

Q1

Interim Report

JANUARY TO MARCH 2017

KEY FIGURES

REVENUES AND EARNINGS

in Euro k	1. Quarter 2017	1. Quarter 2016 ¹	Change
	01.01.– 31.03.2017	01.01.– 31.03.2016	
Revenues	40,949	62,009	-34.0%
Total operating performance	42,429	48,565	-12.6%
EBITDA	10,140	15,127	-33.0%
EBIT	8,785	13,477	-34.8%
EBT	8,149	12,664	-35.7%
Operating income ²	9,324	12,338	-24.4%
Net profit for the period	5,868	10,473	-44.0%

¹ adjusted = without Harald

² For the definition of operating income, please refer to page 7

STRUCTURE OF ASSETS AND CAPITAL

in Euro k	31.03.2017	31.12.2016	Change
Non-current assets	256,951	258,813	-0.7%
Current assets	780,299	734,446	6.2%
Equity (excl. minorities)	755,898	749,342	0.9%
Equity ratio (excl. minorities)	72.9%	75.4%	-2.5 PP
Non-current liabilities	46,087	47,506	-3.0%
Current liabilities	233,573	194,720	20.0%
Total assets	1,037,250	993,259	4.4%

SHARE

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
Share capital as of 31 March 2017	EUR 83,955,887
No. of shares outstanding as of 31 March 2017	83,955,887 shares
First quarter 2017 high ³	17.97 Euro
First quarter 2017 low ³	14.67 Euro
Closing price as of 31 March 2017 ³	16.60 Euro
Share price performance	+5.2%
Market capitalisation as of 31 March 2017 ³	EUR 1.4bn
Average trading volume per day (first quarter 2017) ⁴	201,300 shares
Indices	SDAX, GEX, DIMAX

³ Closing price Xetra-trading

⁴ All German stock exchanges

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CONSOLIDATED INTERIM MANAGEMENT REPORT

for the period from 1 January 2017 to 31 March 2017

1 BUSINESS PERFORMANCE

1.1 Results of Operations

PATRIZIA has had a successful start to the 2017 fiscal year which the company can confirm is fully in line with its 2017 guidance.

Following the strong performance in 2016, Assets under Management (AuM) have continued to grow, increasing to EUR 19.1bn as of the end of March 2017, a rise of EUR 0.5bn from EUR 18.6bn at the 2016 year end. While acquisitions of EUR 0.7bn were completed, sales accounted for EUR 0.2bn.

In addition, acquisition contracts totalling EUR 1.4bn and EUR 0.1bn of disposals were outstanding as of 31 March 2017, and are expected to be mainly completed over the course of 2017.

PATRIZIA also delivered a promising earnings performance in the first quarter of 2017, fully in line with internal planning. Operating income totalled EUR 9.3m during the first quarter of this year, compared to an adjusted operating income of EUR 12.3m in 2016 which was adjusted for the proceeds from the sale of the Harald Portfolio.

The total service fee income from investment management services decreased in line with expectations by 17.7% to EUR 31.0m compared with EUR 37.7m in the prior year.

Management fees increased following the growth of the asset base, while transaction fees decreased as expected after a very strong transaction volume in the fourth quarter of 2016.

	1. Quarter 2017	1. Quarter 2016	
in Euro m	01.01.– 31.03.2017	01.01.– 31.03.2016	Change
Management fees	22.9	20.9	9.7%
Transaction fees	8.1	15.6	-47.8%
Performance fees	0.0	1.2	-
Total Service fee income	31.0	37.7	-17.7%

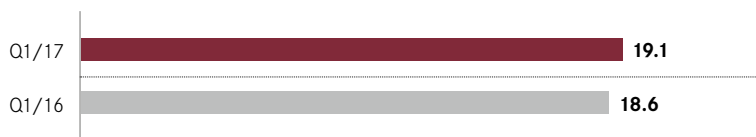
Full year 2017 guidance confirmed

PATRIZIA confirms its 2017 guidance after a promising start to the year. AuM are expected to increase by EUR 2bn net to approximately EUR 20.6bn at year end 2017 and operating income to reach between EUR 60m and EUR 75m.

PATRIZIA anticipates upside to its operating income resulting from higher transaction volumes, higher performance fees as well as income from the investment of the more than EUR 400m of its available liquidity.

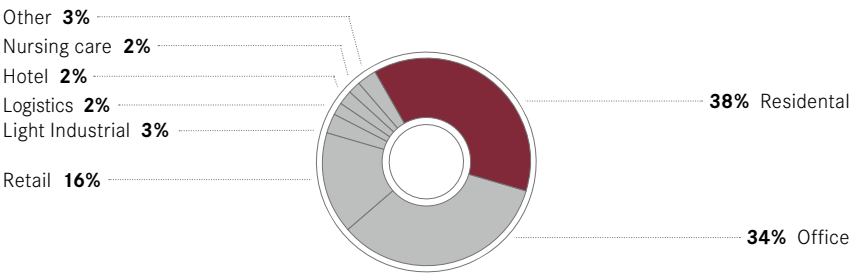
Development of key performance indicators in the first three months of 2017

ASSETS UNDER MANAGEMENT (IN EURO BILLION)

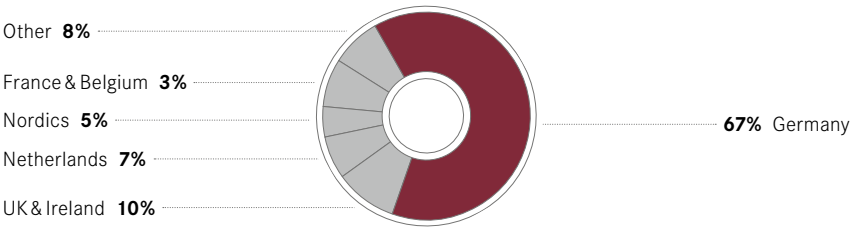


As of 31 March 2017, PATRIZIA was managing real estate assets of EUR 19.1bn, a total increase of EUR 0.5bn to EUR 18.6bn at the end of 2016. EUR 12.8bn of these assets were attributable to Germany and EUR 6.3bn to the rest of Europe.

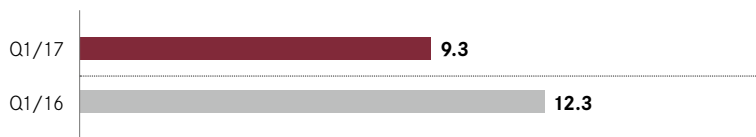
ASSETS UNDER MANAGEMENT – SECTOR BREAKDOWN



ASSETS UNDER MANAGEMENT – GEOGRAPHICAL DISTRIBUTION



OPERATING INCOME (IN EURO MILLION)

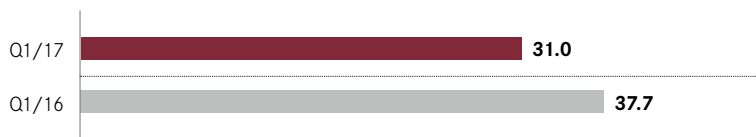


In the first three months of 2017, operating income decreased to EUR 9.3m (three months of 2016: EUR 12.3m). The operating income in 2016 was adjusted for the contribution from the disposal of the Harald Portfolio totalling EUR 202.7m.

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.

Development of supplemental performance parameters:

INCOME FROM MANAGEMENT SERVICES (IN EURO MILLION)

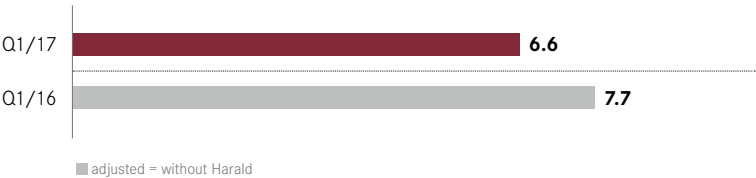


In the first three months of 2017 asset management fees increased in line with an enlarged asset base by 9.7% to EUR 22.9m. Total fee income from management services declined to EUR 31.0m, from EUR 37.7m in the first three months of 2016. The decrease was caused by the decline in transaction fees to EUR 8.1m, reflecting expected slower transaction volumes after a very strong 2016 year end.

