

Q1

INTERIM REPORT
JANUARY TO MARCH 2016



Key Figures

REVENUES AND EARNINGS

EUR '000	1 st quarter 2016	1 st quarter 2015
	01.01. – 31.03.2016	01.01. – 31.03.2015
Revenues	488,338	47,282
Total operating performance	335,028	42,323
EBITDA	280,180	5,266
EBIT	278,530	3,666
EBT	276,043	3,613
Operating income ¹	216,887	7,476
Net profit for the period	231,919	2,850

STRUCTURE OF ASSETS AND CAPITAL

EUR '000	31.03.2016	31.12.2015
Non-current assets	266,692	255,243
Current assets	931,005	1,376,588
Equity	763,559	539,791
Equity ratio (excl. minorities)	60.7%	32.0%
Non-current liabilities	68,897	105,202
Current liabilities	365,241	986,838
Total assets	1,197,697	1,631,831

SHARE

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
Share capital as at 31 March 2016	EUR 76,323,533
No. of shares in issue as at 31 March 2016	76,323,533
First quarter 2016 high ²	EUR 27.00
First quarter 2016 low ²	EUR 19.94
Closing price as at 31 March 2016 ²	EUR 24.66
Share price performance	-9%
Market capitalisation as at 31 March 2016 ²	EUR 1.9 billion
Average trading volume per day first quarter 2016 ³	130,200 shares
Indices	SDAX, GEX, DIMAX

¹ Adjusted for amortisation of fund management contracts, software and equipment, unrealised value adjustments to investment property and non-cash effects from interest and currency hedging transactions. For Harald transaction-related taxes and minorities have been deducted. Realised changes in the value of investment property have been added.

² Closing price Xetra-trading

³ All German stock exchanges

Contents

CONSOLIDATED INTERIM MANAGEMENT REPORT

2	Economic Report
2	The Course of Business
8	Economic Position
20	Supplementary Report
20	Development of the Risks and Opportunities
21	Report on Expected Developments

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22	Consolidated Balance Sheet
24	Consolidated Income Statement
25	Consolidated Statement of Comprehensive Income
26	Consolidated Cash Flow Statement
27	Consolidated Statement of Changes in Equity

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

28	General Disclosures
28	Principles Applied in Preparing the Consolidated Financial Statements
29	Scope of Consolidation
31	Investment Property
31	Participations in Associated Companies
32	Participations
32	Inventories
33	Cash and cash equivalents
33	Equity
33	Non-controlling Shareholders
34	Financial Liabilities
35	Long-term Liabilities
35	Revenues
36	Other Operating income
36	Cost of Materials
37	Other Operating Expenses
37	Income from Participations
38	Financial Result
39	Earnings per Share
40	Segment Reporting
44	Transactions with Related Companies and Individuals
44	Declaration by the Legal Representatives of PATRIZIA Immobilien AG

FINANCIAL CALENDAR AND CONTACT DETAILS

Consolidated Interim Management Report

FOR THE FIRST QUARTER 2016

1 ECONOMIC REPORT

1.1 THE COURSE OF BUSINESS

PATRIZIA has concluded the 1st quarter 2016 with an operating income of EUR 216.9m. This result was particularly characterised by the sale of the Harald portfolio, which contributed EUR 202.7m after transaction-related taxes and minorities. The operating income without Harald accordingly is EUR 14.2m, after EUR 7.5m in the 1st quarter 2015.

As at 31 March 2016 the assets under management were EUR 16.5bn, after EUR 16.6bn at the end of the year 2015. The transaction volume in the 1st quarter 2016 was EUR 2.2bn, which was handled in 21 major transactions. The sale of the Harald portfolio (EUR 1.0bn) as well as other sales in the amount of EUR 0.2bn could be almost offset through acquisitions with a volume of EUR 1.0bn. In addition, at the reporting date acquisitions of properties and portfolios in the value of EUR 888.0m were signed, of which the majority is expected to close in the course of the year. Already in April 2016, the closing for two transactions occurred with a volume of EUR 184.7m.

Harald

In the 1st quarter 2016 the vast majority of the Harald portfolio was sold and the sales proceeds were recognised in the profit and loss account.

The operating income from the Harald transaction is EUR 202.7m after transaction-related taxes of EUR 41.9m as well as minority shares of EUR 18.8m. This value also corresponds to Harald's contribution to PATRIZIA's operating income guidance for the year 2016 of at least EUR 250m.

HARALD

EUR '000	01.01. – 31.03.2016
Operating income	263,379
Transaction-related taxes	- 41,933
Minority shares	- 18,786
SHARE IN PATRIZIA'S OPERATING INCOME GUIDANCE	202,660

The sale of Harald was partly implemented as an asset deal and partly as a share deal. The asset deals are shown as revenues and also as changes in inventories in the profit and loss account. The share deals are recognised in the item income from the deconsolidation of subsidiaries.

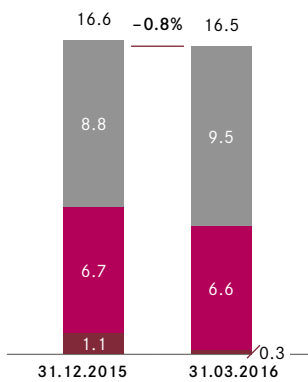
A sub-portfolio with an IFRS book value of EUR 51.7m will be transferred in the further course of the year 2016. A contribution to the operating income after transaction-related taxes and minorities of around EUR 4.2m is expected.

Guidance for the full year confirmed

Based on the strong earnings and good operative progress PATRIZIA confirms the guidance issued for the year 2016. The assets under management are expected to increase by EUR 2.0bn net, and the operating income is expected to be at least EUR 250m. It should be borne in mind that transaction-related taxes and shares of minorities have already been deducted in the guided operating income for the sale of the Harald portfolio. In accordance with this definition EUR 202.7m was generated from Harald and EUR 14.2m from the remaining operating business, in total therefore EUR 216.9m in the 1st quarter 2016.

DEVELOPMENT OF THE KEY PERFORMANCE INDICATORS IN THE 1ST QUARTER 2016

ASSETS UNDER MANAGEMENT (IN EUR BILLION)



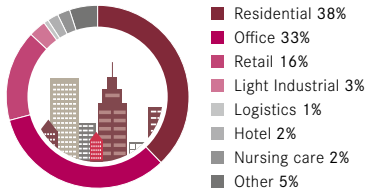
As at 31 March 2016 PATRIZIA had real estate assets of EUR 16.5bn under management after EUR 16.6bn at the end of 2015. Of this, EUR 11.0bn was attributable to Germany and EUR 5.5bn to international. The sale of the Harald portfolio could consequently be almost offset through additional third party business.

In total the assets under management decreased marginally by EUR 0.1bn or – 0.8% compared with the end of 2015. For the fiscal year 2016, a net growth of the assets under management of EUR 2.0bn is planned.

