

9M

REPORT FOR THE FIRST NINE MONTHS
JANUARY TO SEPTEMBER 2016



Key Figures

REVENUES AND EARNINGS (IFRS)

in EUR '000	9 months 2016	9 months 2015
	01.01. – 30.09.2016	01.01. – 30.09.2015
Revenues	656,358	237,567
Total operating performance	457,385	163,368
EBITDA	308,289	126,395
EBIT	303,490	121,035
EBT	292,762	109,627
Operating income ¹	252,522	112,159
Net profit for the period	238,357	92,372

STRUCTURE OF ASSETS AND CAPITAL (IFRS)

in EUR '000	30.09.2016	31.12.2015
Non-current assets	252,551	255,243
Current assets	801,022	1,376,588
Equity	769,192	539,791
Equity ratio (excl. minorities)	69.5%	32.0%
Non-current liabilities	67,662	105,202
Current liabilities	216,719	986,838
Total assets	1,053,573	1,631,831

SHARE

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
Share capital as at 30 September 2016	EUR 83,955,887
No. of shares outstanding as at 30 September 2016	83,955,887
Third quarter 2016/9 months 2016 high ²	EUR 23.69/EUR 27.00
Third quarter 2016/9 months 2016 low ²	EUR 19.29/EUR 19.29
Closing price as at 30 September 2016 ²	EUR 19.49
Share price performance	–28%
Market capitalisation as at 30 September 2016	EUR 1.6 billion
Average trading volume per day (9 months 2016) ³	117,100 shares
Indices	SDAX, GEX, DIMAX

¹ For the definition of operating income, please refer to page 10.

² Closing price Xetra-trading

³ All German stock exchanges

Contents

CONSOLIDATED INTERIM MANAGEMENT REPORT

2	Business Performance
2	Results of Operations
9	Economic Position
24	Supplementary Report
24	Development of the Risks and Opportunities
25	Report on Expected Developments

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

26	Consolidated Balance Sheet
28	Consolidated Income Statement
29	Consolidated Statement of Comprehensive Income
30	Consolidated Cash Flow Statement
31	Consolidated Statement of Comprehensive Income

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

FINANCIAL CALENDAR AND CONTACT DETAILS

Consolidated Interim Management Report

FOR THE FIRST NINE MONTHS OF 2016

1 BUSINESS PERFORMANCE

1.1 RESULTS OF OPERATIONS

PATRIZIA concluded the first nine months of 2016 delivering an operating income of EUR 252.5m, up 125.1% on the same period in 2015 which saw operating income of EUR 112.2m. Excluding the income from the sale of the Harald Portfolio and the performance fee for the disposal of SÜDEWO, operating profit was EUR 43.9m (nine months of 2015: EUR 24.1m).

Assets under Management (AuM) increased to EUR 17.7bn, a rise of EUR 1.1bn or 6.6% from EUR 16.6bn at the 2015 year end. The Harald Portfolio disposal (EUR 1.1bn) as well as other sales of EUR 0.4bn were more than offset by EUR 2.1bn of completed acquisitions. In addition, acquisition contracts of EUR 2.1bn were concluded, and it is expected that acquisitions of EUR 1.1bn will be completed by years end 2016.

Full year 2016 guidance increased

Due to the strong pipeline of already signed transactions that are expected to be completed prior to the year end, the management confirms the AuM guidance with a net increase of around EUR 2.0bn to about EUR 18.6bn. Based on a strong operating development of PATRIZIA's business, the management of PATRIZIA lifts the full year 2016 guidance for operating income from at least EUR 250m to at least EUR 265m.

Issue of bonus shares

The Annual General Meeting on 16 June 2016 approved the management's proposal to carry forward the entire earnings for 2015 to new accounts and approved a capital increase from the company's funds to issue bonus shares at a ratio of 10:1. After the capital increase was entered into the Commercial Register on 12 August 2016, the new shares were issued after the close of trading on 26 August 2016, with the first day of trading on 29 August 2016. PATRIZIA's share capital now totals EUR 83,955,887.

Harald

The sale of the Harald Portfolio was largely completed in the first half of 2016 and contributed an operating income of EUR 208.6m after transaction-related taxes and minority shares. Reference to this is made in the half year report 2016.

(Link: www.patrizia.ag/en/investor-relations/financial-reports/quarterly-reports/)

Disposal of property management division

As previously advised, 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. Following this decision, PATRIZIA has selected an external service provider for property management services, and subsequently disposed its existing division to a strategic buyer. On 17 October 2016, PATRIZIA announced the sale of its property management division to Deutsche Immobilien Management Group (DIM). DIM will take over the complete German property management operations of all PATRIZIA's existing portfolio as well as almost all related employees as of January 2017. The financial impact of this transaction is consistent with what was guided by the company in April 2016.

The reorganisation process has incurred one-off expenses of EUR 13.7m in the first nine months of 2016 which PATRIZIA expects to be recouped through savings within the next two to three financial years.

EU referendum in the UK

On 23 June 2016, the United Kingdom undertook a referendum and voted to exit the European Union. At this stage, the impact for PATRIZIA's business in the UK and in Europe remains unclear. Negotiations about the procedure to exit the EU are expected to start as early as 2017. 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.

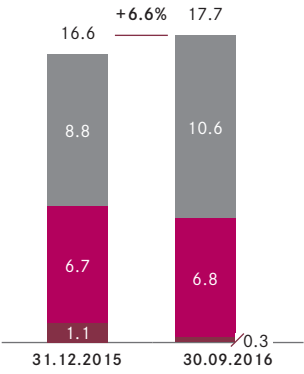
As of reporting date, PATRIZIA's Assets under Management in the UK amounted to EUR 1.7bn, and PATRIZIA had invested EUR 65.9m of equity.

Guidance for 2017

For 2017 PATRIZIA expects the Assets under Management again to grow by EUR 2bn net, assuming a transaction volume of about EUR 4bn. Based on that, the management expects the operating income 2017 to be at least EUR 55m. Further upside potential for the operating income derives from a higher transaction volume, higher performance fees, as well as income from the deployment of the EUR 300m available cash.

DEVELOPMENT OF KEY PERFORMANCE INDICATORS IN THE FIRST NINE MONTHS OF 2016

ASSETS UNDER MANAGEMENT (IN EUR BILLION)

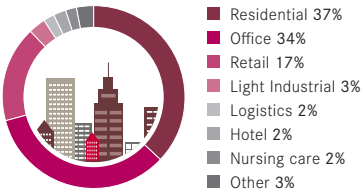


As of 30 September 2016, PATRIZIA had real estate AuM of EUR 17.7bn, a total increase of EUR 1.1bn or 6.6% from EUR 16.6bn at the end of 2015. EUR 11.7bn of this was attributable to Germany and EUR 6.0bn to the rest of Europe.

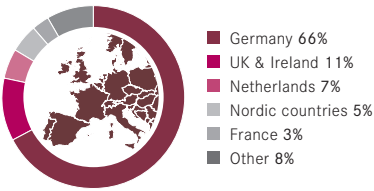
Principal Investments Co-Investments Third Party Business

ASSETS UNDER MANAGEMENT 9M 2016

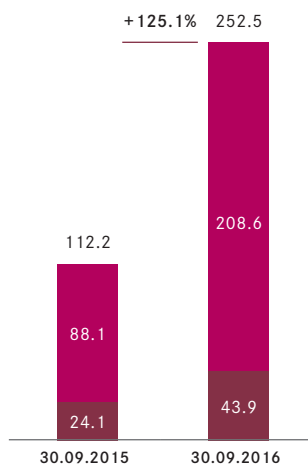
Sector Breakdown



Geographical Distribution



OPERATING INCOME (IN EUR MILLION)



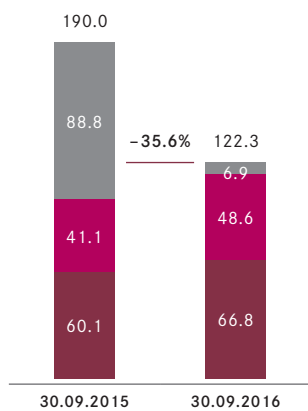
In the first nine months of 2016, operating income increased to EUR 252.5m (nine months of 2015: EUR 112.2m, up 125.1%). The adjusted operating income without the contribution from the disposal of the Harald Portfolio and the performance fee for the SÜDEWO sale increased significantly from EUR 24.1m in the first nine months of 2015 to EUR 43.9m.

