

Q3

→ FISCAL YEAR 2009

KEY FIGURES

	3 rd quarter 2009 01.07. – 30.09.2009	3 rd quarter 2008 01.07. – 30.09.2008	Nine months ended 01.01. – 30.09.2009	Nine months ended 01.01. – 30.09.2008
REVENUES AND EARNINGS	EUR'000	EUR'000	EUR'000	EUR'000
Revenues	62,137	41,410	154,675	139,719
Total operating performance	41,833	53,902	112,715	128,098
EBITDA	17,288	26,556	38,064	51,009
EBIT	17,086	26,416	37,449	50,533
EBIT (adjusted)	17,086	26,416	37,449	51,009
EBT	89	-811	-15,455	1,849
EBT (adjusted)	4,356	9,229	-2,848	1,581
Net profit	-2,230	-561	-15,991	1,279

	30.09.2009	31.12.2008
STRUCTURE OF ASSETS AND CAPITAL	EUR'000	EUR'000
Non-current assets	684,787	683,180
Current assets	749,099	833,973
Equity	275,206	291,472
Equity ratio (in %)	19.2%	19.2%
Non-current liabilities	41,674	29,685
Current liabilities	1,117,006	1,195,996
Total assets	1,433,886	1,517,153

SHARE	
ISIN	DE000PAT1AG3
SIN (security Identification Number)	PAT1AG
Code	P1Z
Share capital as at September 30, 2009	EUR 52,130,000
No. of shares in issue as at September 30, 2009	52,130,000
Third quarter 2009 high* / First nine months 2009 high*	EUR 3.71 / EUR 3.71
Third quarter 2009 low* / First nine months 2009 low*	EUR 2.70 / EUR 1.29
Closing price as at September 30, 2009*	EUR 3.59
Market capitalization as at September 30, 2009	EUR 187.1 million
Indices	SDAX, EPRA, GEX, DIMAX

* Closing price at Frankfurt Stock Exchange Xetra trading

Invest.

Optimize.

Realize.

LETTER TO OUR SHAREHOLDERS

Dear Ladies and Gentlemen,
Dear Shareholders and Business Partners,

Despite the continuing crisis on the financial markets and in the economy, we generated a positive operating result of EUR 4.4 million and increased our sales figures in the third quarter of 2009. We thus recorded an improvement quarter-on-quarter 2009 and are reporting a profit again after the negative operating results of the previous two quarters.

However, it is possible that our sales figures rose directly as a result of the crisis, as investments in real estate are the current trend – especially for private individuals. Real estate investment is considered a stable form of investment which holds its value while providing good protection against inflation; it offers stable yields and is not subject to major price fluctuations. Cautious private investors are increasingly deciding in favor of this form of investment or are moving into their own four walls themselves – a trend confirmed by our residential property resale figures. In this segment we continue to realize prices per square meter that reflect the high quality and attractive locations of our properties.

The figure of 216 privatized units in the third quarter of 2009 represents a considerable achievement for us. Compared with the previous quarter of 2009, our residential property resale figures surged by 47%. We also regard the sale of 473 units in the first nine months of 2009 as a pleasing result, particularly as this means we have already almost achieved the level of sales for the whole of 2008 (476 units).

Block sales present a somewhat different picture: despite many institutional investors having expressed an interest in acquiring residential real estate, few transactions have actually been concluded to date. So far we have realized two small-scale block sales, one involving 33 units in Wiesbaden that was recognized as income in the third quarter and another involving 36 units in Cologne that was notarized in the current fourth quarter. Based on the discussions we are now conducting with numerous potential investors again, we are optimistic that the first indications of a revival will persist. However, up to now the crisis

has brought transaction business to a standstill, especially where larger portfolios are concerned. Based on previous experience, we are anticipating stronger sales in this segment in the fourth quarter. We are confident that we will be able to bring some of the current negotiations regarding block sales to a successful conclusion – and recognize them as income – by the end of this year.

Our growth strategy in the Services segment was confirmed by revenues of EUR 7.5 million in the first nine months (previous year: EUR 4.1 million). Our specific aim here is to increase our assets under management and thus to generate stable and recurrent income for PATRIZIA.

Consolidated revenues totaled EUR 62.1 million in the third quarter of 2009, climbing 30.7% quarter-on-quarter. Consolidated revenues of EUR 154.7 million were posted in the first nine months of the year. Thus, in spite of the lack of block sales, revenues were up 10.7% compared with the same period of the previous year (EUR 139.7 million). However, it should be noted that additional purchase price revenues of EUR 84 million were generated in 2008 from the sale of investment property.

Earnings before income taxes (EBT) calculated in accordance with IFRSs totaled EUR 89 thousand in the third quarter of 2009 and were negatively impacted in the amount of EUR –4.3 million by the results of the fair value measurement of interest rate hedges. When adjusted for such effects not impacting liquidity, this results in a positive operating result of EUR 4.4 million in the third quarter. These profits do not fully compensate the operating loss of EUR –7.2 million in the first two quarters 2009, with the result that earnings after the first three quarters of 2009 remain negative at EUR –2.8 million. We nevertheless expect to generate a positive operating result for the fiscal year as a whole.

