

# PATRIZIA

Global partner for pan-European  
real estate investment

Q1 2018 Results Presentation

17 May 2018



# Q1 2018 reflects new level of business activity and profitability

## HIGHLIGHTS

### ASSETS UNDER MANAGEMENT (AUM)

- AUM increased by 78% to EUR 39.1bn  
| TRIUVA: EUR 10.0bn (Closing: 1 January 2018)  
| Rockspring: EUR 7.2bn (Closing: 23 March 2018)
- EUR 24.7bn (64%) of AUM is related to Germany and EUR 14.4bn (36%) is related to assets outside Germany

### OPERATING INCOME

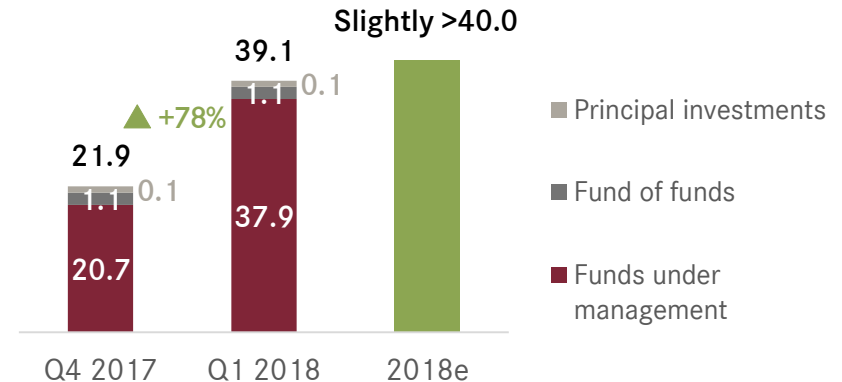
- Significant increase by 358% to EUR 42.7m (Q1 2017: EUR 9.3m)
- Both management fees and performance fees, as well as sales proceeds from further reducing the Group's principal investments were major drivers

### GUIDANCE FY 2018

- AUM 2018e confirmed: slightly > EUR 40.0bn
- Operating income 2018e confirmed: between EUR 85.0-100.0m

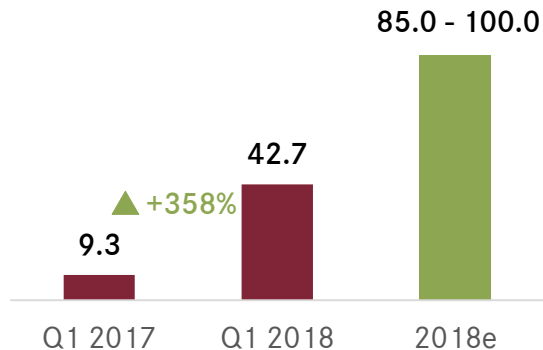
### ASSETS UNDER MANAGEMENT

(in EUR billion)



### OPERATING INCOME

(in EUR million)

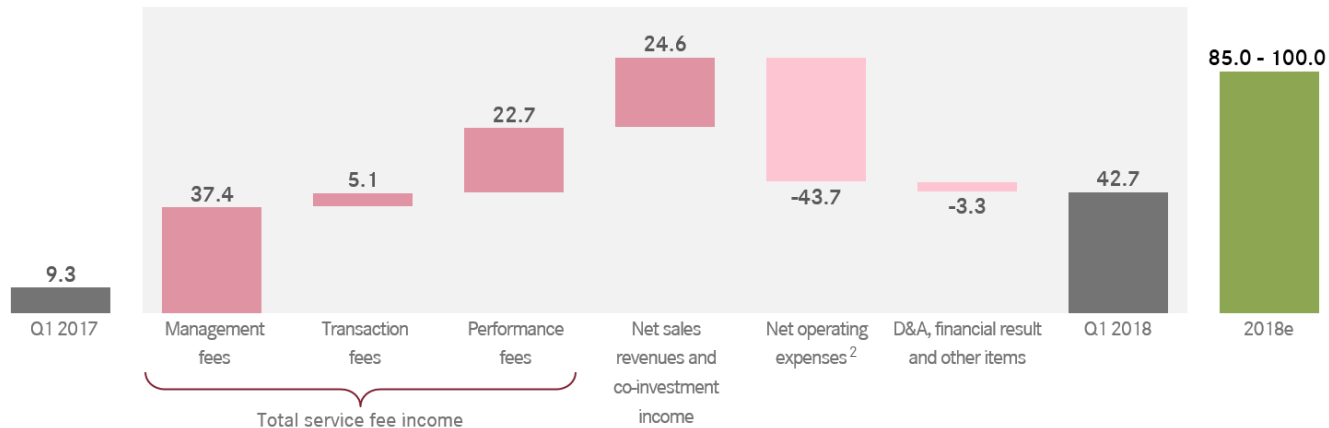


# Operating income 2018e confirmed between EUR 85.0-100.0m

## INCOME BRIDGE Q1 2018

(in EUR million)

