PATRIZIA
IMMOBILIEN AG

INTERIM REPORT
Q2|10

Q2|10

KEY FIGURES

	2nd quarter 2010 04/01/2010 – 06/30/2010	2nd quarter 2009 04/01/2009 – 06/30/2009	1st half of 2010 01/01/2010 – 06/30/2010	1st half of 2009 01/01/2009 – 06/30/2009
REVENUES AND EARNINGS	EUR'000	EUR'000	EUR'000	EUR'000
Revenues	98,273	47,478	153,087	92,538
Total operating performance	42,270	35,891	77,482	70,881
EBITDA	15,658	10,215	29,697	20,776
EBIT	15,465	10,010	29,319	20,364
EBT	–492	485	–5,552	–15,543
EBT adjusted *	2,910	–2,492	5,046	–7,204
Net profit / loss	–1,087	1,139	–5,703	–13,761

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

STRUCTURE OF ASSETS AND CAPITAL	06/30/2010 EUR'000	12/31/2009 EUR'000
Non-current assets	657,901	662,925
Current assets	679,280	763,498
Equity	279,378	284,824
Equity ratio (in %)	20.9 %	20.0 %
Non-current liabilities	48,447	40,322
Current liabilities	1,009,356	1,101,277
Total assets	1,337,181	1,426,423

SHARE	
ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
Share capital as at June 30, 2010	EUR 52,130,000
No. of shares in issue as at June 30, 2010	52,130,000
Second quarter / First half of 2010 high*	EUR 3.53
Second quarter / First half of 2010 low*	EUR 2.62 / EUR 2.59
Closing price as at June 30, 2010*	EUR 2.95
Market capitalization as at June 30, 2010	EUR 153.8 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 is on the up again! Operating pre-tax earnings of EUR 2.9 million for the second quarter and EUR 5.0 million for the first half of the year pose a very impressive result. This puts us above the already good first quarter of 2010 and well ahead of the previous year when we closed both the second quarter and the first half of the year with an operating loss. The encouraging performance in the second quarter has further consolidated the achievements of the first three months and entails good conditions for a successful second half of the year.

The key data of the first half of the year have developed positively: In line with our forecast for the second quarter, we also cut our debt to below the EUR 1 billion threshold in the middle of the year in addition to positive adjusted pre-tax earnings. In the first six months we reduced our bank loans by EUR 97.4 million and with an equity ratio of 20.9 % we remain optimistic that we will be able to achieve our target of at least 25 % by the end of the year.

Although in the second quarter marginally fewer apartments were resold than in the preceding quarter (down from 183 to 177), compared with the second quarter of the previous year this represents an increase of 20.4 %. There is currently a considerable backlog of notarizations that have not been followed by a transfer of ownership and corresponding purchase price payment. For many of our private investors, capital preservation is today more important than the return. Stable income, inflation protection and the prevailing low interest rates are making investments in residential real estate that holds its value attractive. It therefore comes as no surprise that the share of private investors within the buyer group has increased to 70 % in the past three months.

We are also doing well with block sales: We carried out sales of 297 units that were recognized in income in the second quarter; five further block sales with a total of 269 units were notarized and will be recognized in income in the third and fourth quarters. Moreover, owing to the increased investment propensity of institutional investors further transactions can be expected.

Following the weak earnings trend at the start of the year, the Services segment similarly posted impressive pre-tax earnings of EUR 1.9 million for the second quarter, up 167 % year-on-year. Minus the slightly negative earnings of the first three months of 2010, the EBT of the first half of the year amounts to EUR 1.8 million, a significant 43 % improvement on the first half of 2009. The development was primarily driven by the purchasing commission for the properties of the funds. Residential real estate in Finland was acquired for the first time for the PATRIZIA EuroCity Residential Fund I.

What will the second half of the year bring? We continue to expect a significant improvement in earnings for 2010 as a whole. As we have already achieved a sharp improvement in the operating pre-tax earnings that are important for us after the first half of the year (EUR 5.0 million after six months of 2010 compared with EUR 2.4 million for 2009 as a whole and hence an increase of 108 %), we can now specify our outlook further. Our aim is also to close the two coming quarters on a clearly positive note in order to build further on what has been achieved. In view of the current environment, the notarizations in progress and the interest being displayed towards us by institutional investors, we consider a continuation of the business development seen so far to be likely so that the second half of the year should reach the level of the first six months in terms of operating business. For the year as a whole we would like to generate adjusted operating earnings of around EUR 10 million, achieve the already mentioned equity ratio of at least 25 % and reduce our bank loans to below EUR 900 million.