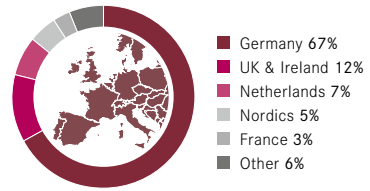
Principal Investments Co-Investments Third Parties

ASSETS UNDER MANAGEMENT Q1 2016

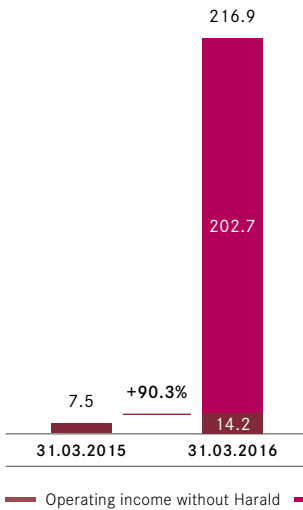
Breakdown according to sectors



Geographical distribution



OPERATING INCOME (IN EUR MILLION)



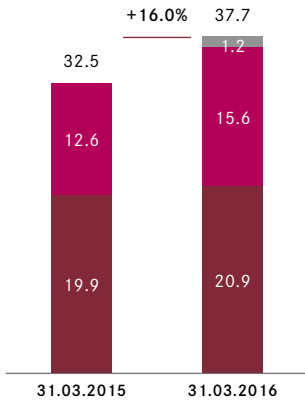
As at 31 March 2016 the operating income multiplied in value to EUR 216.9m (31 March 2015: EUR 7.5m). Without the contribution from the sale of the Harald portfolio, the operating income increased from EUR 7.5m by 90.3% to EUR 14.2m.

The operating income before taxes is the key performance indicator of PATRIZIA and is calculated based on the EBT in accordance with IFRS, adjusted by non-cash effects from the valuation of investment properties, the interest rate hedges and the amortisation of fund management contracts, and depreciation on software and fixed assets. Realised changes in value from the sale of investment properties are added.

— Operating income without Harald — Operating Income

Development of supplemental performance parameters:

INCOME FROM MANAGEMENT SERVICES (IN EUR MILLION)

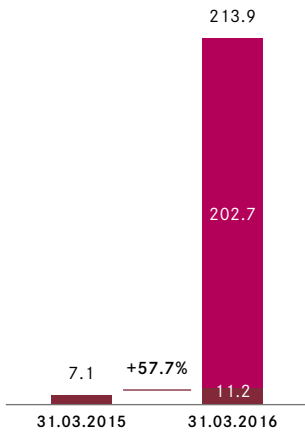


In the 1st quarter 2016 income from management services in the amount of EUR 37.7m were collected. In comparison to the previous year this corresponds to an increase of 16.0% (1st quarter 2015: EUR 32.5m).

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

— Base Fee — Transaction Fee — Performance Fee

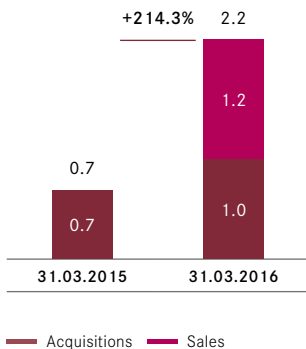
INVESTMENT INCOME (IN EUR MILLION)



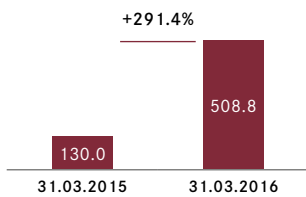
As at 31 March 2016 the investment income was EUR 213.9m, including an amount from the sale of Harald of EUR 202.7m. Without taking into account the proceeds from the Harald transaction, the investment income increased by 57.7% to EUR 11.2m (1st quarter 2015: EUR 7.1m).

The segment investments comprises the principal investments – investments on PATRIZIA’s own account – and co-investments. Income from principal investments includes sales proceeds as well as rental income from these investments. Income from co-investments are booked as income from participations.

— Investment Income without Harald — Investment Income

TRANSACTION VOLUME (IN EUR BILLION)

In the 1st quarter 2016 acquisitions of EUR 1.0bn and sales of EUR 1.2bn were made. The sales include the sale of the Harald portfolio of EUR 1.0bn. Since this is a principal investment, no transaction fee is charged and the proceeds are shown completely in the investment income. Compared with the same period in the previous year, the transaction volume tripled to EUR 2.2bn (in the 1st quarter 2015: EUR 0.7bn).

RAISED INSTITUTIONAL FUNDS (IN EUR MILLION)

In the period under review EUR 508.8m equity for investments was raised with institutional and private investors compared to EUR 130.0m in the same period in the previous year.

PATRIZIA's business model is to invest equity into real estate properties and portfolios Europe-wide for institutional and private investors as well as for own accounts. At the same time, PATRIZIA generates management fees and investment income, which are broken down into three categories:

THIRD PARTIES

In the course of the third party business special funds are placed and managed for private and institutional investors through the Group's own three regulated investment management companies. PATRIZIA generates stable and recurring income through the management of the assets. In addition, the third party income also includes other mandates in which PATRIZIA offers individual services from its extensive scope of services. There is no equity investment by PATRIZIA in the so-called third party business. In total, the third party business as at 31 March 2016 contributes EUR 9.5bn to the assets under management.

It should be highlighted that **PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH** started with the placement of the first retail fund in the 1st quarter 2016. This fund invests into two properties with a value of EUR 45.6m on the campus of RWTH Aachen in Germany. Properties with different types of use in Stuttgart, Copenhagen and The Hague for more than EUR 150.0m have already been acquired for future placements.

Management of investments for third parties

PATRIZIA additionally manages third party mandates with assets of EUR 732m. After having acquired the building of the London Madame Tussauds Waxworks for an Asian investor in the last fiscal year, for example, a further trophy asset was acquired for a consortium of Asian investors in the period under review with the Astro-Tower in Brussels. The closing occurred after the reporting date. In both cases PATRIZIA performs the asset management as investment manager.

PATRIZIA THIRD PARTY BUSINESS AS AT 31 MARCH 2016

in EUR million	Assets under Management	Equity commitments	of which already invested equity	of which outstanding	Number of vehicles
PATRIZIA WohnInvest KVG mbH	1,425	1,572	940	631¹	9
Pool funds	946	1,003	596	406 ¹	5
Individual funds	479	569	344	225 ¹	4
PATRIZIA GewerbeInvest KVG mbH	7,152	5,303	4,475	830	22
Pool funds	4,149	2,824	2,340	485	11
Individual funds	1,135	1,211	888	324	9
Label funds	1,868	1,268	1,247	21	2
PATRIZIA Real Estate Investment Management S.á r.l. (REIM)²	171	85	85	0	1
Other mandates	732	420	420	0	7
PATRIZIA GrundInvest KVG mbH	46	0	7	0³	1
THIRD PARTY BUSINESS	9,526	7,380	5,927	1,461	40

¹ Without project developments secured through purchase agreements

² PATRIZIA Nordic Cities SCS SICAV-FIS

³ A public fund of PATRIZIA GrundInvest KVG is found in the placement; the equity is raised successively.

CO-INVESTMENTS

PATRIZIA invests as co-investor together with its customers in real estate. Besides the commitment to the customer and the transaction, PATRIZIA generates third party management fees, as well as additional investment income. The shareholders are thus given the opportunity to participate in the value development of a Europewide diversified and attractive real estate portfolio. As at 31 March 2016, co-investments contributed with EUR 6.6bn to the assets under management. PATRIZIA has invested EUR 0.2bn equity in co-investments.

No significant changes in the co-investments have resulted in the 1st quarter 2016. Reference is therefore made to the statements in the PATRIZIA annual report 2015, p.60 et seq.

PRINCIPAL INVESTMENTS

PATRIZIA acquires portfolios or individual properties opportunistically for its own account as principal investments. An opportunity is only acquired if it is in principle an attractive long-term investment. The clear objective, however, is to structure an attractive product for investors and sell on the portfolio/property profitably or place it with existing investors. The principal investments as at 31 March 2016 amount to EUR 0.3bn.

