,511	88,173	-17.8%
Reorganisation expenses	0	-6,512	-100.0%
EBITDA	72,511	81,661	-11.2%
Amortisation of other intangible assets, software and rights of use, depreciation of property, plant and equipment	-17,758	-23,748	-25.2%
Earnings before interest and taxes (EBIT)	54,752	57,914	-5.5%
Financial income	1,217	863	41.0%
Financial expenses	-3,384	-3,013	12.3%
Result from currency translation	-6,511	-122	>1.000,0%
Earnings before taxes (EBT)	46,075	55,642	-17.2%
Income taxes	-12,351	-12,308	0.3%
Net profit for the period	33,723	43,334	-22.2%

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

Consolidated balance sheet | Assets

EUR k	30.06.2020	31.12.2019
A. Non-current assets		
Goodwill	211,231	210,292
Other intangible assets	120,380	131,895
Software	16,727	10,326
Rights of use	21,627	24,988
Investment property	1,835	1,835
Equipment	6,094	6,056
Associated companies accounted using the equity method	34,035	69,035
Participations	538,637	525,716
Non-current borrowings and other loans	28,404	28,276
Deferred taxes	19,334	17,305
Total non-current assets	998,303	1,025,724
B. Current Assets		
Inventories	18,779	113,208
Securities	11	1,011
Current tax assets	14,027	17,318
Current receivables and other current assets	383,441	380,735
Cash and cash equivalents	502,891	449,084
Total current assets	919,149	961,356
Total assets	1,917,452	1,987,080

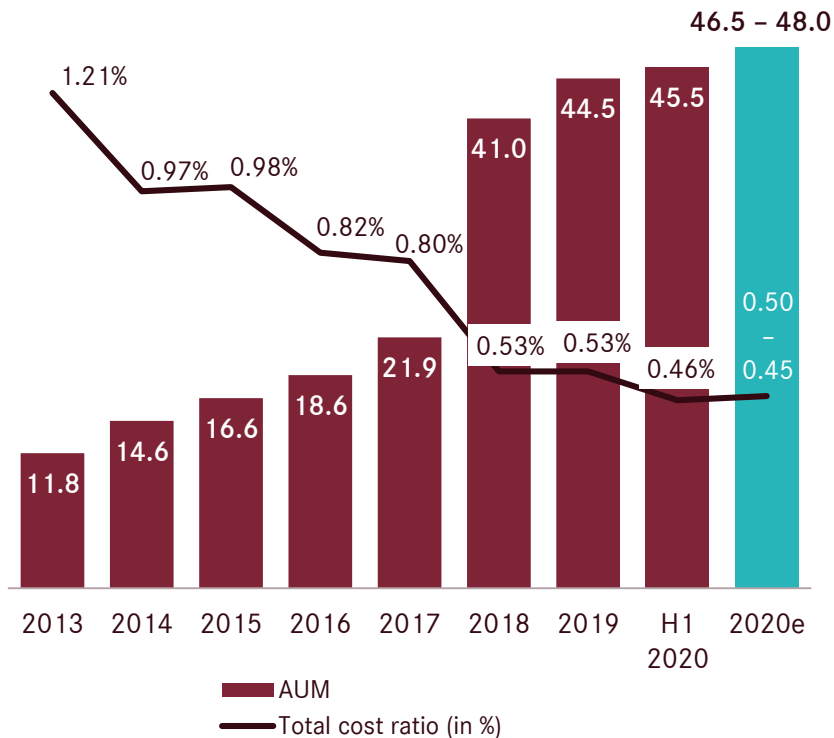
Consolidated balance sheet | Equity and liabilities

EUR k	30.06.2020	31.12.2019
A. Equity		
Share capital	89,683	91,060
Capital reserves	128,652	155,222
Retained earnings		
Legal reserves	505	505
Currency translation difference	-10,429	-4,818
Remeasurements of defined benefit plans according to IAS 19	-3,459	-3,459
Revaluation reserve according to IFRS 9	93,834	78,721
Consolidated unappropriated profit	920,770	889,160
Non-controlling interests	31,894	30,359
Total equity	1,251,451	1,236,750
B. Liabilities		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	111,045	112,178
Retirement benefit obligations	27,201	27,564
Bonded loans	300,000	300,000
Non-current liabilities	20,163	25,094
Leasing liabilities	14,311	15,841
Total non-current liabilities	472,720	480,677
CURRENT LIABILITIES		
Short-term bank loans	55,900	93,194
Other provisions	8,864	9,254
Current liabilities	88,546	101,186
Short-term leasing liabilities	7,532	9,328
Tax liabilities	32,440	56,692
Total current liabilities	193,282	269,653
Total equity and liabilities	1,917,452	1,987,080