- **Management fees** of EUR 37.4m (Q1 2017: EUR 22.9m; +63%) due to the full quarter inclusion of TRIUVA, growing AUM base leads to the strong growth
- **Transaction fees** of EUR 5.1m (Q1 2017: EUR 8.1m; -38%) due to softer transaction markets vs. Q1 2017
- **Performance fees** of EUR 22.7m (Q1 2017: 0) due to strong performance fees on co-investment products, both in revenues (EUR 10.3m) and income from participations (EUR 12.4m)
- **Net sales and co-investment income** of EUR 24.6m (Q1 2017: EUR 7.4m; +232%) due to higher net sales and rental revenues of EUR 14.1m (Q1 2017: EUR 3.8m) and co-investment income of EUR 10.5m (Q1 2017: EUR 3.6m)
- **Net operating expenses** increased to EUR 43.7m (Q1 2017: EUR 27.8m; +57%) due to acquisitions of TRIUVA and SPI; **adjusted**<sup>1</sup> growth in net operating expenses only +33%; cost growth well below revenue growth



<sup>1</sup> Adjusted for other operating income (EUR 6.1m in Q1 2017 and EUR 1.4m in Q1 2018); <sup>2</sup> Netted against other operating income of EUR 1.4m

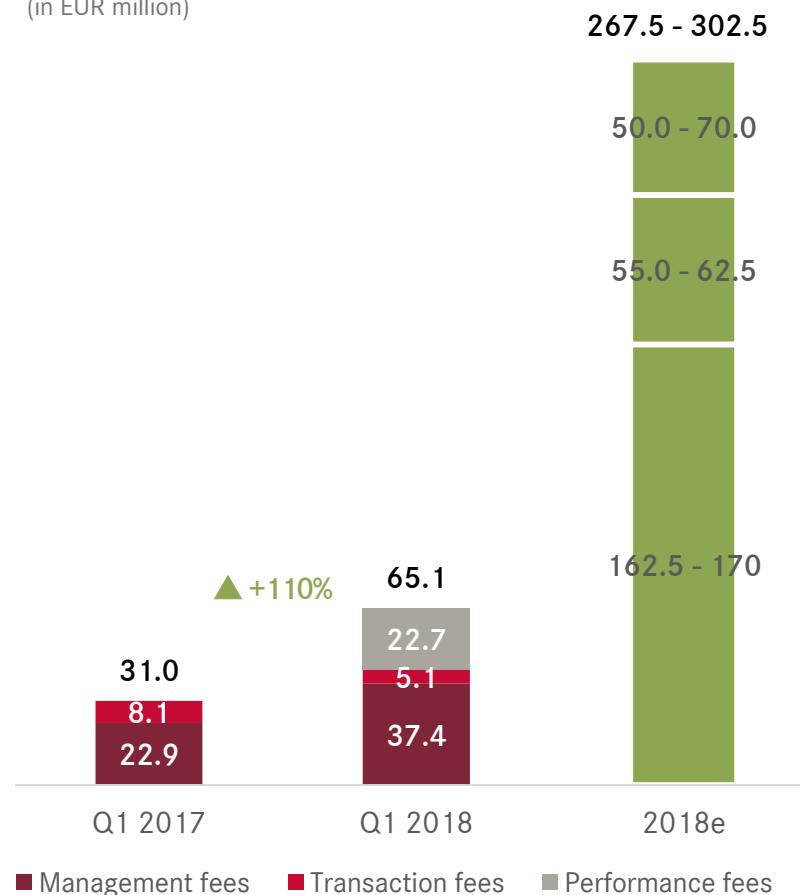
# Significant increase of diversified income streams from acquisitions