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

Manchester

In the period under review an undeveloped area, plot 5, was transferred to a joint venture with the Greater Manchester Pension Fund. The goal is to develop an office complex on this plot, for which the first lease agreements could already be concluded. PATRIZIA received a purchase price of EUR 11.2m as well as a minority stake in the joint venture, and will carry out the project management in the future.

Harald

As planned, the majority of the assets of the remaining Harald portfolio could be sold and this was recognised in the profit and loss account. The remaining portfolio with a book value of EUR 51.7m will be transferred in the further course of the year. A net result after taxes and minorities of around EUR 4.2m is expected.

Other Principal Investments

The principal investment Wildrosenweg in Munich, was closed in the 1st quarter 2016. The purchase price was already paid at the end of 2015; the privatisation is being prepared.

Regarding the impact on the income of these 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 hereinafter the earnings performance of PATRIZIA is shown with and without the effect from the sale of the Harald portfolio. The development in the Group's earnings performance is thereby explained without taking into account the sale of the Harald portfolio.

OPERATING INCOME

The operating income is the Group's key performance indicator since it includes the total of all operative items of the profit and loss account, adjusted by the below-mentioned cash and non-cash items. As at 31 March 2016, the operating income increased to EUR 216.9m. Without the contribution to the result from the sale of the Harald portfolio the operating income almost doubled to EUR 14.2m, after EUR 7.5m (+90.3%) in the 1st quarter 2015. The development of the operating income compared with the previous year is shown in the following table:

DERIVATION OF OPERATING INCOME

	1 st quarter 2016 without Harald	1 st quarter 2015		1 st quarter 2016 incl. Harald
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000	Change	01.01. – 31.03.2016 in EUR '000
EBITDA	15,127	5,266	187.3%	280,180
Amortisation of fund management contracts ¹ , depreciation of software and fixed assets	-1,650	-1,600	3.1%	-1,650
EBIT	13,477	3,666	267.6%	278,530
Financial result (interest result)	-1,724	-1,207	42.8%	-3,791
Gains/losses from currency translation	911	1,154	-21.1%	1,304
EBT	12,664	3,613	250.5%	276,043
Change in value of derivatives	0	0	-	0
+ Amortisation of fund management contracts ¹	492	492	-	492
Harald – transaction-related taxes and minorities	0	0	-	-60,719
Net realised change in the value of investment property	1,071	3,371	-68.2%	1,071
OPERATING INCOME	14,227	7,476	90.3%	216,887

¹ Fund management contracts that have been transferred in the course of the acquisition of PATRIZIA GewerbelInvest KVG mbH.

The items underlying the operating income are shown below in accordance with their position in the consolidated profit and loss account.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

REVENUES

The consolidated revenues without the sale of Harald increased as at 31 March 2016 in comparison to the previous year by 31.1% from EUR 47.3m to EUR 62.0m. All items of the consolidated revenues contributed to the positive development and are explained below.

	1 st quarter 2016 without Harald	1 st quarter 2015	Change	1 st quarter 2016 incl. Harald
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000		01.01. – 31.03.2016 in EUR '000
Sales proceeds of principal investments	21,452	15,872	35.2%	442,173
Rental revenues	2,325	2,141	8.6%	7,592
Revenues from management services	35,338	28,413	24.4%	35,338
Revenues from ancillary costs	707	685	3.2%	1,048
Miscellaneous	2,187	171	-	2,187
CONSOLIDATED REVENUES	62,009	47,282	31.1%	488,338

In principle the revenues are only of limited expression. For the completeness of the overall view of the performance the items below the revenue line also have to be taken into account.

The **sales proceeds from principal investments** excluding Harald were increased as at 31 March 2016 in comparison to the previous year by 35.2% from EUR 15.9m to EUR 21.5m. Besides the sales proceeds in Germany (EUR 10.3m, after EUR 15.9m in Q1 2015) a unbuilt plot in Manchester (Plot 5) was sold for EUR 11.2m in the period under review.

The **rental revenues** have increased by 8.6% from EUR 2.1m to EUR 2.3m in the 1st quarter 2016. The principal investments additionally purchased in the course of the year 2015 as well as in the 1st quarter 2016 have consequently offset the sales-caused decrease of the rents.

The expansion of the **service business** continues to advance. The revenues from management services increase by 24.4% from EUR 28.4m in the 1st quarter 2015 to EUR 35.3m in the period under review. Of this, EUR 18.5m (31 March 2015: EUR 15.7m; +17.8%) are attributable to the management services and EUR 16.8m (31 March 2015: EUR 12.7m; +32.3%) to the transaction and performance-based fees. This increase is ascribed to the growth of the assets under management as well as the strongly increased transaction volume.

The item **revenues from ancillary costs** of EUR 0.7m (31 March 2015: EUR 0.7m; +3.2%) includes revenues from the allocation of ancillary rental costs. **Miscellaneous** essentially includes transaction fees which are charged to the corresponding investment vehicles. As a result of the increase of the transaction volume, the value as at 31 March 2016 was increased to EUR 2.2m.

TOTAL OPERATING PERFORMANCE

The operating performance reflects PATRIZIA's performance better than the revenues. As a result of the significant increase in revenues the total operating performance as at 31 March 2016 has also significantly rallied and increased from EUR 42.3m in the same period in the previous year by 14.7% to EUR 48.6m.

TOTAL OPERATING PERFORMANCE

	1 st quarter 2016 without Harald	1 st quarter 2015		1 st quarter 2016 incl. Harald
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000	Change	01.01. – 31.03.2016 in EUR '000
Revenues	62,009	47,282	31.1%	488,338
Income from the sale of investment property	333	1,586	-79.0%	333
Changes in inventories	-14,893	-7,679	93.9%	-350,092
Other operating income	835	1,134	-26.4%	2,929
Income from the deconsolidation of subsidiaries	281	0	-	193,520
TOTAL OPERATING PERFORMANCE	48,565	42,323	14.7%	335,028

The development of the **revenues** as at 31 March 2016 was already described beforehand.

Income from the sale of investment properties

The sales proceeds of properties that are shown in the long-term assets are not included in the consolidated revenues. They are shown in the item income from the sale of investment property. The sales proceeds after deduction of the corresponding book values contributed to a net result of EUR 0.3m after EUR 1.6m in the same period in the previous year. The clear decrease results from the lower number of sold units since the corresponding own stock has been almost completely sold. Nonetheless, positive changes in value of EUR 1.1m could be realised with the sale of the assets in the 1st quarter 2016.

Changes in inventories

Changes in inventories as at 31 March 2016 at EUR -14.9m (31 March 2015: EUR -7.7m) were recognised. Book value disposals of the assets sold from the inventories reduced the existing stock by EUR 15.6m (31 March 2015: EUR -12.6m). The greatest item here is the disposal from the principal investment Manchester in the amount of EUR 6.8m. The capitalisations for EUR 0.8m increased the existing stock (31 March 2015: EUR 4.9m), which are mainly attributable to maintenance measures for the own assets.

Other operating income

The other operating income decreased by 26.4% to EUR 0.8m (31 March 2015: EUR 1.1m). Significant parts of this item are income from payments in kind (EUR 0.2m) and income from expired obligations (EUR 0.2m).

Income from the deconsolidation of subsidiaries

In the period under review PATRIZIA has sold or closed various subsidiaries, part of which in the course of the Harald transaction. For further details we refer to the Notes under item 3.

