

# H1

## Half-year Report

JANUARY TO JUNE 2017

# KEY FIGURES

## REVENUES AND EARNINGS

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016 <sup>1</sup>	Change
	01.01.–30.06.2017	01.01.–30.06.2016	
Revenues	105,903	110,712	-4.3%
Total operating performance	110,106	98,725	11.5%
EBITDA	37,012	17,138	116.0%
EBIT	34,243	13,845	147.3%
EBT	31,090	6,270	395.9%
Operating income <sup>2</sup>	35,110	24,186	45.2%
Net profit for the period	24,346	4,160	485.2%

<sup>1</sup> adjusted = without Harald

<sup>2</sup> For the definition of operating income, please refer to page 7

## FINANCIAL POSITION

in EUR k	30.06.2017	31.12.2016	Change
Non-current assets	255,695	258,813	-1.2%
Current assets	1,081,438	734,446	47.2%
Equity (excl. non-controlling shareholders)	773,250	749,342	3.2%
Equity ratio (excl. non-controlling shareholders)	57.8%	75.4%	-17.6 PP
Non-current liabilities	322,759	47,506	579.4%
Current liabilities	239,433	194,720	23.0%
<b>Total assets</b>	<b>1,337,133</b>	<b>993,259</b>	<b>34.6%</b>

## SHARE INFORMATION

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
Share capital as of 30.06.2017	EUR 83,955,887
No. of shares outstanding as of 30.06.2017	83,955,887
First half 2017 high <sup>3</sup>	EUR 18.72
First half 2017 low <sup>3</sup>	EUR 14.67
Closing price as of 30.06.2017 <sup>3</sup>	EUR 16.53
Share price performance (first half 2017) <sup>3</sup>	+4.7%
Market capitalisation as of 30.06.2017 <sup>3</sup>	EUR 1.4 billion
Average trading volume per day (first half 2017) <sup>4</sup>	≈189,000 shares
Indices	SDAX, GEX, DIMAX

<sup>3</sup> Closing price Xetra-trading

<sup>4</sup> All German stock exchanges

# CONTENTS

---

## 1. CONSOLIDATED INTERIM MANAGEMENT REPORT

---

- 04** Business Performance
  - 04** Results of Operations
  - 11** Economic Position
- 25** Supplementary Report
- 25** Development of the Risks and Opportunities
- 26** Report on Expected Developments

---

## 2. CONSOLIDATED INTERIM FINANCIAL STATEMENTS

---

- 28** Consolidated Balance Sheet
- 30** Consolidated Income Statement
- 31** Consolidated Statement of Comprehensive Income
- 32** Consolidated Cash Flow Statement
- 34** Consolidated Statement of Comprehensive Income

---

## 3. NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

---

- 36** General Disclosures
- 36** Principles Applied in Preparing the Consolidated Financial Statements
- 37** Scope of Consolidation
- 38** Investment Property
- 38** Participations in Associated Companies
- 39** Participations
- 40** Inventories
- 40** Cash and Cash Equivalents
- 41** Equity
- 41** Non-controlling Shareholders
- 42** Financial Liabilities
- 43** Long-term Liabilities
- 43** Revenues
- 44** Other Operating Income
- 45** Cost of Materials
- 46** Other Operating Expenses
- 47** Income from Participations
- 48** Financial Result
- 49** Earnings per Share
- 49** Segment Reporting
- 60** Transactions with Related Companies and Individuals
- 60** Declaration by the Legal Representatives of PATRIZIA Immobiliari AG

---

## 4. FINANCIAL CALENDAR AND CONTACT DETAILS

---

- 61** Financial Calendar and Contact Details

# CONSOLIDATED INTERIM MANAGEMENT REPORT

for the period from 1 January 2017 to 30 June 2017

## 1 BUSINESS PERFORMANCE

### 1.1 Results of Operations

PATRIZIA has successfully continued on its growth path in the first half of the 2017 fiscal year.

PATRIZIA's earnings performance in the first half of 2017 has been strong. Operating income increased to EUR 35.1m, compared to an adjusted value of EUR 24.2m in the first half of 2016. Previous year's figures were adjusted for the effects from the sale of the Harald Portfolio.

As of 30 June 2017, Assets under management (AUM) amounted to EUR 19.2bn, a rise of EUR 0.6bn from EUR 18.6bn at the year-end 2016. As of 31 July 2017, AUM have further increased to EUR 19.8bn. In addition, acquisition contracts worth EUR 0.7bn and disposals worth EUR 0.2bn were outstanding as of 31 July 2017, and are mainly expected to be completed in the second half of 2017.

Total service fee income from investment management services grew by 13.1% to EUR 88.1m compared to EUR 77.8m in the prior year period. The increased assets under management almost completely compensated for the expected loss of management fees following the disposal of the property management business. As expected, transaction fees decreased to EUR 18.7m after exceptionally strong transaction volumes in 2016. Performance fees rose significantly to EUR 24.4m.

in EUR m	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016	
Management fees	45.0	47.0	-4.2%
Transaction fees	18.7	29.1	-35.9%
Performance fees	24.4	1.7	1,301.9%
<b>Total service fee income</b>	<b>88.1</b>	<b>77.8</b>	<b>13.1%</b>

### Issuance of bonded loans

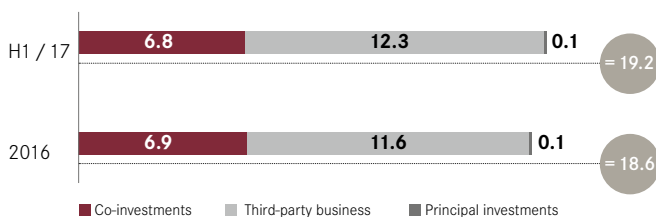
PATRIZIA issued bonded loans of EUR 300m on 22 May 2017. The issuance was very well received having been oversubscribed several times. The bonded loans are structured in three tranches of five, seven and ten years with an average coupon of 1.50% p.a., which is partly fixed and partly floating. The additional liquidity from the bonded loans helped to increase the already strong financial flexibility which will in turn support further growth. The volume and the very attractive terms of the bonded loans confirm the strong cash flow profile and robust capital structure of PATRIZIA. The cash available for further growth, including the funds from the bonded loans, increased to more than EUR 700m on 30 June 2017.

### Full-year 2017 guidance confirmed

PATRIZIA confirms its 2017 guidance, including that AUM are expected to increase by EUR 2bn net to approximately EUR 20.6bn by year-end. Operating income is anticipated to reach between EUR 60m and EUR 75m. Upside to this operating income could result from higher transaction volumes, higher performance fees as well as potential income from the investment of more than EUR 700m of available cash.

### Delivering on key performance indicators in the first half of 2017

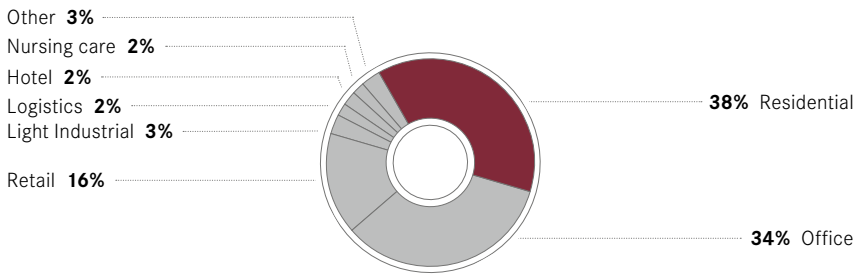
#### ASSETS UNDER MANAGEMENT (IN EUR BN)



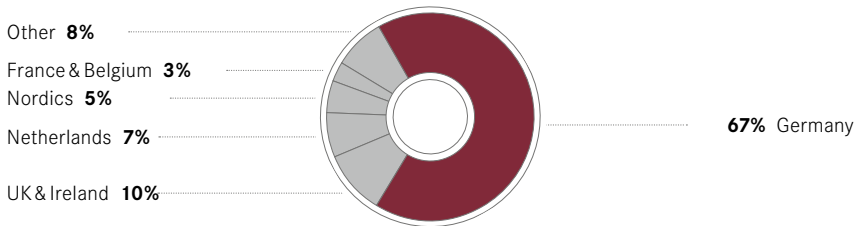
As of 30 June 2017, PATRIZIA was managing real estate assets of EUR 19.2bn, a total increase of EUR 0.6bn from EUR 18.6bn at the end of 2016. EUR 12.9bn of these assets were attributable to Germany and EUR 6.3bn to the rest of Europe.

**Assets under management 30 June 2017**

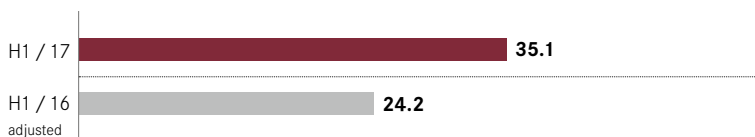
**ASSETS UNDER MANAGEMENT – SECTOR BREAKDOWN**



**ASSETS UNDER MANAGEMENT – GEOGRAPHICAL DISTRIBUTION**



### OPERATING INCOME (IN EUR M)

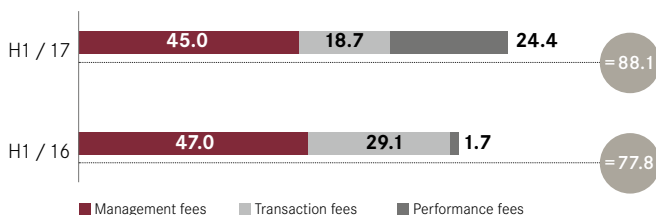


In the first half of 2017, operating income increased by 45.2% to EUR 35.1m (first half of 2016: EUR 24.2m). The operating income in 2016 was adjusted to exclude the contribution from the disposal of the Harald Portfolio which totalled EUR 202.7m.

Operating income is a key performance indicator for PATRIZIA. It is calculated based on earnings before tax (EBT) in accordance with IFRS, adjusted by non-cash effects from the valuation of investment properties and unrealised currency exposure, the amortisation of fund management contracts and reorganisation expenses. It includes realised valuation gains from the sale of real estate assets held as investment property as well as realised currency changes.

Development of supplemental performance parameters:

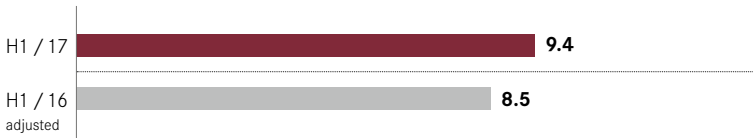
### INCOME FROM MANAGEMENT SERVICES (IN EUR M)



In the first half of 2017, total fee income from management services increased by 13.1% to EUR 88.1m, from EUR 77.8m in the first half of 2016. Income from increased assets under management almost fully compensated for the planned disposal of the property management business; hence management fees reached with EUR 45.1m approximately the same level as in the prior year period. As expected, transaction fees were down to EUR 18.7m, reflecting slower transaction volumes after a very strong first half 2016. Performance fees increased significantly to EUR 24.4m.

PATRIZIA collects contractual fees for the management of its real estate assets. The management fee relates to the asset, fund and portfolio management. PATRIZIA also generates transaction fees for acquisitions and sales and additional performance-based fees when defined target returns are exceeded.

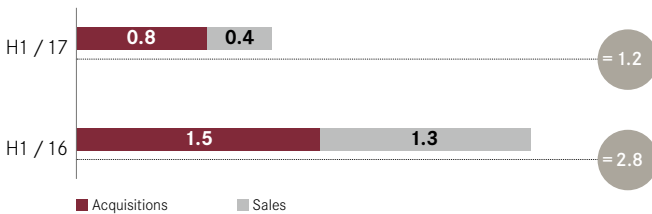
**INVESTMENT INCOME (IN EUR M)**



In the first half of 2017 investment income increased by 10.6% to EUR 9.4m from EUR 8.5m in the prior year period, which was adjusted for the proceeds of the sale of the Harald Portfolio.

