

Q2

REPORT ON THE SECOND QUARTER OF 2012

Creating value
with values

Key Figures

REVENUES AND EARNINGS

EUR '000	2 nd quarter 2012	2 nd quarter 2011	1 st half of 2012	1 st half of 2011
	04/01/ – 06/30/2012	04/01/ – 06/30/2011	01/01/ – 06/30/2012	01/01/ – 06/30/2011
Revenues	43,639	56,018	103,374	106,613
Total operating performance	40,472	87,413	88,722	132,541
EBITDA	6,426	10,823	20,144	23,271
EBIT	5,379	10,037	18,157	21,760
EBIT adjusted ¹	5,871	10,530	19,141	22,744
EBT	4,680	-1,460	9,027	10,690
EBT adjusted ^{1,2}	3,050	463	7,154	1,053
Net profit/loss	2,113	-1,999	5,310	7,802

STRUCTURE OF ASSETS AND CAPITAL

EUR '000	06/30/2012	12/31/2011
Non-current assets	583,917	597,007
Current assets	457,093	505,277
Equity	315,616	310,075
Equity ratio (in %)	30.3	28.1
Non-current liabilities	453,110	480,250
Current liabilities	272,284	311,959
Total assets	1,041,010	1,102,284

SHARE

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	P1Z
Share capital at June 30, 2012	EUR 52,130,000
No. of shares in issue at June 30, 2012	52,130,000
Second quarter/First half of 2012 high ³	EUR 5.10/EUR 5.10
Second quarter/First half of 2012 low ³	EUR 4.20/EUR 3.32
Closing price at December 31, 2011 ³	EUR 3.43
Closing price at June 30, 2012 ³	EUR 4.40
Share price performance	28.4%
Market capitalization at June 30, 2012	EUR 229.4 million
Average trading volume per day (first 6 months of 2012) ⁴	84,650 shares
Indices	SDAX, EPRA, GEX, DIMAX

¹ Without amortization of other intangible assets (fund management contracts)

² In addition adjusted for profit/loss from interest rate hedges without cash effect

³ Closing price at Frankfurt Stock Exchange Xetra trading

⁴ All German stock exchanges

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Letter to Our Shareholders

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

We are pleased to report positive results halfway through the 2012 financial year. After being able to inform you of a significant milestone in the corporate development of PATRIZIA Immobilien AG in the first quarter with the acquisition of the LBBW residential units, we continued on our path towards becoming a European fully integrated real estate investment company in the second quarter as well. We continued to strengthen our international presence on European real estate markets by opening an office in London in the middle of May 2012 in addition to our existing branches in Luxembourg and Stockholm. We are also planning to open offices in Copenhagen and in Paris in the third quarter, meaning that we will be represented with our own branches in five European markets. We see local presence as a decisive success factor for the asset and property management of significant real estate holdings such as PATRIZIA Immobilien AG has already built up and will continue to build up.

A further important success in the second quarter was the founding of a joint venture by PATRIZIA with CA Immo in April for the WohnModul I. This will be responsible for developing the "Baumkirchen Mitte" quarter in Munich, where apartments with a floor space of approximately 45,000 sqm and offices with a floor space of approximately 18,500 sqm will be built on a 29,000 sqm site. Furthermore, we undertook an additional investment in Denmark in May, where we acquired an apartment complex with 103 residential units in Copenhagen, completed in 2009, for approximately EUR 30 million on behalf of PATRIZIA Euro City Residential Fund I, which is managed by PATRIZIA WohnInvest Kapitalanlagegesellschaft mbH.

The further development of our diversified portfolio of direct and indirect residential investments is for us inseparably associated with the extension of our activities to include all stages of the real estate value chain. We will continue to pursue this strategy in future as well, since it enables us to exploit synergy effects within the group and to influence the growth of our investment by ourselves as far as possible. This differentiates us from many competitors in the market, and we believe that this gives us a special competitive advantage that last but not least also benefits our customers and co-investors.

In the second quarter of 2012 PATRIZIA Immobilien AG, in its operating business, was able to build on its successful performance at the beginning of the year. In the area of residential property resale we sold a total of 168 units, somewhat more than in the corresponding period of the previous year (161 units). What is remarkable in this is again the very large share of private

investors among the purchasers, which amounted to 83%. This documents the continuing strong interest of many private investors in long-term intrinsic investments in physical assets, which is also likely to last over the coming months given the developments in the economic environment.

In the first six months of the year, the entire consolidated operating result was provided by services. Sales revenues for the first half year totaled EUR 103.4 million (1st half year 2011: EUR 106.6 million). However, this figure only reflects sales from current assets, while sales from non-current assets, which increased in significance during the reporting period, may not be reported as sales revenues. EBT adjusted increased in the second quarter to EUR 3.1 million after EUR 0.5 million in the second quarter of the previous year. This resulted in EBT adjusted of EUR 7.2 million for the first six months of 2012 and therefore also a clear increase over the corresponding period of the previous year (EUR 1.1 million).

With regard to 2012 as a whole, we have set ourselves the target of selling a total of some 1,800 residential units and of increasing our adjusted pre-tax earnings by approximately 20%. In view of the development over the first six months of 2012 we continue to maintain this ambitious goal, and we are confident that we will reach this target.

The Managing Board



Wolfgang Egger
Chairman of the Board



Arwed Fischer
Member of the Board



Klaus Schmitt
Member of the Board

Consolidated Interim Management Report

FOR THE FIRST HALF OF 2012

1 GENERAL ECONOMIC CONDITIONS

In the first quarter of 2012 the German economy grew at a surprisingly strong rate compared with the fourth quarter of 2011. It is thus continuing to benefit from solid global demand and, thanks to the positive situation on the jobs market, private consumption is increasingly becoming an important pillar of the economy. Germany is thus performing considerably better than the rest of the euro area. Nevertheless, the German economy is not immune to the uncertainty caused by the sovereign debt crisis/euro crisis. Business climate indicators are once more pointing down and weak demand from other European countries is increasingly putting pressure on German industry. For this reason only slight growth in the region of 0.5% can still be expected in Germany for the year as a whole.

REAL ESTATE MARKET

Residential

In 2011 building permits for the construction of over 228,000 residential units were issued, approximately 22% (+40,700 units) more than in the previous year. In the same period the number of completions increased by 23,000 residential units (+14.6%) to over 183,000. Residential building activity has thus recovered somewhat from its low point in 2009. However, the level of approvals and completions in the construction of residential property continues to clearly lag behind demand. This is reflected by, among other things, the positive momentum in rents and purchase prices for newly built residential property, but there is also a clear trend towards higher rents and purchase prices for existing residential property in economically strong conurbations. Here a growing population is only one factor in the positive momentum in rents and prices. It is leading to higher demand as a result of the associated increase in the number of households, since accommodation represents a basic need for every household. This relationship, however, only reflects the quantitative aspect of demand for residential property. In addition to this, qualitative aspects such as level of appointment, location, transport connections or quality of the surroundings are playing an ever greater role in demand. This results in investment opportunities for investments in residential property even in locations that are not so characterized by positive population growth, since the demand for quality accommodation is also leading to increased rents and purchase prices. However, the location of the real estate is of greater significance in these places.

Commercial

The positive developments in the German office markets of last year also continued in the first few months of 2012. Since, according to market sources, several (major) agreements are in the pipeline it can be expected that sales by floor space at the end of the year will be only slightly below the figure for the previous year despite weaker overall economic growth. The positive demand situation continues to be matched by a relatively low volume of new construction, and for this reason the number of vacant properties will continue to decrease in most markets. At the same time the retail trade was able to continue on its growth path in the first four months of this year with real growth in sales of almost 1% compared with the previous year. From the continuing high level of demand for floor space it is reasonable to expect sales by floor space here at the same level as last year, too.

2 PATRIZIA ON THE CAPITAL MARKET

The PATRIZIA share closed the quarter at EUR 4.40 on June 30, 2012. In the first six months, PATRIZIA Immobilien AG saw a further rise in its share price, which is now 28.3% above the closing price of EUR 3.43 at the end of 2011. The highest closing price in the second quarter was EUR 5.10 on May 11, 2012, with the lowest price of EUR 4.20 being recorded on June 15, 2012.

3 OUR EMPLOYEES

At the end of the first six months of 2012 PATRIZIA employed 536 permanent staff, of which 24 were vocational trainees and 50 part-time employees. Another 17 employees are currently on parental leave. Compared with December 31, 2011, (498 employees), the number of staff increased by 38 employees, or 7.6%. Expressed as full-time equivalents, PATRIZIA employed 512 permanent staff at the end of the second quarter. New employees were taken on in all departments in the first half of 2012 depending on requirements.

