

LEADING IN PAN-EUROPEAN REAL ESTATE

Quarterly Statement | 9M 2019 | 14 November 2019

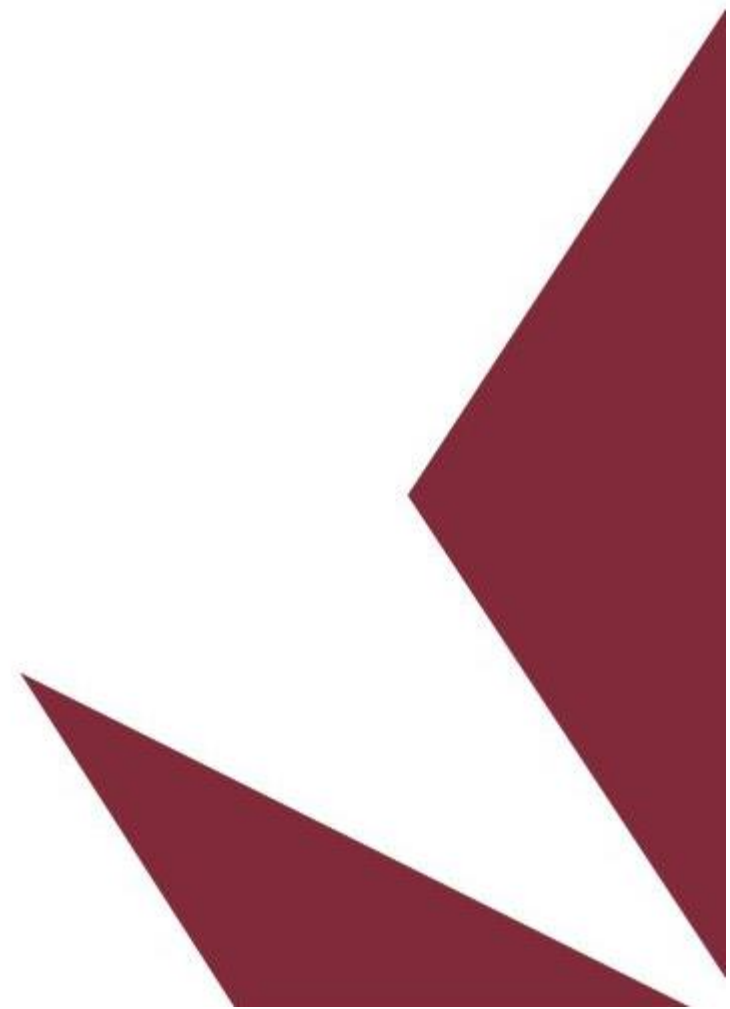


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1. Results of operations

In the first nine months of 2019 **assets under management** (AUM) grew by 3.8% (i.e. EUR 1.5bn) to EUR 42.6bn driven by (amongst others) accelerating transaction activity for PATRIZIA's global clients. PATRIZIA signed EUR 4.6bn (+11.8%) and closed EUR 4.1bn of transactions (+17.1% y-o-y) for its institutional, (semi-)professional and private investors. During the first nine months, PATRIZIA raised EUR 1.6bn (+6.7%) of fresh equity from new and existing clients.

Overall **total service fee income** – which combines management, transaction and performance fees – grew 11.5% year-on-year from EUR 209.7m to EUR 233.7m. In line with PATRIZIA's strategy to further improve the quality of earnings, management fees remained the major contributor (60.6% of total).

Organic growth in AUM and the first-time consolidation of Rockspring drove recurring **management fee** growth of 10.9% to EUR 141.6m. **Transaction fees** nearly doubled from H1 2019 (EUR 12.1m) to 9M 2019 (EUR 23.5m) and the pipeline is well filled for Q4 2019. In the first nine months, **performance fees** (EUR 68.6m, +37.3%) clearly surpassed the strong 9M 2018 results (EUR 50.0m) and prove the superior investment performance PATRIZIA generated for its clients.

Net sales revenues and co-investment income decreased 49.8% year-on-year from EUR 38.0m to EUR 19.1m. In line with strategy, the contribution from the sale of phase-out principal investments decreased to EUR 10.7m after EUR 22.5m in 9M 2018, while co-investments contributed EUR 8.4m after EUR 15.5m in 9M 2018.

Recent acquisitions show continued efficiency improvements as **net operating expenses** grew much slower than total service fee income (+4.1% vs +11.5%).

Operating income of EUR 97.7m was flat year-on-year (9M 2018: EUR 98.1m), but with further improved earnings quality. Lower income from the sale of phase-out principal investments (EUR 22.5m in 9M 2018 vs EUR 10.7m in 9M 2019) was fully compensated by increased total service fee income growth.

Total equity of PATRIZIA further increased by EUR 62.8m or 5.4% from EUR 1,154m as at 31 December 2018 to EUR 1,216m as at 30 September 2019.

The 30 September 2019 **balance sheet and liquidity** KPIs (equity ratio and cash position) were impacted by temporarily warehousing PATRIZIA's new Living Cities residential fund, leading to the temporary consolidation of corresponding assets and liabilities.

PATRIZIA on 1 October 2019 announced the acquisition of a strategic stake in **Cognotekt** to build a cutting-edge industry platform for AI-driven document and data management platform together with the prior investment in **EVANA**.

PATRIZIA **confirms its guidance** for operating income of between EUR 120.0m and EUR 130.0m for FY 2019. While European real estate transaction volumes had a slow first half of the year, transaction activities accelerated during Q3 2019. Hence, PATRIZIA feels ensured to be able to deliver solid organic AUM growth also in FY 2019 with its pan-European network of local real estate experts and diverse global client base.



