

Competencies Expertise Creativity Friendliness  
Sustainable value Problem-solving competencies  
**Values matter** Problem-solving competencies  
Certainty for the future Trust Presence  
Expertise Creativity Friendliness Partnership  
Sustainable value Problem-solving competencies Expertise  
Certainty for the future Trust Presence Sustainable value  
Friendliness Partnership Certainty for the future  
Problem-solving competencies Expertise Creativity  
Trust Presence Sustainable value Problem-solving  
Partnership Certainty for the future Trust  
Competencies Expertise Creativity Friendliness  
Sustainable value Problem-solving competencies

# Key Figures

## KEY FIGURES

	3 <sup>rd</sup> quarter 2011	3 <sup>rd</sup> quarter 2010	9 months 2011	9 months 2010
	07/01/2011	07/01/2010	01/01/2011	01/01/2010
EUR '000	- 09/30/2011	- 09/30/2010	- 09/30/2011	- 09/30/2010
<b>Revenues and earnings</b>				
Revenues	54,609	68,143	161,222	221,230
Total operating performance	46,822	45,932	179,363	123,413
EBITDA	14,967	15,680	38,237	45,377
EBIT	14,138	15,384	35,897	44,703
EBIT adjusted <sup>1</sup>	14,630	15,384	37,373	44,703
EBT	-3,631	6,690	7,059	1,138
EBT adjusted <sup>1,2</sup>	4,459	3,122	5,511	8,168
Net profit/loss	-4,788	4,640	3,013	-1,064
<b>EUR '000</b>			<b>09/30/2011</b>	<b>12/31/2010</b>

### Structure of assets and capital

Non-current assets	625,519	623,028
Current assets	556,060	591,520
Equity	300,781	294,732
Equity ratio (in %)	25.5	24.3
Non-current liabilities	528,596	50,986
Current liabilities	352,202	868,830
Total assets	1,181,579	1,214,548

<sup>1</sup> without amortization of other intangible assets (fund management contracts)

<sup>2</sup> in addition adjusted for profit / loss from interest rate hedges without cash effect

## SHARE

ISIN	DE000PAT1AG3
SIN (security Identification Number)	PAT1AG
Code	P1Z
Share capital	EUR 52,130,000
No. of shares in issue	52,130,000
Third quarter / First 9 months of 2011 high <sup>3</sup>	EUR 5.31 / EUR 5.90
Third quarter / First 9 months of 2011 low <sup>3</sup>	EUR 3.06 / EUR 3.06
Closing price at December 31, 2010 <sup>3</sup>	EUR 3.84
Closing price at September 30, 2011 <sup>3</sup>	EUR 3.53
Share price performance	-8,1%
Market capitalization at September 30, 2011	EUR 184 million
Average trading volume per day (first 9 months of 2011) <sup>4</sup>	95,200 shares
Indices	SDAX, EPRA, GEX, DIMAX

<sup>3</sup> Closing price at Frankfurt Stock Exchange Xetra trading

<sup>4</sup> All German stock exchanges

# Values matter

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Values provide guidance for people and companies in a changing society.

There are three core values that guide us: real estate value enhancement, the principle of sustainability and respect for customers, partners and employees.

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## Letter to Our Shareholders

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

High expectations have been placed in the way business will develop in the second half of the year. At the end of the first half of 2011 we had achieved a planned EUR 1.1 million or around 7% of the operating result of EUR 16–17 million we forecast for the whole year. The third quarter has now gained strength. The operating result of EUR 4.5 million is significantly up on the results for the first two quarters of EUR 0.6 and EUR 0.5 million respectively. Taking the first nine months as a whole we have made good progress. However, according to our plans we expect the largest contribution to operating profit in the final quarter of the year. On the basis of negotiations for property sales currently being conducted we continue to assume that we will achieve the target we set.

Compared with the second quarter of 2011, residential property resale improved in the period July to September by around 43% to 230 apartments sold. There was an increase of 87% in block sales although the level of 129 units sold remained low. We will see sales figures continuing to climb in the fourth quarter as well. The number of notarial deeds that have already been signed means that we can expect an increase in the sale of individual apartments, and we are currently negotiating for the block sale of several small objects as well as of large portfolios. Even if not all negotiations lead to fruition in the 2011 fiscal year, the current possibilities offer us sufficient scope to achieve our targets.

There have also been distinct improvements in the funds and services business. The pre-tax profit of these business segments of EUR 2.7 million for the first nine months from a sales contribution of EUR 22.7 million shows the growing significance of the service business for PATRIZIA – especially with regard to margins, financing and risk. The services business for third parties in the first three quarters of 2011 thus accounted for around 50% of net profit. This amount will be around 30% for the whole year owing to expected sales but is likely to rise to 50% by 2013. The funds no longer make a profit only from purchasing and portfolio commissions but now also sell individual properties from fund assets.

The Managing Board



**Wolfgang Egger**  
Chairman of the Board



**Arwed Fischer**  
Member of the Board



**Klaus Schmitt**  
Member of the Board

# Interim Management Report

FOR THE FIRST NINE MONTHS OF 2011

## 1 General Economic Conditions

The dynamic momentum of the German economy seen at the beginning of the year has slowed down considerably and growth expectations for 2011 and 2012 have had to be adjusted downwards. The way the sovereign debt crisis in Europe develops and the associated widespread uncertainty will be of decisive significance for the future of the economy.

The European Central Bank increased its key interest rate to 1.5% in July. However, a short time later it took a change of direction as a result of gloomier economic prospects and an unchanged outlook for inflation. At the beginning of November the ECB lowered its key rate by 25 base points to its current level of 1.25%, justifying the step primarily with weaker economic expectations.

### German Residential Real Estate Market

The German market for residential real estate has been popular with both German and foreign investors for a number of years. This is due not least because of the steady rent increases. Rents for new build (quoted rents) increased in Berlin by 10.7% over a twelve-month period (first quarter 2010 – first quarter 2011). This easily makes the capital the market leader among the top locations. Over the same period Stuttgart and Hamburg reported growth in rents of 3.8%, closely followed by Munich (3.5%). Rent increases were somewhat lower in Frankfurt (2.0%), while the Rhine metropolitan cities of Düsseldorf and Cologne saw rents remaining largely steady and a decline in quoted rents for new build.

Interest rates for long-term mortgages remain at a low level, currently around the 4% mark. The comparison with the long-term average also continues to be positive. Owner-occupiers of residential property in particular are benefiting from the continuing period of low interest rates.

Building permits for the construction of 108,600 residential units were issued in Germany between January and June 2011, 27.9% more than in the first half of 2010. This strengthened the positive trend that had already been observed in 2010 (+5.5% compared with 2009). A double-digit growth rate in building permits can also be expected for the year as a whole, which should be reflected in the number of completed apartments over the medium term. However, the number of completed apartments will continue to lag demand, particularly in the metropolitan regions as a consequence of continued migration within Germany.

After only just over 60,000 apartments were traded each year in 2009 and 2010 the volume of transactions rose to around 36,000 in the first half of 2011 alone. Since the number of transactions is traditionally lower in the first half of the year it appears realistic that more than 100,000 apartments with a volume of around EUR 5 billion will be traded over the year as a whole.

## 2 PATRIZIA on the Capital Market

The PATRIZIA share closed the third quarter at EUR 3.53, which was 8% below the 2010 closing price. Starting at a price of EUR 5.18 as of June 30, 2011, the share has lost the gains it made in the course of 2011. The lowest closing price of the current year was EUR 3.06 recorded on September 2, 2011.

## 3 Our Employees

As of September 30, 2011, PATRIZIA employed 476 permanent staff, of whom 22 are trainees, 52 part-time staff and 15 employees on parental leave. Staff numbers increased in the course of the third quarter 2011 by 29 (+6.5%). The number of staff has actually increased by 106, or 28.6%, since the beginning of the year (December 31, 2010: 370 employees). 55 employees can be accounted for through the acquisition of PATRIZIA GewerbeInvest KAG. Adjusted for the impact of this consolidation, the increase would have been 13.8%. In terms of full-time equivalents, the number of staff at the end of the quarter was 445 active employees.

