



Q3

---

REPORT FOR  
THE FIRST THREE  
QUARTERS

---

OF  
2014

---

# Key Figures

## REVENUES AND EARNINGS

EUR '000	3 <sup>rd</sup> quarter 2014	3 <sup>rd</sup> quarter 2013	9 months 2014	9 months 2013
	01.07. – 30.09.2014	01.07. – 30.09.2013	01.01. – 30.09.2014	01.01. – 30.09.2013
Revenues	53,462	65,642	138,111	155,403
Total operating performance	46,485	47,890	145,684	137,681
EBITDA	-1,302	6,223	11,451	16,753
EBIT	-3,094	4,674	6,392	12,509
EBT	297	2,198	15,487	19,985
Operating result <sup>1</sup>	4,883	521	26,333	18,660
Consolidated net profit/loss	-421	1,939	14,890	19,685

## STRUCTURE OF ASSETS AND CAPITAL

EUR '000	30.09.2014	31.12.2013
Non-current assets	327,346	390,036
Current assets	480,009	502,679
Equity	389,928	374,481
Equity ratio (in %)	48.3	41.9
Non-current liabilities	101,733	104,316
Current liabilities	315,694	413,918
Total assets	807,355	892,715

## SHARE

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
Share capital at 30 September 2014	EUR 69,385,030
No. of shares in issue at 30 September 2014	69,385,030
Third quarter 2014/9 months 2014 high <sup>2</sup>	EUR 10.86/EUR 10.86
Third quarter 2014/9 months 2014 low <sup>2</sup>	EUR 8.27/EUR 7.49
Closing price 2013 <sup>2</sup>	EUR 7.67
Closing price at 30 September 2014 <sup>2</sup>	EUR 10.62
Share price performance	38.5%
Market capitalisation at 30 September 2014	EUR 736.9 million
Average trading volume per day (9 months of 2014) <sup>3</sup>	100,200 shares
Indices	SDAX, GEX, DIMAX

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

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

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

# Contents

## Letter to Our Shareholders

	<b>Consolidated Interim Management Report</b>
4	PATRIZIA on the Capital Market
4	Our Employees
4	Other Events
5	Economic Report
5	Economic Environment
6	The Course of Business
11	Economic Position
19	Supplementary Report
20	Development of Opportunities and Risks
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

## Notes to the Consolidated Interim Financial Statements

28	General Disclosures
28	Principles Applied in Preparing the Consolidated Financial Statements
29	Scope of Consolidation
30	Investment Property
31	Participations in Associated Companies
31	Participations
31	Loans
31	Inventories
32	Equity
32	Liabilities
34	Revenues
34	Cost for Purchased Services
34	Financial Result
35	Earnings per Share
35	Segment Reporting
46	Transactions with Related Companies and Individuals
46	Declaration by the Legal Representatives of PATRIZIA Immobilien AG

## Financial Calendar and Contact Details

## LETTER TO OUR SHAREHOLDERS

*Dear Shareholders,  
Dear ladies and gentlemen,*

The 2014 fiscal year so far has developed in line with our expectations – namely that with an operating result of EUR 26.3 million, after the first three quarters we had posted just over half of the forecast figure for 2014, with a major part of the Group forecast due to be achieved in the final quarter of the year. We already explained the main reasons for this in the half-yearly report: The dividends and performance fees are generally not received until the fourth quarter. For the two co-investments Südewo and GBW, the volume is such that it has a significant impact on the overall result. Similarly, we expect to receive the acquisition fee for the residential portfolio in the Netherlands (purchase price EUR 578 million) in December. Moreover, the notarisations already in place for both residential property resale and block sales give us a good overview of outstanding purchase price revenues. Overall, we can therefore remain confident in confirming the existing forecast of an operating result of at least EUR 50 million for the full year.

The fact that we are also making very good progress with the sale of own stock is also good news. We will actually exceed the target sales figure of 1,800 units. In the third quarter, we effected the final block sales in Munich and Berlin, meaning we now only have certain properties for residential property resale in the two cities. In Leipzig, the sale of all 828 units as at 31 December has been secured by contract and the location will be closed at the end of the year. Beyond that, we realised a portfolio sale with 1,500 units in the greater areas of Frankfurt/Main, Hamburg and Cologne/Düsseldorf in the beginning of November. The sales are improving our financial strength: as well as releasing tied liquidity for new co-investments, we are also realising book profits posted in the past. In the third quarter alone, we realised EUR 4.0 million in changes in value, with this parameter actually totalling EUR 11.8 million for the first three quarters.

The highlights of the third quarter included the conclusion of a new co-investment with Oaktree Capital Management in Great Britain for GBP 430 million (EUR 540 million). Following on from Winnersh Holdings LP, we made our second investment in business parks. After less than 18 months, we now manage real estate assets of almost EUR 1 billion in Great Britain! But that's not all: PATRIZIA UK is examining further investments and we are optimistic we will be able to announce the conclusion of further transactions in the current year.

Our forecast for the development of our other key indicators remains unchanged by the end of the year, we will reduce our bank loans to less than EUR 100 million, or below EUR 180 million if the two bonded loans are included. The expiry of the last interest rate hedges on 30 June 2014 has had a favourable impact on the financial result and is an additional factor in helping us achieve our target.

The PATRIZIA Managing Board



**Wolfgang Egger**  
CEO



**Arwed Fischer**  
CFO



**Klaus Schmitt**  
COO

# Consolidated Interim Management Report

FOR THE FIRST THREE QUARTERS OF 2014

## 1 PATRIZIA ON THE CAPITAL MARKET

For PATRIZIA shareholders, the year so far has been very pleasing with a 38.5% rise in the share price. The PATRIZIA share stood at EUR 10.62 on 30 September 2014. The highs and lows (closing prices) for the first nine months varied between EUR 7.49 and EUR 10.86. Following the 10% capital increase from company funds in order to issue bonus shares, 6.3 million new shares were traded for the first time on 17 July 2014. Although this led to a reduction in the share price from EUR 9.71 to EUR 8.83 on that day, the reduction was compensated by the end of August, especially as some analysts had raised their target price for PATRIZIA shares. Since the issue, the share capital has amounted to EUR 69,385,030; as of 30 September 2014, the market capitalisation amounted to EUR 737 million (31 December 2013: EUR 484 million). The fact that the market capitalisation rose by 52.3% in absolute terms despite the 10% increase in share capital is clear evidence that the 38.5% absolute growth in share value is significantly higher in relative terms and from a purely arithmetical perspective, would give a price of EUR 11.68. In the current year, the trading volume fell to an average of 100,200 shares per day (full year in 2013: 162,600 shares/day).

## 2 OUR EMPLOYEES

The number of permanent employees increased to 757 as of 30 September 2014. Since the end of December 2013 there has been a net addition of 45 employees (+6.3%). The figures also include 45 trainees and students of Duale Hochschule Stuttgart majoring in real estate and 61 part-time employees. 51 employees now work at the international locations (Denmark, Finland, France, Great Britain, Ireland, Luxembourg, the Netherlands and Sweden). In terms of full-time equivalents, the number of staff at the end of the quarter was 735 employees (31 December 2013: 688 employees, +6.8%).

## 3 OTHER EVENTS

As part of the process of European expansion in the Nordic countries, PATRIZIA opened an office in Finland in September; this followed the first investments in both residential and commercial real estate in the country. Like Denmark, Sweden and Norway, we believe the Finnish real estate market offers major potential and we have confirmed our commitment by establishing our own office there.

## 4 ECONOMIC REPORT

### 4.1 ECONOMIC ENVIRONMENT

During the year, the economy in the Eurozone revealed moderate expansion and now has lower inflation and a constant unemployment level. Germany proved extremely robust, notably due to the sound development on the employment market. In the medium term, the European Central Bank's latest decision to reduce the main refinancing operations rate by ten basis points to 0.05% and to purchase asset-backed securities should result in an increase in domestic demand with rising prices. The European commercial real estate markets benefited from the positive macroeconomic development in the form of constant to rising income.

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

Residential real estate is still seen as a safe form of investment by both institutional and private investors and is becoming even more attractive due to the lack of alternative investments and low interest rates. Dynamic trends towards urbanisation in Germany are prompting further rises in rents and prices, especially in the top 7 cities. Contrary to trends in previous years, transactions by German residential real estate portfolios in the first half of 2014 tended to focus on smaller portfolios. Momentum in real estate prices in Great Britain and Sweden increased, not least due to the weakness in construction activities in recent years. Here, the shortages in supply led to a significant increase in investment activity for residential real estate.

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

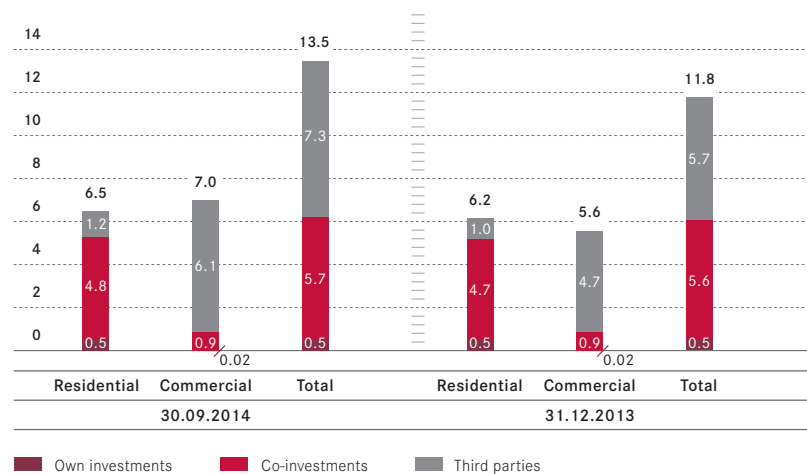
During 2014, the German commercial real estate market revealed constant demand for core properties, especially in the seven top cities of Berlin, Düsseldorf, Frankfurt/Main, Hamburg, Cologne, Munich and Stuttgart. Despite the shortage of supply, the volume of investment in commercial real estate in the third quarter rose 16% on the previous quarter and totalled EUR 25.5 billion for the first nine months. Top rents and returns did not reveal any significant change in the same period. The high proportion of foreign direct investments in the German real estate market is noticeable and indicates increased confidence on the part of international investors. The European commercial real estate markets revealed very differing trends. This was on the one hand due to the political conflicts with Russia and on the other hand to the weak economic performance by some countries in Southern Europe. Commercial real estate transactions focused on core properties in top locations, with secondary locations also proving increasingly attractive as alternative investments. The monetary policy measures introduced by the ECB mean a rise in private consumption is likely; in the medium term, this could also affect retail real estate performance trends.

