

9M

Interim Report
JANUARY TO SEPTEMBER 2017

KEY FIGURES

REVENUES AND EARNINGS

in EUR k	9 months 2017	9 months 2016 ¹	Change
	01.01.–30.09.2017	01.01.–30.09.2016	
Revenues	163,006	163,935	-0.6%
Total operating performance	157,068	154,492	1.7%
EBITDA	48,194	34,047	41.6%
EBIT	43,960	29,248	50.3%
EBT	39,159	19,302	102.9%
Operating income ²	46,594	43,913	6.1%
Net profit for the period	30,293	10,835	179.6%

¹ adjusted = without Harald portfolio

² For the definition of operating income, please refer to page 8

FINANCIAL POSITION

in EUR k	30.09.2017	31.12.2016	Change
Non-current assets	259,446	258,813	0.2%
Current assets	952,715	734,446	29.7%
Equity (excl. non-controlling shareholders)	740,754	749,342	-1.1%
Equity ratio (excl. non-controlling shareholders)	61.1%	75.4%	-14.3 PP
Non-current liabilities	323,606	47,506	581.2%
Current liabilities	146,110	194,720	-25.0%
Total assets	1,212,161	993,259	22.0%

SHARE INFORMATION

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
No. of shares as of 30.09.2017 (issued)	92,351,476 shares
No. of shares as of 30.09.2017 (outstanding after share buy-backs)	90,141,581 shares
Nine months 2017 high ³	EUR 18.72
Nine months 2017 low ³	EUR 14.67
Closing price as of 30.09.2017 ³	EUR 17.63
Share price performance (nine months 2017) ³	+11.7%
Market capitalisation as of 30.09.2017 ³	EUR 1.6bn
Average trading volume per day (nine months 2017) ⁴	about 190,000 shares
Indices	SDAX, DIMAX

³ Closing price Xetra-trading

⁴ All German stock exchanges

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CONSOLIDATED INTERIM MANAGEMENT REPORT

for the period from 1 January 2017 to 30 September 2017

1 BUSINESS PERFORMANCE

1.1 Results of Operations

The first nine months of 2017 have been an active and successful period for PATRIZIA with operating income increasing by 6.1% to EUR 46.6m (nine months of 2016: EUR 43.9m). The previous year's figures were adjusted to reflect the effects from the sale of the Harald portfolio¹.

Assets under management (AUM) rose by EUR 1.9bn to EUR 20.5bn, from EUR 18.6bn at the end of 2016.

In the first nine months of 2017 acquisitions of EUR 2.2bn and sales of EUR 0.8bn were successfully concluded, resulting in a reduction of total transaction volume after an exceptionally strong transaction volume last year.

Total service fee income from investment management services increased by 5.2% to EUR 128.8m compared to EUR 122.4m in the prior period. Management fees of EUR 66.7m are unchanged versus the prior period, which included EUR 8.0m in revenues from property management – a business that was sold at the beginning of 2017. The loss of revenue incurred following the sale was compensated for by an increase in management fees driven by growth in assets under management. Transaction fees decreased to EUR 31.4m after exceptionally strong transaction volumes in 2016. Performance fees rose significantly to EUR 30.7m.

¹ The residential portfolio 'Harald' was acquired by PATRIZIA on 18 May 2015 in an off-market transaction. The 13,500 apartments in German metropolitan regions were sold to Deutsche Wohnen AG on 27 November 2015. The transaction became effective in 2016.

in EUR m	9 months 2017	9 months 2016	Change
	01.01.– 30.09.2017	01.01.– 30.09.2016	
Management fees	66.7	66.8	-0.2%
Transaction fees	31.4	48.6	-35.4%
Performance fees	30.7	6.9	343.4%
Total service fee income	128.8	122.4	5.2%

Issuance of bonded loans

PATRIZIA issued a bonded loan of EUR 300m on 22 May 2017. The issuance received strong demand and was oversubscribed several times. The bonded loan is 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 loan 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 loan 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, amounts to EUR 740.7m as of 30 September 2017.

Issuance of bonus shares

On 22 June 2017, the Annual General Meeting of PATRIZIA Immobilien AG approved the management's proposal to carry forward the profit from the 2016 financial year to the full amount and to perform a capital increase in the ratio of 10:1. The corresponding change to the Articles of Association was entered into the Commercial Register of the Company on 5 July 2017. On 20 July 2017, the new shares were allotted to the authorised shareholders and the first day of trading followed on 21 July 2017. After the issuance of the bonus shares, PATRIZIA's share capital amounted to EUR 92,351,476.

Share buy-backs

On 8 August 2017, PATRIZIA announced a public share buy-back offer. The acceptance period for this share buy-back offer ended on 7 September 2017. During the course of the public offer, the Company acquired 2,011,980 treasury shares at a purchase price of EUR 17.40 per share.

A subsequent share buy-back programme of up to EUR 15.0m, announced on 13 September 2017, was completed on 30 October 2017. As of 30 September 2017, the Company held a total of 2,209,895 treasury shares through acquired and settled repurchases.

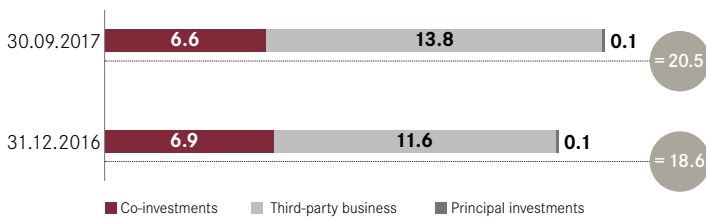
Increased earnings guidance for 2017

PATRIZIA confirms its expectation for net organic growth in AUM of EUR 2.0bn to approximately EUR 20.6bn in 2017. Including the acquisition of Sparinvest Property Investors in October 2017, which is mentioned in the Events after the Reporting Period section, PATRIZIA expects a net increase in AUM of approximately EUR 3.0bn to approximately EUR 21.6bn.

PATRIZIA increases its earnings guidance for 2017 due to higher than expected performance fees in the fourth quarter of 2017. Management now expects an operating income of slightly above EUR 75.0m, compared to a previous range of EUR 60.0m to EUR 75.0m.

Delivering on key performance indicators in the first nine months of 2017

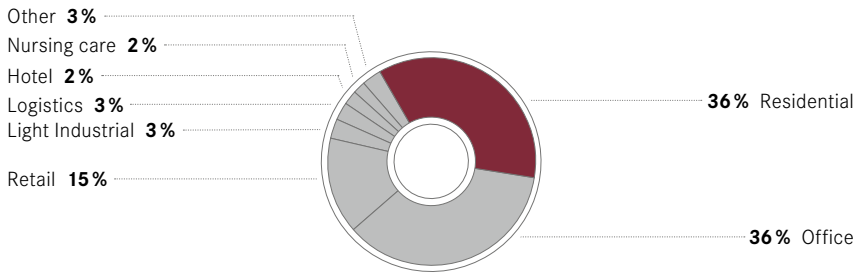
ASSETS UNDER MANAGEMENT (IN EUR BN)



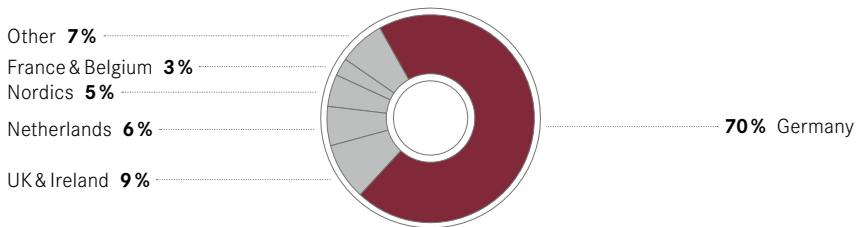
As of 30 September 2017, PATRIZIA was managing real estate assets of EUR 20.5bn, a total increase of EUR 1.9bn from EUR 18.6bn at the end of 2016. Of these assets EUR 14.3bn were located in Germany and EUR 6.2bn abroad.

Assets under management 30 September 2017

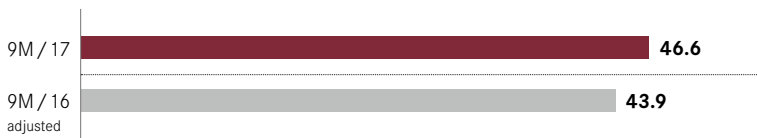
ASSETS UNDER MANAGEMENT – SECTOR BREAKDOWN



ASSETS UNDER MANAGEMENT – GEOGRAPHICAL DISTRIBUTION



OPERATING INCOME (IN EUR M)

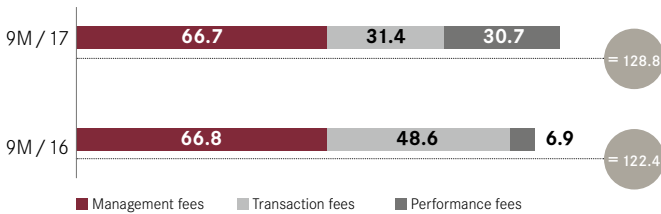


In the first nine months of 2017, operating income increased by 6.1% to EUR 46.6m (nine months of 2016: EUR 43.9m). 2016 operating income was adjusted to reflect the contribution from the disposal of the Harald portfolio. The Harald portfolio was acquired by PATRIZIA in May 2015 and sold at the beginning of 2016 generating a profit of approximately EUR 200m.

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 changes, the amortisation of fund management contracts, transaction-related taxes and minorities concerning the Harald portfolio, as well as reorganisation expenses. It includes realised valuation differences from the sale of real estate assets held as investment property as well as realised currency changes.

