

LEADING IN PAN-EUROPEAN REAL ESTATE

Results Presentation | H1 2019 | 7 August 2019

Highlights

H1 2019 – Management and performance fee growth proves operational expertise

Assets under management

- AUM increased 1.4% y-t-d to EUR 41.6bn driven by net acquisitions (EUR 0.1bn) and other/valuation effects (EUR 0.5bn)
- EUR 1.51bn acquisitions and EUR 1.45bn disposals closed for domestic and international clients during H1 2019
- AUM by geography
 - Germany: EUR 26.4bn (64%)
 - Outside Germany: EUR 15.1bn (36%)

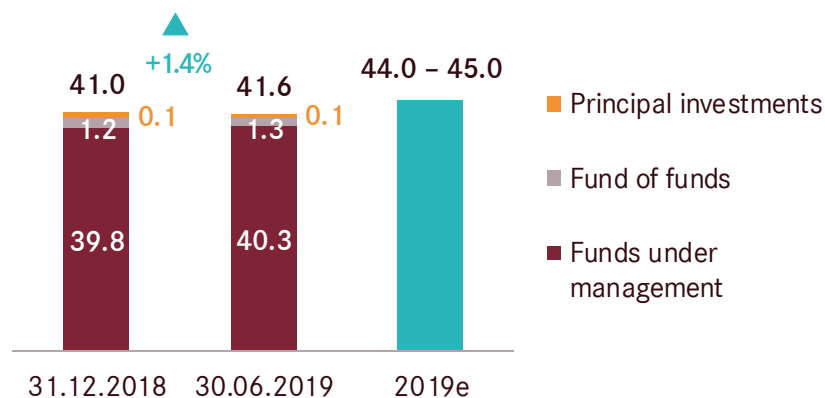
Operating income

- Operating income of EUR 79.0 up 8.9% y-o-y driven by higher management (EUR 97.1; +19.7%) and performance fees (EUR 64.9; +75.2%), more than compensating the lower income from the sale of phase-out principal investments of EUR 7.0m in H1 2019 vs 20.7m in H1 2018
- Transaction fees (-30.7% y-o-y) expected to accelerate in H2 2019
- Cost growth (+10.1%) well below management fee growth (+19.7%) after the first time consolidation of Rockspring (31.03.2018)