## 4.2 THE COURSE OF BUSINESS

### Assets under Management

As of 30 September 2014, PATRIZIA was managing real estate assets of EUR 13.5 billion. During the course of the year, assets under management increased by a net EUR 1.7 billion. We are very confident that by the end of the year, we will have exceeded our goal of increasing the volume of real estate assets we manage by EUR 2 billion. Assets under management almost exclusively comprise co-investments and third parties; PATRIZIA's own portfolio now accounts for only 3.7%, with a continuing declining trend.

### ASSETS UNDER MANAGEMENT (IN EUR BILLION)



In what follows, the course of business of PATRIZIA Immobilien AG is shown based on the categories own investments, co-investments and third parties.

### SUMMARY OF COMPLETED SALES, AVERAGE PRICES AND RENTS

	3 <sup>rd</sup> quarter 2014 01.07.– 30.09.2014	3 <sup>rd</sup> quarter 2013 01.07.– 30.09.2013	9 months 2014 01.01.– 30.09.2014	9 months 2013 01.01.– 30.09.2013	2013 01.01.– 31.12.2013
<b>Units from own stocks<sup>1</sup></b>	<b>203</b>	<b>778</b>	<b>592</b>	<b>1,220</b>	<b>1,714</b>
Units from residential property resale	129	169	426	553	746
Average weighted sales price in EUR/sqm	2,669	2,652	2,720	2,633	2,640
Units from block sales	74	609	166	667	968
Average weighted sales price in EUR/sqm	2,025	1,309	1,712	1,397	1,618
Average rental income in EUR/sqm	7.34	7.71	7.44	7.66	7.64
<b>Co-investments<sup>2</sup></b>	<b>266</b>	<b>264</b>	<b>728</b>	<b>746</b>	<b>1,054</b>
Units from residential property resale <sup>3</sup>	260	145	657	456	743
Units from block sales	6	119	71	290	311
<b>Services<sup>2</sup></b>	<b>33</b>	<b>51</b>	<b>212</b>	<b>234</b>	<b>668</b>
Units from residential property resale	3	3	9	5	6
Units from block sales	30	48	203	229	662
<b>TOTAL</b>	<b>502</b>	<b>1,093</b>	<b>1,532</b>	<b>2,200</b>	<b>3,436</b>

<sup>1</sup> Transfer of ownership, usage and encumbrances (purchase price payments become due at the time of the commercial changeover and are thus recognised in profit or loss), without real estate developments

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

<sup>3</sup> Including new-build sales from real estate developments; Q3 2014: 42 units; 9 months 2014: 143 units

## OWN INVESTMENTS

## RESIDENTIAL PROPERTY REALES AND BLOCK SALES IN THE THIRD QUARTER OF 2014 – EXCLUDING REAL ESTATE DEVELOPMENTS

Region/city	Number of units sold				Area sold in sqm			
	Residential property resale	Block sales	Total	Share in %	Residential property resale	Block sales	Total	Share in %
Munich	101	10	111	54.7	7,548	817	8,365	57.0
Cologne/Düsseldorf	20	24	44	21.7	1,404	1,783	3,187	21.7
Berlin	2	40	42	20.7	249	2,720	2,969	20.2
Hamburg	6	0	6	2.9	156	0	156	1.1
<b>TOTAL</b>	<b>129<sup>1</sup></b>	<b>74<sup>2</sup></b>	<b>203</b>	<b>100</b>	<b>9,357</b>	<b>5,320</b>	<b>14,677</b>	<b>100</b>

<sup>1</sup> Of these, 78 units were reported under investment property. A further 44 units from real estate developments were sold, making a total of 173 residential property resales.

<sup>2</sup> Of these, 50 units were reported under investment property.

## Residential Property Resale

In the third quarter of 2014, 129 units from own stocks were sold. At 77%, private investors still account for the majority of demand, with 18% of apartments being sold to owner-occupiers and only 5% to tenants.

In addition, the first 44 completed apartments from **PATRIZIA's own real estate development**, Friedrich-Karl-Terrassen in Cologne, were sold. The sales price received amounted to EUR 13.4 million.

## Block Sales

In the third quarter, three properties with a total of 74 units in Berlin, Cologne and Munich were sold, affecting profit/loss. Of the purchase price revenues of EUR 10.8 million, an amount of EUR 3.1 million was reported under revenues.

The following is a summary of our portfolio taking into account the **sales completed** in the third quarter of 2014 of 203 units, redensification measures and consolidations.

## THE PATRIZIA PORTFOLIO AS AT 30 SEPTEMBER 2014 – BREAKDOWN BY REGION, EXCLUDING REAL ESTATE DEVELOPMENTS

Region/city	Number of units sold				Area sold in sqm			
	Residential property resale	Block sales	Total	Share in %	Residential property resale	Block sales	Total	Share in %
Cologne/Düsseldorf	363	625	988	28.4	32,627	60,282	92,909	36.6
Leipzig	0	828	828	23.8	0	47,874	47,874	18.9
Frankfurt/Main	146	580	726	20.9	10,009	35,958	45,967	18.1
Hamburg	28	512	540	15.5	2,103	32,637	34,740	13.7
Munich	281	0	281	8.1	24,245	0	24,245	9.5
Hanover	0	106	106	3.1	0	7,604	7,604	3.0
Berlin	6	0	6	0.2	594	0	594	0.2
<b>TOTAL</b>	<b>824</b>	<b>2,651</b>	<b>3,475</b>	<b>100</b>	<b>69,578</b>	<b>184,355</b>	<b>253,933</b>	<b>100</b>

## CO-INVESTMENTS

At the end of July, PATRIZIA signed a purchase agreement for EUR 578 million for the co-investment **WohnModul I** to acquire a portfolio with around 5,500 apartments in the Netherlands. PATRIZIA is taking over fund and asset management of the broadly diversified portfolio, which has a total living space of 340,000 sqm. The purchase agreement is still subject to approval by various governing organs of the seller and it is hoped the transaction will be completed in mid-December.

At the start of August, PATRIZIA acquired three business parks in Great Britain for a **further co-investment with Oaktree Capital Management**. When converted, the purchase price is around EUR 538 million (GBP 430 million). With over 300 companies and a good 3,500 employees based there, Hillington Park in Glasgow is Scotland's largest business park. Chineham Park in Basingstoke in the south-west of London focuses on technology firms and currently has around 60 companies based there employing around 3,500 people. Birchwood Park in Warrington in the north-west of England currently accommodates 165 companies with around 6,000 employees. Each of the three parks is already established and also offers important development potential as the regions are currently undergoing major growth. The transaction was completed in October 2014. In conjunction with the acquisition of the real estate, twelve employees are also moving to the PATRIZIA Group and will continue to undertake asset management for the business parks.

The first three quarters did not see any major changes in the **other existing co-investments**. Please refer to the statements in the Company's 2013 Annual Report on p. 24 et seq.

## THIRD PARTIES

## PATRIZIA WohnInvest KAG mbH

Properties with a market value of EUR 32.9 million were transferred to the fund in the third quarter of 2014. In addition, real estate with a market value of EUR 49.6 million was notarised.

## PATRIZIA GewerbeInvest KAG mbH

In the third quarter of 2014, PATRIZIA GewerbeInvest KAG recorded real estate transactions valued at approximately EUR 215.6 million in total. The real estate transactions included all purchases and sales that PATRIZIA GewerbeInvest KAG carried out for fund investments. This represents purchases and sales amounting to EUR 127.6 million in the USA and EUR 88.0 million in Germany.

## PATRIZIA FUNDS AS AT 30 SEPTEMBER 2014

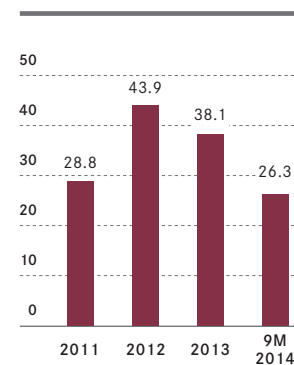
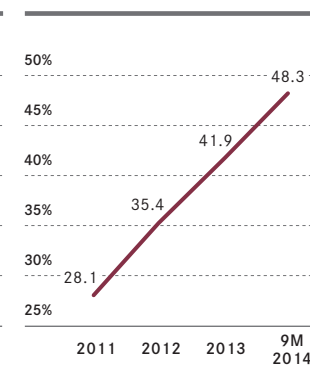
in EUR million	Planned target volume	Committed equity	Assets under management	Number of funds
PATRIZIA WohnInvest KAG mbH	2,026	1,102	981 <sup>1</sup>	7
PATRIZIA GewerbeInvest KAG mbH	8,744	4,353	5,585	17
Pool funds	5,273	2,463	3,442	9
Individual funds	1,471	789	561	6
Labelfonds	2,000	1,101	1,582	2
<b>TOTAL PATRIZIA</b>	<b>10,770</b>	<b>5,455</b>	<b>6,566</b>	<b>24</b>

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

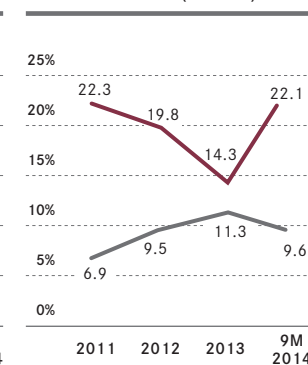
The growth target of EUR 1 billion for assets under management in the segments funds and WohnModul I for the current fiscal year had already been exceeded after nine months with growth of EUR 1.5 billion (AuM as of 30 September 2014: EUR 7.1 billion, 31 December 2013: EUR 5.6 billion).

