

# PATRIZIA

The global provider of European real estate

FY 2017 Results Presentation

15 March 2018



# 2017 was outstanding in terms of organic and inorganic performance

## HIGHLIGHTS

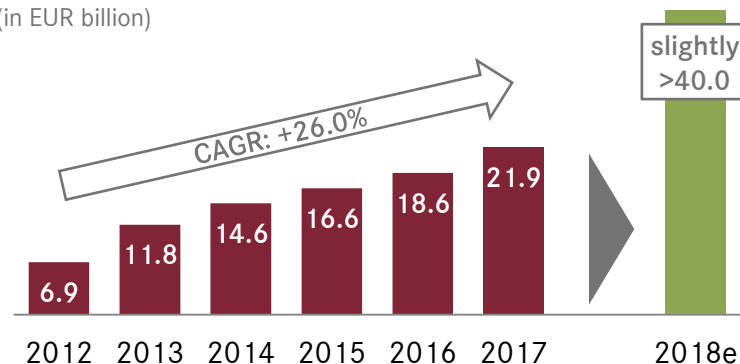
- AUM growth of EUR 2.2bn organic vs. target of EUR 2.0bn; total AUM growth of EUR 3.3bn including acquisition of SPI
- Operating income up 13.8% from EUR 72.2m\* in 2016 to EUR 82.2m in 2017
- Further strong growth of operating income expected in 2018 with EUR 85.0m to EUR 100.0m
- Dividend of EUR 0.25 per share or equivalent in shares to be paid to shareholders

## ACQUISITIONS IN DETAIL



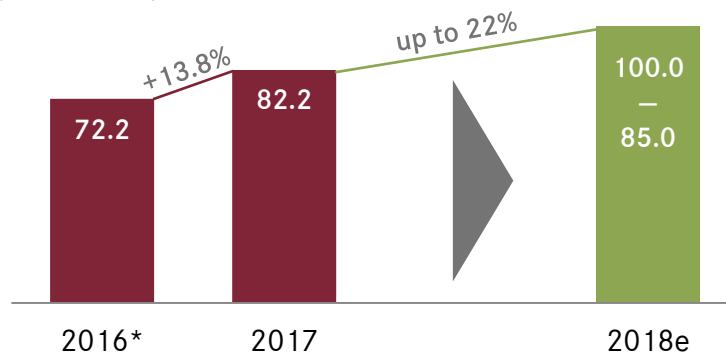
## ASSETS UNDER MANAGEMENT

(in EUR billion)



## OPERATING INCOME

(in EUR million)



\* Adjusted for Harald portfolio; \*\* Closing expected on or before 31 March 2018

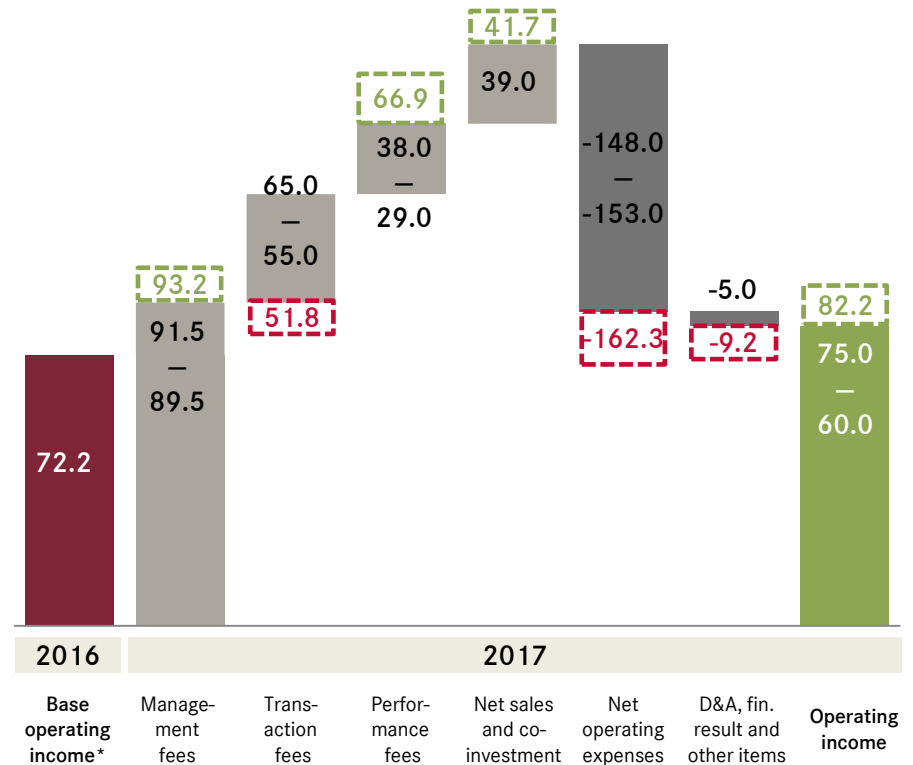
# Strong performance fees result in outperformance of guidance

## OPERATING INCOME OF EUR 82.2M

- Actual result significantly exceeds initial guidance (EUR 60.0-75.0m) and revised forecast (slightly above EUR 75.0m)
- Superior returns achieved for investors lead to materially higher performance fees totalling EUR 66.9m
- Management fees increased to EUR 93.2m despite the fact that Property Management fees\*\* were no longer recognised in 2017
- Higher performance and management fees overcompensate lower transaction fees and higher due diligence costs

