PATRIZIA

IMMOBILIEN AG

INTERIM REPORT

Q1|10

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KEY FIGURES

	1st quarter 2010 01/01/2010 – 03/31/2010	1st quarter 2009 01/01/2009 – 03/31/2009
REVENUES AND EARNINGS	EUR '000	EUR '000
Revenues	54,814	45,060
Total operating performance	35,212	34,990
EBITDA	14,039	10,561
EBIT	13,855	10,354
EBT	–5,060	–16,028
EBT (adjusted)	2,136	–4,711
Net loss	–4,616	–14,900

	03/31/2010	12/31/2009
STRUCTURE OF ASSETS AND CAPITAL	EUR '000	EUR '000
Non-current assets	662,705	662,925
Current assets	721,518	763,498
Equity	279,859	284,824
Equity ratio (in %)	20.2 %	20.0 %
Non-current liabilities	46,242	40,322
Current liabilities	1,058,122	1,101,277
Total assets	1,384,223	1,426,423

SHARE	
ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
Share capital as at March 31, 2010	EUR 52,130,000
No. of shares in issue as at March 31, 2010	52,130,000
First quarter 2010 high*	EUR 3.37
First quarter 2010 low*	EUR 2.59
Closing price as at March 31, 2010*	EUR 3.25
Market capitalization as at March 31, 2010	EUR 169.4 million
Indices	SDAX, EPRA, GEX, DIMAX

* Closing price at Frankfurt Stock Exchange Xetra trading

LETTER TO OUR SHAREHOLDERS

Dear ladies and gentlemen,
Dear shareholders and business partners,

PATRIZIA has further encouraging news to report. The new fiscal year started well. With 183 units sold, residential property resale figures followed on seamlessly from 2009 – a good year for this segment. Sales of condominiums to tenants, owner-occupiers and private investors maintained the level of the fourth quarter of 2009. As the first quarter is usually quiet for the real estate industry and revenues increase as the year progresses, the prospects for 2010 are very positive – provided that the banking and government financing crisis does not negatively impact further developments.

With adjusted EBT of EUR 2.1 million, we generated an operating profit in the first three months of 2010 – a more than acceptable result, as we closed the first quarter of the previous two years with a loss.

The outlook for the second quarter is also good. Based on the number of notarizations already concluded, we can expect that the number of sales in the first six months of the year will significantly exceed the comparable figures of the previous year. We also realized the first block sale of the year in April. Two apartment complexes on the outskirts of Munich containing a total of 274 units were sold to an institutional investor for EUR 42.1 million.

Our activities in the Services segment have also continued to gather pace. In the first four months, further portfolios with a value of EUR 75 million were acquired for our funds.

We can also report progress on the financing side. In the first quarter we repaid loans of EUR 42 million. If sales progress as scheduled, our bank loans will fall under the EUR 1 billion threshold in the second quarter. We plan to reach the lower limit of our target equity ratio of 25 % to 30 % by the end of this year, providing the positive trend continues.

Private and institutional investors are increasingly determining that investment in residential real estate, which was previously considered dull and has traditionally been avoided, does indeed have its advantages. Income is easily predictable and the risk of loss of value low, provided that the purchaser selects property based on the right criteria.

Although we are identifying a clear revival in the area of block sales, in our assessment this is tempered by limited supply and rising purchase prices. This means opportunities for real estate owners with good properties in the right locations. We expect to benefit from this situation over the long term.

We had a successful start to fiscal 2010. We reaffirm our target of achieving a tangible improvement in EBT adjusted compared to 2009 over the year as a whole. We will show that our confidence is justified through continuous sales success.

The Managing Board

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

INTERIM MANAGEMENT REPORT (FIRST QUARTER 2010)

1. BUSINESS DEVELOPMENT AND SIGNIFICANT TRANSACTIONS IN THE FIRST QUARTER OF 2010

KEY EVENTS IN THE INVESTMENTS SEGMENT

The positive performance in residential property resales that set in during the course of 2009 is ongoing, with 183 units sold from January to March 2010. The sales figures improved by 66.4 % compared to the first quarter of 2009, in which 110 units were sold. Of the purchasers, 16.9 % were tenants, 56.8 % were private investors and 26.2 % were owner-occupiers. As the number of notarizations completed in the first quarter of 2010 also increased significantly year on year, the second quarter should also benefit from this trend.

