



Q2

REPORT FOR  
THE FIRST HALF

Q2  
**2014**

# Key Figures

## REVENUES AND EARNINGS

EUR '000	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	1 <sup>st</sup> half of 2014	1 <sup>st</sup> half of 2013
	01.04. – 30.06.2014	01.04. – 30.06.2013	01.01. – 30.06.2014	01.01. – 30.06.2013
Revenues	37,601	47,660	84,649	89,761
Total operating performance	43,798	50,730	99,199	89,791
EBITDA	586	6,706	12,753	10,530
EBIT	-1,097	5,326	9,486	7,835
EBT	2,019	11,557	15,190	17,787
Operating result <sup>1</sup>	5,458	10,487	21,450	18,139
Consolidated net profit	3,271	12,550	15,311	17,746

## STRUCTURE OF ASSETS AND CAPITAL

EUR '000	30.06.2014	31.12.2013
Non-current assets	344,838	390,036
Current assets	482,012	502,679
Equity	390,126	374,481
Equity ratio (in %)	47.2	41.9
Non-current liabilities	102,217	104,316
Current liabilities	334,507	413,918
Total assets	826,850	892,715

## SHARE

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
Share capital at 30 June 2014	EUR 63,077,300
No. of shares in issue at 30 June 2014	63,077,300
Second quarter 2014/First half 2014 high <sup>2</sup>	EUR 9.76/EUR 9.76
Second quarter 2014/First half 2014 low <sup>2</sup>	EUR 8.06/EUR 7.49
Closing price 2013 <sup>2</sup>	EUR 7.67
Closing price at 30 June 2014 <sup>2</sup>	EUR 9.70
Share price performance	26.5%
Market capitalisation at 30 June 2014	EUR 611.8 million
Average trading volume per day (first 6 months of 2014) <sup>3</sup>	101,300 shares
Indices	SDAX, GEX, DIMAX

<sup>1</sup> Without amortisation of other intangible assets (fund management contracts) and gains/losses from currency translation, adjusted for profit/loss from interest rate hedges without cash effect. Realised changes in the value of investment property included.

<sup>2</sup> Closing price Xetra-trading

<sup>3</sup> All German stock exchanges

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LETTER TO OUR SHAREHOLDERS

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*Dear shareholders,  
Dear ladies and gentlemen,*

During the second quarter of our current 2014 fiscal year, PATRIZIA Immobilien AG made further progress in its operating business. The operating result after six months was EUR 21.5 million. The second-quarter figure was down on the previous year, mainly due to the one-off effect relating to the purchasing fee for the acquisition of GBW in the 2013 fiscal year. Overall during the first six months and notably through our purchase of “Leo I”, we established a sound basis for the remaining months of the fiscal year because – as already stated in our report on the first quarter – we will receive around 50% of the expected contributions to results for the entire year from dividends and performance fees collected in the fourth quarter.

In addition to continued stable development of our operating business, our half-year result has also been significantly shaped by a marked improvement in the financial result. This is in particular because all interest rate hedging derivatives have now expired, eliminating expenses in connection with their market evaluation. As a result of the continuing low interest-rate policy of the European Central Bank and our assessment of the overall economic situation in Europe – which despite positive trends is not likely to trigger major rises in interest rates over the short to medium term – our current financing does not include any interest rate hedging, allowing us to benefit directly and fully from the current low interest rates. This favourable effect will continue in the coming quarters.

Within the context of our strategy to develop PATRIZIA into a fully integrated real estate investment company throughout Europe, we have set ourselves the target of increasing the real estate assets we manage by around EUR 2 billion over the current 2014 year. Having already achieved around half this target in the first quarter with the acquisition of the “Leo I” commercial real estate portfolio, we are now in the process of preparing further transactions.

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In this context, we reached an important milestone at the end of July: the signing of the purchase agreement for a portfolio of around 5,500 residential units in the Netherlands with a total living space of around 340,000 sqm brought us another major step closer to our ambitious growth target while also continuing our path of European expansion. The broadly diversified portfolio, which we are acquiring for EUR 578 million, is intended for our co-investment WohnModul I, whose partner is a renowned German pension fund. The transaction should be completed by the end of the year. The purchase agreement is still subject to approval by various governing organs of the seller.

As of 30 June 2014, we managed real estate assets totalling EUR 13.3 billion. In view of our stable development over the first half of the year, we remain optimistic that we will achieve our targets for 2014. We still expect to post an operating result of at least EUR 50 million for the full year.

The PATRIZIA Managing Board



**Wolfgang Egger**  
CEO



**Arwed Fischer**  
CFO



**Klaus Schmitt**  
COO

# Consolidated Interim Management Report

FOR THE FIRST SIX MONTHS OF 2014

## **1 PATRIZIA ON THE CAPITAL MARKET**

The PATRIZIA share closed the quarter at EUR 9.70, 26.5% above the closing price at the end of 2013. During the first half of the year, the highs and lows (closing prices) varied between EUR 7.49 and EUR 9.76. The average trading volume from January to June was 101,300 shares per day (full year in 2013: 162,600 shares/day).

## **2 OUR EMPLOYEES**

As of 30 June 2014, PATRIZIA had 727 permanent employees (30 June 2013: 636 employees, +14.3%). Of these, 45 employees work at the international locations, a further 36 were employed as trainees and students of Duale Hochschule Stuttgart majoring in real estate, and there were 57 part-time employees. Compared with the end of 2013 (712 employees), the number of staff increased by 2.1%. In terms of full-time equivalents, the number of staff at the end of the quarter was 706 employees (31 December 2013: 688 employees). For the current year, the number of employees in Germany will remain fairly stable, while positions remain to be filled in other countries.

## **3 OTHER EVENTS**

The Annual General Meeting on 27 June 2014 approved the management's proposal to carry the entire retained earnings for 2013 to the new account and decided on a capital increase from company funds in order to issue bonus shares in a ratio of 10:1. The capital increase was entered into the Commercial Register on 3 July. The new shares were issued after the close of markets on 16 July 2014, with the first day of trading on 17 July 2014. Share capital now totals EUR 69,385,030, representing an increase of EUR 6,307,730.

All other items on the agenda requiring a resolution were also passed with clear majorities. The existing members of the Supervisory Board were re-elected for a further three years, with Mr Alfred Hoschek elected as substitute member.

## **4 ECONOMIC REPORT**

### **4.1 ECONOMIC ENVIRONMENT**

The national economies of Europe revealed sound development during the first half of 2014. With stable growth and a moderate unemployment rate, the German economy proved one of the main drivers within Europe. The reduction in the European refinancing interest rate by the ECB at the beginning of June to 0.15% supports the positive price movements in the residential real estate markets and investments in the commercial real estate market. Germany and the Euro-zone are expected to experience general economic expansion during the current year.

#### **Residential Real Estate Market in Germany and Europe**

Residential real estate is enjoying great popularity throughout Europe. The investment volume in Germany was EUR 7.3 billion in the first half of 2014, just under 45% up on the previous year's figure. Shortages in supply and price increases in the top locations are prompting many investors to switch to attractive secondary locations. With supply falling further behind demand in Germany, rents and purchase prices are also expected to rise in future, albeit at a slower rate. The Dutch housing market stabilised during the first half of 2014. The transactions market was considerably more active with rising prices. The Scandinavian markets again proved attractive investment locations, not least due to the positive demographic development and high levels of market transparency. With demand exceeding supply in several segments, the residential real estate market in Great Britain provided a focus for many international investors.

#### **Commercial Real Estate Market in Germany and Europe**

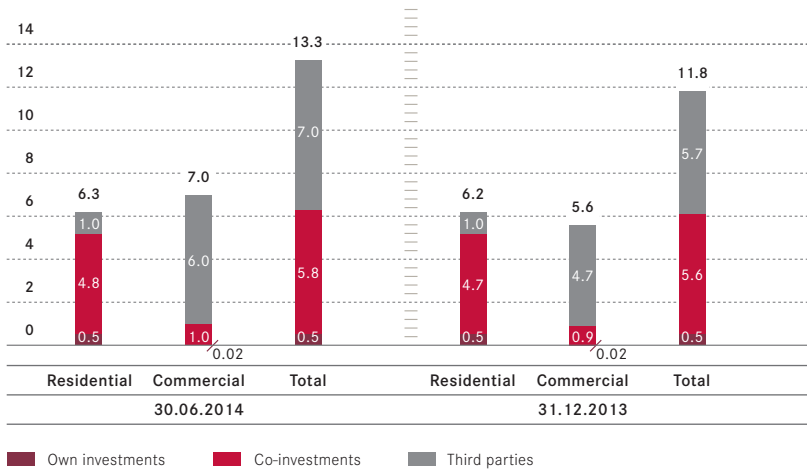
During the first half of 2014, investments in commercial real estate in Germany rose 34% on the same period in the previous year. Office and retail real estate proved the most popular asset classes. The high level of demand for large retail and office properties from the core segment led to a decline in prime yields in Berlin, Düsseldorf, Hamburg and Munich. The popularity of German commercial real estate is in particular also due to Germany's strong and stable economic performance; in some cases, this is resulting in considerable shortages in supply and significant price rises. A trend towards investments in secondary locations is also apparent within commercial real estate. This also applies to large European cities where the share of value-add transactions has risen. In Europe, the volume of transactions revealed notable increases in the Netherlands and Sweden in particular. These markets are currently the focus of national and international investors. Stabilisation of the economic situation in Europe is expected to result in dynamic development within commercial real estate markets.

## 4.2 THE COURSE OF BUSINESS IN THE FIRST HALF OF 2014

### Assets under management

At the end of the first half of 2014, PATRIZIA was managing real estate assets of EUR 13.3 billion. This represents an increase of EUR 1.5 billion or 12.7% (31 December 2013: EUR 11.8 billion). We set ourselves the goal of increasing the volume of real estate assets we manage by EUR 2 billion by the end of 2014. Almost all assets under management are assigned to co-investments and services business for third parties.