## INCOME BRIDGE

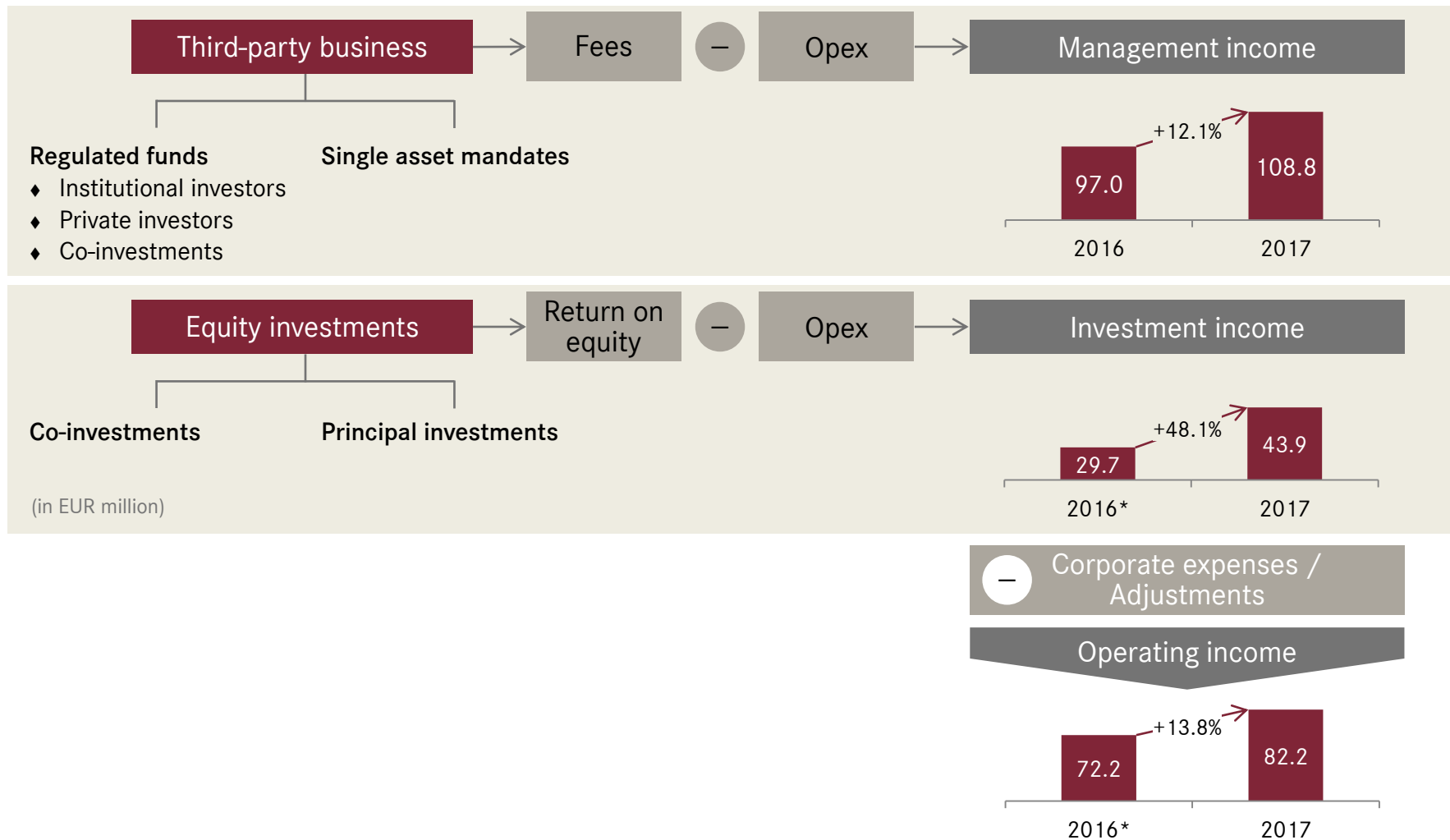
(in EUR million)



    Reported vs. guidance

\* Adjusted for non-recurring effects like Harald and SÜDEWO; \*\* 2016 excluding property management fees of around EUR 10.5m due to sale of Property Management in early 2017

# 2017 results confirm sustainable earnings growth



\* Adjusted for Harald portfolio

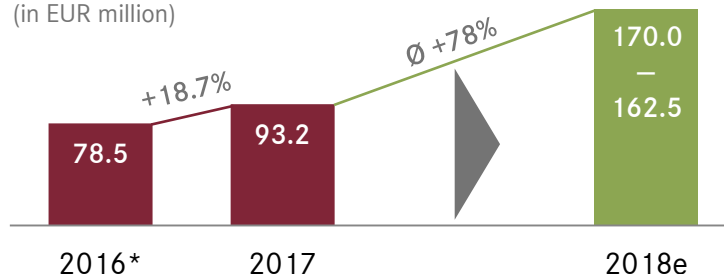
# Pan-European platform drives diversified income streams