The Managing Board

Wolfgang Egger
Chairman of the Board

Arwed Fischer
Member of the Board

Klaus Schmitt
Member of the Board

INTERIM MANAGEMENT REPORT (FIRST HALF OF 2010)

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

KEY EVENTS IN THE INVESTMENTS SEGMENT

Demand for residential property resales is continuing to grow. In May and June 2010, our number of notarizations reached almost a hundred. However, this is reflected in our reported residential property resales only with a time lag. This development cannot yet be seen in the sales figures for the second quarter. With 177 resold apartments, we maintained this figure almost at the previous quarter's level (183 units, down 3.3 %), while generating a 20.4 % increase as against the second quarter of 2009.

In the first half of 2010, 360 units were thus sold in individual sales: 13 % to tenants, 24 % to owner-occupiers and 63 % to private investors. If the second quarter is taken alone, the share of tenants was 9 %, that of owner-occupiers was 21 % and that of investors was 70 %.

Two block sales with a total of 297 units were recognized in income in the second quarter of 2010. A block sale on the outskirts of Munich with 274 units and a sales volume of EUR 42.1 million was followed by a small block sale with 23 units in Berlin for EUR 5.1 million.

The sales in the second quarter of 2010 break down by region as follows:

Region/city	Number of units sold 2nd quarter 2010	Share of sales	Area sold in sqm	Average size per unit in sqm
Munich	402	84.8 %	29,339	73
Cologne/Dusseldorf	16	3.4 %	1,233	77
Hamburg	13	2.7 %	863	66
Leipzig	0	0 %	0	–
Berlin	32	6.8 %	3,364	105
Frankfurt/Main	0	0 %	0	–
Hanover	2	0.4 %	133	67
Regensburg	4	0.8 %	268	67
Dresden	0	0 %	0	–
Friedrichshafen	5	1.1 %	314	63
TOTAL	**474**	**100 %**	**35,514**	**75**

Taking into account the sales concluded in the first half of 2010 – both from current assets and from investment property – and subsequent redensification measures, the overview of our portfolio is as follows:

PATRIZIA portfolio as of June 30, 2010:

Region/city	Number of units				Area in sqm			
	Residential Property Resale	Asset Re-positioning	Total	Share	Residential Property Resale	Asset Re-positioning	Total	Share
Munich	1,271	2,676	3,947	37.7 %	95,457	175,103	270,560	37.1 %
Cologne/ Dusseldorf	853	600	1,453	13.9 %	68,776	58,262	127,038	17.4 %
Hamburg	265	970	1,235	11.8 %	19,482	62,700	82,182	11.3 %
Leipzig	0	981	981	9.4 %	0	64,391	64,391	8.8 %
Berlin	148	760	908	8.7 %	9,568	47,494	57,062	7.8 %
Frankfurt/Main	17	878	895	8.6 %	1,218	54,673	55,891	7.7 %
Hanover	42	386	428	4.1 %	2,506	27,047	29,553	4.1 %
Regensburg	52	352	404	3.9 %	3,552	24,367	27,919	3.8 %
Dresden	0	152	152	1.5 %	0	10,284	10,284	1.4 %
Friedrichshafen	30	30	60	0.6 %	1,769	2,171	3,940	0.5 %
TOTAL	**2,678**	**7,785**	**10,463**	**100 %**	**202,328**	**526,492**	**728,820**	**100 %**

KEY EVENTS IN THE SERVICES SEGMENT

In the first six months of 2010, PATRIZIA Immobilien Kapitalanlagegesellschaft mbH (KAG) acquired properties with a total investment volume of EUR 144 million for the special assets of its funds. This includes apartments acquired in Finland for the first time for the PATRIZIA EuroCity Residential Fund I. The Services segment benefited from revenues derived from the purchase fees associated with the acquisitions for our funds.

