

H1

REPORT FOR THE FIRST HALF
JANUARY TO JUNE 2016



Key Figures

REVENUES AND EARNINGS

in EUR '000	1 st half of 2016	1 st half of 2015
	01.01. – 30.06.2016	01.01. – 30.06.2015
Revenues	579,235	102,807
Total operating performance	396,328	95,913
EBITDA	289,958	18,679
EBIT	286,665	15,210
EBT	277,397	11,648
Operating result ¹	231,774	15,740
Net profit for the period	230,558	10,147

STRUCTURE OF ASSETS AND CAPITAL

in EUR '000	30.06.2016	31.12.2015
Non-current assets	254,779	255,243
Current assets	740,405	1,376,588
Equity	763,171	539,791
Equity ratio (excl. minorities)	72.9%	32.0%
Non-current liabilities	67,201	105,202
Current liabilities	164,812	986,838
Total assets	995,184	1,631,831

SHARE

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
Share capital as of 30 June 2016	EUR 76,323,533
No. of shares in issue as of 30 June 2016	76,323,533
Second quarter 2016/First half 2016 high ²	EUR 25.15/EUR 27.00
Second quarter 2016/First half 2016 low ²	EUR 19.64/EUR 19.64
Closing price as of 30 June 2016 ²	EUR 21.58
Share price performance	–20%
Market capitalisation as of 30 June 2016	EUR 1.6 billion
Average trading volume per day (first 6 months of 2016) ³	125,300 shares
Indices	SDAX, GEX, DIMAX

¹ The operating income is calculated based on the EBT in accordance with IFRS, adjusted by non-cash effects from the valuation of investment properties and currency exposure, the amortisation of fund management contracts and reorganisation expenses. Realised valuation gains from the sale of real estate assets held as a financial investment as well as realised currency changes are included.

² Closing price Xetra-trading

³ All German stock exchanges

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Consolidated Interim Management Report

FOR THE FIRST HALF OF 2016

1 BUSINESS PERFORMANCE IN THE FIRST HALF OF FISCAL YEAR 2016

1.1 RESULTS OF OPERATIONS

PATRIZIA concluded the first half of 2016 with an operating income of EUR 231.8m and operating profit up 90.4% to EUR 23.8m (first half of 2015: EUR 12.5m), excluding income from the sale of the Harald Portfolio.

Assets under Management (AuM) increased to EUR 17.2bn, a rise of EUR 0.6bn or 3.6% from EUR 16.6bn at the year end 2015. The Harald Portfolio disposal (EUR 1.0bn) as well as other sales of EUR 0.3bn was more than offset by EUR 1.5bn of acquisitions. A robust pipeline of acquisitions is expected to close by the year end 2016 totalling approximately EUR 900m.

As a result of the first half performance and planned activity in the second half, PATRIZIA confirms its full year guidance for an operating income of at least EUR 250m as well as an AuM growth by around EUR 2.0bn to EUR 18.6bn.

Harald

The sale of the Harald Portfolio is near completion. It has an operating income of EUR 208.0m after transaction-related taxes of EUR 44.7m and minority shares of EUR 19.3m. This amount reflects the portfolio's contribution to the operating income in the first half of 2016 and PATRIZIA's guidance for the year 2016 of at least EUR 250m.

HARALD

in EUR '000	01.01. – 30.06.2016
Operating income	272,020
Transaction-related taxes	-44,729
Minority shares	-19,285
SHARE IN PATRIZIA'S OPERATING INCOME GUIDANCE	208,006

The sale of the Harald Portfolio was partly executed as an asset deal and partly as a share deal. The asset deals are shown as revenue and as changes in inventories in the income statement. The share deals are recognised as income from the deconsolidation of subsidiaries.

Internal reorganisation of PATRIZIA

PATRIZIA has made a strategic decision to focus on its core investment management activities and services which create a higher value for PATRIZIA's clients and their investments. Therefore, PATRIZIA plans to work with an external service provider for its property management service, and subsequently dispose of its existing division to a strategic buyer. The disposal process is now underway with completion expected before the end of 2016. Alongside this new approach PATRIZIA intends to continue to build on its growth in Europe by expanding its local presence to more countries and further optimise its German operations. As part of the stronger focus on investment management, PATRIZIA will concentrate on areas of the business where it can drive value and grow income, such as asset management and portfolio management, acquisitions and realisations. The overall range of services offered by PATRIZIA will be reduced in order to streamline activity and focus on the international expansion. This reorganisation activity has incurred one-off expenses of EUR 11.3m which PATRIZIA expects to be recouped through saving within the next two to three financial years.

EU referendum in the UK

On 23 June 2016, the United Kingdom voted in a non-binding referendum to exit the European Union. At this stage, the impact for PATRIZIA's business in the UK and in Europe remains unclear. The economic implications for the UK and Europe and respective property markets will depend largely on the negotiation of the exit process. However, the UK is among the largest and most liquid property markets in Europe and PATRIZIA remains committed to the country where it believes there are still strong investment opportunities for clients.

Following the EU referendum, the foreign exchange markets experienced some short term volatility, and the depreciation of GBP had an impact on PATRIZIA's AuM, balance sheet and income statement during the reporting period.

- | **Assets under Management:** Unrealised valuation changes of the GBP-denominated Assets under Management when reported in EUR, with no effect on fees, balance sheet and income statement. As of 30 June 2016, EUR 1.7bn AuM were denominated in GBP, with a translation effect of EUR -0.2bn versus year end 2015.
- | **Balance Sheet:** Differences in currency translations contain unrealised currency effects from the value change of GBP-denominated principal investments and co-investments. Currency translation changes of EUR -7.2m in the first half of 2015 are excluded from the net profit and reported in the other comprehensive income.
- | **Income Statement:** Translation changes of receivables and liabilities in foreign currencies are recorded as foreign currency translation changes in the income statement. In the first half of 2016, the net profit is impacted by translation effects of EUR -4.3m from certain inter-company borrowings.

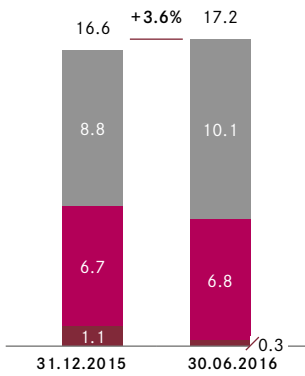
PATRIZIA's operating income has been adjusted by unrealised currency valuation changes as it represents a key performance indicator for the operational performance of the company. The currency result is reconciled in the description of the economic position under item 1.2.

On track to reach full year guidance

Based on the good earnings momentum, PATRIZIA confirms its full year guidance for an operating income of at least EUR 250m, as well as growth in AuM by around EUR 2.0bn to EUR 18.6bn. The operating income will be at least EUR 250m, excluding transaction-related taxes and shares of minorities for the sale of the Harald Portfolio which have already been deducted. In accordance with this definition, EUR 208.0m has been generated from the sale of the Harald Portfolio, which, combined with EUR 23.8m from the operating business, means a total operating income of EUR 231.8m was achieved in the first half of 2016.

DEVELOPMENT OF KEY PERFORMANCE INDICATORS IN THE FIRST HALF OF 2016

ASSETS UNDER MANAGEMENT (IN EUR BILLION)



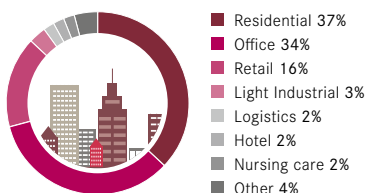
As of 30 June 2016, PATRIZIA had real estate AuM of EUR 17.2bn, a total increase of EUR 0.6bn or 3.6% from EUR 16.6bn at the end of 2015. EUR 11.4bn of this was attributable to Germany and EUR 5.8bn more widely in Europe. The sale of the Harald Portfolio was offset by new third party business.

Looking ahead to the remainder of the fiscal year 2016, PATRIZIA confirms its full year guidance for an operating income of at least EUR 250m as well as growth in AuM by around EUR 2.0bn to EUR 18.6bn.

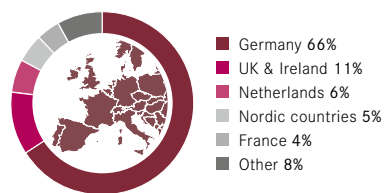
Principal Investments Co-Investments Third Party Business

ASSETS UNDER MANAGEMENT H1 2016

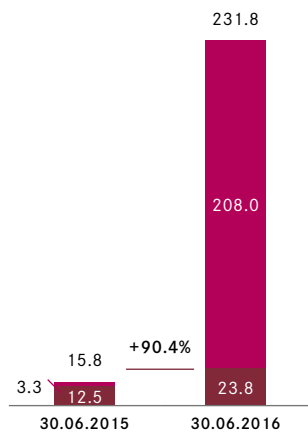
Sector Breakdown



Geographical distribution



OPERATING INCOME (IN EUR MILLION)



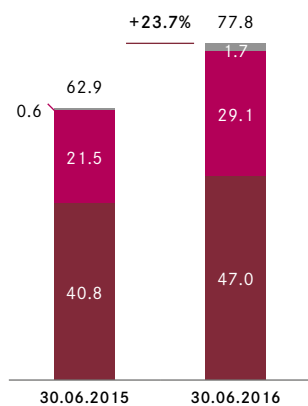
In the first half of 2016 operating income increased to EUR 231.8m (first half of 2015: EUR 15.8m). Disregarding the contribution from the disposal of the Harald Portfolio, the operating income increased by 90.4%, from EUR 12.5m in the first half of 2015 to EUR 23.8m.

