

## LEADING IN PAN-EUROPEAN REAL ESTATE

Results Presentation | 9M 2019 | 14 November 2019

# Highlights

On track to deliver full-year guidance with improved earnings quality

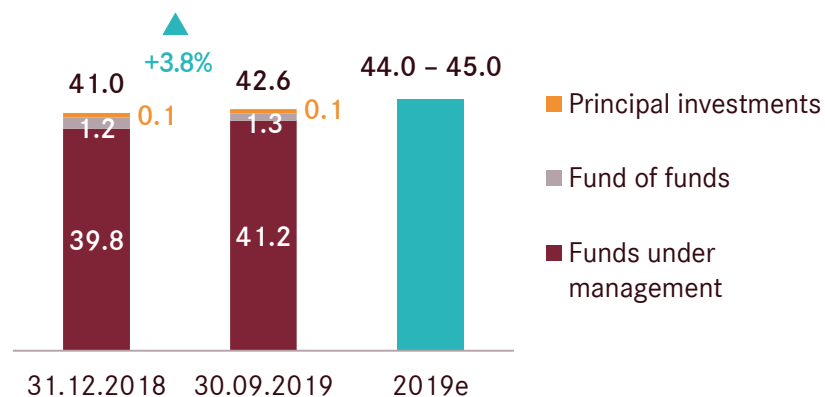
## 9M 2019

- Assets under management (AUM) increased by 3.8%<sup>1</sup> to EUR 42.6bn y-t-d
- PATRIZIA clearly outperformed the transaction market as at 9M 2019 by showing double-digit growth in transaction volume; transaction activity is expected to remain high in Q4 2019 with several closings coming up
- 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; total service fee income 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)
- Continued efficiency improvements as net operating expenses are growing much slower than total service fee income (+4.1% vs +11.5%)

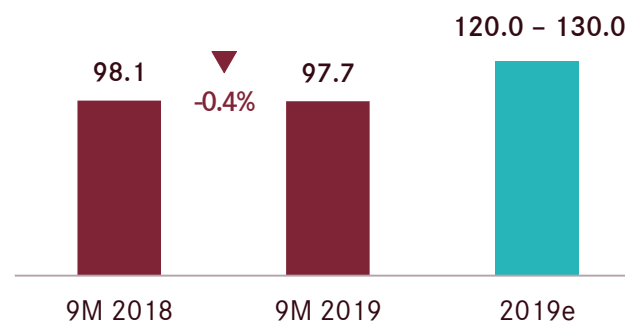
## Full-year guidance confirmed

- 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

## Assets under management | EUR bn



## Operating income | EUR m



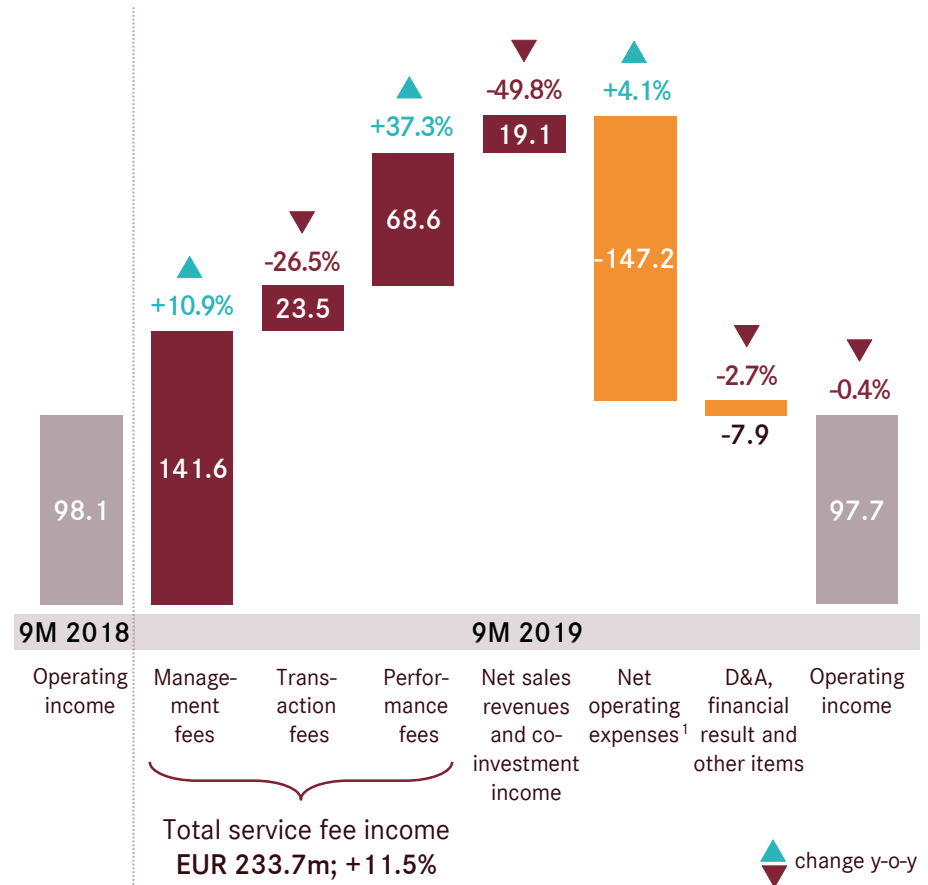
<sup>1</sup> All percentage rates in this presentation refer to the comparable period of the previous year, unless stated otherwise