### ASSETS UNDER MANAGEMENT (IN EUR BILLION)



PATRIZIA's level of participation is a determining factor in the financial assessment of business performance. Consequently, the figures in the table below are based on equity share and not on segments as these cannot be clearly differentiated based on the level of participation. The course of business is therefore shown based on the categories own investments, co-investments and third parties.



## SUMMARY OF COMPLETED SALES, AVERAGE PRICES AND RENTS

	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	1 <sup>st</sup> half of 2014	1 <sup>st</sup> half of 2013	2013
	01.04. – 30.06.2014	01.04. – 30.06.2013	01.01. – 30.06.2014	01.01. – 30.06.2013	01.01. – 31.12.2013
<b>Units from own stocks<sup>1</sup></b>	<b>152</b>	<b>182</b>	<b>389</b>	<b>442</b>	<b>1,714</b>
Units from residential property resale	141	152	297	384	746
Average weighted sales price in EUR/sqm	2,645	2,547	2,740	2,626	2,640
Units from block sales	11	30	92	58	968
Average weighted sales price in EUR/sqm	2,664	2,534	1,432	1,931	1,618
Average rental income in EUR/sqm	7.44	7.62	7.49	7.64	7.64
<b>Co-investments<sup>2</sup></b>	<b>266</b>	<b>176</b>	<b>462</b>	<b>482</b>	<b>1,054</b>
Units from residential property resale <sup>3</sup>	201	176	397	311	743
Units from block sales	65	0	65	171	311
<b>Services<sup>2</sup></b>	<b>140</b>	<b>65</b>	<b>179</b>	<b>183</b>	<b>668</b>
Units from residential property resale	5	2	6	2	6
Units from block sales	135	63	173	181	662
<b>TOTAL</b>	<b>558</b>	<b>423</b>	<b>1,030</b>	<b>1,107</b>	<b>3,436</b>

<sup>1</sup> Transfer of ownership, usage and encumbrances (purchase price payments become due at the time of the commercial changeover and are thus recognised in profit or loss)

<sup>2</sup> Notarial deeds (sales commission becomes payable at the time of the notarial deed and is therefore recognised in profit or loss)

<sup>3</sup> Including new-build sales from real estate developments; Q2 2014: 53 units; first half of 2014: 101 units

## OWN INVESTMENTS

**Residential property resales and block sales**

The regional breakdown for the second quarter of 2014 is as follows:

**RESIDENTIAL PROPERTY RESALE AND BLOCK SALES IN THE SECOND QUARTER OF 2014**

Region/city	Number of units sold				Area sold in sqm			
	Residential property resale	Block sales	Total	Share in %	Residential property resale	Block sales	Total	Share in %
Munich	107	0	107	70.4	8,238	0	8,238	72.7
Hamburg	2	0	2	1.3	156	0	156	1.4
Cologne/Düsseldorf	20	11	31	20.4	1,207	563	1,770	15.6
Berlin	12	0	12	7.9	1,161	0	1,161	10.3
<b>TOTAL</b>	<b>141<sup>1</sup></b>	<b>11<sup>2</sup></b>	<b>152</b>	<b>100</b>	<b>10,762</b>	<b>563</b>	<b>11,325</b>	<b>100</b>

<sup>1</sup> Of these, 90 units were reported under investment property.

<sup>2</sup> Of these, no units were reported under investment property.

The area of **residential property resale** sold a total of 141 units from own stocks in the second quarter of 2014, 7.2% fewer than in the same period of the previous year (152 units). With a share of 77%, private investors were by far the most predominant category of purchasers; owner-occupiers and tenants accounted for significantly lower shares with 20% and 3% respectively.

Only one transaction in Cologne/Düsseldorf comprising 11 units was reported in income in the area of block sales.

The following is a summary of our portfolio after taking into account the **sales** completed in the second quarter of 2014 of 152 units, redensification measures and consolidations.

**PATRIZIA PORTFOLIO – BREAKDOWN BY REGION AS AT 30 JUNE 2014**

Region/city	Number of units				Area in sqm			
	Residential property resale	Block sales	Total	Share in %	Residential property resale	Block sales	Total	Share in %
Cologne/ Düsseldorf	383	647	1,030	28.0	34,031	62,042	96,073	35.8
Leipzig	0	828	828	22.5	0	47,874	47,874	17.8
Frankfurt/Main	146	580	726	19.7	10,009	35,958	45,967	17.1
Hamburg	34	512	546	14.9	2,259	32,637	34,896	13.0
Munich	382	10	392	10.7	31,769	817	32,586	12.1
Hanover	0	106	106	2.9	0	7,604	7,604	2.9
Berlin	8	40	48	1.3	842	2,720	3,562	1.3
<b>TOTAL</b>	<b>953</b>	<b>2,723</b>	<b>3,676</b>	<b>100</b>	<b>78,910</b>	<b>189,652</b>	<b>268,562</b>	<b>100</b>

**CO-INVESTMENTS**

For details on our co-investments GBW AG, Süddeutsche Wohnen GmbH (Südewo), Wohn-Modul I SICAV-FIS, PATRoOffice Real Estate GmbH & Co. KG, DEIKON, sono west, Plymouth Sound Holdings LP and Winnersh Holdings LP, please refer to the statements in the Company's 2013 Annual Report on p. 24 et seq. There were no major changes in the first half of 2014.

**THIRD PARTIES****PATRIZIA WohnInvest KAG mbH**

Properties with a market value of EUR 12.5 million were transferred to the fund in the second quarter of 2014. In addition, properties with a market value of EUR 11.6 million were secured by purchase agreement.

**PATRIZIA GewerbeInvest KAG mbH**

Properties with a market value of EUR 186.5 million were transferred to the funds of PATRIZIA GewerbeInvest KAG during the period under review. These mainly involved real estate purchases outside Germany (total value EUR 119.4 million).

## PATRIZIA FUNDS AS AT 30 JUNE 2014

in EUR million	Planned target volume	Committed equity	Assets under management	Number of funds
PATRIZIA WohnInvest KAG mbH	2,026	1,055	946 <sup>1</sup>	7
PATRIZIA GewerbeInvest KAG mbH	8,741	4,314	5,418	17
Pool funds <sup>2</sup>	5,270	2,424	3,388	9
Individual funds <sup>3</sup>	1,471	789	590	6
Label funds <sup>4</sup>	2,000	1,101	1,440	2
<b>TOTAL PATRIZIA</b>	<b>10,767</b>	<b>5,369</b>	<b>6,364</b>	<b>24</b>

<sup>1</sup> Excludes real estate developments secured under purchase contracts

<sup>2</sup> In future, the modular funds will also be included under "pool funds". The POOL FUNDS pool several investors for the purpose of collective investment.

<sup>3</sup> The INDIVIDUAL FUNDS are funds where investors participate on an individual basis.

<sup>4</sup> For the LABEL FUNDS, PATRIZIA merely represents the investment management company platform and is responsible for administration.

### Implementation of the AIFMD at PATRIZIA

PATRIZIA Immobilien AG has last year launched a Group-wide, international project to implement the AIFMD. Among other things, this has identified the platforms that require a licence.

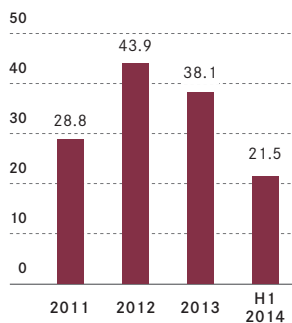
**Germany:** The licence applications for PATRIZIA WohnInvest KAG mbH and PATRIZIA GewerbeInvest KAG mbH were submitted in Germany in the middle of February 2014. These two applications are currently being processed and we expect to receive the licences soon.

**International:** The licence application for PATRIZIA Fund Management A/S (licence platform in Denmark) was submitted in December 2013 and the licence has been issued. The licence application for Luxembourg has now also been submitted and is being processed.

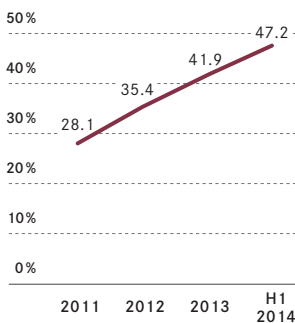
### 4.3 ECONOMIC POSITION IN THE FIRST HALF OF 2014

#### FINANCIAL PERFORMANCE INDICATORS

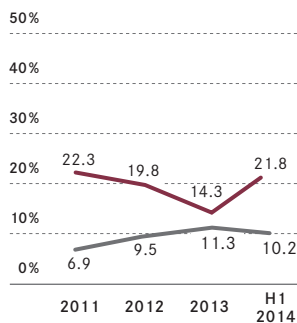
##### OPERATING RESULT<sup>1</sup>



##### EQUITY RATIO<sup>2</sup>



##### SALES MARGINS (GROSS)



<sup>1</sup> Operating result in EUR million

<sup>2</sup> Equity ratio for 2011–2013 as at 31 December of each year; for 2014 as at 30 June

■ Inventories  
■ Investment Property

#### EARNINGS SITUATION OF THE PATRIZIA GROUP

##### CONSOLIDATED REVENUES

	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	1 <sup>st</sup> half of 2014	1 <sup>st</sup> half of 2013
	01.04. – 30.06.2014 EUR '000	01.04. – 30.06.2013 EUR '000	01.01. – 30.06.2014 EUR '000	01.01. – 30.06.2013 EUR '000
Revenues from residential property resale <sup>1</sup>	8,354	11,768	17,046	30,375
Revenues from block sales <sup>1</sup>	1,500	200	1,500	200
Rental revenues	5,572	8,083	11,586	16,587
Revenues from co-investments	6,965	14,784	11,527	17,681
Revenues from third parties	12,286	10,238	37,504	19,115
Other <sup>2</sup>	2,924	2,587	5,486	5,803
<b>TOTAL</b>	<b>37,601</b>	<b>47,660</b>	<b>84,649</b>	<b>89,761</b>

<sup>1</sup> Purchase price receipts from investment property are not included in revenues.

<sup>2</sup> The item "Other" primarily includes rental ancillary costs.