The Investments segment comprises principal investments – investments on PATRIZIA’s own account – and co-investments. Income from principal investments includes sales profits as well as rental income from these investments. Income from co-investments is treated as income from participations.

**TRANSACTION VOLUME (IN EUR BN)**



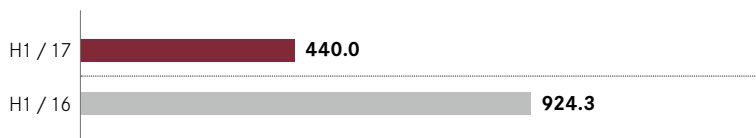
In the first half of 2017 acquisitions of EUR 0.8bn and sales of EUR 0.4bn were completed. The same period in the prior year recorded transaction volumes of EUR 2.8bn, which was strongly influenced by the disposal of the Harald Portfolio.



---

**RAISED FUNDS (IN EUR M)**

---



In the period under review, EUR 440.0m of equity for investments was raised with institutional and retail clients compared to EUR 924.3m in the same period of the previous year.

**PATRIZIA'S BUSINESS MODEL**

PATRIZIA's core business is the investment management of real estate assets and portfolios throughout Europe for institutional and retail clients. PATRIZIA generates management fees for its services and investment income from co-investments and principal investments. In accordance with this, the company's activities can be split into three categories:

**1.1.1 Third-party business**

Business for third parties involves the structuring, placement and management of special funds by the four different regulated Group investment management companies on behalf of private and institutional investors. PATRIZIA generates stable, recurring income from the management of assets. This third-party business does not involve any equity investment by PATRIZIA. Third-party business contributed EUR 12.3bn to the Group's total assets under management as of 30 June 2017.

**Management of single asset mandates**

As part of the third-party business PATRIZIA also manages single asset mandates with real estate assets totalling around EUR 1.0bn as of 30 June 2017. The acquisition of the Commerzbank Tower in Frankfurt on behalf of a Korean investor, which was signed in the fiscal year 2016, is not yet included in this number since completion of the deal only occurred on 31 July 2017. For the individual mandates, PATRIZIA acts as asset and investment manager on behalf of the investors and generates the full scope of service fee income.

## PATRIZIA THIRD-PARTY BUSINESS AS OF 30 JUNE 2017

in EUR m	Assets under management	Equity commitments	of which already invested equity	of which outstanding	Number of vehicles
PATRIZIA WohnInvest KVG mbH	1,632	1,673	1,057	615 <sup>1</sup>	10
Pool funds	1,158	1,213	773	440 <sup>1</sup>	6
Individual funds	474	460	285	175 <sup>1</sup>	4
PATRIZIA GewerbeInvest KVG mbH	8,384	5,870	5,089	781	22
Pool funds	4,735	3,123	2,780	342	10
Individual funds	1,361	1,434	997	437	10
Label funds	2,288	1,314	1,312	1	2
PATRIZIA Real Estate Investment Management S.à.r.l. (REIM) <sup>2</sup>	915	561	475	86	3
Single asset mandates	1,007	460	460	0	10
PATRIZIA GrundInvest KVG mbH	350	175	175	0	6
<b>Third-party business</b>	<b>12,288</b>	<b>8,738</b>	<b>7,256</b>	<b>1,483</b>	<b>51</b>

<sup>1</sup> Without project developments secured through purchase agreements

<sup>2</sup> PATRIZIA Nordic Cities SCS SICAV-FIS

### 1.1.2 Co-investments

Through co-investments, PATRIZIA invests in real estate properties in collaboration with its clients. In addition to the commitment to the client and to the transaction, these investments also generate management fees in a similar way to the third-party business, as well as income for the participation of PATRIZIA. Shareholders therefore profit from the performance of an attractive and diversified pan-European real estate portfolio. Co-investments contributed EUR 6.7bn to the Group's total assets under management as of 30 June 2017. PATRIZIA invested EUR 0.2bn of equity in co-investments.

No significant changes in PATRIZIA's co-investments occurred in the first half of 2017. Further details can be found in PATRIZIA's 2016 Annual Report on p. 56.

### 1.1.3 Principal investments

In general, PATRIZIA is active as an investment manager for institutional and private clients and therefore seeks to avoid any conflicts of interests with its own investments. Principal investments, i.e. transactions on PATRIZIA's own account, are therefore either structured as an interim financing for closed-end mutual funds or early stage investments with the purpose of being included in institutional funds at a later point in time. In addition, PATRIZIA has a principal investment in a legacy portfolio of single residential unit sale assets. Equity invested in principal investments as of 30 June 2017 amounted to EUR 0.1bn.

In the period under review there were no changes in the principal investments compared to the 2016 year-end. Further details can be found in PATRIZIA's 2016 Annual Report on p. 57.

Please refer to the subsequent discussion of the economic position for how principal investments contribute to PATRIZIA's results.

## 1.2 Economic Position

### 1.2.1 Earnings performance of the PATRIZIA Group

For reasons of transparency and clarity the performance of PATRIZIA in the first half of 2016 is shown with and without the effects of the sale of the Harald Portfolio ('adjusted'). For the first six months of 2017, there were no such effects requiring an adjustment. The discussion and analysis of the Group's earnings performance is described as 'adjusted' only.

#### Operating income

Operating income is the Group's key performance indicator as it includes the total of all operating items within the income statement, adjusted by the below mentioned non-operating cash and non-cash items. In the first half of 2017, operating income increased strongly to EUR 35.1m, compared to EUR 24.2m in the same period during the prior year. The operating income and prior year comparison is shown in the following table:

RECONCILIATION OF OPERATING INCOME – 6 MONTHS

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016 <sup>1</sup>	Change	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016		01.01.– 30.06.2017	01.01.– 30.06.2016	
<b>EBITDA</b>	<b>37,012</b>	<b>17,138</b>	<b>116.0%</b>	<b>37,012</b>	<b>289,958</b>	<b>-87.2%</b>
Amortisation of fund management contracts <sup>2</sup> , depreciation of software and fixed assets	-2,769	-3,293	-15.9%	-2,769	-3,293	-15.9%
<b>EBIT</b>	<b>34,243</b>	<b>13,845</b>	<b>147.3%</b>	<b>34,243</b>	<b>286,665</b>	<b>-88.1%</b>
Financial result (interest result)	-1,309	-3,280	-60.1%	-1,309	-5,030	-74.0%
Gains / losses from currency translation	-1,844	-4,295	-57.1%	-1,844	-4,238	-56.5%
<b>EBT</b>	<b>31,090</b>	<b>6,270</b>	<b>395.9%</b>	<b>31,090</b>	<b>277,397</b>	<b>-88.8%</b>
Amortisation of fund management contracts <sup>2</sup>	984	984	0.0%	984	984	0.0%
Harald – transaction-related taxes and minorities	0	0	-	0	-64,014	-100.0%
Net realised valuation gains from the sale of investment property	304	1,183	-74.3%	304	1,183	-74.3%
Reorganisation expenses	915	11,313	-91.9%	915	11,313	-91.9%
Expenses / (income) from unrealised currency translation	1,817	4,436	-59.0%	1,817	4,911	-63.0%
<b>Operating income</b>	<b>35,110</b>	<b>24,186</b>	<b>45.2%</b>	<b>35,110</b>	<b>231,774</b>	<b>-84.9%</b>

1 adjusted = without Harald

2 Fund management contracts that have been attained with the acquisition of PATRIZIA Gewerbelinvest KVG mbH.

The items leading to the operating income are shown below in accordance with their position in the consolidated income statement.

## Consolidated income statement

### Revenues

In the first half of 2017, consolidated revenues totalled EUR 105.9m, compared to EUR 110.7m in the prior year period, as a result of lower sales proceeds from principal investments and lower rental revenues.

### REVENUES – 6 MONTHS

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016 <sup>1</sup>	Change	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016		01.01.– 30.06.2017	01.01.– 30.06.2016	
Revenues from management services	83,360	73,138	14.0%	83,360	73,138	14.0%
Sales proceeds from principal investments	15,507	25,712	-39.7%	15,507	487,634	-96.8%
Rental revenues	5,277	6,932	-23.9%	5,277	13,274	-60.2%
Revenues from ancillary costs	1,269	2,534	-49.9%	1,269	2,792	-54.5%
Miscellaneous	490	2,396	-79.5%	490	2,397	-79.6%
<b>Consolidated revenues</b>	<b>105,903</b>	<b>110,712</b>	<b>-4.3%</b>	<b>105,903</b>	<b>579,235</b>	<b>-81.7%</b>

<sup>1</sup> adjusted = without Harald

Consolidated revenues are of limited informative value, as items shown beneath the revenue line must also be taken into consideration to obtain a complete picture of the operational performance.

The continued growth of the investment management business is reflected in the increase of **revenues from management services** by 14.0%, from EUR 73.1m to EUR 83.4m between the first half of 2016 and the same period in 2017.

Including GBW, total service fee income increased by 13.1% to EUR 88.1m compared to EUR 77.8m in the prior year period. The increased assets under management almost completely compensated for the expected loss of management fees following the disposal of the property management. As expected, transaction fees decreased to EUR 18.7m after exceptionally strong transaction volumes in 2016 while performance fees rose significantly to EUR 24.4m.

## TOTAL FEE INCOME – 6 MONTHS

in EUR m	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016	
Management fees	45.0	47.0	-4.2%
<i>thereof income from participations</i>	4.7	4.7	-0.5%
Transaction fees	18.7	29.1	-35.9%
Performance fees	24.4	1.7	1,301.9%
<b>Total service fee income</b>	<b>88.1</b>	<b>77.8</b>	<b>13.1%</b>

**Sales proceeds from principal investments** decreased in the first half 2017 by 39.7% to EUR 15.5m from EUR 25.7m in the prior year period. This is in line with the stronger strategic focus on investment management services and further decreasing volumes of principal investments. The 2016 figures include the proceeds from the sale of a principal investment in Manchester.

**Rental revenues** decreased from EUR 6.9m in the prior year to EUR 5.3m in the first half of 2017, as the stock of principal investments decreased due to disposals.

**Revenues from ancillary costs** decreased in line with rental income to EUR 1.3m and include revenues from the allocation of recoverable ancillary rental costs.

**Miscellaneous** items include transaction expenses which are charged to the corresponding investment vehicles. In the first half of 2017, such costs decreased to EUR 0.5m from EUR 2.4m year-on-year.

#### Total operating performance

Total operating performance reflects PATRIZIA's performance more comprehensively than revenues. Total operating performance increased in the first half of 2017 by 11.5% to EUR 110.1m, from EUR 98.7m in the prior year period.

**TOTAL OPERATING PERFORMANCE – 6 MONTHS**

in EUR k	1st half 2017	1st half 2016 <sup>1</sup>	Change	1st half 2017	1st half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016		01.01.– 30.06.2017	01.01.– 30.06.2016	
Revenues	105,903	110,712	-4.3%	105,903	579,235	-81.7%
Income from the sale of investment property	227	901	-74.8%	227	901	-74.8%
Changes in inventories	-7,367	-19,606	-62.4%	-7,367	-387,117	-98.1%
Other operating income	11,343	3,027	274.7%	11,343	6,379	77.8%
Income from the deconsolidation of subsidiaries	0	3,691	-100.0%	0	196,930	-100.0%
<b>Total operating performance</b>	<b>110,106</b>	<b>98,725</b>	<b>11.5%</b>	<b>110,106</b>	<b>396,328</b>	<b>-72.2%</b>

<sup>1</sup> adjusted = without Harald

**Income from the sale of investment property**

Income from the sale of investment property, including properties that had been held by PATRIZIA for a longer period of time, contributed a net income of EUR 0.2m in the first six months of 2017 compared to EUR 0.9m in the prior year period.

