



PATRIZIA  
IMMOBILIEN AG

Q/2

## KEY FIGURES

	2 <sup>nd</sup> quarter 2007 01.04. – 30.06.2007	2 <sup>nd</sup> quarter 2006 01.04. – 30.06.2006	1 <sup>st</sup> half of 2007 01.01. – 30.06.2007	1 <sup>st</sup> half of 2006 01.01. – 30.06.2006
REVENUES AND EARNINGS	EUR'000	EUR'000	EUR'000	EUR'000
Revenues	34,949	98,644	58,409	128,505
Total operating performance	37,480	62,710	650,068	148,605
EBITDA	13,435	17,886	23,533	25,251
EBIT	13,220	17,733	23,109	24,965
Net profit	7,104	11,659	9,821	15,223

	30.06.2007	31.12.2006
STRUCTURE OF ASSETS AND CAPITAL	EUR'000	EUR'000
Non-current assets	682,574	3,541
Current assets	847,664	371,125
Equity	301,504	191,724
Equity ratio (in %)	19.7 %	51.2 %
Total assets	1,530,238	374,666

SHARE	
ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
Share capital as at June 30, 2007	52,130,000 Euro
No. of shares in issue as at June 30, 2007	52,130,000
Second quarter 2007 high*	16.83 Euro
Second quarter 2007 low*	13.12 Euro
Closing price as at June 29, 2007*	13.12 Euro
Market capitalization as at June 29, 2007	683.9 Mio. Euro
Indices	MDAX, EPRA, GEX, DIMAX

\* Closing price at Frankfurt Stock Exchange Xetra trading

## LETTER TO THE SHAREHOLDERS

Dear Shareholders,  
Dear Ladies and Gentlemen,

In the second quarter of 2007, PATRIZIA Immobilien AG laid further foundations for its planned growth. 1,602 residential units and 74 commercial units were notarised between April and June 2007. As at June 30, 2007 our portfolios contained 12,500 residential and commercial units, characterized by their extremely high quality. The properties are situated in very good locations in attractive conurbations in Germany; round about 50 % are located in Munich. All PATRIZIA properties are located in regions with increasing population, with good economic future prospects and high demand.



PATRIZIA PREMIUM-PORTFOLIO

UNITS PER LOCATION





In contrast, we sold 93 apartments, representing 8.3 % of the approx. 1,115 residential units available and prepared for property resale at the beginning of April 2007. 178 (14.8 %) of the property resale holdings available as at January 1, 2007 were therefore sold in the first half of 2007. Accordingly, there are no signs of weakening of the property resale business. The property resale holdings from the two MEAG and HDI Gerling portfolio purchases will not be sold until the third and fourth quarters of 2007, in accordance with the sales plan. Initial revenues from these portfolios are therefore not expected until the third and fourth quarters of 2007.

After two and a half years of construction, the former water tower in Hamburg, now home to a 4-star hotel with 226 rooms, was transferred on time to the leaseholder, Mövenpick Hotels & Resorts. With the conversion of this industrial monument, PATRIZIA has again successfully demonstrated its project development expertise.

The first ordinary Annual General Meeting of PATRIZIA Immobilien AG after the IPO also took place in the reporting period. The Annual General Meeting was held on June 13, 2007 in Augsburg. In total, 39,792,309 (76.3 %) votes were represented. The Annual General Meeting approved all agenda items put to the vote with the majorities required.



In operating terms, the first half of 2007 progressed in line with our expectations. In contrast, the performance of our share failed to meet our expectations. Speculation on the effects of increased interest rates as well as the planned legislative change regarding taxation of previously untaxed reserves (EK 02 reserves) put the shares under further pressure. However, neither of these factors will particularly affect the business of PATRIZIA. We have taken out interest hedges for over 80 % of our bank loans, and more than 90 % of these interest rate hedges have a term of more than five years. Only one of our subsidiaries, Alte Haide Baugesellschaft mbH, has EK 02 reserves. However, the level of the expected 3 % tax charge is negligible here, as it is offset by distributable profits at the same level. The PATRIZIA share was not immune from the damping factors currently affecting real estate stocks. Regardless of this and due to our integrated business model, which covers the whole real estate value chain, we are confident of attaining the planned growth targets. We confirm our forecast for the current fiscal year with an expected net profit of around EUR 45 million.

#### The Managing Board

  
Wolfgang Egger  
Chairman of the Board

  
Dr. Georg Erdmann  
Member of the Board

  
Alfred Hoschek  
Member of the Board

  
Klaus Schmitt  
Member of the Board

## THE PATRIZIA SHARE

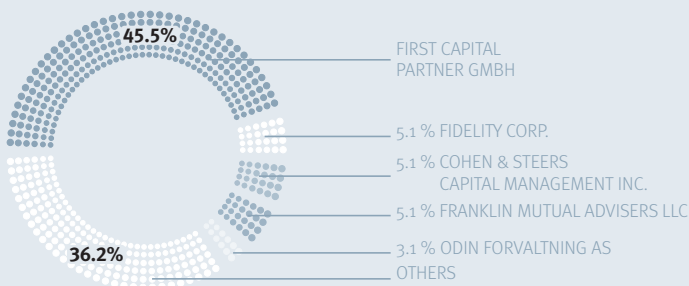
In the second quarter, the share of PATRIZIA Immobilien AG failed to benefit from the positive operating performance of the Group and continued its downward trend. The decline, which affected real estate shares in general, partly as a result of increased interest rates, particularly impacted on the price of PATRIZIA shares.

