PATRIZIA

IMMOBILIEN AG

Q2

2008

KEY FIGURES

	2nd quarter 2008 01.04. – 30.06.2008	2nd quarter 2007 01.04. – 30.06.2007	1st half of 2008 01.01. – 30.06.2008	1st half of 2007 01.01. – 30.06.2007
REVENUES AND EARNINGS	EUR'000	EUR'000	EUR'000	EUR'000
Revenues	51,711	34,949	98,309	58,409
Total operating performance	42,557	37,480	74,196	650,068
EBITDA	17,487	13,435	24,454	23,533
EBIT	17,330	13,220	24,118	23,109
EBIT (adjusted)	17,330	12,978	30,181	19,432
EBT	21,304	10,904	2,660	15,067
EBT (adjusted)	207	–1,848	–2,061	–2,650
Net profit	19,942	7,104	1,840	9,821

	30.06.2008	31.12.2007
STRUCTURE OF ASSETS AND CAPITAL	EUR'000	EUR'000
Non-current assets	751,881	750,235
Current assets	861,442	892,957
Equity	343,295	336,605
Equity ratio (in %)	21.3 %	20.5 %
Non-current liabilities	12,669	11,425
Current liabilities	1,257,359	1,295,162
Total assets	1,613,323	1,643,192

SHARE	
ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
Share capital as at June 30, 2008	EUR 52,130,000
No. of shares in issue as at June 30, 2008	52,130,000
Second quarter 2008 high*	EUR 4.71
Second quarter 2008 low*	EUR 3.11
Closing price as at June 30, 2008*	EUR 3.11
Market capitalization as at June 30, 2008	EUR 162.1 million
Indices	SDAX, EPRA, GEX, DIMAX

*Closing price at Frankfurt Stock Exchange Xetra trading

Invest.

Optimize.

Realize.

LETTER TO OUR SHAREHOLDERS

Dear Ladies and Gentlemen,
Dear Shareholders and Business partners,

Over recent weeks and months, the state and prospects of the German real estate market has been much discussed and much has been written on the subject – a confident voice was scarcely to be found. A general 'wait and see' approach has developed among many market participants. This hesitation, in terms of the development prospects of residential real estate, is something that we also encounter in our daily business. Nevertheless, we do not share certain views and opinions and are actively working on disproving these arguments.

We know from experience – the past 20 years in the real estate business has taught us this – that the real estate market can be viewed in very different ways: one region is not like another region, one transaction cannot be simply compared with another and the quality of a property can often vary significantly. An attempt to use one individual, completed transaction as a benchmark for all of Germany is, in our opinion, doomed to failure. The reason for this is that the development prospects for residential real estate on the German real estate market in terms of demand and therefore also price trends, are proving to be very different and are increasingly drifting further away from each other on a regional basis.

The demand for residential real estate in metropolitan areas such as Hamburg, Cologne/Düsseldorf or Munich cannot be compared with the necessity for residential space in structurally lagging regions. As a result, the price per square meter is dependent on the demand, the location and naturally the structural quality of the real estate. In Munich, for example, we generated a price per square meter of between EUR 1,700 and EUR 3,300 in the first half of 2008. In comparison to this, the average sales price in Friedrichshafen for a building with comparatively equal structural quality was approx. EUR 1,300 per sqm. Determining a uniform price per square meter for our nationwide portfolio of around 13,000 units is impossible.

In our opinion, the prospects and therefore the price developments for the attractive regions of Germany remain positive. These are regions with a high population influx, positive economic prospects as well as a high level of demand for residential space.

Furthermore, both the current inflation rate in Germany as well as turbulence on the stock markets have resulted in real estate becoming an investment class. In June 2008, the German consumer price index rose by 3.3 % compared to the previous year. This is the highest price increase rate within the past 15 years. Due to rising inflation rates and lower real interest rates, residential real estate represents an attractive investment for capital investors. And with higher rental prices due to the higher inflation rate, the incentive for residential real estate ownership is growing even more.

In spite of reasoning that supports the purchase of residential real estate, the current situation on the market is marked by reservation on the part of private investors. Discussions with potential private purchasers make up part of our daily business. They show that negative reports on the subject of residential real estate at home and abroad have contributed to the unsettling of market participants. The initial effects of the temporary reserved attitude of private purchasers can be seen in the figures for sales in Residential Property Resale.

The satisfactorily sales figures generated from January to March 2008 in Residential Property Resale could not be achieved in the following months. In a quarterly comparison, the number of units privatized has decreased significantly: 144 units were sold in Q1 but only 103 units – around 28 % less – were sold in Q2 to tenants, owner-occupiers and private investors. The sales price of EUR 2,213 per sqm once again underlines the quality of our real estate portfolio and shows that an all-encompassing assessment of the German real estate market is not possible. We would once again like to emphasize that, during the current fiscal year, we do not expect write-downs in any form on parts of our portfolio or that we will be faced with markdowns.

Nevertheless, we also conducted a block sale of a total of 52 units in the second quarter. This shows that even in spite of the current difficult market situation, there is a continued demand for portfolios with high-quality apartments in good locations and that financing in this scale is possible. The sales price of EUR 2,195 per sqm generated in our block sale strengthens our statement that prices in locations within our portfolio are showing potential for further increases.

In addition, we have also successfully sold the "Dresden Altmarktkarree II" property within the Project Development business line prior to implementation of the development phase. The real estate, acquired at the end of 2006 for around EUR 9 million following an insolvency process, provided us with additional utilization possibilities following purchase of the neighboring real estate by the current buyer.

