INTERIM REPORT Q1 2011

# Values matter

PATRIZIA

WERTE ENTSCHEIDEN

# Key Figures

## KEY FIGURES

| EUR '000 | 01/01/2011 –03/31/2011 | 01/01/2010 –03/31/2010 |
|---|---|---|
| **Revenues and earnings** | | |
| Revenues | 50,595 | 54,814 |
| Total operating performance | 45,128 | 35,212 |
| EBITDA | 12,447 | 14,039 |
| EBIT | 11,722 | 13,855 |
| EBIT adjusted [1] | 12,214 | 13,855 |
| EBT | 12,150 | –5,060 |
| EBT adjusted [1,2] | 590 | 2,136 |
| Net profit/loss | 9,801 | –4,616 |

| EUR '000 | 03/31/2011 | 12/31/2010 |
|---|---|---|
| **Structure of assets and capital** | | |
| Non-current assets | 670,225 | 623,028 |
| Current assets | 558,598 | 591,520 |
| Equity | 308,132 | 294,732 |
| Equity ratio (in %) | 25.1 | 24.3 |
| Non-current liabilities | 539,176 | 50,986 |
| Current liabilities | 381,515 | 868,830 |
| Total assets | 1,228,823 | 1,214,548 |

[1] adjusted for amortization of other intangible assets (fund management contracts)
[2] in addition adjusted for profit/loss from interest rate hedges without cash effect

## SHARE

| | |
|---|---|
| ISIN | DE000PAT1AG3 |
| SIN (Security Identification Number) | PAT1AG |
| Code | P1Z |
| Share capital at March 31, 2011 | EUR 52,130,000 |
| No. of shares in issue at March 31, 2011 | 52,130,000 |
| First quarter 2011 high [3] | EUR 5.90 |
| First quarter 2011 low [3] | EUR 3.77 |
| Closing price at March 31, 2011 [3] | EUR 4.92 |
| Market capitalization at March 31, 2011 | EUR 256.5 million |
| Indices | SDAX, EPRA, GEX, DIMAX |

[3] Closing price at Frankfurt Stock Exchange Xetra trading

# Values matter

Values provide guidance for people and companies in a changing society. There are three core values that guide us: real estate value enhancement, the principle of sustainability and respect for customers, partners and employees.

# Letter to Our Shareholders

**Dear shareholders,**
**Dear ladies and gentlemen,**

From the point of view of sales figures and operating results in the first quarter, PATRIZIA has made a cautious start to the new financial year. However, we have completed some important groundwork over recent months that will have a very positive impact later this year and beyond. Our overall target for 2011 remains unchanged.

As far as residential property resale is concerned, the first quarter, which saw 132 unit sales, was still in line with our expectations, but this is significantly below the very good level of last year. As announced, we have now put the real estate released for resale from our investment properties on the market and we are anticipating a significant return from this, which will have an impact on our results in the second half of 2011. When the consolidated accounts for 2010 were published in March, we reported on the first purchase of 480 apartments in Munich for residential property resale. This portfolio in Munich will also be put on the market in the second half of the year and will boost the figures for residential property resale still further. As a result of all of these measures, we still anticipate that we will almost be able to match last year's excellent figures for residential property resale in 2011.

The first, smaller block sales of 89 units have already been notarized; for 63 of these units the sale revenue was received in the first quarter. In view of the lively demand and the positive climate on the market, we are still expecting an increase in sales revenue in this area in comparison to 2010.



A significant focus of our operational business has fallen on the integration of our new subsidiary, LB Immo Invest, which has been part of the group since January 3, 2011. In addition to dealing with administrative tasks and reviewing the fund's property portfolio, we have been introducing PATRIZIA as the new owner of the company to its clients. There have been no withdrawals from investors as a result of the change of ownership to date and, judging by current discussions, no such withdrawals are anticipated. In the coming months we will be exploring further investment opportunities with a view to making selective purchases with the equity of the fund investors that has already been promised. This also applies to PATRIZIA Immobilien KAG, which specializes in residential property.

Overall, we are holding firm with our forecast of achieving an operating profit of EUR 16-17 million in 2011. We expect that business will pick up significantly in the second half of the year and we will see especially strong sales results, not least because of seasonal factors.

The Managing Board

| | | |
|---|---|---|
| **Wolfgang Egger** | **Arwed Fischer** | **Klaus Schmitt** |
| Chairman of the Board | Member of the Board | Member of the Board |

# Interim Management Report

FOR THE 1ST QUARTER 2011

## 1 Business Trend in the First Quarter of 2011

### Residential segment

The strong sales figures of the previous year have not been matched in the first quarter of 2011. With 132 units sold, we are 27.9% below last year's excellent results for the same quarter (first quarter of 2010: 183 units). Compared over several years, however, the sales figures for the first quarter are not unusual, especially since the beginning of the year does not normally see many transactions in the real estate industry. The backlog of notarizations from the summer months of 2010 had already evened itself out by the end of 2010, with correspondingly high sales figures. As a result, it was possible to complete the sale of some properties more quickly than originally planned. Since fall 2010, notarizations are once again at a normal level and they do not have an immediate impact on sales figures. As explained in the forecast in the group's annual report for 2010, it will be difficult to match the sales figures of 2010, which saw total sales of 801 units, despite favorable conditions and a strong demand in the current fiscal year. However, the sales figures for the first quarter do not suggest to us a weakening of the position for the whole year, as the properties that have gone on the market since the beginning of the year will have a positive effect on the sales figures in the second half of the year.

At 72.7%, private capital investors continued to constitute the biggest group of purchasers by some distance. A further 24.2% were owner occupiers, 3.0% of the apartments went to the tenants who were living in them.

In the first quarter of 2011, 132 units were sold as follows:

RESIDENTIAL PROPERTY RESALE IN THE FIRST QUARTER OF 2011

| Region/city | Number of units sold in Q1 2011 | As a % of sales | Area sold in sqm | Average size of a unit in sqm |
|---|---|---|---|---|
| Munich | 75 | 56.8 | 5,187 | 69 |
| Cologne/Düsseldorf | 25 | 18.9 | 1,719 | 69 |
| Hamburg | 12 | 9.1 | 875 | 73 |
| Regensburg | 10 | 7.6 | 722 | 72 |
| Berlin | 5 | 3.8 | 380 | 76 |
| Friedrichshafen | 3 | 2.3 | 173 | 58 |
| Frankfurt/Main | 1 | 0.8 | 82 | 82 |
| Hanover | 1 | 0.8 | 78 | 78 |
| **Total** | **132** | **100** | **9,216** | **70** |



**Initial purchase completed for the property resale portfolio**

PATRIZIA has acquired 479 units in Munich with an overall area of approximately 30,600 sqm from HDI-Gerling Lebensversicherung AG. The total amount of investment in the residential complex situated in the Ramersdorf-Perlach district is over EUR 50 million; additional costs of purchase and expenses for the planned renovation of the energy supply are already included in this figure.