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. PATRIZIA also generates

transaction fees for acquisitions and sales and additional performance-based fees when defined target returns are exceeded.

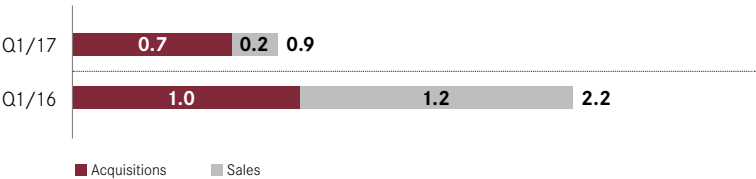
INVESTMENT INCOME (IN EURO MILLION)



In the first three months of 2017 investment income was EUR 6.6m compared to EUR 7.7m in the prior year period, which was adjusted for the proceeds of the sale of the Harald Portfolio.

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 EURO BILLION)



In the first three months of 2017 acquisitions of EUR 0.7bn and sales of EUR 0.2bn were completed. The same period in the prior year recorded transaction volumes of EUR 2.2bn which was strongly influenced by the disposal of the Harald Portfolio.

RAISED FUNDS (IN EUR MILLION)



In the period under review EUR 151.5m of equity for investments was raised with institutional and retail clients compared to EUR 508.8m 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. In accordance with this the company's activities, this can be split into three categories:

1.1.1 Third party business

Business for third parties involves the placement and management of special funds by the four different regulated Group investment management companies on behalf of private and institutional investors. PATRIZIA generates stable, recurring income from the management of the assets. Our so-called third-party business does not involve any equity investment by PATRIZIA. Third-party business contributed EUR 12.1bn to the assets under management as of 31 March 2017.

Management of single asset mandates

PATRIZIA also manages single asset mandates with real estate assets totalling around EUR 958m as of 31 March 2017. The acquisition of the Commerzbank Tower in Frankfurt, Germany's tallest building, on behalf of Korean investor was signed in the fiscal year of 2016 with completion expected by mid 2017. In such cases, PATRIZIA is acting as asset and investment manager on behalf of the investors.

PATRIZIA INVESTMENTS FOR THIRD PARTIES AS OF 31 MARCH 2017

in Euro m	Assets under Management	Equity commit- ments	of which al- ready invest- ed equity	of which outstanding	Number of vehicles
PATRIZIA WohnInvest KVG mbH	1,534	1,523	964	558 ¹	9
Pool funds	1,069	1,063	698	364 ¹	5
Individual funds	465	460	266	194 ¹	4
PATRIZIA GewerbeInvest KVG mbH	8,421	5,844	5,032	811	22
Pool funds	4,713	3,083	2,717	366	10
Individual funds	1,341	1,447	1,003	444	10
Label funds	2,367	1,314	1,312	1	2
PATRIZIA Real Estate Invest- ment Management S.á.r.l. (REIM) ²	826	486	404	82	3
Single asset mandates	958	455	455	0	10
PATRIZIA GrundInvest KVG mbH	349	0	0	0	6
THIRD PARTY BUSINESS	12,088	8,308	6,855	1,451	50

¹ Without project developments secured through purchase agreements

² PATRIZIA Nordic Cities SCS SICAV-FIS

1.1.2 Co-Investments

Through co-investments, PATRIZIA invests in real estate properties in collaboration with clients. In addition to the commitment to the client and to the transaction, these investments also generate management fees in a similar way that it does with the third-party business, as well as income for the participation of PATRIZIA. Shareholders profit from the performance of an attractive and diversified pan-European real estate portfolio. Co-investments contributed EUR 6.8bn to the assets under management as of 31 March 2017. PATRIZIA has invested EUR 0.2bn of equity in co-investments.

No significant changes in PATRIZIA's co-investments occurred in the first three months of 2017. Further details can be found in PATRIZIA's annual report 2016 on p. 56.

1.1.3 Principal Investments

In general, PATRIZIA is active as an investment manager for institutional and private clients and therefore seeks to avoid any conflicts of interests with its own investments. Principal investments, i.e. transactions on PATRIZIA's own account, are therefore either structured as an interim financing for closed-end mutual funds or early-stage investments with the purpose of being included in institutional funds at a later point in time. In addition, PATRIZIA has a principle investment in a legacy portfolio of single residential unit sale assets. Equity invested in principle investments as of 31. March 2017 amounted to EUR 0.1bn.

In the period under review there were no changes in the principle investments compared to the 2016 year end. Further details can be found in PATRIZIA's annual report 2016 on p. 57.

Please refer to the subsequent discussion of the economic position for the contribution to results by principal investments.

1.2 Economic position

1.2.1 Earnings performance of the PATRIZIA Group

For reasons of transparency and clarity the performance of PATRIZIA is shown with and without the effects of the sale of the Harald Portfolio in the 2016 fiscal year ("adjusted"). For the 2017 fiscal year, there were no such effects requiring an adjustment. The discussion and analysis of the Group's earnings performance is described as "adjusted" only.

Operating income

Operating income is the Group's key performance indicator as it includes the total of all operating items within the income statement, adjusted by the below mentioned non-operating cash and non-cash items. In the first three months of 2017, operating income decreased to EUR 9.3m,

compared to EUR 12.3m in the same period during the prior year. The operating income and prior year comparison is shown in the following table:

RECONCILIATION OF OPERATING INCOME – 1. QUARTER

in Euro k	1. Quarter 2017	1. Quarter 2016 ¹	Change	1. Quarter 2017	1. Quarter 2016	Change
	01.01.– 31.03.2017	01.01.– 31.03.2016		01.01.– 31.03.2017	01.01.– 31.03.2016	
EBITDA	10,140	15,127	-33.0%	10,140	280,180	-96.4%
Amortisation of fund management contracts ² , depreciation of software and fixed assets	-1,355	-1,650	-17.9%	-1,355	-1,650	-17.9%
EBIT	8,785	13,477	-34.8%	8,785	278,530	-96.8%
Gains / losses from currency translation	-648	-1,724	-62.4%	-648	-3,791	-82.9%
Financial result	12	911	-98.7%	12	1,304	-99.1%
EBT	8,149	12,664	-35.7%	8,149	276,043	-97.0%
+ Amortisation of fund management contracts ²	492	492	0.0%	492	492	0.0%
Harald – transaction-related taxes and minorities	0	0	-	0	-60,719	-
Net realised valuation gains from the sale of investment property	195	1,071	-81.8%	195	1,071	-81.8%
Reorganisation expenses	501	0	-	501	0	-
Expenses / (income) from unrealised currency translation	-13	-1,889	-99.3%	-13	-2,045	-99.4%
Operating income	9,324	12,338	-24.4%	9,324	214,842	-95.7%

¹ adjusted = without Harald

² Fund management contracts that have been transferred in the course of the acquisition of PATRIZIA Gewerbelinvest 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 three months of 2017 consolidated revenues totalled EUR 40.9m, compared to EUR 62.0m in the prior year period, as a result of lower sales proceeds from principal investments and lower transaction fees within the revenues from management services.

REVENUES – 1. QUARTER

in Euro k	1. Quarter 2017	1. Quarter 2016 ¹	Change	1. Quarter 2017	1. Quarter 2016	Change
	01.01.– 31.03.2017	01.01.– 31.03.2016		01.01.– 31.03.2017	01.01.– 31.03.2016	
Sales proceeds from principal investments	8,501	21,452	–60.4%	8,501	442,173	–98.1%
Rental revenues	2,610	2,325	12.3%	2,610	7,592	–65.6%
Revenues from management services	28,674	35,338	–18.9%	28,674	35,338	–18.9%
Revenues from ancillary costs	731	707	3.4%	731	1,048	–30.2%
Miscellaneous	433	2,187	–80.2%	433	2,187	–80.2%
Consolidated revenues	40,949	62,009	–34.0%	40,949	488,338	–91.6%

¹ adjusted = without Harald

Consolidated revenues are of limited informative value, as items shown beneath the revenue line must also be taken into consideration to obtain a complete picture of the operational performance.