Wolfgang Egger
CEO



Karim Bohn
CFO

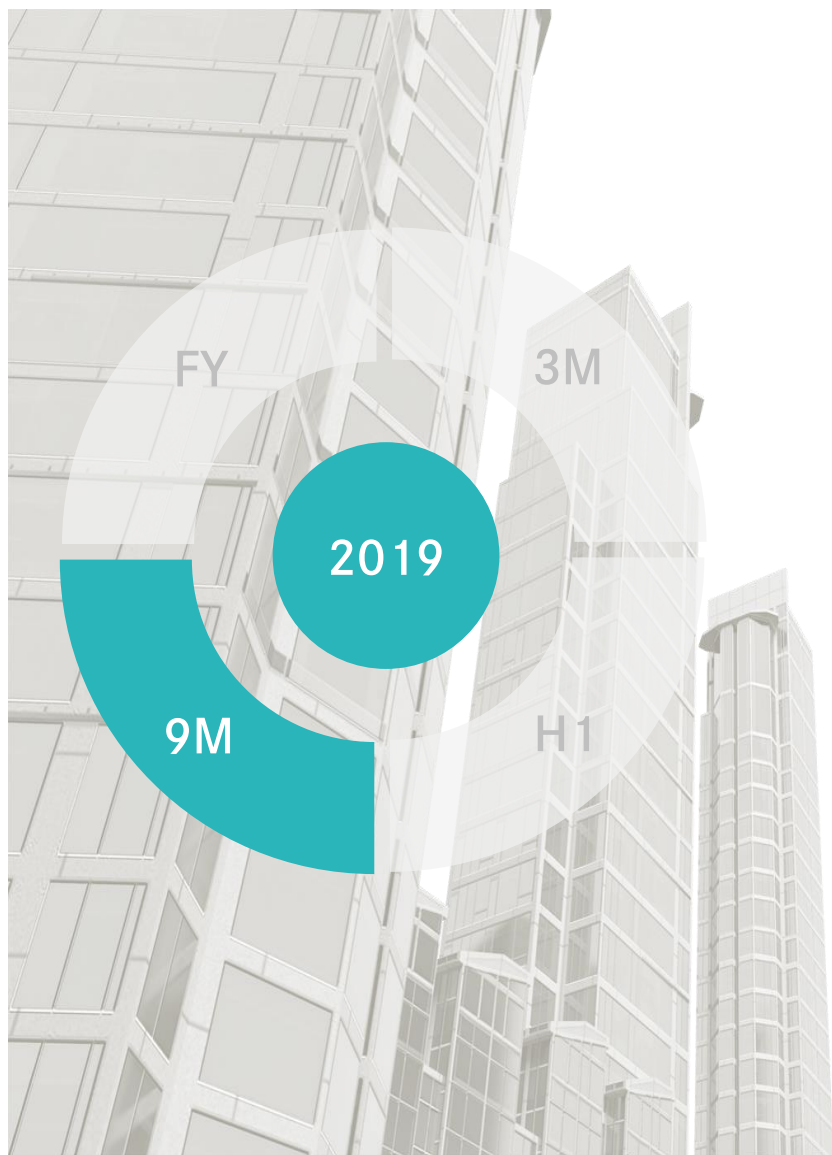


Anne Kavanagh
CIO



Klaus Schmitt
COO

2. Highlights



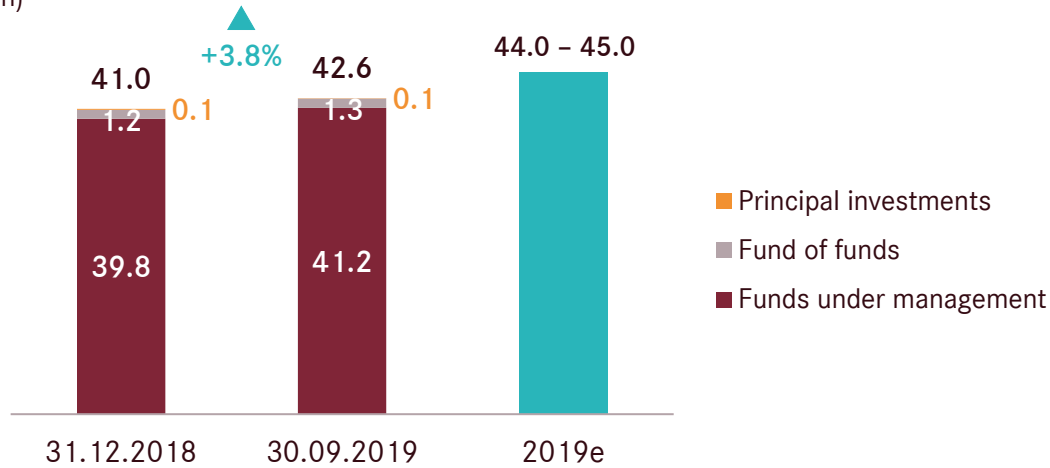
- ◆ **Total service fee income** up 11.5%, driven by higher management (EUR 141.6m; +10.9%) and performance fees (EUR 68.6m; +37.3%)
- ◆ **Operating income** of EUR 97.7m flat y-o-y, but with further improved earnings quality; fee growth compensated for lower income from the sale of phase-out principal investments (EUR 22.5m in 9M 2018 vs EUR 10.7m in 9M 2019)
- ◆ **Assets under management (AUM)** increased by 3.8% to EUR 42.6bn y-t-d
- ◆ Growth in **management fees** by 10.9% to EUR 141.6m primarily attributable to organic growth of AUM and the consolidation of Rockspring
- ◆ **Performance fees** of EUR 68.6m in 9M 2019 (vs EUR 50.0m in 9M 2018) due to continued superior investment performance generated for clients
- ◆ **Net sales revenues and co-investment income** of EUR 19.1m down y-o-y in line with continued strategic disposal of phase-out principal investments
- ◆ Continued efficiency improvements as **net operating expenses** grew much slower than total service fee income (+4.1% vs +11.5%)
- ◆ Strong **balance sheet** with total equity of EUR 1.2bn and **available liquidity** of EUR 261.2m (EUR 547.9m adjusted for temporary consolidation of warehoused assets and liabilities for Living Cities residential fund)¹
- ◆ **Operating income guidance** of between EUR 120.0m and EUR 130.0m for FY 2019 **confirmed**

¹ See explanation on page 2

3. Development of key financial performance indicators (KPIs)

Assets under management (AUM)

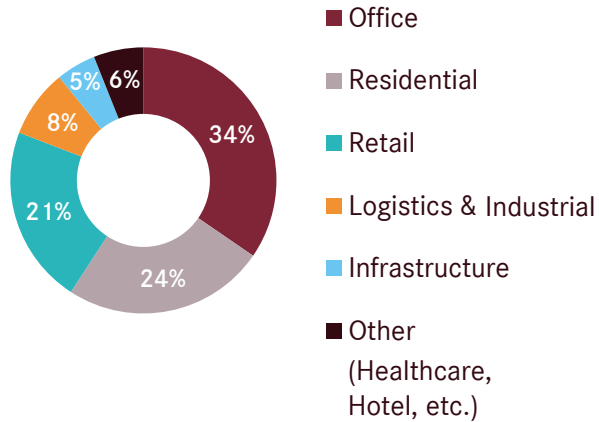
(EUR bn)



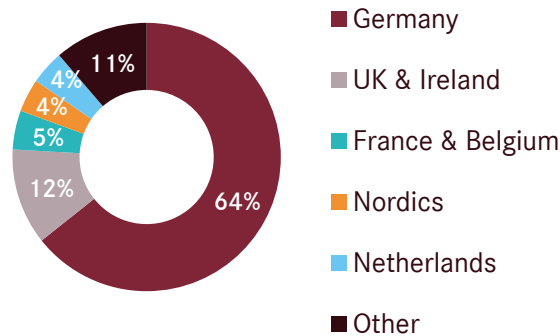
Highlights

- ◆ AUM increased by 3.8% to EUR 42.6bn during 9M 2019. PATRIZIA closed EUR 2.4bn acquisitions and EUR 1.7bn disposals for domestic and international clients during 9M 2019
- ◆ EUR 27.4bn (64%) of AUM is related to Germany and EUR 15.2bn (36%) is related to assets outside of Germany

Sectoral distribution



Geographical distribution



Guidance 2019e confirmed

- ◆ Organic net AUM growth of EUR 3.0 – 4.0bn (i.e. 7.0% – 10.0%)
- ◆ Total AUM expected between EUR 44.0 – 45.0bn
- ◆ Operating income guidance of EUR 120.0 – 130.0m

3. Development of financial performance indicators (KPIs)

Operating income

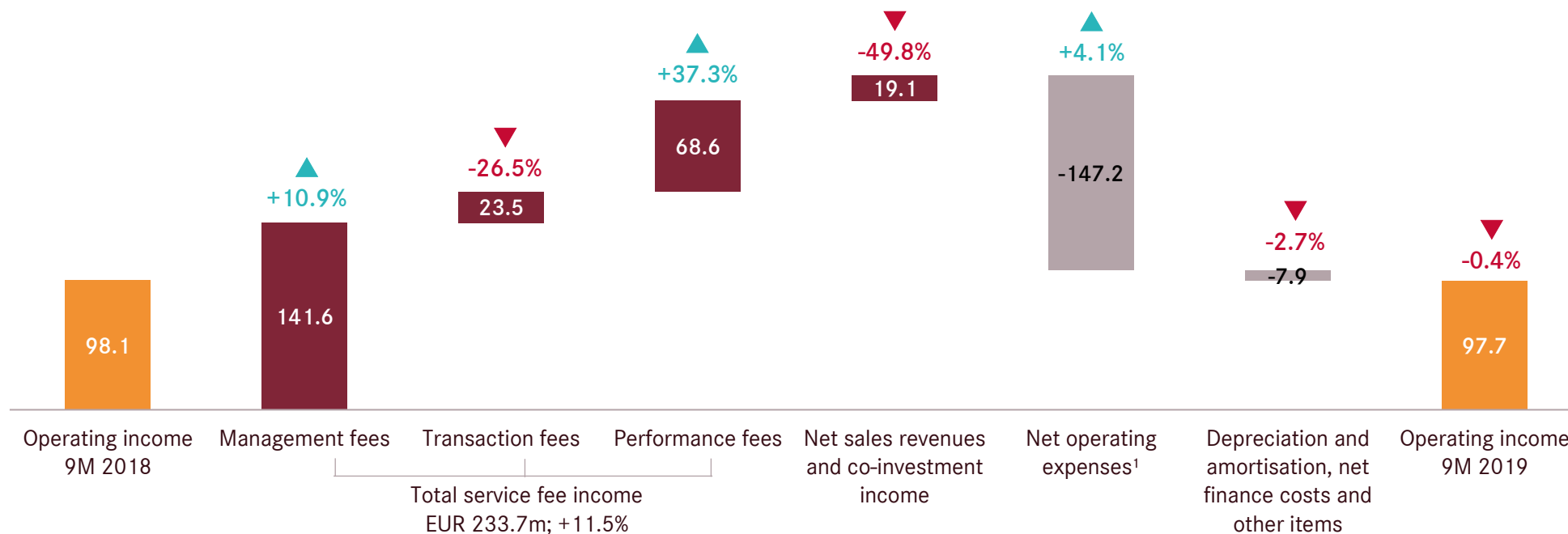
- ◆ Strong operating income of EUR 97.7m – virtually unchanged compared to 9M 2018 (EUR 98.1m) – but with higher quality of earnings
- ◆ **Operating income guidance 2019** of EUR 120.0 – 130.0m; guidance implies further y-o-y growth in recurring income, particularly in terms of management and transaction fees