Profitability and costs

Continued efficiency improvements propel profitability and cost ratios

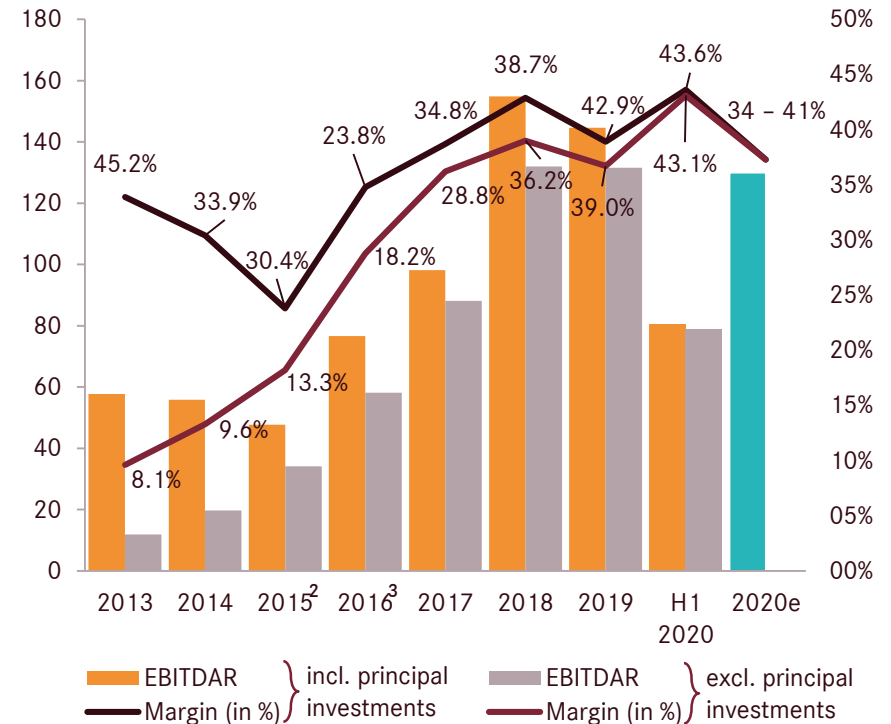
AUM vs total cost ratio | EUR bn vs %



- Total cost ratio = Net operating expenses (incl. staff costs) divided by average AUM

¹ EBITDAR values slightly adjusted compared to IFRS P&L in order to enable better operational like-for-like comparison | ² 2015 excluding SÜDEWO exit fee | ³ 2016 excluding Harald profit

EBITDAR margin (+/- principal investments) | EUR m, LHS vs %¹



- **Margin transformation** of business model completed, i.e. from volatile principal investment to stable service fee income
- Dip in FY 2020e vs. H1 2020 due to extraordinarily high performance fees in H1 2020

Financial calendar

2020

November 12 ➤ Quarterly Statement for the first nine months of 2020

2021

February 25 ➤ Preliminary results 2020

March 18 ➤ Annual Report 2020

May 12 ➤ Quarterly Statement for the first quarter of 2021

June 23 ➤ Annual General Meeting, Augsburg

August 5 ➤ Interim Report for the first half of 2021

November 11 ➤ Quarterly Statement for the first nine months of 2021

Invitations and dial-in numbers are provided in advance.

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

Contact



KARIM BOHN
Member of the
Management Board | CFO

PATRIZIA AG
Fuggerstrasse 26
86150 Augsburg
Germany



MARTIN PRAUM
Senior Managing Director
Head of Investor Relations

T +49 821 50910-402
F +49 821 50910-399
M +49 151 19685445
investor.relations@patrizia.ag



MAXIMILIAN GERBER
Associate | Investor Relations

T +49 821 50910-351
F +49 821 50910-399
M +49 151 24506188
investor.relations@patrizia.ag

Disclaimer

The information contained herein is directed only at professional clients and intended solely for use by the recipient. No part of this document or the information herein may be distributed, copied or reproduced in any manner, in whole or in part, without our prior written consent. This document is for information and illustrative purposes only. It does not constitute advice, a recommendation or a solicitation of an offer to buy or sell shares or other interests, financial instruments or the underlying assets, nor does this document contain any commitment by PATRIZIA AG or any of its affiliates. Whilst prepared in good faith, the information contained in this document does not purport to be comprehensive. PATRIZIA AG and its affiliates provide no warranty or guarantee in relation to the information provided herein and accept no liability for any loss or damage of any kind whatsoever relating to this material. The information herein is subject to change without notice.

This document contains specific forward-looking statements that relate in particular to the business development of PATRIZIA AG and the general economic and regulatory environment and other factors to which PATRIZIA AG is exposed to. These forward-looking statements are based on current estimates and assumptions by the Company made in good faith, and are subject to various risks and uncertainties that could render a forward-looking estimate or statement inaccurate or cause actual results to differ from the results currently expected. PATRIZIA AG does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this publication. Due to commercial rounding of figures and percentages small deviations may occur.

6 August 2020, PATRIZIA AG