PATRIZIA
Innovative by heritage.

PATRIZIA
Annual Report 2023

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Key figures

Financial performance indicators

	2023	2022	Change
Assets under Management (AUM)	EUR 57.3bn	EUR 59.1bn	-3.2%
EBITDA	EUR 54.1m	EUR 78.9m	-31.5%
EBITDA margin	17.0%	24.0%	-7.0 PP

PP = percentage points

Revenues and earnings

EUR k	2023	2022	Change
Revenues	292,434	346,289	-15.6%
Total operating performance	317,160	333,587	-4.9%
EBITDA	54,097	78,933	-31.5%
EBIT	5,100	35,562	-85.7%
EBT	331	20,755	-98.4%
Consolidated net profit/ loss	-4,055	7,249	-155.9%
Attributable to shareholders of the parent company	*5,773*	*7,284*	*-20.8%*
Attributable to non-controlling interests	*-9,828*	*-35*	*>1,000.0%*

Structure of assets and capital

EUR k	31.12.2023	31.12.2022	Change
Non-current assets	1,481,479	1,245,986	18.9%
Current assets	517,626	799,888	-35.3%
Equity (excl. non-controlling interests)	1,156,232	1,258,992	-8.2%
Equity ratio (excl. non-controlling interests)	57.8%	61.5%	-3,7 PP
Net equity ratio	69.0%	70.1%	-1,1 PP
Non-current liabilities	552,245	460,221	20.0%
Current liabilities	251,075	260,315	-3.5%
Total assets	1,999,105	2,045,874	-2.3%

PP = percentage points

PATRIZIA share

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	PAT
Issued shares as at 31.12.2023	92,351,476 shares
Outstanding shares as at 31.12.2023[1]	85,844,433 shares
Treasury shares as at 31.12.2023	6,507,043 shares
2023 high[2]	EUR 12.38
2023 low[2]	EUR 7.03
Closing price as at 31.12.2023[2]	EUR 8.20
Share price performance 2023[2]	-20.8%
Market capitalisation as at 31.12.2023	EUR 0.8bn
Average trading volume per day 2023[3]	78,430 shares
Indices	SDAX, MSCI World Small Cap Index and others (CDAX, Classic All Share, DAXsector Financial Services, DAXsubsector Real Estate, Solactive DIMAX Deutschland, Prime All Share, S&P GIVI Global Index, S&P Global BMI)

[1] Reduced number of shares compared to the issued shares due to share buybacks
[2] Closing price on Xetra-trading
[3] All German stock exchanges

Preamble by the Executive Directors

Dear Shareholders,
Dear Readers,

2023 was another year of challenges for most market participants. Continued high inflation and increasing interest rates hit investments in real assets hard. Transaction markets for real estate and infrastructure faced significant declines due to dried up investor appetite and a flight to liquid investments. Devaluations and pricing pressure led to continued uncertainty for investment managers and their clients around the globe. Investment strategies in real assets had to deal with low growth economies and downward revision of economic forecasts. In addition, geopolitical uncertainties continued to dominate the global news agenda. On the other hand, central banks' first indications to potentially ease the upward pressure on interest rates had a stabilising effect on markets towards the end of the year.

Market participants with a strong financial profile, a diversified and attractive product offering and long-term trusted client relationships – like PATRIZIA - were nevertheless able to protect their core business and provide attractive investment opportunities for clients despite the challenging market environment.

Operating performance

In this environment of uncertainty and record low investment activity, PATRIZIA focused on the trustful relationships with its stakeholders to help navigate clients through choppy waters and protect the value of the assets entrusted to us. At the same time, we managed to invest in attractive real estate and infrastructure assets and strategies for our clients, continued to be close to the assets we manage and achieved important debt prolongations for our clients.

Investments spanned sectors and geographies and included transactions in fibre optic networks in Spain and the US for high-speed broadband communications, an urban logistics portfolio in Sweden, EV charging and decentralised storage in Germany, solar and battery development as well as energy services in Australia, and the launch of an affordable housing investment programme in the UK.

We also continued the strategic launch of new products, such as the Company's largest-ever strategy for sustainable infrastructure investments dedicated to the Asia-Pacific (APAC) market together with our partner Mitsui.

The investment activity for our national and international clients reassured the successful geographical and product diversification of PATRIZIA during 2023. The Company closed transactions worth EUR 3.4bn with significant investments in digitalisation, living and energy transition. Transaction activity included major European markets, the US and APAC.

In addition, there is still a large volume of commitments for new investments from our clients. At the end of the year, we held more than EUR 3bn of dry powder in our funds, which can be deployed as soon as market activity picks up over the course of the year.

Overall, PATRIZIA was able to attract new clients to our global platform also in 2023 and at year-end offered more than 500 institutional and over 7,000 semi-professional and private investors a comprehensive product portfolio. Strategies covered private and listed equity, private debt and fund of fund products, as well as discretionary strategies across the risk spectrum of core, value-add and opportunistic to achieve a broad range of individual investment objectives.

Financial performance

In terms of its platform and AUM, PATRIZIA continued to show resilience and relative strength throughout the financial year 2023. However, the weakness in market-driven revenues, notably transaction and performance fees, impacted the Company's profitability materially during the year, despite the cost measures already initiated in 2022.

AUM development showed resilience with a y-o-y decline of 3.2% to EUR 57.3bn, the negative development was primarily due to negative valuation effects. These valuation effects were partially offset by organic growth that supported the development of AUM. PATRIZIA continued to act as an active investment manager for its clients signing transactions worth EUR 2.8bn during 2023, of which the predominant part were acquisitions, driving this year's and future organic growth of AUM.

We do benefit from the high quality of our managed assets, the broad diversification in terms of sectors and regions and, in particular, from the forward-thinking investment strategies of our in-house research and data intelligence department, as well as local teams on the ground. This is reflective of our competitiveness and the strength of the investment strategies for clients, which continue to use debt responsibly. Leverage in the funds managed remained well below market peers, with an average Loan to Value (LTV) of 30.8% as of 31 December 2023.

Recurring management fees of EUR 251.1m continued to grow compared to last year (+4.2% y-o-y) but were not able to fully compensate for the market induced decline in transaction fees to EUR 14.7m (-34.6% y-o-y) and performance fees to EUR 46.6m (-23.8% y-o-y) in 2023. Taking all three revenue items together, total service fee income came in at EUR 312.4m (-3.8% y-o-y). Additionally, other operating income materially supported profitability of the Company in 2023.

We responded to the lower level of client activity in the transaction market in the second half of 2023 by reorganising our operations and adapting them for future growth. This was also accompanied by a mid-double-digit reduction of headcount, which was a necessary measure to prepare for a longer and choppier market recovery. The one-off costs of the reorganisation came in at EUR 16.3m in 2023, leading to an EBITDA of EUR 54.1m (-31.5% y-o-y), equivalent to an EBITDA-margin of 17.0% (-7.0 PP y-o-y). Before reorganisation result EBITDAR declined 21.4% y-o-y to EUR 69.9m in 2023.

The gap between EBITDA and net profit attributable to shareholders of the parent company is primarily due to depreciation, amortisation and impairment of EUR -50.5m (up 16.5% y-o-y from EUR -43.4m). The M&A related amortisation of fund management contracts and licences amounted to EUR 17.0m in FY 2023. Additionally, a market driven impairment on consolidated seed investing/ warehousing inventory real estate of EUR 16.9m burdened FY 2023 results. Both items nevertheless did not impact operating cash-flow generation in 2023.

Since PATRIZIA was founded in 1984, the Company has mastered a series of market cycles in which we have always emerged stronger from each crisis. We are convinced that our trusted long-term client relationships, broad product shelf, combination of local expertise and global scale, as well as our very solid balance sheet with a net equity ratio of 69.0% and EUR 291.0m of available liquidity at the end of 2023, will enable us to successfully navigate through the challenging market environment. Moreover, our solid balance sheet already today allows us to capture market opportunities and make targeted investments that will help accelerate future growth.

PATRIZIA's strong balance sheet also enables the Company to offer its shareholders a reliable dividend policy with growing dividends throughout market cycles. Together with the Board of Directors we are therefore proposing to shareholders a dividend per share of EUR 0.34 for FY 2023, equivalent to a growth of 3.0% y-o-y and the sixth consecutive increase in dividends per share.

Strategic Platform Development

It is our purpose to “Build Communities & Sustainable Futures”. However, communities do not only consist of real estate, such as homes, stores, and offices. They are connected by roads and numerous supply systems for delivering energy, water, data and social care. Therefore, for building truly sustainable futures we must follow an integrated approach that combines real estate and infrastructure.

This is how we want to make living spaces holistically more efficient, technologically advanced, sustainable and socially inclusive. Furthermore, real estate and infrastructure investments are both long-term income generators that offer inflation protection. We are convinced that, together with our clients, we are well positioned to win in the changed market environment as we focus on structural growth markets that will enable us to generate sustainable and attractive value for our clients and shareholders.

Underpinning our investment philosophy is our vision of a World in Transition, which is impacting our lives, our business and our industry. This is being driven by four major transition themes crystallising, the so-called “DUEL” megatrends:

1. **Digital transition** – digitalisation and new technologies, like real time connectivity and AI have disrupted our way of living and doing business. This disruption will create new opportunities for future business models.
2. **Urban transition 2.0** – cities will become centres of gravity for innovation, for new smart technologies, in particular for decarbonisation, and for new working models as well as modern living.
3. **Energy transition** – climate change and global warming have triggered a fundamental shift from fossil fuels to renewable energies and new sustainable ways of energy production and storage.
4. **Living transition** – living will change substantially driven by demographics, social needs and smart housing.

These DUEL megatrends will require new investment approaches to safeguard our clients’ AUM and capture new opportunities for value-creation. We want to future-proof our business model and become a smart Real Asset Player that is sustainable, market leading, ambitious, resilient, and tech savvy.

The combination of a strong in-house research and data intelligence team, local experts on the ground, forward-thinking refurbishments and decarbonisation strategies, as well as our technology capabilities, gives us a strong positioning for delivering value to our clients. As real estate and infrastructure sectors continue to converge, investment strategies will increasingly become theme-driven rather than simply asset class driven.

ESG Strategy

We continued to put our sustainability strategy to “create better assets, better workplaces and better communities” into practice during 2023. The extensive incorporation of ESG aspects in our products and material decision making processes in recent years are evidence of the progress we are making towards achieving our ambitious sustainability targets.

Moreover, we are progressing with our Net Zero Carbon Strategy published in 2022 to remove greenhouse gas emissions from our managed assets, the onsite deployment of renewables, and the decarbonising of our operations by 2040. In addition, PATRIZIA is executing the sustainability strategies of its funds. For example, three PATRIZIA funds – European Infrastructure Fund (EIF) II, Smart Cities Infrastructure Fund (SCIF) and Pan-European – achieved 5* ratings for ESG performance in the 2023 GRESB results.

Our “Equity, Diversity & Inclusion” (ED&I) programme continues to build awareness around the importance of ED&I at PATRIZIA and motivates us to continue our path to become an employer of choice in the real assets sector. This included a Group wide employment survey to better understand the diversity within PATRIZIA.

The PATRIZIA Foundation, which receives staff support and financial support of up to 1% of EBITDA from PATRIZIA, is continuing to expand its worldwide network of educational and care institutions to support children in need. The Foundation is in the process of building new PATRIZIA Child Care facilities in India and Bangladesh which will add to the four existing care facilities, eleven educational facilities and four health facilities worldwide.

PATRIZIA has been making an impact since 1984 by helping children in need, since 1992 in close collaboration with Bunter Kreis (“colourful circle”) in Germany for aftercare of children with severe diseases and since 1999 through its support for the PATRIZIA Foundation. The PATRIZIA Foundation has given more than 600,000 children and young people worldwide access to education, healthcare, and a safe home to get the chance to live a better self-determined life over the last 24 years and aims – with the help of its partners and sponsors – to provide educational support to one million children by 2030.

Outlook

In our view, the “world in transition” best describes the fundamental market changes that impacted our financial year 2023 and will continue to determine the outlook for the mid-to-long term. We believe 2024 will be a transformative year for us as we continue to face significant market headwinds and geopolitical uncertainties, which significantly impact client activity and our business development. We will use 2024 to adjust our strategy and the way we operate to best address these fundamental changes driven by a world in transition and build a strong basis for accelerating our growth when markets re-open.

While we expect 2024 overall to remain challenging, we expect some pick up in market activity over the course of the year. Valuation pressure is likely to continue to weigh on AUM, while our existing firepower of more than EUR 3bn should offer selective investment opportunities to drive organic AUM growth. We therefore assume AUM to lie in a range of EUR 54.0 – 60.0bn at the end of the year.

We expect EBITDA in a range of EUR 30.0 – 60.0m, equivalent to an EBITDA margin between 11.0% – 19.2% for the financial year 2024.

A special thank you goes to our skilled, hard-working and passionate employees. Despite the challenging environment, you have always stood by us loyally and generated added value for PATRIZIA and its stakeholders through your tireless efforts. With your expertise and commitment, you have been instrumental in supporting our clients in this difficult market phase and driving forward our strategic development. Your achievements and great collaboration motivate us to strive for ambitious goals to further develop PATRIZIA as a “smart Real Asset Player”.

We would also like to thank you, our shareholders, our clients and business partners for your trust, loyalty and friendship, even in uncertain times. We look forward to continuing PATRIZIA’s strategic development with you!

Augsburg, 18 March 2024

The PATRIZIA SE Executive Directors

Dr Asoka Wöhrmann Executive Director, CEO	**Christoph Glaser** Executive Director, CFO	**Wolfgang Egger** Executive Director, Founder

Report of the Board of Directors

Dear Shareholders,
Dear Readers,

The financial year 2023 turned out to be another challenging year from a macro-economic and geopolitical perspective. For PATRIZIA, the continued high inflation and interest rate environment as well as general market uncertainty and volatility had a significant impact on client activity and consequently the operating performance of the Company.

