

Letter to Our Shareholders

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

we can look back on the 2010 fiscal year with a great sense of pride. We achieved a number of operational and strategic successes and met our forecasts. Besides producing very good sales figures, we completed project developments and continued to reduce our debts. Our acquisition of LB Immo Invest GmbH gives us a leading position in the German specialist investment fund market and sets the course for sustained growth.

What Did We Achieve in Operational Terms in 2010?

We succeeded in increasing sales figures for residential property resales by 22 %. 801 individual units sold demonstrate that residential property ownership is once again highly valued. Interest in real estate as a capital investment remains high, and around two thirds of these units were purchased by individuals as buy-to-let. There was also activity in the transaction market for larger properties. We more than tripled global sales, from 289 units in the previous year to 1,002, with all purchasers still coming from Germany. 2010 saw three development projects completed to plan and sold at the end of the year. New projects are at the planning stage. Two plots of land with a total area of 7,500 sqm were purchased on the site of the former rail freight terminal in Oberkassel, Düsseldorf. PATRIZIA will build 140 premium-segment apartments in Belsenpark – one of the city's most important development projects. Other investment opportunities for project development are currently being examined.

We have used a major share of cash inflows from sales to repay liabilities. In the course of the year we were able to pay off loans totaling around EUR 230 million and reduce indebtedness by more than 20 %. This improved our equity ratio, which just about reached our target of 25 %.

Continuing Development into a Real Estate Investment Company

With the acquisition of the profitable LB Immo Invest GmbH – the first company purchase in PATRIZIA's 27-year history – we have taken an important strategic step towards becoming an investment company for the asset category of real estate. While our focus up until now has been on residential property in Germany, we already ventured into other European countries with the PATRIZIA EuroCity Residential Fund I. Through LB Immo Invest we will in future not just also serve the commercial sector, we will also act increasingly on an international scale. Our new subsidiary will give us access to new markets and customers, securing us future growth potential. What seems important in this context is that we remove volatility from earnings – a development that has repeatedly been brought up with us by capital market players. PATRIZIA's success is currently determined to a large degree by property trading. By integrating a second asset management company we will be able to generate higher regular service fees that will contribute to reducing the fluctuations in income.

A new Focus on Residential and Commercial Real Estate

The 2011 fiscal year will be marked by PATRIZIA's new strategic direction. We have used the last few months to take a close look at our current business model of real estate agent and service provider and at the strategy of our investments. After the difficult years of the crisis we are once again demonstrating operational strength and now wish to bring about fresh momentum, always with the aim of creating long-term value. We recognized the potential of indirect investment back in 2007 when we founded our own asset management company. We now intend exploiting these opportunities in the commercial real estate market, too. With LB Immo Invest, commercial real estate will have even greater significance for us. We have been deeply rooted in asset and real estate management in the commercial sector for a long time, to a large degree providing services for third parties. From now on we will expand this sector as

ANNUAL REPORT 2010

Preface and Reports	9
Management Report	32
Financial Statements	72
Notes	78
Further Information	123

an additional, stable component in our business model. We wish to position ourselves in future not just as a service provider but increasingly as a strategic partner, too. The more we succeed in undertaking investment with other investors the more we will be able to diversify our portfolio. We see the key for further profitable growth in focused customer orientation and collaboration with co-investors.

Challenging Goals

PATRIZIA today stands on strong and solid foundations. Provided that business performance remains positive we intend allowing our shareholders to participate directly in our operational success again. We will also rely on the skill and commitment of our employees in 2011 and expect to at least again equal the operating profit of EUR 12.8 million achieved in 2010 – excluding the contribution to operating income from LB Immo Invest. We intend achieving this, first, through increased sales. We will benefit from the transformation in the image of residential property, since it is considered to be a secure investment now more than ever. Besides a stable contribution from the resale of residential property we consider that it will again be possible to achieve an increasing number of block sales, also with greater volumes. Second, the trend towards investment in residential property is also accompanied by a trend towards indirect investment. The main reason in favor of indirect investment in a specialist real estate investment fund is the necessary professional management of the properties. As managed assets grow, we will also increasingly benefit from ongoing income from services. And finally, we will increase our commitment in the commercial sector. This is where the integration of LB Immo Invest will first play a role, since we expect an additional contribution to earnings of EUR 3.5 million for the current year after transaction-related financing costs have been deducted.