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

— Operating income without Harald — Operating Income

Development of supplemental performance parameters:

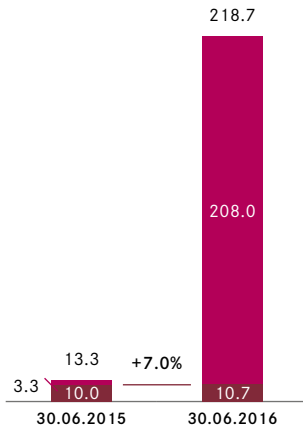
INCOME FROM MANAGEMENT SERVICES (IN EUR MILLION)



In the first half of 2016 income from management services increased by 23.7% to EUR 77.8m, from EUR 62.9m in the first half of 2015.

PATRIZIA charges recurring fees for the management of its real estate assets. The base fee relates to the property, asset, fund and portfolio management. Moreover, PATRIZIA generates transaction fees for acquisitions and sales and a further performance-based fee for when defined target returns are exceeded.

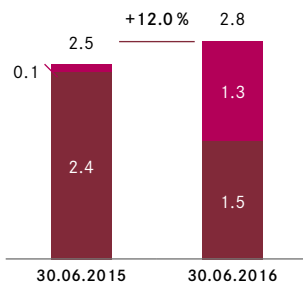
— Base Fee — Transaction Fee — Performance-related Revenues

INVESTMENT INCOME (IN EUR MILLION)

In the first half of 2016 investment income was EUR 218.7m, including EUR 208.0m from the sale of the Harald Portfolio. Excluding the proceeds from the Harald Portfolio, the underlying investment income increased by 7.0% to EUR 10.7m from EUR 10.0m in the first half of 2015.

The segment investments comprises principal investments – investments on PATRIZIA's own account – and co-investments. Income from principle investments include sales proceeds as well as rental income from these investments. Income from co-investments is treated as income from participations.

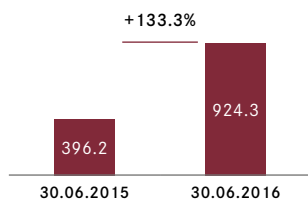
— Investment Income without Harald — Investment Income

TRANSACTION VOLUME (IN EUR BILLION)

In the first half of 2016 acquisitions of EUR 1.5bn and sales of EUR 1.3bn were completed. The disposals include the sale of the Harald Portfolio of EUR 1.0bn. Principal investments incur no transaction fees and the proceeds are fully included in the investment income. Compared with the same period in the previous year, the transaction volume rose from EUR 2.5bn to EUR 2.8bn.

— Acquisitions — Sales

RAISED INSTITUTIONAL FUNDS (IN EUR MILLION)



In the period under review EUR 924.3m of equity for investments was raised with institutional and retail clients compared to EUR 396.2m in the same period of the previous year.

PATRIZIA's core business is acquiring and managing real estate assets and portfolios for institutional and retail clients throughout Europe. PATRIZIA generates management fees for its services and investment income from co-investments and principal investments, which can be split into three categories:

THIRD PARTIES

With third party business, special funds are placed and managed for retail and institutional clients through the Group's three investment management arms. PATRIZIA generates stable and recurring income through the management of its assets. There is no equity investment by PATRIZIA in the third party business. In total, the third party business accounts for EUR 10.1bn AuM as of 30 June 2016.

In the first half of 2016, PATRIZIA's retail funds division, PATRIZIA **GrundInvest Kapitalverwaltungsgesellschaft mbH**, had fully placed its first fund to retail clients after only four months with a value of EUR 45.6m. Following on this, a second retail fund was launched, which is investing in a modern mixed use urban quarter in the city centre of Stuttgart. The pipeline for the second half of 2016 comprises two further funds with assets located in Copenhagen and The Hague.

Management of separate accounts

PATRIZIA additionally manages separate account mandates with AuM totalling EUR 866m. Having acquired the building of the London Madame Tussauds Waxwork museum on behalf of a Taiwanese investor in 2015, the Astro-Tower in Brussels was acquired for a consortium of Korean investors in the period under review. In both cases, PATRIZIA is acting as asset and investment manager.

PATRIZIA THIRD PARTY BUSINESS AS OF 30 JUNE 2016

in EUR million	Assets under Management	Equity commit- ments	of which already inves- ted equity	of which outstanding	Number of vehicles
PATRIZIA WohnInvest KVG mbH	1,482	1,588	993	596¹	9
Pool funds	963	1,019	638	381 ¹	5
Individual funds	519	569	355	215 ¹	4
PATRIZIA GewerbeInvest KVG mbH	7,473	5,466	4,537	931	23
Pool funds	4,132	2,931	2,366	566	11
Individual funds	1,188	1,267	924	344	10
Label funds	2,153	1,268	1,247	21	2
PATRIZIA Real Estate Investment Management S.á r.l. (REIM)²	171	85	85	0	1
Seperate accounts	866	573	573	0	8
PATRIZIA GrundInvest KVG mbH	148	0	67	0	3
THIRD PARTY BUSINESS	10,140	7,712	6,255	1,527	44

¹ Without project developments secured through purchase agreements² PATRIZIA Nordic Cities SCS SICAV-FIS**CO-INVESTMENTS**

PATRIZIA participates in a number of co-investment mandates together with its clients, with up to a maximum of 10% in real estate investments. As well as this the commitment to the client and the transaction, PATRIZIA generates third party management fees and additional investment income, while PATRIZIA's shareholders benefit from investment in a pan-European, diversified and attractive real estate portfolio. As of 30 June 2016, co-investments contributed EUR 6.8bn to PATRIZIA's AuM. PATRIZIA has invested EUR 0.2bn of equity in co-investments.

No significant changes in PATRIZIA's co-investments occurred in the first half of 2016. Reference to these are made in PATRIZIA's annual report 2015, p. 60.

PRINCIPAL INVESTMENTS

PATRIZIA acquires both portfolios and single assets opportunistically and on a very selective basis for its own account as principal investments. Whilst an asset is only acquired if it is in principle an attractive long-term investment, the clear objective is to create an attractive product and sell on the portfolio or property profitably or place it with existing clients. Principal investments as of 30 June 2016 amounted to EUR 0.3bn.

In the period under review there were changes in the following principle investments:

Manchester

An undeveloped area known as Plot 5 was transferred to a joint venture with the Greater Manchester Pension Fund. PATRIZIA received EUR 11.2m as well as retained a minority stake in the joint venture, and will carry out any project management in the future with plans to develop an office complex.

Also in Manchester, PATRIZIA exchanged sale contracts with an institutional British investor at the beginning of June on No.1 First Street, on office building that constitutes the Company's largest single principal investment. Completion is expected by mid-October 2016, and the GBP-denominated sales proceeds are fully hedged into EUR. Hence, a currency loss due to the depreciation of the GBP is not expected.

Harald Portfolio

In line with the disposal plan, the vast majority of the assets in the Harald Portfolio were sold and have been recognised in the income statement in the first half of 2016.

Other Principal Investments

PATRIZIA completed the acquisition of Wildrosenweg in Munich, in the first quarter 2016, with the purchase price having already been paid at the end of 2015. The individual condo sale of the property has already commenced.

In mid-June 2016, PATRIZIA acquired a Build To Rent asset in the increasingly popular London district of Barking. A project development for around 200 residential apartments is planned.

For the income impact of the principal investments, please refer to the economic position under item 1.2.

1.2 ECONOMIC POSITION

EARNINGS PERFORMANCE OF THE PATRIZIA GROUP

For reasons of transparency and clarity the earnings performance of PATRIZIA is shown with and without the effect off the sale of the Harald Portfolio and compared to the same period in the previous year. The development of the Group's earnings performance is described without considering the effects from the Harald Portfolio.

OPERATING INCOME

Operating income is the Group's key performance indicator as it includes the total of all operative items of the income statement, adjusted by the below-mentioned cash and non-cash items. In the first half of 2016, operating income increased to EUR 231.8m. Without the contribution from the sale of the Harald Portfolio, the operating income increased by 90.4% to EUR 23.8m, after EUR 12.5m in the first half of 2015. The change in operating income compared with the prior year period is shown in the following table:

RECONCILIATION OF OPERATING INCOME – HALF YEAR

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01.– 30.06.2016 in EUR '000	01.01.– 30.06.2015 in EUR '000	Change	01.01.– 30.06.2016 in EUR '000	01.01.– 30.06.2015 in EUR '000	Change
EBITDA	16,720	9,931	68.4%	289,958	18,679	–
Amortisation of fund management contracts ¹ , depreciation of software and fixed assets	-3,293	-3,469	-5.1%	-3,293	-3,469	-5.1%
EBIT	13,427	6,462	107.8%	286,665	15,210	–
Financial result (interest result)	-3,280	-2,396	36.9%	-5,030	-3,555	41.5%
Gains/losses from currency translation	-4,295	1,316	–	-4,238	-7	–
EBT	5,852	5,382	8.7%	277,397	11,648	–
Change in value of derivatives	0	0	–	0	-786	–
+ Amortisation of fund management contracts ¹	984	984	–	984	984	–
Harald – transaction-related taxes and minorities	0	0	–	-64,014	-2,661	–
Net realised valuation gains from the sale of investment property	1,183	4,966	-76.2%	1,183	4,966	-76.2%
Reorganisation expenses	11,313	0	–	11,313	0	–
Expenses/income from unrealised currency translation	4,436	1,150	285.7%	4,911	1,589	209.1%
OPERATING INCOME	23,768	12,482	90.4%	231,774	15,740	–

¹ Fund management contracts that have been transferred in the course of 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 half of 2016 consolidated revenues without the sale of the Harald Portfolio increased to EUR 110.7m, up 14.7% from EUR 96.6m in the previous year. Almost all items of the consolidated revenues contributed to the positive development and are explained below.

