

PATRIZIA Annual Report 2019 published

Strong FY 2019 results led to another increase in dividend per share, outlook for 2020 confirmed despite Covid-19 uncertainties, share buy-back programme announced

- ♦ Second increase in dividend per share in a row – DPS to rise 7.4% to EUR 0.29 per share
- ♦ Continued strong balance sheet and increased available liquidity allow for strategic and financial flexibility - share buy-back programme with a volume of up to EUR 50.0m
- ♦ Full financial results for FY 2019 confirm preliminary results published mid-February 2020
- ♦ Operating income of EUR 134.5m exceeds guidance range of EUR 120.0m to 130.0m
- ♦ New equity entrusted to PATRIZIA by existing and new investors increased 24.6% y-o-y to EUR 3.2bn with multiple new domestic and international clients
- ♦ Record level in transaction volume (signed) of EUR 9.0bn (+32.6% y-o-y) and transaction volume (closed) of EUR 7.6bn (+45.8% y-o-y) in numerous thematic investment strategies
- ♦ Assets under Management (AUM) increased to EUR 44.5bn, up 8.4% y-o-y
- ♦ Operating income guidance for 2020 of EUR 120.0m to 140.0m implies further growth in recurring management fees – final impact assessment of Covid-19 not possible at this stage
- ♦ Despite the volatile environment due to Covid-19, PATRIZIA is well positioned strategically and operationally - business continuity is ensured

Augsburg, 18 March 2020. PATRIZIA AG, the global partner for pan-European real estate investment, recorded an operating income of EUR 134.5m in 2019, exceeding the FY 2019 guidance of EUR 120.0m to 130.0m. Based on the solid increase in management fees by 8.8% to EUR 190.9m, and continued growth in AUM to EUR 44.5bn, the Management Board proposes its shareholders a dividend of EUR 0.29 per share for FY 2019. This is the second increase in dividends in a row and implies 7.4% growth y-o-y.

Further to the continued rise in management fees, transaction fees were up 24.8% to EUR 65.3m while performance fees remained on continued high levels (down 0.7% y-o-y to EUR 91.8m). Cost growth (up 8.1% y-o-y to EUR 227.2m, adjusted for non-capitalised technology expenses up 4.5% y-o-y) remained below the growth of total service fee income (up 8.7% y-o-y to EUR 348.0m).

Karim Bohn, CFO of PATRIZIA AG, said: “PATRIZIA has a strong and resilient business model with a rock-solid balance sheet and predictable earnings. The strong cash generation in 2019 increased PATRIZIA’s financial flexibility to over EUR 600m. Accompanied by a net equity ratio of 75.7%, we are well prepared for the changed economic environment and will use this strength to add further value to our clients and shareholders.”

Wolfgang Egger, CEO of PATRIZIA AG, says: “Over the last 35 years we have built up a leading position in the European investment management market. Our diversified and long-term committed AUM base gives us a solid and resilient position in these times of uncertainty. Real assets investment management is more than ever a structural growth market. Leading our clients through long-term structural changes such as digitalisation and technology, but also through the extraordinary situation that we are currently experiencing is at the heart of our corporate strategy.”

Outlook for 2020 confirmed

A final assessment of the effects of a further spreading of the Covid-19 virus on the economy in general and the relevant markets for PATRIZIA is not possible at this stage. However, at the moment the continued demand and activity of our clients and the continued investment allocations to real assets in a lower for longer yield environment make us confident to achieve our 2020 operating income guidance in the range of EUR 120.0m to 140.0m.

Investor Relations release

In 2020 PATRIZIA expects a significantly lower revenue contribution from phase-out sale of principal investments and co-investment income – fully in line with strategy. The guidance therefore implies continued organic growth in total service fee income – especially management fees – and lower net operating expenses, further improving the quality of earnings.

Further details on FY 2019:

Strong position in European transaction market

PATRIZIA confirmed its success in the European real estate transaction market with signed transactions across real estate sectors for its numerous thematic investment strategies totalling EUR 9.0bn, an increase of 32.6% compared to 2018 (EUR 6.8bn). PATRIZIA executed (closed) transactions of EUR 7.6bn during 2019 (compared to EUR 5.2bn in 2018). The increased volume of signed transactions confirms PATRIZIA's strong deal-sourcing capabilities from which its global client base benefits.