All this will only be possible through the tireless dedication of our employees, to whom we would like to express our heartfelt thanks. We would also like to thank our business partners and shareholders, whose trust we will strive to earn in future, too. We realize that we have set ourselves ambitious goals for 2011 but the chances are highly promising.

The Managing Board


Wolfgang Egger
Chairman of the Board



Arwed Fischer
Member of the Board



Klaus Schmitt
Member of the Board





Report of the Supervisory Board

ANNUAL REPORT 2010

Preface and Reports	9
Management Report	32
Financial Statements	72
Notes	78
Further Information	123

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

the Supervisory Board of PATRIZIA Immobilien AG performed all the duties incumbent upon it in accordance with the law, the Articles of Association and the bylaws with great care in fiscal year 2010. We regularly advised the Managing Board on corporate management issues and monitored management measures. The Supervisory Board was at all times appropriately and directly involved in all decisions and projects that were of key importance to the Company and the Group. The Managing Board fulfilled its reporting duties as prescribed by law and the bylaws in full and provided us with comprehensive information on a regular and prompt basis regarding key aspects of the Company's and Group's business performance and current earnings situation including their risk position and risk management system. The Company's planning and associated opportunities and risks as well as deviations from plans and objectives previously made were explained and justified in detail. We were also informed about important business transactions and projects at an early stage outside of our regular meetings.

Ordinary Meetings and Topics of the Supervisory Board

The Supervisory Board came together in four ordinary meetings during the reporting year, and each meeting was attended by all members in person. Regular exchanges between the Supervisory Board and the Managing Board also took place outside of these meetings in personal discussions. We treated all measures that, according to the law, the Articles of Association or the bylaws of the Managing Board, require the approval of the Supervisory Board in accordance with the reports and resolutions of the Managing Board. When necessary, resolutions of the Supervisory Board were also passed by circulation. Contrary to the recommendations of the German Corporate Governance Code we refrained from forming committees owing to the number of three Supervisory Board members. We consciously took the decision to base the size of the Supervisory Board of PATRIZIA on the minimum number of members to enable us to work efficiently and to allow an intensive exchange of ideas.

During the meeting on March 24, 2010, the Supervisory Board approved the 2009 annual financial statements for PATRIZIA Immobilien AG and the Group as well as the summary management report for PATRIZIA Immobilien AG and the Group. Following a separate examination the Supervisory Board also approved the dependent company report for the 2009 fiscal year. The resolutions for the agenda of the Annual General Meeting on June 23, 2010, were also approved. In the meeting on March 24, 2010, we also dealt with the compensation system for members of the Managing Board and in this context approved the target agreement for the 2010 fiscal year, which represents a significant component of variable compensation of the Managing Board. A further topic on the agenda was the rental agreement between PATRIZIA Immobilien AG as lessee and Wolfgang Egger as lessor for additional space for the Group's headquarters in the new adjacent building in Augsburg. After a close examination of the conditions, my Supervisory Board colleagues and I unanimously approved the rental agreement. The rent per square meter that PATRIZIA will pay for office space in the new building does not exceed the rent per square meter that other tenants will be paying for office space in the same building. The conditions for previously rented spaces in a public car park were adopted for the parking spaces.

Following the Annual General Meeting on June 23, 2010, the Supervisory Board met for their second meeting in the 2010 fiscal year. Topics on the agenda included D&O insurance for members of the Managing Board, for whom a deductible was agreed in accordance with legal stipulations. After close examination and discussions with the Managing Board we unanimously approved an extension to the rental agreement between Wolfgang Egger and PATRIZIA Immobilien AG regarding the rental of additional space in the extension housing the Group's headquarters.



Dr. Theodor Seitz (Chairman of the Supervisory Board)

The focus of the Supervisory Board meeting on September 20, 2010 was PATRIZIA's economic performance. We discussed topics concerning the operational areas and dealt with the Group's financial position and earnings situation, the status of financing and liquidity within the Group. The new allocation of responsibilities within the Managing Board was subsequently agreed.