Funds of PATRIZIA Immobilien Kapitalanlagegesellschaft mbH as of June 30, 2010:

	Investment volume	Committed equity	Total volume invested
PATRIZIA German Residential Fund I	EUR 400 million	EUR 130 million	EUR 179 million
PATRIZIA EuroCity Residential Fund I	EUR 400 million	EUR 200 million (fully subscribed)	EUR 128 million
VPV Immo PATRIZIA I	EUR 185 million	Transfer fund	EUR 185 million
PATRIZIA Urbanitas	EUR 300 million	EUR 150 million	EUR 90 million

OTHER EVENTS DURING THE REPORTING PERIOD

The Annual General Meeting on June 23, 2010 approved the proposal by the management to carry forward the entire retained earnings for 2009 of EUR 28,291,940.18 to new account. The Management Board was also authorized by way of resolution to acquire and use own shares in the context of legal provisions. This authorization shall apply until June 23, 2015 and is limited to shares amounting to 10 % of the share capital. All other items of the agenda awaiting resolution were approved by the Annual General Meeting with a significant majority.

2. OUR EMPLOYEES

PATRIZIA had 357 permanent employees as of June 30, 2010, including 14 trainees. Compared to December 31, 2009 (349 employees), the number of staff has increased by eight (2.3 %). New positions are created in individual areas only and depend on future growth.

3. NET ASSET, FINANCIAL AND EARNINGS SITUATION

EARNINGS SITUATION OF THE PATRIZIA GROUP

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

	2nd quarter 2010 04/01/2010 – 06/30/2010	2nd quarter 2009 04/01/2009 – 06/30/2009	1st half 2010 01/01/2010 – 06/30/2010	1st half 2009 01/01/2009 – 06/30/2009
	EUR '000	EUR '000	EUR '000	EUR '000
Purchase price revenues from Residential Property Resale	29,735	22,440	60,765	39,592
Purchase price revenues from Asset Repositioning*	42,100	0	42,100	0
Purchase price revenues from Project Development	0	0	0	0
Rental revenues	16,054	17,660	32,765	35,309
Revenues from the Services segment	3,782	1,752	5,556	4,689
Other**	6,602	5,625	11,901	12,948
CONSOLIDATED REVENUES	**98,273**	**47,477**	**153,087**	**92,538**

* Purchase price revenues from investment property are not reported under revenues.
** The Other item primarily contains rental ancillary costs.

Consolidated revenues increased by 107 % as against the second quarter of 2009 to EUR 98.3 million. In comparison to the first half of 2009, they increased by 65.4 % to EUR 153.1 million. The main reason for this substantial improvement was the block sale. In Residential Property Resales, 30 units more were sold than in the second quarter of 2009, and 103 more than in the first half of 2009. The average sales price obtained in this segment in the second quarter of 2010 was EUR 2,505/sqm (first quarter of 2010: EUR 2,492/sqm, 2009: EUR 2,351/sqm).

The first block sales in the Asset Repositioning segment were realized in the second quarter of 2010. A total of 297 units with a sales volume of EUR 47.2 million were sold. Only EUR 42.1 million from the sale of 274 units on the outskirts of Munich is reported in revenues. The Berlin sale in the amount of EUR 5.1 million was concluded from non-current assets, meaning that profits from the sale are shown separately in the “income from the sale of investment property” item in the income statement. En bloc, the apartments were sold at a price per square meter of EUR 1,987 in the second quarter.

	2nd quarter 2010 04/01/2010 – 06/30/2010	2nd quarter 2009 04/01/2009 – 06/30/2009	1st half 2010 01/01/2010 – 06/30/2010	1st half 2009 01/01/2009 – 06/30/2009
	EUR '000	EUR '000	EUR '000	EUR '000
Purchase price revenues from residential property resale and asset repositioning reported in revenues	71,835	22,440	102,865	39,592
Purchase price revenues from investment property	5,050	0	5,050	0
TOTAL PURCHASE PRICE REVENUES	**76,885**	**22,440**	**107,915**	**35,592**

Rental revenues decreased again due to the decreasing portfolio and contributed 16.3 % of consolidated revenues at EUR 16.1 million (second quarter of 2009: EUR 17.7 million). Although in the past months higher-priced apartments were sold, the average rent per square meter remained constant throughout the portfolio and came to EUR 7.73 per month as of June 30, 2010 (March 31, 2010: EUR 7.72/sqm, December 31, 2009: EUR 7.82/sqm).