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 unrealised currency exposure, the amortisation of fund management contracts and reorganisation expenses. It includes realised valuation gains from the sale of real estate assets held as investment property as well as realised currency changes.

Adjusted Operating Income Contribution from Performance Fee SÜDEWO (2015) and Operating Income Harald (2016)

Development of supplemental performance parameters:

INCOME FROM MANAGEMENT SERVICES (IN EUR MILLION)

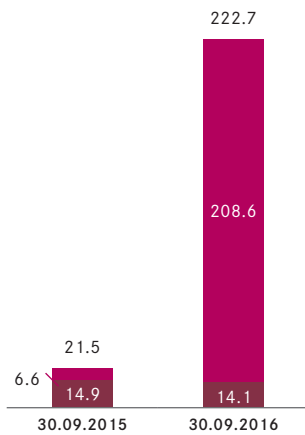


In the first nine months of 2016 income from management services decreased by 35.6% to EUR 122.3m, from EUR 190.0m in the first nine months of 2015. Excluding the performance fee for the sale of SÜDEWO of EUR 85.4m, the income from management services increases by 16.9%.

PATRIZIA collects contractual base 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 further performance-based fee for when defined target returns are exceeded.

Management Fee Transaction Fee Performance-related Revenues

INVESTMENT INCOME (IN EUR MILLION)

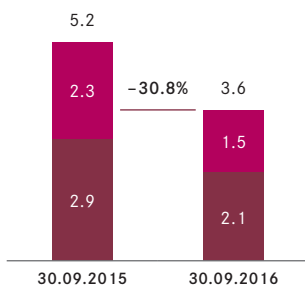


Adjusted Investment Income Harald's Contribution to Investment Income

In the first nine months of 2016 investment income was EUR 222.7m, including EUR 208.6m from the sale of the Harald Portfolio. Excluding Harald, the underlying investment income was EUR 14.1m compared to EUR 14.9m in the first nine months of 2015.

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

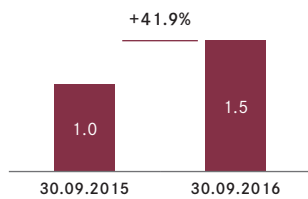
TRANSACTION VOLUME (IN EUR BILLION)



Acquisitions Sales

In the first nine months of 2016 acquisitions of EUR 2.1bn and sales of EUR 1.5bn were completed. The disposals include the sale of the Harald Portfolio of EUR 1.1bn. Principal investments like Harald incur no transaction fees and the proceeds are fully included in the investment income. Compared to the same period in the previous year, the transaction volume decreased from EUR 5.2bn to EUR 3.6bn. The prior year's transaction volume was strongly influenced by two transactions: the EUR 1.9bn sale of the SÜDEWO and the EUR 0.9bn acquisition of the Harald portfolio.

RAISED INSTITUTIONAL FUNDS (IN EUR BILLION)



In the period under review EUR 1.5bn of equity for investments was raised with institutional and retail clients compared to EUR 1.0bn in the same period of the previous year.

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

THIRD PARTIES

With third party business, special funds are placed and managed for institutional and retail clients through the Group's three regulated investment management arms. PATRIZIA generates stable and recurring income through the management of assets for its clients. There is no equity investment by PATRIZIA in the third party business. In total, the third party business accounts for EUR 10.6bn AuM as of 30 September 2016.

In the first nine months of 2016, PATRIZIA's retail funds division, PATRIZIA **GrundInvest Kapitalverwaltungsgesellschaft mbH**, raised its first fund with retail clients after only four months of marketing with a value of EUR 45.6m. Following this, three further retail funds were launched, investing in a modern mixed use urban quarter in the city centre of Stuttgart, a residential project in The Hague, and a residential project in Copenhagen, respectively. The pipeline comprises one further fund with commercial assets located in Munich.

Management of single asset mandates

PATRIZIA additionally manages single asset mandates with AuM totalling EUR 920m. In the period under review, the Astro-Tower in Brussels was acquired for a consortium of Korean investors. In September 2016, the Commerzbank Tower in Frankfurt, which is Germany's tallest building, was signed on behalf of Korean investor Samsung SRA Asset Management, with completion expected mid 2017. In both cases, PATRIZIA is acting as asset and investment manager on behalf of the investors.

PATRIZIA THIRD PARTY BUSINESS AS OF 30 SEPTEMBER 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	1,490	1,632	1,002	631¹	9
Pool funds	967	1,063	647	416 ¹	5
Individual funds	523	569	355	215 ¹	4
PATRIZIA GewerbeInvest KVG mbH	7,587	5,721	4,631	1,089	23
Pool funds	4,202	3,064	2,419	645	11
Individual funds	1,209	1,373	932	440	10
Label funds	2,176	1,284	1,280	4	2
PATRIZIA Real Estate Investment Management S.á r.l. (REIM)²	491	226	226	0	2
Single asset mandates	920	455	455	0	10
PATRIZIA GrundInvest KVG mbH	150	0	67	0	3
THIRD PARTY BUSINESS	10,638	8,034	6,381	1,720	47

¹ Without project developments secured through purchase agreements

² PATRIZIA Nordic Cities SCS SICAV-FIS

CO-INVESTMENTS

PATRIZIA participates in a number of co-investment mandates together with its clients, where PATRIZIA co-invests up to a maximum of 10%. In addition to illustrating its commitment to the client and the transaction, PATRIZIA generates third party management fees and additional investment income from the investment, while PATRIZIA's shareholders benefit from investments in a pan-European, diversified and attractive real estate portfolio. As of 30 September 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 nine months 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. The objective of this strategy is to acquire long term investments where PATRIZIA can use its asset management skills to enhance the value of the property and then dispose it or place it with existing client's funds. Principal investments as of 30 September 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 in place to develop an office complex.

In early October 2016, following the reporting date PATRIZIA completed the sale of the Company's largest single principal investment No. 1 First Street, Manchester to an institutional British investor.

Harald

The sale of the Harald Portfolio has been completed and is recognised in the income statement.

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 performance of PATRIZIA is shown with and without the effects of the sale of the Harald Portfolio and the sale of SÜDEWO ("adjusted") compared to the same period in the previous year. The discussion and analysis of the Group's earnings performance is described as "adjusted" only.

OPERATING INCOME

Operating income is the Group's key performance indicator as it includes the total of all operating items of the income statement, adjusted by the below mentioned cash and non-cash items. In the first nine months of 2016, operating income increased to EUR 252.5m, up 125.1% from EUR 112.2m in the same period of the prior year. Adjusted for the contribution from the sale of Harald and the performance fee for the sale of SÜDEWO, operating income almost doubled to EUR 43.9m, after EUR 24.1m in the first nine months of 2015. The increase in operating income compared with the prior year period is shown in the following table:

RECONCILIATION OF OPERATING INCOME – 9 MONTHS

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change
EBITDA	34,047	24,620	38.3%	308,289	126,395	143.9%
Amortisation of fund management contracts ² , depreciation of software and fixed assets	-4,799	-5,360	-10.5%	-4,799	-5,360	-10.5%
EBIT	29,248	19,260	51.9%	303,490	121,035	150.7%
Financial result (interest result)	-3,225	-3,748	-14.0%	-4,894	-11,166	-56.2%
Gains/losses from currency translation	-6,721	1,041	-	-5,834	-242	-
EBT	19,302	16,553	16.6%	292,762	109,627	167.1%
Change in value of derivatives	0	0	-	0	-1,846	-
+ Amortisation of fund management contracts ²	1,476	1,476	-	1,476	1,476	-
Harald – transaction-related taxes and minorities	0	0	-	-64,957	-3,844	-
Net realised valuation gains from the sale of investment property	1,315	6,058	-78.3%	1,315	6,058	-78.3%
Reorganisation expenses	13,732	0	-	13,732	0	-
Expenses/income from unrealised currency translation	8,088	-23	-	8,194	688	-
OPERATING INCOME	43,913	24,064	82.5%	252,522	112,159	125.1%

¹ adjusted = without SÜDEWO, Harald

² 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 nine months of 2016 adjusted consolidated revenues decreased to EUR 163.9m, down 22.2% from EUR 210.7m in the prior year period, as a result of lower sales proceeds from principal investments. Almost all other items of the consolidated revenues and in particular increased revenues from management services contributed positively and are explained below.