## STEADILY GROWING MANAGEMENT FEES

- Management fees up 18.7% excluding or 4.7% including property management fees\*
- Progressive increase in management fees demonstrates the reliability and scalability of PATRIZIA's integrated investment management platform
- Total service fee income up 12.4% to EUR 211.9m
- The consolidation of TRIUVA and Rockspring in 2018 will further accelerate growth of recurring fee income

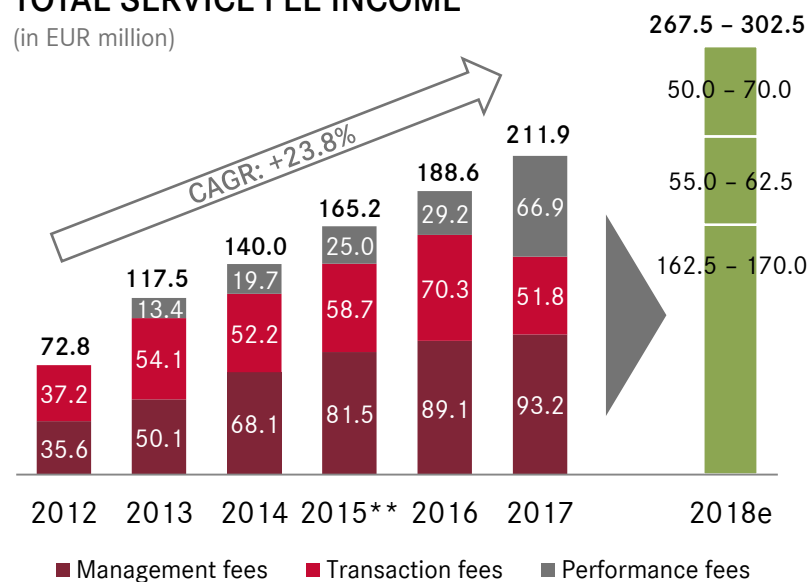
## MANAGEMENT FEES

(in EUR million)



## TOTAL SERVICE FEE INCOME

(in EUR million)



\* 2016 excluding property management fees of around EUR 10.5m due to sale of Property Management in early 2017; \*\* 2015 excluding SÜDEWO exit performance fee

# PATRIZIA consistently shows strong deal sourcing capabilities

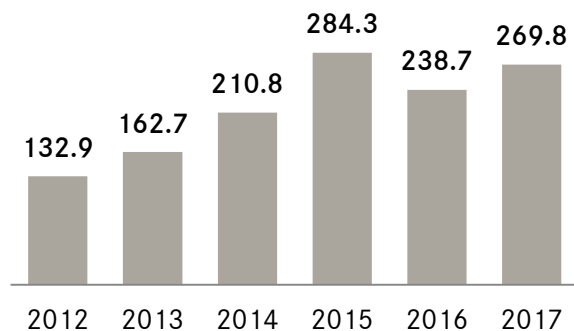
## TRANSACTION FEES OF EUR 51.8M

- Transactions worth EUR 6.0bn completed in 2017, an increase of 17.2% on 2016
- EUR 3.5bn acquisitions and EUR 2.5bn sales
- In 2017 certain portion of transaction fees were replaced by performance fees

## EUROPEAN\* TRANSACTION VOLUME

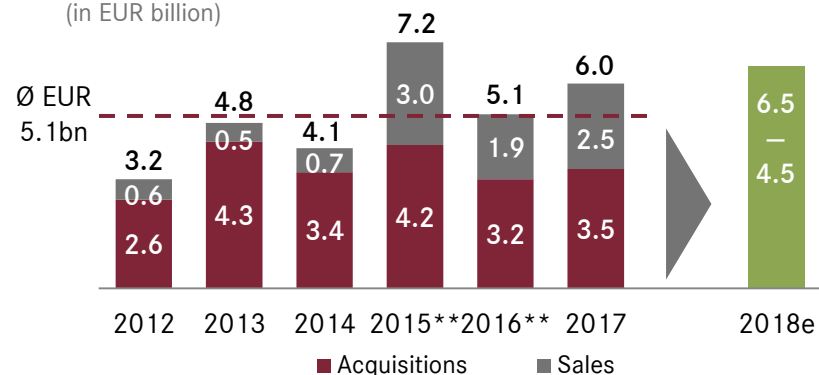
(in EUR billion)

- Transaction activity across all sectors remains high



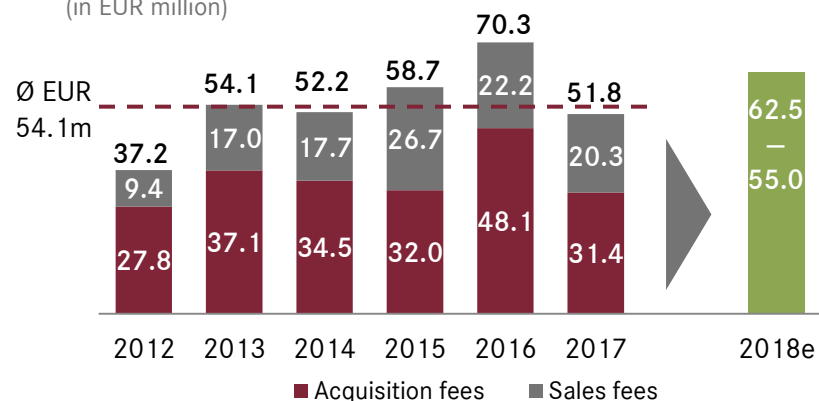
## TRANSACTION VOLUME

(in EUR billion)