Investment strategies in real assets had to deal with low growth economies and downward revision of economic forecasts, coupled with continued high inflation and interest rate volatility. In addition, geopolitical uncertainties increased, fuelled by the Hamas attacks on Israel in October 2023, the resulting military conflict in the Middle East region as well as the ongoing war in the Ukraine. On the other hand, the first indications from central banks to potentially ease the upward pressure on interest rates had a stabilising effect on inflation and economic development – to name just a few major factors impacting client investment activity.

Alongside these significant market headwinds and geopolitical uncertainties, economies and societies across the globe are experiencing a fundamental transformation in the way people live, work and do business. Urban living continues to adapt to demographic and lifestyle changes, increasing the demand for modern, energy efficient, and yet affordable housing. Climate change has triggered an energy transition from fossil fuels towards renewable energy solutions to power economies and accelerate decarbonisation across the real estate industry. Cities are becoming centres of gravity for innovation, smart technology and new working models that is shaping a new urban fabric. In view of these major and very dynamic developments PATRIZIA - in addition to the need to take its efficiency and its internal processes to a new and strong level - will have to adapt itself as well as its product and service offerings to the major trends of the nearer and medium future: new ways of living in even faster growing cities - quality urban living combined with decarbonisation and less energy consumption - and last but not least digital. For PATRIZIA, this will be a challenge and a chance.

PATRIZIA operating performance in 2023

PATRIZIA was impacted by the market environment especially through negative year-over-year development of market-driven revenues predominantly from transaction fees and performance fees. Changed client behavior in the form of a flight to liquids, reduced exposure to real estate and a cooling appetite for illiquid investments led to reduced Assets under Management (AUM) growth and lower revenues. Subsequently, the Company closed the financial year 2023 with a consolidated EBITDA of EUR 54.1m, which corresponds to a decline of 31.5% compared to the previous year. Other income supported EBITDA with EUR 28.5m (down 5.9% y-o-y) in the financial year 2023, including positive one-off effects from to the reversal of earn-out liabilities (EUR 7.4m) and VAT refunds (EUR 4.6m). Based on the performance before reorganisation expenses booked during 2023, the EBITDAR came in at EUR 69.9m, equivalent to a decline of 21.4% y-o-y. The gap between EBITDA and consolidated net profit attributable to shareholders of the parent company is primarily due to depreciation, amortisation and impairment of EUR -50.5m (up 16.5% y-o-y from EUR -43.4m).

Nevertheless, PATRIZIA fared well as a stable and reliable partner for its clients with a growing product offering and access to new investment opportunities, also backed by the Group's strong balance sheet. PATRIZIA hence showed overall good platform resilience in uncertain times, helped by its well diversified AUM across the real estate and infrastructure sectors, international footprint and well-established long-term client relationships.

AUM declined by 3.2% year-over-year to EUR 57.3bn, primarily due to valuation effects which were partially offset by organic growth in AUM. The infrastructure sector was particularly in focus, making a large positive contribution to overall investment volumes, while the majority of real estate subsectors continued to be negatively impacted by the market environment and in some cases by structural changes. PATRIZIA continued to be an active investment manager for its clients to take advantage of market conditions, signing transactions worth EUR 2.8bn, of which the majority were acquisitions made on behalf of clients. The Company's strong balance sheet and financial flexibility additionally supported platform resilience.

PATRIZIA strategic milestones in 2023

2023 was also important for the strategic development of PATRIZIA. The appointment of Dr Asoka Wöhrmann as new CEO marked a significant milestone in the evolution of the Company, bringing comprehensive leadership and in-depth knowledge of financial markets and the global asset management industry to PATRIZIA. Furthermore, strategic partnerships like the APAC sustainable infrastructure investment strategy launched together with Mitsui will pave the way for accelerating AUM growth in infrastructure and help PATRIZIA to become a smart Real Asset Player.

To safeguard profitability in a continued subdued market environment, the Board of Directors encouraged and supported the Executive Directors in implementing a reorganisation program during the fourth quarter of 2023. The clear strategic goal of this program was to make PATRIZIA more efficient, to further improve recurring profitability and to increase platform resilience – in other words, adjusting the Company's cost base to prepare for a longer and choppier recovery and to bring total operating costs below the annual level of recurring revenues in a sustainable way.

Composition of the Board of Directors and their Committees

During the financial year 2023 the Board of Directors consisted of seven members, namely Mr Uwe H. Reuter, Mr Wolfgang Egger, Mr Jonathan Feuer, Mr Axel Hefer, Ms Marie Lalleman, Ms Saba Nazar and Mr Philippe Vimard. Mr Wolfgang Egger also served as Executive Director.

The Board of Directors has established an Audit Committee and a Nomination and Remuneration Committee.

The members of the Audit Committee in the year under review were:
- Jonathan Feuer (Chair)
- Axel Hefer
- Uwe H. Reuter

The members of the Nomination and Remuneration Committee in the year under review were:
- Marie Lalleman (Chair)
- Wolfgang Egger (as from 13 December 2023)
- Uwe H. Reuter
- Philippe Vimard

Cooperation with the Executive Directors

In the monistic governance system of PATRIZIA SE, the Board of Directors determines the basic guidelines for the Company's activities. The Board of Directors made use of the statutory option to delegate the day-to-day business to Executive Directors, whereby in the financial year 2023 one of the Executive Directors was also a member of the Board of Directors. Regular reports on the course of business were submitted to the Board of Directors. All business transactions requiring approval were discussed intensively with the Executive Directors and – where necessary – approval was granted. The members of the Board of Directors requested that the Executive Directors shall inform the Board about all important items and developments of the Company and the Group and in addition requested detailed information about specific issues. These requests were conducted by means of oral and written reports by the Executive Directors and members of the Executive Committee during board meetings or direct information to the relevant member of the Board of Directors in case of specific requests. The Board of Directors discussed these reports and intensively discussed questions of business policy, the course of business and the further development of the Company and the Group during the meetings. In addition, also outside the meetings the Chair of the Board of Directors was in regular contact with the CEO to get up-to-date information on the development of the business. The Board of Directors satisfied itself of the proper conduct of business based on the reports and information provided by the Executive Directors. The Board of Directors has looked at the appropriateness of the internal control system and the risk management system that have been set up and have evaluated their effectiveness. The Board of Directors has noted a quality progress during the financial year 2023 regarding the appropriateness and effectiveness of these systems.

Meetings

A total of eight meetings of the Board of Directors took place in the year under review. Four meetings were held in person and four meetings were held virtually.

In addition, a total of five meetings of the Audit Committee and four meetings of the Nomination and Remuneration Committee were held in the reporting year. The Audit Committee held all meetings in virtual form. The Nomination and Remuneration Committee met three times in person and a fourth meeting was held virtually. In addition, the Committees met for several informal working sessions throughout the year.

Details on the meetings held and individual meeting attendance can be found in the following overview:

Individual attendance of meetings by members of the Board of Directors in 2023

	Board of Directors		Audit Committee		Nomination and Remuneration Committee	
	Number	in %	Number	in %	Number	in %
Uwe H. Reuter	8/8	100%	4/5	80%	4/4	100%
Wolfgang Egger	7/8	87%	n/a	n/a	4/4	100%
Jonathan Feuer	7/8	87%	5/5	100%	n/a	n/a
Axel Hefer	7/8	87%	5/5	100%	n/a	n/a
Marie Lalleman	7/8	87%	n/a	n/a	4/4	100%
Saba Nazar	8/8	100%	n/a	n/a	n/a	n/a
Philippe Vimard	5/8	63%	n/a	n/a	4/4	100%

Focal points of activities

The meetings of the Board of Directors focused in particular on important fundamental and individual issues, the Group's strategy and the economic situation against the background of a greatly changed market environment.

In a first meeting of the Board of Directors on 8 March 2023, the Board of Directors – following a report of the Nomination and Remuneration Committee – focussed on personnel topics, in particular succession planning for the Executive Directors, potential changes of the remuneration system for the Executive Directors, potential co-investment opportunities for PATRIZIA employees, Executive Directors and members of the Board of Directors, as well as a decision on the short-term incentives for the former members of the Management Board and Executive Directors for the financial year 2022. In the context of Thomas Wels' departure as Executive Director, the Board of Directors resolved on an updated schedule of responsibility for the Executive Directors as well as approval of an advisory contract with Thomas Wels covering the period after the end of his office term. Further topics of this meeting were a management report including detailed reporting on the Company's financial situation, a presentation on the Company's Equity, Diversity & Inclusion strategy as well as an update on cyber security.

The meeting of the Board of Directors on 21 March 2023 was also the meeting to approve the financial statements for the financial year 2022, at which the auditors of BDO AG Wirtschaftsprüfungsgesellschaft reported on their audit activities for the financial year 2022. After reviewing the annual financial statements 2022 and the consolidated financial statements as well as the combined Annual Report 2022 of the Company and the Group, the Board of Directors adopted the annual financial statements and approved the consolidated financial statements 2022. The Board of Directors also approved the Dependency Report as well as the Remuneration Report of the Company for the financial year 2022. The Board of Directors decided to follow the proposal of the Executive Directors to propose to the shareholders of the Company to pay a dividend of EUR 0.33 per share for the financial year 2022. In addition, the Board of Directors dealt with the ongoing search for C-level positions.

A meeting was held on 28 April 2023 to discuss in detail the contractual set-up and remuneration aspects for the designated CEO, Dr Asoka Wöhrmann.

A further ordinary meeting was held on 25 May 2023, at which the CFO presented the management report including current business development, the performance of the recently acquired infrastructure business as well as the potential consequences of the current interest rate environment on business activity and Group financials. Following a report by the Nomination and Remuneration Committee, the Board of Directors decided on the targets for the long-term incentive program for the Executive Directors for the financial year 2023, the allocation of awards for the long-term incentive program for the former members of the Management Board granted in 2020 as well as a modification of the contractual terms of the current CEO. Further agenda items were the report by the Audit Committee as well as a process for the approval of costs triggered by the Board of Directors. Finally, following the re-appointment of Jonathan Feuer and Philippe Vimard as members of the Board of Directors by the Annual General Meeting, the Board of Directors resolved on Jonathan Feuer's appointment as Deputy Chair of the Board of Directors and his appointment as member and Chairperson of the Audit Committee, as well as Philippe Vimard's appointment as member of the Nomination and Remuneration Committee.

The next ordinary meeting was held on 13 July 2023 during which the designated CEO, Dr Asoka Wöhrmann and the newly appointed COO, Slava Shafir provided reports on their first weeks and impressions of the Company. Members of the Company’s Executive Committee provided a market update for their respective areas of responsibility and the CFO provided a management report including an update on litigation matters. In addition, the members of the Board of Directors looked back on the latest Annual General Meeting and discussed the pros and cons of the virtual AGM format. Finally, the Board of Directors resolved on an updated Schedule of Responsibilities for the Executive Directors.

On 27 September 2023 the Board of Directors held a further ordinary meeting. First agenda item was the report of the Audit Committee which, among others, dealt with latest financial developments, fund performance and outsourcing controlling for property management. This was followed by the report of the Nomination and Remuneration Committee in which the Board of Directors discussed inter alia on potential future amendments to the long-term incentive program for the Executive Directors and amended compensation elements for the Board of Directors and members of the Executive Committee, as well as shareholders’ feedback on the latest Remuneration Report. Finally, the Board of Directors resolved on an accelerated settlement of LTI 2020 – 2022 claims with the former CFO, Karim Bohn. Further agenda items were the management report provided by the Executive Directors as well as a business report in which the members of the Executive Committee provided updates on current topics within their areas of responsibility. Additional agenda items were various financial topics, a report on fund performance, real estate valuation and a review of the acquired infrastructure business.

During an extraordinary meeting on 16 November 2023 the Board of Directors discussed and resolved on the intention to terminate the service contract of the COO, Slava Shafir. The actual removal and termination decision was resolved by separate resolution on 21 November 2023.

In the last meeting of the reporting year on 13 December 2023, the Board of Directors set a focus on the current financial situation of the Company which was discussed following a report by the CFO. This was followed by a management report by the CEO as well as business reports by members of the Executive Committee regarding their areas of responsibility. Further topics of the meeting were reports on risk, compliance, Internal Audit, cyber security, real estate valuation and pending litigation as well as a report by the Audit Committee and the Company’s auditor BDO AG Wirtschaftsprüfungsgesellschaft on the audit approach as well as materiality thresholds for the upcoming audit process. Furthermore, the Board of Directors dealt with personnel and remuneration topics, including the target setting for the short-term incentives of the Executive Directors, the target setting for the share of women for the Board of Directors, the Executive Directors and the management levels below the Executive Directors, and the nomination of Wolfgang Egger as additional member to the Nomination and Remuneration Committee. Finally, during the meeting the Board of Directors also initiated a general discussion about the dividend policy and resolved on the budget and business plan for the financial year 2024, the 2024 Declaration of Compliance with the German Corporate Governance Code, holding the Annual General Meeting 2024 in virtual format without the physical presence of the shareholders or their proxies, the approval of a lease agreement for new office premises in London as well as the approval of invoices for legal advice sought by the Board of Directors.

The Audit Committee on a regular basis dealt with the quarterly financial performance of the Company, review of annual and quarterly financial statements and review of regular updates to the financial year forecast. In addition, the Audit Committee dealt with the election proposal and commissioning for the auditor and the independence of the auditor, the determination of the focal points for the audit of the financial statements, the monitoring of the accounting processes and the audit of the annual financial statements and the Remuneration Report. In addition, the Audit Committee dealt with the Company’s compliance management, effectiveness of the internal control systems, the risk management system and the Internal Audit system as well as the quality of the audit and the additional services provided by the auditor. The Chair of the Audit Committee was in regular contact with the auditor.