# Operating income

Strong operating income of EUR 97.7m with improved earnings quality

Composition 9M 2019 | EUR m

- **Total service fee income** up 11.5% to EUR 233.7m (9M 2018: EUR 209.7m) due to:
  - Strong **management fees** with 10.9% growth y-o-y due to organic and inorganic growth (Rockspring)
  - **Transaction fees** still 26.5% lower y-o-y, but positive acceleration to continue in Q4 2019
  - **Performance fees** up 37.3% y-o-y due to strong outperformance generated for our clients
  - **Net sales revenues and co-investment income** of EUR 19.1m down significantly y-o-y in line with strategic transformation:
    - **Principal investments** contributed EUR 10.7m after EUR 22.5m in 9M 2018 due to lower disposal volume of phase-out principal investments
    - **Co-investments** contributed EUR 8.4m after extraordinary strong EUR 15.5m in 9M 2018
- **Net operating expenses** up 4.1%, but still well below the growth rate of management fees (+10.9%) and total service fee income (+11.5%)



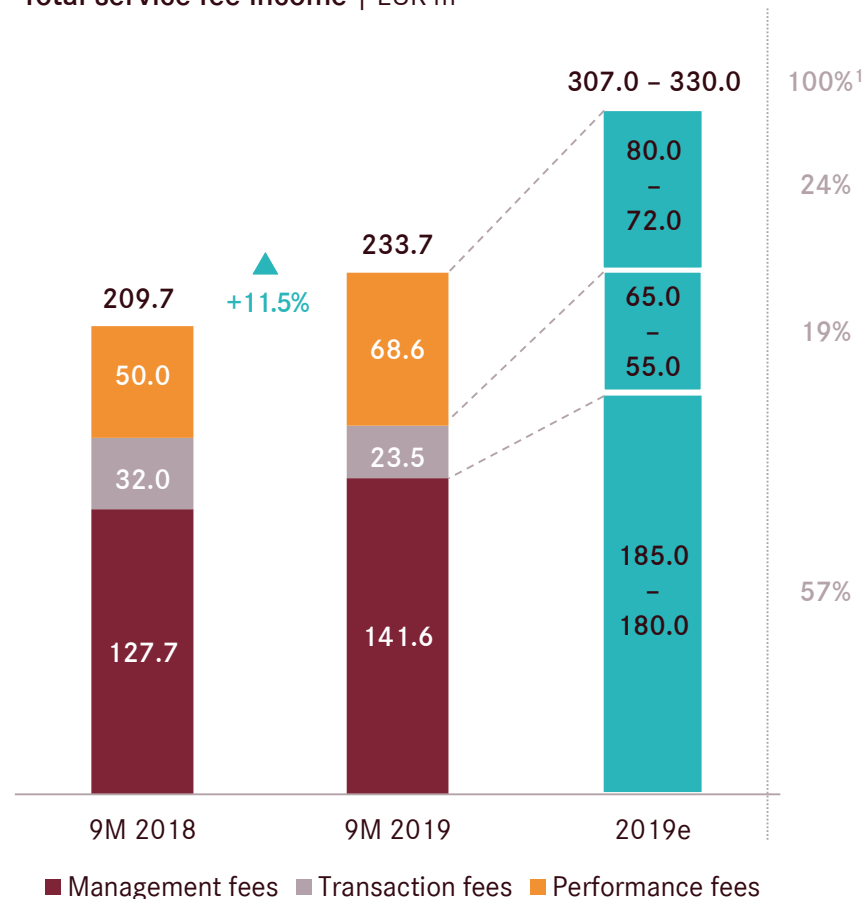
<sup>1</sup> Inter alia netted against other operating income of EUR 3.5m

