

# STRONGER

FOR CLIENTS AND SHAREHOLDERS

Results Presentation

FY 2019 | 19 March 2020

# Stronger for clients and shareholders

Structural growth opportunities and a defensive business model

1

## Leading

PATRIZIA is a Top-10 pan-European real estate investment manager

2

## Structural growth market

PATRIZIA will benefit from market growth in real estate investment management

3

## At the forefront of market changes

Strategy 2023<sup>1</sup> strengthens platform via new products, innovation & digitalisation

4

## Stable & reliable partner

Predictable earnings, long-term oriented business model & a rock solid balance sheet

<sup>1</sup> Our aspiration for the next 3 – 5 years

# Real estate investment management market is growing

We are benefiting from the structural growth market for real estate investment management

## Demographic change

Aging population threatens conventional pension systems



Our clients' capital is growing

## Lower for longer

Low interest rate environment is here to stay



Increasing allocations to real estate

## Consolidation

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

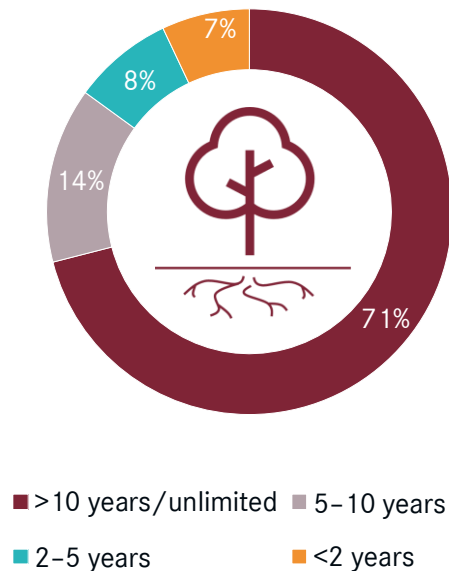


Clients reduce number of investment managers

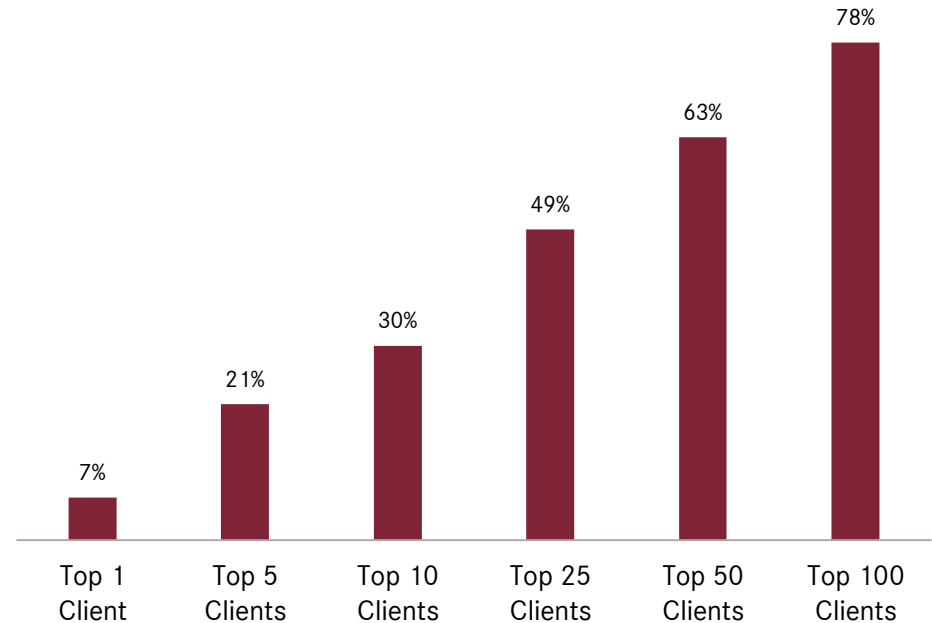
# Predictable management fees and diversified client base

71% of our AUM have a maturity of more than 10 years

Maturity breakdown of AUM<sup>1</sup>



Equity commitments by clients<sup>2</sup>




<sup>1</sup> Data as at FY 2019 based on legal maturities of fund structures | <sup>2</sup> Data as at FY 2019 based on total equity commitments of active vehicles

# Leading capital raising activity in the market

PATRIZIA has invested significantly in its capital raising capabilities over the past years and is now reaping the rewards

