

# STRONGER

FOR CLIENTS AND SHAREHOLDERS

Results Presentation

9M 2020 | 12 November 2020

# PATRIZIA 9M 2020 Financial Results | Video presentation

Let our CFO Karim Bohn guide you through the most important points of our 9M 2020 Financial Results

Access via QR code



Access via weblink

<https://www.youtube.com/watch?v=SFM8nRNyWuw&feature=youtu.be>

# Stronger for clients and shareholders

Resilient business model with upside through structural growth opportunities

1

## Strong and reliable partner

PATRIZIA delivered on its promise to be a strong and reliable partner for clients and shareholders

2

## Rock-solid financial position

Continued generation of stable cash flows lead to ample liquidity for further growth

3

## Structural growth case still intact

Lower for longer interest rate environment, an ageing population and ongoing industry consolidation



# Financials & Guidance

9M 2020

# Highlights

Solid financial results despite challenging market environment – FY 2020 guidance specified

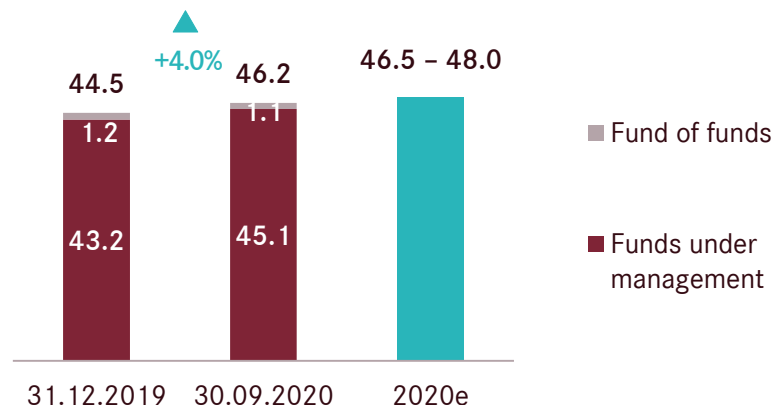
## 9M 2020

- **Operating income** of EUR 100.2m in 9M 2020, already reaching the lower end of the broadened FY 2020 guidance range
- **Assets under management (AUM)** increased by 4.0% to EUR 46.2bn compared to EUR 44.5bn at YE 2019 and confirms resilience of AUM in challenging market environment
- **Total service fee income** increased by 6.2% y-o-y to EUR 248.1m, driven by continued growth in management, transaction and performance fees

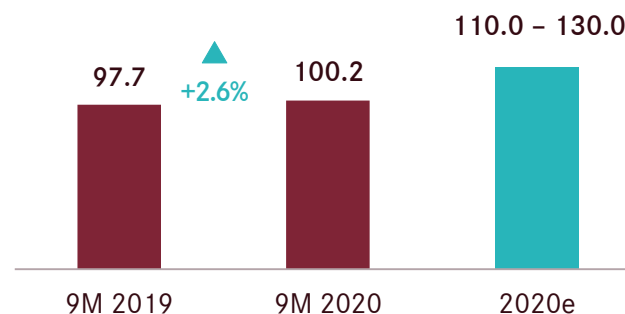
## Full-year guidance 2020

- **Operating income guidance** for FY 2020 specified to EUR 110.0 to 130.0m
- **Level of FY 2020 guidance achievement** will depend on further Covid-19 pandemic impact on European real estate transaction markets during Q4 2020
- **Organic net AUM growth expectation** of EUR 2.0 – 3.5bn to between EUR 46.5 – 48.0bn unchanged

Assets under management<sup>1</sup> | EUR bn



Operating income | EUR m



<sup>1</sup> AUM definition from 3M 2020 onwards reflecting best practice standards like INREV / GIPS