**Two bloc sales in Hamburg**

In the first quarter of 2011, two apartment blocks in Hamburg, with 45 and 18 units respectively, were sold for EUR 7.1 million. The total area was 4,445 sqm.

Taking into account the sales from the first three months of 2011, together with completed redensification measures, the following summary of our portfolio emerges.

PATRIZIA PORTFOLIO AS OF MARCH 31, 2011

| | Number of units | | | | Area in sqm | | | |
|---|---|---|---|---|---|---|---|---|
| Region/city | Residential property resale | Asset repo-sitioning | Total | Share % | Residential property resale | Asset repo-sitioning | Total | Share % |
| Munich | 1,313 | 2,114 | 3,427 | 37.6 | 102,967 | 133,131 | 236,098 | 37.2 |
| Cologne/Düsseldorf | 770 | 608 | 1,378 | 15.1 | 62,731 | 58,262 | 120,993 | 19.1 |
| Leipzig | 0 | 970 | 970 | 10.6 | 0 | 63,730 | 63,730 | 10.0 |
| Berlin | 262 | 544 | 806 | 8.8 | 18,839 | 28,478 | 47,317 | 7.5 |
| Frankfurt/Main | 12 | 785 | 797 | 8.7 | 848 | 49,320 | 50,168 | 7.9 |
| Hamburg | 280 | 484 | 764 | 8.4 | 20,511 | 29,336 | 49,847 | 7.9 |
| Hanover | 11 | 385 | 396 | 4.3 | 527 | 27,047 | 27,574 | 4.3 |
| Regensburg | 22 | 352 | 374 | 4.1 | 1,386 | 24,367 | 25,753 | 4.1 |
| Dresden | 0 | 152 | 152 | 1.7 | 0 | 10,284 | 10,284 | 1.6 |
| Friedrichshafen | 18 | 30 | 48 | 0.5 | 1,043 | 2,171 | 3,214 | 0.5 |
| **Total** | **2,688** | **6,424** | **9,112** | **100** | **208,852** | **426,126** | **634,978** | **100** |

**No acquisitions by PATRIZIA Residential Funds**

PATRZIA Immobilien Kapitalanlagegesellschaft (KAG) did not complete any further acquisitions in the first quarter, with the result that, with a total target investment volume of EUR 1.6 billion, the volume already invested remains at EUR 664 million. PATRIZIA KAG is currently managing five funds, three of which are individual funds.

## Commercial segment

**Initial consolidation of LB Immo Invest GmbH**
The asset management company LB Immo Invest GmbH was first included in the PATRIZIA Group as a further operating subsidiary in the consolidated accounts of March 31, 2011. As of March 31, 2011, the special fund provider was managing 12 funds with gross assets of EUR 2.2 billion.

## Special real estate business segment

**PATRIZIA Projektentwicklung GmbH is moving forward with new business**
In the Düsseldorf district of Oberkassel, PATRIZIA Projektentwicklung GmbH has acquired two plots of land with a total area of 7,500 sqm. The building plot belongs to the area covered by the former Oberkassel rail freight terminal and is part of the Belsenpark development project. A total of 140 new apartments in the premium segment are to be built here by 2014. The project volume runs to approximately EUR 60 million. A further plot of land has been notarized in Augsburg. On an area of approximately 30,000 sqm close to the city center, approximately 240 apartments are being built in three construction phases, which will be sold individually. Completion of the final building phase is planned for 2015.



# 2 Employees

As of March 31, 2011, PATRIZIA employed 427 permanent staff, including 14 trainees and 50 part-time staff. Compared to December 31, 2010 (370 staff), the number of employees has increased by 57 or 15.4%. An increase of 49 staff, 4 of whom are part-time, can be explained by the acquisition of LB Immo Invest GmbH. Without the effect of this consolidation, the number of staff would only have increased by 2.2%. Converted to full-time equivalents, 411 staff were in permanent employment with PATRIZIA at the end of the first quarter.

# 3 Net Asset, Financial and Earnings Situation

## Earnings situation of the PATRIZIA Group

**REVENUES FROM REAL ESTATE SOLD IN THE FIRST QUARTER**

| | 1st quarter 2011 | 1st quarter 2010 | | 2010 |
|---|---|---|---|---|
| | 01/01/2011 –03/31/2011 EUR '000 | 01/01/2010 –03/31/2010 EUR '000 | Change in % | 01/01/2010 –12/31/2010 EUR '000 |
| Purchase price revenues from residential property resale | 20,650 | 31,030 | –33.5 | 128,930 |
| Purchase price revenues from asset repositioning (inventories) | 5,500 | 0 | – | 71,452 |
| Purchase price revenues from project development | 0 | 0 | 0 | 42,372 |
| Purchase price revenues from investment property [1] | 1,600 | 0 | – | 43,937 |
| **Purchase price revenues** | **27,750** | **31,030** | **–10.6** | **286,691** |

[1] Purchase price receipts from investment property is not shown in revenues.

Consolidated revenues fell in comparison to the first quarter of the previous year from EUR 54.8 million to EUR 50.6 million. The first block sales did not compensate for weaker residential property resales, with the result that sales revenues fell by a total of 10.6%. The average price achieved for individual sales was EUR 2,260/sqm (first quarter of 2010: EUR 2,492/sqm; total for 2010: EUR 2,370/sqm) and for block sales the figure was EUR 1,597/sqm (first quarter of 2010: no block sales; total for 2010: EUR 1,625/sqm). In this context it should be noted that the average values are heavily influenced by the regional composition of the units sold.

