
PATRIZIA

Leading global partner for pan-European
real estate investment

H1 2018 Results Presentation

7 August 2018



H1 2018 results reflect strong growth in AUM and operating income

HIGHLIGHTS

ASSETS UNDER MANAGEMENT (AUM)

- AUM increased by 81% to EUR 39.6bn
 - | TRIUVA (EUR 9.6bn)
 - | Rockspring (EUR 7.0bn)
 - | Transfer of large asset management mandates from existing Asian investor (EUR 0.4bn)
- AUM by geography
 - | Germany: EUR 25.2bn (64%)
 - | Outside Germany: EUR 14.4bn (36%)

OPERATING INCOME

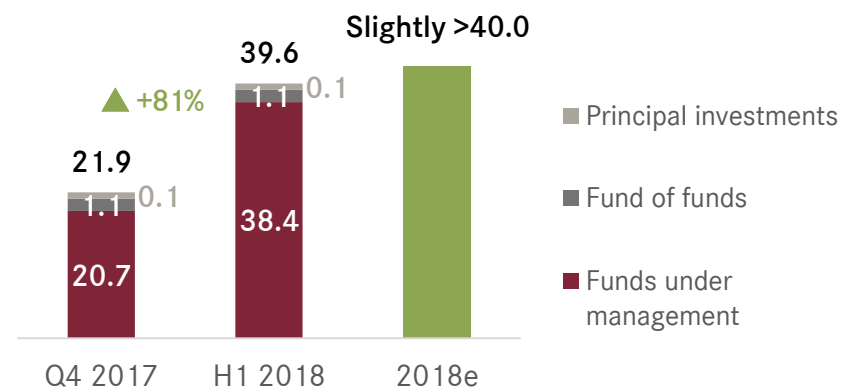
- Significant increase by 107% to EUR 72.5m (H1 2017: EUR 35.1m)

GUIDANCE FY 2018 / FY 2019

- **AUM 2018e confirmed: slightly >EUR 40.0bn**
- Increase in **operating income** guidance 2018e: between EUR 100.0 - 110.0m equivalent to y-o-y growth of 22% - 34% due to better than expected development of operating costs
- 2019e: **cost efficiencies** of ~EUR 22.0m expected

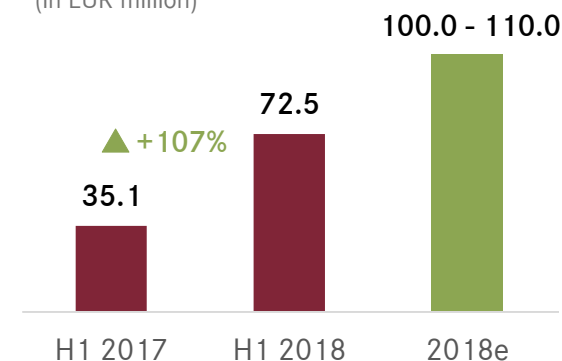
ASSETS UNDER MANAGEMENT

(in EUR billion)



OPERATING INCOME

(in EUR million)



