Preface and Reports

f. l. t. r.: Arwed Fischer (CFO) | Wolfgang Egger (CEO) | Klaus Schmitt (COO)

Dear shareholders,
Dear ladies and gentlemen,

We can look back on an exciting year. A year that saw many events that helped bring PATRIZIA a good deal closer to its aim of becoming Europe's leading real estate investment company. A year that brought enormous growth for the Group and a year that resulted in a lasting positive change in PATRIZIA's reputation and the way the company is perceived.

GROWTH THROUGH RESOLUTE IMPLEMENTATION OF OUR STRATEGY

Our biggest transaction of last year undoubtedly marked a major milestone: The awarding of the contract for LBBW Immobilien to a consortium led by us meant we sealed Germany's biggest real estate deal for some years. As well as providing further evidence of our competence as an expert in the field of real estate, we also raised our profile as an investment manager. Within a few months, we succeeded in attracting renowned long-term investors from Germany and other countries in Europe for a joint investment in German residential real estate.

But that's not all: With its two asset management companies, PATRIZIA today ranks among the five largest real estate investment companies in Germany. In 2012 we effected investments with a volume of over EUR 960 million; EUR 390 million of this amount was accounted for by the acquisition of real estate in other countries, including for the first time in Norway. Through its funds, PATRIZIA has so far invested EUR 370 million in the Nordic markets alone and is now the largest non-Scandinavian investor in residential real estate in the Nordic countries. In terms of German investments, cooperation with savings banks played a major role in the growth enjoyed by our fund business.

INCREASING DEMAND FOR INVESTMENTS WITH PATRIZIA

The shift in our investment strategy from proprietary investments to co-investments and services is proving extremely successful. At this point we would again emphasize that our decision to focus on investment management was not the result of adversity due to the crisis on the financial markets or of difficult financing conditions. Anyone who has followed our company in recent years knows that this has been a fixed element of our strategy for some time now. We have already been focusing on developing our service business for a number of years; this has increasingly generated stable, recurrent income and has also helped balance out the volatility within property trading to a certain extent. Service business now accounts for over half of our consolidated result. This shows our commitment is reaping rewards. We aim to increase this share to 80% by 2015.

PROGRESS IN OUR BID TO BECOME A EUROPEAN REAL ESTATE INVESTMENT COMPANY

Our opening out into Europe takes account of the needs of our investors whose interests extend beyond the German residential real estate market to other regions and other classes of real estate. Our international strategy is clearly defined in terms of geography: Our new branches in Copenhagen, London and Paris mean we are now represented in the European markets that are of key relevance for us. We now have our own employees at local level, allowing us to exploit the opportunities available there to optimum effect. This is the only way to ensure proximity to real estate and to the market. In this context, the acquisition of the Tamar Capital Group, a British investment and asset management company, marked a further logical step in our European expansion. Alongside organic growth, acquisitions remain an option. In addition to market experience, we believe it is especially important to cover sectors or investors that haven't yet been served or that are not yet fully served by PATRIZIA.

INCREASING INTEREST IN INVESTING IN PATRIZIA

The capital market is also following our development and is increasingly realizing the attractiveness of an investment. With an 88% increase in value, our share more than regained ground in 2012. The fact that our share price didn't reveal any noticeable dilution following the issue of the bonus shares came as no surprise to us: When the shares were allocated on July 23, the price was EUR 4.82. It regained this level just four trading days later and remained consistently above it from the start of October, before surpassing the 6 euro mark at the end of November.

At the forthcoming Annual General Meeting we will again submit a proposal to you, our shareholders, for the issue of bonus shares in a ratio of 10:1 instead of a cash dividend. At the same time, you can rest assured that for the next two years at least, we will not request any additional capital from our shareholders. This sets us apart from many other listed real estate companies. As well as re-investing profits, a share dividend also offers the advantage that by increasing our share capital we can increase the value of our company more than would be possible through share price performance alone – because we firmly believe that this year, too, PATRIZIA's promising prospects will more than offset any possible diluting effect. Increasing our market capitalization is important to us in that it will help ensure a wider circle of investors can consider our company for an investment. For many Anglo-Saxon investors in particular, we aren't yet big enough for them to consider us in terms of small caps.