The Nomination and Remuneration Committee dealt with the Remuneration Report, the personnel changes in the area of the Executive Directors and the Board of Directors, the remuneration of the members of the former Management Board and the Executive Directors, including the remuneration system and the determination of the variable remuneration for the past financial year as well as the determination of corporate and individual performance targets for the variable remuneration for the current financial year. Another focus of the activities was the preparation of succession planning for the Executive Directors, as well as the preparation of resolutions regarding service contracts of former members of the Management Board and current Executive Directors.

Further Resolutions, Conflicts of Interest & Training

Where necessary, the Board of Directors also made decisions by way of circular resolutions. These concerned, amongst others, decisions on the appointment or dismissal of Executive Directors and their service contracts as well as decisions on ad hoc disclosures in this context, remuneration elements and a consecutive change of the remuneration system for Executive Directors, the dividend proposal for the financial year 2022 and the objectives for the composition of the Board of Directors and the profile of skills for the Board of Directors.

Mr Egger's dual function as a member of the Board of Directors and as Executive Director at the same time could possibly lead to a conflict of interest, which, however, did not specifically materialise in the reporting year. Nevertheless, Mr Egger will not participate in the discussions and resolutions of the Board of Directors as well as respective discussions and voting in the Nomination and Remuneration Committee if there is a personal conflict of interest arising from his role as Executive Director. Beyond this, the Board of Directors are not aware of any potential conflicts of interest in the financial year 2023.

The Company assists the members of the Board of Directors in obtaining the necessary training and continuing development for their responsibilities, such as changes in the legal framework or in capital market-specific governance requirements. The Board of Directors executed an internal 2023 training on compliance and anti-money laundering law matters which was finalised in January 2024. Regular capital markets updates were received by the Board of Directors and the General Counsel commented on new regulation during meetings of the Board of Directors. An onboarding process exists for new members of the Board of Directors. No onboarding was needed in 2023 because the Board of Directors did not change.

Corporate Governance

The Board of Directors published the Corporate Governance Statement on 6 March 2024 on the PATRIZIA website at https://ir.patrizia.ag/en/corporate-governance.

On 13 December 2023, the Board of Directors adopted the Declaration of Compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to Section 161 of the German Stock Corporation Act (DCGK 2022). The recommendations were complied with during the year, with a few exceptions. The current and all previous declarations of compliance are also permanently available on the PATRIZIA website in the Corporate Governance section.

Audit of the annual and consolidated financial statements 2023

The annual financial statements of PATRIZIA SE prepared in accordance with the German Commercial Code (HGB), the consolidated financial statements prepared in accordance with IFRS, the combined management report, including the non-financial statement, for PATRIZIA SE and the Group for the financial year 2023 and the Remuneration Report were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, including the accounting records, and were each given an unqualified audit opinion. The members of the Board of Directors of PATRIZIA SE received the aforementioned documents and the audit reports of BDO AG Wirtschaftsprüfungsgesellschaft in good time. The Executive Directors and the responsible auditors explained the results of the audit to the Board of Directors at the balance sheet meeting on 19 March 2024 and provided supplementary information. BDO also found that the Executive Directors have set up an appropriate early risk detection system. BDO did not report any material weaknesses in the internal control and risk management system in relation to the accounting process. In addition, the Executive Directors explained the financial statements of PATRIZIA SE and the Group as well as the risk management system at this meeting.

The Board of Directors and its committees also examined the annual financial statements of PATRIZIA SE, the consolidated financial statements, the combined management report for the Company and the Group, including the non-financial statement, for the financial year 2023, the Remuneration Report and the Executive Directors' proposal for the appropriation of profits. Following the final result of its examination, the Board of Directors did not raise any objections against the annual and consolidated financial statements. We took note of the auditor's findings and approved the annual and consolidated financial statements accordingly. The annual financial statements of PATRIZIA SE for the financial year 2023 are thus adopted. The Board of Directors will – based on a proposal by the Company’s Executive Directors - propose a dividend per share for the financial year 2023 of EUR 0.34 to shareholders. This reflects the sixth consecutive increase in dividend per share, equivalent to 3.0% y-o-y growth. Despite the temporarily subdued net income levels with consolidated net profit attributable to shareholders of the parent company down 20.8% y-o-y to EUR 5.8m, PATRIZIA’s continued solid operating cash-flow (EUR 73.8m in FY 2023) and strong balance sheet allow for a continuation of growing dividends to shareholders. The remaining amount of the balance sheet profit according to HGB will be carried forward.

Examination of the Dependency Report

The Dependency Report of PATRIZIA SE, which reports about relationships with related parties for the financial year 2023, was also examined by the auditor. According to this report, all legal and business relationships with related parties listed therein correspond to standard market conditions as they would have been concluded between the PATRIZIA Group and third parties. Likewise, no transactions with related parties within the meaning of Sections 107 and 111a to 111c (German Stock Corporation Act), which would have required the approval of the Board of Directors by law or the Company's Articles of Association, were identified. The auditor issued the following note on the Dependency Report:

"Following our audit and assessment, we confirm that

- the factual statements in the report are correct,
- in the legal transactions listed in the report, the company's performance was not unreasonably high."

The Dependency Report prepared by the Executive Directors and audited by the auditor as well as the related audit report were made available to all members of the Board of Directors in due time and were presented and explained to the Board of Directors. The Board of Directors raised no objections to the Dependency Report and the concluding statement by the Executive Directors contained therein.

PATRIZIA's financial year 2023 was impacted by an environment of market uncertainty, high inflation and rising interest rates. As a result, the management implemented a further reorganisation program in the fourth quarter of 2023 to increase efficiency and profitability, thereby creating the conditions for a positive future.

Our sincere thanks go to the Executive Directors and all PATRIZIA employees for what has been achieved. You have contributed significantly to the development of the Company with your expertise and hard work.

Augsburg, 18 March 2024

For the Board of Directors of PATRIZIA SE

Uwe H. Reuter
Chair

The PATRIZIA share

PATRIZIA's key share data

		2023	2022	2021
Share prices				
High	EUR	12.38	20.95	26.55
Low	EUR	7.03	6.99	19.98
Closing price as at 31.12.	EUR	8.20	10.36	20.50
Share price performance	%	-20.85	-49.46	-21.90
Market capitalisation as of reporting date	EUR bn	0.8	1.0	1.9
Average trading volume per day[1]	EUR	718,745	895,747	985,950
Average trading volume per day[1]	Shares	78,430	74,997	43,861
Annual share turnover[2]		0.22	0.21	0.12
Issued shares as of reporting date	Shares	92,351,476	92,351,476	92,351,476
Outstanding shares as of reporting date	Shares	85,844,433	86,175,357	88,620,175
Treasury shares as of reporting date	Shares	6,507,043	6,176,119	3,731,301
Earnings per share undiluted (IFRS)	EUR	0.07	0.08	0.54
Earnings per share diluted (IFRS)	EUR	0.07	0.08	0.54
Dividend per share	EUR	0.34	0.33	0.32

[1] All German stock exchanges
[2] Quotient of share turnover/share portfolio in relation to the average number of shares issued (2023: 92,351,476 shares; 2022: 92,351,476 shares; 2021: 92,351,476 shares)

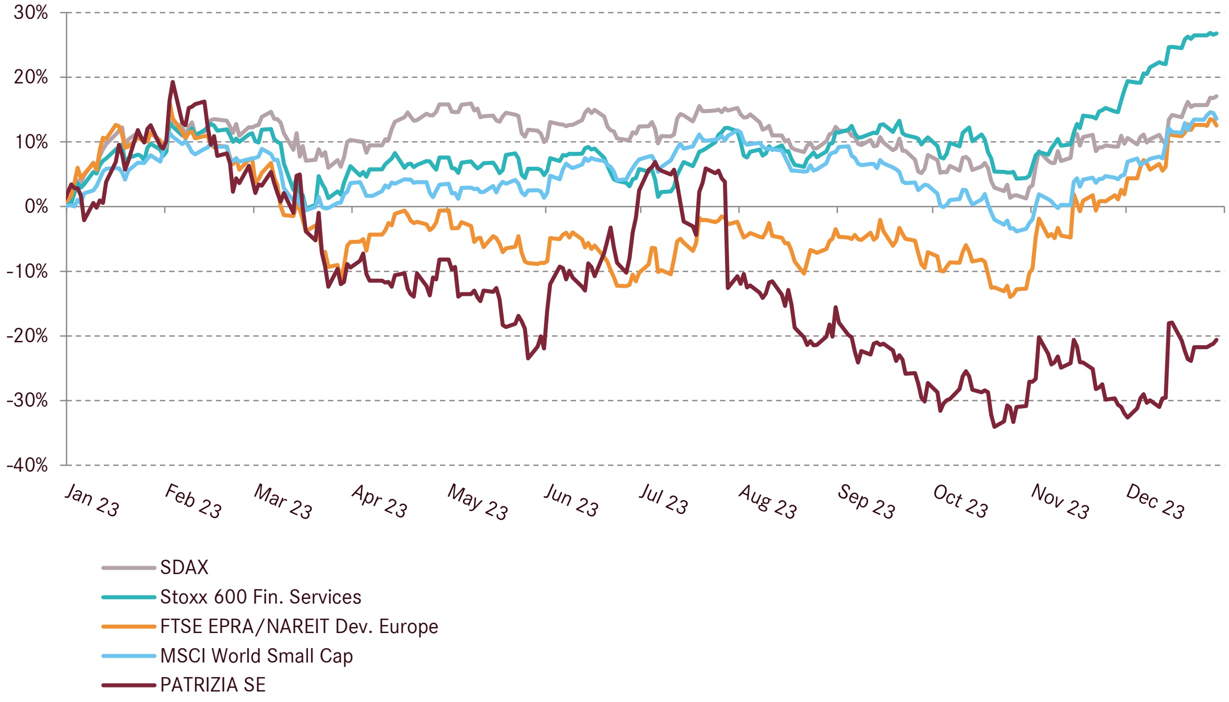
At the beginning of 2023, stock markets around the world experienced a recovery, driven by positive signals such as relaxed Covid restrictions in China and improved growth prospects for the global economy. In March, the collapse of Silicon Valley Bank led to turbulence on the markets and triggered concerns about a possible expansion to a financial crisis, which temporarily weighed on share prices. After a period of stagnation in the second quarter of 2023, Germany's leading index, the DAX, managed to recover. However, persistent concerns about further rises in interest rates and the general economic development, as well as the Hamas attack on Israel in October of that year, led to renewed uncertainty and a sell-off on the stock markets. The end of October saw a significant change in sentiment, supported by declining inflation data. This trend was reinforced by the Federal Reserve's comments in December 2023 that interest rate cuts could be possible in 2024. Later in the year, equities generally experienced a significant upward trend, with the DAX reaching a new all-time high of 17,003 index points in December 2023. Overall, the stock market in 2023 was characterized by high volatility, influenced by economic data, geopolitical events and changing market sentiment regarding inflation and interest rates.

Germany's leading index, the DAX, ended the year at 16,752 points. This corresponds to an overall gain of 20.3% for the year. The German small- and mid-cap stocks, showed a similarly positive picture. The MDAX rose to 27,137 index points, representing an annual increase of 8.0%. The SDAX closed 2023 with 13,960 index points and a gain of 17.1%. A similar performance was also seen in international indices that PATRIZIA uses as benchmarks. The STOXX 600 Financial Services Price Index recorded an increase of 26.8% in 2023. The FTSE EPRA/NAREIT Developed Europe Index ended the year at 1,711 points, which corresponds to an increase of 12.6%.

Contrary to the above, the PATRIZIA share was unable to stand out from the overall weakness of real estate and real estate-related stocks in 2023, although as an investment manager without a significant own balance sheet portfolio (asset light business model), the Company is only indirectly influenced by changes in values on the real estate or infrastructure market. Another negative factor was that the Company had to lower the upper end of its FY 2023 guidance for EBITDA in the third quarter, in particular due to the lack of a recovery in the investment and transaction markets for real estate and infrastructure and subsequent negative impact on transaction fee generation.

The PATRIZIA share started 2023 at a price of EUR 10.34. After an initial rise to EUR 12.38 in February, which also marked the high for the year, the share price fell to EUR 8.16 by May. Following a recovery in the summer, the stock came under pressure again and reached its low for the year of EUR 7.03 in October. The share ended 2023 at a closing price of EUR 8.20 (31 December 2022: EUR 10.36). After an already weak previous year (-49.5%), the PATRIZIA share thus suffered another year of losses with a share price performance of -20.9%. With 92,351,476 issued shares as at 31 December 2023, market capitalization amounted to EUR 757.3m.

Development of the PATRIZIA share in comparison with various indices



On average, 78,430 PATRIZIA shares were traded per day on all German stock exchanges. This corresponds to a year-on-year increase in volume of 4.6% (2022: 74,997 shares/day) and an annual share turnover of 0.22 (2022: 0.21).

Dividend payment

In 2023, a dividend of EUR 0.33 per share was paid out in cash for the financial year 2022, which corresponds to an increase of 3.1% compared to the previous year. The unappropriated profit in accordance with the German Commercial Code (HGB) of EUR 371.4m was used in part to pay out the dividend and the remaining amount was carried forward. The resolution passed by the Annual General Meeting on 25 May 2023 resulted in a cash dividend payment of EUR 28.3m to shares entitled to dividends. Based on the dividend per share, the total amount of the dividend exceeded the share of the 2022 IFRS consolidated net profit attributable to the shareholders of the parent company of EUR 7.3m. The payout ratio was therefore 418.4%. The dividend was paid out on 30 May 2023.