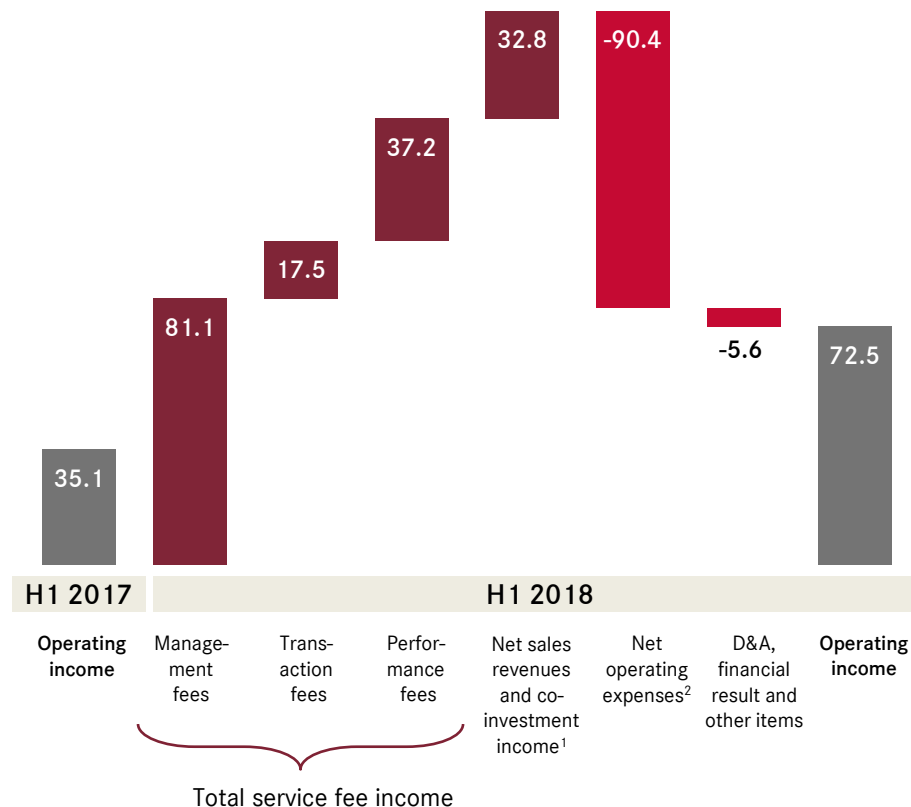
Operating income up 107% to EUR 72.5m

INCOME BRIDGE H1 2018

- **Management fees** of EUR 81.1m (H1 2017: EUR 45.0m; +80%) due to the inclusion of TRIUVA and Rockspring
- **Transaction fees** of EUR 17.5m (H1 2017: EUR 18.7m; -6%) below previous year due to partial aperiodic recognition of transaction fees in Q3 2018 instead of Q2 2018; transaction volume up 70% y-o-y
- **Performance fees** of EUR 37.2m (H1 2017: EUR 24.4m; +53%) due to outstanding product performance
- **Net sales revenues and co-investment income** increased to EUR 32.8m (H1 2017: EUR 13.1m; +151%) due to strategic disposal of remaining principal investments
- **Net operating expenses** increased to EUR 90.4m (H1 2017: EUR 62.9m; +44%) due to acquisitions (SPI, TRIUVA, Rockspring); cost growth well below revenue growth

INCOME BRIDGE | H1 2018

(in EUR million)



¹ Including EUR 7.9m realised changes in value from the sale of investment property | ² Inter alia netted against other operating income of EUR 8.4m

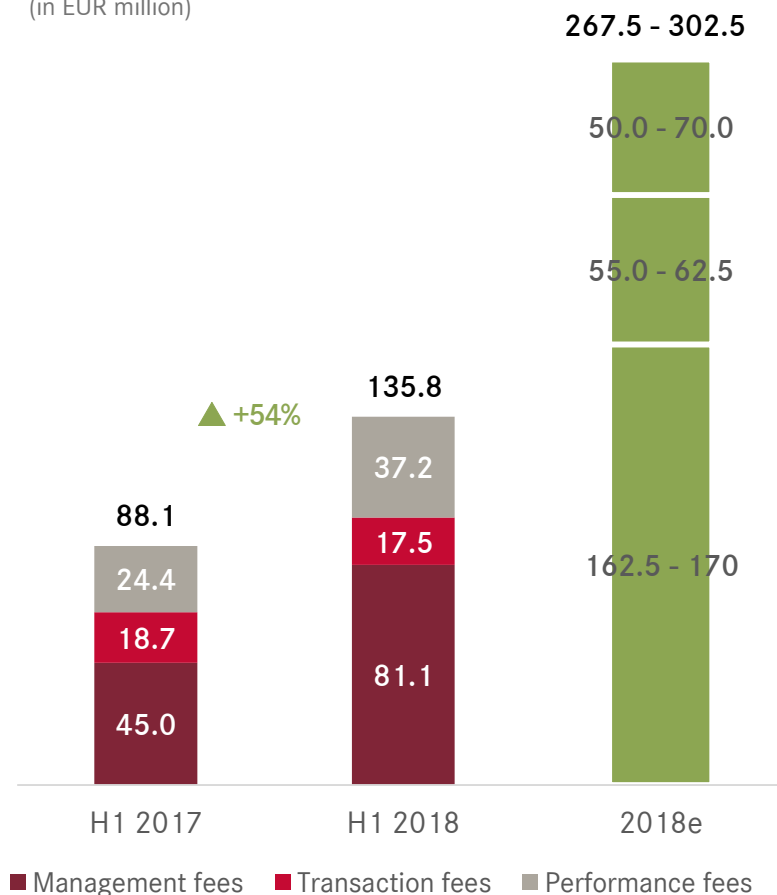
Stronger pan-European platform drives diversified income streams