WHAT ARE OUR PLANS FOR THE FUTURE?

We aim to reduce our indebtedness to EUR 350 million by the end of the year so that in a second step, we can become almost debt-free by the end of 2015. We will achieve this by selling almost all of our own real estate investments over the next three years and thus also repaying the associated loans. In turn, and again by the end of 2015, we plan to increase our assets under management from their current figure of EUR 7 billion to at least EUR 10 billion.

As a company, PATRIZIA is enjoying rapid growth – in terms of assets under management, in terms of our European presence and in terms of employees. But our operating result, too, will keep pace with this growth and our investments in terms of organizational structure and personnel will soon pay off. Despite our current return on equity of 13%, we can become even more profitable. Over the medium term, we aim to increase our capital yield to 15%. Since it is possible that we may also decide not to distribute our retained earnings for 2013 in the form of a dividend but to re-invest them instead, our requirements in terms of profit growth will increase still further.

EUR 51 million of our equity is now invested in co-investments. Our co-investments represent the “ideal image” of what today's banks are willing to finance – in terms of both property size and also equity backing. This is particularly true of project developments. Only co-investments have enabled us to increase the volume of new construction projects managed by us in this segment to over one billion euros.

Our successes and our result for 2012 have been achieved thanks to the highly motivated teams within the PATRIZIA Group. As Managing Board, we value this extremely highly and extend our gratitude to all those associated with PATRIZIA for their continuing commitment and excellent cooperation. Our qualified staff provide us with the optimum basis for continuing our growth path.

In terms of the future, PATRIZIA is well placed from a strategic, operational and financial point of view and will remain an attractive investment.

Augsburg, March 11, 2013

The PATRIZIA Managing Board

Wolfgang Egger
Chairman of the Board

Arwed Fischer
Member of the Board

Klaus Schmitt
Member of the Board

Dr. Theodor Seitz (Chairman of the Supervisory Board)

Dear shareholders,
Dear ladies and gentlemen,

PATRIZIA developed significantly over the past fiscal year and once more safely achieved the forecast consolidated operating result.

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 2012. We regularly advised the Managing Board on corporate management issues and monitored management measures. We were involved in all key decisions. 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 basis regarding key aspects of the Company's and Group's business performance. We were provided with equally detailed information about the current earnings and liquidity situation including opportunities and risks and the measures being taken to manage them. The PATRIZIA Managing Board provided detailed explanations of and justifications for the Company's budgeting and its realization as well as for deviations from previously prepared plans and targets.

ORDINARY MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board came together in four ordinary meetings during the reporting year. Each member attended every meeting. Regular exchanges between the Supervisory Board and the Managing Board also took place outside of these meetings in personal discussions. We discussed all measures in detail that, according to the law, the Articles of Association or the bylaws of the Managing Board, require the approval of the Supervisory Board and made our decisions on the basis of the reports and resolutions of the Managing Board. When necessary, urgent 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. The Supervisory Board considers it expedient to base the size of the Supervisory Board of PATRIZIA Immobilien AG on the statutory minimum number of members in order to enable it to work efficiently and to allow an intensive exchange of ideas.

During the first regular meeting of the Supervisory Board for the year held on March 27, 2012, we approved the 2011 annual financial statements for PATRIZIA Immobilien AG and the consolidated financial statements for the Group as well as the combined management report for the Company and the Group. Following a separate examination, the Supervisory Board also approved the dependent company report for the 2011 fiscal year. In addition to the report from the operational areas, significant attention was devoted to budgeting for the Group including liquidity planning. In this context, we also approved the target agreement with the Managing Board, which represents a significant component of variable compensation. The proposed resolutions for the agenda of the 2012 Annual General Meeting were also approved. A resolution concerning the appropriation of net profits and the capital increase from capital reserves in order to issue bonus shares had already been passed by circulation in the run-up to the meeting.