EBITDA

DERIVATION OF EBITDA

	1 st quarter 2016 without Harald	1 st quarter 2015	Change	1 st quarter 2016 incl. Harald
	01.01.– 31.03.2016 in EUR '000	01.01.– 31.03.2015 in EUR '000		01.01.– 31.03.2016 in EUR '000
Total operating performance	48,565	42,323	14.7%	335,028
Cost of materials	-2,637	-6,993	-62.3%	-5,438
Costs for purchased services	-3,379	-4,850	-30.3%	-3,379
Staff costs	-21,393	-21,528	-0.6%	-34,363
Change in value of investment property	0	0	-	0
Other operating expenses	-9,995	-9,361	6.8%	-15,634
Income from participations	3,172	4,991	-36.4%	3,172
Earnings from companies accounted for using the equity method	794	684	16.1%	794
EBITDA	15,127	5,266	187.3%	280,180

Cost of materials

The cost of materials includes construction and maintenance measures for the own portfolio, which are normally capitalised. Year-on-year, the cost of materials was reduced by 62.3% from EUR 7.0m to EUR 2.6m and is composed of the following expense items:

- I Renovation and construction measures in the existing portfolio in the amount of EUR 1.4m (as at 31 March 2015: renovation and construction measures in the existing portfolio of EUR 1.0m as well as project developments in the amount of EUR 4.4m)
- I Ongoing maintenance of EUR 0.1m (31 March 2015: EUR 0.2m; -19.1%)
- I Allocable rental ancillary costs of EUR 1.1m (31 March 2015: EUR 1.4m; -21.8%).

Costs for purchased services

The costs for purchased services include in particular the expenditures for the label funds of PATRIZIA Gewerbelinvest, for which PATRIZIA acts as service provider. In comparison to the same period in the previous year the costs for acquisition services were reduced by 30.3% from EUR 4.9m to EUR 3.4m. Due to a reduced acquisition activity in the label funds the revenues amounted to EUR 3.5m (31 March 2015: EUR 5.3m; -34.5%).

Staff costs

As at 31 March 2016 PATRIZIA employs 822 permanent employees (31 March 2015: 801 employees). This was accompanied by the following development of the staff costs:

	1 st quarter 2016 without Harald	1 st quarter 2015	Change	1 st quarter 2016 incl. Harald
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000		01.01. – 31.03.2016 in EUR '000
Fixed salaries	12,767	11,679	9.3%	12,767
Variable salaries	4,866	3,874	25.6%	17,836
Sales commissions	591	1,702	-65.3%	591
Social security contributions	2,858	2,411	18.5%	2,858
Effect of long-term variable compensation ¹	-186	1,362	-	-186
Miscellaneous	497	500	-0.6%	497
TOTAL	21,393	21,528	-0.6%	34,363

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

The staff costs mainly remained unchanged at EUR 21.4m (31 March 2015: EUR 21.5m). The fixed salaries increased due to salary adjustments customary in the market and the increase of the number of employees in the year 2015 from EUR 11.7m by 9.3% to EUR 12.8m. In the context of the European expansion in the year 2015 certain employees and executive staff were recruited with a high variable salary portion. This gave rise to the disproportionate increase of the variable salaries in the 1st quarter 2016 from EUR 3.9m by 25.6% to EUR 4.9m. The sales commissions declined due to a downturn in sales in the condo privatisation by 65.3% from EUR 1.7m to EUR 0.6m. For the long-term variable compensation, a positive effect of EUR 0.2m was recognised due to the PATRIZIA share price performance after an expenditure of EUR 1.4m year-on-year. The item miscellaneous includes above all payments in kind.

Other operating expenses

The other operating expenses were increased from EUR 9.4m by 6.8% to EUR 10.0m. The specific composition is shown below:

	1 st quarter 2016 without Harald	1 st quarter 2015		1 st quarter 2016 incl. Harald
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000	Change	01.01. – 31.03.2016 in EUR '000
Operating expenses	3,440	3,211	7.1%	4,102
Administrative expenses	2,523	2,422	4.2%	2,747
Selling expenses	2,060	2,480	-16.9%	2,070
Other expenses	1,972	1,248	58.0%	6,715
TOTAL	9,995	9,361	6.8%	15,634

The **operating expenses** increased by 7.1% from EUR 3.2m to EUR 3.4m. Main items of the operating expenses are the rent for business premises and corresponding ancillary costs (EUR 1.7m; +24.7% compared with EUR 1.4m in the previous year). The IT and maintenance costs could be reduced year-on-year (EUR 1.0m; -15.5% compared with EUR 1.2m in the previous year).

The **administrative expenses** increased by 4.2% to EUR 2.5m after EUR 2.4m year-on-year. The increase of the transaction-based costs for the due diligence and legal and consultancy costs is due to the higher transaction volume to EUR 1.2m (31 March 2015: EUR 0.9m). The costs for insurance and other contributions increased only marginally to EUR 0.3m (31 March 2015: EUR 0.2m). 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 were reduced by 16.9% from EUR 2.5m to EUR 2.1m and essentially include the costs for PATRIZIA's sales activities and supporting marketing services.

The **other expenses** have increased in the reporting period by 58.0% to EUR 2.0m after EUR 1.2m year-on-year. The largest item is consultancy services for transactions (EUR 0.7m after EUR 0.4m in the previous year; +78.5%).

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

The income from participations were reduced due to the sale of SÜDEWO in the reporting period by 36.4% from EUR 5.0m to EUR 3.2m. The co-investment **GBW** as at 31 March 2016 – as in the previous year – generated EUR 2.4m from services rendered as shareholders' contribution and a distribution on the invested capital of EUR 0.8m. The co-investment **WohnModul I** generated an income of EUR 0.8m after EUR 0.7m in the same quarter in the previous year, which is recognised as earnings from companies accounted for using the equity method.

	1 st quarter 2016	1 st quarter 2015	Change
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000	
GBW	3,172	3,158	0.4%
of which services provided as shareholders' contribution	2,366	2,352	0.6%
of which returns on capital employed	806	806	-
SÜDEWO	0	1,833	-
Income from participations	3,172	4,991	-36.4%
WohnModul I	794	684	16.1%
Earnings from companies accounted for using the equity method	794	684	16.1%
TOTAL	3,966	5,675	-30.1%

NET PROFIT FOR THE PERIOD

PATRIZIA's net profit for the period without taking into account the effect from the Harald sale has increased in accordance with the positive development of the earnings situation from EUR 2.9m to EUR 10.5m.

NET PROFIT FOR THE PERIOD

	1 st quarter 2016 without Harald	1 st quarter 2015		1 st quarter 2016 incl. Harald
	01.01.– 31.03.2016 in EUR '000	01.01.– 31.03.2015 in EUR '000	Change	01.01.– 31.03.2016 in EUR '000
EBITDA	15,127	5,266	187.3%	280,180
Amortisation of fund management contracts, depreciation of software and fixed assets	-1,650	-1,600	3.1%	-1,650
EBIT	13,477	3,666	267.6%	278,530
Financial income	415	275	50.9%	760
Financial expenses	-2,139	-1,482	44.3%	-4,551
Financial result	-1,724	-1,207	42.8%	-3,791
Gains from currency translation	911	1,154	-21.1%	1,304
EBT	12,664	3,613	250.5%	276,043
Income taxes	-2,191	-763	187.2%	-44,124
Net profit for the period	10,473	2,850	267.5%	231,919

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

The amortisation of fund management contracts, depreciation of software and fixed assets are almost unchanged and amounted to EUR 1.7m (31 March 2015: EUR 1.6m; +3.1%). The largest item herein is the amortisation of fund management contracts at EUR 0.5m, unchanged year-on-year as well as the depreciation of software in the amount of EUR 0.8m (31 March 2015: EUR 0.7m; +13.7%) and operating and office equipment of EUR 0.2m (31 March 2015: EUR 0.3m; 19.7%).