**Changes in inventories**

In the first half of 2017, changes in inventories of EUR -7.4m (six months of 2016: EUR -19.6m; -62.4%) were recognised. Prior year changes include the disposal of the principal investment in Plot 5 in Manchester to a joint venture with the Greater Manchester Pension Fund. Capitalisations of EUR 4.3m in the first half of 2017 (six months of 2016: EUR 1.7m) increased inventories and are mainly attributable to maintenance measures and development projects in the UK.

**Other operating income**

Other operating income increased to EUR 11.3m in the first half 2017 (first half 2016: EUR 3.0m) and mainly include income from expired obligations (EUR 8.9m).

**Income from the deconsolidation of subsidiaries**

The income from the deconsolidation relates to assets held temporarily on PATRIZIA's balance sheet before placement with PATRIZIA GrundInvest KVG retail funds.

EBITDA

**RECONCILIATION OF EBITDA – 6 MONTHS**

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016 <sup>1</sup>	Change	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016		01.01.– 30.06.2017	01.01.– 30.06.2016	
Total operating performance	110,106	98,725	11.5%	110,106	396,328	-72.2%
Cost of materials	-7,478	-6,741	10.9%	-7,478	-10,828	-30.9%
Costs for purchased services	-6,249	-10,353	-39.6%	-6,249	-10,353	-39.6%
Staff costs	-39,916	-42,622	-6.3%	-39,916	-56,249	-29.0%
Other operating expenses	-28,582	-20,650	38.4%	-28,582	-27,719	3.1%
Income from participations	9,376	6,839	37.1%	9,376	6,839	37.1%
Earnings from companies accounted for using the equity method	670	3,253	-79.4%	670	3,253	-79.4%
<b>EBITDAR</b>	<b>37,927</b>	<b>28,451</b>	<b>33.3%</b>	<b>37,927</b>	<b>301,271</b>	<b>-87.4%</b>
Reorganisation expenses	-915	-11,313	-91.9%	-915	-11,313	-91.9%
<b>EBITDA</b>	<b>37,012</b>	<b>17,138</b>	<b>116.0%</b>	<b>37,012</b>	<b>289,958</b>	<b>-87.2%</b>

<sup>1</sup> adjusted = without Harald

**Cost of materials**

Cost of materials include construction and maintenance measures for owned assets, which are usually capitalised. Year-on-year, the cost of materials increased by 10.9% from EUR 6.7m to EUR 7.5m in the first half of 2017.



### Costs for purchased services

Costs of purchased services largely include expenditure related to the white labelled funds of PATRIZIA Gewerbelinvest, for which PATRIZIA only acts as a service provider. The costs for purchased services decreased during the period due to lower transaction activity, to EUR 6.2m in the first half of 2017, compared to EUR 10.4m in the previous year. Management income from white labelled funds decreased by 21.6% to EUR 6.8m in the first half of 2017 (six months of 2016: EUR 8.6m) whereas respective costs decreased by 19.5% to EUR 5.8m (six months of 2016: EUR 7.2m).

### Staff costs

As of 30 June 2017 PATRIZIA employed 694 permanent employees (30 June 2016: 815 employees). Staff costs are as follows:

#### STAFF COSTS – 6 MONTHS

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016 <sup>1</sup>	Change	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016		01.01.– 30.06.2017	01.01.– 30.06.2016	
Fixed salaries	23,408	25,562	-8.4%	23,408	25,567	-8.4%
Variable salaries	9,171	9,811	-6.5%	9,171	23,432	-60.9%
Social security contributions	4,550	5,245	-13.3%	4,550	5,246	-13.3%
Sales commissions	1,128	1,823	-38.1%	1,128	1,823	-38.1%
Effect on long-term variable compensation <sup>2</sup>	374	-977	-	374	-977	-
Miscellaneous	1,285	1,158	11.0%	1,285	1,158	11.0%
<b>Total</b>	<b>39,916</b>	<b>42,622</b>	<b>-6.3%</b>	<b>39,916</b>	<b>56,249</b>	<b>-29.0%</b>

1 adjusted = without Harald

2 Valuation changes of the long-term variable remuneration due to change in the share price.

Staff costs decreased by 6.3% to EUR 39.9m during the first half of 2017 (first half of 2016: EUR 42.6m). Fixed salaries declined by 8.4% to EUR 23.4m from EUR 25.6m in the prior year period due to a decrease in the number of employees. Variable salaries decreased correspondingly by 6.5%, from EUR 9.8m in the prior year period to EUR 9.2m in the first six months of 2017. Sales and distribution commissions decreased from EUR 1.8m in the prior year period to EUR 1.1m in the first half of 2017. Due to a positive share price performance, the long-term variable compensation costs amounted to EUR 0.4m, after a positive contribution of EUR 1.0m in the prior year period. Any miscellaneous items mainly refer to payments in kind.

**Other operating expenses**

Other operating expenses increased from EUR 20.7m in the prior year period to EUR 28.6m in the first six months of 2017. The specific composition is shown below:

**OTHER OPERATING EXPENSES – 6 MONTHS**

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016 <sup>1</sup>	Change	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016		01.01.– 30.06.2017	01.01.– 30.06.2016	
Advisory and audit fees	10,515	4,437	137.0%	10,515	4,709	123.3%
Rent, cleaning and ancillary costs	3,622	3,435	5.4%	3,622	3,726	-2.8%
IT costs, communication costs and office supplies	3,616	3,405	6.2%	3,616	4,056	-10.8%
Advertising costs	2,485	1,684	47.6%	2,485	1,736	43.1%
Vehicle and travel costs	2,396	2,553	-6.1%	2,396	2,553	-6.1%
Contributions, charges and insurance costs	1,042	1,777	-41.4%	1,042	1,784	-41.6%
Commissions and other sales costs	997	1,435	-30.5%	997	1,435	-30.5%
Recruitment costs, training costs and costs for temporary work	987	683	44.5%	987	683	44.5%
Cost of Management Services	577	-184	-	577	2,801	-79.4%
Other taxes	499	101	394.1%	499	101	394.1%
Miscellaneous	1,846	1,324	39.4%	1,846	4,135	-55.4%
<b>Total</b>	<b>28,582</b>	<b>20,650</b>	<b>38.4%</b>	<b>28,582</b>	<b>27,719</b>	<b>3.1%</b>

<sup>1</sup> adjusted = without Harald

Advisory and audit fees totalling EUR 10.5m (six months of 2016: EUR 4.4m) include transaction costs of EUR 6.0m (six months of 2016: EUR 0.8m).

### Income from participations and earnings from companies accounted for using the equity method

The income from participations remained stable at EUR 10.0m in the first half of 2017 compared with EUR 10.1m in prior year period. The results include a positive contribution from the disposal proceeds of a participation in PATRIZIA Projekt 150 GmbH. The co-investment in GBW generated EUR 6.3m, in line with the prior year period. The co-investment in WohnModul I generated income of EUR 0.7m compared with EUR 3.3m in the first half of 2016, which is recognised as earnings from companies accounted for using the equity method. Income from participations and earnings from companies accounted for using the equity method include the investment income from co-investments, which is generated in addition to management fees.

### INCOME FROM PARTICIPATIONS – 6 MONTHS

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016	
GBW	6,317	6,343	-0.4%
PATRIZIA Projekt 150 GmbH	2,453	0	-
HARALD	430	418	2.9%
UK	174	0	-
SENECA	0	78	-100.0%
Miscellaneous	2	0	-
<b>Income from participations</b>	<b>9,376</b>	<b>6,839</b>	<b>37.1%</b>
Earnings from companies accounted for using the equity method	670	3,253	-79.4%
<b>Total</b>	<b>10,046</b>	<b>10,092</b>	<b>-0.5%</b>

### Reorganisation expenses

As a result of an internal reorganisation initiated in 2016, expenses of EUR 0.9m were recognised in the first six months of 2017.

### Net profit for the period

PATRIZIA's adjusted net profit for the period increased strongly to EUR 24.3m, after EUR 4.2m in the first half of 2016.

### NET PROFIT FOR THE PERIOD – 6 MONTHS

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016 <sup>1</sup>	Change	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016		01.01.– 30.06.2017	01.01.– 30.06.2016	
<b>EBITDA</b>	<b>37,012</b>	<b>17,138</b>	<b>116.0%</b>	<b>37,012</b>	<b>289,958</b>	<b>-87.2%</b>
Amortisation of fund management contracts, depreciation of software and fixed assets	-2,769	-3,293	-15.9%	-2,769	-3,293	-15.9%
<b>EBIT</b>	<b>34,243</b>	<b>13,845</b>	<b>147.3%</b>	<b>34,243</b>	<b>286,665</b>	<b>-88.1%</b>
Financial income	531	796	-33.3%	531	1,155	-54.0%
Financial expenses	-1,840	-4,076	-54.9%	-1,840	-6,185	-70.3%
Loss from currency translation	-1,844	-4,295	-57.1%	-1,844	-4,238	-56.5%
<b>Financial result</b>	<b>-3,153</b>	<b>-7,575</b>	<b>-58.4%</b>	<b>-3,153</b>	<b>-9,268</b>	<b>-66.0%</b>
<b>EBT</b>	<b>31,090</b>	<b>6,270</b>	<b>395.9%</b>	<b>31,090</b>	<b>277,397</b>	<b>-88.8%</b>
Income taxes	-6,744	-2,110	219.6%	-6,744	-46,839	-85.6%
<b>Net profit for the period</b>	<b>24,346</b>	<b>4,160</b>	<b>485.2%</b>	<b>24,346</b>	<b>230,558</b>	<b>-89.4%</b>

<sup>1</sup> adjusted = without Harald

### Amortisation of fund management contracts, depreciation of software and fixed assets

Amortisation of fund management contracts, the depreciation of software and fixed assets decreased to EUR 2.8m (six months of 2016: EUR 3.3m; -15.9%).

### Financial result

The negative financial result improved by 58.4% to EUR -3.2m, compared with EUR -7.6m in the prior year period. Financial income declined to EUR 0.5m from EUR 0.8m year-on-year and includes interest income on delayed purchase price receipts as well as interest income from shareholder loans to co-investments. Financial expenses decreased to EUR 1.8m (six months of 2016: EUR 4.1m; -54.9%) and losses from currency translation declined to EUR 1.8m from EUR 4.3m year-on-year.

### Income tax

Income taxes increased to EUR 6.7m in the first half of 2017 compared with EUR 2.1m year-on-year which is in line with the respective increase in EBT.

### 1.2.2 Group's net asset and financial situation

#### PATRIZIA'S KEY FINANCIAL AND ASSET FIGURES

in EUR k	30.06.2017	31.12.2016	Change
Total assets	1,337,133	993,259	34.6%
Equity (excl. non-controlling shareholders)	773,250	749,342	3.2%
<b>Equity ratio</b>	<b>57.8%</b>	<b>75.4%</b>	<b>-17,6 PP</b>
+ Bank Loans	107,000	53,200	101.1%
+ Bonded Loans	322,000	27,000	1,092.6%
- Cash and cash equivalents	689,554	440,219	56.6%
- Investment term deposits	85,000	0	-
- Securities	11,000	0	-
= Net cash (-) / net debt (+)	-356,554	-360,019	-1.0%
Net equity ratio <sup>1</sup>	<b>85.1%</b>	<b>82.1%</b>	<b>3,0 PP</b>

<sup>1</sup> Shareholders' equity (excl. minorities) divided by net assets (total assets less total debt covered by incremental cash)

PP = percentage points

### Total assets

The Group's total assets in the period under review increased to EUR 1.3bn, compared with 1.0bn at year end 2016, mainly due to the issuance of bonded loans totalling EUR 300m.