The Management Board



Wolfgang Egger
Chairman of the Board



Arwed Fischer
Member of the Board



Klaus Schmitt
Member of the Board

INTERIM MANAGEMENT REPORT (THIRD QUARTER 2009)

1. BUSINESS DEVELOPMENT AND SIGNIFICANT TRANSACTIONS IN THE THIRD QUARTER OF 2009

KEY EVENTS IN THE INVESTMENTS SEGMENT

Residential Property Resale

Sales of condominiums to private individuals have developed very positively and are continuing to follow an encouraging trend: the sales figures improved again both year-on-year and quarter-on-quarter, reaching 216 privatized units in the third quarter of 2009 (third quarter of 2008: 83 units). A total of 473 apartments were privatized in the first nine months of the current fiscal year, corresponding almost to the number of units privatized during the whole of the 2008 fiscal year (476 units). This represents an increase of 43.3% in the first nine months of 2009 compared to the same period of the previous year (330 units).

Asset Repositioning

As noted in the supplementary report for the first half of 2009, a small-scale block sale of 33 units in Wiesbaden was realized in the Asset Repositioning segment – the first block sale of the current fiscal year. Block sales are thus below the level of the previous year (third quarter of 2008: 357 units; first nine months of 2008: 494 units). A further sale of 36 units that was notarized in early October 2009 will be reflected in revenues or recognized as income in the current fourth quarter of 2009.

Overview of apartment sales by quarter:

	1 st quarter 2009	2 nd quarter 2009	3 rd quarter 2009	9 months 2009	9 months 2008	% change
Privatized units	110	147	216	473	330	43.3 %
Average sales price residential property resale	EUR 2,276 per sqm	EUR 2,355 per sqm	EUR 2,341 per sqm	EUR 2,329 per sqm	EUR 2,297 per sqm	1.4 %
Units in block sales	0	0	33	33	494	-93.3 %
Average sales price asset repositioning	–	–	EUR 1,803 per sqm	EUR 1,803 per sqm	EUR 1,883 per sqm	-4.2 %

In the third quarter of 2009, the sale of 249 units by way of residential property resale and block sales broke down as follows:

Region/city	Number of units sold (3 rd quarter 2009)	as % of sales	Area sold in sqm	Average unit size in sqm
Munich	164	65.9 %	9,406	58
Cologne/Düsseldorf	13	5.2 %	1,079	83
Hamburg	13	5.2 %	942	72
Leipzig	0	0	0	–
Berlin	7	2.8 %	547	78
Frankfurt am Main	37	14.9 %	2,699	73
Regensburg	13	5.2 %	745	57
Hanover	0	0	0	–
Dresden	0	0	0	–
Friedrichshafen	2	0.8 %	144	72
Total	249	100 %	15,562	63

Taking into account the sales concluded in the third quarter of 2009 and subsequent consolidation and redensification measures, the overview of our portfolio is as follows:

Overview of the PATRIZIA portfolio

Region/city	Number of units (Sept. 30, 2009)	in % of the portfolio	Area in sqm (Sept. 30, 2009)	in % of the portfolio
Munich	4,801	41.5 %	332,966	41.1 %
Cologne/Düsseldorf	1,532	13.3 %	133,280	16.5 %
Hamburg	1,312	11.3 %	86,911	10.7 %
Leipzig	981	8.5 %	64,391	8.0 %
Berlin	945	8.2 %	60,721	7.5 %
Frankfurt am Main	900	7.8 %	56,258	7.0 %
Hanover	433	3.7 %	29,900	3.7 %
Regensburg	426	3.7 %	29,425	3.6 %
Dresden	152	1.3 %	10,284	1.3 %
Friedrichshafen	78	0.7 %	5,051	0.6 %
Total	11,560	100 %	809,188	100 %

2. OUR EMPLOYEES

The PATRIZIA Group had 352 permanent employees as of September 30, 2009, including 20 trainees. Over the course of the third quarter of 2009, the number of employees decreased by nine (-2.5%). Since the beginning of the year, the number of employees has declined by 7.6% (December 31, 2008: 381 employees).

3. NET ASSET, FINANCIAL AND EARNINGS SITUATION

Earnings Situation of the PATRIZIA Group

In line with the higher Residential Property Resale figures, consolidated revenues improved significantly compared to both the previous quarter of 2009 and the same period of the previous year. The resale of 216 residential units led to purchase price revenues of EUR 30.2 million in the third quarter, representing a rise of 34.8% compared to the second quarter of 2009 (EUR 22.4 million from the resale of 147 residential units). In the comparable quarter of the previous year, sales of apartments to tenants, owner-occupiers and private investors slumped due to the intensifying crisis on the financial markets. As only 83 residential units were privatized during that period, sales in the previous year's period are only of limited use as a basis of comparison with the 2009 sales figures. In the third quarter of 2009, the average sales price generated per square meter amounted to EUR 2,341, thus remaining at a high level.

By contrast, the block sales figures remained below those of the comparable period of the previous year. While purchase price revenues from Asset Repositioning contributed EUR 25.1 million to consolidated revenues in the first nine months of 2008, Asset Repositioning revenues to September 30, 2009 only amounted to EUR 5.8 million. However, we expect to be able to conclude further block sales by the end of the 2009 fiscal year.

At EUR 17.5 million, rental income in the third quarter of 2009 virtually remained the same in spite of the sell-offs made. The average rent per square meter as at September 30, 2009 amounted to around EUR 7.75 (June 30, 2009: EUR 7.74). The Services segment also developed very positively, contributing EUR 7.5 million to consolidated revenues in the first nine months of 2009 (first nine months of 2008: EUR 4.1 million).