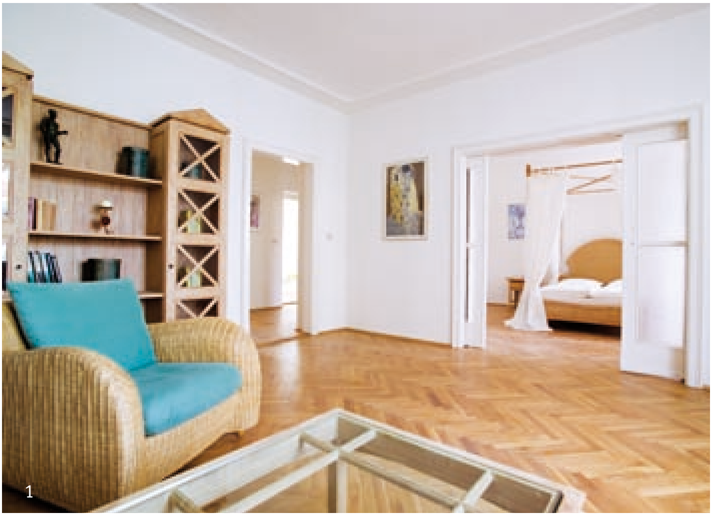
Equity on the equity & liabilities side of the balance sheet increased slightly to EUR 343.3 million, resulting in an improved equity ratio, up from 19.6 % to 21.3 %. In contrast, our bank loans decreased slightly to EUR 1,238.0 million based on sales made and the associated loan repayments. We have also managed to extend a large part of our bank loans, which were end of 2007 due in less than twelve months in accordance with our business model, to beyond the end of fiscal year 2008.

Reported EBIT for the first six months of the year amounts to EUR 24.1 million. Adjusted for one-time effects, especially those that impacted Q1 2008 by EUR 6.1 million, the adjusted EBIT amounts to EUR 30.2 million.

Our forecast for 2008 is based exclusively on income with an impact on liquidity. The financial result of Q2, which was positively affected by EUR 21.1 million due to the market valuation of interest rate hedges, shows the influence that these one-time effects have on net profit for the period in accordance with IFRSs. Market valuation in the previous quarter led to an expense of EUR 10.3 million. For this first six months of 2008, earnings before tax, calculated in accordance with IFRS accounting standards, amounted to a total of EUR 2.7 million. Adjusted for negative one-time effects from Q1 (EUR -6.1 million) as well as from the results of the market valuation of interest rate hedging transactions (EUR 10.8 million), the adjusted EBT amounts to EUR -2.1 million. Despite the results in the first six months of 2008, we reaffirm our forecast of earnings before tax in the amount of EUR 25 million to EUR 30 million. We expect that the further business development in the second half of fiscal 2008 will secure this forecast figure.

The Management Board

Wolfgang Egger	Arwed Fischer	Alfred Hoschek	Klaus Schmitt
Chairman of the Board	Member of the Board	Member of the Board	Member of the Board



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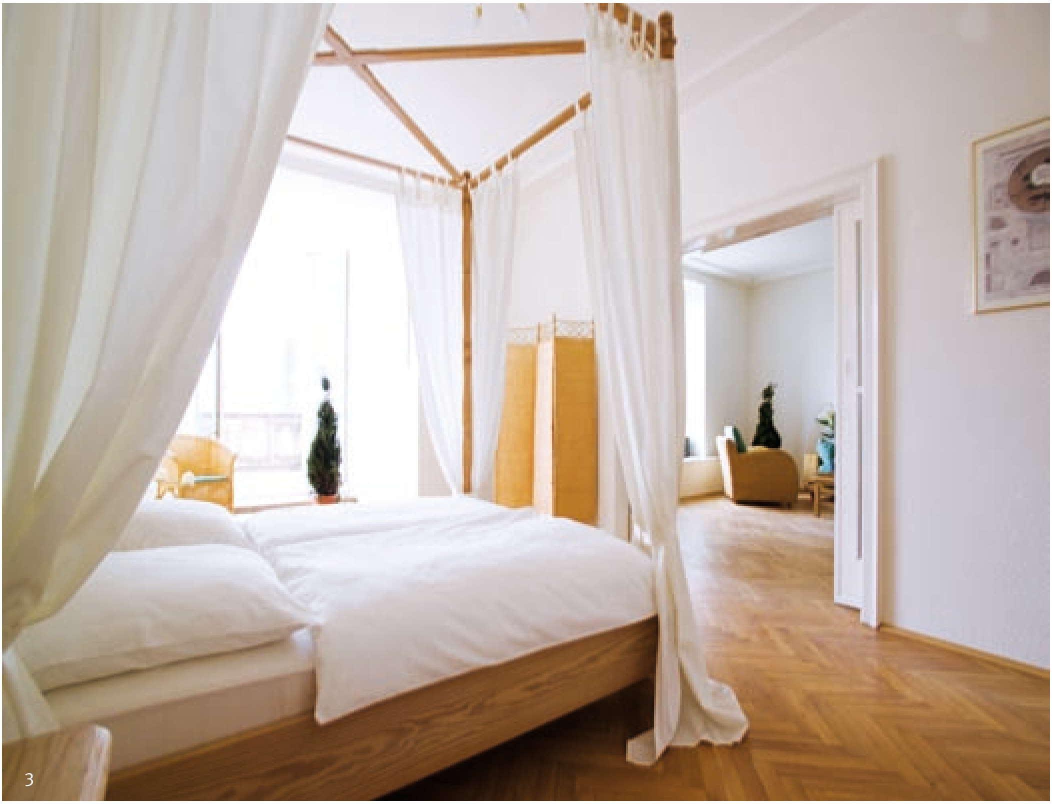

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INTERIM REPORT FOR H1 2008

1. BUSINESS DEVELOPMENT AND SIGNIFICANT TRANSACTIONS IN THE SECOND QUARTER OF 2008

KEY EVENTS IN THE INVESTMENTS SEGMENT

In fiscal year 2008, the focus within the Investments segment is on selling off residential units for which various sales channels are being utilized. As part of the Residential Property Resale, apartments are sold individually to tenants, owner-occupiers and private investors. An additional sales path in the Asset Repositioning segment is the sale of entire houses or portfolios in the form of block sales. A total of 372 residential and 12 commercial units were sold as individual and block sales within the first six months of 2008, resulting in sales proceeds of EUR 59.4 million.