## TRANSACTION FEES

(in EUR million)



\* Europe excl. Eastern Europe and Greece; Source: RCA

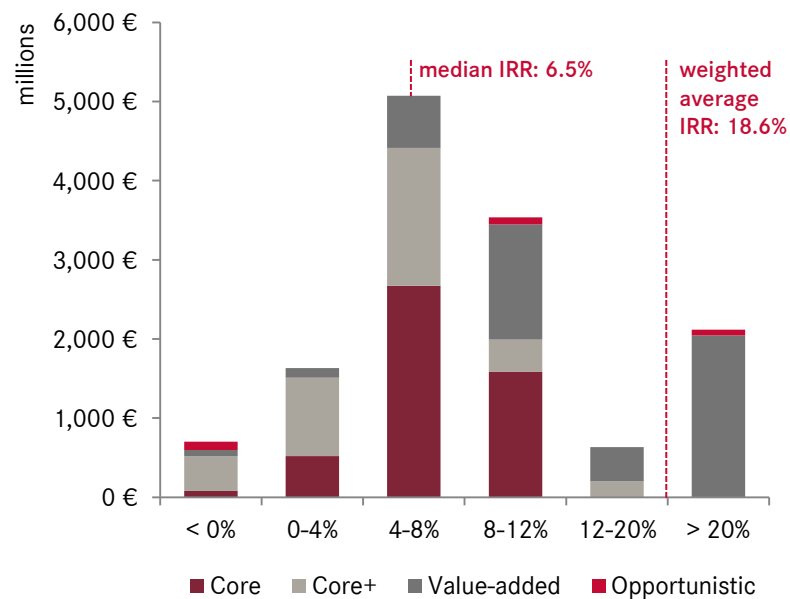
\*\* 2016 transaction volume includes sale of Harald portfolio worth EUR 1.1bn; 2015 includes sale of SÜDEWO and acquisition of Harald portfolio totalling EUR 2.5bn

# Performance fees emphasise PATRIZIA's track record

## SUPERIOR RETURNS FOR INVESTORS TRANSLATE INTO ATTRACTIVE PERFORMANCE FEES

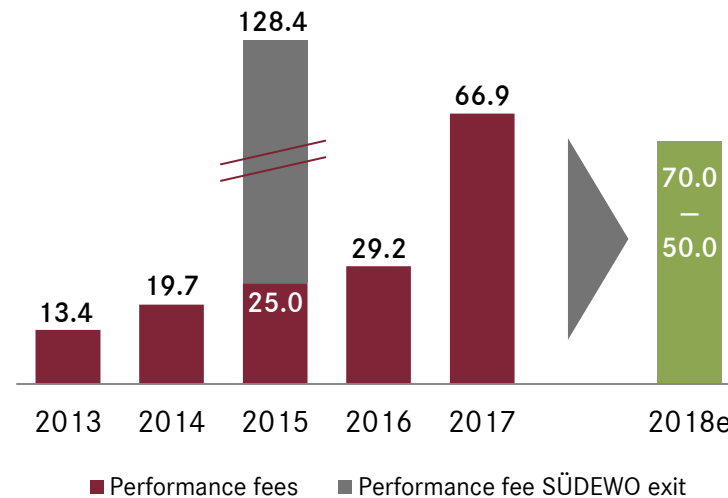
- Performance fees of EUR 66.9m in 2017 emphasise PATRIZIA's asset management capabilities and investment track record (weighted average IRR of 18.6%)
- Investment funds generate performance fees upon exceeding pre-determined return hurdles

### DISTRIBUTION OF NET IRRS BY INVESTED CAPITAL\*



### PERFORMANCE FEES

(in EUR million)



\* Information as at Q4 2017; 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 and fees

# PATRIZIA continues to be well positioned for further growth

- Strong balance sheet ratios and capital structure to facilitate further profitable growth
- Total available liquidity amounts to EUR 576m as at 31.12.2017; including the acquisition of Rockspring (closing expected end of Q1/18), still ample available liquidity of approx. EUR 450m
- Increase in shareholder value and high degree of financial discipline remain priorities

## Strong Balance Sheet

in EUR million	31.12.2017
Total assets	1,252.4
Equity (excl. minorities)	754.7
<b>Equity ratio</b>	<b>60.3%</b>
Bank loans	0
Bonded loans	322.0
- Cash and cash equivalents	382.7
- Deposits and securities	202.0
<b>= Net cash</b>	<b>-262.7</b>
<b>Net equity ratio</b>	<b>81.1%</b>

## Significant Liquidity

in EUR million	31.12.2017
<b>Bank balances, cash and deposits</b>	<b>584.7</b>
- Regulatory reserve for asset management companies	-8.4
- Liquidity in mutual funds business property companies	0.1
<b>= Available liquidity</b>	<b>576.2</b>