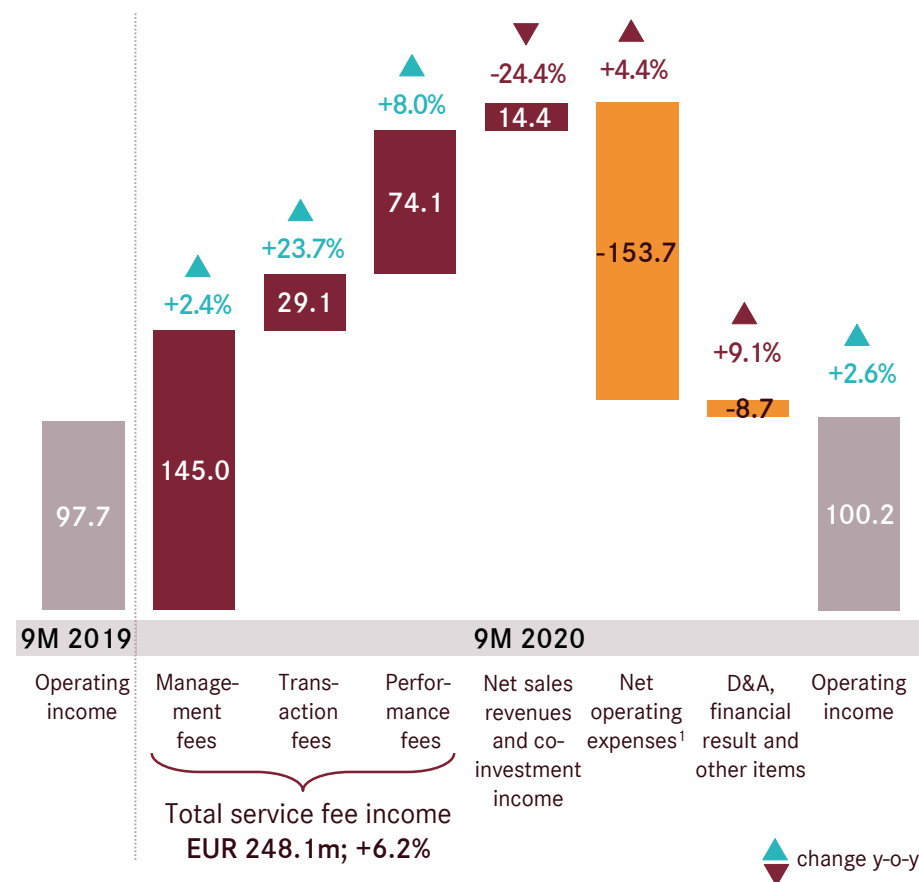
Note: All percentage rates in this presentation refer to the comparable period of the previous year, unless stated otherwise

# Operating income

Continued growth in management, transaction and performance fees

- **Total service fee income** increased by 6.2% y-o-y to EUR 248.1m (9M 2019: EUR 233.7m) driven by:
  - Increased **Management fees** of EUR 145.0m (+2.4%)
  - **Transaction fees** significantly up to EUR 29.1m (+23.7%) due to ongoing selective transaction activity for clients
  - **Performance fees** remained a stable contributor to operating income with EUR 74.1m (+8.0%)
  - **Net sales revenues and co-investment income** of EUR 14.4m:
    - **Co-investments** contributed EUR 12.5m
    - **Principal investments** contributed EUR 1.9m
  - **Net operating expenses**<sup>1</sup> up 4.4% to EUR 153.7m mainly due to higher IT and personnel expenses as a result of continued investments into PATRIZIA's real asset platform – cost growth nevertheless remains below growth of total service fee income

Composition 9M 2020 | EUR m

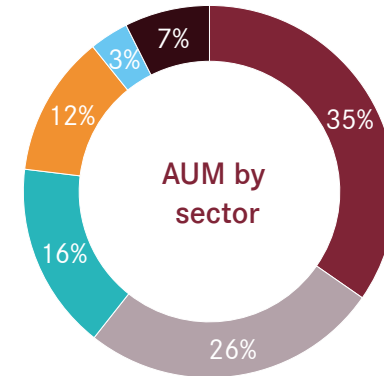


<sup>1</sup> Inter alia netted against other operating income of EUR 11.5m; excluding EUR 5.8m non-capitalisable expenses for investments in the future