PATRIZIA has adjusted its dividend policy at the beginning of the financial year 2024. The Company strives to offer steadily growing dividends to its shareholders throughout market cycles, backed by its strong balance sheet and financial flexibility. Long-term, PATRIZIA aims to distribute more than 50% of the Group‘s annual net profit attributable to shareholders in the form of dividends. The application of the dividend policy for future years is subject to the Group‘s balance sheet strength, profitability, available liquidity and the general market environment.

For the past financial year 2023, PATRIZIA's Board of Directors will – based on a proposal by the Company's Executive Directors – propose to shareholders to use the unappropriated profit according to HGB of EUR 261.6m to pay out a dividend per share of EUR 0.34 and to carry forward the remaining amount to new account. This reflects the sixth consecutive increase in dividend per share, equivalent to an increase of 3.0% compared to the previous year.

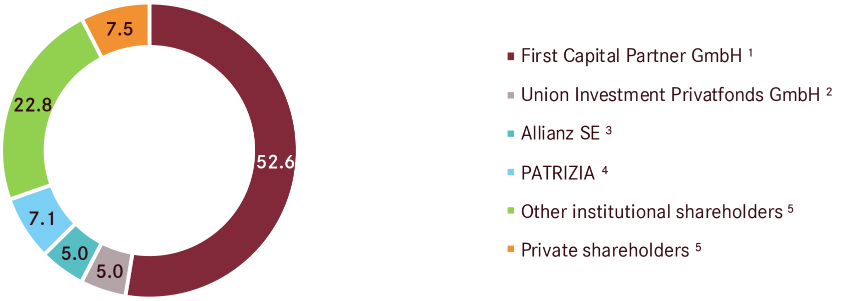
On the basis of the proposed dividend, the total dividend is higher than the share of the IFRS consolidated net profit of EUR 5.8m attributable to the shareholders of the parent company. Consolidated net profit for the financial year 2023 was significantly impacted by the weakened market environment and one-off effects. However, PATRIZIA continues to have a robust business model, a solid balance sheet, sufficient available liquidity and a positive operating cash flow, items which support the dividend proposal.

Shareholder structure of the Company

The shareholder structure of PATRIZIA SE changed only slightly in the past fiscal year. The Company's founder and Executive Director, Wolfgang Egger, continues to act as the main shareholder. Via First Capital Partner GmbH, he held a 52.60% stake at the end of 2023. According to the voting rights notification dated 15 February 2023, Union Investment Privatfonds GmbH reduced its equity interest to 4.99% in 2023. In addition, Allianz SE maintained its shareholding at the same level of 4.99% in accordance with the voting rights notification dated 14 December 2020. PATRIZIA SE held 7.05% of its own shares as at 31 December 2023. Of the remaining shares, 22.83% were held by institutional investors and 7.54% by private shareholders.

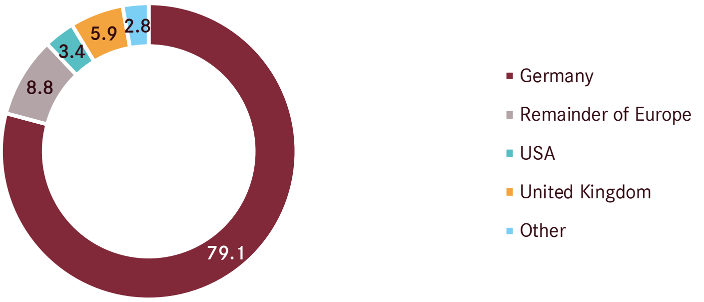
In regional terms, the approximately 8,700 PATRIZIA shareholders are distributed worldwide. By far the most shares are held by German (79.14%), British (5.86%) and US (3.38%) shareholders.

PATRIZIA shareholder structure as at 31 December 2023 | by shareholder group | Specification in %



[1] First Capital Partner is attributable to Founder Wolfgang Egger
[2] According to the voting rights notification of 15 February 2023
[3] According to the voting rights notification of 14 December 2020
[4] Treasury shares of PATRIZIA SE
[5] Source: PATRIZIA share register

PATRIZIA shareholder structure as at 31 December 2023 | by region | Specification in %



Investor Relations – valuable relationships and active communication

PATRIZIA SE maintains a continuous dialogue with its institutional, semi-professional and private equity investors and analysts. In this context, proactive and transparent information is provided on the Company's business development as well as all important events. In 2023, the management and Investor Relations team presented the Company in more than 200 meetings with investors from more than 30 cities worldwide. In addition to numerous physical meetings, some meetings were again held as video conferences this year. The team also took part in a large number of international investor conferences and organized a face-to-face event for private investors in cooperation with the SdK - Schutzgemeinschaft der Kapitalanleger e.V..

The PATRIZIA SE share is regularly rated by eight analysts from national and international banks. At the end of 2023, six analysts recommended the PATRIZIA share as a buy, one analyst recommended holding the share and one analyst issued a reduce recommendation. Buy recommendations were issued by Berenberg, Deutsche Bank, DZ Bank, Kepler Cheuvreux, Metzler Capital Markets and Warburg. ODDO BHF recommended to hold the share and Baader Helvea recommended to reduce the share. On 31 December 2023, the analysts' price targets ranged from EUR 8.50 (Baader Helvea) to EUR 12.00 (Metzler Capital Markets, Berenberg) per share and the average price target was EUR 10.70 per share.

Further information is available on the website https://ir.patrizia.ag/en/. In addition to financial reports, presentations and announcements, the current financial calendar, roadshow and conference dates for 2024 and analysts' opinions on the PATRIZIA share can also be found there.

Management Report

Combined management report of the Company and the Group

The management report has been combined with the management report of PATRIZIA SE in accordance with section 315 (5) of the German Commercial Code (HGB) in conjunction with section 298 (2) HGB because the situation of PATRIZIA SE as the management and financial holding Company is strongly linked with the situation of the Group. The combined management report contains all presentations of the net assets, earnings and financial situation of the Company and the Group as well as other details that are required according to German commercial law and the supplementary provisions of DRS 20.

The currency denomination is EUR. Differences may occur when using rounded amounts and percentages. All references on chapters and individual sections refer to chapters and sections in this report.

The Company does not differentiate between genders in our writing, and always uses the masculine form of personal nouns. This is intended to be a neutral language that aims to address everyone equally and without any type of bias.

1 Group Fundamentals

Company Profile

PATRIZIA is a leading European independent real asset investment manager[1] with 971 employees (FTE) as at 31 December 2023 active in 28 locations worldwide. The Company's core business is real asset investment management, offering a comprehensive product portfolio of private and listed equity funds, private debt funds and fund of fund products in line with individual return expectations, diversification objectives and risk styles to more than 500 institutional and 7,000 semi-professional or private investors.

Products and Services

PATRIZIA's offering spans from real assets funds, bespoke account solutions, Global Partner (multi-manager or fund of fund) solutions, multi strategy solutions to landmark single asset & portfolio deal opportunities to meet client preferences and requirements extensively and specifically. The Company provides a wide range of services, from asset and portfolio management to the execution of acquisitions and disposal transactions for almost all real estate and infrastructure sectors to alternative investments and project developments. Investors receive an "all-round solution" that covers all services and the entire value chain of real asset investments. Specific parts from this assortment can be chosen as well.

PATRIZIA's fund strategies are built on specialist expertise in various investment strategies and risk classes of real estate and infrastructure investments. In recent years, the Company has enriched its historically private markets-based equity product offering by listed equity, private debt and additional fund of fund strategies to offer investors comprehensive diversification opportunities.

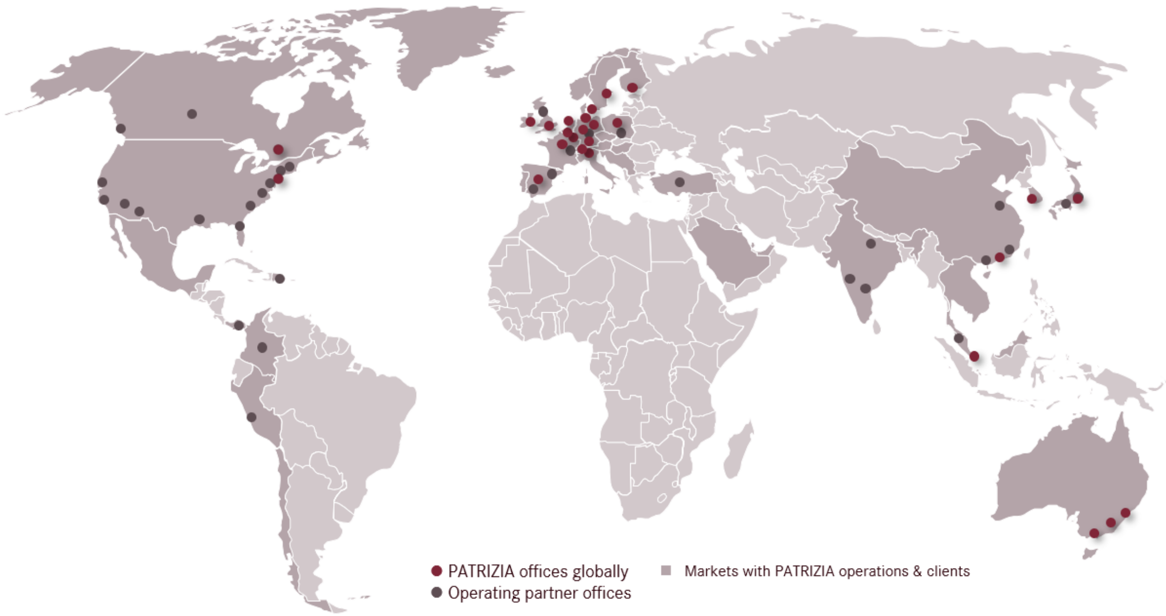
The product shelf covers a broad range of real estate and infrastructure assets. The scope of real estate asset classes ranges from residential, office, retail and logistics properties to hotels and care homes. The product offering in infrastructure covers nearly all infrastructure sectors, such as energy, including renewables, distribution networks for electricity, communications, gas and heat, water and waste management as well as underground energy storage facilities, so called caverns, transport or social infrastructure, like schools and kindergardens.

PATRIZIA also offers its clients broad access to multi-manager products, so-called funds of funds, to invest in real estate, global infrastructure and private equity funds in Europe, Asia and the Americas.

The assets held by the funds typically have a planned initial holding period of between five and ten years, with a propensity for ten years.

[1] Source: IREI Global Investment Managers, published in August 2023 (latest available set). Ranking based on Assets under Management.

PATRIZIA's regional platforms cover 28 locations globally to service clients and manage real assets locally



Clients and regional platforms

PATRIZIA's clients include institutional and semi-professional investors such as insurance firms, pension fund institutions and sovereign funds from Germany, Europe, the US and Asia, high-net-worth individuals (HNWI) and private investors.

PATRIZIA seeks for a trust-based and reliable partnership with business partners and successful transactions for investors, and deems sustainable, prudent, and successful business operations to be the basis for this. Its brand and associated trust are considered essential for attracting new clients and extending existing business relationships. This is why the Company places great value on fostering the PATRIZIA brand and earning the trust of investors with every investment.

Overall, clients entrusted PATRIZIA with new equity of EUR 0.5 bn in the past financial year to be invested in various real asset strategies. PATRIZIA currently has outstanding equity commitments amounting to more than EUR 3bn, as at 31 December 2023, which are available to make opportunistic asset or portfolio acquisitions on behalf of our clients if and when opportunities arise.

PATRIZIA's regional platforms are well established throughout Europe and growing globally towards the Asian-Pacific region with a regional hub established in Singapore in 2022 but also towards the North American region where the Company currently maintains two offices. In total, regional platforms cover 28 locations of PATRIZIA offices to service clients and manage real assets locally as at 31 December 2023.

PATRIZIA is represented in all markets by teams or partners with long-standing and, above all, local expertise. The Company's regionally and nationally established network gives direct access to current market developments and tracks virtually all transactions relevant to its clients. It enables PATRIZIA to identify and pursue attractive investment opportunities in nearly all real estate and infrastructure asset classes as well as risk profiles.

PATRIZIA has various entities that are designed to manage investment assets, including German asset management companies and a regulated platform (AIFM) in each of Luxembourg, France, Denmark, the United Kingdom and Australia. They make global investments in various real estate and infrastructure sectors, on behalf of their clients via the funds launched. The funds act as holding agents.

This provides the pre-requisites to offer investments within the legal and regulatory framework preferred by the respective clients according to their local regulations. Relationships with clients have been and continue to be expanded worldwide. Local contacts have been established in Australia, Singapore, Hong Kong, Japan, South Korea, the US and Canada. The existing client base in Germany and the rest of Europe is equally being expanded further. The aim is to build a long-term, stable relationship with international clients similarly to the relationship PATRIZIA already enjoys with its existing predominantly German investors.

Transition megatrends that impact PATRIZIA's business

In the dynamic landscape of the current sector environment, PATRIZIA finds itself at the intersection of profound change, operating in a world in transition that significantly influences the way real assets are "consumed" - through changing lifestyles, ways of working and technological progress. Within this evolving context, PATRIZIA recognises and embraces four major transition megatrends that shape real estate and infrastructure investment strategies in the medium and long term: digital transition, urban transition 2.0, energy transition, and living transition, the so-called "DUEL" megatrends:

Digital Transition is at the forefront of revolutionising the real estate and infrastructure sectors, striving to enhance efficiency, decision-making processes, and overall performance. The infusion of new technologies has disrupted traditional paradigms, creating new opportunities for the development of future business models. A prime illustration is found in the widespread adoption of technologies like Fibre Optics, facilitating seamless communication and connectivity. Moreover, initiatives such as the co-sharing of real-time internet access between public and private users or the evolution of artificial intelligence exemplify the transformative power of digital innovations in creating interconnected and smart environments.