## STRONG INCREASE OF SERVICE FEE INCOME

- **Total service fee** income up 110% to EUR 65.1m driven by outstanding investment performance and first-time consolidation of TRIUVA
- Significant increase of **management fees** by 63% to EUR 37.4m reflects additional management fees coming from TRIUVA
- Despite reduced transaction activity across Europe in Q1 2018, **transaction fees** contribute EUR 5.1m to total service fee income
- Strong investment performance, especially of co-investments, yields substantial **performance fees** of EUR 22.7m; included in revenues (EUR 10.3m) and in income from participations (EUR 12.4m)
- Inclusion of **Rockspring** to further contribute to total service fee income from Q2 2018 onwards

## TOTAL SERVICE FEE INCOME

(in EUR million)



# Lower transaction fees in line with softer market in Q1

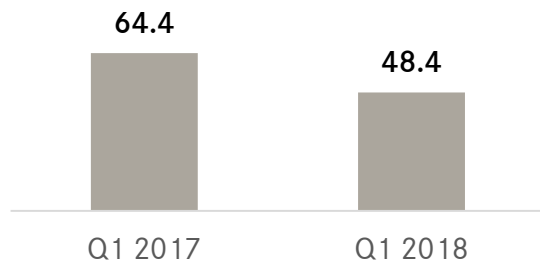
## TRANSACTION FEES OF EUR 5.1M

- Transactions worth EUR 0.7bn completed in Q1 2018 (Q1 2017: EUR 0.9m; -22%)
- Softer transaction markets compared to last year
- EUR 0.4bn acquisitions and EUR 0.3bn sales

## EUROPEAN TRANSACTION VOLUME<sup>1</sup>

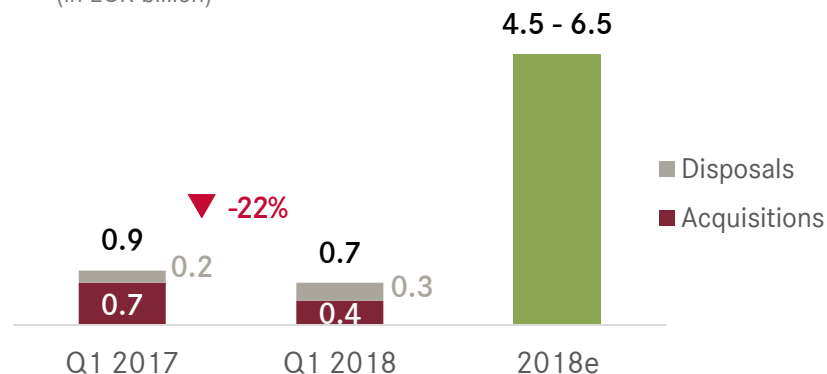
(in EUR billion)

- Reduced transaction activity across all sectors by 25%



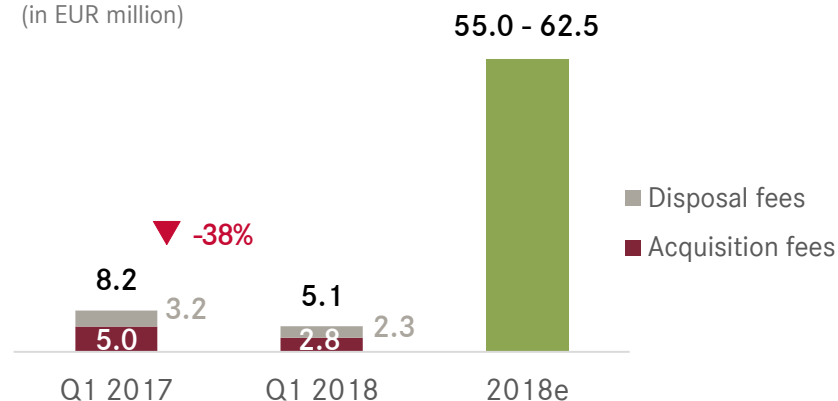
## TRANSACTION VOLUME

(in EUR billion)



## TRANSACTION FEES

(in EUR million)