Special attention in the Supervisory Board meeting of December 13, 2010, was devoted to planning for the coming fiscal year and the acquisition of LB Immo Invest GmbH. The plenary meeting also discussed amendments to the German Corporate Governance Code. The Managing Board and Supervisory Board then issued a Declaration of Conformity in accordance with Article 161 of the Aktiengesetz (AktG – German Stock Corporation Act). Apart from a few exceptions, the recommendations and suggestions of the Code are met. This as well as all previous declarations of conformity are permanently available for viewing on the website of PATRIZIA Immobilien AG. This year my Supervisory Board colleagues and I again subjected the efficiency of our work to close scrutiny on the basis of the Corporate Governance Code and discussed the results. The efficiency of our collaboration with each other and with the Managing Board was found to be very good.

ANNUAL REPORT 2010

Preface and Reports	9
Management Report	32
Financial Statements	72
Notes	78
Further Information	123

Further Supervisory Board Resolutions

The Supervisory Board of PATRIZIA Immobilien AG have extended the Managing Board contracts of CFO Arwed Fischer and COO Klaus Schmitt by resolutions passed by circulation by five years in each case. Arwed Fischer is appointed as Managing Board member until February 29, 2016, and Klaus Schmitt until December 31, 2015.

We have given our express support for the plan to acquire LB Immo Invest GmbH. We passed the resolution relating to this matter by circulation. In this context it seems important to us that by integrating LB Immo Invest PATRIZIA will become more independent of the contribution made to earnings by the sale of real estate and thus less dependent on fluctuations in demand. The expansion of activities in commercial real estate will go hand in hand with a sustained consolidation of the services area. The course was set in 2007 with the establishment of PATRIZIA's own asset management company and is being continued with the purchase of an established specialist investment company. Over the past few years PATRIZIA has demonstrably built up a level of competence in the field of commercial real estate via direct mandates and co-investments, and national and international pension funds and insurance companies have been placing their trust in the Company for some time. We are convinced that the acquisition of LB Immo Invest provides PATRIZIA with excellent long-term perspectives and will drive the successful growth of the Company.

Examination of the Annual and Consolidated Financial Statements for 2010 and the Dependent Company Report

The annual financial statements of PATRIZIA Immobilien AG, which are prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code), and the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) for fiscal year 2010 as well as the combined management report for PATRIZIA Immobilien AG and the Group were examined by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, together with the bookkeeping, and each issued with an unqualified audit opinion.

All relevant annual and consolidated financial statement documents as well as the audit reports from Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft were available on time to the members of the Supervisory Board for the accounts meeting on March 21, 2011. The Managing Board and the responsible auditors explained the findings of the audit and were available to provide additional information. The Supervisory Board carefully examined the PATRIZIA Immobilien AG annual financial statements, the consolidated financial statements and the combined management report for PATRIZIA Immobilien AG and the Group and raised no objections. We agreed with the findings of the audit by the auditors and approved the annual and consolidated financial statements prepared by the Managing Board. The annual financial statements for fiscal year 2010 have thus been adopted pursuant to Article 172 of AktG. The Supervisory Board agrees with the proposal on the appropriation of net profit whereby a dividend for the 2010 fiscal year will not be paid out; it will instead be used to strengthen the Group's equity.

As regards the Company's risk management system, the auditor found that the Managing Board of PATRIZIA Immobilien AG had taken the measures required by Article 91 (2) of the AktG and that the Company's early risk detection system was suitable for detecting developments in good time that jeopardize the continued existence of the Company and for adequately confronting these developments. No risks are known at present that could jeopardize the continued existence of the PATRIZIA Group either by themselves or in combination with other risks.

All legal and business relationships with related parties were submitted to the Supervisory Board, which carried out an in-depth review of market conformity on the basis of relevant documents. These contractual relationships with related parties were also checked by the auditors and are in line with current market conditions also applicable to such relationships concluded between the PATRIZIA Group and third parties.

The dependent company report on relationships between PATRIZIA Immobilien AG and affiliated companies prepared by the Managing Board in line with Article 312 of the AktG was examined by the auditor. The auditor issued the following audit opinion:

“Following our mandatory audit and assessment, we hereby confirm that:

1. The information given in the report is correct,
2. With regard to any legal transactions listed in the report, the sum paid by the Company was not unduly high,
3. No circumstances arise from the measures listed in the report which necessitate any significant change to the assessment made by the Managing Board.”