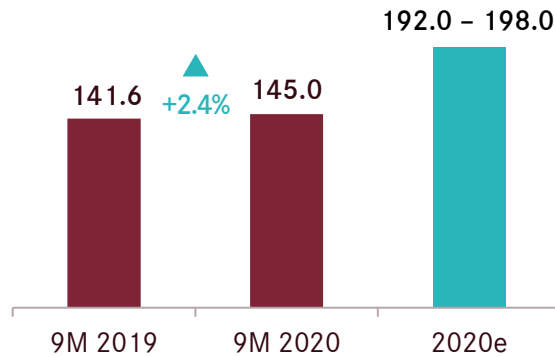
# Management fees

Well diversified AUM-base and predictable management fees

- **Management fees** up 2.4% to EUR 145.0m due to increased AUM
- **Diversified and long-term oriented AUM-base** forms solid basis for predictable cash flows – resilience of AUM-base confirmed in challenging market environment
- **FY 2020 guidance** specified at EUR 192.0 – 198.0m (from EUR 190.0 – 200.0m earlier)



Management fees | EUR m

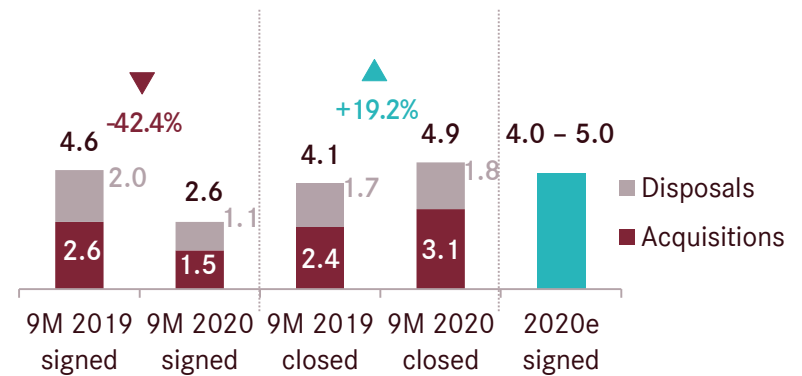


# Transaction fees

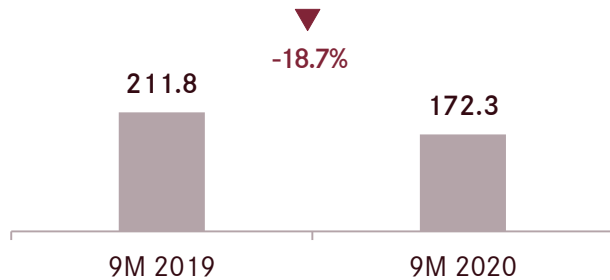
PATRIZIA is still active for its global client base despite challenging Covid-19 market environment

- Ongoing transaction activity for PATRIZIA’s global client base drove **transaction fee** growth to EUR 29.1m in 9M 2020 (+23.7%)
- European transaction activity was slowly picking up in Q3 2020, but still down 18.7% y-o-y
- The FY 2020 **guidance range for transaction fees** was specified **upwards** to EUR 36.0 – 47.0m for FY 2020 (from EUR 30.0 – 40.0m)

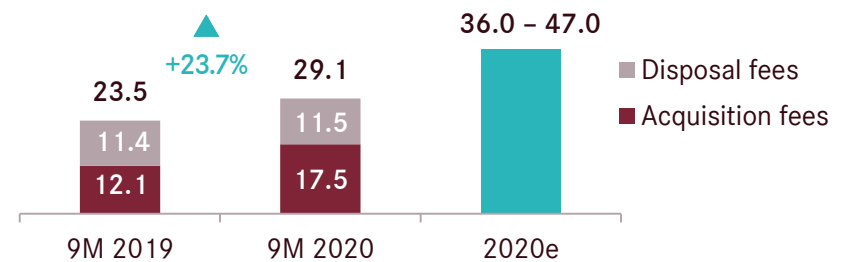
Transaction volume (signed/closed) | EUR bn