RESIDENTIAL PROPERTY RESALE

To date, 247 units have been sold individually to tenants, owner-occupiers and private investors in the first six months of 2008 (first half of 2007: 178 units). 103 of these units were privatized within Q2 2008. The majority of the privatized units are in the Munich area; a total of 71 units were sold here in the second quarter of 2008. The resulting purchase price revenues from individual sales in the second quarter of 2008 amounted to a total of EUR 14.3 million or EUR 2,213 per sqm.

ASSET REPOSITIONING

In Munich, 46 residential and 6 commercial units with floor space of around 4,050 sqm were sold in the form of a block sale. This led to a purchase price of around EUR 8.9 million or EUR 2,195 per sqm.

This block sale goes to show that in spite of the difficult market environment, high quality units in good locations are still in demand on the market.

PROJECT DEVELOPMENT

In June 2008, the Dresden Altmarktkarree II property was sold as part of Project Development. The smaller of our two Dresden Altmarktkarree projects generated sales proceeds of EUR 14.0 million. PATRIZIA refrained from implementing its originally planned utilization concept due to the fact that an existing local shopping center operator purchasing neighboring land presented new marketing opportunities. The purchaser has announced plans to expand the existing shopping center. This expansion and the planned construction will continue to increase the value of the Altmarktkarree environs, making this area even more attractive for visitors and tenants. The square near Dresden's city center will be completed by our Dresden Altmarktkarree I asset repositioning property. Optimizing this property will enable us to continue independently of the resulting transaction.

Overview of the PATRIZIA portfolio

Region/city	Number of units (June 30, 2008)	% of the portfolio	Area in sqm (June 30, 2008)	% of the portfolio
Munich	5,510	42.6 %	377,549	41.5 %
Cologne/Düsseldorf	1,586	12.3 %	137,679	15.1 %
Hamburg	1,375	10.6 %	91,573	10.1 %
Leipzig	981	7.6 %	64,391	7.1 %
Frankfurt	948	7.3 %	59,761	6.6 %
Berlin	964	7.4 %	62,191	6.8 %
Dresden	561	4.3 %	48,190	5.3 %
Regensburg	473	3.7 %	32,387	3.6 %
Hanover	443	3.4 %	30,383	3.3 %
Friedrichshafen	103	0.8 %	6,586	0.7 %
Total	**12,944**	**100 %**	**910,690**	**100 %**

OTHER EVENTS

The Management's proposal to carry all the retained earnings of EUR 19,510,908.79 forward to new account was approved by the Annual General Meeting on June 3, 2008. All existing members of the Supervisory Board were re-elected for a further three years of office in the Supervisory Board elections. Following the Annual General Meeting, Dr. Theodor Seitz was re-appointed as Chairman of the Supervisory Board.

In addition, an Annual General Meeting resolution authorized the Management Board to acquire and use treasury shares in accordance with legal regulations. The authorization is valid for 18 months and is limited to shares valued at 10 % of share capital.

The Annual General Meeting also passed all other items on the agenda for resolution with clear majorities.

2. OUR EMPLOYEES

As of June 30, 2008, PATRIZIA had 368 permanent employees. In comparison to the end of 2007, the numbers of employees has grown by 34 or 10.2 %. Of these, nine new employees were hired in the second quarter of 2008.

3. NET ASSET, FINANCIAL AND EARNINGS SITUATION

Earnings Situation of the PATRIZIA Group

The earnings situation of the PATRIZIA Group has improved both when compared to the period of the previous year as well as when compared with Q1 2008. Revenues in Q2 2008 amounted to EUR 51.7 million, climbing 11.0 % in comparison with the previous quarter for the period January through March 2008. Revenues for the entire first half of the year rose by 68.3 % to EUR 98.3 million in comparison with the first six months of 2007 (first half of 2007: EUR 58.4 million).

Revenues in Q2 2008 can be broken down as follows:

	2nd quarter 2008 01.04. – 30.06.2008	2nd quarter 2007 01.04. – 30.06.2007	1st half of 2008 01.01. – 30.06.2008	1st half of 2007 01.01. – 30.06.2007
	EUR MILLION	EUR MILLION	EUR MILLION	EUR MILLION
Purchase price revenues from residential property resale	14.3	11.2	35.7	21.4
Purchase price revenues from asset repositioning	8.9	0	23.7	0
Rental revenues	19.2	17.1	38.3	29.1
Revenues from the Services segment	1.5	1.0	2.6	1.8
Other	7.8	5.7	15.0	6.1
Adjustments	0	0	–17.1	0
CONSOLIDATED REVENUES	**51.7**	**34.9**	**98.3**	**58.4**

In Q2 2008, Residential Property Resale generated revenues of EUR 14.3 million through individual sales of 103 units to tenants, owner-occupiers and private investors. This results in an average sales price of approx. EUR 140,000 per apartment or EUR 2,213 per sqm. When compared with the same quarter of 2008, 28 % or 41 less units were sold. This meant that around 8.2 % of the approx. 3,000 units in the process of privatization on January 1, 2008, were sold during the first six months of 2008. The decrease in inventories linked to the sales amounted to EUR 9.8 million, representing a gross margin of 31.4 %.

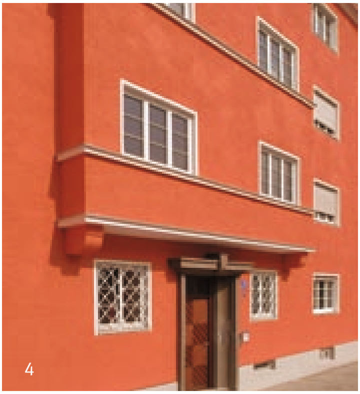
The block sale of 46 residential and 6 commercial units, i.e. the Asset Repositioning business line, contributed EUR 8.9 million to consolidated revenues of EUR 51.7 million.

The sale of the Dresden Altmarktkarree II project development property resulted in purchase price revenues of EUR 14.0 million. Due to the fact that this project was reported under the Investment property under construction item, the purchase price was not posted as revenues but rather as profit from the disposal of assets under the item Income from the sale of investment property under construction.