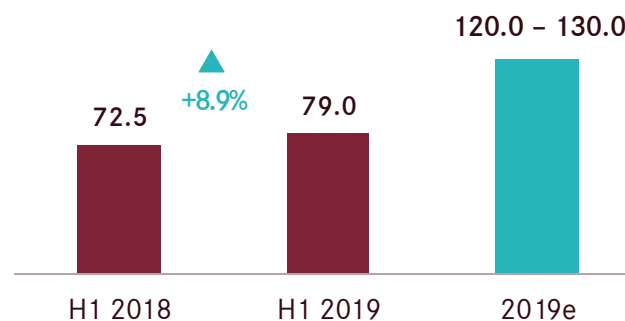
Guidance 2019e confirmed

- **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

Assets under management | EUR bn



Operating income | EUR m



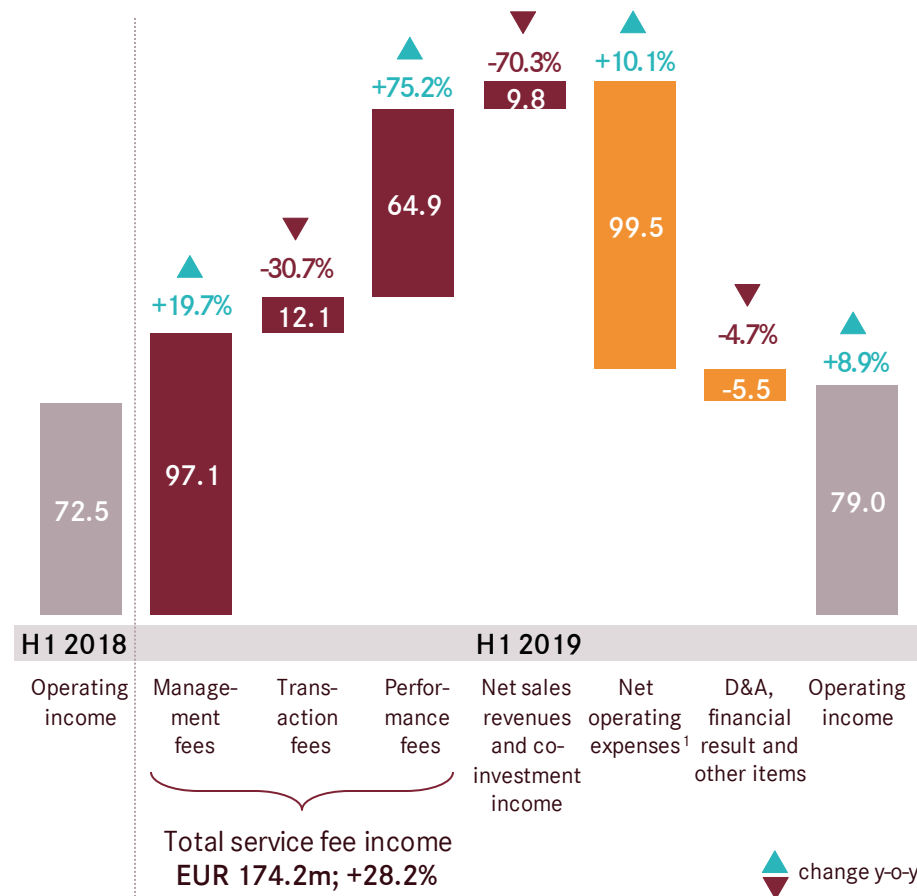
Operating income

Operating income of EUR 79.0m with continuously improving earnings quality

Highlights

- **Total service fee income** up 28.2% to EUR 174.2m (H1 2018: EUR 135.8m) due to:
 - Strong **management fees** with 19.7% growth y-o-y due to organic and inorganic growth
 - **Transaction fees** as anticipated 30.7% lower y-o-y – still on track for 2019e guidance since acceleration is in sight for H2
 - Strong **performance fees** up 75.2% y-o-y due to strong outperformance generated for our clients
 - **Net sales revenues and co-investment income** of EUR 9.8m down significantly y-o-y especially due to lower contribution of income from principal investments in H1 2019:
 - Strategic reduction of phase-out **principal investments** contributed EUR 7.0m (H1 2018: EUR 20.7m)
 - Development of **co-investments** contributed EUR 2.8m (H1 2018: EUR 12.1m)
- **Net operating expenses** up 10.1% due to first time consolidation of Rockspring (31.03.2018) and still well below the growth rate of management fees (+19.7%)