Development of supplemental performance parameters:

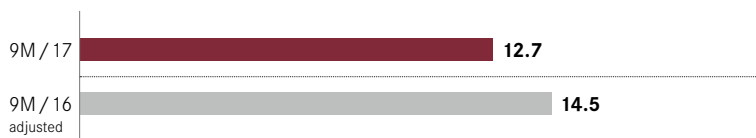
INCOME FROM MANAGEMENT SERVICES (IN EUR M)



In the period under review, total fee income from management services increased by 5.2% to EUR 128.8m, compared to EUR 122.4m in the first nine months of 2016. Totalling EUR 66.7m, management fees reached a comparable level to the prior year, which included EUR 8.0m in revenues from property management – a business that was sold at the beginning of 2017. This decrease was offset by an increase in management fees due to the growing volume of assets under management. At EUR 31.4m, transaction fees were below the very strong prior-year figure. Performance fees rose significantly to EUR 30.7m year-on-year.

PATRIZIA collects several contractual fees for the management of real estate assets. The management fees relate to the asset, fund and portfolio management services provided. In addition, PATRIZIA generates transaction fees upon acquisitions and sales of assets as well as performance fees when defined target returns are exceeded.

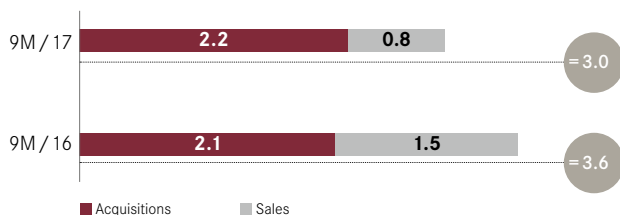
INVESTMENT INCOME (IN EUR M)



From January to September 2017, PATRIZIA generated EUR 12.7m of investment income, compared to EUR 14.5m in the same period of 2016.

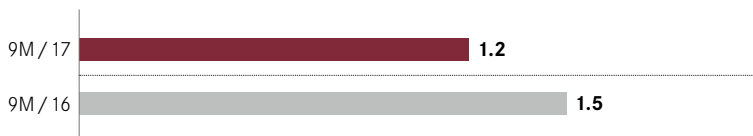
Investment income comprises principal investments (investments on PATRIZIA's own account) and co-investments. Income from principal investments includes sales profits as well as rental income from these investments. Income from co-investments is treated as income from participations.

TRANSACTION VOLUME (IN EUR BN)



In the first nine months of 2017, PATRIZIA completed acquisitions of EUR 2.2bn and sales of EUR 0.8bn, resulting in a reduction of total transaction volume after an exceptionally strong transaction volume last year.

EQUITY RAISED (IN EUR BN)



In the period under review, EUR 1.2bn of equity for investments was raised from institutional and retail clients, compared to EUR 1.5bn in the first nine months of 2016.

BUSINESS MODEL OF PATRIZIA

PATRIZIA's core business is the investment management of real estate assets and portfolios throughout Europe for institutional and retail clients. PATRIZIA generate income from management services as well as 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

In the course of the third-party business, investment funds are structured, placed and managed for institutional investors as well as for retail investors using PATRIZIA's own regulated and unregulated investment platforms. These funds are structured without any equity investment from PATRIZIA. For the management of these funds and related assets, PATRIZIA generates stable and recurring management fees. In addition, PATRIZIA generates transaction fees upon acquisitions and sales of assets, as well as performance fees when defined target returns are exceeded. Third-party business contributed EUR 13.8bn to the Group's total assets under management as of 30 September 2017.

Management of single-asset mandates

PATRIZIA's third-party business also includes individual mandates, which totalled EUR 2.0bn as of 30 September 2017. For the first time this figure included the Commerzbank Tower in Frankfurt am Main, the acquisition of which by a Korean investor was already signed in 2016 ('signing'), but was not closed until 31 July 2017 ('closing').

PATRIZIA THIRD-PARTY BUSINESS AS OF 30 SEPTEMBER 2017

in EUR m	Assets under management	Equity commitments	of which already invested equity	of which outstanding	Number of vehicles
Third-party business	13,843	9,610	7,972	1,638	57

1.1.2 Co-investments

Through co-investments, PATRIZIA in collaboration with its clients also invests own capital in real estate properties within the value add and opportunistic category. The investments demonstrate PATRIZIA's commitment to the client and to the transaction. In addition, PATRIZIA generates management fees in a similar way as with its third-party business, as well as income from participations. PATRIZIA shareholders therefore profit from the performance of an attractive and diversified pan-European real estate portfolio. Co-investments contributed EUR 6.6bn to the Group's total assets under management as of 30 September 2017. PATRIZIA invested EUR 0.2bn of equity in co-investments.

No significant changes in PATRIZIA's co-investments occurred in the first nine months of 2017. Further details can be found in PATRIZIA's 2016 Annual Report on page 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 conflicts of interest with its own investments. Principal investments, i.e. transactions on PATRIZIA's own account, are therefore either structured as interim financing for closed-end retail funds or early stage investments with the intention 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 September 2017 amounted to EUR 0.1bn.

In the period under review, around EUR 100.0m principal investments and properties held temporarily on the balance sheet were either sold (e.g. in Glasgow, UK) or transferred into closed-end retail funds and subsequently deconsolidated. Further details can therefore be found in PATRIZIA's 2016 Annual Report on page 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 is shown with and without the effects of the sale of the Harald portfolio in 2016 ('adjusted'). While there were no such effects in the first nine months of 2017, the comparative period of 2016 is presented both as adjusted and unadjusted. 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 extraordinary and non-cash items. In the first nine months of 2017, PATRIZIA generated operating income of EUR 46.6m. This represents an increase of 6.1% compared to the previous year's figure of EUR 43.9m. The operating income and prior year comparison is shown in the following table:

RECONCILIATION OF OPERATING INCOME – 9 MONTHS

in EUR k	9 months		Change	9 months		Change
	9 months 2017	2016 adjusted ¹		9 months 2017	9 months 2016	
	01.01.– 30.09.2017	01.01.– 30.09.2016		01.01.– 30.09.2017	01.01.– 30.09.2016	
EBITDA	48,194	34,047	41.6%	48,194	308,289	-84.4%
Amortisation of fund management contracts ² , depreciation of software and fixed assets	-4,234	-4,799	-11.8%	-4,234	-4,799	-11.8%
EBIT	43,960	29,248	50.3%	43,960	303,490	-85.5%
Finance income / costs	-2,695	-3,225	-16.4%	-2,695	-4,894	-44.9%
Gains / losses from currency translation	-2,106	-6,721	-68.7%	-2,106	-5,834	-63.9%
EBT	39,159	19,302	102.9%	39,159	292,762	-86.6%
Amortisation of fund management contracts ²	1,476	1,476	0.0%	1,476	1,476	0.0%
Harald portfolio – transaction-related taxes and minorities	0	0		0	-64,957	-100.0%
Net realised valuation gains from the sale of investment property	374	1,315	-71.6%	374	1,315	-71.6%
Reorganisation expenses	3,578	13,732	-73.9%	3,578	13,732	-73.9%
Expenses / income from unrealised currency translation	2,007	8,088	-75.2%	2,007	8,194	-75.5%
Operating income	46,594	43,913	6.1%	46,594	252,522	-81.5%

1 adjusted Harald portfolio

2 Fund management contracts that have been attained with the acquisition of PATRIZIA GewerbeInvest 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 nine months of 2017, consolidated revenues totalled EUR 163.0m, comparable to the level seen in the prior year period. Revenues from management services – which include the majority of fee income items – increased in line with the strategic focus on investment management services while rental revenues and revenues from ancillary costs declined due to the reduction of principal investments.

REVENUES – 9 MONTHS

in EUR k	9 months		Change	9 months		Change
	9 months 2017	2016 adjusted ¹		9 months 2017	9 months 2016	
	01.01.– 30.09.2017	01.01.– 30.09.2016		01.01.– 30.09.2017	01.01.– 30.09.2016	
Revenues from management services	121,698	115,282	5.6%	121,698	115,282	5.6%
Sales proceeds from principal investments	31,924	31,703	0.7%	31,924	517,797	-93.8%
Rental revenues	6,809	9,953	-31.6%	6,809	16,254	-58.1%
Revenues from ancillary costs	1,870	3,829	-51.2%	1,870	3,857	-51.5%
Miscellaneous	705	3,168	-77.7%	705	3,168	-77.7%
Consolidated revenues	163,006	163,935	-0.6%	163,006	656,358	-75.2%

¹ adjusted = without Harald portfolio

Revenues from management services for the first nine months of 2017 increased by 5.6%, from EUR 115.3m to EUR 121.7m compared to the same period in 2016.

Consolidated revenues are of limited informative value as profit and loss (P&L) items shown beneath the revenue line must also be taken into consideration to obtain a complete picture of the operational performance.

Including the income from the co-investment GBW GmbH, which is shown in income from participations, total service fee income increased by 5.2% to EUR 128.8m compared to EUR 122.4m 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. Transaction fees decreased to EUR 31.4m after exceptionally strong transaction volumes in 2016. Performance fees rose significantly to EUR 30.7m.

