

PATRIZIA 3M 2023 financial results: Solid EBITDA growth driven by continued increase in management fees and lower net operating expenses

- EBITDA of EUR 27.2m up 2.9% y-o-y despite subdued market environment
- Strong growth in recurring management fees to EUR 62.2m (up 13.8% y-o-y), while net operating expenses declined 5.2% y-o-y, showing first positive effects from the strategic reorganisation during the fourth quarter of FY 2022
- Assets under Management (AUM) of EUR 58.1bn increased 4.9% compared to 3M 2022 (EUR 55.3bn) - compared to FY 2022 (EUR 59.1bn) AUM declined slightly by 1.8% q-o-q primarily due to market-driven negative valuation effects
- Solid financial position to capitalise on market opportunities: PATRIZIA's net equity ratio remains strong at c.70%, available liquidity of over EUR 370m and c.EUR 4.0bn of available client firepower in equity rich funds
- Financial guidance for FY 2023 confirmed

Augsburg, 11 May 2023. PATRIZIA, a leading partner for global real assets, today published its 3M 2023 financial results and confirmed the financial guidance for FY 2023 that it communicated to the market with its FY 2022 financial results.

In the past financial year, geopolitical circumstances and macroeconomic shifts impacted client investment activity across the real assets industry. However, due to the increasingly diversified international product offering in real estate and infrastructure and the nature of the company's business model as an investment manager without material own balance sheet exposure, PATRIZIA was able to demonstrate operating resilience in a volatile and fast-changing market environment.

Financial Results

AUM increased 4.9% y-o-y from EUR 55.3bn to EUR 58.1bn, primarily driven by the consolidation of multi manager ADVANTAGE Investment Partners and organic growth. Compared to the previous quarter AUM declined slightly by 1.8% primarily as negative valuation effects could not be fully compensated by organic growth.

Recurring management fees increased 13.8% y-o-y to EUR 62.2m due to organic growth, consolidation effects from multi manager ADVANTAGE Investment Partners (consolidated 1 December 2022) and infrastructure investment manager Whitehelm Capital (consolidated 1 February 2022), as well as fees related to project developments for clients. At the same time client and market activity remained subdued, despite the first three months in the year traditionally delivering the lowest investment activity. The tough market environment led to transactions fees declining by 51.9% to EUR 1.1m in 3M 2023. Performance fees came down 21.3% y-o-y but in terms of volume remained an important contributor to revenues even in challenging times. Overall total service fee income increased 1.1% y-o-y to EUR 83.7m, with recurring management fees more than compensating for the decline in transaction and performance fees.

Net sales revenues and co-investment income declined 66.1% y-o-y to EUR 1.7m, fully in line with budget and strategy. Q1 2022 included a one-off gain from the disposal of one of the remaining balance sheet properties in UK (Trocoll House). PATRIZIA as an investment manager today has virtually no remaining direct and long-term balance sheet exposure to real estate.

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Net operating expenses declined 5.2% y-o-y to EUR 58.2m despite the first-time consolidation of ADVANTAGE Investment Partners and Whitehelm. This positive development was primarily driven by active cost containment and other income. Operating expenses (gross) declined by 2.1% to EUR 61.5m in 3M 2023. At the same time other income increased by 160.4% y-o-y to EUR 3.3m, due to the profitable sale of the stake in tech company control.IT in the first quarter 2023. Overall, the 3M 2023 cost base also shows first positive effects from the strategic reorganisation during the fourth quarter of FY 2022.

Statements by CEO and CFO

Wolfgang Egger, CEO and founder of PATRIZIA SE comments: “No doubt the first quarter of 2023 shows that we remain in a very tough market environment with many of our clients facing a variety of challenges, especially around the continued market uncertainty. Nevertheless, we were able to provide our clients with investment opportunities ranging from global multi-manager solutions in real estate and direct investments in European and Japanese real estate, to global investment opportunities in infrastructure. The latest deals for our clients in fibre networks in the US and Spain during the first quarter 2023 are just two examples of the strong investor demand for infrastructure and smart city solutions, as well as the ever-growing interest in digitalisation and decarbonisation. I am extremely confident that PATRIZIA and our clients will benefit from helping address these megatrends during the next years.”

Christoph Glaser, CFO of PATRIZIA SE adds: “PATRIZIA delivered a decent performance in the first quarter of the year despite a truly challenging environment. Our cost efficiency initiatives show the first positive effects while revenues continued to be supported by growth in recurring management fees. Nevertheless, after a few quarters of subdued activity due to external market shocks, client activity will return at some stage and we have the product suite and on-the-ground expertise to provide our clients with attractive investment opportunities. At the same time, the continued strength of our solid balance sheet and financial flexibility allows us to capitalise on opportunities if and when they arise.”

AGM, dividend payment and outlook

PATRIZIA’s 2023 AGM will be held virtually on 25 May 2023. Management, together with the Board of Directors, proposes a dividend per share of EUR 0.33 for FY 2022, equivalent to a growth of 3.1% y-o-y and the fifth consecutive increase in dividends. Shares are expected to trade ex-dividend on 26 May 2023 and the dividend to be paid on 30 May 2023.

Despite continuing challenges in the macroeconomic environment, PATRIZIA reiterates its financial guidance for FY 2023 with AUM in a range between EUR 60.0 - 65.0bn and an EBITDA of between EUR 50.0 - 90.0m, equivalent to an EBITDA margin of between 15.6% - 24.3% for FY 2023. The guidance assumes that client and market activity will pick up in the second half of 2023.

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Results 3M 2023 and Guidance FY 2023

EUR m	3M 2023	3M 2022	Change	Guidance range 2023	
				min	max
Management fees	62.2	54.7	13.8%		
Transaction fees	1.1	2.2	-51.9%		
Performance fees	20.4	25.9	-21.3%		
Total service fee income	83.7	82.8	1.1%		
Net sales revenues and co-investment income	1.7	5.0	-66.1%		
Net operating expenses	-58.2	-61.4	-5.2%		
EBITDA	27.2	26.4	2.9%	50.0	90.0
EBIT	20.1	18.7	7.1%		
EBT	20.6	17.3	18.7%		

EUR bn	3M 2023	3M 2022	Change	min	max
Assets under Management	58.1	55.3	4.9%	60.0	65.0
EBITDA margin (in %)	31.8%	30.1%	1.7 PP	15.6%	24.3%

PP = percentage points

EUR bn	3M 2023	3M 2022	Change
Equity raised	0.0	0.2	-90.0%
Transaction volume - signed	0.3	1.1	-76.8%
Transaction volume - closed	0.5	1.3	-60.3%

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 39 years. PATRIZIA manages more than EUR 58 billion in assets and employs over 1,000 professionals at 28 locations worldwide. PATRIZIA is making an impact since 1984 by helping children in need, since 1992 in close collaboration with Bunter Kreis (“colourful circle”) in Germany for aftercare of children with severe diseases and since 1999 through its support for the PATRIZIA Foundation. The PATRIZIA Foundation has helped around 280,000 children in need worldwide gain access to education and thus, has given them the chance of a better life over the last 24 years. You can find further information at <http://www.patrizia.ag>

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