REVENUES – HALF YEAR

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
Sales proceeds of principal investments	25,712	36,430	-29.4%	487,634	36,430	-
Rental revenues	6,932	3,851	80.0%	13,274	10,105	31.4%
Revenues from management services	73,138	54,505	34.2%	73,138	54,505	34.2%
Revenues from ancillary costs	2,534	1,186	113.7%	2,792	1,053	165.1%
Miscellaneous	2,396	580	313.1%	2,397	714	235.7%
CONSOLIDATED REVENUES	110,712	96,552	14.7%	579,235	102,807	463.4%

PATRIZIA's revenues only partly reflect the Group's total operating performance and are therefore only of limited expression. For a more comprehensive view on the overall performance the items below the revenue line have to be considered as well.

Sales proceeds from principal investments, excluding the sale of the Harald Portfolio decreased in the first half of 2016 by 29.4% to EUR 25.7m from EUR 36.4m in the prior year period due to the lower own stock. Sales proceeds from the disposal of an undeveloped area known as Plot 5 for EUR 11.2m in Manchester are included in the first half of 2016. The proceeds from the agreed disposal of an office building (No.1 First Street) will become effective upon closing later this year.

Rental revenues have increased by 80.0% from EUR 3.9m in the prior year to EUR 6.9m in the first half of 2016. Principal investments acquired during 2015 and the first half of 2016 have offset the decrease in rents caused by sales.

The expansion of the **service business** continues and is reflected in an increase of revenues by 34.2% to EUR 73.1m in the first half of 2016 from EUR 54.5m in the first half of 2015. This includes EUR 42.3m (first half of 2015: EUR 32.4m; +30.6%) attributable to management services and EUR 30.8m (first half of 2015: EUR 22.1m; +39.4%) of transaction and performance-based fees. The increase follows the growth of the AuM as well as the increased transaction volume.

Revenues from ancillary costs of EUR 2.5m (first half of 2015: EUR 1.2m; +113.7%) include revenues from the allocation of recoverable ancillary rental costs increased in line with rental growth. **Miscellaneous** items include transaction expenses which are charged to the corresponding investment vehicles. Due to the increase of the transaction volume the sum in the first half of 2016 increased fourfold to EUR 2.4m from EUR 0.6m year-on-year.

TOTAL OPERATING PERFORMANCE

Total operating performance reflects PATRIZIA's performance more comprehensively than revenues. As a result of the significant increase in revenues, total operating performance in the first half year of 2016 has also increased significantly from EUR 84.0m by 17.5% year-on-year to EUR 98.7m.

TOTAL OPERATING PERFORMANCE – HALF YEAR

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
Revenues	110,712	96,552	14.7%	579,235	102,807	463.4%
Income from the sale of investment property	901	2,969	-69.7%	901	2,969	-69.7%
Changes in inventories	-19,606	-22,219	-11.8%	-387,117	-22,219	-
Other operating income	3,027	6,711	-54.9%	6,379	7,079	-9.9%
Income from the deconsolidation of subsidiaries	3,691	0	-	196,930	5,277	-
TOTAL OPERATING PERFORMANCE	98,725	84,013	17.5%	396,328	95,913	313.2%

Income from the sale of investment property

The sales proceeds of properties held long-term are shown as income from the sale of investment property. The sales proceeds after the deduction of the corresponding book values contributed a net result of EUR 0.9m in the first half of 2016 compared to EUR 3.0m in the first half of 2015. This decrease results from a lower number of units sold, as much of the stock has been sold. Nonetheless, positive value changes of EUR 1.2m could be realised with the sale of the assets in the first half of 2016.

Changes in inventories

In the first half of 2016, changes in inventories of EUR –19.6m (first half of 2015: EUR –22.2m; –11.8%) were recognised. Book value disposals of the assets sold from inventories reduced the existing stock by EUR 21.4m (first half of 2015: EUR –33.3m). The most significant change is the disposal of the principal investment Plot 5 in Manchester for EUR 7.1m. Capitalisations of EUR 1.8m (first half of 2015: EUR 11.0m) increased the existing stock, and are mainly attributable to maintenance measures.

Other operating income

Other operating income decreased by 54.9% to EUR 3.0m (first half of 2015: EUR 6.7m). Significant items are income from expired obligations (EUR 1.9m) and income from payments in kind (EUR 0.5m).

Income from the deconsolidation of subsidiaries

The majority of the income from the deconsolidation of subsidiaries is attributable to the disposal of the Harald Portfolio through share deals. For further details refer to item 3 in the Notes.

EBITDA

RECONCILIATION OF EBITDA – HALF YEAR

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
Total operating performance	98,725	84,013	17.5%	396,328	95,913	313.2%
Cost of materials	-6,741	-15,882	-57.6%	-10,828	-18,467	-41.4%
Costs for purchased services	-10,353	-7,145	44.9%	-10,353	-7,145	44.9%
Staff costs	-42,622	-43,480	-2.0%	-56,249	-43,480	29.4%
Change in value of investment property	0	0	-	0	0	-
Other operating expenses	-20,650	-20,556	0.5%	-27,719	-21,123	31.2%
Income from participations	6,421	9,963	-35.6%	6,839	9,963	-31.4%
Earnings from companies accounted for using the equity method	3,253	3,018	7.8%	3,253	3,018	7.8%
EBITDAR	28,033	9,931	182.3%	301,271	18,679	-
Reorganisation expenses	-11,313	0	-	-11,313	0	-
EBITDA	16,720	9,931	68.4%	289,958	18,679	-

Cost of materials

Cost of materials includes construction and maintenance measures for own assets, which are usually capitalised. Year-on-year, the cost of materials reduced by 57.6% from EUR 15.9m to EUR 6.7m in the first half of 2016 in line with the significantly reduced own stock, it comprises the following items:

- | Renovation and construction measures in the existing portfolio of EUR 3.1m (first half of 2015: EUR 13.1m including project developments of EUR 9.7m)
- | Ongoing maintenance of EUR 0.5m (first half of 2015: EUR 0.3m; up 63.2%)
- | Allocable rental ancillary costs of EUR 3.1m (first half of 2015: EUR 2.4m; up 27.4%).

Costs for purchased services

Costs for purchased services largely include expenditures for the white labelled funds of PATRIZIA Gewerbelinvest, for which PATRIZIA acts as service provider only. Overall, the costs for purchased services increased by 44.9% from EUR 7.1m in the previous year to EUR 10.4m in the first half of 2016. Due to acquisitions made in previous periods, management income from white labelled funds increased and the revenues amounted to EUR 8.6m (first half of 2015: EUR 7.8m; +11.1%), while the respective costs increased to EUR 8.0m (first half of 2015: EUR 6.6m; +19.8%).

Staff costs

As of 30 June 2016 PATRIZIA employed 815 permanent employees (30 June 2015: 800 employees). Staff costs are as following:

STAFF COSTS – HALF YEAR

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
Fixed salaries	25,562	23,704	7.8%	25,567	23,704	7.9%
Variable salaries	9,811	6,692	46.6%	23,432	6,692	250.1%
Sales commissions	1,823	2,833	-35.7%	1,823	2,833	-35.7%
Social security contributions	5,245	4,743	10.6%	5,246	4,743	10.6%
Effect of long-term variable compensation ¹	-977	4,518	-	-977	4,518	-
Miscellaneous	1,158	990	17.0%	1,158	990	17.0%
TOTAL	42,622	43,480	-2.0%	56,249	43,480	29.4%

¹ Valuation changes of the long-term variable remuneration due to change in the share price.

Staff costs decreased slightly by 2.0% to EUR 42.6m (first half of 2015: EUR 43.5m). The fixed salaries increased due to customary salary adjustments and the increase of the number of employees over the past 12 month from EUR 23.7m by 7.8% to EUR 25.6m. In the context of European expansion, certain employees and executive staff were recruited with a higher variable salary portion. Variable salaries rose from EUR 6.7m in the previous year by 46.6% to EUR 9.8m in the first half of 2016. Sales and distribution commissions declined due to reduced volume of the condo privatisation by 35.7% from EUR 2.8m in the previous year to EUR 1.8m in the first half of 2016. Due to the weaker performance of the share price, the long-term variable compensation contributed a positive effect of EUR 1.0m, after costs of EUR 4.5m incurred last year. Any miscellaneous items mainly refer to payments in kind.

Other operating expenses

Other operating expenses remained almost flat at EUR 20.7m compared to EUR 20.6m in the prior year period. The specific composition is shown below:

OTHER OPERATING EXPENSES – HALF YEAR

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
Operating expenses	7,412	6,994	6.0%	8,354	6,524	28.1%
Administrative expenses	5,837	4,944	18.1%	6,101	5,062	20.5%
Selling expenses	4,445	5,053	-12.0%	4,469	5,270	-15.2%
Other expenses	2,956	3,565	-17.1%	8,795	4,267	106.1%
TOTAL	20,650	20,556	0.5%	27,719	21,123	31.2%

Operating expenses increased by 6.0% to EUR 7.4m in the first half of 2016, from EUR 7.0m in the previous year. Main items of the operating expenses are the rent for business premises and corresponding ancillary costs as well as IT and maintenance costs.