**Investment property and inventories**

In the consolidated financial statement, PATRIZIA's real estate assets amounted to EUR 243.1 m (31 December 2016: EUR 195.2m; 24.6%):

in EUR k	30.06.2017	31.12.2016	Change
Inventories	233,035	182,931	27.4%
Investment property	10,062	12,226	-17.7%
<b>Principal investments</b>	<b>243,097</b>	<b>195,157</b>	<b>24.6%</b>

Of the principal investments, EUR 10.1m was attributable to **investment property**. Such assets are held for long-term sale and in the meantime generate rental income. EUR 233.0m are **inventories** and include properties which are held for sale in the current business cycle, as well as properties held temporarily for subsequent placement in a retail fund. The increase in inventories by 27.4% compared to the end of 2016 results from the temporary consolidation of an object for a later placement in a closed retail fund.

The capital allocation table provides an overview of all participations, assets under management as well as PATRIZIA's invested capital.

#### PATRIZIA CAPITAL ALLOCATION AS OF 30 JUNE 2017

in EUR m	Assets under Management	PATRIZIA investment capital	Participation in %
<b>Third-party business</b>	12,288.4		
<b>Co-investments</b>	6,716.8	179.0	
<b>Residential</b>	5,212.4	140.4	
GBW GmbH	3,519.7	53.7	5.1
WohnModul I SICAV-FIS	1,692.7	86.7	10.1
Other	0.0	0.1	0.0
<b>Commercial Germany</b>	457.6	17.8	
PATROffice	186.8	5.4	6.3
Seneca	201.8	4.9	5.1
sono west	69.0	7.5	30.0
<b>Commercial International</b>	1,046.8	20.7	
Aviemoire Topco (UK)	498.4	12.7	10.0
Citruz Holdings LP (UK)	90.7	3.2	10.0
Plymouth Sound Holdings LP (UK)	59.7	1.8	10.0
Winnersh Holdings LP (UK)	398.0	2.9	5.0
<b>Principal investments</b>	147.9	141.9	
Harald	0.0	22.4	5.3
Other	147.9	119.5	100.0
<b>Operating companies</b>	0.0	36.0	100.0
<b>Investment capital employed</b>	<b>19,153.1</b>	<b>356.8</b>	
Available bank balances and cash	-	737.5	-
<b>Total investment capital</b>	<b>19,153.1</b>	<b>1,094.3</b>	
Of which external capital (bonded loans)	-	322.0	-

## Capital structure

### Financial liabilities

The Group's total financial liabilities increased to EUR 429.0m at 30 June 2017, compared with EUR 80.2m at year end 2016. The increase was driven by the issuance of bonded loans and by short-term bank loans, which more than doubled to EUR 107.0m as of 30 June 2017 (31 December 2016: EUR 53.2m). The loans are fully attributable to an entity of PATRIZIA GrundInvest KVG which required bridge financing to acquire assets that are expected to be placed in retail funds within the next 12 to 18 months.

### Bonded loans

Bonded loans, issued in 2013 and due in June 2018, amounted to EUR 22.0m as of 30 June 2017 and are considered as a short-term liability. Since then, on 22 May 2017, PATRIZIA issued bonded loans totalling EUR 300m. The issuance was very well received and was oversubscribed several times. The bonded loans are structured in three tranches of five, seven and ten years with an average coupon of 1.50% p.a., which is partly fixed and partly floating.

The development of the financial liabilities is shown in the following table:

in EUR k	30.06.2017	31.12.2016	Change
Long-term bonded loans	300,000	22,000	1,263.6%
Short-term bonded loans	22,000	5,000	340.0%
Short-term bank loans	107,000	53,200	101.1%
<b>Total financial liabilities</b>	<b>429,000</b>	<b>80,200</b>	<b>434.9%</b>

For a detailed schedule of maturities please refer to item 11 of the Notes.



## Liquidity

As of 30 June 2017, PATRIZIA held available cash worth EUR 737.5m.

in EUR k	<b>30.06.2017</b>	<b>31.12.2016</b>
Bank balances and cash	689,554	440,219
Investment term deposits	85,000	0
Securities	11,000	0
<b>Short-term liquidity</b>	<b>785,554</b>	<b>440,219</b>
- Transaction-based liabilities Harald	-35,280	-36,021
- Regulatory reserve KVGs	-6,900	-6,900
- Cash in PGK object companies	-5,887	-3,026
- Shares of non-controlling shareholders	0	-84
<b>= Available cash</b>	<b>737,487</b>	<b>394,188</b>

Total short-term liquidity amounts to EUR 785.6m. However, this amount is not freely available to PATRIZIA in its entirety. EUR 96.0m is invested in securities and deposits with a short-term notice period. Through the sale of the Harald Portfolio, remaining transaction-based liabilities of EUR 35.3m have been made, but were not yet due at the reporting date. In addition, a cash reserve of EUR 12.8m has to be permanently held available due to regulatory requirements for the regulated investment management companies (KVGs) and the retail fund entities. In light of the above factors, the free cash balance available to PATRIZIA amounts to EUR 737.5m.

## 2 SUPPLEMENTARY REPORT

There were no subsequent events.

### 3 DEVELOPMENT OF THE RISKS AND OPPORTUNITIES

PATRIZIA is exposed to both opportunities as well as risks in the course of its business activities. The Group has the necessary measures and processes in place to identify negative influences and risks in a timely manner in order to be able to respond accordingly. No significant new opportunities or risks have been identified by the Group since the annual statements for the 2016 financial year. The assessment of probabilities and the potential extent of damage has also not led to any significant changes in the assessment of risks and opportunities.

The statements in the risk report of the 2016 Annual Report still apply. Please refer to the risk report starting on page 82 of the 2016 Annual Report of PATRIZIA Immobilien AG. No other risks are currently known to the Managing Board of PATRIZIA Immobilien AG.

### 4 REPORT ON EXPECTED DEVELOPMENTS

#### 4.1 Guidance for 2017 Confirmed

PATRIZIA confirms the 2017 guidance after a promising first half of 2017. AUM are anticipated to increase by EUR 2bn net to approximately EUR 20.6bn by year-end while operating income is anticipated to reach between EUR 60m and EUR 75m. Upside to this operating income could result from higher transaction volumes, higher performance fees as well as potential income from the investment of more than EUR 700m of cash.

Augsburg, 8 August 2017

WOLFGANG EGGER  
CEO

KARIM BOHN  
CFO

ANNE KAVANAGH  
CIO

KLAUS SCHMITT  
COO

This report contains specific forward-looking statements that relate in particular to the business development of PATRIZIA and the general economic and regulatory environment and other factors to which PATRIZIA is exposed. 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.



## CONTENTS

---

### 2. CONSOLIDATED INTERIM FINANCIAL STATEMENTS

---

- 28** Consolidated Balance Sheet
- 30** Consolidated Income Statement
- 31** Consolidated Statement of  
Comprehensive Income
- 32** Consolidated Cash Flow Statement
- 34** Consolidated Statement of  
Comprehensive Income

# CONSOLIDATED BALANCE SHEET

as of 30 June 2017

## ASSETS

in EUR k	30.06.2017	31.12.2016
<b>A. Non-current assets</b>		
Goodwill	610	610
Other intangible assets	34,420	35,416
Software	10,940	10,772
Investment property	10,062	12,226
Equipment	4,357	4,460
Participations in associated companies	86,803	85,923
Participations	101,182	102,033
Loans	7,028	7,015
Long-term tax assets	35	35
Deferred taxes	258	323
<b>Total non-current assets</b>	<b>255,695</b>	<b>258,813</b>
<b>B. Current assets</b>		
Inventories	233,035	182,931
Securities	11,010	44
Short-term tax assets	7,451	11,941
Current receivables and other current assets	140,388	99,311
Bank balances and cash	689,554	440,219
<b>Total current assets</b>	<b>1,081,438</b>	<b>734,446</b>
<b>Total assets</b>	<b>1,337,133</b>	<b>993,259</b>

**EQUITY AND LIABILITIES**

in EUR k	<b>30.06.2017</b>	<b>31.12.2016</b>
<b>A. Equity</b>		
Share capital	83,956	83,956
Capital reserve	184,005	184,005
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	1,691	1,691
Currency translation differences	-11,241	-10,803
Consolidated unappropriated profit	516,025	491,679
<b>Total equity</b>	<b>774,941</b>	<b>751,033</b>
<b>B. Liabilities</b>		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	17,088	17,992
Retirement benefit obligations	693	648
Bonded loans	300,000	22,000
Non-current liabilities	4,978	6,866
<b>Total non-current liabilities</b>	<b>322,759</b>	<b>47,506</b>
CURRENT LIABILITIES		
Short-term bank loans	107,000	53,200
Bonded loans	22,000	5,000
Short-term financial derivatives	0	0
Other accruals	16,041	27,627
Current liabilities	66,965	75,343
Tax liabilities	27,427	33,550
<b>Total current liabilities</b>	<b>239,433</b>	<b>194,720</b>
<b>Total equity and liabilities</b>	<b>1,337,133</b>	<b>993,259</b>

# CONSOLIDATED INCOME STATEMENT

for the period from 1 January 2017 to 30 June 2017

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016
	01.01.–30.06.2017	01.01.–30.06.2016
Revenues	105,903	579,235
Income from the sale of investment property	227	901
Changes in inventories	-7,367	-387,117
Other operating income	11,343	6,379
Income from the deconsolidation of subsidiaries	0	196,930
<b>Total operating performance</b>	<b>110,106</b>	<b>396,328</b>
Cost of materials	-7,478	-10,828
Cost of purchased services	-6,249	-10,353
Staff costs	-39,916	-56,249
Other operating expenses	-28,582	-27,719
Income from participations	9,376	6,839
Earnings from companies accounted for using the equity method	670	3,253
<b>EBITDAR</b>	<b>37,927</b>	<b>301,271</b>
Reorganisation expenses	-915	-11,313
<b>EBITDA</b>	<b>37,012</b>	<b>289,958</b>
Amortisation of fund management contracts, depreciation of software and fixed assets	-2,769	-3,293
<b>Earnings before finance income and income taxes (EBIT)</b>	<b>34,243</b>	<b>286,665</b>
Finance income	531	1,155
Finance costs	-1,840	-6,185
Currency result	-1,844	-4,238
<b>Earnings before income taxes (EBT)</b>	<b>31,090</b>	<b>277,397</b>
Income tax	-6,744	-46,839
<b>Net profit / loss for the period</b>	<b>24,346</b>	<b>230,558</b>
Earnings per share (undiluted) in EUR	0.29	2.52
<b>The net profit / loss for the period is allocated to:</b>		
Shareholders of the parent company	24,346	211,273
Non-controlling shareholders	0	19,285
	<b>24,346</b>	<b>230,558</b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2017 to 30 June 2017