In the first quarter of 2010, the resale of 183 units could be broken down as follows:

Region / city	Number of units sold	as % of sales	Area sold in sqm	Average size per unit in sqm
Munich	140	76.5 %	9,455	68
Cologne / Dusseldorf	13	7.1 %	1,062	82
Hamburg	12	6.6 %	788	66
Leipzig	0	0 %	0	–
Berlin	3	1.6 %	195	65
Frankfurt / Main	1	0.5 %	82	82
Hanover	2	1.1 %	148	74
Regensburg	8	4.4 %	513	64
Dresden	0	0 %	0	–
Friedrichshafen	4	2.2 %	285	71
TOTAL	**183**	**100 %**	**12,528**	**68**

Taking into account the sales concluded in the first three months of 2010 and subsequent consolidation and redensification measures, the overview of our portfolio is as follows:

PATRIZIA portfolio as at March 31, 2010

Region / city	Number of units				Area in sqm			
	Residential Property Resale	Asset Repositioning	Total	in %	Residential Property Resale	Asset Repositioning	Total	in %
Munich	1,673	2,676	4,349	39.8 %	124,796	175,103	299,899	39.2 %
Cologne / Dusseldorf	869	600	1,469	13.4 %	70,009	58,262	128,271	16.8 %
Hamburg	278	970	1,248	11.4 %	20,345	62,700	83,045	10.9 %
Leipzig	0	981	981	9.0 %	0	64,391	64,391	8.4 %
Berlin	157	783	940	8.6 %	10,151	50,275	60,426	7.9 %
Frankfurt / Main	17	878	895	8.2 %	1,218	54,673	55,891	7.3 %
Hanover	44	386	430	3.9 %	2,639	27,047	29,686	3.9 %
Regensburg	56	352	408	3.7 %	3,820	24,367	28,187	3.7 %
Dresden	0	152	152	1.4 %	0	10,284	10,284	1.3 %
Friedrichshafen	35	30	65	0.6 %	2,083	2,171	4,254	0.6 %
TOTAL	**3,129**	**7,808**	**10,937**	**100 %**	**235,061**	**529,273**	**764,334**	**100 %**

KEY EVENTS IN THE SERVICES SEGMENT

In January 2010, PATRIZIA Immobilien Kapitalanlagegesellschaft mbH launched its fourth fund. EUR 10 million of the target volume of EUR 300 million had already been invested by March 31, 2010.

OTHER EVENTS DURING THE REPORTING PERIOD

The Supervisory Board of PATRIZIA Immobilien AG resolved to extend the contracts of Managing Board members Arwed Fischer (CFO) and Klaus Schmitt (COO) by a further five years in each case. Arwed Fischer and Klaus Schmitt are appointed to the Managing Board until February 28, 2016 and December 31, 2015 respectively.

2. OUR EMPLOYEES

The PATRIZIA Group had 354 permanent employees as of March 31, 2010, including 16 trainees. Compared to December 31, 2009 (349 employees), the number of staff has increased by five (1.4 %). We will continue to increase employee numbers over the short term, particularly in the area of funds.

3. NET ASSET, FINANCIAL AND EARNINGS SITUATION

EARNINGS SITUATION OF THE PATRIZIA GROUP

A breakdown of consolidated revenues in the first quarter of 2010 is shown below:

	1st quarter 2010 Jan. 1 – Mar. 31, 2010	1st quarter 2009 Jan. 1 – Mar. 31, 2009	Change	2009 Jan. 1 – Dec. 31, 2009
	EUR '000	EUR '000	IN %	EUR '000
Purchase price revenues from Residential Property Resale	31,030	17,152	80.9 %	98,981
Purchase price revenues from Asset Repositioning	0	0	–	48,985
Purchase price revenues from Project Development	0	0	–	0
Rental revenues	16,711	17,649	–5.3 %	70,132
Revenues from the Services segment	1,774	2,937	–39.6 %	10,492
Other*	5,299	7,322	–27.6 %	22,298
CONSOLIDATED REVENUES	**54,814**	**45,060**	**21.6 %**	**250,888**

* The Other item primarily contains rental ancillary costs.