**73%** 

of equity raised from existing clients

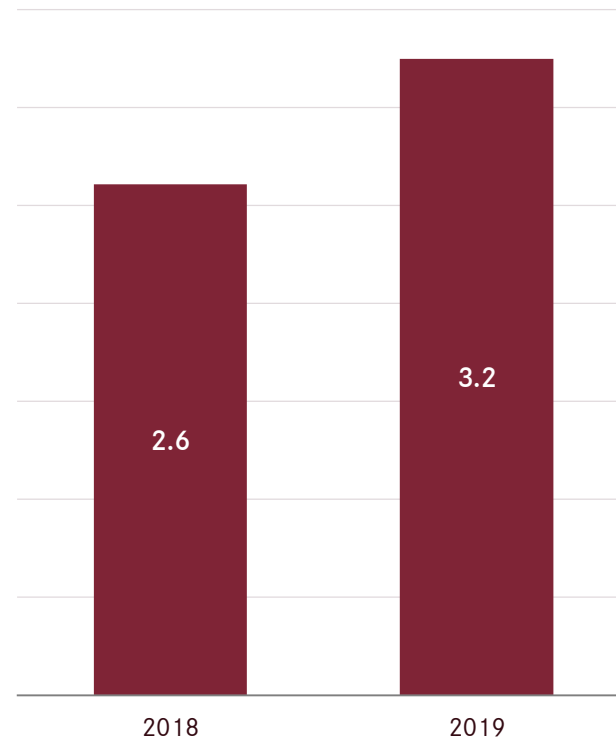
**3.2bn** 

of equity raised up 24.6% y-o-y

**>20** 

new institutional investors bringing the total to >400

New equity entrusted to PATRIZIA | EUR bn



# Highlights

Financial outperformance 2019 and guidance for 2020 confirm further improved earnings quality

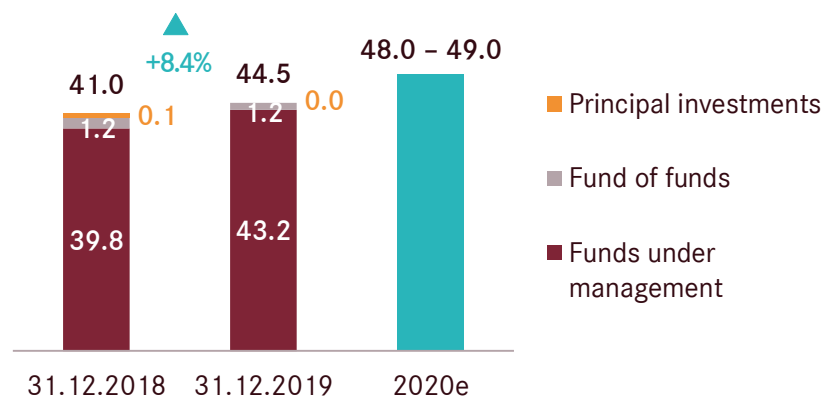
## FY 2019

- **Assets under management (AUM)** up 8.4%<sup>1</sup> to EUR 44.5bn y-o-y increasing **management fees** to EUR 190.9m (+8.8%)
- **Equity raised** up 24.6% to EUR 3.2bn, total **number of domestic and international institutional clients** climbs to above 400
- **Total service fee income** growth to EUR 348.0m (+8.7%) compensated for lower income from the sale of phase-out principal investments (EUR 13.0m in FY 2019 vs EUR 22.9m in FY 2018)
- **Operating income** of EUR 134.5m with further improved earnings quality, slightly reduced y-o-y in line with expectations and ahead of guidance range of EUR 120.0 – 130.0m
- **Dividend proposal** of EUR 0.29 per share, i.e. 7.4% growth y-o-y, second dividend increase in a row

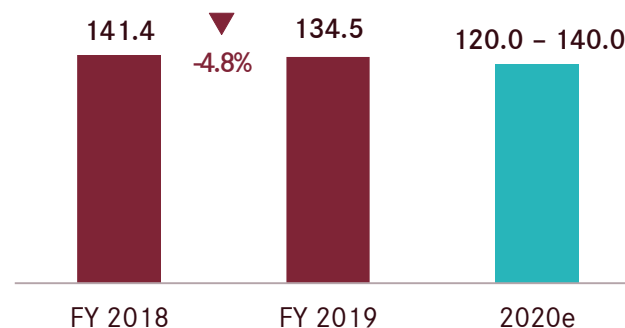
## Full-year guidance 2020

- **Guidance for FY 2020** implies further improved earnings quality with continued organic growth in total service fee income and strategic phase out of income from the sale of principal investments
- **Organic net AUM growth** of EUR 3.5 – 4.5bn (i.e. 7.5% – 10.0%) to between EUR 48.0 – 49.0bn
- **Operating income** guidance of EUR 120.0 – 140.0m