Financial result

The negative financial result increased due to the higher financing volume by 42.8% to EUR -1.7m, after EUR -1.2m in the same quarter in the previous year. The financial income increased to EUR 0.4m after EUR 0.3m in the previous year. This essentially includes interest income on delayed purchase price receipts as well as from loans to co-investments. Furthermore, financial expenses in the amount of EUR 2.1m (as at 31 March 2015: EUR 1.5m, +44.3%) increased compared with the same quarter in the previous year due to higher loans for the principal investments.

Gains/losses from currency translation

As at 31 March 2016 the gains from currency translation amounted to EUR 0.9m (31 March 2015: EUR 1.2m; -21.1%)

GROUP'S NET ASSET AND FINANCIAL SITUATION

PATRIZIA'S KEY FINANCIAL AND ASSETS FIGURES

	31.03.2016 in EUR '000	31.12.2015 in EUR '000	Change
Total Assets	1,197,697	1,631,831	-26.6%
Equity (excl. minorities)	726,583	521,601	39.3%
Equity ratio	60.7%	32.0%	28.7 PP
Bank loans	188,428	821,828	-77.1%
- Cash and cash equivalents	443,352	179,141	147.5%
+ Bonded loans	57,000	67,000	-14.9%
= Net cash (-)/net debt (+)	-197,924	709,687	-
Net equity ratio¹	77.2%	35.9%	41.3 PP

¹ Considering the net cash/net debt
PP = percentage points

Total assets

The Group's total assets in the period under review were reduced to EUR 1.2bn, after EUR 1.6bn at the end of the year 2015. The decrease is essentially attributable to the sale of the Harald portfolio declared as inventories.

Investment property and inventories

In the consolidated financial statements PATRIZIA's real estate assets at the reporting date amount to at EUR 388.6m (31 December 2015: EUR 1.1bn; -64.0%):

	31.03.2016 in EUR '000	31.12.2015 in EUR '000	Change
Investment property	16,643	20,802	-20.0%
Inventories	371,935	1,057,942	-64.8%
Principal Investments	388,578	1,078,744	-64.0%

Of this, EUR 16.6m was attributable to investment property, which is intended for sale and generates rental income until then. EUR 371.9m are attributable to the inventories, of which EUR 51.7m are attributable to the remaining part of the principal investment Harald, whose closing will occur in the course of the year.

An overview of all participations, assets under management as well as PATRIZIA's invested capital is shown in the following PATRIZIA capital allocation table.

PATRIZIA CAPITAL ALLOCATION AS AT 31 MARCH 2016

	Assets under Management in EUR million	Investment- capital in EUR million	Investment in %
Third Party business	9,527	-	-
Co-Investments	6,638	185.0	
Residential	5,101	147.2	
GBW GmbH	3,311	55.4	5.1
WohnModul I SICAV-FIS	1,747	89.0	10.1
Other	43	2.8	10.0
Commercial Germany	454	17.7	
PATRoffice	210	5.7	6.3
Seneca	186	4.9	5.1
sono west	58	7.1	30.0
Commercial international	1,083	20.1	
Aviemoire Topco (UK)	554	8.4	10.0
Citruz Holdings LP (UK)	117	2.9	10.0
Plymouth Sound Holdings LP (UK)	64	2.9	10.0
Winnersh Holdings LP (UK)	348	5.9	5.0
Principal Investments	300	168.0	
Harald	52	14.6	94.9
Other	248	153.4	100
Operating companies¹	-	29.9	100
Tied-up investment capital	16,465	382.9	-
Bank balances and cash	-	437.7	-
Total investment capital	16,465	820.6	-
Of which external capital (bonded loans and bridge financing)	-	57.0	-
Of which PATRIZIA equity	-	763.6	-

¹ Tied-up investment capital in the course of the acquisition of companies (mainly the acquisition of the PATRIZIA Gewerbelvest KVG) as well as the capital tied-up from the operations of the service business (mainly investments in systems and short-term receivables).

CAPITAL STRUCTURE

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

Bonded loans

For both bonded loans issued in 2013 a contractually agreed early redemption for EUR 5.0m was paid in each case, so that both bonded loans valued at EUR 57.0m at the reporting date.

Bank loans and financial liabilities

The Group has short-term bank loans in the amount of EUR 188.4m as at 31 March 2016 (31 December 2015: EUR 821.8m). Of this EUR 100.6m are attributable to principal investments. The decrease results from the partial sale of the Harald portfolio, in the course of which all liabilities of this portfolio were redeemed.

The development of the bank loans and financial liabilities are shown in the following table:

	31.03.2016 in EUR '000	31.12.2015 in EUR '000	Change
Long-term bonded loans	27,000	32,000	- 15.6%
Short-term bonded loans	30,000	35,000	- 14.3%
Short-term bank loans	188,428	821,828	- 77.1%
Total debt and liabilities	245,428	888,828	- 72.4%

A detailed schedule of maturities according to fiscal year is stated in the notes; item 11.

LIQUIDITY

As at 31 March 2015 PATRIZIA had cash of EUR 443.4m.

in EUR '000	31.03.2016
Bank balances and cash	443,352
- Transaction-based taxes Harald	51,100
- Shares of non-controlling shareholders	36,167
- Regulatory reserve KVG	10,364
= Available cash	345,721

Through the sale of the Harald portfolio cash liabilities for transaction-based taxes amount to EUR 51.1m as well as to non-controlling shareholders in the amount of EUR 36.2m, which were not yet due at the reporting date. In addition, a cash reserve of EUR 10.4m has to be held permanently available for the regulated investment companies (KVG's) due to regulatory requirements. Considering the above mentioned liabilities and regulating reserves, the available cash balance amounts to EUR 345.7m.

2 SUPPLEMENTARY REPORT

Strategic focussing

PATRIZIA will in future focus even more on the activity as investment manager and thus on the expertise that generates the highest value creation for the customers. In order to keep the complexity as limited as possible in view of the increasing internationalisation the previous full scope of services will be reduced. In this connection it is planned to outsource property management services in Germany to external service providers and sell the own property management division to a strategic buyer by the end of the year 2016. Through the sale the number of employees in Germany is expected to be reduced by around 30%. The strategic decision was published at the beginning of April after the reporting date.

3 DEVELOPMENT OF THE RISKS AND OPPORTUNITIES

PATRIZIA Immobilien AG is exposed to both opportunities as well as risks in the course of its business activities. In the Group the necessary measures were taken and processes installed to identify negative influences and risks timely and counteract these. No significant new opportunities or risks have been identified for 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.

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

After the successful operative progress in the 1st quarter 2016, the Board of Directors of PATRIZIA confirms the guidance. The assets under management are expected to grow by EUR 2.0bn and the operating income to be at least EUR 250m in the year 2016. It should be considered that in the forecasted operating income for the sale of the Harald portfolio transaction-based taxes and shares of minorities have already been deducted; for this purpose, please refer to item 1.1.