4 THE COURSE OF BUSINESS IN THE SECOND QUARTER OF 2012

Business Development in the Residential Segment

Own investments

Residential property resale

Individual sales in the second quarter of 2012 by region were as follows:

INDIVIDUAL SALES IN THE SECOND QUARTER OF 2012

Region/city	Number of units sold in Q2/2012	As a % of sales	Area sold in sqm	Average size per unit in sqm
Munich	120	71.4	8,726	73
Berlin	27	16.1	1,891	70
Cologne/Düsseldorf	17	10.1	1,322	78
Hamburg	3	1.8	264	88
Friedrichshafen	1	0.6	59	59
TOTAL	168	100	12,262	73

In the second quarter of 2012, a total of 168 units were sold in the field of residential property resale. This corresponds to an increase of 4.3% on the corresponding quarter in the previous year (161 units). With a share of 83.0%, private investors were by far the most predominant category of purchasers in the period under review. By comparison, the other categories of purchasers accounted for significantly smaller shares. 14.5% of purchasers bought apartments for own use, while 2.4% of apartments were purchased by tenants.

Asset repositioning

Block sales in the second quarter of 2012:

In the second quarter of 2012 there was no transfer of ownership, usage and encumbrances; only notarial deeds were signed, and these will not have an effect on the Consolidated Income Statement until the third quarter of 2012.

PATRIZIA PORTFOLIO – BREAKDOWN BY REGION AS OF JUNE 30, 2012

Region/city	Number of units				Area in sqm			
	Residential property resale	Asset repositioning	Total	Share in %	Residential property resale	Asset repositioning	Total	Share in %
Munich	1,467	424	1,891	26.7	116,242	29,615	145,857	28.8
Cologne/ Düsseldorf	627	685	1,312	18.5	52,802	62,940	115,742	22.8
Leipzig	0	974	974	13.7	0	58,066	58,066	11.5
Frankfurt/Main	8	776	784	11.1	544	49,309	49,853	9.8
Berlin	130	499	629	8.9	10,095	26,173	36,267	7.2
Hamburg	180	468	648	9.1	12,205	29,527	41,732	8.2
Hanover	0	386	386	5.4	0	27,047	27,047	5.3
Regensburg	0	312	312	4.4	0	21,708	21,708	4.3
Dresden	0	152	152	2.1	0	10,284	10,284	2.0
Friedrichshafen	7	0	7	0.1	422	0	422	0.1
TOTAL	2,419	4,676	7,095	100	192,309	314,669	506,978	100

Co-investments

CO-INVESTMENT PORTFOLIO – BREAKDOWN BY REGION AS OF JUNE 30, 2012

Region/city	Number of units				Area in sqm			
	Residential property resale	Asset repositioning	Total	Share in %	Residential property resale	Asset repositioning	Total	Share in %
Munich	1,164	891	2,055	93.6	81,965	44,047	126,012	91.7
Hamburg	0	140	140	6.4	0	11,467	11,467	8.3
TOTAL	1,164	1,031	2,195	100	81,965	55,514	137,479	100

WohnModul I currently comprises 2,195 units with an area of 137,479 sqm.

Funds

PATRIZIA WohnInvest KAG mbH

PATRIZIA WohnInvest KAG mbH was able to increase the volume of funds in the second quarter of 2012 as a result of two purchases totaling EUR 38.6 million, which included the property in Copenhagen notarized in the first quarter of 2012 with a market value of EUR 29.3 million. An additional special fund, already subscribed, was set up successfully in the second quarter of 2012. Furthermore, a property in Ludwigsburg could be secured by purchase agreement for a further subscribed fund. The seventh special fund will be launched in the third quarter of 2012 with the transfer of ownership, usage and encumbrances of this object in Ludwigsburg.

Business Development in the Commercial Segment

Funds

PATRIZIA GewerbeInvest KAG mbH

PATRIZIA GewerbeInvest KAG mbH initiated a further real estate fund in the second quarter of 2012. More than two-thirds of the targeted equity commitments regarding the total volume of EUR 150 million have already been subscribed. The first share certificates will be issued in the third quarter of 2012. Relationships with the German savings banks, who have invested primarily in the modular funds of PATRIZIA GewerbeInvest KAG mbH, could also be significantly strengthened. In these, the savings banks account for equity capital totaling EUR 905 million. If other companies from the Savings Banks Finance Group such as the federal state banks (Landesbanken) and insurance companies are included, the volume of committed equity totals approximately EUR 1.1 billion. In terms of volume, PATRIZIA GewerbeInvest KAG mbH is one of the strongest partners of the savings banks in the field of special real estate funds. A total of 38 savings banks from all over Germany have currently invested in funds of PATRIZIA GewerbeInvest KAG across different types of use. Successful purchases have been completed for both label funds, GLL BVK International Immobilien-Spezialfonds and LB Immo HBL.

Business Development in the Special Real Estate Solutions Segment

Co-investments

Süddeutsche Wohnen GmbH

The name of LBBW Immobilien GmbH was changed in the middle of June following the successful closing of the LBBW deal on March 28, 2012, and it now conducts business under the new name of "Süddeutsche Wohnen GmbH". This change was made as a result of an obligation in the purchase agreement.

WohnModul I – Project Development

A 50:50 joint venture with CA Immo was concluded in April 2012, which will manage the development of the “Baumkirchen Mitte” quarter. An architectural competition is currently being held for the first stage of construction of residential property. The project volume of the joint venture between CA Immo and PATRIZIA amounts to approximately EUR 238 million. It involves a total area of approximately 29,000 sqm with currently planned floor space of approximately 45,500 sqm for apartments and approximately 18,500 sqm for offices. The site of the new “Baumkirchen Mitte” quarter covers a total area of 140,283 sqm.

CO-INVESTMENTS PROJECT DEVELOPMENTS

City, projects	Project volume in EUR million	Marketable residential space in sqm	Property area in sqm	Completion in	PATRIZIA's share in %
				Q4/2013 to Q4/2015	
Augsburg, Provinostrasse	53,096	17,620	27,360	in 3 CP ¹	9.09
Düsseldorf, Belsenpark	49,901	11,296	7,615	Q1/2014 in 2 CP ¹	9.09
Düsseldorf, Gerresheim	35,797	- ²	192,893	Q4/2015	9.09
				Q1/2015 to Q4/2017	
Munich, Baumkirchen Mitte	215,563	55,638	18,245	in 4 CP ¹	4.45
TOTAL	354,357	84,554	246,113	-	-

¹ CP = Construction phases

² This property development project is currently under development.

5 NET ASSETS, FINANCIAL AND EARNINGS SITUATION

EARNINGS SITUATION OF THE PATRIZIA GROUP

CONSOLIDATED REVENUES

	2 nd quarter 2012	2 nd quarter 2011	1 st half 2012	1 st half 2011
	04/01 – 06/30/2012 EUR '000	04/01 – 06/30/2011 EUR '000	01/01 – 06/30/2012 EUR '000	01/01 – 06/30/2011 EUR '000
Revenues from residential property resales ¹	17,304	25,063	41,756	45,713
Revenues from asset repositioning ¹	0	6,233	1,290	11,733
Rental revenues	11,027	14,472	22,411	28,834
Revenues from fund transactions	6,206	4,110	11,239	8,178
Revenues from other services	4,664	1,288	18,082	2,657
Other ²	4,439	4,852	8,596	9,498
TOTAL	43,630	56,018	103,374	106,613

¹ Purchase price receipts from investment property are not included in revenues.

² The item "Other" primarily includes rental ancillary costs.

In the first half year 2012, **revenues** in residential property resale decreased by 8.7% to EUR 41.8 million. The main reason for the fall in revenues was the shift in sales from current assets (shown as revenues) to sales from non-current assets (not included in revenues) totaling EUR 31.1 million (first half of 2011: EUR 4.3 million). The share of sales from non-current assets totaled 41.9% in the first half of 2012 (first half of 2011: 6.9%). Total sales revenues (inventory and non-current assets) increased in the first half of 2012 by EUR 12.4 million or 20.1%. The average price per square meter in the first half of the year rose slightly to EUR 2,316 (first half of 2011: EUR 2,295/sqm). Due to the disposal of properties and the consequently reduced area available to rent, rental revenues decreased to EUR 22.4 million (-22.3%). Rent increases are moving in the opposite direction. At the end of the half year, the average monthly rent per square meter fell to EUR 7.59 due to the above-average sales in metropolitan areas (first half of 2011: EUR 7.95/sqm). The service segment contributed 28.3% (EUR 29.3 million) to group revenues in the period under review. Of this, EUR 11.2 million came from the two asset management companies, which continue to show pleasing development of business. The marked rise in revenues from additional services, which increased by more than 100.0% to EUR 18.1 million, is primarily due to the LBBW transaction.