In the first quarter of 2010, consolidated revenues rose by a total of 21.6 % to EUR 54.8 million. This growth in revenues is due to the increased number of residential property resales, which more than compensated declines in the other segments. The sale of 183 residential and commercial units resulted in purchase price revenues of EUR 31.0 million (first quarter of 2009: 110 units; EUR 17.2 million). This corresponds to an average generated sales price of EUR 2,492 per sqm and again represents an improvement compared to 2009 (first quarter of 2009: EUR 2,276 per sqm; whole of 2009: EUR 2,351 per sqm).

At EUR 16.7 million, rental revenues contributed 30.5 % of consolidated revenues and were below the level of the previous year due to the apartment sales concluded over the course of the year. Across the apartment portfolio as a whole, the average rent per square meter amounted to EUR 7.72 per month (December 31, 2009: EUR 7.82 per sqm) as at March 31, 2010, a decrease of 1.3 %.

As in the previous year, no sales were recognized in income or notarized in the Asset Repositioning segment in the first quarter of 2010. Further information on this segment can be found in the Supplementary Report.

Changes in inventories amounted to EUR –21.0 million. Decreases in the book value of real estate sold in the amount of EUR –23.0 million had the effect of reducing inventories, while recognitions amounting to EUR 2.1 million increased inventories.

The cost of materials decreased from EUR 14.2 million in the previous year's quarter to EUR 10.7 million (–24.6 %). The reason behind the considerably lower expenses is lower renovation and maintenance costs as well as lower rental ancillary costs.

Staff costs climbed by EUR 0.2 million or 2.8 % from EUR 6.1 million to EUR 6.3 million. Although the number of employees fell by 17 compared to March 31 of the previous year, this was counteracted by the higher commission payments based on increased residential resale figures. Compared to the same quarter of the previous year, commission payments were due to the sales staff responsible for an additional 73 apartments.

The other operating expenses of EUR 4.2 million include selling expenses in the amount of EUR 1.2 million and administrative expenses of EUR 1.9 million.

EBIT calculated in accordance with IFRSs improved by EUR 3.5 million (33.8 %) to EUR 13.9 million in the period under review (first quarter of 2009: EUR 10.4 million). The Investments segment contributed EUR 16.9 million of this amount. Further information can be found in Segment Reporting in item 11 of the Notes.

Finance costs totaled EUR 19.2 million in the first quarter of 2010. Pure interest expenses and interest hedge expenses impacting liquidity declined from EUR 15.4 million to EUR 11.9 million. However, the interest expenses item in the same quarter of the previous year also contained non-recurrent expenses from the termination of interest rate hedges amounting to EUR 3.9 million. Expenses not impacting liquidity from the market valuation of interest rate hedges had a negative impact of EUR 7.2 million, which was lower than in the first quarter of the previous year, when the effect amounted to EUR –11.3 million. At present, around 69 % of our loan obligations are hedged by means of interest rate hedging instruments. If interest rates rise again we will conclude new interest rate hedges for the variable portion of our loans as appropriate. Taking into account financial income of EUR 0.2 million, the financial result amounted to EUR –18.9 million – a 28.3 % improvement on the previous year's quarter (first quarter of 2009: EUR –26.4 million). The composition of the financial result is explained in item 10 of the notes to the financial statements.

After deduction of the financial result, EBT under IFRSs was EUR –5.1 million in the reporting period (first quarter of 2009: EUR –16.0 million).

After adjustment for the effects of the market valuation of interest rate hedges, adjusted EBT totaled EUR 2.1 million. This represents a significant increase on the first three months of the previous year, when PATRIZIA was still reporting an operating loss with adjusted EBT of EUR –4.7 million. As the real estate industry generally generates its lowest revenues in the first quarter of the year, we are confident that this positive earnings trend will continue.

