



LEADING IN PAN-EUROPEAN REAL ESTATE

H1 2019 | Half-year Financial Report

Key figures

Revenues and earnings

EUR k	H1 2019	H1 2018	Change
Revenues	179,825	160,105	12.3%
Total operating performance	165,696	147,369	12.4%
EBITDA	81,661	69,015	18.3%
EBIT	57,914	64,537	-10.3%
EBT	55,642	63,454	-12.3%
Operating income ¹	78,959	72,520	8.9%
Net profit for the period	43,334	50,172	-13.6%

Structure of assets and capital

EUR k	30.06.2019	31.12.2018	Change
Non-current assets	1,048,325	1,002,262	4.6%
Current assets	759,655	776,184	-2.1%
Equity (excl. non-controlling interests)	1,200,969	1,143,106	5.1%
Equity ratio (excl. non-controlling interests)	66.4%	64.3%	2.2 PP
Non-current liabilities	463,031	448,947	3.1%
Current liabilities	132,278	175,711	-24.7%
Total assets	1,807,980	1,778,446	1.7%

Shares

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	PAT
Issued shares as at 30.06.2019	92,351,476 shares
Outstanding shares as at 30.06.2019 ²	91,059,631 shares
First half 2019 high ³	EUR 20.02
First half 2019 low ³	EUR 16.91
Closing price as at 30.06.2019 ³	EUR 18.20
First half 2019 share price performance ³	9.3%
Market capitalisation as at 30.06.2019	EUR 1.7bn
First half 2019 average trading volume per day (in shares) ⁴	82,680 shares
Indices	SDAX, MSCI World Small Cap Index, DIMAX

¹ Please see page 4 for the definition of operating income

² Reduced number of shares compared to the issued shares due to own shares

³ Closing price on Xetra-trading

⁴ All German stock exchanges

PP = Percentage points



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Interim group management report

as at 30 June 2019 (first half 2019)

1 Economic report

1.1 Business performance

In the first half 2019, PATRIZIA again enjoyed considerable success for its institutional, (semi-) professional and private investors, in particular on the European real estate markets. Earnings situation and financial position have improved consistently, thus creating a solid basis for the further implementation of the strategic targets. Compared to the previous year, management and performance fees increased considerably through organic and inorganic growth (first time consolidation of Rockspring 31 March 2018), as well as through superior investment performance for clients.

Dividend

By a large majority, the company's Annual General Meeting on 22 May 2019 approved the management's proposal to increase dividends by 8% to EUR 0.27 per qualifying share and to carry the remainder to new account. As a result, on 27 May 2019 a cash dividend of EUR 24,6m was paid out to PATRIZIA shareholders. Based on the share of IFRS consolidated net profit for 2018 attributable to shareholders of EUR 51.7m, this corresponds to a payout ratio of 48%.

Change of the company name

Additionally, shareholders decided on a new company name during the 2019 Annual General Meeting. Taking into account PATRIZIA's strong international orientation, the legal name was shortened to ,PATRIZIA AG', i.e. excluding the German addendum ,Immobilien'. The new company name was entered into the commercial register as of 29 May 2019. The Articles of Association were adapted accordingly.

Guidance 2019 confirmed

For the full year 2019, PATRIZIA is still assuming an operating income between EUR 120.0m and EUR 130.0m, as well as organic growth in net assets under management of between EUR 3.0bn and EUR 4.0bn. Furthermore, the assumptions made in the forecast section of the 2018 Annual Report (pages 71 and 72) remain unchanged

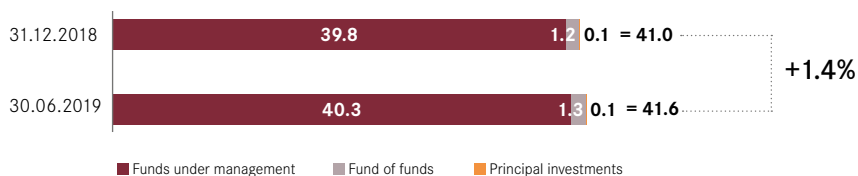
Development of financial performance indicators

Assets under management

PATRIZIA had real estate assets under management of EUR 41.6bn as at 30 June 2019, as against EUR 41.0bn at the end of 2018. EUR 26.4bn of this related to Germany and EUR 15.1bn to other countries. In total, assets under management were up by EUR 0.6bn or 1.4% in the period under review. For 2019 as a whole, PATRIZIA is still forecasting organic growth in assets under management of between EUR 3.0bn and EUR 4.0bn.

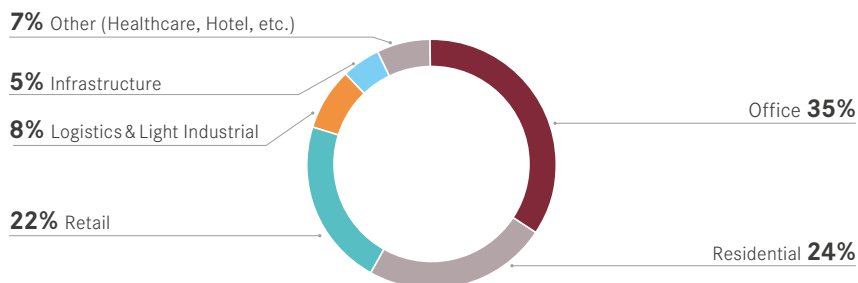
Assets under management (EUR bn)

G01



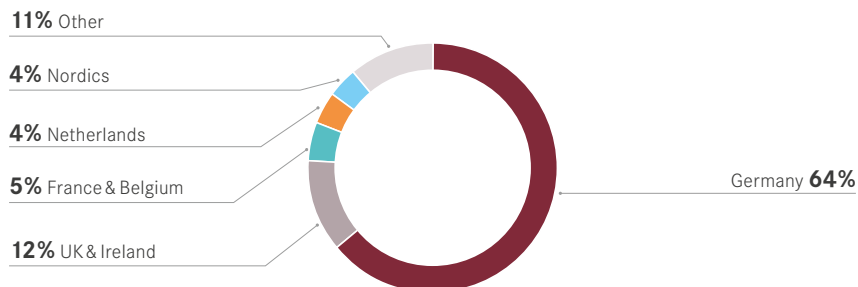
Assets under management as at 30 June 2019 – Sectoral distribution

G02



Assets under management as at 30 June 2019 – Geographical distribution

G03



Operating income

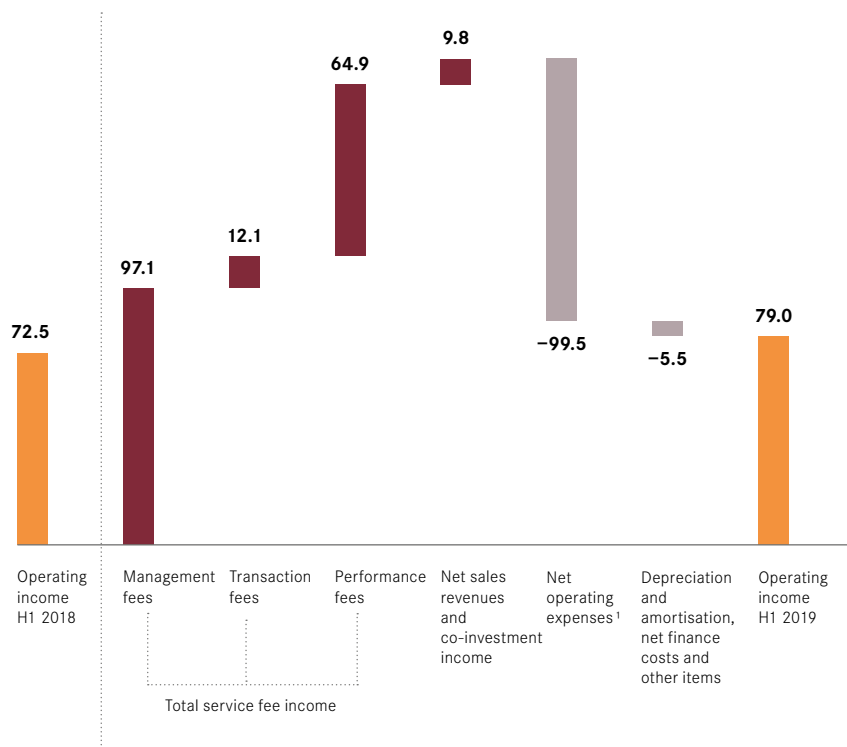
Operating income is the Group's key management parameter. It is calculated as EBT in accordance with IFRS, adjusted for non-cash effects like the measurement of investment property and unrealised currency and derivative effects, amortisation on fund management contracts and reorganisation expenses. It includes changes in value on the disposal of investment property, operating income from participations (IFRS 9) and realised currency effects.

Operating income increased by 8.9% to EUR 79.0m in the first half of 2019 (H1 2018: EUR 72.5m). Management and performance fees rose significantly year-on-year, thereby more than compensating for the slight decline in transaction fees. Net sales revenues and co-investment income decreased as against the first half of 2018, reflecting the strong income from strategically intended reduction of the remaining principal investments. Net operating expenses were up year-on-year as a result of the first-time consolidation of Rockspring as of 31 March 2018 and D&A, financial result and other items was slightly reduced.

A detailed reconciliation of the individual components of operating income to their respective line items, in particular within the consolidated income statement, can be found on pages 19 to 22 of this report.

Operating income – Composition as at H1 2019 (EUR m)

G04

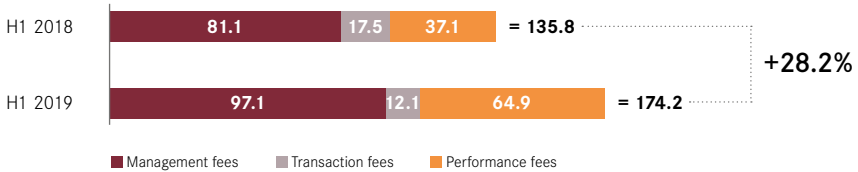


¹ Inter alia netted against other operating income of EUR 6.0m

Development of the parameters supporting the management of the company:

Total service fee income (EUR m)

G05



Total service fee income increased by 28.2% to EUR 174.2m in the first half of 2019 (H1 2018: EUR 135.8m) due to increase in assets under management and excellent investment performance. The individual components of this figure are explained in more detail below:

Management fees

All services performed by PATRIZIA are compensated in the form of fees. Management fees comprise the company's remuneration for real estate services such as asset, fund and portfolio management and are mostly recurring in nature. Management fees of EUR 97.1m were received in the first half of 2019 (H1 2018: EUR 81.1m). The increase of 19.7% compared to the figure for the previous year essentially relates to additional management fees in line with the organic and inorganic growth in assets under management. In the income statement, these fees are partly booked as revenues (EUR 92.4m; H1 2018: EUR 76.4m) and partly as income from participations (EUR 4.7m; H1 2018: EUR 4.7m).

Transaction fees

PATRIZIA receives transaction fees for the processing of acquisition and disposal transactions. These fees amounted to EUR 12.1m in the first half of 2019 (H1 2018: EUR 17.5m; -30.7%). These fees are mostly generated as soon as the contract for a property acquisition or disposal is signed ("signing"). The decline in transaction fees in H1 2019 in comparison to H1 2018 is mainly due to a backdrop in signed transaction volume (EUR 1.8bn in H1 2019 vs. EUR 2.3bn in H1 2018). For H2 2019, PATRIZIA expects a significant increase in signed transaction volume and consequently higher transaction fees.