REVENUES – 9 MONTHS

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change
Sales proceeds from principal investments	31,703	106,050	-70.1%	517,797	106,050	388.3%
Rental revenues	9,953	5,336	86.5%	16,254	24,826	-34.5%
Revenues from management services	115,282	93,919	22.7%	115,282	93,919	22.7%
Revenues from ancillary costs	3,829	1,371	179.3%	3,857	8,746	-55.9%
Miscellaneous	3,168	4,026	-21.3%	3,168	4,026	-21.3%
CONSOLIDATED REVENUES	163,935	210,702	-22.2%	656,358	237,567	176.3%

¹ adjusted = without SÜDEWO, Harald

PATRIZIA's revenues only partly reflect the Group's total operating performance. 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 decreased in the first nine months of 2016 by 70.1% to EUR 31.7m from EUR 106.1m in the prior year period in line with the stronger strategic focus on investment management services and hence lower volume of principal investments. 2015 includes the completion of a large residential development project and 2016 the proceeds from the sale of Plot 5 in Manchester. The proceeds from the completed disposal of the office building No.1 First Street in Manchester will be realised in the fourth quarter of 2016.

Rental revenues have almost doubled from EUR 5.3m in the prior year to EUR 10.0m in the first nine months of 2016. Principal investments as well as properties temporarily acquired for retail funds to be subsequently placed with retail clients have overcompensated the decrease in rents caused by sales.

The strategic expansion of the **service business** continues and is reflected in an increase of revenues by 22.7% to EUR 115.3m in the first nine months of 2016 from EUR 93.9m in the prior year period. This includes an increase of 21.0% to EUR 59.7m from management services (nine months of 2015: EUR 49.4m), an increase of 18.3% to EUR 48.6m from transaction-based fees (nine months of 2015: EUR 41.1m) and EUR 6.9m in performance-based fees (nine month of 2015: EUR 3.5m).

Revenues from ancillary costs amounted to EUR 3.8m (nine months of 2015: EUR 1.4m) and include revenues from the allocation of recoverable ancillary rental costs that increased in line with rental growth. **Miscellaneous** items include transaction expenses which are charged to the corresponding investment vehicles. In the first nine months of 2016, these decreased by 21.3% to EUR 3.2m from EUR 4.0m year-on-year.

TOTAL OPERATING PERFORMANCE

Total operating performance reflects PATRIZIA's performance more comprehensively than revenues. Although revenues have decreased, total operating performance in the first nine months of 2016 has increased by 18.4% year-on-year to EUR 154.5m, from EUR 130.5m in the prior year period.

TOTAL OPERATING PERFORMANCE – 9 MONTHS

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01.– 30.09.2016 in EUR '000	01.01.– 30.09.2015 in EUR '000	Change	01.01.– 30.09.2016 in EUR '000	01.01.– 30.09.2015 in EUR '000	Change
Revenues	163,935	210,702	-22.2%	656,358	237,567	176.3%
Income from the sale of investment property	1,153	4,051	-71.5%	1,153	4,051	-71.5%
Changes in inventories	-20,617	-93,042	-77.8%	-407,502	-93,042	338.0%
Other operating income	6,330	8,754	-27.7%	10,446	9,515	9.8%
Income from the deconsolidation of subsidiaries	3,691	0	-	196,930	5,277	-
TOTAL OPERATING PERFORMANCE	154,492	130,465	18.4%	457,385	163,368	180.0%

¹ adjusted = without SÜDEWO, Harald

Income from the sale of investment property

Income from the sale of investment property, including properties that had been held by PATRIZIA for a long period of time, contributed a net income of EUR 1.2m in the first nine months of 2016 compared to EUR 4.1m in the first nine months of 2015. Positive value changes of EUR 1.3m were realised with the sale of the assets in the first nine months of 2016.

Changes in inventories

In the first nine months of 2016, changes in inventories of EUR -20.6m (nine months of 2015: EUR -93.0m; -77.8%) were recognised. Book value disposals of the assets sold from inventories reduced the existing stock by EUR 26.2m (nine months of 2015: EUR -106.8m). The most significant change to the inventory in the period is the sale of the principal investment Plot 5 in Manchester into a joint venture with the Greater Manchester Pension Fund. Capitalisations of EUR 5.6m (nine months of 2015: EUR 13.7m) increased inventories and are mainly attributable to maintenance measures and development projects in the UK.

Other operating income

Other operating income decreased by 27.7% to EUR 6.3m (nine months of 2015: EUR 8.8m) and mainly include income from expired obligations (EUR 3.5m) and income from an arbitration procedure (EUR 1.0m).

Income from the deconsolidation of subsidiaries

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

EBITDA

RECONCILIATION OF EBITDA – 9 MONTHS

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change
Total operating performance	154,492	130,465	18.4%	457,385	163,368	180.0%
Cost of materials	-15,737	-22,336	-29.5%	-20,479	-32,433	-36.9%
Cost of purchased services	-10,762	-11,287	-4.7%	-10,762	-11,287	-4.7%
Staff costs	-62,642	-63,903	-2.0%	-76,651	-63,903	19.9%
Other operating expenses	-31,764	-36,956	-14.0%	-41,664	-43,340	-3.9%
Income from participations	10,256	24,407	-58.0%	10,256	109,760	-90.7%
Earnings from companies accounted for using the equity method	3,936	4,230	-7.0%	3,936	4,230	-7.0%
EBITDAR	47,779	24,620	94.1%	322,021	126,395	154.8%
Reorganisation expenses	-13,732	0	-	-13,732	0	-
EBITDA	34,047	24,620	38.3%	308,289	126,395	143.9%

¹ adjusted = without SÜDEWO, Harald

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 decreased by 29.5% from EUR 22.3m to EUR 15.7m in the first nine months of 2016, in line with the significantly reduced level of own stock and development activity. It comprises the following items:

- | Renovation and construction measures in the existing portfolio of EUR 10.2m (nine months of 2015: EUR 18.3m including project developments of EUR 13.3m)
- | Ongoing maintenance of EUR 0.6m (nine months of 2015: EUR 0.6m)
- | Allocable rental ancillary costs of EUR 4.9m (nine months of 2015: EUR 3.5m).

Cost of purchased services

Cost of purchased services largely include expenditure for the white labelled funds of PATRIZIA Gewerbelinvest, for which PATRIZIA acts as service provider only. The costs for purchased services remained stable at EUR 10.8m in the first nine months of 2016, compared to EUR 11.3m in the previous year. Management income from white labelled funds decreased by 6.8% to EUR 11.4m (nine months of 2015: EUR 12.3m) compared to respective costs of 8.9% to EUR 9.4m (nine months of 2015: EUR 10.3m).

Staff costs

As of 30 September 2016 PATRIZIA employed 821 permanent employees (30 September 2015: 812 employees). The staff costs are as following:

STAFF COSTS – 9 MONTHS

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01.– 30.09.2016 in EUR '000	01.01.– 30.09.2015 in EUR '000	Change	01.01.– 30.09.2016 in EUR '000	01.01.– 30.09.2015 in EUR '000	Change
Fixed salaries	38,156	35,775	6.7%	38,163	35,775	6.7%
Variable salaries	14,090	12,680	11.1%	28,090	12,680	121.5%
Sales commissions	2,822	4,061	-30.5%	2,822	4,061	-30.5%
Social security contributions	7,640	6,869	11.2%	7,641	6,869	11.2%
Effect of long-term variable compensation ²	-1,698	2,976	-	-1,698	2,976	-
Miscellaneous	1,632	1,542	5.8%	1,633	1,542	5.9%
TOTAL	62,642	63,903	-2.0%	76,651	63,903	19.9%

¹ adjusted = without SÜDEWO, Harald

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

Staff costs decreased slightly by 2.0% to EUR 62.6m (nine months of 2015: EUR 63.9m).