In the first half of 2014, **consolidated revenues** fell 5.7% year-on-year to EUR 84.6 million (first half of 2013: EUR 89.8 million). Among other things, this was because the one-off purchasing fee relating to the acquisition of GBW was received in the previous year. After six months, revenues from management services totalled EUR 49.0 million (first half of 2013: EUR 36.8 million). After the end of the first six months, services accounted for 57.9% of total consolidated revenues. In the past, consolidated revenues were mainly shaped by sales revenues. Rental revenues for the first half of the year were EUR 11.6 million. These will fall further due to the planned sales of own stock.

In principle, revenues have only limited significance for PATRIZIA since the selling revenues of properties reported in non-current assets are not reflected in revenues. Profits from such sales are reported under the item **“income from the sale of investment property”**. After deduction of the carrying amounts of EUR 48.7 million, purchase price receipts of EUR 54.2 million (first half of 2013: EUR 58.7 million) resulted in a profit of EUR 5.5 million (gross margin: 10.2%). In the period 2007–2013, real estate accounted for positive pro-rata value adjustments that are only recognised at sale and reported accordingly in the presentation of the operating result and in the cash flow statement. From January to June, **sales revenues from inventories** fell to EUR 18.5 million (first half of 2013: EUR 30.6 million, –39.3%). This is because fewer units were sold, albeit at better prices.

#### PURCHASE PRICE REVENUES FROM REAL ESTATE SOLD

	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	1 <sup>st</sup> half of 2014	1 <sup>st</sup> half of 2013
	01.04. – 30.06.2014 EUR '000	01.04. – 30.06.2013 EUR '000	01.01. – 30.06.2014 EUR '000	01.01. – 30.06.2013 EUR '000
<b>Sales revenues from inventories</b>	<b>9,854</b>	<b>11,968</b>	<b>18,546</b>	<b>30,575</b>
Residential property resale	8,354	11,768	17,046	30,375
Block sales	1,500	200	1,500	200
<b>Sales revenues from investment property<sup>1</sup></b>	<b>21,437</b>	<b>24,017</b>	<b>54,181</b>	<b>58,746</b>
Residential property resale	21,437	18,140	47,181	48,519
Block sales	0	5,877	7,000	10,227
<b>TOTAL</b>	<b>31,291</b>	<b>35,985</b>	<b>72,727</b>	<b>89,321</b>

<sup>1</sup> Purchase price receipts from investment property are not included in sales revenues. Instead, the income statement reports the gross profit.

**Changes in inventories** amounted to EUR 5.2 million in the first half of 2014 (first half of 2013: EUR -11.8 million). Additions to inventories of EUR 19.6 million (first half of 2013: EUR 11.4 million), largely as a result of capitalisation of new construction projects, exceeded the inventory outflows of EUR 14.5 million (first half of 2013: EUR 23.3 million). Based on the carrying value, a gross margin of 21.8% was achieved for the sale of inventories (first half of 2013: 23.9%). The gross margin for the second quarter was 20.8%.

The **cost of materials** increased to EUR 26.4 million from January to June (first half of 2013: EUR 23.8 million, +11.0%). An amount of EUR 16.6 million was attributable to PATRIZIA's own real estate developments. A further amount of EUR 4.6 million was attributable to renovation and maintenance measures, with the remaining cost of materials (EUR 5.2 million) resulting from ancillary costs.

**Staff costs** increased by 19.0% to EUR 35.4 million (first half of 2013: EUR 29.7 million), largely due to the new appointments during the previous fiscal year and to salary adjustments in line with market trends. However, the increase in staff costs was also attributable to higher provisions for long-term variable compensation of the first and second management tiers due to the higher share price compared with the previous year. These were adjusted once more in the second quarter of 2014.

The **other operating expenses** for the first half of the year totalled EUR 24.6 million (first half of 2013: EUR 25.7 million, -4.2%) include selling expenses (EUR 4.8 million), additional administrative expenses (EUR 6.8 million), operating expenses (EUR 6.2 million) and other expenses (EUR 6.8 million).

**Earnings before finance income and taxes (EBIT)** in the first six months of 2014 amounted to EUR 9.5 million, 21.1% up on the corresponding figure for the previous year (first half of 2013: EUR 7.8 million).

In accordance with IFRS, market value changes arising from interest hedging transactions are reported in the Consolidated income statement. The market valuation is recognised in the **financial result** as income or expense depending on changes in the interest rate level, causing the results to fluctuate substantially. However, this has no influence on PATRIZIA's liquidity. The last of the interest hedging derivatives expired on 30 June 2014, reducing the interest hedging expense by EUR 6.9 million in the first half of 2014 and having a corresponding positive impact on financing costs (interest rate plus margin). In the first half of 2014, these averaged 4.19% (first half of 2013: 6.28%, full year in 2013: 7.06%). As a result of the ECB's continuing low interest-rate policy and PATRIZIA's own assessment of the overall economic situation in Europe financing does not currently include any interest rate hedging. This allows PATRIZIA to benefit from the current low interest rates. This favourable effect will also continue in the coming quarters.

The **cash-related financial result** (cash-related interest expenses for bank loans plus expenses for interest rate hedging) improved to EUR - 7.4 million in the first six months (first half of 2013: EUR - 15.6 million, +52.8%). Further information on the financial result is available in Section 12 of the Notes to the Consolidated Interim Financial Statements.

#### MARKET VALUATION OF INTEREST RATE HEDGES

	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	1 <sup>st</sup> half of 2014	1 <sup>st</sup> half of 2013	2013
	01.04. – 30.06.2014 EUR '000	01.04. – 30.06.2013 EUR '000	01.01. – 30.06.2014 EUR '000	01.01. – 30.06.2013 EUR '000	01.01. – 31.12.2013 EUR '000
Change in the value of derivatives	742	4,874	2,819	9,768	19,525

**Income from participations** amounted to EUR 8.3 million in the first half of 2014 (first half of 2013: EUR 15.8 million) and includes the quarterly pro-rata advance profit distributions of the co-investments Südewo (EUR 3.6 million) and GBW (EUR 4.7 million). Since 1 January 2014, the advance profit distributions have been calculated on an exact monthly basis in order to achieve a more transparent income statement. From January to June, the co-investment Wohn-Modul I produced **earnings from companies accounted for using the equity method** of EUR 1.6 million (first half of 2013: EUR 0). It is important to note that in addition to residential property resale, new construction projects are also a focus here, even though these are largely still in the development phase. After six months, **earnings before tax (EBT)** amounted to EUR 15.2 million (first half of 2013: EUR 17.8 million).

The reconciliation of EBT in accordance with IFRS to the operating result is effected by taking realised value adjustments to investment property into account and adjusting non-cash-related components of the result. In the financial result, the changes in market values of interest hedges as well as the gains/losses from currency translation are eliminated, and amortisation on fund management contracts is not included. There were no unrealised value adjustments to investment property in the first half of 2014 or 2013. This approach gives an **operating result** of EUR 21.5 million (first half of 2013: EUR 18.1 million). After six months, the Management Services segment accounted for 59% of the operating result (first half of 2013: 72%; 2013: 77%). In the previous year, the one-off purchase fee received in connection with GBW AG resulted in a significantly higher share.



## CALCULATION OF THE ADJUSTED FIGURES

	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	1 <sup>st</sup> half of 2014	1 <sup>st</sup> half of 2013	2013
	01.04.– 30.06.2014 EUR '000	01.04.– 30.06.2013 EUR '000	01.01.– 30.06.2014 EUR '000	01.01.– 30.06.2013 EUR '000	01.01.– 31.12.2013 EUR '000
<b>EBIT</b>	<b>-1,097</b>	<b>5,326</b>	<b>9,486</b>	<b>7,835</b>	<b>18,749</b>
Amortisation on fund management contracts <sup>1</sup>	621	650	1,241	1,142	2,566
Unrealised change in the value of investment property	0	0	0	0	-17
Realised change in the value of investment property	3,560	3,154	7,807	8,978	15,063
<b>EBIT adjusted</b>	<b>3,084</b>	<b>9,130</b>	<b>18,534</b>	<b>17,955</b>	<b>36,361</b>
Income from participations	4,168	9,305	8,334	15,833	32,122
Result from participations valued at equity	782	0	1,566	0	658
Financial result	-2,142	-3,074	-4,595	-5,881	-11,904
Change in the value of derivatives	-742	-4,874	-2,819	-9,768	-19,525
Release of other result from cash flow hedging	0	0	31	0	433
Gains/losses from currency translation	308	0	399	0	-26
<b>OPERATING RESULT</b>	<b>5,458</b>	<b>10,487</b>	<b>21,450</b>	<b>18,139</b>	<b>38,119</b>

<sup>1</sup> Other intangible assets that resulted from the acquisition of PATRIZIA GewerbeInvest KAG mbH and PATRIZIA UK Ltd.

In the first half of 2014, the **profit for the period** in accordance with IFRS amounted to EUR 15.3 million (first half of 2013: EUR 17.7 million). After six months, **earnings per share** amounted to EUR 0.24 (first half of 2013: EUR 0.28), of which EUR 0.05 was attributable to the second quarter (second quarter of 2013: EUR 0.20).

The table below provides a summary of the key items in the income statement:

#### SUMMARY OF THE KEY ITEMS IN THE INCOME STATEMENT

	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	1 <sup>st</sup> half of 2014	1 <sup>st</sup> half of 2013	2013
	01.04.– 30.06.2014 EUR '000	01.04.– 30.06.2013 EUR '000	01.01.– 30.06.2014 EUR '000	01.01.– 30.06.2013 EUR '000	01.01.– 31.12.2013 EUR '000
Revenues	37,601	47,660	84,649	89,761	217,398
Total operating performance	43,798	50,730	99,199	89,791	207,878
EBITDA	586	6,706	12,753	10,530	24,856
EBIT	-1,097	5,326	9,486	7,835	18,749
EBT	2,019	11,557	15,190	17,787	39,599
Operating result <sup>1</sup>	5,458	10,487	21,450	18,139	38,119
Profit for the period	3,271	12,550	15,311	17,746	37,168

<sup>1</sup> Adjusted for amortisation on other intangible assets (fund management contracts), unrealised value adjustments to investment property, gains/losses from currency translation and non-cash effects from interest hedging transactions. Realised changes in the value of investment property have been added.