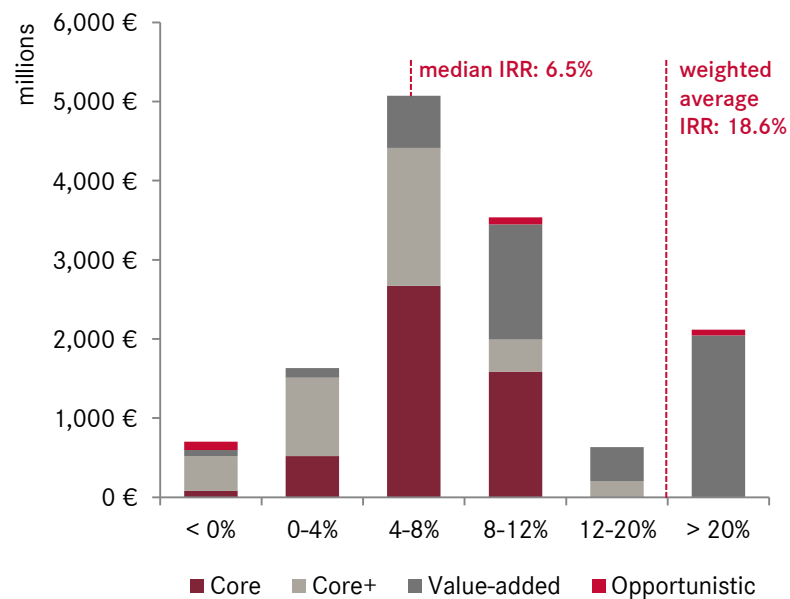
<sup>1</sup> Source: PATRIZIA, RCA all property including: DE, UK, IE, DK, SE, NO, FI, NL, BE, FR, ES, PT, AT, IT, PL, CZ, HU and LX

# Exceptional performance already generated ample performance fees

## SUPERIOR RETURNS FOR INVESTORS TRANSLATE INTO ATTRACTIVE PERFORMANCE FEES

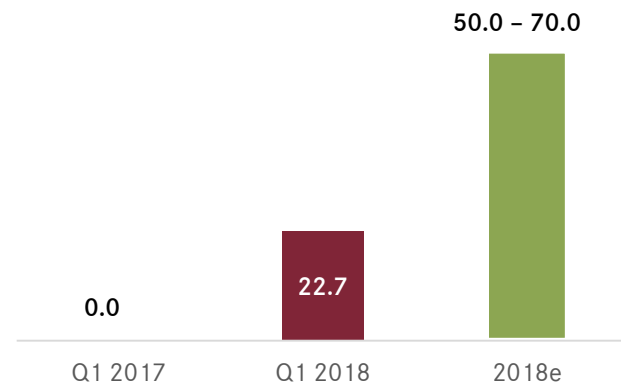
- Performance fees of EUR 22.7m in Q1 2018 emphasise PATRIZIA's asset management capabilities and investment track record (weighted average IRR of 18.6%)
- Investment funds generate performance fees upon exceeding pre-determined return hurdles

### DISTRIBUTION OF NET IRRS BY INVESTED CAPITAL<sup>1</sup>



### PERFORMANCE FEES

(in EUR million)



<sup>1</sup> Information as at Q4 2017 (PATRIZIA & SPI); return distributions include performance of all funds/investments by institutional investors with an invested capital exceeding EUR 50m, in total 56 funds/investments with a total invested capital of EUR 13.7bn; returns weighted by invested capital; returns include leverage and are presented net of costs, taxes & fees

# PATRIZIA continues to be well positioned for further growth

## SOLID FINANCIAL POSITION

- Strong balance sheet ratios and capital structure to facilitate further profitable growth
- Total available liquidity amounts to EUR 501.6m as at 31.03.2018
- Increase in shareholder value and high degree of financial discipline remain priorities

### Strong Balance Sheet

in EUR million	31.03.2018
Total assets	1,747.9
Equity (excl. minorities)	1,086.1
<b>Equity ratio</b>	<b>62.1%</b>
Bank loans	22.8
Bonded loans	317.0
- Cash and cash equivalents	-385.2
- Deposits and securities	-164.5
<b>= Net cash</b>	<b>-209.9</b>
<b>Net equity ratio<sup>1</sup></b>	<b>77.1%</b>

### Significant Liquidity

in EUR million	31.03.2018
<b>Bank balances, cash and deposits</b>	<b>549.7</b>
- TRIUVA and Rockspring transaction liabilities	-35.8
- Regulatory reserve for asset management companies	-11.8
- Liquidity in mutual funds business property companies	-0.5
<b>= Available liquidity</b>	<b>501.6</b>