Highlights

- ◆ Continued strong management fee growth
- ◆ Performance fees surpassed 9M 2018 by 37.3%
- ◆ Net sales revenues and co-investment income of EUR 19.1m down y-o-y mainly due to lower disposal gains on phase-out principal investments, in line with strategy
- ◆ Net operating expenses up 4.1% y-o-y, well below the growth rate of management fees (+10.9%)

Composition of operating income 9M 2019

(EUR m)

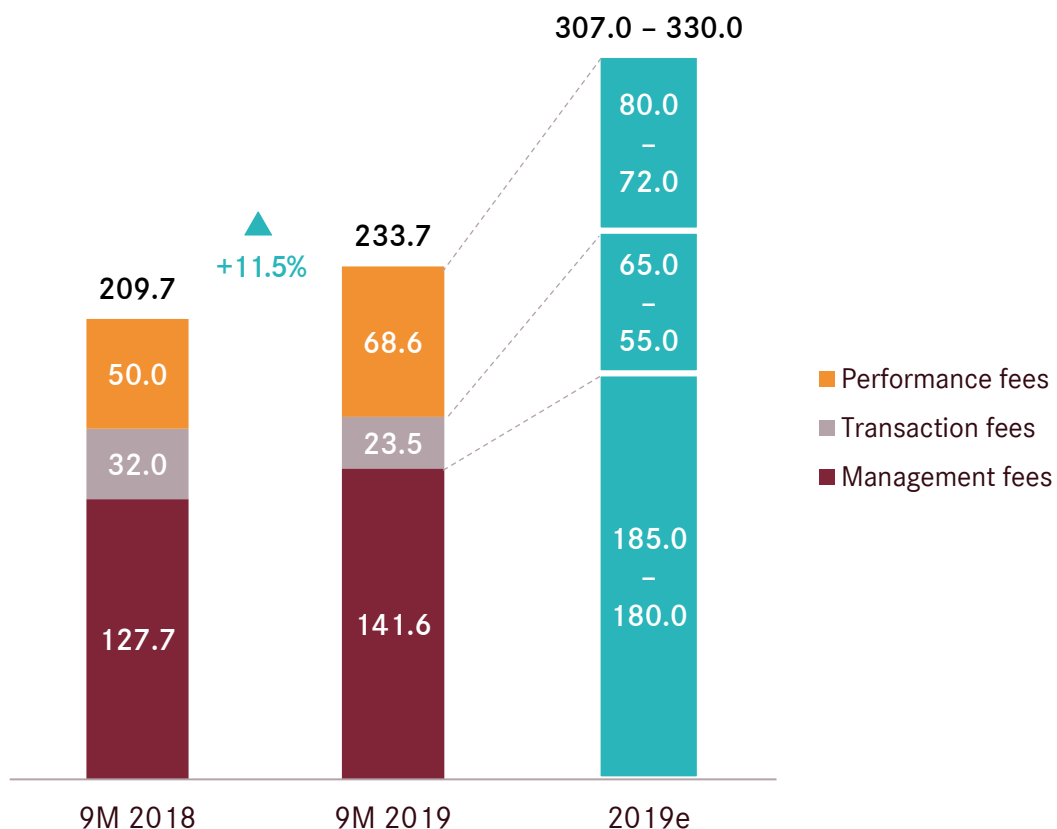


¹ Inter alia netted against other operating income

◆ change y-o-y

3. Development of financial performance indicators (KPIs)

Total service fee income (EUR m)



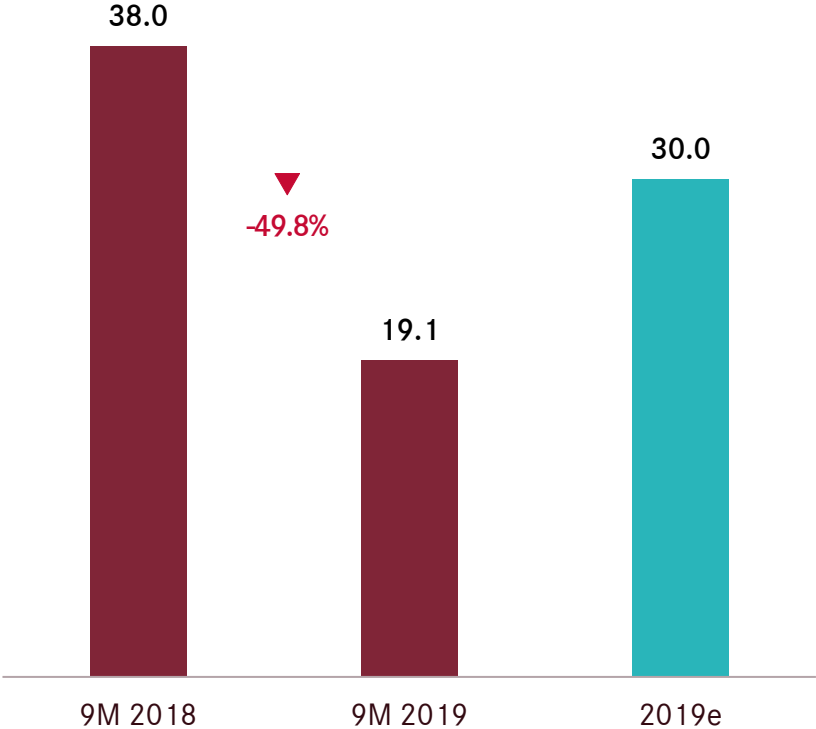
Highlights

- ◆ **Total service fee income** up 11.5% to EUR 233.7m driven by organic growth in assets under management, acquisition of Rockspring (31.03.2018) and continued superior investment performance generated for clients
- ◆ Increase in **management fees** by 10.9% to EUR 141.6m reflects organic growth in AUM and additional management fees generated by Rockspring. Management fee income contribution to total service fee income increased to 60.6% (H1 2019: 55.7%)
- ◆ **Transaction fees** are down 26.5% y-o-y, but nearly doubled compared to H1 2019 to EUR 23.5m. Acquisitions accounted for EUR 12.1m and disposals for EUR 11.4m. The pipeline is well filled for Q4 2019
- ◆ **Performance fees** of EUR 68.6m in 9M 2019 were significantly higher than in the same period of 2018
- ◆ **Guidance 2019e** for total service fee income of EUR 307.0m – 330.0m confirmed

3. Development of financial performance indicators (KPIs)

Net sales revenues and co-investment income

(EUR m)



Highlights

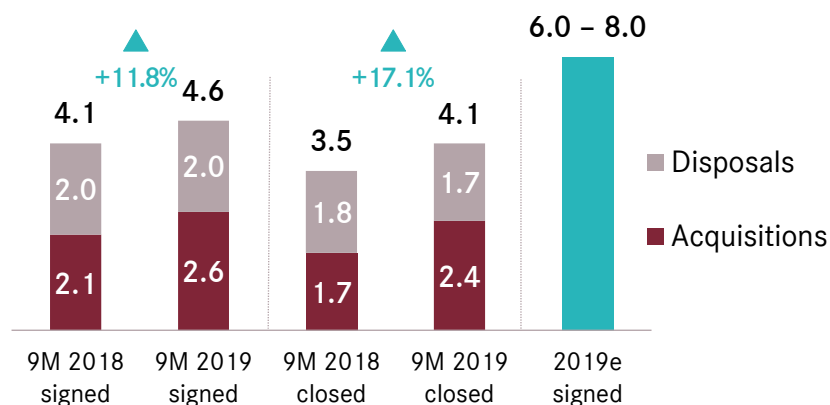
- ◆ Net sales revenues and co-investment income amount to EUR 19.1m and decreased 49.8% y-o-y mainly due to decreasing income from the sale of phase-out principal investments
- ◆ Principal investments contribute EUR 10.7m after EUR 22.5m in 9M 2018 due to lower disposal volume of phase-out principal investments
- ◆ Co-investments contribute EUR 8.4m after extraordinary strong EUR 15.5m in 9M 2018