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



Transaction fees | EUR m



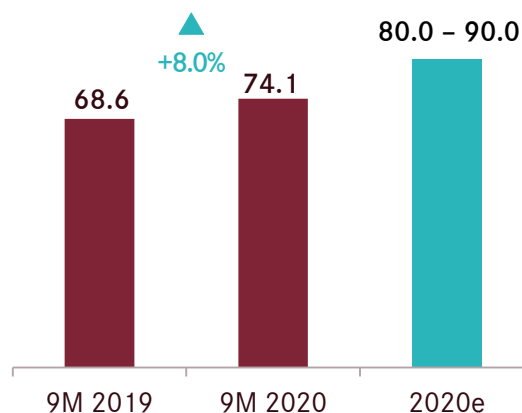
<sup>1</sup> Source: PATRIZIA, RCA All Property



# Performance fees

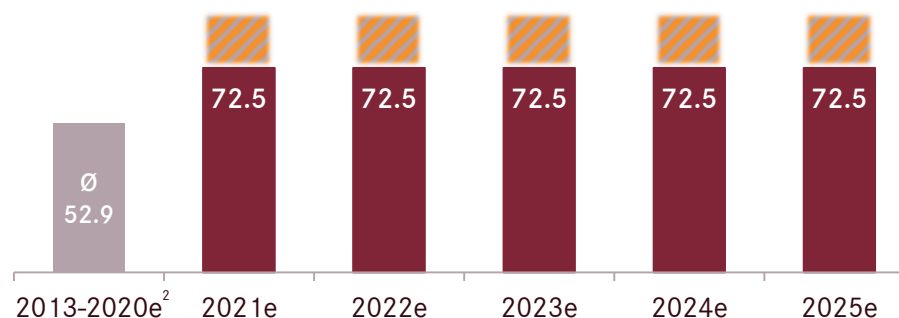
Superior returns for clients translate into attractive performance fees

Performance fees | EUR m



- **Performance fees** of EUR 74.1m in 9M 2020 as a stable contributor to overall financial results
- **Performance fee guidance** for FY 2020 specified to EUR 80.0 - 90.0m (from EUR 80.0 - 110.0m) as Q4 2020 will likely include more acquisitions than disposals for our clients on the European transaction market (disposals typically trigger generation of performance fees)

Performance fee pool<sup>1</sup> – Illustrative example | EUR m



- Performance fees p.a. on average
- Performance fee potential from other funds
- Dawonia performance fee claim due in 2023 (pre tax) if split over 5 years
- Due to **performance fee claim on Dawonia<sup>3</sup>** of EUR 362.3m pre-tax (EUR 295.3m after tax; see also page 13), good visibility on **overall performance fee income** over the next years
- **Operating income contribution** from performance fees over next five years depends on client preferences and disposal activity in funds

<sup>1</sup> Based on revenues/pre-tax (EUR m) | <sup>2</sup> 2020e based on midpoint of guidance | <sup>3</sup> EUR 4.8bn residential portfolio PATRIZIA manages on behalf of clients