## 4.3 ECONOMIC POSITION

## FINANCIAL PERFORMANCE INDICATORS

OPERATING RESULT<sup>1</sup>EQUITY RATIO<sup>2</sup>

## SALES MARGINS (GROSS)



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

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

■ Inventories ■ Investment Property

## EARNINGS SITUATION OF THE PATRIZIA GROUP

## CONSOLIDATED REVENUES

EUR '000	3 <sup>rd</sup> quarter 2014	3 <sup>rd</sup> quarter 2013	9 months 2014	9 months 2013
	01.07. – 30.09.2014	01.07. – 30.09.2013	01.01. – 30.09.2014	01.01. – 30.09.2013
Revenues from residential property resale <sup>1</sup>	8,572	11,487	25,618	41,862
Revenues from block sales <sup>1</sup>	3,100	25,291	4,600	25,491
Revenues from real estate developments	13,379	0	13,379	0
Rental revenues	4,988	7,422	16,574	24,009
Revenues from co-investments	7,284	9,043	18,811	26,724
Revenues from third parties	14,431	9,662	51,936	28,777
Other <sup>2</sup>	1,705	2,737	7,192	8,540
<b>TOTAL</b>	<b>53,462</b>	<b>65,642</b>	<b>138,111</b>	<b>155,403</b>

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

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

In the first three quarters of 2014, **consolidated revenues** fell by 11.1% to EUR 138.1 million (9 months 2013: EUR 155.4 million). This was mainly because during the period under review, revenues from inventories fell by around 35%. Rental revenues fell in line with expectations by 31.0% to EUR 16.6 million, while revenues from services showed a contrasting increase. At 51.2% (13.6% from co-investments and 37.6% from third parties), they now account for the highest share of consolidated revenues.

In principle, revenues have only limited significance for PATRIZIA since the selling prices of properties reported in non-current assets are not reflected in revenues. Profits from such sales are reported under the item **“income from the sale of investment property”**. After deduction of the carrying amounts of EUR 71.7 million, purchase price receipts of EUR 79.3 million in the first nine months (9 months 2013: EUR 96.0 million) resulted in a profit of EUR 7.6 million (gross margin: 9.6%). In the period 2007–2013, real estate accounted for positive pro-rata value adjustments that are only recognised at sale and reported accordingly in the presentation of the operating result and in the cash flow statement. During the period under review value adjustments amounting to EUR 11.8 million (third quarter of 2014: EUR 4.0 million) were realised. From January to September, **sales revenues from inventories** fell to EUR 43.6 million (9 months 2013: EUR 67.4 million, –35.3%). Higher prices received were unable to offset the lower sales figures.

#### PURCHASE PRICE REVENUES FROM SOLD REAL ESTATE

EUR '000	3 <sup>rd</sup> quarter 2014	3 <sup>rd</sup> quarter 2013	9 months 2014	9 months 2013
	01.07. – 30.09.2014	01.07. – 30.09.2013	01.01. – 30.09.2014	01.01. – 30.09.2013
<b>Sales revenues from inventories</b>	<b>25,051</b>	<b>36,778</b>	<b>43,597</b>	<b>67,353</b>
Residential property resale	8,572	11,487	25,618	41,862
Block sales	3,100	25,291	4,600	25,491
Real estate developments	13,379	0	13,379	0
<b>Sales revenues from investment property<sup>1</sup></b>	<b>25,132</b>	<b>37,271</b>	<b>79,313</b>	<b>96,017</b>
Residential property resale	17,457	20,571	64,638	69,090
Block sales	7,675	16,700	14,675	26,927
<b>TOTAL</b>	<b>50,183</b>	<b>74,049</b>	<b>122,910</b>	<b>163,370</b>

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

**Changes in inventories** amounted to EUR –4.8 million. Decreases in the carrying value of real estate sold from inventory assets reduced stock by EUR 33.9 million, while capitalisations of EUR 29.1 million increased inventory. Inventory outflows exceeded additions to inventories for the first time in the third quarter. In the two preceding quarters, progress in new builds had in particular resulted in capitalisations. Based on the carrying value, a gross margin of 22.1% was achieved for the sale of inventories; if the third quarter is viewed on its own, the gross margin was 22.2%.

The **cost of materials** for the first nine months increased by 8.3% to EUR 42.3 million in the first nine months. Here, too, expenses of EUR 24.4 million for the development of PATRIZIA's own construction projects played a key role. An amount of EUR 10.1 million was attributable to renovation and maintenance expenses. The remaining cost of materials (EUR 7.8 million) was largely attributable to ancillary costs.

For the period under review we are reporting the item **“cost of purchased services”** for the first time. These expense items were previously reported under other operating expenses. Reporting these separately shows the extent to which orders of relevance for revenues have been placed with external companies. For PATRIZIA, this notably concerns the label funds of PATRIZIA Gewerbelinvest, where PATRIZIA provides the legal platform but does not undertake asset and fund management. The new approach also applies retroactively for previous years' financial statements, which have been adjusted accordingly. In the first three quarters of 2014, the cost of purchased services rose by 14.1% or EUR 1.0 million to EUR 8.3 million.

As expected, **staff costs** revealed the largest cost increase. The increase in employees (+17.0% based on an annual comparison of full-time equivalents as of 30 September) and salary adjustments in line with market trends led to a 20.5% rise in staff costs to EUR 53.4 million. The comparable figure for 2013 was EUR 44.3 million.

As already mentioned, the cost of purchased services was removed from **other operating expenses**. Compared to the adjusted figures for the previous year, other operating expenses remained stable at EUR 30.1 million (9 months 2013: EUR 30.2 million). Selling expenses accounted for EUR 6.1 million of this figure, with EUR 10.7 million attributable to administrative expenses, EUR 9.3 million to operating expenses and EUR 4.0 million to other expenses.

At EUR 6.4 million, **earnings before finance income and taxes (EBIT)** were almost 50% less than the previous year (9 months 2013: EUR 12.5 million). The third quarter produced a negative result of EUR –3.1 million (third quarter of 2013: EUR 4.7 million).



After nine months, **income from participations** amounted to EUR 12.5 million (9 months 2013: EUR 15.8 million) and included the quarterly pro-rata advance profit distributions of the co-investments Südewo (EUR 5.4 million) and GBW (EUR 7.1 million). Since 1 January 2014, the advance profit distributions have been calculated on an exact monthly basis in order to achieve a more transparent income statement. From January to September, the co-investment WohnModul I produced **earnings from companies accounted for using the equity method** of EUR 2.3 million (9 months 2013: EUR 0.6 million). It is important to note that in addition to residential property resale, new construction projects are also a focus here, even though these are largely still in the development phase.

The last of the interest hedging derivatives expired on 30 June 2014. The **financial result** for the third quarter is thus fully cash-flow-related and does not contain any items that need to be adjusted in order to determine the operating result. However, the 9-month analysis does still retain the changes in market value of EUR 2.8 million arising from interest hedging transactions for the period January to June, which under IFRS must be shown in the income statement. Since the third quarter of 2014 was the first time that no interest hedging expenses were incurred, the financial result improved to EUR -1.7 million (third quarter 2013: EUR -3.1 million, cash-related financial result EUR -7.8 million). Based on the first three quarters, the financial result amounted to EUR -6.3 million (9 months 2013: EUR -9.0 million, +30.2%); when adjusted for valuation effects, it amounted to EUR -9.1 million (9 months 2013: EUR -23.4 million, +61.3%). **Financing costs** (interest rate plus margin) in the period under review averaged 3.50% (9 months 2013: 6.68%; full year: 7.06%). With no interest hedging currently in place for any of its financing, the Group is able to benefit fully from the current low level of interest rates. This positive effect will continue in the coming quarters with an overall reduction in loans.

#### MARKET VALUATION OF INTEREST RATE HEDGES

EUR '000	3 <sup>rd</sup> quarter 2014	3 <sup>rd</sup> quarter 2013	9 months 2014	9 months 2013	2013
	01.07.– 30.09.2014	01.07.– 30.09.2013	01.01.– 30.09.2014	01.01.– 30.09.2013	01.01.– 31.12.2013
Change in the value of derivatives	0	4,666	2,819	14,434	19,525

In the first three quarters of 2014, **earnings before tax** (EBT) fell by 22.5% to EUR 15.5 million (9 months 2013: EUR 20.0 million).

The reconciliation of EBT in accordance with IFRS to the **operating result** is effected by taking realised value adjustments to investment property into account and by adjusting non-cash related components of the result. In the financial result, the changes in market values of interest hedges are eliminated (affects only the cumulative result for the first three quarters) and amortisation on fund management contracts are not included. There were no unrealised value adjustments

to investment property in the first three quarters of 2014 or 2013. Under this approach, the **operating result** rose 41.1% from EUR 18.7 million to EUR 26.3 million. The third quarter contributed EUR 4.9 million, over nine times more than in the preceding year (third quarter of 2013: EUR 0.5 million). The Management Services segment accounted for 55% of the operating result (9 months 2013: 72%; 2013: 77%). In the previous year, the one-off purchase fee received in the second quarter in connection with GBW AG resulted in a significantly higher share.