Augsburg, 9 May 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 31 MARCH 2016

ASSETS

EUR '000	31.03.2016	31.12.2015
A. Non-current assets		
Goodwill	610	610
Fund management contracts	36,914	37,417
Software	8,444	9,225
Investment property	16,643	20,802
Equipment	5,082	5,015
Participations in associated companies	88,972	88,179
Participations	102,629	81,406
Loans	5,251	5,498
Long-term tax assets	78	78
Deferred Taxes	2,069	7,013
Total non-current assets	266,692	255,243
B. Current assets		
Inventories	371,935	1,057,942
Securities	69	54
Short-term tax assets	8,662	8,280
Current receivables and other current assets	106,987	131,171
Bank balances and cash	443,352	179,141
Total current assets	931,005	1,376,588
TOTAL ASSETS	1,197,697	1,631,831

EQUITY AND LIABILITIES

EUR '000	31.03.2016	31.12.2015
A. Equity		
Share capital	76,324	76,324
Capital reserve	191,637	191,637
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	36,976	18,190
Currency translation difference	-9,020	-869
Consolidated unappropriated profit	467,137	254,004
Total equity	763,559	539,791
B. Liabilities		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	34,729	63,253
Retirement benefit obligations	687	687
Bonded loan	27,000	32,000
Non-current liabilities	6,481	9,262
Total non-current liabilities	68,897	105,202
CURRENT LIABILITIES		
Short-term bank loans	188,428	821,828
Bonded loan	30,000	35,000
Short-term financial derivatives	0	3,677
Other provisions	6,857	6,740
Current liabilities	80,557	95,288
Tax liabilities	59,399	24,305
Total current liabilities	365,241	986,838
TOTAL EQUITY AND LIABILITIES	1,197,697	1,631,831

Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2016

EUR '000	01.01. – 31.03.2016	01.01. – 31.03.2015
Revenues	488,338	47,282
Income from the sale of investment property	333	1,586
Changes in inventories	-350,092	-7,679
Other operating income	2,929	1,134
Income from the deconsolidation of subsidiaries	193,520	0
Total operating performance	335,028	42,323
Cost of materials	-5,438	-6,993
Cost of purchased services	-3,379	-4,850
Staff costs	-34,363	-21,528
Other operating expenses	-15,634	-9,361
Income from participations	3,172	4,991
Earnings from companies accounted for using the equity method	794	684
EBITDA	280,180	5,266
Amortisation of fund management contracts, depreciation of software and fixed assets	-1,650	-1,600
Earnings before finance income and income taxes (EBIT)	278,530	3,666
Finance income	760	275
Finance cost	-4,551	-1,482
Gains from currency translation	1,304	1,154
Earnings before income taxes (EBT)	276,043	3,613
Income tax	-44,124	-763
Net profit for the period	231,919	2,850
Earnings per share (undiluted) in EUR	2.79	0.04
The net profit for the period is allocated to:		
Shareholders of the parent company	213,133	2,850
Non-controlling shareholders	18,786	0
	231,919	2,850

Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2016

EUR '000	01.01. – 31.03.2016	01.01. – 31.03.2015
Net profit for the period	231,919	2,850
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	-8,151	505
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	223,768	3,355
The total result is allocated to:		
Shareholders of the parent company	204,982	3,355
Non-controlling shareholders	18,786	0
	223,768	3,355

Consolidated Cash Flow Statement

FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2016

EUR '000	01.01. – 31.03.2016	01.01. – 31.03.2015
Net profit for the period	231,919	2,850
Income taxes recognised through profit or loss	44,124	763
Financial expenses through profit or loss	4,551	1,482
Financial income through profit or loss	-760	-275
Amortisation of fund management contracts, software and equipment	1,650	1,600
Gain on the disposal of investment properties	-333	-1,586
Income from the deconsolidation of subsidiaries	-193,520	0
Other non-cash items	9,020	1,447
Changes in inventories, receivables and other assets that are not attributable to investment activities	350,761	28,587
Changes in liabilities that are not attributable to financing activities	-20,748	417
Interest paid	-4,849	-1,394
Interest received	632	134
Income tax payments	-7,981	-70
Cash inflow from operating activities	414,466	33,955
Capital investments software and equipment	-437	-770
Payments received from the disposal of investment property	4,492	17,449
Payments for the development of investment property	0	-413
Payments received from the equity reduction of participations	0	259
Payments for investments in companies accounted for using the equity method	0	-1,267
Payments for loans to companies in which participating interests are held	-154	-29
Payments received from the disposal of consolidated companies and other business units	335,454	0
Payments for the acquisition of consolidated companies and other business units	-42,366	0
Cash inflow from investment/divestment activities	296,989	15,229
Borrowing of loans	74,300	0
Repayment of loans	-521,403	-33,739
Cash outflow from financing activities	-447,103	-33,739
Changes in cash	264,352	15,445
Cash 1 January	179,141	145,361
Effect of changes in exchange rates on cash	-141	0
Cash 31 March	443,352	160,806

Consolidated Statement of Changes in Equity

FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2016

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				505		505		505
Net profit/loss for the period					2,850	2,850		2,850
Balance								
31 March 2015	69,385	198,576	505	1,535	142,593	412,594	809	413,403
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				-8,151		-8,151		-8,151
Net profit/loss for the period					213,133	213,133	18,786	231,919
BALANCE								
31 MARCH 2016	76,324	191,637	505	-9,020	467,137	723,081	36,976	763,559

Notes to the Consolidated Interim Financial Statements

AS AT 31 MARCH 2016 (FIRST QUARTER OF 2016)

1 GENERAL DISCLOSURES

PATRIZIA Immobilien AG (hereinafter also referred to as PATRIZIA and Group) is a listed German stock corporation. The Company's headquarters are located at Fuggerstrasse 26 in D-86150 Augsburg. PATRIZIA Immobilien AG has been active as an investor and service provider on the real estate market over 30 years, and now in as much as 15 countries. PATRIZIA covers the spectrum of acquisition, management, value creation and sale of residential and commercial real estate through its own regulated investment platforms. As one of the leading real estate investment companies in Europe, the Company operates Europewide to equal measure for large institutional investors as well as for retail investors. Currently the Company manages assets with a value of EUR 16.5 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 1st quarter of 2016 (1 January 2016 to 31 March 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 31 March 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. The earnings generated in the first three 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 last consolidated financial statements for the fiscal year 2015. A detailed description of the principles applied in preparing the interim consolidated financial statements and the accounting methods used can be found in the notes to the IFRS consolidated financial statements for the year ending 31 December 2015, which are contained in the Company's 2015 Annual Report.

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

The unaudited interim consolidated financial statements were prepared in Euro. The amounts, including the previous year's figures, are stated in EUR thousands.

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 111 subsidiaries. They are included in the consolidated financial statements in line with the rules of full consolidation.

In addition, one participating interest in a SICAV is accounted for at equity in the consolidated financial statements. The SICAV is a stock corporation with variable equity in accordance with the laws of Luxembourg.

In addition, 28.3% of the limited liability capital is held in one project development company (in the form of a GmbH & Co. KG), while 30% is held in the associated general partner. A significant influence does not apply because provisions in the partnership agreement mean that management cannot be exercised, that a significant influence cannot be exerted on the management and that there is no entitlement to appoint members of the managing boards. The shares in the project development company are accounted for at acquisition cost.

On the balance sheet date, two companies were not included in the scope of consolidation because they have only a small or no business operation 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

Acquisition of an ensemble of buildings “Stuttgart Südtor”

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

The acquirer is PATRIZIA GrundInvest Stuttgart Südtor GmbH & Co. geschlossene Investment-KG, which will leave the Group again once the shares are placed with third parties.

The acquisition of PATRIZIA GrundInvest Objekt Stuttgart Südtor GmbH & Co. KG is illustrated in these consolidated financial statements as acquisition of assets because here no business operation in the sense of a business as laid down in IFRS 3.3 was acquired. Rather, the transaction focused exclusively on the acquisition of the assets located in the Company. The purchase price for the Company was distributed among the individually identified assets and liabilities based on their fair values as at the acquisition date.