Sales proceeds from principal investments decreased in the first three months of 2017 by 60.4% to EUR 8.5m from EUR 21.5m in the prior year period in line with the stronger strategic focus on investment management services and further decreasing volumes of principal investments. The 2016 figures include the proceeds from the sale of Plot 5 in Manchester.

Rental revenues increased from EUR 2.3m in the prior year to EUR 2.6m in the first three months of 2017. Principal investments as well as properties temporarily acquired for funds to be subsequently placed with retail clients have overcompensated for the decrease in rents caused by sales.

The continued growth of the investment management business is reflected in the increase of management fees by 9.7% from 20.9m EUR to 22.9m EUR between the first quarter of 2016 and the same period in 2017. However, **revenues from management services** declined to EUR 28.7m in the first three months of 2017 from EUR 35.3m in the prior year period.

Including GBW, fee income decreased by 17.7% to EUR 31.0m from EUR 37.7m in the prior year's period. While the asset management fees increased in line with the growing base of assets under management, lower transaction volume caused the decrease in transaction and total fee income.

TOTAL FEE INCOME – 1. QUARTER

	1. Quarter 2017	1. Quarter 2016	
in Euro m	01.01.– 31.03.2017	01.01.– 31.03.2016	Change
Management fees	22.9	20.9	9.7%
<i>thereof Income from participations</i>	2.4	2.4	-0.5%
Transaction fees	8.1	15.6	-47.8%
Performance fees	0.0	1.2	-
Total service fee income	31.0	37.7	-17.7%

Revenues from ancillary costs remained stable in line with almost stable rental income at EUR 0.7m and include revenues from the allocation of recoverable ancillary rental costs.

Miscellaneous items include transaction expenses which are charged to the corresponding investment vehicles. In the first three months of 2017, such costs decreased to EUR 0.4m from EUR 2.2m year-on-year.

Total operating performance

Total operating performance reflects PATRIZIA's performance more comprehensively than revenues. In line with decreased revenues, total operating performance in the first three months of 2017 declined to EUR 42.4m, from EUR 48.6m in the prior year period.

TOTAL OPERATING PERFORMANCE – 1. QUARTER

	1. Quarter 2017	1. Quarter 2016¹		1. Quarter 2017	1. Quarter 2016	
in Euro k	01.01.– 31.03.2017	01.01.– 31.03.2016	Change	01.01.– 31.03.2017	01.01.– 31.03.2016	Change
Revenues	40,949	62,009	-34.0%	40,949	488,338	-91.6%
Income from the sale of investment property	164	333	-50.8%	164	333	-50.8%
Changes in inventories	-4,798	-14,893	-67.8%	-4,798	-350,092	-98.6%
Other operating income	6,114	835	-	6,114	2,929	108.7%
Income from the deconsolidation of subsidiaries	0	281	-	0	193,520	-
Total operating performance	42,429	48,565	-12.6%	42,429	335,028	-87.3%

¹ adjusted = without 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 0.2m in the first three months of 2017 compared to EUR 0.3m in the first three months of 2016. In addition, positive value changes of EUR 0.2m were realised with the sale of the assets in the first three months of 2017.

Changes in inventories

In the first three months of 2017, changes in inventories of EUR -4.8m (three months of 2016: EUR -14.9m; -67.8%) were recognised. Book value disposals of the assets sold from inventories reduced the existing stock by EUR 7.0m in the first quarter of 2017 (three months of 2016: EUR -15.6m). Prior year changes include the disposal of the principal investment in Plot 5 in Manchester to a joint venture with the Greater Manchester Pension Fund. Capitalisations of EUR 2.2m in the first quarter of 2017 (three months of 2016: EUR 0.8m) increased inventories and are mainly attributable to maintenance measures and development projects in the UK.

Other operating income

Other operating income increased to EUR 6.1m in the first quarter of 2017 (three months of 2016: EUR 0.8m) and mainly includes income from expired obligations (EUR 4.8m).

Income from the deconsolidation of subsidiaries

The income from the 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 – 1. QUARTER

in Euro k	1. Quarter 2017	1. Quarter 2016 ¹	Change	1. Quarter 2017	1. Quarter 2016	Change
	01.01.– 31.03.2017	01.01.– 31.03.2016		01.01.– 31.03.2017	01.01.– 31.03.2016	
Total operating performance	42,429	48,565	-12.6%	42,429	335,028	-87.3%
Cost of materials	-3,410	-2,637	29.3%	-3,410	-5,438	-37.3%
Costs for purchased services	-3,529	-3,379	4.4%	-3,529	-3,379	4.4%
Staff costs	-20,413	-21,393	-4.6%	-20,413	-34,363	-40.6%
Other operating expenses	-10,395	-9,995	4.0%	-10,395	-15,634	-33.5%
Income from participations	5,915	3,172	86.5%	5,915	3,172	86.5%
Earnings from companies accounted for using the equity method	44	794	-94.5%	44	794	-94.5%
EBITDAR	10,641	15,127	-29.7%	10,641	280,180	-96.2%
Reorganisation expenses	-501	0	-	-501	0	-
EBITDA	10,140	15,127	-33.0%	10,140	280,180	-96.4%

1 adjusted = without Harald

Cost of materials

Cost of materials include construction and maintenance measures for own assets, which are usually capitalised. Year-on-year, the cost of materials increased by 29.3% from EUR 2.6m to EUR 3.4m in the first three months of 2017.

Costs for purchased services

Cost of purchased services largely include expenditure for the white labelled funds of PATRIZIA Gewerbelinvest, for which PATRIZIA acts as a service provider only. The costs for purchased services remained stable at EUR 3.5m in the first three months of 2017, compared to EUR 3.4m in the previous year. Management income from white labelled funds increased by 11.4% to EUR 3.9m in the first quarter of 2017 (three months of 2016: EUR 3.5m) whereas respective costs decreased by 9.4% to EUR 2.9m (three months of 2016: EUR 3.2m).

Staff costs

As of 31 March 2017 PATRIZIA employed 674 permanent employees (31 March 2016: 822 employees). The staff costs are as follows:

STAFF COSTS – 1. QUARTER

in Euro k	1. Quarter 2017	1. Quarter 2016 ¹	Change	1. Quarter 2017	1. Quarter 2016	Change
	01.01.– 31.03.2017	01.01.– 31.03.2016		01.01.– 31.03.2017	01.01.– 31.03.2016	
Fixed salaries	11,320	12,767	-11.3%	11,320	12,767	-11.3%
Variable salaries	4,370	4,866	-10.2%	4,370	17,836	-75.5%
Sales commissions	1,266	591	114.2%	1,266	591	114.2%
Social security contributions	2,550	2,858	-10.8%	2,550	2,858	-10.8%
Effect of long-term variable compensation ²	364	-186	-	364	-186	-
Miscellaneous	543	497	9.3%	543	497	9.3%
Total	20,413	21,393	-4.6%	20,413	34,363	-40.6%

¹ adjusted = without Harald

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

Staff costs decreased by 4.6% to EUR 20.4m during the first quarter of 2017 (three months of 2016: EUR 21.4m). Fixed salaries declined by 11.3% to EUR 11.3m from EUR 12.8m in the prior year period due to a decrease in the number of employees. Variable salaries also decreased, a 10.2% fall from EUR 4.9m in the prior year period to EUR 4.4m in the first three months of 2017. Sales and distribution commissions increased from EUR 0.6m in the prior year period to EUR 1.3m in the first three months of 2017. Due to a positive share price performance, the long-term variable compensation costs amounted to EUR 0.4m, after a positive contribution of EUR 0.2m in the prior year period. Any miscellaneous items mainly refer to payments in kind.