Before the Annual General Meeting on June 20, 2012 the Supervisory Board also sat without the PATRIZIA Managing Board. The agenda included a review of the bylaws governing the Managing Board in order to cope with the increasing co-investment activities as well as legal and business relationships with related parties.

The meeting of the Supervisory Board held immediately after the Annual General Meeting on June 20, 2012, focused on the development of the operating business. The discussions centered on PATRIZIA Projektentwicklung, which has seen strong growth as a result of the many construction projects of WohnModul I, the current state of implementation of the LBBW transaction (Süddeutsche Wohnen GmbH) and the status of expansion in Europe. The Supervisory Board paid special interest to commitments in the United Kingdom and Scandinavia.

The Supervisory Board met for the third time on September 28, 2012. We again devoted ourselves to strategy in Europe. The plan to strengthen market presence for existing fund clients and support the acquisition of new clients by building up own local staff appears to my colleagues and me to be sound, and we welcome it wholeheartedly. The Supervisory Board also supports the acquisition of experienced asset management companies located in other countries in order to increase presence in Western Europe. In this context we requested information concerning the level of acceptance for PATRIZIA's strategy in the capital market. Finally we were informed about the current status of the planned implementation of the European AIFM (Alternative Investment Fund Manager) Directive in German law and discussed possible consequences for PATRIZIA.

Our attention in the final meeting of 2012 held on December 17 also focused on PATRIZIA's strategic development. Besides explaining the general business and liquidity situation, the Managing Board presented the budget for the coming fiscal year. The Supervisory Board critically questioned the increased staff costs and other operating expenses resulting from the rapid expansion of the organization. Since the investment in expansion is already matched by a corresponding increase in revenues, we approved the 2013 budget in its entirety. While reviewing the status of expansion in Europe, we discussed the possible acquisition of Tamar Capital Group Ltd. A further topic on the agenda was the declaration of conformity in accordance with Article 161 of the Aktiengesetz (AktG – German Stock Corporation Act) issued by the Managing Board and by the Supervisory Board which also expresses an opinion on the recommendations of the code. The recommendations and suggestions of the Code are observed with a few exceptions. The declaration of conformity is published on the PATRIZIA website where it can be viewed at all times. My colleagues on the Supervisory Board and I also examined the efficiency of our Supervisory Board activities and discussed the findings. The efficiency of our collaboration with each other and with the Managing Board was again found to be very good.

EXTRAORDINARY MEETINGS OF THE SUPERVISORY BOARD

An extraordinary meeting of the Supervisory Board was called for February 7, 2012, owing to the impending possibility of the acquisition of all the shares in Süddeutsche Wohnen GmbH (formerly: LBBW Immobilien GmbH) by a consortium led by PATRIZIA. We had already passed the resolution concerning the submission of the notarial offer by circulation beforehand. Besides the economic consequences of PATRIZIA's offer being accepted, the Managing Board also presented the intended legal structure of the transaction. We, on our part, critically questioned in particular the financing and the current status of equity capital commitments. In the meeting, the Supervisory Board agreed to the transaction with PATRIZIA participating with EUR 15 million of equity capital.

EXAMINATION OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2012

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), 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. The documents mentioned as well as the audit reports from Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft were made available on time to the members of the Supervisory Board for the accounts meeting on March 18, 2013. The Managing Board and the responsible auditors explained the findings of the audit and were available to provide additional information. The risk management system of the PATRIZIA Group was also the subject of the audit. The auditor confirmed that no material weaknesses are inherent in the internal control system and risk management system.

The Supervisory Board also thoroughly examined the annual financial statements of PATRIZIA Immobilien AG, the consolidated financial statements, the combined management reports for the Company and for the Group as well as the proposal on the appropriation of net profit. We concurred with the findings of the examination by the auditors. No objections were raised. The annual financial statements and the consolidated financial statements are thus approved. The Supervisory Board agrees with the proposal on the appropriation of net profit made by the Managing Board and supports a renewed capital increase from company funds in order to issue bonus shares instead of paying a dividend.