Administrative expenses increased by 18.1% to EUR 5.8m in the first half of 2016, compared to EUR 4.9m in the prior year. The increase is driven by the rise of the transaction-related costs for due diligence, legal and consultancy costs to EUR 1.8m (first half of 2015: EUR 1.4m) due to the stronger transaction volume. The costs for insurance and other contributions increased only marginally to EUR 0.5m (first half of 2015: EUR 0.4m). Transaction-based costs for due diligence as well as legal and consultancy costs are charged to the respective investment vehicles and shown as cost reimbursement under the revenue item.

Selling expenses decreased by 12.0% to EUR 4.4m in the first half of 2016, from EUR 5.1m in the prior period. These largely include the costs for PATRIZIA's sales activities and supporting marketing services, which were reduced in line with a reduced stock of properties to be sold.

Other expenses decreased in the first half of 2016 by 17.1% to EUR 3.0m, down from EUR 3.6m year-on-year. The largest expense included in this is consultancy services for transactions, which increased to EUR 2.0m from EUR 1.7m in the previous year.

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

The income from participations excluding the Harald Portfolio decreased to EUR 6.4m in the first half of 2016 after EUR 10.0m in the previous year. This reduction is mainly caused by the sale of SÜDEWO. In the first half of 2016, the co-investment **GBW** generated – like in the previous year – EUR 4.7m from services provided as shareholders' contribution and a return on capital employed of EUR 1.6m. The Seneca portfolio ("Other") contributed a return on capital employed of EUR 0.1m. The co-investment **WohnModul I** generated an income of EUR 3.3m after EUR 3.0m in the first half of 2015, which is recognised as the earnings from companies accounted for using the equity method.

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
GBW	6,343	6,318	0.4%	6,761	6,318	7.0%
of which services provided as shareholders' contribution	4,732	4,707	0.5%	4,732	4,707	0.5%
of which returns on capital employed	1,611	1,611	–	2,029	1,611	25.9%
SÜDEWO	0	3,645	–	0	3,645	–
Other	78	0	–	78	0	–
Income from participations	6,421	9,963	–35.6%	6,839	9,963	–31.4%
WohnModul I	3,253	3,018	7.8%	3,253	3,018	7.8%
Earnings from companies accounted for using the equity method	3,253	3,018	7.8%	3,253	3,018	7.8%
TOTAL	9,674	12,981	–25.5%	10,092	12,981	–22.3%

Reorganisation expenses

As a result of the reorganisation process as previously outlined, the number of employees in Germany is expected to be gradually reduced by the equivalent of 200 full time staff over the next 12–18 month. In the first half of 2016, reorganisation expenses of EUR 11.3m were incurred (first half of 2015: EUR 0m).

REORGANISATION EXPENSES

in EUR '000	01.01. – 30.06.2016
Expenses for advisors	952
Severance payments	10,361
TOTAL	11,313

NET PROFIT FOR THE PERIOD

PATRIZIA's net profit for the period without taking into account the effect from the Harald Portfolio amounted to EUR 3.7m (first half of 2015: EUR 5.1m; –26.3%).

NET PROFIT FOR THE PERIOD – HALF YEAR

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
EBITDA	16,720	9,931	68.4%	289,958	18,679	-
Amortisation of fund management contracts, depreciation of software and fixed assets	-3,293	-3,469	-5.1%	-3,293	-3,469	-5.1%
EBIT	13,427	6,462	107.8%	286,665	15,210	-
Financial income	796	480	65.8%	1,155	1,630	-29.1%
Financial expenses	-4,076	-2,876	41.7%	-6,185	-5,185	19.3%
Financial result	-3,280	-2,396	36.9%	-5,030	-3,555	41.5%
Gains/losses from currency translation	-4,295	1,316	-	-4,238	-7	-
EBT	5,852	5,382	8.7%	277,397	11,648	-
Income taxes	-2,110	-304	594.1%	-46,839	-1,501	-
NET PROFIT FOR THE PERIOD	3,742	5,078	-26.3%	230,558	10,147	-

Amortisations of fund management contracts, depreciation on software and fixed assets

Amortisation of fund management contracts, depreciation of software and fixed assets are almost unchanged at EUR 3.3m (first half of 2015: EUR 3.5m; -5.1%). The largest single positions are the amortisation of fund management contracts of EUR 1.0m (unchanged year-on-year) and the depreciation of software of EUR 1.6m (first half of 2015: EUR 1.5m; +6.7%).

Financial result

The negative financial result was impacted by a higher financing volume which resulted in a reduction by 36.9% to EUR -3.3m, compared with EUR -2.4m during the same period in the previous year. Financial income increased to EUR 0.8m after EUR 0.5m year-on-year. This includes interest income on delayed purchase price receipts as well as from shareholder loans to co-investments. Furthermore, financial expenses of EUR 4.1m (first half of 2015: EUR 2.9m; +41.7%) increased compared to the same period in the previous year through interest payments for loans for principal investments (i.e. Manchester) and the PATRIZIA GrundInvest KVG entities.

Gains/losses from currency translation

As of 30 June 2016 the currency result amounted to EUR –4.3m (first half of 2015: EUR 1.3m). This includes realised currency losses of EUR 0.7m, as well as EUR 3.6m non-realised and non-cash effective temporary currency losses of equity invested or loans granted in GBP. The operating result has been adjusted for unrealised currency gains and losses.

GROUP'S NET ASSET AND FINANCIAL SITUATION

PATRIZIA'S KEY FINANCIAL AND ASSETS FIGURES

	30.06.2016 in EUR '000	31.12.2015 in EUR '000	Change
Total Assets	995,184	1,631,831	–39.0%
Equity (excl. minorities)	725,696	521,601	39.1%
Equity ratio	72.9%	32.0%	40.9 PP
+ Bank loans	22,375	821,828	–97.3%
+ Bonded loans	27,000	67,000	–59.7%
– Cash and cash equivalents	371,451	179,141	107.4%
= Net cash (–)/net debt (+)	–322,076	709,687	–
Net equity ratio¹	76.7%	35.9%	40.8 PP

¹ Shareholders equity (excl. minorities) divided by net assets (total assets less total debt covered by incremental cash)
PP = percentage points

Total assets

The Group's total assets in the period under review were reduced to EUR 1.0bn, after EUR 1.6bn at the end of 2015. The significant decrease is mainly due to the sale of the Harald Portfolio. For PATRIZIA GrundInvest KVG, one asset was deconsolidated in the second quarter of 2016, while another asset in The Hague was acquired and added to the balance sheet. This asset will be placed in a retail fund in the second half of 2016.

Investment property and inventories

In the consolidated financial statement, PATRIZIA's real estate assets amount to EUR 289.0m (31 December 2015: EUR 1.1m; -73.2%):

	30.06.2016 in EUR '000	31.12.2015 in EUR '000	Change
Investment property	15,210	20,802	-26.9%
Inventories	273,820	1,057,942	-74.1%
Principal Investments	289,030	1,078,744	-73.2%

Of this, EUR 15.2m was attributable to investment property. EUR 273.8m are inventories, with EUR 19.4m being attributable to the remaining Harald Portfolio. All principal investments are intended to generate rental income prior to their eventual sale.

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

PATRIZIA CAPITAL ALLOCATION AS OF 30 JUNE 2016

	Assets under Management in EUR million	Investment- capital in EUR million	Investment in %
Third Party Business	10,140	-	-
Co-Investments	6,787	172.1	
Residential	5,307	134.9	
GBW GmbH	3,562	53.8	5.1
WohnModul I SICAV-FIS	1,702	79.7	10.1
Other	43	1.4	10.0
Commercial Germany	446	17.7	
PATRoffice	207	5.7	6.3
Seneca	181	4.9	5.1
sono west	58	7.1	30.0
Commercial International	1,034	19.5	
Aviemore Topco (UK)	530	8.0	10.0
Citruz Holdings LP (UK)	109	2.8	10.0
Plymouth Sound Holdings LP (UK)	61	2.8	10.0
Winnersh Holdings LP (UK)	334	5.9	5.0
Principal Investments	270	280.8	
Harald	19	23.6	94.9
Other	251	257.2	100
Operating companies	-	28.6	100
Investment capital employed	17,197	481.5	-
Available bank balances and cash	-	271.2	-
Total investment capital	17,197	752.7	-
Of which external capital (bonded loans)	-	27.0	-
Of which PATRIZIA equity excl. minorities	-	725.7	-

CAPITAL STRUCTURE

In accordance with the decrease of the total assets, the liabilities were also significantly reduced at the reporting date.

Bonded loans

One of the two bonded loans amounting to EUR 35.0m was repaid at maturity in June 2016.

Financial liabilities

The Group has short-term bank loans of EUR 22.4m outstanding as of 30 June 2016 (31 December 2015: EUR 821.8m). The loans are fully attributable to an entity of PATRIZIA GrundInvest KVG and bridge finance assets that are expected to be placed through retail funds within the next 12 to 18 month. The decrease in bank loans results from the almost complete disposal of the Harald Portfolio. Further to this, PATRIZIA used additional available cash to redeem loans.