TOTAL SERVICE FEE INCOME – 9 MONTHS

in EUR m	9 months 2017	9 months 2016	Change
	01.01.– 30.09.2017	01.01.– 30.09.2016	
Management fees (without income from participations)	59.6	59.7	-0.2%
Transaction fees	31.4	48.6	-35.4%
Performance fees	30.7	6.9	343.4%
Revenues from management services	121.7	115.3	5.6%
Income from participations (attributable to GBW)	7.1	7.1	-0.2%
Total service fee income	128.8	122.4	5.2%

Totalling EUR 31.9m, **sales proceeds from principal investments** in the first nine months of 2017 reached a similar level to the previous period. This is in line with the stronger strategic focus on investment management services and further decreasing volumes of principal investments. For example, in the third quarter of 2017, a principal investment office building in Glasgow, UK, was sold generating a profit for PATRIZIA. The comparative figures for 2016 include the proceeds from the sale of a principal investment in Manchester, UK.

Rental revenues decreased from EUR 10.0m in the prior year to EUR 6.8m in the first nine months of 2017. This was primarily driven by the disposal of properties (principal investments) as well as by the deconsolidation of properties, that were only temporarily held on the balance sheet and thus only temporarily generated rental income, into closed-end retail funds.

Revenues from ancillary costs decreased in line with rental income to EUR 1.9m (nine months of 2016: EUR 3.8m) 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 nine months of 2017, such costs decreased to EUR 0.7m from EUR 3.2m year-on-year.

Total operating performance

Total operating performance reflects PATRIZIA's performance more comprehensively than revenues. Other relevant items – such as changes in inventories that have to be seen in relation with revenues from the sale of principal investments – are recognised within total operating performance. In the first nine months of 2017, total operating performance increased by 1.7% to EUR 157.1m, from EUR 154.5m in the prior year period.

TOTAL OPERATING PERFORMANCE – 9 MONTHS

in EUR k	9 months		Change	9 months		Change
	9 months 2017	2016 adjusted ¹		9 months 2017	9 months 2016	
	01.01.– 30.09.2017	01.01.– 30.09.2016		01.01.– 30.09.2017	01.01.– 30.09.2016	
Revenues	163,006	163,935	-0.6%	163,006	656,358	-75.2%
Income from the sale of investment property	268	1,153	-76.8%	268	1,153	-76.8%
Changes in inventories	-19,359	-20,617	-6.1%	-19,359	-407,502	-95.2%
Other operating income	13,152	6,330	107.8%	13,152	10,446	25.9%
Income from the deconsolidation of subsidiaries	1	3,691	-100.0%	1	196,930	-100.0%
Total operating performance	157,068	154,492	1.7%	157,068	457,385	-65.7%

¹ adjusted = Harald portfolio

Income from the sale of investment property

Income from the sale of investment property amounted to EUR 0.3m after EUR 1.2m in the first nine months of 2016.

Changes in inventories

In the first nine months of 2017, changes in inventories of EUR -19.4m (nine months of 2016: EUR -20.6m; -6.1%) were recognised. Asset sales from inventories decreased inventories by EUR 26.4m (nine months of 2016: decrease of EUR 26.2m). Prior year changes include – besides the privatisation of residential units – the disposal of a plot in Manchester, UK. Capitalisations of EUR 7.1m in the first nine months of 2017 (nine months of 2016: EUR 5.6m) increased inventories and are mainly attributable to maintenance measures and construction activities in connection with principal investments.

Other operating income

Other operating income increased to EUR 13.2m in the first nine months of 2017 (nine months of 2016: EUR 6.3m) and mainly include income from expired obligations (EUR 10.0m).

Income from the deconsolidation of subsidiaries

The income from the deconsolidation of subsidiaries relates to assets held temporarily on PATRIZIA's balance sheet until being placed in a closed-end retail fund of PATRIZIA GrundInvest KVG.

EBITDA

RECONCILIATION OF EBITDA – 9 MONTHS

in EUR k	9 months	9 months	Change	9 months	9 months	Change
	2017	2016 adjusted ¹		2017	2016	
	01.01.– 30.09.2017	01.01.– 30.09.2016		01.01.– 30.09.2017	01.01.– 30.09.2016	
Total operating performance	157,068	154,492	1.7%	157,068	457,385	-65.7%
Cost of materials	-11,411	-15,737	-27.5%	-11,411	-20,479	-44.3%
Costs for purchased services	-8,977	-10,762	-16.6%	-8,977	-10,762	-16.6%
Staff costs	-59,780	-62,642	-4.6%	-59,780	-76,651	-22.0%
Other operating expenses	-40,167	-31,764	26.5%	-40,167	-41,664	-3.6%
Income from participations	13,680	10,256	33.4%	13,680	10,256	33.4%
Earnings from companies accounted for using the equity method	2,109	3,936	-46.4%	2,109	3,936	-46.4%
Cost from the deconsolidation of subsidiaries	-750	0		-750	0	
EBITDAR	51,772	47,779	8.4%	51,772	322,021	-83.9%
Reorganisation expenses	-3,578	-13,732	-73.9%	-3,578	-13,732	-73.9%
EBITDA	48,194	34,047	41.6%	48,194	308,289	-84.4%

¹ adjusted = without Harald portfolio

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 decreased by 27.5% from EUR 15.7m to EUR 11.4m in the first nine months of 2017.

Costs for purchased services

Costs of purchased services largely include expenditure related to the white labelled funds of PATRIZIA Gewerbelinvest GmbH, for which PATRIZIA only acts as a service provider. The costs for purchased services decreased by 16.6% during the period to EUR 9.0m in the first nine months of 2017, compared to EUR 10.8m in the previous year. Management income from white labelled funds decreased by 12.1% to EUR 10.0m in the first nine months of 2017 (nine months of 2016: EUR 11.4m) whereas respective costs decreased by 14.7% to EUR 8.0m (nine months of 2016: EUR 9.4m).

Staff costs

As of 30 September 2017, PATRIZIA employed 635 full time employees (FTEs). The decline compared to the previous year's 772 FTEs is due to the sale of the property management business. The reduced number of staff is reflected in staff costs as shown in the table below.

STAFF COSTS – 9 MONTHS

in EUR k	9 months		Change	9 months		Change
	2017	2016		2017	2016	
	01.01.– 30.09.2017	01.01.– 30.09.2016		01.01.– 30.09.2017	01.01.– 30.09.2016	
Fixed salaries	35,272	38,156	-7.6%	35,272	38,163	-7.6%
Variable salaries	14,065	14,090	-0.2%	14,065	28,090	-49.9%
Social security contributions	6,724	7,640	-12.0%	6,724	7,641	-12.0%
Sales commissions	1,633	2,822	-42.1%	1,633	2,822	-42.1%
Effect on long-term variable compensation ²	351	-1,698	-120.7%	351	-1,698	-120.7%
Miscellaneous	1,735	1,632	6.3%	1,735	1,633	6.2%
Total	59,780	62,642	-4.6%	59,780	76,651	-22.0%

1 adjusted = without Harald portfolio

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

Staff costs decreased by 4.6% to EUR 59.8m during the first nine months of 2017 (nine months of 2016: EUR 62.6m). Fixed salaries declined by 7.6% to EUR 35.3m from EUR 38.2m in the prior year period due to a decrease in the number of employees. Variable salaries remained relatively stable at EUR 14.0m. Sales and distribution commissions decreased from EUR 2.8m in the prior year period to EUR 1.6m in the first half of 2017 due to reduced privatisation activity of residential units. Due to a positive share price performance, the long-term variable compensation costs

amounted to EUR 0.4m, after a positive contribution of EUR 1.6m in the prior year period. Miscellaneous mainly refers to payments in kind.

Other operating expenses

Other operating expenses increased from EUR 31.8m in the prior year period to EUR 40.2m in the first nine months of 2017. The specific composition is shown below.

OTHER OPERATING EXPENSES – 9 MONTHS

in EUR k	9 months		Change	9 months		Change
	9 months	2016		9 months	9 months	
	2017	adjusted ¹		2017	2016	
	01.01.– 30.09.2017	01.01.– 30.09.2016		01.01.– 30.09.2017	01.01.– 30.09.2016	
Advisory and audit fees	13,824	6,855	101.7%	13,824	6,966	98.4%
Rent, cleaning and ancillary costs	5,205	5,212	-0.1%	5,205	5,331	-2.4%
IT costs, communication costs and office supplies	5,199	5,163	0.7%	5,199	5,914	-12.1%
Vehicle and travel costs	3,618	3,813	-5.1%	3,618	3,813	-5.1%
Advertising costs	3,580	2,485	44.1%	3,580	2,537	41.1%
Recruitment costs, training costs and costs for temporary work	1,554	1,360	14.3%	1,554	1,360	14.3%
Contributions, charges and insurance costs	1,470	2,433	-39.6%	1,470	2,445	-39.9%
Commissions and other sales costs	1,370	2,105	-34.9%	1,370	2,105	-34.9%
Cost of Management Services	1,127	322	250.0%	1,127	5,979	-81.2%
Other taxes	528	174	203.4%	528	174	203.4%
Miscellaneous	2,692	1,842	46.1%	2,692	5,040	-46.6%
Total	40,167	31,764	26.5%	40,167	41,664	-3.6%

¹ adjusted = without Harald portfolio

Advisory and audit fees totalling EUR 13.8m (nine months of 2016: EUR 6.9m) include transaction costs of EUR 7.7m (nine months of 2016: EUR 1.2m). Of these transaction costs, EUR 6.0m (nine months of 2016: EUR 0.0m) relate to deals that did not materialise.

Compared to previous year's period, larger deviations occurred in advertising costs (increase 44.1% year-on-year) due to an international branding campaign, cost of management services (increase of 250.0% year-on-year) due to property management costs and miscellaneous (increase of 46.1% year-on-year) due to aperiodic effects.