Rental revenues amounted to EUR 19.2 million in Q2 2008. It must be taken into account that rental revenues posted for the previous quarter were positively influenced by a one-time effect in the amount of EUR 0.8 million. Without this one-time effect, rental income for Q1 2008 amounted to a total of EUR 18.3 million meaning that rental revenues were increased by 4.8 % in Q2 2008. Other revenues chiefly comprise rental ancillary costs. Viewing the portfolio as a whole, rent per square meter amounts to EUR 7.56.

Changes in inventories amounted to EUR -29.7 million within the first six months of 2008. No purchases were made in the reporting period meaning that the additions to inventories are a result of recognizing renovation expenses as well as the sales reversal of 165 residential units carried out in the first quarter. The significantly higher inventory reductions include the decrease in carrying amounts of sales from inventories during the first six months of 2008.

The cost of materials amounted to EUR 30.0 million in the first six months of 2008 – EUR 15.7 million of this is attributable to Q2. Because no further properties were purchased in the first half of 2008, this item has significantly declined in comparison with the previous year. In contrast, the amount of renovation and maintenance costs has grown due to the high level of asset repositioning properties. Cost of materials also includes rental ancillary costs for which we have posted advance payments from tenants under the Other revenues item.



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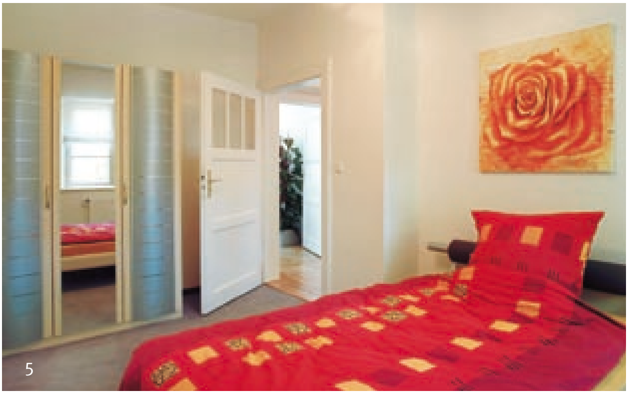

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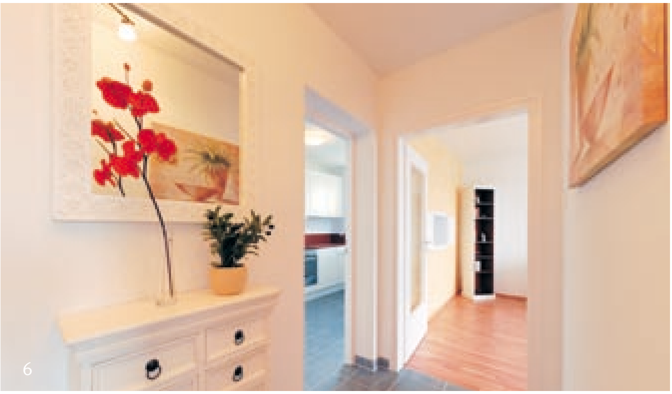
The increase in the PATRIZIA Group's staff numbers has also resulted in higher staff costs. When comparing the quarters of 2008, staff costs remained almost constant at EUR 5.3 million in Q1 and EUR 5.4 million in Q2. This means total staff costs of EUR 10.7 million for the entire first half of 2008. This is broken down into EUR 8.2 million in wages and salaries, EUR 1.6 million in social security contributions and EUR 1.0 million in proportional bonus payments. In the first six months of 2007, staff costs amounted to EUR 7.9 million with 280 members of staff. To compare: at the end of June 2008, the PATRIZIA Group had 368 permanent employees resulting in the increase in staff costs. The expansion of business activities also led to an increase in other operating expenses, from EUR 7.7 million in the first half of 2007 to EUR 9.0 million. A comparison of both quarters of fiscal year 2008 shows other operating expenses of EUR 4.1 million for Q2 – around 18 % lower than that of Q1 (EUR 5.0 million).

The earnings situation improved in comparison with Q1 2008. In Q2 2008, EBIT grew from EUR 6.8 million to EUR 17.3 million. However, it must be borne in mind that the first quarter was negatively impacted by one-time effects to the amount of EUR 6.1 million. Total EBIT of EUR 24.1 million was generated in the first half of 2008 (previous year: EUR 23.1 million). Fair value adjustments to investment property in the amount of EUR 3.2 million had a positive effect in the previous year. As already posted, the first six months of 2008 were negatively impacted by one-time effects of EUR 6.1 million. A look at EBIT (adjusted), i.e. eliminating all one-time effects, shows EBIT (adjusted) of EUR 30.2 million for the first half of 2008.



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The Services segment contributed EUR 0.2 million to EBIT in the first half of the year. In the reporting period of the previous year, services were impacted by start up costs connected to the establishment of PATRIZIA Immobilien Kapitalanlagegesellschaft mbH as well as by increased staff costs in the Property Management business line thus posting negative earnings.

The financial result in Q2 2008 amounted to a total of EUR 4.0 million and was significantly impacted by the market valuation of interest rate hedges. The financial result is chiefly composed of interest expenses for bank loans of EUR 16.9 million as well as updated market valuations of interest rate hedges which led to financial income of EUR 21.1 million in Q2. Positive effects from the valuation of interest rate hedges in the amount of EUR 10.8 million can be seen when the entire first half of 2008 is viewed as a whole. Contrasting developments during Q1 and Q2 2008 clearly shows that the results of market valuation from interest rate hedges can significantly impact the Company's total earnings.

The posted earnings before taxes (EBT) amounted to EUR 21.3 million in Q2 2008, a rise of 214.3 % on the EBT of the previous quarter (EUR -18.6 million). As already presented, this is primarily attributable to the positive effect of the market valuation of interest rate hedges. The reported EBT for Q2 2008, adjusted by the effects of interest rate hedges, results in EBT (adjusted) of EUR 0.2 million, purely from operating activities in the second quarter of 2008.