#### CALCULATION OF THE ADJUSTED FIGURES

EUR '000	3 <sup>rd</sup> quarter 2014	3 <sup>rd</sup> quarter 2013	9 months 2014	9 months 2013	2013
	01.07.– 30.09.2014	01.07.– 30.09.2013	01.01.– 30.09.2014	01.01.– 30.09.2013	01.01.– 31.12.2013
<b>EBIT</b>	<b>-3,094</b>	<b>4,674</b>	<b>6,392</b>	<b>12,509</b>	<b>18,749</b>
Amortisation on fund management contracts <sup>1</sup>	622	649	1,863	1,791	2,566
Unrealised change in the value of investment property	0	0	0	0	-17
Realised change in the value of investment property	3,964	2,340	11,771	11,318	15,063
<b>EBIT adjusted</b>	<b>1,492</b>	<b>7,663</b>	<b>20,026</b>	<b>25,618</b>	<b>36,361</b>
Income from participations	4,205	0	12,539	15,833	32,122
Earnings from companies accounted for using the equity method	684	646	2,250	646	658
Financial result	-1,677	-3,107	-6,272	-8,988	-11,904
Change in the value of derivatives	0	-4,666	-2,819	-14,434	-19,525
Release of other result from cash flow hedging	0	0	31	0	433
Gains/losses from currency translation	179	-15	578	-15	-26
<b>OPERATING RESULT</b>	<b>4,883</b>	<b>521</b>	<b>26,333</b>	<b>18,660</b>	<b>38,119</b>

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

After deduction of income taxes, PATRIZIA achieved a **profit for the period** of EUR 14.9 million (9 months 2013: EUR 19.7 million). If the third quarter is viewed on its own, PATRIZIA ended it with a slight loss of EUR -0.4 million. This was due to a retrospective tax payment for preceding assessment periods which was higher than the corresponding provisions formed.

This produced **earnings per share** of EUR -0.01 for the third quarter or EUR 0.21 for the period from January to September.

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

EUR '000	3 <sup>rd</sup> quarter	3 <sup>rd</sup> quarter	9 months	9 months	2013
	2014	2013	2014	2013	2013
	01.07. – 30.09.2014	01.07. – 30.09.2013	01.01. – 30.09.2014	01.01. – 30.09.2013	01.01. – 31.12.2013
Revenues	53,462	65,642	138,111	155,403	217,398
Total operating performance	46,485	47,890	145,684	137,681	207,878
EBITDA	-1,302	6,223	11,451	16,753	24,856
EBIT	-3,094	4,674	6,392	12,509	18,749
EBT	297	2,198	15,487	19,985	39,599
Operating result <sup>1</sup>	4,883	521	26,333	18,660	38,119
Profit/loss for the period	-421	1,939	14,890	19,685	37,168

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

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

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

	30.09.2014 EUR '000	31.12.2013 EUR '000	Change in %
Total assets	807,355	892,715	-9.6
Equity (including non-controlling partners)	389,928	374,481	4.1
Equity ratio	48.3%	41.9%	6.4 PP
Bank loans	214,896	321,634	-33.2
- Cash and cash equivalents	123,339	105,536	16.9
+ Bonded loans (non-current liabilities)	77,000	77,000	0
= Net financial debt	168,557	293,098	-42.5
Real estate assets <sup>1</sup>	464,908	538,920	-13.7
Loan to value <sup>2</sup>	46.2%	59.7%	-13.5 PP
Net gearing <sup>3</sup>	43.4%	78.6%	-35.2 PP
Operating return on equity <sup>4</sup>	9.2%	10.7%	-1.5 PP

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

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

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

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

PP = percentage points

**Total assets** decreased from EUR 892.7 million to EUR 807.4 million. Since the start of the year, **investment property** has reduced by 30.1% to EUR 160.6 million due to sales. Inventories also fell slightly by 1.6% and amounted to EUR 304.4 million. As well as existing properties, third-quarter sales also included the first completed apartments from the new construction project Friedrich-Karl-Terrassen in Cologne. Own real estate developments, which are measured at amortised cost, had a carrying value of EUR 111.2 million. Taking inventories and investment property together results in a carrying value of real estate assets as of 30 September 2014 of EUR 464.9 million (31 December 2013: EUR 538.9 million, -13.7%). As a result of income from participations and further capital additions, **participations** and **participations in associated companies** increased to a total of EUR 110.1 million (+11.9%). By contrast, there was a reduction in loans.

The sale of PATRIZIA's own portfolio has had a positive impact on debt development: As expected, **bank loans** continued to fall and amounted to EUR 214.9 million as of 30 September 2014 (31 December 2013: EUR 321.6 million, -33.2%). Two bonded loans for EUR 77 million which are reported as non-current liabilities also have to be considered as debt. A schedule of maturities for our loans is listed in Section 10.1 of the Notes to the Consolidated Interim Financial Statements of this report.

On the reporting date, **cash and cash equivalents** rose 16.9% to EUR 123.3 million (31 December 2013: EUR 105.5 million).

The PATRIZIA Group's equity showed a further improvement. Its share of total assets (**equity ratio**, 31 December 2013: 41.9%) rose accordingly by 6.4 percentage points to 48.3%. The target figure of 80–90% should be achieved by the end of 2015.

#### PATRIZIA CAPITAL ALLOCATION AS AT 30 SEPTEMBER 2014

	Assets under management in EUR million	Investment capital in EUR million	Participation in %
<b>Operating companies<sup>1</sup></b>	<b>–</b>	<b>39.6</b>	<b>100</b>
<b>Own investments<sup>2</sup></b>	<b>465</b>	<b>225.7</b>	<b>100</b>
<b>Co-investments</b>	<b>5,740</b>	<b>128.0</b>	
<b>Residential</b>	<b>4,787</b>	<b>98.1</b>	
GBW AG	2,726	54.7	5.1
Süddeutsche Wohnen GmbH	1,523	14.9	2.5
WohnModul I SICAV-FIS	495	26.3	9.1
Other	43	2.2	10.0
<b>Commercial Germany</b>	<b>570</b>	<b>17.9</b>	
PATROffice	326	7.0	6.3
sono west	58	5.8	30.0
Deikon	186	5.1	5.1
<b>Commercial International</b>	<b>383</b>	<b>12.0</b>	
Plymouth Sound Holdings LP (UK)	65	2.1	10.0
Winnersh Holdings LP (UK)	318	9.9	5.0
<b>Third parties</b>	<b>7,279</b>	<b>–</b>	<b>0</b>
<b>Tied investment capital</b>	<b>13,484</b>	<b>393.3</b>	
Bank balances and cash	–	73.6	–
<b>Total investment capital</b>	<b>13,484</b>	<b>466.9</b>	
thereof borrowed capital (bonded loans)	–	77.0	–
thereof PATRIZIA equity	–	389.9	–

<sup>1</sup> Tied investment capital relating to the acquisition of PATRIZIA GewerbeInvest KAG and PATRIZIA UK and the development of the new companies PATRIZIA WohnInvest KAG, PATRIZIA France, PATRIZIA Netherlands, PATRIZIA Nordics

<sup>2</sup> Investment property and inventories including real estate developments

#### Net Asset Value (NAV)

At PATRIZIA, some own real estate is valued at the market value (fair value, applies to investment property), and some at amortised cost (inventories). In the first three quarters of 2014, sales resulted in gross margins of 9.6% and 22.1% above the carrying value, thus testifying to the value retention of our real estate. The entire Services division, which at 55% accounted for the majority of the operating result for the first nine months, is not included when calculating net asset value. The NAV can only serve as a component for determining corporate value in conjunction with the value of the services business. For comparative purposes, we will continue to disclose NAV for as long as we have significant real estate assets on the balance sheet.

#### CALCULATION OF NAV

EUR '000	30.09.2014	31.12.2013
Investment property <sup>1</sup>	160,554	229,717
Participations in associated companies	26,344	18,295
Participations	83,748	80,074
Inventories <sup>2</sup>	304,354	309,203
Current receivables and other current assets	44,776	82,262
Bank balances and cash	123,339	105,536
Less non-current liabilities <sup>3</sup>	-77,000	-77,000
Less current liabilities	-87,054	-75,759
Less bank loans	-214,896	-321,634
<b>NAV</b>	<b>364,165</b>	<b>350,694</b>
No. of shares	69,385,030	63,077,300
<b>NAV / SHARE (EUR)</b>	<b>5.25</b>	<b>5.56</b>

<sup>1</sup> Fair market valuation; (gross) sales margin of the first three quarters of 2014: 9.6%; third quarter of 2014: 8.3%

<sup>2</sup> Valuation at amortised cost; (gross) sales margin of the first three quarters of 2014: 22.1%; third quarter of 2014: 22.2%

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

## 5 SUPPLEMENTARY REPORT

#### OWN INVESTMENTS

The entire own stock of 828 units in Leipzig was notarised at the start of September. The selling price of EUR 49.0 million is expected to be recognised in profit/loss at the end of December. The property was reported as a current asset and shown under inventories. The remaining 106 units in Hanover were also notarised within the context of a block sale. The purchase price of EUR 8.1 million for the real estate, which is reported under investment property, should be received in December. Following Friedrichshafen and Regensburg (2012) and also Dresden (2013), these sales will lead to the closure of two further PATRIZIA locations at the end of the year.

In early November PATRIZIA notarised the sale of a portfolio comprising 1,150 units with an area of 75,400 sqm. The parties agreed not to disclose the sales price. The apartments are located in the major conurbations of Frankfurt/Main, Hamburg and Cologne/Düsseldorf. After the transaction is concluded, Frankfurt will have a pure residential property resale portfolio.

Furthermore, the sale of additional properties comprising 114 units was notarised in the current fourth quarter for a sum of EUR 11.6 million.

#### **PATRIZIA'S STRATEGY / BUSINESS MODEL**

##### **Funds for private investors**

From 2015, PATRIZIA will also offer funds for private investors in addition to fund products for institutional investors. PATRIZIA GrundInvest GmbH, which has been specially formed for this purpose, will establish closed-ended investment funds and draw on the experience of PATRIZIA's local experts in Germany and other countries. The minimum investment sum is EUR 15,000.