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

PATRIZIA generated income from participations in the amount of EUR 15.8m, equivalent to an increase of 11.3% compared to EUR 14.2m in the previous year. The results include a positive contribution from the disposal proceeds of a participation in PATRIZIA Projekt 150 GmbH as well as increased income from participations. The co-investment in GBW GmbH generated EUR 9.5m, virtually in line with the prior period. The co-investment in WohnModul I – which is recognised as earnings from companies accounted for using the equity method – with an income of EUR 2.1m compared with EUR 3.9m in the first nine months of 2016 generated a lower income for accounting reasons. These are not related to an investment underperformance but rather related to aperiodic effects in income recognition. 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 income from management services.

INCOME FROM PARTICIPATIONS – 9 MONTHS

in EUR k	9 months 2017	9 months 2016	Change
	01.01.– 30.09.2017	01.01.– 30.09.2016	
GBW GmbH	9,515	9,528	-0.1%
PATRIZIA Projekt 150 GmbH	2,453	0	
Retail funds business	750	0	
Harald portfolio	645	645	0.0%
Winnersh Holdings LP (UK)	174	0	
Seneca	141	78	80.8%
Miscellaneous	2	5	-60.0%
Income from participations	13,680	10,256	33.4%
Earnings from companies accounted for using the equity method	2,109	3,936	-46.4%
Total	15,789	14,192	11.3%

Reorganisation expenses

As a result of an internal reorganisation initiated in 2016, expenses of EUR 3.6m were recognised in the first nine months of 2017, compared to EUR 13.7m in the first nine months of 2016.

Net profit for the period

PATRIZIA's net profit for the period increased strongly to EUR 30.3m, after EUR 10.8m in the first nine months of 2016.

NET PROFIT FOR THE PERIOD – 9 MONTHS

in EUR k	9 months	9 months	Change	9 months	9 months	Change
	2017	2016 adjusted ¹		2017	2016	
	01.01.– 30.09.2017	01.01.– 30.09.2016		01.01.– 30.09.2017	01.01.– 30.09.2016	
EBITDA	48,194	34,047	41.6%	48,194	308,289	-84.4%
Amortisation of fund management contracts, depreciation of software and fixed assets	-4,234	-4,799	-11.8%	-4,234	-4,799	-11.8%
EBIT	43,960	29,248	50.3%	43,960	303,490	-85.5%
Financial income	759	1,458	-47.9%	759	1,952	-61.1%
Financial expenses	-3,454	-4,683	-26.2%	-3,454	-6,846	-49.5%
Gains from currency translation	-2,106	-6,721	-68.7%	-2,106	-5,834	-63.9%
Financial result	-4,801	-9,946	-51.7%	-4,801	-10,728	-55.2%
EBT	39,159	19,302	102.9%	39,159	292,762	-86.6%
Income taxes	-8,866	-8,467	4.7%	-8,866	-54,405	-83.7%
Net profit for the period	30,293	10,835	179.6%	30,293	238,357	-87.3%

¹ adjusted = without Harald portfolio

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 4.2m (nine months of 2016: EUR 4.8m; -11.8%).

Financial result

Financial income declined to EUR 0.8m in the first nine months of 2017 compared to EUR 1.5m in the previous year. Financial expenses decreased to EUR 3.5m (nine months of 2016: EUR 4.7m; -26.2%) and losses from currency translation declined to EUR 1.9m from losses of EUR 6.7m in the previous year.

Income tax

Income taxes increased to EUR 8.9m in the first nine months of 2017, up 4.7% compared to the previous year's period (nine months of 2016: EUR 8.5m).

1.2.2 Group's net asset and financial situation

PATRIZIA'S KEY FINANCIAL AND ASSET FIGURES

in EUR k	30.09.2017	31.12.2016	Change
Total assets	1,212,161	993,259	22.0%
Equity (excl. non-controlling shareholders)	740,754	749,342	-1.1%
Equity ratio	61.1%	75.4%	-14,3 PP
+ Bank Loans	0	53,200	-100.0%
+ Bonded Loans	322,000	27,000	1,092.6%
- Cash and cash equivalents	531,949	440,219	20.8%
- Investment term deposits	227,000	0	
- Securities	11,000	0	
= Net cash (-) / net debt (+)	-447,949	-360,019	24.4%
Net equity ratio ¹	83.2%	82.1%	1,1 PP

¹ Shareholders' equity (excl. non-controlling shareholders) divided by net assets (total assets less total debt covered by incremental cash)

PP = percentage points

Equity decreased by 1.1% during the reporting period mainly due to the share buy-back programme. For details please refer to item 10 Treasury Shares of the Notes.

Total assets

The Group's total assets in the period under review increased to EUR 1.2bn, compared with EUR 1.0bn at year end 2016, mainly due to the issuance of a bonded loan.

Investment property and inventories

PATRIZIA's real estate assets were reduced by 33.4% from EUR 195.2m as per 31 December 2016 to EUR 129.9m as per 30 September 2017 - in line with its strategy.

in EUR k	30.09.2017	31.12.2016	Change
Inventories	120,294	182,931	-34.2%
Investment property	9,627	12,226	-21.3%
Principal investments	129,921	195,157	-33.4%

Out of the principal investments, EUR 120.3m were attributable to **inventories** and include principal investments for sale within normal business operations, as well as properties held temporarily for subsequent placement in a closed-end retail fund. The reduction in inventories by 34.2% compared to year end 2016 is due to the sale of a principal investment in Glasgow, UK, and the deconsolidation of properties which were only temporarily held on the balance sheet and in the meantime have been transferred into closed-end retail funds. Furthermore, EUR 9.6m relate to **investment property**, which was initially acquired for a longer-term holding period with the aim to generate rental income.

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 SEPTEMBER 2017

in EUR m	Assets under management	PATRIZIA investment capital	Participation in %
Third-party business	13,843.4		
Co-investments	6,550.2	176.9	
Residential	5,382.3	138.3	
GBW GmbH	3,680.4	54.6	5.1
WohnModul I SICAV-FIS	1,701.9	83.6	10.1
Other	0.0	0.1	0.0
Commercial Germany	413.0	17.9	
PATRoffice	191.4	5.4	6.3
Seneca	197.9	4.9	5.1
sono west	23.7	7.5	30.0
Commercial International	754.9	20.7	
Avimore Topco (UK)	288.8	12.8	10.0
Citruz Holdings LP (UK)	26.1	3.2	10.0
Plymouth Sound Holdings LP (UK)	44.9	1.8	10.0
Winnersh Holdings LP (UK)	395.1	2.9	5.0
Principal investments	128.6	124.5	
Harald portfolio	0.0	21.9	5.3
Other	128.6	102.6	100.0
Operating companies	0.0	20.6	100.0
Investment capital employed	20,522.2	322.0	
Available bank balances and cash	-	740.7	-
Total investment capital	20,522.2	1,062.7	
Of which external capital (bonded loans)	-	322.0	-

Capital structure

Financial liabilities

The Group's total financial liabilities increased to EUR 322.0m as of 30 September 2017 compared to 31 December 2016. The increase was driven by the issuance of a bonded loan in May 2017. In contrast, short-term bank loans reduced to zero compared to EUR 53.2m at the end of 2016, as no properties temporarily held on the balance sheet and due to being transferred into closed-end retail funds required interim financing as of 30 September 2017.

Bonded loans

A bonded loan, issued in 2013 and due in June 2018, amounted to EUR 22.0m as of 30 June 2017 and is considered as a short-term liability. Since then, on 22 May 2017, PATRIZIA issued a bonded loan totalling EUR 300.0m. The issuance was very well received and was oversubscribed several times. The bonded loan is 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 table below.

in EUR k	30.09.2017	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	0	53,200	-100.0%
Total financial liabilities	322,000	80,200	301.5%

For a detailed schedule of maturities please refer to item 12 of the Notes.

Liquidity

As of 30 September 2017, PATRIZIA held available cash worth EUR 740.7m compared to EUR 394.2m at the end of 2016.

in EUR k	30.09.2017	31.12.2016
Bank balances and cash	531,949	440,219
Investment term deposits	227,000	0
Securities	11,000	0
Short-term liquidity	769,949	440,219
– Transaction-based liabilities Harald portfolio	–22,230	–36,021
– Regulatory reserve KVGs	–6,900	–6,900
– Cash in retail funds business special purpose vehicles	–74	–3,026
– Shares of non-controlling shareholders	0	–84
= Available cash	740,745	394,188

Total short-term liquidity amounts to EUR 769.9m (year end 2016: EUR 440.2m). However, this amount is not freely available to PATRIZIA in its entirety. EUR 238.0m is invested in securities and deposits with a short-term notice period. Through the sale of the Harald portfolio, remaining transaction-based liabilities have been made, of which EUR 22.2m were not yet due at the reporting date. In addition, a cash reserve of EUR 7.0m has to be permanently held available due to regulatory requirements for the regulated investment management companies (KVGs) and the closed-end retail funds. In light of the above factors, the free cash balance available to PATRIZIA amounts to EUR 740.7m.

2 EVENTS AFTER THE REPORTING PERIOD

After the reporting date, the following relevant events have occurred.