Rental revenues accounted for 28.4% of the group turnover and, as a result of the sales of apartments completed in the course of the year, were below the figure for the previous year. Of the total rental revenues of EUR 14.4 million (first quarter of 2010: EUR 16.7 million), EUR 14.0 million came from the residential segment (9,084 units) and EUR 0.4 million from the commercial segment (28 units). Across the whole portfolio, the average monthly rent per square meter was EUR 7.99 (December 31, 2010: EUR 7.67/sqm) – an improvement of 4.2%.

Sales revenues of EUR 5.5 million were generated from services in the residential and commercial sectors. Of this, EUR 4.1 million was earned by our two asset management companies. As far as other sales revenues are concerned, please see the segment report under Section 12 of the Notes.

The changes in inventories amounted to EUR –11.7 million. The decline in the carrying amounts for the real estate sold from inventory assets of EUR –22.1 million reduced the inventories, while capitalizations of EUR 10.4 million increased the inventories.

The cost of materials rose significantly in the year-on-year comparison of the quarter from EUR 10.7 million to EUR 18.9 million (77.2%). Of this, EUR 2.0 million was used for renovation and conversion work, of which it was possible to capitalize EUR 1.4 million. EUR 1.0 million was spent on ongoing maintenance (which cannot be capitalized). It should be noted that in the previous year, building and renovation work planned for the spring was postponed until later in the year. Also included in the cost of materials are the purchase costs for the land bought in Augsburg for project development.

Staff costs grew considerably: the increase of EUR 1.5 million or 23.9% to EUR 7.8 million is primarily the result of taking on 49 employees as part of the acquisition of LB Immo Invest. Overall the increase in staff costs compared with the same quarter of last year has been caused by an additional 73 employees (first quarter of 2010: 354 staff, +20.6%).

The other operating expenses of EUR 5.9 million (first quarter of 2010: EUR 4.2 million) include selling expenses of EUR 2.2 million (first quarter of 2010: EUR 1.2 million) and administration expenses of EUR 3.0 million (first quarter of 2010: EUR 1.9 million). The increase in selling expenses results from the commissions payable by LB Immo Invest of EUR 0.8 million. On expiry of these contracts, the services concerned are to be taken over within the group by sister companies, with the result that the sales costs for external third parties will decrease in the future. The administration expenses were affected in particular by the start of the IT system conversion.



The EBIT determined in accordance with the IFRS for the reporting period amounted to EUR 11.7 million (first quarter of 2010: EUR 13.9 million). The largest share of this was generated by the residential segment; the results from the commercial segment were affected significantly by the initial consolidation of LB Immo Invest GmbH. Further information is available in the segment reports under Section 12 of the Notes.

The non-cash market valuation of the interest rate hedges of EUR 12.1 million as of March 31, 2011 had a positive effect. In the same quarter of last year, a cost of EUR 7.2 million was incurred in this connection. Accordingly, the financial results improved from EUR –18.9 million to EUR 0.4 million. Currently 73.4% of our loan liabilities are secured by interest rate hedges with an average interest rate of 4.07%. The pure interest costs for bank liabilities and the cash cost of interest rate hedging remained almost unchanged at EUR 11.6 million. With regard to servicing the loans, it is significant that the rental income of EUR 14.4 million covers 23.6% of the cashflow-related financial results. The finance costs (including margin and processing fee) were 4.95% of the average outstanding bank liabilities in the first quarter of 2011. The breakdown of the financial results is outlined in Section 10 of the Notes.

As a result of the positive effect of the market valuation of the interest rate hedges, the IFRS earnings before tax (EBT) also rose strongly in the reporting period, from EUR –5.1 million in the same quarter of the previous year to EUR 12.2 million (+340.1%). A further non-cash effect on the IFRS-EBT is an amortization resulting from the acquisition of LB Immo Invest: the fund management contracts related to the intangible assets are subject to amortization of the anticipated remaining term of the agreements. In the first quarter of 2011, current amortizations of EUR 0.5 million were made in this connection. Adjusted for these two non-cash valuation effects, the operating result (EBT adjusted) was EUR 0.6 million and therefore below those of the previous year (first quarter of 2010: EUR 2.1 million). Since, in previous years, the first quarter has always been the weakest in the year in terms of sales, we are confident that we will be able to improve earnings in the second half of the year.

The result after tax is an IFRS profit for the first quarter of 2011 of EUR 9.8 million, following a loss of EUR 4.6 million in the same quarter of the previous year.

The earnings per share improved from EUR –0.09 in the first quarter of 2010 to EUR 0.19 now.

**SUMMARY OF THE KEY ITEMS IN THE CONSOLIDATED INCOME STATEMENT**

| | 1st quarter 2011<br>01/01/2011<br>– 03/31/2011<br>EUR '000 | 1st quarter 2010<br>01/01/2010<br>– 03/31/2010<br>EUR '000 | Change<br>in % | 2010<br>01/01/2010<br>– 12/31/2010<br>EUR '000 |
|---|---|---|---|---|
| Revenues | 50,595 | 54,814 | –7.7 | 339,593 |
| Total operating performance | 45,128 | 35,212 | 28.2 | 179,865 |
| EBIT | 11,722 | 13,855 | –15.4 | 61,244 |
| EBIT adjusted [1] | 12,214 | 13,855 | –11.8 | 60,919 |
| EBT | 12,150 | –5,060 | 340.1 | 11,488 |
| EBT adjusted [1, 2] | 590 | 2,136 | –72.4 | 12,789 |
| Profit/loss after tax | 9,801 | –4,616 | 312.3 | 6,201 |

[1] adjusted for amortization of other intangible assets (fund management contracts)

[2] in addition adjusted for profit/loss from interest rate hedges without cash effect

## Net asset and financial situation of the PATRIZIA Group

**PATRIZIA ASSET AND FINANCIAL KEY FIGURES**

| | 03/31/2011<br>EUR '000 | 12/31/2010<br>EUR '000 | Change<br>in % |
|---|---|---|---|
| Total assets | 1,228,823 | 1,214,548 | 1.2 |
| Equity (including non-controlling partners) | 308,132 | 294,732 | 4.5 |
| Equity ratio | 25.1% | 24.3% | 0.8 pp |
| Bank loans | 834,831 | 841,380 | –0.8 |
| Cash and cash equivalents | 42,210 | 70,537 | –40.2 |
| Real estate assets [1] | 1,111,804 | 1,125,383 | –1.2 |
| Loan to value [1, 2] | 75.1% | 74.8% | 0.3 pp |

[1] The real estate assets comprise the investment property valued at fair value and real estate held in inventories valued at amortized costs

[2] Proportion of credit volume to real estate assets

pp percentage points

The total assets as of March 31, 2011 increased slightly to EUR 1,229 million (December 31, 2010: EUR 1.215 million; +1.2%). The real estate assets, consisting of investment properties and inventories, still had a carrying value on the balance sheet date of EUR 1,112 million (December 31, 2010: EUR 1,125 million; –1.2%).