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

	30.06.2016 in EUR '000	31.12.2015 in EUR '000	Change
Long-term bonded loans	27,000	32,000	-15.6%
Short-term bonded loans	0	35,000	-
Short-term bank loans	22,375	821,828	-97.3%
Total financial liabilities	49,375	888,828	-94.4%

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

LIQUIDITY

As of 30 June 2016, PATRIZIA holds a cash position of EUR 371.5m.

in EUR '000	30.06.2016
Bank balances and cash	371,451
- Transaction-based taxes Harald	-54,416
- Shares of non-controlling shareholders	-36,666
- Regulatory reserve KVG	-9,150
= Available cash	271,219

The cash position of the Group is not freely available in its entirety. Through the sale of the Harald Portfolio, transaction-based taxes of EUR 54.4m as well as payments to non-controlling shareholders of EUR 36.7m have to be paid, but were not due until the reporting date. In addition, a cash reserve of EUR 9.2m has to be permanently held and available for the regulated investment management companies (KVG's) due to regulatory requirements. Considering these positions, the available free cash balance amounts to EUR 271.2m.

2 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 2015 financial year. The assessment of probabilities and potential extent of damage has also not led to any significant changes in the assessment of risks and opportunities.

The referendum of the United Kingdom to exit the European Union bears potential for future opportunities and risks, i.e. with respect to demand and supply of the property market or the currency translation. The management observes the development very carefully in order to be able to act accordingly. With regard to current principal- and co-investments, the assessment of risks remains unchanged.

The statements in the risk report of the 2015 Annual Report still apply. Please therefore refer to the risk report on pages 83 et seq. of the 2015 Annual Report of PATRIZIA Immobilien AG. No other risks are currently known to the Managing Board of PATRIZIA Immobilien AG.

3 REPORT ON EXPECTED DEVELOPMENTS

Based on a strong and successful business development in the first half of 2016, the Board of Directors of PATRIZIA confirms the full year guidance for an operating income of at least EUR 250m, as well as growth in AuM by around EUR 2.0bn to EUR 18.6bn. It should be considered that in the forecasted operating income for the sale of the Harald Portfolio, transaction-based taxed and shares of minorities have already been deducted; for this purpose, please refer to item 1.1.

Augsburg, 9 August 2016



Wolfgang Egger
CEO



Karim Bohn
CFO



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.

Consolidated Balance Sheet

AS OF 30 JUNE 2016

ASSETS

in EUR '000	30.06.2016	31.12.2015
A. Non-current assets		
Goodwill	610	610
Other intangible assets	36,414	37,417
Software	7,823	9,225
Investment property	15,210	20,802
Equipment	5,095	5,015
Participations in associated companies	79,719	88,179
Participations	101,948	81,406
Loans	5,056	5,498
Long-term tax assets	78	78
Deferred Taxes	2,826	7,013
Total non-current assets	254,779	255,243
B. Current assets		
Inventories	273,820	1,057,942
Securities	44	54
Short-term tax assets	11,046	8,280
Current receivables and other current assets	84,044	131,171
Bank balances and cash	371,451	179,141
Total current assets	740,405	1,376,588
TOTAL ASSETS	995,184	1,631,831

EQUITY AND LIABILITIES

in EUR '000	30.06.2016	31.12.2015
A. Equity		
Share capital	76,324	76,324
Capital reserve	191,637	191,637
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	37,475	18,190
Currency translation difference	-8,047	-869
Consolidated unappropriated profit	465,277	254,004
Total equity	763,171	539,791
B. Liabilities		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	33,818	63,253
Retirement benefit obligations	687	687
Bonded loan	27,000	32,000
Non-current liabilities	5,696	9,262
Total non-current liabilities	67,201	105,202
CURRENT LIABILITIES		
Short-term bank loans	22,375	821,828
Bonded loan	0	35,000
Short-term financial derivatives	0	3,677
Other accruals	16,305	6,740
Current liabilities	66,337	95,288
Tax liabilities	59,795	24,305
Total current liabilities	164,812	986,838
TOTAL EQUITY AND LIABILITIES	995,184	1,631,831

Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

in EUR '000	2 nd quarter 2016	2 nd quarter 2015	1 st half 2016	1 st half 2015
	01.04. – 30.06.2016	01.04. – 30.06.2015	01.01. – 30.06.2016	01.01. – 30.06.2015
Revenues	90,897	55,525	579,235	102,807
Income from the sale of investment property	568	1,383	901	2,969
Changes in inventories	-37,025	-14,540	-387,117	-22,219
Other operating income	3,450	5,945	6,379	7,079
Income from the deconsolidation of subsidiaries	3,410	5,277	196,930	5,277
Total operating performance	61,300	53,590	396,328	95,913
Cost of materials	-5,390	-11,474	-10,828	-18,467
Cost of purchased services	-6,974	-2,295	-10,353	-7,145
Staff costs	-21,886	-21,952	-56,249	-43,480
Other operating expenses	-12,085	-11,762	-27,719	-21,123
Income from participations	3,667	4,972	6,839	9,963
Earnings from companies accounted for using the equity method	2,459	2,334	3,253	3,018
EBITDAR	21,091	13,413	301,271	18,679
Reorganisation expenses	-11,313	0	-11,313	0
EBITDA	9,778	13,413	289,958	18,679
Amortisation of fund management contracts, depreciation of software and fixed assets	-1,643	-1,869	-3,293	-3,469
Earnings before finance income and income taxes (EBIT)	8,135	11,544	286,665	15,210
Finance income	395	1,355	1,155	1,630
Finance costs	-1,634	-3,703	-6,185	-5,185
Losses from currency translation	-5,542	-1,161	-4,238	-7
Earnings before income taxes (EBT)	1,354	8,035	277,397	11,648
Income tax	-2,715	-738	-46,839	-1,501
Net profit for the period	-1,361	7,297	230,558	10,147
Earnings per share (undiluted) in EUR	-0.02	0.10	2.77	0.11
The net profit for the period is allocated to:				
Shareholders of the parent company	-1,860	5,833	211,273	8,683
Non-controlling shareholders	499	1,464	19,285	1,464
	-1,361	7,297	230,558	10,147

Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

in EUR '000	2 nd quarter 2016	2 nd quarter 2015	1 st half 2016	1 st half 2015
	01.04. – 30.06.2016	01.04. – 30.06.2015	01.01. – 30.06.2016	01.01. – 30.06.2015
Consolidated net profit	-1,361	7,297	230,558	10,147
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	973	473	-7,178	978
Cash flow hedges				
Amounts recorded during the reporting period	0	0	0	0
Reclassification of amounts that were recorded	0	0	0	0
Total result for the reporting period	-388	7,770	223,380	11,125
The total result is allocated to:				
Shareholders of the parent company	-887	6,306	204,095	9,661
Non-controlling shareholders	499	1,464	19,285	1,464
	-388	7,770	223,380	11,125

Consolidated Cash Flow Statement

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

in EUR '000	01.01. – 30.06.2016	01.01. – 30.06.2015
Net profit for the period	230,558	10,147
Income taxes recognised through profit or loss	46,839	1,501
Financial expenses through profit or loss	6,185	5,185
Financial income through profit or loss	-1,155	-1,630
Amortisation of fund management contracts, software and equipment	3,293	3,469
Gain on the disposal of investment properties	-901	-2,969
Income from the deconsolidation of subsidiaries	-196,930	-5,277
Other non-cash items	8,760	-7,395
Changes in inventories, receivables and other assets that are not attributable to investment activities	373,155	-10,021
Changes in liabilities that are not attributable to financing activities	-18,075	10,491
Interest paid	-6,098	-3,266
Interest received	899	241
Income tax payments	-10,430	-1,714
Cash inflow/outflow from operating activities	436,100	-1,238
Capital investments software and equipment	-974	-2,680
Payments received from the disposal of investment property	6,443	29,133
Payments for the development of investment property	-61	-781
Payments for the acquisition of participations	-1,030	0
Payments received from the equity reduction of participations	0	770
Payments for investments in companies accounted for using the equity method	0	-1,309
Payment received through distributions of companies accounted for using the equity method	5,147	0
Payments received from the repayment of shares of companies accounted for using the equity method	6,565	0
Payments for loans to companies in which participating interests are held	-181	-60
Payments received from the disposal of consolidated companies and other business units	333,695	0
Payments for the acquisition of consolidated companies and other business units	-42,366	-256,310
Cash inflow/outflow from investment/divestment activities	307,238	-231,237
Borrowing of loans	96,675	279,312
Repayment of loans	-645,761	-65,721
Cash outflow/inflow from financing activities	-549,086	213,591
Changes in cash	194,252	-18,884
Cash 1 January	179,141	145,361
Effect of changes in exchange rates on cash	-1,942	0
Cash 30 June	371,451	126,477

Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

in EUR '000	Share capital	Capital reserve	Retained earnings (legal reserve)	Currency translation difference	Consolidated unappropriated profit	Thereof attributable to the shareholders of the parent company	Thereof attributable to non-controlling shareholders	Total
Balance 1 January 2015	69,385	198,576	505	1,030	139,743	409,239	809	410,048
Net amount recognised directly in equity, where applicable less income taxes				978		978		978
Non-controlling interests arising from the inclusion of new companies							101,631	101,631
Purchases of shares of non-controlling shareholders					2,147		-64,558	-62,411
Disposals of shares of non-controlling shareholders					546		-2,031	-1,485
Net profit/loss for the period					8,683	8,683	1,464	10,147
Balance 30 June 2015	69,385	198,576	505	2,008	151,119	418,900	37,315	458,908
Balance 1 January 2016	76,324	191,637	505	-869	254,004	518,099	18,190	539,791
Net amount recognised directly in equity, where applicable less income taxes				-7,178		-7,178		-7,178
Net profit/loss for the period					211,273	211,273	19,285	230,558
BALANCE 30 JUNE 2016	76,324	191,637	505	-8,047	465,277	722,194	37,475	763,171

Notes to the Consolidated Interim Financial Statements

AS OF 30 JUNE 2016 (FIRST HALF OF 2016)

1 GENERAL DISCLOSURES

PATRIZIA Immobilien AG (“PATRIZIA”, “Company” or “Group”) is a listed German stock corporation. The Company’s headquarter is located at Fuggerstrasse 26 in 86150 Augsburg, Germany. PATRIZIA has been active as an investor and service provider 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. As one of the leading real estate investment companies in Europe, the Company operates European-wide for large institutional clients as well as for retail clients. Currently the Company manages assets with a value of EUR 17.2 billion, mainly for insurance companies, pension fund institutions, sovereign wealth funds and savings banks.