Performance fees

PATRIZIA receives performance fees if defined target investment yields are met or exceeded. As a result of the very good performance in the period under review, performance fees increased significantly by 75.2% to EUR 64.9m (H1 2018: EUR 37.2m). In the consolidated income state-

ment, these fees are reported partly as revenues (EUR 46.7m; H1 2018: EUR 24.7m) and partly as income from participations (EUR 18.3m; H1 2018: EUR 12.5m).

Net sales revenues and co-investment income (EUR m)

G06



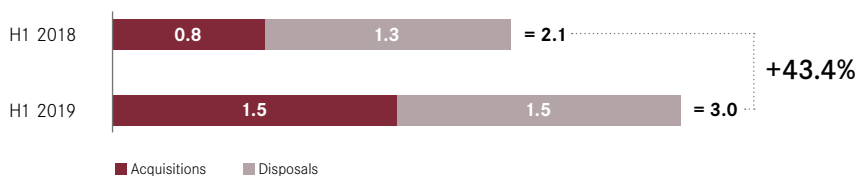
In the first half of 2019, PATRIZIA generated net sales revenues and co-investment income of EUR 9.8m after EUR 32.9m in the same period of the previous year. Net sales revenues and co-investment income decreased significantly y-o-y, mainly due to lower income from the strategic sale of the phase-out principal investments during H1 2019.

Transaction volume

The transaction volume consists of acquisitions and disposals of real estate assets.

Transaction volume on the basis of closed transactions (EUR bn)

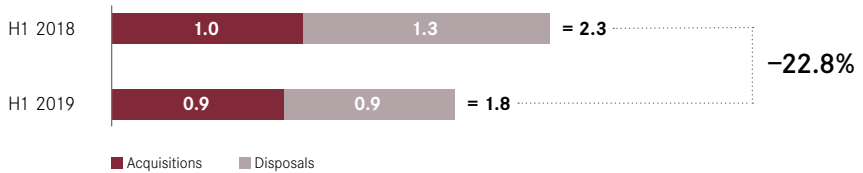
G07



In the first half of 2019 there were acquisitions of EUR 1.5bn (H1 2018 closed: EUR 0.8bn) and disposals of EUR 1.5bn (H1 2018 closed: 1.3EUR bn). In total, the transaction volume increased by 43.4% year-on-year, above all as a result of the closing of acquisitions that were signed in previous periods.

Transaction volume on the basis of signed transactions (EUR bn)

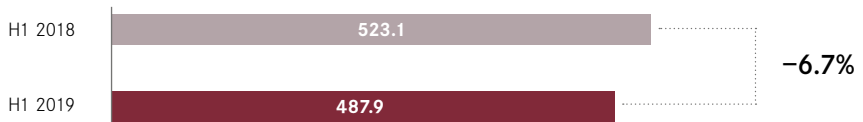
G08



The transactions signed in the amount of EUR 1.8bn in the first half of 2019 (H1 2018: EUR 2.3bn; -22.8%) reflect an overall reduced transaction activity in European real estate markets during H1 2019. This was a result of uncertainties regarding the future interest policy of the ECB, the BREXIT development in the UK, as well as pressure on international trade relationships in the beginning of the year. However, PATRIZIA expects increasing transaction activity during H2 2019.

Equity raised (EUR m)

G09



In the period under review, equity of EUR 487.9m was raised from institutional, (semi-)professional and private investors for various national and international investments on the European real estate market, as against EUR 523.1m in the previous year (-6.7%).

1.2 Business model

PATRIZIA's core business is pan-European real estate investment management for institutional, (semi-)professional and private investors. PATRIZIA generates fee income for the services it performs and investment income from its co-investments. Accordingly, the Group's activities can be broken down into the following three categories:

Funds under management

In its funds under management, PATRIZIA uses its own regulated and unregulated platforms to structure, place and manage fund assets for PATRIZIA clients – institutional, (semi-)professional and private investors. These funds are launched without any equity investment on the part of PATRIZIA. PATRIZIA generates stable, recurring income in the form of management fees for asset management as well as for acquisition and disposal transactions. PATRIZIA also receives performance fees if defined individual yield targets are exceeded.

PATRIZIA has various regulated investment platforms, including German asset management companies and a regulated platform (AIFM) in each of Luxembourg, France, Denmark and the United Kingdom. The companies make investments in the various real estate sectors with a European focus on behalf of their clients via the funds launched. The funds act as holding agents. The properties held by the funds typically have a planned initial holding period of between five and ten years.

Funds under management also include co-investments. PATRIZIA uses co-investments to participate in real estate investments with its own capital alongside that of its investors, particularly in the valueadd and opportunistic segments. In addition to representing a commitment to the client and the transaction, this generates fee income and additional investment income for PATRIZIA. This allows PATRIZIA's shareholders to participate indirectly in the performance of an attractive European property portfolio.

All in all, funds under management accounted for EUR 40.3bn of PATRIZIA's assets under management as at 30 June 2019 (31.12.2018: EUR 39.8bn). Further details on PATRIZIA's co-investments and the capital invested therein can be found on page 24 of this half-year financial report. In addition, please refer to page 19 of the Group's 2018 Annual Report.

Fund of funds

As one of the world's leading investment managers for real estate funds of funds in the small and midcap segment, PATRIZIA Multi Managers (formerly: Sparinvest Property Investors) is responsible for managing fund of funds products and provides an attractive product addition for PATRIZIA's clients. Operating with a global network of partners, PATRIZIA Multi Managers invests in best-in-class real estate funds in Europe, Asia and the Americas. Assets under management (invested equity) in this fund amounted to EUR 1.3bn as at 30 June 2019 (31.12.2018: EUR 1.2bn).

Principal investments

PATRIZIA operates as an investment manager for institutional, (semi-)professional and private investors, and therefore endeavours to avoid conflicts of interest with its own investments. Principal investments, i.e. own-account transactions, are generally undertaken either as interim financing for closed-end funds for private and (semi-)professional investors or as early-phase investments with the purpose of subsequent contribution to institutional funds. The company also has small residual holdings of properties for resale. Principal investments amounted to EUR 0.1bn as at 30 June 2019 (31.12.2018: EUR 0.1bn) and related in particular to real estate in Munich and Manchester, United Kingdom, which are to be sold in the medium term.

1.3 Economic situation

Financial performance of the PATRIZIA Group

PATRIZIA again enjoyed considerable success for its institutional, (semi-)professional and private investors in the first half of 2019, especially on the European property markets. Its financial position and performance were consistently positive, thereby providing a strong foundation for the further implementation of its strategic objectives.

Operating income

Operating income is the Group's key management parameter. It represents the sum of all the operating items in the consolidated income statement, adjusted for the extraordinary or non-cash effects presented below. In the first six months of 2019, PATRIZIA generated extremely strong operating income of EUR 79.0m, an increase of 8.9% compared to the figure of EUR 72.5m for the same period in the previous year. The table below shows the exact calculation and development of operating income:

Reconciliation of operating income

01

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

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

The increase in operating income is essentially due to the higher level of service fee income, which has become PATRIZIA's main source of income following the expansion of its investment management business. By contrast, income from the sale of remaining principal investments and the corresponding income are declining steadily in line with strategy.

The following section discusses the individual components of operating income in greater detail in the order in which they are reported in the consolidated income statement.

Consolidated income statement

Revenues

PATRIZIA achieved a significant year-on-year increase in consolidated revenues in the first half of 2019, from EUR 160.1m to EUR 179.8m. Together with the stronger strategic focus on investment management services, there was growth in revenues from management services, which account for the majority of fee income. At the same time, rental and incidental rental cost revenues declined in line with our strategy of reducing principal investments.

Revenues

02

EUR k	H1 2019	H1 2018	Change
Revenues from management services	151,212	118,631	27.5%
Proceeds from the sale of principal investments	25,060	38,666	-35.2%
Revenues from ancillary costs	1,197	379	215.8%
Rental revenues	1,091	1,770	-38.3%
Other	1,264	659	91.8%
Consolidated revenues	179,825	160,105	12.3%

Revenues from management services rose again in the reporting period, by 27.5% year-on-year from EUR 118.6m to EUR 151.2m. However, revenues alone have only limited information value; the profit and loss items below consolidated revenues must also be taken into account in order to fully assess the Group's performance.

Taking into account the income from the Dawonia GmbH co-investment, which is reported in income from participations, **total service fee income** amounted to EUR 174.2m, up 28.2% on the previous year's figure of EUR 135.8m. Management fees benefited the most from the organic growth of the company, as well as the integration of Rockspring as of 31 March 2018, rising by 19.7% to EUR 97.7m. At EUR 12.1m, transaction fees were lower than in the previous year (-30.7%) while performance fees rose significantly to EUR 64.9m (+75.2%).

Reconciliation of total service fee income

03

EUR m	H1 2019	H1 2018	Change
Management fees (excluding in come from participations)	92.3	76.4	20.9%
Transaction fees	12.1	17.5	-30.7%
Performance fees (excluding income from participations)	46.7	24.7	88.9%
Revenues from management services	151.2	118.6	27.5%
Shareholder contribution for management services (in income from participations)	4.7	4.7	0.0%
Performance-related shareholder contribution (in income from participations)	18.3	12.4	46.0%
Total service fee income	174.2	135.8	28.2%

Proceeds from the sale of principal investments amounted to EUR 25.1m in the first half of 2019, a significant decrease against the same period of the previous year (H1 2018: EUR 38.7m; -35.2%). The proceeds of the previous year relate to the profitable disposal of two vacant properties in Manchester (plots 9 and 10 in First Street) and ongoing privatisation activities in Germany. The reduction of principal investments is consistent with the stronger strategic focus on investment management services.

Revenues from ancillary costs relate to rental ancillary costs and amounted to EUR 1.2m in the reporting period (H1 2018: EUR 0.4m).

PATRIZIA generated **rental revenues** of EUR 1.1 m in the period under review after EUR 1.8m in the first half of 2018. The year-on-year decrease of 38.3% is mainly due to the strategic reduction of the number of principal investments.

Other essentially comprises transaction costs that are passed on to the corresponding investment vehicles. This item increased to EUR 1.3m in H1 2019 as against EUR 0.7m in the same period of the previous year.

Total operating performance

Total operating performance reflects PATRIZIA's operating performance more comprehensively than revenues. Other relevant parameters, such as changes in inventories – which must be viewed in relation to sales proceeds from principal investments, among other things – are taken into account in total operating performance. PATRIZIA's total operating performance grew by 12.4% to EUR 165.7m in the first half of 2019 after EUR 147.4m in the same period of the previous year.

Reconciliation of total operating performance

04

EUR k	H1 2019	H1 2018	Change
Revenues	179,825	160,105	12.3%
Income from the sale of investment property	249	591	-57.9%
Changes in inventories	-20,422	-21,703	-5.9%
Other operating income	6,045	8,197	-26.3%
Income from the deconsolidation of subsidiaries	0	179	-100.0%
Total operating performance	165,696	147,369	12.4%

Income from the sale of investment property

PATRIZIA generated income of EUR 0.2m from the sale of investment property in the first half of 2019 after EUR 0.6m in the same period of the previous year.