Acquisition Sparinvest Property Investors (SPI)

On 12 October 2017, PATRIZIA Immobilien AG acquired 100% of the shares in Copenhagen-based Sparinvest Property Investors (SPI), one of the leading global real estate fund of funds investment managers in the small- and mid-cap segment. The acquisition demonstrates PATRIZIA's strategy to broaden its product offering for its clients and, at the same, increases the global reach of PATRIZIA. Founded in 2005 by its managing partners in cooperation with Sparinvest, a Danish financial institution, SPI has become a major player in the real estate fund of funds segment. Working with a global network of select best-in-class operating partners, SPI's funds are invested across Europe, Asia and the Americas. SPI is a global expert in fund of funds investments with around EUR 1bn assets under management. The company currently manages four real estate funds with equity commitments totalling EUR 1.5bn. Despite becoming a fully owned subsidiary of the PATRIZIA group, SPI will retain full autonomy with regard to investment decisions concerning

its funds. Due to the temporal proximity of transaction and preparation as well as publication date of this report, no purchase price allocation according to IFRS 3 could be performed.

Share buy-back programme

In the course of the share buy-back programme, which the Management Board of PATRIZIA Immobilien AG has resolved in September 2017, PATRIZIA acquired and settled a further 650,956 shares in an amount of EUR 11.6m after the balance sheet date. The share buy-back programme was completed on 30 October 2017 after the target buy-back volume of EUR 15.0m was reached. As of 30 October 2017, the Company held a total of 2,796,417 treasury shares.

Acquisition TRIUVA Kapitalverwaltungsgesellschaft mbH

PATRIZIA Immobilien AG on 12 November 2017 announced that it has acquired TRIUVA Kapitalverwaltungsgesellschaft mbH.

TRIUVA is one of the leading providers of real estate investments in Europe. The company manages around 40 funds, partners with more than 80 institutional investors and consists of around 200 employees across its 15 European locations. The Frankfurt-based company focuses on commercial real estate in the office, retail and logistics sectors as well as infrastructure. Currently, TRIUVA manages real estate assets of around EUR 9.8 billion.

The acquisition increases PATRIZIA's assets under management by around 50 per cent to more than EUR 30 billion, placing the company firmly amongst the top 10 European real estate investment managers. Furthermore, this will broaden PATRIZIA's product range, enabling institutional and private investors to access new markets, asset classes and risk profiles with their investments.

In a first step PATRIZIA will acquire a majority stake in TRIUVA. Both parties agreed to not disclose the purchase price. The acquisition will be financed by existing liquidity. PATRIZIA will publish details with regards to the positive financial impact of the acquisition together with its full-year 2017 results in the first quarter of 2018. PATRIZIA expects the transaction to close at the end of the first quarter 2018 at the latest and to be earnings accretive in the year of acquisition.

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 Increased earnings guidance for 2017

PATRIZIA confirms its expectation for net organic growth in AUM of EUR 2.0bn to approximately EUR 20.6bn in 2017. Including the acquisition of Sparinvest Property Investors (SPI) in October 2017, which is mentioned in the Events after the Reporting Period section, PATRIZIA in 2017 expects a net increase in AUM of approximately EUR 3.0bn to approximately EUR 21.6bn.

PATRIZIA increases its earnings guidance for 2017 due to higher than expected performance fees. Management now expects an operating income of slightly above EUR 75.0m, compared to a previous range of EUR 60.0m to EUR 75.0m. In this context PATRIZIA expects to generate transaction fees at the lower end of or slightly below the so far communicated range of between EUR 55.0m to EUR 65.0m for 2017. In terms of performance fees PATRIZIA however expects to generate fees above the previous range of EUR 29.0m to EUR 38.0m.

Augsburg, 13 November 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. Due to commercial rounding of figures and percentages small deviations may occur.



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CONSOLIDATED BALANCE SHEET

as of 30 September 2017

ASSETS

in EUR k	30.09.2017	31.12.2016
A. Non-current assets		
Goodwill	610	610
Other intangible assets	33,922	35,416
Software	10,769	10,772
Investment property	9,627	12,226
Equipment	4,768	4,460
Participations in associated companies	83,742	85,923
Participations	101,284	102,033
Loans	14,444	7,015
Long-term tax assets	0	35
Deferred taxes	280	323
Total non-current assets	259,446	258,813
B. Current assets		
Inventories	120,294	182,931
Securities	11,010	44
Short-term tax assets	6,796	11,941
Current receivables and other current assets	282,666	99,311
Bank balances and cash	531,949	440,219
Total current assets	952,715	734,446
Total assets	1,212,161	993,259

EQUITY AND LIABILITIES

in EUR k	30.09.2017	31.12.2016
A. Equity		
Share capital	90,142	83,956
Capital reserve	139,402	184,005
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	1,691	1,691
Currency translation differences	-11,267	-10,803
Consolidated unappropriated profit	521,972	491,679
Total equity	742,445	751,033
B. Liabilities		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	16,830	17,992
Retirement benefit obligations	693	648
Bonded loans	300,000	22,000
Non-current liabilities	6,083	6,866
Total non-current liabilities	323,606	47,506
CURRENT LIABILITIES		
Short-term bank loans	0	53,200
Bonded loans	22,000	5,000
Short-term financial derivatives	0	0
Other accruals	18,060	27,627
Current liabilities	80,833	75,343
Tax liabilities	25,217	33,550
Total current liabilities	146,110	194,720
Total equity and liabilities	1,212,161	993,259

CONSOLIDATED INCOME STATEMENT

for the period from 1 January 2017 to 30 September 2017

in EUR k	9 months 2017	9 months 2016
	01.01.–30.09.2017	01.01.–30.09.2016
Revenues	163,006	656,358
Income from the sale of investment property	268	1,153
Changes in inventories	-19,359	-407,502
Other operating income	13,152	10,446
Income from the deconsolidation of subsidiaries	1	196,930
Total operating performance	157,068	457,385
Cost of materials	-11,411	-20,479
Cost of purchased services	-8,977	-10,762
Staff costs	-59,780	-76,651
Other operating expenses	-40,167	-41,664
Income from participations	13,680	10,256
Earnings from companies accounted for using the equity method	2,109	3,936
Cost from the deconsolidation of subsidiaries	-750	0
EBITDAR	51,772	322,021
Reorganisation expenses	-3,578	-13,732
EBITDA	48,194	308,289
Amortisation of fund management contracts, depreciation of software and fixed assets	-4,234	-4,799
Earnings before finance income and income taxes (EBIT)	43,960	303,490
Finance income	759	1,952
Finance costs	-3,454	-6,846
Currency result	-2,106	-5,834
Earnings before income taxes (EBT)	39,159	292,762
Income tax	-8,866	-54,405
Net profit / loss for the period	30,293	238,357
Earnings per share (undiluted) in EUR	0.34	2.43
The net profit / loss for the period is allocated to:		
Shareholders of the parent company	30,293	219,039
Non-controlling shareholders	0	19,318
	30,293	238,357

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2017 to 30 September 2017

	9 months 2017	9 months 2016
in EUR k	01.01.–30.09.2017	01.01.–30.09.2016
Net profit / loss for the period	30,293	238,357
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	-464	-8,657
Total result for the reporting period	29,829	229,700
The total result is allocated to:		
Shareholders of the parent company	29,829	210,382
Non-controlling shareholders	0	19,318
	29,829	229,700

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January 2017 to 30 September 2017

in EUR k	9 months 2017	9 months 2016
	01.01.–30.09.2017	01.01.–30.09.2016
Net profit / loss for the period	30,293	238,357
Income taxes recognised through profit or loss	8,866	54,405
Financial costs through profit or loss	3,454	6,846
Financial income through profit or loss	-759	-1,952
Income from divestments of participations, recognised through profit or loss	-2,453	0
Amortisation of fund management contracts, software and equipment	4,234	4,799
Income from the sale of investment property	-268	-1,153
Costs from the deconsolidation of subsidiaries	750	0
Income from the deconsolidation of subsidiaries	-1	-196,930
Other non-cash items	-7,108	11,861
Changes in inventories, receivables and other assets that are not attributable to investment activities	-79,703	374,271
Changes in liabilities that are not attributable to financing activities	45,987	56,489
Interest paid	-3,421	-6,473
Interest received	316	1,564
Income tax payments	-13,407	-40,387
Cash outflow / inflow from operating activities	-13,220	501,697
Capital investments software and equipment	-3,045	-2,381
Payments received from the disposal of intangible assets and equipment	0	45
Payments received from the sale of investment property	2,955	8,491
Payments for the development of investment property	-90	-321
Payments for the acquisition of securities	-237,966	0

in EUR k	9 months 2017	9 months 2016
	01.01.–30.09.2017	01.01.–30.09.2016
Payments for the acquisition of participations	-394	-1,190
Payments received from the equity reduction of participations	735	0
Payments received from the sale of participations	2,456	0
Payments for investments in companies accounted for using the equity method	-5,171	0
Payment received through distributions of companies accounted for using the equity method	0	5,361
Payments received from the repayment of shares of companies accounted for using the equity method	9,456	6,565
Payments for loans to companies in which participating interests are held	-7,637	-1,137
Payments received from the disposal of consolidated companies and other business units	14	333,695
Payments for the disposal of consolidated companies and other business units	-8,962	0
Payments for the acquisition of consolidated companies and other business units	1	-42,366
Cash outflow / inflow from investment / divestment activities	-247,649	306,762
Borrowing of loans	404,500	96,675
Repayment of loans	-13,485	-646,961
Payments to non-controlling shareholders	0	-299
Payments for buy-backs of own shares	-38.417	0
Cash inflow / outflow from financing activities	352,598	-550,585
Changes in cash	91,729	257,874
Cash 01.01	440,219	179,141
Effect of changes in exchange rates on cash	1	-2,395
Cash 30.09.	531,949	434,620