# Total service fee income

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

- **Total service fee income** up 11.5% to EUR 233.7m driven by:
  - Organic growth in assets under management and consolidation of Rockspring (31.03.2018)
  - Superior investment performance for clients
- **Management fees** up 10.9% to EUR 141.6m due to organic growth in assets under management and additional management fees generated by Rockspring
  - Recurring management fees contributed 60.6% to total service fee income
  - Fees are partly included in revenues (EUR 134.5m) and partly in income from participations (EUR 7.1m)
- **Transaction fees** nearly doubled from H1 2019 (EUR 12.1m) to 9M 2019 (EUR 23.5m) and pipeline is well filled for Q4 2019
  - Acquisition fees: EUR 12.1m vs disposal fees: EUR 11.4m
- **Performance fees** of EUR 68.6m partly included in:
  - Revenues (EUR 50.4m)
  - Income from participations (EUR 18.3m)
- **Full-year guidance confirmed**
  - Total service fee income of EUR 307.0m – EUR 330.0m

Total service fee income | EUR m



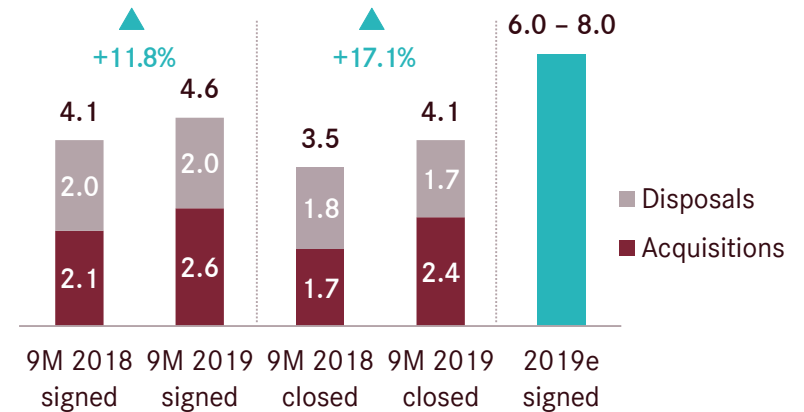
<sup>1</sup> At mid-point of guidance range

# Transaction fees

Transaction activity picked up in Q3 2019 and further acceleration is expected in Q4 2019

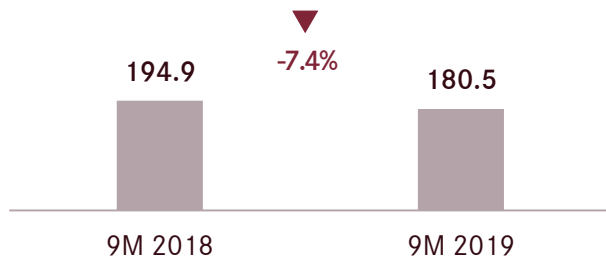
- Strong acceleration of **signed transaction volume** q-o-q, e.g. residential in Germany and Dublin, logistics in France and office in Germany; overall market volumes recovering since Q1
- For several transactions that were signed in Q3 2019 **closing is expected to follow** in Q4 2019 with positive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