After taxes PATRIZIA recorded a net loss for the period in accordance with IFRSs of EUR –4.6 million in the first quarter of 2010. We are thus in a significantly better position than at the beginning of the previous year, when we closed the first quarter with a negative result of EUR –14.9 million. Earnings per share rose from EUR –0.29 in the first quarter of 2009 to the current EUR –0.09.

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

	1st quarter 2010 Jan 1. – Mar. 31, 2010	1st quarter 2009 Jan 1. – Mar. 31, 2009	Change	2009 Jan 1. – Dec. 31, 2009
	EUR '000	EUR '000	IN %	EUR '000
Revenues	54,814	45,060	21.6 %	250,888
Total operating performance	35,212	34,990	0.6 %	159,253
EBIT	13,855	10,354	33.8 %	56,110
Earnings before income taxes (EBT)	–5,060	–16,028	68.4 %	–7,961
Adjusted EBT*	2,136	–4,711	145.3 %	2,419
Net loss	–4,616	–14,900	69.0 %	–9,500

* adjusted for profit/loss from interest rate hedges without cash effect

NET ASSETS AND FINANCIAL SITUATION OF THE PATRIZIA GROUP

As at March 31, 2010, total assets were down slightly to EUR 1,384.2 million (December 31, 2009: EUR 1,426.4 million; –3.0 %). Real estate investments, consisting of investment properties and inventories, had a book value of EUR 1,312.6 million at the balance sheet date (December 31, 2009: EUR 1,333.3 million; –1.6 %).

As at March 31, 2010, PATRIZIA had cash and cash equivalents of EUR 53.5 million – 4.7 % less than at the end of 2009.

On the liabilities side of the balance sheet, the Company's equity decreased from EUR 284.8 million at December 31, 2009 to EUR 279.9 million. At the end of the quarter the equity ratio was raised slightly by 0.2 percentage points to 20.2 %.

Due to repayments from real estate sales, our bank loans declined further, amounting to EUR 1,029.9 million on the balance sheet date. Loans of EUR 42.1 million were repaid in the first quarter.

4. OPPORTUNITY AND RISK REPORT

Within the scope of its business activities, PATRIZIA Immobilien AG is exposed to both opportunities and risks. The necessary measures and processes have been taken and installed within the Group for detecting risks and negative developments at an early stage and countering them. Since the annual financial statements for 2009, there have been no significant changes in the opportunity and risk profile that give rise to new opportunities or risks for the Group.

The statements of the risk report in the 2009 Annual Report maintain their validity. For a detailed presentation of the opportunities and risks for the Group, see the Risk Report in the 2009 Annual Report of PATRIZIA Immobilien AG. The Managing Board of PATRIZIA is not currently aware of any additional risks.

5. SUPPLEMENTARY REPORT

A block sale of 274 units on the outskirts of Munich was notarized after the end of the reporting period. The sales price of EUR 42.1 million will contribute to revenue and be recognized as income in the second quarter of 2010.

6. REPORT ON EXPECTED DEVELOPMENTS

The encouraging trend in residential property resales is set to continue. We are very pleased with the sales figures for the first quarter. The number of notarizations already completed demonstrates that the second quarter will also yield positive results. It can be expected that the residential property resale figures for the first half of 2010 will significantly exceed those of the same period of the previous year, particularly as we have already achieved over 70 % of the units sold in the first half of 2009 (257 units) after just three months.

The block sale of 274 units realized in April will contribute EUR 42.1 million to the revenues for the second quarter. The Services segment will benefit from revenues derived from the purchase fees associated with further acquisitions for our funds. In residential property resales, we will also resume sales for third parties. We had largely discontinued this service in the last few years due to the growth in our own portfolio. Our many years of experience as a service provider are a decisive competitive advantage in customer acquisitions. However, in our opinion the markets for both individual sales and larger transactions will gain momentum in the coming months.

Irrespective of interest rate trends and thus also the market valuation of our interest rate hedging instruments, adjusted EBT should also be positive in the second quarter.