As early as December 2006, we revised our earnings projections for fiscals 2007 and 2008 communicated at the time of the IPO, as it was apparent that revenues and income from the planned resale of the MEAG portfolio would be delayed until fiscal 2008. Despite the increase of net profit from EUR 16.6 million to EUR 32.4 million in fiscal year 2006, a rapid collapse began after publication of the figures for fiscal year 2006 from which the share has not yet recovered.

The price of PATRIZIA shares started the second quarter of 2007 at EUR 16.72. On June 29, 2007 it closed at EUR 13.12, which equates to a fall of 21.5 %. PATRIZIA is reaffirming its target of achieving the income planned at the time of the IPO in March 2006 in full by 2008.

The shareholder structure of PATRIZIA changed in the second quarter of 2007. According to the mandatory notifications received by us in line with Section 21 of the German Securities Trading Act (WpHG), we have been notified of the following voting rights: Cohen & Steers Capital Management Inc., USA now holds around 5.1 % of the shares in PATRIZIA. Furthermore, Franklin Mutual Advisers, LLC, USA, and ODIN Forvaltning AS, Norway, exceeded the notification thresholds of 5 % and 3 % respectively in the reporting period.

### Shareholder structure of PATRIZIA Immobilien AG



As at July 2007



## INTERIM REPORT

### 1. BUSINESS DEVELOPMENT AND KEY TRANSACTIONS IN THE FIRST HALF OF 2007

#### KEY EVENTS IN THE INVESTMENTS SEGMENT

PATRIZIA continued its growth strategy in the second quarter of 2007. Portfolios were acquired in Munich and Leipzig for the Asset Repositioning line. Our aim in Asset Repositioning is to achieve a sustained increase in the value of the portfolio by implementing value-enhancing measures and optimizing the income structure on a sustained basis in order to sell the real estate to an investor in its entirety after all measures have been implemented.

The Asset Repositioning portfolio in Munich is situated in the north of the city and comprises 678 residential units and 17 commercial units with total residential and commercial space of around 30,000 sqm. The purchase price was approx. EUR 10.5 million. The buildings, which are in need of modernization, will be enhanced and brought up to date by means of extensive renovation measures. In addition to the structural development potential, the portfolio also has viable upside rental potential. PATRIZIA now has around 6,000 apartments in the Bavarian capital, one of the most attractive markets for residential real estate in Germany.

The properties acquired for asset repositioning in Leipzig comprise 782 residential units and 53 commercial units dating from 1925 to 1933, more than 80 % of which are fully modernized, some of which are of an equivalent quality to new buildings. In addition to the sound structural condition of the properties, their attractive locations clinched PATRIZIA's decision to buy. PATRIZIA sees significant upside potential in the generation of stable rental income by gradually scaling back the current vacancy rate of 22 %. We will also be carrying out value-enhancing measures in the units that have been modernized partially or not at all, whilst around 2,000 sqm of extra space can still be developed in the upper floors of the buildings. This acquisition also includes two smaller portfolios in the Ruhr district. However, the 70 residential units and 4 commercial units dating from 1957 are in need of modernization. Here too, the portfolio is to be optimized through value-enhancing renovation and modernization measures,

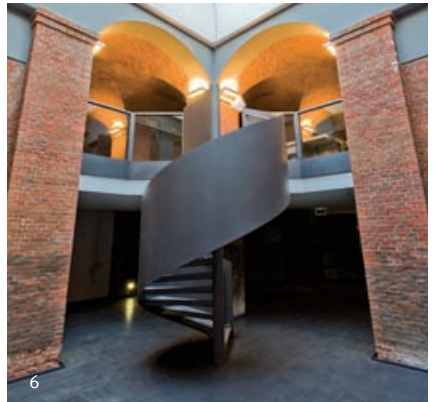
combined with intensified attraction of new tenants. The purchase price for the 852 residential units and 57 commercial units, which were acquired from an insolvency case, was around EUR 44 million, averaging out at around EUR 745 per sqm.

In addition, another smaller portfolio of 72 residential units totaling around 5,700 sqm was purchased in Leipzig for the Asset Repositioning line. The mostly listed buildings were fully modernized in the late 1990s and are in a very good condition. As a result of restructuring processes by the seller, the properties are up to 60 % vacant. Consequently, there is vast potential to reduce vacancy rates and optimize income from the portfolio. The purchase price for this portfolio was around EUR 4.6 million.

Overall, 1,602 residential units and 74 commercial units were acquired for asset repositioning in the second quarter of 2007. As at June 30, 2007, taking sales into account, our portfolios contained 12,000 residential units and 500 commercial units, characterized by their extremely high quality and very good locations in attractive conurbations.

### **Conversion of the Historic Water Tower in Hamburg Complete**

With PATRIZIA Projektentwicklung GmbH taking the lead role, PATRIZIA has built a 4-star hotel with 226 rooms in the listed water tower in Hamburg, constructed in 1910. After two and a half years of construction, the hotel was transferred to the leaseholder, Mövenpick Hotels & Resorts, in June 2007. The investment