Composition H1 2019 | EUR m



¹ Inter alia netted against other operating income of EUR 6.0m

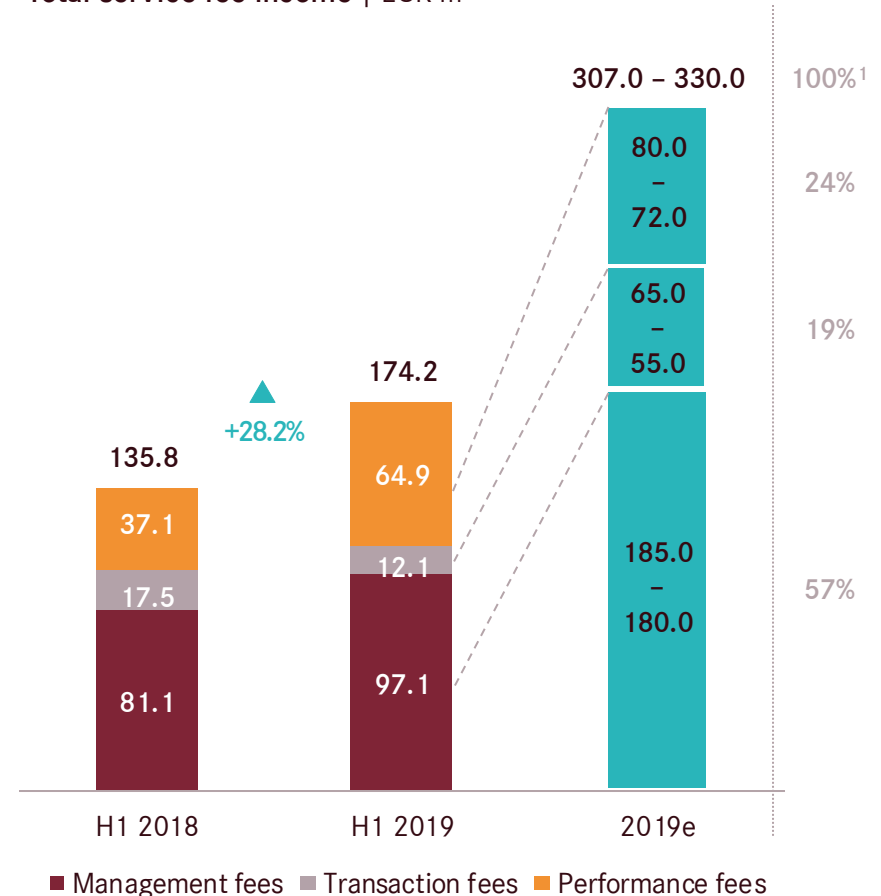
Total service fee income

Stronger pan-European platform drives diversified income streams

Highlights

- **Total service fee income** up 28.2% to EUR 174.2m driven by:
 - Organic growth in assets under management
 - Consolidation of Rockspring (31.03.2018)
 - Superior investment performance for clients
- **Management fees** up 19.7% to EUR 97.1m due to:
 - Organic growth in assets under management
 - Additional management fees generated by Rockspring; fees are partly included in revenues (EUR 92.4m) and partly in income from participations (EUR 4.7m)
 - Management fee contribution to total service fee income virtually stable at 55.7%
- **Transaction fees** down 30.7% to EUR 12.1m, but pipeline well filled for H2
 - Acquisition fees: EUR 4.6m vs disposal fees: EUR 7.6m
- **Performance fees** of EUR 64.9m partly included in:
 - Revenues (EUR 46.7m)
 - Income from participations (EUR 18.3m)
- **2019e guidance confirmed**
 - Total service fee income of EUR 307.0m – EUR 330.0m

Total service fee income | EUR m



¹ At mid-point of guidance range

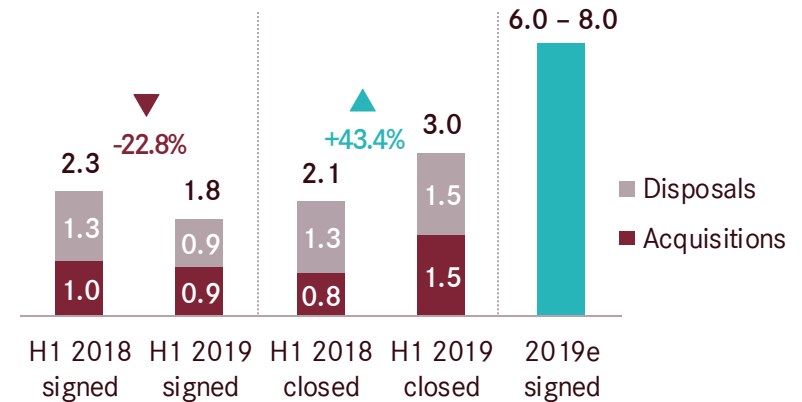
Transaction fees

Acceleration of transaction activity expected in H2 2019

Highlights

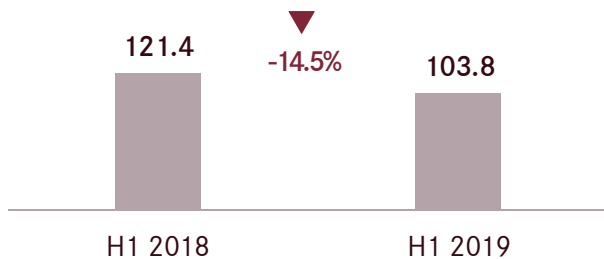
- **Transaction volume** (closed) increased by 43.4% y-o-y to EUR 3.0bn, thereof EUR 1.5bn acquisitions and EUR 1.45bn disposals
- **Transaction volume** (signed) decreased by 22.8% y-o-y to EUR 1.8bn, thereof EUR 0.9bn acquisitions and EUR 0.9bn disposals
- Growth in **transaction fees** below growth in signed/closed transaction volume due to deviating transaction fee structures of acquired companies
- Acceleration of transaction activity and growth of transaction fees expected in H2 2019