STRONG INCREASE OF SERVICE FEE INCOME

- **Total service fee** income up 54% to EUR 135.8m driven by outstanding investment performance and acquisition of TRIUVA and Rockspring
- Significant increase of **management fees** by 80% to EUR 81.1m reflects additional management fees coming from TRIUVA and Rockspring
- Reduced **transaction fees** of EUR 17.5m due to partial aperiodic recognition of transaction fees in Q3 2018 instead of Q2 2018; transaction volume up 70% y-o-y
- Strong investment performance, especially of co-investments, yields substantial **performance fees** of EUR 37.2m; included in revenues (EUR 24.7m) and in income from participations (EUR 12.5m)
- Guidance for strong growth of **total service fee income** for 2018e unchanged

TOTAL SERVICE FEE INCOME

(in EUR million)



Transaction volume outperforming overall market activity in H1 2018

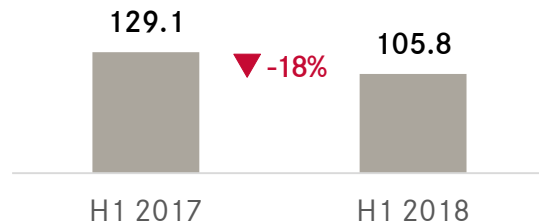
TRANSACTION FEES OF EUR 17.5M

- Strong increase in transactions y-o-y despite overall lower market activity; EUR 2.1bn in H1 2018 vs. EUR 1.2bn in H1 2017 (+70%)
- EUR 0.8bn acquisitions and EUR 1.3bn disposals
- Additional EUR 1.3bn of already signed transactions expected to close in H2 2018 (EUR 0.9bn acquisitions/EUR 0.4bn disposals)
- Lower **transaction fees** of EUR 17.5m due to partial aperiodic recognition of transaction fees in Q3 2018 instead of Q2 2018

EUROPEAN TRANSACTION VOLUME¹

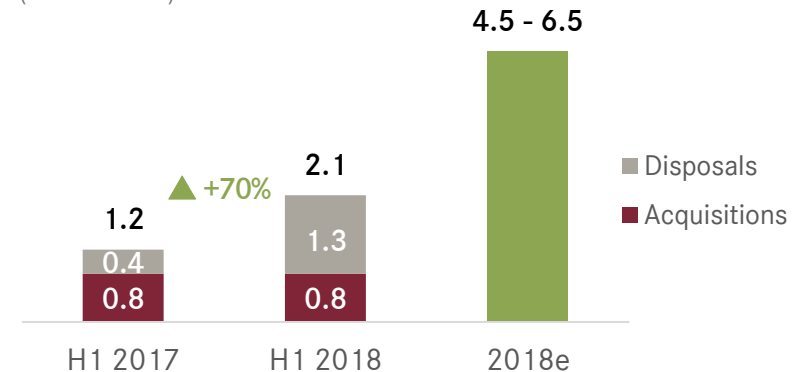
(in EUR billion)