Revenues in the third quarter and the first nine months of 2009 broke down as follows:

	3 rd quarter 2009 01.07. – 30.09.2009	3 rd quarter 2008 01.07. – 30.09.2008	Nine months ended 01.01. – 30.09.2009	Nine months ended 01.01. – 30.09.2008
	EUR MILLION	EUR MILLION	EUR MILLION	EUR MILLION
Purchase price revenues from Residential Property Resale	30.2	12.7	69.8	48.4
Purchase price revenues from Asset Repositioning	5.8	1.4*	5.8	25.1
Purchase price revenues from Project Development	0	0	0	0
Rental revenues	17.5	18.5	52.9	56.8
Revenues from the Services segment	2.8	1.5	7.5	4.1
Other	5.8	7.4	18.7	22.4
Adjustments	0	0	0	-17.1
CONSOLIDATED REVENUES	62.1	41.4	154.7	139.7

* The sale of the "Dresden Altmarktkaarree 1" asset repositioning project was presented as the difference between the purchase price and the book value of the income from the sale of investment property item.

In the first nine months of 2009, changes in inventories changed year-on-year from EUR -35.0 million to EUR -47.2 million. Increased changes in inventories are the result of the increased sales and resulting higher revenues, as they comprise disposals of book values owing to the sales as well as additions to inventories arising from the recognition of renovation and modernization expenses.

The cost of materials declined slightly to EUR 46.3 million in the first three quarters of 2009, whereof EUR 15.2 million of this is attributable to the third quarter. At EUR 6.2 million, renovation and maintenance costs remained at a high level in Q3 2009. Although as a real estate trading company PATRIZIA usually only holds properties in its portfolio for a short time, it is important to us to optimize the structural condition of the properties in our portfolios. We invest in maintenance and modernization on an ongoing basis to enhance rentability and salability. The optimization measures we carry out while holding the real estate increase its attractiveness and consequently also purchase prices. Such measures also enhance the fungibility of the real estate enabling us to make better use of market opportunities.

The fall in the number of employees also led to lower staff costs. Since the end of 2008, the number of staff we employ has decreased by around 3% per quarter, causing staff costs to decrease over the course of the year to EUR 5.9 million in the third quarter (third quarter of 2008: EUR 6.1 million). Despite these savings in the current fiscal year, staff costs from January to September 2009 amounted to EUR 18.0 million, exceeding those of the previous year by 6.5% (first nine months of 2008: EUR 16.9 million).

Cost-adjustment measures drove other operating expenses down to EUR 10.4 million (-16.8 %) in the first nine months of 2009. In the comparable period of the previous year they weighed in at EUR 12.5 million.

In the first nine months of 2009, EBIT calculated in accordance with IFRSs fell to EUR 37.4 million. In the comparable period of the previous year, EBIT calculated in accordance with IFRSs amounted to EUR 50.5 million. This deviation from the previous year's figure is chiefly attributable to the lower number of block sales to date. Gross income of EUR 17.7 million was generated in the third quarter of 2008 alone from the sale of the "Dresden Altmarktkarree 1" property and was reported under the income from the sale of investment property item.

One of the key figures we use in the management of the Group is adjusted EBIT. In contrast to the IFRS viewpoint, this key operating income figure eliminates effects not impacting liquidity. In the first three quarters of 2009 adjusted EBIT corresponded to EBIT calculated in accordance with IFRSs since it was not necessary to take account of any one-time items in the fiscal year to date. With respect to the adjusted EBIT of the previous year, it should be noted that the elimination of effects from the reversal of a sales transaction presented in the report for the first three quarters of 2008 was almost completely reversed. The residential units concerned were sold again during the course of the 2008 fiscal year. Thus, from the adjustment of EUR -6.1 million reported at that time, only EUR 0.5 million of the negative effect from the reversal remains. Accordingly, EBIT calculated in accordance with IFRSs for the first three quarters of 2008 amounted to EUR 50.5 million, while adjusted EBIT currently totals EUR 51.0 million.

The financial result is significantly influenced by effects from the fair value measurement of interest rate hedges. The fair value measurement is recognized in the financial result as income or expense depending on changes in the interest rate level, causing the results to fluctuate substantially. In the third quarter of 2009 the financial result was impacted by negative effects from the fair value measurement of interest rate hedges amounting to EUR 4.3 million.

In the first nine months of 2009, financial income declined to a total of EUR 6.8 million, of which EUR 3.1 million was attributable to the fair value measurement of interest rate hedges. In the same period of the previous year, the effects of the fair value measurement of interest rate hedges positively influenced total financial income of EUR 27.0 million by as much as EUR 21.1 million.

In the third quarter of 2009, financial expenses amounted to EUR 17.3 million. Pure interest expenses for bank loans plus expenses from interest hedges accounted for EUR 12.9 million of this amount, decreasing considerably compared to the previous year (EUR 19.1 million). In this connection we continued to benefit from the termination in the first quarter of 2009 of interest rate hedges for an underlying loan volume of EUR 90 million. Owing to the slight decrease in the interest rate level at the end of the third quarter of 2009, financial expenses in the amount of EUR 17.3 million were negatively affected by the result of the fair value measurement of interest rate hedges amounting to EUR 4.3 million. A look at the first nine months of 2009 reveals that the financial expenses of EUR 59.7 million contain negative influences from the fair value measurement of interest rate hedges amounting to EUR 15.7 million. It should also be noted that our rental income for the months of January to September 2009 (EUR 52.9 million) exceeds our financing result adjusted by effects from interest rate hedges valuation (EUR -40.3 million) by 31.3%.