#### NET ASSET AND FINANCIAL SITUATION OF THE PATRIZIA GROUP

##### PATRIZIA NET ASSET AND FINANCIAL KEY FIGURES

	30.06.2014 EUR '000	31.12.2013 EUR '000	Change in %
Total assets	826,850	892,715	-7.4
Equity (including non-controlling partners)	390,126	374,481	4.2
Equity ratio	47.2%	41.9%	5.3 PP
Bank loans	238,534	321,634	-25.8
- Cash and cash equivalents	119,589	105,536	13.3
+ Bonded loans (non-current liabilities)	77,000	77,000	0
= Net financial debt	195,945	293,098	-33.1
Real estate assets <sup>1</sup>	496,890	538,920	-7.8
Loan to value <sup>2</sup>	48.0%	59.7%	-11.7 PP
Net gearing <sup>3</sup>	50.4%	78.6%	-28.2 PP
Operating return on equity <sup>4</sup>	11.2%	10.7%	0.5 PP

<sup>1</sup> Real estate assets comprise investment property valued at fair value and real estate held in inventories valued at amortised cost.

<sup>2</sup> Proportion of bank loans to real estate assets. Only investment property is calculated at fair value. Inventories are stated at amortised cost.

<sup>3</sup> Ratio of net financial debt to equity adjusted for minority interests

<sup>4</sup> Ratio of operating result to average equity

PP = percentage points

**Total assets** decreased by EUR 892.7 million to EUR 826.9 million. Progress in the construction of the real estate developments (Frankfurt am Main, VERO/F40; Cologne, Friedrich-Karl-Terrassen) increased **inventories** to EUR 314.4 million. This development was counteracted by the sale of stocks of property reported under inventories. As a result of sales, **investment property** fell by 20.6% to EUR 182.5 million. Taking inventories and investment property together results in a carrying value of real estate assets as of 30 June 2014 of EUR 496.9 million (31 December 2013: EUR 538.9 million).

**Bank loans** declined by 25.8% to EUR 238.5 million (31 December 2013: EUR 321.6 million). At the start of April 2014, the short-term interim financing of EUR 64.4 million relating to the temporary acquisition of share certificates in the special fund "PATRIZIA Res Publica Hessen II" was repaid in full. A schedule of maturities for our loans is listed in Section 10.1 of the Notes to the Consolidated Interim Financial Statements of this report.

**Cash and cash equivalents** rose 13.3% to EUR 119.6 million (31 December 2013: EUR 105.5 million). An amount of EUR 20.5 million was released again in connection with the short-term acquisition of the share certificates in the special fund "Leo I". Compared with the end of the 2013 fiscal year, the Group's **equity ratio** rose 5.3 percentage points to 47.2% (31 December 2013: 41.9%). A target ratio of 80–90% has been set for the end of 2015.

## PATRIZIA CAPITAL ALLOCATION AS AT 30 JUNE 2014

	Assets under management in EUR million	Investment capital in EUR million	Participation in %
<b>Own investments</b>	<b>7,520</b>	<b>283.8</b>	
Investment property and inventories <sup>1</sup>	497	242.6	100
Operating companies <sup>2</sup>	7,023	41.2	100
<b>Co-Investments</b>	<b>5,773</b>	<b>116.1</b>	
<b>Residential</b>	<b>4,806</b>	<b>92.1</b>	
GBW AG	2,720	54.7	5.1
Süddeutsche Wohnen GmbH	1,529	15.0	2.5
WohnModul I SICAV-FIS	514	20.4	9.1
Other	43	2.0	10
<b>Commercial Germany</b>	<b>584</b>	<b>15.8</b>	
PATROffice	340	7.8	6.3
sono west	58	2.9	30
Deikon	186	5.1	5.1
<b>Commercial International</b>	<b>383</b>	<b>8.2</b>	
Plymouth Sound Holdings LP (UK)	61	4.0	10
Winnersh Holdings LP (UK)	322	4.2	5
<b>Tied investment capital</b>	<b>13,293</b>	<b>399.9</b>	
Bank balances and cash	-	67.2	-
<b>Total investment capital</b>	<b>13,293</b>	<b>467.1</b>	
thereof borrowed capital (bonded loans)	-	77.0	-
thereof PATRIZIA equity	-	390.1	-

<sup>1</sup> Including real estate developments<sup>2</sup> Including PATRIZIA WohnInvest KAG mbH, PATRIZIA GewerbeInvest KAG mbH, PATRIZIA Institutional Clients & Advisory GmbH, PATRIZIA France, PATRIZIA Netherlands, PATRIZIA Nordics, PATRIZIA UK

### Net Asset Value (NAV)

At PATRIZIA, some real estate is valued at the market value (fair value, applies to investment property), and some at amortised cost (inventories). In the first half of 2014 sales resulted in gross margins of 21.8% and 10.2% above the carrying value, thus testifying to the value retention of our properties. The entire Services division, which at 59% accounted for the majority of the operating result for the first six months, is not included when calculating net asset value; consequently, the NAV does not reflect the Company's value. For comparative purposes, we will continue to disclose NAV for as long as we have significant real estate assets on the balance sheet.

### CALCULATION OF NAV

	30.06.2014 EUR '000	31.12.2013 EUR '000
Investment property <sup>1</sup>	182,509	229,717
Participations in associated companies	20,406	18,295
Participations	80,473	80,074
Inventories <sup>2</sup>	314,381	309,203
Current receivables and other current assets	40,348	82,262
Bank balances and cash	119,589	105,536
Less non-current liabilities	-77,000 <sup>3</sup>	-77,000 <sup>3</sup>
Less current liabilities	-82,384	-75,759
Less bank loans	-238,534	-321,634
<b>NAV</b>	<b>359,788</b>	<b>350,694</b>
No. of shares	63,077,300	63,077,300
<b>NAV/SHARE (EUR)</b>	<b>5.70</b>	<b>5.56</b>

<sup>1</sup> Fair market valuation; (gross) sales margin of the first half of 2014: 10.2%; Q2 2014: 9.6%

<sup>2</sup> Valuation at amortised cost; (gross) sales margin of the first half of 2014: 21.8%; Q2 2014: 20.8%

<sup>3</sup> Adjusted for non-property-specific items

## **5 SUPPLEMENTARY REPORT**

### **CO-INVESTMENTS**

At the end of July we signed a purchase agreement to acquire a portfolio with around 5,500 apartments in the Netherlands. The broadly diversified portfolio has a total living space of 340,000 sqm. It is being sold by the Dutch housing company Vestia. The purchase price amounts to EUR 578 million. PATRIZIA is acquiring this Dutch portfolio for the co-investment WohnModul I, whose partner is a renowned German pension fund, and will take over fund and asset management. The transaction should be completed by the end of the year. The purchase agreement is still subject to approval by various governing organs of the seller.

## **6 DEVELOPMENT OF OPPORTUNITIES AND RISKS**

In the course of its business activities, PATRIZIA Immobilien AG is confronted with both opportunities and risks. The necessary measures have been taken and processes put in place in the Group to identify negative trends and risks in good time and to counteract them. Since the annual accounts for the fiscal year 2013 there have been no significant changes related to the opportunity and risk profile to indicate any new risks or opportunities for the Group. The assessment of probabilities and potential extent of damage has also not led to any significant changes in the interim risk audit.

The statements in the risk report of the 2013 Annual Report still apply. Please therefore refer to the risk report on pages 50 et seq. of the 2013 Annual Report of PATRIZIA Immobilien AG for a detailed description of the opportunities and risks for the Group. No other risks are currently known to the Managing Board of PATRIZIA Immobilien AG.

## **7 REPORT ON EXPECTED DEVELOPMENTS**

Both the purchase of “Leo I” and also the acquisition of the Dutch portfolio have placed PATRIZIA on a sound basis for the remaining months until the end of the fiscal year. As already stated, around 50% of the contributions to earnings that are expected for 2014 will not be received until the fourth quarter, due to the scheduled collection of dividends and performance fees. For 2014, PATRIZIA’s Managing Board anticipates an operating result of at least EUR 50 million.

Similarly, we confirm the issued forecast of a rise of EUR 2 billion in assets under management by the end of the fiscal year and a return on equity (based on the realised operating result) of around 13%. As before, the PATRIZIA Managing Board expects a reduction in debt to EUR 180 million by the end of the year, of which around EUR 100 million will be attributable to bank loans and just under EUR 80 million to bonded loans.

PATRIZIA is continuing its path of systematic European expansion and is on track to achieve its earnings and growth forecast for 2014. Further statements can be found in the report on expected developments contained on pages 59 et seq. of the 2013 Annual Report.

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.