Transaction volume (signed/closed) | EUR bn

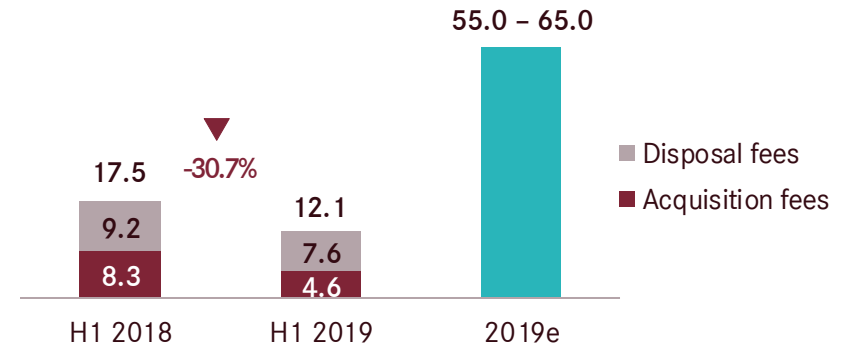


European transaction volume | EUR bn¹

- Lower transaction activity across all sectors



Transaction fees | EUR m



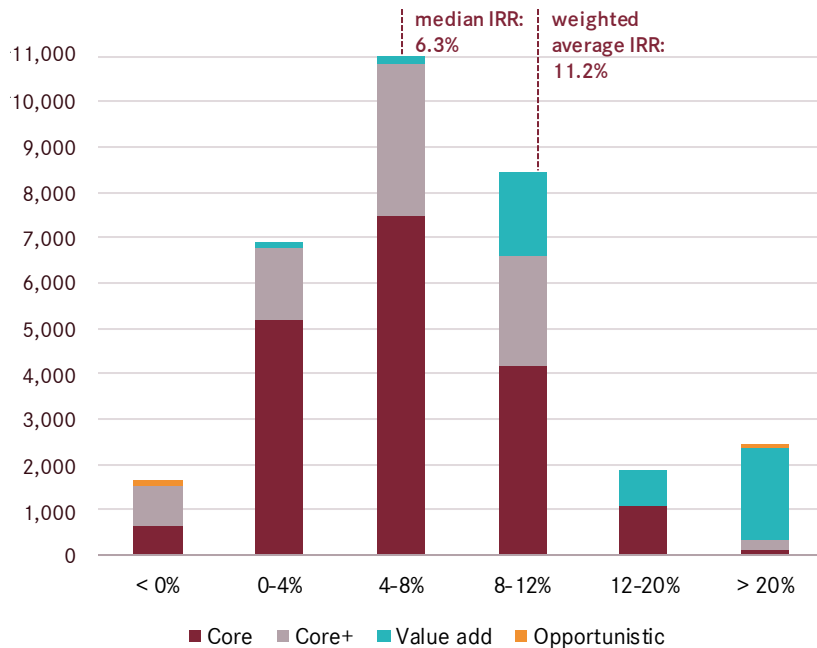
¹ Source: PATRIZIA, RCA all property including: DE, UK, IE, DK, SE, NO, FI, NL, BE, FR, ES, PT, AT, IT, PL, CZ, HU and LX

Performance fees

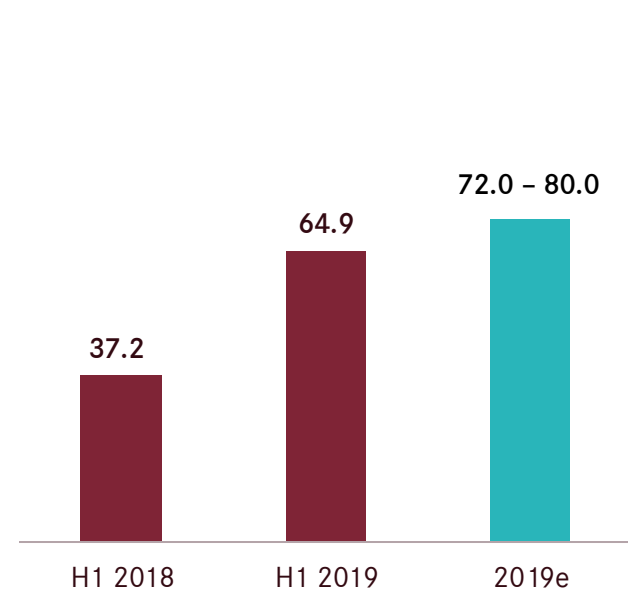
Superior returns for investors translate into attractive performance fees