Urban Transition 2.0 signifies a transformative shift towards crafting more sustainable, connected, and efficient cities. At the core of this evolution is the recognition of cities as dynamic hubs of innovation for smart technologies, modern living and working concept, as well as decarbonisation measures. This transition is exemplified by the rise of shared offices and the adoption of flexible living conditions, emphasising part-time living models. By embracing these innovative approaches, Urban Transition 2.0 reflects a commitment to redefining urban spaces, making them not only technologically advanced but also adaptable to the changing needs of a dynamic and interconnected society. This paradigm shift underscores the vision of creating cities that serve as beacons of progress and improved quality of life for their inhabitants.

The **energy transition** represents the fundamental shift in energy systems towards sustainability and efficiency. By leveraging cutting-edge technology and innovative strategies for energy production and storage through investments on behalf of clients, PATRIZIA aims to align and drive this transformative process. A prime illustration of this transition is evident in the widespread adoption of electric cars and the development of electric vehicle charging infrastructure. Embracing such advancements not only reduces the carbon footprint but also signifies a commitment to a cleaner, more sustainable energy future.

Living transition embodies the dynamic evolution of the real estate sector, adapting to demographics and the shifting landscapes of lifestyles, preferences, and technological advancements. The focus is on creating modern, connected, and user-centric living spaces that resonate with the diverse needs of today's inhabitants. An illustrative example lies in smart housing or the heightened demand for affordable housing, reflecting the urgency to address changing socio-economic dynamics.

Revenue Generation

The primary source of revenues for the Company are service fees in form of management, transaction and performance fees. However, revenues from co-investments and occasional rental revenues from assets held on the balance sheet also contribute to total revenues, albeit to a small level.

PATRIZIA structures, places and manages fund vehicles for clients. The majority of these funds are launched without any equity investment on the part of PATRIZIA. The Company generates stable and recurring income in the form of management fees for managing assets and project developments. The size of assets under management (AUM) therefore impacts the level of recurring fee income. AUM amounted to EUR 57.3bn as at 31 December 2023 (2022: EUR 59.1bn). Additional revenue streams stem from the acquisition and disposal of assets, so called transaction fees. PATRIZIA also receives performance fees if defined individual yield targets of funds or assets are exceeded.

PATRIZIA selectively invests Group equity in partnership with its institutional clients, in the form of co-investments. In addition to committing to the client and the transaction, PATRIZIA generates fees and additional investment income and thus allows PATRIZIA's shareholders to participate indirectly in the performance of the underlying real asset portfolio. Furthermore, Management selectively uses existing liquidity to seed invest or warehouse assets being consolidated at the Company level. In total, PATRIZIA has invested EUR 0.4bn (at acquisition costs) of its own equity in moderately sized and well diversified seed investments or the warehousing of assets. As at 31 December 2023, AUM in the amount of EUR 10.0bn were backed by co-investments, seed investments or warehousing. Thereof, the largest co-investment is Dawonia GmbH with EUR 5.0bn in assets under management. Further details on co-investments can be found in the capital allocation in chapter 5.4.3.

Segments

The segments Management Services and Investments categorise whether PATRIZIA acts as a service provider or an own balance sheet investor. In the Management Services segment, PATRIZIA generates fee income for the client services it performs. In the Investment segment, PATRIZIA generates income from its principal investments, co-investments, seed investments and occasionally rental revenues through the warehousing of assets.

The Management Services segment covers a broad range of real assets services such as the acquisition and sale of real estate and infrastructure assets or portfolios (Transactions), value-oriented property management (asset management), strategic consulting on investment strategy, portfolio planning and allocation (portfolio management) and the execution of complex, non-standard investments (alternative investments).

Through the Group's own asset management entities investment funds are also set up and managed according to individual client requests. The service fee income generated from both co-investments and third-party business is reported in the Management Services segment. This also includes management and performance fees realized in income from participations due to services rendered as a shareholder contribution for the asset management of the co-investment Dawonia GmbH.

The Investments segment bundles co-investments, seed investments and warehousing assets, as well as certain historical principal investments which are being downsized according to strategy.

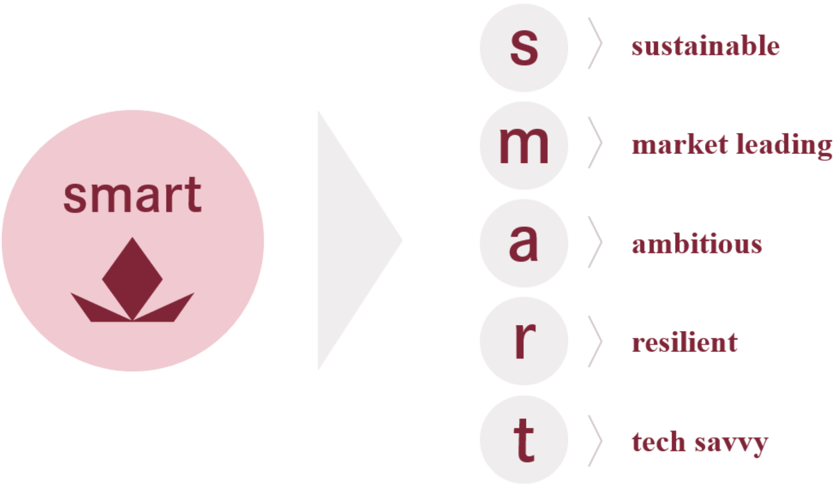
Consolidated Group

PATRIZA Group with its parent company PATRIZIA SE consists of 142 subsidiaries, six at-equity entities and 24 branches. Currently, the legal entities and branches are mainly located in Europe, whereby the global presence is consistently extended as part of PATRIZIA's growth strategy.

2 Group strategy

After more than a decade of growth, the current state of the real asset markets, especially real estate, has substantially changed. Markets are undergoing a fundamental transformation, being in a state of high volatility and complexity, a changing political environment and changing client behaviour. Furthermore, real assets are impacted by the fundamental shifts in economies and societies as outlined in the four transition megatrends digital transition, urban transition 2.0, energy transition and living transition, the so-called “DUEL” megatrends. In this world in transition, PATRIZIA has a clear vision and strategy: to emerge as a smart Real Asset Player.

Becoming a smart Real Asset Player



Smart Real Asset Player characteristics

PATRIZIA’s strategy to become a smart Real Asset Player is distinguished by five key characteristics that collectively shape the Company’s approach to striving for excellence in an evolving business and market landscape. It builds on the four pillars of the previous corporate strategy: Increasing the global presence via regional platforms, transforming the real asset product line, broadening of the international client base, and further improving the quality of earnings. At the same time, it is important that these pillars are developed to help strengthen the positioning of the Company as a smart Real Asset Player. “smart” for PATRIZIA means:

Sustainable: PATRIZIA is committed to positively impacting and shaping sustainable communities through its investment operations by capturing megatrends in a world in transition.

market leading: PATRIZIA’s goal is to meet the evolving needs of the growing global client base, staying ahead of the curve in a dynamic market environment. Strengthening the Company’s independent platform by cutting-edge research and the creation of innovative products and services is essential for market leadership.

ambitious: PATRIZIA is committed to leverage its proven entrepreneurial business mindset and promoting strong cross-functional collaboration, with the goal to establish a unique performance culture marked by ambition and excellence in execution.

resilient: PATRIZIAs attention is directed towards adapting to changing market environments, on the back of robust value chains and state-of-the-art risk and compliance standards.

tech savvy: PATRIZIA embraces the power of data and technology, integrated systems and state-of-the-art data analytics to unlock a competitive edge that allows to stay agile and responsive in a rapidly changing business environment.

Further Improvement of Earnings Quality

The corporate strategy is part of PATRIZIA's effort to ensure its continued financial success. The Company strives to achieve its targets on the basis of a solid balance sheet to meet the demands and return expectations of its shareholders.

PATRIZIA's primary mid-term financial objectives are to improve earnings quality by increasing the share of recurring management fees derived from the managed assets and increasing the share of scalable and margin accretive real estate, infrastructure and integrated real asset flagship funds, which are built on digital transition, urban transition 2.0, energy transition, and living transition, the DUEL megatrends and are made accessible to investors across Germany, Europe and other regions worldwide.

The Company strives to steadily increase AUM and recurring fee income in the future. At the same time, the Company aims to further improve its cost discipline with the target to cover operating costs by recurring management fees through market cycles, to sustainably increase profitability and further improving financial stability and flexibility.

In order to best manage these fundamental changes in a world in transition and create a strong foundation for revitalising growth, the year 2024 will be dedicated to adapting the Company's strategy and way of working.

3 Group management and performance indicators

3.1 Corporate management by segment

PATRIZIA's corporate segments are Management Services and Investments. The **Management Services** segment largely comprises service fee income from portfolio, asset and fund management. The **Investments** segment primarily contains the return on equity employed. Segment reporting can be found in chapter 5 of the notes to the consolidated financial statements.

3.2 Corporate and Group management on the basis of financial performance indicators

PATRIZIA used the following financial performance indicators for corporate management in the past financial year 2023 and will continue utilising them in the upcoming financial year. They are the key financial performance indicators within the meaning of the German Accounting Standard (GAS) 20.

PATRIZIA Group Key Performance Indicators within the meaning of GAS 20

Financial performance indicators	Description
Assets under Management	The Group's growth is assessed on the basis of assets under management
EBITDA	EBITDA is the Group's key management parameter. It can be derived directly from the IFRS income statement.
EBITDA margin	The EBITDA margin compares the EBITDA of the financial year with the sum of total service fee income and net sales revenues and co-investment income.

In addition, the following framework parameters support the management of the Group.

Additional PATRIZIA Group Performance Indicators

Further framework parameters	Description
Management fees	PATRIZIA receives recurring service fees for managing real assets, usually depending on the volume of assets under management or net asset value of the managed funds.
Transaction fees	PATRIZIA receives a transaction volume-related fee for purchases or sales.
Performance fees	PATRIZIA receives performance fees if defined target returns on individual investments are exceeded.
Transaction volume	The transaction volume is the sum of signed acquisitions and disposals.
Net sales revenues and co-investment income	Return on capital employed.
Equity raised	For the various investments, equity is raised from institutional, (semi-)professional and private investors worldwide.

EBIT and EBT will also support the management of the Group as additional framework parameters.

The development of these indicators is further explained in chapter 5.3.

Within the guidance section of this report, a guidance is given for the three financial performance indicators of PATRIZIA.

3.2.1 Corporate management on the basis of non-financial performance indicators

PATRIZIA attaches great importance to the integration of sustainability aspects. From the year 2025 onwards, the Company targets to be managed using non-financial performance indicators next to the financial performance indicators. These will form the basis for part of the long-term incentive (LTI) as a variable component of the Executive Directors' remuneration (subject to approval in the 2025 Annual General Meeting).

4 Non-financial statement

The non-financial statement has been prepared in accordance with the statutory requirements under Sections 315b, 315c in conjunction with Section 289c to 289e of the German Commercial Code (HGB). The framework and recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) have been considered and can be found in section 4.2.1. Furthermore, the disclosures pursuant to Regulation (EU) 2020/852 are described in the EU Taxonomy section of this non-financial statement. No further framework is used, as PATRIZIA considers the majority of the material topics to be covered by the above. All disclosures made and key figures presented relate to activities on Group level, including the parent company PATRIZIA SE, unless otherwise indicated.

Refer to section 1. Group Fundamentals for further information on PATRIZIA's Business Model.

The non-financial statement was audited with limited assurance in accordance with ISAE 3000 rev.

The materiality assessment conducted in 2017, which can be found on page 29 of the 2017 Annual Report, forms the basis for determining the material sustainability topics. Due to acquisitions and the further development of the operating business, the list of material sustainability topics was continuously updated and extended. An overview of material sustainability topics for PATRIZIA can be found in the table of contents that follows:

Table of contents

4.1 Sustainability at PATRIZIA	4.2 Environmental aspects	4.3 Social aspects	4.4 Business conduct
– Sustainability Strategy – Disclosures and Engagement	– Information provided in accordance with the TCFD: Governance, Strategy and Risk Management, Metrics and Targets – EU Taxonomy	– Equity, Diversity and Inclusion (ED&I) – Employee Key figures – Employee Development – Health & Wellbeing – Community Engagement – Charitable Work	– Respect for Fundamental Human Rights – Anti-Corruption and -Fraud – Whistleblowing Policy – Privacy and Data Protection – Supplier Code of Conduct

4.1 Sustainability at PATRIZIA

PATRIZIA's (herein after, the Company's) purpose of 'Building Communities & Sustainable Futures' is fundamental to its operations. The impact on the built environment, the people that live within it as well as the natural environment and the real assets industry as a whole – should not be underestimated or disregarded. PATRIZIA believes that behaving and investing responsibly is for the benefit of stakeholders, communities, and the planet. Across residential, commercial, logistics, and infrastructure PATRIZIA serves basic human needs such as housing, workspaces, healthcare, energy, connectivity, and transportation.

Since its founding in 1984, corporate responsibility, including ESG (Environmental, Social and Governance), has been part of PATRIZIA's culture. The Company firmly holds the belief that embracing ESG principles is essential for building stronger relationships with stakeholders, reducing the environmental footprint and promoting the wellbeing of the people and communities it operates in. PATRIZIA recognises ESG not as a trend, but a critical element of ensuring the resilience and longevity of the business and is committed to integrate ESG considerations into all aspects of its operations and decision-making processes.

The Governance part of section 4.2.1 (The Taskforce on Climate-related Financial Disclosure) contains further details about the responsibilities and committees on ESG issues within PATRIZIA.