## Assets under management | EUR bn



## Operating income | EUR m



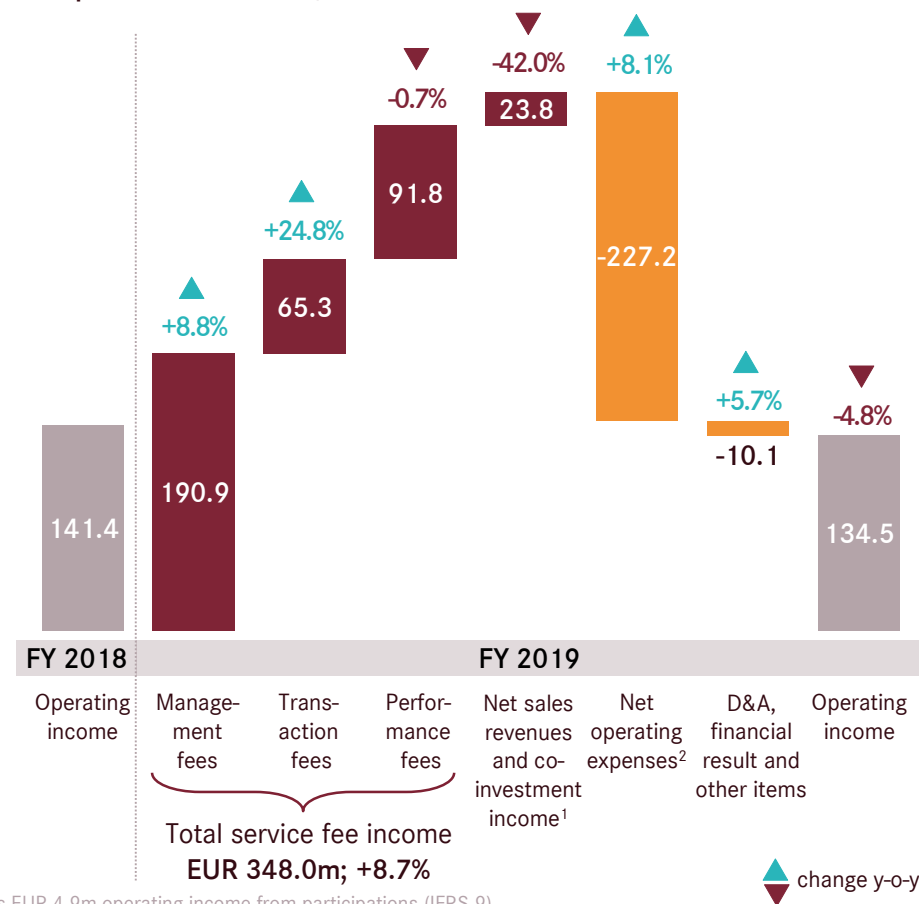
<sup>1</sup> All percentage rates in this presentation refer to the comparable period of the previous year, unless stated otherwise

# Operating income

Strong operating income of EUR 134.5m with further improved earnings quality

- **Total service fee income** up 8.7% to EUR 348.0m (FY 2018: EUR 320.2m) due to:
  - Strong **management fees** with 8.8% growth y-o-y due to organic growth of AUM
  - **Transaction fees** significantly up to EUR 65.3m (+24.8%)
  - **Performance fees** stable on high level at EUR 91.8m (-0.7% y-o-y) due to strong outperformance generated for our clients
  - **Net sales revenues and co-investment income**<sup>1</sup> of EUR 23.8m down y-o-y in line with strategic transformation:
    - **Principal investments** contributed EUR 13.0m after EUR 22.9m in FY 2018 due to lower disposal volume of phase-out principal investments
    - **Co-investments** contributed EUR 10.8m after extraordinary strong EUR 18.1m in FY 2018
- **Net operating expenses**<sup>2</sup> up 8.1%, adjusted for non-capitalized technology expenses of EUR 7.6m up 4.5%, well below the growth rate of management fees (+8.8%) and total service fee income (+8.7%)

Composition FY 2019 | EUR m



<sup>1</sup> Including EUR 4.0m realised changes in value from the sale of investment property as well as EUR 4.9m operating income from participations (IFRS 9)

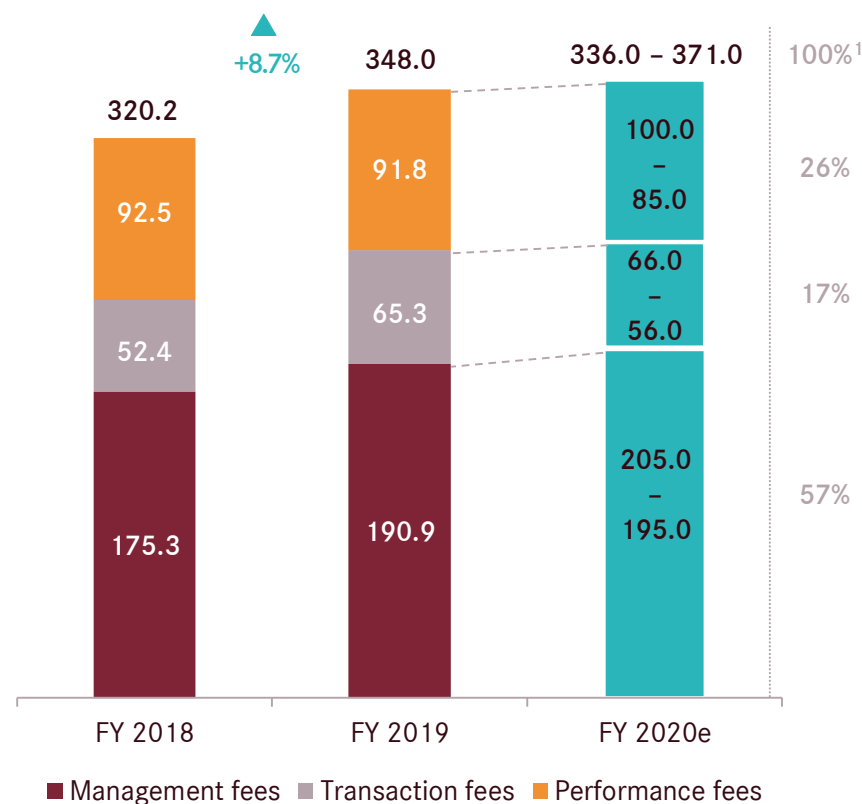
<sup>2</sup> Inter alia netted against other operating income of EUR 14.6m