# For 2018, operating income of EUR 85.0m to EUR 100.0m expected

## ASSUMPTIONS

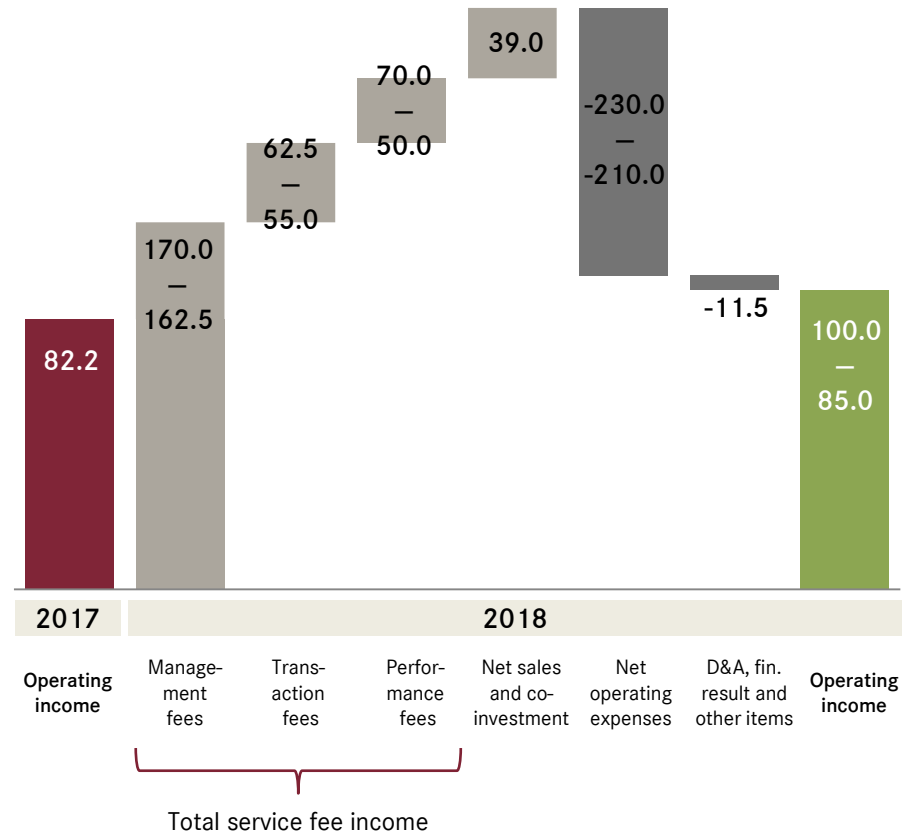
- Consolidation of TRIUVA as at 1 January; Rockspring to contribute roughly three quarters
- Organic growth in AUM between EUR 2.0bn and EUR 3.0bn
- Transaction market expected to remain active resulting in a transaction volume between EUR 4.5bn and EUR 6.5bn

## HIGHLIGHTS

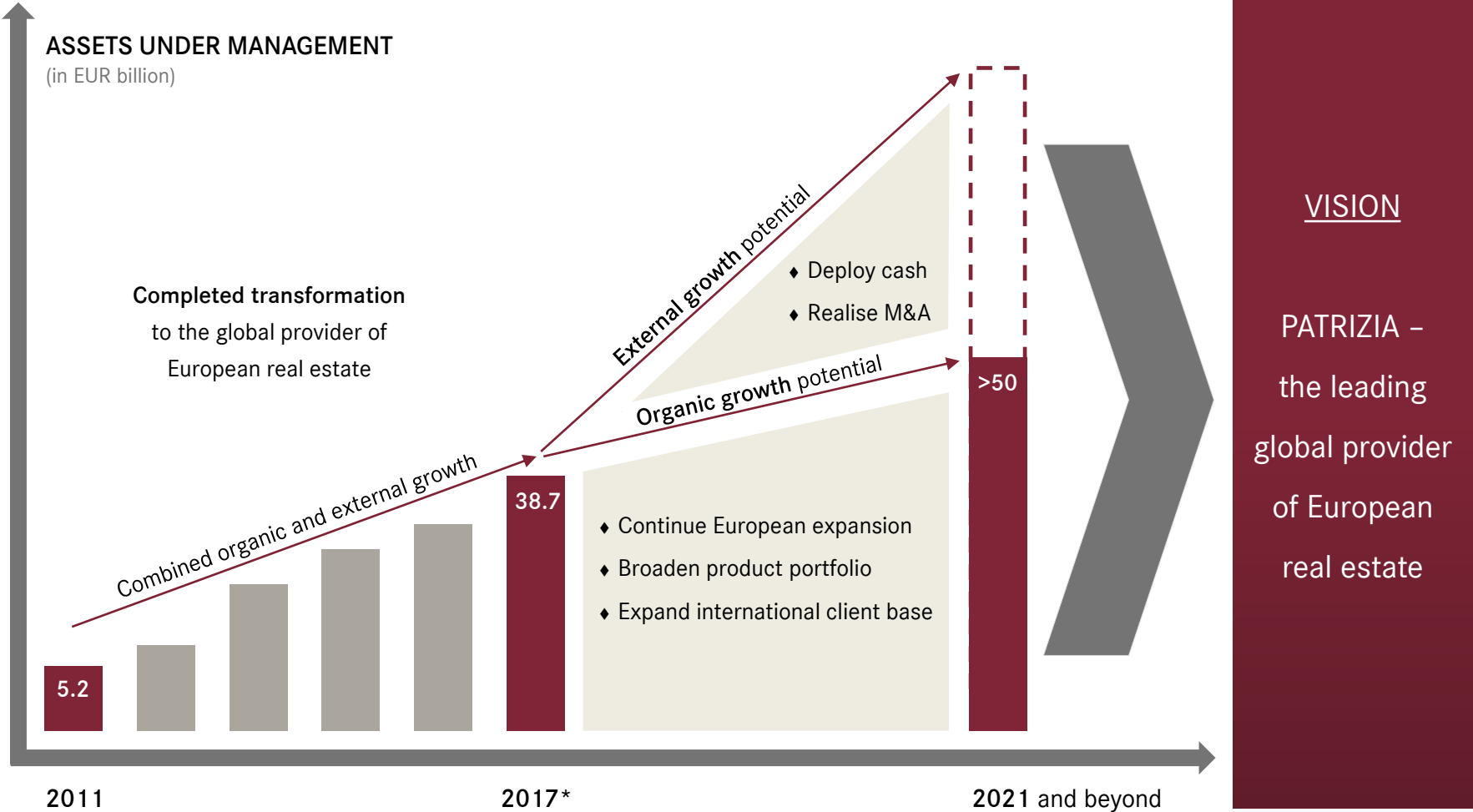
- TRIUVA and Rockspring to contribute strongly to management fee growth and scalability
- Total service fee income to range between EUR 267.5m and EUR 302.5m