Other operating expenses

Other operating expenses increased slightly by 4.0% from EUR 10.0m in the prior year period to EUR 10.4m in the first three months of 2017. The specific composition is shown below:

OTHER OPERATING EXPENSES – 1. QUARTER

	1. Quarter 2017	1. Quarter 2016¹		1. Quarter 2017	1. Quarter 2016	
in Euro k	01.01.– 31.03.2017	01.01.– 31.03.2016	Change	01.01.– 31.03.2017	01.01.– 31.03.2016	Change
Advisory and audit fees	2,386	2,092	14.1%	2,386	2,326	2.6%
Cost of Management Services	265	41	–	265	2,121	–87.5%
Vehicle and travel costs	1,161	1,181	–1.7%	1,161	1,181	–1.7%
IT costs, communication costs and office supplies	1,961	1,494	31.3%	1,961	2,074	–5.4%
Advertising costs	1,190	856	39.0%	1,190	900	32.2%
Recruitment costs, training costs and costs for temporary work	386	316	22.2%	386	316	22.2%
Rent, cleaning and ancillary costs	1,781	1,731	2.9%	1,781	1,813	–1.8%
Contributions, charges and insurance costs	367	418	–12.2%	367	409	–10.3%
Commissions and other sales costs	336	558	–39.8%	336	558	–39.8%
Other taxes	100	63	58.7%	100	63	58.7%
Miscellaneous	462	1,245	–62.9%	462	3,873	–88.1%
Total	10,395	9,995	4.0%	10,395	15,634	–33.5%

¹ adjusted = without Harald

Income from participations

Income from participations and earnings from companies accounted for using the equity method display investment income from co-investments, which are earned in addition to management fees. In the reporting period, income from participations increased by 86.5% to EUR 5.9m (three months of 2016: EUR 3.2m). The increase was mainly driven by the disposal proceeds from the participation in PATRIZIA Projekt 150 GmbH. The co-investment WohnModul I generated an income of EUR 44k compared with EUR 0.8m in the first three months of 2016, which is recognised as earnings from companies accounted for using the equity method.

INCOME FROM PARTICIPATIONS – 1. QUARTER

in Euro k	1. Quarter 2017	1. Quarter 2016	Change
	01.01.– 31.03.2017	01.01.– 31.03.2016	
GBW	3,159	3,172	–0.4%
PATRIZIA Projekt 150 GmbH	2,453	0	–
UK	88	0	–
HARALD	215	0	–
Income from participations	5,915	3,172	86.5%
Earnings from companies accounted for using the equity method	44	794	–94.5%
Total	5,959	3,966	50.3%

Reorganisation expenses

As a result of an internal reorganisation initiated in 2016, expenses of EUR 0.5m were recognised in the first three month of 2017.

Net profit for the period

PATRIZIA's adjusted net profit for the period decreased to EUR 5.9m (three months of 2016: EUR 10.5m).

NET PROFIT FOR THE PERIOD – 1. QUARTER

in Euro k	1. Quarter 2017	1. Quarter 2016 ¹	Change	1. Quarter 2017	1. Quarter 2016	Change
	01.01.– 31.03.2017	01.01.– 31.03.2016		01.01.– 31.03.2017	01.01.– 31.03.2016	
EBITDA	10,140	15,127	-33.0%	10,140	280,180	-96.4%
Amortisation of fund management contracts, depreciation of software and fixed assets	-1,355	-1,650	-17.9%	-1,355	-1,650	-17.9%
EBIT	8,785	13,477	-34.8%	8,785	278,530	-96.8%
Financial income	202	415	-51.3%	202	760	-73.4%
Financial expenses	-850	-2,139	-60.3%	-850	-4,551	-81.3%
Gains from currency translation	12	911	-98.7%	12	1,304	-99.1%
Financial result	-636	-813	-21.8%	-636	-2,487	-74.4%
EBT	8,149	12,664	-35.7%	8,149	276,043	-97.0%
Income taxes	-2,281	-2,191	4.1%	-2,281	-44,124	-94.8%
Net profit for the period	5,868	10,473	-44.0%	5,868	231,919	-97.5%

¹ adjusted = without 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 1.4m (three months of 2016: EUR 1.7m; -17.9%).

Financial result

The negative financial result improved by 21.8% to EUR -0.6m, compared with EUR -0.8m in the prior year period. Financial income declined to EUR 0.2m from EUR 0.4m 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 decreased to EUR 0.9m (three months of 2016: EUR 2.1m; -60.3%) and gains from currency translation declined to EUR 12k from EUR 0.9m year-on-year.

Income tax

Income taxes remained almost stable at EUR 2.3m in the first three months of 2017 after EUR 2.2m year-on-year.

1.2.2 Groups net asset and financial situation

KEY FIGURES AS OF 31 MARCH 2017

	31.03.2017	31.12.2016	
Total Assets	1,037,250	993,259	4.4%
Equity (excl. minorities)	755,899	749,342	0.9%
Equity Ratio	72.9%	75.4%	-2.5 PP
<hr/>			
+ Bank Loans	110,500	53,200	107.7%
+ Bonded Loans	22,000	27,000	-18.5%
- Cash and Cash Equivalents	454,317	440,219	3.2%
= Net Cash (-) / net Debt (+)	-321,817	-360,019	-10.6%
Net Equity Ratio ¹	83.5%	82.1%	1.4 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 remained fairly stable compared to the end of 2016.

Investment property and inventories

In the consolidated financial statement, PATRIZIA's real estate assets amount to EUR 248.3m (31 December 2016: EUR 195.2m; 27.2%):

	31.03.2017	31.12.2016	
Investment property	10,709	12,226	-12.4%
Inventories	237,542	182,931	29.9%
Principal Investments	248,251	195,157	27.2%

Of the principal investments, EUR 10.7m was attributable to **investment property**. EUR 237.5m are inventories and include principal investments such as the remainder of the Manchester portfolio and the properties in Munich held for residential unit sales, as well as one property held temporarily for subsequent placement in a **retail fund**. 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.

CAPITAL ALLOCATION AS OF 31 MARCH 2017

in Euro m	Assets under Management	PATRIZIA investment capital	Participation
Third Party Business	12,087.7	–	–
Co-Investments	6,840.1	182.5	
Residential	5,365.8	142.8	
GBW GmbH	3,550.0	56.1	5.1%
WohnModul I SICAV-FIS	1,771.4	86.6	10.1%
Other	44.5	0.1	0.0%
Commercial Germany	427.6	18.7	
PATRoffice	188.5	5.6	6.3%
Seneca	181.2	4.9	5.1%
sono west	57.8	8.2	30.0%
Commercial International	1,046.7	21.0	
Aviemore Topco	508.4	12.9	10.0%
Citruz Holdings LP	93.0	3.3	10.0%
Plymouth Sound Holdings LP	61.3	1.8	10.0%
Winnersh Holdings LP	384.0	3.0	5.0%
Principal Investments	144.4	145.2	
Harald	0.0	21.6	5.3%
Other	144.4	123.6	100.0%
Operating companies	0.0	42.6	100.0%
Investment capital employed	19,072.2	370.3	–
Available cash	–	407.6	–
Total investment capital	19,072.2	777.9	
thereof external capital (bonded loans)	–	22.0	–

Capital structure

Bonded loans

A bonded loan, issued in 2013 and due in June 2018, amounted to EUR 22.0m as of 31 March 2017. A prepayment of EUR 5.0m was made without pre-payment penalties in the period under review.

Financial liabilities

The Group's total financial liabilities increased to EUR 132.5m in the first quarter of 2017 compared with the prior three month period. The increase was solely driven by short-term bank loans, which more than doubled to EUR 110.5m as of 31 March 2017 (31 December 2016: EUR 53.2m). 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 development of the financial liabilities is shown in the following table:

in Euro k	31.03.2017	31.12.2016	
Long-term bonded loans	22,000	22,000	0.0%
Short-term bonded loans	0	5,000	-100.0%
Short-term bank loans	110,500	53,200	107.7%
Total financial liabilities	132,500	80,200	65.2%

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

Liquidity

As of 31 March 2017, PATRIZIA held a total cash position of EUR 454.3m.

	31.03.2017
Bank balances and cash	454,317
– Transaction-based liabilities Harald	–35,292
– Regulatory reserve KVG	–11,442
= Available cash	407,583

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 35.3m have to be made, but were not due at the reporting date. In addition, a cash reserve of EUR 11.4m has to be permanently held available for the regulated investment management companies (KVG's) due to regulatory requirements. Hence, the available free cash balance amounts to EUR 407.6m.

2 SUPPLEMENTARY REPORT

There were no subsequent events.