On March 31, 2011 PATRIZIA had at its disposal cash and cash equivalents of EUR 42.2 million, which corresponds to a fall from the year end 2010 of 40.2%. The financing of the acquisition of LB Immo Invest GmbH is primarily responsible for this.

On the liabilities side of the balance sheet, equity grew from EUR 294.7 million on December 31, 2010 to EUR 308.1 million currently. It was possible to strengthen the equity ratio in the first three months of 2011 to 25.1% (December 31, 2010: 24.3%).

Our bank loans at the end of the quarter amounted to EUR 834.8 million. The financing of the acquisition of LB Immo Invest increased the loans by EUR 19.6 million. Sales of real estate, on the other hand, made a large contribution to the repayment of our debt, with the result that it was possible to reduce the loans slightly overall. The balance sheet as at March 31, 2011 showed long-term bank loans of EUR 481.3 million used for financing long-term assets, specifically (1) the prolongation of investment property loans (due for refinancing on March 31, 2011) to June 30, 2014 and (2) loans for financing LB Immo Invest until March 31, 2015.

A detailed list of settlement dates for the loans according to fiscal year is provided under Section 8 of the Group Notes to this quarterly report.

**CALCULATION OF THE NAV**

| EUR '000 | 03/31/2011 | 12/31/2010 |
|---|---|---|
| Investment property | 613,471 | 614,945 |
| Participations | 3,090 | 3,090 |
| Inventories | 498,333 | 510,438 |
| Bank balances and cash [1] | 49,656 | 70,537 |
| Less bank loans [1] | –815,231 | –841,380 |
| NAV | 349,319 | 357,330 |
| No. of shares | 52,130,000 | 52,130,000 |
| NAV/share (EUR) | 6.70 | 6.86 |

[1] without acquisition of LB Immo Invest GmbH

## 4 Opportunity and Risk Report

In the course of its business activities, PATRIZIA Immobilien AG is confronted with both opportunities and risks. The necessary measures have been taken and processes put in place in the group to identify negative trends and risks in good time and to counteract them. Since the annual accounts for the fiscal year 2010, there have been no significant changes related to the opportunity and risk profile to indicate new opportunities or risks for the group.

The statements in the risk report in the Annual Report 2010 still apply. For a detailed description of the opportunities and risks for the group, please see the risk report in the Annual Report 2010 of PATRIZIA Immobilien AG. No other risks are currently known to the managing board of PATRIZIA Immobilien AG.

## 5 Supplementary Report

In April two apartment blocks with 12 and 25 units were sold in the greater Hamburg area. We expect to receive the purchase prices from the sale in the second quarter of 2011.

## 6 Forecast Report

Despite the weak first quarter in comparison to the previous year, we confirm our forecast for the whole of 2011, with an operating pre-tax profit (EBT adjusted) of EUR 16–17 million. However, we anticipate that the second quarter of 2011 will only show a slight improvement and business will not pick up until the second half of the year. In the field of residential property resales, the properties put on the market for the first time in 2011 will probably have a noticeable effect on earnings in the third and fourth quarters. As far as block sales are concerned, the first three months of 2011 should not be regarded as representative of our expectations for the whole year either, even though we do not anticipate any significant recovery in the second quarter here.

In the coming months we will be investing the capital promised by the fund investors through further purchases for the individual special funds. In particular, LB Immo Invest can now concentrate fully on new business following the change in ownership and successful integration into the group.



As far as the structure of the balance sheet is concerned, we would like to push forward with the debt reduction in the current fiscal year to a similar extent as in 2010, which means we want to repay loans of approximately EUR 230 million by the end of the year. In this context, the reductions from real estate sales have already been offset against new finance for acquisitions in project development and residential property resale. The greater our success in entering into co-investments for new purchases, the smaller the changes to our own financial and balance sheet structure will be.

In the coming months we will gradually extend our range of services for institutional investors to include the area of "alternative investments". The focus here will be on complex, non-standard real estate transactions. This may include the purchase of real estate companies or portfolios that are in financial or operational difficulties – always with the aim of restructuring the properties acquired in a sustainable way, using PATRIZIA's expertise in the real estate industry. In this way, we will be emphasizing our strategy of entering into more co-investments in the future and positioning ourselves more strongly as a service provider and investment company in the real estate sector.

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

# Consolidated Balance Sheet

AT MARCH 31, 2011

## ASSETS

| EUR '000 | 03/31/2011 | 12/31/2010 |
|---|---|---|
| **A. Non-current assets** | | |
| Goodwill | 610 | 0 |
| Other intangible assets | 46,703 | 0 |
| Software | 3,706 | 2,811 |
| Investment property | 613,471 | 614,945 |
| Equipment | 2,337 | 1,893 |
| Investments in joint ventures | 27 | 8 |
| Participations | 3,090 | 3,090 |
| Long-term tax assets | 281 | 281 |
| Total non-current assets | **670,225** | 623,028 |
| **B. Current assets** | | |
| Inventories | 498,333 | 510,438 |
| Securities | 1,649 | 0 |
| Short-term tax assets | 2,637 | 263 |
| Current receivables and other current assets | 13,769 | 10,282 |
| Bank balances and cash | 42,210 | 70,537 |
| Total current assets | **558,598** | 591,520 |
| Total assets | **1,228,823** | 1,214,548 |