The fixed salaries of staff grew by 6.7% to EUR 38.2m from EUR 35.8m in the prior year period due to an increase in the number of employees over the past 12 months. In the context of the European expansion, certain employees and executive staff were recruited with a higher variable salary portion. Variable salaries rose from EUR 12.7m in the prior year period by 11.1% to EUR 14.1m in the first nine months of 2016. Sales and distribution commissions decreased by 30.5% from EUR 4.1m in the prior year period to EUR 2.8m in the first nine months of 2016 due to the reduced volume of residential unit sales in the prior year period. Due to a lower share price, the long-term variable compensation contributed a positive effect of EUR 1.7m, after costs of EUR 3.0m in the prior year period. Any miscellaneous items mainly refer to payments in kind.

Other operating expenses

Other operating expenses decreased by 14.0% from EUR 37.0m in the prior year period to EUR 31.8m in the first nine month of 2016. The specific composition is shown below:

OTHER OPERATING EXPENSES – 9 MONTHS

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change
Operating expenses	11,450	11,056	3.6%	12,321	12,477	-1.3%
Administrative expenses	9,403	10,436	-9.9%	9,510	11,297	-15.8%
Selling expenses	6,821	7,704	-11.5%	6,937	7,917	-12.4%
Other expenses	4,090	7,760	-47.3%	12,896	11,649	10.7%
TOTAL	31,764	36,956	-14.0%	41,664	43,340	-3.9%

¹ adjusted = without SÜDEWO, Harald

Operating expenses increased slightly by 3.6% to EUR 11.5m in the first nine months of 2016, from EUR 11.1m in the prior year period and includes mainly rents for business premises and corresponding ancillary costs, as well as IT and maintenance costs.

Administrative expenses decreased by 9.9% to EUR 9.4m in the first nine months of 2016, compared to EUR 10.4m year-on-year largely due to lower transaction-related costs for due diligence, legal and consultancy costs of EUR 2.8m (nine months of 2015: EUR 4.2m). The costs for insurance and other contributions increased only marginally to EUR 0.9m (nine months of 2015: EUR 0.8m). 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 11.5% to EUR 6.8m in the first nine months of 2016, from EUR 7.7m in the prior year period. These largely include the costs for PATRIZIA's sales activities and supporting marketing services, which decreased in line with a reduced volume of properties sold.

Other expenses almost halved in the first nine months of 2016 to EUR 4.1m, down from EUR 7.8m year-on-year. The largest expense included is consultancy services for transactions, which decreased to EUR 2.4m from EUR 4.5m in the prior year period.

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

The adjusted income from participations decreased to EUR 10.3m in the first nine months of 2016 after EUR 24.4m in previous year's period. The decrease reflects the loss of income from SÜDEWO following its disposal. The co-investment GBW generated EUR 7.1m, the same as in the prior year period, from services provided as shareholders' contribution and a return on capital employed of EUR 2.4m. The co-investment WohnModul I generated an income of EUR 3.9m, a slight decrease from EUR 4.2m in the first nine months of 2015, which is recognised as earnings from companies accounted for using the equity method.

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change
GBW	9,528	9,476	0.5%	9,528	9,476	0.5%
SÜDEWO	0	14,695	–	0	100,048	–
Other	728	236	208.5%	728	236	208.5%
Income from participations	10,256	24,407	–58.0%	10,256	109,760	–90.7%
Earnings from companies accounted for using the equity method	3,936	4,230	–7.0%	3,936	4,230	–7.0%
TOTAL	14,192	28,637	–50.4%	14,192	113,990	–87.5%

¹ adjusted for the performance fee for SÜDEWO

Reorganisation expenses

As a result of the reorganisation process which includes the sale of the property management, the number of employees is being reduced by approximately 200 employees over the coming months. In the first nine months of 2016, one-off reorganisation expenses of EUR 13.7m were incurred (nine months of 2015: EUR 0m).

REORGANISATION EXPENSES

in EUR '000	01.01. – 30.09.2016
Expenses for advisors	2,060
Severance payments	11,672
TOTAL	13,732

NET PROFIT FOR THE PERIOD

PATRIZIA's adjusted net profit for the period decreased to EUR 10.8m (nine months of 2015: EUR 13.8m).

NET PROFIT FOR THE PERIOD – 9 MONTHS

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01.– 30.09.2016 in EUR '000	01.01.– 30.09.2015 in EUR '000	Change	01.01.– 30.09.2016 in EUR '000	01.01.– 30.09.2015 in EUR '000	Change
EBITDA	34,047	24,620	38.3%	308,289	126,395	143.9%
Amortisation of fund management contracts, depreciation of software and fixed assets	-4,799	-5,360	-10.5%	-4,799	-5,360	-10.5%
EBIT	29,248	19,260	51.9%	303,490	121,035	150.7%
Financial income	1,458	669	117.9%	1,952	3,142	-37.9%
Financial expenses	-4,683	-4,417	6.0%	-6,846	-14,308	-52.2%
Financial result	-3,225	-3,748	-14.0%	-4,894	-11,166	-56.2%
Gains/losses from currency translation	-6,721	1,041	-	-5,834	-242	-
EBT	19,302	16,553	16.6%	292,762	109,627	167.1%
Income taxes	-8,467	-2,748	208.1%	-54,405	-17,255	215.3%
NET PROFIT FOR THE PERIOD	10,835	13,805	-21.5%	238,357	92,372	158.0%

¹ adjusted = without SÜDEWO, Harald

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

Amortisation of fund management contracts, the depreciation of software and fixed assets decreased to EUR 4.8m (nine months of 2015: EUR 5.4m; -10.5%). The largest single positions are the amortisation of fund management contracts of EUR 1.5m (unchanged year-on-year) and the depreciation of software/equipment of EUR 3.3m (nine months of 2015: EUR 3.9m; -14.4%).

Financial result

The negative financial result improved by 14.0% to EUR 3.2m, compared with EUR 3.7m in the prior year period. Financial income increased to EUR 1.5m after EUR 0.7m year-on-year and includes interest income on delayed purchase price receipts as well as interest income from shareholder loans to co-investments. Financial expenses of EUR 4.7m (nine months of 2015: EUR 4.4m; +6.0%) increased slightly.

Gains/losses from currency translation

As of 30 September 2016 the currency result amounted to EUR -6.7m (30 September 2015: EUR 1.0m). This includes realised currency gains of EUR 1.4m, as well as EUR 8.1m 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.

Income tax

Income taxes increased to EUR 8.5m in the first nine month of 2016. Largest single positions are taxes for the disposal of the First Street assets in Manchester of EUR 3.6m as well as subsequent payment of taxes of EUR 1.1m. Prior years income tax of EUR 2.7m includes a positive effect of EUR 1.9m from the reduction of deferred tax liabilities.

GROUP'S NET ASSET AND FINANCIAL SITUATION

PATRIZIA'S KEY FINANCIAL AND ASSETS FIGURES

	30.09.2016 in EUR '000	31.12.2015 in EUR '000	Change
Total Assets	1,053,573	1,631,831	-35.4%
Equity (excl. minorities)	731,983	521,601	40.3%
Equity Ratio	69.5%	32.0%	37.5 PP
+ Bank Loans	21,175	821,828	-97.4%
+ Bonded Loans	27,000	67,000	-59.7%
- Cash and Cash Equivalents	434,620	179,141	142.6%
= Net cash (-)/net debt (+)	-386,445	709,687	-154.5%
Net Equity Ratio¹	72.8%	35.9%	36.9 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 1.1bn, down from 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 in The Hague was temporarily acquired and added to the balance sheet.