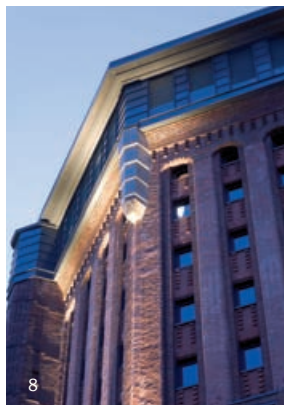
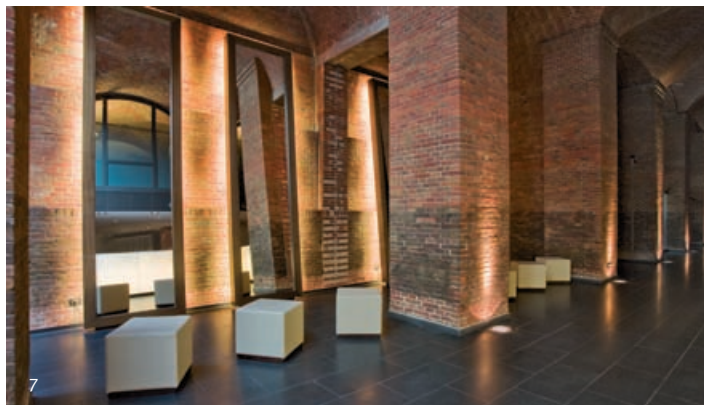
volume, including acquisition costs, totaled around EUR 30 million. The water tower was sold to a German special real estate fund before completion. According to the contract, the purchase price is not due until the third quarter of 2007, meaning that the revenues from the sale of the water tower will not be posted until this quarter.

## KEY EVENTS IN THE SERVICES SEGMENT

### Co-investment with two International Pension Funds

As announced in the supplementary report to the interim report on the first quarter of 2007, PATRIZIA has concluded a co-investment with Stichting Pensionsfonds ABP from the Netherlands and ATP Real Estate from Denmark. Both co-investment partners are investors with a long-term orientation. The total investment volume of up to EUR 700 million is to be mainly invested in German commercial real estate in the next 24 months. Consequently, there is no conflict of interest with the original investing activities of PATRIZIA Immobilien AG.

PATRIZIA has a stake of around 6 % of the equity of the co-investment via the joint investment vehicle, PATROFFICE GmbH & Co. KG. As well as participating in this co-investment with its share in the equity, PATRIZIA Immobilien AG will also take on the purchasing of commercial real estate and asset management for the entire portfolio. This joint co-investment with prestigious international partners enables PATRIZIA to further expand its Asset Management line in the commercial sector.



### **First Fund of PATRIZIA Immobilien Kapitalanlagegesellschaft mbH**

By establishing the new subsidiary PATRIZIA Immobilien Kapitalanlagegesellschaft mbH, PATRIZIA Immobilien AG has added special real estate funds to its range of services for institutional real estate investors. Establishment of the company was approved back in the first quarter of 2007 by the German Federal Office for Financial Services Supervision (BaFin), and the first fund, the PATRIZIA German Residential Fund 1, was launched in June 2007. Residential real estate worth around EUR 30 million has already been acquired in Munich for the special fund, which operates solely as a letting agent. It will invest in German real estate and have a total investment volume of EUR 400 million. Further acquisitions in Hamburg, Berlin and the Rhine-Main area are close to completion.

By developing individually tailored investment products, PATRIZIA is meeting the demand for indirect real estate investments from its institutional customers.

### **FURTHER KEY EVENTS IN THE REPORTING PERIOD**

#### **Extension of Managing Board Contracts**

The Supervisory Board of PATRIZIA Immobilien AG has approved early extensions to the Managing Board contracts of Chairman of the Board Wolfgang Egger and Chief Investment Officer Alfred Hoschek. The contracts, set to expire in November 2007, have been extended by a further five years until November 2012.

#### **Resolutions of the Annual General Meeting**

The ordinary Annual General Meeting of PATRIZIA Immobilien AG on June 13, 2007 resolved to distribute the proposed dividend of EUR 0.15 per share for fiscal year 2006. Consequently, EUR 7.8 million of the 2006 retained earnings of PATRIZIA Immobilien AG of EUR 12.7 million were paid to the shareholders and EUR 4.9 million were carried forward.

Furthermore, the Annual General Meeting re-elected Dr. Theodor Seitz as a member of the Supervisory Board of PATRIZIA Immobilien AG for the duration of the remaining term of office of the other Supervisory Board members, i.e. until the end of the 2008 Annual General Meeting. Following the Annual General Meeting, Dr. Theodor Seitz was re-appointed as Chairman of the Supervisory Board.

The Annual General Meeting passed all the other agenda items put to the vote with the majorities required, including the revision of the remuneration of the Supervisory Board members adapted to the German Corporate Governance Code.

## 2. OUR EMPLOYEES

The growth trend underway at PATRIZIA is also reflected by the rising number of employees. As at June 30, 2007, PATRIZIA had 280 employees. In the first half of 2007, the headcount increased by 33 employees (13 %), 17 of whom joined in the second quarter of 2007. Most of this headcount growth took place in the Real Estate Management line.

## 3. EARNINGS, NET ASSET AND FINANCIAL SITUATION

### Earnings Situation of the PATRIZIA Group

In the second quarter of 2007, revenues totaled EUR 34.9 million, up by around 49 % on the first quarter of 2007. Revenues of EUR 58.4 million were therefore generated overall in the first half of 2007. The difference from the same period of the previous year (first half of 2006: EUR 128.5 million) is chiefly due to the sale of around 1,000 apartments from the Asset Repositioning line that was posted with impact on income in the second quarter of 2006.