Transaction volume (signed/closed) | EUR bn

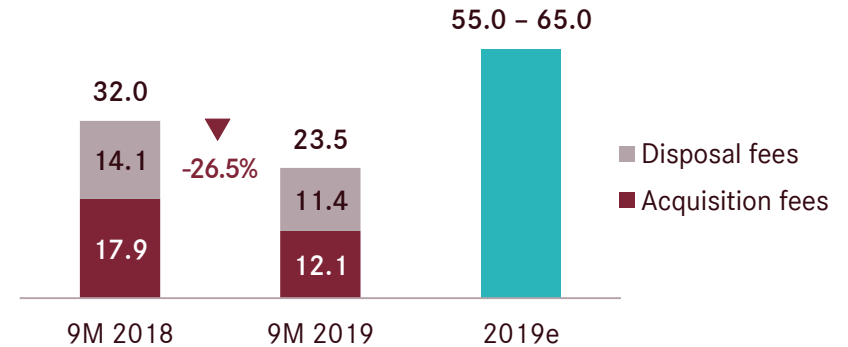


European transaction volume | EUR bn<sup>1</sup>

- Lower transaction activity across all sectors



Transaction fees | EUR m



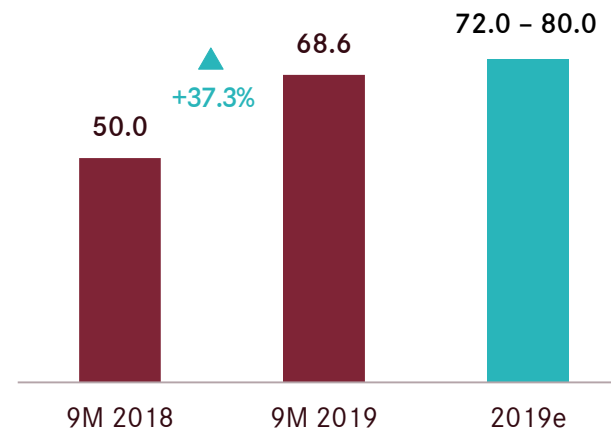
<sup>1</sup> Source: PATRIZIA, RCA all property including: DE, UK, IE, DK, SE, NO, FI, NL, BE, FR, ES, PT, AT, IT, PL, CZ, HU and LX

# Performance fees

Superior returns for clients translate into attractive performance fees

- Performance fees of EUR 68.6m in 9M 2019, up 37.3%, emphasise PATRIZIA's active asset management capabilities and investment track record (weighted average IRR of 10.9%)
- PATRIZIA expects performance fees for 2019e to range between EUR 72.0m and EUR 80.0m after an extraordinary strong volume of EUR 92.5m in FY 2018
- As at 9M 2019 PATRIZIA already generated 90% of its expected volume of annual performance fees