## EQUITY AND LIABILITIES

| EUR '000 | 03/31/2011 | 12/31/2010 |
|---|---|---|
| **A. Equity** | | |
| Share capital | 52,130 | 52,130 |
| Capital reserves | 215,862 | 215,862 |
| Retained earnings | | |
| - legal reserves | 505 | 505 |
| Non-controlling shareholders | 2,714 | 832 |
| Valuation results from cash flow hedges | −662 | −2,372 |
| Consolidated net profit | 37,583 | 27,775 |
| Total equity | **308,132** | 294,732 |
| **B. Liabilities** | | |
| Non-current liabilities | | |
| Deferred tax liabilities | 26,923 | 9,701 |
| Long-term financial derivatives | 25,807 | 39,715 |
| Retirement benefit obligations | 368 | 368 |
| Long-term bank loans | 481,259 | 0 |
| Non-current liabilities | 4,819 | 1,202 |
| Total non-current liabilities | **539,176** | 50,986 |
| Current liabilities | | |
| Short-term bank loans | 353,572 | 841,380 |
| Short-term financial derivatives | 188 | 363 |
| Other provisions | 723 | 666 |
| Current liabilities | 18,086 | 17,008 |
| Tax liabilities | 8,946 | 9,413 |
| Other current liabilities | 0 | 0 |
| Total current liabilities | **381,515** | 868,830 |
| Total equity and liabilities | **1,228,823** | 1,214,548 |

# Consolidated Income Statement

FOR THE PERIOD FROM JANUARY 1, 2011 TO MARCH 31, 2011

| EUR '000 | 01/01/2011 – 03/31/2011 | 01/01/2010 – 03/31/2010 |
|---|---|---|
| Revenues | 50,595 | 54,814 |
| Income from the sale of investment propertiy | 126 | 0 |
| Changes in inventories | –11,747 | –21,019 |
| Other operating income | 6,154 | 1,417 |
| Total operating performance | **45,128** | 35,212 |
| Cost of materials | –18,947 | –10,691 |
| Staff costs | –7,805 | –6,299 |
| Amortization of software and depreciation on equipment | –725 | –184 |
| Other operating expenses | –5,929 | –4,183 |
| Finance income | 13,191 | 244 |
| Finance cost | –12,763 | –19,159 |
| Profit/loss before income taxes | **12,150** | –5,060 |
| Income tax | –2,349 | 444 |
| Net profit/loss | **9,801** | –4,616 |
| Profit carried forward | 27,730 | 21,529 |
| Consolidated net profit | **37,531** | 16,913 |
| | | |
| Earnings per share (undiluted), in EUR | 0.19 | –0.09 |
| | | |
| The net profit/loss for the period is allocated to: | | |
| - Shareholders of the parent company | 9,808 | –4,607 |
| - Non-controlling shareholders | –7 | –9 |
| | **9,801** | –4,616 |



# Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM JANUARY 1, 2011 TO MARCH 31, 2011

| EUR '000 | 01/01/2011 – 03/31/2011 | 01/01/2010 – 03/31/2010 |
|---|---|---|
| Consolidated net profit/loss | **9,801** | –4,616 |
| Other result | | |
| Cash flow hedges | | |
| - Amounts recorded during the reporting period | 961 | -349 |
| - Reclassification of amounts that were recorded | 749 | 0 |
| Total result for the reporting period | **11,511** | –4,965 |
| The total result is allocated to: | | |
| - Shareholders of the parent company | 11,518 | –4,956 |
| - Non-controlling shareholders | –7 | –9 |
| | **11,511** | –4,965 |

# Consolidated Cash Flow Statement

FOR THE PERIOD FROM JANUARY 1, 2011 TO MARCH 31, 2011

| EUR '000 | 01/01/2011 – 03/31/2011 | 01/01/2010 – 03/31/2010 |
|---|---|---|
| Consolidated net profit/loss | 9,801 | –4,616 |
| Actual income taxes recognized through profit or loss | 755 | 689 |
| Financing costs recognized through profit or loss | 11,550 | 11,894 |
| Income from financial investments recognized through profit or loss | –214 | –199 |
| Amortization of intangible assets and depreciation on property, plant and equipment | 725 | 184 |
| Loss from/gain on disposal of investment properties | –126 | 0 |
| Change in deferred taxes | 1,917 | –1,126 |
| Change in retirement benefit obligations | 0 | 21 |
| Ineffectiveness of cash flow hedges | –12,373 | 7,197 |
| Changes in inventories, receivables and other assets that are not attributable to investing activities | 10,231 | 38,823 |
| Changes in liabilities that are not attributable to financing activities | –3,159 | –3,145 |
| Interest paid | –11,565 | –11,667 |
| Interest received | 43 | 76 |
| Income tax payments/refunds | –2,547 | –117 |
| Cash inflow from operating activities | **5,038** | 38,014 |
| Capital investments in intangible assets and property, plant and equipment | –1,363 | –27 |
| Cash receipts from disposal of intangible assets and property, plant and equipment | 0 | 62 |
| Cash receipts from disposal of investment property | 1,600 | 0 |
| Acquisition of subsidiaries | –28,626 | 0 |
| Cash inflow/outflow from investing activities | **–28,389** | 35 |
| Borrowing of loans | 24,805 | 1,348 |
| Repayment of loans | –29,781 | –42,050 |
| Cash outflow from financing activities | **–4,976** | –40,702 |
| Changes in cash | **–28,327** | –2,653 |
| Cash January 1 | 70,537 | 56,183 |
| Cash March 31 | 42,210 | 53,530 |



# Statement of Changes in Consolidated Equity

FOR THE PERIOD FROM JANUARY 1, 2011 TO MARCH 31, 2011

| EUR '000 | Share capital | Capital reserves | Valuation results from Cash Flow Hedges | Retained earnings (legal reserve) | Consolidated net profit/loss | Thereof attributable to the shareholders of the parent company | Thereof attributable to non-controlling partners | Total |
|---|---|---|---|---|---|---|---|---|
| Balance January 1, 2011 | 52,130 | 215,862 | –2,372 | 505 | 27,775 | 293,900 | 832 | 294,732 |
| Additional non-controlling partners which originated in the course of the LB Immo Invest GmbH acquisition | | | | | | | 1,889 | 1,889 |
| Net amount recognized directly in equity, where applicable less income taxes | | | 1,710 | | | 1,710 | | 1,710 |
| Net profit/loss for the period | | | | | 9,808 | 9,808 | –7 | 9,801 |
| Full overall result for the period | | | 1,710 | | 9,808 | 11,518 | –7 | 11,511 |
| **Balance March 31, 2011** | **52,130** | **215,862** | **–662** | **505** | **37,583** | **305,418** | **2,714** | **308,132** |
| Balance January 1, 2010 | 52,130 | 215,862 | –6,079 | 505 | 21,529 | 283,947 | 877 | 284,824 |
| Net amount recognized directly in equity, where applicable less income taxes | | | –349 | | | –349 | | –349 |
| Net profit/loss for the period | | | | | –4,607 | –4,607 | –9 | –4,616 |
| Full overall result for the period | | | –349 | | –4,607 | –4,956 | –9 | –4,965 |
| Balance March 31, 2010 | 52,130 | 215,862 | –6,428 | 505 | 16,922 | 278,991 | 868 | 279,859 |

# Interim Financial Statements and Notes to the Financial Statements

TO MARCH 31, 2011 (FIRST QUARTER OF 2011)

## 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 2011 (January 1 through March 31, 2011) 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, 2011 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 2011 are not necessarily an indication of future earnings or of the expected total earnings for fiscal year 2011.