4.1.1 Sustainability Strategy

PATRIZIA has developed the following four corporate sustainability goals as part of the Company's Sustainability Strategy to address global challenges:

- **Goal 1:** Become a leading sustainable investor in real assets with a consistent PRI five-star rating from 2025 onward. (See section 4.1.2 for further information)
- **Goal 2:** Be an employer of choice in the real assets sector, where everyone feels included, represented, and valued equitably. (See section 4.3 for further information)
- **Goal 3:** Become a leading global impact investor in the real assets sector with a meaningful part of our Assets under Management in impact investments by 2035. (See section 4.1.1 for further information)

– **Goal 4:** Achieve net zero carbon[2] status across our corporate operations and real assets portfolio by 2040 or earlier, with a clear ambition to execute as fast as external and our stakeholder requirements permit. (See section 4.2.1 for further information)

Further information about PATRIZIA's Net Zero Carbon Strategy can be found in chapter 4.2.1.

Sustainable Development Goals (SDGs)

The SDGs are a universal set of goals, targets and indicators for global development, serving as a blueprint for positively transforming today's world by ending poverty, safeguarding the planet, and ensuring prosperity for all by 2030[3]. PATRIZIA has adopted the overall goal of the SDGs into the sustainability strategy and the Company's understanding of responsible practices.

To support the targets set out in the SDGs, PATRIZIA commits to adopt more sustainable business practices and seeks to innovate to deliver sustainable products and services. While supporting the SDGs in their entirety, PATRIZIA has identified intersecting and separate SDGs relevant to the Real Estate and Infrastructure portfolios which can be found in the overview below. PATRIZIA will proceed to include these SDGs in corporate and fund specific sustainability strategies.

PATRIZIA's contribution to the SDGs

SDG 3 Good Health - At PATRIZIA, the health and well-being for employees, as well as society at large has a high priority. The aspiration to link the business to a wider social purpose has been ingrained into PATRIZIA for over 30 years, and health is a key part in this endeavor. PATRIZIA has several initiatives aimed at improving and maintaining the health of its staff. Additionally, PATRIZIA's diversified managed portfolio (AUM) includes affordable residential real estate and alternative asset classes that are directly linked to the health sector, such as care homes.

SDG 4 Quality Education - Education is of primary importance to PATRIZIA. The Company supports the career development of employees by continuously offering internal and external education. Training is available for employees of all ages, apprentices, and trainees, and there is an offer for entry-level opportunities for university graduates and internships.

SDG 5 Gender Equality - To make a meaningful difference in the communities where we live and work, PATRIZIA has embarked to advance Equity, Diversity, and Inclusion (ED&I) in the organisation, industry and more widely in society. PATRIZIA's ED&I programme aims to ensure everyone feels included, valued and represented equitably.

SDG 7 Affordable and Clean Energy – Reducing dependency on fossil fuels is as vital for the environment as it is for society. As such, renewable energy is pivotal to PATRIZIA's purpose of Building Communities & Sustainable Futures. In alignment with

[2] Includes operational emissions and embodied carbon for new developments and major refurbishments, excluding the 'sunk' embodied carbon of the standing portfolio. Further details of the commitment, including a granular breakdown of the scope of the target, can be found in the PATRIZIA Net Zero Carbon Strategy.
[3] Source: https://sdgs.un.org/goals

the sub-targets of SDG 7, the Company aims to increase the percentage of renewable energy used in its portfolio[4], by both purchasing green energy and by generating renewable energy on-site.

SDG 8 Decent Work and Economic Growth - PATRIZIA's real assets investment activities are a direct contributor and facilitator of economic activities. The investments in energy, telecommunications and transport infrastructure power economic activity, connectivity, and help people and goods get to the desired destinations. PATRIZIA commits to fair employment opportunities and the investment and asset management frameworks focus on protecting labour rights and promoting a safe and secure working environment for all employees in the portfolio companies.

SDG 9 Industry, Innovation and Infrastructure – The infrastructure portfolio has implemented a sustainable transformation agenda that aims to implement and measure sustainability progress for all portfolio companies over time. The agenda focuses on building resilience and adaptability through asset specific transformation plans, including individual decarbonisation pathways and progress to report to investors at least annually. It also focuses on developing energy efficient systems and additional renewable energy capacity to promote the transition to a low carbon power generation, notably through the investment in smart city solutions, production of bio-LNG from biowaste and the roll-out of EV chargers supplying electricity derived from renewable sources.

SDG 10 Reduced Inequalities - Acting responsibly has always been an important part of how PATRIZIA conducts business. Through internal legislation and policies, PATRIZIA ensures equal opportunities for all and aims to achieve greater equality. Ethical standard policies are also in place such as fundamental human rights, data protection and a modern slavery statement.

SDG 11 Sustainable Cities and Communities – PATRIZIA invests in cities and developments to create inclusive, safe, resilient, and sustainable communities. Having started off with ground-up development and management of residential real estate, the Company has focused on sustainable communities since the foundation. When PATRIZIA invests or develops assets on behalf of clients, the Company aims to fulfil this human need for community and maintain it for the long-term.

SDG 13 Climate Action – PATRIZIA recognises that climate change is tangible reality that poses a threat to the entire civilisation. The Company has integrated climate change measures into the business and investment lifecycle. PATRIZIA has set corporate targets to tackle climate change and is adhering to climate commitments, such as Net Zero Asset Managers Initiative (NZAM), the Task Force on Climate Related Disclosures (TCFD) and the CDP (formerly the Carbon Disclosure Project). Training sessions have also been held throughout the year to raise awareness and educate employees on the impacts of climate change as well as on potential mitigation strategies.

Impact Investing

PATRIZIA defines impact investments as investments that are made with the intention to generate a positive social and/or environmental result because of the investment, alongside an attractive risk-adjusted financial return. To be classed as impact investing, the investments need to align to 3 key criteria: intentionality, additionality and measurability:

- Intentionality: positive social or environmental impact that is defined as part of the investment strategy and assessed alongside financial return
- Additionality: the positive impact would not have occurred without the investment
- Measurability: the positive impact is demonstratable through measurement and management of the process of creating social and/or environmental impact

Furthermore, PATRIZIA is currently working on a wider framework that allows the Company to identify and demonstrate positive outcomes across the portfolio. No monitoring is currently being undertaken, as the framework will be further developed in 2024.

4.1.2 Disclosures and Engagement

PATRIZIA closely aligns with established industry standards to stay informed, to benchmark overall progress of the Sustainability Strategy and help shape sustainability in the industry by contributing to various industry associations. This includes alignment with the Principles for Responsible Investment (PRI), the Global Real Estate Sustainability Benchmark (GRESB) and European Association for Investors in Non-Listed Real Estate Vehicles (INREV).

[4] Managed portfolio excludes tenant areas where PATRIZIA has only limited or no operational control.

Principles for Responsible Investment (PRI)

To demonstrate that PATRIZIA is a leading sustainable investment manager in real assets, PATRIZIA's goal is to achieve a consistent five-star rating in the PRI's annual assessment from 2025 onwards. Being a signatory to the PRI means that PATRIZIA is publicly committed to responsible investment and that the Principles are integrated throughout the investment decision making process.

Consistent with its fiduciary responsibilities, PATRIZIA commits to the following PRI Principles:

- To incorporate ESG issues into investment analysis and decision-making processes
- To be an active manager/owner and to incorporate ESG issues into management/ownership policies and practices
- To seek appropriate disclosure on ESG issues by the entities in which PATRIZIA invests
- To promote acceptance and implementation of the Principles within the investment industry
- To work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles
- To report on activities and progress towards implementing the Principles

The PRI comprises a numerical grading system ranging from one to five stars. The lowest possible is one star, allocated to those whose responsible investment behaviour is at the lower end of what is expected from signatories. The highest score is five stars and is awarded to those signatories who demonstrate leading practices within the responsible investment industry[5]. PATRIZIA completed two separate submissions for the real estate and infrastructure operations in 2023. Going forward, a combined report will be submitted, reporting on PATRIZIA SE on a Group level.

In 2023, PATRIZIA achieved the following stars in each PRI module:
Real Estate:

- Policy, Governance and Strategy – five stars
- Indirect Real Estate – five stars
- Indirect Infrastructure – five stars
- Direct Real Estate – five stars
- Confidence Buildings Measures – four stars

Infrastructure:

- Policy, Governance and Strategy – four stars
- Direct Listed Equity Active Fundamental – five stars
- Direct Fixed Income Corporate – five stars
- Direct Infrastructure – five stars
- Confidence Buildings Measures – five stars

This is an improvement from the 2021 results, with real estate achieving four stars for the three modules assessed and Infrastructure receiving five stars for five of the modules and four-stars for two modules[6].

Global Real Estate Sustainability Benchmark (GRESB)

GRESB is PATRIZIA's primary tool for assessing fund-level ESG performance and providing quantifiable and comparable information to investors. GRESB has established itself in recent years as a leading benchmark for assessing the implementation of ESG in both fund structures, as well as its underlying companies. GRESB takes a deeper, more detailed approach to implementation of ESG across Management Components for the respective funds and Performance Components of the underlying investments. Management Components largely focus on areas such as leadership, policies, reporting and stakeholder engagement. Performance Components highlight asset specific areas determined by a GRESB materiality tool, including energy and water consumption, emissions and health and safety. The direct and independent comparisons with peers provided by GRESB helps PATRIZIA to develop the Sustainability Strategy for itself and together with its investors to encompass emerging trends.

In the year 2023, PATRIZIA saw an 8% improvement in scores compared to the year 2022. Two infrastructure funds underwent GRESB assessments with both funds scoring highest in their respective peer groups. 11 of PATRIZIA's real estate funds were put forward for GRESB assessment in 2023, one of which was assessed for the first time. Across the 10 real estate funds assessed last year, there was a cumulative score increase of 58 points and six stars. 15% of real estate AUM and 12% of infrastructure AUM is covered under the GRESB assessment.

[5] Source: www.unpri.org
[6] Reporting in 2022 was postponed by the PRI, allowing improvements to take place on the overall reporting user experience for signatories in the next reporting period (2023).

Additional Memberships and Associations

PATRIZIA is an active member of INREV, which is a leading platform for sharing knowledge in the non-listed real estate industry. PATRIZIAs Head of Sustainability and Impact Investing is leading INREV's ESG Essentials programme, providing industry members a fundamental understanding of ESG as an integral part of real estate investing.

PATRIZIA's infrastructure business signed up to the Net Zero Asset Managers Initiative (NZAM) in the year 2022, and the real estate portfolio became a signature in the year 2023 with the first submission in January 2024. Joining NZAM demonstrates that PATRIZIA is formalising its commitment to achieving net zero carbon emissions by 2040 or sooner.

PATRIZIA became a signatory to the CDP (formerly the Carbon Disclosure Project) in the year 2023 and completed a first disclosure increasing transparency with investors by sharing climate related data and strategies.

PATRIZIA will become a signatory to the UN Global Compact (UNGC) in the year 2024, indicating its commitment to the 10 principles. Alignment to the 10 principles of the UNGC can be found in the non-financial statement (see Environmental Aspects, Social Aspects and Business Conduct sections).

Furthermore, PATRIZIA is actively involved in the Urban Land Institute (ULI) and the Royal Institution of Chartered Surveyors (RICS), is part of the Association of Real Estate Funds (AREF) and has association with BVI.

4.2 Environmental aspects

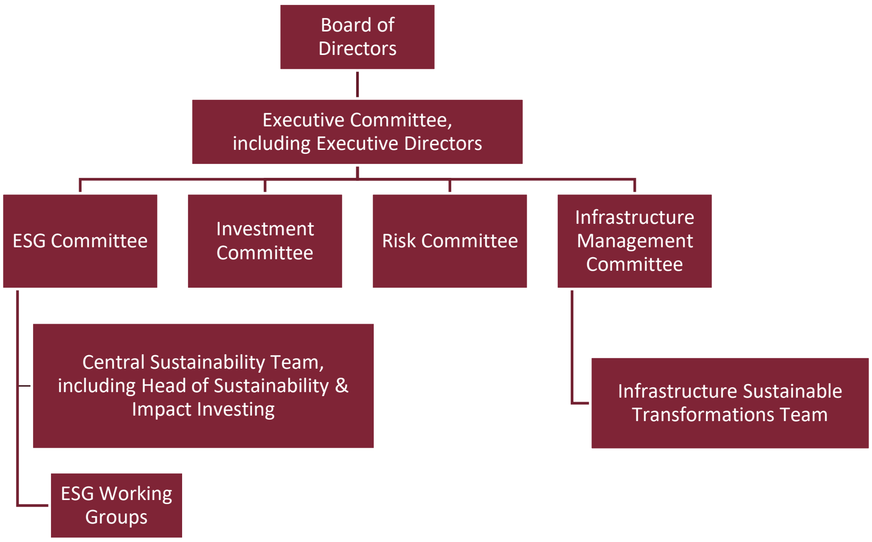
The building sector alone consumes around 40% of the world's energy and contributes around 30% of global annual greenhouse gas (GHG) emissions, additionally infrastructure is key to transitioning the energy sector[7]. Therefore, PATRIZIA believes it is its fiduciary duty to review the climate resilience of investments undertaken on behalf of clients and contribute towards financing the transition to a low-carbon economy. PATRIZA considers a range of environmental factors in its investment processes, including renewable energy, biodiversity, pollution and waste, water and energy consumption. However, currently PATRIZIA considers climate change as the most material topic, due to climate change being the defining issue of the present era. From irregular weather patterns that threaten global food stability, to rising sea levels that are endangering the world's coastal communities, the impacts of climate change are imminent and irreversible without drastic and immediate action on a global scale. Following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), PATRIZIA assesses the transition and physical risks of climate change that, due to the long-term nature of the real assets industry, are inherent to the investment decisions.