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

# Full-year guidance of EUR 85.0-100.0m operating income confirmed

## HIGHLIGHTS

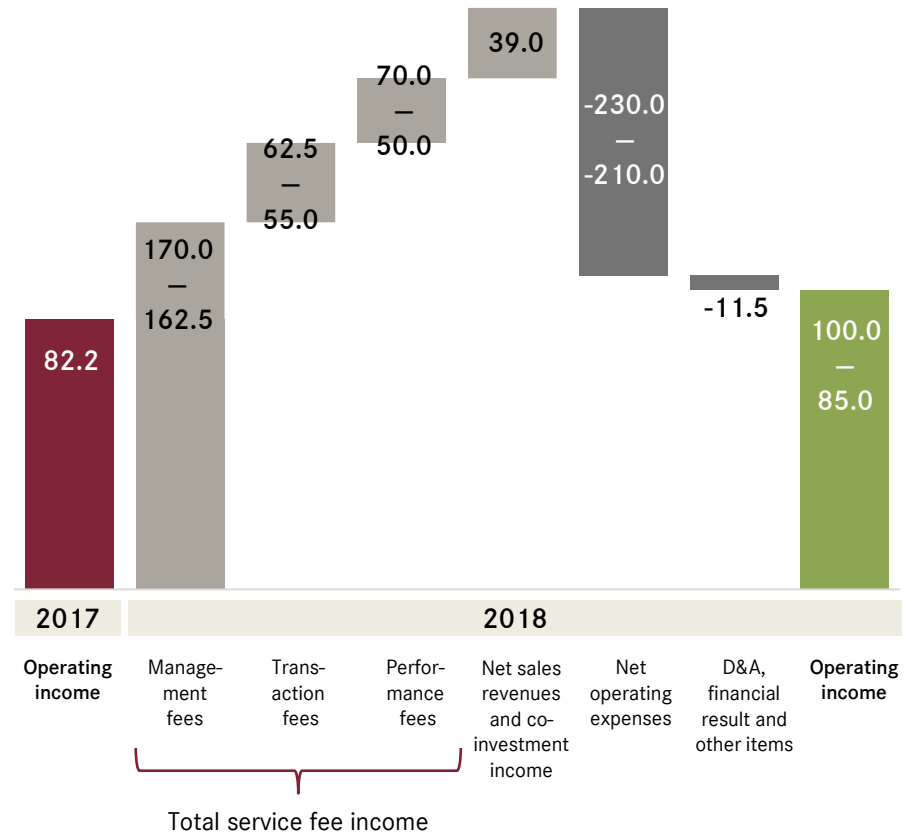
- Strong performance in Q1 2018 in line with company expectations
- Integration of corporate acquisitions well on track
  - | Consolidation of SPI and TRIUVA successfully completed
  - | Rockspring to be included in P&L from Q2 2018 onwards

## ASSUMPTIONS CONFIRMED

- Organic growth in AUM to reach between EUR 2.0-3.0bn
- Transaction market expected to pick up resulting in an annual transaction volume between EUR 4.5-6.5bn
- Total service fee income to range between EUR 267.5-302.5m

## INCOME BRIDGE FY 2018

(in EUR million)





# PATRIZIA – Investment Highlights

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- 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

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# Appendix

# Reconciliation of Operating Income

EUR k	Q1 2018	Q1 2017
<b>EBITDA</b>	<b>45,959</b>	<b>10,140</b>
Amortisation of other intangible assets <sup>1</sup> and software, depreciation of equipment	-2,183	-1,355
<b>EBIT</b>	<b>43,776</b>	<b>8,785</b>
Finance income/expenses	-1,315	-648
Result from currency translation	838	12
<b>EBT</b>	<b>43,299</b>	<b>8,149</b>
Amortisation of fund management contracts <sup>1</sup>	900	492
Realised changes in value of investment property (net)	-68	195
Reorganisation expenses	57	501
Expenses/income from unrealised currency translation	-1,474	-13
<b>OPERATING INCOME</b>	<b>42,714</b>	<b>9,324</b>