- Lower transaction activity across all sectors



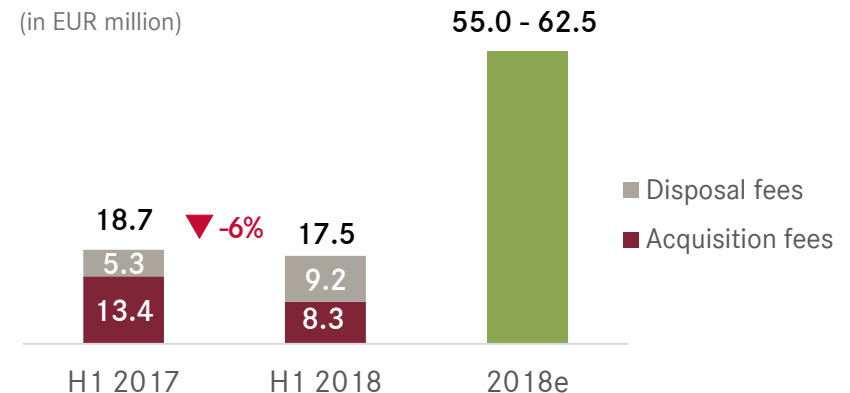
TRANSACTION VOLUME

(in EUR billion)



TRANSACTION FEES

(in EUR million)



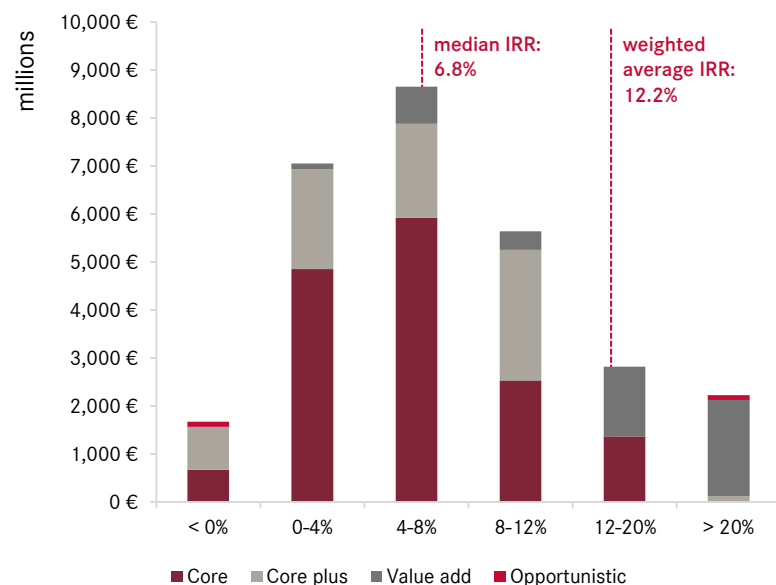
¹ Source: PATRIZIA, RCA all property including: DE, UK, IE, DK, SE, NO, FI, NL, BE, FR, ES, PT, AT, IT, PL, CZ, HU and LX

Outstanding performance drives performance fee generation

SUPERIOR RETURNS FOR INVESTORS TRANSLATE INTO ATTRACTIVE PERFORMANCE FEES

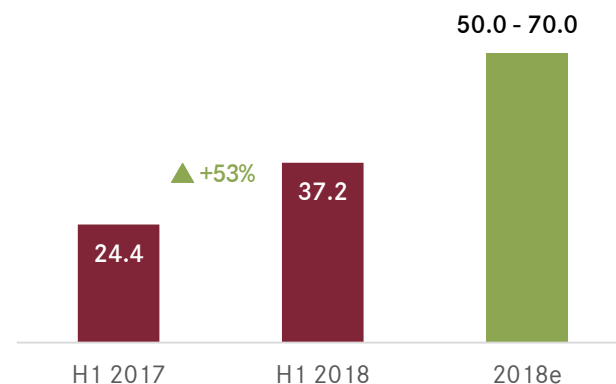
- Performance fees of EUR 37.2m in H1 2018 emphasise PATRIZIA's active asset management capabilities and investment track record (weighted average IRR of 12.2%)
- Investment funds generate performance fees upon exceeding pre-determined return hurdles

DISTRIBUTION OF NET IRRS BY INVESTED CAPITAL¹



PERFORMANCE FEES

(in EUR million)