3. Development of financial performance indicators (KPIs)

Transaction volume

(EUR bn)

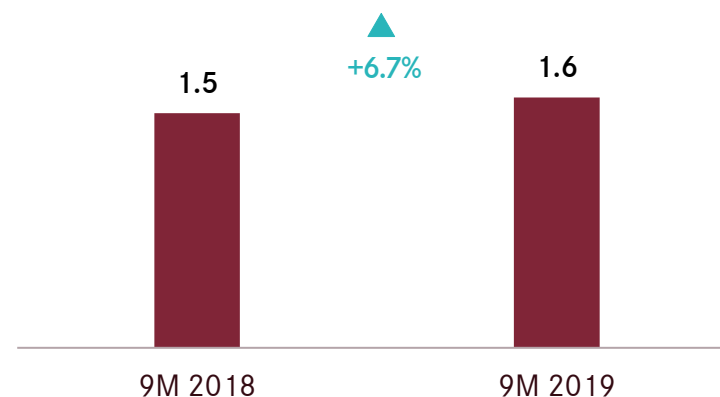
- ◆ Strong acceleration of **signed transaction volume** q-o-q, e.g. residential in Germany and Dublin, logistics in France and office in Germany; overall market volumes recovering since Q1
- ◆ For several transactions that were signed in Q3 2019 closing is expected to follow in Q4 2019 with positive impact on AUM
- ◆ Growth in transaction fees also picked up in Q3 2019 and is expected to accelerate until year-end
- ◆ Acceleration of transaction activity is expected to continue in Q4 2019 with positive impact on transaction fees; full-year guidance for 2019 confirmed



Equity raised

(EUR bn)

- ◆ EUR 1.6bn of equity was raised from institutional, (semi-)professional and private investors for various national and international real estate investments (9M 2018: EUR 1.5bn)



4. Capital allocation

30.09.2019	Assets under management	Invested capital (fair value)	Invested capital (at cost)	Participations
	EUR m	EUR m	EUR m	in %
Third-party business	35,928.7			
Co-investments	6,572.7	527.4	152.6	
Residential	5,560.1	507.4	135.7	
Dawonia GmbH ¹	4,503.1	² 149.0 ¹	52.2	5.1
Dawonia performance fee claims ³		³ 274.6 ¹	0.0	0.1
WohnModul I SICAV-FIS	1,057.1	62.1	62.1	10.1
Harald		21.5 ¹	21.3	5.1
Other		0.1	0.1	0.0
Commercial Germany	1,010.3	18.5	15.2	
Alliance	198.7	5.3 ¹	5.2	5.1
Seneca	177.4	6.0 ¹	4.9	5.1
PATRoffice	1.3	1.5 ¹	1.1	6.3
sono west	48.5	1.0	0.0	28.3
TRIUVA/IVG logistics	365.2	3.9 ¹	3.3	2.1
TRIUVA/IVG commercial	219.2	0.8 ¹	0.7	11.0
Commercial international	2.3	1.5	1.7	
Citruz Holdings LP (UK)	2.3	0.1 ¹	0.3	10.0
First Street Development LTD (UK)		1.4	1.4	10.0
Principal investments	60.5	50.8		
Other balance sheet items		660.4²		
Tied-up investment capital	42,561.9	1,238.5		
Available liquidity		261.2		
Total investment capital	42,561.9	1,499.7		
of which debt (bonded loans)	-	300.0		
of which equity PATRIZIA (without non-controlling interests)	-	1,199.7		

Highlights

- ¹ In mid-January 2019, GBW changed its name to Dawonia
- ² PATRIZIA's 5.1% co-investment share in Dawonia at fair value
- ³ Accumulated PATRIZIA performance fee claims upon exit of Dawonia (at fair value), after tax. Included in "Consolidated unappropriated profit" of total equity and "Revaluation reserve according to IFRS 9" (both on page 15)

¹ Net of deferred taxes from valuation in accordance with IFRS 9

² Incl. goodwill, fund management contracts (included in other intangible assets) and Living Cities residential fund

5. Consolidated Income Statement (I)

EUR k	Q3 2019	Q3 2018	Chg	9M 2019	9M 2018	Chg
Revenues	63,096	79,889	-21.0%	1 242,920	239,995	1.2%
Income from the sale of investment property	25	71	-65.6%	273	662	-58.8%
Changes in inventories	-2,708	-4,355	-37.8%	2 -23,130	-26,058	-11.2%
Other operating income	3,469	3,943	-12.0%	9,514	12,140	-21.6%
Income from the deconsolidation of subsidiaries	585	138	323.1%	585	317	84.6%
Total operating performance	64,466	79,687	-19.1%	230,162	227,056	1.4%
Cost of materials	-1,717	-1,701	0.9%	-3,209	-8,632	-62.8%
Cost of purchased services	-3,326	-3,196	4.1%	-11,278	-10,148	11.1%
Staff costs	-29,736	-32,928	-9.7%	3 -92,677	-89,850	3.1%
Other operating expenses	-17,075	-19,650	-13.1%	-47,472	-53,714	-11.6%
Impairment losses for trade receivables and contract assets	-26	394	-106.6%	-486	-1,137	-57.3%
Income from participations	3,698	3,566	3.7%	4 29,126	23,395	24.5%
Earnings from companies accounted for using the equity method	0	2,101	-100.0%	5 292	11,562	-97.5%
Cost from the deconsolidation of subsidiaries	0	-376	-100.0%	0	-376	-100.0%
EBITDAR	16,285	27,897	-41.6%	104,458	98,156	6.4%
Reorganisation expenses	-2,842	-13,009	-78.2%	6 -9,354	-14,252	-34.4%
EBITDA	13,443	14,888	-9.7%	7 95,104	83,904	13.3%

Highlights

- 1 Revenues surpassed 2018 by 1.2% y-o-y due to strong growth in recurring management fees, as well as continued superior investment performance for our clients
- 2 Changes in inventories reflect book value of principal investments sold (-) and cost of materials allocated to inventories (+); y-o-y decrease due to lower volume of sales of principal investments
- 3 Staff costs increased due to the first-time consolidation of Rockspring (31.03.2018)
- 4 Income from participations increased due to performance-based shareholder remuneration (performance fees) from co-investment in Dawonia
- 5 The y-o-y decrease of earnings from companies accounted for using the equity method was driven by lower contribution from co-investments
- 6 Reorganisation expenses of EUR 9.4m relate to the integration of TRIUVA and Rockspring
- 7 EBITDA increased 13.3% y-o-y and shows the successful integration of three companies into one PATRIZIA, steady organic growth in assets under management and superior investment performance

5. Consolidated Income Statement (II)

EUR k	Q3 2019	Q3 2018	Chg	9M 2019	9M 2018	Chg
EBITDA	13,443	14,888	-9.7%	95,104	83,904	13.3%
Amortisation of other intangible assets ¹ , software and rights of use, depreciation of property, plant and equipment	-7,725	-2,477	211.9%	① -31,473	-6,954	352.6%
Earnings before interest and taxes (EBIT)	5,717	12,411	-53.9%	② 63,631	76,950	-17.3%
Financial income	521	437	19.1%	1,384	1,170	18.3%
Financial expenses	-1,336	-1,341	-0.3%	-4,349	-4,420	-1.6%
Result from currency translation	205	108	89.8%	82	1,370	-94.0%
Earnings before taxes (EBT)	5,107	11,615	-56.0%	60,749	75,070	-19.1%
Income taxes	-2,452	-2,172	12.9%	-14,760	-15,454	-4.5%
Net profit for the period	2,655	9,444	-71.9%	45,989	59,616	-22.9%
Earnings per share (undiluted / diluted) in EUR	0.02	0.09	-77.8%	0.49	0.61	-19.7%
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO:						
Shareholders of the parent company	1,880	7,852	-76.1%	44,197	55,625	-20.5%
Non-controlling interests	775	1,591	-51.3%	1,791	3,991	-55.1%
	2,655	9,444	-71.9%	45,989	59,616	-22.9%