## 4 The Course of Business in the Third Quarter of 2011

### Residential Segment

#### Residential Property Resale

Individual sales in the third quarter of 2011 by region were as follows:

#### INDIVIDUAL SALES IN THE THIRD QUARTER OF 2011

Region/city	Number of units sold in Q3/2011	As a % of sales	Area sold in sqm	Average size of a unit in sqm
Munich	153	66.5	11,308	74
Hamburg	36	15.7	3,352	93
Cologne/Düsseldorf	26	11.3	1,805	69
Berlin	10	4.3	913	91
Regensburg	4	1.7	225	56
Friedrichshafen	1	0.4	60	60
<b>Total</b>	<b>230</b>	<b>100</b>	<b>17,662</b>	<b>77</b>

Residential property resale increased significantly in the third quarter. With a total of 230 units sold, the figure for the previous quarter was exceeded by 42.9%. However, this was not sufficient to equal the very good third quarter of the previous year (third quarter of 2010: 245 units). As a result of the new properties released for sale in April 2011, the proportion of tenants among the purchasers increased to 27% after only 9% in the second quarter of 2011. The proportion of private investors decreased to 48.2% while the proportion of owner-occupiers remained stable at 24.8%.

#### Asset Repositioning

A summary of block sales in the third quarter:

#### BLOCK SALES IN THE THIRD QUARTER OF 2011

Region/city	Number of transactions	Number of units sold in Q3/2011	As a % of sales	Area sold in sqm	Average size of a unit in sqm
Munich	4	129	100	10,807	84
<b>Total</b>	<b>4</b>	<b>129</b>	<b>100</b>	<b>10,807</b>	<b>84</b>

The following is a summary of our portfolio after taking into account the sales completed in the third quarter of 2011 of 359 units, the redensification and consolidation measures as well as the deconsolidation of a real estate company.

#### PATRIZIA PORTFOLIO AS OF SEPTEMBER 30, 2011

Region/city	Number of units				Area in sqm			
	Residential property resale	Asset reposition- ing	Total	Share in %	Residential property resale	Asset reposition- ing	Total	Share in %
Munich	1,055	1,953	3,008	35.3	82,557	121,827	204,384	34.6
Cologne/ Düsseldorf	720	608	1,328	15.6	59,242	58,262	117,504	19.9
Leipzig	0	970	970	11.4	0	63,730	63,730	10.8
Frankfurt/Main	11	785	796	9.3	766	49,320	50,086	8.5
Berlin	243	544	787	9.2	17,350	28,478	45,828	7.8
Hamburg	228	447	675	7.9	15,792	27,084	42,876	7.3
Hanover	11	385	396	4.6	527	27,047	27,574	4.7
Regensburg	16	352	368	4.3	964	24,367	25,331	4.3
Dresden	0	152	152	1.8	0	10,284	10,284	1.7
Friedrichshafen	16	30	46	0.5	928	2,171	3,099	0.5
<b>Total</b>	<b>2,300</b>	<b>6,226</b>	<b>8,526</b>	<b>100</b>	<b>178,126</b>	<b>412,570</b>	<b>590,696</b>	<b>100</b>

#### First Co-investment in the Residential Segment

PATRIZIA is opening up its core business for institutional investors with its co-investment PATRIZIA WohnModul I SICAV-FIS. The fund encompasses PATRIZIA's entire value creation competence. Besides purchasing and asset and property management it includes block sales as well as individual sales in the form of residential property resale as an exit strategy. The partner for this fund is a prestigious German pension fund that has agreed to provide capital in an initial amount of EUR 100 million. PATRIZIA is itself also participating in WohnModul I with an appreciable amount. Including external finance, the volume to be invested amounts to EUR 250 – 300 million. The first investments for the new fund have already been made. A conflict of interest with PATRIZIA's own investments will not arise since PATRIZIA will perform future acquisitions primarily in the form of co-investments. PATRIZIA WohnInvest KAG will be acting as fund manager.

## Commercial Segment

### **PATRIZIA GewerbeInvest KAG**

The volume of investments of this investment company specializing in commercial real estate has grown by around EUR 400 million to EUR 2.7 billion since its acquisition in January 2011. Investments include an inner-city commercial property in Eindhoven which was purchased on behalf of real estate fund LB Büro-Invest Europa I for EUR 30 million and which is rented to the city authorities until 2020.

## 5 Net Assets, Financial and Earnings Situation

### Earnings Situation of the PATRIZIA Group

#### **REVENUE SPLIT**

	3 <sup>rd</sup> quarter 2011	3 <sup>rd</sup> quarter 2010	9 months 2011	9 months 2010
	07/01/2011 – 09/30/2011	07/01/2010 – 09/30/2010	01/01/2011 – 09/30/2011	01/01/2010 – 09/30/2010
<b>EUR '000</b>				
Revenues from residential property resale	24,363	44,036	70,076	104,801
Revenues from asset repositioning <sup>1</sup>	0	0	11,733	42,100
Rental revenues	13,878	15,768	42,712	48,533
Revenues from fund transactions <sup>2</sup>	10,055	893	18,234	4,362
Revenues from other services	1,833	2,006	4,489	4,147
Other <sup>3</sup>	4,479	5,441	13,978	17,285
<b>Consolidated revenues</b>	<b>54,609</b>	<b>68,143</b>	<b>161,222</b>	<b>221,230</b>

<sup>1</sup> Purchase price receipts from investment property are not included in revenues.

<sup>2</sup> 2010 excluding PATRIZIA GewerbeInvest; part of group since January 2011

<sup>3</sup> The Other item primarily includes rental ancillary costs.

Revenues in residential property resale fell by 44.7% to EUR 24.4 million in the third quarter of 2011. This was mainly due to the fact that 40% of the units sold individually came from non-current assets and that in accordance with IFRS the selling prices for these are not reported in revenues. Total purchase price revenues from residential property resale, at EUR 46.0 million exceeded the value for the previous year despite lower sales figures.

This was due in part to the higher average price of EUR 2,502/sqm (third quarter of 2010: EUR 2,348/sqm). Rental revenues decreased with the continuing disposal of properties and the consequently reduced area available to rent to EUR 13.9 million (-12.0%). Reductions in unoccupied property and increased rents served to counter this trend.

The average rent per square meter decreased to EUR 7.83 at the end of the quarter (June 30, 2011: EUR 7.95/sqm). With a figure of 21.8% (EUR 11.9 million) the services sector contributed an increased share to group revenues in the third quarter. A large proportion of this – EUR 10.1 million – was generated by the two asset management companies.

At EUR 54.6 million, group revenues for the third quarter lagged those of the previous year by 19.9%. Also when taking the first nine months into consideration (-27.1%), lower revenues from asset repositioning (block sales from inventories) meant that the previous year's revenue levels could not be equaled; the other segments were unable to make up this shortfall.

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 "Loss from/gain on the disposal of investment properties". Purchase price receipts between July and September of EUR 49.8 million resulted in a profit of EUR 3.1 million after a deduction of a carrying amount of EUR 46.7 million. These disposals included block sales of 129 units and individual sales of 92 units. The average selling price achieved for block sales of EUR 2,606/sqm even exceeded that of residential property resale.