4.2.1 Information provided in accordance with the Taskforce on Climate-related Financial Disclosure (TCFD)

In 2017, the TCFD, which was established by the Financial Stability Board (FSB), released its recommendations for climate related disclosures, designed to improve transparency of companies, asset managers, asset owners, banks and insurance companies and their capital allocation. The disclosure recommendations are structured around four thematic areas that represent core elements of how companies operate: governance, strategy, risk management, and metrics and targets. The four recommendations are interrelated and supported by 11 recommended disclosures that build out the framework with information to help investors and others understand how reporting organizations think about and assess climate-related risks and opportunities. To create a more sustainable future, PATRIZIA is aligned to the TCFD recommendations and is focused on working with stakeholders to identify climate related risks and opportunities.

Governance

Sustainability is perceived to be most successful when implemented at both the corporate level and investment level. Sustainable investment management requires ESG responsibilities to be integrated across all business functions and be a part of the day-to-day operations of the Company. Therefore, PATRIZIA engages with internal and external specialists with ESG knowledge globally, across the entire scope of operations: fund and asset management, real estate development, transactions, and client services.



Board and Committee Oversight

PATRIZIA's Board of Directors (the Board) is responsible for defining, supervising, implementing, and approving the Company's business and sustainability strategy, which includes climate related risks and opportunities. The Board has delegated overarching responsibility of implementing the Company's strategy to the Executive Directors who have then further delegated responsibility of specific elements of the strategy to different committees, mainly the ESG Committee to implement climate risk assessments and other aspects of the PATRIZIA sustainability agenda. This framework allows the Board to have oversight of the climate related risks and opportunities which are impacting the business. Climate related risks are presented and discussed in detail across several Executive Committee meetings during the year. Additionally, sustainability and climate change topics are discussed frequently at board meetings.

[7] Source: Buildings are the foundation of our energy-efficient future | World Economic Forum (weforum.org)

PATRIZIA's ESG Committee serves as a central forum for governance and integration of ESG across the business. The Committee is headed by a rotating member of the Executive Committee, which ensures oversight of climate related risks and opportunities by the Executive Committee and thus the Board. To ensure strong alignment between sustainability implementation at the strategic group level and the operational investment level, the ESG Committee includes leaders from asset and development management, fund management, transactions and capital markets, alongside corporate functions, such as Human Resources, Procurement & Services and Legal & Compliance.

The primary role of the ESG Committee is to govern a cascading KPI framework which sets and tracks annual targets per department, which are derived from PATRIZIAs overarching long-term sustainability goals. This includes PATRIZIA's commitment to decarbonisation, which is discussed in every session and includes the monitoring and management of climate related risks across all assets. The ESG Committee meets quarterly and reports regularly to the Executive Committee on climate related issues. The Executive Committee includes one member of the Board, thus ensuring Board of Directors oversight.

Governance systems – Real estate: At the investment level, climate-related risks and opportunities are considered by the Investment Committee, whereby all investment proposals include the consideration of ESG factors, encompassing both physical and transition risks. Transaction teams work in tandem with external ESG due diligence providers to appropriately address ESG considerations in investment proposals and business plans, which includes screening of climate-related risks for all potential acquisitions.

The Risk Committee assists the Board of Directors in overseeing, identifying, and reviewing corporate, fiduciary and other risks, including those related to climate and other sustainability aspects. Climate related risks, alongside other ESG risks are integrated into the wider risk management function and risk catalogue.

Fund reviews are undertaken for real estate operations to assess the performance and management of a fund. Reviews of each fund are conducted on an annual basis, at minimum, which includes the examination of ESG strategy execution and serves as a forum to discuss and review changes to the strategy. Standardised data and information regarding the management of the fund and its assets is presented to the committee. This includes a climate risk analysis and any risk improvement plans. There is also a strategic asset review which is the same governance function but for each asset.

Governance systems – Infrastructure: Ownership and responsibility for execution of the PATRIZIA Infrastructure sustainability and Responsible Investing Framework is held by the PATRIZIA Infrastructure Management Committee which convenes as the PATRIZIA Infrastructure Sustainability Council at least twice a year and is chaired by the CEO of Infrastructure. The Head of Sustainable Transformations within PATRIZIA Infrastructure holds a seat on the PATRIZIA ESG Committee and chairs the related working group. The Head of Sustainable Transformations heads the infrastructure ESG team which consists of a further two dedicated employees.

Management Oversight

Senior management is responsible for the execution and integration of ESG across the Company. Senior management encompasses the Head of Sustainability & Impact Investing, who is responsible for driving ESG integration and performance as well as growing the Assets under Management (AUM) in impact investments and ensuring proper coordination of ESG initiatives across the business functions. The Head of Sustainability & Impact Investing also leads a Central Sustainability team, which comprises four dedicated sustainability professionals. The team plays a key role in supporting the assessment and management of climate related risks and opportunities and works closely with representatives from relevant business functions to drive integration. The team centrally coordinates risk analysis, creates internal reports, develops mitigation strategies, tools, and training in order to systematically assess, report and mitigate climate related risks across the business. There are a further eleven dedicated ESG professionals within asset management, fund management, and Infrastructure.

For the real estate portfolio, the ESG Committee delegates operative tasks to dedicated ESG working groups, including a fund management ESG working group and an asset management ESG working group. The working groups are made up of cross-departmental teams within the organisation who fulfil specific sustainability initiatives, including climate related tasks. The ESG working groups, comprise a network of ESG Champions who cover all jurisdictions and coordinate local implementation of global strategies and initiatives and serve as a delivery engine for driving action to implement the Net Zero Carbon Strategy[8]. In total the ESG working groups make up 34 employees, with each having completed ESG trainings and have a comprehensive understanding of ESG and climate topics in their respective jurisdiction and level. The fund management ESG working group is responsible for translating corporate strategies and goals to actionable fund level strategies, for different fund types as well as driving ambition and adoption across fund management. The group meets once a month and is led by the ESG Director of fund management. The asset management ESG working group is responsible for analysing each assets performance and establishing frameworks to report on ESG related progress at the asset level.

[8] PATRIZIA's corporate Net Zero Carbon Strategy can be found here:
https://www.patrizia.ag/fileadmin/form_definitions/Our_Responsibility/Sustainability/PATRIZIA_Net_Zero_Carbon_Strategy.pdf

The ESG working groups report progress to the ESG Committee. This includes:
- Identifying more granular targets and decarbonisation requirements at a fund and asset level for management of climate related risks, and contribution to the overarching carbon reduction commitment
- Developing fund and asset level decarbonisation strategies for implementation across the assets under management
- Integrating requirements into core business activities, e.g., transactions, new development and refurbishment activities
- Defining reporting requirements to support the disclosure of progress to clients

Risk management
Overall responsibility for risk management lies with the Board of Directors of PATRIZIA. The Executive Directors implement the risk management system, which is supported by the PATRIZIA internal risk management function. PATRIZIA's risk management process is designed to identify, record, and monitor relevant risk positions and to define and implement suitable control measures, including climate risks.

ESG aspects are included in the Risk Management Policy. It is classified as 'an environmental, social or governance event or condition that could have an actual or potential material adverse impact on known risk types.' Therefore, sustainability and climate risks are not a separate risks type but rather a myriad of risk factors, in that it can significantly impact and contribute as a factor to the materiality of these risk types. PATRIZIA considers that the integration of sustainability risks into investment decision making requires consideration of sustainability risk factors in the management of known risk types. When performing its tasks, the risk management function will take into account sustainability risks that are identified and reported by risk owners (via risk tracker app) in accordance with PATRIZIA's internal organisational policies and procedures. In particular, the risk management function will internally report to management on the type and scope of the significant sustainability risks. The PATRIZIA risk catalogue appendix also includes climate change risks (physical and transition).

Strategy and Risk Management

Identifying climate-related risks and opportunities
With the built environment alone accounting for 40% of all global greenhouse gas (GHG) emissions, PATRIZIA has a pivotal role to play in both reducing the impacts of climate change and supporting the transition to a low carbon economy. PATRIZIA has made a number of commitments to accelerate progress towards net zero carbon and managing climate risks, which are detailed below. The data covers 77.0% of total AUM, thereof 69.0% real estate and 8.0% infrastructure assets.

Climate risk can be divided into two risk categories, physical risks, and transition risks:

Physical Risks refer to risks arising from the physical effects of climate change and environmental degradation. The physical impacts of climate change are already evident and could pose material financial impacts through reparation costs and increasing insurance premiums. Areas significantly affected by climate change may become less attractive to investors and end-users, which would adversely impact asset value.

Transition risks are business-related risks that follow societal and economic shifts toward a low-carbon future. These risks include policy and regulatory risks, technological risks, market risks, reputational risks, and legal risks.

To identify key climate-related risks and opportunities, PATRIZIA conducts a portfolio-wide materiality assessment of physical and transition risks. This is achieved using forward-looking scenario analysis estimates provided by MSCI's best-in-class Climate Value-at-Risk tool to identify exposure to climate-related risks and opportunities. This includes the quantification of financial risk for incorporation into business planning.

PATRIZIA has defined and considered climate risks and opportunities to own operations over the following time horizons:
- Short term: 0-3 years
- Medium term: 3-7 years
- Long term: 7-10+ years[9]

[9] Time horizons were chosen due to the average length of time assets are under management. It must be noted that investment teams may use their own time horizons which are appropriate to their investment strategies across a range of asset classes.

Climate related physical risks (acute and chronic)

Risk type	Description	Impact	Time horizon Short term	Medium term	Long term
Extreme events and long-term changes in weather pattern	Fluvial and/or coastal flooding – as temperatures are rising, heavy rainfalls are becoming more frequent, which in turn results in more extreme flooding.	Reduced asset value and liquidity in high-risk locations due to higher stranding risk, destroyed raw materials or interruptions in operations and loss of revenue at unpredictable times. Reduced revenue due to higher costs for damage repairs of assets affected by physical damages, the cost of adaptation measures to withstand future physical climate affects and higher insurance costs to assets.		x	x
	Strong winds and/or tropical cyclones – evaporation intensifies as temperatures rise, and so does the transfer of heat from the oceans to the air. As the storms travel across warm oceans, they pull in more water vapor and heat. This implies stronger wind, heavier rainfall, and more flooding when the storms hit land.	Reduced asset value and liquidity in high-risk locations due to higher stranding risk, destroyed raw materials or interruptions in operations and loss of revenue at unpredictable times. Reduced revenue due to higher costs for damage repairs of assets affected by physical damages, the cost of adaptation measures to withstand future physical climate affects and higher insurance costs to assets.		x	x
	Extreme heat and wildfires – as temperatures rise and extreme heat waves are occurring more often, the risk of wildfires increases.	Reduced asset value and liquidity in high-risk locations due to higher stranding risk, destroyed raw materials or interruptions in operations and loss of revenue at unpredictable times. Reduced revenue due to higher costs for damage repairs of assets affected by physical damages, the cost of adaptation measures to with stand future physical climate affects and higher insurance costs to assets.		x	x

Physical Risks

In order to assess the physical climate risks, PATRIZIA undertakes indicative climate value at risk assessments across the real estate and infrastructure portfolios. An overview of the proportion of assets exposed to a high level of potential risk, per risk category, can be found in the table below. PATRIZIA assesses physical risks across all assets, but recognises the differences between asset classes, therefore the real estate and infrastructure portfolios employ different methods for assessing physical risks:

Physical Risks – Real Estate investments: Physical risk analysis is undertaken with the MSCI Climate Value at Risk (VaR) model. MSCI's physical risk data estimates exposure to six main climate-related risk types. The data sources and assessment methods have been established with input from the renowned Potsdam Institute for Climate Impact Research (PIK).

PATRIZIA has used MSCIs aggressive scenario analysis and stress tested its assets in 2023 at both a 1.5 °C warming and a 3 °C warming scenario. For context, the aggressive scenario is considered a 'worst case' scenario. It assumes the most extreme physical impacts from climate change, manifesting in the associated costs from extreme weather hazards.

From a total AUM of EUR 57.3bn, the analysis of real estate physical climate risk covers EUR 39.4bn, excluding infrastructure assets, the Dawonia portfolio, the Sustainable Future Ventures fund, PATRIZIA Global Partners (PGP) and the Advantage portfolio, as well as assets where the granularity of data was insufficient to estimate physical risks.

Physical Risk: Percentage of real estate AUM exposed to significant/severe risk (1.5 °C warming)

In % of Real Estate AUM	Extreme Heat	Coastal Floating	Fluvial Flooding	Tropical Cyclone	Extreme Cold	Wildfire
Significant risk[10]	0%	2%	0%	0%	0%	0%
Severe risk	0%	7%	0%	0%	0%	0%

Physical Risk: Percentage of real estate AUM exposed to significant/severe risk (3.0 °C warming)

In % of Real Estate AUM	Extreme Heat	Coastal Floating	Fluvial Flooding	Tropical Cyclone	Extreme Cold	Wildfire
Significant risk	0%	1%	0%	0%	0%	0%
Severe risk	0%	8%	0%	0%	0%	0%

From the findings, PATRIZIA considers the materiality of the potential material risks identified to be minimal due to existing mitigation measures being in place at the local level such as flood defences for the real estate portfolio. On this basis the assets can be insured against damages if they arise.