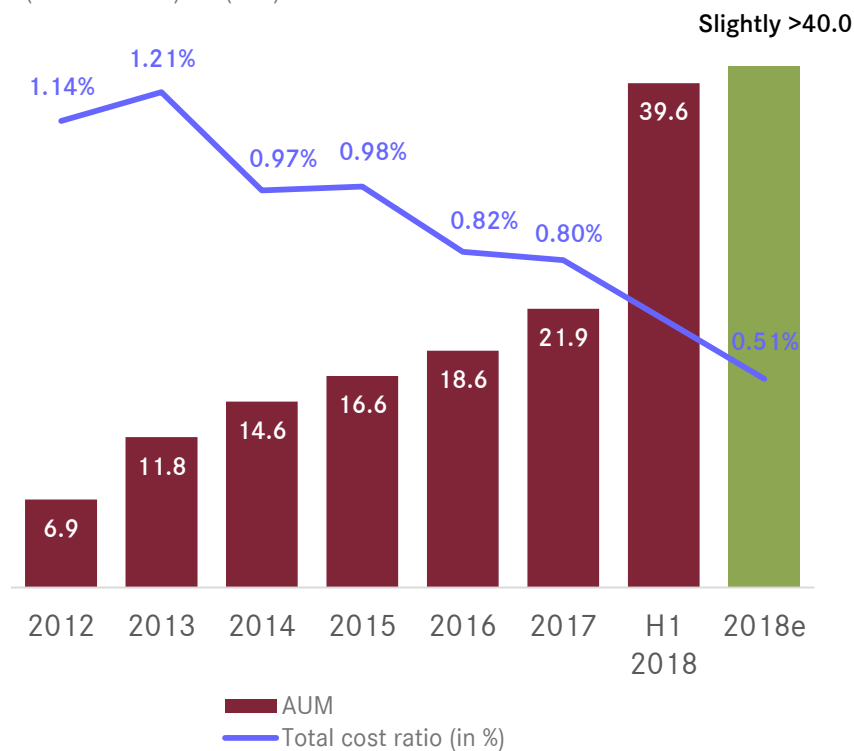


¹ Information as at Q1 2018 including SPI, TRIUVA and Rockspring; return distributions include performance of all funds/investments by institutional investors with an invested capital exceeding EUR 50m, in total 102 funds/investments with a total invested capital of EUR 28.1bn; returns weighted by invested capital; past performance is not indicative of future results; returns include leverage and are represented net of costs, taxes & fees; median IRR 6.8% (PATRIZIA stand alone: 6.5%), weighted average IRR: 12.2% (PATRIZIA stand alone: 18.6%)

Continued efficiency improvements propel profitability & cost ratios

AUM VS. TOTAL COST RATIO

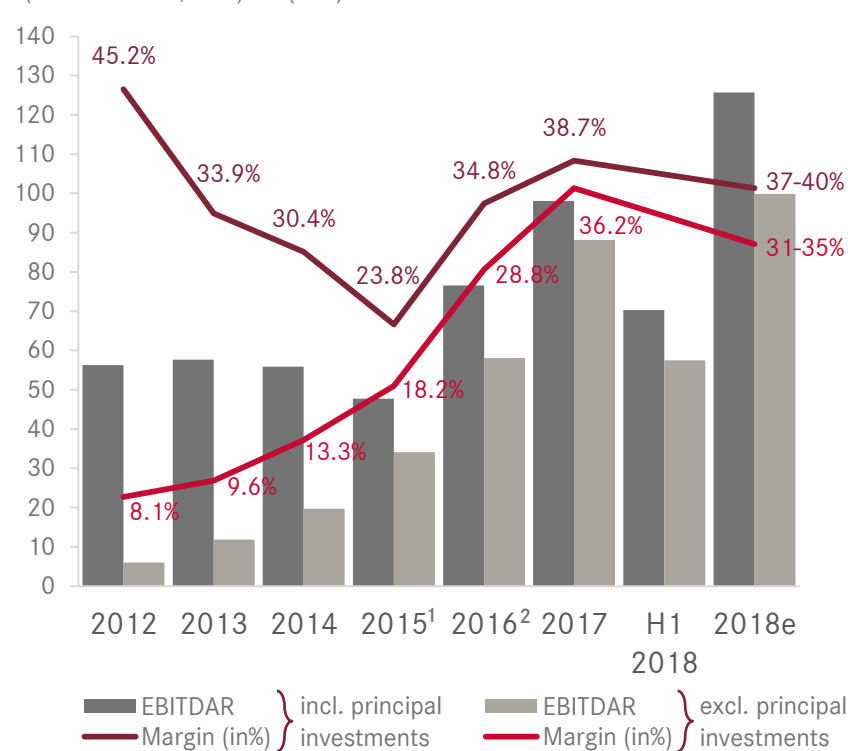
(in EUR billion) vs. (in %)