- Performance fees of EUR 64.9m in H1 2019, up 75.2% y-o-y, emphasise PATRIZIA’s active asset management capabilities and investment track record (weighted average IRR of 11.2%)
- PATRIZIA expects performance fees for 2019e in a range of between EUR 72.0m and EUR 80.0m after an extraordinary strong volume of EUR 92.5m in FY 2018, majority of expected performance fees already generated during H1 2019
- Investment funds generate performance fees upon exceeding pre-determined return hurdles

Distribution of net IRRs by invested equity¹



Performance fees | EUR m

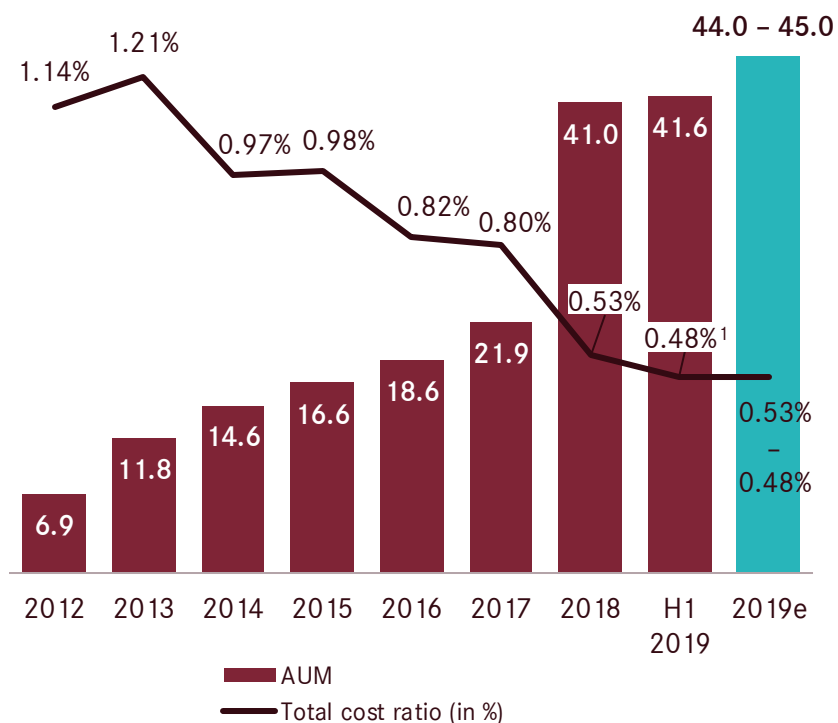


¹ Data as at 3M 2019 return distribution includes performance of all institutional investor vehicles with an invested equity exceeding EUR 50m, in total 120 vehicles with a total invested equity of EUR 33.3bn; past performance is not indicative of future results; returns weighted by invested equity; returns are presented including leverage, net of costs, taxes and fees

Profitability and costs

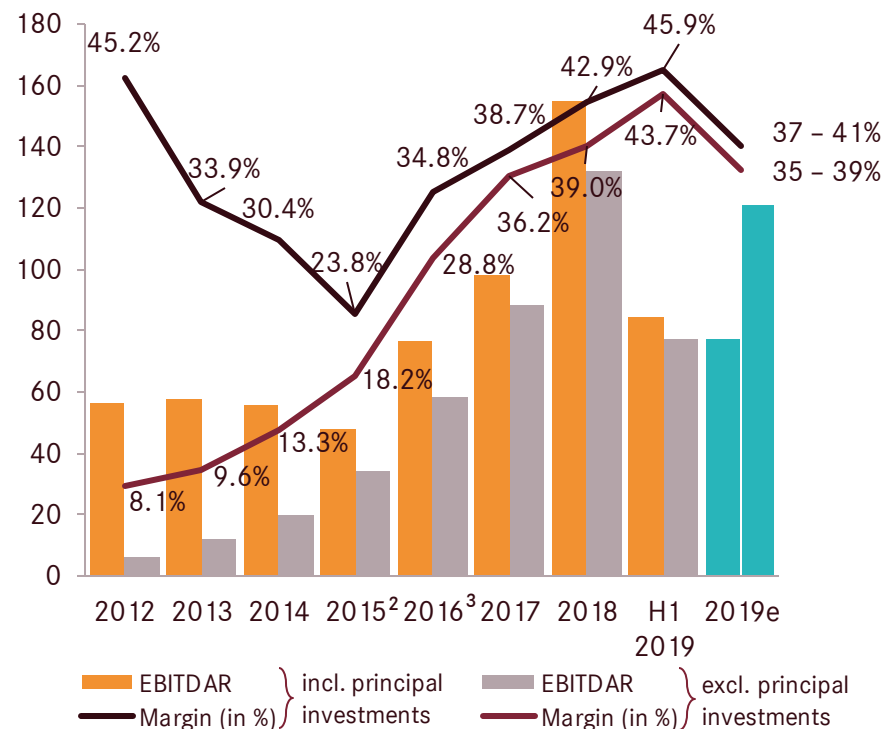
Continued efficiency improvements propel profitability and cost ratios