3 DEVELOPMENT OF THE RISKS AND OPPORTUNITIES

PATRIZIA is exposed to both opportunities as well as risks in the course of its business activities. The Group has the necessary measures and processes in place to identify negative influences and risks in a timely manner in order to be able to respond accordingly. No significant new opportunities or risks have been identified by the Group since the annual statements for the 2016 financial year. The assessment of probabilities and the potential extent of damage has also not led to any significant changes in the assessment of risks and opportunities.

The statements in the risk report of the 2016 annual report still apply. Please refer to the risk report starting on page 82 of the 2016 annual report of PATRIZIA Immobilien AG. No other risks are currently known to the Managing Board of PATRIZIA Immobilien AG.

4 REPORT ON EXPECTED DEVELOPMENTS

4.1 Guidance for 2017 confirmed

PATRIZIA confirms the 2017 guidance after a promising start into the year. AuM are anticipated to increase by EUR 2bn net to about EUR 20.6bn as well as an operating income between EUR 60m and EUR 75m.

Upside to the operating income from higher transaction volume, higher performance fee as well as income from the investment of the more than EUR 400m available liquidity remains possible.

Augsburg, 9 May 2017

WOLFGANG EGGER
CEO

KARIM BOHN
CFO

ANNE KAVANAGH
CIO

KLAUS SCHMITT
COO

This report contains specific forward-looking statements that relate in particular to the business development of PATRIZIA and the general economic and regulatory environment and other factors to which PATRIZIA is exposed. These forward-looking statements are based on current estimates and assumptions by the Company made in good faith, and are subject to various risks and uncertainties that could render a forward-looking estimate or statement inaccurate or cause actual results to differ from the results currently expected.



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CONSOLIDATED BALANCE SHEET

as of 31 March 2017

NON-CURRENT ASSETS

in Euro k	31.03.2017	31.12.2016
A. Non-current assets		
Goodwill	610	610
Other intangible assets	34,918	35,416
Software	10,712	10,772
Investment property	10,709	12,226
Equipment	4,477	4,460
Participations in associated companies	85,967	85,923
Participations	102,332	102,033
Loans	7,020	7,015
Long-term tax assets	35	35
Deferred taxes	171	323
Total non-current assets	256,951	258,813
B. Current assets		
Inventories	237,542	182,931
Securities	210	44
Short-term tax assets	10,280	11,941
Current receivables and other current assets	77,950	99,311
Bank balances and cash	454,317	440,219
Total current assets	780,299	734,446
Total assets	1,037,250	993,259

EQUITY AND LIABILITIES

in Euro k	31.03.2017	31.12.2016
A. Equity		
Share capital	83,956	83,956
Capital reserve	184,005	184,005
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	1,691	1,691
Currency translation differences	-10,114	-10,803
Consolidated unappropriated profit	497,547	491,679
Total equity	757,590	751,033
B. Liabilities		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	17,915	17,992
Retirement benefit obligations	693	648
Bonded loan	22,000	22,000
Non-current liabilities	5,479	6,866
Total non-current liabilities	46,087	47,506
CURRENT LIABILITIES		
Short-term bank loans	110,500	53,200
Bonded loan	0	5,000
Short-term financial derivatives	0	0
Other accruals	19,910	27,627
Current liabilities	72,278	75,343
Tax liabilities	30,885	33,550
Total current liabilities	233,573	194,720
Total equity and liabilities	1,037,250	993,259

CONSOLIDATED INCOME STATEMENT

for the period from 1 January 2017 to 31 March 2017

in Euro k	1. Quarter 2017	1. Quarter 2016
	01.01.– 31.03.2017	01.01.– 31.03.2016
Revenues	40,949	488,338
Income from the sale of investment property	164	333
Changes in inventories	-4,798	-350,092
Other operating income	6,114	2,929
Income from the deconsolidation of subsidiaries	0	193,520
Total operating performance	42,429	335,028
Cost of materials	-3,410	-5,438
Cost of purchased services	-3,529	-3,379
Staff costs	-20,413	-34,363
Other operating expenses	-10,395	-15,634
Income from participations	5,915	3,172
Earnings from companies accounted for using the equity method	44	794
EBITDAR	10,641	280,180
Reorganisation expenses	-501	0
EBITDA	10,140	280,180
Amortisation of fund management contracts, depreciation of software and fixed assets	-1,355	-1,650
Earnings before finance income and income taxes (EBIT)	8,785	278,530
Finance income	202	760
Finance costs	-850	-4,551
Currency result	12	1,304
Earnings before income taxes (EBT)	8,149	276,043
Income tax	-2,281	-44,124
Net profit for the period	5,868	231,919
Earnings per share (undiluted) in EUR	0.07	2.54
The consolidated net profit is allocated to:		
Shareholders of the parent company	5,868	213,133
Non-controlling shareholders	0	18,786
	5,868	231,919

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January 2017 to 31 March 2017

	1. Quarter 2017	1. Quarter 2016
	01.01.– 31.03.2017	01.01.– 31.03.2016
in Euro k		
Net profit for the period	5,868	231,919
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	689	-8,151
Cash flow hedges		
Amounts recorded during the reporting period	0	0
Reclassification of amounts that were recorded	0	0
Total result for the reporting period	6,557	223,768
The total result is allocated to:		
Shareholders of the parent company	6,557	204,982
Non-controlling shareholders	0	18,786
	6,557	223,768

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January 2017 to 31 March 2017

in Euro k	1. Quarter 2017	1. Quarter 2016
	01.01.– 31.03.2017	01.01.– 31.03.2016
Net profit for the period	5,868	231,919
Income taxes recognised through profit or loss	2,281	44,124
Financial costs through profit or loss	850	4,551
Financial income through profit or loss	-202	-760
Income from divestments of participations, recognised through profit or loss	-2,453	0
Amortisation of fund management contracts, software and equipment	1,355	1,650
Income from the sale of investment property	-164	-333
Income from the deconsolidation of subsidiaries	65	-193,520
Other non-cash items	-4,142	9,020
Changes in inventories, receivables and other assets that are not attributable to investment activities	-73,510	350,761
Changes in liabilities that are not attributable to financing activities	-6,676	-20,748
Interest paid	-849	-4,849
Interest received	145	632
Income tax payments	-5,647	-7,981
Cash outflow / inflow from operating activities	-83,079	414,466
Capital investments software and equipment	-1,011	-437
Payments received from the sale of investment property	1,745	4,492
Payments for the development of investment property	-66	0
Payments for the acquisition of participations	-270	0
Payments received from the sale of participations	2,455	0
Payments for loans to companies in which participating interests are held	0	-154
Payments received from the disposal of consolidated companies and other business units	0	335,454

	1. Quarter 2017	1. Quarter 2016
in Euro k	01.01.– 31.03.2017	01.01.– 31.03.2016
Payments for the disposal of consolidated companies and other business units	-2,684	0
Payments for the acquisition of consolidated companies and other business units	0	-42,366
Cash inflow from investment / divestment activities	169	296,989
Borrowing of loans	104,500	74,300
Repayment of loans	-7,485	-521,403
Cash inflow / outflow from financing activities	97,015	-447,103
Changes in cash	14,105	264,352
Cash 01.01.	440,219	179,141
Effect of changes in exchange rates on cash	-7	-141
Cash 31.03.	454,317	443,352

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

for the period from 1 January 2017 to 31 March 2017

in Euro k	Share capital	Capital reserve	Retained earnings (legal reserve)
Balance 01.01.2016	76,324	191,637	505
Net amount recognised directly in equity, where applicable less income taxes	0	0	0
Net profit / loss for the period	0	0	0
Balance 31.03.2016	76,324	191,637	505
Balance 01.01.2017	83,956	184,005	505
Net amount recognised directly in equity, where applicable less income taxes	0	0	0
Net profit / loss for the period	0	0	0
Balance 31.03.2017	83,956	184,005	505

	Currency trans- lation difference	Consolidated unappropriated profit	Equity of the share- holders of the parent company	Equity of non-controlling shareholders	Total
	-869	254,004	518,099	18,190	539,791
	-8,151	0	-8,151	0	-8,151
	0	213,133	213,133	18,786	231,919
	-9,020	467,137	723,081	36,976	763,559
	-10,803	491,679	749,342	1,691	751,033
	689	0	689	0	689
	0	5,868	5,868	0	5,868
	-10,114	497,547	755,899	1,691	757,590