The considerable rise in revenues in the Services segment, from EUR 1.8 million in the first quarter to EUR 3.8 million currently, is mainly attributable to purchasing commissions received for the properties acquired for the funds.

Key portfolio figures by quarter:

	1st quarter 2010 01/01/2010 – 03/31/2010	2nd quarter 2010 04/01/2010 – 06/30/2010	1st half 2010 01/01/2010 – 06/30/2010	1st half 2009 01/01/2009 – 06/30/2009	2009 01/01/2009 – 12/31/2009
Privatized units	183	177	360	257	657
Average sales price	EUR 2,492/sqm	EUR 2,505/sqm	EUR 2,499/sqm	EUR 2,319/sqm	EUR 2,351/sqm
Units via block sales	0	297	297	0	289
Average sales price	–	EUR 1,987/sqm	EUR 1,987/sqm	–	EUR 2,177/sqm
Average monthly rent*	**EUR 7,72/sqm**	**EUR 7,73/sqm**	**EUR 7,73/sqm**	**EUR 7,74/sqm**	**EUR 7,82/sqm**

* in the existing portfolio at the end of the quarter. The value for the first half of the year relates to June 30, the value for 2009 relates to December.

Other operating income is largely attributable to the reversal of provisions. Changes in inventories amounted to EUR –77.8 million in the first half of the year. Decreases in the book value of real estate sold reduced inventories by EUR 85.8 million, while recognitions amounting to EUR 8.0 million had the effect of increasing inventories.

The cost of materials decreased in both a quarterly and a half-year comparison, amounting to EUR 16.2 million in the second quarter of 2010 (–4.1 %) and EUR 26.9 million in the first half of the year (–13.4 %). In the first half of the year, EUR 2.7 million of this related to ongoing maintenance (non-capitalizable) and EUR 7.3 million related to renovations and reconstruction measures.

At EUR 6.4 million, staff costs were slightly higher than in the first quarter of 2010 (EUR 6.3 million). In a half-year comparison, they increased by EUR 0.6 million, or 4.9 %, to EUR 12.7 million with a comparable number of employees. The higher sales commissions to sales staff which are paid on notarization constitute one factor contributing to this.

The other operating expenses of EUR 8.2 million for the first six months of 2010 comprise selling expenses of EUR 2.3 million, administrative expenses of EUR 4.0 million and other expenses of EUR 1.9 million.

EBIT in the reporting period exceeded the previous year's level by almost EUR 9.0 million, improving to EUR 29.3 million – an increase of 44.0 % (first half of 2009: EUR 20.4 million).

The financial result of EUR -34.9 million was influenced by valuation effects: To hedge our interest payment, we have entered into interest rate hedges which guarantee us a fixed interest rate of 4.15 % on average. Most of our interest rate hedge agreements were concluded at the end of 2006 / beginning of 2007 in connection with financing major real estate portfolios and will expire in 2014 at the latest. Depending on changes in the interest rate, income or expenses which do not impact liquidity must be booked; these can cause considerable fluctuations in the result under IFRSs.

The market valuation of the interest rate hedging instruments amounted to EUR –10.6 million in the first half of the year as a whole, while there was an effect of EUR –3.4 million from valuation in the second quarter. Pure interest expenses and interest hedge expenses impacting liquidity had an impact of EUR –24.3 million (first half of 2009: EUR –27.6 million). This means rental income for the first six months exceeds the adjusted financing result by 35.0 %, while this figure for the second quarter alone was 27.9 %. Financing costs (interest and margin) currently average 4.7 %. At present, around 67.5 % 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. The composition of the financial result is explained in point 10 of the Notes to the financial statements.

After deduction of the financial result, EBT under IFRSs was EUR –5.6 million for the first half of 2010 and EUR –0.5 million for the second quarter. After adjustment for the effects of the market valuation of interest rate hedges, adjusted EBT totaled EUR 5.0 million for the first six months of 2010, of which EUR 2.1 million is attributable to the first quarter and EUR 2.9 million is attributable to the second quarter. This corresponds to a significant increase of 170.0 % in the first half of 2010 and of 216.8 % in the second quarter compared with the negative results of the previous year.

Net loss for the period under review in accordance with IFRSs was EUR –5.7 million (second quarter 2009: EUR –1.1 million). Earnings per share were therefore EUR –0.11 for the first half of 2010 (first half of 2009: EUR –0.26).