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 ongoing, i.e. replacement of volatile principal investment income with stable service fee income
- Normalised margin expected in FY 2019 after extraordinary strong FY 2018; strong H1 2019 to normalise during H2 2019

¹ Annualised value | ² 2015 excluding SÜDEWO exit fee | ³ 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 amounts to EUR 487.3m as at 30.06.2019:
 - | for M&A's in the investment management area (only if added value is generated for our clients)
 - | for digitalisation/technology investments
 - | for selective investments in co-investment structures
- Increase in shareholder value and high degree of financial discipline remain priorities

Strong balance sheet

EUR m	30.06.2019
Total assets	1,808.0
Equity (excl. minorities)	1,201.0
Equity ratio	66.4%
Cash and cash equivalents	352.0
+ Deposits and securities	+167.0
- Bonded loans	-300.0
= Net cash	+219.0
Net equity ratio¹	79.6%

Significant liquidity

EUR m	30.06.2019
Bank balances, cash, deposits and securities	519.0
- Regulatory reserve for asset management companies	-25.2
- TRIUVA transaction liabilities	-6.4
- Liquidity in private funds business property companies	-0.1
= Available liquidity	487.3

¹ Net equity ratio: Equity (excl. non-controlling interests) divided by total net assets (total assets less liabilities covered by cash in hand)