COMPANY SALES

PATRIZIA Immobilien AG has sold the directly held shares in the course of the sale of the Harald portfolio with effect from 1 January 2016 in the following companies:

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

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

EUR '000	31.03.2016
Purchase price received	399,968
Shares remaining in the Group at fair value	21,495
Minus disposed net assets	-228,224
INCOME FROM THE DECONSOLIDATION OF SUBSIDIARIES	193,239

In addition, the two following companies have left the Group because no active business operation existed any longer:

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

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

In the course of the placing of shares in PATRIZIA GrundInvest Campus Aachen GmbH & Co. geschlossene Investment-KG, a special fund of PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH, with third parties, and the accompanying loss of control through the Company, there was an income from deconsolidation in the amount of TEUR 177.

4 INVESTMENT PROPERTY

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

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

5 PARTICIPATIONS IN ASSOCIATED COMPANIES

The item "Participations in associated companies" includes the 10.1% share in PATRIZIA WohnModul I SICAV-FIS with headquarters in Luxembourg.

The strategy of PATRIZIA WohnModul I is the purchase of project developments and revitalisation stocks. As exit strategy, the block sale is planned in the same manner as the condo sale.

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

The Group's share in the profit of PATRIZIA WohnModul I SICAV-FIS is TEUR 794 (31 March 2015: TEUR 684).

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

6 PARTICIPATIONS

The item "Participations" includes the following main holdings:

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

Through the sales of the companies Scan Deutsche Real Estate Kiel GmbH, Draaipunt Holding B.V., Promontoria Holding V B.V. as well as Promontoria Holding X B.V. described under section 3 "company sales" 94.9% were sold in each case, so that the shares remaining with the Group from this, at TEUR 21,495 will in future be shown as participations.

7 INVENTORIES

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

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

Inventories are always evaluated at acquisition or production cost. Acquisition costs comprise the directly attributable purchase and commitment costs. Production costs comprise the costs directly attributable to the real estate development process.

8 CASH AND CASH EQUIVALENTS

The “cash and cash equivalents” item covers cash and short-term bank deposits that are held by the Group. The net asset value of these assets corresponds to their fair value.

9 EQUITY

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

10 NON-CONTROLLING SHAREHOLDERS

As at 31 March 2016 there were shares of non-controlling shareholders in the amount of TEUR 36,976 (31 December 2015: TEUR 18,190).

In the period under review a share in the profit of TEUR 18,786 was allocated to the non-controlling shareholders.

11 FINANCIAL LIABILITIES

The financial liabilities have the following maturity profile:

EUR '000 31.03.2016	2016	2017	2018	2019	2020 – 2024	2025	Total
Bank loans	0	0	0	0	0	0	0
Mortgage loans	70,555	44,300	0	30,000	0	43,509	188,364
Bonded loans	30,000	0	27,000	0	0	0	57,000
Accrued interest and current account	64	0	0	0	0	0	64
TOTAL FINANCIAL LIABILITIES	100,619	44,300	27,000	30,000	0	43,509	245,428

EUR '000 31.03.2015	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

Bank loans are measured at amortised cost. They have variable interest rates. In this respect, the Group is exposed to an interest rate risk in terms of the cash flows. All loans are valued in EUR and GBP. For bank loans, which serve to finance own investments, financial liabilities are redeemed through real estate sales.

Accordingly, this overview shows the loan amounts existing on the balance sheet date, without taking into account redemptions from sell-offs in accordance with the contractually agreed terms of the loan agreements.

As at the balance sheet date bonded loans with a total amount of TEUR 57,000 were shown in the consolidated financial statements. In accordance with the maturities, of this TEUR 27,000 (maturity 30 June 2018) are shown as long-term liabilities and TEUR 30,000 (maturity 30 June 2016) are shown as short-term liabilities.

12 LONG-TERM LIABILITIES

The long-term liabilities in the amount of TEUR 6,481 (31 December 2015: TEUR 9,262) essentially consist of the long-term components of the management staff participation model, which is described in detail under item 9.2 in the 2015 Annual Report.

13 REVENUES

The revenues are composed as follows:

	1 st quarter 2016 without Harald	1 st quarter 2015	1 st quarter 2016 incl. Harald
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000	01.01. – 31.03.2016 in EUR '000
Rental revenues	2,325	2,141	7,592
Sales proceeds of principal investments	21,452	15,872	442,173
Revenues from management services	35,338	28,413	35,338
Revenues from ancillary costs	707	685	1,048
Miscellaneous	2,187	171	2,187
TOTAL REVENUES	62,009	47,282	488,338

The revenues from services include commission earnings, revenues from asset and fund management as well as management fees.

14 OTHER OPERATING INCOME

The other operating income essentially concerns:

	1 st quarter 2016 without Harald	1 st quarter 2015	1 st quarter 2016 incl. Harald
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000	01.01. – 31.03.2016 in EUR '000
Income from expired obligations	164	60	164
Income from payments in kind	243	234	243
Income from the decrease in the general provision	128	51	128
Income from reimbursement of lawyers' fees, court costs and payments of damages	76	50	76
Insurance compensations	11	65	11
Other	213	674	2,307
TOTAL OTHER OPERATING INCOME	835	1,134	2,929

15 COST OF MATERIALS

The cost of materials contains the direct costs incurred in connection with the performance of the service and is composed as follows:

	1 st quarter 2016 without Harald	1 st quarter 2015	1 st quarter 2016 incl. Harald
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000	01.01. – 31.03.2016 in EUR '000
Ancillary rental costs	1,093	1,398	3,576
Renovation and construction costs	1,417	5,438	1,735
Maintenance costs	127	157	127
TOTAL COSTS OF MATERIALS	2,637	6,993	5,438

16 OTHER OPERATING EXPENSES

The other operating expenses are composed as follows:

	1 st quarter 2016 without Harald	1 st quarter 2015	1 st quarter 2016 incl. Harald
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000	01.01. – 31.03.2016 in EUR '000
Operating expenses	3,440	3,211	4,102
Administrative expenses	2,523	2,422	2,747
Selling expenses	2,060	2,480	2,070
Other expenses	1,972	1,248	6,715
TOTAL OTHER OPERATING EXPENSES	9,995	9,361	15,634

17 INCOME FROM PARTICIPATIONS

The income from participations in the amount of TEUR 3,172 (31 March 2015: TEUR 4,991) is from the co-investment in GBW (previous year: GBW and SÜDEWO) and is composed as follows:

	1 st quarter 2016	1 st quarter 2015
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000
Services provided as shareholder contributions	2,366	4,185
Performance-related shareholder compensation	0	0
Return on equity employed	806	806
TOTAL INCOME FROM PARTICIPATIONS	3,172	4,991

18 FINANCIAL RESULT

	1 st quarter 2016 without Harald	1 st quarter 2015	1 st quarter 2016 incl. Harald
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000	01.01. – 31.03.2016 in EUR '000
Interest on bank deposits	13	27	25
Change in the value of derivatives	0	0	0
Other interest	402	248	735
Financial income	415	275	760
Interest on revolving credit facilities and bank loans	-856	-479	-2,784
Costs for currency hedging	0	0	0
Change in the value of derivatives	0	0	0
Other financial expenses	-1,283	-1,003	-1,767
Financial expenses	-2,139	-1,482	-4,551
FINANCIAL RESULT	-1,724	-1,207	-3,791
Financial result adjusted for valuation effects	-1,724	-1,207	-3,791

Currency differences in the amount of TEUR 1,304 (31 March 2015: TEUR 1,154) were shown in the profit and loss account in the 1st quarter of 2016. Of this, TEUR 741 (31 March 2015: TEUR -951) are realised currency gains.