# Total service fee income

PATRIZIA continues to grow while still delivering superior investment performance for clients

- **Total service fee income** up 8.7% to EUR 348.0m driven by:
  - Organic growth in assets under management and superior transaction and investment performance for clients
- **Management fees** up 8.8% to EUR 190.9m due to organic growth in assets under management
  - Recurring management fees contributed 54.8% to total service fee income
  - Fees are partly included in revenues (EUR 181.4m) and partly in income from participations (EUR 9.5m)
- Strong **transaction fees** of EUR 65.3m (+24.8%) from strong outperformance of European transaction market
  - Acquisition fees: EUR 41.4m vs disposal fees: EUR 23.9m
- **Performance fees** of EUR 91.8m partly included in:
  - Revenues (EUR 73.6m)<sup>2</sup>
  - Income from participations (EUR 18.3m)
- **Guidance for FY 2020:**
  - **Total service fee income** of EUR 336.0m – EUR 371.0m

Total service fee income | EUR m



<sup>1</sup> At mid-point of guidance range

<sup>2</sup> Excluding EUR 9.2m in performance fees from label funds

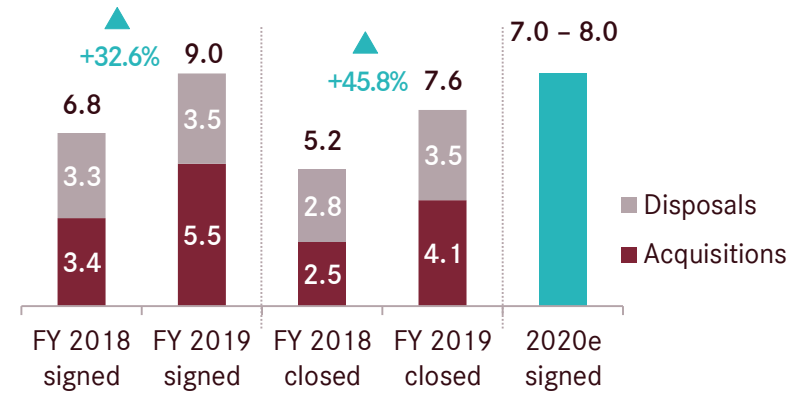


# Transaction fees

Strong outperformance of the market confirms unique market access of PATRIZIA platform

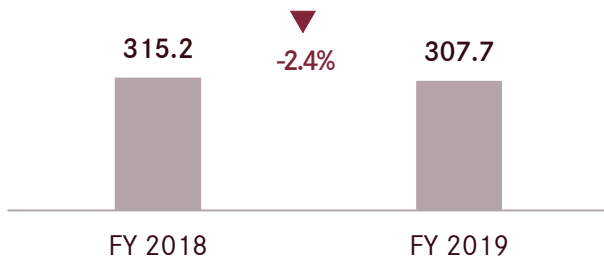
- **Strong outperformance** of European transaction market – PATRIZIA signed transaction volume of EUR 9.0bn (+32.6% vs -2.4% for the European transaction market)
- For several transactions that were signed in Q4 2019 closing is expected to follow/already followed in Q1 2020