2 PRINCIPLES APPLIED IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements of PATRIZIA Immobilien AG for the first half of 2016 (1 January 2016 to 30 June 2016) 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 interim consolidated financial statements for the period ended 30 June 2016 contain all of the information necessary to provide a true and fair view of the course of business and the earnings situation in the period under review. Earnings generated in the first six months of 2016 are not necessarily an indication of future earnings or of the expected total earnings for the fiscal year 2016.

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

These interim consolidated financial statements have been prepared in accordance with the same accounting and assessment policies as the consolidated financial statements for the fiscal year 2015. A detailed description of the principles applied in preparing the interim 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 2015, which are contained in the Company's 2015 Annual Report.

The term "Harald" used in these interim consolidated financial statements relates to a principal investment acquired in the previous year, which was mainly sold in the period under review.

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

3 SCOPE OF CONSOLIDATION

All of the Company's subsidiaries are included in the consolidated financial statements of PATRIZIA Immobilien AG. The subsidiaries include all companies controlled by PATRIZIA Immobilien AG. In addition to the parent company, the scope of consolidation comprises 112 subsidiaries. They are included in the consolidated financial statements in line with the rules of full consolidation.

In addition to this, 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.

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 cannot be exercised, that a significant influence cannot 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, two companies were not included in the scope of consolidation as they have only small or no business operations ongoing and are of subordinate importance for the Group and for the presentation of a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

COMPANY ACQUISITIONS, SALES AND RESTRUCTURING WITHIN THE GROUP

COMPANY ACQUISITIONS

As of 1 January 2016 the acquisition of the portfolio of buildings named “Stuttgart Südtor” was made indirectly through the acquisition of 94.9% of the shares in TAG Stuttgart-Südtor Projekt-leitungs GmbH & Co. KG, whose change of name to PATRIZIA GrundInvest Objekt Stuttgart Südtor GmbH & Co. KG was entered into the land register on 19 January 2016.

The acquisition of PATRIZIA GrundInvest Objekt Stuttgart Südtor GmbH & Co. KG in the first quarter of 2016 was accounted for as an acquisition of assets as no business operation according to and as described in IFRS 3.3 had been acquired. The purchase price was allocated on the individually identified assets and liabilities based on their fair values as of the acquisition date. As the shares of PATRIZIA GrundInvest Stuttgart Südtor GmbH & Co. geschlossene Investment-KG have been successfully placed with third parties (see also Company Sales), the company has been deconsolidated and is excluded from the scope of consolidation as of 30 June 2016.

Pursuant to a notarial deed of incorporation dated 5 May 2016, PATRIZIA Investment Management HoldCo S.à r.l. and PATRIZIA Investment Management S.C.S., both part of the scope of consolidation of PATRIZIA Immobilien AG, established PATRIZIA Trocoll House GP Limited with a share capital of GBP 100. The Company acts as general partner of the PATRIZIA Trocoll House LP.

Pursuant to a notarial deed of incorporation dated 26 May 2016, PATRIZIA Investment Management HoldCo S.à r.l. and PATRIZIA Investment Management S.C.S., both part of the scope of consolidation of PATRIZIA Immobilien AG, established PATRIZIA Trocoll House LP with a share capital is GBP 99. The purpose of the Company is to invest in companies that acquire, own or manage real estate assets.

PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH, part of the scope of consolidation of the PATRIZIA Immobilien AG, established PATRIZIA GrundInvest Den Haag Wohnen GmbH & Co. geschlossene Investment-KG, a closed investment limited partnership pursuant to a notarial deed of incorporation dated 4 February 2016. The share capital is EUR 10,000. The purpose of this company is the investment and management of the company's funds in accordance with a defined investment strategy on collective investment pursuant to Articles 261 to 272 KAGB (Kapitalanlagegesetzbuch – German Investment Code) to the benefit of investors. The investment strategy of the company is the direct investment in long-term leased real estate in different locations and shall be sold at the end of the fund's holding period.

COMPANY SALES

With effect from 1 January 2016 PATRIZIA Immobilien AG has disposed of the directly held shares in the following companies in connection with the sale of the Harald Portfolio:

- | Scan Deutsche Real Estate Kiel GmbH
- | Draaipunt Holding B.V.
- | Promontoria Holding V B.V.
- | Promontoria Holding X B.V.

The sale resulted in an income from the deconsolidation in the amount of TEUR 193,239. This income is calculated as follows:

in EUR '000	30.06.2016
Purchase price received	399,968
Shares remaining in the Group at fair value	21,495
Disposed net assets	-228,224
INCOME FROM THE DECONSOLIDATION OF SUBSIDIARIES	193,239

In addition, the two following Companies have been excluded from the Group due to the lack of an active business operation:

- | PATRIZIA Asset Management Ltd.
- | PATRIZIA Capital Partners Ltd.

This resulted in an income from the deconsolidation in the amount of TEUR 104.

In the course of the sale of shares of PATRIZIA GrundInvest Campus Aachen GmbH & Co. geschlossene Investment-KG, a closed-end fund of PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH, to third parties, and the accompanying loss of control through the company, an income from the deconsolidation of TEUR 177 was generated.

In the course of the sale of shares of PATRIZIA GrundInvest Stuttgart Südtor GmbH & Co. geschlossene Investment-KG, a closed-end fund of PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH, to third parties, and the accompanying loss of control through the Company, an income from deconsolidation of TEUR 3,410 was generated. As a consequence, PATRIZIA GrundInvest Objekt Stuttgart Südtor GmbH & Co. KG has also been excluded from the scope of consolidation.

4 INVESTMENT PROPERTY

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

A detailed description of the accounting methods used can be found in the notes to the IFRS consolidated financial statements for the year ending at 31 December 2015, which are contained in the Company's 2015 Annual Report.

5 PARTICIPATIONS IN ASSOCIATED COMPANIES

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

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

Through its participation in PATRIZIA WohnModul I SICAV-FIS, PATRIZIA is subject to the usual real estate specific risks such as market development in the event of condo 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 half of 2016 is TEUR 3,253 (30 June 2015: TEUR 3,018).

In the period under review, WohnModul I SICAV-FIS distributed profits with an amount of TEUR 5,148 to PATRIZIA Immobilien AG. This distribution was credited against Participations in Associated Companies not effecting the income statement. Furthermore a capital repatriation amounting to TEUR 6,565 took place.

6 PARTICIPATIONS

Participations include the following main holdings:

- | PATRoffice Real Estate GmbH & Co. KG 6.25% (31 December 2015: 6.25%)
- | sono west Projektentwicklung GmbH & Co. KG 28.3% (31 December 2015: 28.3%)
- | Projekt Feuerbachstraße Verwaltung GmbH 30% (31 December 2015: 30%)
- | PATRIZIA Projekt 150 GmbH 10% (31 December 2015: 10%)
- | Plymouth Sound Holdings LP 10% (31 December 2015: 10%)
- | Winnersh Holdings LP 5.0% (31 December 2015: 5.0%)
- | Seneca Holdco S.à r.l. 5.1% (31 December 2015: 5.1%)
- | GBW GmbH 5.1% (31 December 2015: 5.1%)
- | Avimore Topco 10% (31 December 2015: 10%)
- | Citruz Holdings LP 10% (31 December 2015: 10%)
- | Scan Deutsche Real Estate Kiel GmbH 4.84% (31 December 2015: 94.9%)
- | Draaipunt Holding B.V. 5.1% (31 December 2015: 100%)
- | Promontoria Holding V B.V. 5.1% (31 December 2015: 100%)
- | Promontoria Holding X B.V. 5.1% (31 December 2015: 100%)

Through the sale of 94.9% of the shares in Scan Deutsche Real Estate Kiel GmbH, Draaipunt Holding B.V., Promontoria Holding V B.V., and Promontoria Holding X B.V., as described under section 3 “company sales”, the remaining stake of TEUR 21,495 is disclosed as participations.

7 INVENTORIES

Inventories include real estate assets that have been acquired with the purpose of resale 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 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 cost. Acquisition costs comprise the directly attributable purchase and commitment costs. Production costs include the costs directly attributable to the real estate development process.

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.

9 EQUITY

The Company's share capital at the balance sheet date was EUR 76,323,533 (31 December 2015: EUR 76,323,533) and was divided into 76,323,533 (31 December 2015: 76,323,533) no-par value shares (shares with no nominal value). The development of equity is shown in the consolidated statement of changes in equity.

10 NON-CONTROLLING SHAREHOLDERS

As of 30 June 2016, shares of non-controlling shareholders amounted to TEUR 37,475 (31 December 2015: TEUR 18,190).

In the period under review a share in the profit of TEUR 499 was allocated to non-controlling shareholders.

11 OTHER ACCRUALS

A reorganisation project caused an increase of other accruals considering severance payments and salary obligations in lieu of notice.