- Scalability of operating platform facilitates continuously improved cost ratios
- Total cost ratio = Net operating expenses (incl. staff costs) vs. average AUM (2018e mid point)

EBITDAR MARGIN (+/- PRINCIPAL INVESTMENTS)

(in EUR million, LHS) vs. (in %)



- **Margin transformation** of business model achieved – replacing volatile principal investment income with stable service fee business

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

Ample cash position to drive further growth & strategic development

SOLID FINANCIAL POSITION

- Strong balance sheet ratios and capital structure to facilitate further profitable growth
- Total available liquidity amounts to EUR 530.8m as at 30.06.2018:
 - | for M&A's in the investment management area (only if added value is generated for our customers)
 - | 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

in EUR million	30.06.2018
Total assets	1,798.0
Equity (excl. minorities)	1,119.8
Equity ratio	62.3%
Bank loans	51.8
Bonded loans	300.0
- Cash and cash equivalents	-414.3
- Deposits and securities	-154.2
= Net cash	-216.7
Net equity ratio¹	77.4%

Significant Liquidity

in EUR million	30.06.2018
Bank balances, cash and deposits	568.4
- TRIUVA and Rockspring transaction liabilities	-25.8
- Regulatory reserve for asset management companies	-11.8
- Liquidity in mutual funds business property companies	-0.1
= Available liquidity	530.8

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

Operating income guidance 2018e increased to EUR 100.0-110.0m

ASSUMPTIONS | 2018E

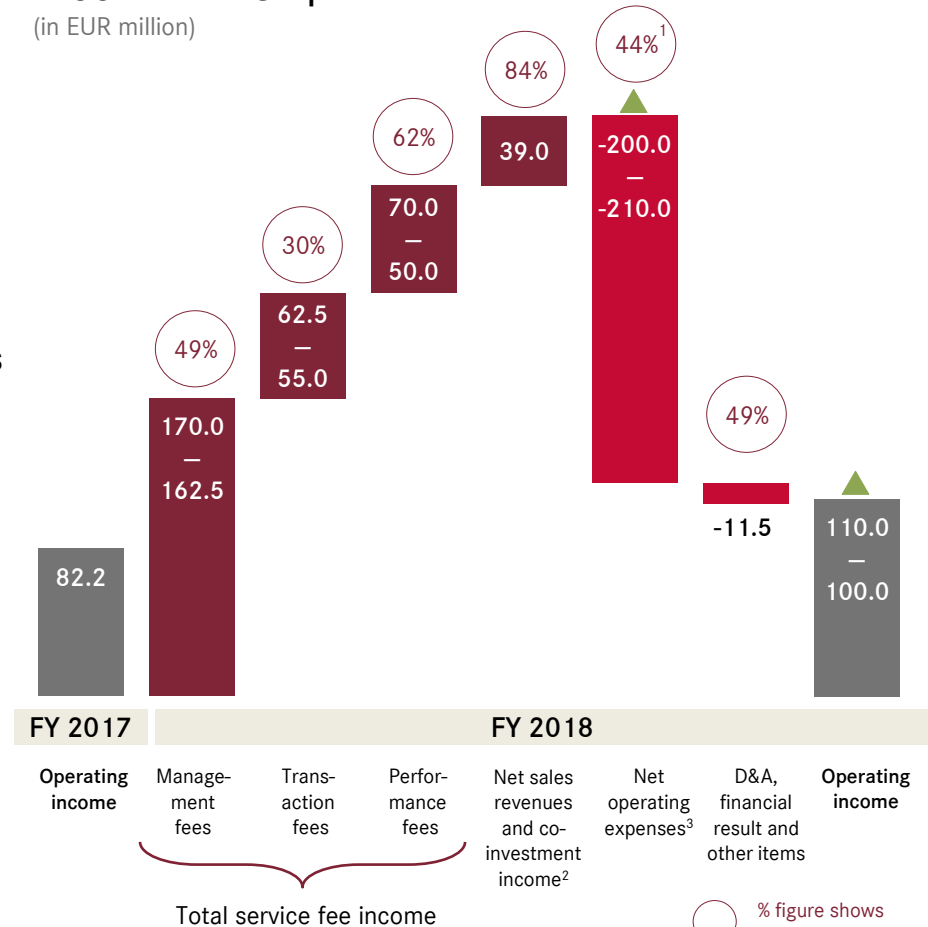
- Guidance for **total service fee income** 2018e: unchanged
- **Net operating expenses** are expected to be lower in the amount of EUR 200.0m-210.0m (instead of EUR 210.0-230.0m)
- **Restructuring costs** of ~EUR 30.0m expected in H2 2018 (booked as reorganisation expenses and excluded from operating income)
- **AUM** growth between EUR 2.0-3.0bn (organic)