Transaction volume (signed/closed) | EUR bn

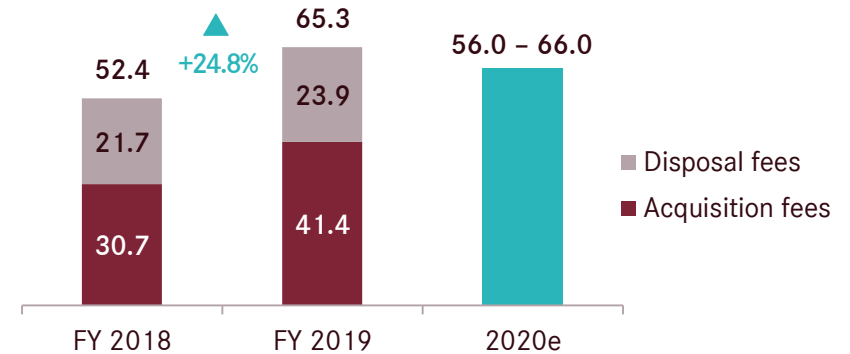


European transaction volume | EUR bn<sup>1</sup>

- Lower transaction activity across all sectors



Transaction fees | EUR m

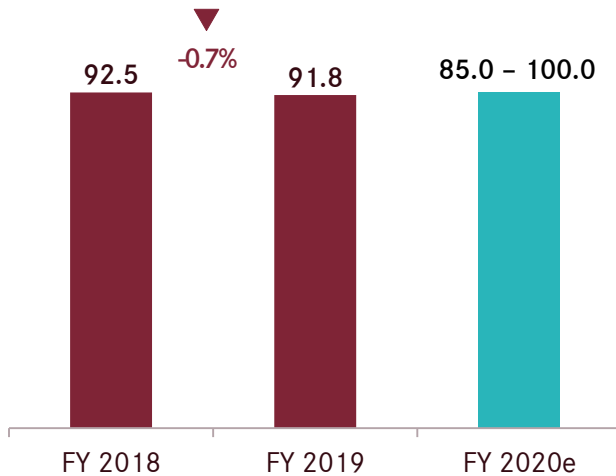


<sup>1</sup> Source: PATRIZIA, RCA All Property

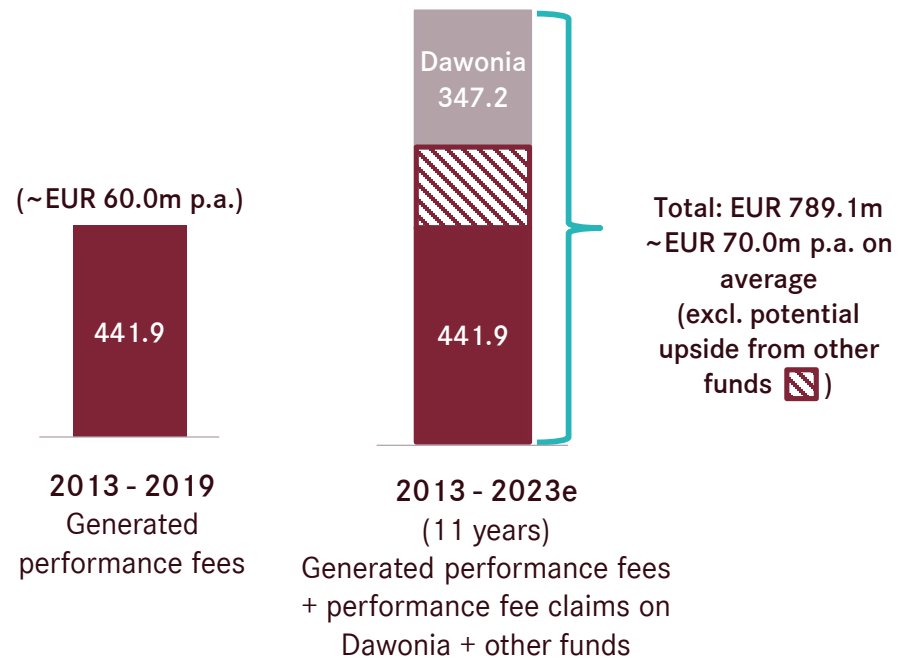
# Performance fees

Superior returns for clients translate into attractive performance fees

Performance fees | EUR m



Performance fee pool<sup>1</sup> | EUR m



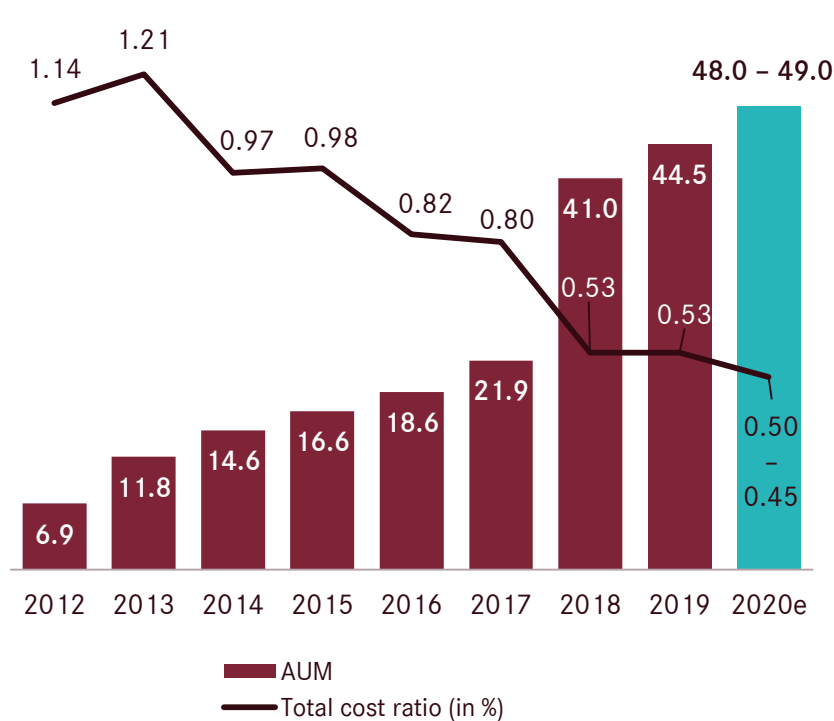
- **Performance fees** of EUR 91.8m in FY 2019 are virtually stable (-0.7%) on a high level and emphasise PATRIZIA’s active asset management capabilities and investment track record (weighted average IRR of 11.1%)
- PATRIZIA expects **performance fees** for 2020e in the range of EUR 85.0m and EUR 100.0m driven by continued strong performance generated for its clients

<sup>1</sup> Based on revenues/pre-tax (EUR m)