# Consolidated Balance Sheet

AS OF 30 JUNE 2014

## ASSETS

EUR '000	30.06.2014	31.12.2013
<b>A. Non-current assets</b>		
Goodwill	610	610
Other intangible assets	40,661	41,904
Software	9,022	8,698
Investment property	182,509	229,717
Equipment	4,632	4,765
Participations in associated companies	20,406	18,295
Participations	80,473	80,074
Loans	6,366	5,814
Long-term tax assets	159	159
<b>Total non-current assets</b>	<b>344,838</b>	<b>390,036</b>
<b>B. Current assets</b>		
Inventories	314,381	309,203
Securities	86	96
Short-term tax assets	7,608	5,582
Current receivables and other current assets	40,348	82,262
Bank balances and cash	119,589	105,536
<b>Total current assets</b>	<b>482,012</b>	<b>502,679</b>
<b>TOTAL ASSETS</b>	<b>826,850</b>	<b>892,715</b>



## EQUITY AND LIABILITIES

EUR '000	30.06.2014	31.12.2013
<b>A. Equity</b>		
Share capital	63,077	63,077
Capital reserve	204,894	204,897
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	1,255	1,398
Valuation results from cash flow hedges	0	-31
Currency translation difference	806	500
Consolidated net profit	119,589	104,135
<b>Total equity</b>	<b>390,126</b>	<b>374,481</b>
<b>B. Liabilities</b>		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	21,050	22,933
Retirement benefit obligations	534	534
Non-current liabilities	80,633	80,849
<b>Total non-current liabilities</b>	<b>102,217</b>	<b>104,316</b>
CURRENT LIABILITIES		
Short-term bank loans	238,534	321,634
Short-term financial derivatives	0	2,819
Other provisions	1,688	1,719
Current liabilities	82,384	75,759
Tax liabilities	11,901	11,987
<b>Total current liabilities</b>	<b>334,507</b>	<b>413,918</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>826,850</b>	<b>892,715</b>

# Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014

EUR '000	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	1 <sup>st</sup> half of 2014	1 <sup>st</sup> half of 2013
	01.04. – 30.06.2014	01.04. – 30.06.2013	01.01. – 30.06.2014	01.01. – 30.06.2013
Revenues	37,601	47,660	84,649	89,761
Income from the sale of investment property	2,067	3,782	5,512	8,060
Changes in inventories	1,494	-2,432	5,178	-11,834
Other operating income	2,636	1,720	3,860	3,804
<b>Total operating performance</b>	<b>43,798</b>	<b>50,730</b>	<b>99,199</b>	<b>89,791</b>
Cost of materials	-11,625	-12,892	-26,415	-23,801
Staff costs	-17,853	-15,157	-35,396	-29,742
Other operating expenses	-13,734	-15,975	-24,635	-25,718
<b>EBITDA</b>	<b>586</b>	<b>6,706</b>	<b>12,753</b>	<b>10,530</b>
Amortisation of intangible assets and depreciation on property, plant and equipment	-1,683	-1,380	-3,267	-2,695
<b>Earnings before finance income and income taxes (EBIT)</b>	<b>-1,097</b>	<b>5,326</b>	<b>9,486</b>	<b>7,835</b>
Income from participations	4,168	9,305	8,334	15,833
Earnings from companies accounted for using the equity method	782	0	1,566	0
Finance income	996	5,122	3,418	10,095
Finance cost	-3,138	-8,196	-8,013	-15,976
Losses from currency translation	308	0	399	0
<b>Earnings before income taxes (EBT)</b>	<b>2,019</b>	<b>11,557</b>	<b>15,190</b>	<b>17,787</b>
Income tax	1,252	993	121	-41
<b>Consolidated net profit</b>	<b>3,271</b>	<b>12,550</b>	<b>15,311</b>	<b>17,746</b>
Earnings per share (undiluted) in EUR	0.05	0.20	0.24	0.28
<b>The consolidated net profit for the period is allocated to:</b>				
Shareholders of the parent company	3,344	12,578	15,454	17,815
Non-controlling shareholders	-73	-28	-143	-69
	<b>3,271</b>	<b>12,550</b>	<b>15,311</b>	<b>17,746</b>

# Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014

EUR '000	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	1 <sup>st</sup> half of 2014	1 <sup>st</sup> half of 2013
	01.04. – 30.06.2014	01.04. – 30.06.2013	01.01. – 30.06.2014	01.01. – 30.06.2013
<b>Consolidated net profit</b>	<b>3,271</b>	<b>12,550</b>	<b>15,311</b>	<b>17,746</b>
Items of other comprehensive income with reclassification to net profit/loss for the period				
Profit/loss from the translation of financial statements of international business units	271	0	306	0
Cash flow hedges				
Amounts recorded during the reporting period	0	121	0	212
Reclassification of amounts that were recorded	0	0	31	0
<b>Total result for the reporting period</b>	<b>3,542</b>	<b>12,671</b>	<b>15,648</b>	<b>17,958</b>
The total result is allocated to:				
Shareholders of the parent company	3,615	12,699	15,791	18,027
Non-controlling shareholders	-73	-28	-143	-69
	<b>3,542</b>	<b>12,671</b>	<b>15,648</b>	<b>17,958</b>

# Consolidated Cash Flow Statement

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014

EUR '000	01.01. – 30.06.2014	01.01. – 30.06.2013
Consolidated net profit	15,311	17,746
Income taxes recognised through profit or loss	-121	41
Financial expenses through profit or loss	8,013	15,976
Financial income through profit or loss	-3,419	-10,177
Amortisation of intangible assets and depreciation on property, plant and equipment	3,267	2,695
Gain on disposal of investment properties	-5,512	-8,060
Other non-cash items	-3,469	336
Changes in inventories, receivables and other assets that are not attributable to investing activities	34,720	63,873
Changes in liabilities that are not attributable to financing activities	7,589	97,803
Interest paid	-7,392	-15,342
Interest received	310	256
Income tax payments	-1,476	-2,368
<b>Cash inflow from operating activities</b>	<b>47,821</b>	<b>162,779</b>
Capital investments in intangible assets and property, plant and equipment	-2,205	-3,417
Cash receipts from disposal of investment property	54,181	58,746
Payments for development or acquisition of investment property	-1,461	-3,154
Payments for the acquisition of shareholdings	-199	-55,985
Payment for investments in companies accounted for using the equity method	-545	0
Cash outflows for loans to companies in which participations are held	-436	0
<b>Cash inflow/outflow from investing activities</b>	<b>49,335</b>	<b>-3,810</b>
Borrowing of loans	132,865	77,000
Repayment of loans	-215,965	-162,536
Payment for the issuance of bonus shares	-3	0
<b>Cash outflow from financing activities</b>	<b>-83,103</b>	<b>-85,536</b>
<b>Changes in cash</b>	<b>14,053</b>	<b>73,433</b>
Cash 01.01.	105,536	38,135
Cash 30.06.	119,589	111,568

# Consolidated Statement of Changes in Equity

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014

EUR '000	Share capital	Capital reserve	Valuation result from cash flow hedges	Retained earnings (legal reserve)	Currency translation difference	Consolidated net profit	Thereof attributable to the shareholders of the parent company	Thereof attributable to non-controlling shareholders	Total
<b>Balance 01.01.2013</b>	<b>57,343</b>	<b>210,644</b>	<b>-469</b>	<b>505</b>	<b>0</b>	<b>66,808</b>	<b>334,831</b>	<b>1,556</b>	<b>336,387</b>
Net amount recognised directly in equity, where applicable less income taxes			212				212		212
Non-controlling interests arising from the inclusion of new companies								1	1
Net profit/loss for the period						17,815	17,815	-69	17,746
Full overall result for the period			212				18,027	-69	17,958
<b>Balance 30.06.2013</b>	<b>57,343</b>	<b>210,644</b>	<b>-257</b>	<b>505</b>	<b>0</b>	<b>84,623</b>	<b>352,858</b>	<b>1,488</b>	<b>354,346</b>
<b>Balance 01.01.2014</b>	<b>63,077</b>	<b>204,897</b>	<b>-31</b>	<b>505</b>	<b>500</b>	<b>104,135</b>	<b>373,083</b>	<b>1,398</b>	<b>374,481</b>
Net amount recognised directly in equity, where applicable less income taxes			31		306		337		337
Expense incurred in issuing bonus shares		-3					-3		-3
Net profit/loss for the period						15,454	15,454	-143	15,311
Full overall result for the period			31				15,791	-143	15,648
<b>BALANCE 30.06.2014</b>	<b>63,077</b>	<b>204,894</b>	<b>0</b>	<b>505</b>	<b>806</b>	<b>119,589</b>	<b>388,871</b>	<b>1,255</b>	<b>390,126</b>

# Notes to the Consolidated Interim Financial Statements

TO 30 JUNE 2014 (FIRST HALF OF 2014)

## **1 GENERAL DISCLOSURES**

PATRIZIA Immobilien AG is a listed German stock corporation. The Company's headquarters are located at Fuggerstrasse 26, 86150 Augsburg. PATRIZIA Immobilien AG has been active as an investor and service provider on the real estate market for 30 years, and now in over ten countries. PATRIZIA covers the spectrum of purchasing, management, appreciation and sale of residential and commercial properties. As a recognised business partner of large institutional investors, the Company operates nationally and internationally, covering the entire value chain relating to all fields of real estate. Currently the Company manages real estate assets with a value of EUR 13.3 billion mainly as a co-investor and portfolio manager for insurance companies, pension fund institutions, sovereign wealth funds and savings banks.

## **2 PRINCIPLES APPLIED IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated interim financial statements of PATRIZIA Immobilien AG for the first half of 2014 (1 January to 30 June 2014) were prepared in accordance with Article 37 (3) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with Article 37w (2) WpHG in line with IFRS and in compliance with the provisions of German commercial law additionally applicable as per Article 315a (1) of the Handelsgesetzbuch (HGB – German Commercial Code). All compulsory official announcements of the International Accounting Standards Board (IASB) that have been adopted by the EU in the context of the endorsement process (i. e. published in the Official Journal of the EU) have been applied.

From the perspective of the Company's management, the present unaudited consolidated interim financial statements for the period ended 30 June 2014 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. The earnings generated in the first six months of 2014 are not necessarily an indication of future earnings or of the expected total earnings for fiscal year 2014.

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

These consolidated interim financial statements have been prepared in accordance with the same accounting policies as the last consolidated financial statements for fiscal year 2013. A detailed description of the principles applied in preparing the consolidated financial statements and the accounting methods used can be found in the notes to the IFRS consolidated financial statements for the year ending 31 December 2013, which are contained in the Company’s 2013 Annual Report.

The unaudited interim financial statements were prepared in euro. The amounts, including the previous year’s figures, are stated in EUR thousand (TEUR).

### **3 SCOPE OF CONSOLIDATION**

All of the Company’s subsidiaries are included in the consolidated financial statements of PATRIZIA Immobilien AG. The Group includes all companies controlled by PATRIZIA Immobilien AG. In addition to the parent company, the scope of consolidation comprises 69 subsidiaries. They are included in the consolidated financial statements in line with the rules of full consolidation.

Due to a change in shareholder structure, Carl Carry GmbH & Co. KG was included in the scope of consolidation in the first quarter of 2014.