Changes in inventories

Changes in inventories consist of the carrying amount of principal investments sold (-) and the capitalised cost of materials assigned to inventories (+). Changes in inventories of EUR -20.4m were reported in the first half of 2019, after EUR -21.7m in the first half of 2018. The slight reduction as against the previous year is due to the lower sales volume of principal investments. The carrying amount of inventories decreased by EUR 20.8m as a result of real estate disposals (H1 2018: EUR -23.8m). Inventories were increased by the capitalisation of EUR 0.3m (H1 2018: EUR 2.1m), primarily relating to construction and maintenance work on principal investments.

Other operating income

Other operating income fell to EUR 6.0m in the first half of 2019 (H1 2018: EUR 8.2m) and essentially comprised income from discontinued obligations of EUR 4.7m.

Income from the deconsolidation of subsidiaries

This item results primarily from the deconsolidation of property companies that temporarily hold properties intended for placement in a closed-end fund of PATRIZIA GrundInvest KVG for private and (semi-)professional investors in their own statement of financial position.

EBITDA

Reconciliation of EBITDA

05

EUR k	H1 2019	H1 2018	Change
Total operating performance	165,696	147,369	12.4%
Cost of materials	-1,492	-6,930	-78.5%
Cost of purchased services	-7,952	-6,952	14.4%
Staff costs	-62,941	-56,921	10.6%
Other operating expenses	-30,397	-34,066	-10.8%
Impairment losses for trade receivables and contract assets	-460	-1,532	-70.0%
Income from participations	25,428	19,829	28.2%
Earnings from companies accounted for using the equity method	292	9,461	-96.9%
EBITDAR	88,173	70,258	25.5%
Reorganisation expenses	-6,512	-1,243	423.9%
EBITDA	81,661	69,015	18.3%

Cost of materials

The cost of materials includes construction and maintenance work for principal investments that are typically capitalised and must be considered in conjunction with changes in inventories. The cost of materials declined by 78.5% year-on-year from EUR 6.9m to EUR 1.5m.

Cost of purchased services

The cost of purchased services essentially comprises the purchase of fund management services for the white-label funds for which PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH is the service asset management company. To improve the presentation of performance, from 2018 this item also includes transaction costs which are incurred to generate revenues and passed on. The cost of purchased services increased by 14.4% from EUR 7.0m in the first half of 2018 to EUR 8.0m in the same period of 2019.

Revenues from management services attributable to white-label funds increased by 27.7% to EUR 7.7m in the first half of 2019, after EUR 6.0m in the same period of the previous year. The corresponding costs increased by 35.9% to EUR 6.1m (H1 2018: EUR 4.5m) over the same period of time.

Staff costs

PATRIZIA employed a total of 801 full-time equivalents as at 30 June 2019. The decrease from 893 in the previous year (30 June 2018) is due to the efficient integration of the acquired companies TRIUVA, Rockspring and SPI.

Staff costs

06

EUR k	H1 2019	H1 2018	Change
Fixed salaries	35,449	35,684	-0.7%
Variable salaries	16,224	11,839	37.0%
Social security contributions	7,640	7,210	6.0%
Sales commission	1,023	1,675	-39.0%
Effect of long-term variable remuneration ¹	314	-806	-138.9%
Other	2,292	1,319	73.8%
Total	62,941	56,921	10.6%

¹ Change in the value of long-term variable remuneration due to changes in the company's share price

In total, staff costs increased by 10.6% to EUR 62.9m in the first half of 2019 (H1 2018: EUR 56.9m) – mainly due to the first-time consolidation of Rockspring as of 31 March 2019. Considering the lower headcount, fixed salaries decreased by 0.7% from EUR 35.7m to EUR 35.4m. Variable remuneration increased to EUR 16.2m (H1 2018: EUR 11.8m, +37.0%) since Rockspring employees had a higher portion of variable salaries. As a result of the lower level of sales activity in individual privatisation, sales commission decreased from EUR 1.7m to EUR 1.0m. In line with the performance of the shares of PATRIZIA AG, the measurement of long-term variable remuneration resulted in an expense of EUR 0.3m in the reporting period after an income of EUR 0.8m in the first half of 2018. Other staff costs primarily include benefits in kind.

Other operating expenses

Other operating expenses amounted to EUR 30.4m in the first half of the year, after EUR 34.1m in the same period of the previous year. This item breaks down as follows:

Other operating expenses – 6 months

07

EUR k	H1 2019	H1 2018	Change
Tax, legal, other advisory and financial statement fees	10,553	8,467	24.6%
IT and communication costs and cost of office supplies	5,909	6,134	-3.7%
Vehicle and travel expenses	2,795	2,972	-5.9%
Contributions, fees and insurance costs	2,099	2,362	-11.1%
Advertising costs	1,974	2,235	-11.7%
Recruitment and training costs and cost of temporary workers	1,755	2,451	-28.4%
Commission and other sales costs	1,323	1,056	25.2%
Other taxes	1,188	1,000	18.8%
Rent, ancillary costs and cleaning costs	1,010	5,253	-80.8%
Indemnity/reimbursement	296	0	100.0%
Costs of management services	235	242	-3.1%
Other	1,260	1,894	-33.5%
Total	30,397	34,066	-10.8%

At EUR 10.6m (H1 2018: EUR 8.5m), the position tax, legal, other advisory and financial statement fees mainly consists of non-transaction related consulting costs for different projects.

Rent, ancillary costs and cleaning costs decreased year-on-year due to the first-time recognition of IFRS 16.

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

PATRIZIA generated income from participations of EUR 25.4m in the first half of 2019, an increase of 28.2% as against the prior-year figure of EUR 19.8m. This is mainly a result of higher performance fees. For the co-investment Dawonia, performance fees of EUR 24,6m were booked (H1 2018: EUR 18,7m).

Earnings from companies accounted for using the equity method, which mainly consist of the co-investment WohnModul I SICAV-FIS, generated EUR 0.3m (H1 2018: EUR 9.5m). The figure for the previous period was positively influenced by an appreciation resulting from the development of equity. Income from participations and the earnings from companies accounted for using the equity method represent the investment income from co-investments and, for Dawonia GmbH, management and performance fees as well.

Income from participations

08

EUR k	H1 2019	H1 2018	Change
Dawonia GmbH	24,571	18,667	31.6%
Harald-Portfolio	430	723	-40.5%
Co-investments in the UK (Aviemoire)	414	333	24.4%
TRIUVA	0	100	-100.0%
Closed-end funds business	12	6	90.7%
Income from participations	25,428	19,829	28.2%
Earnings from companies accounted for using the equity method	292	9,461	-96.9%
Total	25,720	29,290	-12.2%

Reorganisation expenses

Reorganisation expenses amount to EUR 6.5m after the first half of 2019 and mainly include remaining additions to provisions as part of the integration of TRIUVA and Rockspring (H1 2018: EUR 1.2m, +423.9%).

Net profit for the period

In the first half of 2018, PATRIZIA generated a net profit of EUR 43.3m, which is slightly below the previous year (H1 2018: EUR 50.2m). The decrease is mainly attributable to significantly increased depreciation on other intangible assets and software, rights of use, depreciation of property, plant and equipment – in particular amortisation of fund management contracts. These amortisation expenses are mainly related to the acquisition of Triuva and Rockspring.

Reconciliation of net profit for the period

09

EUR k	H1 2019	H1 2018	Change
EBITDA	81,661	69,015	18.3%
Amortisation of other intangible assets and software, rights of use, depreciation of property, plant and equipment	-23,748	-4,478	430.3%
Earnings before interest and taxes (EBIT)	57,914	64,537	-10.3%
Financial income	863	733	17.8%
Financial expenses	-3,013	-3,078	-2.1%
Result from currency translation	-122	1,262	-109.7%
Net finance costs	-2,272	-1,083	109.8%
Earnings before taxes (EBT)	55,642	63,454	-12.3%
Income taxes	-12,308	-13,282	-7.3%
Net profit for the period	43,334	50,172	-13.6%

Amortisation of other intangible assets and software, depreciation of property, plant and equipment

Amortisation of other intangible assets and software and depreciation of property, plant and equipment increased to EUR 23.7m in the first half of 2019 (H1 2018: EUR 4.5m, +430.3%), and largely consists of amortisation of fund management contracts worth EUR 15.6m (H1 2018: EUR 1.8m; +766.7%).

Net finance costs

Financial income increased to EUR 0.9m in the first half of 2019, after EUR 0.7m in the same period of the previous year (+17.8%). Financial income was offset by financial expenses of EUR 3.0m (H1 2018: EUR 3.1m, -2.1%). The result from currency translation was EUR 0.1m (H1 2018: EUR 1.3m; -109.7%).

Income taxes

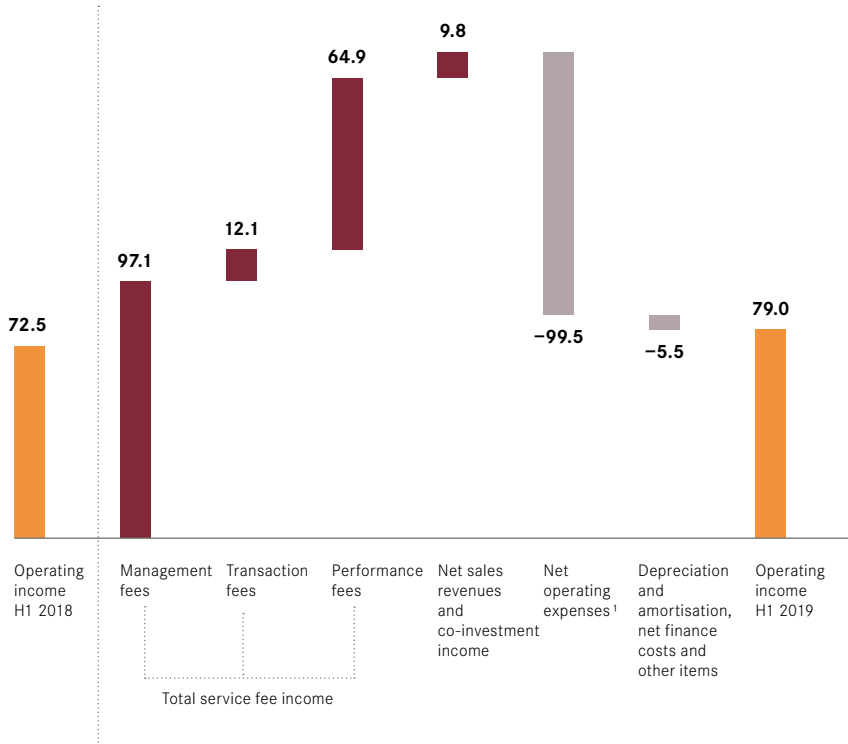
Tax expenses amounted to EUR 12.3m in H1 2019, after EUR 13.3m in the same period of the previous year (-7.3%)

Detailed reconciliation of key performance indicators

The following section explains the reconciliation of the individual components of operating income to their respective line items, in particular within the consolidated income statement.

Operating income – Composition as at H1 2019 (EUR m)

G10



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

The **management fees** of EUR 97.1m are predominantly derived from “Revenues from management services”, which includes EUR 92.3m in management fees (excluding income from participations). In addition, there are management services provided as a shareholder contribution for the Dawonia portfolio in the amount of EUR 4.7m, which is included in “Income from participations” (see page 13).

Transaction fees of EUR 12.1m are also included in “Revenues from management services”, as shown in the overview of fee income on page 13.