# Guidance for FY 2020

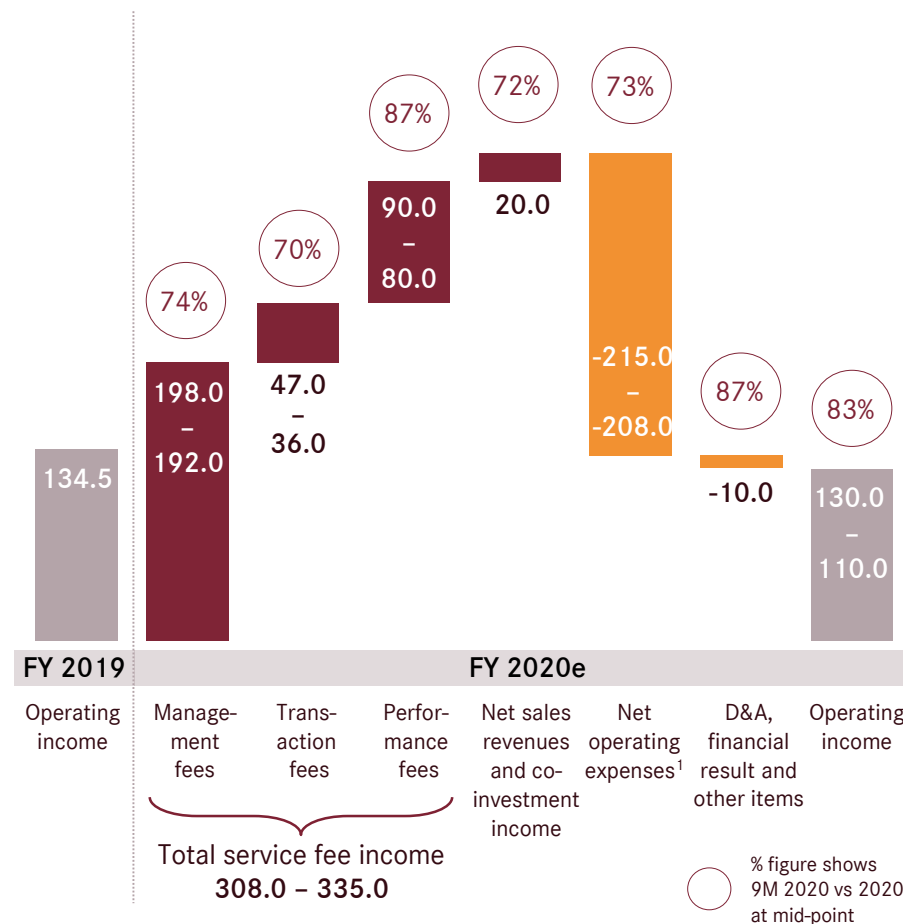
Guidance for FY 2020 specified on the basis of increased visibility for Q4 2020

## Assumptions for FY 2020

- **Specified operating income guidance** for FY 2020e of EUR 110.0 to 130.0m reflects the already reached lower end of former guidance range of EUR 100.0 – 140.0m as per 9M 2020 and visibility for Q4 2020
- **Total service fee income:** EUR 308.0 – 335.0m (from EUR 300.0 – 350.0m)
  - **Management fees:** EUR 192.0 – 198.0m (from EUR 190.0 – 200.0m)
  - **Transactions fees:** EUR 36.0 – 47.0m (from EUR 30.0 – 40.0m)
  - **Performance fees:** EUR 80.0 – 90.0m (from EUR 80.0 – 110.0m)
- **Net sales revenues and co-investment income:** EUR 20.0m (unchanged)
- **Net operating expenses<sup>1</sup>:** EUR 208.0 – 215.0m (from EUR 210.0 – 220.0m)
- **Transaction volume:** EUR 4.0 – 5.0bn (from EUR 3.5 – 5.5bn)
- **Assets under management:** EUR 46.5 – 48.0bn (unchanged)

<sup>1</sup> Excluding EUR 11.6m investments in the future

## Income composition FY 2020e | EUR m



# Solid financial position

Rock-solid balance sheet and strong cash position make PATRIZIA well prepared for the crisis

- Strong balance sheet ratios and capital structure to facilitate further profitable growth

Strong balance sheet	
EUR m	30.09.2020
Total assets	1,913.7
Equity (excl. non-controlling interests)	1,218.3
<b>Equity ratio</b>	<b>63.7%</b>
Cash and cash equivalents	437.5
+ Deposits and securities	+220.8
- Bank loans (for temporarily warehoused assets)	-46.9
- Bonded loans	-300.0
<b>= Net cash</b>	<b>311.4</b>
<b>Net equity ratio<sup>1</sup></b>	<b>77.8%</b>

Significant liquidity	
EUR m	30.09.2020
<b>Bank balances, cash, deposits and securities</b>	<b>658.3</b>
- Regulatory reserve for asset management companies	-31.1
- Transaction related liabilities and blocked cash	-0.0
- Liquidity in closed-end funds business property companies	-0.0
<b>= Available liquidity<sup>2</sup></b>	<b>627.2</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)

<sup>2</sup> In addition 2,668,545 PATRIZIA treasury shares (worth EUR 55.1m as at 04.11.2020) which could be used as M&A currency (among other things)