The structure of revenues in the second quarter of 2007 is set out below:

	2 <sup>nd</sup> quarter 2007 01.04. – 30.06.2007	1 <sup>st</sup> half of 2007 01.01. – 30.06.2007
	IN EUR MILLION	IN EUR MILLION
Purchase price revenues from property resale	11.2	21.4
Purchase price revenues from asset repositioning	0	0
Rental revenues	17.1	29.1
Service segment revenues	1.0	1.8
Other	5.7	6.1
<b>CONSOLIDATED REVENUES</b>	<b>34.9</b>	<b>58.4</b>



93 residential units were resold in the second quarter of 2007. This equates to around 8.3 % of the residential units available for property resale as at March 31, 2007. The property resale/privatization holdings from the two MEAG and HDI Gerling portfolio purchases will not be resold until the third and fourth quarters of 2007, in accordance with the sales plan. Initial revenues from these portfolios are therefore not expected until the third and fourth quarters of 2007. Property resale resulted in purchase price income of EUR 11.2 million. At the same time, there was a decrease in inventories of EUR 7.6 million.

PATRIZIA also successfully continued to expand its real estate portfolio in the second quarter of 2007. In total, 1,602 residential units and 74 commercial units were registered. Changes in inventories totaled around EUR 2.3 million in the second quarter of 2007. In the first half of 2007 overall, changes in inventories amounted to EUR 591.2 million. This is attributable to the transfer of ownership arising from the large-scale portfolio purchases in the first quarter of 2007. This is associated with an increase in cost of materials from EUR 110.2 million in the first half of 2006 to EUR 614.1 million in the first half of 2007.

In the second quarter of 2007, PATRIZIA generated EBITDA of EUR 13.4 million, an increase of 33 % compared with the first quarter of 2007. Due to the more large-scale real estate sales in May 2006, which had a strong impact on revenues, EBITDA for the first half of 2007 was down 6.8 % year-on-year.



EBIT increased by EUR 3.3 million to EUR 13.2 million in the 2007 quarterly comparison.

Following the expansion of our operating activities and the associated growth of the company, new jobs were created in all areas of the Group. Consequently, staff costs increased by 23.6 % to EUR 7.9 million compared with the first half of 2006. There was a similar pattern for other operating expenses, which weighed in at EUR 7.7 million (first half of 2006: EUR 6.7 million).

No fair value adjustments of investment property were required in the second quarter of 2007.

Financial income totaled around EUR 13.3 million in the second quarter of 2007. This chiefly resulted from income from the market valuation of interest rate derivatives. Financial expenses rose to EUR 15.6 million in the second quarter of 2007. In the first half of 2007 overall, financial expenses amounted to EUR 24.4 million, more than six times the figure for the first half of 2006 (EUR 3.8 million). This was primarily due to the extensive real estate purchases in the first two quarters of 2007 and the associated extension of our financing volume. As at June 30 of the previous year, the book value of our real estate totaled around EUR 216.5 million. As at June 30, 2007, it had risen to around EUR 1.4 billion, which also equates to a six-fold increase.

Earnings before taxes (EBT) in the first half of 2007 totaled around EUR 15.1 million. After taking into account the average Group tax rate of around 35 % expected for fiscal year 2007, net income for the period after taxes amounted to EUR 9.8 million. This results in earnings per share of EUR 0.19 for the first half of 2007.

The table below gives an overview of the key P&L items:

	2 <sup>nd</sup> quarter 2007 01.04. – 30.06.2007	2 <sup>nd</sup> quarter 2006 01.04. – 30.06.2006	1 <sup>st</sup> half of 2007 01.01. – 30.06.2007	1 <sup>st</sup> half of 2006 01.01. – 30.06.2006
	EUR'000	EUR'000	EUR'000	EUR'000
Revenues	34,949	98,644	58,409	128,505
Total operating performance	37,480	62,710	650,068	148,605
EBITDA	13,435	17,886	23,533	25,251
EBIT	13,220	17,733	23,109	24,965
Profit before income taxes	10,904	16,540	15,067	22,444
Net profit	7,104	11,659	9,821	15,223

### Net Asset and Financial Situation of the PATRIZIA Group

Compared with the previous quarter, the balance sheet total remained almost constant at EUR 1,530.2 million as at June 30, 2007. However, if the 2006 fiscal year end is used as a reference benchmark, the balance sheet total expanded significantly from EUR 374.7 million to EUR 1,530.2 million as a result of the purchase of around 11,000 units as well as the associated purchase price payments and financing.

For some of the residential units transferred to our ownership in the first half of 2007, we are aiming for continuous receipt of stable rentals. These were therefore newly posted under “investment property” in accordance with IAS 40. The book values of investment property amounted to EUR 644.2 million as at June 30, 2007.



As explained in the interim report on the first quarter of 2007, the “Dresden Altmarktkarree 2” project development property was reported at acquisition cost under “property under construction” in accordance with IAS 16. As at June 30, 2007, this was up from EUR 9.2 million in the first quarter of 2007 to EUR 19.7 million, as the Munich Ludwigsfeld asset repositioning project described at the outset, which we purchased in the second quarter, is posted under this item.

At EUR 751.7 million, inventories remained almost constant as at June 30, 2007, but were up on the 2006 fiscal year end (December 31, 2006: EUR 228.4 million). This rise is mainly due to the fact that the apartments earmarked for resale from the portfolios registered in the last quarter of 2006 were entered in our inventories in the first quarter of 2007.

The “bank balances and cash” item increased from EUR 35.4 million to EUR 62.9 million compared with the first quarter of 2007. This is due to the sale of available-for-sale marketable securities amounting to EUR 32.1 million. PATRIZIA therefore has sufficient liquidity for the real estate purchases already registered and those planned in the context of ordinary activities.