The auditor’s report on the dependent company report was made available to all members of the Supervisory Board in good time before the accounts meeting and was examined thoroughly by us and discussed in detail with the auditors present. The Supervisory Board found that it has no objections to the report and the concluding declaration by the Managing Board contained therein.

The Supervisory Board would like to express its sincere thanks to all who have contributed to the wellbeing of PATRIZIA. We wish to thank the employees, the Managing Board and the directors of the operating companies for their commitment and their loyalty to the Company. The motivation and determination of each and every one will again contribute to the success of PATRIZIA in 2011. We would also like to thank our shareholders for placing their confidence in PATRIZIA.

Augsburg, March 21, 2011

For the Supervisory Board



Dr. Theodor Seitz
Chairman

Corporate Governance

ANNUAL REPORT 2010

Preface and Reports	9
Management Report	32
Financial Statements	72
Notes	78
Further Information	123

For PATRIZIA a responsible corporate policy based on sustainable value creation forms the basis of our business dealings and has established itself as the norm in our dealings with one another. The corporate governance principles of PATRIZIA Immobilien AG are essentially incorporated in the Company's Articles of Association as well as the bylaws of the Managing Board and Supervisory Board. The rules of conduct that apply throughout the Group reflect further aspects of this.

In addition to changing regulations, we see lasting principles expressing our moral values and placing on us a responsibility for our actions. We consider it the first and foremost duty of the Company and its representatives to develop and enhance confidence in sustained and value-based corporate governance. We see good corporate governance expressing our managerial responsibility as an opportunity to strengthen the trust of shareholders, investors, business partners, customers and our own employees in PATRIZIA. We attach great importance to representing the performance of our business and the associated opportunities and risks in an honest and transparent manner.

Implementation of the Code

The Managing Board and Supervisory Board again dealt extensively with implementation of the recommendations and suggestions of the German Corporate Governance Code in 2010 and in particular with the changes contained in the version of the Code dated May 26, 2010, published in the electronic Federal Gazette on July 2, 2010. The adjustments concern, among other things, having to take changes in general legal conditions into account, in particular the provisions of the Management Remuneration Act (VorstAG) and the Act Implementing the Guidelines on Shareholders' Rights (ARUG). PATRIZIA largely follows the updates to the Code. The declaration of conformity in accordance with Article 161 of the AktG was passed by the Managing Board and Supervisory Board of PATRIZIA Immobilien AG on January 26, 2011. This and all preceding declarations of conformity are permanently available for access on our website www.patrizia.ag. The following recommendations of the Code could not be complied with in the 2010 fiscal year and will also not be complied with in the future:

- The Company did not send notification of convening the 2010 Annual General Meeting together with the convening documents to all domestic and foreign financial services providers, shareholders and shareholders' associations by electronic means for reasons of cost and practicability.
- The Supervisory Board of PATRIZIA Immobilien AG comprises three members. Due to the number of Supervisory Board members, the Company believes that it is neither necessary, nor does it make sense, for the Supervisory Board to form committees. The recommendations relating to forming committees are therefore not of significance to PATRIZIA.
- Contrary to the recommendations of the Code, the professional liability insurance or so-called D&O insurance concluded by the Company for the Supervisory Board does not provide for a deductible. The committee does not believe that a deductible for the Supervisory Board affects the sense of responsibility and loyalty with which the members of the Supervisory Board fulfill the duties and functions assigned to them. A deductible is not planned for the future.
- Contrary to the recommendations of the Code, the compensation model for the Supervisory Board does not distinguish between chairman and deputy chairman of the Supervisory Board. Due to the Supervisory Board having three members, a distinction is only made between chairman and other members. Committee remuneration is irrelevant since no committees have been established.

- The Supervisory Board and the Managing Board expressly welcome all efforts aimed at preventing any sexual or other form of discrimination and promoting diversity. However, when considering applications for positions on the Managing Board and proposals for election to the Supervisory Board, the Supervisory Board attaches sole importance to professional competence and experience. Other factors such as gender or nationality have always been and will continue to be irrelevant for such decisions. Accordingly, the Supervisory Board of PATRIZIA Immobilien AG will not provide any concrete targets for the composition of the Supervisory Board in accordance with Section 5.4.1 Paragraph 2 of the Code nor report on this in the Corporate Governance Report.