We confirm our forecast of appreciably improving earnings compared to 2009 over 2010 as a whole.

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT IN ACCORDANCE WITH IFRS

for the period from January 1, 2010 to March 31, 2010

	1st quarter 2010 01/01/2010 – 03/31/2010	1st quarter 2009 01/01/2009 – 03/31/2009
	EUR '000	EUR '000
1, Revenues	54,814	45,060
2. Changes in inventories	–21,019	–11,085
3. Other operating income	1,417	1,015
4. Total operating performance	**35,212**	**34,990**
5. Cost of materials	–10,691	–14,158
6. Staff costs	–6,299	–6,128
7. Amortization of software and depreciation on equipment	–184	–207
8. Other operating expenses	–4,183	–4,142
9. Finance income	244	329
10. Finance cost	–19,159	–26,712
11. Loss before income taxes	**–5,060**	**–16,028**
12. Income tax	444	1,128
13. Net loss	**–4,616**	**–14,900**
14. Profit carried forward	21,529	31,029
15. Consolidated net profit	**16,913**	**16,129**
Earnings per share (undiluted), in EUR	–0,09	–0,29
The total result is allocated to:		
Shareholders of the parent company	–4,607	–14,900
Non-controlling shareholders	–9	0
	–4,616	**–14,900**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1, 2010 to March 31, 2010

	1st quarter 2010 01/01/2010 – 03/31/2010	1st quarter 2009 01/01/2009 – 03/31/2009
	EUR '000	EUR '000
Consolidated nett loss	**–4,616**	**–14,900**
Other result		
Cash flow hedges		
Amounts recorded during the reporting period	–349	–739
Reclassification of amounts that were recorded	0	0
Total result for the reporting period	**–4,965**	**–15,639**
The total result is allocated to:		
Shareholders of the parent company	–4,956	–15,639
Non-controlling shareholders	**–9**	**0**
	–4,965	**–15,639**

CONSOLIDATED BALANCE SHEET IN ACCORDANCE WITH IFRS AS OF MARCH 31, 2010

ASSETS

	03/31/2010	12/31/2009
A. NON-CURRENT ASSETS	EUR '000	EUR '000
Software	409	539
Investment property	657,320	657,320
Investment property under construction	0	0
Equipment	1,560	1,650
Investments in joint ventures	13	13
Participations	3,090	3,090
Long-term tax assets	313	313
Total non-current assets	**662,705**	**662,925**
B. CURRENT ASSETS		
Inventories	655,253	676,008
Short-term tax assets	1,480	1,879
Current receivables and other current assets	11,255	29,428
Bank balances and cash	53,530	56,183
Total current assets	**721,518**	**763,498**
TOTAL ASSETS	**1,384,223**	**1,426,423**

EQUITY AND LIABILITIES

	03/31/2010	12/31/2009
A. EQUITY	EUR '000	EUR '000
Share capital	52,130	52,130
Capital reserves	215,862	215,862
Retained earnings		
– legal reserves	505	505
Non-controlling shareholders	868	877
Valuation results from cash flow hedges	−6,428	−6,079
Consolidated net profit	16,922	21,529
Total equity	**279,859**	**284,824**
B. LIABILITIES		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	4,388	5,516
Long-term financial derivatives	41,187	34,208
Retirement benefit obligations	360	339
Non-current liabilities	307	259
Total non-current liabilities	46,242	40,322
CURRENT LIABILITIES		
Short-term bank loans	1,029,949	1,070,207
Short-term financial derivatives	9,463	8,895
Other provisions	576	580
Current liabilities	10,078	13,116
Tax liabilities	8,056	8,051
Other current liabilities	0	428
Total current liabilities	**1,058,122**	**1,101,277**
TOTAL EQUITY AND LIABILITIES	**1,384,223**	**1,426,423**

CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1, 2010 to March 31, 2010

	1st quarter 2010 01/01/2010 – 03/31/2010	1st quarter 2009 01/01/2009 – 03/31/2009
	EUR '000	EUR '000
Consolidated loss after taxes	–4,616	–14,900
Amortization of intangible assets and depreciation on property, plant and equipment	184	207
Loss from / gain on disposal of investment properties	0	–2
Change in deferred taxes	–1,126	–1,601
Change in retirement benefit obligations	21	0
Non-cash item income and expenses that are not attributable to financing activities	7,197	11,388
Changes in inventories, receivables and other assets that are not attributable to investing activities	38,823	40,607
Changes in liabilities that are not attributable to financing activities	–2,469	–762
Cash inflow from operating activities	**38,014**	**34,937**
Capital investments in intangible assets and property, plant and equipment	–27	–221
Cash receipts from disposal of intangible assets and property, plant and equipment	62	3
Payments for development or acquisition of investment property	0	–95
Investments	0	–370
Cash inflow / outflow from investing activities	**35**	**–683**
Borrowing of loans	1,348	0
Repayment of loans	–42,050	–36,089
Cash outflow from financing activities	**–40,702**	**–36,089**
Changes in cash	**–2,653**	**–1,835**
Cash January 1	56,183	67,905
Cash March 31	53,530	66,069

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY IN ACCORDANCE WITH IFRS

for the period from January 1, 2010 to March 31, 2010

	Share capital	Capital reserves	Retained earnings (legal reserve)	Non-controlling shareholders	Valuation results from cash flow hedges	Consolidated net profit	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
BALANCE JANUARY 1, 2010	**52,130**	**215,862**	**505**	**877**	**–6,079**	**21,529**	**284,824**
Results from fair valuation adjustments cash flow hedges					–349		–349
Net loss of 1st quarter 2010				–9		–4,607	–4,616
BALANCE MARCH 31, 2010	**52,130**	**215,862**	**505**	**868**	**–6,428**	**16,922**	**279,859**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY IN ACCORDANCE WITH IFRS

for the period from January 1, 2009 to March 31, 2009

	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, 2009	**52,130**	**215,862**	**505**	**–8,054**	**31,029**	**291,472**
Results from fair valuation adjustments cash flow hedges				–739		–739
Net loss of 1st quarter 2009					–14,900	–14,900
BALANCE MARCH 31, 2009	**52,130**	**215,862**	**505**	**–8,793**	**16,129**	**275,833**

INTERIM FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2010

1. GENERAL DISCLOSURES

PATRIZIA Immobilien AG is a listed German stock corporation based in Augsburg. The Company's headquarters are located at Fuggerstrasse 26, 86150 Augsburg. The Company operates on the German real estate market. PATRIZIA Immobilien AG, along with its subsidiaries, is a real estate agent and investment house. It specializes in buying high-quality residential and commercial real estate at commercially attractive locations in Germany with the aim of increasing their value and subsequent reselling of the real estate. Therefore, the PATRIZIA Group performs all services along the value-added chain in the real estate sector.

2. PRINCIPLES APPLIED IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

These unaudited consolidated interim financial statements of PATRIZIA Immobilien AG for the first quarter of 2010 (January 1 through March 31, 2010) were prepared in accordance with Article 37x (3) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with Article 37w (2) WpHG in line with IFRSs and in compliance with the provisions of German commercial law additionally applicable as per Article 315a (1) of the German Commercial Code. All compulsory official announcements of the International Accounting Standards Board (IASB) have been applied, i.e. those adopted by the EU in the context of the endorsement process and 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 March 31, 2010 contain all of the information necessary to provide a true and fair view of the course of business and the earnings situation in the period under review. Earnings generated in the first three months of 2010 are not necessarily an indication of future earnings or of the expected total earnings for fiscal year 2010.

When preparing the consolidated financial statements for the interim report in line with IAS 34 Interim Financial Reporting, the management 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 2009. A detailed description of the principles applied in preparing the consolidated financial statements and the accounting methods used can be found in the notes to the IFRS consolidated financial statements for the year ended December 31, 2009, which are contained in the Company's 2009 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 50 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. Real estate that is being built or developed for future investment use is reported under Investment property under construction. 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 market 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. All investment property held by PATRIZIA is let. As of the reporting date of March 31, 2010, the investment property totaled EUR 657.3 million.