ASSUMPTIONS | 2019E

- Expectation of **annual cost efficiencies** from the integration of SPI, TRIUVA and Rockspring of ~EUR 22m which, all else being equal, should show a full effect from the 2019 business year onwards

INCOME BRIDGE | FY 2018

(in EUR million)



¹ Cost base expected to be higher H2 2018 vs. H1 2018 mainly due to full quarterly impact of Rockspring consolidation

² Including EUR 7.9m realised changes in value from the sale of investment property | ³ Inter alia netted against other operating income of EUR 8.4m

○ % figure shows H1 2018 vs. 2018e

▲ Positively changed

PATRIZIA – Investment Highlights

- 1** Leading listed European real estate investment firm
- 2** Broad institutional client base and strong fundraising momentum – globally
- 3** High quality services across the entire property value chain
- 4** Excellent track record in sought after European property investment market
- 5** Growing AUM provide growing and sustainable contractual fee income
- 6** Attractive earnings potential through performance fees and return on equity
- 7** Strong balance sheet and significant liquidity offer further opportunities

Appendix

Capital allocation

30.06.2018	Assets under Management in EUR million	Invested capital (fair value) in EUR million	Invested capital (at cost) in EUR million	Participations in %
Third-party business	33,262.0			
Co-investments	6,312.2	1 478.0	180.5	
Residential	5,354.0	446.6	154.7	
GBW GmbH	4,128.2	¹ 127.6	52.2	5.1
GBW performance fee claims	-	¹ 216.5	-	-
WohnModul I SICAV-FIS	1,225.8	81.3	81.3	10.1
Harald	-	21.1	21.1	5.1
Other	-	0.1	0.1	0.0
Commercial Germany	955.4	29.6	24.0	
Alliance	205.0	5.3	5.3	5.1
Seneca	189.8	¹ 5.1	4.9	5.1
PATRoffice	30.6	3.1	3.1	6.3
sono west	36.2	10.6	5.4	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	0.5	0.5	10.0
First Street Development LTD (UK)	-	1.2	1.2	10.0
Principal investments	71.1	134.5		
Other balance sheet items	-	276.5		
Tied-up investment capital	39,645.3	889.0		
Available liquidity	-	530.8		
Total investment capital	39,645.3	1,419.8		
Of which debt (bonded loans)	-	300.0		
Of which PATRIZIA equity (without minorities)	-	1,119.8		