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January 2017 to 30 September 2017

in EUR k	Share capital	Capital reserve	Retained earnings (legal reserve)
Balance 01.01.2016	76,324	191,637	505
Net amount recognised directly in equity, where applicable less income taxes	0	0	0
Issue of bonus shares	7,632	-7,632	0
Payout of profit shares to non-controlling shareholders	0	0	0
Net profit / loss for the period	0	0	0
Balance 30.09.2016	83,956	184,005	505
Balance 01.01.2017	83,956	184,005	505
Net amount recognised directly in equity, where applicable less income taxes	0	0	0
Issue of bonus shares	8,396	-8,396	0
Share buyback	-2,210	-36,207	0
Net profit / loss for the period	0	0	0
Balance 30.09.2017	90,142	139,402	505

	Currency translation difference	Consolidated unappropriated profit	Equity of the shareholders of the parent company	Equity of non-controlling shareholders	Total
	-869	254,004	518,099	18,190	539,791
	-8,657	0	-8,657	0	-8,657
	0	0	0	0	0
	0	0	0	-299	-299
	0	219,039	219,039	19,318	238,357
	-9,526	473,043	728,481	37,209	769,192
	-10,803	491,679	749,342	1,691	751,033
	-464	0	-464	0	-464
	0	0	0	0	0
	0	0	-38,417	0	-38,417
	0	30,293	30,293	0	30,293
	-11,267	521,972	740,754	1,691	742,445



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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of 30 September 2017 (first nine months 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 a global provider of real estate investments 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 20.5bn, mainly for insurance companies, pension fund institutions, sovereign wealth funds and savings banks.

2 PRINCIPLES APPLIED IN PREPARING THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements of PATRIZIA Immobilien AG for the first nine months of 2017 (1 January 2017 to 30 September 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 Managing Board, the unaudited consolidated interim financial statements for the period ended 30 September 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 nine 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 interim 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 portfolio' 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 due to commercial rounding of figures and percentages small deviations may occur.

3 SCOPE OF CONSOLIDATION

All of the Company's subsidiaries are included in the consolidated interim 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 92 subsidiaries. They are included in the consolidated interim 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 less 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 shown below during the reporting period.

As of 01.01.2017	93
Acquisitions	2
Foundations	1
Mergers	–
Deconsolidations	–4
As of 30.09.2017	92

Significant transactions for the Group are explained below under company acquisitions, sales and restructuring within the Group. Due to materiality aspects the passages for company acquisitions and foundations are not displayed for the reporting period.

Divestiture of subsidiaries

PATRIZIA Immobilien AG expanded its portfolio of products in 2015 by offering regulated closed end real estate funds for private investors. During the fund formation phase and the placement of the respective shares, these companies must provisionally be consolidated in the PATRIZIA Group. The companies listed below left PATRIZIA's basis of consolidation in 2017, with deconsolidation costs amounting to EUR 750k.

COMPANIES – EXPENSES FROM DECONSOLIDATION

in EUR k	
PATRIZIA GrundInvest München Leopoldstraße GmbH & Co. geschlossene Investment-KG	66
PATRIZIA GrundInvest Mainz Rheinufer GmbH & Co. geschlossene Investment-KG i. V. m.	
PATRIZIA GrundInvest Objekt Mainz Rheinufer GmbH & Co. KG	684
Total	750

In addition, the Deutsche Wohnungsprivatisierungsgesellschaft mbH left the basis of consolidation in the reporting period with deconsolidation earnings amounting to EUR 1k.

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. 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 31 December 2016, which are contained in PATRIZIA'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 SICAV-FIS is the purchase of different types of real estate assets, including project developments and assets for refurbishment. As an exit strategy, the sales of whole 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 activity in the event of single unit sales and project developments, but also to fluctuations in the interest rates.

The Group's share in the profit of PATRIZIA WohnModul I SICAV-FIS for the first nine months of 2017 is EUR 2,109k (nine months of 2016: EUR 3,936k).

During the reporting period, PATRIZIA WohnModul I SICAV-FIS distributed two dividends totalling EUR 9,456k to PATRIZIA Immobilien AG. The first distribution in the amount of EUR 4,955k was fully reinvested against the issue of new shares. Both distributions were credited against Participations in Associated Companies and so did not affect 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%)
- Avimore 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 amounting to 10%. Please also refer to item 18 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 decrease in inventories of EUR 62,637k is primarily related to the disposal of assets in the course of the deconsolidation of PATRIZIA GrundInvest München Leopoldstraße GmbH & Co. geschlossene Investment-KG 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 a EUR 300,000k bonded loan 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 227,000k 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	30.09.2017	31.12.2016
Bank balances and cash	531,949	440,219
Investment term deposits	227,000	0
Securities	11,000	0
short-term liquidity	769,949	440,219
– Transaction-based liabilities Harald portfolio	–22,230	–36,021
– Regulatory reserve KVGs	–6,900	–6,900
– Cash in retail funds business special purpose vehicles	–74	–3,026
– Shares of non-controlling shareholders	0	–84
= Available cash	740,745	394,188

9 EQUITY

The Company's share capital at the balance sheet date was EUR 90,141,581 (31 December 2016: EUR 83,955,887) and was divided into 90,141,581 (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 TREASURY SHARES

In the reporting period, the Management Board of PATRIZIA Immobilien AG has resolved to acquire treasury shares, therefore PATRIZIA launched a public share buy-back offer, which closed on 7 September 2017. A further share buy-back programme was completed on 30 October 2017.

Treasury Shares are composed as shown in the table below.

	Number of shares	Price per share in EUR	Total value in EUR
As of 01.01.2017	0		0
Purchases of shares:			
Public share buy-back offer 2017	2,011,980	17.40	35,008,452
Purchases of shares:			
Share buy-back programme 2017 ¹	197,915	17.22	3,408,403
As of 30.09.2017	2,209,895		38,416,855

¹ acquired and settled buy-backs as of 30.09.2017

11 NON-CONTROLLING SHAREHOLDERS

As of 30 September 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.

12 FINANCIAL LIABILITIES

The maturity profile of financial liabilities is shown in the tables below.

in EUR k 30.09.2017	2018	2022	2024	2026	2027	Total
Bank loans	0	0	0	0	0	0
Mortgage loans	0	0	0	0	0	0
Bonded loans	22,000	91,500	124,000	0	84,500	322,000
Total financial liabilities	22,000	91,500	124,000	0	84,500	322,000

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

The change in financial liabilities results primarily from the issuance of a bonded loan worth EUR 300,000k in the second quarter of 2017 as well as from the deconsolidation of the companies PATRIZIA GrundInvest Mainz Rheinufer GmbH & Co. geschlossene Investment-KG and PATRIZIA GrundInvest Objekt Mainz Rheinufer GmbH & Co. KG. Furthermore, the 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, was repaid in the full amount.

As of the balance sheet date, two bonded loans are shown in the consolidated interim financial statements. 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.

13 LONG-TERM LIABILITIES

Long-term Liabilities amount to EUR 6,083k (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 PATRIZIA's 2016 Annual Report.

14 REVENUES

in EUR k	9 months 2017	9 months 2016 adjusted ¹	Change	9 months 2017	9 months 2016	Change
	01.01.– 30.09.2017	01.01.– 30.09.2016		01.01.– 30.09.2017	01.01.– 30.09.2016	
Revenues from management services	121,698	115,282	5.6%	121,698	115,282	5.6%
Sales proceeds of principal investments	31,924	31,703	0.7%	31,924	517,797	-93.8%
Rental revenues	6,809	9,953	-31.6%	6,809	16,254	-58.1%
Revenues from ancillary costs	1,870	3,829	-51.2%	1,870	3,857	-51.5%
Miscellaneous	705	3,168	-77.7%	705	3,168	-77.7%
Consolidated revenues	163,006	163,935	-0.6%	163,006	656,358	-75.2%

¹ adjusted = without Harald portfolio

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

15 OTHER OPERATING INCOME

in EUR k	9 months		Change	9 months		Change
	2017	2016		2017	2016	
	01.01.– 30.09.2017	01.01.– 30.09.2016		01.01.– 30.09.2017	01.01.– 30.09.2016	
Income from expired obligations	10,001	3,498	185.9%	10,001	3,498	185.9%
Income from payments in kind	602	700	-14.0%	602	700	-14.0%
Income from the decrease in the general provision	244	287	-15.0%	244	287	-15.0%
Income from reimbursement of lawyers' fees, court costs and transaction costs and payments of damages	83	1,226	-93.2%	83	1,226	-93.2%
Insurance compensations	3	51	-94.1%	3	51	-94.1%
Other	2,219	568	290.7%	2,219	4,684	-52.6%
Total	13,152	6,330	107.8%	13,152	10,446	25.9%

1 adjusted = without Harald portfolio

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.