5. PARTICIPATIONS

PATRIZIA Immobilien AG's interest of 6.25 % in PATRoffice Real Estate GmbH & Co. KG, our co-investment with both pension funds APG and ATP, is also accounted for under this item. Participations amounted unchanged to EUR 3.1 million.

6. 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. The assessment and qualification as inventory is completed in the context of the purchasing decision and integrated into the balance sheet as at the date of addition.

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

Inventories are carried at cost. In comparison to December 31, 2009, inventories decreased from EUR 676.0 million to EUR 655.3 million due to sales by the end of the reporting period.

7. EQUITY

As at the reporting date, the share capital of PATRIZIA Immobilien AG remained at 52,130 TEUR and was divided into 52,130,000 no-par value shares. For the development of equity, please see the statement of changes in equity. Equity decreased slightly and amounted EUR 279.9 million as of March 31, 2010 (December 31, 2009: EUR 284.8 million).

8. BANK LOANS

All loans are in euro. In the event of real estate sales, financial liabilities are redeemed through repayment of a specific share of the sale proceeds.

Such loans are posted as bank loans due in less than one year, whose term ends within the 12 months following the reporting date as well as revolving lines of credit taken out. Regardless of the terms presented in the table below, loans which serve to finance inventories are reported as current bank loans in the balance sheet in accordance with IFRSs.

The residual terms of the bank loans are as follows:

	Bank loans as of March 31, 2010	Bank loans as of Dec. 31, 2009
	EUR '000	EUR '000
Less than 1 year	683,919	171,727
1 to 2 years	33,371	551,307
More than 2 to 5 years	312,659	347,173
TOTAL	**1,029,949**	**1,070,207**

Maturity of loans by fiscal year (January 1 to December 31)

Year of maturity	Amount of loans due at March 31, 2010	
	EUR '000	%
2010	166,504	16.2 %
2011	550,786	53.5 %
2012	0	0 %
2013	152,399	14.8 %
2014	160,260	15.6 %
TOTAL BANK LOANS	**1,029,949**	**100 %**

9. REVENUES

Revenues comprise purchase price receipts from the sale of real estate held in inventories, ongoing rental revenues and other revenues. Additional revenues are attributable to invoices issued by the Services segment.

10. FINANCIAL RESULT

	1st quarter 2010 Jan. 1 – March 31, 2010	1st quarter 2009 Jan. 1 – March 31, 2009	2009 Jan. 1 – Dec. 31, 2009
	EUR '000	EUR '000	EUR '000
Interest on bank deposits	132	261	690
Income from interest hedges	0	5	5,477
Changes in value of the derivatives	45	0	5,832
Other interests	67	63	272
	244	**329**	**12,271**
Interest on revolving lines of credit and bank loans	–5,036	–8,600	–31,385
Expenses from interest hedges	–5,882	–6,019	–28,285
Changes in value of the derivatives	–7,241	–11,317	–16,213
Other finance cost	–1,000	–776	–459
	–19,159	**–26,712**	**–76,342**
FINANCIAL RESULT	**–18,915**	**–26,383**	**–64,071**

11. SEGMENT REPORTING

PATRIZIA's segments that must be reported include Investments and Services. The Group's other activities are posted in the Corporate column. The segments are distinguished according to the type of products and services offered alongside the sales channels and client profiles.

The Investments segment holds a real estate portfolio for residential property resale, asset repositioning and project development. Clients include private and institutional investors that invest either in individual residential units or real estate portfolios. As of the balance sheet date, the segment had a portfolio of 10,937 (December 31, 2009: 11,120) residential and commercial units that are listed as real estate investments and inventories.

The Services segment covers a wide range of real estate services, in particular the incorporation, supervision and administration of special funds, including on individual client request, via the company's asset management company (Kapitalanlagegesellschaft), the analysis and advice when purchasing individual residential and commercial properties or portfolios (investment management), value-oriented management of real estate portfolios (asset management) as well as the management of real estate (property management). A significant portion of the Services segment is also used by in-house entities.