Investment property and inventories

In the consolidated financial statements, PATRIZIA's real estate assets amount to EUR 267.2m (31 December 2015: EUR 1.1bn; –75.2%):

	30.09.2016 in EUR '000	31.12.2015 in EUR '000	Change
Investment property	13,722	20,802	–34.0%
Inventories	253,450	1,057,942	–76.0%
Principal Investments	267,172	1,078,744	–75.2%

Of this, EUR 13.7m was attributable to investment property. EUR 253.5m are inventories and include principal investments such as the remainder of the Manchester portfolio and the properties in Munich held for residential unit sales. All principal investments are intended to generate rental income prior to their 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 SEPTEMBER 2016

	Assets under Management in EUR million	Investment- capital in EUR million	Investment in %
Third Party Business	10,638	-	-
Co-Investments	6,766	174.4	
Residential	5,277	136.9	
GBW GmbH	3,557	54.6	5.1
WohnModul I SICAV-FIS	1,676	80.2	10.1
Other	44	2.1	10.0
Commercial Germany	446	17.8	
PATROffice	207	5.6	6.3
Seneca	181	4.9	5.1
sono west	58	7.3	30.0
Commercial International	1,043	19.7	
Avimore Topco (UK)	509	8.6	10.0
Citruz Holdings LP (UK)	93	2.7	10.0
Plymouth Sound Holdings LP (UK)	59	2.7	10.0
Winnersh Holdings LP (UK)	382	5.7	5.0
Principal Investments	248	195.3	
Harald	0	10.8	94.9
Other	248	179.0	100
Operating companies	-	41.7	100
Investment capital employed	17,652	411.4	-
Available bank balances and cash	-	353.0	-
Total investment capital		758.9	-
Of which external capital (bonded loans)	-	27.0	-
Of which PATRIZIA equity excl. minorities	-	731.9	-

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. The other bonded loan amounting to EUR 27.0m is due in June 2018.

Financial liabilities

The Group has short-term bank loans of EUR 21.2m as at 30 September 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 months. The decrease in bank loans compared to year end 2015 results from the disposal of the Harald Portfolio, following which PATRIZIA used available cash to redeem loans.

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

	30.09.2016 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	21,175	821,828	-97.4%
Total financial liabilities	48,175	888,828	-94.6%

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

LIQUIDITY

As of 30 September 2016, PATRIZIA holds a cash position of EUR 434.6m.

in EUR '000	30.09.2016
Bank balances and cash	434,620
- Transaction-based liabilities Harald	-41,531
- Shares of non-controlling shareholders	-30,900
- Regulatory reserve KVG	-9,150
= Available cash	353,039

The cash position of the Group is not freely available in its entirety. Through the sale of the Harald Portfolio, remaining transaction-based liabilities of EUR 41.5m as well as payments to non-controlling shareholders of EUR 30.9m have to be made, 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. Finally, the cash position includes the proceeds of the sale of an office building in Manchester, which was due on 1 October 2016, but received already in September 2016 (please refer to the supplementary report). Hence, the available free cash balance amounts to EUR 353.0m.

2 SUPPLEMENTARY REPORT

Disposal of an asset

In early October 2016, PATRIZIA completed the sale of No. 1 First Street, Manchester, the Company's largest single principal investment, to an institutional British investor.

Disposal of property management division

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. The main outcome of this decision was the selection of an external service provider to continue the property management service previously performed by PATRIZIA, and subsequently dispose of its existing division to a strategic buyer. On 17 October 2016, PATRIZIA announced the sale of the property management division to Deutsche Immobilien Management Group (DIM). DIM will take over the complete property management operations as well as almost all related employees as of January 2017. The financial impact of this transaction is consistent with what was guided by the company in April 2016.

3 DEVELOPMENT OF THE RISKS AND OPPORTUNITIES

PATRIZIA is exposed to both opportunities as well as risks in the course of its business activities. The Group has the necessary measures and processes in place to identify negative influences and risks in a timely manner in order to be able to respond accordingly. No significant new opportunities or risks have been identified by the Group since the annual statements for the 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 outcome of the referendum vote in 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.

4 REPORT ON EXPECTED DEVELOPMENTS

Guidance for 2016 increased

Due to the strong pipeline of already signed transactions that are expected to be completed prior to the year end, the AuM guidance remains unchanged with a net increase of around EUR 2.0bn to about EUR 18.6bn. Based on the strong operating development of PATRIZIA's business, the management of PATRIZIA lifts the full year 2016 guidance for operating income from at least EUR 250m to at least EUR 265m.

Augsburg, 8 November 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 SEPTEMBER 2016

ASSETS

in EUR '000	30.09.2016	31.12.2015
A. Non-current assets		
Goodwill	610	610
Other intangible assets	35,914	37,417
Software	10,203	9,225
Investment property	13,722	20,802
Equipment	4,154	5,015
Participations in associated companies	80,189	88,179
Participations	101,471	81,406
Loans	5,808	5,498
Long-term tax assets	35	78
Deferred taxes	445	7,013
Total non-current assets	252,551	255,243
B. Current assets		
Inventories	253,450	1,057,942
Securities	44	54
Short-term tax assets	13,401	8,280
Current receivables and other current assets	99,507	131,171
Bank balances and cash	434,620	179,141
Total current assets	801,022	1,376,588
TOTAL ASSETS	1,053,573	1,631,831

EQUITY AND LIABILITIES

in EUR '000	30.09.2016	31.12.2015
A. Equity		
Share capital	83,956	76,324
Capital reserve	184,005	191,637
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	37,209	18,190
Currency translation differences	-9,526	-869
Consolidated unappropriated profit	473,043	254,004
Total equity	769,192	539,791
B. Liabilities		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	35,059	63,253
Retirement benefit obligations	687	687
Bonded loan	27,000	32,000
Non-current liabilities	4,916	9,262
Total non-current liabilities	67,662	105,202
CURRENT LIABILITIES		
Short-term bank loans	21,175	821,828
Bonded loan	0	35,000
Short-term financial derivatives	0	3,677
Other accruals	14,830	6,740
Current liabilities	143,312	95,288
Tax liabilities	37,402	24,305
Total current liabilities	216,719	986,838
TOTAL EQUITY AND LIABILITIES	1,053,573	1,631,831

Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016

in EUR '000	3 rd quarter 2016	3 rd quarter 2015	9 months 2016	9 months 2015
	01.07. – 30.09.2016	01.07. – 30.09.2015	01.01. – 30.09.2016	01.01. – 30.09.2015
Revenues	77,123	134,760	656,358	237,567
Income from the sale of investment property	252	1,082	1,153	4,051
Changes in inventories	-20,385	-70,823	-407,502	-93,042
Other operating income	4,067	2,436	10,446	9,515
Income from the deconsolidation of subsidiaries	0	0	196,930	5,277
Total operating performance	61,057	67,455	457,385	163,368
Cost of materials	-9,651	-13,966	-20,479	-32,433
Cost of purchased services	-409	-4,142	-10,762	-11,287
Staff costs	-20,402	-20,423	-76,651	-63,903
Other operating expenses	-13,945	-22,217	-41,664	-43,340
Income from participations	3,417	99,797	10,256	109,760
Earnings from companies accounted for using the equity method	683	1,212	3,936	4,230
EBITDAR	20,750	107,716	322,021	126,395
Reorganisation expenses	-2,419	0	-13,732	0
EBITDA	18,331	107,716	308,289	126,395
Amortisation of fund management contracts, depreciation of software and fixed assets	-1,506	-1,891	-4,799	-5,360
Earnings before finance income and income taxes (EBIT)	16,825	105,825	303,490	121,035
Financial income	797	1,512	1,952	3,142
Financial costs	-661	-9,123	-6,846	-14,308
Losses from currency translation	-1,596	-235	-5,834	-242
Earnings before income taxes (EBT)	15,365	97,979	292,762	109,627
Income tax	-7,566	-15,754	-54,405	-17,255
Net profit for the period	7,799	82,225	238,357	92,372
Earnings per share (undiluted) in EUR	0.09	0.77	2.61	0.87
The net profit for the period is allocated to:				
Shareholders of the parent company	7,766	64,306	219,039	72,989
Non-controlling shareholders	33	17,919	19,318	19,383
	7,799	82,225	238,357	92,372

Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016

in EUR '000	3 rd quarter 2016	3 rd quarter 2015	9 months 2016	9 months 2015
	01.07. – 30.09.2016	01.07. – 30.09.2015	01.01. – 30.09.2016	01.01. – 30.09.2015
Net profit for the period	7,799	82,225	238,357	92,372
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	-1,479	-1,831	-8,657	-853
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	6,320	80,394	229,700	91,519
The total result is allocated to:				
Shareholders of the parent company	6,287	62,475	210,382	72,136
Non-controlling shareholders	33	17,919	19,318	19,383
	6,320	80,394	229,700	91,519