## INCOME BRIDGE

(in EUR million)



# PATRIZIA's strategic bridge to the future



\* PATRIZIA, SPI as at 31.12.2017; TRIUVA, Rockspring pro-forma at the time of the announcement of the acquisition

# 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 thousand	2017	2016 <sup>1</sup>
<b>EBITDA</b>	<b>95,788</b>	<b>56,236</b>
Amortisation of other intangible assets <sup>2</sup> and software, depreciation of equipment	-8,681	-6,134
<b>EBIT</b>	<b>87,107</b>	<b>50,102</b>
Finance income/expenses	-4,232	-2,523
Result from currency translation	-2,747	-5,644
<b>EBT</b>	<b>80,128</b>	<b>41,935</b>
+ Amortisation of other intangible assets <sup>2</sup>	4,939	1,968
- Value change in investment property	-6,748	-431
Realised changes in value of investment property (net)	386	1,529
Reorganisation expenses	2,330	20,406
Expenses/income from unrealised currency translation	1,150	6,812
<b>OPERATING INCOME</b>	<b>82,185</b>	<b>72,219</b>

<sup>1</sup> Adjusted for Harald portfolio; <sup>2</sup> Fund management contracts that have been transferred in the course of the acquisition of PATRIZIA GewerbeInvest KVG mbH

# Consolidated Income Statement FY 2017

EUR thousand	2017	2016*
Revenues	249,574	325,417
Income from the sale of investment property	691	1,542
Changes in inventories	-39,909	-115,133
Other operating income	17,294	9,903
Income from the deconsolidation of subsidiaries	1	5,187
<b>Total operating performance</b>	<b>227,651</b>	<b>226,916</b>
Cost of materials	-17,450	-27,708
Cost of purchased services	-11,450	-14,832
Staff costs	-87,071	-87,292
Changes in value of investment property	6,748	431
Other operating expenses	-82,228	-61,191
Income from participations	49,315	32,667
Earnings from companies accounted for using the equity method	13,353	7,651
Cost from the deconsolidation of subsidiaries	-750	0
<b>EBITDAR</b>	<b>98,118</b>	<b>76,642</b>
Reorganisation expenses	-2,330	-20,406
<b>EBITDA</b>	<b>95,788</b>	<b>56,236</b>
Amortisation of other intangible assets and software, depreciation of property, plant and equipment	-8,681	-6,134
<b>Earnings before interest and taxes (EBIT)</b>	<b>87,107</b>	<b>50,102</b>
Financial income	914	2,682
Financial expenses	-5,146	-5,204
Result from currency translation	-2,747	-5,644
<b>Earnings before taxes (EBT)</b>	<b>80,128</b>	<b>41,936</b>
Income taxes	-21,230	-14,193
<b>Consolidated net profit</b>	<b>58,898</b>	<b>27,743</b>

\* Adjusted for Harald portfolio

# Consolidated Statement of Financial Position – Assets

<b>ASSETS</b>		
EUR thousand	31.12.2017	31.12.2016
<b>A. Non-current assets</b>		
Goodwill	7,366	610
Other intangible assets	35,224	35,416
Software	11,207	10,772
Investment property	15,979	12,226
Equipment	4,483	4,460
Participations in associated companies	88,905	85,923
Participations	89,114	102,033
Non-current borrowings and other loans	23,291	7,015
Non-current tax assets	0	35
Deferred taxes	331	323
<b>Total non-current assets</b>	<b>275,900</b>	<b>258,813</b>
<b>B. Current assets</b>		
Inventories	99,791	182,931
Securities	5,010	44
Current tax assets	9,098	11,941
Current receivables and other current assets	479,920	99,311
Cash and cash equivalents	382,675	440,219
<b>Total current assets</b>	<b>976,494</b>	<b>734,446</b>
<b>TOTAL ASSETS</b>	<b>1,252,394</b>	<b>993,259</b>