# Profitability and costs

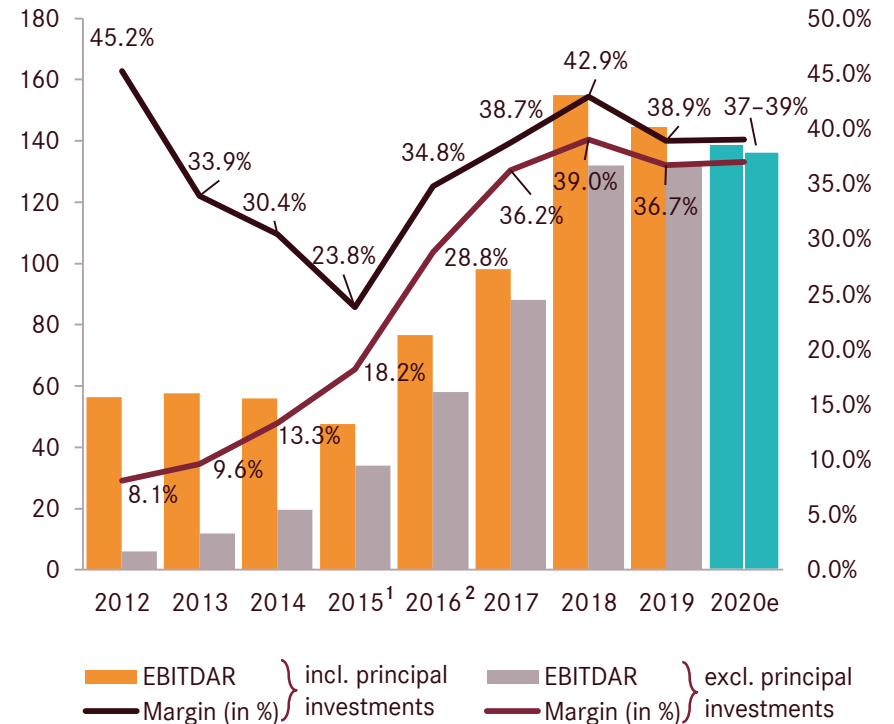
Continued efficiency improvements propel profitability and cost ratios

AUM vs total cost ratio | EUR bn vs %



- Excl. EUR 7.6m investments in technology, TCR was 0.51% in 2019
- Total cost ratio = Net operating expenses (incl. staff costs) divided by average AUM

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



- **Margin transformation** of business model completed, i.e. from volatile principal investment to stable service fee income
- Normalised margin starting in FY 2019 after peak in FY 2018

<sup>1</sup> 2015 excluding SÜDEWO exit fee | <sup>2</sup> 2016 excluding Harald profit

# Solid financial position

Ample cash position to drive further growth and strategic development

- Strong balance sheet ratios and capital structure to facilitate further profitable growth
- Total available liquidity as at 31.12.2019 amounts to EUR 607.0m
- Net cash amounts to EUR 241.9m, adjusted for temporary bank loans for temporarily warehoused assets net cash amounts to EUR 335.1m

## Strong balance sheet

EUR m	31.12.2019
Total assets	1,987.1
Equity (excl. non-controlling interests)	1,206.4
<b>Equity ratio</b>	<b>60.7%</b>
Cash and cash equivalents	449.1
+ Deposits and securities	+186.0
- Bank loans (for temporarily warehoused assets)	-93.2
- Bonded loans	-300.0
<b>= Net cash</b>	<b>241.9</b>
<b>Net equity ratio<sup>1</sup></b>	<b>75.7%</b>

## Significant liquidity

EUR m	31.12.2019
<b>Bank balances, cash, deposits and securities</b>	<b>635.1</b>
- Regulatory reserve for asset management companies	-22.3
- Transaction related liabilities and blocked cash	-5.5
- Liquidity in closed-end funds business property companies	-0.4
<b>= Available liquidity</b>	<b>607.0</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)