	1 st quarter 2009	2 nd quarter 2009	3 rd quarter 2009	9 months 2009	9 months 2008
	EUR MILLION	EUR MILLION	EUR MILLION	EUR MILLION	EUR MILLION
Fair value measurement of interest rate hedges	-11.3	3.0	-4.3	-12.6	-0.8

The financial result is explained in further detail in item 13 of the notes to the financial statements.

After deduction of the financial result, PATRIZIA generated earnings before income taxes (EBT) calculated in accordance with IFRSs of EUR –15,5 million in the first nine months of 2009. This includes negative effects from the fair value measurement of interest rate hedges amounting to EUR –12.6 million. EBT calculated in accordance with IFRSs is thus significantly lower than in the comparable period of 2008 (EUR 1.8 million). If the third quarter of 2009 is considered in isolation, positive EBT of EUR 89 thousand was generated despite the negative effect of the fair value measurement of interest rate hedges amounting to EUR –4.3 million.

As the mandatory reporting of changes in the market value of interest rate hedges under IFRSs does not reflect operating reality and does not have any effect on PATRIZIA's operations, we have reported EBT adjusted for effects not impacting liquidity separately since Q1 2008. In the third quarter, this adjusted EBT figure was positive again for the first time this fiscal year, totaling EUR 4.4 million. In spite of this positive quarterly result, adjusted EBT remains negative at EUR –2.8 million if viewed across the first nine months of 2009 as a whole. We were thus unable to compensate the losses of the previous two quarters in full. In a comparison of the first nine months of 2008 and 2009, adjusted EBT deteriorated significantly from EUR 1.6 million to EUR –2.8 million. As explained above, this is attributable to the lower number of block sales in Asset Repositioning.

After taking taxes into account, this results in a net loss for the period in accordance with IFRSs of EUR 16.0 million in the first nine months of 2009 – a significant decline compared to the same period of the previous year (net profit for the period of EUR 1.3 million). It should however be noted that this result contains negative effects from the fair value measurement of interest rate hedges amounting to EUR 12.6 million. PATRIZIA also closed the third quarter of 2009 with a net loss for the period after taxes of EUR 2.2 million, which also contains negative effects from the fair value measurement of interest rate hedges of EUR 4.3 million. This results in earnings per share of EUR –0.31 for the first three quarters of 2009 (previous year: EUR 0.02). For the third quarter, this figure was EUR –0.04 (third quarter of 2008: EUR –0.01).

The following table provides an overview of the key income statement items in accordance with IFRSs:

	3 rd quarter 2009 01.07. – 30.09.2009	3 rd quarter 2008 01.07. – 30.09.2008	Nine months ended 01.01. – 30.09.2009	Nine months ended 01.01. – 30.09.2008
	EUR '000	EUR '000	EUR '000	EUR '000
Revenues	62,137	41,410	154,675	139,719
Total operating performance	41,833	53,902	112,715	128,098
EBITDA	17,288	26,556	38,064	51,009
EBIT	17,086	26,416	37,449	50,533
Earnings before income taxes (EBT)	89	-811	-15,455	1,849
Net profit/loss for the period	-2,230	-561	-15,991	1,279

Taking into account all extraordinary effects and effects not impacting liquidity, the overview of the adjusted income statement items is as follows:

	3 rd quarter 2009 01.07. – 30.09.2009	3 rd quarter 2008 01.07. – 30.09.2008	Nine months ended 01.01. – 30.09.2009	Nine months ended 01.01. – 30.09.2008
	EUR '000	EUR '000	EUR '000	EUR '000
Revenues (adjusted)	62,137	40,593	154,675	138,902
Total operating performance	41,833	53,902	112,715	128,098
EBITDA (adjusted)	17,288	26,556	38,064	51,485
EBIT (adjusted)	17,086	26,416	37,449	51,009
EBT (adjusted)	4,356	9,229	-2,848	1,581

Net Assets and Financial Situation of the PATRIZIA Group

As at September 30, 2009, total assets amounted to EUR 1,434 million and were thus EUR 83.3 million below the level of the end of the 2008 fiscal year. The real estate sales concluded substantially reduced total assets and our associated bank loan repayments.

The participations of the Company, which chiefly cover the 6.25% equity interest in the PATRoffice co-investment and our 50% interest in the Frankfurt Feuerbachstrasse development project, remained virtually at the level of the previous quarter of 2009. The first reason for this is that the first tranche at PATRoffice is fully invested. Secondly, the development project in Frankfurt requires more intensive preparations, which will postpone the actual start of construction.

The real estate intended for sale as part of ordinary business operations is reported in the inventories. Inventories have fallen by EUR 46.7 million (6.5%) since the 2008 reporting date as a result of the sales and amounted to EUR 671.1 million as at September 30, 2009. No real estate classified as investment property was sold. Our real estate assets thus totaled EUR 1,343.1 million at the reporting date.