Highlights

- ① Amortisation of fund management contracts increased due to additional amortisation of fund management contracts of acquired companies. For more information please refer to page 10 of our FY 2018 Results Presentation. Furthermore, the first-time application of IFRS 16 increased amortisation by EUR 7.1m in 9M 2019
- ② EBIT down 17.3% y-o-y despite EBITDA growth of 13.3% due to amortisation of fund management contracts

¹ In particular fund management contracts transferred as part of the recent acquisitions

6. Consolidated Statement of Comprehensive Income

EUR k	Q3 2019	Q3 2018	9M 2019	9M 2018
Net profit for the period	2,655	9,444	45,989	59,616
Items of other comprehensive income reclassified to net profit for the period				
Profit/loss arising on the translation of the financial statements of foreign operations	-970	-918	3,229	-987
Items of other comprehensive income without reclassification to net profit for the period				
Value adjustments resulting from equity instruments measured including capital gains (IFRS 9)	-2,135	130	1 34,844	333
Other comprehensive income	-3,104	-788	38,073	-654
Total comprehensive income for the reporting period	-449	8,655	84,062	58,962
Total comprehensive income attributable to:				
Shareholders of the parent company	-1,224	7,064	82,271	54,971
Non-controlling interests	775	1,591	1,791	3,991
	-449	8,655	84,062	58,962

Highlights

- 1** Mainly due to positive fair value adjustments of the co-investment in Dawonia

7. Reconciliation of operating income

EUR k		9M 2019	9M 2018
EBITDA		95,104	83,904
Amortisation of other intangible assets ¹ , software and rights of use, depreciation of property, plant and equipment	1	-31,473	-6,954
EBIT		63,631	76,950
Financial income/expenses		-2,965	-3,250
Result from currency translation		82	1,370
EBT		60,749	75,070
Changes in value of derivatives		0	51
Amortisation of other intangible assets ¹		19,954	2,701
Realised changes in value of investment property (net)	2	3,960	8,015
Reorganisation expenses	3	9,354	14,252
Expenses/income from unrealised currency translation		-643	-2,004
Operating income from participations (IFRS 9)	4	4,337	0
Operating income	5	97,709	98,086

Highlights

- 1 Amortisation of fund management contracts increased due to additional amortisation of fund management contracts of acquired companies
- 2 Lower realised changes in value of investment property due to lower volume of investment properties
- 3 Reorganisation expenses of EUR 9.4m relate mainly to acquisitions of TRIUVA and Rockspring
- 4 Prepayments of dividends from co-investment sono west
- 5 9M 2019 operating income is broadly on the same level as in 9M 2018; however, with higher quality of earnings as fee income continues to compensate decreasing sales profit from the strategic disposal of principal investments

¹ In particular fund management contracts transferred as part of the recent acquisitions

8. Consolidated Balance Sheet (I)

Assets

EUR k		30.09.2019	30.09.2019 adjusted ¹	31.12.2018
A.	Non-current assets			
	Goodwill	201,714	201,714	201,109
	Other intangible assets	147,179	147,179	166,562
	Software	10,286	10,286	11,396
	Rights of use	23,113	23,113	0
	Investment property	3,241	3,241	8,308
	Equipment	5,992	5,992	5,890
	Associated companies accounted using the equity method	67,348	67,348	76,141
	Participations	538,543	538,518	499,241
	Non-current borrowings and other loans	27,969	27,969	27,513
	Deferred taxes	17,022	17,022	6,102
	Total non-current assets	1,042,407	1,042,382	1,002,262
B.	Current assets			
	Inventories	462,547	47,547	71,534
	Securities	2,011	2,011	3,011
	Current tax assets	17,929	17,929	15,585
	Current receivables and other current assets	336,465	296,515	355,456
	Cash and cash equivalents	209,147	407,260	330,598
	Total current assets	1,028,098	771,261	776,184
	TOTAL ASSETS	2,070,505	1,813,642	1,778,446

Highlights

- 1 Other intangible assets down y-t-d due to amortisation of fund management contracts
- 2 First-time application of IFRS 16 (leasing of IT infrastructure, car-pool, office space)
- 3 Inventories as at 30.09.2019 include temporarily warehoused assets for Living Cities residential fund. Adjusted for warehoused assets inventories amount to EUR 47.5m, which is in line with strategic reduction of phase-out principal investments
- 4 Y-t-d cash decreased EUR 121.5m due to temporarily warehoused assets and liabilities for Living Cities residential fund. Adjusted for this effect, cash and cash equivalents increased by EUR 76.7m y-t-d

¹ Adjusted for temporary consolidation of warehoused assets and liabilities for Living Cities residential fund

8. Consolidated Balance Sheet (II)

Equity and liabilities

EUR k	30.09.2019	30.09.2019 adjusted ¹	31.12.2018
A. Equity			
Share capital	91,060	91,060	91,060
Capital reserves	155,222	155,222	155,222
Retained earnings			
Legal reserves	505	505	505
Currency translation difference	-12,376	-12,376	-15,605
Revaluation reserve according to IFRS 9	84,348	84,348	49,503
Consolidated unappropriated profit	880,986	880,986	862,421
Non-controlling interests	16,878	12,500	10,682
Total equity	1,216,622	1,212,244	1,153,788
B. Liabilities			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	117,909	117,909	110,387
Long-term bank loans	163,394	0	0
Retirement benefit obligations	21,573	21,573	21,724
Bonded loans	300,000	300,000	300,000
Non-current liabilities	19,605	16,498	16,836
Leasing liabilities	15,619	15,619	0
Total non-current liabilities	638,100	471,599	448,947
CURRENT LIABILITIES			
Short-term bank loans	80,000	0	0
Other provisions	15,316	15,316	23,530
Current liabilities	71,146	65,163	99,963
Short-term leasing liabilities	7,569	7,569	0
Tax liabilities	41,752	41,752	52,218
Total current liabilities	215,783	129,799	175,711
TOTAL EQUITY AND LIABILITIES	2,070,505	1,813,642	1,778,446

Highlights

- 1 Long-term bank loans as at 30.09.2019 include temporarily warehoused liabilities for Living Cities residential fund
- 2 First-time application of IFRS 16 (leasing of IT infrastructure, car-pool, office space)
- 3 Decrease y-t-d mainly due to lower liabilities from variable salaries

¹ Adjusted for temporary consolidation of warehoused assets and liabilities for Living Cities residential fund

9. Outlook 2019

Guidance overview

	FY 2018	Guidance 2019e
Assets under management (organic growth)	Growth of EUR 2.3bn	Growth of EUR 3.0–4.0bn
Operating income	EUR 141.4m	EUR 120.0–130.0m

Assumptions underlying the guidance forecast:

PATRIZIA is anticipating **management fees** for asset and portfolio management services of between EUR 180.0m and EUR 185.0m. The company expects the majority of net growth in assets under management to have a positive impact on management fees only in the second half of 2019 when the respective transactions are closed.

The company expects the transaction market to remain active in 2019 and is forecasting **transaction fees** of between EUR 55.0m and EUR 65.0m based on a signed transaction volume of between EUR 6.0bn and EUR 8.0bn.

Income from **performance fees** is determined by the IRR achieved in excess of the agreed target IRR. These result from the realisation of value-adding measures in particular. PATRIZIA expects to generate performance fees of between EUR 72.0m and EUR 80.0m in 2019.

Total service fee income is expected to amount to between EUR 307.0m and EUR 330.0m. In addition, **net sales revenues and co-investment income** are expected to amount to around EUR 30.0m.

Net operating expenses, which primarily comprise staff costs and non-staff operating expenses, are forecasted at between EUR 207.0m and EUR 222.0m. This means the ratio of net operating expenses to average assets under management is expected to improve further compared with 2018 to between 0.48% and 0.53% in 2019.