In order to enhance transparency and underline the importance of the Corporate Governance Code for PATRIZIA Immobilien AG in a comprehensive manner, our current declaration of conformity also makes reference to compliance with the recommendations of the Code. With the exception of the following recommendations, all recommendations of the version of the Code dated May 26, 2010, were complied with in the 2010 fiscal year or are to be complied with in 2011:

- The 2010 Annual General Meeting was not broadcast on the Internet for cost reasons. There are likewise no plans to broadcast the 2011 Annual General Meeting on the Internet due to cost reasons, too.
- The Code recommends gearing the performance-related compensation of the Supervisory Board to the long-term performance of the enterprise. The variable compensation of the Supervisory Board of PATRIZIA depends on the amount of the dividend for the respective fiscal year and therefore contains no components geared towards the long-term performance of the enterprise.

Transparency in Transactions of the Managing Board and possible Conflicts of Interest

Executive body members of PATRIZIA Immobilien AG as well as parties related to them are obliged to disclose the acquisition and disposal of equities of PATRIZIA Immobilien AG, so-called directors' dealings. No such reportable transactions were carried out in the reporting year. Shares held directly and indirectly by the Managing Board members of PATRIZIA Immobilien AG exceed 1 % of the shares issued so that the total ownership as of December 31, 2010 can be broken down as follows:

SHARES HELD BY THE MANAGING BOARD

	Number of shares	Percentage of share capital
Wolfgang Egger, indirectly and directly via First Capital Partner GmbH	26,047,572	49.97
Arwed Fischer	0	0.00
Klaus Schmitt	80,000	0.15
Total	26,127,572	50.12

The members of the Supervisory Board held no shares in the Company as of December 31, 2010.

ANNUAL REPORT 2010

Preface and Reports	9
Management Report	32
Financial Statements	72
Notes	78
Further Information	123

Compensation Report**Compensation of the Managing Board**

The Management Remuneration Act, which came into force on August 5, 2009, has not resulted in any need for amendment to the compensation system of the Managing Board of PATRIZIA Immobilien AG. The system of management remuneration was approved by the Annual General Meeting on June 23, 2010, and has not been changed since.

The amount and structure of the compensation paid to the Managing Board members are determined and regularly reviewed by the Supervisory Board. The compensation paid to Managing Board members is based on their respective remit, the personal performance of the individual Managing Board member and of the Managing Board as a whole as well as the economic and financial situation and performance of PATRIZIA. The compensation paid to Managing Board members is performance-related and made up of non-performance-related and performance-related components as well as components with long-term incentive effects. The non-performance-related components comprise fixed basic compensation that is paid as a monthly salary, pension contributions and other agreed payments. In addition, the compensation of the Managing Board members includes payments in kind and other payments which chiefly consist of the values to be applied in accordance with tax guidelines for use of a company car and insurance premiums. PATRIZIA has also taken out accident insurance with the customary extent of cover for all Managing Board members.

The performance-related, variable compensation components are calculated on the basis of targets set at the start of the fiscal year, which are divided into three categories: company targets, business line targets and individual targets. The targets are further subdivided into quantitative and qualitative targets. The amount of variable compensation paid out accordingly depends on the degree to which the predetermined targets are achieved, missed or exceeded.

The primary criterion for the achievement of company targets is consolidated profit before tax for the reporting period, as calculated in accordance with IFRS and without taking into account changes in the fair value of the investment property and interest rate hedges. This adjusted pre-tax profit is published in PATRIZIA's quarterly and annual reports as so-called adjusted EBT and reflects its operating earnings power. Adjusted EBT acts as an important control variable for the Group. Every year, depending on the Company's planning, a target figure that exactly specifies the amount of operating profit to be achieved is defined. If adjusted EBT is less than the hurdle of 67 % of the defined target figure, the variable compensation of the Managing Board is omitted completely, irrespective of which other targets – company, business line or individual targets – were achieved.

A further company target is based on the return on equity in the period under review and the two previous fiscal years. Target figures are also defined in this context. An additional criterion for calculating variable compensation is the performance of PATRIZIA's shares over two years in relation to the DIMAX real-estate reference index and the Deutsche Börse index applicable at the end of the year, in this case the SDAX.