A look at the third quarter of 2009 shows that cash and cash equivalents rose by EUR 5.9 million to EUR 60.1 million. However, cash outflows have totaled EUR 7.8 million over the course of 2009.

On the liabilities side of the balance sheet, equity declined slightly in the third quarter due to the reduction in consolidated net profit and amounted to EUR 275.2 million as at September 30, 2009. Equity per share amounted to EUR 5.28. The Group's equity ratio remained stable at 19.2% in the period under review.

We are utilizing up to 80% of the sales proceeds resulting from the sell-offs to repay our bank loans. We have thus succeeded in reducing amounts due to banks by EUR 78.8 million (6.8%) to the current level of EUR 1,083 million since the end of 2008.

The terms of our bank loans were structured as follows as at September 30, 2009:

Residual term	Total floating rate financial liabilities as of Sept. 30, 2009		Total floating rate financial liabilities as of Dec. 31, 2008	
	EUR '000	%	EUR '000	%
Less than 1 year	74,740	6.9 %	597,884	51.5 %
1 to 2 years	618,059	57.1 %	117,673	10.1 %
Over 2, up to 5 years	390,137	36.0 %	269,753	23.2 %
Over 5 years	0	0 %	176,425	15.2 %
TOTAL	1,082,936	100 %	1,161,735	100 %

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

Year of maturity	Portion of loans due	
	EUR '000	%
2009	14,735	1.4 %
2010	135,045	12.5 %
2011	551,801	51.0 %
2012	0	0 %
2013	215,841	19.9 %
2014	165,514	15.3 %

4. OPPORTUNITY AND RISK REPORT

Within the scope of its business activities, PATRIZIA Immobilien AG is exposed to both opportunities and risks. The necessary measures and installed processes have been taken within the Group for detecting risks and negative developments at an early stage and countering them. Since the annual financial statements for 2008, changes have arisen with regard to the opportunity and risk profile, particularly insofar as the financial risk for the Group has decreased considerably. Due to the renewal of the loans that were due for refinancing by September 30, 2009, PATRIZIA decreased its short-term refinancing volume (due within 12 months) from EUR 597.9 million as at December 31, 2008 to EUR 74.7 million as at the reporting date. This largely concludes the refinancing for 2009, apart from a renewal in respect of EUR 13.3 million that is necessary at the end of 2009.

In the market, opportunistic foreign investors have largely turned their backs on the German residential real estate market and German institutional investors continue to take a very cautious stance. We expect this particular investor group to show renewed interest in German residential real estate investments in the next few months. The predominance of family offices and large, equity-strong investors may make it necessary to adapt our products to their requirements, e.g. by breaking portfolios down into smaller components. With regard to Residential Property Resale, we are currently observing considerable caution on the part of tenants; sales in this area are mainly focused on private investors. If residential property resales fall, there is the risk that longer periods will be required to sell portfolios in full. If the transaction market remains weak, the Company risks not achieving its stated target for the year. As regards our co-investments and joint ventures there is the possible risk that our partner companies withdraw from the market or delay making investments in the volumes originally intended.

The remaining statements of the risk report in the 2008 Annual Report maintain their validity. For a detailed presentation of the opportunities and risks for the Group, see the Risk Report in the 2008 Annual Report of PATRIZIA Immobilien AG. The Management Board of PATRIZIA is not currently aware of any additional risks.

5. SUPPLEMENTARY REPORT

After the end of the reporting period a block sale of 36 units was concluded in Cologne.

6. REPORT ON EXPECTED DEVELOPMENTS

According to forecasts by the International Monetary Fund (IMF), the German economy will shrink by 5.3% in 2009. In July, the IMF was still estimating a decline of 6.2%. It has revised its forecasts for 2010 to growth of 0.3% rather than the previous -0.6%. The German government also confirmed the trend toward economic recovery in its autumn forecast, according to which GDP will fall by 5% in 2009. Previously, a decline of 6% was considered probable. Growth of 1.2% appears possible in the coming year, which is also a considerable improvement on the growth of 0.5% forecast in the spring.

It appears that the residential real estate markets in Germany will largely escape the effects of the crisis. As the financial and economic crisis continues, safer real estate investments are moving even more sharply into investors' focus. Although the fears of inflation expressed at the start of the year have yet to prove founded, real estate should be considered a long-term investment regardless of short-term volatility. Due to the wide variety of tenants, residential real estate provides clear benefits compared to commercial real estate. It offers greater certainty of actually realizing forecast rental income – and thus returns on investment – thanks to a more stable tenant structure. In particular, insurance companies and other institutional investors are increasingly expressing an interest in investing in residential real estate, both directly and indirectly. In the coming months special funds for indirect investment focusing exclusively on German residential real estate will increasingly enter the market. PATRIZIA's portfolio also contains real estate of the required quality and in the desired locations. We therefore consider that we are well placed to serve the large demand that is generally expected to arise. We also see good opportunities for successively expanding our funds and services business further.

Our financing structure, which we have stabilized significantly by reducing our liabilities and extending our loans, will also continue to be a decisive criterion in our assessment. Our aim is to achieve an equity ratio of at least 25%.

The number of notarizations serves as a leading indicator for the development of our business. As notarizations continue to be stable – except for holiday seasons –, we remain confident that we will be able to report corresponding purchase price revenues in the current fourth quarter. A rise in the unemployment rate or higher interest rates could have a dampening effect. However, we do not note any indication of the latter at the present time.