#### PURCHASE PRICE REVENUES FROM REAL ESTATE SOLD IN THE THIRD QUARTER

	3 <sup>rd</sup> quarter 2011	3 <sup>rd</sup> quarter 2010	9 months 2011	9 months 2010
	07/01/2011	07/01/2010	01/01/2011	01/01/2010
EUR '000	- 09/30/2011	- 09/30/2010	- 09/30/2011	- 09/30/2010
Sales revenues from inventories	24,363	44,036	81,809	146,901
- Sales revenues from inventories	24,363	44,036	70,076	104,801
- Block sales	0	0	11,733	42,100
Sales revenues from investment property <sup>1</sup>	49,750	13,567	54,008	18,617
- Single unit sales	21,590	0	22,123	0
- Block sales	28,160	13,567	31,885	18,617
<b>Block sales</b>	<b>74,113</b>	<b>57,606</b>	<b>135,817</b>	<b>165,520</b>

<sup>1</sup> Purchase price receipts from investment property are not included in revenues.

**PORTFOLIO FIGURES BY QUARTER**

	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	9 months	9 months	Change in %
	2011	2011	2011	2011	2010	
EUR '000	01/01/2011 -03/31/2011	04/01/2011 -06/30/2011	07/01/2011 -09/30/2011	01/01/2011 -09/30/2011	01/01/2010 -09/30/2010	
Individual sales	132	161	230	523	605	-13.6
Average selling price via residential property resale	EUR 2,260 /sqm	EUR 2,324 /sqm	EUR 2,502 /sqm	EUR 2,392 /sqm	EUR 2,438 /sqm	-1.9
Units via block sales	63	69	129	261	380	-31.3
Average selling price via asset repositioning	EUR 1,597 /sqm	EUR 1,587 /sqm	EUR 2,606 /sqm	EUR 2,129 /sqm	EUR 1,942 /sqm	9.6
Average monthly rent <sup>1</sup>	EUR 7.99 /sqm	EUR 7.95 /sqm	EUR 7.83 /sqm	EUR 7.83 /sqm	EUR 7.86 /sqm	0.0

<sup>1</sup> As in the portfolio at the end of the quarter. The figure for the first nine months refers to September 30.

Changes in inventory in the third quarter of 2011 amounted to EUR -13.7 million. Decreases in the carrying value of real estate sold from inventory assets reduced inventory by EUR 19.9 million while capitalizations of EUR 6.2 million increased inventory. Changes in inventories for the first three quarters (EUR 4.6 million) consisted of reductions in the carrying value of EUR 66.8 million and capitalizations of EUR 71.4 million.

Other operating income includes an earnings effect amounting to EUR 1.4 million from the deconsolidation of three real estate companies.

At EUR 92.5 million the cost of materials in the first nine months more than doubled compared with the previous year (EUR 45.4 million). This is largely due to the purchases carried out in the second quarter. The cost of materials in the first three quarters included EUR 2.9 million for current maintenance costs (which cannot be capitalized, corresponds to EUR 4.51/sqm) and EUR 12.3 million for renovation and reconstruction activities (corresponds to EUR 18.79/sqm). Maintenance costs for the third quarter amounted to EUR 0.8 million and renovation costs to EUR 4.7 million.

Staff costs increased from EUR 19.7 million in the first three quarters of 2010 to EUR 25.2 million (+27.8%) now. This is due to staff levels that are on average 29.7% higher (Q1 - Q3/2011 an average of 467 employees, Q1 - Q3/2010 an average of 360 employees). 55 employees were added through the acquisition of PATRIZIA Gewerbelinvest KAG alone.

Other operating expenses in the first three quarters of 2011 amounting to EUR 23.4 million (9 months 2010: EUR 12.9 million) include administrative expenses of EUR 8.4 million (9 months 2010: EUR 6.0 million) as well as selling expenses of EUR 10.8 million (9 months 2010: EUR 3.3 million) and other expenses of EUR 4.2 million (9 months 2010: EUR 3.5 million).

Earnings before interest and tax (EBIT) in the first nine months of 2011 amounted to EUR 35.9 million, 19.7% below the figure for the previous year (9 months 2010: EUR 44.7 million). EBIT adjusted is determined by adjusting the non-cash effect from amortization on other non-tangible assets (fund management contracts). The fund management contracts were transferred in the course of the acquisition of PATRIZIA GewerbeInvest KAG mbH (formerly LB Immo Invest GmbH). In the first nine months of 2011, ongoing amortizations of EUR 1.5 million were carried out, resulting in an adjusted EBIT of EUR 37.4 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 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 3.97%, 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. 79.4% of our loan obligations is currently secured using interest hedging instruments. The change in their fair value in the first nine months of 2011 amounted to EUR 3.0 million (9 months 2010: EUR -7.0 million).

#### MARKET VALUATION OF INTEREST HEDGING TRANSACTIONS

	1 <sup>st</sup> quarter 2011	2 <sup>nd</sup> quarter 2011	3 <sup>rd</sup> quarter 2011	9 months 2011	9 months 2010
	01/01/2011	04/01/2011	07/01/2011	01/01/2011	01/01/2010
EUR '000	-03/31/2011	-06/30/2011	-09/30/2011	-09/30/2011	-09/30/2010
Changes in value of the derivatives	12,052	-1,430	-7,598	3,024	-7,029

Cash-related changes in interest expenses for bank liabilities plus expenses for interest hedging amounted to EUR 10.2 million in the third quarter, seeing a noticeable decrease as a result of the reduced credit volume compared with the previous year (third quarter of 2010: EUR 12.3 million, -17.1%). A significant saving of 12.8% can also be seen over the course of the year. Cash-related finance costs for the first nine months of 2011 amounted to EUR 31.9 million as opposed to EUR 36.6 million for the first nine months of 2010. Financing costs (interest rate plus margin) in the first nine months averaged 4.97% (third quarter of 2011: 5.01%, third quarter of 2010: 4.87%).

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 September 2011 (EUR 42.7 million) exceed the financial result adjusted for income and expenses from interest rate hedging (EUR -31.9 million) by 34.1% (9 months 2010: 32.8%). 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 7.1 million (9 months 2010: EUR 1.1 million), which includes a charge of EUR -3.6 million in the third quarter (third quarter of 2010: EUR 6.7 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 5.5 million for the period between January and September and of EUR 4.5 million for the third quarter of 2011. The quarterly result of the previous year (EUR 3.1 million) was exceeded, but this was insufficient over the nine months to make up for the shortfall resulting from the first half of the year. It is important to note that operational strength increased considerably in the third quarter of 2011 compared with the two previous quarters (EBT adjusted of EUR 0.6 million and EUR 0.5 million respectively). The fourth quarter must – and will – gain momentum in order to meet our forecast operating profit of EUR 16 – 17 million.

**DERIVATION OF THE ADJUSTED FIGURES**

	3 <sup>rd</sup> quarter 2011	3 <sup>rd</sup> quarter 2010	9 months 2011	9 months 2010
	07/01/2011 – 09/30/2011	07/01/2010 – 09/30/2010	01/01/2011 – 09/30/2011	01/01/2010 – 09/30/2010
<b>EUR '000</b>				
EBIT	14,138	15,384	35,897	44,703
Amortization on intangible assets that resulted from the acquisition of PATRIZIA GewerbeInvest KAG	492	0	1,476	0
EBIT adjusted <sup>1</sup>	14,630	15,384	37,373	44,703
Financial result	-17,768	-8,693	-28,837	-43,565
Profit/loss before income taxes (EBT)	-3,631	6,690	7,059	1,138
Change in the value of derivatives	7,598	-3,569	-3,024	7,029
EBT adjusted <sup>1,2</sup>	4,459	3,122	5,511	8,168

<sup>1</sup> Adjusted for amortization on other intangible assets (fund management contracts)

<sup>2</sup> In addition, adjusted for profit/loss from interest hedges without cash effect

The consolidated result after deduction of taxes amounted to EUR –4.8 million in the third quarter of 2011 while there was a profit of EUR 3.0 million over the first three quarters (third quarter of 2010: EUR 4.6 million, 9 months 2010: EUR –1.1 million). The tax expense of the third quarter was mainly due to the creation of a tax provision.