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of 31 March 2017 (1. Quarter 2017)

1 GENERAL DISCLOSURES

PATRIZIA Immobilien AG (“PATRIZIA”, “Company” or “Group”) is a listed German stock corporation. The Company’s headquarters are located at Fuggerstrasse 26 in 86150 Augsburg, Germany. PATRIZIA has been active as an investor and investment manager in the real estate market for more than 30 years and operates in 15 countries across Europe. As an investment manager, PATRIZIA’s services include asset and portfolio management, acquisitions and sales and fund management mainly through its own regulated investment platforms and non-regulated investment structures. As 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 19.1 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 three months of 2017 (1 January 2017 to 31 March 2017) were prepared in accordance with Article 37 (3) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with Article 37w (2) WpHG in line with IFRS and in compliance with the provisions of German commercial law additionally applicable as per Article 315a (1) of the Handelsgesetzbuch (HGB – German Commercial Code). All compulsory official announcements of the International Accounting Standards Board (IASB) that have been adopted by the EU in the context of the endorsement process (i.e. published in the Official Journal of the EU) have been applied.

From the perspective of the Company’s management, the unaudited interim consolidated financial statements for the period ended 31 March 2017 contain all of the information necessary to provide a true and fair view of the course of business and the earnings situation in the period under review. Earnings generated in the first three months of 2017 are not necessarily an indication of future earnings or of the expected total earnings for the fiscal year 2017.

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

These interim consolidated financial statements have been prepared in accordance with the same accounting and assessment policies as the consolidated financial statements for the fiscal year 2016. For a detailed description of the principles applied in preparing the interim consolidated financial statements and the accounting methods used, please refer to the notes to the IFRS consolidated financial statements for the year ending 31 December 2016, which are contained in the Company’s 2016 Annual Report.

The term “Harald” used in these interim consolidated financial statements relates to a principal investment acquired in 2015. All related real estate assets have been sold in the previous year.

The interim consolidated financial statements are prepared in Euros. The amounts, including the previous year’s figures, are stated in EUR thousands unless stated otherwise. Please note that 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 92 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 can neither be exercised, nor can a significant influence be exerted on the management and that there is no entitlement to appoint members of the managing boards. Shares in this development company are accounted for at acquisition cost.

On the balance sheet date, one company was not included in the scope of consolidation as it has only small or no business ongoing operations and is 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.

3.1 Company acquisitions, sales and restructuring within the Group

Company sales

In the course of the sale of shares of PATRIZIA GrundInvest München Leopoldstraße GmbH & Co. geschlossene Investment-KG, a subsidiary company of PATRIZIA GrundInvest GmbH and the accompanying loss of control through the Company, a loss from deconsolidation of EUR 65k was generated. As a consequence, PATRIZIA GrundInvest München Leopoldstraße GmbH & Co. geschlossene Investment-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 a 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 2016, which are contained in the Company's 2016 Annual Report.

5 PARTICIPATIONS IN ASSOCIATED COMPANIES

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

The strategy of PATRIZIA WohnModul I is the purchase of different types of real estate assets, including project developments and revitalisation assets. 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 interest rates.

The Group's share in the profit of PATRIZIA WohnModul I SICAV-FIS for the first three months of 2017 is EUR 44k (31 March 2016: EUR 794k).

In the period under review, no profit distribution from WohnModul I SICAV-FIS to PATRIZIA Immobilien AG took place.

6 PARTICIPATIONS

Participations include the following main holdings:

- PATRoffice Real Estate GmbH & Co. KG 6.25% (31 December 2016: 6.25%)
- sono west Projektentwicklung GmbH & Co. KG 28.3% (31 December 2016: 28.3%)
- Projekt Feuerbachstraße Verwaltung GmbH 30% (31 December 2016: 30%)
- Plymouth Sound Holdings LP 10% (31 December 2016: 10%)
- Winnersh Holdings LP 5% (31 Dezember 2016: 5%)
- Seneca Holdco S.à r.l. 5.1% (31 December 2016: 5.1%)
- GBW GmbH 5.1% (31 December 2016: 5.1%)
- Aviemore Topco 10% (31 December 2016: 10%)
- Citruz Holdings LP 10% (31 December 2016: 10%)
- Scan Deutsche Real Estate Holding GmbH 6% (31 December 2016: 6%)
- Draapunt Holding B.V. 5.1% (31 December 2016: 5.1%)
- Promontoria Holding V B.V. 5.1% (31 December 2016: 5.1%)
- Promontoria Holding X B.V. 5.1% (31 December 2016: 5.1%)

In the period under review PATRIZIA sold the participation in PATRIZIA Projekt 150 GmbH totalling 10%. Please refer also to the item 17. Income from 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.

The increase of the inventories in the amount of EUR 54,611k results primarily from additions of assets of the PGK-Object PATRIZIA GrundInvest Objekt Mainz Rheinufer GmbH & Co. KG amounting to EUR 100,121k and from disposal in the course of deconsolidation of the PGK-Object PATRIZIA GrundInvest München Leopoldstraße GmbH & Co. geschlossene Investment-KG in the amount of EUR 42,443k as well as sales in the privatisation portfolio.

8 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents cover cash and short-term bank deposits that are held by the Group. The net asset value of these assets corresponds to their fair value.

9 NON-CONTROLLING SHAREHOLDERS

The Company's share capital at the balance sheet date was EUR 83,955,887 (31 December 2016: EUR 83,955,887) and was divided into 83,955,887 (31 December 2016: 83,955,887) no-par value shares (shares with no nominal value). The development of equity is shown in the consolidated statement of changes in equity.

10 NON-CONTROLLING SHAREHOLDERS

As of 31 March 2017, shares of non-controlling shareholders amounted to EUR 1,691k (31 December 2016: EUR 1,691k).

These shares of non-controlling shareholders are classified as insignificant by PATRIZIA.

11 FINANCIAL LIABILITIES

Financial Liabilities have the following maturity profile:

in Euro k 31.03.2017	2017	2018	2019–2025	2026	Total
Bank loans	0	57,425	0	0	57,425
Mortgage loans	0	0	0	53,075	53,075
Bonded loans	0	22,000	0	0	22,000
Total financial liabilities	0	79,425	0	53,075	132,500

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

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. Bank loans and mortgage loans totalling EUR 110,500k relate to temporarily held properties, which will leave the Group in the course of the scheduled placement of the shares in the investment fund of the PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH. These loans also include an equity bridge loan of PATRIZIA Immobilien AG, which relates to PATRIZIA GrundInvest Den Haag Wonen GmbH & Co. geschlossene Investment-KG, which was sold in 2016. Maturities are shown in accordance with the contractually agreed terms of the loan agreements.

As of the balance sheet date, one bonded loan of EUR 22,000k is shown in the consolidated financial statements as a long-term liability based on its maturity in June 2018.

12 LONG-TERM LIABILITIES

Long-term Liabilities amount to EUR 5,479k (31 December 2016: EUR 6,866k) and essentially consist of long-term components of the management participation plan, which is described in detail under item 9.2 in the 2016 Annual Report.