# Appendix

# Capital allocation

As at 30.09.2020	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>39,876.4</b>	<b>0.0</b>		
<b>Co-Investments</b>	<b>6,315.8</b>	<b>496.5</b>	<b>91.4</b>	
<b>Residential</b>	<b>5,435.6</b>	<b>479.8</b>	<b>77.3</b>	
Dawonia GmbH	4,828.0	158.9 <sup>1</sup>	51.7	5.1
Dawonia performance fee claims		295.3 <sup>1</sup>	0.0	0.1
WohnModul I SICAV-FIS	607.5	25.5	25.5	10.1
Other		0.1 <sup>1</sup>	0.1	0.0
<b>Commercial Germany</b>	<b>878.0</b>	<b>14.3</b>	<b>11.3</b>	
Alliance	236.2	5.7 <sup>1</sup>	5.3	5.1
Seneca	159.1	3.4 <sup>1</sup>	1.8	5.1
PATRoffice		0.3 <sup>1</sup>	0.2	6.3
TRIUVA/IVG logistics	482.8	4.2 <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>2.4</b>	<b>2.8</b>	
Citruz Holding LP (UK)	2.3	0.0 <sup>1</sup>	0.4	10.0
First Street Development LTD (UK)		2.4	2.4	10.0
<b>Principal investments</b>	<b>23.4</b>	<b>23.4</b>		
<b>Other balance sheet items</b>		<b>371.2<sup>2</sup></b>		
<b>Tied-up investment capital</b>	<b>46,215.7</b>	<b>891.1</b>		
Available liquidity		627.2		
<b>Total investment capital</b>	<b>46,215.7</b>	<b>1,518.3</b>		
of which debt (bonded loans)		300.0		
of which equity PATRIZIA (excl. non-controlling interests)		1,218.3		

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

## Reconciliation of operating income

EUR k	9M 2020	9M 2019	Change
<b>EBITDA</b>	<b>101,837</b>	<b>95,104</b>	<b>7.1%</b>
Amortisation of other intangible assets <sup>1</sup> , software and rights of use, depreciation of property, plant and equipment as well as financial investments	-29,157	-31,473	-7.4%
<b>EBIT</b>	<b>72,680</b>	<b>63,631</b>	<b>14.2%</b>
Finance income/expenses	-2,762	-2,965	-6.9%
Result from currency translation	-8,001	82	< - 1.000,0%
<b>EBT</b>	<b>61,917</b>	<b>60,749</b>	<b>1.9%</b>
Amortisation of fund management contracts and licenses as well as financial investments	17,069	19,954	-14.5%
Realised changes in value of investment property (net)	0	3,960	-100.0%
Reorganisation result	0	9,354	-100.0%
Non-cash currency effects	6,389	-643	< - 1.000,0%
Operating income from participations (IFRS 9)	9,001	4,337	107.5%
Investments in the future	5,826	0	/
<b>Operating income</b>	<b>100,202</b>	<b>97,709</b>	<b>2.6%</b>

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

## Consolidated income statement

EUR k	9M 2020	9M 2019	Change
Revenues	223,157	242,920	-8%
Income from the sale of investment property	0	273	-100%
Changes in inventories	-650	-23,130	-97%
Other operating income	11,501	9,514	21%
Income from the deconsolidation of subsidiaries	116	585	-80%
<b>Total operating performance</b>	<b>234,124</b>	<b>230,162</b>	<b>2%</b>
Cost of materials	-4,117	-3,209	28%
Cost of purchased services	-12,479	-11,278	11%
Staff costs	-98,981	-92,677	7%
Other operating expenses	-51,206	-47,472	8%
Impairment losses for trade receivables and contract assets	57	-486	-112%
Income from participations	27,036	29,126	-7%
Earnings from companies accounted for using the equity method	9,149	292	> 1.000%
Cost from the deconsolidation of subsidiaries	-1,746	0	/
<b>EBITDAR</b>	<b>101,837</b>	<b>104,458</b>	<b>-3%</b>
Reorganisation expenses	0	-9,354	-100%
<b>EBITDA</b>	<b>101,837</b>	<b>95,104</b>	<b>7%</b>
Amortisation of other intangible assets, software and rights of use, depreciation of property, plant and equipment as well as financial investments	-29,157	-31,473	-7%
<b>Earnings before interest and taxes (EBIT)</b>	<b>72,680</b>	<b>63,631</b>	<b>14%</b>
Financial income	2,154	1,384	56%
Financial expenses	-4,916	-4,349	13%
Result from currency translation	-8,001	82	< - 1.000%
<b>Earnings before taxes (EBT)</b>	<b>61,917</b>	<b>60,749</b>	<b>2%</b>
Income taxes	-16,561	-14,760	12%
<b>Net profit for the period</b>	<b>45,356</b>	<b>45,989</b>	<b>-1%</b>