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 2010. 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, 2010, which are contained in the Company's 2010 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 54 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.

### Company acquisitions

Under a notarial purchase agreement dated December 9, 2010, PATRIZIA Immobilien AG acquired a 94.9% stake in LB Immo Invest GmbH, Hamburg, via its indirect subsidiary PATRIZIA Project 600 GmbH (formerly PATRoffice Real Estate 997 GmbH). The date of acquisition for implementing full consolidation of the shares has been set at January 3, 2011. Legal and financial transfer of the shares took place on January 3, 2011 following full payment of the purchase price.

LB Immo Invest GmbH is a Hamburg-based asset management company focusing on the management of special real estate funds. At the time of acquisition the company administered 12 real estate funds with a gross fund volume of EUR 2.3 billion.

The acquisition of the asset management company LB Immo Invest GmbH has added commercial special real estate funds to our existing portfolio of services. The reasoning behind the acquisition of the company was the intensification of the group's activities in the field of commercial real estate.

The final cash purchase price for the shares that were acquired indirectly by PATRIZIA Immobilien AG (94.9%) was EUR 35.7 million (excluding ancillary acquisition costs). The ancillary acquisition costs amounted to EUR 0.4 million and were treated as an expense. Acquisition costs are shown under other operating expenses.

The Group has received the following assets and liabilities:

ASSETS AND LIABILITIES

| | Fair Value EUR million |
|---|---|
| Intangible assets (including fund management contracts) | 47.2 |
| Property, plant and equipment | 0.2 |
| Total non-current assets | 47.4 |
| Shares and other variable-yield securities | 1.6 |
| Trust receivables | 0.6 |
| Other assets, prepaid expenses and deferred charges | 3.5 |
| Cash and cash equivalents | 7.1 |
| Total current assets | 12.7 |
| **Total assets** | **60.2** |
| | |
| Deferred taxes | 15.3 |
| Total non-current liabilities | 15.3 |
| | |
| Trust liabilities | 0.6 |
| Other current liabilities | 3.1 |
| Other current provisions | 4.2 |
| Total current liabilities | 7.9 |
| **Total liabilities** | **23.1** |
| | |
| **Net assets** | **37.0** |
| attributable to non-controlling partners | 1.9 |
| attributable to the controlling parent company | 35.1 |
| | |
| Purchase price | 35.7 |

The value of the share accounted for by the non-controlling partners (5.1%) in LB Immo Invest GmbH was stated at the fair value of the net assets purchased and amounts to EUR 1.9 million. The resulting goodwill amounts to EUR 0.6 million. Fund management contracts assigned to intangible assets are subject to amortization over the expected remaining life of the contracts. In the reporting period, there have been amortizations of EUR 0.5 million.

The resulting goodwill is based on the expected synergy effects between the purchased company and the existing company PATRIZIA Immobilien KAG as well as the other service providers within the PATRIZIA Group.

The goodwill will not be tax-deductible in future periods.

With the exception of the disclosure of hidden reserves in the fund management contracts and in fund shares held and a resulting adjustment of deferred tax liabilities, it was possible to take over the carrying amounts unchanged. The gross receivables are equivalent to the shown amounts as no irrecoverable debt is expected. There were no other intangible assets that could be recognized in expectation of a future economic benefit.

The new fair values to be determined autonomously in accordance with IFRS 3 (i.e. without any link to existing carrying amounts under local accounting provisions) are determined in accordance with uniform group-wide accounting provisions applicable within the PATRIZIA Group.

The acquired cash amounted to EUR 7.1 million.

LB Immo Invest GmbH contributed revenues of EUR 3.3 million and net earnings of EUR 0.2 million to the group accounts for the time of the acquisition until March 31, 2011.

## 4 Investment Property

Qualifying real estate as an investment is based on a corresponding management decision to use the real estate in question to generate rental income and thus liquidity, while realizing higher rent potential over a long time period and, accordingly, an increase in value. The share of owner-occupier use does not exceed 10% of the rental space. In contrast to the real estate posted under inventories, investment property is not intended for sale in the ordinary course of business or for such sale within the framework of the construction or development process. Investment property is measured at fair value, with changes in value recognized through profit or loss.

Investment property is measured at market values. In principle, investment property is measured on the basis of external appraisals carried out by independent experts using current market prices or using customary valuation methods and consideration of the current and long-term rental situation. The residential property resale process was launched in 2010 for individual investment properties. Valuation of these properties is based on current comparative values.

The market value is equivalent to the fair value. According to IAS 40, this is defined as the value reasonably obtainable on the market based on a hypothetical buyer/purchaser situation. Investment property is reported at this fictitious market value without any deduction of transaction costs.

In contrast to the previous year when they were valued by independent experts, the properties that are now earmarked for resale were valued by PATRIZIA using detailed project accounting. This project accounting is based on comparative values ascertained in the direct surroundings of the properties. Both offer prices and also selling prices were used for this, but only of comparable properties.

All investment property held by the Group is leased. The resultant rental income and the expenses directly associated with it are recognized in the income statement.

## 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 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. Acquisition costs comprise the directly attributable purchase and commitment costs, manufacturing costs comprise the costs directly attributable to the real estate development process.

## 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 increased and amounted to EUR 308.1 million as of March 31, 2011 (December 31, 2010: EUR 294.7 million).

## 8 Bank Loans

The bank loans are measured at amortized cost. They have variable interest rates. In this respect, the Group is exposed to an interest rate risk in terms of the cash flows. To limit the risk, the Group has concluded interest hedging transactions for the majority of the 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.