Like management fees, **performance fees** of EUR 64.9m come partly from “Revenues from management services” and partly from “Income from participations”. The breakdown was as follows in the first half of 2019: EUR 46.7m in performance fees (excluding income from participations) and EUR 18.3m in performance-related shareholder contribution for the Dawonia portfolio, which is included in “Income from participations” (see page 13).

These three fee streams add up to **total service fee income** of EUR 174.2m.

Net sales revenues and co-investment income of EUR 9.8m consists of the following items: “Proceeds from the sale of principal investments” of EUR 25.1m (page 12) plus “Changes in inventories” of EUR -20.4m (page 14) and “Cost of materials” of EUR -1.5m (page 15); also “Rental revenues” of EUR 1.1m, “Revenues from ancillary costs” of EUR 1.2m (page 12) and “Income from the sale of investment property” of EUR 0.2m (page 14). Finally, “Realised changes in value of investment property (net)” of EUR 1.3m were also included in the calculation (page 11).

Co-investment income adds EUR 2.8m and includes “Earnings from companies accounted for using the equity-method” of EUR 0.3m (page 15) and the remaining EUR 2.5m “Income from participations” (page 15).

Net operating expenses of EUR 99.5m include staff costs of EUR 62.9m (page 16) and the following non-staff operating costs and other income items: “Other operating expenses” of EUR 30.4m, “Cost of purchased services” of EUR 8.0m and “Impairment on trade receivables and contract assets” of EURm 0.5m (page 15). Offsetting income items consist of “Other operating income” of EUR 6.0m, “Income from the deconsolidation of subsidiaries” of EUR 0.0m (page 14) and other revenues of EUR 1.3m (page 12). Furthermore, the part of D&A which is attributable to IFRS 16 and represents the corresponding costs of the Group of EUR 5.1m is added back (page 11).

The block **“Depreciation and amortisation, financial result and other items”** of EUR –5.5m consists of the following items: “Amortisation of other intangible assets and software, depreciation of property, plant and equipment” of EUR –3.0m (page 11, excluding amortisation of fund management contracts of EUR 15.6m and D&A from IFRS 16 of EUR 5.1m previously added to net operating expenses); plus “Financial income” of EUR 0.8m and “Financial expenses” of EUR –3.0m (page 11). The “Result from currency translation” of EUR 0.1m is adjusted for the expense/income from unrealised currency translation (EUR –0.2m) and thus included in the calculation in the amount of EUR –0.3m (page 11). “Reorganisation expenses” of EUR 6.5m, as well as “Amortisation of other intangible assets” (fund management contracts) of EUR 15.6m are also recognised in this position, but entirely neutralised (all page 11).

Financial position of the PATRIZIA Group

PATRIZIA's key asset and financial data at a glance

10

EUR k	30.06.2019	31.12.2018	Change
Total assets	1,807,980	1,778,446	1.7%
Equity (excl. non-controlling interests)	1,200,969	1,143,106	14.7%
Equity Ratio	66.4%	64.3%	2.1 PP
Cash and cash equivalents	352,020	330,598	6.5%
+ Term deposits	165,000	208,000	–20.7%
+ Securities	2,000	3,000	–33.3%
– Bonded loans	–300,000	–300,000	0.0%
= Net cash (+)/net debt (–)	219,020	241,598	–9.3%
Net equity ratio¹	79.6%	77.3%	2.3 PP

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

PP = Percentage points

Total assets

The Group's total assets grew slightly year-to-date by EUR 29.5m to EUR 1.8bn.

Equity

Equity rose by 14.7% in H1 2019 from EUR 1.1bn to EUR 1.2bn. The positive development of the revaluation reserve according to IFRS 9, as well as the consolidated net profit of the first half of the year were the main drivers for the increase of equity.

Investment property and inventories

PATRIZIA's real estate assets (principal investments) decreased by 28.5% in the reporting period, from EUR 79.8m as at 31 December 2018 to EUR 57.1m as at 30 June 2019.

11

EUR k	30.06.2019	31.12.2018	Change
Inventories	51,683	71,534	-27.8%
Investment property	5,417	8,308	-34.8%
Real estate assets	57,100	79,842	-28.5%

EUR 51.7m of this is attributable to **inventories**. This item contains property only temporarily held for sale in the normal course of business or for subsequent contribution to a fund product for private and (semi-)professional investors. A further EUR 5.4m relate to **investment property** originally purchased to generate long-term rental income.

An overview of all PATRIZIA's participations, assets under management and invested capital can be found in the following table.

PATRIZIA's capital allocation as at 30 June 2019

12

	Assets under management EUR m	Invested capital (fair value) EUR m	Invested capital (at cost) EUR m	Participations in %
Third-party business	35,004.3	0.0		
Co-investments	6,515.9	541.8	160.6	
Residential	5,504.3	513.4	140.0	
GBW GmbH	4,343.4	149.4 ¹	52.2	5.1
GBW performance fee claims		275.7 ¹	0.0	0.1
WohnModul I SICAV-FIS	1,160.9	66.6	66.6	10.1
Harald		21.5 ¹	21.1	5.1
Sonstige		0.1	0.1	0.0
Commercial Germany	1,009.3	26.3	18.6	
Alliance	198.7	5.3 ¹	5.2	5.1
Seneca	177.4	6.0 ¹	4.9	5.1
PATROffice	1.3	1.6 ¹	1.1	6.3
sono west	48.5	8.8	3.5	28.3
TRIUVA/IVG logistcs	310.3	3.8 ¹	3.2	2.1
TRIUVA/IVG commercial	273.2	0.7 ¹	0.7	11.0
Commercial international	2.3	2.0	1.9	
Citruz Holdings LP (UK)	2.3	0.6 ¹	0.5	10.0
First Street Development LTD (UK)		1.4	1.4	10.0
Principal investments	63.2	57.1		
Other balance sheet items		414.8 ²		
Tied-up investment capital	41,583.4	1,013.6		
Available liquidity		487.3		
Total investment capital	41,583.4	1,501.0		
of which debt (bonded loans)		300.0		
of which equity PATRIZIA (without minorities)		1,201.0		

¹ After deduction of deferred taxes from the valuation according to IFRS 9

² Including goodwill and fund management contracts

Financial liabilities

The Group's financial liabilities have remained unchanged at EUR 300.0m since the end of 2018 and consist of the bonded loan raised in 2017. The bonded loan is accounted for under non-current liabilities and consists of three tranches of five, seven and ten years. The interest rate is on average 1.50% p.a., partly fixed and partly variable.

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EUR k	30.06.2019	31.12.2018	Change
Non-current bonded loans	300,000	300,000	0.0%
Total financial liabilities	300,000	300,000	0.0%

A detailed maturity profile of the liabilities can be found in note 12 to the interim consolidated financial statements.

Liquidity

PATRIZIA has cash funds available of EUR 487.3m as at 30 June 2019 compared to EUR 506.9m at the end of 2018.

14

EUR k	30.06.2019	31.12.2018
Cash and cash equivalents	352,020	330,598
Term deposits	165,000	208,000
Securities	2,000	3,000
Current liquidity	519,020	541,598
- Regulatory reserve for asset management companies	-25,222	-26,158
- TRIUVA transaction liabilities	-6,400	-8,466
- Liquidity in closed-end funds business property companies	-57	-61
= Available liquidity	487,340	506,886

Current liquidity amounts to EUR 519.0m as at 30 June 2019 (31.12.2018: EUR 541.6m). The decrease year-to-date is the result of the dividend payment, as well as tax payments. However, PATRIZIA cannot access this figure in full as an amount of EUR 167.0m is invested in securities and short-term deposits. The acquisition of TRIUVA and Rockspring gave rise to transaction-related liabilities, EUR 6.4m of which were not yet due as at the end of the reporting period. Furthermore, cash and cash equivalents of EUR 25.2m in total must be permanently retained for asset management companies and mutual funds in order to comply with the relevant regulatory requirements. Accordingly, PATRIZIA has directly available cash funds of EUR 487.3m (31.12.2018: EUR 506.9m).

2 Development of opportunities and risks

The business activities of PATRIZIA AG expose it to both risks and opportunities. The Group has taken the necessary measures and installed processes to detect negative developments and risks in advance, thereby allowing it to take appropriate countermeasures. No new significant risks or opportunities for the Group have been identified since the annual financial statements for the 2018 financial year. The assessment of probabilities of occurrence and loss levels in the interim has also not led to any significant changes in the analysis of risks and opportunities.

The statements made in the risk report in the 2018 Annual Report of PATRIZIA Immobilien AG (meanwhile PATRIZIA AG) thus still apply. Therefore, please refer to pages 63 to 71 of the 2018 Annual Report for a detailed description of the Group's risks and opportunities. The Management Board of PATRIZIA AG is not currently aware of any further risks.

3 Forecast

Confirmation of earnings forecast for 2019

PATRIZIA confirms the forecast for the 2019 financial year published in the Group's 2018 Annual Report in section 5.2 on pages 71 and 72, as well as the assumptions made for the achievement of the operating income.

PATRIZIA continues to assume an operating income of between EUR 120.0m and 130.0m, as well as organic growth of the assets under management between EUR 3.0bn and 4.0bn for the financial year 2019.

Augsburg, 6 August 2019



Wolfgang Egger
CEO



Karim Bohn
CFO

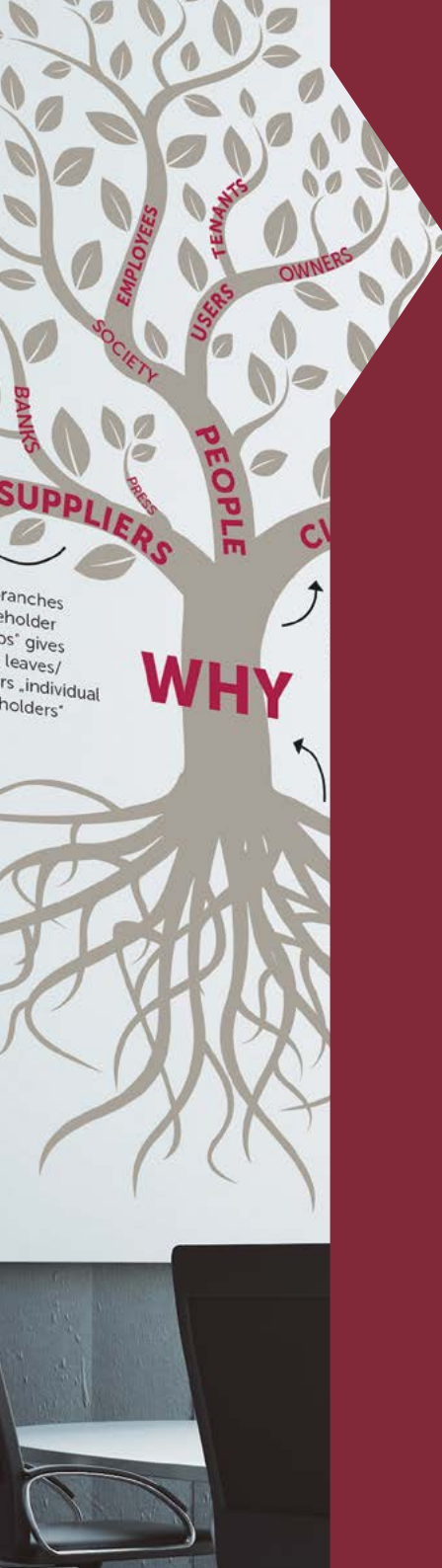


Anne Kavanagh
CIO



Klaus Schmitt
COO

This report contains certain forward-looking statements that relate in particular to the business development of PATRIZIA, 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 statement or estimate inaccurate, or cause actual results to differ from the results currently expected. Please note that differences can occur when using rounded amounts and percentages.