	<b>1<sup>st</sup> half 2017</b>	<b>1<sup>st</sup> half 2016</b>
in EUR k	<b>01.01.–30.06.2017</b>	<b>01.01.–30.06.2016</b>
<b>Net profit / loss for the period</b>	<b>24,346</b>	<b>230,558</b>
Items of other comprehensive income with reclassification to net profit / loss for the period		
Profit / loss from the translation of financial statements of international business units	-438	-7,178
<b>Total result for the reporting period</b>	<b>23,908</b>	<b>223,380</b>
The total result is allocated to:		
Shareholders of the parent company	23,908	204,095
Non-controlling shareholders	0	19,285
	<b>23,908</b>	<b>223,380</b>

# CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January 2017 to 30 June 2017

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016
	01.01.–30.06.2017	01.01.–30.06.2016
Net profit / loss for the period	24,346	230,558
Income taxes recognised through profit or loss	6,744	46,839
Financial costs through profit or loss	1,840	6,185
Financial income through profit or loss	-531	-1,155
Income from divestments of participations, recognised through profit or loss	-2,453	0
Amortisation of fund management contracts, software and equipment	2,769	3,293
Income from the sale of investment property	-227	-901
Costs from the deconsolidation of subsidiaries	65	0
Income from the deconsolidation of subsidiaries	0	-196,930
Other non-cash items	-5,076	8,760
Changes in inventories, receivables and other assets that are not attributable to investment activities	-44,573	373,145
Changes in liabilities that are not attributable to financing activities	-23,137	-18,075
Interest paid	-1,838	-6,098
Interest received	242	899
Income tax payments	-6,559	-10,430
<b>Cash outflow / inflow from operating activities</b>	<b>-48,388</b>	<b>436,090</b>
Capital investments software and equipment	-2,035	-974
Payments received from the sale of investment property	2,483	6,443
Payments for the development of investment property	-94	-61
Payments for the acquisition of securities	-95,966	0
Payments received from the sale of securities	0	10
Payments for the acquisition of participations	-270	-1,030



in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016
	01.01.–30.06.2017	01.01.–30.06.2016
Payments received from the equity reduction of participations	735	0
Payments received from the sale of participations	2,455	0
Payments for investments in companies accounted for using the equity method	-5,163	0
Payment received through distributions of companies accounted for using the equity method	0	5,147
Payments received from the repayment of shares of companies accounted for using the equity method	4,955	6,565
Payments for loans to companies in which participating interests are held	-201	-181
Payments received from the disposal of consolidated companies and other business units	0	333,695
Payments for the disposal of consolidated companies and other business units	-2,684	0
Payments for the acquisition of consolidated companies and other business units	0	-42,366
<b>Cash outflow / inflow from investment / divestment activities</b>	<b>-95,785</b>	<b>307,248</b>
Borrowing of loans	404,500	96,675
Repayment of loans	-10,985	-645,761
<b>Cash inflow / outflow from financing activities</b>	<b>393,515</b>	<b>-549,086</b>
<b>Changes in cash</b>	<b>249,342</b>	<b>194,252</b>
Cash 01.01	440,219	179,141
Effect of changes in exchange rates on cash	-7	-1,942
Cash 30.06.	689,554	371,451

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2017 to 30 June 2017

in EUR k	Share capital	Capital reserve	Retained earnings (legal reserve)
<b>Balance 01.01.2016</b>	<b>76,324</b>	<b>191,637</b>	<b>505</b>
Net amount recognised directly in equity, where applicable less income taxes	0	0	0
Net profit / loss for the period	0	0	0
<b>Balance 30.06.2016</b>	<b>76,324</b>	<b>191,637</b>	<b>505</b>
<b>Balance 01.01.2017</b>	<b>83,956</b>	<b>184,005</b>	<b>505</b>
Net amount recognised directly in equity, where applicable less income taxes	0	0	0
Net profit / loss for the period	0	0	0
<b>Balance 30.06.2017</b>	<b>83,956</b>	<b>184,005</b>	<b>505</b>

	Currency translation difference	Consolidated unappropriated profit	Equity of the shareholders of the parent company	Equity of non-controlling shareholders	Total
	<b>-869</b>	<b>254,004</b>	<b>518,099</b>	<b>18,190</b>	<b>539,791</b>
	-7,178	0	-7,178	0	-7,178
	0	211,273	211,273	19,285	230,558
	<b>-8,047</b>	<b>465,277</b>	<b>722,194</b>	<b>37,475</b>	<b>763,171</b>
	<b>-10,803</b>	<b>491,679</b>	<b>749,342</b>	<b>1,691</b>	<b>751,033</b>
	-438	0	-438	0	-438
	0	24,346	24,346	0	24,346
	<b>-11,241</b>	<b>516,025</b>	<b>773,250</b>	<b>1,691</b>	<b>774,941</b>

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of 30 June 2017 (first half of 2017)

## 1 GENERAL DISCLOSURES

PATRIZIA Immobilien AG ('PATRIZIA', 'Company' or 'Group') is a listed German stock corporation. The Company's headquarters are located at Fuggerstraße 26 in 86150 Augsburg, Germany. PATRIZIA has been active as an investor and investment manager in the real estate market for more than 30 years and operates in 15 countries across Europe. As an investment manager, PATRIZIA's services include asset and portfolio management, acquisitions and sales, and fund management mainly through its own regulated investment platforms and non-regulated investment structures. As one of the leading real estate investment companies in Europe, the Company operates Europe-wide for large institutional as well as retail clients. Currently, the Company manages assets with a value of EUR 19.2bn, mainly for insurance companies, pension fund institutions, sovereign wealth funds and savings banks.

## 2 PRINCIPLES APPLIED IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements of PATRIZIA Immobilien AG for the first half of 2017 (1 January 2017 to 30 June 2017) were prepared in accordance with Article 37 (3) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with Article 37w (2) WpHG in line with IFRS and in compliance with the provisions of German commercial law additionally applicable as per Article 315a (1) of the Handelsgesetzbuch (HGB – German Commercial Code). All compulsory official announcements of the International Accounting Standards Board (IASB) that have been adopted by the EU in the context of the endorsement process (i.e. published in the Official Journal of the EU) have been applied.

From the perspective of the Company's Management Board, the unaudited interim consolidated financial statements for the period ended 30 June 2017 contain all of the information necessary to provide a true and fair view of the course of business and the earnings situation in the period under review. Earnings generated in the first six months of 2017 are not necessarily an indication of future earnings or of the expected total earnings for the fiscal year 2017.

When preparing the consolidated financial statements for the interim report in line with IAS 34 'Interim Financial Reporting', the Managing Board of PATRIZIA Immobilien AG must make assessments and estimates as well as assumptions that affect the application of accounting standards in the Group and the reporting of assets and liabilities as well as income and expenses. Actual amounts may differ from these estimates.

These interim consolidated financial statements have been prepared in accordance with the same accounting and assessment policies as the consolidated financial statements for the fiscal year 2016. For a detailed description of the principles applied in preparing the interim consolidated financial statements and the accounting methods used, please refer to the notes to the IFRS consolidated financial statements for the year ending 31 December 2016, which are contained in the Company's 2016 Annual Report.

The term 'Harald' used in these interim consolidated financial statements relates to a principal investment acquired in 2015. All related real estate assets were sold in the 2016 reporting period.

The interim consolidated financial statements are prepared in euros. The amounts, including the previous year's figures, are stated in EUR thousands unless stated otherwise. Please note that small differences can arise in rounded amounts and percentages due to commercial rounding of figures.

### 3 SCOPE OF CONSOLIDATION

All of the Company's subsidiaries are included in the consolidated financial statements of PATRIZIA Immobilien AG. The subsidiaries include all companies controlled by PATRIZIA Immobilien AG. In addition to the parent company, the scope of consolidation comprises 93 subsidiaries. They are included in the consolidated financial statements in line with the rules of full consolidation.

In addition to this, two participating interests are accounted for at-equity in the consolidated financial statements. These are a participation in a SICAV (a stock corporation with variable equity in accordance with the laws of Luxembourg) and a participation in a joint venture.

Furthermore, 28.3% of the limited liability capital is held in one project development company (in the form of a GmbH & Co. KG), while 30% is held in the associated general partner. A significant influence cannot be executed due to provisions in the partnership agreement meaning that management can neither be exercised, nor can a significant influence be exerted on the management and that there is no entitlement to appoint members of the managing boards. Shares in this development company are accounted for at acquisition cost.

On the balance sheet date, three companies were not included in the scope of consolidation as they have only small or no ongoing business operations and are of subordinate importance for the Group and for the presentation of a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

The number of consolidated companies, which are included in the consolidated financial statements within the scope of full consolidation, has developed as follows during the reporting period:

<b>As of 01.01.2017</b>	<b>93</b>
Acquisitions	-
Foundations	1
Mergers	-
Deconsolidations	-1
<b>As of 30.06.2017</b>	<b>93</b>

Significant transactions for the Group are explained below under company acquisitions, sales and restructuring within the Group. Due to materiality aspects this passage lapses for the reporting period.

## 4 INVESTMENT PROPERTY

Investment properties are those that are held for the purpose of earning rental income or for capital appreciation, or both. They are not owner-occupied or held for sale in the ordinary course of business and investment properties are initially measured at cost. Following initial recognition, investment properties are measured at fair value. Any change herein is recognised as affecting net income in the income statement.

For a detailed description of the accounting methods used, please refer to the notes to the IFRS consolidated financial statements for the year ending at 31 December 2016, which are contained in the Company's 2016 Annual Report.

## 5 PARTICIPATIONS IN ASSOCIATED COMPANIES

Participations in Associated Companies include a 10.1% share in PATRIZIA WohnModul I SICAV-FIS with headquarters in Luxembourg.

The strategy of PATRIZIA WohnModul I is the purchase of different types of real estate assets, including project developments and revitalisation assets. As an exit strategy, the sales of blocks as well as single units are planned.

Through its participation in PATRIZIA WohnModul I SICAV-FIS, PATRIZIA is subject to the usual real estate specific risks such as market development in the event of single unit sales and project developments, but also to fluctuations in interest rates.

The Group's share in the profit of PATRIZIA WohnModul I SICAV-FIS for the first six months of 2017 is EUR 670k (30 June 2016: EUR 3,253k).

In the period under review, WohnModul I SICAV-FIS distributed profits totalling EUR 4,955k to PATRIZIA Immobilien AG, which were fully reinvested against the issue of new shares. This distribution was credited against Participations in Associated Companies not affecting the income statement.

In the second quarter of 2017 the subsidiary PATRIZIA GQ Limited of PATRIZIA Immobilien AG acquired a 50% participation in Ask PATRIZIA (GQ) LLP (joint venture Gateshead), which is also reported under Participations in Associated Companies.

## 6 PARTICIPATIONS

Participations include the following main holdings:

- PATRoffice Real Estate GmbH & Co. KG 6.25% (31 December 2016: 6.25%)
- sono west Projektentwicklung GmbH & Co. KG 28.3% (31 December 2016: 28.3%)
- Projekt Feuerbachstraße Verwaltung GmbH 30% (31 December 2016: 30%)
- Plymouth Sound Holdings LP 10% (31 December 2016: 10%)
- Winnersh Holdings LP 5% (31 December 2016: 5%)
- Seneca Holdco S.à r.l. 5.1% (31 December 2016: 5.1%)
- GBW GmbH 5.1% (31 December 2016: 5.1%)
- Aviemore Topco 10% (31 December 2016: 10%)
- Citruz Holdings LP 10% (31 December 2016: 10%)
- Scan Deutsche Real Estate Holding GmbH 6% (31 December 2016: 6%)
- Draaipunt Holding B.V. 5.1% (31 December 2016: 5.1%)
- Promontoria Holding V B.V. 5.1% (31 December 2016: 5.1%)
- Promontoria Holding X B.V. 5.1% (31 December 2016: 5.1%)

In the period under review PATRIZIA sold off its participation in PATRIZIA Projekt 150 GmbH. Please also refer to item 17, Income from Participations.