10. Contact Investor Relations and financial calendar



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- ◆ **Events:** IR Release, Results Presentation, Quarterly Statement, Recording of the conference call
- ◆ **Presentations:** Results Presentation, Company Presentation

Financial calendar 2019:

- ◆ **14 November:** Quarterly Statement for the first nine months of 2019
- ◆ **14 November:** PATRIZIA Capital Markets Day – Frankfurt/ Main

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This document contains specific forward-looking statements that relate in particular to the business development of PATRIZIA AG and the general economic and regulatory environment and other factors to which PATRIZIA AG is exposed to. These forward-looking statements are based on current estimates and assumptions by the Company made in good faith, and are subject to various risks and uncertainties that could render a forward-looking estimate or statement inaccurate or cause actual results to differ from the results currently expected. PATRIZIA AG does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this publication. Due to commercial rounding of figures and percentages small deviations may occur.

14 November 2019, PATRIZIA AG

11. Appendix

Appendix ►

Key figures

EUR k	9M 2019	9M 2018	Change
Revenues	242,920	239,995	1.2%
Total operating performance	230,162	227,056	1.4%
EBITDA	95,104	83,904	13.3%
EBIT	63,631	76,950	-17.3%
EBT	60,749	75,070	-19.1%
Operating income ¹	97,709	98,086	-0.4%
Net profit for the period	45,989	59,616	-22.9%

EUR k	30.09.2019	31.12.2018	Change
Non-current assets	1,042,407	1,002,262	4.0%
Current assets	1,028,098	776,184	32.5%
Equity (excl. non-controlling interests)	1,199,744	1,143,106	5.0%
Equity ratio (excl. non-controlling interests)	57.9% ²	64.3%	-6.3 PP
Non-current liabilities	638,100	448,947	42.1%
Current liabilities	215,783	175,711	22.8%
Total assets	2,070,505	1,778,446	16.4%

¹ Please see page 13 and 31f for the reconciliation of operating income | ² Adjusted for temporary consolidation of warehoused assets and liabilities for Living Cities residential fund: 79.3% | PP = Percentage points

11. Appendix



Supplementary report

No events after the end of the reporting period.

11. Appendix

PATRIZIA shares

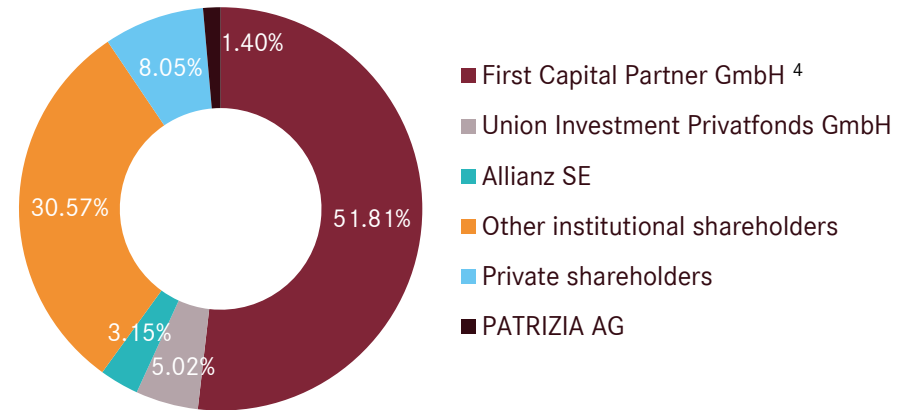
ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	PAT
Issued shares as at 30.09.2019	92,351,476 shares
Outstanding shares as at 30.09.2019 ¹	91,059,631 shares
9M 2019 high ²	EUR 20.46
9M 2019 low ²	EUR 15.90
Closing price as at 30.09.2019 ²	EUR 17.05
Share price performance (9M 2019) ²	+2.4%
Average trading volume per day (9M 2019) ³	78,551 shares
Market capitalisation as at 08.11.2019 ⁵	EUR 1.7bn
Indices (selection)	SDAX, MSCI World Small Cap Index, DIMAX

PATRIZIA share performance as at 08.11.2019

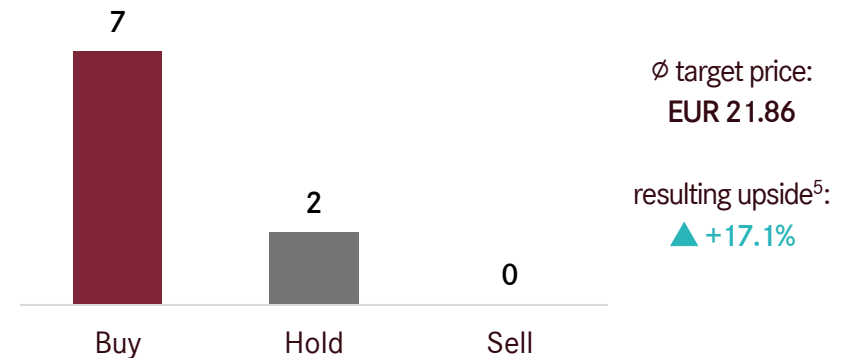


Source: Thomson Reuters, PATRIZIA share register; ¹ Reduced number of shares compared to the issued shares due to share buybacks in 2017; ² Closing price on Xetra trading; ³ All German stock exchanges; ⁴ First Capital Partner is attributable to CEO Wolfgang Egger; ⁵ Based on closing price of EUR 18.66

Shareholder structure as at 08.11.2019



Analyst recommendations as at 08.11.2019



11. Appendix

Treasury shares

The number of treasury shares amounts unchanged to the previous period to 1,291,845 with a total value of EUR 21,678,892¹.

Earnings per share

EUR k	9M 2019 adjusted ²	9M 2018 adjusted ²	9M 2019	9M 2018
Share of earnings attributable to shareholders of the Group	51,278	66,943	44,197	55,625
Number of shares	91,059,631	90,994,735	91,059,631	90,994,735
Weighted number of shares	91,059,631	90,643,588	91,059,631	90,643,588
Earnings per share (undiluted/diluted) in EUR	0.56	0.74	0.49	0.61

¹ Value of treasury shares measured at acquisition costs; ² Adjusted = not including reorganisation expenses

11. Appendix

Consolidated statement of changes in equity

EUR k	Share capital	Capital reserves	Retained earnings (legal reserves)	Currency translation difference	Revaluation reserve according to IFRS 9	Consolidated unappropriated profit	Equity of the shareholders of the parent company	Equity of non-controlling interests	Total
As at 01.01.2018	89,555	129,545	505	-11,586	0	843,994	1,052,012	1,691	1,053,704
Net amount recognised directly in equity, where applicable less income taxes	0	0	0	-987	0	0	-987	0	-987
Disposal and transfer of shares	1,362	23,556	0	0	0	0	24,918	0	24,918
Non-controlling interests arising from the inclusion of new companies	0	0	0	0	0	0	0	12,803	12,803
Purchases of shares of non-controlling interests	0	0	0	0	0	-4,843	-4,843	-5,881	-10,724
Payout of profit shares to non-controlling interests	0	0	0	0	0	0	0	-2,558	-2,558
Changes in course of revaluation of IFRS 9 financial instruments	0	0	0	0	333	0	333	0	333
Dividend distribution to shareholders in cash	0	0	0	0	0	-21,251	-21,251	0	-21,251
Dividend distribution to shareholders by issuing treasury shares	77	1,079	0	0	0	-1,524	-368	0	-368
Net profit for the period	0	0	0	0	0	55,625	55,625	3,991	59,616
As at 30.09.2018	90,995	154,179	505	-12,573	333	872,001	1,105,439	10,046	1,115,486

EUR k	Share capital	Capital reserves	Retained earnings (legal reserves)	Currency translation difference	Revaluation reserve according to IFRS 9	Consolidated unappropriated profit	Equity of the shareholders of the parent company	Equity of non-controlling interests	Total
As at 01.01.2019	91,060	155,222	505	-15,605	49,503	862,421	1,143,105	10,682	1,153,788
Net amount recognised directly in equity, where applicable less income taxes	0	0	0	3,229	0	-736	2,494	-65	2,429
Non-controlling interests arising from the inclusion of new companies	0	0	0	0	0	0	0	4,378	4,378
Changes in course of revaluation of IFRS 9 financial instruments	0	0	0	0	34,844	0	34,844	-16	34,828
Dividend distribution to shareholders in cash	0	0	0	0	0	-24,576	-24,576	0	-24,576
Purchases of shares of non-controlling interests	0	0	0	0	0	-321	-321	321	0
Payout of profit shares to non-controlling interests	0	0	0	0	0	0	0	-213	-213
Net profit of the period	0	0	0	0	0	44,197	44,197	1,791	45,988
As at 30.09.2019	91,060	155,222	505	-12,376	84,348	880,986	1,199,744	16,878	1,216,622