The EBT reported for the entire first six months amounted to EUR 2.7 million, which is EUR 12.4 million lower than the same period of the previous year. EBT for the first half of 2008 was impacted by contrasting developments from the market valuation of interest rate hedges. Although Q1 2008 was negatively impacted to the amount of EUR 10.3 million, the valuation of interest rate hedges, at EUR 21.1 million, contributed positively to the EBT posted for Q2 2008. In total, EBT for the first six months of the year was positively impacted by the valuation of interest rate hedges in the amount of EUR 10.8 million.

Eliminating all one-time effects results in negative EBT (adjusted) of EUR -2.1 million for the entire first six months of 2008. However, it is necessary to consider that EBT of EUR 15.1 million in the previous year was positively impacted by the result of market valuation from interest rate hedges in the amount of EUR 14.0 million. Adjusting the earnings ratios by one-time effects results in EBT of EUR -2.6 million for the first six months of 2007 in comparison with EUR -2.1 million for the first six months of 2008.

Calculation of EBT (adjusted) following elimination of all one-time effects

	1st quarter 2008 01.01. – 31.03.2008	2nd quarter 2008 01.04. – 30.06.2008	1st half of 2008 01.01. – 30.06.2008
	EUR MILLION	EUR MILLION	EUR MILLION
EBT posted in accordance with IFRSs	–18.6	21.3	2.7
Elimination of one-time effect from reversal of 165 residential units	6.1	0.0	6.1
Elimination of one-time effect from market valuation of interest rate hedges	10.3	–21.1	–10.8
EBT (adjusted) (excluding one-time effects)	**–2.3**	**0.2**	**–2.1**

After deduction of income taxes, net profit after taxes for Q2 2008 amounted to EUR 19.9 million. Net profit after taxes for the entire first six months of 2008 amounted to EUR 1.8 million, resulting in earnings per share (before adjustment for one-time effects) of EUR 0.04 (previous year: EUR 0.19 per share).

The following table provides an overview of the key income statement items:

	2nd quarter 2008 01.04. – 30.06.2008	2nd quarter 2007 01.04. – 30.06.2007	1st half of 2008 01.01. – 30.06.2008	1st half of 2007 01.01. – 30.06.2007
	EUR'000	EUR'000	EUR'000	EUR'000
Revenues	51,711	34,949	98,309	58,409
Total operating performance	42,557	37,480	74,196	650,068
EBITDA	17,487	13,435	24,454	23,533
EBIT	17,330	13,220	24,118	23,109
Earnings before income taxes (EBT)	21,304	10,904	2,660	15,067
Net profit for the period	19,942	7,104	1,840	9,821

Taking all extraordinary one-time effects into account, i.e. after deducting the reversal transaction involving the 165 apartments, non-income from interest rate hedges not impacting liquidity as well as fair value adjustments to investment property, produces the following overview of adjusted income statement items:

	2nd quarter 2008 01.04. – 30.06.2008	2nd quarter 2007 01.04. – 30.06.2007	1st half of 2008 01.01. – 30.06.2008	1st half of 2007 01.01. – 30.06.2007
	EUR'000	EUR'000	EUR'000	EUR'000
Revenues	51,711	34,949	115,392	58,409
Total operating performance	42,557	37,480	79,783	650,068
EBITDA (adjusted)	17,487	13,193	30,517	19,855
EBIT (adjusted)	17,330	12,978	30,181	19,432
Earnings before income taxes (adjusted)	207	-1,848	–2,061	-2,650

Net Assets and Financial Situation of the PATRIZIA Group

Due to sell-offs during the first six months of 2008, total assets as of June 30, 2008 decreased slightly from EUR 1,643.2 million to EUR 1,613.3 million.

Due to execution of value enhancing measures, investment property rose slightly in value by EUR 0.4 million to EUR 712.0 million.

To date, the Munich-Ludwigsfeld and the Dresden Altmarktkarree II asset repositioning portfolios have been recognized under the Investment property under construction item at amortized cost. This item decreased from EUR 20.3 million to EUR 11.6 million in comparison with Q1 2008 due to the sale of the Dresden property.

As of the reporting date, the participations of the Company, which chiefly cover the 6.25 % equity interest in the PATRoffice co-investment, amounted to EUR 2.0 million and thus remained unchanged against the same quarter of the previous year (March 31, 2008: EUR 2.0 million).

As of June 30, 2008, our investments in joint ventures – the Frankfurt Feuerbachstrasse development project – amounted to EUR 5.3 million. Due to the fact that this joint venture partnership has only existed since September 2007, it is not possible to compare with last year. This item had not changed as of March 31, 2008.

In addition to real estate held for sale as part of ordinary business activities, PATRIZIA's inventories include real estate in Augsburg and Munich that were purchased for project development. As of June 30, 2008, inventories decreased by EUR 30.6 million or 3.9 % to EUR 762.8 million in comparison with the balance sheet date of December 31, 2007, due to the previously mentioned sell-offs in individual and block sales.

As of June 30, 2008, current receivables and other current assets of EUR 42.5 million contain due purchase price payments of EUR 14.0 million from the sale of the Dresden Altmarktkarree II property as well as the block sale of EUR 8.9 million. Payment for the sale of the property in Dresden had already been received at the time that this interim report was prepared. In a quarterly comparison, bank balances and cash decreased from EUR 54.8 million by 30.7 % to EUR 38.0 million as of June 30, 2008.

In view of the positive net profit for the period, equity climbed from EUR 315.2 million on March 31, 2008 to EUR 343.3 million at the end of the period under review. The equity ratio as at June 30, 2008 was therefore 21.3 %. In the medium term, we are striving towards an equity ratio of at least 25 % to 30 % at Group level.

At EUR 1,238.0 million, current bank loans have lowered slightly in a quarterly comparison due to repayments. In order to hedge interest rates, interest rate hedges were concluded for a term of more than five years for 80 % of our bank loans.

4. OPPORTUNITY AND RISK REPORT

Within the scope of its business activities, PATRIZIA Immobilien AG is exposed to both opportunities and risks. As part of our risk management system, the necessary measures have been taken and processes implemented within the Group in order to recognize negative developments and risks at an early stage. Since the annual financial statements for the 2007 fiscal year and the interim financial statement for Q1 2008, PATRIZIA's opportunity and risk profile has not changed in any way that would give rise to new opportunities or risks for the Group.