19 EARNINGS PER SHARE

In application of IAS 33.64, the weighted number of shares for the same quarter in the previous year (69,385,030) was adapted. In doing so, it was assumed that the weighted number of shares throughout the year for 2015 corresponds to that of 2016.

	1 st quarter 2016 without Harald	1 st quarter 2015	1 st quarter 2016 incl. Harald
	01.01. – 31.03.2016 in EUR '000	01.01. – 31.03.2015 in EUR '000	01.01. – 31.03.2016 in EUR '000
Profit attributable to Group's shareholder	10,473	2,850	213,133
Number of shares issued	76,323,533	76,323,533	76,323,533
Weighted number of shares	76,323,533	76,323,533	76,323,533
EARNINGS PER SHARE (UNDILUTED)	0.14	0.04	2.79

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 the definition contained in IFRS 8 "Operating segments", two segments have been identified based on functional criteria: **Investments** and **Management Services**. Besides functional criteria, the operating segments are also delimited by geographical criteria. Country assignment is effected according to the location of the real estate asset being managed. International subsidiaries continue to be reported as a total for the time being owing to the still low contribution made by the individual national companies to revenues and results.

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

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

The **Investments segment** primarily bundles portfolio management and the sale of own investments.

The **Management Services segment** covers a broad spectrum of real estate services, in particular analysis and consultancy during the acquisition and sale of individual residential and commercial properties or portfolios (Acquisition and Sales), the management of real estate (Property Management), value-oriented management of real estate portfolios (Asset Management) as well as strategic consulting with regard to investment strategy, portfolio planning and allocation (Portfolio Management) and the execution of complex, non-standard investments (Alternative Investments). Special funds are also established and managed – including at a client's individual request – via the Group's 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 Management Services segment is being increasingly demanded by third parties as assets under management grow.

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

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

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

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

Due to the capital intensity of the segment, the assets and liabilities in the investment segment, which primarily is attributable to Germany, account for the essential part of the Group's total assets and liabilities. For this reason, there is no breakdown of assets and liabilities by individual segments.

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

FIRST QUARTER 2016 (1 JANUARY - 31 MARCH 2016)

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
Germany					
Revenues from principal investments	431,011	0	0	0	431,011
Rental revenues	6,482	0	0	-21	6,461
Revenues from management services	0	44,371	0	-13,435	30,936
Other	817	73	0	-2	888
Revenues	438,310	44,444	0	-13,459	469,296
International					
Revenues from principal investments	11,162	0	0	0	11,162
Rental revenues	1,131	0	0	0	1,131
Revenues from management services	0	8,414	0	-168	8,245
Other	2,349	22	0	0	2,372
Revenues	14,642	8,436	0	-168	22,910
Corporate					
Revenues	0	0	5,829	0	5,829
Consolidation					
Revenues	0	-3,923	0	-5,774	-9,696
Group					
Revenues from principal investments	442,173	0	0	0	442,173
Rental revenues	7,612	0	0	-21	7,592
Revenues from management services	0	48,890	5,786	-19,338	35,338
Other	3,167	68	43	-42	3,236
Revenues	452,953	48,958	5,829	-19,401	488,338
Details					
Total operating performance					
Germany	291,097	44,832	0	-13,459	322,470
International ¹	7,860	8,627	0	-168	16,319
Corporate	0	0	5,954	0	5,954
Consolidation	-54	-3,923	0	-5,739	-9,715
Group	298,904	49,536	5,954	-19,366	335,027
Cost of materials and cost of purchased services					
Germany	-5,133	-5,488	0	107	-10,515
International ¹	-398	-2,689	0	0	-3,087
Corporate	0	0	0	0	0
Consolidation	0	3,863	0	922	4,785
Group	-5,532	-4,313	0	1,028	-8,817
Staff costs					
Germany	0	-23,741	0	0	-23,741
International ¹	0	-4,662	0	0	-4,662
Corporate	0	0	-5,960	0	-5,960
Consolidation	0	0	0	0	0
Group	0	-28,403	-5,960	0	-34,363
Other operating expenses					
Germany	-20,434	-7,946	0	13,418	-14,962
International ¹	-881	-1,634	0	168	-2,346
Corporate	0	0	-3,257	0	-3,257
Consolidation	54	59	0	4,818	4,931
Group	-21,261	-9,520	-3,257	18,405	-15,634

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

PROSECUTION

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
Income from participations and earnings from companies accounted for using the equity method					
Germany	471	2,366	0	0	2,837
International ¹	1,129	0	0	0	1,129
Corporate	0	0	0	0	0
Consolidation	0	0	0	0	0
Group	1,599	2,366	0	0	3,965
Amortisation of fund management contracts, software and equipment					
Germany	-2	-503	0	0	-505
International ¹	0	-30	0	0	-30
Corporate	0	0	-1,114	0	-1,114
Consolidation	0	0	0	0	0
Group	-2	-533	-1,114	0	-1,650
Financial Result					
Germany	-3,075	-437	0	0	-3,512
International ¹	-52	93	0	0	41
Corporate	0	0	-318	0	-318
Consolidation	-1	0	0	0	-1
Group	-3,128	-344	-318	0	-3,790
Gains/losses from currency translation					
Germany	393	-70	0	0	323
International ¹	2,760	18	0	0	2,778
Corporate	0	0	-1,797	0	-1,797
Consolidation	0	0	0	0	0
Group	3,153	-52	-1,797	0	1,304
EBT (IFRS)					
Germany	263,316	9,013	0	66	272,395
International ¹	10,417	-277	0	0	10,141
Corporate	0	0	-6,493	0	-6,493
Consolidation	0	0	0	0	0
Group	273,733	8,736	-6,493	66	276,042
Adjustments					
Germany	1,071	492	0	0	1,563
Significant non-operating earnings	0	-492	0	0	-492
Market valuation income derivatives	0	0	0	0	0
Market valuation expenditures derivatives	0	0	0	0	0
Fund agreement amortisation	0	-492	0	0	-492
Realised fair value	1,071	0	0	0	1,071
International¹	0	0	0	0	0
Significant non-operating earnings	0	0	0	0	0
Fund agreement amortisation	0	0	0	0	0
Group	1,071	492	0	0	1,563
Operating income (adjusted EBT)²					
Germany	264,387	9,505	0	66	273,958
International	10,417	-277	0	0	10,141
Corporate	0	0	-6,493	0	-6,493
Consolidation	0	0	0	0	0
Group	274,804	9,228	-6,493	66	277,605

¹ France, Great Britain, Luxembourg, Netherlands, Nordics, Spain² 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 other parties for the provision of goods and services.

The disclosures on related party transactions contained in section 9.3 of the notes to the consolidated financial statements in the 2015 Annual Report remain valid.

22 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, and the interim management report of the Group includes a fair review of the development and course of business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.



Wolfgang Egger
CEO



Karim Bohn
CFO



Klaus Schmitt
COO

Financial Calendar and Contact Details

FINANCIAL CALENDAR 2016

10 May 2016	Interim report for the first quarter of 2016 with investor and analyst conference call
16 June 2016	Annual General Meeting, Augsburg
9 August 2016	Interim report for the first half of 2016 with investor and analyst conference call
8 November 2016	Interim report for the first nine month of 2016 with investor and analyst conference call

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

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

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