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Consolidated balance sheet

as at 30 June 2019

Assets

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EUR k	30.06.2019	31.12.2018
A. Non-current assets		
Goodwill	204,301	201,109
Other intangible assets	150,939	166,562
Software	10,268	11,396
Rights of use	16,926	0
Investment property	5,417	8,308
Equipment	5,754	5,890
Associated companies accounted using the equity method	71,887	76,141
Participations	543,857	499,241
Non-current borrowings and other loans	27,321	27,513
Deferred taxes	11,655	6,102
Total non-current assets	1,048,325	1,002,262
B. Current assets		
Inventories	51,683	71,534
Securities	2,011	3,011
Current tax assets	20,520	15,585
Current receivables and other current assets	333,421	355,456
Cash and cash equivalents	352,020	330,598
Total current assets	759,655	776,184
Total Assets	1,807,980	1,778,446

Equity and Liabilities

16

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

Consolidated income statement

for the period from 1 January to 30 June 2019

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EUR k	H1 2019	H1 2018
Revenues	179,825	160,105
Income from the sale of investment property	249	591
Changes in inventories	-20,422	-21,703
Other operating income	6,045	8,197
Income from the deconsolidation of subsidiaries	0	179
Total operating performance	165,696	147,369
Cost of materials	-1,492	-6,930
Cost of purchased services	-7,952	-6,952
Staff costs	-62,941	-56,921
Other operating expenses	-30,397	-34,066
Impairment losses for trade receivables and contract assets	-460	-1,532
Income from participations	25,428	19,829
Earnings from companies accounted for using the equity method	292	9,461
EBITDAR	88,173	70,258
Reorganisation expenses	-6,512	-1,243
EBITDA	81,661	69,015
Amortisation of other intangible assets and software, rights of use, depreciation of property, plant and equipment	-23,748	-4,478
Earnings before interest and taxes (EBIT)	57,914	64,537
Financial income	863	733
Financial expenses	-3,013	-3,078
Result from currency translation	-122	1,262
Earnings before taxes (EBT)	55,642	63,454
Income taxes	-12,308	-13,282
Net profit for the period	43,334	50,172
Earnings per share (undiluted/diluted) in EUR	0.46	0.53
Net profit for the period attributable to:		
Shareholders of the parent company	42,317	47,772
Non-controlling interests	1,016	2,400
	43,334	50,172

Consolidated statement of comprehensive income

for the period from 1 January to 30 June 2019

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EUR k	H1 2019	H1 2018
Net profit for the period	43,334	50,172
Items of other comprehensive income reclassified to net profit for the period		
Profit/loss arising on the translation of the financial statements of foreign operations	4,199	-331
Items of other comprehensive income without reclassification to net profit for the period		
Value adjustments resulting from equity instruments measured including capital gains (IFRS 9)	36,979	203
Other comprehensive income	41,178	-128
Total comprehensive income for the reporting period	84,512	50,044
Total comprehensive income attributable to:		
Shareholders of the parent company	83,495	47,644
Non-controlling interests	1,016	2,400
	84,512	50,044

Consolidated cash flow statement

for the period from 1 January to 30 June 2019

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EUR k	H1 2019	H1 2018
Consolidated net profit	43,334	50,172
Income taxes recognised through profit or loss	12,308	13,282
Financial expenses recognised through profit or loss	3,013	3,078
Financial income recognised through profit or loss	-863	-733
Income from unrealised currency translation recognised through profit or loss	-153	0
Income from the disposal of other intangible assets, software and equipment recognised through profit or loss	11	0
Income from divestments of participations, recognised through profit or loss	-5	68
Amortisation of other intangible assets and software, rights of use, depreciation of property, plant and equipment	23,748	4,478
Income from the sale of investment property recognised through profit or loss	-249	-591
Income from the deconsolidation of subsidiaries	0	-179
Other non-cash effects	17,065	-11,482
Changes in inventories, receivables and other assets not attributable to investing activities	-20,922	-40,590
Changes in liabilities not attributable to financing activities	-48,759	-26,373
Interest paid	-4,396	-5,291
Interest received	512	603
Income tax payments	-22,169	-3,444
Cash inflow/outflow from operating activities	2,475	-17,003
Investments in other intangible assets, software and equipment	-1,778	-1,541
Payments received from the sale of investment property	3,139	10,202
Payments for the development of investment property	0	-49
Payments for the acquisition of securities and short-term investments	0	1,000

EUR k	H1 2019	H1 2018
Payments received from the disposal of securities and short-term investments	44,005	37,500
Payments for the acquisition of participations	-1,459	-2,032
Payments received from the equity reduction of participations	0	1,256
Payments received from the disposal of participations	305	984
Payments for investments in companies accounted for using the equity method	0	-171
Payment received through distributions of companies accounted for using the equity method	4,545	0
Payments received from the repayment of shares of companies accounted for using the equity method	0	16,766
Payments received from the repayment of loans to companies in which participating interests are held	221	0
Payments for loans to companies	-30	-1,298
Payments for the disposal of consolidated companies and other business units	0	-480
Payments for the acquisition of consolidated companies and other business units	0	-50,673
Cash inflow from investing/divesting activities	48,948	11,464
Borrowing of loans	0	71,491
Repayment of loans	0	-22,000
Repayment of leasing liabilities	-4,998	0
Payments to non-controlling interests	-213	-12,348
Payments of dividends to shareholders	-24,576	0
Cash outflow/inflow from financing activities	-29,787	37,143
Change in cash and cash equivalents	21,636	31,605
Cash and cash equivalents as at 01.01.	330,598	382,675
Effects of changes in foreign exchange rates on cash and cash equivalents	-214	0
Cash and cash equivalents as at 31.12.	352,020	414,280

Consolidated statement of changes in equity

for the period from 1 January to 30 June 2019

EUR k	Share capital	Capital reserve	Retained earnings (legal reserves)
As at 01.01.2018	89,555	129,545	505
Net amount recognised directly in equity, where applicable less income taxes	0	0	0
Disposal and transfer of shares	1,408	24,249	0
Non-controlling interests arising from the inclusion of new companies	0	0	0
Purchases of shares of non-controlling interests	0	0	0
Payout of profit shares to non-controlling interests	0	0	0
Reclassification of guaranteed dividend	0	0	0
Changes in course of revaluation of IFRS 9 financial instruments	0	0	0
Dividend distribution to shareholders in cash	0	0	0
Dividend distribution to shareholders by issuing treasury shares	96	1,428	0
Net profit for the period	0	0	0
As at 31.12.2018	91,060	155,222	505
As at 01.01.2019	91,060	155,222	505
Net amount recognised directly in equity, where applicable less income taxes	0	0	0
Changes in course of revaluation of IFRS 9 financial instruments	0	0	0
Dividend distribution to shareholders in cash	0	0	0
Purchases of shares of non-controlling interests	0	0	0
Payout of profit shares to non-controlling interests	0	0	0
Net profit of the period	0	0	0
As at 30.06.2019	91,060	155,222	505

Currency translation difference	Revaluation reserve according to IFRS 9	Consolidated unappropriated profit	Equity of the shareholders of the parent company	Equity of non-controlling interests	Total
-11,586	0	843,994	1,052,012	1,691	1,053,704
-4,019	0	0	-4,019	0	-4,019
0	0	0	25,658	0	25,658
0	0	0	0	15,437	15,437
0	0	-10,512	-10,512	-5,600	-16,112
0	0	0	0	-2,819	-2,819
0	0	0	0	-4,500	-4,500
0	49,503	0	49,503	17	49,520
0	0	-21,197	-21,197	0	-21,197
0	0	-1,524	0	0	0
0	0	51,660	51,660	6,456	58,116
-15,605	49,503	862,421	1,143,105	10,682	1,153,788
-15,605	49,503	862,421	1,143,105	10,682	1,153,788
4,199	0	-736	3,464	-103	3,361
0	36,979	0	36,979	0	36,978
0	0	-24,576	-24,576	0	-24,576
0	0	-321	-321	321	0
0	0	0	0	-213	-213
0	0	42,317	42,317	1,016	43,334
-11,407	86,482	879,106	1,200,969	11,703	1,212,671

Notes to the consolidated interim financial statements

as at 30 June 2019 (first half 2019)

1 General information

PATRIZIA AG (hereinafter also referred to as PATRIZIA or the Group) is a listed German stock corporation. The registered office of the company is Fuggerstrasse 26, 86150 Augsburg (Augsburg Local Court, HRB 19478). PATRIZIA is a global partner for pan-European real estate investments and one of the leading independent real estate investment companies in Europe. Around 800 employees (FTE) are on hand for its clients in more than 15 European real estate markets. The company is also represented in New York, Hong Kong, Seoul, Melbourne and, since 2019, Tokyo. PATRIZIA provides a wide range of services from asset management, portfolio management and implementation of purchase and sales transactions for almost all investment classes to alternative investments and project developments. As a result, client preferences and requirements can be met extensively in a customized manner. Its clients include institutional and (semi-) professional investors such as insurance firms, pension fund institutions and sovereign funds from Germany, Europe, the US and Asia in addition to private investors. PATRIZIA develops bespoke products for its clients in line with their individual return expectations, diversification objectives and risk styles.

2 Principles applied in the preparation of the interim consolidated financial statements

The interim consolidated financial statements of PATRIZIA AG for the first half of 2019 (1 January to 30 June 2019) were prepared in line with section 37(3) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with section 37w(2) WpHG in accordance with IFRS and in compliance with the provisions of German commercial law in line with section 315e of the Handelsgesetzbuch (HGB – German Commercial Code). All effective official announcements of the International Accounting Standards Board (IASB) have been applied, i.e. those adopted by the EU in the context of the endorsement process and published in the Official Journal of the EU.

In the opinion of the company's management, these unaudited interim consolidated financial statements as at 30 June 2019 contain all the necessary information to ensure a true and fair view of the company's business performance and financial position in the reporting period. The

results in the first half of 2019 are not necessarily an indicator of future results or expected results for the 2019 financial year as a whole.

When preparing interim consolidated financial statements for an interim report in accordance with IAS 34 “Interim Financial Reporting”, the Management Board of PATRIZIA AG must make judgements, estimates and assumptions regarding the application of accounting policies in the Group and the reporting of assets, liabilities, income and expenses. The actual amounts can differ from these estimates.

These interim consolidated financial statements were prepared using the same accounting policies as for the consolidated financial statements for the 2018 financial year. A detailed description of the principles applied in preparing the consolidated financial statements and the accounting policies can be found in the notes to the IFRS consolidated financial statements as at 31 December 2018 in PATRIZIA’s 2018 Annual Report. In addition, the standard effective for the first time from 2019, IFRS 16, is explained within note 27 as like in the 2018 Annual Report.

These interim financial statements have been prepared in euro. The amounts, including the previous year’s figures, are stated in thousands of euro (EUR k). Please note that differences can occur when using rounded amounts and percentages.

3 Consolidated group

The consolidated interim financial statements of PATRIZIA AG include all subsidiaries, which are all companies controlled by PATRIZIA AG. The basis of consolidation comprises 113 subsidiaries in addition to the parent company. They are included in the interim consolidated financial statements in line with the rules of full consolidation.