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

# Consolidated Income Statement

EUR k	Q1 2018	Q1 2017
Revenues	81,876	40,949
Income from the sale of investment property	306	164
Changes in inventories	-15,421	-4,798
Other operating income	1,372	6,114
<b>Total operating performance</b>	<b>68,133</b>	<b>42,429</b>
Cost of materials	-1,817	-3,410
Cost of purchased services	-2,520	-3,529
Staff costs	-26,636	-20,413
Other operating expenses	-16,329	-10,330
Income from participations	15,723	5,915
Earnings from companies accounted for using the equity method	9,461	44
Cost from the deconsolidation of subsidiaries	0	-65
<b>EBITDAR</b>	<b>46,015</b>	<b>10,641</b>
Reorganisation expenses	-57	-501
<b>EBITDA</b>	<b>45,958</b>	<b>10,140</b>
Amortisation of other intangible assets and software, depreciation of property, plant and equipment	-2,183	-1,355
<b>Earnings before interest and taxes (EBIT)</b>	<b>43,775</b>	<b>8,785</b>
Financial income	259	202
Financial expenses	-1,574	-850
Result from currency translation	838	12
<b>Earnings before taxes (EBT)</b>	<b>43,298</b>	<b>8,149</b>
Income taxes	-10,231	-2,279
<b>Net profit for the period</b>	<b>33,067</b>	<b>5,870</b>

# Consolidated Statement of Financial Position | Assets

<b>ASSETS</b>		
EUR k	31.03.2018	31.12.2017
<b>A. Non-current assets</b>		
Difference amount before purchase price allocation	304,421	0
Goodwill	12,623	7,366
Other intangible assets	34,313	35,224
Software	11,901	11,207
Investment property	15,843	15,979
Equipment	6,680	4,483
Participations in associated companies	98,544	88,905
Participations	442,781	89,114
Non-current borrowings and other loans	24,569	23,291
Non-current tax assets	0	0
Deferred taxes	6,033	331
<b>Total non-current assets</b>	<b>957,708</b>	<b>275,900</b>
<b>B. Current assets</b>		
Inventories	105,938	99,791
Securities	5,010	5,010
Current tax assets	8,145	9,098
Current receivables and other current assets	285,908	479,920
Cash and cash equivalents	385,173	382,675
<b>Total current assets</b>	<b>790,174</b>	<b>976,494</b>
<b>TOTAL ASSETS</b>	<b>1,747,882</b>	<b>1,252,394</b>

# Consolidated Statement of Financial Position | Equity and Liabilities

<b>EQUITY AND LIABILITIES</b>		
<b>EUR k</b>	<b>31.03.2018</b>	<b>31.12.2017</b>
<b>A. Equity</b>		
Share capital	89,555	89,555
Capital reserves	129,545	129,545
Retained earnings		
Legal reserves	505	505
Currency translation difference	-10,640	-11,586
Revaluation reserve according to IFRS 9	237	0
Consolidated unappropriated profit	876,886	546,682
Non-controlling interests	6,287	1,691
<b>Total equity</b>	<b>1,092,375</b>	<b>756,392</b>
<b>B. Liabilities</b>		
Deferred tax liabilities	67,173	15,833
Long-term financial derivatives	0	0
Retirement benefit obligations	22,638	776
Non-current bank loans	0	0
Bonded loans	300,000	300,000
Non-current liabilities	8,439	9,062
<b>Total non-current liabilities</b>	<b>398,250</b>	<b>325,671</b>
Short-term bank loans	22,762	0
Bonded loans	17,000	22,000
Other provisions	16,709	16,083
Current liabilities	152,527	93,123
Tax liabilities	48,259	39,125
<b>Total current liabilities</b>	<b>257,257</b>	<b>170,331</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,747,882</b>	<b>1,252,394</b>

# Financial Calendar

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2018

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May 17 ➤ Quarterly Statement for the first quarter of 2018

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June 20 ➤ Annual General Meeting, Augsburg

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August 7 ➤ Interim Report for the first half of 2018

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

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Invitations and dial-in numbers are provided in advance.

To stay informed, visit [www.patrizia.ag](http://www.patrizia.ag)

# Contact

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**KARIM BOHN**  
CFO



PATRIZIA Immobilien AG  
PATRIZIA Bürohaus  
Fuggerstrasse 26  
86150 Augsburg  
Germany

**MARTIN PRAUM**  
GROUP HEAD OF IR



T +49 821 50910-402  
F +49 821 50910-399  
M +49 151 19685445  
[martin.praum@patrizia.ag](mailto:martin.praum@patrizia.ag)

**LAURA WANZL**  
MANAGER IR



T +49 821 50910-347  
F +49 821 50910-399  
M +49 151 41411174  
[laura.wanzl@patrizia.ag](mailto:laura.wanzl@patrizia.ag)

**VERENA SCHOPP DE  
ALVARENGA**  
MANAGER IR



T +49 821 50910-351  
F +49 821 50910-399  
[verena.schoppdealvarenga@patrizia.ag](mailto:verena.schoppdealvarenga@patrizia.ag)

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