The target figures defined for each target correspond to a degree of achievement of 100 %. If the actual value determined corresponds to more than 120 % of the defined target value, 150 % of the variable compensation is paid. This is also the upper limit that has been defined for the maximum amount of variable compensation that can be achieved. If 80 % of the target is achieved, 50 % of the variable compensation is granted.

For each predefined target, a variable compensation amount is calculated depending on the degree to which the target has been achieved. The total of all the amounts is paid out in two components. Two-thirds of the amount is paid out in the form of a cash payment, which is designated as a short-term component. The remaining third of the variable compensation is granted in the form of performance share units i.e. it is not paid out directly in cash. This third is intended as a component with a long-term incentive effect. Performance share units are virtual shares which grant the legitimate beneficiary the right to receive a monetary amount after a performance period of two years has passed. This performance period was increased from two to three years at the beginning of 2010 for new agreements and extensions to Managing Board member contracts. The performance share units do not carry any voting or dividend rights. The variable compensation component with a long-term incentive effect is initially converted into performance share units at the average Xetra rate of the PATRIZIA share 30 days prior to and after December 31 of the fiscal year in question. The cash price equivalent of the shares calculated from this is paid out at the average Xetra rate 30 days prior to and after December 31 of the second or third year following the fiscal year in question, i.e. after the end of the vesting period. The variable compensation components with a long-term incentive effect are thus dependent on the Company's share price performance.

There are no agreements in place in the case of a change of control. The Managing Board's total compensation in fiscal year 2010 amounted to EUR 2.1 million.

The following payments were granted to the members of the Managing Board:

FIXED COMPENSATION

EUR	Fixed compensation		Payments in kind and other payments ¹		Contribution to retirement pension		Total non-performance-related compensation	
	2010	2009	2010	2009	2010	2009	2010	2009
Wolfgang Egger, Chairman	260,000	260,000	22,704	21,828	12,000	12,000	294,704	293,828
Arwed Fischer	240,000	240,000	40,048	41,586	12,000	12,000	292,048	293,586
Klaus Schmitt	240,000	180,000	31,225	30,554	12,000	12,000	283,225	222,554
Total	740,000	680,000	93,977	93,968	36,000	36,000	869,977	809,968

¹ The item primarily includes non-cash benefits from the provision of company cars and insurance premiums.

ANNUAL REPORT 2010

Preface and Reports	9
Management Report	32
Financial Statements	72
Notes	78
Further Information	123

VARIABLE COMPENSATION (PERFORMANCE-RELATED)

EUR	Short-term variable compensation ¹		Variable compensation with a long-term incentive effect ²	
	2010	2009	2010	2009
Wolfgang Egger, Chairman	309,000	0	154,500	0
Arwed Fischer ³	260,000	240,000	130,000	0
Klaus Schmitt	222,000	0	111,000	0
Total	791,000	240,000	395,500	0

¹ Payment in fiscal year.

² Conversion into performance share units with a two-year or three-year vesting period; to be paid out at the Xetra average rate 30 days before and after December 31 of the second or third year following the fiscal year in question. No performance share units were granted for the 2009 fiscal year since the specified target hurdle was not reached and no variable compensation was paid at all.

³ Up until 2010 Mr. Fischer was granted a minimum variable compensation of EUR 240,000 per year. Under the terms of a contract extension, a cash bonus was agreed with him replacing the previous minimum variable compensation and this is linked to individual targets.

The members of the Managing Board or related parties also effected transactions with PATRIZIA Immobilien AG and its subsidiaries in 2010. A list of transactions complying with standards customary in the sector and market prices can be found in the Notes to the Consolidated Financial Statements under item 9.3. No members of the Managing Board, Supervisory Board or Company were involved in any conflicts of interest.

Compensation of the Supervisory Board

In line with the recommendations of the German Corporate Governance Code, the compensation of the Supervisory Board is made up of a fixed and a variable component. The fixed compensation is paid to the Supervisory Board members in four identical installments, in each case at the end of a quarter. In view of the size of the Supervisory Board with just three members no committees were formed so that the recommended committee remuneration is therefore irrelevant.