The residual terms of the bank loans are as follows:

### BANK LOANS

| EUR '000 | Bank loans as of March 31, 2011 | Bank loans as of Dec. 31, 2010 |
|---|---|---|
| Less than 1 year | 58,720 | 523,314 |
| 1 to 2 years | 89,098 | 88,775 |
| More than 2 to 5 years | 687,013 | 229,291 |
| More than 5 years | 0 | 0 |
| Total | 834,831 | 841,380 |

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

| | Amount of loans due as at | | | |
|---|---|---|---|---|
| | 03/31/2011 | | 12/31/2010 | |
| Maturity | EUR '000 | % | EUR '000 | % |
| 2011 | 54,720 | 6.6 | 523,314 | 62.2 |
| 2012 | 89,098 | 10.7 | 88,775 | 10.6 |
| 2013 | 76,650 | 9.2 | 81,020 | 9.6 |
| 2014 | 606,763 | 72.7 | 148,270 | 17.6 |
| 2015 | 7,600 | 0.9 | 0 | 0 |
| Total | 834,831 | 100 | 841,380 | 100 |

### MATURITY BY QUARTER

| | | Amount of loans due as at 03/31/2011 | |
|---|---|---|---|
| Year | Quarter | EUR '000 | % |
| | Q2 | 29,855 | 3.6 |
| | Q3 | 20,783 | 2.5 |
| 2011 | Q4 | 4,082 | 0.5 |
| | Q1 | 4,000 | 0.5 |
| | Q3 | 43,319 | 5.2 |
| 2012 | Q4 | 41,779 | 5.0 |
| | Q1 | 4,000 | 0.5 |
| 2013 | Q4 | 72,650 | 8.7 |
| | Q1 | 4,000 | 0.5 |
| | Q2 | 588,409 | 70.5 |
| 2014 | Q3 | 14,355 | 1.7 |
| 2015 | Q1 | 7,600 | 0.9 |
| Total | | 834,831 | 100 |



## 9 Revenues

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

## 10 Financial Result

| EUR '000 | 1st quarter 2011 01/01/2011 – 03/31/2011 | 1st quarter 2010 01/01/2010 – 03/31/2010 | 2010 01/01/2010 – 12/31/2010 |
|---|---|---|---|
| Interest on bank deposits | 158 | 132 | 573 |
| Income from securities | 36 | 0 | 0 |
| Income from interest hedges | 0 | 0 | 0 |
| Changes in value of the derivatives | 12,941 | 45 | 10,546 |
| Other interests | 56 | 67 | 375 |
| | **13,191** | **244** | **11,494** |
| Interest on revolving lines of credit and bank loans | –5,283 | –5,036 | –25,782 |
| Expenses from interest hedges | –4,634 | –5,882 | –23,024 |
| Changes in value of the derivatives | –889 | –7,241 | –12,172 |
| Other finance cost | –1,957 | –1,000 | –272 |
| | **–12,763** | **–19,159** | **–61,250** |
| Financial result | 428 | –18,915 | –49,756 |
| Financial result adjusted for changes in the derivatives | –11,623 | –11,719 | –48,130 |

## 11 Earnings per Share

| EUR '000 | 1st quarter 2011 01/01/2011 – 03/31/2011 | 1st quarter 2010 01/01/2010 – 03/31/2010 | 2010 01/01/2010 – 12/31/2010 |
|---|---|---|---|
| Net profit/loss for the period (in EUR thousands) | 9,801 | –4,616 | 6,201 |
| 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 EUR) | 0.19 | –0.09 | 0.12 |

There were no diluted earnings per share in the reporting period or in the previous period. As at March 31, 2011, there was authorized capital of TEUR 26,065.

## 12 Segment Reporting

LB Immo Invest GmbH became a new operating subsidiary of the PATRIZIA Group with effect from January 3, 2011 (cf. item 3 Scope of Consolidation). This was the reason for PATRIZIA to alter the existing corporate structure. The changes will result in the use of the real estate as residential or commercial property now determining and segmenting the associated activities. The business activities of the PATRIZIA Group will in future be separated into the segments residential, commercial and special real estate transactions.

The segmentation of the corporate divisions will be based on the changed internal reporting lines. This means that financial reporting will have to reflect the changes. The segments are as follows:

The residential segment bundles all activities relating to own investment, services and funds in the field of residential real estate. A real estate portfolio for residential property resale and asset repositioning is held as own investment. Clients include private and institutional investors that invest either in individual residential units or in real estate portfolios. As of the balance sheet date, the segment had a portfolio of 9,084 (December 31, 2011: 9,285) residential units that are listed as investment property and inventories. The segment manages assets of approx. EUR 2 bn.

The commercial segment combines the same portfolio of services for commercial real estate. This also covers LB Immo Invest GmbH and the co-investment PATRoffice Real Estate GmbH & Co. KG. The only proprietary investment of PATRIZIA is a commercial property with 28 units or 12,182 sqm. The segment manages funds of approx. EUR 3bn.

PATRIZIA Projektentwicklung GmbH and PATRIZIA Immobilienmanagement GmbH, which serve both the residential and commercial real estate sectors, form the segment "special real estate business". A significant portion of the services is used by in-house entities. Moreover, both companies act for external third parties.

The internal corporate, cross-company services provided by the holding company will remain unchanged in the segment Corporate. All consolidating entries are also processed via the segment Corporate. Thus all internal output is consolidated in the column Group, which represents the external output of the Group.

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, EBIT adjusted and EBT adjusted.

EBT comprises a total of revenues, income from the sale of investment property, changes in inventories, 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 the EBIT adjusted, allowances are made for the non-liquidity-related effect of amortizations of other intangible assets (fund management contracts) created in the course of the acquisition of LB Immo Invest GmbH. Further adjustments are made to account for the results of the market valuation of the interest rate hedging instruments.

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. Figures from the previous year have been adapted to the new structure.