At EUR 103.4 million, **group revenues** for the first half of 2012 were 3.0% below the figure for the previous year (EUR 106.6 million). However, as already indicated, sales revenues have only limited significance for PATRIZIA since the selling prices of properties reported in non-current assets are not reflected in sales revenues. Profits from sales are reported under item “gain on the disposal of investment property”. After deducting carrying amounts of EUR 28.0 million, purchase price receipts between January and June of EUR 31.1 million resulted in a profit of EUR 3.1 million. These disposals included block sales of 15 units and individual sales of 140 units.

PURCHASE PRICE REVENUES FROM SOLD REAL ESTATE

	2 nd quarter 2012	2 nd quarter 2011	1 st half 2012	1 st half 2011
	04/01 – 06/30/2012 EUR '000	04/01 – 06/30/2011 EUR '000	01/01 – 06/30/2012 EUR '000	01/01 – 06/30/2011 EUR '000
Sales revenues from inventories	17,304	31,296	43,046	57,446
Residential property resales	17,304	25,063	41,756	45,713
Block sales	0	6,233	1,290	11,733
Sales revenues from investment property¹	13,326	2,658	31,070	4,258
Residential property resales	13,326	533	28,080	533
Block sales	0	2,125	2,990	3,725
TOTAL	30,630	33,954	74,116	61,704

¹ Purchase price receipts from investment property are not included in revenues.

PORTFOLIO FIGURES BY QUARTER

	1 st quarter 2012 ¹	2 nd quarter 2012	1 st half of 2012	1 st half of 2011	2011
	01/01 – 03/31/2012	04/01 – 06/30/2012	01/01 – 06/30/2012	01/01 – 06/30/2011	01/01 – 12/31/2011
Own stock					
Individual sales	228	168	396	293	745
Average selling price via residential property resale	EUR 2,287/ sqm	EUR 2,363/ sqm	EUR 2,316/ sqm	EUR 2,295/ sqm	EUR 2,360/ sqm
Units via block sales	32	0	32	132	1,097
Average selling price via asset repositioning	EUR 1,869/ sqm	-/ sqm	EUR 1,869/ sqm	EUR 1,592/ sqm	EUR 1,679/ sqm
Average monthly rent ²	EUR 7.60/ sqm	EUR 7.58/ sqm	EUR 7.59/ sqm	EUR 7.95/ sqm	EUR 7.60/ sqm
Co-investments					
Residential property resale	29	42	71	0	0
Block sales	9	0	9	0	20
Service business					
Residential property resale	5	3	8	45	62
Block sales	47	0	47	53	406

¹ Changes are the result of a change in reporting from notarizing to ownership, usage and encumbrances.

² In the portfolio at the end of the quarter. The figure for the first half year relates to June 30; the figure for 2011 relates to December 31.

The positive start to residential property resale for the co-investments in the first quarter of 2012 also continued in the second quarter. A total of 80 units were sold from co-investments in the first half the year. In addition, a total of 55 units were sold from services, 8 units in residential property resale and 47 units in block sales in the first six months of 2012.

Changes in inventory in the first half of 2012 amounted to EUR -24.1 million. Decreases in the carrying value of real estate sold from inventory assets reduced inventory by EUR 35.6 million while capitalizations of EUR 11.5 million increased inventory.

At EUR 25.9 million, the **cost of materials** in the first six months was less than the previous year (EUR 80.1 million). The previous year included purchases (480 units in Munich and a property for project development). These purchases were performed with the firm intention of transferring the properties to WohnModul I. The cost of materials in the first half of 2012 include

EUR 1.2 million of ongoing maintenance (which cannot be capitalized) and EUR 6.4 million of renovation and conversion work. A further EUR 8.6 million was accounted for by construction and production costs.

Staff costs were EUR 21.6 million. The increase on the same six month in the previous year (EUR 16.3 million) was firstly due to the growth in staff levels compared with the first six month of 2011. Secondly, the staff costs include an increased provision resulting from the performing share units for the Managing Board and the management and which, among other things, takes the rise in the share price into account. The result for the first half of 2012 is reduced by EUR 0.5 million in this respect.

The **other operating expenses** of EUR 21.1 million for the first six months of 2012 include operating expenses of EUR 4.1 million, administrative expenses of EUR 5.2 million, selling expenses of EUR 9.4 million and other expenses of EUR 2.4 million. This item is particularly characterized by expenses relating to the conclusion of the LBBW transaction and mainly comprises consultancy services.

Earnings before interest and tax (EBIT) in the first half of 2012 amounted to EUR 18.2 million, 16.5% below the corresponding figure for the previous year (EUR 21.8 million). EBIT adjusted is determined by adjusting the non-cash effect from amortization on other intangible assets (fund management contracts). The fund management contracts were transferred in the course of the acquisition of PATRIZIA Gewerbelinvest KAG. In the first six months of 2012, ongoing amortizations of EUR 1.0 million were carried out, resulting in an adjusted EBIT of EUR 19.1 million. Further information is available under segment reporting in Section 12 of the Notes to the Consolidated Financial Statements.

In accordance with IFRS, market value changes arising from interest hedging transactions are reported in the Consolidated Income Statement. The market valuation is recognized in the **financial result** as income or expense depending on changes in the interest rate level, causing the results to fluctuate substantially. However, this has no influence on PATRIZIA's liquidity. Most of these **interest hedging transactions**, which guarantee us a fixed average interest rate of 3.99%, were concluded at the end of 2006/beginning of 2007 in connection with the financing of major real estate portfolios and will expire by mid-2014 at the latest. 88.2% of our loan obligations are currently secured using interest hedging instruments. The change in their fair value for the first six months of 2012 amounted to EUR 2.9 million.

MARKET VALUATION OF INTEREST RATE HEDGES

	1 st quarter 2012	2 nd quarter 2012	1 st half of 2012	1 st half of 2011	2011
	01/01 – 03/31/2012 EUR '000	04/01 – 06/30/2012 EUR '000	01/01 – 06/30/2012 EUR '000	01/01 – 06/30/2011 EUR '000	01/01 – 12/31/2011 EUR '000
Market valuation of interest hedging transactions	735	2,122	2,857	10,622	5,138

Cash-related changes in interest expenses for bank liabilities plus expenses for interest hedging amounted to EUR 16.8 million in the first half of 2012. In the first six months, financing costs (interest rate plus margin) averaged 4.94% (first half of 2011: 4.90%).

In order to judge the productive efficiency of the portfolio and the cash inflow from the properties during the holding period it is important to determine to what degree rental income covers the financing costs. Rental revenues between January and June 2012 (EUR 22.4 million) exceed the final result adjusted for income and expenses from interest rate hedging (EUR 17.4 million) by 28.6%. Further information on the financial result is available in Section 10 of the Notes to the Consolidated Financial Statements.

After deduction of the financial result, **earnings before tax (EBT)** amounted to EUR 9.0 million. As explained with reference to the financial result, differences are mainly due to the counteractive valuation effects arising from interest hedging transactions. We therefore report the adjusted pre-tax result – so-called EBT adjusted – in order to enable a comparison of the group's operating earning power. The reconciliation of EBT in accordance with IFRS to EBT adjusted is effected by making an adjustment to the financial result, which only includes cash-related financial income and expenses. After adjustment for the effects of changes in the market value of interest hedging transactions and amortization on fund management contracts already explained with reference to EBIT adjusted, there was an EBT adjusted of EUR 7.2 million for the period between January and June 2012. This was considerably higher than the result of the previous year (EUR 1.1 million) due to the LBBW transaction and higher sales figures from residential property resale.