An overview of the key income statement items:

	2nd quarter 2010 04/01/2010 - 06/30/2010	2nd quarter 2009 04/01/2009 - 06/30/2009	1st half 2010 01/01/2010 - 06/30/2010	1st half 2009 01/01/2009 - 06/30/2009
	EUR '000	EUR '000	EUR '000	EUR '000
Revenues	98,273	47,478	153,087	92,538
Total operating performance	42,270	35,891	77,482	70,881
EBITDA	15,658	10,215	29,697	20,776
EBIT	15,465	10,010	29,319	20,364
Earnings before income taxes (EBT)	–492	485	–5,552	–15,543
EBT adjusted*	2,910	–2,492	5,046	–7,204
Consolidated result after taxes	–1,087	1,139	–5,703	–13,761

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

NET ASSETS AND FINANCIAL SITUATION OF THE PATRIZIA GROUP

As of June 30, 2010, our total assets were EUR 1,337 million, and therefore EUR 89.2 million below the level at the end of 2009.

The book value of PATRIZIA's real estate assets was EUR 1,251 million, made up of investment property of EUR 652.6 million and inventories of EUR 598.2 million. Our project developments are also reported under inventories.

Cash and cash equivalents increased over the course of the year by EUR 2.6 million to EUR 58.8 million as of June 30, 2010. As of the balance sheet date, another EUR 8.93 million is linked to a loan that PATRIZIA Immobilien AG granted to PATRIZIA Immobilien Kapitalanlagegesellschaft mbH to finance the properties acquired at the end of May. The loan was concluded at arm's length and paid back in full to the parent company on July 1, 2010.

On the **liabilities side** of the balance sheet, the Company's equity decreased from EUR 284.8 million as at year-end to EUR 279.4 million, while the equity ratio increased slightly to 20.9 %.

In line with our forecast for the first half of the year, we reduced bank loans to below the one billion threshold as of the balance sheet date. The income from real estate sales used for repayment played a major role in reducing bank liabilities to EUR 972.8 million as of June 30, 2010. The loan structure can be found in point 8 of the notes to these Interim Financial Statements.

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 Management Board of PATRIZIA is not currently aware of any additional risks.

5. SUPPLEMENTARY REPORT

Five block sales with a total of 261 residential units and eight commercial units were notarized after the end of the reporting period. Of these, two properties in Berlin with 16 and 21 units (respectively), a residential building of 11 units in Leipzig, 47 units in Hamburg and 174 units in Munich were sold. We expect that EUR 10 million of the purchase price revenues of around EUR 31 million will be recognized in the third quarter of 2010 already.

6. REPORT ON EXPECTED DEVELOPMENTS

In the Project Development segment, three projects are to be completed in the second half of the year. The apartments in the Casa Verde property (Herthastrasse, Munich) and the Am Schwalbeneck property (Augsburg) have already been fully sold off in individual sales. We will have received the purchase prices by the reference date in the fourth quarter. We also expect that the Isartor-Palais (Zwingerstrasse, Munich) will be sold by the end of the year. We are in specific sale negotiations with an interested party. In the second half, Project Development is likely to contribute around EUR 42 million in revenues.

In Residential Property Resale, we are assuming ongoing sales on par with the year thus far. As already stated in the Supplementary Report, five block sales with a total of 269 units have been notarized since the end of the reporting period, with more transactions expected in the third and fourth quarters.

All in all, the first half results should be achievable again in the second half. Under the assumption that the current good conditions last, we can generate adjusted EBT of around EUR 10 million for 2010 as a whole. In terms of the equity ratio, we maintain our view that it will improve to at least 25 % by the end of the year. In Residential Property Resale and Project Development, investment opportunities are being assessed for the Company's own portfolio. If conditions are appropriate, initial investments may be made as early as this year.