Consolidated Cash Flow Statement

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016

in EUR '000	01.01. – 30.09.2016	01.01. – 30.09.2015
Net profit for the period	238,357	92,372
Income taxes recognised through profit or loss	54,405	17,255
Financial costs through profit or loss	6,846	14,308
Financial income through profit or loss	-1,952	-3,142
Income from divestments of participations, recognised through profit or loss	0	-11,157
Amortisation of fund management contracts, software and equipment	4,799	5,360
Income from the sale of investment property	-1,153	-4,051
Income from the deconsolidation of subsidiaries	-196,930	-5,277
Other non-cash items	11,861	-8,820
Changes in inventories, receivables and other assets that are not attributable to investment activities	374,271	18,882
Changes in liabilities that are not attributable to financing activities	56,489	-37,784
Interest paid	-6,473	-8,022
Interest received	1,564	346
Income tax payments	-40,387	-3,558
Cash inflow from operating activities	501,697	66,712
Capital investments software and equipment	-2,381	-3,336
Payments received from the disposal of intangible assets and equipment	45	0
Payments received from the sale of investment property	8,491	36,492
Payments for the development of investment property	-321	-1,073
Payments for the acquisition of participations	-1,190	0
Payments received from the equity reduction of participations	0	1,459
Payments received from the sale of participations	0	25,989
Payments for investments in companies accounted for using the equity method	0	-15,450
Payment received through distributions of companies accounted for using the equity method	5,361	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	-1,137	0
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	-266,196
Cash inflow/outflow from investment/divestment activities	306,762	-222,115
Borrowing of loans	96,675	244,423
Repayment of loans	-646,961	-42,757
Payments to non-controlling shareholders	-299	-17,497
Cash outflow/inflow from financing activities	-550,585	184,169
Changes in cash	257,874	28,766
Cash 1 January	179,141	145,361
Effect of changes in exchange rates on cash	-2,395	0
Cash 30 September	434,620	174,127

Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 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				-853		-853		-853
Issue of bonus shares	6,939	-6,939						
Non-controlling interests arising from the inclusion of new companies							101,631	101,631
Purchases of shares of non-controlling shareholders					2,062		-74,359	-72,297
Payout of profit shares to non-controlling shareholders							-17,497	-17,497
Disposal of shares of non-controlling shareholders					546		-2,031	-1,485
Net profit/loss for the period					72,989	72,989	19,383	92,372
Balance 30 September 2015	76,324	191,637	505	177	215,340	481,375	27,936	511,919
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				-8,657		-8,657		-8,657
Issue of bonus shares	7,632	-7,632						
Payout of profit shares to non-controlling shareholders							-299	-299
Net profit/loss for the period					219,039	219,039	19,318	238,357
BALANCE								
30 SEPTEMBER 2016	83,956	184,005	505	-9,526	473,043	728,481	37,209	769,192

Notes to the Consolidated Interim Financial Statements

AS OF 30 SEPTEMBER 2016 (FIRST NINE MONTHS 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 investment manager in the real estate market for more than 30 years and operates in 15 countries across Europe. As an investment manager, PATRIZIA’s services include asset and portfolio management, acquisitions and sales and fund management mainly through its regulated investment platforms. As one of the leading real estate investment companies in Europe, the Company operates European-wide for large institutional as well as for retail clients. Currently, the Company manages assets with a value of EUR 17.7 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 nine months of 2016 (1 January 2016 to 30 September 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 September 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 nine 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. For a detailed description of the principles applied in preparing the interim consolidated financial statements and the accounting methods used, please refer to the notes to the IFRS consolidated financial statements for the year ending 31 December 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. All real estate assets hereof were sold in the period under review.

The 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 of figures.

3 SCOPE OF CONSOLIDATION

All of the Company's subsidiaries are included in the consolidated financial statements of PATRIZIA Immobilien AG. The subsidiaries include all companies controlled by PATRIZIA Immobilien AG. In addition to the parent company, the scope of consolidation comprises 114 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 Südor” was made indirectly through the acquisition of 94.9% of the shares in TAG Stuttgart-Südor Projektleitungs GmbH & Co. KG, whose change of name to PATRIZIA GrundInvest Objekt Stuttgart Südor GmbH & Co. KG was entered into the land register on 19 January 2016.

The acquisition of PATRIZIA GrundInvest Objekt Stuttgart Südor 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 Südor 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.

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 of 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, acting as limited partner and CB Beteiligungs GmbH acting as general partner 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 assets in different locations that shall be sold at the end of the fund's holding period.

Related to the disposal of Harald and under a notarial purchase agreement dated 8 July 2016, PATRIZIA Harald Fund Investment 1 S.à r.l., part of the scope of consolidation of the PATRIZIA Immobilien AG, acquired an entity which is now operating as PATRIZIA Harald Fund Investment AB. The share capital is SEK 50,000. The purpose of the company is management and holding of shares in real estate investment companies.

PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH, part of the scope of consolidation of the PATRIZIA Immobilien AG, acting as limited partner and CB Beteiligungs GmbH acting as general partner established an entity which is now operating as PATRIZIA GrundInvest Augsburg eins GmbH & Co. KG, a limited partnership pursuant to a notarial deed of incorporation dated 23 September 2015. The share capital is EUR 10,000. The purpose of this company is the investment and management of assets, as long as there is no special licence required, especially the acquisition, management and sale of shares in other companies. Before being added to the scope of consolidation in July 2016, the entity was considered being 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 and therefore its shares were accounted for as other assets.

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:

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

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

in EUR '000	30.09.2016
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:

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

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

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 EUR 177k 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 EUR 3,410k 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.

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

5 PARTICIPATIONS IN ASSOCIATED COMPANIES

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

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

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

The Group's share in the profit of PATRIZIA WohnModul I SICAV-FIS for the first nine months of 2016 is EUR 3,936k (30 September 2015: EUR 4,230k).

In the period under review, WohnModul I SICAV-FIS distributed profits with an amount of EUR 5,362k to PATRIZIA Immobilien AG. This distribution was credited against Participations in Associated Companies not effecting the income statement. Furthermore a capital repatriation amounting to EUR 6,565k 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 30.0% (31 December 2015: 30.0%)
- | PATRIZIA Projekt 150 GmbH 10.0% (31 December 2015: 10.0%)
- | Plymouth Sound Holdings LP 10.0% (31 December 2015: 10.0%)
- | 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 10.0% (31 December 2015: 10.0%)
- | Citruz Holdings LP 10.0% (31 December 2015: 10.0%)
- | Scan Deutsche Real Estate Kiel GmbH 4.84% (31 December 2015: 94.9%)
- | Draaipunt Holding B.V. 5.1% (31 December 2015: 100.0%)
- | Promontoria Holding V B.V. 5.1% (31 December 2015: 100.0%)
- | Promontoria Holding X B.V. 5.1% (31 December 2015: 100.0%)

Through the sale of 94.9% of 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 EUR 21,495k 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 costs. 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 83,955,887 (31 December 2015: EUR 76,323,533) and was divided into 83,955,887 (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 September 2016, shares of non-controlling shareholders amounted to EUR 37,209k (31 December 2015: EUR 18,190k).

