

Weaker markets impact PATRIZIA's 9M 2022 EBITDA: AUM and recurring management fees still growing but FY 2022 guidance adjusted

- Continued growth of AUM to EUR 57.1bn (31.12.2021: EUR 48.6bn; +17.4% y-t-d)
- PATRIZIA achieves EBITDA of EUR 78.8m (-17.2% y-o-y) in a weakening market environment
- Guidance 2022 adjusted to EBITDA of EUR 70.0 - 85.0m before reorganisation expenses, and EBITDA of EUR 60.0 - 75.0m, including reorganisation expenses
- Solid balance sheet and available liquidity of over EUR 360m make PATRIZIA a strong and reliable partner in volatile times

Augsburg, 9 November 2022. PATRIZIA SE, a leading partner for global real assets, reports 9M 2022 financial results. Assets under Management (AUM) and the associated recurring management fees continued to grow, almost offsetting the declines in transaction and performance fees.

Although the transaction market for real estate and infrastructure slowed down over the course of the first nine months of 2022 due to increased geopolitical risks, high inflation and rising interest rates, PATRIZIA was able to **sign transactions** of around EUR 4.5bn (+20.2% y-o-y) for its global clients. In the same period, EUR 5.0bn in transactions were **closed**, an increase of 52.8% y-o-y with net acquisitions of assets contributing to growth in AUM.

AUM increased 17.4% y-t-d to EUR 57.1bn as at 30 September 2022 (31 December 2021: EUR 48.6bn) which was driven by the completion of the Whitehelm Capital M&A transaction, continued organic growth and positive valuation effects. Furthermore, EUR 1.8 bn of **new equity** was raised. In a challenging market environment, this is equivalent to a decrease of only 11.8% (9M 2021: EUR 2.1bn).

Total service fee income of EUR 248.3m was slightly below previous year's level of EUR 255.0m. In particular, **recurring management fees** of EUR 184.1m (EUR +29.3m or +18.9% y-o-y) almost compensated for the decline in **performance fees** of EUR 49.8m (EUR -16.4m or -24.8% y-o-y) and **transaction fees** down to EUR 14.5m (EUR -19.5m or -57.3% y-o-y). This is testament to PATRIZIA reaching a further milestone in its journey towards becoming a more diversified investment manager with an increasingly recurring earnings profile.

Net sales revenues and co-investment income increased by 16.4% y-o-y to EUR 7.9m, with the growth primarily driven by the disposal of one of the last remaining balance sheet properties in the UK, supporting revenues with EUR 2.0m.

Net operating expenses increased by 6.5% y-o-y to EUR 177.4m. This is attributable to higher staff costs due to the increased number of employees following the acquisition of Whitehelm Capital, as well as one-off effects and further strategic investments. The profitable deconsolidation of a project development held temporarily on the balance sheet ('Silver Swan') had a relieving effect of EUR 17.8m on net operating expenses at the same time.

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EBITDA for the first nine months of 2022 amounted to EUR 78.8m, which corresponds to a decrease of 17.2% compared to the same period of the previous year.

Contrary to previous assumptions, PATRIZIA no longer expects the geopolitical environment in Europe to stabilise in the short term or market conditions – especially in the European real estate market – to materially improve in the fourth quarter of this year. In addition, the company notes that the speed and extent to which planned investments (especially in European real estate) are put on hold, has recently accelerated due to an increased sense of hesitation in the market to commit to new investments, which the company, however, sees as temporary in nature.

This affects PATRIZIA in particular in its **forecast** for transaction fees, which has to be lowered significantly. Due to delayed investments, the guidance for growth in Assets under Management and for management fees for FY 2022 has to be adjusted as well, albeit to a relatively low degree. In addition, the company has to adjust its guidance for the financial year 2022 in further revenue and cost positions, the latter primarily driven by one-off items.

Overall, PATRIZIA now expects an EBITDA range before reorganisation expenses (EBITDAR) of EUR 70.0 – 85.0m for FY 2022 and an EBITDA range of EUR 60.0 – 75.0m, including such one-off expenses. The planned one-off expenses comprise measures to adjust the company's cost base, rebalance it for selected growth initiatives and increase long-term profitability.

Christoph Glaser, CFO of PATRIZIA SE: “Despite the backdrop of the extraordinarily volatile market environment and the expected continued slowdown of the European real estate market, PATRIZIA remains well positioned thanks to a combination of solid net equity ratio of 72.6% and EUR 360.8m of available liquidity to seize opportunities wherever and whenever they arise.”

Wolfgang Egger, CEO of PATRIZIA SE, adds: “Since PATRIZIA was founded in 1984, we mastered a series of crises and we emerged stronger from each crisis. We are convinced that our broad product shelf, local expertise on a global scale, and solid balance sheet will enable us to successfully navigate through the current choppy waters, as a strong and reliable partner for our clients. With every crisis and price correction also come new opportunities. So, we will use our solid balance sheet to make targeted investments that are the seeds for future growth.”

PATRIZIA continues its transformation to a company with higher level of recurring income. This is being enabled by an increased focus on German and international flagship investment strategies and discretionary capital, as well as the continued global diversification of the company's product offering (across equity, debt and public listed funds) and its capital raising. Its growing infrastructure footprint will continue to boost PATRIZIA's product offering especially in the areas related to sustainability and energy transition for the benefit of its German and international client and shareholder base.

Further details about the first nine months of the 2022 financial results and the detailed **FY 2022 guidance** can be found in the table below. Note: The new net operating expenses guidance range now includes EUR 10.0m reorganisation expenses, leading to an EBITDAR guidance of EUR 70.0 – 85.0m.

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Guidance FY 2022

EUR m	2021 ¹	9M 2022	Guidance range 2022		Previous Guidance range 2022	
			min	max	min	max
Management fees	209.1	184.1	235.0	245.0	245.0	260.0
Transaction fees	51.4	14.5	20.0	25.0	30.0	38.0
Performance fees	81.9	49.8	55.0	60.0	55.0	65.0
Total service fee income	342.4	248.3	310.0	330.0	330.0	363.0
Net sales revenues and co-investment income	11.4	7.9	5.0	10.0	5.0	7.0
Net operating expenses (incl. reorganisation expenses)	-224.9	-177.4	-255.0	-265.0	-235.0	-250.0
EBITDA	128.9	78.8	60.0	75.0	100.0	120.0
EBIT	93.3	47.0	13.0	28.0	49.5	69.5
EBT	87.7	42.1	7.0	22.0	46.2	66.2

¹ The previous year's figures were restated in line with the new structure in the year under review

EUR bn	2021	9M 2022	min	max	min	max
Assets under Management	48.6	57.1	57.0	58.0	57.0	60.0
EBITDA margin	36.5%	30.8%	19.0%	22.1%	29.9%	32.4%

PATRIZIA: A leading partner for global real assets

With operations around the world, PATRIZIA has been offering investment opportunities in real estate and infrastructure assets for institutional, semi-professional and private investors for 38 years. PATRIZIA manages more than EUR 57 billion in assets and employs over 1,000 professionals at 28 locations worldwide. Through its PATRIZIA Foundation, PATRIZIA is committed to social responsibility. The Foundation has helped around 250,000 children in need worldwide gain access to education and thus, has given them the chance of a better life over the last 23 years. You can find further information at www.patrizia.ag

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