On the **liabilities** side of the balance sheet, equity remained almost constant at EUR 301.5 million compared with the first quarter of 2007. The equity ratio as at June 30, 2007 was therefore 19.7 %. The increase in equity from December 31, 2006 from EUR 191.7 million to the current level of EUR 301.5 million is due to the capital increase on January 12, 2007. The financing structure remained almost unchanged in the second quarter of 2007 compared with the previous quarter. As at June 30, 2007, long-term bank loans totaled EUR 30.2 million (March 31, 2007: EUR 30.3 million), and short-term bank loans came to EUR 1,175.6 million (March 31, 2007: EUR 1,144.0 million). The significant increase in bank loans compared with December 31, 2006 is based on bank financing that was taken out to purchase the large-scale portfolios. To hedge the interest rate risk arising from the bank loans, the company has taken out various interest-rate hedging instruments, which are reported at market value. We have taken out interest hedges for over 80 % of our short-term bank loans.

#### 4. OPPORTUNITY AND RISK REPORT

The transactions, processes and activities of PATRIZIA are associated with opportunities and risks. In accordance with the German Act on Control and Transparency in Business (KonTraG), a cross-company risk management system at PATRIZIA ensures that risks are identified, assessed and analyzed at an early stage and appropriate measures are taken to minimize them. In order to secure the commercial success of the company in the long term, the opportunities are also analyzed at the same time in order to identify and utilize the associated potential.

No risks that could jeopardize the continued existence of the company now or in the future are identifiable. Changes to the macroeconomic environment of PATRIZIA in general and to the German real estate market in particular can impact on performance.

At present, we believe that the opportunities arising from the business model of PATRIZIA stem mainly from the continued low home-ownership rate in Germany, growing demand for living space from tenants and the still low level of new construction. In our view, supporting factors are the rising employment figures in Germany and the strengthening of real estate in the context of private pension provision. Furthermore, the very high-quality portfolios we have acquired are situated in prime locations of regional conurbations with generally very strong future prospects, meaning that growing demand is to be expected.

The individual segments are additionally exposed to operational business risks concerning competition for qualified employees, protection of the IT system, the financing or credit rating of our business partners and possible legal proceedings, for example. We would like to point out that the statements published in the risk report of the 2006 annual report remain valid. We are not aware of any additional risks at present.

PATRIZIA has more than 20 years' experience on the German real estate market. As a result of the close link between the Investments and Services segments, synergies have been leveraged and cash flows have been generated across the entire value chain.



## 5. SUPPLEMENTARY REPORT

After the end of the reporting period, PATRIZIA acquired a development plot in the center of Frankfurt am Main covering an area of 8,000 sqm. The purchase price for the area in the prime residential and office district of Westend is around EUR 40 million. With a total investment volume of around EUR 100 to 120 million including the purchase price, PATRIZIA Projektentwicklung GmbH will start at the beginning of 2008 to totally rebuild the currently vacant former commercial space dating from the 1960s, and then build a mixed-used new building with a gross floor area of 25,000 sqm, 70 % of the total surface area of which will be dedicated to modern urban living. The project is to be completed in four to five years.

## 6. FORECAST REPORT

Our current earnings expectation remains in line with the forecast published in December 2006 and confirmed in March 2007. As already stated, parts of the MEAG portfolio are not likely to be resold until after April 2008, meaning that revenues and income originally planned for 2007 will be delayed until the subsequent 2008 fiscal year. We continue to regard the general macroeconomic conditions in Germany and the opportunities on the German real estate market for the business model of PATRIZIA as highly promising. With current holdings of around 12,000 residential units and 500 commercial units, the Investments segment is well-placed to make a major contribution to earnings growth with the Residential Property Resale and Asset Repositioning lines. In 2007, our aim is to sell around 2,400 residential units through resale and en bloc sales and to acquire 3,000 to 4,000 units. Following the establishment of PATRIZIA Immobilien Kapitalanlagegesellschaft mbH and the launch of the first fund as well the conclusion of our co-investment with Stichting Pensionsfonds ABP and ATP Real Estate, the Services segment is gaining in importance. We expect further significant growth here.

Against the background of our very high-quality portfolios, the outstanding locations of these portfolios and the general market development, we are confident of achieving the planned growth targets. We confirm our forecast for the current fiscal year with an expected net profit of around EUR 45 million and around EUR 65 million for 2008.

This report contains specific forward-looking statements that particularly relate to the business development of PATRIZIA and the general economic and regulatory conditions 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 several risks and uncertainties that could render a forward-looking estimate or statement unsuitable and cause the actual results to deviate from the results currently expected.

#### Pictures

Front page Hamburg, Water Tower Mövenpick Hotel | 1,2 Munich, Stiftsbogen  
3,4 Cologne, Niehlerstrasse | 5–8 Hamburg, Water Tower Mövenpick Hotel  
9,11,13 Hamburg, Grotenbleken, Karl-Lippert-Stieg | 10 Hamburg, Borgweg  
12 Hamburg, Ludolfstrasse | 14 Hamburg, Water Tower Mövenpick Hotel