## Consolidated balance sheet | Assets

EUR k	30.09.2020	31.12.2019
<b>A. Non-current assets</b>		
Goodwill	211,323	210,292
Other intangible assets	115,671	131,895
Software	16,084	10,326
Rights of use	25,801	24,988
Investment property	1,835	1,835
Equipment	6,301	6,056
Associated companies accounted using the equity method	34,322	69,035
Participations	552,917	525,716
Non-current borrowings and other loans	35,048	28,276
Deferred taxes	20,606	17,305
<b>Total non-current assets</b>	<b>1,019,908</b>	<b>1,025,724</b>
<b>B. Current Assets</b>		
Inventories	21,577	113,208
Securities	11	1,011
Current tax assets	16,310	17,318
Current receivables and other current assets	418,443	380,735
Cash and cash equivalents	437,497	449,084
<b>Total current assets</b>	<b>893,838</b>	<b>961,356</b>
<b>Total assets</b>	<b>1,913,745</b>	<b>1,987,080</b>



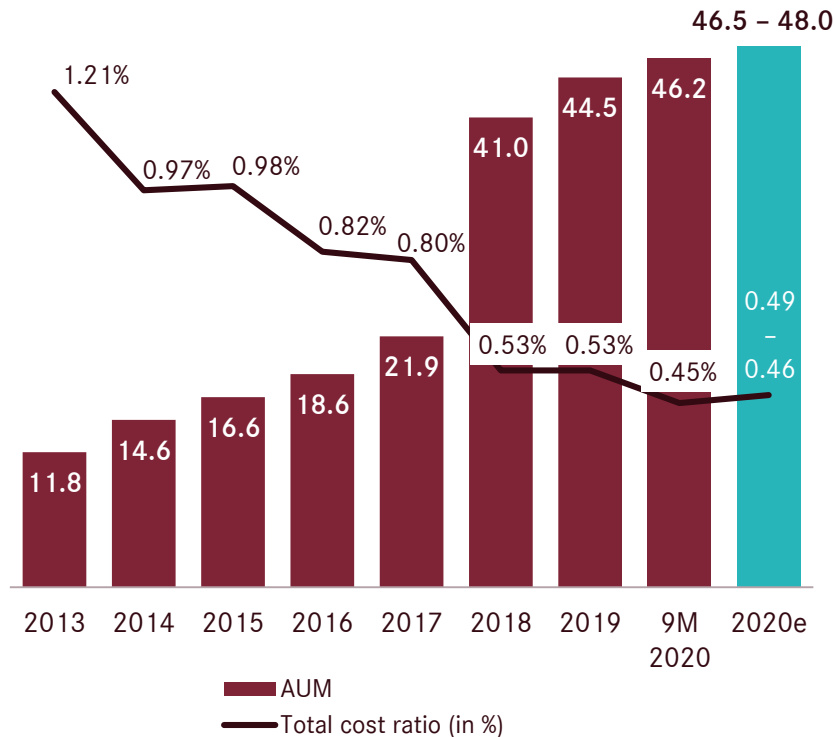
## Consolidated balance sheet | Equity and liabilities