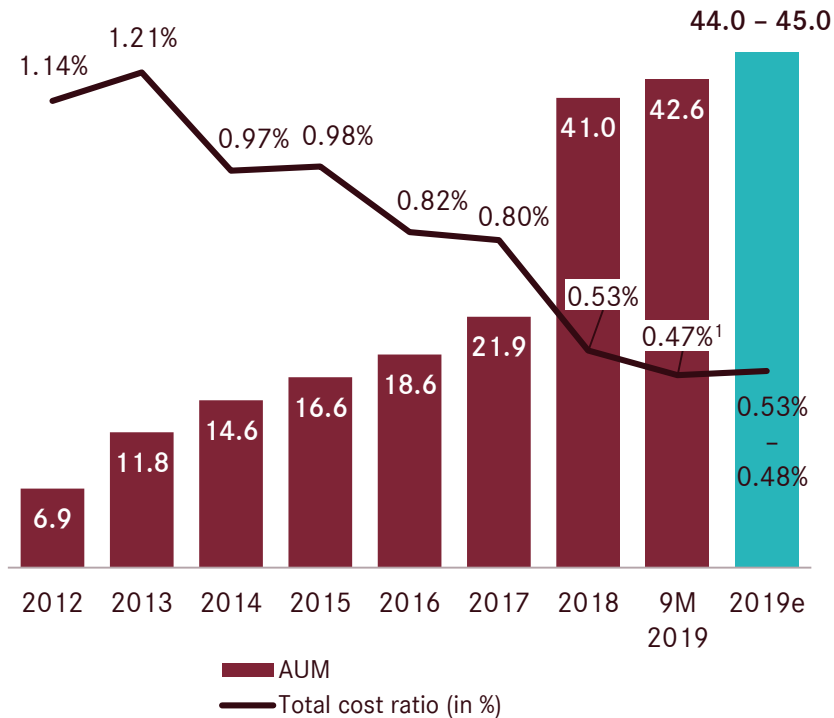
Performance fees | EUR m



# Profitability and costs

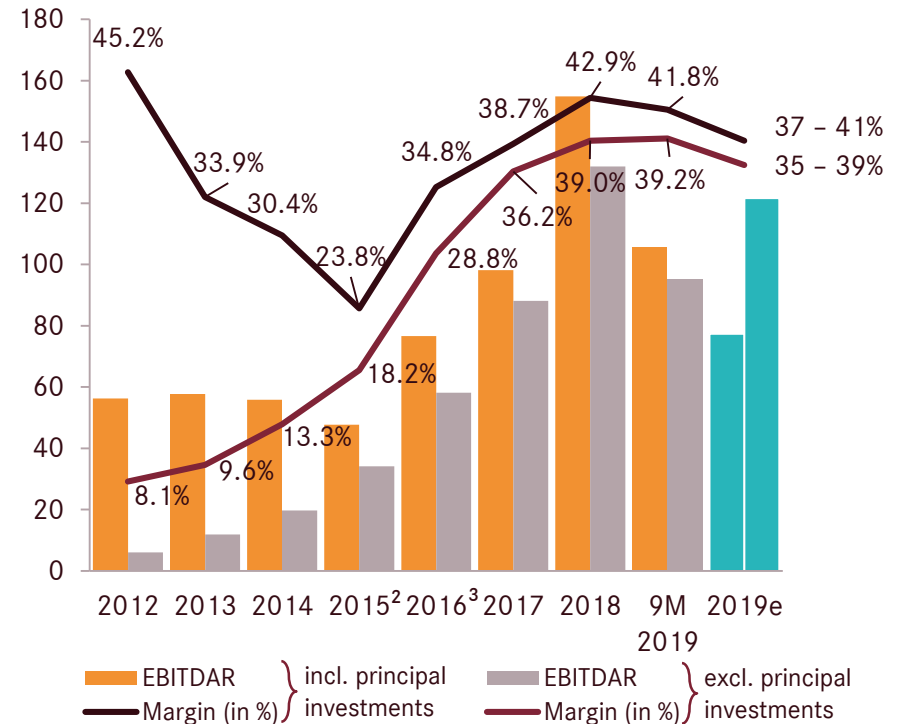
Continued efficiency improvements propel profitability and cost ratios

AUM vs total cost ratio | EUR bn vs %



- Scalability of operating platform continuously improves cost ratio
- 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 nearly completed, i.e. from volatile principal investment to stable service fee income
- Normalised margin expected in FY 2019 after peak in FY 2018

<sup>1</sup> Annualised value | <sup>2</sup> 2015 excluding SÜDEWO exit fee | <sup>3</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 30.09.2019 amounts to EUR 261.2m or EUR 547.9m adjusted
- The 9M 2019 balance sheet and liquidity KPIs are influenced by the consolidation of temporarily warehoused assets and liabilities for PATRIZIA's new Living Cities residential fund launched in November 2019

## Strong balance sheet

EUR m		30.09.2019
Total assets	●	2,070.5
Equity (excl. non-controlling interests)		1,199.7
<b>Equity ratio</b>	●	<b>57.9%</b>
Cash and cash equivalents	●	209.1
+ Deposits and securities		+167.0
- Bank loans	●	-243.4
- Bonded loans		-300.0
<b>= Net debt</b>	●	<b>-167.2</b>
<b>Net equity ratio<sup>1</sup></b>	●	<b>64.5%</b>
<b>Net equity ratio adjusted (for Living Cities)</b>		<b>79.3%</b>

## Significant liquidity

EUR m		30.09.2019
<b>Bank balances, cash, deposits and securities</b>	●	<b>376.1</b>
- Regulatory reserve for asset management companies		-26.1
- Transaction related liabilities and blocked cash	●	-88.6
- Liquidity in closed-end funds business property companies		-0.3
<b>= Available liquidity</b>	●	<b>261.2</b>
<b>Available liquidity adjusted (for Living Cities)</b>		<b>547.9</b>

● Influenced by temporary consolidation of warehoused assets and liabilities for Living Cities residential fund, see slide 13 for more details

<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)





# Compelling equity story

## 1

Leading position in the **structural growth market** for real estate investment management

- Strong global client base with growing investment pressure
- Lower for longer interest rate environment

## 2

Reputable pan-European platform with outstanding track record in real estate

- Local experts in all relevant markets
- Broad product offering and >35 years of experience
- Independent investment manager

## 3

Strong development potential due to **ample liquidity and focus on innovation**

- Solid financial position
- Ongoing investments into technology & digitalisation
- Well prepared for further organic and inorganic growth