Earnings per share for the first three quarters of 2011 were EUR 0.06 (9 months 2010: EUR –0.02). For the third quarter this figure amounted to EUR –0.09 (third quarter of 2010: EUR 0.09).

Summary of the key items in the consolidated income statement according to IFRS:

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

	3 <sup>rd</sup> quarter 2011	3 <sup>rd</sup> quarter 2010	9 months 2011	9 months 2010
	07/01/2011 – 09/30/2011	07/01/2010 – 09/30/2010	01/01/2011 – 09/30/2011	01/01/2010 – 09/30/2010
<b>EUR '000</b>				
Revenues	54,609	68,143	161,222	221,230
Total operating performance	46,822	45,932	179,363	123,413
EBITDA	14,967	15,680	38,237	45,377
EBIT	14,138	15,384	35,897	44,703
EBIT adjusted <sup>1</sup>	14,630	15,384	37,373	44,703
Profit/loss before income taxes (EBT)	-3,631	6,690	7,059	1,138
EBT adjusted <sup>1,2</sup>	4,459	3,122	5,511	8,168
Profit/loss after tax	-4,788	4,640	3,013	-1,064

<sup>1</sup> Adjusted for amortization on other intangible assets (fund management contracts)

<sup>2</sup> In addition, adjusted for profit/loss from interest hedges without cash effect

## Net Asset and Financial Situation of the PATRIZIA Group

### **PATRIZIA NET ASSET AND FINANCIAL KEY FIGURES**

	09/30/2011	12/31/2010	Change
	EUR '000	EUR '000	in %
Total assets	1,181,579	1,214,548	-2.7
Equity (including non-controlling partners)	300,781	294,732	2.1
Equity ratio	25.5 %	24.3 %	1.2 pp
Bank loans	784,537	841,380	-6.8
Cash and cash equivalents	63,629	70,537	-9.8
Real estate assets <sup>1</sup>	1,026,427	1,125,383	-8.8
Net financial debt	720,908	770,843	-6.5
Loan to value <sup>2</sup>	76.4 %	74.8 %	1.6 pp

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

<sup>2</sup> Proportion of the volume of loans to real estate assets.

pp percentage points

As of September 30, 2011, total assets had decreased by 2.7% to EUR 1,181.6 million. Total assets were reduced by sales of real estate, which accordingly served to repay loans, and also by the creation of the co-investment, which resulted in three properties being reported on the balance sheet as participations in associated companies rather than in their full amount.

Inventories relate to those properties that are offered for sale as part of ordinary business operations. Since the balance sheet date 2010 inventories decreased through disposals by EUR 50.4 million to EUR 460.0 million. As a result of the creation of the co-investment PATRIZIA WohnModul 1 SICAV-FIS three properties reported in inventories were transferred from the group to the new company in the third quarter. These involved the property in Munich consisting of 480 units acquired in May as well as the two project developments Düsseldorf Belsenpark and Augsburg Provinostrasse with a reduction in carrying value totaling EUR 56.1 million. In lieu of this, a carrying amount for participation in associated companies of EUR 1.6 million was reported.

Sales of investment property caused this item to decrease by EUR 48.5 million to EUR 566.4 million. Taking inventories and investment property together results in a carrying value of real estate assets on the balance sheet date of EUR 1,026.4 million (December 31, 2010: EUR 1,125.4 million).

PATRIZIA's financing structure has continued to ease since the end of 2010. Bank loans decreased by EUR 56.8 million to EUR 784.5 million (–6.8%). After an interim increase in the second quarter of 2011, the reduction in the third quarter amounted to 7.7%, or EUR 65.3 million. The creation of the co-investment resulted in the deconsolidation of loans totaling EUR 36.9 million, with sales allowing for the repayment of EUR 43.9 million. New loans, in contrast, totaled EUR 15.4 million. 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, which had fallen significantly in the first two quarters, increased once more to EUR 63.6 million (December 31, 2010: EUR 70.5 million, June 30, 2011: EUR 21.4 million). This resulted in net financial debt of EUR 720.9 million. The group's equity ratio improved to 25.5% (December 31, 2010: 24.3%). We have thus reached the lower limit of our target range of 25 – 30%.

#### CALCULATION OF THE NAV

EUR '000	09/30/2011	12/31/2010
Investment property	566,396	614,945
Participations	3,090	3,090
Participations in associated companies	1,636	0
Inventories	460,031	510,438
Bank balances and cash	76,476 <sup>1</sup>	70,537
Less bank loans	–764,836 <sup>1</sup>	–841,380
<b>NAV</b>	<b>342,793</b>	<b>357,330</b>
No. of shares	52,130,000	52,130,000
<b>NAV/share (EUR)</b>	<b>6.58</b>	<b>6.86</b>

<sup>1</sup> Adjusted figures, i.e. without cash and cash equivalents and loans that came about in the course of the acquisition of PATRIZIA  
Gewerbelinvest KAG

## 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 2010 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 2010 still apply. Please refer to the risk report on pages 54 ff. of the Annual Report 2010 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

Deeds for the sale of an additional 30 units with an area of 2,170 sqm in Friedrichshafen were signed in the reporting period. We also expect to receive the purchase price revenues of EUR 3.5 million in the fourth quarter. The selling price realized of EUR 1,612/sqm again shows the regional price difference within the portfolio. PATRIZIA only has 16 more units for resale at its Friedrichshafen location.

## 8 Forecast Report

Another EUR 10.5–11.5 million must be generated in the fourth quarter if we are going to achieve our forecast for the whole year of an EBT adjusted of EUR 16–17 million. We continue to regard this target as achievable and confirm our forecast. A possible dividend payment is also tied to achieving this target. Achieving adjusted pre-tax earnings of EUR 16–17 million would allow us to pay out EUR 0.08 as a dividend, which would correspond to a dividend payout ratio of 25%. We continue to maintain this target, too.

Deeds have only been signed for block sales totaling EUR 3.5 million (30 units) so far for the fourth quarter. Since only 291 apartments have been notarized in block sales so far this year, we are still a long way from achieving our 2011 target of around 1,000 units. We are currently negotiating minor block sales in the order of between EUR 2–7 million, or 10–40 units, at various locations. At the same time bidding is in process for two major block sales.

Owing to the number of deeds already signed in residential property resale we expect at least the same number of apartments to be sold in the fourth quarter than in the last quarter. With this result we would almost achieve the targeted volume of 800 units.

The fund and service companies should provide a better result in the fourth quarter than in the last quarter, when an EBT of EUR 2.5 million was generated. The funds are benefiting not only from purchasing and portfolio fees but are also now selling the first properties, which in turn generates selling fees. The targeted contribution to earnings from the services segment of around 30% of operating profit for the whole of 2011, which would be around EUR 5 million, should be realizable under these conditions (9 months 2011: EUR 2.7 million).