## IFRS – CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the period from January 1, 2007 to June 30, 2007

	2 <sup>nd</sup> quarter 2007 01.04. – 30.06.2007	2 <sup>nd</sup> quarter 2006 01.04. – 30.06.2006	1 <sup>st</sup> half of 2007 01.01. – 30.06.2007	1 <sup>st</sup> half of 2006 01.01. – 30.06.2006
	EUR'000	EUR'000	EUR'000	EUR'000
1. Revenues	34,949	98,644	58,409	128,505
2. Changes in inventories	2,281	– 36,224	591,153	19,479
3. Other operating income	250	291	506	621
<b>4. Total operating performance</b>	<b>37,480</b>	<b>62,710</b>	<b>650,068</b>	<b>148,605</b>
5. Cost of materials	– 15,968	– 38,854	– 614,116	– 110,240
6. Staff costs	– 4,302	– 2,949	– 7,896	– 6,388
7. Amortization of software and depreciation on equipment	– 214	– 153	– 423	– 287
8. Results from fair value adjustments to investment property	0	150	3,179	150
9. Other operating expenses	– 3,777	– 3,021	– 7,703	– 6,726
10. Finance income	13,294	663	16,334	1,154
11. Finance cost	– 15,610	– 2,006	– 24,376	– 3,826
<b>12. Profit before income taxes</b>	<b>10,904</b>	<b>16,540</b>	<b>15,067</b>	<b>22,444</b>
13. Income tax	– 3,799	– 4,881	– 5,246	– 7,221
<b>14. Net profit</b>	<b>7,104</b>	<b>11,659</b>	<b>9,821</b>	<b>15,223</b>
15. Profit carried forward	19,843	0	17,126	0
<b>16. Consolidated net profit</b>	<b>26,947</b>	<b>11,659</b>	<b>26,947</b>	<b>15,223</b>

## IFRS – CONSOLIDATED BALANCE SHEET TO JUNE 30, 2007

### ASSETS

	30.06.2007	31.12.2006
A. NON-CURRENT ASSETS	EUR'000	EUR'000
Software	308	237
Investment property	644,230	0
Investment property under construction	19,727	0
Equipment	1,972	1,472
Securities	0	0
Long-term derivate interest rate contract	16,282	0
Participations	55	1
Tax assets	0	361
Deferred tax assets	0	1,470
<b>Total non-current assets</b>	<b>682,574</b>	<b>3,541</b>
B. CURRENT ASSETS		
Inventories	751,672	228,403
Current receivables and other current assets	24,559	58,684
Marketable securities	0	0
Short-term derivate interest rate contract	8,506	827
Bank balances and cash	62,927	83,211
<b>Total current assets</b>	<b>847,664</b>	<b>371,125</b>
<b>TOTAL ASSETS</b>	<b>1,530,238</b>	<b>374,666</b>

## EQUITY AND LIABILITIES

	30.06.2007	31.12.2006
A. EQUITY	EUR'000	EUR'000
Share capital	52,130	47,400
Capital reserves	216,110	118,398
Retained earnings		
- legal reserves	505	505
- other retained earnings		
Valuation results from cash flow hedges	5,811	475
Valuation results from financial instruments	0	0
Consolidated net profit	26,947	24,946
<b>Total equity</b>	<b>301,504</b>	<b>191,724</b>
B. LIABILITIES		
NON-CURRENT LIABILITIES		
Long-term bank loans	30,236	0
Long-term derivate interest rate contract	435	946
Retirement benefit obligations	342	306
Deferred tax liabilities	7,532	0
<b>Total non-current liabilities</b>	<b>38,545</b>	<b>1,252</b>
CURRENT LIABILITIES		
Short-term bank loans	1,175,585	125,494
Short-term derivate interest rate contract	0	0
Other provisions	538	535
Current liabilities	13,804	44,489
Tax liabilities	99	10,810
Other current liabilities	162	362
<b>Total current liabilities</b>	<b>1,190,189</b>	<b>181,690</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,530,238</b>	<b>374,666</b>

## IFRS – CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1, 2007 to June 30, 2007

	1 <sup>st</sup> half of 2007 01.01. – 30.06.2007	1 <sup>st</sup> half of 2006 01.01. – 30.06.2006
	EUR'000	EUR'000
Consolidated profit after taxes	9,821	15,223
Amortization of intangible assets and depreciation on property, plant and equipment	423	287
Write-down of securities	0	0
Results from fair value adjustments to investment property	–3,179	–150
Loss from/gain on disposal of fixed asset	0	0
Change in deferred taxes	9,002	0
Non-cash item income and expenses that are not attributable to financing activities	–19,136	–28
Change in retirement benefit obligations	37	–3
Changes in inventories, receivables and other assets that are not attributable to investing activities	–544,084	–23,496
Changes in liabilities that are not attributable to financing activities	507,836	–17,594
<b>Cash outflow / inflow from operating activities</b>	<b>–39,280</b>	<b>–25,761</b>
Capital investments in intangible assets and property, plant and equipment	–995	–236
Cash receipts from disposal of investment property	0	0
Cash receipts from disposal of intangible assets and property, plant and equipment	0	0
Payments for development or acquisition of investment property	–605,480	0
Investments	–53	–1
Cash receipts from disposal of financial assets	0	247
<b>Cash outflow / inflow from investing activities</b>	<b>–606,528</b>	<b>10</b>
Dividend of PATRIZIA Immobilien AG	–7,820	–8,080
Capital increase of PATRIZIA Immobilien AG	104,060	129,500
Borrowing of long-term loans	530,903	0
Repayment of long-term loans	0	–20
Other cash inflows or outflows from financing activities	–1,619	–7,109
<b>Cash outflow / inflow from financing activities</b>	<b>625,524</b>	<b>114,291</b>
<b>Change in operating activities of a cash nature</b>	<b>–20,284</b>	<b>88,540</b>
Cash January 1	83,211	16,477
Cash June 30	62,927	105,017