## 7 INVENTORIES

Inventories include real estate assets that have been acquired with the purpose of re-sale within the ordinary business cycle. Assessment and qualification of an inventory is carried out at acquisition.

PATRIZIA has defined the operating business cycle as three years as the majority of the units to be disposed of are usually sold during this time period. However, inventories remain classified as intended for sale even if the sale is not realised within three years.

Inventories are valued at acquisition or production costs. Acquisition costs comprise directly attributable purchase and commitment costs. Production costs include the costs directly attributable to the real estate development process.

The EUR 50,104k increase in inventories is primarily due to the addition of assets from PGK-Object PATRIZIA GrundInvest Objekt Mainz Rheinufer GmbH & Co. KG which totalled EUR 100,121k and from the disposal and deconsolidation of PGK-Object PATRIZIA GrundInvest München Leopoldstraße GmbH & Co. geschlossene Investment-KG which totalled EUR 42,443k, as well as sales from the privatisation portfolio.

## 8 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents cover cash and short-term bank deposits that are held by the Group. The net asset value of these assets corresponds to their fair value.

Through the issuance of EUR 300,000k bonded loans on 22 May 2017, the Company has increased its options and flexibility for further strategic growth.

Through its active liquidity management approach, liquid assets were invested in short-term, near-money market financial assets. EUR 11,000k was invested in short-term securities and these investments are reflected separately in the balance sheet. Furthermore, EUR 85,000k was invested in short-term investment term deposits with a duration of more than 90 days. These are shown in the balance sheet under current receivables and other current assets.



in EUR k	<b>30.06.2017</b>	<b>31.12.2016</b>
Bank balances and cash	689,554	440,219
Investment term deposits	85,000	-
Securities	11,000	-
<b>short-term liquidity</b>	<b>785,554</b>	<b>440,219</b>
- Transaction-based liabilities Harald	-35,280	-36,021
- Regulatory reserve KVGs	-6,900	-6,900
- Cash in PGK object companies	-5,887	-3,026
- Shares of non-controlling shareholders	0	-84
<b>= Available cash</b>	<b>737,487</b>	<b>394,188</b>

## 9 EQUITY

The Company's share capital at the balance sheet date was EUR 83,955,887 (31 December 2016: EUR 83,955,887) and was divided into 83,955,887 (31 December 2016: 83,955,887) no-par value shares (shares with no nominal value). The development of equity is shown in the consolidated statement of changes in equity.

## 10 NON-CONTROLLING SHAREHOLDERS

As of 30 June 2017, shares of non-controlling shareholders amounted to EUR 1,691k (31 December 2016: EUR 1,691k).

These shares of non-controlling shareholders are classified as insignificant by PATRIZIA.

## 11 FINANCIAL LIABILITIES

Financial Liabilities have the following maturity profile:

in EUR k 30.06.2017	2018	2022	2024	2026	2027	Total
Bank loans	53,925	0	0	0	0	53,925
Mortgage loans	0	0	0	53,075	0	53,075
Bonded loans	22,000	91,500	124,000	0	84,500	322,000
<b>Total financial liabilities</b>	<b>75,925</b>	<b>91,500</b>	<b>124,000</b>	<b>53,075</b>	<b>84,500</b>	<b>429,000</b>

in EUR k 31.12.2016	2017	2018	2019–2025	2026	Total
Bank loans	0	32,450	0	0	32,450
Mortgage loans	0	0	0	20,750	20,750
Bonded loans	5,000	22,000	0	0	27,000
<b>Total financial liabilities</b>	<b>5,000</b>	<b>54,450</b>	<b>0</b>	<b>20,750</b>	<b>80,200</b>

Bank loans are accounted for at amortised cost and with floating interest rates, the Group is exposed to interest rate risk. All loans are valued in EUR. Bank loans and mortgage loans totalling EUR 107,000k relate to temporarily held properties, which will leave the Group in the course of the scheduled placement of the shares in investment funds by PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH. These loans also include an equity bridge loan of PATRIZIA Immobilien AG, which relates to PATRIZIA GrundInvest Den Haag Wohnen GmbH & Co. geschlossene Investment-KG, which was sold in 2016. Maturities are shown in accordance with the contractually agreed terms of the loan agreements.

As of the balance sheet date, two bonded loans are shown in the consolidated financial statement. The bonded loans totalling EUR 22,000k (maturity: 30 June 2018) are reported under current liabilities. The bonded loans of EUR 300,000k, which were issued in the second quarter of 2017, consist of three tranches with terms of five, seven and ten years. These bonded loans are shown in the consolidated financial statement under non-current liabilities.

## 12 LONG-TERM LIABILITIES

Long-term Liabilities amount to EUR 4,978k (31 December 2016: EUR 6,866k) and essentially consist of long-term components of the management participation plan, which is described in detail under item 9.2 in the 2016 Annual Report.

## 13 REVENUES

Revenues are composed as follows:

in EUR k	1 <sup>st</sup> half	1 <sup>st</sup> half	Change	1 <sup>st</sup> half	1 <sup>st</sup> half	Change
	2017	2016 <sup>1</sup>		2017	2016	
	01.01.– 30.06.2017	01.01.– 30.06.2016		01.01.– 30.06.2017	01.01.– 30.06.2016	
Revenues from management services	83,360	73,138	14.0%	83,360	73,138	14.0%
Sales proceeds of principal investments	15,507	25,712	-39.7%	15,507	487,634	-96.8%
Rental revenues	5,277	6,932	-23.9%	5,277	13,274	-60.2%
Revenues from ancillary costs	1,269	2,534	-49.9%	1,269	2,792	-54.5%
Miscellaneous	490	2,396	-79.5%	490	2,397	-79.6%
<b>Consolidated revenues</b>	<b>105,903</b>	<b>110,712</b>	<b>-4.3%</b>	<b>105,903</b>	<b>579,235</b>	<b>-81.7%</b>

<sup>1</sup> adjusted = without Harald

The revenues from management services include transaction-related commission income, income from asset and fund management including performance-related fees and manager remuneration.

## 14 OTHER OPERATING INCOME

Other Operating Income contains:

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016 <sup>1</sup>	Change	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016		01.01.– 30.06.2017	01.01.– 30.06.2016	
Income from expired obligations	8,934	1,948	358.6%	8,934	1,948	358.6%
Income from payments in kind	399	475	-16.0%	399	475	-16.0%
Income from reimbursement of lawyers' fees, court costs and transaction costs and payments of damages	60	192	-68.8%	60	192	-68.8%
Insurance compensations	3	26	-88.5%	3	26	-88.5%
Income from the decrease in the general provision	0	81	-100.0%	0	81	-100.0%
Other	1,947	305	538.4%	1,947	3,657	-46.8%
<b>Total</b>	<b>11,343</b>	<b>3,027</b>	<b>274.7%</b>	<b>11,343</b>	<b>6,379</b>	<b>77.8%</b>

<sup>1</sup> adjusted = without Harald

Income from expired obligations mainly results from the final settlement of bonuses, litigation costs / risks after court settlement and from reduction of an indemnification obligation.

## 15 COST OF MATERIALS

Cost of Materials consists of:

in EUR k	<b>1<sup>st</sup> half</b>	<b>1<sup>st</sup> half</b>	Change	<b>1<sup>st</sup> half</b>	<b>1<sup>st</sup> half</b>	Change
	<b>2017</b>	<b>2016<sup>1</sup></b>		<b>2017</b>	<b>2016</b>	
	<b>01.01.–</b>	<b>01.01.–</b>		<b>01.01.–</b>	<b>01.01.–</b>	
	<b>30.06.2017</b>	<b>30.06.2016</b>		<b>30.06.2017</b>	<b>30.06.2016</b>	
Renovation and construction costs	4,932	3,116	58.3%	4,932	3,603	36.9%
Ancillary rental costs	2,311	3,088	-25.2%	2,311	6,688	-65.4%
Maintenance costs	235	537	-56.2%	235	537	-56.2%
<b>Total</b>	<b>7,478</b>	<b>6,741</b>	<b>10.9%</b>	<b>7,478</b>	<b>10,828</b>	<b>-30.9%</b>

<sup>1</sup> adjusted = without Harald

## 16 OTHER OPERATING EXPENSES

Other Operating Expenses consist of:

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016 <sup>1</sup>	Change	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016		01.01.– 30.06.2017	01.01.– 30.06.2016	
Advisory and audit fees	10,515	4,437	137.0%	10,515	4,709	123.3%
Rent, cleaning and ancillary costs	3,622	3,435	5.4%	3,622	3,726	-2.8%
IT costs, communication costs and office supplies	3,616	3,405	6.2%	3,616	4,056	-10.8%
Advertising costs	2,485	1,684	47.6%	2,485	1,736	43.1%
Vehicle and travel costs	2,396	2,553	-6.1%	2,396	2,553	-6.1%
Contributions, charges and insurance costs	1,042	1,777	-41.4%	1,042	1,784	-41.6%
Commissions and other sales costs	997	1,435	-30.5%	997	1,435	-30.5%
Recruitment costs, training costs and costs for temporary work	987	683	44.5%	987	683	44.5%
Cost of Management Services	577	-184	-413.6%	577	2,801	-79.4%
Other taxes	499	101	394.1%	499	101	394.1%
Miscellaneous	1,846	1,324	39.4%	1,846	4,135	-55.4%
<b>Total</b>	<b>28,582</b>	<b>20,650</b>	<b>38.4%</b>	<b>28,582</b>	<b>27,719</b>	<b>3.1%</b>

<sup>1</sup> adjusted = without Harald

Advisory and audit fees totalling EUR 10,515k (30 June 2016: EUR 4,437k) include transaction costs of EUR 6,032k (30 June 2016: EUR 815k). Of these transaction costs EUR 5,134k (30 June 2016: EUR 0,00) relate to deals that did not materialise.

## 17 INCOME FROM PARTICIPATIONS

For the first six months of 2017, Income from Participations totalled EUR 9,376k (30 June 2016: EUR 6,839k) and contains the income from co-investments in GBW, UK and Harald (30 June 2016: GBW, Harald and Seneca) and from the proceeds from the sale of participation in PATRIZIA Projekt 150 GmbH.

In addition, PATRIZIA earned a return on equity employed totalling EUR 2,453k from the sale of the participation in the PATRIZIA Projekt 150 GmbH.

Income from participations is composed as follows:

	<b>1<sup>st</sup> half 2017</b>	<b>1<sup>st</sup> half 2016</b>	
	<b>01.01.–</b>	<b>01.01.–</b>	
in EUR k	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>Change</b>
Services provided as shareholder contributions	4,706	4,732	-0.5%
Return on equity employed	4,670	2,107	121.6%
<b>Total</b>	<b>9,376</b>	<b>6,839</b>	<b>37.1%</b>

## 18 FINANCIAL RESULT

in EUR k	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016 <sup>1</sup>	Change	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	Change
	01.01.– 30.06.2017	01.01.– 30.06.2016		01.01.– 30.06.2017	01.01.– 30.06.2016	
Interest on bank deposits	110	-70	-257.1%	110	-44	-350.0%
Other interest	421	866	-51.4%	421	1,199	-64.9%
<b>Financial income</b>	<b>531</b>	<b>796</b>	<b>-33.3%</b>	<b>531</b>	<b>1,155</b>	<b>-54.0%</b>
Interest on revolving credit facilities and bank loans	-582	-1,611	-63.9%	-582	-5,566	-89.5%
Other financial expenses	-1,258	-2,465	-49.0%	-1,258	-619	103.2%
<b>Financial expenses</b>	<b>-1,840</b>	<b>-4,076</b>	<b>-54.9%</b>	<b>-1,840</b>	<b>-6,185</b>	<b>-70.3%</b>
<b>Currency result</b>	<b>-1,844</b>	<b>-4,295</b>	<b>-57.1%</b>	<b>-1,844</b>	<b>-4,238</b>	<b>-56.5%</b>
<b>Financial result</b>	<b>-3,153</b>	<b>-7,575</b>	<b>-58.4%</b>	<b>-3,153</b>	<b>-9,268</b>	<b>-66.0%</b>

<sup>1</sup> adjusted = without Harald

In the first six months of 2017, the currency result in the profit and loss statement amounted to EUR -1,844k (30 June 2016: EUR -4,238k). This includes realised currency translation losses amounting to EUR -28k (30 June 2016: realised currency translation gains in the amount of EUR 672k).