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 SEPTEMBER 30, 2011

## ASSETS

EUR '000	09/30/2011	12/31/2010
<b>A. Non-current assets</b>		
Goodwill	610	0
Other intangible assets	45,719	0
Software	5,147	2,811
Investment property	566,396	614,945
Equipment	2,613	1,893
Investments in joint ventures	27	8
Participations in associated companies	1,636	0
Participations	3,090	3,090
Long-term tax assets	281	281
<b>Total non-current assets</b>	<b>625,519</b>	<b>623,028</b>
<b>B. Current assets</b>		
Inventories	460,031	510,438
Securities	1,697	0
Short-term tax assets	4,358	263
Current receivables and other current assets	26,345	10,282
Bank balances and cash	63,629	70,537
<b>Total current assets</b>	<b>556,060</b>	<b>591,520</b>
<b>Total assets</b>	<b>1,181,579</b>	<b>1,214,548</b>

**EQUITY AND LIABILITIES**

EUR '000	09/30/2011	12/31/2010
<b>A. Equity</b>		
Share capital	52,130	52,130
Capital reserves	215,862	215,862
Retained earnings		
- legal reserves	505	505
Non-controlling shareholders	2,791	832
Valuation results from cash flow hedges	-1,225	-2,372
Consolidated net profit	30,718	27,775
<b>Total equity</b>	<b>300,781</b>	<b>294,732</b>
<b>B. Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	27,641	9,701
Long-term financial derivatives	35,692	39,715
Retirement benefit obligations	368	368
Long-term bank loans	463,882	0
Non-current liabilities	1,013	1,202
<b>Total non-current liabilities</b>	<b>528,596</b>	<b>50,986</b>
<b>Current liabilities</b>		
Short-term bank loans	320,655	841,380
Short-term financial derivatives	0	363
Other provisions	772	666
Current liabilities	22,249	17,008
Tax liabilities	8,526	9,413
<b>Total current liabilities</b>	<b>352,202</b>	<b>868,830</b>
<b>Total equity and liabilities</b>	<b>1,181,579</b>	<b>1,214,548</b>

# Consolidated Income Statement

FOR THE PERIOD FROM JANUARY 1, 2011 TO SEPTEMBER 30, 2011

	3 <sup>rd</sup> quarter 2011	3 <sup>rd</sup> quarter 2010	9 months 2011	9 months 2010
	07/01/2011	07/01/2010	01/01/2011	01/01/2010
EUR '000	- 09/30/2011	- 09/30/2010	- 09/30/2011	- 09/30/2010
Revenues	54,609	68,143	161,222	221,230
Income from the sale of investment property	3,073	7	3,381	297
Changes in inventories	-13,650	-23,043	4,582	-100,881
Other operating income	2,790	824	10,178	2,767
<b>Total operating performance</b>	<b>46,822</b>	<b>45,932</b>	<b>179,363</b>	<b>123,413</b>
Cost of materials	-12,457	-18,557	-92,536	-45,429
Staff costs	-8,879	-7,018	-25,200	-19,716
Amortization of software and depreciation on equipment	-829	-297	-2,340	-674
Other operating expenses	-10,519	-4,676	-23,390	-12,891
<b>Profit/loss before interest and income taxes (EBIT)</b>	<b>14,138</b>	<b>15,384</b>	<b>35,897</b>	<b>44,703</b>
Finance income	-7,248	3,730	4,655	4,299
Finance cost	-10,521	-12,423	-33,493	-47,864
<b>Profit/loss before income taxes (EBT)</b>	<b>-3,631</b>	<b>6,690</b>	<b>7,059</b>	<b>1,138</b>
Income tax	-1,157	-2,050	-4,046	-2,202
<b>Net profit/loss</b>	<b>-4,788</b>	<b>4,640</b>	<b>3,013</b>	<b>-1,064</b>
Profit carried forward	35,531	15,826	27,730	21,529
<b>Consolidated net profit</b>	<b>30,743</b>	<b>20,465</b>	<b>30,743</b>	<b>20,465</b>
Earnings per share (undiluted), in EUR	-0.09	0.09	0.06	-0.02
<b>The net profit/loss for the period is allocated to:</b>				
- Shareholders of the parent company	-4,884	4,647	2,943	-1,039
- Non-controlling shareholders	95	-8	70	-25
	<b>-4,788</b>	<b>4,640</b>	<b>3,013</b>	<b>-1,064</b>

# Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM JANUARY 1, 2011 TO SEPTEMBER 30, 2011

	3 <sup>rd</sup> quarter 2011	3 <sup>rd</sup> quarter 2010	9 months 2011	9 months 2010
	07/01/2011	07/01/2010	01/01/2011	01/01/2010
EUR '000	- 09/30/2011	- 09/30/2010	- 09/30/2011	- 09/30/2010
<b>Consolidated net profit/loss</b>	<b>-4,788</b>	<b>4,640</b>	<b>3,013</b>	<b>-1,064</b>
<b>Other result</b>				
Cash flow hedges				
- Amounts recorded during the reporting period	-483	1,313	398	1,570
- Reclassification of amounts that were recorded	0	0	749	0
<b>Total result for the reporting period</b>	<b>-5,721</b>	<b>5,952</b>	<b>4,160</b>	<b>506</b>
The total result is allocated to:				
- Shareholders of the parent company	-5,366	5,960	4,090	531
- Non-controlling shareholders	96	-8	70	-25
	<b>-5,271</b>	<b>5,952</b>	<b>4,160</b>	<b>506</b>

# Consolidated Cash Flow Statement

FOR THE PERIOD FROM JANUARY 1, 2011 TO SEPTEMBER 30, 2011

EUR '000	9 months 2011	9 months 2010
	01/01/2011 – 09/30/2011	01/01/2010 – 09/30/2010
Consolidated net profit/loss	3,013	-1,064
Actual income taxes recognized through profit or loss	1,931	-1,775
Financing costs recognized through profit or loss	31,561	36,971
Income from financial investments recognized through profit or loss	-319	-519
Amortization of intangible assets and depreciation on property, plant and equipment	2,340	674
Loss from / gain on disposal of investment properties	-3,381	-297
Change in deferred taxes	2,705	966
Change in retirement benefit obligations	0	21
Ineffectiveness of cash flow hedges	-3,239	0
Changes in inventories, receivables and other assets that are not attributable to investing activities	25,860	126,435
Changes in liabilities that are not attributable to financing activities	1,261	7,209
Interest paid	-29,589	-37,083
Interest received	659	548
Income tax payments/refunds	-1,233	10
<b>Cash inflow from operating activities</b>	<b>31,569</b>	<b>132,096</b>
Capital investments in intangible assets and property, plant and equipment	-3,925	-1,979
Cash receipts from disposal of intangible assets and property, plant and equipment	5	62
Cash receipts from disposal of investment property	54,008	18,617
Payments for development or acquisition of investment property	-2,078	0
Cash receipts from the disposal of consolidated companies and other business units	47	0
Payments for the acquisition of consolidated companies and other business units	-30,281	0
<b>Cash inflow from investing activities</b>	<b>17,776</b>	<b>16,700</b>
Borrowing of loans	94,113	7,748
Repayment of loans	-114,050	-148,603
<b>Cash outflow from financing activities</b>	<b>-19,937</b>	<b>-140,855</b>
<b>Changes in cash</b>	<b>29,408</b>	<b>7,941</b>
Changes in cash resulting from changes in the scope of consolidation	-36,316	-
Cash January 1	70,537	56,183
Cash September 30	63,629	64,124

# Statement of Changes in Consolidated Equity

FOR THE PERIOD FROM JANUARY 1, 2011 TO SEPTEMBER 30, 2011

EUR '000	Share capital	Capital reserves	Valuation results from Cash Flow Hedges	Retained earnings (legal reserves)	Consolidated net profit/loss	Thereof attributable to		Total
						the share-holders of the parent company	Thereof attributable to non-controlling partners	
<b>Balance January 1, 2011</b>	<b>52,130</b>	<b>215,862</b>	<b>-2,372</b>	<b>505</b>	<b>27,775</b>	<b>293,900</b>	<b>832</b>	<b>294,732</b>
Additional non-controlling partners which originated in the course of the LB Immo Invest GmbH acquisition							1,889	1,889
Net amount recognized directly in equity, where applicable less income taxes			1,147			1,147		1,147
Net profit/loss for the period					3,013	2,943	70	3,013
Full overall result for the period			1,147			4,090	70	4,160
<b>Balance September 30, 2011</b>	<b>52,130</b>	<b>215,862</b>	<b>-1,225</b>	<b>505</b>	<b>30,788</b>	<b>297,990</b>	<b>2,791</b>	<b>300,781</b>
<b>Balance January 1, 2010</b>	<b>52,130</b>	<b>215,862</b>	<b>-6,079</b>	<b>505</b>	<b>21,529</b>	<b>283,947</b>	<b>877</b>	<b>284,824</b>
Net amount recognized directly in equity, where applicable less income taxes			1,570			1,570		1,570
Net profit/loss for the period					-1,039	-1,039	-25	-1,064
Full overall result for the period			1,570			531	-25	506
<b>Balance September 30, 2010</b>	<b>52,130</b>	<b>215,862</b>	<b>-4,509</b>	<b>505</b>	<b>20,490</b>	<b>284,478</b>	<b>852</b>	<b>285,330</b>