16 COST OF MATERIALS

in EUR k	9 months	9 months	Change	9 months	9 months	Change
	2017	2016 adjusted ¹		2017	2016	
	01.01.– 30.09.2017	01.01.– 30.09.2016		01.01.– 30.09.2017	01.01.– 30.09.2016	
Renovation and construction costs	7,833	10,246	-23.6%	7,833	10,734	-27.0%
Ancillary rental costs	3,204	4,852	-34.0%	3,204	9,106	-64.8%
Maintenance costs	374	639	-41.5%	374	639	-41.5%
Total	11,411	15,737	-27.5%	11,411	20,479	-44.3%

¹ adjusted = without Harald portfolio

17 OTHER OPERATING EXPENSES

in EUR k	9 months 2017	9 months 2016 adjusted ¹	Change	9 months 2017	9 months 2016	Change
	01.01.– 30.09.2017	01.01.– 30.09.2016		01.01.– 30.09.2017	01.01.– 30.09.2016	
Advisory and audit fees	13,824	6,855	101.7%	13,824	6,966	98.4%
Rent, cleaning and ancillary costs	5,205	5,212	-0.1%	5,205	5,331	-2.4%
IT costs, communication costs and office supplies	5,199	5,163	0.7%	5,199	5,914	-12.1%
Vehicle and travel costs	3,618	3,813	-5.1%	3,618	3,813	-5.1%
Advertising costs	3,580	2,485	44.1%	3,580	2,537	41.1%
Recruitment costs, training costs and costs for temporary work	1,554	1,360	14.3%	1,554	1,360	14.3%
Contributions, charges and insurance costs	1,470	2,433	-39.6%	1,470	2,445	-39.9%
Commissions and other sales costs	1,370	2,105	-34.9%	1,370	2,105	-34.9%
Cost of Management Services	1,127	322	250.0%	1,127	5,979	-81.2%
Other taxes	528	174	203.4%	528	174	203.4%
Miscellaneous	2,692	1,842	46.1%	2,692	5,040	-46.6%
Total	40,167	31,764	26.5%	40,167	41,664	-3.6%

¹ adjusted = without Harald portfolio

Advisory and audit fees totalling EUR 13,824k (nine months of 2016: EUR 6,855k) include transaction costs of EUR 7,670k (nine months of 2016: EUR 1,168k). Of these transaction costs, EUR 5,977k (nine months of 2016: EUR 0,00k) relate to deals that did not materialise.

18 INCOME FROM PARTICIPATIONS

For the first nine months of 2017, Income from Participations totalled EUR 13,680k (nine months of 2016: EUR 10,256k) and contains the investment income from co-investments in GBW GmbH, Harald portfolio, Winnersh Holdings LP (UK) and Seneca (nine months of 2016: GBW GmbH, Harald portfolio and Seneca) as well as from the retail funds business.

In addition, PATRIZIA earned investment income from co-investments totalling EUR 2,453k from the sale of the participation in the PATRIZIA Projekt 150 GmbH.

Income from participations is composed as shown in the table below.

in EUR k	9 months 2017	9 months 2016	Change
	01.01.– 30.09.2017	01.01.– 30.09.2016	
Services provided as shareholder contributions	7,098	7,111	-0.2%
Investment income from co-investments	6,582	3,145	109.3%
Total	13,680	10,256	33.4%

19 FINANCIAL RESULT

in EUR k	9 months	9 months	Change	9 months	9 months	Change
	2017	2016 adjusted ¹		2017	2016	
	01.01.– 30.09.2017	01.01.– 30.09.2016		01.01.– 30.09.2017	01.01.– 30.09.2016	
Interest on bank deposits	130	48	170.8%	130	88	47.7%
Other interest	629	1,410	-55.4%	629	1,864	-66.3%
Financial income	759	1,458	-47.9%	759	1,952	-61.1%
Interest on revolving credit facilities and bank loans	-643	-1,866	-65.5%	-643	-5,821	-89.0%
Other financial expenses	-2,811	-2,817	-0.2%	-2,811	-1,025	174.2%
Financial expenses	-3,454	-4,683	-26.2%	-3,454	-6,846	-49.5%
Currency result	-2,106	-6,721	-68.7%	-2,106	-5,834	-63.9%
Financial result	-4,801	-9,946	-51.7%	-4,801	-10,728	-55.2%

¹ adjusted = without Harald portfolio

In the first nine months of 2017, the currency result in the profit and loss statement amounted to EUR -2,106k (nine months of 2016: EUR -6,721k). This includes realised currency translation losses amounting to EUR -98k (nine months of 2016: realised currency translation gains in the amount of EUR 1,367k).

20 EARNINGS PER SHARE

	9 months 2017 adjusted¹	9 months 2016 adjusted²	9 months 2017	9 months 2016
in EUR k	01.01.– 30.09.2017	01.01.– 30.09.2016	01.01.– 30.09.2017	01.01.– 30.09.2016
Profit attributable to Group's shareholders	33,061	18,244	30,293	219,039
Number of shares issued	90,141,581	83,955,887	90,141,581	83,955,887
Weighted number of shares	90,141,581	90,141,581	90,141,581	90,141,581
Earnings per share (undiluted, in EUR)	0.37	0.20	0.34	2.43

¹ adjusted = without reorganisation expenses after tax

² adjusted = without Harald portfolio and reorganisation expenses after tax

Applying IAS 33.64, the weighted number of shares for the same period of the previous year from 83,955,887 to 90,141,581 was adjusted, assuming that the weighted number of shares throughout the year of 2016 corresponds to that of 2017.

In the reporting period, the weighted number of shares increased due to the issue of bonus shares by 8,395,589 and decreased due to the share buy-back by 2,209,895, which is described in section 10 Treasury Shares.

21 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 locations of the related assets. 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 of '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 Group Management. PATRIZIA has agreed that for the 2017 financial year this 'Shared service fee' is no longer relevant as a 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 portfolio 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 intra-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 holding functions provided by PATRIZIA Immobilien AG 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. Income from management services generated from co-investments, as well as from third parties, is 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 income.

EBT, the measure of segment earnings, comprises: total revenues, income from the sale of investment property, changes in inventories, income and expenses 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 income. Adjustments are made for non-cash effects from the valuation of investment properties and unrealised currency changes, the amortisation of fund management contracts, transaction-related taxes and minorities concerning the Harald portfolio, as well as 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 FIRST NINE MONTHS 2017 (01.01.–30.09.2017)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
Germany					
Revenues from principal investments	20,335				20,335
Rental revenues	5,066	84		-42	5,108
Revenues from management services		107,451		-2,387	105,063
Other	845	171		-2	1,014
Revenues	26,246	107,705		-2,431	131,520
International ¹					
Revenues from principal investments	11,588				11,589
Rental revenues	1,647				1,647
Revenues from management services		61,571		-778	60,793
Other	1,298	185			1,483
Revenues	14,533	61,757		-778	75,511
Corporate					
Revenues			554		554
Consolidation					
Revenues		-44,478		-101	-44,579
Group					
Revenues from principal investments	31,923				31,924
Rental revenues	6,713	84	54	-42	6,809
Revenues from management services		124,558	312	-3,173	121,698
Other	2,142	341	188	-95	2,576
Revenues	40,778	124,983	554	-3,310	163,006
Details					
Total operating performance					
Germany	17,218	111,107		-2,431	125,895
International ¹	6,260	64,406		-778	69,888
Corporate			6,320		6,320
Consolidation		-44,903		-131	-45,034
Group	23,478	130,610	6,320	-3,340	157,068

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

SEGMENTS FIRST NINE MONTHS 2017 (01.01.–30.09.2017)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
Cost of materials and cost of purchased services					
Germany	-6,965	-14,592			-21,556
International ¹	-4,442	-38,823			-43,265
Corporate					
Consolidation		44,433			44,433
Group	-11,407	-8,981			-20,388
Change in value of investment properties					
Germany					
Group					
Staff costs					
Germany		-27,797			-27,797
International ¹		-14,475			-14,475
Corporate			-17,508		-17,508
Consolidation					
Group		-42,272	-17,508		-59,780
Other operating expenses					
Germany	-6,291	-16,211		2,692	-19,810
International ¹	-1,381	-6,208		778	-6,811
Corporate			-14,939		-14,939
Consolidation		469		175	644
Group	-7,673	-21,950	-14,939	3,644	-40,917
Income from participations and earnings from companies accounted for using the equity method					
Germany	6,055	7,850			13,905
International ¹	1,884				1,884
Corporate					
Consolidation					
Group	7,939	7,850			15,789

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

SEGMENTS FIRST NINE MONTHS 2017 (01.01.–30.09.2017)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
Reorganisation expenses					
Germany		-2,157			-2,157
International ¹		-627			-627
Corporate			-793		-793
Consolidation					
Group		-2,784	-793		-3,578
Amortisation of fund management contracts, software and equipment					
Germany		-1,499			-1,499
International ¹		-184			-184
Corporate			-2,551		-2,551
Consolidation					
Group		-1,683	-2,551		-4,234
Financial Result					
Germany	357	-915			-558
International ¹	-354	254			-100
Corporate			-2,043		-2,043
Consolidation				5	5
Group	3	-661	-2,043	5	-2,695
Gains / losses from currency translation					
Germany	-114	-8			-122
International ¹	-2,055	34			-2,021
Corporate			37		37
Consolidation					
Group	-2,169	27	37		-2,106
EBT (IFRS)					
Germany	10,260	55,779		261	66,300
International ¹	-88	4,377			4,289
Corporate			-31,478		-31,478
Consolidation		-1		49	48
Group	10,171	60,156	-31,478	310	39,159

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

SEGMENTS FIRST NINE MONTHS 2017 (01.01.–30.09.2017)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
Adjustments					
Germany	489	3,647	793		4,929
Significant non-operating earnings	-115	-3,647	-793		-4,556
Changes in the value of investment property					
Fund agreement amortisation		-1,476			-1,476
Reorganisation expenses		-2,157	-793		-2,950
Unrealised currency changes	-115	-14			-129
Realised fair value	374				374
International¹	2,053	484			2,537
Significant non-operating earnings	-2,053	-484			-2,537
Fund agreement amortisation					
Reorganisation expenses		-627			-627
Unrealised currency changes	-2,053	143			-1,910
Corporate					
Significant non-operating earnings				-31	-31
Unrealised currency changes				31	31
Group	2,542	4,131	763		7,435
Operating income					
Germany	10,749	59,426	793	261	71,229
International ¹	1,965	4,862			6,826
Corporate				-31,508	-31,508
Consolidation				49	48
Group	12,713	64,287	-30,715	310	46,594