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 June 30, 2010

	2nd quarter 2010 04/01/–06/30/2010	2nd quarter 2009 04/01/–06/30/2009	1st half 2010 01/01/–06/30/2010	1st half 2009 01/01/–06/30/2009
	EUR'000	EUR'000	EUR'000	EUR'000
1. Revenues	98,273	47,478	153,087	92,538
2. Income from the sale of investment property	290	0	290	0
3. Changes in inventories	–56,819	–12,427	–77,838	–23,512
4. Other operating income	526	840	1,943	1,855
5. Total operating performance	**42,270**	**35,891**	**77,482**	**70,881**
6. Cost of materials	–16,181	–16,871	–26,872	–31,029
7. Staff costs	–6,399	–5,980	–12,698	–12,108
8. Amortization of software and depreciation on equipment	–193	–205	–377	–412
9. Other operating expenses	–4,032	–2,826	–8,215	–6,968
10. Finance income	324	6,202	569	6,531
11. Finance cost	–16,281	–15,726	–35,441	–42,438
12. Profit / loss before income taxes	**–492**	**485**	**–5,552**	**–15,543**
13. Income tax	–595	654	–151	1,782
14. Net profit / loss	**–1,087**	**1,139**	**–5,703**	**–13,761**
15. Profit carried forward	16,913	16,129	21,529	31,029
16. Consolidated net profit	**15,826**	**17,268**	**15,826**	**17,268**
Earnings per share (undiluted), in EUR	–0.02	0.02	–0.11	–0.26
The net profit / loss for the period is allocated to:				
Shareholders of the parent company	–1,079	1,139	–5,686	–13,761
Non-controlling shareholders	–8	0	–17	0
	–1,087	**1,139**	**–5,703**	**–13,761**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1, 2010 to June 30, 2010

	2nd quarter 2010 04/01/–06/30/2010	2nd quarter 2009 04/01/–06/30/2009	1st half 2010 01/01/–06/30/2010	1st half 2009 01/01/–06/30/2009
	EUR'000	EUR'000	EUR'000	EUR'000
Net profit / loss	**–1,087**	**1,139**	**–5,703**	**–13,761**
Other result				
Cash flow hedges				
Amounts recorded during the reporting period	606	508	257	–231
Reclassification of amounts that were recorded	0	0	0	0
Total result for the reporting period	**–481**	**1,647**	**–5,446**	**–13,992**
The total result is allocated to:				
Shareholders of the parent company	–473	1,647	–5,429	–13,992
Non-controlling shareholders	**–8**	**0**	**–17**	**0**
	–481	**1,647**	**–5,446**	**–13,992**

CONSOLIDATED BALANCE SHEET IN ACCORDANCE WITH IFRS AS OF JUNE 30, 2010

ASSETS	06/30/2010	12/31/2009
A. NON-CURRENT ASSETS	EUR'000	EUR'000
Software	452	539
Investment property	652,560	657,320
Equipment	1,473	1,650
Investments in joint ventures	13	13
Participations	3,090	3,090
Long-term tax assets	313	313
Total non-current assets	**657,901**	**662,925**
B. CURRENT ASSETS		
Inventories	598,170	676,008
Short-term tax assets	1,486	1,879
Current receivables and other current assets	20,823	29,428
Bank balances and cash	58,801	56,183
Total current assets	**679,280**	**763,498**
TOTAL ASSETS	**1,337,181**	**1,426,423**

EQUITY AND LIABILITIES	06/30/2010	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 partners	860	877
Valuation results from cash flow hedges	–5,822	–6,079
Consolidated net profit	15,843	21,529
Total equity	**279,378**	**284,824**
B. LIABILITIES		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	4,050	5,516
Long-term financial derivatives	43,758	34,208
Retirement benefit obligations	360	339
Non-current liabilities	279	259
Total non-current liabilities	**48,447**	**40,322**
CURRENT LIABILITIES		
Short-term bank loans	972,830	1,070,207
Short-term financial derivatives	9,486	8,895
Other provisions	461	580
Current liabilities	16,563	13,116
Tax liabilities	10,016	8,051
Other current liabilities	0	428
Total current liabilities	**1,009,356**	**1,101,277**
TOTAL EQUITY AND LIABILITIES	**1,337,181**	**1,426,423**

CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1, 2010 to June 30, 2010

	1st half of 2010 01/01/2010 – 06/30/2010	1st half of 2009 01/01/2009 – 06/30/2009
	EUR'000	EUR'000
Consolidated loss after taxes	–5,703	–13,761
Amortization of intangible assets and depreciation on property, plant and equipment	377	412
Loss from / gain on disposal of investment properties	–290	0
Loss from / gain on disposal of intangible assets and property, plant and equipment	0	–2
Change in deferred taxes	–1,466	–2,187
Change in retirement benefit obligations	21	0
Non-cash item income and expenses that are not attributable to financing activities	10,398	8,525
Changes in inventories, receivables and other assets that are not attributable to investing activities	86,836	54,057
Changes in liabilities that are not attributable to financing activities	6,289	–6,071
Cash inflow from operating activities	**96,462**	**40,973**
Capital investments in intangible assets and property, plant and equipment	–175	–268
Cash receipts from disposal of intangible assets and property, plant and equipment	62	3
Cash receipts from disposal of investment property	5,050	0
Payments for development or acquisition of investment property	0	–466
Investments	0	–820
Cash inflow / outflow from investing activities	**4,937**	**–1,551**
Borrowing of loans	4,768	1,586
Repayment of loans	–103,549	–54,687
Cash outflow from financing activities	**–98,781**	**–53,101**
Changes in cash	**2,618**	**–13,680**
Cash January 1	56,183	67,905
Cash June 30	58,801	54,225

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY IN ACCORDANCE WITH IFRS

for the period from January 1, 2010 to June 30, 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					257		257
Net loss of 1st half of 2010				–17		–5,686	–5,703
BALANCE JUNE 30, 2010	**52,130**	**215,862**	**505**	**860**	**–5,822**	**15,843**	**279,378**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY IN ACCORDANCE WITH IFRS

for the period from January 1, 2009 to June 30, 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				–231		–231
Net loss of 1st half of 2009					–13,761	–13,761
BALANCE JUNE 30, 2009	**52,130**	**215,862**	**505**	**–8,285**	**17,268**	**277,480**

INTERIM FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST HALF 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 half of 2010 (January 1 through Jun2 30, 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 June 30, 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 six 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. 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 June 30, 2010, the investment property totaled EUR 652.6 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 598.2 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 to EUR 279.4 million as of June 30, 2010 (December 31, 2009: EUR 284.8 million, March 31, 2010: EUR 279.9 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 following table, 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:

Residual term	Bank loans as of June 30, 2010	Bank loans as of March 31, 2010	Bank loans as of Dec. 31, 2009
	EUR '000	EUR '000	EUR '000
Less than 1 year	680,553	683,919	171,727
1 to 2 years	29,966	33,371	551,307
More than 2 to 5 years	262,311	312,659	347,173
More than 5 years	0	0	0
TOTAL	**972,830**	**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 June 30, 2010		at March 31, 2010		at December 31, 2009	
	EUR '000	%	EUR '000	%	EUR '000	%
2010	160,364	16.5 %	166,504	16.2 %	171,727	16.1 %
2011	550,154	56.6 %	550,786	53.5 %	551,307	51.5 %
2012	0	0 %	0	0 %	0	0 %
2013	104,499	10.7 %	152,399	14.8 %	182,472	17.0 %
2014	157,812	16.2 %	160,260	15.6 %	164,701	15.4 %
TOTAL	**972,830**	**100 %**	**1,029,949**	**100 %**	**1,070,207**	**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

	2nd quarter 2010 04/01/2010 – 06/30/2010	2nd quarter 2009 04/01/2009 – 06/30/2009	1st half of 2010 01/01/2010 – 06/30/2010	1st half of 2009 01/01/2009 – 06/30/2009	2009 01/01/2009 – 12/31/2009
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Interest on bank deposits	83	140	215	401	690
Income from interest hedges	0	3,002	0	3,007	5,477
Changes in value of the derivatives	137	3,002	183	3,002	5,832
Other interests	104	57	171	120	272
Finance income	**324**	**6,202**	**569**	**6,531**	**12,271**
Interest on revolving lines of credit and bank loans	–5,451	–6,890	–10,487	–15,490	–31,385
Expenses from interest hedges	–6,263	–7,772	–12,145	–13,791	–28,285
Changes in value of the derivatives	–3,539	–26	–10,781	–11,342	–16,213
Other finance cost	–1,027	–1,038	–2,028	–1,815	–459
Finance cost	**–16,281**	**–15,726**	**–35,441**	**–42,438**	**–76,342**
FINANCIAL RESULT	**–15,957**	**–9,524**	**–34,872**	**–35,907**	**–64,071**
Financial result impacting liquidity (adjusted for changes in the value of the derivatives)	–12,554	–12,500	–24,274	–27,567	–53,690

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 10,463 (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.