DERIVATION OF THE ADJUSTED FIGURES

	2 nd quarter 2012	2 nd quarter 2011	1 st half of 2012	1 st half of 2011	2011
	04/01 – 06/30/2012 EUR '000	04/01 – 06/30/2011 EUR '000	01/01 – 06/30/2012 EUR '000	01/01 – 06/30/2011 EUR '000	01/01 – 12/31/2011 EUR '000
EBIT posted in accordance with IFRS	5,379	10,037	18,157	21,760	54,631
Amortization of intangible assets that resulted from the acquisition of PATRIZIA GewerbeInvest KAG	492	492	984	984	1,968
Change in value of investment property	0	0	0	0	-3
EBIT adjusted¹	5,871	10,530	19,141	22,744	56,596
Income from participations	5,438	0	5,438	0	5
Financial result	-6,137	-11,497	-14,568	-11,069	-34,730
Change in the value of derivatives	-2,122	1,430	-2,857	-10,622	-5,138
Change in value of fund shares	0	0	0	0	-21
EBT ADJUSTED^{1,2}	3,050	463	7,154	1,053	16,712

¹ Adjusted for amortization on other intangible assets (fund management contracts) and change in the value of investment property.

² Additionally adjusted for non-cash-related results from interest hedging transactions and change in the value of fund shares.

The consolidated result after deduction of taxes amounted to EUR 5.3 million in the first half of 2012. The tax expense in the first half mainly consisted of tax prepayments and contributions to tax provisions.

This produced **earnings per share** in the first half of 2012 of EUR 0.10 (first half of 2011: EUR 0.15).

The table below provides a summary of the key items in the consolidated income statement according to IFRS:

SUMMARY OF THE KEY ITEMS IN THE CONSOLIDATED INCOME STATEMENT

	2 nd quarter 2012	2 nd quarter 2011	1 st half 2012	1 st half 2011
	04/01 – 06/30/2012 EUR '000	04/01 – 06/30/2011 EUR '000	01/01 – 06/30/2012 EUR '000	01/01 – 06/30/2011 EUR '000
Revenues	43,639	56,018	103,374	106,613
Total operating performance	40,472	87,413	88,722	132,541
EBITDA	6,426	10,823	20,144	23,271
EBIT	5,379	10,037	18,157	21,760
EBIT adjusted ¹	5,871	10,530	19,141	22,744
EBT	4,680	-1,460	9,027	10,690
EBT adjusted ^{1,2}	3,050	463	7,154	1,053
Consolidated annual profit	2,113	-1,999	5,310	7,802

¹ Adjusted for amortization on other intangible assets (fund management contracts) and change in the value of investment property

² Additionally adjusted for non-cash-related results from interest hedging transactions and change in the value of fund shares

NET ASSET AND FINANCIAL SITUATION OF THE PATRIZIA GROUP**PATRIZIA NET ASSET AND FINANCIAL KEY FIGURES**

	06/30/2012 EUR '000	12/31/2011 EUR '000	Change in %
Total assets	1,041,010	1,102,284	-5.6
Equity (including non-controlling partners)	315,616	310,075	1.8
Equity ratio	30.3%	28.1%	2.2% points
Bank loans	631,616	693,352	-8.9
Cash and cash equivalents	29,388	31,828	-7.7
Net financial debt	602,228	661,524	-9.0
Real estate ¹	887,877	939,850	-5.5
Loan to value ²	71.1%	71.7%	-0.6% points
Net gearing ³	191.7%	214.4%	-22.7% points

¹ Real estate assets comprise investment property valued at fair value and real estate held in inventories valued at amortized cost

² Proportion of the volume of loans to real estate assets. Only investment property is calculated at fair value. Inventories are stated at amortized cost. Loans were adjusted for the financing of PATRIZIA GewerbeInvest KAG mbH.

³ The net gearing corresponds to the ratio between net financial debt and equity adjusted for minority interests.

As of June 30, 2012, **total assets** amounted to EUR 1,041.0 million. This represents a fall of EUR 5.6% compared with the figure on the 2011 balance-sheet date and is primarily due to the sales of real estate and the associated repayment of debts. In contrast, the increase in co-investments resulted in a rise in participations.

Inventories relate to those properties that are offered for sale as part of ordinary business operations. Since the 2011 balance sheet date, inventories fell by EUR 407.5 million to EUR 383.1 million due to disposals made in the first half of 2012.

Sales of investment property caused this item to decrease by EUR 28.0 million while refurbishment measures increased the value by EUR 0.4 million to EUR 504.8 million. Taking inventories and investment property together results in a carrying value of real estate assets on the balance sheet date, June 30, 2012, of EUR 887.9 million (December 31, 2011: EUR 939.9 million).

PATRIZIA's **financing structure** has continued to improve since the end of 2011. **Bank loans** decreased by further EUR 61.7 million to EUR 631.6 million (-8.9%). Sales enabled loan repayments in a volume of EUR 57.7 million. In addition, an amount of EUR 4.0 million was repaid in respect of purchase loans of PATRIZIA GewerbeInvest. No new financing was taken out for our own book. A schedule of maturities for our loans is listed in Section 8 of the Notes to the Consolidated Financial Statements of this interim report. **Cash and cash equivalents** sank by

7.7% to EUR 29.4 million (December 31, 2011: EUR 31.8 million). This resulted in net financial debt of EUR 602.2 million. The group's equity ratio improved to 30.3% (December 31, 2011: 28.1%). It is therefore above our target range of 25 – 30%.

CALCULATION OF NAV

	06/30/2012 EUR '000	12/31/2011 EUR '000
Investment property ¹	504,753	532,321
Investments in joint ventures	18	18
Participations in associated companies	6,809	6,809
Participations	18,413	3,134
Inventories ²	383,124	407,529
Current receivables and other current assets ³	30,723	48,735
Bank balances and cash ³	41,738	43,690
Less bank loans ³	-616,016	-673,752
NAV	369,562	368,484
No. of shares	52,130,000	52,130,000
NAV/SHARE (EUR)	7.09	7.07

¹ Fair market valuation

² Valuation at amortized cost

³ Figures excluding PATRIZIA GewerbelInvest KAG mbH, purchase loans eliminated and cash and cash equivalents increased by outflow of equity

At this point it is important to mention that service business is not mapped in the calculation of NAV and that inventory assets are accounted for at purchase cost.

6 OPPORTUNITY AND RISK REPORT

In the course of its business activities, PATRIZIA Immobilien AG is confronted with both opportunities and risks. The necessary measures have been taken and processes put in place in the group to identify negative trends and risks in good time and to counteract them. Since the annual accounts for the fiscal year 2011 there have been no significant changes related to the opportunity and risk profile to indicate any new risks or opportunities for the group. The assessment of probabilities and potential extent of damage has led to no significant changes in the interim risk audit.

From the current perspective, all risks are limited and do not pose a threat to PATRIZIA's continued existence. The statements in the risk report of the Annual Report 2011 still apply. Please refer to the risk report on pages 73 ff. of the Annual Report 2011 of PATRIZIA Immobilien AG for a detailed description of the opportunities and risks for the group. No other risks are currently known to the Managing Board of PATRIZIA Immobilien AG.

7 SUPPLEMENTARY REPORT

PATRIZIA's vision is to become "the" fully integrated real estate investment company in Europe by 2015. For this reason PATRIZIA opened office in Copenhagen after the after the end of the period under review on July 1, 2012. A further office was opened in Paris on July 16, 2012.

Likewise, a capital increase from company fund was successfully performed and bonus shares were issued in a ratio of 10:1. This will cause the number of registered no-par value shares to increase to 57,343,000 in the third quarter of 2012. Share capital will then total EUR 57,343,000 representing an increase EUR 5,213,000.

Furthermore, PATRIZIA WohnInvest KAG mbH was able to successfully sign notarial deeds for three purchases in Munich and Frankfurt after June 30, 2012.

8 FORECAST REPORT

Additional properties were added to the sales portfolio of residential property resale in second quarter of 2012. We expect that the initial effects of this to be seen in our results in the third and fourth quarters. Furthermore, we also assume that the number of block sales will increase significantly in the second half of the year.

We will also continue to expand the service segment in the second half of 2012. Even in the current year, we are expecting this segment's share of the consolidated result to increase to around 50%.

The Managing Board of PATRIZIA Immobilien AG expects to increase EBT adjusted by around 20% in the 2012 fiscal year compared with 2011. Based on development in the first six months, this target would appear achievable.