## IFRS – STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

for the period from January 1, 2007 to June 30, 2007

	Share capital	Capital reserves	Retained earnings (legal reserve)	Retained earnings (other)	Valuation results from cash flow hedges	Valuation results from financial instruments	Consoli- dated net profit	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>Balance January 1, 2007</b>	<b>47,400</b>	<b>118,398</b>	<b>505</b>	<b>0</b>	<b>475</b>	<b>0</b>	<b>24,946</b>	<b>191,724</b>
Capital increase	4,730	97,711						<b>102,441</b>
Dividend							-7,820	<b>-7,820</b>
Results from fair valuation adjustments cash flow hedges					5,336			<b>5,336</b>
Results from fair valuation adjustments financial instruments						0		<b>0</b>
Net profit of 1 <sup>st</sup> half of 2007							9,821	<b>9,821</b>
<b>BALANCE JUNE 30, 2007</b>	<b>52,130</b>	<b>216,110</b>	<b>505</b>	<b>0</b>	<b>5,811</b>	<b>0</b>	<b>26,947</b>	<b>301,503</b>

## IFRS – STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

for the period from January 1, 2006 to June 30, 2006

	Share capital	Capital reserves	Retained earnings (legal reserve)	Retained earnings (other)	Valuation results from cash flow hedges	Valuation results from financial instruments	Consoli- dated net profit	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>Balance January 1, 2006</b>	<b>5,050</b>	<b>573</b>	<b>505</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,976</b>	<b>42,104</b>
Capital increase out of retained earnings	35,350						-35,350	<b>0</b>
Reposting				-7,454			7,454	<b>0</b>
Dividend							-8,080	<b>-8,080</b>
Capital increase (net receipts from IPO)	7,000	118,234						<b>125,234</b>
Valuation results from financial instruments						520		<b>520</b>
Net profit							15,223	<b>15,223</b>
<b>BALANCE JUNE 30, 2006</b>	<b>47,400</b>	<b>118,807</b>	<b>505</b>	<b>-7,454</b>	<b>0</b>	<b>520</b>	<b>15,223</b>	<b>175,001</b>

## INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2007

### 1. GENERAL INFORMATION

PATRIZIA Immobilien AG is a listed German joint stock corporation based in Augsburg. The business premises of the company are located at Fuggerstrasse 26, 86150 Augsburg. The company operates on the German real estate market and performs all services in the value chain in the real estate sector.

### 2. REPORTING PRINCIPLES

These unaudited interim financial statements of PATRIZIA Immobilien AG for the first half of 2007 (January 1, 2007 to June 30, 2007) were prepared in line with the latest version of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

From the viewpoint of the company's management, these unaudited interim financial statements to June 30, 2007 contain all the necessary information for providing an accurate reflection of the business development and the earnings situation in the reporting period. The results generated in the first half of 2007 are not necessarily an indication of future results.

When preparing the consolidated financial statements for the interim report, the management 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. The actual amounts may differ from these estimates.

The same accounting and valuation methods used in the last consolidated financial statements for the whole of 2006 continue to apply. A detailed description of the preparation of the consolidated financial statements as well as the accounting and valuation methods can be found in the IFRS notes to the consolidated financial statements to December 31, 2006 in our 2006 annual report.



### 3. SCOPE OF CONSOLIDATION

All subsidiaries of PATRIZIA Immobilien AG are subsumed under the consolidated Group, which includes all companies controlled by PATRIZIA Immobilien AG. In addition to the parent company, the scope of consolidation comprises 57 subsidiaries. They are included in the consolidated financial statements in line with the rules of full consolidation.

A proportion of the real estate in Munich Schwabing and Munich Allach/Untermenzing held by Alte Haide Baugesellschaft mbH does not satisfy the criteria for a business combination defined in IFRS 3. The corresponding figure is thus recognized in assets as a partial acquisition in the consolidated financial statements.

### 4. INVESTMENT PROPERTY

Investment property is held in order to generate rental income and/or for the purpose of value enhancement. The proportion of owner-occupier use does not exceed 10 % of the rental space. Valuation is carried out at fair value. Fair value adjustments impact on Group earnings.

Investment property is valued at market value on the basis of in-house calculations as well as expert reports with reference to current rents or using customary valuation methods with reference to the current and long-term rental situation.

For some of the residential units transferred to our ownership in the first half of 2007, we are aiming for continuous receipt of stable rentals. For this reason, in line with the provisions of IAS 40, part of the newly purchased real estate portfolios is posted under "investment property".

### 5. INVESTMENT PROPERTY UNDER CONSTRUCTION

Real estate that is being built or developed for future investment use is posted as "property under construction". Inclusion is carried out in line with IAS 16 at the depreciated acquisition and manufacturing cost.

## 6. EQUITY

The equity of EUR 191.7 million increased to EUR 301.5 million in the first half of 2007. This is chiefly attributable to the inflows from the cash capital increase of January 12, 2007, which totaled around EUR 104 million. The dividend of EUR 0.15 per share approved by the ordinary Annual General Meeting on June 13, 2007 reduced the equity by EUR 7.8 million.

With the consent of the Supervisory Board, the Managing Board was authorized by the Annual General Meeting on June 13, 2007 to increase the share capital on one or more occasions by up to a total of EUR 26,065,000.00 in exchange for cash contributions and/or contributions in kind by issuing new no-par-value bearer shares (authorized capital) by June 12, 2012.