The statements of the risk report in the 2007 Annual Report continue to apply. For a detailed presentation of the opportunities and risks for the Group, the reader is referred to the Risk Report in the 2007 Annual Report of PATRIZIA Immobilien AG. The Management Board of PATRIZIA Immobilien AG is not currently aware of any additional risks.

5. SUPPLEMENTARY REPORT

Following the period under review, PATRIZIA Acquisition & Consulting GmbH acquired a total of 451 residential and 4 commercial units in Leipzig with a floor space of around 30,400 sqm for the PATRIZIA German Residential Fund 1. The fund purchase volume now amounts to around EUR 60 million.

6. REPORT ON EXPECTED DEVELOPMENTS

The German economy is set to grow at a slower pace in 2008 than in 2007. In addition to continually rising energy and commodity prices, the global effects of the mortgage and loan crisis in the USA play a significant role. The results of these developments include the increasing inflation in Germany. In the experience of the Company, asset classes such as real estate are highly valued during times of rising inflation. In the second quarter of 2008, the inflation rate rose by more than 3 %, we are continuing our expectations of a good market environment for our business model.

Within the first six months of 2008, we sold 384 units – 247 as part of residential property resale and 137 through block sales. This represents 27.4 % and 25.6 % respectively of the 1,400 to 1,500 unit sales that we had intended in fiscal year 2008. In July 2008, a further 500 individual sales units in Munich as well as 150 in Regensburg were added to the existing 3,000 units that were available in individual sales at the beginning of the year. For the first three months following commencement of sales, the apartments are exclusively available to tenants for purchase. After this phase the units are made available to owner-occupiers and private investors. In the experience of the Company, the second half of the year represents the stronger six months within the real estate industry. For this reason, an increase in sales figures is expected in the second half of the year, however, not merely based on the higher number of apartments available for sale.

In addition, we are generating income from the other Investments business lines, i.e. Asset Repositioning and Project Development. A continued demand for small to medium portfolios in good quality that generate stable income due to their location can be seen, particularly in the area of Asset Repositioning.

The Services segment, currently in development, is also expected to make a positive contribution to consolidated profit.

In spite of the negative EBT (adjusted) of EUR -2.1 million for the first six months of 2008, i.e. purely from the operating business with one-time effects removed, we are confident that we will achieve EBT of EUR 25 million to EUR 30 million, forecast for the entire year, excluding effects from the market valuation of interest rate hedges as well as fair value adjustments to the real estate portfolio. We expect that the further business development of the second half of 2008 and ongoing transactions will secure the given forecast for 2008. Our projected earnings before tax is based exclusively on income from the sale of real estate impacting liquidity, rental income as well as income from the service business.

This report contains specific forward-looking statements that relate in particular to the business performance 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.

Pictures

1–3 Dresden, Altmarktkarree | 4,5 Munich, Agnes-Bernauer-Strasse

6 Munich, Landshuter Allee | 7 Munich, Cincinnatistrasse

8 Regensburg, Stolzenbergstrasse | 9,10 Berlin, Düsseldorfer Strasse


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CONSOLIDATED BALANCE SHEET IN ACCORDANCE WITH IFRS AS OF JUNE 30, 2008

ASSETS

	30.06.2008	31.12.2007
A. NON-CURRENT ASSETS	EUR'000	EUR'000
Software	470	196
Investment property	711,958	711,558
Investment property under construction	11,576	20,205
Equipment	1,991	2,087
Investments in joint ventures	5,317	5,067
Participations	2,043	2,043
Long-term financial derivatives	18,151	8,704
Long-term tax assets	375	375
Deferred tax assets	0	0
Total non-current assets	**751,881**	**750,235**
B. CURRENT ASSETS		
Inventories	762,782	793,395
Short-term financial derivatives	10,332	4,546
Short-term tax assets	7,895	3,144
Current receivables and other current assets	42,452	37,859
Bank balances and cash	37,981	54,013
Total current assets	**861,442**	**892,957**
TOTAL ASSETS	**1,613,323**	**1,643,192**

EQUITY AND LIABILITIES

	30.06.2008	31.12.2007
A. EQUITY	EUR'000	EUR'000
Share capital	52,130	52,130
Capital reserves	215,862	215,862
Retained earnings		
- legal reserves	505	505
Valuation results from cash flow hedges	7,791	2,941
Consolidated net profit	67,007	65,167
Total equity	**343,295**	**336,605**
B. LIABILITIES		
NON-CURRENT LIABILITIES		
Long-term tax liabilities	12,140	9,914
Long-term financial derivatives	160	1,142
Retirement benefit obligations	369	369
Total non-current liabilities	**12,669**	**11,425**
CURRENT LIABILITIES		
Short-term bank loans	1,238,025	1,261,997
Short-term financial derivatives	0	235
Other provisions	497	594
Current liabilities	18,734	32,171
Tax liabilities	103	165
Other current liabilities	0	0
Total current liabilities	**1,257,359**	**1,295,162**
TOTAL EQUITY AND LIABILITIES	**1,613,323**	**1,643,192**

CONSOLIDATED PROFIT AND LOSS ACCOUNT IN ACCORDANCE WITH IFRS

for the period from January 1, 2008 to June 30, 2008

		2nd quarter 2008 01.04. – 30.06.2008	2nd quarter 2007 01.04. – 30.06.2007	1st half of 2008 01.01. – 30.06.2008	1st half of 2007 01.01. – 30.06.2007
		EUR'000	EUR'000	EUR'000	EUR'000
1.	Revenues	51,711	34,949	98,309	58,409
2.	Income from the sale of investment property under contruction	4,083	0	4,083	0
3.	Changes in inventories	–13,780	2,281	–29,744	591,153
4.	Other operating income	543	250	1,548	506
5.	**Total operating performance**	**42,557**	**37,480**	**74,196**	**650,068**
6.	Cost of materials	–15,692	–15,968	–29,970	–614,116
7.	Staff costs	–5,303	–4,302	–10,747	–7,896
8.	Amortization of software and depreciation on equipment	–157	–214	–336	–423
9.	Results from fair value adjustments to investment property	0	0	0	3,179
10.	Other operating expenses	–4,076	–3,777	–9,026	–7,703
11.	Finance income	22,728	13,294	25,104	16,334
12.	Finance cost	–18,753	–15,610	–46,561	–24,376
13.	**Profit before income taxes**	**21,304**	**10,904**	**2,660**	**15,067**
14.	Income tax	–1,362	–3,799	–820	–5,246
15.	**Net profit**	**19,942**	**7,104**	**1,840**	**9,821**
16.	Profit carried forward	47,065	19,843	65,167	17,126
17.	**Consolidated net profit**	**67,007**	**26,947**	**67,007**	**26,947**

CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1, 2008 to June 30, 2008

	1st half of 2008 01.01. – 30.06.2008	1st half of 2007 01.01. – 30.06.2007
	EUR'000	EUR'000
Consolidated profit after taxes	1,840	9,821
Amortization of intangible assets and depreciation on property, plant and equipment	336	423
Results from fair value adjustments to investment property	0	–3,179
Loss from/gain an disposal of fixed assets	0	0
Change in deferred taxes	2,227	9,002
Change in retirement benefit obligations	0	37
Non-cash item income and expenses that are not attributable to financing activities	–11,590	–19,136
Changes in inventories, receivables and other assets that are not attributable to investing activities	36,287	–544,084
Changes in liabilities that are not attributable to financing activities	–52,597	507,836
Cash outflow from operating activities	**–23,497**	**–39,280**
Capital investments in intangible assets and property, plant and equipment	–514	–995
Cash receipts from disposal of intangible assets and property, plant and equipment	0	0
Cash receipts from disposal of investment property	8,656	0
Payments for development or acquisition of investment property	–428	–605,480
Investments	–250	–53
Cash receipts from disposal of financial assets	0	0
Cash outflow/inflow from investing activities	**7,464**	**–606,528**
Dividend of PATRIZIA Immobilien AG	0	–7,820
Capital increase of PATRIZIA Immobilien AG	0	104,060
Borrowing of loans	0	530,903
Repayment of loans	0	0
Other cash inflows or outflows from financing activities	0	–1,619
Cash inflow from financing activities	**0**	**625,524**
Change in operating activities of a cash nature	**-16,033**	**–20,284**
Cash January 1	54,013	83,211
Cash June 30	37,981	62,927

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY IN ACCORDANCE WITH IFRS
for the period from January 1, 2008 to June 30, 2008

	Share capital	Capital reserves	Retained earnings (legal reserve)	Valuation results from cash flow hedges	Consolidated net profit	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance January 1, 2008	**52,130**	**215,862**	**505**	**2,941**	**65,167**	**336,605**
Results from fair valuation adjustments cash flow hedges				4,850		**4,850**
Net profit of 1st half of 2008					1,840	**1,840**
BALANCE JUNE 30, 2008	**52,130**	**215,862**	**505**	**7,791**	**67,007**	**343,295**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY IN ACCORDANCE WITH IFRS
for the period from January 1, 2007 to June 30, 2007

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

INTERIM FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS FOR H1 2008

1. GENERAL DISCLOSURES

PATRIZIA Immobilien AG is a listed German stock corporation based in Augsburg, Germany. The Company's headquarters are located at Fuggerstrasse 26, 86150 Augsburg. The Company operates on the German real estate market. Its business activities include the purchase, value optimization and placement of residential and commercial real estate. Therefore, the PATRIZIA Group performs all services along the value chain in the real estate sector.

2. REPORTING PRINCIPLES

These unaudited consolidated interim financial statements of PATRIZIA Immobilien AG for the first six months of 2008 (January 1 through June 30, 2008) were prepared in line with the latest versions of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as adopted by the European Union. In this respect, the accounting standards applied are those adopted by the EU in the context of the endorsement process, i.e. those published in the Official Journal of the EU.

From the perspective of the Company's management, the present unaudited consolidated interim financial statements for the period ended June 30, 2008 contain all of the information necessary to provide a true and fair view of the course of business and the earnings situation in the period under review. Earnings generated in the first six months of 2008 are not necessarily an indication of future earnings or of the expected total earnings for fiscal year 2008.

When preparing the consolidated financial statements for the interim report on the first six months of 2008, the Management 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 2007. A detailed description of the principles applied in preparing the consolidated financial statements and the accounting policies used can be found in the notes to the IFRS consolidated financial statements for the year ended December 31, 2007, which are contained in the Company's 2007 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 consolidated 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 73 subsidiaries. They are recognized in the consolidated financial statements in line with the rules of full consolidation. In addition, one joint venture is accounted for at equity in the consolidated financial statements.

Joint ventures are companies that do not meet the criteria to be classified as subsidiaries since with regard to their business and financial policies two or more partner companies are bound to common management via contractual agreement. Joint ventures are accounted for at equity within the Group.

4. INVESTMENT PROPERTY

Investment property is property that is held for generating rental income and/or for capital appreciation. The share of owner-occupier use does not exceed 10 % of the rental space. Investment property is carried at fair value, with changes in value recognized in income.

Investment property is measured at fair value on the basis of external appraisals carried out by independent experts using current market prices or customary valuation methods with the aid of the current and long-term rental situation. The fair value is equivalent to the fair value. According to IAS 40, this is defined as the value which can be reasonably generated subject to a hypothetical buyer-purchaser situation. It is reported at this fictitious market value without deduction of transaction costs. As of the reporting date of June 30, 2008, the investment property totaled EUR 712.0 million.

5. INVESTMENT PROPERTY UNDER CONSTRUCTION

Real estate that is being built or developed for future investment use is reported under Investment property under construction. These are reported at cost. Real estate reported under the Investment property under construction item decreased from EUR 20.2 million on December 31, 2007 to EUR 11.6 million on June 30, 2008. This decline is due to the sale of the Dresden Altmarktkarree II project in Q2 2008. This item now only contains the Munich-Ludwigsfeld asset repositioning project.