##### **Implementation of the AIFMD at PATRIZIA**

**Germany:** The two licence applications for PATRIZIA WohnInvest KAG mbH and PATRIZIA GewerbeInvest KAG mbH are still being processed; we expect to receive the licences soon. A positive decision for the newly formed PATRIZIA GrundInvest GmbH is not expected until the second quarter of 2015.

**International:** PATRIZIA Real Estate Investment Management S.à r.l. was licensed in October. At the international level, PATRIZIA can therefore now also handle fund, portfolio and risk-management mandates in accordance with the AIFMD in Luxembourg as well as in Denmark.

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

In the course of its business activities, PATRIZIA Immobilien AG is confronted with both opportunities and risks. The necessary measures have been taken and processes put in place in the Group to identify negative trends and risks in good time and to counteract them. The risk audit conducted to date in the 2014 fiscal year has not revealed any major changes related to the opportunity and risk profile. No significant new opportunities or risks have been identified for the Group since the 2013 annual financial statements. The assessment of probabilities and potential extent of damage has also not led to any significant changes in the interim risk audit.

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

#### **7 REPORT ON EXPECTED DEVELOPMENTS**

With an operating result of EUR 26.3 million for the first three quarters of 2014, we have achieved 52.6% of our forecast of at least EUR 50 million for the full year. As already stated in our report for the first half of the year, we anticipate that around 50% of the expected contributions to earnings for 2014 will not be earned until the fourth quarter because dividends and performance fees received are not scheduled to be posted until December. We expect that the two co-investments Südewo and GBW alone, including the pro-rata asset management fee, will make a significant contribution to results. Similarly, the purchase fee from the Dutch residential portfolio, which is calculated based on the purchase price of EUR 578 million, will also have a major impact on the result.

The notarised sales volume for own stocks shows that our sales for 2014 as a whole will significantly exceed the target figure of 1,800 units. In addition to the major portfolio sale for which secrecy has been agreed over the purchase price, ownership, usage and encumbrances for block sales of EUR 68.7 million already notarised (including EUR 13.3 million from investment property and EUR 55.4 million from inventories) should be transferred as planned by 31 December. Residential property resales will stabilise at the level of previous quarters. At the end of the year, PATRIZIA's own portfolio will still comprise around 1,000 units.

Since these items can be reliably calculated, the PATRIZIA Managing Board stands by its forecast operating result of at least EUR 50 million. Furthermore, the notarised contracts for purchases and sales give us sufficient certainty that we will exceed our planned growth of EUR 2 billion in assets under management to around EUR 14 billion by the end of the fiscal year.

Indebtedness will thus continue to decline, meaning it will fall below the published target of EUR 180 million for the year-end comprising around EUR 100 million in bank loans and EUR 77 million in bonded loans. Overall, the forecast equity ratio (based on realised operating result) of around 13% should also be feasible.

Please refer to the Report on Expected Developments on pages 59 et seq. of the 2013 Annual Report for statements on other forecast figures.

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

# Consolidated Balance Sheet

AS OF 30 SEPTEMBER 2014

## ASSETS

EUR '000	30.09.2014	31.12.2013
<b>A. Non-current assets</b>		
Goodwill	610	610
Other intangible assets	40,038	41,904
Software	10,328	8,698
Investment property	160,554	229,717
Equipment	4,550	4,765
Participations in associated companies	26,344	18,295
Participations	83,748	80,074
Loans	1,052	5,814
Long-term tax assets	122	159
<b>Total non-current assets</b>	<b>327,346</b>	<b>390,036</b>
<b>B. Current assets</b>		
Inventories	304,354	309,203
Securities	86	96
Short-term tax assets	7,454	5,582
Current receivables and other current assets	44,776	82,262
Bank balances and cash	123,339	105,536
<b>Total current assets</b>	<b>480,009</b>	<b>502,679</b>
<b>TOTAL ASSETS</b>	<b>807,355</b>	<b>892,715</b>

## EQUITY AND LIABILITIES

EUR '000	30.09.2014	31.12.2013
<b>A. Equity</b>		
Share capital	69,385	63,077
Capital reserve	198,581	204,897
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	1,169	1,398
Valuation results from cash flow hedges	0	-31
Currency translation difference	1,034	500
Consolidated net profit	119,254	104,135
<b>Total equity</b>	<b>389,928</b>	<b>374,481</b>
<b>B. Liabilities</b>		
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	20,163	22,933
Retirement benefit obligations	534	534
Non-current liabilities	81,036	80,849
<b>Total non-current liabilities</b>	<b>101,733</b>	<b>104,316</b>
<b>CURRENT LIABILITIES</b>		
Short-term bank loans	214,896	321,634
Short-term financial derivatives	0	2,819
Other provisions	1,735	1,719
Current liabilities	87,054	75,759
Tax liabilities	7,804	11,987
Other current liabilities	4,205	0
<b>Total current liabilities</b>	<b>315,694</b>	<b>413,918</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>807,355</b>	<b>892,715</b>

## Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014

EUR '000	3 <sup>rd</sup> quarter 2014	3 <sup>rd</sup> quarter 2013	9 months 2014	9 months 2013
	01.07. – 30.09.2014	01.07. – 30.09.2013	01.01. – 30.09.2014	01.01. – 30.09.2013
Revenues	53,462	65,642	138,111	155,403
Income from the sale of investment property	2,084	4,418	7,596	12,478
Changes in inventories	-10,027	-24,309	-4,849	-36,143
Other operating income	966	2,139	4,826	5,943
<b>Total operating performance</b>	<b>46,485</b>	<b>47,890</b>	<b>145,684</b>	<b>137,681</b>
Cost of materials	-15,890	-15,257	-42,305	-39,058
Cost of purchased services	-2,693	-6,327	-8,349	-7,316
Staff costs	-18,040	-14,607	-53,436	-44,349
Other operating expenses	-11,164	-5,476	-30,143	-30,205
<b>EBITDA</b>	<b>-1,302</b>	<b>6,223</b>	<b>11,451</b>	<b>16,753</b>
Amortisation of intangible assets and depreciation on property, plant and equipment	-1,792	-1,549	-5,059	-4,244
<b>Earnings before finance income and income taxes (EBIT)</b>	<b>-3,094</b>	<b>4,674</b>	<b>6,392</b>	<b>12,509</b>
Income from participations	4,205	0	12,539	15,833
Earnings from companies accounted for using the equity method	684	646	2,250	646
Finance income	304	4,975	3,722	15,070
Finance cost	-1,981	-8,082	-9,994	-24,058
Gains/losses from currency translation	179	-15	578	-15
<b>Earnings before income taxes (EBT)</b>	<b>297</b>	<b>2,198</b>	<b>15,487</b>	<b>19,985</b>
Income tax	-718	-259	-597	-300
<b>Consolidated net profit/loss</b>	<b>-421</b>	<b>1,939</b>	<b>14,890</b>	<b>19,685</b>
Earnings per share (undiluted) in EUR	-0.01	0.03	0.21	0.28
<b>The consolidated net profit/loss for the period is allocated to:</b>				
Shareholders of the parent company	-335	1,994	15,119	19,809
Non-controlling shareholders	-86	-55	-229	-124
	<b>-421</b>	<b>1,939</b>	<b>14,890</b>	<b>19,685</b>

## Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014

EUR '000	3 <sup>rd</sup> quarter 2014	3 <sup>rd</sup> quarter 2013	9 months 2014	9 months 2013
	01.07. – 30.09.2014	01.07. – 30.09.2013	01.01. – 30.09.2014	01.01. – 30.09.2013
<b>Consolidated net profit/loss</b>	<b>-421</b>	<b>1,939</b>	<b>14,890</b>	<b>19,685</b>
Items of other comprehensive income with reclassification to net profit/loss for the period				
Profit/loss from the translation of financial statements of international business units	228	8	534	8
Cash flow hedges				
Amounts recorded during the reporting period	0	128	0	340
Reclassification of amounts that were recorded	0	0	31	0
<b>Total result for the reporting period</b>	<b>-193</b>	<b>2,075</b>	<b>15,455</b>	<b>20,033</b>
The total result is allocated to:				
Shareholders of the parent company	-107	2,130	15,684	20,157
Non-controlling shareholders	-86	-55	-229	-124
	<b>-193</b>	<b>2,075</b>	<b>15,455</b>	<b>20,033</b>

## Consolidated Cash Flow Statement

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014

EUR '000	01.01. – 30.09.2014	01.01. – 30.09.2013
Consolidated net profit	14,890	19,685
Income taxes recognised through profit or loss	597	300
Financial expenses through profit or loss	9,994	24,058
Financial income through profit or loss	-3,722	-15,070
Amortisation of intangible assets and depreciation on property, plant and equipment	5,059	4,244
Gain on disposal of investment properties	-7,596	-12,478
Other non-cash items	-4,936	1,329
Changes in inventories, receivables and other assets that are not attributable to investing activities	40,510	78,854
Changes in liabilities that are not attributable to financing activities	16,164	98,132
Interest paid	-9,209	-23,156
Interest received	409	382
Income tax payments	-5,501	-2,059
<b>Cash inflow from operating activities</b>	<b>56,659</b>	<b>174,221</b>
Capital investments in intangible assets and property, plant and equipment	-4,593	-6,070
Cash receipts from disposal of investment property	79,313	96,017
Payments for development or acquisition of investment property	-2,554	-4,503
Payments for the acquisition of shareholdings	-3,308	-60,936
Payment for investments in companies accounted for using the equity method	-5,799	0
Cash inflow from the repayment of loans to companies in which participations are held	5,267	0
Cash outflows for loans to companies in which participations are held	-436	0
<b>Cash inflow from investing activities</b>	<b>67,890</b>	<b>24,508</b>
Borrowing of loans	133,475	88,833
Repayment of loans	-240,213	-246,145
Payment for the issuance of bonus shares	-8	-13
<b>Cash outflow from financing activities</b>	<b>-106,746</b>	<b>-157,325</b>
<b>Changes in cash</b>	<b>17,803</b>	<b>41,404</b>
Cash 01.01.	105,536	38,135
Cash 30.09.	123,339	79,539