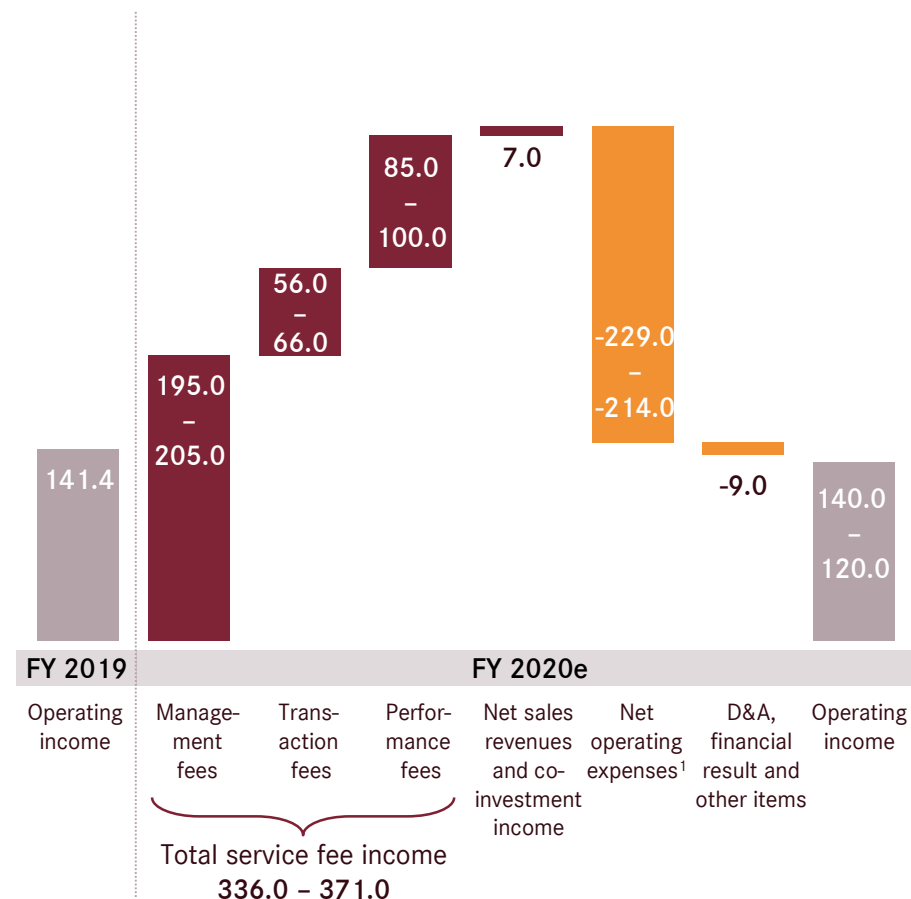
# Guidance 2020e

Guidance for 2020e implies further improved earnings profile

## Assumptions 2020e

- In 2020 PATRIZIA expects a significantly lower revenue contribution from phase-out sale of principal investments and co-investment income compared to FY 2019 – fully in line with strategy
- Continued organic growth in total service fee income – especially management fees – to offset reduced net sales revenues and co-investment income
- Total service fee income:** EUR 336.0 – 371.0m
  - Management fees:** EUR 195.0 – 205.0m based on increased assets under management
  - Transactions fees:** EUR 56.0 – 66.0m
  - Performance fees:** EUR 85.0 – 100.0m
- Net sales revenues and co-investment income:** EUR 7.0m
- Net operating expenses<sup>1</sup>:** EUR 214.0 – 229.0m
- Operating income:** EUR 120.0 – 140.0m
- Transaction volume:** EUR 7.0 – 8.0bn
- Assets under management:** EUR 48.0 – 49.0bn

## Income composition FY 2020e | EUR m



<sup>1</sup> Excluding EUR 11.6m investments in technology



# Appendix

# Capital allocation

	Assets under management EUR m	Invested capital (fair value) EUR m	Invested capital (at cost) EUR m	Participations in %
<b>Third-party business</b>	<b>37,956.8</b>	<b>0.0</b>		
<b>Co-investments</b>	<b>6,473.7</b>	<b>510.4</b>	<b>124.9</b>	
<b>Residential</b>	<b>5,623.1</b>	<b>492.1</b>	<b>108.8</b>	
Dawonia GmbH	4,647.8	152.0 <sup>1</sup>	51.7	5.1
Dawonia performance fee claims		283.0 <sup>1</sup>	0.0	0.1
WohnModul I SICAV-FIS	975.3	57.0	57.0	10.1
Other		0.1 <sup>1</sup>	0.1	0.0
<b>Commercial Germany</b>	<b>848.3</b>	<b>16.9</b>	<b>14.3</b>	
Alliance	201.0	5.6 <sup>1</sup>	5.2	5.1
Seneca	183.5	6.0 <sup>1</sup>	4.9	5.1
PATRoffice	/	0.5 <sup>1</sup>	0.2	6.3
TRIUVA/IVG logistics	463.8	4.0 <sup>1</sup>	3.4	2.1
TRIUVA/IVG commercial	/	0.8 <sup>1</sup>	0.7	11.0
<b>Commercial international</b>	<b>2.3</b>	<b>1.4</b>	<b>1.8</b>	
Citruz Holding LP (UK)	2.3	0.0 <sup>1</sup>	0.4	10.0
First Street Development LTD (UK)	/	1.4	1.4	10.0
<b>Principal investments</b>	<b>23.5</b>	<b>23.5</b>		
<b>Other balance sheet items</b>		<b>365.5<sup>2</sup></b>		
<b>Tied-up investment capital</b>	<b>44,454.0</b>	<b>899.4</b>		
Available liquidity		607.0		
<b>Total investment capital</b>	<b>44,454.0</b>	<b>1,506.4</b>		
of which debt (bonded loans)		300.0		
of which equity PATRIZIA (excl. non-controlling interests)		1,206.4		

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

## Reconciliation of operating income

EUR k	2019	2018	Change
<b>EBITDA</b>	<b>136,922</b>	<b>120,781</b>	<b>13.4%</b>
Amortisation of other intangible assets <sup>1</sup> , software and rights of use, depreciation of property, plant and equipment	-55,562	-42,235	31.6%
<b>EBIT</b>	<b>81,360</b>	<b>78,546</b>	<b>3.6%</b>
Finance income/expenses	-4,015	-3,415	17.6%
Other financial result	300	0	/
Result from currency translation	-234	1,175	-119.9%
<b>EBT</b>	<b>77,411</b>	<b>76,306</b>	<b>1.4%</b>
Changes in value of derivatives	0	22	-100.0%
Amortisation of other intangible assets <sup>1</sup>	40,242	36,677	9.7%
Changes in value of investment property	791	-3,975	-119.9%
Realised changes in value of investment property (net)	3,972	8,043	-50.6%
Reorganisation result	7,961	22,318	-64.3%
Other financial result	-300	0	/
Expenses/income from unrealised currency translation	-459	-1,775	-74.1%
Operating income from participations (IFRS 9)	4,905	3,757	30.6%
<b>Operating income</b>	<b>134,523</b>	<b>141,373</b>	<b>-4.8%</b>