In addition, one participating interest in a SICAV is accounted for at equity in the consolidated financial statements. The SICAV is a stock corporation with variable equity in accordance with the laws of Luxembourg. In addition, 28.3% of the limited liability capital is held in one real estate development company (in the form of a GmbH & Co. KG), while 30% is held in the associated general partner. A significant influence does not apply because provisions in the partnership agreement mean that management cannot be exercised, that a significant influence cannot be exerted on the management and that there is no entitlement to appoint members of the governing organs. The shares in this real estate development company are accounted for at purchase cost.

### **COMPANY ACQUISITIONS AND NEW COMPANIES FOUNDED**

PATRIZIA Immobilien AG acquired Archa 2 Oy, Helsinki, on 10 January 2014. The company was renamed PATRIZIA Finland Oy with effect from 3 March 2014. The company's share capital is EUR 2,547.06. The object of the company is the provision of property-related services in Finland.

On 28 May 2014, PATRIZIA Immobilien AG established PATRIZIA Institutional Clients & Advisory GmbH, Augsburg. The company's share capital is TEUR 25. The object of the company is the provision of consultancy services and services of all types within the sphere of and in connection with real estate, especially services for institutional clients.

On 2 June 2014, PATRIZIA Immobilien AG established PATRIZIA Netherlands B.V., Amsterdam. The company's share capital is EUR 1. The object of the company is the provision of property-related services in the Netherlands.

### **4 INVESTMENT PROPERTY**

Qualifying real estate as an investment is based on a corresponding management decision to use the real estate in question to generate rental income and thus liquidity, while realising higher rent potential over a long period and, accordingly, an increase in value. The share of owner-occupier use does not exceed 10% of the rental space. Measurement is at fair value taking into account the current usage that corresponds to the highest and best usage. Changes in value are recognised through profit or loss.

A detailed description of the accounting methods used can be found in the notes to the IFRS consolidated financial statements for the year ending 31 December 2013, which are contained in the Company's 2013 Annual Report.

### **5 PARTICIPATIONS IN ASSOCIATED COMPANIES**

The item "Participations in associated companies" includes the 9.09% (previous year: 9.09%) share in PATRIZIA WohnModul I SICAV-FIS.

The share in the consolidated net profit of PATRIZIA WohnModul I SICAV-FIS for the first half of 2014 was TEUR 1,566 (first half of 2013: TEUR 0).



## **6 PARTICIPATIONS**

The item “Participations” includes the following main holdings:

- | PATRoffice Real Estate GmbH & Co. KG 6.25% (31 December 2013: 6.25%)
- | CARL A-Immo GmbH & Co KG 12.5% (31 December 2013: 12.5%)
- | sono west Projektentwicklung GmbH & Co. KG 28.3% (31 December 2013: 28.3%)
- | Projekt Feuerbachstraße Verwaltung GmbH 30% (31 December 2013: 30%)
- | PATRIZIA Projekt 150 GmbH 10% (31 December 2013: 10%)
- | Plymouth Sound Holdings LP 10% (31 December 2013: 10%)
- | Winnersh Holdings LP 4.9% (31 December 2013: 4.9%)
- | Seneca Holdco S.à r.l. 5.1% (31 December 2013: 5.1%)
- | GBW AG 5.1% (31 December 2013: 5.1%)

The investment result in the first half of 2014 was TEUR 8,334 (first half of 2013: TEUR 15,833).

## **7 INVENTORIES**

The “Inventories” item contains real estate that is intended for sale in the context of ordinary activities or that is intended for such sale in the context of the construction or development process; in particular, it includes real estate that has been acquired solely for the purpose of resale in the near future or for development and resale. Development also covers straightforward modernisation and renovation activities. Assessment and qualification as an inventory is undertaken within the context of the purchasing decision and implemented in the balance sheet as at the date of addition.

PATRIZIA has defined the operating business cycle as three years, because based on experience the majority of the units to be sold are sold and recognised during this time period. However, inventories are still classed as intended for direct sale even if the sale is not recognised within three years.

Inventories are carried at cost. Acquisition costs comprise the directly attributable purchase and commitment costs; production costs comprise the costs directly attributable to the real estate development process.

## **8 EQUITY**

The share capital of PATRIZIA Immobilien AG at the reporting date totalled EUR 63,077,300 (31 December 2013: EUR 63,077,300) and was divided into 63,077,300 no-par value shares (shares with no nominal value). The development of equity is shown in the consolidated statement of changes in equity. As of 30 June 2014, equity improved to EUR 390.1 million (31 December 2013: EUR 374.5 million).

## **9 SECURITIES**

On the reporting date, PATRIZIA Immobilien AG resold all share certificates in the special fund PATRIZIA Res Publica Hessen II to investors in the full amount.

## **10 LIABILITIES**

### **10.1 LIABILITIES TO BANKS**

Bank loans are measured at amortised cost. They have variable interest rates. In this respect, the Group is exposed to an interest rate risk in terms of the cash flows. To limit this risk, the Group had concluded interest hedging transactions, all of which expired as of the reporting date of 30 June 2014. All loans are in euro. Where real estate is sold, financial liabilities are in principle redeemed through repayment of a specific share of the sale proceeds.

In the table below, loans whose terms end within the 12 months following the reporting date and also revolving lines of credit used are posted as bank loans with a residual term of less than one year. Regardless of the terms shown below, loans which serve to finance inventories are in principle reported in the balance sheet as short-term bank loans.

In connection with the temporary acquisition of share certificates in the special fund PATRIZIA Res Publica Hessen II, the liabilities to banks on the reporting date of 31 March 2014 included a bridge loan in an amount of TEUR 64,400, which increased this balance sheet item. This interim finance was repaid in full at the beginning of April 2014.

The residual terms of the bank loans are as follows:

#### BANK LOANS

EUR '000	30.06.2014	31.03.2014	31.12.2013
Up to 1 year	38,392	288,923	284,857
More than 1 year to 2 years	106,415	36,671	36,777
More than 2 years to 5 years	93,727	0	0
<b>TOTAL</b>	<b>238,534</b>	<b>325,594</b>	<b>321,634</b>

#### MATURITY OF LOANS BY FISCAL YEAR (1 JANUARY TO 31 DECEMBER)

Year	Amount of loans due as at					
	30.06.2014		31.03.2014		31.12.2013	
	EUR '000	in %	EUR '000	in %	EUR '000	in %
2014	24,590	10.3	288,923	88.7	284,857	88.6
2015	51,751	21.7	36,671	11.3	36,777	11.4
2016	162,193	68.0	0	0	0	0
<b>TOTAL</b>	<b>238,534</b>	<b>100</b>	<b>325,594</b>	<b>100</b>	<b>321,634</b>	<b>100</b>

#### MATURITY OF LOANS BY QUARTER

Year	Quarter	Amount of loans due as at 30.06.2014	
		EUR '000	in %
2014	Q3	374	0.2
	Q4	24,216	10.1
2015	Q1	13,802	5.8
	Q3	2,241	0.9
2016	Q4	35,709	15.0
	Q2	68,465	28.7
	Q4	93,727	39.3
<b>TOTAL</b>		<b>238,534</b>	<b>100</b>

## 10.2 LIABILITIES TO OTHER LENDERS

As at 30 June 2014, the non-current liabilities included bonded loans in an amount of TEUR 77,000.

## 11 REVENUES

Revenues comprise purchase price receipts from the sale of real estate held in inventories, on-going rental revenues, revenues from services and other revenues. Please refer to the statements on segment reporting.

## 12 FINANCIAL RESULT

EUR '000	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	1 <sup>st</sup> half of 2014	1 <sup>st</sup> half of 2013	2013
	01.04. – 30.06.2014	01.04. – 30.06.2013	01.01. – 30.06.2014	01.01. – 30.06.2013	01.01. – 31.12.2013
Interest on bank deposits	37	171	222	247	326
Changes in the value of derivatives	741	4,874	2,819	9,768	19,525
Other interest	218	77	377	80	669
<b>Financial income</b>	<b>996</b>	<b>5,122</b>	<b>3,418</b>	<b>10,095</b>	<b>20,520</b>
Interest on revolving lines of credit and bank loans	-1,291	-2,158	-2,729	-4,484	-8,104
Interest-rate hedging expense	-736	-4,979	-2,822	-9,997	-19,771
Release of other result from cash flow hedging	0	0	-31	0	-433
Other finance costs	-1,111	-1,059	-2,431	-1,495	-4,116
<b>Financial expenses</b>	<b>-3,138</b>	<b>-8,196</b>	<b>-8,013</b>	<b>-15,976</b>	<b>-32,424</b>
<b>FINANCIAL RESULT</b>	<b>-2,142</b>	<b>-3,074</b>	<b>-4,595</b>	<b>-5,881</b>	<b>-11,904</b>
Financial result adjusted for valuation effects	-2,883	-7,948	-7,383	-15,649	-30,996

### 13 EARNINGS PER SHARE

	2 <sup>nd</sup> quarter 2014	2 <sup>nd</sup> quarter 2013	1 <sup>st</sup> half of 2014	1 <sup>st</sup> half of 2013	2013
	01.04. – 30.06.2014	01.04. – 30.06.2013	01.01. – 30.06.2014	01.01. – 30.06.2013	01.01. – 31.12.2013
Net profit for the period (in EUR '000)	3,271	12,550	15,311	17,746	37,326
Number of shares issued	63,077,300	57,343,000	63,077,300	57,343,000	63,077,300
Weighted number of shares	63,077,300	63,077,300	63,077,300	63,077,300	63,077,300
<b>EARNINGS PER SHARE (IN EURO)</b>	<b>0.05</b>	<b>0.20</b>	<b>0.24</b>	<b>0.28</b>	<b>0.59</b>

In application of IAS 33.64, the weighted number of shares for the same quarter in the previous year (57,343,000) was adjusted. In doing so, it was assumed that the weighted number of shares throughout the year for 2013 corresponds to that for 2014.

The Managing Board was authorised, by resolution of the Annual General Meeting on 20 June 2012, to increase the share capital on one or more occasions with the consent of the Supervisory Board by up to a total of EUR 14,335,750 in exchange for cash contributions and/or contributions in kind by issuing new, registered no-par value shares by 19 June 2017 (Authorised Capital 2012).