## Consolidated Statement of Changes in Equity

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014

EUR '000	Share capital	Capital reserve	Valuation result from cash flow hedges	Retained earnings (legal reserve)	Currency translation difference	Consolidated net profit	Thereof attributable to the shareholders of the parent company	Thereof attributable to non-controlling shareholders	Total
<b>Balance 01.01.2013</b>	<b>57,343</b>	<b>210,644</b>	<b>-469</b>	<b>505</b>	<b>0</b>	<b>66,808</b>	<b>334,831</b>	<b>1,556</b>	<b>336,387</b>
Net amount recognised directly in equity, where applicable less income taxes			340		8		348		348
Issue of bonus shares	5,734	-5,734							
Expense incurred in issuing bonus shares		-13					-13		-13
Non-controlling interests arising from the inclusion of new companies								1	1
Net profit/loss for the period						19,809	19,809	-124	19,685
Full overall result for the period			340				20,157	-124	20,033
<b>Balance 30.09.2013</b>	<b>63,077</b>	<b>204,897</b>	<b>-129</b>	<b>505</b>	<b>8</b>	<b>86,617</b>	<b>354,975</b>	<b>1,433</b>	<b>356,408</b>
<b>Balance 01.01.2014</b>	<b>63,077</b>	<b>204,897</b>	<b>-31</b>	<b>505</b>	<b>500</b>	<b>104,135</b>	<b>373,083</b>	<b>1,398</b>	<b>374,481</b>
Net amount recognised directly in equity, where applicable less income taxes			31		534		565		565
Issue of bonus shares	6,308	-6,308							
Expense incurred in issuing bonus shares		-8					-8		-8
Net profit/loss for the period						15,119	15,119	-229	14,890
Full overall result for the period							15,684	-229	15,455
<b>BALANCE 30.09.2014</b>	<b>69,385</b>	<b>198,581</b>	<b>0</b>	<b>505</b>	<b>1,034</b>	<b>119,254</b>	<b>388,759</b>	<b>1,169</b>	<b>389,928</b>

# Notes to the Consolidated Interim Financial Statements

TO 30 SEPTEMBER 2014 (FIRST NINE MONTHS OF 2014)

## 1 GENERAL DISCLOSURES

PATRIZIA Immobilien AG is a listed German stock corporation. The Company's headquarters are located at Fuggerstrasse 26, 86150 Augsburg. PATRIZIA Immobilien AG has been active as an investor and service provider on the real estate market for 30 years, and now in over ten countries. PATRIZIA covers the spectrum of purchasing, management, appreciation and sale of residential and commercial properties. As a recognised business partner of large institutional investors, the Company operates nationally and internationally, covering the entire value chain relating to all fields of real estate. Currently the Company manages real estate assets with a value of EUR 13.5 billion mainly as a co-investor and portfolio manager for insurance companies, pension fund institutions, sovereign wealth funds and savings banks.

## 2 PRINCIPLES APPLIED IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

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

From the perspective of the Company's management, the present unaudited consolidated interim financial statements for the period ended 30 September 2014 contain all of the information necessary to provide a true and fair view of the course of business and the earnings situation in the period under review. The earnings generated in the first nine months of 2014 are not necessarily an indication of future earnings or of the expected total earnings for fiscal year 2014.

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

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

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

## 3 SCOPE OF CONSOLIDATION

All of the Company's subsidiaries are included in the consolidated financial statements of PATRIZIA Immobilien AG. The Group includes all companies controlled by PATRIZIA Immobilien AG. In addition to the parent company, the scope of consolidation comprises 70 subsidiaries. They are included in the consolidated financial statements in line with the rules of full consolidation.

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

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



#### COMPANY ACQUISITIONS AND NEW COMPANIES FOUNDED

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

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

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

On 4 July 2014, PATRIZIA Luxembourg S.à r.l., which belongs to PATRIZIA Immobilien AG's scope of consolidation, founded PATRIZIA Investment Management HoldCo S.à r.l., Luxembourg. The company's share capital is TEUR 12.5. The object of the company is the provision of finance to real estate companies, the purchase or holding of shares in real estate companies, the purchase of real estate and the operation and sale (including residential property resale) of real estate held by the company.

On 29 September 2014, PATRIZIA Immobilien AG established PATRIZIA GrundInvest GmbH, Augsburg. The outstanding contributions to the company's subscribed share capital amount to TEUR 25. The object of the company is the management of own assets and acting as controlled company within the framework of a fiscal unity arrangement.

#### 4 INVESTMENT PROPERTY

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

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

#### 5 PARTICIPATIONS IN ASSOCIATED COMPANIES

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

The share in the consolidated net profit of PATRIZIA WohnModul I SICAV-FIS for the first three quarters of 2014 was TEUR 2,250 (first nine months of 2013: TEUR 646).

#### 6 PARTICIPATIONS

The item "Participations" includes the following main holdings:

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

The investment result in the first nine months of 2014 was TEUR 12,539 (first nine months of 2013: TEUR 15,833).

#### 7 LOANS

The loan granted in connection with the co-investment GBW was redeemed in full in the third quarter of 2014. The loan to the co-investment Plymouth Sound Holdings LP was also redeemed except for an amount of TEUR 1,050 (31 December 2013: TEUR 2,745).

#### 8 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 straight-forward modernisation and renovation activities. Assessment and qualification as an inventory is undertaken within the context of the purchasing decision and implemented in the balance sheet as at the date of addition.

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

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

## 9 EQUITY

The share capital of PATRIZIA Immobilien AG at the reporting date totalled EUR 69,385,030 (31 December 2013: EUR 63,077,300) and was divided into 69,385,030 no-par value shares (shares with no nominal value). The development of equity is shown in the consolidated statement of changes in equity. As of 30 September 2014, equity improved to EUR 389.9 million (31 December 2013: EUR 374.5 million).

## 10 LIABILITIES

### 10.1 LIABILITIES TO BANKS

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

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

The residual terms of the bank loans are as follows:

### BANK LOANS

EUR '000	30.09.2014	30.06.2014	31.03.2014	31.12.2013
Up to 1 year	40,580	38,392	288,923	284,857
More than 1 year to 2 years	98,893	106,415	36,671	36,777
More than 2 years to 5 years	75,423	93,727	0	0
<b>TOTAL</b>	<b>214,896</b>	<b>238,534</b>	<b>325,594</b>	<b>321,634</b>

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

Year	Amount of loans due as at							
	30.09.2014		30.06.2014		31.03.2014		31.12.2013	
	EUR '000	in %	EUR '000	in %	EUR '000	in %	EUR '000	in %
2014	24,537	11.4	24,590	10.3	288,923	88.7	284,857	88.6
2015	51,635	24.0	51,751	21.7	36,671	11.3	36,777	11.4
2016	138,724	64.6	162,193	68.0	0	0	0	0
<b>TOTAL</b>	<b>214,896</b>	<b>100</b>	<b>238,534</b>	<b>100</b>	<b>325,594</b>	<b>100</b>	<b>321,634</b>	<b>100</b>

### MATURITY OF LOANS BY QUARTER

Year	Quarter	Amount of loans due as at 30.09.2014	
		EUR '000	in %
2014	Q4	24,537	11.4
2015	Q1	13,802	6.4
	Q3	2,241	1.0
	Q4	35,592	16.6
2016	Q2	63,301	29.5
	Q4	75,423	35.1
<b>TOTAL</b>		<b>214,896</b>	<b>100</b>

### 10.2 LIABILITIES TO OTHER LENDERS

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

### 10.3 OTHER CURRENT LIABILITIES

A corresponding deferred item was formed under other current liabilities in order to periodise the interim profits for the two co-investments Südewo and GBW.

## 11 REVENUES

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

## 12 COST FOR PURCHASED SERVICES

For the period under review we are reporting the item “cost of purchased services” for the first time. These expense items were previously reported under other operating expenses. Reporting these separately shows the extent to which orders of relevance for revenues have been placed with external companies. For PATRIZIA, this notably concerns the label funds of PATRIZIA GewerbelInvest, where PATRIZIA provides the legal platform but does not undertake asset and fund management. The new approach also applies retroactively for previous years’ financial statements, which have been adjusted accordingly.

## 13 FINANCIAL RESULT

EUR '000	3 <sup>rd</sup> quarter	3 <sup>rd</sup> quarter	9 months	9 months	2013
	2014	2013	2014	2013	
	01.07.– 30.09.2014	01.07.– 30.09.2013	01.01.– 30.09.2014	01.01.– 30.09.2013	01.01.– 31.12.2013
Interest on bank deposits	37	31	259	278	326
Changes in the value of derivatives	0	4,666	2,819	14,434	19,525
Other interest	267	278	644	358	669
<b>Financial income</b>	<b>304</b>	<b>4,975</b>	<b>3,722</b>	<b>15,070</b>	<b>20,520</b>
Interest on revolving lines of credit and bank loans	-873	-1,974	-3,602	-6,458	-8,104
Interest rate hedging expense	0	-4,957	-2,822	-14,954	-19,771
Release of other result from cash flow hedging	0	0	-31	0	-433
Other finance costs	-1,108	-1,151	-3,539	-2,646	-4,116
<b>Financial expenses</b>	<b>-1,981</b>	<b>-8,082</b>	<b>-9,994</b>	<b>-24,058</b>	<b>-32,424</b>
<b>FINANCIAL RESULT</b>	<b>-1,677</b>	<b>-3,107</b>	<b>-6,272</b>	<b>-8,988</b>	<b>-11,904</b>
Financial result adjusted for valuation effects	-1,677	-7,773	-9,060	-23,422	-30,996

## 14 EARNINGS PER SHARE

	3 <sup>rd</sup> quarter	3 <sup>rd</sup> quarter	9 months	9 months	2013
	2014	2013	2014	2013	2013
	01.07.– 30.09.2014	01.07.– 30.09.2013	01.01.– 30.09.2014	01.01.– 30.09.2013	01.01.– 31.12.2013
Net profit/loss for the period (in EUR '000)	-421	1,939	14,890	19,685	37,326
Number of shares issued	69,385,030	63,077,300	69,385,030	63,077,300	63,077,300
Weighted number of shares	69,385,030	69,385,030	69,385,030	69,385,030	69,385,030
<b>EARNINGS PER SHARE (IN EURO)</b>	<b>-0.01</b>	<b>0.03</b>	<b>0.21</b>	<b>0.28</b>	<b>0.54</b>

In application of IAS 33.64, the weighted number of shares for the previous year (63,077,000) was adjusted. In doing so, it was assumed that the weighted number of shares throughout the year for 2013 corresponds to that for 2014.