Our forecasts for the fiscal year are based on adjusted EBT, i.e. we only take into account income from purchase price revenues, rental income and service fees that impacts liquidity. Up to now we have forecast an operating profit for 2009 and we continue to be confident of achieving this target. In particular, the positive contribution of the third quarter of 2009 to earnings indicates an improvement in performance. Nevertheless our success also depends on the transaction business with institutional investors. We anticipate that performance will improve even further in the fourth quarter of the year, thus compensating the losses of the first two quarters of 2009.

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 IN ACCORDANCE WITH IFRS AS OF SEPTEMBER 30, 2009

ASSETS

	30.09.2009	31.12.2008
A. NON-CURRENT ASSETS	EUR'000	EUR'000
Software	484	579
Investment property	660,000	660,000
Investment property under construction	12,021	11,162
Equipment	1,843	2,005
Investments in joint ventures	7,088	6,033
Participations	3,090	3,090
Long-term financial derivatives	0	0
Long-term tax assets	261	311
Deferred tax assets	0	0
Total non-current assets	684,787	683,180
B. CURRENT ASSETS		
Inventories	671,109	717,772
Short-term financial derivatives	0	0
Short-term tax assets	1,324	6,685
Current receivables and other current assets	16,589	41,611
Bank balances and cash	60,077	67,905
Total current assets	749,099	833,973
TOTAL ASSETS	1,433,886	1,517,153

EQUITY AND LIABILITIES

	30.09.2009	31.12.2008
A. EQUITY	EUR'000	EUR'000
Share capital	52,130	52,130
Capital reserves	215,862	215,862
Retained earnings		
- legal reserves	505	505
Valuation results from cash flow hedges	-8,329	-8,054
Consolidated net profit	15,038	31,029
Total equity	275,206	291,472
B. LIABILITIES		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	4,590	4,769
Long-term financial derivatives	36,719	24,551
Retirement benefit obligations	365	365
Total non-current liabilities	41,674	29,685
CURRENT LIABILITIES		
Short-term bank loans	1,082,936	1,161,735
Short-term financial derivatives	10,684	10,238
Other provisions	516	616
Current liabilities	17,386	12,556
Tax liabilities	5,463	9,847
Other current liabilities	21	1,004
Total current liabilities	1,117,006	1,195,996
TOTAL EQUITY AND LIABILITIES	1,433,886	1,517,153

CONSOLIDATED PROFIT AND LOSS ACCOUNT IN ACCORDANCE WITH IFRS for the period from January 1, 2009 to September 30, 2009

	3 rd quarter 2009 01.07. – 30.09.2009	3 rd quarter 2008 01.07. – 30.09.2008	Nine months ended 01.01. – 30.09.2009	Nine months ended 01.01. – 30.09.2008
	EUR'000	EUR'000	EUR'000	EUR'000
1. Revenues	62,137	41,410	154,675	139,719
2. Income from the sale of investment property	0	17,664	0	21,747
3. Changes in inventories	-23,721	-5,227	-47,233	-34,971
4. Other operating income	3,417	55	5,273	1,603
5. Total operating performance	41,833	53,902	112,715	128,098
6. Cost of materials	-15,233	-17,755	-46,263	-47,725
7. Staff costs	-5,862	-6,103	-17,970	-16,850
8. Amortization of software and depreciation on equipment	-202	-140	-615	-476
9. Results from fair value adjustments to investment property	0	0	0	0
10. Other operating expenses	-3,450	-3,488	-10,417	-12,514
11. Earnings from companies accounted for using the equity method	0	0	0	0
12. Finance income	277	1,865	6,808	26,969
13. Finance cost	-17,273	-29,092	-59,712	-75,653
14. Profit / loss before income taxes	89	-811	-15,455	1,849
15. Income tax	-2,319	250	-536	-570
16. Net profit / loss	-2,230	-561	-15,991	1,279
17. Profit carried forward	17,268	67,007	31,029	65,167
18. Consolidated net profit	15,038	66,446	15,038	66,446

CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1, 2009 to September 30, 2009

	Nine months ended 01.01. – 30.09.2009	Nine months ended 01.01. – 30.09.2008
	EUR'000	EUR'000
Consolidated profit / loss after taxes	–15,991	1,279
Amortization of intangible assets and depreciation on property, plant and equipment	615	476
Results from fair value adjustments to investment property	0	0
Loss from / gain on disposal of fixed assets	–2	0
Change in deferred taxes	–179	987
Change in retirement benefit obligations	0	0
Non-cash item income and expenses that are not attributable to financing activities	–12,606	–435
Changes in inventories, receivables and other assets that are not attributable to investing activities	81,640	36,631
Changes in liabilities that are not attributable to financing activities	–54,172	–99,716
Cash outflow from operating activities	–695	–60,778
Capital investments in intangible assets and property, plant and equipment	–278	–669
Cash receipts from disposal of intangible assets and property, plant and equipment	60	0
Cash receipts from disposal of investment property	0	60,795
Payments for development or acquisition of investment property	–859	0
Investments	–1,055	–2,098
Cash receipts from disposal of financial assets	0	0
Cash outflow / inflow from investing activities	–2,132	58,028
Dividend of PATRIZIA Immobilien AG	0	0
Borrowing of loans	0	0
Repayment of loans	–5,000	0
Other cash inflows or outflows from financing activities	0	0
Cash outflow from financing activities	–5,000	0
Changes in cash	–7,828	–2,751
Cash January 1	67,905	54,013
Cash September 30	60,077	51,262