EXAMINATION OF THE DEPENDENT COMPANY REPORT

All legal and business relationships with related parties and companies were presented 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 and companies 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 for the 2012 fiscal year was examined by the auditor and given the following 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.”

The auditors’ report on the dependent company report was made available to the members of the Supervisory Board in good time and was discussed with the auditors present at the meeting. In accordance with the concluding findings of its examination, the Supervisory Board raises no objections to the report and the concluding declaration of the Managing Board contained therein.

The Supervisory Board would like to thank the Managing Board, the directors of the operating companies and all employees for the high level of their personal involvement. Their expertise and their lasting commitment are material to PATRIZIA's progress.

Augsburg, March 18, 2013

For the Supervisory Board

Dr. Theodor Seitz
Chairman

The PATRIZIA Share

Please refer to diagram on p. 30

Please refer to diagram on p. 29

Please refer to table on p. 60

KEY FIGURES FOR THE PATRIZIA SHARE

		2012	2011	2010
Share prices[1]				
High	EUR	6.65	5.90	3.85
Low	EUR	3.32	3.06	2.59
Year-end closing price	EUR	6.46	3.43	3.84
Share price performance	%	88.3	–10.8	25.5
Market capitalization as of December 31[1]	EUR million	370.4	178.8	200.2
Average trading volume per day[2]	EUR	440,400	423,800	182,000
Average trading volume per day[2]	Shares	89,200	91,200	56,000
Trading volume for the year, weighted[2]		0.42[3]	0.45	0.27
No. of shares in issue as of December 31	Million shares	57.343	52.130	52.130
Earnings per share (IFRS)	EUR	0.44	0.24	0.12
Price-earnings ratio		15	14	32
NAV per share	EUR	6.10	6.75	6.73
Dividend per share	EUR	0.00[5]	0.00[4]	0.00

[1] Closing price in Xetra trading
[2] All German stock exchanges
[3] Based on the 2012 average number of shares in issue (54,423,150)
[4] Instead, bonus shares were issued in a ratio of 10:1
[5] Instead, issue of bonus shares in a ratio of 10:1, subject to approval of the Annual General Meeting on June 12, 2013

During the past fiscal year, the DAX, Germany's leading share index, rose by 29% – its biggest increase in nine years – and closed the year on December 31, 2012 at a record high of 7,612 points. An excellent performance, despite sharp price drops in the middle of the year and further moderate falls at the year-end. Fears about the future of the Euro dominated the stock markets in 2012: In September, Germany's Federal Constitutional Court agreed to the introduction of the ESM stability mechanism, a decision that helped encourage the return of international investors' funds to the European markets.

With a gain of 18.7%, the performance of the SDAX index showed a marked improvement on the previous year (–14.5%). This reference index, which is of relevance for PATRIZIA, started the year on 4,397 points but reached its highest level for the year of 5,300 points on December 20, 2012. The DAXsubsector Real Estate performance index rose by 37.6%, while the DIMAX real-estate stock index created by the bank Ellwanger & Geiger climbed 33.7%. In this favorable market environment, however, the PATRIZIA share far surpassed the reference indices and recorded a rise of 88.3%: Starting 2012 at EUR 3.43 the share ended the year at EUR 6.46. Despite an increase in the share capital through the issue of bonus shares, no immediate diluting effect was apparent, and PATRIZIA was able to more than double its market capitalization. The growth from EUR 178.8 million at the end of 2011 to EUR 370.4 million as at December 31, 2012 represents a rise of 107.2%.