# Interim Financial Statements and Notes to the Financial Statements

TO SEPTEMBER 30, 2011 (FIRST NINE MONTHS OF 2011)

## 1 General Disclosures

PATRIZIA Immobilien AG is a listed German stock corporation based in Augsburg. The Company's headquarters are located at Fuggerstrasse 26, 86150 Augsburg. The Company operates on the German and European real estate market. PATRIZIA Immobilien AG, along with its subsidiaries, is a real estate agent and investment house. It specializes in buying high-quality residential and commercial real estate at commercially attractive locations in Germany with the aim of increasing their value and subsequent reselling of the real estate. Therefore, the PATRIZIA Group performs all services along the value-added chain in the real estate sector. Via its subsidiaries, PATRIZIA WohnInvest Kapitalanlagegesellschaft mbH and PATRIZIA GewerbeInvest Kapitalanlagegesellschaft mbH, the Company also issues specialized real estate funds in accordance with the Investmentgesetz (German Investment Act).

## 2 Principles Applied in Preparing the Consolidated Financial Statements

These unaudited consolidated interim financial statements of PATRIZIA Immobilien AG for the first three quarters of 2011 (January 1 through September 30, 2011) were prepared in accordance with Article 37x (3) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with Article 37w (2) WpHG in line with IFRSs and in compliance with the provisions of German commercial law additionally applicable as per Article 315a (1) of the German Commercial Code. All compulsory official announcements of the International Accounting Standards Board (IASB) have been applied, i.e. those adopted by the EU in the context of the endorsement process and published in the Official Journal of the EU.

From the perspective of the Company's management, the present unaudited consolidated interim financial statements for the period ended September 30, 2011 contain all of the information necessary to provide a true and fair view of the course of business and the earnings situation in the period under review. Earnings generated in the first nine months of 2011 are not necessarily an indication of future earnings or of the expected total earnings for fiscal year 2011.

When preparing the consolidated financial statements for the interim report in line with IAS 34 Interim Financial Reporting, the management of PATRIZIA Immobilien AG must make assessments and estimates as well as assumptions that affect the application of accounting standards in the Group and the reporting of assets and liabilities as well as income and expenses. Actual amounts may differ from these estimates.

These consolidated interim financial statements have been prepared in accordance with the same accounting policies as the last consolidated financial statements for fiscal year 2010. A detailed description of the principles applied in preparing the consolidated financial statements and the accounting methods used can be found in the notes to the IFRS consolidated financial statements for the year ended December 31, 2010, which are contained in the Company's 2010 Annual Report.

The unaudited interim financial statements were prepared in euro. The amounts, including the previous year's figures, are stated in EUR thousand (TEUR).

### 3 Scope of Consolidation

All of the Company's subsidiaries are consolidated in the consolidated financial statements of PATRIZIA Immobilien AG. The Group includes all companies controlled by PATRIZIA Immobilien AG. In addition to the parent company, the scope of consolidation comprises 52 subsidiaries. They are recognized in the consolidated financial statements in line with the rules of full consolidation. In addition, one joint venture and one subsidiary that must be reported as a share in an associated company, over which we have no controlling relationship in terms of IAS 27 and IFRS 10, are accounted for at equity in the consolidated financial statements.

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

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 market value and changes to the market value reported in the net result.

#### Company Acquisitions

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

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

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

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

The Group has received the following assets and liabilities:

#### ASSETS AND LIABILITIES

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

The value of the share accounted for by the non-controlling shareholders (5.1%) in LB Immo Invest GmbH was stated at the fair value of the net assets purchased and amounts to EUR 1.9 million. The resulting goodwill amounts to EUR 0.6 million. Fund management contracts assigned to intangible assets are subject to amortization over the expected remaining life of the contracts. In the reporting period, there have been amortizations of EUR 1.5 million.

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

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

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

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

The acquired cash amounted to EUR 7.1 million.

LB Immo Invest GmbH was renamed PATRIZIA GewerbeInvest Kapitalanlagegesellschaft mbH as of June 1, 2011. It contributed revenues of EUR 14.2 million and net earnings of EUR 1.2 million to the group accounts for the time of the acquisition until September 30, 2011.

## 4 Investment Property

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

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

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

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

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

## 5 Participations

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

## 6 Inventories

The Inventories item contains real estate that is intended for sale in the context of ordinary activities or is intended for such sale in the context of the construction or development process, especially real estate that has been solely acquired for the purpose of resale in the near future or for development and resale. Development also covers modernization and renovation activities. The assessment and qualification as inventory is completed in the context of the purchasing decision and integrated into the balance sheet as at the date of addition.

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

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

## 7 Equity

As at the reporting date, the share capital of PATRIZIA Immobilien AG remained at 52,130 TEUR and was divided into 52,130,000 no-par value shares. For the development of equity, please see the statement of changes in equity. Equity amounted to EUR 300.8 million as of September 30, 2011 (December 31, 2010: EUR 294.7 million, June 30, 2011: EUR 306.1 million).

## 8 Bank Loans

The bank loans are measured at amortized cost. They have variable interest rates. In this respect, the Group is exposed to an interest rate risk in terms of the cash flows. To limit the risk, the Group has concluded interest hedging transactions for the majority of the loans. As of September 30, 2011, 79.4% of our loan liabilities were protected by interest rate hedges, which guarantee us an average fixed interest rate of 3.97%.

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

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

The residual terms of the bank loans are as follows:

### BANK LOANS

EUR '000	Bank loans as at 09/30/2011	Bank loans as at 06/30/2011	Bank loans as at 03/31/2011	Bank loans as at 12/31/2010
Less than 1 year	76,700	58,129	58,720	523,314
1 to 2 years	72,521	88,852	89,098	88,775
More than 2 to 5 years	635,316	702,903	687,013	229,291
More than 5 years	0	0	0	0
<b>Total</b>	<b>784,537</b>	<b>849,885</b>	<b>834,831</b>	<b>841,380</b>

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

Year	Amount of loans due as at							
	09/30/2011		06/30/2011		03/31/2011		12/31/2010	
	EUR '000	%	EUR '000	%	EUR '000	%	EUR '000	%
2011	27,615	3.5	54,129	6.4	54,720	6.6	523,314	62.2
2012	90,606	11.5	88,852	10.5	89,098	10.7	88,775	10.6
2013	78,586	10.0	63,466	7.5	76,650	9.2	81,020	9.6
2014	580,131	73.9	614,097	72.3	606,763	72.7	148,270	17.6
2015	7,600	1.0	7,600	0.9	7,600	0.9	0	0
2016	0	0	21,740	2.6	0	0	0	0
<b>Total</b>	<b>784,537</b>	<b>100</b>	<b>849,885</b>	<b>100</b>	<b>834,831</b>	<b>100</b>	<b>841,380</b>	<b>100</b>

**MATURITY BY QUARTER**

Year	Quarter	Amount of loans due as at	
		09/30/2011	
		EUR '000	%
2011	Q4	27,615	3.5
	Q1	4,000	0.5
	Q3	45,085	5.7
2012	Q4	41,521	5.3
	Q1	4,000	0.5
	Q2	27,000	3.4
2013	Q4	47,586	6.1
	Q1	4,000	0.5
	Q2	560,240	71.4
2014	Q4	15,890	2.0
	Q1	7,600	1.0
<b>Total</b>		<b>784,537</b>	<b>100</b>