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY IN ACCORDANCE WITH IFRS
for the period from January 1, 2009 to September 30, 2009

	Share capital	Capital reserves	Retained earnings (legal reserve)	Valuation results from cash flow hedges	Consolidated net profit	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance January 1, 2009	52,130	215,862	505	-8,054	31,029	291,472
Results from fair valuation adjustments cash flow hedges				-275		-275
Nine months net loss					-15,991	-15,991
BALANCE SEPTEMBER 30, 2009	52,130	215,862	505	-8,329	15,038	275,206

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

	Share capital	Capital reserves	Retained earnings (legal reserve)	Valuation results from cash flow hedges	Consolidated net profit	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance January 1, 2008	52,130	215,862	505	2,941	65,167	336,605
Results from fair valuation adjustments cash flow hedges				48		48
Nine months net profit					1,279	1,279
BALANCE SEPTEMBER 30, 2008	52,130	215,862	505	2,989	66,446	337,932

INTERIM FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS FOR THE THIRD QUARTER OF 2009

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 three quarters of 2009 (January 1 through September 30, 2009) 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 September 30, 2009 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 nine months of 2009 are not necessarily an indication of future earnings or of the expected total earnings for fiscal year 2009.

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 2008. 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, 2008, which are contained in the Company's 2008 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 49 subsidiaries. They are recognized in the consolidated financial statements in line with the rules of full consolidation. In addition, one joint venture is accounted for at equity in the consolidated financial statements.

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

4. INVESTMENT PROPERTY

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

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

reporting date of September 30, 2009, the investment property unchanged totaled EUR 660.0 million.

5. INVESTMENT PROPERTY UNDER CONSTRUCTION

Real estate that is being built or developed for future investment use is reported under Investment property under construction and recognized at amortized cost in accordance with IAS 16. This item contains the Munich-Ludwigsfeld asset repositioning project. The portfolio in need of refurbishment comprises approximately 700 units with a floor space of around 30,000 sqm.

6. INVESTMENTS IN JOINT VENTURES

The Group has a 50 % stake in a joint venture, F 40 GmbH, in the form of a jointly managed company. Accordingly, there is a contractual agreement between the partner companies on the joint control over the economic activities of the entity. Our share of the Frankfurt Feuerbachstrasse project development is reported under this item. In detail, six city villas and a residential building with a total of 64 apartments will be build here together with a ten-story office-building. The investment volume planned amounts to EUR 150 million. The Group accounts for its share in the joint venture at equity. The book value of our participation amounted to EUR 7.1 million as of September 30, 2009.

7. PARTICIPATIONS

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

8. INVENTORIES

The Inventories item contains real estate that is intended for sale in the context of ordinary activities or is intended for such sale in the context of the construction or development process, especially real estate that has been solely acquired for the purpose of resale in the near future. Development also covers modernization and renovation activities. Inventories are carried at cost. As in the 2008 financial year, no value adjustments were to be carried out on inventories in the reporting period. In comparison to December 31, 2008, inventories decreased from EUR 717.8 million to EUR 671.1 million due to sales by the end of the reporting period.

9. 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 remained almost constant and amounted EUR 275.2 million as of September 30, 2009 (June 30, 2009: EUR 277.5 million).

10. BANK LOANS

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

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

The residual terms of the bank loans are as follows:

	Bank loans as of Sept. 30, 2009	Bank loans as of Dec. 31, 2008
	EUR'000	EUR'000
Less than 1 year	74,740	597,884
1 to 2 years	618,059	117,673
Over 2, up to 5 years	390,137	269,753
Over 5 years	0	176,425
TOTAL	1,082,936	1,161,735

11. REVENUES

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

12. INCOME FROM THE SALE OF INVESTMENT PROPERTY

Gains on the sale of investment property are determined as the difference between the net sales proceeds and the book value of the asset and are to be reported as income from the sale of investment property during the period of the disposal. No real estate classified as investment property was sold in the first nine months of 2009.

13. FINANCIAL RESULT

	3 rd quarter 2009 01.07. – 30.09.2009	3 rd quarter 2008 01.07. – 30.09.2008	Nine months ended 01.01. – 30.09.2009	Nine months ended 01.01. – 30.09.2008
	EUR'000	EUR'000	EUR'000	EUR'000
Interest on bank deposits	116	194	517	911
Income from interest hedges	0	1,632	3,007	4,627
Changes in value of the derivatives	137	0	3,139	21,076
Other interests	24	39	144	354
	277	1,865	6,808	26,969
Interest on revolving lines of credit and loans	-6,241	-17,541	-21,731	-51,500
Expenses from interest hedges	-5,668	-98	-19,460	-492
Changes in value of the derivatives	-4,403	-10,059	-15,746	-20,373
Other finance cost	-960	-1,393	-2,775	-3,289
	-17,273	-29,092	-59,712	-75,653
Financial result	-16,997	-27,227	-52,904	-48,684