There are also three equity investments accounted for using the equity method in the consolidated financial statements. These are a limited liability partnership under UK law, a German stock corporation and a SICAV (investment company with variable capital) under Luxembourg law. While PATRIZIA has significant influence on the management of the SICAV, it does not control it as it is controlled by the majority investor.

Furthermore, there are holdings of 28.3% in the limited liability capital of a project development company (legal form: GmbH & Co. KG) and 30% in the associated general partner (GmbH). There is no significant influence over this company as it cannot be managed or significantly influenced on account of company law regulations and there is no right to make appointments to its executive bodies.

46 companies have not been included in the consolidated group as at the end of the reporting period as they have only minor or no business operations and are immaterial to the Group and a true and fair view of its financial position and performance.

The number of Group companies included in the consolidated financial statements developed as follows in the reporting period:

Group companies

22

As at 01.01.2019	113
New companies founded	1
Companies deconsolidated	-1
As at 30.06.2019	113

During the reporting period no significant transactions have been conducted.

4 Goodwill

The PATRIZIA Group has recognised a goodwill of EUR 204,301k as of 30 June 2019 (31.12.2018: EUR 201,109k). This will not be deductible in future tax periods, and is therefore treated as a permanent difference in the calculation of deferred taxes. Goodwill as of 30 June 2019 has been allocated to the following cash-generating units:

- PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH: EUR 610k (31.12.2018: EUR 610k)
- PATRIZIA Multi Managers: EUR 6,759k (31.12.2018: EUR 6,756k)
- TRIUVA: EUR 132,942k (31.12.2018: EUR 132,942k). Goodwill results from the acquisition of PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH in the 2018 financial year, EUR 128,175k of which was allocated to the CGU-TRIUVA and EUR 4,767k of which to the CGU-PATRIZIA Real Estate Investment Management S.à r.l.
- Rockspring: EUR 63,990k (31.12.2018: EUR 60,801k). Goodwill results from the acquisition of PATRIZIA PROPERTY HOLDINGS LIMITED in the 2018 financial year. The translation of goodwill into the reporting currency in accordance with IAS 21 in conjunction with IFRS 3 results in an increase of EUR +3,189k as of 30 June 2019

The Group tests these figures for impairment once per year in accordance with IAS 36. As of 30 June 2019, there were no events that would justify an impairment test and the resulting need for impairment.

5 Investment property

Investment property is held to earn rentals or for capital appreciation. Investment property is initially measured at cost. After initial recognition, investment property is measured at fair value. Changes are recognised in profit or loss.

A detailed description of the accounting policies can be found in the notes to the IFRS consolidated financial statements as at 31 December 2018 in PATRIZIA's 2018 Annual Report.

6 Participations in associated companies

The item "Participations in associated companies" includes the 10.1% equity investment in PATRIZIA WohnModul I SICAV-FIS, Luxembourg, the 50% equity investment in Ask PATRIZIA (GQ) LLP, Manchester, and the 25.01% equity investment in EVANA AG, Saarbrücken.

PATRIZIA WohnModul I SICAV-FIS as well as Ask PATRIZIA (GQ) LLP and EVANA AG are included in the consolidated financial statements of PATRIZIA AG using the equity method.

The strategy of **PATRIZIA WohnModul I SICAV-FIS** is the acquisition of project developments and revitalization properties. Its intended exit strategy is block sales and individual privatisation.

Through its investment in PATRIZIA WohnModul I SICAV-FIS, PATRIZIA is subject to the usual risks specific to properties such as market developments in the privatisation of residential properties and project developments in addition to interest rate fluctuations.

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The share of the profits of PATRIZIA WohnModul I SICAV-FIS attributable to the PATRIZIA Group amounts to EUR 292k (H1 2018: EUR 9,461k) in the reporting period. This gain on remeasurement essentially results from the prior period disposal of the project developments in the 2017 financial year, with rights and liabilities transferring in 2018.

PATRIZIA WohnModul I SICAV-FIS paid a total distribution of EUR 4,545k to PATRIZIA AG in the reporting period. This distribution was recognised in other comprehensive income against the investment in associated companies.

EVANA AG is a provider of data management services and artificial intelligence in the real estate industry. EVANA AG's strategy is the development of self-learning algorithms for the processing and evaluation of large data volumes.

Through its investment in EVANA AG, PATRIZIA is subject to the risk of delays in the product's market launch.

Ask PATRIZIA (GQ) LLP is a joint venture for a real estate project development in Newcastle/Gateshead in the north of England. For reasons of materiality, additional information on this joint venture will be dispensed with below.

In the reporting period, the PATRIZIA Group's shares of the earnings of EVANA AG and Ask PATRIZIA (GQ) LLP were not measured due to materiality reasons.

7 Inventories

Real estate intended for sale in the ordinary course of business or acquired for development and resale is reported under "Inventories". Development also includes purely modernisation and renovation work. Such properties are assessed and qualified as inventories in the context of the purchase decision, and this is implemented accordingly in financial reporting as at the acquisition date.

PATRIZIA has defined a normal operating cycle as three years, as experience shows that a majority of the units intended for sale are sold in this time. However, it is still intended to sell inventories directly even if they are not sold within three years (e.g. due to unforeseen or foreseen changes in economic conditions).

Inventories are measured at the lower of cost and net realisable value. Cost includes the directly attributable acquisition and provision costs, including in particular the cost of assets in addition to incidental costs of acquisition (notary fees, etc.). Cost also includes the costs directly attributable to the property development process, including renovation costs in particular. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as an expense

when incurred. Net realisable value is the estimated selling price in the ordinary course of business less the renovation and modernisation costs and the costs to make the sale.

The change in inventories of EUR 19,851k relates to disposals of real estate essentially of Plot 8 Manchester (mainly in Germany).

8 Securities, cash and cash equivalents

“Cash and cash equivalents” comprise cash and short-term bank deposits held by the Group. The carrying amount of these assets is their fair value.

Cash funds were invested in short-term, money market securities in the context of active liquidity management. An amount of EUR 2,000k was invested in short-term securities. These are reported separately in the statement of financial position. A further amount of EUR 165,000k was invested in short-term term deposits with a maturity of more than 90 days. These term deposits are reported in the statement of financial position under current receivables and other current assets.

Liquidity

23

EUR k	30.06.2019	31.12.2018
Cash and cash equivalents	352,020	330,598
Term deposits	165,000	208,000
Securities	2,000	3,000
Current liquidity	519,020	541,598
Regulatory reserve for asset management companies	-25,222	-26,185
TRIUVA transaction liabilities	-6,400	-8,466
Liquidity in closed-end funds business property companies	-57	-61
= Available liquidity	487,340	506,886

9 Equity

The issued capital of the company amounts to EUR 91,059,631 as at the end of the reporting period (31.12.2018: EUR 91,059,631) and is divided into 91,059,631 (31.12.2018: 91,059,631) no-par-value registered shares.

The Annual General Meeting on 22 May 2019 resolved a dividend distribution of EUR 24,576k, corresponding to a dividend of EUR 0.27 per entitled share. The dividend was paid on 27 May 2019.

Changes in equity are shown in the statement of changes in equity.

10 Treasury shares

The number of treasury shares amounts unchanged to the previous period to 1,291,845 with a total value of EUR 21,678,892.

11 Non-controlling interests

There were non-controlling interests of EUR 11,703k as at 30 June 2019 (31.12.2018: EUR 10,682k).

A profit share of EUR 1,016k (H1 2018: EUR 2,400k) was allocated to non-controlling interests in the reporting period.

PATRIZIA acquired shares of non-controlling interests in the amount of EUR 321k as part of intra-group reorganisation.

Profit shares of EUR 213k were withdrawn by non-controlling interests as at 30 June 2019. These are payments to non-controlling interests, some of whom are also employed by the company.

12 Financial liabilities

The maturity profile of financial liabilities is as follows

30.06.2019

24

EUR k	2019	2022	2024	2027	Total
Bonded loans	0	91,500	124,000	84,500	300,000
Total financial liabilities	0	91,500	124,000	84,500	300,000

31.12.2018

25

EUR k	2019	2022	2024	2027	Total
Bonded loans	0	91,500	124,000	84,500	300,000
Total financial liabilities	0	91,500	124,000	84,500	300,000

The bonded loan of EUR 300,000k issued in 2018 is divided into three tranches with terms of five, seven and ten years. This bonded loan is recognised under non-current liabilities.

13 Non-current liabilities

Non-current liabilities of EUR 16,005k (31.12.2018: EUR 16,836k) essentially consist of the long-term component of the management participation model, which is described in more detail under note 9.1 in PATRIZIA's 2018 Annual Report.

14 Revenues

Revenues break down as follows:

Revenues

26

EUR k	H1 2019	H1 2018	Change
Revenues from management services	151,212	118,631	27.5%
Proceeds from the sale of principal investments	25,060	38,666	-35.2%
Revenues from ancillary costs	1,197	379	215.8%
Rental revenues	1,091	1,770	-38.3%
Other	1,264	659	91.8%
Revenues	179,825	160,105	12.3%

Revenues from management services include revenues from asset and fund management, commission revenues from transactions and performance-based fees and management fees. The positive change was mainly due to the increase in assets under management and the full inclusion of the Rockspring acquisition, which had a positive impact on earnings for six months in 2019 and only three months in 2018.

15 Other operating income

Other operating income essentially relates to:

Other operating income

27

EUR k	H1 2019	H1 2018	Change
Income from discontinued obligations	4,703	6,586	-28.6%
Income from payments in kind	771	399	93.2%
Income from reimbursement of lawyers' fees, court costs and transaction costs and compensation	62	6	1,015.0%
Insurance compensation	13	12	16.3%
Income from sales of financial assets	5	0	0.0%
Other	490	1,194	-59.0%
Total	6,045	8,197	-26.3%

Income from discontinued obligations essentially results from the final settlement of bonuses and the reversal of liabilities from deliveries and services ordered but not called off.

16 Cost of materials

The cost of materials includes the direct costs incurred in connection with the performance of services and breaks down as follows:

Cost of materials

28

EUR k	H1 2019	H1 2018	Change
Incidental costs	1,268	1,170	8.4%
Renovation and construction costs	183	5,586	-96.7%
Maintenance costs	42	174	-76.1%
Total	1,492	6,930	-78.5%

17 Cost of purchased services

The cost of purchased services item totalling EUR 7,952k (H1 2018: EUR 6,952k) essentially comprises the purchase of fund management services for the label funds for which PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH (formerly PATRIZIA GewerbeInvest Kapitalverwaltungsgesellschaft mbH) is the service asset management company. This item also includes transaction costs of EUR 727k (H1 2018: EUR 604k) which are incurred to generate revenue and passed on.