# Consolidated Statement of Financial Position – Equity and Liabilities

EQUITY AND LIABILITIES		
EUR thousand	31.12.2017	31.12.2016
<b>A. Equity</b>		
Share capital	89,555	83,956
Capital reserves	129,545	184,005
Retained earnings		
Legal reserves	505	505
Non-controlling interests	1,691	1,691
Currency translation difference	-11,586	-10,803
Consolidated unappropriated profit	546,682	491,679
<b>Total equity</b>	<b>756,392</b>	<b>751,033</b>
<b>B. Liabilities</b>		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	15,833	17,992
Long-term financial derivatives	0	0
Retirement benefit obligations	776	648
Bonded loans	300,000	22,000
Non-current liabilities	9,062	6,866
<b>Total non-current liabilities</b>	<b>325,671</b>	<b>47,506</b>
CURRENT LIABILITIES		
Short-term bank loans	0	53,200
Bonded loans	22,000	5,000
Other provisions	16,083	27,627
Current liabilities	93,123	75,343
Tax liabilities	39,125	33,550
<b>Total current liabilities</b>	<b>170,331</b>	<b>194,720</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,252,394</b>	<b>993,259</b>



# Acquisition #1: SPI – Closing of transaction on 12 October 2017

**Sparinvest**  
Property Investors

as of 2018 rebranded as  
**PATRIZIA Multi Managers  
(PMM)**

## COMPANY



### BASED IN COPENHAGEN WITH GLOBAL REACH

12 years of experience across the World within real estate fund of funds

## INVESTORS



### NORDIC INSTITUTIONAL INVESTOR BASE

9 of the 15 largest institutional Danish investors

## PRODUCTS



### REAL ESTATE FOCUSED FUND OF FUNDS

Global real estate fund of funds investment managers in the small- and mid-cap segment



### SOLID TRACK RECORD

Superior returns vs. benchmarks INREV, NCREIF, ANREV



### FOCUSED STRATEGY

A leading global real estate fund of funds investment managers in the small- and mid-cap segment

## KEY FACTS



1

Office

11

Employees

3

Continents

21

Investors

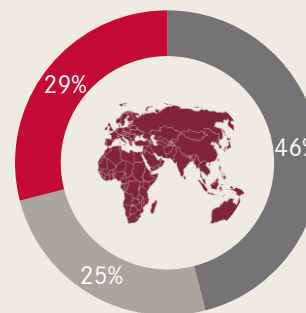
4

Funds

1.1

AUM (EUR bn)

## GEOGRAPHICAL FOOTPRINT



■ Americas

■ Europe

■ Asia

# Acquisition #2: TRIUVA – Closing of transaction on 1 January 2018

## TRIUVA

### COMPANY



#### EUROPEAN PLATFORM

More than 40 years of experience across Europe within real estate

### INVESTORS



#### POWERFUL INSTITUTIONAL INVESTOR BASE

More than 80 German speaking institutional investors and successfully attracting Asian capital

### PRODUCTS



#### REAL ESTATE CORE (EUR 6.6bn AUM)

Real estate investments, mostly office and retail in Europe



#### REAL ESTATE EXTENDED (EUR 0.8bn AUM)

Funds for special real estate strategies in logistics and healthcare



#### CAVERNS (EUR 2.2bn AUM)

Infrastructure investments in caverns, qualifying as RE investment



#### LIQUIDATION (EUR 0.2bn AUM)

Legacy funds, earmarked for liquidation within 2017

### KEY FACTS



11

Countries

15

Offices

80

Investors

200

Employees

9.8\*

AUM (EUR bn)

40

Funds

\* Pro-forma at the time of the announcement of the acquisition, including fund of funds business and liquidity within the funds

# Acquisition #3: Rockspring – Closing expected end of Q1 2018



## COMPANY

**LONDON HEADQUARTER AND EUROPEAN PLATFORM**  
More than 30 years of experience across Europe within real estate

## INVESTORS

**GLOBAL INSTITUTIONAL INVESTOR BASE**  
32% of investors outside Europe, 31% UK and no German investors

## FUND MANAGEMENT CENTERED

**100% COMMERCIAL REAL ESTATE FOCUS**  
Pure commercial real estate investment focus, 52% retail

**DISCRETIONARY MANDATES AND SEPARATE ACCOUNTS**

- ◆ Trans European Property series (approx. 20%)
- ◆ Hanover & Pan-European (approx. 16%)
- ◆ UK Value series (approx. 10%)

**VALUE ADD AND CORE MANATES**

- ◆ 43% Value add/Core+
- ◆ 57% Core/Core+

## KEY FACTS



7	110	7
Offices	Employees	Countries
>120	12	7.0*
Investors	Funds	AUM (EUR bn)

## INVESTOR BASE



68%

n.a.