# Appendix

# Capital allocation

30.09.2019	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>35.928.7</b>	<b>0.0</b>		
<b>Co-investments</b>	<b>6.572.7</b>	<b>527.4</b>	<b>152.6</b>	
<b>Residential</b>	<b>5.560.1</b>	<b>507.4</b>	<b>135.7</b>	
Dawonia GmbH	4.503.1	149.0 <sup>1</sup>	52.2	5.1
Dawonia performance fee claims		274.6 <sup>1</sup>	0.0	0.1
WohnModul I SICAV-FIS	1.057.1	62.1	62.1	10.1
Harald		21.5 <sup>1</sup>	21.3	5.1
Other		0.1	0.1	0.0
<b>Commercial Germany</b>	<b>1.010.3</b>	<b>18.5</b>	<b>15.2</b>	
Alliance	198.7	5.3 <sup>1</sup>	5.2	5.1
Seneca	177.4	6.0 <sup>1</sup>	4.9	5.1
PATRoffice	1.3	1.5 <sup>1</sup>	1.1	6.3
sono west	48.5	1.0	0.0	28.3
TRIUVA/IVG logistics	365.2	3.9 <sup>1</sup>	3.3	2.1
TRIUVA/IVG commercial	219.2	0.8 <sup>1</sup>	0.7	11.0
<b>Commercial international</b>	<b>2.3</b>	<b>1.5</b>	<b>1.7</b>	
Citruz Holdings LP (UK)	2.3	0.1 <sup>1</sup>	0.3	10.0
First Street Development LTD (UK)		1.4	1.4	10.0
<b>Principal investments</b>	<b>60.5</b>	<b>50.8</b>		
<b>Other balance sheet items</b>		<b>660.4<sup>2</sup></b>		
<b>Tied-up investment capital</b>	<b>42.561.9</b>	<b>1.238.5</b>		
Available liquidity		261.2		
<b>Total investment capital</b>	<b>42.561.9</b>	<b>1.499.7</b>		
of which debt (bonded loans)		300.0		
of which equity PATRIZIA (without non-controlling interests)		1.199.7		

<sup>1</sup> Net of deferred taxes from valuation according to IFRS 9 | <sup>2</sup> Incl. goodwill, fund management contracts (included in other intangible assets) and Living Cities residential fund, see slide 13 for more details

# Excursus | Living Cities

## PATRIZIA Living Cities Residential Fund

- Open-ended institutional real estate fund with a pan-European core strategy and an initial target volume of EUR 1bn in assets
- Living Cities is targeting residential assets in Europe's most exciting metropolitan areas
- City selection guided by PATRIZIA's proprietary European Cities Ranking
- Focus on long term buy-to-hold strategies including multi-family housing (both BTR<sup>1</sup> and PRS<sup>2</sup>), co-living, retirement and student housing
- Target LTV at fund level: 35%
- Launch of fund in November 2019 with EUR 650m of assets and an acquisition pipeline of approx. EUR 1.5bn

## Temporary consolidation of assets and liabilities on PATRIZIA's balance sheet

- As at November 2019 Living Cities holds a portfolio of EUR 650m in high quality assets
- Temporary consolidation due to timing between signing/closing of real estate transactions and closing of fundraising/clients' board approvals; PATRIZIA expects deconsolidation before end of Q4 2019
- A number of existing and new institutional investors from Europe and Asia have committed to the fund so far, with further parties in advanced due diligence
- Assets include an income-producing German residential portfolio valued at over EUR 400m and consisting of nine apartment buildings in six of Germany's leading cities, all built after 2000
- Two apartment developments, in Munich and Copenhagen, have also been forward purchased by the fund for a total consideration of EUR 205.4m, delivery in 2020



<sup>1</sup> BTR = built-to-rent | <sup>2</sup> PRS = private rented sector

## Reconciliation of operating income

EUR k	9M 2019	9M 2018	Change
<b>EBITDA</b>	<b>95.104</b>	<b>83.904</b>	<b>13.3%</b>
Amortisation of other intangible <sup>1</sup> assets, software and rights of use, depreciation of property, plant and equipment	-31.473	-6.954	352.6%
<b>EBIT</b>	<b>63.631</b>	<b>76.950</b>	<b>-17.3%</b>
Finance income/expenses	-2.965	-3.250	-8.8%
Result from currency translation	82	1.370	-94.0%
<b>EBT</b>	<b>60.749</b>	<b>75.070</b>	<b>-19.1%</b>
Changes in value of derivatives	0	51	-100.0%
Amortisation of other intangible assets <sup>1</sup>	19.954	2.701	638.8%
Realised changes in value of investment property (net)	3.960	8.015	-50.6%
Reorganisation expenses	9.354	14.252	-34.4%
Expenses/income from unrealised currency translation	-643	-2.004	-67.9%
Operating income from participations (IFRS 9)	4.337	0	0.0%
<b>Operating income</b>	<b>97.709</b>	<b>98.086</b>	<b>-0.4%</b>