The variable components are based on the dividend that is distributed to shareholders for the previous fiscal year. Each Supervisory Board member receives EUR 675 for each dividend of EUR 0.01 per share that exceeds a dividend of EUR 0.05 per share but does not exceed a dividend amount of EUR 0.50 per share. Each Supervisory Board member receives an additional EUR 375 for each dividend of EUR 0.01 per share that exceeds a dividend of EUR 0.50 per share but does not exceed a dividend amount of EUR 0.75 per share. Each Supervisory Board member receives an additional EUR 225 for each dividend of EUR 0.01 per share that exceeds a dividend of EUR 0.75 per share but does not exceed a dividend amount of EUR 1 per share. The variable compensation is payable upon the close of the Annual General Meeting, which decides on the appropriation of profit for the previous fiscal year in each case.

The Chairman of the Supervisory Board receives 1.33 times the fixed and variable compensation respectively. If a Supervisory Board member was not a member for the entire fiscal year, he/she only receives the fixed and variable compensation pro rata temporis. The members of the Supervisory Board also receive reimbursement for all expenses as well as reimbursement for any value-added tax payable on their compensation and expenses.

The fixed components of the Supervisory Board compensation for fiscal year 2010 amounted to EUR 62,500, plus reimbursement for expenses. The variable compensation cannot be calculated and paid out until the Annual General Meeting of 2011 has approved the proposal on the appropriation of net profit by the Managing and Supervisory Boards. The proposal provides for retained earnings for the 2010 reporting period to be fully carried forward to new account. This would mean that – as in the period 2007–2009 – the Supervisory Board would not receive any variable compensation.

The following payments were granted to the Supervisory Board in 2010:

COMPENSATION

EUR	Fixed compensation		Variable compensation	
	2010	2009	2010 ¹	2009
Dr. Theodor Seitz, Chairman	25,000	24,937.50	0	0
Harald Boberg	18,750	18,750.00	0	0
Manfred J. Gottschaller	18,750	18,750.00	0	0
Total	62,500	62,437.50	0	0

¹ Subject to the 2011 Annual General Meeting agreeing the appropriation of net profits

The PATRIZIA Share

ANNUAL REPORT 2010

Preface and Reports	9
Management Report	32
Financial Statements	72
Notes	78
Further Information	123

KEY FIGURES FOR THE PATRIZIA SHARE

		2010	2009	2008
Share prices¹				
High	EUR	3.85	4.02	5.67
Low	EUR	2.59	1.29	0.87
Year-end closing price	EUR	3.84	3.06	1.63
Share price performance	%	25.5	87.7	-68.4
Market capitalization as of December 31 ¹	EUR million	200.2	159.5	85.0
Average trading volume per day²				
	EUR	182,000	189,900	739,900
	shares	56,000	75,400	311,700
Trading volume for the year		0.27	0.37	1.52
No. of shares in issue as of December 31	million shares	52.13	52.13	52.13
Earnings per share (IFRS)	EUR	0.12	-0.18	-0.65

¹ Closing price in Xetra trading

² All German stock exchanges

At the start of 2010 the stock markets were characterized by high volatility and a continuing lack of confidence. The crisis in Greece's national finances was a source of great uncertainty. After some price corrections in the first quarter followed by a period of sideways trading around the 6,000 mark, the DAX, Germany's leading share index, only saw upward movement in the fall, bolstered by sound fundamental economic and corporate data and by positive prospects for 2011. The stock markets were also buoyed up by the large volume of liquidity provided by the US Federal Reserve and the European Central Bank and by the lack of alternative investment opportunities. The DAX just crossed the psychologically important threshold of 7,000 points in the final auction on December 7, 2010, reaching its highest closing price for two and a half years. It finished the year just under this mark at 6,914 points, recording growth of 16 %. Small and medium-cap stocks benefited even more strongly from the recovery in German manufacturing, with the MDAX seeing 35 % growth and outpacing the DAX benchmark index. The reference index relevant to PATRIZIA, the small-cap index SDAX, rose by 46 % over the same period.

The PATRIZIA share closed the year up 25.5 %. Following a volatile initial six months, the PATRIZIA share traded sideways for some time. It experienced a jump in October and then continued to mark time once more at the higher level until the end of the year.

The PATRIZIA share opened 2010 at a price of EUR 3.06. After an encouraging start to the year, it fell back to EUR 2.59 and continued to dip below the 3-euro mark until September. From the end of September it rose steadily to EUR 3.77 only to lose the gains a short time later. After an increase at the end of the year, it closed 2010 at EUR 3.84, gaining EUR 0.78 (25.5 %) in the course of the year. Eight analysts currently cover PATRIZIA's business performance. We publish the current consensus overview on our website under Investor Relations.