EUR k	30.09.2020	31.12.2019
<b>A. Equity</b>		
Share capital	89,683	91,060
Capital reserves	128,652	155,222
Retained earnings		
Legal reserves	505	505
Currency translation difference	-10,099	-4,818
Remeasurements of defined benefit plans according to IAS 19	-3,459	-3,459
Revaluation reserve according to IFRS 9	108,000	78,721
Consolidated unappropriated profit	905,047	889,160
Non-controlling interests	32,800	30,359
<b>Total equity</b>	<b>1,251,128</b>	<b>1,236,750</b>
<b>B. Liabilities</b>		
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	113,742	112,178
Retirement benefit obligations	27,020	27,564
Bonded loans	300,000	300,000
Non-current liabilities	20,581	25,094
Leasing liabilities	18,880	15,841
<b>Total non-current liabilities</b>	<b>480,224</b>	<b>480,677</b>
<b>CURRENT LIABILITIES</b>		
Short-term bank loans	46,900	93,194
Other provisions	8,869	9,254
Current liabilities	95,062	101,186
Short-term leasing liabilities	7,179	9,328
Tax liabilities	24,383	56,692
<b>Total current liabilities</b>	<b>182,393</b>	<b>269,653</b>
<b>Total equity and liabilities</b>	<b>1,913,745</b>	<b>1,987,080</b>

# Profitability and costs

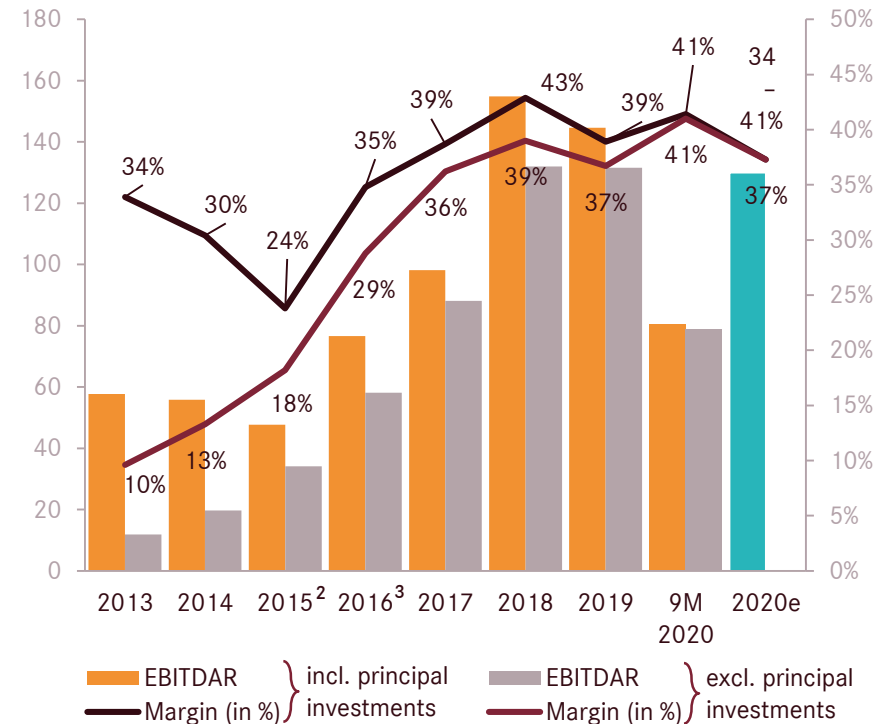
Continued efficiency improvements propel profitability and cost ratios

AUM vs total cost ratio | EUR bn vs %



- Total cost ratio = Net operating expenses (incl. staff costs) divided by average AUM

EBITDAR margin (+/- principal investments) | EUR m, LHS vs %<sup>1</sup>



- **Margin transformation** of business model completed, i.e. from volatile principal investment to stable service fee income

<sup>1</sup> EBITDAR values slightly adjusted compared to IFRS P&L in order to enable better operational like-for-like comparison | <sup>2</sup> 2015 excluding SÜDEWO exit fee | <sup>3</sup> 2016 excluding Harald profit

# Financial calendar

2021

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February 25 ➤ Preliminary results 2020

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March 18 ➤ Annual Report 2020

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May 12 ➤ Quarterly Statement for the first quarter of 2021

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June 23 ➤ Annual General Meeting, virtual

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August 5 ➤ Interim Report for the first half of 2021

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November 11 ➤ Quarterly Statement for the first nine months of 2021

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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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12 November 2020, PATRIZIA AG