## 9 Revenues

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

## 10 Financial Result

	3 <sup>rd</sup> quarter 2011	3 <sup>rd</sup> quarter 2010	9 months 2011	9 months 2010	2010
	07/01/2011	07/01/2010	01/01/2011	01/01/2010	01/01/2010
EUR '000	- 09/30/2011	- 09/30/2010	- 09/30/2011	- 09/30/2010	- 12/31/2010
Interest on bank deposits	24	83	232	299	573
Income from securities	12	0	83	0	0
Income from interest hedges	0	0		0	0
Changes in value of the derivatives	-7,598	3,569	3,913	3,751	10,546
Other interest	314	78	427	249	375
<b>Finance income</b>	<b>-7,248</b>	<b>3,730</b>	<b>4,655</b>	<b>4,299</b>	<b>11,494</b>
Interest on revolving lines of credit and bank loans	-5,369	-5,541	-16,617	-16,028	-25,782
Expenses from interest hedges	-4,003	-5,876	-12,973	-18,020	-23,024
Changes in value of the derivatives	0	0	-889	-10,781	-12,172
Other finance cost	-1,149	-1,007	-3,014	-3,035	-272
<b>Finance cost</b>	<b>-10,521</b>	<b>-12,423</b>	<b>-33,493</b>	<b>-47,864</b>	<b>-61,250</b>
<b>Financial result</b>	<b>-17,768</b>	<b>-8,693</b>	<b>-28,837</b>	<b>-43,565</b>	<b>-49,756</b>
Financial result adjusted for changes in the derivatives	-10,170	-12,262	-31,861	-36,536	-48,130

## 11 Earnings per Share

	3 <sup>rd</sup> quarter 2011	3 <sup>rd</sup> quarter 2010	9 months 2011	9 months 2010	2010
	07/01/2011	07/01/2010	01/01/2011	01/01/2010	01/01/2010
	- 09/30/2011	- 09/30/2010	- 09/30/2011	- 09/30/2010	- 12/31/2010
Net profit/loss for the period (in EUR '000)	-4,788	4,640	3,013	-1,064	6,201
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
<b>Earnings per share (in euro)</b>	<b>-0.09</b>	<b>0.09</b>	<b>0.06</b>	<b>-0.02</b>	<b>0.12</b>

There were no diluted earnings per share in the reporting period or in the previous period. As at September 30, 2011, there was authorized capital of TEUR 26,065.

## 12 Segment Reporting

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

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

The residential segment bundles all activities relating to own investment, services and funds in the field of residential real estate. A real estate portfolio for residential property resale and asset repositioning is held as own investment. Clients include private and institutional investors that invest either in individual residential units or in real estate portfolios. As of the balance sheet date, the segment had a portfolio of 8,526 (December 31, 2011: 9,285) residential units that are listed as investment property and inventories. The asset management company PATRIZIA WohnInvest Kapitalanlagegesellschaft mbH is also part of this segment. The segment manages funds of approx. EUR 1.6bn.

The commercial segment combines the same portfolio of services for commercial real estate. This also covers PATRIZIA Gewerbelinvest Kapitalanlagegesellschaft mbH and the co-investment PATRoffice Real Estate GmbH & Co. KG. The only proprietary investment of PATRIZIA is a commercial property with 28 units or 12,182 sqm. The segment manages funds of approx. EUR 3.6bn.

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

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

The PATRIZIA Group’s internal control and reporting measures are primarily based on the principles of accounting under IFRS. The Group measures the success of its segments using segment earnings, which are listed in the internal control and reporting as EBIT, EBT, EBIT adjusted and EBT adjusted.

EBT comprises a total of revenues, income from the sale of investment property, changes in inventories, cost of materials and staff costs, amortization and depreciation, other operating income and expenses as well as earnings from investments valued at equity and the financial result. EBIT denotes EBT minus the financial result. To determine the 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 Gewerbelinvest Kapitalanlagegesellschaft mbH (formerly LB Immo Invest GmbH). Further adjustments are made to account for the results of the market valuation of the interest rate hedging instruments.

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

PATRIZIA's activities extend mainly across Germany. For this reason, no geographical segment is set out.

The individual segment figures are set out below. The reporting of amounts in EUR thousands can result in rounding differences. The calculation of the single financial figures is carried out on basis of non-rounded figures. Figures from the previous year have been adapted to the new structure.

## THIRD QUARTER 2011 (JULY 1 – SEPTEMBER 30, 2011)

EUR '000	Residential	Commercial	Special Real Estate Solutions	Corporate/ Conso- lidation	Total
<b>Portfolio-Management</b>					
Third-party revenues	145	521	917	0	1,583
Rental revenues	0	-154	-110	0	-264
Revenues from services	145	668	1,015	0	1,829
Intercompany revenues	3,938	7	1,959	-5,938	-34
<b>Own Investments</b>					
Residential Property Resale					
Third-party revenues	30,677	-	102	-	30,779
Rental revenues	4,911	-	97	-	5,008
Purchase price revenues from single unit sales	24,363	-	0	-	24,363
Purchase price revenues from bloc sales	0	-	0	-	0
Other revenues	1,402	-	4	-	1,406
Intercompany revenues	-4	-	0	-	-4
Asset Repositioning					
Third-party revenues	11,648	543	-	-	12,191
Rental revenues	8,786	348	-	-	9,134
Purchase price revenues from bloc sales	0	0	-	-	0
Other revenues	2,862	195	-	-	3,057
Intercompany revenues	5	33	-	-	38
<b>Funds</b>					
Third-party revenues	2,223	7,833	-	-	10,055
Revenues from services	2,223	7,833	-	-	10,055
Intercompany revenues	0	0	-	-	0
<b>Total Group revenues</b>					
Third-party revenues	44,693	8,896	1,019	0	54,609
Rental revenues	13,697	194	-13	0	13,878
Revenues from services	2,368	8,501	1,015	0	11,884
Purchase price revenues from single unit sales	24,363	0	0	0	24,363
Purchase price revenues from bloc sales	0	0	0	0	0
Other revenues	4,264	201	17	0	4,483
Intercompany revenues	3,939	40	1,959	-5,938	0
Finance income	-7,318	150	210	-290	-7,248
Finance cost	-10,618	-38	-697	831	-10,521
Significant non-cash earnings					
Market valuation income derivatives	-7,598	0	0	0	-7,598
Market valuation expenditures derivatives	0	0	0	0	0
Amortization of other intangible assets	0	-492	0	0	-492
Segment result EBIT	17,574	1,470	-409	-4,498	14,138
Segment result EBT	-360	859	-896	-3,234	-3,631
Segment result EBIT adjusted	17,574	1,962	-409	-4,498	14,630
Segment result EBT adjusted	7,238	1,351	-896	-3,234	4,459