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

AS OF JUNE 30, 2012

ASSETS

EUR '000	06/30/2012	12/31/2011
A. Non-current assets		
Goodwill	610	610
Other intangible assets	44,275	45,227
Software	5,568	5,280
Investment property	504,753	532,321
Equipment	3,347	2,762
Investments in joint ventures	18	18
Participations in associated companies	6,809	6,809
Participations	18,413	3,134
Long-term tax assets	124	846
Total non-current assets	583,917	597,007
B. Current assets		
Inventories	383,124	407,529
Securities	10	1,634
Short-term tax assets	5,838	4,279
Current receivables and other current assets	38,733	60,007
Bank balances and cash	29,388	31,828
Total current assets	457,093	505,277
TOTAL ASSETS	1,041,010	1,102,284

EQUITY AND LIABILITIES

EUR '000	06/30/2012	12/31/2011
A. Equity		
Share capital	52,130	52,130
Capital reserves	215,857	215,862
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	1,509	1,563
Valuation results from cash flow hedges	-1,095	-1,331
Consolidated net profit	46,710	41,346
Total equity	315,616	310,075
B. Liabilities		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	25,187	26,314
Long-term financial derivatives	30,524	33,470
Retirement benefit obligations	371	371
Long-term bank loans	394,651	417,685
Non-current liabilities	2,377	2,410
Total non-current liabilities	453,110	480,250
CURRENT LIABILITIES		
Short-term bank loans	236,965	275,667
Short-term financial derivatives	41	233
Other provisions	638	1,092
Current liabilities	21,434	22,644
Tax liabilities	13,206	12,323
Total current liabilities	272,284	311,959
TOTAL EQUITY AND LIABILITIES	1,041,010	1,102,284

Consolidated Income Statement

FOR THE PERIOD FROM JANUARY 1, 2012 TO JUNE 30, 2012

EUR '000	2 nd quarter 2012	2 nd quarter 2011	1 st half of 2012	1 st half of 2011
	04/01/ – 06/30/2012	04/01/ – 06/30/2011	01/01/ – 06/30/2012	01/01/ – 06/30/2011
Revenues	43,639	56,018	103,374	106,613
Income from the sale of investment property	1,456	183	3,133	308
Changes in inventories	-6,139	29,979	-24,066	18,232
Other operating income	1,516	1,233	6,281	7,388
Total operating performance	40,472	87,413	88,722	132,541
Cost of materials	-14,684	-6,132	-25,931	-80,079
Staff costs	-10,959	-8,516	-21,586	-16,321
Results from fair value adjustments to investment property	0	0	0	0
Other operating expenses	-8,403	-6,942	-21,061	-12,871
EBITDA	6,426	10,823	20,144	23,271
Amortization of software and depreciation on equipment	-1,047	-786	-1,987	-1,511
Profit/loss before interest and income taxes (EBIT)	5,379	10,037	18,157	21,760
Income from participations	5,438	0	5,438	0
Finance income	2,273	-1,288	3,202	11,903
Finance cost	-8,410	-10,209	-17,770	-22,972
Profit/loss before income taxes (EBT)	4,680	-1,460	9,027	10,690
Income tax	-2,567	-540	-3,717	-2,889
Net profit/loss	2,113	-1,999	5,310	7,802
Profit carried forward	44,420	37,531	41,223	27,730
CONSOLIDATED NET PROFIT	46,533	35,531	46,533	35,531
Earnings per share (undiluted), in EUR	0.04	-0.04	0.10	0.15
The net profit/loss for the period is allocated to:				
Shareholders of the parent company	2,143	-1,981	5,364	7,827
Non-controlling shareholders	-30	-18	-54	-25
	2,113	-1,999	5,310	7,802

Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM JANUARY 1, 2012 TO JUNE 30, 2012

EUR '000	2 nd quarter 2012	2 nd quarter 2011	1 st half of 2012	1 st half of 2011
	04/01/ – 06/30/2012	04/01/ – 06/30/2011	01/01/ – 06/30/2012	01/01/ – 06/30/2011
Consolidated net profit/loss	2,113	-1,999	5,310	7,802
Other result				
Cash flow hedges				
Amounts recorded during the reporting period	204	-80	236	881
Reclassification of amounts that were recorded	0	0	0	749
Total result for the reporting period	2,317	-2,079	5,546	9,432
The total result is allocated to:				
Shareholders of the parent company	2,347	-2,062	5,600	9,456
Non-controlling shareholders	-30	-18	-54	-25
	2,317	-2,079	5,546	9,432

Consolidated Cash Flow Statement

FOR THE PERIOD FROM JANUARY 1, 2012 TO JUNE 30, 2012

EUR '000	01/01 – 06/30/2012	01/01 – 06/30/2011
Consolidated net profit/loss	5,310	7,802
Actual income taxes recognized through profit or loss	3,717	1,520
Financing costs recognized through profit or loss	17,770	21,677
Income from financial investments recognized through profit or loss	-245	-339
Amortization of intangible assets and depreciation on property, plant and equipment	1,987	1,511
Results from fair value adjustments to investment property	0	0
Loss from/gain on disposal of investment properties	-3,133	-308
Change in deferred taxes	-449	1,534
Change in retirement benefit obligations	0	0
Ineffectiveness of cash flow hedges	-2,857	-10,928
Changes in inventories, receivables and other assets that are not attributable to investing activities	45,631	-31,055
Changes in liabilities that are not attributable to financing activities	-884	1,215
Interest paid	-16,789	-20,775
Interest received	134	192
Income tax payments/refunds	-4,436	-882
Cash inflow/outflow from operating activities	45,756	-28,907
Capital investments in intangible assets and property, plant and equipment	-1,876	-4,020
Cash receipts from disposal of intangible assets and property, plant and equipment	0	4
Cash receipts from disposal of investment property	31,046	4,257
Payment for acquisition of a subsidiary company	0	-28,626
Payments for development or acquisition of investment property	-345	-356
Payments for the acquisition of shareholdings	-15,279	0
Cash receipts from the disposal of consolidated companies and other business units	0	0
Payments for the acquisition of consolidated companies and other business units	0	0
Cash inflow/outflow from investing activities	13,546	-28,741
Borrowing of loans	5,940	78,676
Repayment of loans	-67,677	-70,171
Payment for the issuance of shares	-5	0
Cash inflow/outflow from financing activities	-61,742	8,504
Changes in cash	-2,440	-49,144
Cash January 1	31,828	70,537
Cash June 30	29,388	21,393

Consolidated Statement of Changes in Equity

FOR THE PERIOD FROM JANUARY 1, 2012 TO JUNE 30, 2012

EUR '000	Share capital	Capital reserve	Valuation result from Cash Flow Hedges	Retained earnings (legal reserve)	Consolidated net profit/loss	Shareholders of the parent company	Non-controlling shareholders	Total
Balance January 1, 2011	52,130	215,862	-2,372	505	27,775	293,900	832	294,732
Net amount recognized directly in equity, where applicable less income taxes			1,630			1,630		1,630
Additional non-controlling shareholders which originated in the course of the PATRIZIA Gewerbelinvest KAG mbH acquisition							1,889	1,889
Net profit/loss for the period					7,826	7,826	-25	7,801
Full overall result for the fiscal year			1,630		7,826	9,456	-25	9,431
BALANCE JUNE 30, 2011	52,130	215,862	-742	505	35,601	303,356	2,696	306,052
Balance January 1, 2012	52,130	215,862	-1,331	505	41,346	308,512	1,563	310,075
Net amount recognized directly in equity, where applicable less income taxes			236			236		236
Expense for the issuance of shares		-5				-5		-5
Net profit/loss for the period					5,364	5,364	-54	5,310
Full overall result for the fiscal year			236			5,600	-54	5,546
BALANCE JUNE 30, 2012	52,130	215,857	-1,095	505	46,710	314,107	1,509	315,616

Notes to the Consolidated Interim Financial Statements

TO JUNE 30, 2012 (FIRST HALF OF 2012)

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 and European real estate market. PATRIZIA Immobilien AG, along with its subsidiaries, is a fully integrated real estate investment company. It specializes in buying high-quality residential and commercial real estate at commercially attractive locations in Germany and in Europe and in optimizing them with the aim of increasing their value and subsequently reselling the real estate. The PATRIZIA Group performs all services along the value-added chain in the real estate sector. The Company also launches special real estate funds in accordance with investment law via its subsidiaries PATRIZIA WohnInvest KAG mbH and PATRIZIA GewerbeInvest KAG mbH.

2 PRINCIPLES APPLIED IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

These unaudited consolidated interim financial statements of PATRIZIA Immobilien AG for the first half of 2012 (January 1 through June 30, 2012) were prepared in accordance with Article 37 (3) of the Wertpapierhandelsgesetz [WpHG – German Securities Trading Act] in conjunction with Article 37w (2) WpHG in line with the IFRS and in compliance with the provisions of German commercial law additionally applicable as per Article 315a (1) of the German Commercial Code [HGB]. All compulsory official announcements of the International Accounting Standards Board (IASB) that have been adopted by the EU in the context of the endorsement process (i. e. published in the Official Journal of the EU) have been applied.