<sup>1</sup> In particular fund management contracts transferred as part of the recent acquisitions



# Consolidated income statement

EUR k	2019	2018
Revenues	398,703	350,628
Income from the sale of investment property	252	828
Changes in inventories	-50,535	-28,731
Other operating income	14,607	20,698
Income from the deconsolidation of subsidiaries	585	317
<b>Total operating performance</b>	<b>363,611</b>	<b>343,740</b>
Cost of materials	-6,601	-11,699
Cost of purchased services	-28,036	-15,679
Staff costs	-131,769	-124,954
Change in value of investment property	-791	3,975
Other operating expenses	-84,718	-90,742
Impairment losses for trade receivables and contract assets	-429	-1,059
Income from participations	32,891	28,042
Earnings from companies accounted for using the equity method	725	11,852
Cost from the deconsolidation of subsidiaries	0	-377
<b>EBITDAR</b>	<b>144,883</b>	<b>143,099</b>
Reorganisation Income	2,377	0
Reorganisation expenses	-10,339	-22,318
<b>EBITDA</b>	<b>136,922</b>	<b>120,781</b>
Amortisation of other intangible assets, software and rights of use, depreciation of property, plant and equipment	-55,562	-42,235
<b>Earnings before interest and taxes (EBIT)</b>	<b>81,360</b>	<b>78,546</b>
Financial income	2,096	3,021
Financial expenses	-6,111	-6,436
Other financial result	300	0
Result from currency translation	-234	1,175
<b>Earnings before taxes (EBT)</b>	<b>77,411</b>	<b>76,306</b>
Income taxes	-21,064	-18,190
<b>Consolidated net profit</b>	<b>56,347</b>	<b>58,116</b>

<sup>1</sup> In particular fund management contracts transferred as part of the recent acquisitions

## Consolidated balance sheet | Assets

EUR k	31.12.2019	31.12.2018
<b>A. Non-current assets</b>		
Goodwill	210,292	201,109
Other intangible assets	131,895	166,562
Software	10,326	11,396
Rights of use	24,988	0
Investment property	1,835	8,308
Equipment	6,056	5,890
Participations in affiliated companies	0	0
Associated companies accounted for using the equity method	69,035	76,141
Participations	525,716	499,241
Non-current borrowings and other loans	28,276	27,513
Deferred taxes	17,305	6,102
<b>Total non-current assets</b>	<b>1,025,724</b>	<b>1,002,262</b>
<b>B. Current assets</b>		
Inventories	113,208	71,534
Securities	1,011	3,011
Current tax assets	17,318	15,585
Current receivables and other current assets	380,735	355,456
Cash and cash equivalents	449,084	330,598
<b>Total current assets</b>	<b>961,356</b>	<b>776,184</b>
<b>TOTAL ASSETS</b>	<b>1,987,080</b>	<b>1,778,446</b>

<sup>1</sup> In particular fund management contracts transferred as part of the recent acquisitions

## Consolidated balance sheet | Equity and liabilities

EUR k	31.12.2019	31.12.2018
<b>A. Equity</b>		
Share capital	91,060	91,060
Capital reserves	155,222	155,222
Retained earnings		
Legal reserves	505	505
Currency translation difference	-4,818	-15,605
Remeasurements of defined benefit plans according to IAS 19	-3,459	0
Revaluation reserve according to IFRS 9	78,721	49,503
Consolidated unappropriated profit	889,160	862,421
Non-controlling interests	30,359	10,682
<b>Total equity</b>	<b>1,236,750</b>	<b>1,153,788</b>
<b>B. Liabilities</b>		
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	112,178	110,387
Retirement benefit obligations	27,564	21,724
Bonded loans	300,000	300,000
Non-current liabilities	25,094	16,836
Leasing liabilities	15,841	0
<b>Total non-current liabilities</b>	<b>480,677</b>	<b>448,947</b>
<b>CURRENT LIABILITIES</b>		
Short-term bank loans	93,194	0
Other provisions	9,254	23,530
Current liabilities	101,186	99,963
Short-term leasing liabilities	9,328	0
Tax liabilities	56,692	52,218
<b>Total current liabilities</b>	<b>269,653</b>	<b>175,711</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,987,080</b>	<b>1,778,446</b>

# Financial calendar

2020

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March 19 ➤ Annual Report 2019

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May 14 ➤ Quarterly Statement for the first quarter of 2020

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July 1 ➤ Annual General Meeting 2020

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August 6 ➤ Interim Report for the first half of 2020

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

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Invitations and dial-in numbers are provided in advance.

For further information, please visit: [www.patrizia.ag](http://www.patrizia.ag).

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19 March 2020, PATRIZIA AG