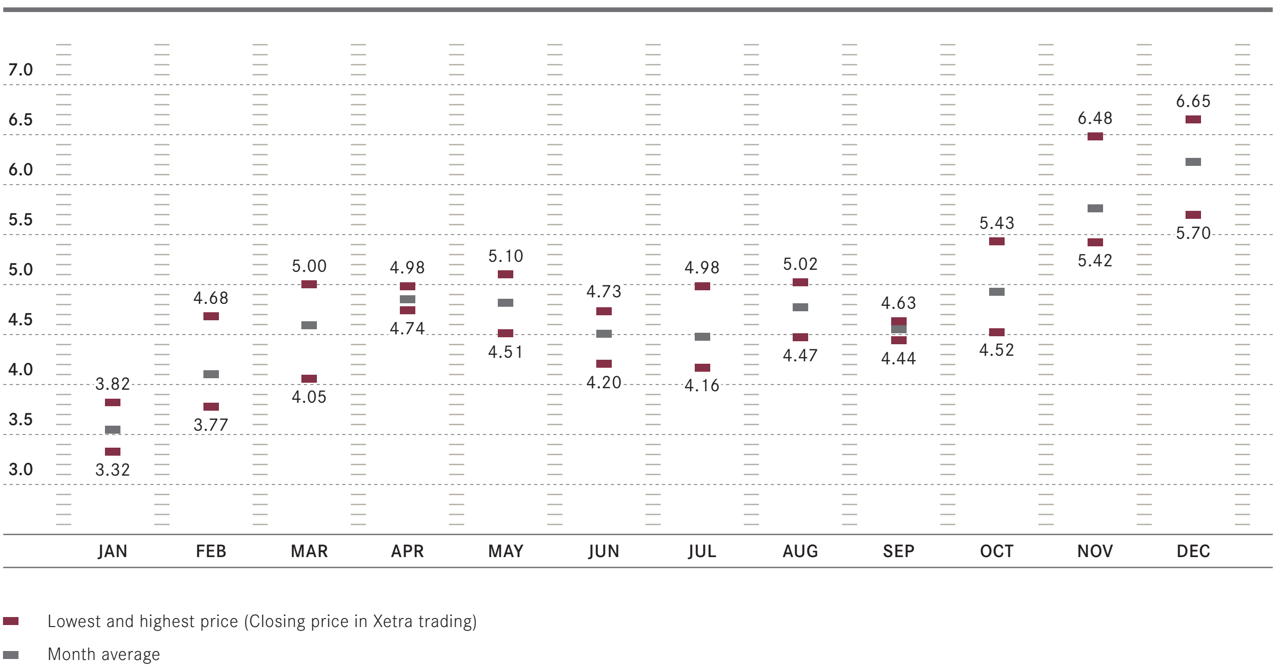
PATRIZIA: Market capitalization more than doubled in 2012

PERFORMANCE OF THE PATRIZIA SHARE COMPARED WITH DIFFERENT INDICES IN 2012 (%)

The trading volume has increased in the fourth quarter

In 2012, the PATRIZIA share moved between a low of EUR 3.32 on January 9 and a high of EUR 6.65 on December 27, 2012. On average, all German stock markets traded 89,200 PATRIZIA stocks per day, compared with 91,200 in the previous year. The trading volume increased over the year and rose from an average of 56,200 shares per day in January to 179,100 shares per day in December. The months of February and March proved lively in terms of trade, as did the whole of the fourth quarter. Based on PATRIZIA Immobilien AG's average total number of shares (54,423,150), the total of 22.7 million PATRIZIA shares traded during the reporting year represents an annual turnover of 0.42 (previous year: 0.45).

HIGHS AND LOWS OF THE PATRIZIA SHARE IN 2012 (EUR)



Bonus shares – Successful capital increase from company funds

Instead of a dividend payment, the Annual General Meeting of PATRIZIA Immobilien AG held on June 20, 2012 decided to issue bonus shares in a ratio of 10:1. The corresponding change to the Articles of Association was entered in the Company's Commercial Register on July 12, 2012 and thus became effective. Each shareholder then received one additional share for every 10 existing PATRIZIA shares. The new shares carry dividend rights from the beginning of the 2012 fiscal year. As a result of the conversion of capital reserves, the company's share capital increased by EUR 5,312,000 and has since amounted to EUR 57,343,000, divided into 57,343,000 registered no-par value shares.