From the perspective of the Company's management, the present unaudited consolidated interim financial statements for the period ended June 30, 2012 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. The earnings generated in the first six months of 2012 are not necessarily an indication of future earnings or of the expected total earnings for fiscal year 2012.

When preparing the consolidated financial statements for the interim report in line with IAS 34 "Interim Financial Reporting", the Managing Board 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 2011. 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, 2011, which are contained in the Company's 2011 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 included in the consolidated financial statements of PATRIZIA Immobilien AG. The Group includes all companies controlled by PATRIZIA Immobilien AG. In addition to the parent company, the scope of consolidation comprises 54 subsidiaries. They are included in the consolidated financial statements in line with the rules of full consolidation. In addition, one joint venture company and one participating interest in a SICAV are accounted for at equity in the consolidated financial statements. The SICAV is a stock corporation with variable equity in accordance with the laws of Luxembourg. In addition, 30% of the limited liability capital is held in one project development company (in the form of a GmbH & Co. KG). A significant influence does not apply here because provisions in the partnership agreement mean that management cannot be exercised, that a significant influence cannot be exerted on the management and that there is no entitlement to appoint members of the governing organs. The shares in the project development company are administered as an associated company and are accounted for at purchase cost.

Joint ventures are companies that do not meet the criteria to be classified as subsidiaries since with regard to influencing their business and financial policies, two or more partner companies are bound to common management under a contractual agreement.

Associated companies are companies in which PATRIZIA has a holding and significant influence but no supervision or joint management. The shares are accordingly valued at their fair value and changes to the fair value are reported in the net result.

COMPANY ACQUISITIONS

Under a notarial purchase agreement dated February 2, 2012, PATRIZIA Immobilien AG acquired Blitz 12-541 GmbH, Munich; the company name was changed to Carl Carry GmbH as of June 21, 2012. The company's share capital is EUR 25,000. The company is a limited partnership and will provide management services for a real estate portfolio.

Under a notarial purchase agreement dated February 2, 2012, PATRIZIA Immobilien AG acquired Blitz 12-543 GmbH, Munich; the company name was changed to Carl A-Immo Verwaltungs GmbH as of June 21, 2012. The company's share capital is EUR 25,000. The company is a limited partnership and will provide management services for a real estate portfolio.

Under a notarial purchase agreement dated February 2, 2012, PATRIZIA Immobilien AG acquired Blitz 12-545 GmbH, Munich; the company name was changed to Carl HR Verwaltungs GmbH as of June 21, 2012. The company's share capital is EUR 25,000. The company is a limited partnership and will provide management services for a real estate portfolio.

Under a notarial purchase agreement dated February 2, 2012, PATRIZIA Immobilien AG acquired Blitz 12-549 GmbH, Munich; the company name was changed to Carl B-Immo Verwaltungs GmbH as of June 21, 2012. The company's share capital is EUR 25,000. The company is a limited partnership and will provide management services for a real estate portfolio.

Under a notarial purchase agreement dated April 15, 2012, PATRIZIA Immobilien AG acquired ApS STAKE Nr. 1702, Copenhagen, Denmark; the company name was changed to PATRIZIA Nordics ApS as of April 20, 2012. The company's share capital is DKK 80,000. The company will provide services in the field of real estate in Denmark.

COMPANY DISPOSALS

Under a notarial purchase agreement dated April 16, 2012, PATRIZIA Immobilien AG sold 94.9% of PATRIZIA Projekt 220 GmbH to PATRIZIA WohnModul I Zwischenholding S.à r.l., Luxembourg. The company was deconsolidated from the PATRIZIA consolidated financial statements on the same date.

4 INVESTMENT PROPERTY

Qualifying real estate as an investment is based on a corresponding management decision to use the real estate in question to generate rental income and thus liquidity, while realizing higher rent potential over a long period and, accordingly, an increase in value. The share of owner-occupier use does not exceed 10% of the rental space. Investment property is measured at fair value, with changes in value recognized through profit or loss.

Investment property is measured at market values. In principle, investment property is measured on the basis of external appraisals carried out by independent experts using current market prices or using customary valuation methods and consideration of the current and long-term rental situation. The residential property resale process was launched for individual investment properties in the period 2010 - 2012. Valuation of these properties is based on current comparative values.

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

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

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

5 PARTICIPATIONS

The item "Participations" is made up of the following categories:

Investments in Joint Ventures

This item includes the 50% share in meriodomus GmbH (previous year: 50%).

Participations in Associated Companies

The item includes the 9.09% (previous year: 0%) share in PATRIZIA WohnModul I SICAV-FIS.

Participations

The item includes the 5.2% (previous year: 5.2%) share in Hyrebostäder i Norra Tyskland Verwaltungs GmbH, the 6.25% (previous year: 6.25%) share in PATRoffice Real Estate GmbH & Co. KG, the 5.1% (previous year: 5.1%) shares in PATRIZIA Projekt 430 GmbH, PATRIZIA Projekt 440 GmbH and PATRIZIA Real Estate S.à r.l., as well as the 30% (previous year: 0%) share in Projekt Feuerbachstrasse GmbH & Co. KG. Furthermore, this item also includes the 10% share in PATRIZIA Projekt 150 GmbH, the 14.1% share in CARL A-Immo GmbH & Co KG (formerly Blitz 12-544 GmbH) and the 7.5% share in CARL HR GmbH & Co KG (formerly Blitz 12-546).

6 INVENTORIES

The Inventories item contains real estate that is intended for sale in the context of ordinary activities or that is intended for such sale in the context of the construction or development process; in particular, it includes real estate that has been acquired solely for the purpose of resale in the near future or for development and resale. Development also covers pure modernization and renovation activities. Assessment and qualification as an inventory is undertaken within the context of the purchasing decision and implemented in the balance sheet as at the date of addition.

PATRIZIA has defined the operating business cycle as three years, because based on experience the majority of the units to be sold are sold and recognized during this time period. However, inventories are still intended for direct sale even if they are not recognized within three years.

Inventories are carried at cost. Acquisition costs comprise the directly attributable purchase and commitment costs; production costs comprise the costs directly attributable to the real estate development process.

7 EQUITY

As at the reporting date, the share capital of PATRIZIA Immobilien AG remained at TEUR 52,130 and was divided into 52,130,000 no-par value shares. For the development of equity, please see the consolidated statement of changes in equity. As of June 30, 2012, equity improved to EUR 315.6 million (December 31, 2011: EUR 310.1 million).

8 BANK LOANS

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

All loans are in euro. Where real estate is sold, financial liabilities are in principle redeemed through repayment of a specific share of the sale proceeds.

In the table below, bank loans with a residual term of less than one year include loans whose terms end within the 12 months following the reporting date and also revolving lines of credit used. Irrespective of the terms presented in the table below, loans which serve to finance inventories are in principle reported as current loans in the balance sheet.

The residual terms of the bank loans are as follows:

BANK LOANS

EUR '000	06/30/2012	03/31/2012	12/31/2011
Less than 1 year	113,598	82,869	90,044
1 to 2 years	508,799	72,808	81,095
More than 2 to 5 years	9,201	502,612	522,213
More than 5 years	18	0	0
TOTAL	631,616	658,289	693,352

MATURITY OF LOANS BY FISCAL YEAR (JANUARY 1 TO DECEMBER 31)

Year	Amount of loans due as at					
	06/30/2012		03/31/2012		12/31/2011	
	EUR '000	in %	EUR '000	in %	EUR '000	in %
2012	84,598	13.4	82,869	12.6	90,044	13.0
2013	55,051	8.7	60,808	9.2	81,095	11.7
2014	484,349	76.7	503,476	76.5	514,613	74.2
2015	7,600	1.2	11,136	1.7	7,600	1.1
2028	18	0	0	0	0	0
TOTAL	631,616	100	658,289	100	693,352	100

MATURITY OF LOANS BY QUARTER

Year	Quarter	Amount of loans due as at 06/30/2012	
		EUR '000	in %
2012	Q3	41,461	6.6
	Q4	43,137	6.8
2013	Q2	27,000	4.4
	Q3	18,553	2.9
	Q4	9,498	1.5
2014	Q1	8,000	1.3
	Q2	474,781	75.2
	Q4	1,568	0.1
2015	Q1	7,600	1.2
2028	Q2	18	0
TOTAL		631,616	100