11. Appendix

Consolidated statement of cash flows (I)

EUR k	9M 2019	9M 2018
Consolidated net profit	45,988	59,616
Income taxes recognised through profit or loss	14,760	15,454
Financial expenses recognised through profit or loss	4,349	4,420
Financial income recognised through profit or loss	-1,384	-1,170
Income from unrealised currency translation recognised through profit or loss	-643	0
Income from the disposal of other intangible assets, software, rights of use and equipment recognised through profit or loss	3	0
Income from divestments of financial assets recognised through profit or loss	-5	68
Amortisation of other intangible assets and software, rights of use, depreciation of property, plant and equipment	31,473 ¹	6,954
Income from the sale of investment property	-273	-662
Costs from the deconsolidation of subsidiaries		376
Income from the deconsolidation of subsidiaries	-585	-317
Other non-cash items	13,700	-14,242
Changes in inventories, receivables and other assets that are not attributable to investment activities	19,981 ²	-32,614
Changes in liabilities that are not attributable to financing activities	-47,191 ³	-9,789
Interest paid	-4,616	-5,409
Interest received	723	975
Income tax payments	-24,525	-13,567
Cash flow from operating activities	51,756	10,093

¹ Increase mainly from amortisation of fund management contracts (TRIUVA EUR 9.8m, Rockspring EUR 7.3m) and IFRS 16 Leasing (EUR 7.1m)

² Increase mainly due to reduction of receivables from services and receivables from disposal of real estate

³ Decrease mainly due to reduction of short-term liabilities from variable salaries and consumption of reorganisation and other provisions

11. Appendix

Consolidated statement of cash flows (II)

EUR k	9M 2019	9M 2018
Investments in other intangible assets, software and equipment	-3,174	-2,561
Payments received from the disposal of intangible assets and equipment	74	0
Payments received from the sale of investment property	5,934	10,961
Payments for the development of investment property	-596	-49
Payments for the acquisition of securities and short-term investments	0	-2
Payments received from the sale of securities and short-term investments	44,005	38,500
Payments for the acquisition of participations	-6,850	-2,348
Payments received from the equity reduction of participations	7,878	4,614
Payments received from the sale of participations	517	985
Payments for investments in companies accounted for using the equity method	0	-253
Payment received through distributions of companies accounted for using the equity method	9,090	137
Payments received from the repayment of shares of companies accounted for using the equity method	0	16,766
Payments received from the disposal of companies accounted for using the equity method	0	3,393
Payments received from the repayment of loans to companies in which participating interests are held	221	0
Payments for loans to companies	-677	-4,116
Payments received from the disposal of consolidated companies and other business units	-36	5,600
Payments for the disposal of consolidated companies and other business units	0	-570
Payments for the acquisition of consolidated companies and other business units	-278,113 ¹	-41,744
Cash flow from investing/divesting activities	-221,725	29,312

¹ Influenced by temporary consolidation of warehoused assets and liabilities for Living Cities residential fund

11. Appendix

Consolidated statement of cash flows (II)

EUR k	9M 2019	9M 2018
Borrowing of loans	80,000 ¹	71,534
Repayment of loans	0	-24,384
Repayment of leasing liabilities	-7,038	0
Payments for purchase of shares of non-controlling interests	0	-13,282
Payments of profit shares to non-controlling interests	-213	0
Payments of dividends to shareholders	-24,576	-21,251
Payments for buy-backs of own shares	0	-368
Cash flow from financing activities	48,173	12,249
Change in cash and cash equivalents	-121,797	51,654
Cash and cash equivalents as at 01.01.	330,598	382,675
Effects of changes in foreign exchange rates on cash and cash equivalents	346	0
Cash and cash equivalents as at 30.09.	209,147	434,329

¹ Influenced by temporary consolidation of warehoused assets and liabilities for Living Cities residential fund

11. Appendix

Revenues

in EUR k	9M 2019	9M 2018	Change
Revenues from management services	208,380	190,239	9.5%
Proceeds from the sale of principal investments	29,509	44,680	-34.0%
Rental revenues	1,671	2,956	-43.5%
Revenues from ancillary costs	1,613	862	87.1%
Other	1,749	1,258	39.0%
Revenues	242,920	239,995	1.2%

Reconciliation of total service fee income

EUR m	9M 2019	9M 2018	Change
Management fees (excluding income from participations)	134.5	120.6	11.5%
Transaction fees	23.5	32.0	-26.5%
Performance fees (excluding income from participations, excluding operating income from participations (IFRS 9))	50.4	37.6	33.8%
Revenues from management services	208.4	190.2	9.5%
Shareholder contribution for management services (in income from participations)	7.1	7.1	0.0%
Performance-related shareholder contribution (in income from participations)	18.3	12.4	47.2%
Total service fee income	233.7	209.7	11.5%

11. Appendix

Reconciliation of total operating performance

EUR k	9M 2019	9M 2018	Change
Revenues	242,920	239,995	1.2%
Income from the sale of investment property	273	662	-58.8%
Changes in inventories	-23,130	-26,058	-11.2%
Other operating income	9,514	12,140	-21.6%
Income from the deconsolidation of subsidiaries	585	317	84.6%
Total operating performance	230,162	227,056	1.4%

Reconciliation of EBITDA

EUR k	9M 2019	9M 2018	Change
Total operating performance	230,162	227,056	1.4%
Cost of materials	-3,209	-8,632	-62.8%
Cost of purchased services	-11,278	-10,148	11.1%
Staff costs	-92,677	-89,850	3.1%
Other operating expenses	-47,472	-53,714	-11.6%
Impairment losses for trade receivables and contract assets	-486	-1,137	-57.3%
Income from participations	29,126	23,395	24.5%
Earnings from companies accounted for using the equity method	292	11,562	-97.5%
Cost from the deconsolidation of subsidiaries	0	-376	-100.0%
EBITDAR	104,458	98,156	6.4%
Reorganisation expenses	-9,354	-14,252	-34.4%
EBITDA	95,104	83,904	13.3%

11. Appendix

Staff costs

EUR k	9M 2019	9M 2018	Change
Fixed salaries	53,278	54,084	-1.5%
Variable salaries	23,804	20,253	17.5%
Social security contributions	10,672	11,296	-5.5%
Sales commission	1,478	2,207	-33.0%
Effect of long-term variable remuneration ¹	50	-626	-107.9%
Other	3,395	2,636	28.8%
Total	92,677	89,850	3.1%

Other operating expenses

EUR k	9M 2019	9M 2018	Change
Tax, legal, other advisory and financial statement fees	13,763	13,056	5.4%
IT and communication costs and cost of office supplies	10,717	9,160	17.0%
Vehicle and travel expenses	4,358	4,395	-0.8%
Advertising costs	2,803	3,662	-23.5%
Recruitment and training costs and cost of temporary workers	2,755	3,529	-21.9%
Contributions, fees and insurance costs	2,449	2,944	-16.8%
Rent, ancillary costs and cleaning costs ²	2,352	8,053	-70.8%
Other taxes	1,715	1,284	33.5%
Commission and other sales costs	1,384	1,865	-25.8%
Indemnity / reimbursement	318	0	100.0%
Costs of management services	170	296	-42.7%
Other	4,688	5,470	-14.3%
Total	47,472	53,714	-11.6%

¹ Change in the value of long-term variable remuneration due to change in the company's share price

² Decrease y-o-y due to the first-time application IFRS 16 which at the same time increased amortisations

11. Appendix

Income from participations & earnings from companies accounted for using the equity method

EUR k	9M 2019	9M 2018	Change
Dawonia GmbH	27,769	21,865	27.0%
Harald-Portfolio	645	938	-31.2%
Co-investments in the UK (Aviemore and Citruz)	476	333	43.1%
Seneca	157	153	2.8%
TRIUVA	66	100	-33.5%
Closed-end funds business	12	6	90.7%
Income from participations	29,126	23,395	24.5%
Earnings from companies accounted for using the equity method	292	11,562	-97.5%
Total	29,418	34,957	-15.8%