14. SEGMENT REPORTING

	3 rd quarter 2009 01.07. – 30.09.2009	3 rd quarter 2008 01.07. – 30.09.2008	Nine months ended 01.01. – 30.09.2009	Nine months ended 01.01. – 30.09.2008
REVENUES	EUR'000	EUR'000	EUR'000	EUR'000
Investments	59,296	39,866	147,141	135,578
Services	2,840	1,544	7,529	4,138
Corporate	1	0	5	3
TOTAL	62,137	41,410	154,675	139,719

	3 rd quarter 2009 01.07. – 30.09.2009	3 rd quarter 2008 01.07. – 30.09.2008	Nine months ended 01.01. – 30.09.2009	Nine months ended 01.01. – 30.09.2008
EBITDA	EUR'000	EUR'000	EUR'000	EUR'000
Investments	18,905	28,446	43,369	56,672
Services	1,118	290	2,497	514
Corporate	-2,735	-2,181	-7,802	-6,177
TOTAL	17,288	26,556	38,064	51,009

	3 rd quarter 2009 01.07. – 30.09.2009	3 rd quarter 2008 01.07. – 30.09.2008	Nine months ended 01.01. – 30.09.2009	Nine months ended 01.01. – 30.09.2008
EBIT	EUR'000	EUR'000	EUR'000	EUR'000
Investments	18,884	28,397	43,305	56,514
Services	1,118	286	2,497	498
Corporate	-2,916	-2,268	-8,353	-6,479
TOTAL	17,086	26,416	37,449	50,533

In the third quarter of 2009 the Investments segment increased revenues to EUR 59.3 million, up by EUR 13.6 million (29.7 %) compared with the preceding quarter (Q2 2009). In particular the proceeds derived from privatization increased from EUR 22.4 million to EUR 30.2 million. Rental income contributed EUR 17.5 million to the revenues of the Investments segment. Over the first three quarters as a whole, the Investments segment achieved revenues of EUR 147.1 million, up 8.5 % year-on-year.

With comparable, slightly lower cost structure, EBIT in the first nine months of 2009 declined from EUR 56.5 million to EUR 43.3 million, despite the upturn in revenues. This is primarily due to block sales in Dresden in 2008 which were included in the total operating performance for 2008 as income from the sale of investment property amounting to EUR 21.7 million.

As already explained in detail in the management report, we consider earnings before tax from operations as a key management figure since it eliminates items not impacting liquidity that could influence the operating results. Taking only operating results into account, eliminating all effects not impacting liquidity from the fair value measurement of interest rate hedges of EUR –12.6 million, adjusted EBT of the Investments segment amounted to EUR 2.9 million in the first nine months 2009.

The Services segment posted revenues of EUR 7.5 million, up 81 % on the first three quarters of 2008, which clearly illustrates the targeted growth of this segment. EBIT in the first nine months of 2009 came to EUR 2.5 million so that the Services segment contributed 6.7 % to consolidated EBIT over this period. Over the same period in the previous year, this contribution amounted only 1 %. In the medium term the aim is to increase the contribution to earnings to 10 % in order to generate stable earnings for PATRIZIA from recurrent income. In the Services segment there is no impact from interest hedge developments since external financing within the Group is only deployed at property level for real estate financing. EBIT is therefore essentially equivalent to EBT.

15. EARNINGS PER SHARE

	3 rd quarter 2009 01.07. – 30.09.2009	3 rd quarter 2008 01.07. – 30.09.2008	Nine months ended 01.01. – 30.09.2009	Nine months ended 01.01. – 30.09.2008
EARNINGS PER SHARE				
Net profit/loss for the period (in EUR thousands)	–2,230	–561	–15,991	1,279
Number of shares issued	52,130,000	52,130,000	52,130,000	52,130,000
Weighted number of shares	52,130,000	52,130,000	52,130,000	52,130,000
EARNINGS PER SHARE (IN EURO)	–0.04	–0.01	–0.31	0.02

Earnings per share are calculated by dividing the net profit or loss for the period by the weighted average number of shares. In the third quarter of 2009, earnings per share were EUR –0.04 (third quarter of 2008: EUR –0.01). Earnings per share for the first nine months of 2009 amounted to EUR –0.31 (first nine months of 2008: EUR 0.02).

16. SIGNIFICANT TRANSACTIONS WITH RELATED COMPANIES AND INDIVIDUALS

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

The disclosures on related party transactions contained in section 9.3 of the notes to the consolidated financial statements in the 2008 Annual Report remain valid.

17. DECLARATION OF THE LEGAL REPRESENTATIVES OF PATRIZIA IMMOBILIEN AG IN LINE WITH ARTICLE 37y OF THE WERTPAPIERHANDLGESETZ (WPHG – GERMAN SECURITIES ACT) IN CONJUNCTION WITH ARTICLE 37w (2) NO. 3 OF THE WPHG

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, we declare that the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.



Wolfgang Egger
Chairman of the Board



Arwed Fischer
Member of the Board



Klaus Schmitt
Member of the Board

FINANCIAL CALENDAR 2009/2010

Date	Events
November 10, 2009	Interim Report – 3 rd Quarter 2009
March 25, 2010	Financial Statements of Fiscal Year 2009
March 25, 2010	Press Conference on Financial Statements 2009
May 11, 2010	Interim Report – 1 st Quarter 2010
June 23, 2010	Annual General Meeting, Augsburg
August 11, 2010	Interim Report – 2 nd Quarter 2010
November 10, 2010	Interim Report – 3 rd Quarter 2010

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