18 Other operating expenses

Other operating expenses break down as follows:

Other operating expenses

29

EUR k	H1 2019	H1 2018	Change
Tax, legal, other advisory and financial statement fees	10,553	8,467	24.6%
IT and communication costs and cost of office supplies	5,909	6,134	-3.7%
Vehicle and travel expenses	2,795	2,972	-5.9%
Contributions, fees and insurance costs	2,099	2,362	-11.1%
Advertising costs	1,974	2,235	-11.7%
Recruitment and training costs and cost of temporary workers	1,755	2,451	-28.4%
Commission and other sales costs	1,323	1,056	25.2%
Other taxes	1,188	1,000	18.8%
Rent, ancillary costs and cleaning costs	1,010	5,253	-80.8%
Indemnity/reimbursement	296	0	100.0%
Costs of management services	235	242	-3.1%
Other	1,260	1,894	-33.5%
Total	30,397	34,066	-10.8%

At EUR 10,553k (H1 2018: EUR 8,467k), Tax, legal, consulting and financial statement fees includes essentially non-transaction costs for miscellaneous projects. In the reporting period no transactions costs in connection with business combinations have occurred (H1 2018: EUR 1,923k). The decline in rent, ancillary costs and cleaning costs is attributable to the first-time application of IFRS 16 since 1 January 2019. In accordance with IFRS 16, lease agreements are classified and recognised primarily as right-of-use assets. As a result, a significant portion of the earnings effect is no longer reported in the consolidated income statement under other operating expenses, but under amortisation of other intangible assets and software, rights of use, depreciation of property, plant and equipment (see also note 27 Effects of the first-time application of IFRS 16 Leases).

19 Income from participations

Income from participations of EUR 25,428k in the reporting period (H1 2018: EUR 19,829k) results from the participations Dawonia GmbH (formerly GBW GmbH), Harald Portfolio and Aviemore Bidco 1 Sàrl (H1 2018: Dawonia GmbH, Harald Portfolio, Citruz Holdings LP and TRIUVA) and from mutual fund business.

Income from participations breaks down as follows:

Income from participations

30

EUR k	H1 2019	H1 2018	Change
Performance-based shareholder remuneration	18,254	12,350	47.8%
Services provided as shareholder contributions	4,706	4,706	0.0%
Return on equity employed	2,468	2,773	-11.0%
Total	25,428	19,829	28.2%

20 Amortisation of other intangible assets and software, rights of use, depreciation of property, plant and equipment

Amortisation of other intangible assets and software, rights of use, depreciation of property, plant and equipment is broken down as follows:

Amortisation and depreciation

31

EUR k	H1 2019	H1 2018	Change
Amortisation of fund management contracts and licences	-15,626	-1,806	765.1%
Amortisation of rights of use	-5,091	0	0.0%
Depreciation of software and fixed assets	-3,031	-2,671	13.5%
Depreciation of goodwill	0	-9	-100.0%
Total	-23,748	-4,486	429.4%

The increase in amortisation and depreciation resulted primarily from the fund management agreements acquired in the course of the acquisitions of TRIUVA and Rockspring and the first-time application of IFRS 16 since 1 January 2019.

21 Net finance costs

Net finance costs

32

EUR k	H1 2019	H1 2018	Change
Interest on bank deposits	168	176	-4.6%
Other interest	695	557	24.7%
Financial income	863	733	17.7%
Interest expenses – Leasing IFRS 16	-108	0	0.0%
Interest on overdraft facilities and loans	-68	-44	53.4%
Other financial expenses	-2,837	-3,034	-6.5%
Financial expenses	-3,013	-3,078	-2.1%
Result from currency translation	-122	1,262	-109.7%
Net finance costs	-2,272	-1,083	109.8%

The result from currency translation in the income statement amounted to EUR -122k in the first six months of 2019 (H1 2018: EUR 1,262k). This includes realised exchange rate losses of EUR -275k (H1 2018: EUR -475k).

22 Earnings per share

Earnings per share

33

EUR k	H1 2019 adjusted ¹	H1 2018 adjusted ¹	H1 2019	H1 2018
Share of earnings attributable to shareholders of the Group	47,389	48,755	42,317	47,772
Number of shares ²	91,059,631	90,917,438	91,059,631	90,917,438
Weighted number of shares ²	91,059,631	90,463,312	91,059,631	90,463,312
Earnings per share (undiluted/diluted) in EUR	0.52	0.54	0.46	0.53

1 Adjusted = not including reorganisation expenses

2 Outstanding after share buybacks

In the prior reporting period, the weighted number of shares were adjusted as a result of the weighted sale of shares in accordance with IAS 33.19.

23 Segment reporting

Two segments have been identified based on functional criteria: Investments and Management Services. The segment reporting is prepared in accordance with the internal business and management controlling of PATRIZIA Group.

The operating segments are also broken down by geographical criteria based on the location of the asset under management. The international subsidiaries are reported collectively as their revenue and earnings contributions per country are still consistently low (less than 10% in each case). In addition, PATRIZIA AG (Group management) and the management of the international subsidiaries are shown under "Corporate". Corporate is not a reportable operating segment in its own right, but is shown separately on account of its international function as an internal service provider.

The Group measures the success of its segments using segment earnings indicators, which are referred to for the purpose of internal controlling and reporting as EBT and operating EBT. The operating EBT is an accepted accounting measure of earnings adjusted by certain matters.

Revenue is generated between reportable segments. These intragroup transactions are settled at market prices.

The segment reporting is compliant with the accounting principles which are used for the preparation of the consolidated financial statements. The structure of the segment reporting has not changed compare to 31 December 2018. A detailed description can be found in the note 7 to the IFRS consolidated financial statements as at 31 December 2018 in PATRIZIA's 2018 Annual Report.

The individual operating segments are set out below. The reporting of amounts in thousands of euro (EUR k) can result in rounding differences. However, individual amounts are calculated based on non-rounded figures.

2019 (01.01.–30.06.2019)**34**

EUR k	Invest- ments	Manage- ment Services	Corporate	Consoli- dation	Group
Germany					
Revenues from principal investments	3,171				3,171
Rental revenues	76				76
Revenues from management services		104,768			104,768
Other	57	2,396			2,453
Revenues	3,305	107,163			110,468
International¹					
Proceeds from principal investments	21,889				21,889
Rental revenues	971	66			1,037
Revenues from management services		112,636			112,636
Other	1,211	2,071			3,283
Revenues	24,071	114,773			138,844
Corporate					
Revenues			280		280
Consolidation					
Revenues		-66,508		-3,258	-69,767
Group					

¹ France, United Kingdom, Luxembourg, Netherlands, Nordics, Spain

2019 (01.01.–30.06.2019)

34

EUR k	Invest- ments	Manage- ment Services	Corporate	Consoli- dation	Group
Revenues from the sale principal investments	25,060				25,060
Rental revenues	1,047	66		-21	1,091
Revenues from management services		151,025	187		151,212
Other	1,269	4,337	92	-3,237	2,461
Revenues	27,376	155,428	280	-3,258	179,825
Details					
Total operating performance					
Germany	6,475	108,795			115,271
International ¹	7,101	117,038			124,140
Corporate			2,932		2,932
Consolidation		-66,508		-10,139	-76,647
Group	13,577	159,325	2,932	-10,139	165,696
Cost of materials and cost of purchased services					
Germany	189	-40,831			-40,642
International ¹	-1,655	-32,543			-34,198
Corporate					
Consolidation		65,396			65,396
Group	-1,466	-7,978			-9,444
Change in value of investment properties					
Germany					
Group					
Staff costs					
Germany		-15,656			-15,656
International ¹		-34,222			-34,222
Corporate			-13,064		-13,064
Consolidation					
Group		-49,878	-13,064		-62,941

¹ France, United Kingdom, Luxembourg, Netherlands, Nordics, Spain

2019 (01.01.–30.06.2019)

34

EUR k	Invest- ments	Manage- ment Services	Corporate	Consoli- dation	Group
Other operating expenses and costs from the deconsolidation of subsidiaries					
Germany	-1,842	-11,523			-13,365
International ¹	-1,420	-11,983		-14	-13,416
Corporate			-15,164		-15,164
Consolidation				11,088	11,088
Group	-3,262	-23,506	-15,164	11,074	-30,857
Income from participations and earnings from companies accounted for using the equity method					
Germany	1,619	22,783			24,402
International ¹	1,318				1,318
Corporate					
Consolidation					
Group	2,937	22,783			25,720
Reorganisation expenses					
Germany		-539			-539
International ¹		-4,236			-4,236
Corporate			-1,737		-1,737
Consolidation					
Group		-4,775	-1,737		-6,512
Amortisation of other intangible assets, software, rights of use and equipment					
Germany		-11,664			-11,664
International ¹		-7,394			-7,394
Corporate			-4,628		-4,628
Consolidation				-61	-61
Group		-19,058	-4,628	-61	-23,748

1 France, United Kingdom, Luxembourg, Netherlands, Nordics, Spain

2019 (01.01.–30.06.2019)

34

EUR k	Invest- ments	Manage- ment Services	Corporate	Consoli- dation	Group
Net finance costs					
Germany	810	-654			156
International ¹	-661	1,562			901
Corporate			-3,206		-3,206
Consolidation					
Group	149	908	-3,206		-2,150
Result from currency translation					
Germany	-11	-88			-99
International ¹	15	-97			-82
Corporate			58		58
Consolidation					
Group	5	-185	58		-122
EBT (IFRS)					
Germany	7,241	50,623			57,865
International ¹	4,699	28,125		-14	32,811
Corporate			-34,810		-34,810
Consolidation		-1,112		888	-224
Group	11,941	77,637	-34,810	875	55,642
Adjustments					
Germany	1,332	10,805		13	12,151
Significant non-operating earnings	-1,332	-10,805		-13	-12,151
Market valuation expenditures derivatives					
Changes in the value of investment property	-1,332				-1,332
Amortisation of fund management contracts		-10,243			-10,243
Reorganisation expenses		-539			-539
Unrealised currency changes		-24		-13	-37
Realised fair value					
International¹	-14	9,485			9,471

¹ France, United Kingdom, Luxembourg, Netherlands, Nordics, Spain

2019 (01.01.–30.06.2019)

34

EUR k	Invest- ments	Manage- ment Services	Corporate	Consoli- dation	Group
Significant non-operating earnings	14	-9,485			-9,471
Amortisation of fund management contracts		-5,383			-5,383
Reorganisation expenses		-4,236			-4,236
Unrealised currency changes	14	134			148
Corporate			1,695		1,695
Significant non-operating earnings			41		41
Reorganisation expenses			-1,737		-1,737
Unrealised currency changes			41		41
Group	1,318	20,291	1,695	13	23,317
Operating result (adjusted EBT)					
Germany	8,574	61,429		13	70,015
International ¹	4,685	37,611		-14	42,282
Corporate			-33,114		-33,114
Consolidation		-1,112		888	-224
Group	13,259	97,927	-33,114	888	78,959

¹ France, United Kingdom, Luxembourg, Netherlands, Nordics, Spain

2018 (01.01.–30.06.2018)

35

EUR k	Invest- ments	Manage- ment Services	Corpo- rate	Consoli- dation	Group
Germany					
Revenues from principal investments	16,113				16,113
Rental revenues	707	167		-32	841
Revenues from management services		93,749		-1,081	92,668
Other	-256	1,016			760
Revenues	16,563	94,932		-1,113	110,382

¹ France, United Kingdom, Luxembourg, Netherlands, Nordics, Spain

2018 (01.01.–30.06.2018)

35

EUR k	Invest- ments	Manage- ment Services	Corpo- rate	Consoli- dation	Group
International ¹					
Revenues from principal investments	22,558				22,558
Rental revenues	929				929
Revenues from management services		48,737		-66	48,671
Other	648	293			941
Revenues	24,135	49,030		-66	73,099
Corporate					
Revenues			842		842
Consolidation					
Revenues		-22,930		-1,287	-24,217
Group					
Revenues from principal investments	38,671				38,671
Rental revenues	1,636	167	413	-450	1,765
Revenues from management services		119,576	202	-1,147	118,631
Other	391	1,289	228	-869	1,039
Revenues	40,698	121,032	842	-2,467	160,105
Details					
Total operating performance					
Germany	4,825	99,494		-1,113	103,206
International ¹	15,340	50,537		-66	65,810
Corporate			2,790		2,790
Consolidation		-22,931		-1,307	-24,238
Group	20,165	127,100	2,790	-2,486	147,568
Cost of materials and cost of purchased services					
Germany	-4,291	-8,745			-13,036
International ¹	-2,598	-21,159			-23,757
Corporate					
Consolidation		22,910			22,910