In the period under review a share in the profit of EUR 19,318k was allocated to non-controlling shareholders. Furthermore, in the first nine months of 2016 a share in the profit amounting to EUR 299k was withdrawn by 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 30.09.2016	2016	2017	2018	2019 – 2025	2026	Total
Bank loans	0	0	10,800	0	0	10,800
Mortgage loans	0	0	0	0	10,375	10,375
Bonded loans	0	0	27,000	0	0	27,000
TOTAL FINANCIAL LIABILITIES	0	0	37,800	0	10,375	48,175

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 FINANCIAL LIABILITIES	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 floating, the Group is exposed to interest rate risk. All loans are valued in EUR. All mortgage loans (EUR 10,375k) and bank loans (EUR 10,800k) relate to an investment of PATRIZIA GrundInvest Kapitalverwaltungs-gesellschaft 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 EUR 27,000k 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 EUR 4,916k (31 December 2015: EUR 9,262k) and essentially consist of 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:

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change
Sales proceeds from principal investments	31,703	106,050	-70.1%	517,797	106,050	388.3%
Rental revenues	9,953	5,336	86.5%	16,254	24,826	-34.5%
Revenues from management services	115,282	93,919	22.7%	115,282	93,919	22.7%
Revenues from ancillary costs	3,829	1,371	179.3%	3,857	8,746	-55.9%
Miscellaneous	3,168	4,026	-21.3%	3,168	4,026	-21.3%
CONSOLIDATED REVENUES	163,935	210,702	-22.2%	656,358	237,567	176.3%

¹ adjusted = without SÜDEWO, Harald

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

15 INCOME FROM DECONSOLIDATION OF SUBSIDIARIES

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

16 OTHER OPERATING INCOME

Other Operating Income contains:

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change
Income from expired obligations	3,498	3,191	9.6%	3,498	3,191	9.6%
Income from payments in kind	700	728	–3.8%	700	728	–3.8%
Income from the decrease in the general provision	287	233	23.2%	287	233	23.2%
Income from reimbursement of lawyers' fees, court costs and payments of damages	1,226	507	141.8%	1,226	507	141.8%
Insurance compensations	51	96	–46.9%	51	96	–46.9%
Other	568	3,999	–85.8%	4,684	4,760	–1.6%
TOTAL	6,330	8,754	–27.7%	10,446	9,515	9.8%

¹ adjusted = without SÜDEWO, Harald

17 COST OF MATERIALS

Cost of Materials consist of:

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change
Renovation and construction costs	10,246	18,287	-44.0%	10,734	20,442	-47.5%
Maintenance costs	639	571	11.9%	639	571	11.9%
Ancillary rental costs	4,852	3,478	39.5%	9,106	11,420	-20.3%
TOTAL	15,737	22,336	-29.5%	20,479	32,433	-36.9%

¹ adjusted = without SÜDEWO, Harald

18 OTHER OPERATING EXPENSES

Other Operating Expenses consist of:

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change
Operating expenses	11,450	11,056	3.6%	12,321	12,477	-1.3%
Administrative expenses	9,403	10,436	-9.9%	9,510	11,297	-15.8%
Selling expenses	6,821	7,704	-11.5%	6,937	7,917	-12.4%
Other expenses	4,090	7,760	-47.3%	12,896	11,649	10.7%
TOTAL	31,764	36,956	-14.0%	41,664	43,340	-3.9%

¹ adjusted = without SÜDEWO, Harald

19 INCOME FROM PARTICIPATIONS

For the first nine months of 2016 Income from Participations amounts to EUR 10,256k (30 September 2015: EUR 109,760k) and contains the income from co-investments in GBW, Seneca and Harald (previous year: GBW, SÜDEWO and Seneca) and is composed as follows:

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change
Services provided as shareholder contributions	7,111	10,704	-33.6%	7,111	10,704	-33.6%
Performance-related shareholder compensation	0	0	-	0	85,353	-
Return on equity employed	3,145	13,703	-77.0%	3,145	13,703	-77.0%
TOTAL	10,256	24,407	-58.0%	10,256	109,760	-90.7%

¹ adjusted for the performance fee for SÜDEWO

20 REORGANISATION EXPENSES

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

21 FINANCIAL RESULT

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹		9 months 2016	9 months 2015	
	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	Change
Interest on bank deposits	48	72	-33.3%	88	77	14.3%
Other interest	1,410	597	136.2%	1,864	3,065	-39.2%
Financial income	1,458	669	117.9%	1,952	3,142	-37.9%
Interest on revolving credit facilities and bank loans	-1,866	-1,205	54.9%	-5,821	-5,210	11.7%
Other financial expenses	-2,817	-3,212	-12.3%	-1,025	-9,098	-88.7%
Financial costs	-4,683	-4,417	6.0%	-6,846	-14,308	-52.2%
FINANCIAL RESULT	-3,225	-3,748	-14.0%	-4,894	-11,166	-56.2%

¹ adjusted = without SÜDEWO, Harald

22 CURRENCY TRANSLATION

Currency differences of EUR –5,834k (30 September 2015: EUR –242k) are shown in the consolidated income statement in the first nine months of 2016. This includes EUR 2,360k of realised currency gains (realised currency losses as of 30 September 2015: EUR –696k).

23 EARNINGS PER SHARE

Applying IAS 33.64, the weighted number of shares for the same period of the previous year (76,323,533) was adjusted, assuming that the weighted number of shares throughout the year for 2015 corresponds to that of 2016.

	9 months 2016 adjusted ¹	9 months 2015 adjusted ¹	9 months 2016	9 months 2015
	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000	01.01. – 30.09.2016 in EUR '000	01.01. – 30.09.2015 in EUR '000
Profit attributable to Group's shareholder	10,536	13,805	219,039	72,989
Number of shares issued	83,955,887	76,323,533	83,955,887	76,323,533
Weighted number of shares	83,955,887	83,955,887	83,955,887	83,955,887
TOTAL	0.13	0.16	2.61	0.87

¹ adjusted = without SÜDEWO, Harald

Applying IAS 33.64, the weighted number of shares for the same quarter in the previous year (76,323,533) 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 realised currency translation effects are added.

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

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

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

FIRST NINE MONTHS OF 2016 (1 JANUARY – 30 SEPTEMBER 2016)

in EUR '000	Investments	Management Services	Corporate	Consolidation	Group
Germany					
Revenues from principal investments	506,659	0	0	0	506,659
Rental revenues	12,141	3	0	-59	12,085
Revenues from management services	0	119,729	0	-21,249	98,480
Other	1,437	686	0	-44	2,079
Revenues	520,237	120,418	0	-21,352	619,303
International¹					
Revenues from principal investments	11,138	0	0	0	11,138
Rental revenues	4,169	0	0	0	4,169
Revenues from management services	0	32,259	0	-1,288	30,971
Other	4,623	256	0	0	4,879
Revenues	19,930	32,515	0	-1,288	51,157
Corporate					
Revenues	0	0	17,711	0	17,711
Consolidation					
Revenues	0	-14,362	0	-17,449	-31,811
Group					
Revenues from principal investments	517,797	0	0	0	517,797
Rental revenues	16,310	3	1	-59	16,254
Revenues from management services	0	137,656	17,432	-39,805	115,282
Other	6,060	912	278	-225	7,025
Revenues	540,167	138,571	17,711	-40,089	656,358
Details					
Total operating performance					
Germany	318,053	125,741	0	-21,352	422,442
International ¹	15,054	33,174	0	-1,288	46,940
Corporate	0	0	19,926	0	19,926
Consolidation	0	-14,362	0	-17,562	-31,924
Group	333,107	144,553	19,926	-40,202	457,385
Cost of materials and cost of purchased services					
Germany	-15,667	-15,835	0	344	-31,158
International ¹	-5,145	-12,072	0	0	-17,217
Corporate	0	0	0	0	0
Consolidation	0	14,302	0	2,832	17,134
Group	-20,812	-13,605	0	3,176	-31,241
Staff costs					
Germany	0	-46,023	0	0	-46,023
International ¹	0	-13,629	0	0	-13,629
Corporate	0	0	-16,999	0	-16,999
Consolidation	0	0	0	0	0
Group	0	-59,652	-16,999	0	-76,651
Other operating expenses					
Germany	-34,830	-25,205	0	21,237	-38,798
International ¹	-1,858	-5,255	0	1,288	-5,825
Corporate	0	0	-11,758	0	-11,758
Consolidation	0	60	0	14,655	14,715
Group	-36,688	-30,400	-11,758	37,180	-41,664
Income from participations and earnings from companies accounted for using the equity method					
Germany	3,321	7,117	0	0	10,438
International ¹	3,754	0	0	0	3,754
Corporate	0	0	1	0	1
Consolidation	0	0	0	0	0
Group	7,075	7,117	1	0	14,192