6. INVESTMENTS IN JOINT VENTURES

The Group has a 50 % stake in a joint venture, F 40 GmbH, in the form of a jointly managed company. Accordingly, there is a contractual agreement between the partner companies on the joint control over the economic activities of the entity. Our share of the Frankfurt Feuerbachstrasse project development is reported under this item. The Group accounts for its share in the joint venture at equity. Our book value of the investment amounted to EUR 5.3 million as of June 30, 2008.

7. PARTICIPATIONS

PATRIZIA Immobilien AG's interest in PATRoffice Real Estate GmbH & Co. KG of 6.25 %, our co-investment with both pension funds ABP and ATP, is also accounted for under this item.

8. INVENTORIES

The Inventories item contains real estate that is intended for sale in the context of ordinary activities or is intended for such sale in the context of the construction or development process, especially real estate that has been solely acquired for the purpose of resale in the near future or for development and resale. Development also covers modernization and renovation activities. Inventories are carried at cost. As in the 2007 financial year, no value adjustments were to be carried out on inventories in the reporting period. In comparison to December 31, 2007, inventories decreased from EUR 793.4 million to EUR 762.8 million due to sales by the end of the reporting period.

9. INCOME FROM THE SALE OF INVESTMENT PROPERTY UNDER CONSTRUCTION

Profits that are a result of the sale of investment property under construction are determined as the difference between the net sales proceeds and the book value of the asset and are to be reported as income from the sale of investment property under construction during the period of the disposal.

10. SEGMENT REPORTING

REVENUES	2nd quarter 2008 01.04. – 30.06.2008 EUR'000	2nd quarter 2007 01.04. – 30.06.2007 EUR'000	1st half of 2008 01.01. – 30.06.2008 EUR'000	1st half of 2007 01.01. – 30.06.2007 EUR'000
Investments	50,166	33,865	95,712	56,458
Services	1,542	1,061	2,594	1,921
Corporate	3	23	3	30
TOTAL	**51,711**	**34,949**	**98,309**	**58,409**

EBITDA	2nd quarter 2008 01.04. – 30.06.2008 EUR'000	2nd quarter 2007 01.04. – 30.06.2007 EUR'000	1st half of 2008 01.01. – 30.06.2008 EUR'000	1st half of 2007 01.01. – 30.06.2007 EUR'000
Investments	19,130	15,516	28,227	27,263
Services	139	85	224	–597
Corporate	–1,779	–2,166	–3,997	–3,133
TOTAL	**17,487**	**13,435**	**24,454**	**23,533**

EBIT	2nd quarter 2008 01.04. – 30.06.2008 EUR'000	2nd quarter 2007 01.04. – 30.06.2007 EUR'000	1st half of 2008 01.01. – 30.06.2008 EUR'000	1st half of 2007 01.01. – 30.06.2007 EUR'000
Investments	19,079	15,441	28,116	27,114
Services	133	78	212	–611
Corporate	–1,882	–2,299	–4,210	–3,394
TOTAL	**17,330**	**13,220**	**24,118**	**23,109**

Compared with the same quarter of 2007, revenues in both the Investments and Services segments as well as earnings have improved. The Investments segment generated total revenues of EUR 95.7 million in the first six months of 2008, of which EUR 50.2 million was generated in Q2. The EBIT reported for the Investments segment amounted to EUR 28.1 million within the first six months while EBT amounted to EUR 6.3 million. Eliminating all one-time effects from the first six months of 2008 that have already been reported in the management report results in an EBIT (adjusted) of EUR 34.2 million for the Investments segment.

In comparison with Q1 2008, the Services segment also performed positively: revenues within the segment climbed from EUR 1.1 million to around EUR 1.5 million, representing growth of 46.5 %. The Services segment contributed EUR 0.2 million to EBIT of first half of 2008. The Services segment posted negative figures for both key earnings figures within the first six months of previous year 2007.

11. EARNINGS PER SHARE

EARNINGS PER SHARE	2nd quarter 2008 01.04. – 30.06.2008	2nd quarter 2007 01.04. – 30.06.2007	1st half of 2008 01.01. – 30.06.2008	1st half of 2007 01.01. – 30.06.2007
Net profit for the period (in EUR thousand)	19,942	7,104	1,840	9,821
Number of shares issued	52,130,000	52,130,000	52,130,000	52,130,000
Weighted number of shares	52,130,000	52,130,000	52,130,000	51,987,452
EARNINGS PER SHARE (EUR)	**0.38**	**0.14**	**0.04**	**0.19**

Earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares. Earnings per share for Q2 2008 amounted to EUR 0.38. In the previous quarter 2008 earnings per share of EUR -0.35 resulted negative. Hence earnings per share for the first six months of 2008 amounted to EUR 0.04* (first six months of 2007: EUR 0.19).

12. RELATED PARTY DISCLOSURES

At the reporting date, the Management Board of PATRIZIA Immobilien AG was not aware of any dealings, contracts or legal transactions with associated or related parties for which the Company does not receive appropriate consideration at arm's length conditions. All such transactions are conducted at arm's length, and hence do not differ substantially from transactions with other parties for the provision of goods and services.

The disclosures on related party transactions contained in section 9.3 of the notes to the consolidated financial statements in the 2007 Annual Report remain valid.

13. RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES OF PATRIZIA IMMOBILIEN AG IN LINE WITH 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, we declare that 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	Arwed Fischer	Alfred Hoschek	Klaus Schmitt
Chairman of the Board	Member of the Board	Member of the Board	Member of the Board

* The reporting of amounts with two decimal places can result in rounding differences. The calculation of the single financial figures is carried out on basis of non-rounded figures.

FINANCIAL CALENDER

Date	Events
August 12, 2008	Quarterly Report › 2nd Quarter 2008
October 20 and 21, 2008	Real Estate Share Initiative
November 11, 2008	Quarterly Report › 3rd Quarter 2008

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PATRIZIA
IMMOBILIEN AG

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