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

## 15 SEGMENT REPORTING

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

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

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

The **Investments segment** primarily bundles portfolio management and the sale of own investments. As of the balance sheet date, the segment had a portfolio of around 3,500 (31 December 2013: around 4,100) residential units and three real estate developments that are listed as investment property and inventories. Clients include private and institutional investors that invest either in individual residential units or in real estate portfolios. It is planned to sell off the entire stock of own property as far as possible by the end of 2015.

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

The **Management Services segment** covers a broad spectrum of real estate services, in particular analysis and consultancy during the purchase and sale of individual residential and commercial properties or portfolios (Acquisition and Sales), the management of real estate (Property Management), value-oriented management of real estate portfolios (Asset Management) as well as strategic consulting with regard to investment strategy, portfolio planning and allocation (Portfolio Management) and the execution of complex, non-standard investments (Alternative Investments). Special funds are also established and managed including at a client's individual request via the Group's two own investment management companies. Commission revenues generated by services, both from co-investments and from third parties, are reported in the Management Services segment. These also include income from participating interests that are granted as interim profits for asset management of the two co-investments Südewo and GBW.

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

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

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

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

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

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

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

## THIRD QUARTER 2014 (1 JULY - 30 SEPTEMBER 2014)

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>Germany</b>					
External revenues	31,592	19,348	0	0	50,940
Revenues from single unit sales <sup>1</sup>	21,951	0			21,951
Revenues from block sales	3,100	0			3,100
Rental revenues	4,988	0			4,988
Revenues from services	0	19,348			19,348
Co-investments		5,622			5,622
Third parties		13,726			13,726
Other	1,553	0			1,553
Intercompany revenues	49	3,206	0	-2,864	392
<b>International<sup>2</sup></b>					
External revenues	0	2,387	0	0	2,387
Revenues from services		2,312			2,312
Co-investments		1,566			1,566
Third parties		746			746
Other		75			75
Intercompany revenues	0	762	0	0	762
<b>Corporate</b>					
External revenues	0	0	134	0	134
Intercompany revenues	0	0	5,141	0	5,141
<b>Consolidation</b>					
External revenues	0	0	0	0	0
Intercompany revenues	0	-776	0	-5,519	-6,295
<b>Group</b>					
External revenues	31,592	21,736	134	0	53,462
Revenues from single unit sales <sup>1</sup>	21,951	0	0		21,951
Revenues from block sales	3,100	0	0		3,100
Rental revenues	4,988	0	0		4,988
Revenues from services	0	21,661	55		21,716
Co-investments		7,189	95		7,284
Third parties		14,472	-40		14,431
Other	1,553	75	78		1,705
Intercompany revenues	49	3,192	5,141	-8,382	0
<b>Financial Result</b>	<b>-2,532</b>	<b>-51</b>	<b>906</b>	<b>0</b>	<b>-1,677</b>
<b>Financial income</b>					
Germany	485	408	0	-160	733
International <sup>2</sup>	1,265	36	0	0	1,301
Corporate	0	0	2,245	0	2,245
Consolidation	-1,216	0	0	-2,760	-3,976
<b>Group</b>	<b>534</b>	<b>444</b>	<b>2,245</b>	<b>-2,920</b>	<b>304</b>
<b>Financial expenses</b>					
Germany	-4,089	-456	0	160	-4,385
International <sup>2</sup>	-192	-40	0	0	-232
Corporate	0	0	-1,339	0	-1,339
Consolidation	1,215	0	0	2,760	3,975
<b>Group</b>	<b>-3,066</b>	<b>-496</b>	<b>-1,339</b>	<b>2,919</b>	<b>-1,981</b>

<sup>1</sup> Including new-build sales from real estate developments<sup>2</sup> France, Great Britain, Luxembourg, Netherlands, Nordics

## PROSECUTION

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>EBT (IFRS)</b>					
Germany	-441	4,457	0	239	4,254
International <sup>2</sup>	1,433	-1,572	0	0	-139
Corporate	0	0	-3,822	0	-3,822
Consolidation	0	0	0	3	3
<b>Group</b>	<b>992</b>	<b>2,886</b>	<b>-3,822</b>	<b>242</b>	<b>297</b>
<b>Adjustments</b>					
<b>Germany</b>	<b>3,964</b>	<b>492</b>	<b>0</b>	<b>0</b>	<b>4,456</b>
Significant non-operating earnings	0	-492	0	0	-492
Fund agreement amortisation	0	-492	0	0	-492
Realised fair value	3,964	0	0	0	3,964
<b>International<sup>2</sup></b>	<b>0</b>	<b>130</b>	<b>0</b>	<b>0</b>	<b>130</b>
Significant non-operating earnings		-130			-130
Fund agreement amortisation		-130			-130
<b>Group</b>	<b>3,964</b>	<b>622</b>	<b>0</b>	<b>0</b>	<b>4,587</b>
<b>Operating result (adjusted EBT)</b>					
Germany	3,523	4,949	0	239	8,710
International <sup>2</sup>	1,433	-1,442	0	0	-9
Corporate	0	0	-3,822	0	-3,822
Consolidation	0	0	0	3	3
<b>Group</b>	<b>4,956</b>	<b>3,507</b>	<b>-3,822</b>	<b>242</b>	<b>4,883</b>

<sup>2</sup> France, Great Britain, Luxembourg, Netherlands, Nordics

## THIRD QUARTER 2013 (1 JULY - 30 SEPTEMBER 2013)

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>Germany</b>					
External revenues	46,844	17,379	0	0	64,223
Revenues from single unit sales	11,487	0			11,487
Revenues from block sales	25,291	0			25,291
Rental revenues	7,415	7			7,421
Revenues from services	0	17,372			17,372
Co-investments		8,697			8,697
Third parties		8,676			8,676
Other	2,651	0			2,651
Intercompany revenues	-17	12,163	0	-12,146	0
<b>International<sup>1</sup></b>					
External revenues	0	1,318	0	0	1,318
Revenues from services		1,318			1,318
Third parties		986			986
Intercompany revenues	0	923	0	0	923
<b>Corporate</b>					
External revenues	0	0	100	0	100
Intercompany revenues	0	0	3,437	-3,437	0
<b>Consolidation</b>					
External revenues	0	0	0	0	0
Intercompany revenues	0	-923	-3,437	3,437	-923
<b>Group</b>					
External revenues	46,844	18,697	100	0	65,642
Revenues from single unit sales	11,487	0	0		11,487
Revenues from block sales	25,291	0	0		25,291
Rental revenues	7,415	7	0		7,422
Revenues from services	0	18,691	14		18,705
Co-investments		9,029	14		9,043
Third parties		9,662	0		9,662
Other	2,651	0	86		2,737
Intercompany revenues	-17	12,163	0	-12,146	0
<b>Financial Result</b>	<b>-3,777</b>	<b>24</b>	<b>626</b>	<b>20</b>	<b>-3,107</b>
<b>Financial income</b>					
Germany	6,036	462	0	0	6,497
International <sup>1</sup>	3,059	74	0	0	3,133
Corporate	0	0	2,078	0	2,078
Consolidation	0	0	0	-6,733	-6,733
<b>Group</b>	<b>9,095</b>	<b>535</b>	<b>2,078</b>	<b>-6,733</b>	<b>4,975</b>
<b>Financial expenses</b>					
Germany	-10,880	-458	0	0	-11,338
International <sup>1</sup>	-1,992	-52	0	0	-2,045
Corporate	0	0	-1,452	0	-1,452
Consolidation	0	0	0	6,753	6,753
<b>Group</b>	<b>-12,872</b>	<b>-511</b>	<b>-1,452</b>	<b>6,753</b>	<b>-8,082</b>

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

## PROSECUTION

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>EBT (IFRS)</b>					
Germany	2,857	3,280	0	348	6,484
International <sup>1</sup>	974	-319	0	0	655
Corporate	0	0	-4,962	0	-4,962
Consolidation	0	0	0	20	20
<b>Group</b>	<b>3,831</b>	<b>2,961</b>	<b>-4,962</b>	<b>368</b>	<b>2,197</b>
<b>Adjustments</b>					
<b>Germany</b>	<b>-2,326</b>	<b>523</b>	<b>0</b>	<b>0</b>	<b>-1,803</b>
Significant non-operating earnings	4,666	-523	0	0	4,143
Market valuation income derivatives	4,666	0			4,666
Fund agreement amortisation	0	-523			-523
Realised fair value	2,340	0	0	0	2,340
<b>International<sup>1</sup></b>	<b>0</b>	<b>126</b>	<b>0</b>	<b>0</b>	<b>126</b>
Significant non-operating earnings		-126			-126
Fund agreement amortisation		-126			-126
<b>Group</b>	<b>-2,326</b>	<b>649</b>	<b>0</b>	<b>0</b>	<b>-1,677</b>
<b>Operating result (adjusted EBT)</b>					
Germany	531	3,803	0	348	4,682
International <sup>1</sup>	974	-193	0	0	781
Corporate	0	0	-4,962	0	-4,962
Consolidation	0	0	0	20	20
<b>Group</b>	<b>1,505</b>	<b>3,610</b>	<b>-4,962</b>	<b>368</b>	<b>521</b>