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

PROSECUTION

in EUR '000	Investments	Management Services	Corporate	Consolidation	Group
Reorganisation expenses					
Germany	0	-10,552	0	0	-10,552
International ¹	0	-970	0	0	-970
Corporate	0	0	-2,210	0	-2,210
Consolidation	0	0	0	0	0
Group	0	-11,522	-2,210	0	-13,732
Amortisation of fund management contracts, software and equipment					
Germany	-6	-1,501	0	0	-1,507
International ¹	0	-102	0	0	-102
Corporate	0	0	-3,190	0	-3,190
Consolidation	0	0	0	0	0
Group	-6	-1,603	-3,190	0	-4,799
Financial Result					
Germany	3,141	-704	0	0	2,437
International ¹	-259	243	0	0	-16
Corporate	0	0	-7,390	0	-7,390
Consolidation	0	0	0	75	75
Group	2,882	-461	-7,390	75	-4,894
Gains/losses from currency translation					
Germany	887	-73	0	0	814
International ¹	-3,954	12	0	0	-3,942
Corporate	0	0	-2,705	0	-2,705
Consolidation	0	0	0	0	0
Group	-3,067	-61	-2,705	0	-5,834
EBT (IFRS)					
Germany	274,899	32,965	0	229	308,093
International ¹	7,592	1,401	0	0	8,993
Corporate	0	0	-24,325	0	-24,325
Consolidation	0	0	0	0	0
Group	282,491	34,366	-24,325	229	292,762
Adjustments					
Germany	1,420	13,143	2,210	0	16,773
Significant non-operating earnings	-105	-13,143	-2,210	0	-15,458
Fund agreement amortisation	0	-1,476	0	0	-1,476
Reorganisation expenses	0	-11,522	-2,210	0	-13,732
Unrealised currency changes	-105	-145	0	0	-250
Realised fair value	1,315	0	0	0	1,315
International¹	3,791	-27	0	0	3,763
Significant non-operating earnings	-3,791	27	0	0	-3,763
Fund agreement amortisation	0	0	0	0	0
Unrealised currency changes	-3,791	27	0	0	-3,763
Corporate	0	0	4,181	0	4,181
Significant non-operating earnings	0	0	-4,181	0	-4,181
Unrealised currency changes	0	0	-4,181	0	-4,181
Group	5,211	13,116	6,391	0	24,717
Operating result (adjusted EBT)²					
Germany ³	276,319	46,108	2,210	229	324,866
International ¹	11,383	1,374	0	0	12,756
Corporate	0	0	-20,144	0	-20,144
Consolidation	0	0	0	0	0
Group	287,702	47,482	-17,934	229	317,479

¹ France, Great Britain, Luxembourg, Netherlands, Scandinavia, Spain² EUR 252.5m excluding Harald related taxes and minorities³ EUR 208.6m excluding Harald related taxes of EUR 45.9m and minorities of EUR 19.0m

FIRST NINE MONTHS OF 2015 (1 JANUARY – 30 SEPTEMBER 2015)

in EUR '000	Investments	Management Services	Corporate	Consolidation	Group
Germany					
Revenues from principal investments	106,050	0	0	0	106,050
Rental revenues	24,564	0	0	-132	24,432
Revenues from management services	0	76,190	0	-3,494	72,696
Other	9,533	5,049	0	-1,948	12,634
Revenues	140,147	81,239	0	-5,574	215,812
International¹					
Revenues from principal investments	0	0	0	0	0
Rental revenues	394	0	0	0	394
Revenues from management services	0	38,500	0	0	38,500
Other	0	179	0	0	179
Revenues	394	38,679	0	0	39,073
Corporate					
Revenues	0	0	18,089	0	18,089
Consolidation					
Revenues	0	-16,707	0	-18,699	-35,406
Group					
Revenues from principal investments	106,050	0	0	0	106,050
Rental revenues	24,958	0	1	-132	24,826
Revenues from management services	0	98,047	17,293	-21,421	93,919
Other	9,540	5,155	829	-2,754	12,772
Revenues	140,548	103,202	18,123	-24,307	237,567
Details					
Total operating performance					
Germany	57,680	82,604	0	-5,574	134,710
International ¹	4,296	41,389	0	-67	45,618
Corporate	0	0	18,715	0	18,715
Consolidation	-242	-16,731	0	-18,703	-35,676
Group	61,734	107,262	18,715	-24,344	163,368
Cost of materials and cost of purchased services					
Germany	-32,742	-13,824	0	311	-46,255
International ¹	0	-16,865	0	0	-16,865
Corporate	0	0	0	0	0
Consolidation	0	16,609	0	2,792	19,401
Group	-32,742	-14,080	0	3,103	-43,720
Staff costs					
Germany	0	-34,694	0	0	-34,694
International ¹	0	-10,363	0	0	-10,363
Corporate	0	0	-19,248	0	-19,248
Consolidation	0	63	0	340	403
Group	0	-44,994	-19,248	340	-63,903
Other operating expenses					
Germany	-15,347	-31,172	0	5,769	-40,750
International ¹	-403	-4,655	0	67	-4,991
Corporate	0	0	-13,164	0	-13,164
Consolidation	-50	59	0	15,556	15,565
Group	-15,800	-35,768	-13,164	21,392	-43,340
Income from participations and earnings from companies accounted for using the equity method					
Germany	15,755	96,057	0	0	111,812
International ¹	2,178	0	0	0	2,178
Corporate	0	0	3	0	3
Consolidation	0	0	0	-3	-3
Group	17,933	96,057	3	-3	113,990

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

PROSECUTION

in EUR '000	Investments	Management Services	Corporate	Consolidation	Group
Amortisation of fund management contracts, software and equipment					
Germany	-16	-1,518	0	0	-1,534
International ¹	0	-86	0	0	-86
Corporate	0	0	-3,740	0	-3,740
Consolidation	0	0	0	0	0
Group	-16	-1,604	-3,740	0	-5,360
Financial Result					
Germany	-12,257	-215	0	0	-12,472
International ¹	971	-88	0	0	883
Corporate	0	0	408	0	408
Consolidation	0	0	0	15	15
Group	-11,286	-303	408	15	-11,166
Gains/losses from currency translation					
Germany	-1,283	39	0	0	-1,244
International ¹	-57	117	0	0	60
Corporate	0	0	942	0	942
Consolidation	0	0	0	0	0
Group	-1,340	156	942	0	-242
EBT (IFRS)					
Germany	11,790	97,277	0	506	109,573
International ¹	6,985	9,449	0	0	16,434
Corporate	0	0	-16,084	0	-16,084
Consolidation	-292	0	0	-3	-295
Group	18,483	106,726	-16,084	503	109,627
Adjustments					
Germany	3,501	1,561	0	0	5,062
Significant non-operating earnings	2,557	-1,561	0	0	996
Market valuation income derivatives	1,832	0	0	0	1,832
Market valuation expenditures derivatives	14	0	0	0	14
Fund agreement amortisation	0	-1,476	0	0	-1,476
Reorganisation expenses	0	0	0	0	0
Unrealised currency changes	711	-85	0	0	626
Realised fair value	6,058	0	0	0	6,058
International¹	-539	-31	0	0	-570
Significant non-operating earnings	539	31	0	0	570
Fund agreement amortisation	0	0	0	0	0
Unrealised currency changes	539	31	0	0	570
Corporate	0	0	1,883	0	1,883
Significant non-operating earnings	0	0	-1,883	0	-1,883
Unrealised currency changes	0	0	-1,883	0	-1,883
Group	2,963	1,530	1,883	0	6,376
Operating result (adjusted EBT)					
Germany	15,291	98,838	0	506	114,635
International ¹	6,446	9,418	0	0	15,864
Corporate	0	0	-14,201	0	-14,201
Consolidation	-292	0	0	-3	-295
Group	21,446	108,256	-14,201	503	116,003

¹ France, Great Britain, Luxembourg, Netherlands, Scandinavia, 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 2017

14 March 2017	Financial statements 2016 with press conference and investor and analyst conference call
10 May 2017	Interim report for the first quarter of 2017 with investor and analyst conference call
22 June 2017	Annual General Meeting, Augsburg
4 August 2017	Interim report for the first half of 2017 with investor and analyst conference call
7 November 2017	Interim report for the first nine months of 2017 with investor and analyst conference call

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This interim report was published on 8 November 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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