The PATRIZIA Group's internal control and reporting measures are primarily based on the principles of accounting under IFRS. The Group measures the success of its segments using segment earnings, which are listed in the internal control and reporting as EBIT, EBT and EBT adjusted.

EBT comprises a total of revenues, income from the sale of investment property, cost of materials and staff costs, amortization and depreciation, other operating income and expenses as well as earnings from investments valued at equity and the financial result. EBIT denotes EBT minus the financial result. To determine EBT adjusted, the adjustments are made at purely valuation-related, non-cash effects; for details see the remarks in the Management Report.

The PATRIZIA Group's intercompany sales indicate the amount of revenues among the segments. Intercompany services are invoiced at market rate.

PATRIZIA's activities extend across Germany. For this reason, no geographical segment is set out.

The individual segment figures are set out below. The reporting of amounts in EUR thousands can result in rounding differences. The calculation of the single financial figures is carried out on basis of non-rounded figures.

1st quarter 2010 (Jan.1 – March 31, 2010)	Investments	Services	Corporate	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Third-party revenues	53,040	1,774	1	**54,814**
Intercompany revenues	5,039	512	1,114	**6,665**
Finance income	217	3	24	**244**
Finance cost	–19,078	–60	–21	**–19,159**
Significant non-cash earnings				
Market valuation income derivatives	45	0	0	**45**
Market valuation expenditures derivatives	–7,241	0	0	**–7,241**
Segment result EBIT	16,884	–34	–2,996	**13,855**
Segment result EBT	–1,977	–91	–2,992	**–5,060**
Segment result EBT adjusted	5,219	–91	–2,992	**2,136**

1st quarter 2009 (Jan.1 – March 31, 2009)	Investments	Services	Corporate	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Third–party revenues	42,121	2,937	3	**45,060**
Intercompany revenues	4,126	840	2,014	**6,980**
Finance income	156	18	155	**329**
Finance cost	–26,663	–55	6	**–26,712**
Significant non-cash earnings				
Market valuation income derivatives	0	0	0	**0**
Market valuation expenditures derivatives	–11,317	0	0	**–11,317**
Segment result EBIT	12,518	584	–2,747	**10,354**
Segment result EBT	–13,989	547	–2,586	**–16,028**
Segment result EBT adjusted	–2.672	547	–2,587	**–4,711**

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

12. EARNINGS PER SHARE

	1st quarter 2010	1st quarter 2009	2009
Earnings per share	Jan. 1 – March 31, 2010	Jan. 1 – March 31, 2009	Jan. 1 – Dec. 31, 2009
Net profit/loss for the period (in EUR thousands)	–4,616	–14,900	–9,500
Number of shares issued	52,130,000	52,130,000	52,130,000
Weighted number of shares	52,130,000	52,130,000	52,130,000
EARNINGS PER SHARE (IN EURO)	**–0.09**	**–0.29**	**–0.18**

Earnings per share are calculated by dividing the net profit or loss for the period by the weighted average number of shares. In the first quarter of 2010, earnings per share were EUR –0.09 (first quarter of 2009: EUR –0.29).

13. SIGNIFICANT TRANSACTIONS WITH RELATED COMPANIES AND INDIVIDUALS

At the reporting date, the Management Board of PATRIZIA Immobilien AG was not aware of any dealings, contracts or legal transactions with associated or related parties 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 2009 Annual Report remain valid.

14. DECLARATION OF THE LEGAL REPRESENTATIVES OF PATRIZIA IMMOBILIEN AG IN LINE WITH ARTICLE 37Y OF THE WERTPAPIERHANDELSGESETZ (WPHG – GERMAN SECURITIES ACT) IN CONJUNCTION WITH ARTICLE 37W (2) NO. 3 OF THE 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	Klaus Schmitt
Chairman of the Board	Member of the Board	Member of the Board

FINANCIAL CALENDAR

May 11, 2010	Interim Report – 1st Quarter 2010
June 23, 2010	Annual General Meeting, Augsburg
August 11, 2010	Interim Report – 2nd Quarter 2010
November 10, 2010	Interim Report – 3rd Quarter 2010

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