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

## FIRST NINE MONTHS 2014 (1 JANUARY – 30 SEPTEMBER 2014)

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>Germany</b>					
External revenues	67,183	64,562	0	0	131,745
Revenues from single unit sales <sup>1</sup>	38,997	0			38,997
Revenues from block sales	4,600	0			4,600
Rental revenues	16,574	0			16,574
Revenues from services	0	64,562			64,562
Co-investments		14,772			14,772
Third parties		49,790			49,790
Other	7,012	0			7,012
Intercompany revenues	170	9,545	0	-8,305	1,410
<b>International<sup>2</sup></b>					
External revenues	0	6,028	0	0	6,028
Revenues from services		5,953			5,953
Co-investments		3,907			3,907
Third parties		2,046			2,046
Other		75			75
Intercompany revenues	0	2,184			2,184
<b>Corporate</b>					
External revenues	0	0	338	0	338
Intercompany revenues	0	0	15,560	0	15,560
<b>Consolidation</b>					
External revenues	0	0	0	0	0
Intercompany revenues	0	-2,521	0	-16,635	-19,156
<b>Group</b>					
External revenues	67,183	70,590	338	0	138,111
Revenues from single unit sales <sup>1</sup>	38,997	0	0		38,997
Revenues from block sales	4,600	0	0		4,600
Rental revenues	16,574	0	0		16,574
Revenues from services	0	70,515	232		70,747
Co-investments		18,679	132		18,811
Third parties		51,836	100		51,936
Other	7,012	75	105		7,192
Intercompany revenues	170	9,209	15,560	-24,939	0
<b>Financial Result</b>	<b>-7,880</b>	<b>-572</b>	<b>2,181</b>	<b>0</b>	<b>-6,272</b>
<b>Financial income</b>					
Germany	4,438	819	0	-480	4,776
International <sup>2</sup>	3,963	118	0	0	4,081
Corporate	0	0	6,489	0	6,489
Consolidation	-3,806	-10	0	-7,807	-11,624
<b>Group</b>	<b>4,595</b>	<b>926</b>	<b>6,489</b>	<b>-8,288</b>	<b>3,722</b>
<b>Financial expenses</b>					
Germany	-15,664	-1,401	0	480	-16,585
International <sup>2</sup>	-617	-107	0	0	-724
Corporate	0	0	-4,308	0	-4,308
Consolidation	3,806	10	0	7,807	11,623
<b>Group</b>	<b>-12,475</b>	<b>-1,498</b>	<b>-4,308</b>	<b>8,287</b>	<b>-9,994</b>

<sup>1</sup> Including new-build sales from real estate developments<sup>2</sup> France, Great Britain, Luxembourg, Netherlands, Nordics

## PROSECUTION

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>EBT (IFRS)</b>					
Germany	4,156	20,757	0	372	25,285
International <sup>2</sup>	3,135	-3,062	0	0	73
Corporate	0	0	-9,457	0	-9,457
Consolidation	0	0	0	-414	-414
<b>Group</b>	<b>7,291</b>	<b>17,695</b>	<b>-9,457</b>	<b>-42</b>	<b>15,487</b>
<b>Adjustments</b>					
<b>Germany</b>	<b>8,983</b>	<b>1,476</b>	<b>0</b>	<b>0</b>	<b>10,460</b>
Significant non-operating earnings	2,788	-1,476	0	0	1,312
Market valuation income derivatives	2,819	0			2,819
Market valuation expenditures derivatives	-31	0			-31
Fund agreement amortisation	0	-1,476			-1,476
Realised fair value	11,771	0	0	0	11,771
<b>International<sup>2</sup></b>	<b>0</b>	<b>387</b>	<b>0</b>	<b>0</b>	<b>387</b>
Significant non-operating earnings		-387			-387
Fund agreement amortisation		-387			-387
<b>Group</b>	<b>8,983</b>	<b>1,863</b>	<b>0</b>	<b>0</b>	<b>10,846</b>
<b>Operating result (adjusted EBT)</b>					
Germany	13,139	22,233	0	372	35,745
International <sup>2</sup>	3,135	-2,675	0	0	460
Corporate	0	0	-9,457	0	-9,457
Consolidation	0	0	0	-414	-414
<b>Group</b>	<b>16,274</b>	<b>19,558</b>	<b>-9,457</b>	<b>-42</b>	<b>26,333</b>

<sup>2</sup> France, Great Britain, Luxembourg, Netherlands, Nordics

## FIRST NINE MONTHS 2013 (1 JANUARY - 30 SEPTEMBER 2013)

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>Germany</b>					
External revenues	99,808	53,113	0	0	152,920
Revenues from single unit sales	41,862	0			41,862
Revenues from block sales	25,491	0			25,491
Rental revenues	24,000	7			24,007
Revenues from services	0	53,106			53,106
Co-investments		26,354			26,354
Third parties		26,751			26,751
Other	8,454	0			8,454
Intercompany revenues	126	23,630	0	-23,756	0
<b>International<sup>1</sup></b>					
External revenues	0	2,357	0	0	2,357
Revenues from services		2,357			2,357
Third parties		2,025			2,025
Intercompany revenues	0	1,435	0	0	1,435
<b>Corporate</b>					
External revenues	0	0	125	0	125
Intercompany revenues	0	0	9,606	-9,606	0
<b>Consolidation</b>					
External revenues	0	0	0	0	0
Intercompany revenues	0	-1,435	-9,606	9,606	-1,435
<b>Group</b>					
External revenues	99,808	55,470	125	0	155,403
Revenues from single unit sales	41,862	0	0		41,862
Revenues from block sales	25,491	0	0		25,491
Rental revenues	24,000	7	1		24,009
Revenues from services	0	55,463	38		55,501
Co-investments		26,686	38		26,724
Third parties		28,777	0		28,777
Other	8,454	0	86		8,540
Intercompany revenues	126	23,630	0	-23,756	0
<b>Financial Result</b>	<b>-11,162</b>	<b>-527</b>	<b>2,702</b>	<b>0</b>	<b>-8,988</b>
<b>Financial income</b>					
Germany	18,320	966	0	0	19,286
International <sup>1</sup>	9,015	74	0	0	9,089
Corporate	0	0	5,529	0	5,529
Consolidation	0	0	0	-18,834	-18,834
<b>Group</b>	<b>27,335</b>	<b>1,040</b>	<b>5,529</b>	<b>-18,834</b>	<b>15,070</b>
<b>Financial expenses</b>					
Germany	-32,989	-1,510	0	0	-34,499
International <sup>1</sup>	-5,508	-57	0	0	-5,565
Corporate	0	0	-2,827	0	-2,827
Consolidation	0	0	0	18,834	18,834
<b>Group</b>	<b>-38,497</b>	<b>-1,567</b>	<b>-2,827</b>	<b>18,834</b>	<b>-24,058</b>

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

## PROSECUTION

EUR '000	Investments	Management Services	Corporate	Consolidation	Group
<b>EBT (IFRS)</b>					
Germany	8,897	23,201	0	532	32,630
International <sup>1</sup>	3,414	-1,558	0	0	1,856
Corporate	0	0	-14,501	0	-14,501
Consolidation	0	0	0	0	0
<b>Group</b>	<b>12,312</b>	<b>21,642</b>	<b>-14,501</b>	<b>532</b>	<b>19,985</b>
<b>Adjustments</b>					
<b>Germany</b>	<b>-3,116</b>	<b>1,538</b>	<b>0</b>	<b>0</b>	<b>-1,578</b>
Significant non-operating earnings	14,434	-1,538	0	0	12,896
Market valuation income derivatives	14,434	0			14,434
Fund agreement amortisation	0	-1,538			-1,538
Realised fair value	11,318	0	0	0	11,318
<b>International<sup>1</sup></b>	<b>0</b>	<b>252</b>	<b>0</b>	<b>0</b>	<b>252</b>
Significant non-operating earnings		-252			-252
Fund agreement amortisation		-252			-252
<b>Group</b>	<b>-3,116</b>	<b>1,791</b>	<b>0</b>	<b>0</b>	<b>-1,325</b>
<b>Operating result (adjusted EBT)</b>					
Germany	5,781	24,739	0	532	31,052
International <sup>1</sup>	3,414	-1,306	0	0	2,108
Corporate	0	0	-14,501	0	-14,501
Consolidation	0	0	0	0	0
<b>Group</b>	<b>9,195</b>	<b>23,433</b>	<b>-14,501</b>	<b>532</b>	<b>18,660</b>

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





## Notes

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

## Financial Calendar and Contact Details

### FINANCIAL CALENDAR 2014

---

11 November 2014	Interim report for the first nine months of 2014
------------------	--

### FINANCIAL CALENDAR 2015

---

25 March 2015	Financial statements 2014
7 May 2015	Interim report for the first quarter of 2015
25 June 2015	Annual General Meeting, Augsburg
6 August 2015	Interim report for the first half of 2015
12 November 2015	Interim report for the first nine months of 2015

### PATRIZIA Immobilien AG

**PATRIZIA Bürohaus**  
Fuggerstrasse 26  
86150 Augsburg  
Germany  
P +49 821 50910-000  
F +49 821 50910-999  
immobilien@patrizia.ag  
www.patrizia.ag

### Investor Relations

---

Margit Miller	Verena Schopp de Alvarenga
P +49 821 50910-369	P +49 821 50910-351
F +49 821 50910-399	F +49 821 50910-399
investor.relations@patrizia.ag	investor.relations@patrizia.ag

### Press

---

Andreas Menke  
P +49 821 50910-655  
F +49 821 50910-695  
presse@patrizia.ag

This interim report was published on 11 November 2014. This is a translation of the German interim report. In case of doubt, the German version shall apply.

---

**PATRIZIA Immobilien AG**

**PATRIZIA Bürohaus**

Fuggerstrasse 26

86150 Augsburg

Germany

P +49 821 50910-000

F +49 821 50910-999

immobilien@patrizia.ag

www.patrizia.ag

---