## 1ST QUARTER 2011 (JANUARY 1 – MARCH 31, 2011)

| in EUR '000 | Residential | Commercial | Special Real Estate Business | Corporate/ Consolidation | Total |
|---|---|---|---|---|---|
| Portfolio-Management | | | | | |
| Third-party revenues | 200 | 429 | 802 | 1 | 1,432 |
| Intercompany revenues | 2,681 | 857 | 1,717 | –5,355 | –101 |
| Own Investments | | | | | |
| Residential Property Resale | | | | | |
| Third-party revenues | 32,602 | – | 220 | – | 32,821 |
| Rental revenues | 4,888 | – | 213 | – | 5,100 |
| Purchase price revenues from single unit sales | 20,650 | – | 0 | – | 20,650 |
| Purchase price revenues from bloc sales | 5,500 | – | 0 | – | 5,500 |
| Other revenues | 1,564 | – | 8 | – | 1,572 |
| Intercompany revenues | 68 | – | 0 | – | 68 |
| Asset Repositioning | | | | | |
| Third-party revenues | 11,727 | 546 | – | – | 12,273 |
| Rental revenues | 8,838 | 351 | – | – | 9,189 |
| Purchase price revenues from bloc sales | 0 | 0 | – | – | 0 |
| Other revenues | 2,889 | 195 | – | – | 3,084 |
| Intercompany revenues | 14 | 18 | – | – | 32 |
| Fonds | | | | | |
| Third-party revenues | 787 | 3,282 | – | – | 4,069 |
| Intercompany revenues | 0 | 0 | – | – | 0 |
| Total Group revenues | | | | | |
| Third-party revenues | 45,316 | 4,257 | 1,021 | 1 | 50,595 |
| Rental revenues | 13,725 | 389 | 246 | 1 | 14,362 |
| Purchase price revenues from single unit sales | 20,650 | 0 | 0 | 0 | 20,650 |
| Purchase price revenues from bloc sales | 5,500 | 0 | 0 | 0 | 5,500 |
| Other revenues | 5,440 | 3,868 | 776 | 0 | 10,084 |
| Intercompany revenues | 2,764 | 875 | 1,717 | –5,355 | 0 |
| Finance income | 13,198 | 88 | 209 | –304 | 13,191 |
| Finance cost | –14,115 | –872 | –563 | 2,787 | –12,763 |
| Significant non-cash earnings | | | | | |
| Market valuation income derivatives | 12,941 | 0 | 0 | 0 | 12,941 |
| Market valuation expenditures derivatives | –889 | 0 | 0 | 0 | –889 |
| Amortization of other intangible assets | 0 | 0 | 0 | –492 | –492 |
| Segment result EBIT | 12,715 | 1,102 | 787 | –2,881 | 11,722 |
| Segment result EBT | 11,798 | 318 | 433 | –398 | 12,150 |
| Segment result EBIT adjusted | 12,715 | 1,102 | 787 | –2,389 | 12,214 |
| Segment result EBT adjusted | –253 | 318 | 433 | 94 | 590 |

## PREVIOUS YEAR'S QUARTER 1ST QUARTER 2010 (JANUARY 1 – MARCH 31, 2010)

| in EUR '000 | Residential | Commercial [1] | Special Real Estate Business | Corporate/ Consolidation | Total |
|---|---|---|---|---|---|
| Portfolio-Management | | | | | |
| Third-party revenues | 0 | 531 | 660 | 3 | 1,194 |
| Intercompany revenues | 3,401 | 888 | 1,021 | –5,365 | –55 |
| Own Investments | | | | | |
| Residential Property Resale | | | | | |
| Third-party revenues | 39,794 | – | 9 | – | 39,803 |
| Rental revenues | 6,638 | – | 1 | – | 6,639 |
| Purchase price revenues from single unit sales | 31,030 | – | 0 | – | 31,030 |
| Purchase price revenues from bloc sales | 0 | – | 0 | – | 0 |
| Other revenues | 2,126 | – | 9 | – | 2,135 |
| Intercompany revenues | 66 | – | 0 | – | 66 |
| Asset Repositioning | | | | | |
| Third-party revenues | 12,650 | 464 | 0 | – | 13,114 |
| Rental revenues | 9,552 | 306 | | – | 9,858 |
| Purchase price revenues from bloc sales | 0 | 0 | | – | 0 |
| Other revenues | 3,099 | 158 | | – | 3,257 |
| Intercompany revenues | 0 | –12 | 0 | – | –12 |
| Fonds | | | | | |
| Third-party revenues | 702 | 0 | – | – | 702 |
| Intercompany revenues | 1 | 0 | – | – | 1 |
| Total Group revenues | | | | | |
| Third-party revenues | 53,147 | 994 | 670 | 3 | 54,814 |
| Rental revenues | 16,190 | 370 | 151 | 1 | 16,711 |
| Purchase price revenues from single unit sales | 31,030 | 0 | 0 | 0 | 31,030 |
| Purchase price revenues from bloc sales | 0 | 0 | 0 | 2 | 2 |
| Other revenues | 5,927 | 625 | 519 | 0 | 7,071 |
| Intercompany revenues | 3,468 | 876 | 1,021 | –5,365 | 0 |
| Finance income | 137 | 64 | 208 | –165 | 244 |
| Finance cost | –21,368 | –323 | –374 | 2,906 | –19,159 |
| Significant non-cash earnings | | | | | |
| Market valuation income derivatives | 45 | 0 | 0 | 0 | 45 |
| Market valuation expenditures derivatives | –7,241 | 0 | 0 | 0 | –7,241 |
| Segment result EBIT | 16,787 | 257 | –617 | –2,572 | 13,855 |
| Segment result EBT | –4,443 | –2 | –783 | 168 | –5,060 |
| Segment result EBIT adjusted | 16,787 | 257 | –617 | –2,572 | 13,855 |
| Segment result EBT adjusted | 2,753 | –2 | –783 | 168 | 2,136 |

[1] Without LB Immo Invest GmbH (member of the Group since January 3, 2011)

The assets and liabilities in the Residential 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.

## 13 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 2010 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<br>Chairman of the Board | Arwed Fischer<br>Member of the Board | Klaus Schmitt<br>Member of the Board |



# Financial Calendar 2011 and Contact

**FINANZKALENDER 2011**

| | |
|---|---|
| May 11, 2011 | Interim Report – 1st Quarter 2011 |
| June 29, 2011 | Annual General Meeting, Augsburg |
| August 10, 2011 | Interim Report – 2nd Quarter 2011 |
| October 19, 2011 | 11th Real Estate Share Initiative Conference, Frankfurt/Main |
| November 9, 2011 | Interim Report – 3rd Quarter 2011 |

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This interim report was published on May 11, 2011, and is also available in German. The German text will be the definitive version in cases of doubt.