2nd quarter 2010 (April 1 – June 30, 2010)	Investments	Services	Corporate	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Third-party revenues	94,490	3,782	1	**98,273**
Intercompany revenues	4,272	1,000	2,381	**7,653**
Finance income	172	15	138	**324**
Finance cost	–16,198	–64	–19	**–16,281**
Significant non-cash earnings				
– Market valuation income derivatives	137	0	0	**137**
– Market valuation expenditures derivatives	–3,539	0	0	**–3,539**
Segment result EBIT	16,977	1,933	–3,446	**15,465**
Segment result EBT	951	1,885	–3,328	**–492**
Segment result EBT adjusted	4,353	1,885	–3,328	**2,910**

Previous year's quarter 2nd quarter 2009 (April 1 – June 30, 2009)	Investments	Services	Corporate	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Third-party revenues	45,725	1,752	1	**47,478**
Intercompany revenues	5,225	406	1,282	**6,913**
Finance income	6,119	0	83	**6,202**
Finance cost	–15,631	–89	–7	**–15,726**
Significant non-cash earnings				
– Market valuation income derivatives	3,002	0	0	**3,002**
– Market valuation expenditures derivatives	–26	0	0	**–26**
Segment result EBIT	11,902	796	–2,688	**10,010**
Segment result EBT	2,391	707	–2,613	**485**
Segment result EBT adjusted	–586	707	–2,613	**–2,492**

1st half of 2010 (Jan. 1 – June 30, 2010)	Investments	Services	Corporate	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Third-party revenues	147,530	5,556	1	**153,087**
Intercompany revenues	9,311	1,512	3,495	**14,317**
Finance income	389	18	161	**569**
Finance cost	–35,276	–124	–40	**–35,441**
Significant non-cash earnings				
– Market valuation income derivatives	183	0	0	**183**
– Market valuation expenditures derivatives	–10,781	0	0	**–10,781**
Segment result EBIT	33,862	1,899	–6,442	**29,319**
Segment result EBT	–1,025	1,793	–6,320	**–5,552**
Segment result EBT adjusted	9,573	1,793	–6,320	**5,046**

Previous year's period 1st half of 2009 (Jan. 1 – June 30, 2009)	Investments	Services	Corporate	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Third-party revenues	87,845	4,689	4	**92,538**
Intercompany revenues	9,351	1,246	3,296	**13,893**
Finance income	6,275	18	238	**6,531**
Finance cost	–42,294	–144	–1	**–42,438**
Significant non-cash earnings				
– Market valuation income derivatives	3,002	0	0	**3,002**
– Market valuation expenditures derivatives	–11,342	0	0	**–11,342**
Segment result EBIT	24,421	1,379	–5,436	**20,364**
Segment result EBT	–11,598	1,253	–5,199	**–15,543**
Segment result EBT adjusted	–3,258	1,253	–5,199	**–7,204**

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

	2nd quarter 2010 04/01/2010 – 06/30/2010	2nd quarter 2009 04/01/2009 – 06/30/2009	1st half of 2010 01/01/2010 – 06/30/2010	1st half of 2009 01/01/2009 – 06/30/2009	2009 01/01/2009 – 12/31/2009
Net profit/loss for the period (in EUR thousands)	–1,087	1,139	–5,703	–13,761	–9,500
Number of shares issued	52,130,000	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	52,130,000	52,130,000
EARNINGS PER SHARE (IN EURO)	**–0.02**	**0.02**	**–0.11**	**–0.26**	**–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 second quarter of 2010, earnings per share were EUR –0.02 (second quarter of 2009: EUR 0.02).

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

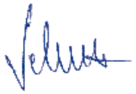
To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, we declare that the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim 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

Chairman of the Board

Arwed Fischer

Member of the Board



Klaus Schmitt

Member of the Board

This interim report was published on August 11, 2010 and is available in German and English. In the event of doubt, the German version applies.

FINANCIAL CALENDAR 2010

August 11, 2010	Interim Report – 2nd Quarter 2010
October 19, 2010	Real Estate Share Initiative, Frankfurt/Main
November 10, 2010	Interim Report – 3rd Quarter 2010

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