13 REVENUES

Revenues are composed as follows:

	1. Quarter 2017	1. Quarter 2016 ¹		1. Quarter 2017	1. Quarter 2016	
in Euro k	01.01.– 31.03.2017	01.01.– 31.03.2016	Change	01.01.– 31.03.2017	01.01.– 31.03.2016	Change
Sales proceeds of principal Investments	8,501	21,452	–60.4%	8,501	442,173	–98.1%
Rental revenues	2,610	2,325	12.3%	2,610	7,592	–65.6%
Revenues from management services	28,674	35,338	–18.9%	28,674	35,338	–18.9%
Revenues from ancillary costs	731	707	3.4%	731	1,048	–30.2%
Miscellaneous	433	2,187	–80.2%	433	2,187	–80.2%
Consolidated revenues	40,949	62,009	–34.0%	40,949	488,338	–91.6%

¹ adjusted = without Harald

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

14 OTHER OPERATING INCOME

Other Operating Income contains:

	1. Quarter 2017	1. Quarter 2016 ¹		1. Quarter 2017	1. Quarter 2016	
in Euro k	01.01.— 31.03.2017	01.01.— 31.03.2016	Change	01.01.— 31.03.2017	01.01.— 31.03.2016	Change
Income from expired obligations	4,750	164	–	4,750	164	–
Income from payments in kind	205	243	–15.6%	205	243	–15.6%
Income from the decrease in the general provision	0	128	–	0	128	–
Income from reimbursement of lawyers' fees, court costs and transaction costs and payments of damages	34	76	–55.3%	34	76	–55.3%
Insurance compensations	3	11	–72.7%	3	11	–72.7%
Other	1,122	213	–	1,122	2,307	–51.4%
Total	6,114	835	–	6,114	2,929	108.7%

¹ adjusted = without Harald

15 COST OF MATERIALS

Cost of Materials consist of:

in Euro k	1. Quarter 2017	1. Quarter 2016 ¹	Change	1. Quarter 2017	1. Quarter 2016	Change
	01.01.— 31.03.2017	01.01.— 31.03.2016		01.01.— 31.03.2017	01.01.— 31.03.2016	
Renovation and construction costs	2,323	1,417	63.9%	2,323	1,735	33.9%
Maintenance costs	50	127	-60.6%	50	127	-60.6%
Ancillary rental costs	1,037	1,093	-5.1%	1,037	3,576	-71.0%
Total	3,410	2,637	29.3%	3,410	5,438	-37.3%

¹ adjusted = without Harald

16 OTHER OPERATING EXPENSES

Other Operating Expenses consist of:

in Euro k	1. Quarter 2017	1. Quarter 2016 ¹	Change	1. Quarter 2017	1. Quarter 2016	Change
	01.01.— 31.03.2017	01.01.— 31.03.2016		01.01.— 31.03.2017	01.01.— 31.03.2016	
Advisory and audit fees	2,386	2,092	14.1%	2,386	2,326	2.6%
Cost of Management Services	265	41	–	265	2,121	–87.5%
Vehicle and travel costs	1,161	1,181	–1.7%	1,161	1,181	–1.7%
IT costs, communication costs and office supplies	1,961	1,494	31.3%	1,961	2,074	–5.4%
Advertising costs	1,190	856	39.0%	1,190	900	32.2%
Recruitment costs, training costs and costs for temporary work	386	316	22.2%	386	316	22.2%
Rent, cleaning and ancillary costs	1,781	1,731	2.9%	1,781	1,813	–1.8%
Contributions, charges and insurance costs	367	418	–12.2%	367	409	–10.3%
Commissions and other sales costs	336	558	–39.8%	336	558	–39.8%
Other taxes	100	63	58.7%	100	63	58.7%
Indemnity / reimbursement	0	0		0	0	
Miscellaneous	462	1,245	–62.9%	462	3,873	–88.1%
Total	10,395	9,995	4.0%	10,395	15,634	–33.5%

1 adjusted = without Harald

17 INCOME FROM PARTICIPATIONS

For the first three months of 2017 Income from Participations totalled EUR 5,915k (31 March 2016: EUR 3,172k) and contains the income from co-investments in GBW, UK and Harald (previous year: GBW) and from the sold participation in PATRIZIA Projekt 150 GmbH.

PATRIZIA earned a return on equity employed totalling EUR 2,453k from the sale of the participation in the PATRIZIA Projekt 150 GmbH.

Income from participations is composed as follows:

	1. Quarter 2017	1. Quarter 2016	
	01.01.— 31.03.2017	01.01.— 31.03.2016	Change
in Euro k			
Services provided as shareholder contributions	2,353	2,366	-0.5%
Return on equity employed	3,562	806	341.9%
Total	5,915	3,172	86.5%

18 FINANCIAL RESULT

	1. Quarter 2017	1. Quarter 2016 ¹		1. Quarter 2017	1. Quarter 2016	
in Euro k	01.01.– 31.03.2017	01.01.– 31.03.2016	Change	01.01.– 31.03.2017	01.01.– 31.03.2016	Change
Interest on bank deposits	41	13	215.4%	41	25	64.0%
Other interest	161	402	-60.0%	161	735	-78.1%
Financial income	202	415	-51.3%	202	760	-73.4%
Interest on revolving credit facilities and bank loans	-421	-856	-50.8%	-421	-2,784	-84.9%
Other financial expenses	-429	-1,283	-66.6%	-429	-1,767	-75.7%
Financial expenses	-850	-2,139	-60.3%	-850	-4,551	-81.3%
Currency result	12	911	-98.7%	12	1,304	-99.1%
Financial result	-636	-813	-21.8%	-636	-2,487	-74.4%

¹ adjusted = without Harald

In the first three months of 2017, gains from currency translation in the profit and loss statement amounted to EUR 12k (31 March 2016: EUR 1,304k). This includes realised currency translation losses amounting to EUR -1k (31 March 2016: realised currency translation losses in the amount of EUR -741k).

19 EARNINGS PER SHARE

	1. Quarter 2017 ¹	1. Quarter 2016 ²	1. Quarter 2017	1. Quarter 2016
in Euro k	01.01.— 31.03.2017	01.01.— 31.03.2016	01.01.— 31.03.2017	01.01.— 31.03.2016
Profit attributable to Group's shareholder	6,229	10,473	5,868	213,133
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	0.07	0.12	0.07	2.54

1 adjusted = without reorganisation expenses after tax

2 adjusted = without Harald

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 of 2016 corresponds to that of 2017.

20 SEGMENT REPORTING

Segment Reporting categorises the business segments according to whether PATRIZIA acts as investor or as service provider. In line with the Group's reporting for management purposes and in accordance with IFRS 8 "Operating segments", two segments have been identified based on functional criteria: Investments and Management Services. In addition, the operating segments are split into German and International, based on the location of the related property asset. International subsidiaries continue to be reported as a total for the time being, due to the relatively low contribution of the respective national businesses to total revenues and results.

In addition, PATRIZIA Immobilien AG (corporate administration) includes the management of international subsidiaries as Corporate. Corporate does not constitute an operating segment with an obligation to report, but is presented separately due to its activity as an internal and transnational service provider. In previous years services provided as "Corporate" were offset internally on a monthly basis to the segments "Management Services" and "Investments" by a so-called "Shared service fee", as the utilisation was an internal key performance indicator for the Group Management. PATRIZIA has agreed that for the 2017 financial year this "Shared service fee" is no longer relevant as key performance indicator. The services provided will be internally

allocated in accordance with tax regulations. In order to facilitate comparability between the segment reporting of 2016 and 2017, the figures for 2016 were adjusted by the “Shared service fees” in the profit and loss account.

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), 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 provided third parties in line with PATRIZIA’s AuM growth.

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

SEGMENTS 1. QUARTER 2017 (01.01.–31.03.2017)

in Euro k	Investments	Management Services	Corporate	Consoli- dation	Group
Germany					
Revenues from principal investments	8,500				8,500
Rental revenues	1,926	37		-14	1,949
Revenues from management services		24,068		-550	23,519
Other	265	247		-2	511
Revenues	10,692	24,353		-565	34,479
International ¹					
Revenues from principal investments					
Rental revenues	647				647
Revenues from management services		13,732		-358	13,374
Other	590	55			645
Revenues	1,237	13,787		-358	14,666
Corporate					
Revenues			148		148
Consolidation					
Revenues		-8,324		-20	-8,344
Group					
Revenues from principal investments	8,500				8,501
Rental revenues	2,573	37	14	-14	2,610
Revenues from management services		29,488	96	-910	28,674
Other	856	289	39	-19	1,165
Revenues	11,929	29,815	148	-942	40,949
Details					
Total operating performance					
Germany	5,724	24,602		-565	29,761
International ¹	2,533	14,000		-358	16,176
Corporate			4,843		4,843