Investor Relations

During the year under review we intensified our exchange with both institutional and private shareholders and also analysts. The Managing Board and the Investor Relations team held around 30 roadshow days and had a presence at 14 national and international conferences. Key topics of discussion included PATRIZIA's new strategy and the Company's development to becoming an investment manager, not forgetting its current policy of European expansion. The EPRA (European Public Real Estate Association) and the EXPO Real also served as real estate-specific communication platforms.

Detailed information relating to the PATRIZIA share, our events calendar including all conferences and roadshows and also downloads of all presentations are available on our website at: www.patrizia.ag/investor-relations

ANALYSTS' RECOMMENDATIONS FOR THE PATRIZIA SHARE

Bank	Analyst	Date	Rating	Target price
Baader Bank AG	Andre Remke	12/20/2012	Hold	EUR 6.00
Bankhaus Lampe KG	Dr. Georg Kanders	03/14/2013	Hold	EUR 8.00
Berenberg Bank Joh. Berenberg, Gossler & Co.KG	Kai Klose	03/18/2013	Buy	EUR 8.50
Close Brothers Seydler Research AG	Manuel Martin	01/14/2013	Buy	EUR 6.70
DZ Bank AG	Ulrich Geis	12/20/2012	Buy	EUR 6.90
HSBC Trinkaus & Burkhardt AG	Thomas Martin	02/26/2013	Hold	EUR 6.70
J.P. Morgan Cazenove	Harm Meijer	03/06/2013	Hold	EUR 7.50
LFG Kronos Investment Services GmbH	Thomas Aney	12/20/2012	Hold	EUR 6.55
Warburg Research GmbH	Torsten Klingner	03/14/2013	Hold	EUR 6.30

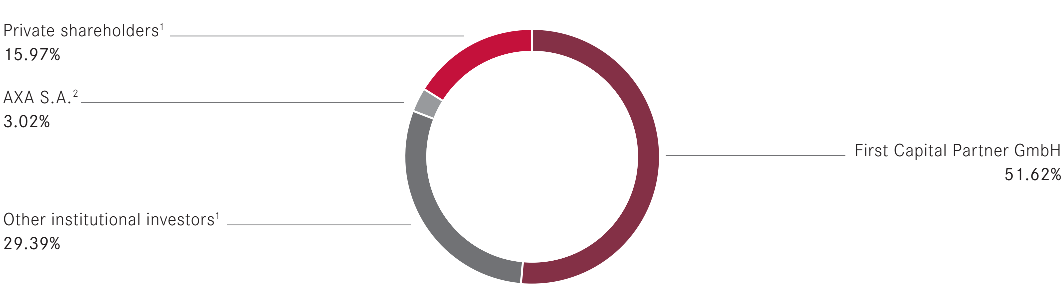
Current opinions can be found on our website: www.patrizia.ag/investor-relations/shares/analysts-recommendations.html

BAADER | Bankhaus Lampe | BERENBERG BANK | Close Brothers Seydler Research AG | DZ BANK | HSBC | J.P.Morgan CAZENOVE | LFG KRONOS | WARBURG RESEARCH

Shareholder structure – further reporting threshold exceeded

There was a slight change in the shareholder structure in the past fiscal year: In November 2012, First Capital Partner GmbH, which is attributable to our CEO, increased its shareholding from 51.55% to 51.62% and thus remains the Company's main shareholder. In a notification of voting rights issued in mid-February 2012, AXA S.A. informed us that it held 3.02% of the Company's shares. Other institutional investors account for a further 29.39% of shares, while 15.97% of shares are in the hands of private shareholders.

PATRIZIA SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2012



[1] Shareholders recorded in the register of names, those not recorded are estimated
[2] Pursuant to voting rights notification dated February 16, 2012