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

SEGMENTS FIRST NINE MONTHS 2016 (01.01.–30.09.2016)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
Germany					
Revenues from principal investments	506,659	0	0	0	506,659
Rental revenues	12,141	3	0	-59	12,085
Revenues from management services	0	119,729	0	-21,249	98,480
Other	1,437	686	0	-44	2,079
Revenues	520,237	120,418	0	-21,352	619,303
International ¹					
Revenues from principal investments	11,138	0	0	0	11,138
Rental revenues	4,169	0	0	0	4,169
Revenues from management services	0	32,259	0	-1,288	30,971
Other	4,623	256	0	0	4,879
Revenues	19,930	32,515	0	-1,288	51,157
Corporate					
Revenues	0	0	3,443	0	3,443
Consolidation					
Revenues	0	-14,362	0	-3,181	-17,543
Group					
Revenues from principal investments	517,797	0	0	0	517,797
Rental revenues	16,310	3	1	-59	16,255
Revenues from management services	0	137,656	3,164	-25,537	115,283
Other	6,060	912	278	-225	7,025
Revenues	540,167	138,571	3,443	-25,821	656,360
Details					
Total operating performance					
Germany	318,053	125,741	0	-21,352	422,442
International ¹	15,054	33,174	0	-1,288	46,940
Corporate	0	0	5,658	0	5,658
Consolidation	0	-14,362	0	-3,293	-17,655
Group	333,107	144,553	5,658	-25,933	457,385

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

SEGMENTS FIRST NINE MONTHS 2016 (01.01.–30.09.2016)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
Cost of materials and cost of purchased services					
Germany	-15,667	-15,835	0	344	-31,158
International ¹	-5,145	-12,072	0	0	-17,217
Corporate	0	0	0	0	0
Consolidation	0	14,302	0	2,832	17,134
Group	-20,812	-13,605	0	3,176	-31,241
Change in value of investment properties					
Germany	0	0	0	0	0
Group	0	0	0	0	0
Staff costs					
Germany	0	-46,023	0	0	-46,023
International ¹	0	-13,629	0	0	-13,629
Corporate	0	0	-16,999	0	-16,999
Consolidation	0	0	0	0	0
Group	0	-59,652	-16,999	0	-76,651
Other operating expenses					
Germany	-34,427	-11,661	0	21,237	-24,851
International ¹	-1,858	-4,934	0	1,288	-5,504
Corporate	0	0	-11,758	0	-11,758
Consolidation	0	60	0	387	447
Group	-36,285	-16,535	-11,758	22,912	-41,666
Income from participations and earnings from companies accounted for using the equity method					
Germany	3,321	7,117	0	0	10,438
International ¹	3,754	0	0	0	3,754
Corporate	0	0	1	0	1
Consolidation	0	0	0	0	0
Group	7,075	7,117	1	0	14,193

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

SEGMENTS FIRST NINE MONTHS 2016 (01.01.–30.09.2016)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
Reorganisation expenses					
Germany	0	-10,552	0	0	-10,552
International ¹	0	-970	0	0	-970
Corporate	0	0	-2,210	0	-2,210
Consolidation	0	0	0	0	0
Group	0	-11,522	-2,210	0	-13,732
Amortisation of fund management contracts, software and equipment					
Germany	-6	-1,501	0	0	-1,507
International ¹	0	-102	0	0	-102
Corporate	0	0	-3,190	0	-3,190
Consolidation	0	0	0	0	0
Group	-6	-1,603	-3,190	0	-4,799
Financial Result					
Germany	3,141	-704	0	0	2,437
International ¹	-259	243	0	0	-16
Corporate	0	0	-7,390	0	-7,390
Consolidation	0	0	0	75	75
Group	2,882	-461	-7,390	75	-4,894
Gains / losses from currency translation					
Germany	887	-73	0	0	814
International ¹	-3,954	12	0	0	-3,942
Corporate	0	0	-2,705	0	-2,705
Consolidation	0	0	0	0	0
Group	-3,067	-61	-2,705	0	-5,833
EBT (IFRS)					
Germany	275,302	46,509	0	229	322,040
International ¹	7,592	1,722	0	0	9,314
Corporate	0	0	-38,593	0	-38,593
Consolidation	0	0	0	1	1
Group	282,894	48,231	-38,593	230	292,762

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

SEGMENTS FIRST NINE MONTHS 2016 (01.01.–30.09.2016)

in EUR k	Investments	Management Services	Corporate	Consolidation	Group
Adjustments					
Germany	1,420	13,143	2,210	0	16,773
Significant non-operating earnings	-105	-13,143	-2,210	0	-15,458
Market valuation income derivatives	0	0	0	0	0
Market valuation expenditures derivatives	0	0	0	0	0
Fund agreement amortisation	0	-1,476	0	0	-1,476
Reorganisation expenses	0	-11,522	-2,210	0	-13,732
Unrealised currency changes	-105	-145	0	0	-250
Realised fair value	1,315	0	0	0	1,315
International¹	3,791	-27	0	0	3,763
Significant non-operating earnings	-3,791	27	0	0	-3,763
Fund agreement amortisation	0	0	0	0	0
Unrealised currency changes	-3,791	27	0	0	-3,763
Corporate	0	0	4,181	0	4,181
Significant non-operating earnings	0	0	-4,181	0	-4,181
Unrealised currency changes	0	0	-4,181	0	-4,181
Group	5,211	13,116	6,391	0	24,717
Operating income²					
Germany ³	276,722	59,652	2,210	229	338,813
International ¹	11,383	1,695	0	0	13,077
Corporate	0	0	-34,412	0	-34,412
Consolidation	0	0	0	1	1
Group	288,105	61,347	-32,202	230	317,479

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

² EUR 252.5m excluding taxes and minorities related to the Harald portfolio

³ EUR 211.8m excluding taxes of EUR 45.9 and minorities of EUR 19.0 related to the Harald portfolio

22 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 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 PATRIZIA's 2016 Annual Report remain valid.

23 EVENTS AFTER THE REPORTING PERIOD

Acquisition Sparinvest Property Investors (SPI)

On 12 October 2017 PATRIZIA Immobilien AG acquired 100% of the shares in Copenhagen-based Sparinvest Property Investors (SPI), one of the leading global real estate fund of funds investment managers in the small- and mid-cap segment. The acquisition demonstrates PATRIZIA's strategy to broaden its product offering for its clients and, at the same, increases the global reach of PATRIZIA. Founded in 2005 by its managing partners in cooperation with Sparinvest, a Danish financial institution, SPI has become a major player in the real estate fund of funds segment. Working with a global network of select best-in-class operating partners, SPI's funds are invested across Europe, Asia and the Americas. SPI is a global expert in fund of funds investments with around EUR 1bn assets under management. The company currently manages four real estate funds with equity commitments totalling EUR 1.5bn. Despite becoming a fully owned subsidiary of the PATRIZIA group, SPI will retain full autonomy with regard to investment decisions concerning its funds. Due to the temporal proximity of transaction and preparation as well as publication date of this report, no purchase price allocation according to IFRS 3 could be performed.

Share buy-back programme

In the course of the share buy-back programme, which the Management Board of PATRIZIA Immobilien AG has resolved in September 2017, PATRIZIA acquired and settled a further 650,956 shares in an amount of EUR 11,592k after the balance sheet date. The share buy-back programme was completed on 30 October 2017 after the target buy-back volume of EUR 15,000k was reached. As of 30 October 2017, the Company held a total of 2,796,417 treasury shares.

Acquisition TRIUVA Kapitalverwaltungsgesellschaft mbH

PATRIZIA Immobilien AG on 12 November 2017 announced that it has acquired TRIUVA Kapitalverwaltungsgesellschaft mbH.

TRIUVA is one of the leading providers of real estate investments in Europe. The company manages around 40 funds, partners with more than 80 institutional investors and consists of around 200 employees across its 15 European locations. The Frankfurt-based company focuses on commercial real estate in the office, retail and logistics sectors as well as infrastructure. Currently, TRIUVA manages real estate assets of around EUR 9.8 billion.

The acquisition increases PATRIZIA's assets under management by around 50 per cent to more than EUR 30 billion, placing the company firmly amongst the top 10 European real estate investment managers. Furthermore, this will broaden PATRIZIA's product range, enabling institutional and private investors to access new markets, asset classes and risk profiles with their investments.

In a first step PATRIZIA will acquire a majority stake in TRIUVA. Both parties agreed to not disclose the purchase price. The acquisition will be financed by existing liquidity. PATRIZIA will publish details with regards to the positive financial impact of the acquisition together with its full-year 2017 results in the first quarter of 2018. PATRIZIA expects the transaction to close at the end of the first quarter 2018 at the latest and to be earnings accretive in the year of acquisition.

24 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 2018

Date

15 March 2018 Financial statements 2017 with press conference
and investor and analyst conference call

9 May 2018 Interim report for the first quarter of 2018
with investor and analyst conference call

20 June 2018 Annual General Meeting, Augsburg

7 August 2018 Interim report for the first half of 2018
with investor and analyst conference call

14 November 2018 Interim report for the first nine months of 2018
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 nine months 2017 was published in the evening of 13 November 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/shareholders/financial-reports/quarterly-reports/

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