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

Reconciliation of Operating Income

EUR k	H1 2018	H1 2017
EBITDA	69,015	37,012
Amortisation of other intangible assets ¹ and software, depreciation of property, plant and equipment	-4,478	-2,769
EBIT	64,537	34,243
Financial income / expenses	-2,345	-1,309
Result from currency translation	1,262	-1,844
EBT	63,454	31,090
Change in the value of derivatives	-159	0
+ Amortisation of fund management contracts ¹	1,800	984
Realised changes in value of investment property (net)	7,922	304
Reorganisation expenses	1,243	915
Expenses / income from unrealised currency translation	-1,738	1,817
OPERATING INCOME	72,522	35,110

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

Consolidated Income Statement

EUR k	H1 2018	H1 2017
Revenues	160,105	105,903
Income from the sale of investment property	591	227
Changes in inventories	-21,703	-7,367
Other operating income	8,396	11,343
Income from the deconsolidation of subsidiaries	179	0
Total operating performance	147,568	110,106
Cost of materials	-6,930	-7,478
Cost of purchased services	-6,952	-6,249
Staff costs	-56,921	-39,916
Other operating expenses	-35,797	-28,517
Income from participations	19,829	9,376
Earnings from companies accounted for using the equity method	9,461	670
Cost from the deconsolidation of subsidiaries	0	-65
EBITDAR	70,258	37,927
Reorganisation expenses	-1,243	-915
EBITDA	69,015	37,012
Amortisation of other intangible assets and software, depreciation of property, plant and equipment	-4,478	-2,769
Earnings before interest and taxes (EBIT)	64,537	34,243
Financial income	733	531
Financial expenses	-3,078	-1,840
Result from currency translation	1,262	-1,844
Earnings before taxes (EBT)	63,454	31,090
Income taxes	-13,282	-6,744
NET PROFIT FOR THE PERIOD	50,172	24,346

Consolidated Statement of Financial Position | Assets

ASSETS		
EUR k	30.06.2018	31.12.2017
A. Non-current assets		
Difference amount before purchase price allocation	118,784	0
Goodwill	144,388	7,366
Other intangible assets	131,718	35,224
Software	11,559	11,207
Investment property	6,417	15,979
Equipment	6,329	4,483
Participations in associated companies	81,772	88,905
Participations	442,225	89,114
Non-current borrowings and other loans	24,589	23,291
Non-current tax assets	0	0
Deferred taxes	6,031	331
Total non-current assets	973,812	275,900
B. Current assets		
Inventories	128,059	99,791
Securities	4,010	5,010
Current tax assets	8,638	9,098
Current receivables and other current assets	269,181	479,920
Cash and cash equivalents	414,280	382,675
Total current assets	824,168	976,494
TOTAL ASSETS	1,797,980	1,252,394

Consolidated Statement of Financial Position | Equity and Liabilities

EQUITY AND LIABILITIES		
EUR k	30.06.2018	31.12.2017
A. Equity		
Share capital	90,918	89,555
Capital reserves	153,100	129,545
Retained earnings		
Legal reserves	505	505
Currency translation difference	-11,917	-11,586
Revaluation reserve according to IFRS 9	203	0
Consolidated unappropriated profit	886,948	546,682
Non-controlling interests	8,725	1,691
Total equity	1,128,482	756,392
B. Liabilities		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	96,753	15,833
Retirement benefit obligations	22,669	776
Bonded loans	300,000	300,000
Non-current liabilities	7,328	9,062
Total non-current liabilities	426,750	325,671
CURRENT LIABILITIES		
Short-term bank loans	51,781	0
Bonded loans	0	22,000
Other provisions	15,336	16,083
Current liabilities	126,293	93,123
Tax liabilities	49,339	39,125
Total current liabilities	242,748	170,331
TOTAL EQUITY AND LIABILITIES	1,797,980	1,252,394

Financial Calendar

2018

August 7 ➤ Interim Report for the first half of 2018

November 14 ➤ Quarterly Statement for the first nine months of 2018

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.

To stay informed, visit www.patrizia.ag

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