12 FINANCIAL LIABILITIES

Financial Liabilities have the following maturity profile:

in EUR '000 30.06.2016	2016	2017	2018	2019 – 2025	2026	Total
Bank loans	0	0	12,000	0	0	12,000
Mortgage loans	0	0	0	0	10,375	10,375
Bonded loans	0	0	27,000	0	0	27,000
TOTAL	0	0	39,000	0	10,375	49,375

in EUR '000 31.12.2015	2016	2017	2018	2019	2020	2021	Total
Bank loans	197,541	0	0	0	0	0	197,541
of which Harald	197,541	0	0	0	0	0	197,541
Mortgage loans	202,150	0	76,400	108,341	0	236,678	623,569
of which Harald	73,000	0	76,400	108,341	0	236,678	494,419
Bonded loans	35,000	0	32,000	0	0	0	67,000
Accrued interest and current account	718	0	0	0	0	0	718
of which Harald	252	0	0	0	0	0	252
TOTAL	435,409	0	108,400	108,341	0	236,678	888,828
OF WHICH HARALD	270,793	0	76,400	108,341	0	236,678	692,212

Bank loans are accounted for at amortised cost. As the interest rates are usually variable, the Group is exposed to an interest rate risk. All loans are valued in EUR. All mortgage loans (TEUR 10,375) and bank loans (TEUR 12,000) relate to an investment by PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH. Maturities are shown in accordance with the contractually agreed terms of the loan agreements.

As of the balance sheet date, one bonded loan with an amount of TEUR 27,000 is shown in the consolidated financial statements as a long-term liability based on its maturity in June 2018.

13 LONG-TERM LIABILITIES

Long-term Liabilities amount to TEUR 5,696 (31 December 2015: TEUR 9,262) and essentially consist of the long-term components of the management participation plan, which is described in detail under item 9.2 in the 2015 Annual Report.

14 REVENUES

Revenues are composed as follows:

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
Sales proceeds of principal investments	25,712	36,430	-29.4%	487,634	36,430	-
Rental revenues	6,932	3,851	80.0%	13,274	10,105	31.4%
Revenues from management services	73,138	54,505	34.2%	73,138	54,505	34.2%
Revenues from ancillary costs	2,534	1,186	113.7%	2,792	1,053	165.1%
Miscellaneous	2,396	580	313.1%	2,397	714	235.7%
CONSOLIDATED REVENUES	110,712	96,552	14.7%	579,235	102,807	463.4%

The revenues from management services include acquisitions and sales commissions, revenues from asset and fund management as well as management fees.

15 INCOME FROM DECONSOLIDATION OF SUBSIDIARIES

In the period under review, PATRIZIA realised TEUR 196,930 (30 June 2015: TEUR 5,277) of income from deconsolidation of subsidiaries, which is described under section “Scope of Consolidation – Company Sales”.

16 OTHER OPERATING INCOME

Other Operating Income contains:

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
Income from expired obligations	1,948	3,008	-35.2%	1,948	3,008	-35.2%
Income from payments in kind	475	474	0.2%	475	474	0.2%
Income from the decrease in the general provision	81	16	406.3%	81	16	406.3%
Income from reimbursement of lawyers' fees, court costs and payments of damages	192	464	-58.6%	192	464	-58.6%
Insurance compensations	26	84	-69.0%	26	84	-69.0%
Other	305	2,665	-88.6%	3,657	3,033	20.6%
TOTAL	3,027	6,711	-54.9%	6,379	7,079	-9.9%

17 COST OF MATERIALS

Cost of Materials comprises the costs incurred in connection with the performance of the service and is composed as follows:

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
Renovation and construction costs	3,116	13,130	-76.3%	3,603	14,141	-74.5%
Maintenance costs	537	329	63.2%	537	329	63.2%
Ancillary rental costs	3,088	2,423	27.4%	6,688	3,997	67.3%
TOTAL	6,741	15,882	-57.6%	10,828	18,467	-41.4%

18 OTHER OPERATING EXPENSES

Other Operating Expenses consist of:

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
Operating expenses	7,412	6,994	6.0%	8,354	6,524	28.1%
Administrative expenses	5,837	4,944	18.1%	6,101	5,062	20.5%
Selling expenses	4,445	5,053	-12.0%	4,469	5,270	-15.2%
Other expenses	2,956	3,565	-17.1%	8,795	4,267	106.1%
TOTAL	20,650	20,556	0.5%	27,719	21,123	31.2%

19 INCOME FROM PARTICIPATIONS

For the first half of 2016 Income from Participations totalled TEUR 6,839 (30 June 2015: TEUR 9,963) and contains the co-investments GBW, Harald and Seneca (previous year: GBW and SÜDEWO) and is composed as follows:

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
Services provided as shareholder contributions	4,732	8,352	-43.3%	4,732	8,352	-43.3%
Performance-related shareholder compensation	0	0	-	0	0	-
Return on equity employed	1,689	1,611	4.8%	2,107	1,611	30.8%
TOTAL	6,421	9,963	-35.6%	6,839	9,963	-31.4%

20 REORGANISATION EXPENSES

This item includes additions to accruals for reorganisation and current advisory costs (see also section "Other accruals").

21 FINANCIAL RESULT

	1 st half 2016 without Harald	1 st half 2015 without Harald		1 st half 2016 incl. Harald	1 st half 2015 incl. Harald	
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	Change
Interest on bank deposits	-70	55	-227.3%	-44	55	-180.0%
Other interest	866	425	103.8%	1,199	1,575	-23.9%
Financial income	796	480	65.8%	1,155	1,630	-29.1%
Interest on revolving credit facilities and bank loans	-1,611	-830	94.1%	-5,566	-1,413	293.9%
Other financial expenses	-2,465	-2,046	20.5%	-619	-3,772	-83.6%
Financial expenses	-4,076	-2,876	41.7%	-6,185	-5,185	19.3%
FINANCIAL RESULT	-3,280	-2,396	36.9%	-5,030	-3,555	41.5%
Financial result adjusted for valuation effects	-3,280	-2,396	36.9%	-5,030	-3,555	41.5%

22 CURRENCY TRANSLATION

Currency differences of -4,238 TEUR (30 June 2015: -7 TEUR) are shown in the consolidated income statement in the first half of 2016. This includes TEUR 672 (30 June 2015: TEUR 543) of realised currency gains.

23 EARNINGS PER SHARE

	1 st half 2016 without Harald	1 st half 2015 without Harald	1 st half 2016 incl. Harald	1 st half 2015 incl. Harald
	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000	01.01. – 30.06.2016 in EUR '000	01.01. – 30.06.2015 in EUR '000
Profit attributable to Group's shareholder	3,742	5,078	211,273	8,683
Number of shares issued	76,323,533	69,385,030	76,323,533	69,385,030
Weighted number of shares	76,323,533	76,323,533	76,323,533	76,323,533
EARNINGS PER SHARE (UNDILUTED)	0.05	0.07	2.77	0.11

Applying IAS 33.64, the weighted number of shares for the same quarter in the previous year (69,385,030) was adjusted, assuming that the weighted number of shares throughout the year for 2015 corresponds to that of 2016.

24 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 in German and International, based on the location of the related property asset. International subsidiaries continue to be reported as a total for the time being due to the still 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.

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

The **Investments** segment primarily combines principal investments and participations.

The **Management Services** segment covers a broad spectrum of real estate services, in particular the acquisition and sales of residential and commercial properties or portfolios (Acquisition and Sales), 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 separate accounts – via the Group's own investment management companies. Commission revenues generated by services, both from co-investments and from third parties, are reported in the Management Services segment. These also include income from participating interests that are granted as interim profits for asset management of the co-investment GBW.

The range of services provided by the segment Management Services is increasingly required by third parties as PATRIZIA's AuM grow.

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

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

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

FIRST HALF OF 2016 (1 JANUARY – 30 JUNE 2016)

in EUR '000	Investments	Management Services	Corporate	Consolidation	Group
Germany					
Revenues from principal investments	476,472	0	0	0	476,472
Rental revenues	10,813	0	0	-40	10,773
Revenues from management services	0	79,440	0	-18,310	61,130
Other	1,480	251	0	-18	1,713
Revenues	488,765	79,691	0	-18,368	550,088
International¹					
Revenues from principal investments	11,162	0	0	0	11,162
Rental revenues	2,500	0	0	0	2,500
Revenues from management services	0	19,243	0	-1,078	18,165
Other	3,452	55	0	0	3,507
Revenues	17,114	19,298	0	-1,078	35,334
Corporate					
Revenues	0	0	11,703	0	11,703
Consolidation					
Revenues	0	-6,485	0	-11,405	-17,890
Group					
Revenues from principal investments	487,634	0	0	0	487,634
Rental revenues	13,313	0	0	-40	13,273
Revenues from management services	0	92,226	11,585	-30,673	73,138
Other	4,932	278	118	-138	5,190
Revenues	505,879	92,504	11,703	-30,851	579,235
Details					
Total operating performance					
Germany	306,702	84,750	0	-18,368	373,084
International ¹	10,057	19,704	0	-1,090	28,671
Corporate	0	0	12,567	0	12,567
Consolidation	0	-6,485	0	-11,509	-17,994
Group	316,759	97,969	12,567	-30,967	396,328
Cost of materials and cost of purchased services					
Germany	-9,500	-13,006	0	253	-22,253
International ¹	-1,573	-5,443	0	0	-7,016
Corporate	0	0	0	0	0
Consolidation	0	6,427	0	1,661	8,088
Group	-11,073	-12,022	0	1,914	-21,181
Staff costs					
Germany	0	-35,357	0	0	-35,357
International ¹	0	-9,405	0	0	-9,405
Corporate	0	0	-11,487	0	-11,487
Consolidation	0	0	0	0	0
Group	0	-44,762	-11,487	0	-56,249
Other operating expenses					
Germany	-27,941	-16,570	0	18,272	-26,239
International ¹	-1,543	-3,400	0	1,090	-3,853
Corporate	0	0	-7,460	0	-7,460
Consolidation	0	59	0	9,774	9,833
Group	-29,484	-19,911	-7,460	29,136	-27,719
Income from participations and earnings from companies accounted for using the equity method					
Germany	1,537	4,733	0	0	6,270
International ¹	3,822	0	0	0	3,822
Corporate	0	0	0	0	0
Consolidation	0	0	0	0	0
Group	5,359	4,733	0	0	10,092