## 7. SEGMENT REPORTING

	2 <sup>nd</sup> quarter 2007 01.04. – 30.06.2007	2 <sup>nd</sup> quarter 2006 01.04. – 30.06.2006	1 <sup>st</sup> half of 2007 01.01. – 30.06.2007	1 <sup>st</sup> half of 2006 01.01. – 30.06.2006
REVENUES	EUR'000	EUR'000	EUR'000	EUR'000
Investments	33,865	96,093	56,458	123,948
Services	1,061	2,511	1,921	4,513
Corporate	23	40	30	44
<b>TOTAL</b>	<b>34,949</b>	<b>98,644</b>	<b>58,409</b>	<b>128,505</b>

	2 <sup>nd</sup> quarter 2007 01.04. – 30.06.2007	2 <sup>nd</sup> quarter 2006 01.04. – 30.06.2006	1 <sup>st</sup> half of 2007 01.01. – 30.06.2007	1 <sup>st</sup> half of 2006 01.01. – 30.06.2006
EBITDA	EUR'000	EUR'000	EUR'000	EUR'000
Investments	15,516	17,463	27,263	25,652
Services	85	637	– 597	694
Corporate	– 2,166	– 214	– 3,133	– 1,095
<b>TOTAL</b>	<b>13,435</b>	<b>17,886</b>	<b>23,533</b>	<b>25,251</b>

	2 <sup>nd</sup> quarter 2007 01.04. – 30.06.2007	2 <sup>nd</sup> quarter 2006 01.04. – 30.06.2006	1 <sup>st</sup> half of 2007 01.01. – 30.06.2007	1 <sup>st</sup> half of 2006 01.01. – 30.06.2006
EBIT	EUR'000	EUR'000	EUR'000	EUR'000
Investments	15,441	17,412	27,114	25,600
Services	78	613	– 611	664
Corporate	– 2,299	– 291	– 3,394	– 1,299
<b>TOTAL</b>	<b>13,220</b>	<b>17,733</b>	<b>23,109</b>	<b>24,965</b>

Compared with the previous quarter of 2007, revenues of the Investments and Services segments increased and the earnings ratios improved. Compared with the first half of the previous year, EBITDA and EBIT in the Investments segment rose by 6.3 % and 6.0 % respectively. In the first half of 2007, the EBIT margin in this segment was 48.0 %. Due to the start-up costs of PATRIZIA Immobilien Kapitalanlagegesellschaft mbH and increased staff costs in the Property Management line, the Services segment posted negative earnings ratios for the first half of 2007 overall. In the second quarter of 2007, the Corporate segment was hit by increased tax consultancy costs arising from the last large-scale portfolio purchases (EUR 190 thousand), the costs for the Annual General Meeting (EUR 250 thousand) and bonus payments (EUR 400 thousand).

## 8. EARNINGS PER SHARE

	2 <sup>nd</sup> quarter 2007 01.04. – 30.06.2007	2 <sup>nd</sup> quarter 2006 01.04. – 30.06.2006	1 <sup>st</sup> half of 2007 01.01. – 30.06.2007	1 <sup>st</sup> half of 2006 01.01. – 30.06.2006
<b>EARNINGS PER SHARE</b>				
Profit share of Group shareholders (in EUR'000)	7,104	11,659	9,821	15,223
Numer of shares issued	52,130,000	47,400,000	52,130,000	47,400,000
Weighted number of shares	51,987,452	45,673,973*	51,987,452	45,673,973*
<b>EARNINGS PER SHARE (IN EURO)</b>	<b>0.14</b>	<b>0.26</b>	<b>0.19</b>	<b>0.33</b>

\* To enable better comparison with the 2006 consolidated financial statements, we have applied the weighted number of shares for the whole of 2006.

The earnings per share figure is calculated by dividing the net income for the period by the weighted number of shares. Earnings per share for the first half of 2007 amounted to EUR 0.19. We expect earnings per share of around EUR 0.86 for the 2007 financial year as a whole.

## 9. SIGNIFICANT TRANSACTIONS WITH RELATED INDIVIDUALS AND COMPANIES

At present, the Managing Board of PATRIZIA Immobilien AG is not aware of any dealings, contracts or legal transactions with associated or related persons and/or companies for which the company does not receive customary and appropriate counterperformance. All business dealings were concluded on customary terms and therefore do not differ significantly from the dealings with other persons or companies for the provision of goods and services.

The disclosure on transactions with related individuals and companies in section 9.3 of the notes to the consolidated financial statements in the 2006 annual report remains valid.

## 10. ASSURANCE BY THE LEGAL REPRESENTATIVES OF PATRIZIA IMMOBILIEN AG PURSUANT TO SECTION 37y OF THE GERMAN SECURITIES TRADING ACT (WPHG) IN CONJUNCTION WITH SECTION 37w (2) NO. 3 WPHG

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, 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 performance of the 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  
Chairman of the Board



Dr. Georg Erdmann  
Member of the Board



Alfred Hoschek  
Member of the Board



Klaus Schmitt  
Member of the Board

## FINANCIAL CALENDAR

Date	Events
August 09, 2007	Interim Report – Second Quarter 2007
October 08 – 10, 2007	International Trade Fair EXPO REAL 2007
October 25/26, 2007	Conference Real Estate Share Initiative
November 07, 2007	Interim Report – Third Quarter 2007

PATRIZIA Immobilien AG  
PATRIZIA Bürohaus  
Fuggerstraße 26  
D-86150 Augsburg  
Phone +49 / 8 21 / 5 09 10-0 00  
Fax +49 / 8 21 / 5 09 10-9 99  
immobilien@patrizia.ag  
www.patrizia.ag

Investor Relations Contact Details  
Claudia Kellert  
Phone +49 / 8 21 / 5 09 10-3 60  
Fax +49 / 8 21 / 5 09 10-3 99  
investor.relations@patrizia.ag

Public Relations Contact Details  
Astrid Schüler  
Phone +49 / 8 21 / 5 09 10-6 23  
Fax +49 / 8 21 / 5 09 10-6 95  
presse@patrizia.ag