Reconciliation of net profit for the period

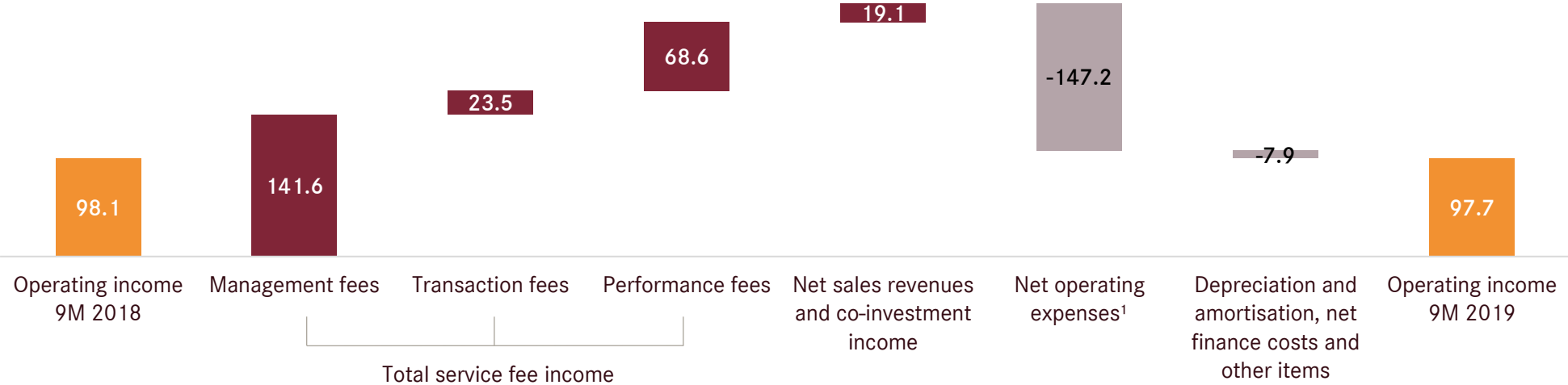
EUR k	9M 2019	9M 2018	Change
EBITDA	95,104	83,904	13.3%
Amortisation of other intangible ¹ assets, software and rights of use, depreciation of property, plant and equipment	-31,473	-6,954	352.6%
Earnings before interest and taxes (EBIT)	63,631	76,950	-17.3%
Finance income	1,384	1,170	18.3%
Financial expenses	-4,349	-4,420	-1.6%
Result from currency translation	82	1,370	-94.0%
Net finance costs	-2,882	-1,880	53.3%
Earnings before taxes (EBT)	60,749	75,070	-19.1%
Income taxes	-14,760	-15,454	-4.5%
Net profit for the period	45,989	59,616	-22.9%

11. Appendix

Detailed reconciliation of key performance indicators

Operating income – composition as at 9M 2019 (EUR m)

The following section explains the reconciliation of the individual components of operating income to their respective line items, in particular within the Consolidated Income Statement (rounding errors may occur).



¹ Inter alia netted against other operating income

Management fees of EUR 141.6m are predominantly derived from “Revenues from management services”, which includes EUR 134.5m in management fees (excluding income from participations). In addition, there are management services provided as a shareholder contribution for a co-investment in the amount of EUR 7.1m which is included in “Income from participations” (see pages 27 and 30).

Transaction fees of EUR 23.5m are also included in “Revenues from management services”, as shown in the overview of total service fee income on page 27.

Similar to management fees, **performance fees** of EUR 68.6m are partly derived from “Revenues from management services” and partly from “Income from participations”. The breakdown in the first nine months of 2019 was as follows (see also pages 27 and 30): EUR 50.4m in performance fees (excluding income from participations) and EUR 18.3m in performance-based shareholder remuneration which is included in “Income from participations”. These three fee streams add up to **total service fee income** of EUR 233.7m.

Net sales revenues and co-investment income of EUR 19.1m consists of “Revenues from the sale of principal investments” of EUR 29.5m (page 27), “Income from the sale of investment properties” of EUR 0.3m (page 10), “Rental revenues” of EUR 1.7m (page 27), “Revenues from ancillary costs” of EUR 1.6 m (page 27), net realised change in the value of investment property of EUR 4.0 (page 13), “Changes in inventories” of EUR -23.1m (page 10) and “Cost of materials” of EUR -3.2m (page 10). Co-investment income adds EUR 8.4m and includes “Earnings from companies accounted for using the equity method” of EUR 0.3m (page 10) and the remaining EUR 8.1 “Income from participations” (page 30) (thereof EUR 4.3m “Operating income from participations (IFRS 9)”).

The **net operating expenses** of EUR -147.2m include staff costs of EUR -92.7m (page 10) and the following items: “Other operating expenses” of EUR -47.5m and “Other operating income” of EUR 9.5m, “Impairment losses for trade receivables and contract assets” of EUR -0.5m, “Cost of purchased services” of EUR -11.3m (all page 10), “Other revenues” of EUR 1.7m (page 27); “Income from the deconsolidation of subsidiaries” of EUR 0.6m and EUR -7.1m IFRS 16 depreciation which is included in the position “Amortisation of other intangible assets and software, rights of use, depreciation of property, plant and equipment” (both page 11).

Depreciation and amortisation, financial result and other items of EUR -7.9m consists of “Amortisation of other intangible assets and software, rights of use, depreciation of property, plant and equipment” of EUR -31.5m (page 11) adjusted for “Amortisation of fund management contracts” of EUR 20.0m (page 13) and the IFRS 16 depreciation impact already included in Net operating expenses of EUR 7.1m (both page 13), “Financial income” of EUR 1.4m, “Financial expenses” of EUR -4.4m, “Result from currency translation” of EUR 0.1m (all page 11) and the adjustment for “unrealised currency result” of EUR -0.6m (page 13).

11. Appendix

Financial position of the PATRIZIA Group

PATRIZIA's key asset and financial data at a glance

EUR k	30.09.2019	31.12.2018	Change
Total assets	2,070,505	1,778,446	16.4%
Equity (excl. non-controlling interests)	1,199,744	1,143,106	5.0%
Equity ratio	57.9%	64.3%	-6.4 PP
Cash and cash equivalents	209,147	330,598	-36.7%
+ Term deposits	165,000	208,000	-20.7%
+ Securities	2,000	3,000	-33.3%
- Bank loans	-243,394 ¹	0	0.0%
- Bonded loans	-300,000	-300,000	0.0%
= Net cash (+) / net debt (-)	-167,247¹	241,598	-169.2%
Net equity ratio	64.5%²	77.3%	-12.9 PP

Investment property and inventories

EUR k	30.09.2019	31.12.2018	Change
Inventories	462,547 ³	71,534	546.6%
Investment property	3,241	8,308	-61.0%
Real estate assets	465,787	79,842	483.4%

¹ Influenced by temporary consolidation of warehoused assets and liabilities for Living Cities residential fund; ² Adjusted for temporary consolidation of warehoused assets and liabilities for Living Cities residential fund: 79.3%; ³ Adjusted for temporary consolidation of warehoused assets and liabilities for Living Cities residential fund: EUR 47.5m; PP = Percentage points

11. Appendix

Financial liabilities

EUR k	30.09.2019	31.12.2018	Change
Non-current bonded loans	300,000	300,000	0.0%
Long-term bank loans	163,394 ¹	0	-
Short-term bank loans	80,000 ¹	0	-
Total financial liabilities	543,394	300,000	81.1%

Liquidity

EUR k	30.09.2019	31.12.2018
Cash and cash equivalents	209,147	330,598
Term deposits	165,000	208,000
Securities	2,000	3,000
Current liquidity	376,147	541,598
- Regulatory reserve for asset management companies	-26,122	-26,185
- Transaction related liabilities and blocked cash	-88,570	-8,466
- Liquidity in closed-end funds business property companies	-265	-61
= Available liquidity	261,190²	506,886

¹ Adjusted for temporary consolidation of warehoused assets and liabilities for Living Cities residential fund: 0; ² Adjusted for temporary consolidation of warehoused assets and liabilities for Living Cities residential fund: EUR 547.9m; PP = Percentage points