## 19 EARNINGS PER SHARE

	<b>1<sup>st</sup> half 2017<sup>1</sup></b>	<b>1<sup>st</sup> half 2016<sup>2</sup></b>	<b>1<sup>st</sup> half 2017</b>	<b>1<sup>st</sup> half 2016</b>
<b>in EUR k</b>	<b>01.01.— 30.06.2017</b>	<b>01.01.— 30.06.2016</b>	<b>01.01.— 30.06.2017</b>	<b>01.01.— 30.06.2016</b>
Profit attributable to Group's shareholders	25,063	11,666	24,346	211,273
Number of shares issued	83,955,887	76,323,533	83,955,887	76,323,533
Weighted number of shares	83,955,887	83,955,887	83,955,887	83,955,887
<b>Total</b>	<b>0.30</b>	<b>0.14</b>	<b>0.29</b>	<b>2.52</b>

1 adjusted = without reorganisation expenses after tax

2 adjusted = without Harald and reorganisation expenses after tax

Applying IAS 33.64, the weighted number of shares for the same period of the previous year (76,323,533) was adjusted, assuming that the weighted number of shares throughout the year of 2016 corresponds to that of 2017.

## 20 SEGMENT REPORTING

Segment Reporting categorises the business segments according to whether PATRIZIA acts as investor or as service provider. In line with the Group's reporting for management purposes and in accordance with IFRS 8 'Operating segments', two segments have been identified based on functional criteria: Investments and Management Services. In addition, the operating segments are split into German and International, based on the location of the related property asset. International subsidiaries continue to be reported as a total for the time being, due to the relatively low contribution of the respective national businesses to total revenues and results.

In addition, PATRIZIA Immobilien AG (corporate administration) includes the management of international subsidiaries as Corporate. Corporate does not constitute an operating segment with an obligation to report, but is presented separately due to its activity as an internal and transnational service provider. In previous years, services provided as 'Corporate' were offset internally on a monthly basis by the segments 'Management Services' and 'Investments' by a so-called 'Shared service fee', as the utilisation was an internal key performance indicator for the Group Management. PATRIZIA has agreed that for the 2017 financial year this 'Shared service fee' is no longer relevant as key performance indicator. The services provided will be internally allocated in accordance with tax regulations. In order to facilitate comparability between the

segment reporting of 2016 and 2017, the figures for 2016 were adjusted by the 'Shared service fees' in the profit and loss account. From the financial year 2017 inter-company interest expenses and income between the Harald structure (investments) and PATRIZIA Immobilien AG (corporate), which occurred on the basis of the internal financing structures from the sale of the Harald Portfolio, are no longer taken into account in the course of internal control. Therefore, related income and expenses are not shown in the individual segments. In order to facilitate comparability between the years 2017 and 2016, the previous year's figures have also been adjusted.

The elimination of inter-company revenues and interest charges, as well as interim results, is conducted via the 'Consolidation' column. The 'Corporate' column thus consolidates all internal services between the Investments and Management Services segments and the Company within a country. It represents the external service provided by the Group in the region. Transnational consolidation is performed in the row 'Consolidation'.

The Investments segment primarily combines principal investments and participations.

The Management Services segment covers a broad spectrum of real estate services, in particular the acquisition and sales of residential and commercial properties or portfolios (Acquisition and Sales), value-oriented management of real estate portfolios (Asset Management) as well as strategic consulting with regard to investment strategy, portfolio planning and allocation (Portfolio Management) and the execution of complex, non-standard investments (Alternative Investments). Special funds are also established and managed including separate accounts via the Group's own investment management companies. Commission revenues generated by services, both from co-investments and from third parties, are reported in the Management Services segment. These also include income from participating interests that are granted as interim profits for asset management of the co-investment GBW.

The range of services provided by the Management Services segment is increasingly provided to third parties in line with PATRIZIA's AUM growth.

PATRIZIA's internal control and reporting measures are primarily based on the principles of accounting under IFRS. The Group measures the success of its segments using segment earnings parameters which, for the purposes of internal control and reporting, are referred to as EBT and operating EBT (operating income).

EBT, the measure of segment earnings, comprises: total revenues, income from the sale of investment property, changes in inventories, income from the deconsolidation of subsidiaries, cost of materials and staff costs, other operating income and expenses, reorganisation expenses, changes in the value of investment property, amortisation, as well as earnings from investments, (including investments valued at equity) and the financial result and gains / losses from currency translation.

Certain adjustments are made in the course of determining operating EBT (operating income). Adjustments are made for non-cash effects such as amortisation of other intangible assets (i.e. fund management contracts), unrealised changes in the value of the investment property, gains / losses from currency translation and reorganisation expenses. Cash-effective realised valuation changes from the sale of investment property and realised currency translation effects are added.

Segments generate inter-company revenues and these services are settled at market prices.

Due to the capital intensity of the segment, assets and liabilities in the investment segment account for the majority of the Group's total assets and liabilities. For this reason, no breakdown of assets and liabilities by individual segments is provided.

The individual segments are set out as follows. The reporting of amounts in EUR thousands can result in rounding differences. However, individual items are calculated on the basis of non-rounded figures.

SEGMENTS 1<sup>ST</sup> HALF 2016 (01.01.–30.06.2016)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
<b>Germany</b>					
Revenues from principal investments	476,472	0	0	0	476,472
Rental revenues	10,813	0	0	-40	10,773
Revenues from management services	0	79,440	0	-18,310	61,130
Other	1,480	251	0	-18	1,713
<b>Revenues</b>	<b>488,765</b>	<b>79,691</b>	<b>0</b>	<b>-18,368</b>	<b>550,088</b>
<b>International <sup>1</sup></b>					
Revenues from principal investments	11,162	0	0	0	11,162
Rental revenues	2,500	0	0	0	2,500
Revenues from management services	0	19,243	0	-1,078	18,165
Other	3,452	55	0	0	3,507
<b>Revenues</b>	<b>17,114</b>	<b>19,298</b>	<b>0</b>	<b>-1,078</b>	<b>35,334</b>
<b>Corporate</b>					
<b>Revenues</b>	<b>0</b>	<b>0</b>	<b>2,191</b>	<b>0</b>	<b>2,191</b>
<b>Consolidation</b>					
<b>Revenues</b>	<b>0</b>	<b>-6,485</b>	<b>0</b>	<b>-1,893</b>	<b>-8,378</b>
<b>Group</b>					
Revenues from principal investments	487,634	0	0	0	487,634
Rental revenues	13,313	0	0	-40	13,273
Revenues from management services	0	92,226	2,073	-21,161	73,138
Other	4,932	278	118	-138	5,190
<b>Revenues</b>	<b>505,879</b>	<b>92,504</b>	<b>2,191</b>	<b>-21,339</b>	<b>579,235</b>
<b>Details</b>					
<b>Total operating performance</b>					
Germany	306,702	84,750	0	-18,368	373,084
International <sup>1</sup>	10,057	19,704	0	-1,090	28,671
Corporate	0	0	3,055	0	3,055
Consolidation	0	-6,485	0	-1,997	-8,482
<b>Group</b>	<b>316,759</b>	<b>97,969</b>	<b>3,055</b>	<b>-21,455</b>	<b>396,328</b>

1 France, Great Britain, Luxembourg, Netherlands, Scandinavia, Spain

SEGMENTS 1<sup>ST</sup> HALF 2016 (01.01.–30.06.2016)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
<b>Cost of materials and cost of purchased services</b>					
Germany	-9,500	-13,006	0	253	-22,253
International <sup>1</sup>	-1,573	-5,443	0	0	-7,016
Corporate	0	0	0	0	0
Consolidation	0	6,427	0	1,661	8,088
<b>Group</b>	<b>-11,073</b>	<b>-12,022</b>	<b>0</b>	<b>1,914</b>	<b>-21,181</b>
<b>Change in value of investment properties</b>					
Germany	0	0	0	0	0
<b>Group</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Staff costs</b>					
Germany	0	-35,357	0	0	-35,357
International <sup>1</sup>	0	-9,405	0	0	-9,405
Corporate	0	0	-11,487	0	-11,487
Consolidation	0	0	0	0	0
<b>Group</b>	<b>0</b>	<b>-44,762</b>	<b>-11,487</b>	<b>0</b>	<b>-56,249</b>
<b>Other operating expenses</b>					
Germany	-27,672	-7,541	0	18,272	-16,941
International <sup>1</sup>	-1,543	-3,186	0	1,090	-3,639
Corporate	0	0	-7,264	-196	-7,460
Consolidation	0	59	0	262	321
<b>Group</b>	<b>-29,215</b>	<b>-10,668</b>	<b>-7,264</b>	<b>19,428</b>	<b>-27,719</b>
<b>Income from participations and earnings from companies accounted for using the equity method</b>					
Germany	1,537	4,733	0	0	6,270
International <sup>1</sup>	3,822	0	0	0	3,822
Corporate	0	0	0	0	0
Consolidation	0	0	0	0	0
<b>Group</b>	<b>5,359</b>	<b>4,733</b>	<b>0</b>	<b>0</b>	<b>10,092</b>

<sup>1</sup> France, Great Britain, Luxembourg, Netherlands, Scandinavia, Spain

SEGMENTS 1<sup>ST</sup> HALF 2016 (01.01.–30.06.2016)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
<b>Reorganisation expenses</b>					
Germany	0	-10,072	0	0	-10,072
International <sup>1</sup>	0	0	0	0	0
Corporate	0	0	-1,241	0	-1,241
Consolidation	0	0	0	0	0
<b>Group</b>	<b>0</b>	<b>-10,072</b>	<b>-1,241</b>	<b>0</b>	<b>-11,313</b>
<b>Amortisation of fund management contracts, software and equipment</b>					
Germany	-4	-1,002	0	0	-1,006
International <sup>1</sup>	0	-73	0	0	-73
Corporate	0	0	-2,214	0	-2,214
Consolidation	0	0	0	0	0
<b>Group</b>	<b>-4</b>	<b>-1,075</b>	<b>-2,214</b>	<b>0</b>	<b>-3,293</b>
<b>Financial Result</b>					
Germany	-3,337	-544	0	0	-3,881
International <sup>1</sup>	-68	128	0	0	60
Corporate	0	0	-1,209	0	-1,209
Consolidation	0	0	0	0	0
<b>Group</b>	<b>-3,405</b>	<b>-416</b>	<b>-1,209</b>	<b>0</b>	<b>-5,030</b>
<b>Gains / losses from currency translation</b>					
Germany	57	-71	0	0	-14
International <sup>1</sup>	-1,977	78	0	0	-1,899
Corporate	0	0	-2,325	0	-2,325
Consolidation	0	0	0	0	0
<b>Group</b>	<b>-1,920</b>	<b>7</b>	<b>-2,325</b>	<b>0</b>	<b>-4,238</b>
<b>EBT (IFRS)</b>					
Germany	267,783	21,890	0	157	289,830
International <sup>1</sup>	8,718	1,803	0	0	10,521
Corporate	0	0	-22,685	-196	-22,881
Consolidation	0	1	0	-74	-73
<b>Group</b>	<b>276,501</b>	<b>23,694</b>	<b>-22,685</b>	<b>-113</b>	<b>277,397</b>