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

PROSECUTION

in EUR '000	Investments	Management Services	Corporate	Consolidation	Group
Reorganisation expenses					
Germany	0	-10,072	0	0	-10,072
International ¹	0	0	0	0	0
Corporate	0	0	-1,241	0	-1,241
Consolidation	0	0	0	0	0
Group	0	-10,072	-1,241	0	-11,313
Amortisation of fund management contracts, software and equipment					
Germany	-4	-1,002	0	0	-1,006
International ¹	0	-73	0	0	-73
Corporate	0	0	-2,214	0	-2,214
Consolidation	0	0	0	0	0
Group	-4	-1,075	-2,214	0	-3,293
Financial Result					
Germany	-529	-544	0	0	-1,073
International ¹	-68	128	0	0	60
Corporate	0	0	-4,017	0	-4,017
Consolidation	0	0	0	0	0
Group	-597	-416	-4,017	0	-5,030
Gains/losses from currency translation					
Germany	57	-71	0	0	-14
International ¹	-1,977	78	0	0	-1,899
Corporate	0	0	-2,325	0	-2,325
Consolidation	0	0	0	0	0
Group	-1,920	7	-2,325	0	-4,238
EBT (IFRS)					
Germany	270,322	12,861	0	157	283,340
International ¹	8,718	1,589	0	0	10,307
Corporate	0	0	-16,177	0	-16,177
Consolidation	0	1	0	-74	-73
Group	279,040	14,451	-16,177	83	277,397
Adjustments					
Germany	1,659	11,200	1,241	0	14,100
Significant non-operating earnings	-475	-11,200	-1,241	0	-12,916
Fund agreement amortisation	0	-984	0	0	-984
Reorganisation expenses	0	-10,072	-1,241	0	-11,313
Unrealised currency changes	-475	-144	0	0	-619
Realised fair value	1,184	0	0	0	1,184
International¹	1,982	-14	0	0	1,967
Significant non-operating earnings	-1,982	14	0	0	-1,967
Fund agreement amortisation	0	0	0	0	0
Unrealised currency changes	-1,982	14	0	0	-1,967
Corporate	0	0	2,324	0	2,324
Significant non-operating earnings	0	0	-2,324	0	-2,324
Unrealised currency changes	0	0	-2,324	0	-2,324
Group	3,640	11,186	3,565	0	18,391
Operating result (adjusted EBT)²					
Germany ³	271,981	24,061	1,241	157	297,440
International ¹	10,700	1,575	0	0	12,274
Corporate	0	0	-13,853	0	-13,853
Consolidation	0	1	0	-74	-73
Group	282,680	25,637	-12,612	83	295,788

¹ France, Great Britain, Luxembourg, Netherlands, Nordics, Spain² EUR 231.8m excluding Harald related taxes and minorities³ EUR 208.0m excluding Harald related taxes of EUR 44.7m and minorities of EUR 19.3m

FIRST HALF OF 2015 (1 JANUARY – 30 JUNE 2015)

in EUR '000	Investments	Management Services	Corporate	Consolidation	Group
Germany					
Revenues from principal investments	36,430	0	0	0	36,430
Rental revenues	8,352	0	0	-93	8,259
Revenues from management services	0	47,027	0	-2,552	44,476
Other	3,088	741	0	-9	3,820
Revenues	47,869	47,768	0	-2,653	92,984
International¹					
Revenues from principal investments	0	0	0	0	0
Rental revenues	394	0	0	0	394
Revenues from management services	0	18,481	0	0	18,481
Other	0	142	0	0	142
Revenues	394	18,623	0	0	19,017
Corporate					
Revenues	0	0	11,422	0	11,422
Consolidation					
Revenues	0	-9,267	0	-11,349	-20,616
Group					
Revenues from principal investments	36,430	0	0	0	36,430
Rental revenues	8,746	0	1	-93	8,654
Revenues from management services	0	56,242	10,940	-13,378	53,803
Other	3,088	882	482	-531	3,921
Revenues	48,263	57,123	11,422	-14,002	102,808
Details					
Total operating performance					
Germany	31,584	48,873	0	-2,653	77,803
International ¹	5,675	20,896	0	-8	26,563
Corporate	0	0	12,311	0	12,311
Consolidation	0	-9,267	0	-11,496	-20,764
Group	37,258	60,501	12,311	-14,157	95,913
Cost of materials and cost of purchased services					
Germany	-18,644	-8,562	0	184	-27,022
International ¹	0	-9,066	0	0	-9,066
Corporate	0	0	0	0	0
Consolidation	0	9,215	0	1,261	10,476
Group	-18,644	-8,413	0	1,445	-25,612
Staff costs					
Germany	0	-23,723	0	0	-23,723
International ¹	0	-6,403	0	0	-6,403
Corporate	0	0	-13,354	0	-13,354
Consolidation	0	0	0	0	0
Group	0	-30,126	-13,354	0	-43,480
Other operating expenses					
Germany	-5,313	-18,077	0	2,837	-20,553
International ¹	-145	-2,588	0	8	-2,726
Corporate	0	0	-8,144	0	-8,144
Consolidation	-50	53	0	10,297	10,300
Group	-5,508	-20,612	-8,144	13,141	-21,123
Income from participations and earnings from companies accounted for using the equity method					
Germany	3,708	8,331	0	0	12,039
International ¹	1,010	0	0	0	1,010
Corporate	0	0	0	0	0
Consolidation	0	0	0	-68	-68
Group	4,718	8,331	0	-68	12,981

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

PROSECUTION

in EUR '000	Investments	Management Services	Corporate	Consolidation	Group
Amortisation of fund management contracts, software and equipment					
Germany	-12	-1,012	0	0	-1,024
International ¹	0	-48	0	0	-48
Corporate	0	0	-2,397	0	-2,396
Consolidation	0	0	0	0	0
Group	-12	-1,061	-2,397	0	-3,469
Financial Result					
Germany	-6,754	-734	0	0	-7,488
International ¹	2,470	-89	0	0	2,381
Corporate	0	0	1,552	0	1,552
Consolidation	0	0	0	0	0
Group	-4,284	-823	1,552	0	-3,555
Gains/losses from currency translation					
Germany	-1,064	92	0	0	-972
International ¹	-769	120	0	0	-649
Corporate	0	0	1,614	0	1,614
Consolidation	0	0	0	0	0
Group	-1,833	212	1,614	0	-7
EBT (IFRS)					
Germany	3,504	5,189	0	367	9,060
International ¹	8,241	2,821	0	0	11,062
Corporate	0	0	-8,418	0	-8,418
Consolidation	-50	0	0	-6	-56
Group	11,696	8,010	-8,418	361	11,648
Adjustments					
Germany	6,022	899	0	0	6,921
Significant non-operating earnings	-1,058	-899	0	0	-1,956
Market valuation income derivatives	801	0	0	0	801
Market valuation expenditures derivatives	-15	0	0	0	-15
Fund agreement amortisation	0	-984	0	0	-984
Reorganisation expenses	0	0	0	0	0
Unrealised currency changes	-1,843	86	0	0	-1,758
Realised fair value	4,965	0	0	0	4,965
International¹	1,685	21	0	0	1,706
Significant non-operating earnings	-1,685	-21	0	0	-1,706
Fund agreement amortisation	0	0	0	0	0
Unrealised currency changes	-1,685	-21	0	0	-1,706
Corporate	0	0	-1,875	0	-1,875
Significant non-operating earnings	0	0	1,875	0	1,875
Unrealised currency changes	0	0	1,875	0	1,875
Group	7,708	919	-1,875	0	6,752
Operating result (adjusted EBT)					
Germany	9,527	6,087	0	367	15,981
International ¹	9,926	2,842	0	0	12,768
Corporate	0	0	-10,293	0	-10,292
Consolidation	-50	0	0	-6	-56
Group	19,403	8,929	-10,293	361	18,400

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

25 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 the 2015 Annual Report remain valid.

26 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 position of the Group, as well as a description of the principal opportunities and risks associated with the expected development of the Group for the remaining financial year.



Wolfgang Egger
CEO



Karim Bohn
CFO



Klaus Schmitt
COO

Financial Calendar and Contact Details

FINANCIAL CALENDAR 2016

8 November 2016

Interim report for the first nine month of 2016
with investor and analyst conference call

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This interim report was published on 9 August 2016. This is a translation of the German interim report. In case of doubt, the German version shall apply. Both versions are available on our website:

www.patrizia.ag/investor-relations/finanzberichte/quartalsberichte

www.patrizia.ag/en/investor-relations/financial-reports/quarterly-reports

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