The peer group of listed housing portfolio companies also saw positive growth in 2010, experiencing in part significant price gains. The share prices of the peer group moved up between 5 % and 57 %.

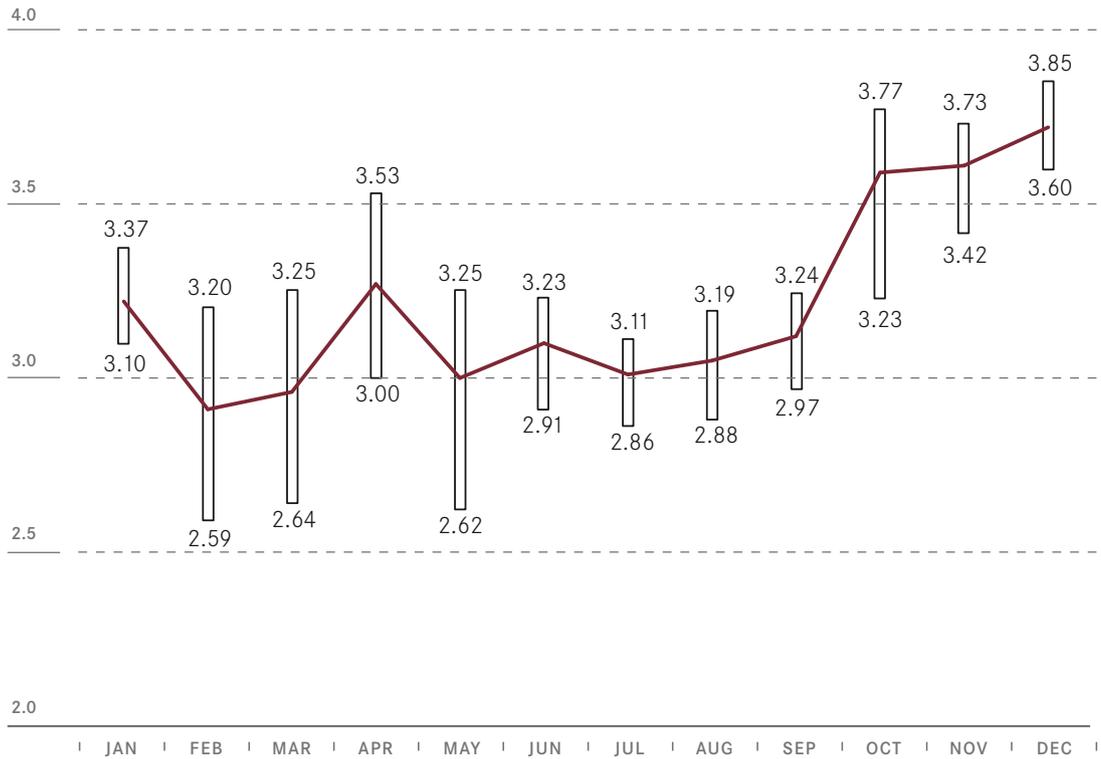
DEVELOPMENT OF THE PATRIZIA SHARE IN 2010 (%)



ANNUAL REPORT 2010

Preface and Reports	9
Management Report	32
Financial Statements	72
Notes	78
Further Information	123

HIGHS AND LOWS OF THE PATRIZIA SHARE IN 2010 (EUR)



□ HIGHS AND LOWS (CLOSING PRICES ON XETRA) — MONTH AVERAGE

The trading volume continued to fall in 2010. An average of 56,000 shares was traded on all German stock exchanges per day compared with 75,400 shares per day the previous year. Based on PATRIZIA Immobilien AG's total number of shares (52.13 million), the total of 14.3 million PATRIZIA shares traded during the reporting year represent a turnover of 0.27 (previous year: 0.37). The share's liquidity thus declined again.

PATRIZIA's shareholder structure remained stable in 2010. First Capital Partner GmbH, which is attributable to our CEO Wolfgang Egger, remains the company's main shareholder with 49.97%. Furthermore, Alfred Hoschek's shareholding remains above the reporting threshold of 3%. The remaining 46.8% of shares remain in free float.

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2010 (%)