9 REVENUES

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

10 FINANCIAL RESULT

EUR '000	2 nd quarter	2 nd quarter	1 st half year	1 st half year	2011
	2012	2011	2012	2011	2011
	04/01 – 06/30/2012	04/01 – 06/30/2011	01/01 – 06/30/2012	01/01 – 06/30/2011	01/01 – 12/31/2011
Interest on bank deposits	43	50	85	208	1,722
Income from securities	0	35	0	71	96
Change in the value of derivatives	2,122	-1,430	2,857	11,511	6,028
Other interest	108	57	260	114	1,142
Finance income	2,273	-1,288	3,202	11,903	8,988
Interest on revolving lines of credit and loans	-3,121	-5,965	-7,458	-11,533	-23,564
Interest-rate hedging expense	-4,658	-4,336	-9,331	-8,969	-16,851
Change in the value of derivatives	0	0	0	-889	-889
Other finance costs	-631	92	-981	-1,581	-2,414
Financial expenses	-8,410	-10,209	-17,770	-22,972	-43,718
FINANCIAL RESULT	-6,137	-11,497	-14,568	-11,069	-34,730
Financial result adjusted for valuation effects	-8,259	-10,067	-17,425	-21,690	-39,869

11 EARNINGS PER SHARE

	2 nd quarter 2012	2 nd quarter 2011	1 st half year 2012	1 st half year 2011	2011
	04/01 – 06/30/2012	04/01 – 06/30/2011	01/01 – 06/30/2012	01/01 – 06/30/2011	01/01 – 12/31/2011
Net profit/loss for the period (in EUR '000)	2,113	-1,999	5,310	7,802	13,493
Number of shares issued	52,130,000	52,130,000	52,130,000	52,130,000	52,130,000
Weighted number of shares	52,130,000	52,130,000	52,130,000	52,130,000	52,130,000
EARNINGS PER SHARE (IN EURO)	0.04	-0.04	0.10	0.15	0.26

There were no diluted earnings per share in the reporting period or in the same quarter of the previous year. The Annual General Meeting held on June 20, 2012, agreed to the capital increase from company funds in the amount of TEUR 5,213. The entry in the commercial register was effected on July 12, 2012. As of June 30, 2012, authorized capital amounted to TEUR 26,065.

12 SEGMENT REPORTING

The corporate divisions are segmented as follows:

The Residential segment bundles all activities relating to own investment, services, funds and also the co-investment WohnModul I in the field of residential estate. The commission revenues from the co-investment are included in the portfolio management services revenues. The real estate portfolio for residential property resale and asset repositioning is held as own investments. Clients include private and institutional investors that invest either in individual residential units or in real estate portfolios. As of the balance sheet date, the segment had a portfolio of 7,056 residential units (previous year: 8,878) that are listed as investment property and inventories. PATRIZIA WohnInvest KAG mbH is also part of this segment. The segment currently manages around EUR 3.3 billion in assets under management.

The Commercial segment combines the same portfolio of services for commercial real estate. This also covers the special fund provider for real estate PATRIZIA GewerbeInvest KAG mbH and the co-investment PATRoffice Real Estate GmbH & Co. KG. The only proprietary investment of PATRIZIA is currently a commercial property with 25 units or 12,182 sqm. The segment manages assets of around EUR 3.4 billion.

PATRIZIA Projektentwicklung GmbH, PATRIZIA Immobilienmanagement GmbH, PATRIZIA Alternative Investments GmbH and PATRIZIA Sales GmbH, which serve both the residential and commercial real estate sectors, form the segment Special Real Estate Solutions. This includes services for group companies, the co-investments WohnModul I and Süddeutsche Wohnen GmbH (formerly LBBW Immobilien GmbH) and also third parties. The commission revenues from the co-investment are included in the portfolio management services revenues.

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

The PATRIZIA Group's internal control and reporting measures are primarily based on the principles of accounting under IFRS. The Group measures the success of its segments using segment earnings, which for the purposes of internal control and reporting are referred to as "EBIT", "EBT", "EBIT adjusted" and "EBT adjusted".

EBT comprises the total of revenues, income from the sale of investment property, changes in inventories, cost of materials and staff costs, amortization and depreciation, other operating income and expenses as well as earnings from investments (including investment property valued at equity) and the financial result. EBIT denotes EBT minus the financial result. To determine adjusted EBIT, allowances are made for the non-liquidity-related effect of amortizations of other intangible assets (fund management contracts) created in the course of the acquisition of PATRIZIA GewerbeInvest KAG mbH. Further adjustments are also made to account for the results of the market valuation of the interest-rate hedging instruments.

The PATRIZIA Group's intercompany sales indicate the amount of revenues between the segments. Intercompany services are invoiced at market prices.

PATRIZIA's principal activities extend primarily across Germany. For this reason, no geographical segment is set out. PATRIZIA is currently in the process of designating its business activities on the basis of selected European regions.

The individual segment figures are set out below. The reporting of amounts in TEUR can result in rounding differences. The calculation of individual financial figures is carried out on the basis of non-rounded figures.

SECOND QUARTER 2012 (APRIL 1 – JUNE 30, 2012)

EUR '000	Residential	Commercial	Special Real Estate Solutions	Corporate/Consolidation	Total
Portfolio-Management					
Third-party revenues	2,175	430	1,889	170	4,665
Rental revenues	0	0	0	0	0
Revenues from services	2,175	430	1,889	170	4,664
Intercompany revenues	3,343	183	1,381	-4,907	0
Own Investments					
Residential Property Resale					
Third-party revenues	19,693	-	324	-	20,017
Rental revenues	1,577	-	0	-	1,577
Purchase price revenues from single unit sales	17,304	-	-1	-	17,304
Purchase price revenues from bloc sales	0	-	0	-	0
Other revenues	812	-	324	-	1,137
Intercompany revenues	19	-	6	-24	0
Asset Repositioning					
Third-party revenues	12,192	560	-	-	12,751
Rental revenues	9,085	364	-	-	9,449
Purchase price revenues from bloc sales	0	0	-	-	0
Other revenues	3,107	195	-	-	3,302
Intercompany revenues	37	8	-	-45	0
Funds					
Third-party revenues	1,411	4,795	-	-	6,206
Revenues from services	1,411	4,795	-	-	6,206
Intercompany revenues	0	0	-	-	0
Total Group Revenues					
Third-party revenues	35,471	5,784	2,213	170	43,639
Rental revenues	10,662	364	0	0	11,027
Revenues from services	3,586	5,225	1,889	170	10,870
Purchase price revenues from single unit sales	17,304	0	-1	0	17,304
Purchase price revenues from bloc sales	0	0	0	0	0
Other revenues	3,919	195	324	0	4,439
Intercompany revenues	3,399	191	1,387	-4,977	0
Finance income	1,670	-42	-315	960	2,274
Finance cost	-5,319	86	430	-3,607	-8,410
Significant non-cash earnings					
Market valuation income derivatives	2,122	0	0	0	2,122
Market valuation expenditures derivatives	0	0	0	0	0
Results from fair value adjustments to investment property	0	0	0	0	0
Amortization of other intangible assets	0	-492	0	0	-492
Valuation of fund shares	0	0	0	0	0
Segment result EBIT	10,817	-79	-12,910	7,550	5,379
Segment result EBT	9,241	-675	1,523	-5,409	4,680
Segment result EBIT adjusted	10,817	413	-12,910	7,550	5,871
Segment result EBT adjusted	7,119	-183	1,523	-5,409	3,050
Thereof result from participating interests (incl. investments valued at equity)	0	0	5,438	0	5,438
Segment assets	817,512	73,227	54,790	95,480	1,041,010
thereof carrying amounts of participating interests (incl. investments valued at equity)	0	3,107	15,223	6,910	25,240
Segment liabilities	-633,825	-49,994	-33,026	-8,550	-725,394

SECOND QUARTER 2011 (APRIL 1 – JUNE 30, 2011)