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

# Consolidated income statement

EUR k	Q3 2019	Q3 2018	9M 2019	9M 2018
Revenues	63.096	79.889	242.920	239.995
Income from the sale of investment property	25	71	273	662
Changes in inventories	-2.708	-4.355	-23.130	-26.058
Other operating income	3.469	3.943	9.514	12.140
Income from the deconsolidation of subsidiaries	585	138	585	317
<b>Total operating performance</b>	<b>64.466</b>	<b>79.687</b>	<b>230.162</b>	<b>227.056</b>
Cost of materials	-1.717	-1.701	-3.209	-8.632
Cost of purchased services	-3.326	-3.196	-11.278	-10.148
Staff costs	-29.736	-32.928	-92.677	-89.850
Other operating expenses	-17.075	-19.650	-47.472	-53.714
Impairment losses for trade receivables and contract assets	-26	394	-486	-1.137
Income from participations	3.698	3.566	29.126	23.395
Earnings from companies accounted for using the equity method	0	2.101	292	11.562
Cost from the deconsolidation of subsidiaries	0	-376	0	-376
<b>EBITDAR</b>	<b>16.285</b>	<b>27.897</b>	<b>104.458</b>	<b>98.156</b>
Reorganisation expenses	-2.842	-13.009	-9.354	-14.252
<b>EBITDA</b>	<b>13.443</b>	<b>14.888</b>	<b>95.104</b>	<b>83.904</b>
Amortisation of other intangible assets <sup>1</sup> and software, rights of use, depreciation of property, plant and equipment	-7.725	-2.477	-31.473	-6.954
<b>Earnings before interest and taxes (EBIT)</b>	<b>5.717</b>	<b>12.411</b>	<b>63.631</b>	<b>76.950</b>
Financial income	521	437	1.384	1.170
Financial expenses	-1.336	-1.341	-4.349	-4.420
Result from currency translation	205	108	82	1.370
<b>Earnings before taxes (EBT)</b>	<b>5.107</b>	<b>11.615</b>	<b>60.749</b>	<b>75.070</b>
Income taxes	-2.452	-2.172	-14.760	-15.454
<b>Net profit for the period</b>	<b>2.655</b>	<b>9.444</b>	<b>45.989</b>	<b>59.616</b>

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

## Consolidated balance sheet | Assets

EUR k	30.09.2019	30.09.2019 ● adjusted	31.12.2018
<b>A. Non-current assets</b>			
Goodwill	201.714	201.714	201.109
Other intangible assets <sup>1</sup>	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
<b>Total non-current assets</b>	<b>1.042.407</b>	<b>1.042.382</b>	<b>1.002.262</b>
<b>B. Current assets</b>			
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
<b>Total current assets</b>	<b>1.028.098</b>	<b>● 771.261</b>	<b>776.184</b>
<b>TOTAL ASSETS</b>	<b>2.070.505</b>	<b>● 1.813.642</b>	<b>1.778.446</b>

● Influenced by temporary consolidation of warehoused assets and liabilities for Living Cities residential fund, see slide 13 for more details

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



## Consolidated balance sheet | Equity and liabilities

EUR k	30.09.2019	30.09.2019 ● adjusted	31.12.2018
<b>A. Equity</b>			
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
<b>Total equity</b>	<b>1.216.622</b>	<b>● 1.212.244</b>	<b>1.153.788</b>
<b>B. Liabilities</b>			
<b>NON-CURRENT LIABILITIES</b>			
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
<b>Total non-current liabilities</b>	<b>638.100</b>	<b>● 471.599</b>	<b>448.947</b>
<b>CURRENT LIABILITIES</b>			
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
<b>Total current liabilities</b>	<b>215.783</b>	<b>● 129.799</b>	<b>175.711</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2.070.505</b>	<b>● 1.813.642</b>	<b>1.778.446</b>

● Influenced by temporary consolidation of warehoused assets and liabilities for Living Cities residential fund, see slide 13 for more details

# Financial calendar

## 2019

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November 14 ➤ Quarterly Statement for the first nine months of 2019

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November 14 ➤ Capital Markets Day 2019 (for institutional investors and equity analysts)

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## 2020

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February 18 ➤ Preliminary results 2019

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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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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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14 November 2019, PATRIZIA AG