## THIRD QUARTER 2010 (JULY 1 – SEPTEMBER 30, 2010)

EUR '000	Residential	Commercial <sup>1</sup>	Special Real Estate Solutions	Corporate/ Conso- lidation	Total
<b>Portfolio-Management</b>					
Third-party revenues	701	753	1,038	1	2,493
Rental revenues	0	146	341	1	487
Revenues from services	701	607	698	0	2,006
Intercompany revenues	3,892	2,027	1,286	-7,298	-93
<b>Own Investments</b>					
Residential Property Resale					
Third-party revenues	46,163	-	5,398	-	51,561
Rental revenues	5,450	-	28	-	5,477
Purchase price revenues from single unit sales	38,700	-	5,336	-	44,036
Purchase price revenues from bloc sales	0	-	0	-	0
Other revenues	2,013	-	34	-	2,047
Intercompany revenues	73	-	0	-	73
Asset Repositioning					
Third-party revenues	12,735	462	-	-	13,197
Rental revenues	9,503	300	-	-	9,803
Purchase price revenues from bloc sales	0	0	-	-	0
Other revenues	3,232	162	-	-	3,394
Intercompany revenues	0	19	-	-	19
<b>Funds</b>					
Third-party revenues	893	0	-	-	893
Revenues from services	893	0	-	-	893
Intercompany revenues	1	0	-	-	1
<b>Total Group revenues</b>					
Third-party revenues	60,491	1,215	6,436	1	68,143
Rental revenues	14,953	446	369	1	15,768
Purchase price revenues from single unit sales	38,700	0	5,336	0	44,036
Purchase price revenues from bloc sales	0	0	0	0	0
Revenues from services	1,594	607	698	0	2,899
Other revenues	5,245	162	34	0	5,441
Intercompany revenues	3,967	2,045	1,286	-7,298	0
Finance income	3,744	62	143	-218	3,730
Finance cost	-14,298	-341	-703	2,919	-12,423
Significant non-cash earnings					
Market valuation income derivatives	3,569	0	0	0	3,569
Market valuation expenditures derivatives	0	0	0	0	0
Amortization of other intangible assets	0	0	0	0	0
Segment result EBIT	17,554	1,703	257	-4,130	15,384
Segment result EBT	6,999	1,423	-304	1,428	6,690
Segment result EBIT adjusted	17,554	1,703	257	-4,130	15,384
Segment result EBT adjusted	3,431	1,423	-304	-1,428	3,122

<sup>1</sup> Without PATRIZIA GewerbeInvest KAG (member of the Group since January 3, 2011)

## FIRST NINE MONTHS OF 2011 (JULY 1 – SEPTEMBER 30, 2011)

EUR '000	Residential	Commercial	Special Real Estate Solutions	Corporate/ Conso- lidation	Total
<b>Portfolio-Management</b>					
Third-party revenues	631	1,344	2,570	2	4,546
Rental revenues	0	0	0	2	2
Revenues from services	582	1,337	2,558	0	4,477
Intercompany revenues	9,606	1,857	4,937	-16,607	-207
<b>Own Investments</b>					
Residential Property Resale					
Third-party revenues	101,321	-	322	-	101,644
Rental revenues	14,821	-	310	-	15,131
Purchase price revenues from single unit sales	70,076	-	0	-	70,076
Purchase price revenues from bloc sales	11,733	-	0	-	11,733
Other revenues	4,691	-	12	-	4,703
Intercompany revenues	119	-	0	-	119
Asset Repositioning					
Third-party revenues	35,178	1,621	-	-	36,798
Rental revenues	26,535	1,044	-	-	27,579
Purchase price revenues from bloc sales	0	0	-	-	0
Other revenues	8,643	577	-	-	9,220
Intercompany revenues	36	52	-	-	88
<b>Funds</b>					
Third-party revenues	4,050	14,184	-	-	18,234
Revenues from services	4,050	14,184	-	-	18,234
Intercompany revenues	0	0	-	-	0
<b>Total Group revenues</b>					
Third-party revenues	141,179	17,148	2,893	2	161,222
Rental revenues	41,355	1,044	310	2	42,712
Revenues from services	4,632	15,521	2,588	0	22,711
Purchase price revenues from single unit sales	70,076	0	0	0	70,076
Purchase price revenues from bloc sales	11,733	0	0	0	11,733
Other revenues	13,383	583	24	0	13,990
Intercompany revenues	9,761	1,909	4,937	-16,607	0
Finance income	4,589	567	662	-1,163	4,655
Finance cost	-37,288	-1,845	-1,982	7,622	-33,493
Significant non-cash earnings					
Market valuation income derivatives	3,770	143	0	0	3,913
Market valuation expenditures derivatives	-889	0	0	0	-889
Amortization of other intangible assets	0	-1,476	0	0	-1,476
Segment result EBIT	44,758	2,686	-997	-10,551	35,897
Segment result EBT	12,060	1,408	-2,317	-4,091	7,059
Segment result EBIT adjusted	44,758	4,162	-997	-10,551	37,373
Segment result EBT adjusted	9,179	2,741	-2,317	-4,091	5,511

## FIRST NINE MONTHS OF 2010 (JULY 1 – SEPTEMBER 30, 2010)

EUR '000	Residential	Commercial <sup>1</sup>	Special Real Estate Solutions	Corporate/ Conso- lidation	Total
<b>Portfolio-Management</b>					
Third-party revenues	834	1,599	2,501	4	4,938
Rental revenues	0	265	522	2	789
Revenues from services	834	1,334	1,979	0	4,147
Intercompany revenues	10,594	3,147	3,641	-17,610	-228
<b>Own Investments</b>					
Residential Property Resale					
Third-party revenues	166,443	-	5,808	-	172,251
Rental revenues	18,201	-	39	-	18,240
Purchase price revenues from single unit sales	99,075	-	5,726	-	104,801
Purchase price revenues from bloc sales	42,100	-	0	-	42,100
Other revenues	7,067	-	43	-	7,110
Intercompany revenues	201	-	0	-	201
Asset Repositioning					
Third-party revenues	38,206	1,473	-	-	39,679
Rental revenues	28,582	922	-	-	29,504
Purchase price revenues from bloc sales	0	0	-	-	0
Other revenues	9,624	551	-	-	10,175
Intercompany revenues	0	25	-	-	25
<b>Funds</b>					
Third-party revenues	4,362	0	-	-	4,362
Revenues from services	4,362	0	-	-	4,362
Intercompany revenues	2	0	-	-	2
<b>Total Group revenues</b>					
Third-party revenues	209,845	3,072	8,309	4	221,230
Rental revenues	46,783	1,187	561	2	48,533
Purchase price revenues from single unit sales	99,075	0	5,726	0	104,801
Purchase price revenues from bloc sales	42,100	0	0	0	42,100
Revenues from services	5,196	1,334	1,979	0	8,509
Other revenues	16,691	551	43	0	17,285
Intercompany revenues	10,797	3,172	3,641	-17,610	0
Finance income	4,138	191	489	-519	4,299
Finance cost	-53,651	-992	-1,769	8,548	-47,864
<b>Significant non-cash earnings</b>					
Market valuation income derivatives	3,751	0	0	0	3,751
Market valuation expenditures derivatives	-10,781	0	0	0	-10,781
Amortization of other intangible assets	0	0	0	0	0
Segment result EBIT	52,012	1,660	-1,418	-7,551	44,703
Segment result EBT	2,499	859	-2,698	478	1,138
Segment result EBIT adjusted	52,012	1,660	-1,418	-7,551	44,703
Segment result EBT adjusted	9,529	859	-2,698	478	8,168

<sup>1</sup> Without PATRIZIA GewerbeInvest KAG (member of the Group since January 3, 2011)

The assets and liabilities in the Residential segment account for well over 90% of the total assets and liabilities of the Group due to the capital intensity of own investments. For this reason, there is no breakdown of assets and liabilities by individual segment.

### 13 Transactions with related Companies and Individuals

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

The disclosures on related party transactions contained in section 9.3 of the notes to the consolidated financial statements in the 2010 Annual Report remain valid.

### 14 Declaration of the Legal Representatives of PATRIZIA Immobilien AG in line with Article 37y of the Wertpapierhandelsgesetz (WpHG – German Securities Act) in conjunction with Article 37w (2) No. 3 of the WpHG

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



Wolfgang Egger  
Chairman of the Board



Arwed Fischer  
Member of the Board



Klaus Schmitt  
Member of the Board

# Financial Calendar and Contact

## FINANCIAL CALENDAR 2011

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November 9, 2011	<b>Interim report for the first nine months 2011</b>
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## FINANCIAL CALENDAR 2012

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March 28, 2012	<b>Financial statements 2011</b>
May 10, 2012	<b>Interim report for the first quarter of 2012</b>
June 20, 2012	<b>Annual General Meeting, Augsburg</b>
August 9, 2012	<b>Interim report for the first half of 2012</b>
November 8, 2012	<b>Interim report for the first nine months 2012</b>

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