<sup>1</sup> France, Great Britain, Luxembourg, Netherlands, Scandinavia, Spain

SEGMENTS 1<sup>ST</sup> HALF 2016 (01.01.–30.06.2016)

in EUR k	Investments	Management Services	Corporate	Consoli- dation	Group
<b>Adjustments</b>					
<b>Germany</b>	1,659	11,200	1,241	0	14,100
Significant non-operating earnings	-475	-11,200	-1,241	0	-12,916
Market valuation income derivatives	0	0	0	0	0
Market valuation expenditures derivatives	0	0	0	0	0
Fund agreement amortisation	0	-984	0	0	-984
Reorganisation expenses	0	-10,072	-1,241	0	-11,313
Unrealised currency changes	-475	-144	0	0	-619
Realised fair value	1,184	0	0	0	1,184
<b>International <sup>1</sup></b>	1,982	-14	0	0	1,967
Significant non-operating earnings	-1,982	14	0	0	-1,967
Fund agreement amortisation	0	0	0	0	0
Unrealised currency changes	-1,982	14	0	0	-1,967
<b>Corporate</b>	0	0	2,324	0	2,324
Significant non-operating earnings	0	0	-2,324	0	-2,324
Unrealised currency changes	0	0	-2,324	0	-2,324
<b>Group</b>	<b>3,640</b>	<b>11,186</b>	<b>3,565</b>	<b>0</b>	<b>18,391</b>
<b>Operating result (adjusted EBT) <sup>2</sup></b>					
Germany <sup>3</sup>	269,442	33,090	1,241	157	303,930
International <sup>1</sup>	10,700	1,789	0	0	12,488
Corporate	0	0	-20,361	-196	-20,558
Consolidation	0	1	0	-74	-73
<b>Group</b>	<b>280,141</b>	<b>34,880</b>	<b>-19,120</b>	<b>-113</b>	<b>295,788</b>

<sup>1</sup> France, Great Britain, Luxembourg, Netherlands, Scandinavia, Spain

<sup>2</sup> EUR 231.8m excluding Harald related taxes and minorities

<sup>3</sup> EUR 208.0m excluding Harald related taxes of EUR 44.7m and minorities of EUR 19.3

SEGMENTS 1<sup>ST</sup> HALF 2017 (01.01.–30.06.2017)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
<b>Germany</b>					
Revenues from principal investments	15,507				15,507
Rental revenues	4,019	65		-28	4,056
Revenues from management services		73,149		-2,061	71,087
Other	558	151		-2	707
<b>Revenues</b>	<b>20,084</b>	<b>73,365</b>		<b>-2,091</b>	<b>91,358</b>
<b>International <sup>1</sup></b>					
Revenues from principal investments					
Rental revenues	1,167				1,167
Revenues from management services		43,090		-605	42,485
Other	931	98			1,029
<b>Revenues</b>	<b>2,098</b>	<b>43,189</b>		<b>-605</b>	<b>44,682</b>
<b>Corporate</b>					
<b>Revenues</b>			<b>330</b>		<b>330</b>
<b>Consolidation</b>					
<b>Revenues</b>		<b>-30,431</b>		<b>-35</b>	<b>-30,467</b>
<b>Group</b>					
Revenues from principal investments	15,507				15,507
Rental revenues	5,186	65	54	-28	5,277
Revenues from management services		85,820	211	-2,671	83,360
Other	1,489	236	66	-32	1,759
<b>Revenues</b>	<b>22,182</b>	<b>86,122</b>	<b>330</b>	<b>-2,731</b>	<b>105,903</b>

<sup>1</sup> France, Great Britain, Luxembourg, Netherlands, Scandinavia, Spain



SEGMENTS 1<sup>ST</sup> HALF 2017 (01.01.–30.06.2017)

in EUR k	Investments	Management Services	Corporate	Consoli- dation	Group
<b>Details</b>					
<b>Total operating performance</b>					
Germany	12,294	75,931		-2,091	86,134
International <sup>1</sup>	4,154	45,258		-605	48,807
Corporate			6,069		6,069
Consolidation		-30,855		-48	-30,903
<b>Group</b>	<b>16,447</b>	<b>90,333</b>	<b>6,069</b>	<b>-2,744</b>	<b>110,106</b>
<b>Cost of materials and cost of purchased services</b>					
Germany	-4,185	-9,478			-13,663
International <sup>1</sup>	-3,292	-27,161			-30,452
Corporate					
Consolidation		30,389			30,389
<b>Group</b>	<b>-7,477</b>	<b>-6,249</b>			<b>-13,727</b>
<b>Change in value of investment properties</b>					
Germany					
<b>Group</b>					
<b>Staff costs</b>					
Germany		-18,688			-18,688
International <sup>1</sup>		-9,633			-9,633
Corporate			-11,595		-11,595
Consolidation					
<b>Group</b>		<b>-28,322</b>	<b>-11,595</b>		<b>-39,916</b>
<b>Other operating expenses</b>					
Germany	-4,319	-12,219		2,287	-14,251
International <sup>1</sup>	-852	-4,921		605	-5,169
Corporate			-9,726		-9,726
Consolidation		466		98	564
<b>Group</b>	<b>-5,171</b>	<b>-16,674</b>	<b>-9,726</b>	<b>2,989</b>	<b>-28,582</b>

<sup>1</sup> France, Great Britain, Luxembourg, Netherlands, Scandinavia, Spain

SEGMENTS 1<sup>ST</sup> HALF 2017 (01.01.–30.06.2017)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
<b>Income from participations and earnings from companies accounted for using the equity method</b>					
Germany	4,407	4,708			9,115
International <sup>1</sup>	931				931
Corporate					
Consolidation					
<b>Group</b>	<b>5,338</b>	<b>4,708</b>			<b>10,046</b>
<b>Reorganisation expenses</b>					
Germany		-639			-639
International <sup>1</sup>		-57			-57
Corporate			-220		-220
Consolidation					
<b>Group</b>		<b>-695</b>	<b>-220</b>		<b>-915</b>
<b>Amortisation of fund management contracts, software and equipment</b>					
Germany		-999			-1,000
International <sup>1</sup>		-118			-118
Corporate			-1,652		-1,652
Consolidation					
<b>Group</b>		<b>-1,117</b>	<b>-1,652</b>		<b>-2,769</b>
<b>Financial Result</b>					
Germany	-238	-599			-837
International <sup>1</sup>	209	64			273
Corporate			-744		-744
Consolidation					
<b>Group</b>	<b>-29</b>	<b>-535</b>	<b>-744</b>		<b>-1,309</b>
<b>Gains / losses from currency translation</b>					
Germany	-141	-5			-146
International <sup>1</sup>	-1,885	121			-1,764
Corporate			67		67
Consolidation					
<b>Group</b>	<b>-2,026</b>	<b>116</b>	<b>67</b>		<b>-1,844</b>

<sup>1</sup> France, Great Britain, Luxembourg, Netherlands, Scandinavia, Spain

SEGMENTS 1<sup>ST</sup> HALF 2017 (01.01.–30.06.2017)

in EUR k	Investments	Management Services	Corporate	Consoli- dation	Group
<b>EBT (IFRS)</b>					
Germany	7,817	38,011		196	46,025
International <sup>1</sup>	-735	3,553			2,818
Corporate			-17,802		-17,802
Consolidation				49	49
<b>Group</b>	<b>7,082</b>	<b>41,565</b>	<b>-17,802</b>	<b>245</b>	<b>31,090</b>
<b>Adjustments</b>					
<b>Germany</b>	445	1,680	220		2,345
Significant non-operating earnings	-141	-1,680	-220		-2,041
Changes in the value of investment property					
Fund agreement amortisation		-984			-984
Reorganisation expenses		-695	-220		-915
Unrealised currency changes	-141				-141
Realised fair value	304				304
<b>International <sup>1</sup></b>	1,876	-142			1,733
Significant non-operating earnings	-1,876	142			-1,733
Fund agreement amortisation					
Unrealised currency changes	-1,876	142			-1,733
<b>Corporate</b>			-59		-59
Significant non-operating earnings			59		59
Unrealised currency changes			59		59
<b>Group</b>	<b>2,321</b>	<b>1,537</b>	<b>162</b>		<b>4,020</b>
<b>Operating result (adjusted EBT)</b>					
Germany	8,262	39,691	220	196	48,369
International <sup>1</sup>	1,140	3,411			4,551
Corporate			-17,860		-17,860
Consolidation				49	49
<b>Group</b>	<b>9,402</b>	<b>43,102</b>	<b>-17,640</b>	<b>245</b>	<b>35,110</b>

<sup>1</sup> France, Great Britain, Luxembourg, Netherlands, Scandinavia, Spain

## 21 TRANSACTIONS WITH RELATED COMPANIES AND INDIVIDUALS

At the reporting date, the Management Board of PATRIZIA Immobilien AG was not aware of any dealings, contracts or legal transactions with associated or related parties and / or companies for which the Company does not receive appropriate compensation at an arm's length consideration. All such transactions are conducted at arm's length and do not differ substantially from transactions with third parties.

The disclosures on related party transactions in section 9.3 of the notes to the consolidated financial statements in the 2016 Annual Report remain valid.

## 22 RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES OF PATRIZIA IMMOBILIEN AG PURSUANT TO ARTICLE 37 OF THE WERTPAPIERHANDELSGESETZ (WPHG – GERMAN SECURITIES ACT) IN CONJUNCTION WITH ARTICLE 37W (2) NO. 3 OF THE WPHG

To the best of their knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the legal representatives of PATRIZIA Immobilien AG affirm that the interim consolidated financial statements give a true and fair view of the assets, liabilities and financial position and profit or loss of the Group. The interim management report of the Group includes a fair review of the development and course of business and the positioning of the Group, as well as a description of the principal opportunities and risks associated with the expected corporate development of the Group for the remaining financial year.

WOLFGANG EGGER  
CEO

KARIM BOHN  
CFO

ANNE KAVANAGH  
CIO

KLAUS SCHMITT  
COO

# FINANCIAL CALENDAR AND CONTACT DETAILS

---

## FINANCIAL CALENDAR 2017

---

### Date

---

9 August 2017	Interim report for the first half of 2017 with investor and analyst conference call
14 November 2017	Interim report for the first nine months of 2017 with investor and analyst conference call

---

### Investor Relations

Martin Praum

T +49 821 50910-402

F +49 821 50910-399

investor.relations@patrizia.ag

### Press

Andreas Menke

T +49 821 50910-655

F +49 821 50910-695

presse@patrizia.ag

This interim report for the first half of 2017 was published in the evening of 8 August 2017. It is a translation of the respective German report. In case of doubt, the German version shall apply. Both versions are available on our website:



[www.patrizia.ag/en/investor-relations/financial-reports/quarterly-reports/](http://www.patrizia.ag/en/investor-relations/financial-reports/quarterly-reports/)

### Concept, Design, Editing

IR-ONE, Hamburg

[www.ir-one.de](http://www.ir-one.de)