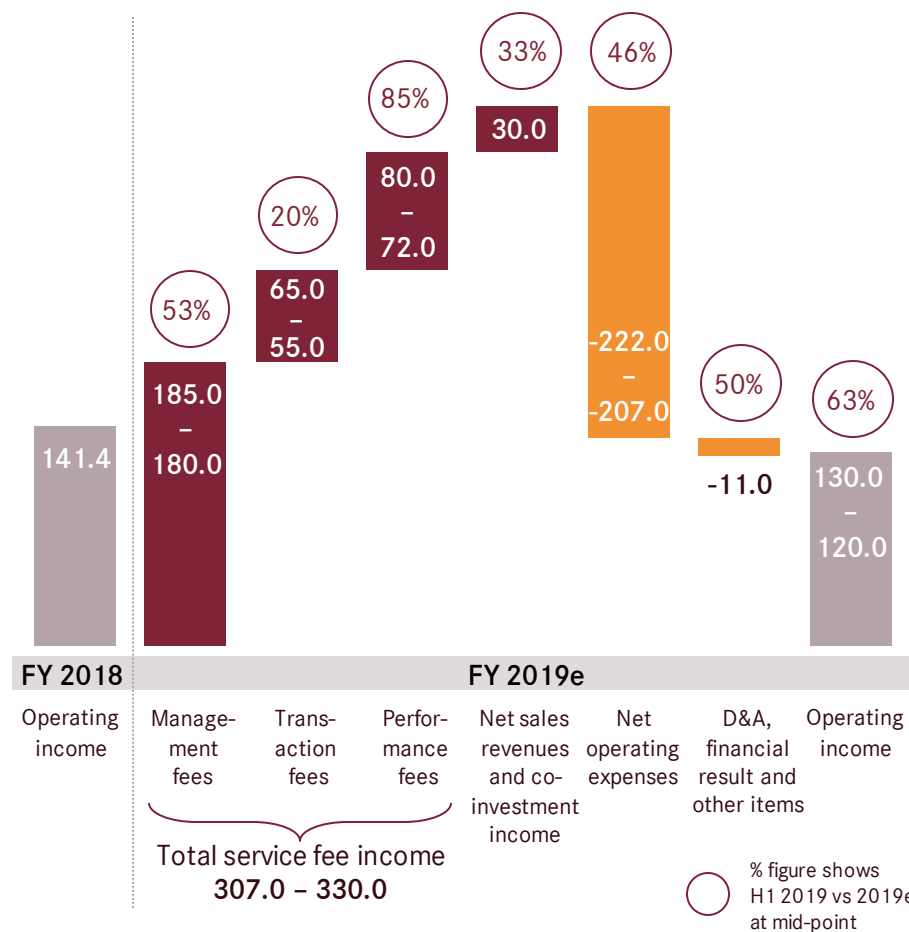
Guidance 2019e

Full-year operating income guidance of between EUR 120.0m and EUR 130.0m confirmed

Assumptions 2019e

- **Total service fee income: EUR 307.0 – 330.0m**
 - **Management fees:** EUR 180.0 – 185.0m based on increased assets under management however assuming closing of majority of acquisitions rather in H2 2019
 - **Transactions fees:** EUR 55.0 – 65.0m
 - **Performance fees:** EUR 72.0 – 80.0m
- **Net sales revenues and co-investment income:** EUR 30.0m
- **Net operating expenses:** EUR 207.0 – 222.0m
- **Annual cost efficiencies** from the integration of SPI, TRIUVA and Rockspring of ~EUR 22.0m which, all else being equal, should show full effect from 2019 onwards; 2019 guidance for net operating expenses includes four full quarters of Rockspring (compared to three in 2018); annual inflationary cost base increase and investments in growth projects – mostly offset by cost synergies
- **Transaction volume:** EUR 6.0 – 8.0bn
- **Assets under management:** EUR 44.0 – 45.0bn

Income composition FY 2019e | EUR m



PATRIZIA | Investment Highlights

1

Leading listed European real estate investment firm

2

Broad institutional client base and strong fundraising momentum – globally

3

High quality services across the entire property value chain

4

Excellent track record in sought after European property investment market

5

Growing AUM provide growing and sustainable contractual fee income

6

Attractive earnings potential through performance fees and return on equity

7

Strong balance sheet and significant liquidity offer further opportunities



Appendix

Capital allocation

30.06.2019	Assets under Management EUR m	Invested capital (fair value) EUR m	Invested capital (at cost) EUR m	Participations in %
Third-party business	35,004.3	0.0		
Co-investments	6,515.9	541.8	160.6	
Residential	5,504.3	513.4	140.0	
Dawonia GmbH	4,343.4	149.4 ¹	52.2	5.1
Dawonia performance fee claims		275.7 ¹	0.0	0.1
WohnModul I SICAV-FIS	1,160.9	66.6	66.6	10.1
Harald		21.5 ¹	21.1	5.1
Other		0.1	0.1	0.0
Commercial Germany	1,009.3	26.3	18.6	
Alliance	198.7	5.3 ¹	5.2	5.1
Seneca	177.4	6.0 ¹	4.9	5.1
PATRoffice	1.3	1.6 ¹	1.1	6.3
sono west	48.5	8.8	3.5	28.3
TRIUVA/IVG logistics	310.3	3.8 ¹	3.2	2.1
TRIUVA/IVG commercial	273.2	0.7 ¹	0.7	11.0
Commercial international	2.3	2.0	1.9	
Citruz Holdings LP (UK)	2.3	0.6 ¹	0.5	10.0
First Street Development LTD (UK)		1.4	1.4	10.0
Principal investments	63.2	57.1		
Other balance sheet items		414.8²		
Tied-up investment capital	41,583.4	1,013.6		
Available liquidity		487.3		
Total investment capital	41,583.4	1,501.0		
Of which debt (bonded loans)		300.0		
Of which PATRIZIA equity (without minorities)		1,201.0		

¹ Net of deferred taxes from valuation according to IFRS 9 | ² Including goodwill and fund management contracts (included in other intangible assets)