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

SEGMENTS 1. QUARTER 2017 (01.01.–31.03.2017)

in Euro k	Investments	Management Services	Corporate	Consoli- dation	Group
Consolidation		-8,324		-27	-8,351
Group	8,258	30,278	4,843	-949	42,429
Cost of materials and cost of purchased services					
Germany	-1,477	-5,728			-7,205
International ¹	-1,936	-6,080			-8,016
Corporate					
Consolidation		8,282			8,282
Group	-3,413	-3,526			-6,939
Change in value of investment properties					
Germany					
Group					
Staff costs					
Germany		-10,194			-10,194
International ¹		-4,845			-4,845
Corporate			-5,374		-5,374
Consolidation					
Group		-15,038	-5,374		-20,413
Other operating expenses					
Germany	-1,447	-3,296		679	-4,064
International ¹	-427	-1,707		358	-1,777
Corporate			-4,674		-4,674
Consolidation		43		78	120
Group	-1,874	-4,961	-4,674	1,115	-10,395
Income from participations and earnings from companies accounted for using the equity method					
Germany	3,459	2,353			5,812
International ¹	146				146
Corporate					
Consolidation					
Group	3,605	2,353			5,958

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

SEGMENTS 1. QUARTER 2017 (01.01.–31.03.2017)

in Euro k	Investments	Management Services	Corporate	Consoli- dation	Group
Reorganisation expenses					
Germany		-381			-381
International ¹					
Corporate			-121		-121
Consolidation					
Group		-381	-121		-501
Amortisation of fund management contracts, software and equipment					
Germany		-500			-500
International ¹		-56			-56
Corporate			-799		-799
Consolidation					
Group		-556	-799		-1,355
Financial Result					
Germany	-149	-637			-785
International ¹	-11	66			56
Corporate			82		82
Consolidation					
Group	-160	-570	82		-648
Gains / losses from currency translation					
Germany	-103	-2			-105
International ¹	54	85			139
Corporate			-22		-22
Consolidation					
Group	-48	83	-22		12
EBT (IFRS)					
Germany	6,008	6,218		114	12,340
International ¹	360	1,463			1,823
Corporate			-6,065		-6,065
Consolidation				51	51
Group	6,368	7,681	-6,065	165	8,149

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

SEGMENTS 1. QUARTER 2017 (01.01.–31.03.2017)

in Euro k	Investments	Management Services	Corporate	Consoli- dation	Group
Adjustments					
Germany	298	872	121		1,290
Significant non-operating earnings	-103	-872	-121		-1,095
Changes in the value of investment property					
Fund agreement amortisation		-492			-492
Reorganisation expenses		-381	-121		-501
Unrealised currency changes	-103	1			-102
Realised fair value	195				195
International ¹	-54	-90			-145
Significant non-operating earnings	54	90			145
Fund agreement amortisation					
Unrealised currency changes	54	90			145
Corporate			29		29
Significant non-operating earnings			-29		-29
Unrealised currency changes			-29		-29
Group	243	782	150		1,175
Operating result (adjusted EBT)					
Germany	6,306	7,090	121	114	13,630
International ¹	306	1,373			1,679
Corporate			-6,036		-6,036
Consolidation				51	51
Group	6,611	8,463	-5,915	165	9,324

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

SEGMENTS 1. QUARTER 2016 (01.01.–31.03.2016)

in Euro k	Investments	Management Services	Corporate	Consoli- dation	Group
Germany					
Revenues from principal investments	431,011				431,011
Rental revenues	6,482			-21	6,461
Revenues from management services		44,371		-13,435	30,936
Other	817	73		-2	888
Revenues	438,310	44,444		-13,459	469,296
International ¹					
Revenues from principal investments	11,162				11,162
Rental revenues	1,131				1,131
Revenues from management services		8,414		-168	8,245
Other	2,349	22			2,372
Revenues	14,642	8,436		-168	22,910
Corporate					
Revenues			1,073		1,073
Consolidation					
Revenues	-54	-3,923		-964	-4,940
Group					
Revenues from principal investments	442,173				442,173
Rental revenues	7,612			-21	7,592
Revenues from management services	-54	48,890	1,030	-14,528	35,338
Other	3,167	68	43	-42	3,236
Revenues	452,899	48,958	1,073	-14,591	488,338
Details					
Gesamtleistung					
Germany	291,097	44,832		-13,459	322,470
International ¹	7,860	8,627		-168	16,319
Corporate			1,198		1,198

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

SEGMENTS 1. QUARTER 2016 (01.01.–31.03.2016)

in Euro k	Investments	Management Services	Corporate	Consoli- dation	Group
Consolidation	-54	-3,923		-983	-4,959
Group	298,904	49,536	1,198	-14,610	335,027
Cost of materials and cost of purchased services					
Germany	-5,133	-5,488		107	-10,515
International ¹	-398	-2,689			-3,087
Corporate					
Consolidation		3,863		922	4,785
Group	-5,532	-4,313		1,028	-8,817
Change in value of investment properties					
Germany					
Group					
Staff costs					
Germany		-23,741			-23,741
International ¹		-4,662			-4,662
Corporate			-5,960		-5,960
Consolidation					
Group		-28,403	-5,960		-34,363
Other operating expenses					
Germany	-20,300	-3,431		13,418	-10,313
International ¹	-881	-1,527		168	-2,239
Corporate			-3,257		-3,257
Consolidation	54	59		62	175
Group	-21,127	-4,899	-3,257	13,649	-15,634
Income from participations and earnings from companies accounted for using the equity method					
Germany	471	2,366			2,837
International ¹	1,129				1,129
Corporate					
Consolidation					
Group	1,599	2,366			3,965

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

SEGMENTS 1. QUARTER 2016 (01.01.–31.03.2016)

in Euro k	Investments	Management Services	Corporate	Consoli- dation	Group
Reorganisation expenses					
Germany					
International ¹					
Corporate					
Consolidation					
Group					
Amortisation of fund management contracts, software and equipment					
Germany	-2	-503			-505
International ¹		-30			-30
Corporate			-1,114		-1,114
Consolidation					
Group	-2	-533	-1,114		-1,650
Financial Result					
Germany	-3,075	-437			-3,512
International ¹	-52	93			41
Corporate			-318		-318
Consolidation	-1				-1
Group	-3,128	-344	-318		-3,790
Gains / losses from currency translation					
Germany	393	-70			323
International ¹	2,760	18			2,778
Corporate			-1,797		-1,797
Consolidation					
Group	3,153	-52	-1,797		1,304
EBT (IFRS)					
Germany	263,450	13,528		66	277,044
International ¹	10,417	-170			10,248
Corporate			-11,249		-11,249
Consolidation	-1			1	
Group	273,867	13,358	-11,249	67	276,042

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

SEGMENTS 1. QUARTER 2016 (01.01.–31.03.2016)

in Euro k	Investments	Management Services	Corporate	Consoli- dation	Group
Adjustments					
Germany					
Significant non-operating earnings	915	637			1,552
Changes in the value of investment property	156	-637			-481
Fund agreement amortisation					
Reorganisation expenses		-492			-492
Unrealised currency changes	156	-145			11
Realised fair value	1,071				1,071
International ¹	-3,830	1			-3,829
Significant non-operating earnings	3,830	-1			3,829
Fund agreement amortisation					
Unrealised currency changes	3,830	-1			3,829
Corporate			1,796		1,796
Significant non-operating earnings			-1,796		-1,796
Unrealised currency changes			-1,796		-1,796
Group	-2,915	638	1,796		-482
Operating result (adjusted EBT) ²					
Germany	264,365	14,165		66	278,596
International ¹	6,587	-169			6,418
Corporate			-9,453		-9,453
Consolidation	-1			1	
Group	270,951	13,996	-9,453	67	275,561

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

² EUR 216.9m excluding Harald related taxes and minorities

21 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 2016 Annual Report remain valid.

22 RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES OF PATRIZIA IMMOBILIEN AG PURSUANT TO ARTICLE 37 OF THE WERTPAPIER-HANDELSGESETZ (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

ANNE KAVANAGH
CIO

KLAUS SCHMITT
COO

FINANCIAL CALENDAR AND CONTACT DETAILS

FINANCIAL CALENDAR 2017

Date

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 for the first quarter of 2017 was published on 10 May 2017. It is a translation of the respective German report. In case of doubt, the German version shall apply. Both versions are available on our website:



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

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