EUR '000	Residential	Commercial	Special Real Estate Solutions	Corporate/ Consolida- tion	Total
Portfolio-Management					
Third-party revenues	285	394	851	1	1,531
Rental revenues	0	116	76	1	193
Revenues from services	236	278	775	0	1,289
Intercompany revenues	2,987	993	1,261	-5,314	-72
Own Investments					
Residential Property Resale					
Third-party revenues	38,042	-	1	-	38,043
Rental revenues	5,022	-	1	-	5,023
Purchase price revenues from single unit sales	25,063	-	0	-	25,063
Purchase price revenues from bloc sales	6,233	-	0	-	6,233
Other revenues	1,724	-	0	-	1,724
Intercompany revenues	55	-	0	-	55
Asset Repositioning					
Third-party revenues	11,803	532	-	-	12,335
Rental revenues	8,911	345	-	-	9,256
Purchase price revenues from bloc sales	0	0	-	-	0
Other revenues	2,892	187	-	-	3,079
Intercompany revenues	17	0	-	-	17
Funds					
Third-party revenues	1,040	3,069	-	-	4,110
Revenues from services	1,040	3,069	-	-	4,110
Intercompany revenues	0	0	-	-	0
Total Group Revenues					
Third-party revenues	51,171	3,995	852	1	56,018
Rental revenues	13,933	461	78	1	14,472
Revenues from services	1,277	3,347	775	0	5,398
Purchase price revenues from single unit sales	25,063	0	0	0	25,063
Purchase price revenues from bloc sales	6,233	0	0	0	6,233
Other revenues	4,665	187	0	0	4,852
Intercompany revenues	3,059	994	1,261	-5,314	0
Finance income	-1,291	329	243	-569	-1,288
Finance cost	-12,556	-936	-722	4,004	-10,209
Significant non-cash earnings					
Market valuation income derivatives	-1,573	143	0	0	-1,430
Market valuation expenditures derivatives	0	0	0	0	0
Results from fair value adjustments to investment property	0	0	0	0	0
Amortization of other intangible assets	0	-984	0	492	-492
Valuation of fund shares	0	0	0	0	0
Segment result EBIT	14,469	114	-1,375	-3,172	10,037
Segment result EBT	622	-492	-1,854	263	-1,460
Segment result EBIT adjusted	14,469	1,098	-1,375	-3,663	10,530
Segment result EBT adjusted	2,196	348	-1,854	-229	463
Thereof result from participating interests (incl. investments valued at equity)					
	-	-	-	0	0
Segment assets	1,016,297	38,893	86,753	98,044	1,239,987
thereof carrying amounts of participating interests (incl. investments valued at equity)	0	3,117	0	0	3,117
Segment liabilities	-786,980	-29,781	-78,725	-38,449	-933,935

FIRST HALF OF 2012 (JANUARY 1 – JUNE 30, 2012)

EUR '000	Residential	Commercial	Special Real Estate Solutions	Corporate/Consolidation	Total
Portfolio-Management					
Third-party revenues	3,498	567	13,845	174	18,084
Rental revenues	0	0	0	1	1
Revenues from services	3,498	567	13,845	173	18,083
Intercompany revenues	5,358	339	2,280	-7,977	0
Own Investments					
Residential Property Resale					
Third-party revenues	48,557	-	324	-	48,881
Rental revenues	4,749	-	0	-	4,750
Purchase price revenues from single unit sales	41,756	-	0	-	41,756
Purchase price revenues from bloc sales	0	-	0	-	0
Other revenues	2,052	-	324	-	2,376
Intercompany revenues	49	-	6	-54	0
Asset Repositioning					
Third-party revenues	24,091	1,079	-	-	25,170
Rental revenues	16,962	699	-	-	17,660
Purchase price revenues from bloc sales	1,290	0	-	-	1,290
Other revenues	5,840	380	-	-	6,220
Intercompany revenues	53	23	-	-75	0
Funds					
Third-party revenues	2,883	8,356	-	-	11,239
Revenues from services	2,883	8,356	-	-	11,239
Intercompany revenues	0	0	-	-	0
Total Group Revenues					
Third-party revenues	79,029	10,002	14,169	174	103,374
Rental revenues	21,711	699	0	1	22,411
Revenues from services	6,381	8,923	13,845	173	29,321
Purchase price revenues from single unit sales	41,756	0	0	0	41,756
Purchase price revenues from bloc sales	1,290	0	0	0	1,290
Other revenues	7,891	380	324	0	8,596
Intercompany revenues	5,460	362	2,285	-8,107	0
Finance income	2,897	138	9	158	3,202
Finance cost	-16,477	-779	-406	-108	-17,770
Significant non-cash earnings					
Market valuation income derivatives	2,857	0	0	0	2,857
Market valuation expenditures derivatives	0	0	0	0	0
Results from fair value adjustments to investment property	0	0	0	0	0
Amortization of other intangible assets	0	-984	0	0	-984
Valuation of fund shares	0	0	0	0	0
Segment result EBIT	21,569	287	-6,855	3,156	18,157
Segment result EBT	10,061	-995	7,067	-7,107	9,027
Segment result EBIT adjusted	21,569	1,271	-6,855	3,156	19,141
Segment result EBT adjusted	7,204	-11	7,067	-7,107	7,154
Thereof result from participating interests (incl. investments valued at equity)	0	0	5,438	0	5,438
Segment assets	817,512	73,227	54,790	95,480	1,041,010
thereof carrying amounts of participating interests (incl. investments valued at equity)	0	3,107	15,223	6,910	25,240
Segment liabilities	-633,825	-49,994	-33,026	-8,550	-725,394

FIRST HALF OF 2011 (JANUARY 1 – JUNE 30, 2011)

EUR '000	Residential	Commercial	Special Real Estate Solutions	Corporate/ Consolida- tion	Total
Portfolio-Management					
Third-party revenues	486	823	1,653	1	2,963
Rental revenues	0	154	110	1	266
Revenues from services	437	669	1,543	0	2,648
Intercompany revenues	5,669	1,850	2,978	-10,669	-173
Own Investments					
Residential Property Resale					
Third-party revenues	70,644	-	222	-	70,866
Rental revenues	9,910	-	214	-	10,123
Purchase price revenues from single unit sales	45,713	-	0	-	45,713
Purchase price revenues from bloc sales	11,733	-	0	-	11,733
Other revenues	3,289	-	8	-	3,297
Intercompany revenues	123	-	0	-	123
Asset Repositioning					
Third-party revenues	23,530	1,078	-	-	24,608
Rental revenues	17,749	696	-	-	18,445
Purchase price revenues from bloc sales	0	0	-	-	0
Other revenues	5,781	382	-	-	6,163
Intercompany revenues	31	19	-	-	50
Funds					
Third-party revenues	1,827	6,351	-	-	8,178
Revenues from services	1,827	6,351	-	-	8,178
Intercompany revenues	0	0	-	-	0
Total Group Revenues					
Third-party revenues	96,487	8,252	1,875	1	106,613
Rental revenues	27,658	850	324	1	28,834
Revenues from services	2,264	7,020	1,552	0	10,835
Purchase price revenues from single unit sales	45,713	0	0	0	45,713
Purchase price revenues from bloc sales	11,733	0	0	0	11,733
Other revenues	9,118	382	0	0	9,500
Intercompany revenues	5,823	1,869	2,978	-10,669	0
Finance income	11,907	417	452	-873	11,903
Finance cost	-26,671	-1,807	-1,285	6,791	-22,972
Significant non-cash earnings					
Market valuation income derivatives	11,367	143	0	0	11,511
Market valuation expenditures derivatives	-889	0	0	0	-889
Results from fair value adjustments to investment property	0	0	0	0	0
Amortization of other intangible assets	0	-984	0	0	-984
Valuation of fund shares	0	0	0	0	0
Segment result EBIT	27,184	1,216	-588	-6,053	21,760
Segment result EBT	12,420	-174	-1,421	-135	10,690
Segment result EBIT adjusted	27,184	2,200	-588	-6,053	22,744
Segment result EBT adjusted	1,942	667	-1,421	-135	1,053
Thereof result from participating interests (incl. investments valued at equity)					
	0	0	0	0	0
Segment assets	1,016,297	38,893	86,753	98,044	1,239,987
thereof carrying amounts of participating interests (incl. investments valued at equity)	0	3,117	0	0	3,117
Segment liabilities	-786,980	-29,781	-78,725	-38,449	-933,935

13 TRANSACTIONS WITH RELATED COMPANIES AND INDIVIDUALS

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

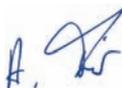
The disclosures on related party transactions contained in section 9.3 of the notes to the consolidated financial statements in the 2011 Annual Report remain valid.

14 DECLARATION BY THE LEGAL REPRESENTATIVES OF PATRIZIA IMMOBILIEN AG PURSUANT TO ARTICLE 37Y OF THE WERT-PAPIERHANDELSGESETZ [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 that 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 and Contacts

FINANCIAL CALENDAR 2012

August 9, 2012	Interim Report for the first half of 2012
September 5, 2012	12 th Real Estate Share Initiative Conference, Berlin
October 8-10, 2012	EXPO REAL, Munich Fair (PATRIZIA in hall B2, booth 234)
November 8, 2012	Interim Report for the first nine months of 2012

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This interim report was published on August 9, 2012, and is also available in German. The German text will be the definitive version in cases of doubt.

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