¹ France, United Kingdom, Luxembourg, Netherlands, Nordics, Spain

2018 (01.01.–30.06.2018)

35

EUR k	Invest- ments	Manage- ment Services	Corpo- rate	Consoli- dation	Group
Group	-6,889	-6,993			-13,882
Change in value of investment properties					
Germany					
Group					
Staff costs					
Germany		-30,810			-30,810
International ¹		-15,313			-15,313
Corporate			-10,798		-10,798
Consolidation					
Group		-46,123	-10,798		-56,921
Other operating expenses and costs from the deconsolidation of subsidiaries					
Germany	-4,212	-12,657		1,210	-15,658
International ¹	-979	-5,328		66	-6,241
Corporate			-15,222		-15,222
Consolidation		21		1,302	1,324
Group	-5,190	-17,964	-15,222	2,579	-35,797
Income from participations and earnings from companies accounted for using the equity method					
Germany	11,688	17,161			28,849
International ¹	440				440
Corporate					
Consolidation					
Group	12,128	17,161			29,290
Reorganisation expenses					
Germany		-1,136			-1,136
International ¹					

¹ France, United Kingdom, Luxembourg, Netherlands, Nordics, Spain

2018 (01.01.–30.06.2018)

35

EUR k	Invest- ments	Manage- ment Services	Corpo- rate	Consoli- dation	Group
Corporate			-107		-107
Consolidation					
Group		-1,136	-107		-1,243
Amortisation of fund management contracts, software, rights of use and equipment					
Germany		-1,663			-1,663
International ¹		-672			-672
Corporate			-2,143		-2,143
Consolidation					
Group		-2,335	-2,143		-4,478
Financial Result					
Germany	812	-411			401
International ¹	1,284	42			1,326
Corporate			-4,072		-4,072
Consolidation					
Group	2,096	-369	-4,072		-2,345
Gains/losses from currency translation					
Germany	12	-10			2
International ¹	54	212			266
Corporate			995		995
Consolidation					
Group	66	202	995		1,262
EBT (IFRS)					
Germany	8,834	61,224		97	70,156
International ¹	13,541	8,319			21,860
Corporate			-28,558		-28,558
Consolidation				-4	-4
Group	22,376	69,543	-28,558	93	63,454

1 France, United Kingdom, Luxembourg, Netherlands, Nordics, Spain

2018 (01.01.–30.06.2018)

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EUR k	Invest- ments	Manage- ment Services	Corpo- rate	Consoli- dation	Group
Adjustments					
Germany	7,905	2,555	-51		10,409
Significant non-operating earnings	17	-2,555	51		-2,487
Market valuation expenditures derivatives			158		158
Changes in the value of investment property					
Fund agreement amortisation		-1,414			-1,414
Reorganisation expenses		-1,136	-107		-1,243
Unrealised currency changes	17	-5			12
Realised fair value	7,922				7,992
International¹	-95	273			177
Significant non-operating earnings	95	-273			-177
Fund agreement amortisation		-386			-386
Reorganisation expenses					
Unrealised currency changes	95	144			209
Corporate			-1,518		-1,518
Significant non-operating earnings			1,518		1,518
Unrealised currency changes			1,518		1,518
Group	7,810	2,827	-1,569		9,068
Operating result (adjusted EBT)					
Germany	16,739	63,779	-51	97	80,564
International ¹	13,446	8,591			22,037
Corporate			-30,075		-30,075
Consolidation				-4	-4
Group	30,185	72,370	-30,127	93	72,522

1 France, United Kingdom, Luxembourg, Netherlands, Nordics, Spain

24 Related party transactions

As at the present time, the Management Board of PATRIZIA AG is not aware of any circumstances, agreements or legal transactions with affiliated or related parties for which the company will not receive fair and appropriate consideration. All transactions are concluded at standard market terms and do not differ from trade relationships with other companies.

The presentation of related party transactions in note 9.2 to the consolidated financial statements in PATRIZIA's 2018 Annual Report is still valid.

25 Events after the end of the reporting period

After the end of the reporting period no events in accordance with IAS 10 are to be reported.

26 Financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not contain information on the fair value for financial assets and financial liabilities not measured at fair value when the carrying amount is a reasonable approximation of fair value.

30.06.2019

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EUR k	Carrying amounts			Fair value			
	Mandatory FVTPL	FVTOCI-equity instruments	Financial assets at amortised cost	Other financial liabilities	Level 1	Level 2	Level 3
Financial assets at fair value							
Equity investments/participations		543,857					x
Non-current loans	10,140						x
	10,140	543,857					
Financial assets not measured at fair value							
Other lendings			17,181				
Trade receivables and other financial assets			333,421				
Securities			2,011				
Cash and cash equivalents			352,020				
			704,633				
Financial liabilities not measured at fair value							
Financial liabilities (bank, mortgage and bonded loans)				300,000			
Trade payables				4,662			
Liabilities from services purchased before the end of the reporting period				29,352			

30.06.2019

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EUR k	Carrying amounts			Fair value			
	Mandatory FVTPL	FVTOCI- equity instru- ments	Financial assets at amortised cost	Other financial liabilities	Level 1	Level 2	Level 3
Contractual liabilities of prepayments from property sales				45			
Liabilities from settled performance fees owed attributable to future periods				411			
Leasing Liabilities IFRS 16				17,018			
Subtotal financial liabilities				351,489			
Other liabilities				15,413			
Total financial liabilities				366,901			

31.12.2018

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EUR k	Carrying amounts				Fair value		
	Mandatory FVTPL	FVTOCI-equity instruments	Financial assets at amortised cost	Other financial liabilities	Level 1	Level 2	Level 3
Financial assets at fair value							
Equity investments/ participations		499,241					x
Non-current loans	10,140						x
	10,140	499,241					
Financial assets not measured at fair value							
Other lendings			17,373		-	-	-
Trade receivables and other financial assets			355,456		-	-	-
Securities			3,011		-	-	-
Cash and cash equivalents			330,598		-	-	-
			706,438				
Financial liabilities not measured at fair value							
Financial liabilities (bank, mortgage and bonded loans)				300,000	-	-	-
Trade payables				4,161	-	-	-

31.12.2018

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EUR k	Carrying amounts				Fair value		
	Mandatory FVTPL	FVTOCI- equity instru- ments	Financial assets at amortised cost	Other financial liabilities	Level 1	Level 2	Level 3
Liabilities from services purchased before the end of the reporting period				16,454	-	-	-
Contractual liabilities of prepayments from property sales				2,326	-	-	-
Liabilities from settled performance fees owed attributable to future periods				11,540	-	-	-
Subtotal financial liabilities				334,481			
Other liabilities				38,135	-	-	-
Total financial liabilities				372,616			

Assessment of the fair value of financial assets

The following tables show the valuation techniques used to assess level 3 fair values and the significant unobservable inputs used.

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Type	Valuation technique	Important non-observable input factors	Context between important non-observable input factors and the valuation at fair value
Equity investments	Valuation model considers individual shares of participations as well as the assessment basis particularly of NAV or – if known – potential sales prices of participations	<ul style="list-style-type: none"> – Shares of participations (0,2%–30,0%) – important assessment basis: NAV/sales prices of participations (EUR 0m–EUR 2,969m) 	<p>Estimated fair value would increase (decrease), if:</p> <ul style="list-style-type: none"> – the assessment basis increase (decrease)
Non-current loans	Valuation model considers net assets at fair value of the borrower	<ul style="list-style-type: none"> – Net assets (2019: EUR 10m–EUR 12m) 	<p>Estimated fair value would increase (decrease), if:</p> <ul style="list-style-type: none"> – the assessment basis increase (decrease)

Sensitivity analysis of level 3 fair values

A 10% increase (reduction) in the basis of measurement for equity investments with all other inputs remaining constant would result in an increase (reduction) of EUR 71,342k.

An increase (reduction) of net assets would result in an increase (reduction) of EUR 660k in the fair value of long-term loans.

Reconciliation of level 3 fair values

The following table shows the reconciliation from opening to closing level 3 fair values.

EUR k	Equity investments	Convertible loans
As at 01.01.2019	499,241	10,140
Profit/loss, including in the other comprehensive income (position-Revaluation reserve according to IFRS 9)		
changes of the fair value	43,441	0
Additions in the financial year	1,459	0
Disposals in the financial year	-305	0
Foreign exchange difference	22	0
As at 30.06.2019	543,857	10,140

EUR k	Equity investments	Convertible loans
As at 01.01.2018	436,780	7,346
Profit/loss, including in the other comprehensive income (position-Revaluation reserve according to IFRS 9)		
changes of the fair value	53,516	0
Additions in the financial year	11,639	2,794
Disposals in the financial year	-2,801	0
Foreign exchange difference	107	0
As at 31.12.2018	499,241	10,140

27 First time adoption of new financial accounting standard IFRS 16 leases

The International Accounting Standard IFRS 16 is effective for annual periods beginning on or after 1 January 2019. As at 30 June 2019 instead of expenses from operating lease the entity recognizes right-of-use assets in the amount of EUR 16,926k in the balance sheet. This first-time adoption increases the non-current assets. The corresponding obligations from leases and rental agreements amount to EUR 17,018k from which EUR 8,031k are short term obligations.

The equity ratio (excl. non-controlling interests) increased compared to previous period from 64.3% as at 31 December 2018 to 66.4% as at 30 June 2019.

A detailed description of the applied accounting standard IFRS 16 and the first-time adoption in pre-paring the consolidated financial statements can be found in the notes to the IFRS consolidated financial statements as at 31 December 2018 in PATRIZIA's 2018 Annual Report, note 1.2.

28 Responsibility statement by the officers of PATRIZIA AG in accordance with section 37y WpHG in conjunction with section 37w(2) No. 3 WpHG

To the best of the knowledge of the officers of PATRIZIA AG, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the in-terim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Augsburg, 6 August 2019



Wolfgang Egger
CEO



Karim Bohn
CFO



Anne Kavanagh
CIO



Klaus Schmitt
COO

Financial calendar and contact details

Financial calendar

2019	
7 August 2019	Interim Report for the first half of 2019 with investor and analyst conference call
14 November 2019	Quarterly Statement for the first nine months of 2019 with investor and analyst conference call
2020	
19 March 2020	Annual Report 2019 with press conference and investor and analyst conference call
14 May 2020	Quarterly Statement for the first quarter of 2020 with investor and analyst conference call
1 July 2020	Annual General Meeting, Augsburg
6 August 2020	Interim Report for the first half of 2020 with investor and analyst conference call
12 November 2020	Quarterly Statement for the first nine months of 2020 with investor and analyst conference call

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This Annual Report was published on 21 March 2019. This is a translation of the German Annual Report. In case of doubt, the German version shall apply. Both versions are available on our website:

www.patrizia.ag/de/aktionaere/finanzberichte/geschaeftsberichte/
www.patrizia.ag/en/shareholders/financial-reports/annual-reports/

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BUILDING
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