### 14 SEGMENT REPORTING

Segment reporting categorises the business segments according to whether PATRIZIA acts as investor or service provider. In line with the Group's reporting for management purposes and in accordance with the definition contained in IFRS 8 "Operating segments", two segments have been identified based on functional criteria: **Investments** and **Management Services**. Besides functional criteria, the operating segments are also delimited by geographical criteria. Country assignment is effected according to the location of the real estate asset being managed. International subsidiaries continue to be reported as a total for the time being owing to the still low contribution made by the individual national companies to revenues and results.

In addition, PATRIZIA Immobilien AG (corporate administration) including the management of international subsidiaries is reported under Corporate. Corporate does not constitute an operating segment with an obligation to report but is presented separately owing to its activity as an internal service provider and its transnational function.

The elimination of intracompany revenues, interim results and the reversal of intracompany interest charges is performed via the Consolidation column. The “Corporate” column thus consolidates all internal services between the Investments and Management Services segments and the Group within a country; it represents the external service provided by the Group in the region concerned. Transnational consolidation is performed in the Consolidation row.

The **Investments segment** primarily bundles portfolio management and the sale of own investments. As of the balance sheet date, the segment had a portfolio of around 3,700 (31 December 2013: around 4,100) residential units and three real estate developments that are listed as investment property and inventories. Clients include private and institutional investors that invest either in individual residential units or in real estate portfolios. It is planned to sell off the entire stock of own property as far as possible by the end of 2015.

The results of all participating interests (excluding interim profits) from co-investments are also reported in this segment.

The **Management Services segment** covers a broad spectrum of real estate services, in particular analysis and consultancy during the purchase and sale of individual residential and commercial properties or portfolios (Acquisition and Sales), the management of real estate (Property Management), 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 at a client’s individual request – via the Group’s two own investment management companies. Commission revenues generated by services, both from co-investments and from third parties, are reported in the Management Services segment. These also include income from participating interests that are granted as interim profits for asset management of the two co-investments Südeco and GBW.

The range of services provided by the Management Services segment is being increasingly used by third parties as assets under management grow and PATRIZIA sells off more and more of its own portfolio.

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

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

Certain adjustments are made in the course of determining operating EBT (operating result). First, these involve non-cash effects such as amortisation on other intangible assets (fund management contracts) transferred in the course of the acquisition of PATRIZIA GewerbeInvest Kapitalanlagegesellschaft mbH and Tamar Capital Group Ltd., unrealised changes in the value of investment property, gains/losses from currency translation and the results of the market valuation of the interest-rate hedging instruments. Second, income-related realised changes in the value of investment property are then added to this.

Revenues arise between reportable segments. These intracompany services are invoiced at market prices.

Due to the capital intensity of the segment, the assets and liabilities in the Investments segment account for well over 90% of the Group's total assets and liabilities. For this reason, there is no breakdown of assets and liabilities by individual segments.

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

## SECOND QUARTER 2014 (1 APRIL – 30 JUNE 2014)

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>Germany</b>					
External revenues	18,348	16,558	0	0	34,906
Revenues from single unit sales	8,354	0			8,354
Revenues from block sales	1,500	0			1,500
Rental revenues	5,572	0			5,572
Revenues from services	0	16,558			16,558
Co-investments		4,634			4,634
Third parties		11,924			11,924
Other revenues	2,922	0			2,922
Intercompany revenues	27	3,169	0	-2,841	355
<b>International<sup>1</sup></b>					
External revenues	0	2,582	0	0	2,582
Revenues from services		2,582			2,582
Co-investments		2,314			2,314
Third parties		268			268
Intercompany revenues	0	660	0	0	660
<b>Corporate</b>					
External revenues	0	0	113	0	113
Intercompany revenues	0	0	5,080	0	5,080
<b>Consolidation</b>					
External revenues	0	0	0	0	0
Intercompany revenues	0	-809	0	-5,286	-6,095
<b>Group</b>					
External revenues	18,348	19,140	113	0	37,601
Revenues from single unit sales	8,354	0	0		8,354
Revenues from block sales	1,500	0	0		1,500
Rental revenues	5,572	0	0		5,572
Revenues from services	0	19,140	111		19,251
Co-investments		6,948	17		6,965
Third parties		12,192	94		12,286
Other revenues	2,922	0	2		2,924
Intercompany revenues	27	3,020	5,080	-8,127	0
<b>Financial Result</b>	<b>-2,614</b>	<b>-197</b>	<b>670</b>	<b>0</b>	<b>-2,142</b>
<b>Financial income</b>					
Germany	1,180	270	0	-159	1,290
International <sup>1</sup>	1,280	41	0	0	1,321
Corporate	0	0	1,966	0	1,966
Consolidation	-1,214	-5	0	-2,362	-3,581
<b>Group</b>	<b>1,246</b>	<b>306</b>	<b>1,965</b>	<b>-2,521</b>	<b>996</b>
<b>Financial expenses</b>					
Germany	-4,912	-467	0	159	-5,220
International <sup>1</sup>	-162	-40	0	0	-202
Corporate	0	0	-1,296	0	-1,296
Consolidation	1,214	5	0	2,362	3,580
<b>Group</b>	<b>-3,861</b>	<b>-503</b>	<b>-1,296</b>	<b>2,521</b>	<b>-3,138</b>

<sup>1</sup> France, Great Britain, Luxembourg, Netherlands, Nordics



## PROSECUTION

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>EBT (IFRS)</b>					
Germany	1,736	2,841	0	-150	4,427
International <sup>1</sup>	990	-488	0	0	502
Corporate	0	0	-2,931	0	-2,931
Consolidation	0	0	0	21	21
<b>Group</b>	<b>2,726</b>	<b>2,352</b>	<b>-2,931</b>	<b>-129</b>	<b>2,019</b>
<b>Adjustments</b>					
<b>Germany</b>	<b>2,818</b>	<b>492</b>	<b>0</b>	<b>0</b>	<b>3,310</b>
Significant non-operating earnings	742	-492	0	0	250
Market valuation income derivatives	742	0			742
Fund agreement amortisation	0	-492			-492
Realised fair value	3,560	0	0	0	3,560
<b>International<sup>1</sup></b>	<b>0</b>	<b>129</b>	<b>0</b>	<b>0</b>	<b>129</b>
Significant non-operating earnings		-129			-129
Fund agreement amortisation		-129			-129
<b>Group</b>	<b>2,818</b>	<b>621</b>	<b>0</b>	<b>0</b>	<b>3,439</b>
<b>Operating result (adjusted EBT)</b>					
Germany	4,554	3,333	0	-150	7,738
International <sup>1</sup>	990	-359	0	0	630
Corporate	0	0	-2,931	0	-2,931
Consolidation	0	0	0	21	21
<b>Group</b>	<b>5,544</b>	<b>2,974</b>	<b>-2,931</b>	<b>-129</b>	<b>5,458</b>

<sup>1</sup> France, Great Britain, Luxembourg, Netherlands, Nordics

## SECOND QUARTER 2013 (1 APRIL – 30 JUNE 2013)

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>Germany</b>					
External revenues	22,637	24,173	0	0	46,809
Revenues from single unit sales	11,768	0			11,768
Revenues from block sales	200	0			200
Rental revenues	8,082	0			8,082
Revenues from services	0	24,172			24,172
Co-investments		14,762			14,762
Third parties		9,411			9,411
Other revenues	2,587	0			2,587
Intercompany revenues	57	6,753	0	-6,810	0
<b>International<sup>1</sup></b>					
External revenues	0	827	0	0	827
Revenues from services		827			827
Co-investments		0			0
Third parties		827			827
Intercompany revenues	0	512	0	0	512
<b>Corporate</b>					
External revenues	0	0	23	0	23
Intercompany revenues	0	0	3,321	-3,321	0
<b>Consolidation</b>					
External revenues	0	0	0	0	0
Intercompany revenues	0	-512	-3,321	3,321	-512
<b>Group</b>					
External revenues	22,637	25,000	23	0	47,660
Revenues from single unit sales	11,768	0	0		11,768
Revenues from block sales	200	0	0		200
Rental revenues	8,083	0	0		8,083
Revenues from services	0	25,000	22		25,022
Co-investments		14,762	22		14,784
Third parties		10,238	0		10,238
Other revenues	2,587	0	0		2,587
Intercompany revenues	57	6,753	0	-6,810	0
<b>Financial Result</b>	<b>-3,553</b>	<b>-240</b>	<b>738</b>	<b>-19</b>	<b>-3,074</b>
<b>Financial income</b>					
Germany	5,748	341	0	0	6,089
International <sup>1</sup>	2,860	0	0	0	2,860
Corporate	0	0	1,729	0	1,729
Consolidation	0	0	0	-5,556	-5,556
<b>Group</b>	<b>8,608</b>	<b>341</b>	<b>1,729</b>	<b>-5,556</b>	<b>5,122</b>
<b>Financial expenses</b>					
Germany	-10,487	-576	0	0	-11,063
International <sup>1</sup>	-1,674	-5	0	0	-1,679
Corporate	0	0	-992	0	-992
Consolidation	0	0	0	5,537	5,537
<b>Group</b>	<b>-12,160</b>	<b>-581</b>	<b>-992</b>	<b>5,537</b>	<b>-8,196</b>