Reconciliation of operating income

EUR k	H1 2019	H1 2018	Change
EBITDA	81,661	69,015	18.3%
Amortisation of other intangible assets ¹ and software, rights of use, depreciation of property, plant and equipment	-23,748	-4,478	430.3%
EBIT	57,914	64,537	-10.3%
Finance income/expenses	-2,150	-2,345	-8.3%
Result from currency translation	-122	1,262	-109.7%
EBT	55,642	63,454	-12.3%
Change in the value of derivatives	0	-159	-100.0%
Amortisation of other intangible assets ¹	15,626	1,800	767.9%
Realised changes in value of investment property (net)	1,332	7,922	-83.2%
Reorganisation expenses	6,512	1,243	423.9%
Expenses/income from unrealised currency translation	-153	-1,738	-91.2%
Operating income	78,959	72,522	8.9%

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

Consolidated income statement

EUR k	H1 2019	H1 2018
Revenues	179,825	160,105
Income from the sale of investment property	249	591
Changes in inventories	-20,422	-21,703
Other operating income	6,045	8,197
Income from the deconsolidation of subsidiaries	0	179
Total operating performance	165,696	147,369
Cost of materials	-1,492	-6,930
Cost of purchased services	-7,952	-6,952
Staff costs	-62,941	-56,921
Other operating expenses	-30,397	-34,066
Impairment losses for trade receivables and contract assets	-460	-1,532
Income from participations	25,428	19,829
Earnings from companies accounted for using the equity method	292	9,461
EBITDAR	88,173	70,258
Reorganisation expenses	-6,512	-1,243
EBITDA	81,661	69,015
Amortisation of other intangible assets ¹ and software, rights of use, depreciation of property, plant and equipment	-23,748	-4,478
Earnings before interest and taxes (EBIT)	57,914	64,537
Financial income	863	733
Financial expenses	-3,013	-3,078
Result from currency translation	-122	1,262
Earnings before taxes (EBT)	55,642	63,454
Income taxes	-12,308	-13,282
Net profit for the period	43,334	50,172

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

Consolidated balance sheet | Assets

EUR k	30.06.2019	31.12.2018
A. Non-current assets		
Goodwill	204,301	201,109
Other intangible assets ¹	150,939	166,562
Software	10,268	11,396
Rights of use	16,926	0
Investment property	5,417	8,308
Equipment	5,754	5,890
Associated companies accounted using the equity method	71,887	76,141
Participations	543,857	499,241
Non-current borrowings and other loans	27,321	27,513
Deferred taxes	11,655	6,102
Total non-current assets	1,048,325	1,002,262
B. Current Assets		
Inventories	51,683	71,534
Securities	2,011	3,011
Current tax assets	20,520	15,585
Current receivables and other current assets	333,421	355,456
Cash and cash equivalents	352,020	330,598
Total current assets	759,655	776,184

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

Consolidated balance sheet | Equity and liabilities

EUR k	30.06.2019	31.12.2018
A. Equity		
Share capital	91,060	91,060
Capital reserves	155,222	155,222
Retained earnings		
Legal reserves	505	505
Currency translation difference	-11,407	-15,605
Revaluation reserve according to IFRS 9	86,482	49,503
Consolidated unappropriated profit	879,106	862,421
Non-controlling interests	11,703	10,682
Total equity	1,212,671	1,153,788
B. Liabilities		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	116,416	110,387
Retirement benefit obligations	21,623	21,724
Bonded loans	300,000	300,000
Non-current liabilities	16,005	16,836
Leasing liabilities	8,987	0
Total non-current liabilities	463,031	448,947
CURRENT LIABILITIES		
Other provisions	15,948	23,530
Current liabilities	68,332	99,963
Short-term leasing liabilities	8,031	0
Tax liabilities	39,967	52,218
Total current liabilities	132,278	175,711
TOTAL EQUITY AND LIABILITIES	1,807,980	1,778,446

Financial calendar

2019

August 7 ➤ Interim Report for the first half of 2019

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

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

2020

February 18 ➤ Preliminary results 2019

March 19 ➤ Annual Report 2019

May 14 ➤ Quarterly Statement for the first quarter of 2020

July 1 ➤ Annual General Meeting 2020

Invitations and dial-in numbers are provided in advance.

For further information, please visit: www.patrizia.ag.

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7 August 2019, PATRIZIA AG