In total, PATRIZIA signed EUR 5.5bn of acquisitions in 2019, an increase of 60.5% on the prior year (2018: EUR 3.4bn) and EUR 3.5bn of disposals, up 4.1% (2018: EUR 3.3bn). Total transaction volume in Europe declined slightly by 2.4% y-o-y from EUR 315.2bn in 2018 to EUR 307.7bn in 2019, confirming market share gains for PATRIZIA.

Equity entrusted to PATRIZIA and number of institutional clients increased

PATRIZIA raised around EUR 3.2bn of equity (up 24.6% y-o-y) from existing and new institutional, (semi-)professional and private investors which have been deployed into investment opportunities in strong, established markets across Europe. International capital accounted for 54.1% of all raised institutional capital during 2019, as international institutional organisations increasingly rely on PATRIZIA to invest on their behalf across Europe.

PATRIZIA added more than 20 new institutional domestic and international investors to its client base during 2019, bringing the total to over 400. At the same time 73.1% of equity entrusted to PATRIZIA during 2019 came from investors with multiple fund investments on PATRIZIA's platform.

Share buy-back programme:

PATRIZIA has decided to implement a share buy-back programme. The Company will acquire treasury shares via the stock exchange in the period from 19 March 2020 to 31 December 2020 at the latest up to a total purchase price (excluding incidental costs) of EUR 50m. Based on the current share price (EUR 17.12, XETRA closing price on 17 March 2020), this is equivalent to up to 2,920,561 shares or up to 3.16 % of the share capital. The share buyback programme will be carried out under the leadership of a bank, which will make its decisions on the time of acquisition of the shares independently of and uninfluenced by PATRIZIA AG.

The treasury shares to be acquired as a result of the share buyback programme may be used for all legally permitted purposes, in particular also as (partial) consideration within the scope of business combinations or for the acquisition of companies, interests in companies or parts of companies.

The share buy-back programme is financed from available liquidity, which has again increased significantly compared to the previous year (EUR 506.9m) to EUR 607.0m as at 31 December 2019.

Investor Relations release

in EUR m	FY 2018	FY 2019	% y-o-y	Guidance range 2020	
				min	max
Management fees	175.3	190.9	8.8%	195.0	205.0
Transaction fees	52.4	65.3	24.8%	56.0	66.0
Performance fees	92.5	91.8	-0.7%	85.0	100.0
Total service fee income	320.2	348.0	8.7%	336.0	371.0
Net sales revenues and co-investment income	41.0	23.8	-42.0%	7.0	7.0
Net operating expenses ¹⁾	-210.2	-227.2	8.1%	-214.0	-229.0
D&A, financial result and other items	-9.6	-10.1	5.7%	-9.0	-9.0
Operating income	141.4	134.5	-4.9%	120.0	140.0

1) FY 2019 includes non-capitalised technology expenses of EUR 7.6m, net operating expenses guidance for FY 2020 adjusted for non-capitalised technology expenses of EUR 11.6m

in EUR bn	FY 2018	FY 2019	% y-o-y	Guidance range 2020	
				min	max
Assets under Management	41.0	44.5	8.4%	48.0	49.0
Equity raised	2.6	3.2	24.6%		
Transaction volume - signed	6.8	9.0	32.6%	7.0	8.0
Transaction volume - closed	5.2	7.6	45.8%		

PATRIZIA AG:

PATRIZIA AG has been active as an investment manager in the real estate market across Europe for more than 35 years. PATRIZIA's activities include the acquisition, management, repositioning and disposal of residential and commercial real estate through its best-in-class local network in all key markets. As a global partner for pan-European real estate investment, PATRIZIA operates as a trusted and independent business partner of large institutional, (semi-)professional and private investors in all major European countries. PATRIZIA manages more than EUR 44 billion of real estate and infrastructure assets, primarily as an investment manager for insurance companies, pension fund institutions, sovereign funds, savings and cooperative banks. PATRIZIA is committed to responsible investments and positive social impact. The PATRIZIA Children Foundation has helped over 200,000 children in need worldwide for over 20 years, giving them access to education and greater opportunities to lead better lives. For further information, please visit: www.patrizia.ag.

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