<sup>1</sup> France, Great Britain, Luxembourg, Nordics

## PROSECUTION

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>EBT (IFRS)</b>					
Germany	-404	17,384	0	-43	16,937
International <sup>1</sup>	1,186	-945	0	0	240
Corporate	0	0	-5,600	0	-5,600
Consolidation	0	0	0	-20	-20
<b>Group</b>	<b>782</b>	<b>16,438</b>	<b>-5,600</b>	<b>-63</b>	<b>11,557</b>
<b>Adjustments</b>					
<b>Germany</b>	<b>-1,720</b>	<b>523</b>	<b>0</b>	<b>0</b>	<b>-1,196</b>
Significant non-operating earnings	4,874	-523	0	0	4,350
Market valuation income derivatives	4,874	0			4,874
Fund agreement amortisation	0	-523			-523
Realised fair value	3,154	0	0	0	3,154
<b>International<sup>1</sup></b>	<b>0</b>	<b>126</b>	<b>0</b>	<b>0</b>	<b>126</b>
Significant non-operating earnings		-126			-126
Fund agreement amortisation		-126			-126
<b>Group</b>	<b>-1,720</b>	<b>650</b>	<b>0</b>	<b>0</b>	<b>-1,070</b>
<b>Operating result (adjusted EBT)</b>					
Germany	-2,123	17,907	0	-43	15,741
International <sup>1</sup>	1,186	-819	0	0	367
Corporate	0	0	-5,600	0	-5,600
Consolidation	0	0	0	-20	-20
<b>Group</b>	<b>-937</b>	<b>17,088</b>	<b>-5,600</b>	<b>-63</b>	<b>10,487</b>

<sup>1</sup> France, Great Britain, Luxembourg, Nordics

## FIRST HALF OF 2014 (1 JANUARY – 30 JUNE 2014)

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>Germany</b>					
External revenues	35,591	45,214	0	0	80,805
Revenues from single unit sales	17,046	0			17,046
Revenues from block sales	1,500	0			1,500
Rental revenues	11,586	0			11,586
Revenues from services	0	45,214			45,214
Co-investments		9,150			9,150
Third parties		36,064			36,064
Other revenues	5,459	0			5,459
Intercompany revenues	121	6,339	0	-5,441	1,019
<b>International<sup>1</sup></b>					
External revenues	0	3,640	0	0	3,640
Revenues from services		3,640			3,640
Co-investments		2,340			2,340
Third parties		1,300			1,300
Intercompany revenues	0	1,422	0	0	1,422
<b>Corporate</b>					
External revenues	0	0	204	0	204
Intercompany revenues	0	0	10,420	0	10,420
<b>Consolidation</b>					
External revenues	0	0	0	0	0
Intercompany revenues	0	-1,745	0	-11,116	-12,861
<b>Group</b>					
External revenues	35,591	48,854	204	0	84,649
Revenues from single unit sales	17,046	0	0		17,046
Revenues from block sales	1,500	0	0		1,500
Rental revenues	11,586	0	0		11,586
Revenues from services	0	48,854	177		49,031
Co-investments		11,490	37		11,527
Third parties		37,364	140		37,504
Other revenues	5,459	0	27		5,486
Intercompany revenues	121	6,016	10,420	-16,557	0
<b>Financial Result</b>	<b>-5,349</b>	<b>-521</b>	<b>1,275</b>	<b>0</b>	<b>-4,595</b>
<b>Financial income</b>					
Germany	3,953	411	0	-320	4,043
International <sup>1</sup>	2,698	82	0	0	2,780
Corporate	0	0	4,244	0	4,244
Consolidation	-2,590	-10	0	-5,048	-7,648
<b>Group</b>	<b>4,061</b>	<b>482</b>	<b>4,244</b>	<b>-5,368</b>	<b>3,418</b>
<b>Financial expenses</b>					
Germany	-11,575	-945	0	320	-12,200
International <sup>1</sup>	-425	-67	0	0	-492
Corporate	0	0	-2,969	0	-2,969
Consolidation	2,591	10	0	5,047	7,648
<b>Group</b>	<b>-9,410</b>	<b>-1,003</b>	<b>-2,969</b>	<b>5,368</b>	<b>-8,013</b>

<sup>1</sup> France, Great Britain, Luxembourg, Netherlands, Nordics

## PROSECUTION

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>EBT (IFRS)</b>					
Germany	4,597	16,300	0	134	21,031
International <sup>1</sup>	1,702	-1,490	0	0	212
Corporate	0	0	-5,635	0	-5,635
Consolidation	0	0	0	-418	-418
<b>Group</b>	<b>6,299</b>	<b>14,810</b>	<b>-5,635</b>	<b>-284</b>	<b>15,190</b>
<b>Adjustments</b>					
<b>Germany</b>	<b>5,019</b>	<b>984</b>	<b>0</b>	<b>0</b>	<b>6,003</b>
Significant non-operating earnings	2,788	-984	0	0	1,804
Market valuation income derivatives	2,819	0			2,819
Market valuation expenditures derivatives	-31	0			-31
Fund agreement amortisation	0	-984			-984
Realised fair value	7,807	0	0	0	7,807
<b>International<sup>1</sup></b>	<b>0</b>	<b>257</b>	<b>0</b>	<b>0</b>	<b>257</b>
Significant non-operating earnings		-257			-257
Fund agreement amortisation		-257			-257
<b>Group</b>	<b>5,019</b>	<b>1,241</b>	<b>0</b>	<b>0</b>	<b>6,260</b>
<b>Operating result (adjusted EBT)</b>					
Germany	9,616	17,284	0	134	27,035
International <sup>1</sup>	1,702	-1,233	0	0	468
Corporate	0	0	-5,635	0	-5,635
Consolidation	0	0	0	-418	-418
<b>Group</b>	<b>11,318</b>	<b>16,051</b>	<b>-5,635</b>	<b>-284</b>	<b>21,450</b>

<sup>1</sup> France, Great Britain, Luxembourg, Netherlands, Nordics

## FIRST HALF OF 2013 (1 JANUARY – 30 JUNE 2013)

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>Germany</b>					
External revenues	52,964	35,734	0	0	88,698
Revenues from single unit sales	30,375	0			30,375
Revenues from block sales	200	0			200
Rental revenues	16,586	0			16,586
Revenues from services	0	35,733			35,733
Co-investments		17,657			17,657
Third parties		18,076			18,076
Other revenues	5,803	0			5,803
Intercompany revenues	144	11,466	0	-11,610	0
<b>International<sup>1</sup></b>					
External revenues	0	1,039	0	0	1,039
Revenues from services		1,039			1,039
Co-investments		0			0
Third parties		1,039			1,039
Intercompany revenues	0	512	0	0	512
<b>Corporate</b>					
External revenues	0	0	24	0	24
Intercompany revenues	0	0	6,168	-6,168	0
<b>Consolidation</b>					
External revenues	0	0	0	0	0
Intercompany revenues	0	-512	-6,168	6,168	-512
<b>Group</b>					
External revenues	52,964	36,773	24	0	89,761
Revenues from single unit sales	30,375	0	0		30,375
Revenues from block sales	200	0	0		200
Rental revenues	16,586	0	1		16,587
Revenues from services	0	36,772	23		36,796
Co-investments		17,657	23		17,681
Third parties		19,115	0		19,115
Other revenues	5,803	0	0		5,803
Intercompany revenues	144	11,466	0	-11,610	0
<b>Financial Result</b>	<b>-7,385</b>	<b>-552</b>	<b>2,076</b>	<b>-20</b>	<b>-5,881</b>
<b>Financial income</b>					
Germany	12,284	505	0	0	12,789
International <sup>1</sup>	5,956	0	0	0	5,956
Corporate	0	0	3,451	0	3,451
Consolidation	0	0	0	-12,101	-12,101
<b>Group</b>	<b>18,240</b>	<b>505</b>	<b>3,451</b>	<b>-12,101</b>	<b>10,095</b>
<b>Financial expenses</b>					
Germany	-22,110	-1,052	0	0	-23,161
International <sup>1</sup>	-3,516	-5	0	0	-3,520
Corporate	0	0	-1,375	0	-1,375
Consolidation	0	0	0	12,081	12,081
<b>Group</b>	<b>-25,625</b>	<b>-1,056</b>	<b>-1,375</b>	<b>12,081</b>	<b>-15,976</b>

<sup>1</sup> France, Great Britain, Luxembourg, Nordics

## PROSECUTION

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>EBT (IFRS)</b>					
Germany	6,041	19,921	0	184	26,146
International <sup>1</sup>	2,440	-1,239	0	0	1,201
Corporate	0	0	-9,539	0	-9,539
Consolidation	0	0	0	-20	-20
<b>Group</b>	<b>8,481</b>	<b>18,682</b>	<b>-9,539</b>	<b>164</b>	<b>17,787</b>
<b>Adjustments</b>					
<b>Germany</b>	<b>-790</b>	<b>1,015</b>	<b>0</b>	<b>0</b>	<b>225</b>
Significant non-operating earnings	9,768	-1,015	0	0	8,752
Market valuation income derivatives	9,768	0			9,768
Fund agreement amortisation	0	-1,015			-1,015
Realised fair value	8,978	0	0	0	8,978
<b>International<sup>1</sup></b>	<b>0</b>	<b>126</b>	<b>0</b>	<b>0</b>	<b>126</b>
Significant non-operating earnings		-126			-126
Fund agreement amortisation		-126			-126
<b>Group</b>	<b>-790</b>	<b>1,142</b>	<b>0</b>	<b>0</b>	<b>352</b>
<b>Operating result (adjusted EBT)</b>					
Germany	5,251	20,936	0	184	26,371
International <sup>1</sup>	2,440	-1,113	0	0	1,327
Corporate	0	0	-9,539	0	-9,539
Consolidation	0	0	0	-20	-20
<b>Group</b>	<b>7,691</b>	<b>19,823</b>	<b>-9,539</b>	<b>164</b>	<b>18,139</b>

<sup>1</sup> France, Great Britain, Luxembourg, Nordics

## **15 TRANSACTIONS WITH RELATED COMPANIES AND INDIVIDUALS**

At the reporting date, the Managing 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 consideration at arm's length conditions. All such transactions are conducted at arm's length and do not differ substantially from transactions with other parties for the provision of goods and services.

The disclosures on related party transactions contained in section 9.3 of the notes to the consolidated financial statements in the 2013 Annual Report remain valid.

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

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



**Wolfgang Egger**  
CEO



**Arwed Fischer**  
CFO



**Klaus Schmitt**  
COO



# Financial Calendar and Contact Details

## FINANCIAL CALENDAR 2014

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6 August 2014

Interim report for the first half of 2014

11 November 2014

Interim report for the first nine months of 2014

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This interim report was published on 6 August 2014. This is a translation of the German interim report. In case of divergence from the German version, the German version shall prevail.

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