31%

## EUROPE

Germany

UK



32%

27%

5%

## REST OF WORLD

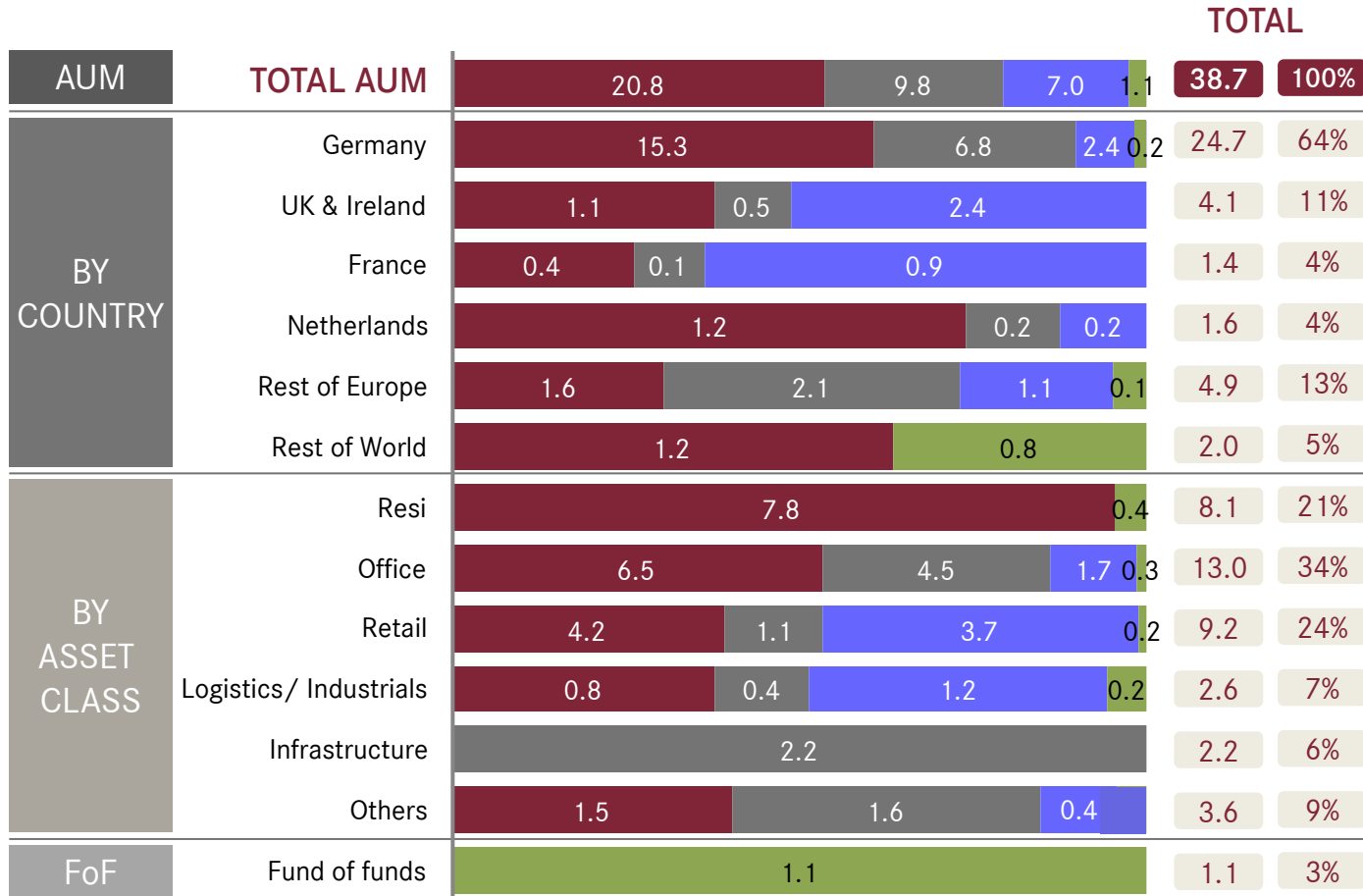
APAC

North America

\* Pro-forma at the time of the announcement of the acquisition

# Following the acquisitions, PATRIZIA doubles AUM to EUR 39bn

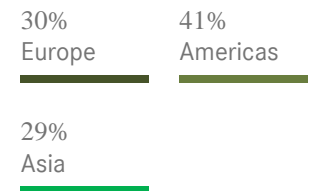
Combined Assets under Management (EUR bn)



## LEGEND



## Sparinvest Property Investors AUM



PATRIZIA, SPI as at 31.12.2017; TRIUVA, Rockspring pro-forma at the time of the announcement of the acquisition

# Acquisitions provide access to new investors, markets and products

## Key additions to PATRIZIA



### INVESTOR BASE



### MARKET COVERAGE



### PRODUCTS

TRIUVA

Strengthening existing investor base in DACH region

Supporting coverage European markets and new offices in Dusseldorf, Brussels, Milan, Warsaw, Stockholm & Vienna

Expanding product coverage to adjacent infrastructure asset class and offering all investors clear flagship vehicles



Increasing global investor base, particularly in Asia and North America

Establishing new investment hub in London and strengthening pan-European presence

Adding capabilities in managing discretionary capital  
Expanding value-add capabilities



Providing access to majority of leading Danish institutional investors

Enabling growth in overseas real estate markets  
Providing market insight through network of asset managers

Expanding product coverage to fund-of-funds business

Transition from DACH dominated to global investor base while consolidating DACH market position

Extension of pan-European market coverage  
Establishment of foothold in overseas real estate markets

Enhancement of existing product coverage  
Addition of discretionary capital, infrastructure and fund-of-funds capabilities

# Financial Calendar

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2018

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March 15 ➤ **Financial Statements 2017**

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May 9 ➤ **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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Conference calls about financial reports are usually held at 3 pm CET.  
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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