Physical Risks – Infrastructure investments: Infrastructure assets often have multiple sites, can stretch over longer distances (for instance, fibre networks, toll roads and pipelines) and have a high number of low value sites spread over large regions, (for example, tower businesses). Further, in some instances, infrastructure can have no fixed location (for instance, rolling stock and mobile buildings). For these reasons, a multi-pronged approach to assessing the physical climate risk of the infrastructure portfolio is taken in consultation with the external data provider Moody's ESG Solutions. For single point assets, the estimate is made based on latitude and longitude coordinates. For complex assets that are spread over long distances, the assets are mapped and assessed every 50 metres using the latitude and longitude coordinates. For infrastructure spread over larger locations like a city, region, or country, a postal polygon approach was taken, whereby postcodes of the places over which the infrastructure is spread have been used to extract the centroid of these polygons to estimate physical climate risk scores. These risk estimates are entirely based on location data and broad asset type and do not take into account any mitigation in place. In 2023, 76 unique locations were assessed, six physical risks (heat stress, water stress, sea level rise, hurricanes & typhoons, floods and wildfires), two climate scenarios (RCP4.5 and RCP8.5[11]) and seven decades[12]. Where high risks are identified the analysis is shared with the asset manager teams and mitigation strategies are implemented where appropriate.

Physical Risk: Percentage of Infrastructure AUM exposed to high risk and a red flag (in 2030)

In % of Infrastructure AUM	Heat Stress	Water Stress	Hurricanes & Typhoons	Floods	Wildfires	Sea Level Rise
High risk (RCP4.5)	0%	20%	0%	8%	25%	8%
Red flag (RCP8.5)	0%	0%	0%	0%	0%	0%

PATRIZIA recognises that climate risk assessments and climate models have uncertainties and natural variability, which are creating limitations. As such, the Company continues to monitor all asset locations through estimates made by MSCI and Moody's and aim to improve data collection and overall coverage of assets in real estate and infrastructure.

[10] The definition of significant risk is if Value at Risk (VaR) is >5% but less than 25%. Severe risk is if VaR is >25%

[11] RCP4.5 is a scenario that stabilizes radiative forcing at 4.5 Watts per meter squared in the year 2100 without ever exceeding that value (definition taken from https://asr.science.energy.gov/publications/program-docs/RCP4.5-Pathway.pdf). RCP8.5 is a scenario that is rising radiative forcing pathways leading to 8.5 Watts per meter squared in the year 2100 (definition taken from https://sedac.ciesin.columbia.edu/ddc/ar5_scenario_process/RCPs.html) . RCP8.5 is sometimes referred to as 'business as usual'

[12] Heat Stress, Floods and Wildfires were assessed across two climate scenarios (RCP4.5 and RCP8.5) and seven decades (2030-2100). Water Stress, Sea level rise and Hurricanes typhoons were assessed across one climate scenario (RCP8.5) for one decade (2030).

Climate related transition risks

Risk type	Description	Impact	Time horizon: Short term	Medium term	Long term
Market	Declining attractiveness of submarkets due to increased vulnerability and exposure to higher costs; (e.g., exposure to energy inefficient real estate assets, or exposure to assets involved in the extraction, storage, transport, or manufacture of fossil fuels).	Generation of asset re-pricing to reflect material climate risks due to increasing of stranding risk.	x	x	x
Policy and legal	Legislation focused on climate change, e.g., disclosure of climate risks, minimum energy efficiency standards, stricter development standards, CO_2 taxes, etc.	Increased operating costs and potential for reduced demand for assets due to assets not being able to meet legislative changes and stricter taxes.	x	x	x
Reputation	Stakeholder demand for real assets where climate risks are included in the investment calculation. Climate change can also be tied to changing customer perceptions and perceptions of what the company is contributing to transition to a lower carbon economy.	Negative impact on investor relations if the company or assets are not actively implementing low carbon strategies.	x	x	x
Technology	The need for technological change relating to energy-saving, low-carbon transportation, and increasing use of non-fossil fuels or other technologies that help reduce greenhouse gas (GHG) emissions are needed to meet policy goals; existing technologies are likely to become superseded and new more expensive technology needs to be acquired.	Cost of transition to net zero carbon assets.	x	x	x

Transition Risks
Society is already starting to see transition risks in the short term, such as legislation focused on climate change, stakeholder demand for climate risk inclusion, and shifting technology advancements. Additionally, the minimum energy efficiency standards, such as those in the UK and Netherlands and proposed by the EU (under revision of EPBD), are likely to drive a renovation wave which will in turn require renovation of poor performing buildings, creating higher costs for companies. As with physical risk, Real Estate and Infrastructure operations assess their transition risks using different methodology, due to the differences in assets classes as described below:

Transition Risks – Real Estate investments: For the medium term and long term, PATRIZIA runs on an annual basis Carbon Risk Real Estate Monitor (CRREM) analyses across all direct real estate investments to assess the vulnerability of its portfolio to transition risk, based on greenhouse gas emission intensity. During 2023 PATRIZIA analysed 1,106 assets (100% of real estate assets in scope)[13]. PATRIZIA aims to continue assessing each asset in scope annually.

CRREM is an assessment tool for the benchmarking of real estate assets based on their CO_2 and energy intensity against annually determined and estimated CO_2 and energy allowances for each country and real estate sector. These are aligned with the Paris Agreement Climate Targets to limit global warming to 1.5 °C and achieve climate neutrality by 2050. As a result, CRREM has become the industry standard instrument for the assessment of climate change transition risks across the real estate sector.

The aim of the CRREM analysis is to explore the estimated stranded asset risk based on energy intensity (kWh/m^2a) and CO_2 intensity ($kgCO_2e/m^2a$) at asset and fund level. The tool identifies outliers to define High Impact Assets for further energetic investigations. Consistent with PATRIZIA's Net Zero Carbon Strategy, PATRIZIA has aligned on the 1.5 °C pathway. Hence, this is the standard setting for all CRREM assessments. The outcome of the CRREM analysis, known as "stranding asset time", allows an evaluation of transition risks.

[13] Not all assets were in scope, reasons include and are not limited to: assets were infrastructure assets, in the process of being sold, not active assets, the fund was winding down in 2023 or the asset was outside of Europe.

For in-house CRREM assessments, building-specific energy data is collected to determine the asset's energy distribution and usage, as well as to identify data gaps. The first outcome is the estimated "energy reference area", which refers to those spaces within a building to which energy is supplied to and consumed. Based on the energy reference area, the building's total end energy consumption for electricity and heating is determined. Depending on the completeness, as well as the identified data gaps within the initial data collection process, gap filling based on PATRIZIA's standard assumptions takes place, if required. After the energy reference area and total energy consumption have been established, the production and consumption of on-site and off-site energy from renewable sources is considered, if applicable. The above-mentioned data is entered in the official CRREM Tool. The resulting stranding asset times, and portfolio overviews are then extracted from the CRREM Tool and copied into PATRIZIA's reporting template for CRREM analysis.

Asset specific data is collected across multiple sources (property managers, tenants and EPC ratings) to ensure maximum data and area coverage, as well as accuracy in the assessments. Ideally, the collected data relates to actual consumption data, as well as data available within asset specific technical building assessments, such as energy audits. In cases, where the above-mentioned data sources are unavailable, the estimation of the on-site consumed energy is based on building-specific proxy data sources such as energy performance certificates, or actual consumption data from buildings with similar construction type, construction year, type of use, as well as tenant structure. Gap filling using non-building specific proxy data is the last resort, and only for such cases where no building specific data is available. The described approach restricts itself for the determination of estimated figures. Although there have been continuous improvements in data gathering in the recent year, it is important to acknowledge the continued problems in achieving the appropriate levels of data quality and stability. Despite notable progress, the collected data still falls short of the standards established in other industries.

Transition Risks – Infrastructure investments: PATRIZIA Infrastructure assess transition risk of each asset using the TCFD recommendation as a framework and reflects these in an internal Climate Change Risk report produced for each fund and strategy, including portfolio company mitigation and adaptation strategies where risks have been identified. The CO_2 footprint of each equity investment is reported annually, with decarbonisation planning ongoing, in line with PATRIZIA infrastructure's Net Zero Asset Manager Initiative (NZAM) commitments to reduce CO_2 intensity.

Climate related opportunities

			Time horizon		
Opportunity type	Description	Impact	Short term	Medium term	Long term
Resource efficiency	Use of more efficient resources and thus more efficient assets. Reduction in water usage, consumption, raw materials and the use of recycling systems.	Reduced operational costs through efficiency gains for both landlords and occupiers.		x	x
Markets	Companies that are actively seeking diversification of their portfolio, either through the access of new markets or locations will be in a better position to transition to a low carbon economy. Companies also have the opportunity in the market to implement financial green bonds and infrastructure which is energy efficient, transport or low emissions.	Increasing allocation of preferential capital towards efficient, low carbon buildings and infrastructure.	x	x	x
Energy sources	The opportunity for lower emissions sources of energy; the use of new technologies and support of policy incentives and evolution of new technology.	Increased revenue and decreased operating expenditure due to efficiency in energy prices for both landlords and occupiers.	x	x	x
Products and services	Opportunity for development of climate change mitigation and adaptation solutions and a shift in consumer preferences.	Improved building amenities driving occupier demand.	x	x	x

While the transition to a low carbon economy will undoubtedly present challenges, we believe that a proactive approach will help to protect and enhance long-term investment value. Climate change poses significant risk, but also creates new opportunities for value creation and differentiation.

Resilience and assessment of PATRIZIA's climate strategy

PATRIZIA's resilience to climate-related risk is explicitly linked to its commitments and strategy for achieving net zero carbon by 2040 or sooner. This involves consideration of material emission sources across the whole lifecycle of the assets managed, through identification of interventions at each stage of the investment process, from acquisition through to sale.

PATRIZIAs Net Zero Carbon Strategy

PATRIZIA has set ambitious sustainability goals, including a commitment to achieving net zero carbon by no later than 2040, in advance of the mid-century target of the Paris Agreement. This commitment aims to ensure that PATRIZIA meets evolving market conditions, ahead of regulation. By targeting 2040 as a deadline, PATRIZIA aspires to move ahead of the market in order to capitalise on the increasing demand and anticipated value uplift of low-carbon buildings and infrastructure. To deliver this commitment, the Company has set interim targets for 2030, consistent with best practice recommendations by the Intergovernmental Panel on Climate Change (IPCC) to achieve a 50% global reduction in CO_2. PATRIZIA's commitment includes scope 1, 2 and the most material scope 3 carbon emissions.

Net Zero Carbon Strategy Goals

Category	Strategy Goal and Timeframe	Progress 2023
Energy and Carbon Intensity	Reduce energy intensity by 30% and carbon intensity[14,15] by 50% by 2030 across our Assets under Management, from an industry-wide baseline of 2019.	Energy intensity 26% & carbon intensity 38% below industry-wide baseline of 2019 (across 66 assets with complete data; EUR1.7bn)
Data Coverage	Achieve 100% coverage of landlord procured energy data and establish an effective tenant engagement strategy[16] by 2025.	30% landlord electricity data coverage achieved for analysed assets
Renewable Energy Procurement	Procure electricity from renewable sources[17] for all landlord-controlled supplies by 2025[18], while encouraging occupiers to adopt renewable energy.	Credible renewable energy contract negotiated for all German, Polish and Czech landlord electricity supplies. 600,000 Sqm of solar PV across logistics portfolio, with 595,000 sqm in pipeline
Asset Level Implementation	Develop a decarbonisation plan that applies the energy hierarchy, including feasibility studies for onsite renewable energy, for all assets under management[19] by 2025.	100% CRREM analysis for in-scope assets 250+ energy audits instructed Standardised tools & resources launched: ESG Toolkit, Sustainability Roadmap, & Decarbonisation Manual Fund net zero carbon strategy adopted by 50% discretionary real estate funds
Decarbonisation of Heat	Remove fossil fuel heat sources[20] across all Assets under Management, where practically feasible[21] by 2030.	Analysis of EUR31bn AUM confirms 47% are without onsite fossil fuel heat sources
Development Emissions	Ensure that by 2030, all new developments[22] are net zero carbon.	Real Estate Development (RED) ESG Matrix applied for all new PATRIZIA developments, including life cycle carbon assessment, operational/embodied carbon targets, & monitoring
Corporate Emissions	Achieve net zero carbon status for the Company's own operations by 2030[23].	Developed & launched plan to decarbonise PATRIZIA's corporate operations Electric vehicle policy agreed to phase out fossil fuel fleet within 3 years

PATRIZIA's strategy is structured around the energy hierarchy, focusing first on reducing demand for energy, followed by the decarbonisation of energy sources, and only then offsetting residual emissions. For the Assets under Management to be considered as net zero carbon, the following definitions must be met:

[14] Arising from scope 1, 2 and 3 energy consumption.
[15] Subject to periodic review in line with best practice science-based target setting methodologies.
[16] With the aim of increasing tenant data coverage.
[17] Prioritising the use of supplies that demonstrate additionality in growing overall capacity for renewables.
[18] Where regional energy supply markets allow
[19] Applicable to all assets but flexible in level of detail, depending on scope of landlord control and materiality of transition risk.
[20] Pertaining to scope 1 emissions.
[21] Where lease arrangements and phased maintenance and replacement programmes allow.
[22] Where PATRIZIA has full authority over the development process.
[23] The boundary of the commitment is defined in our Net Zero Carbon Strategy paper

- **Operational Buildings** – when the amount of carbon emissions associated with the building's operational energy on an annual basis is zero or negative. A net zero carbon building is highly energy efficient and powered from on-site or off-site renewable energy sources, with any remaining carbon balance offset.
- **Net Construction and Major Renovations** – when the amount of embodied carbon emissions associated with a building's materials and construction activities up to completion is zero or negative, through the use of offsets.

<u>The integration of processes for identifying, assessing and managing climate risks</u>
PATRIZIA's Responsible Investment Policy is the foundation of the approach to ESG integration. Respect for the individual, society and the environment is core to PATRIZIA's culture, and the Company is dedicated to conducting operations in accordance with the highest legal, ethical and professional standards. The Responsible Investment Policy is governed and maintained by the ESG Committee and includes PATRIZIA's responsible investment principles, corporate guidelines, business unit specific standards and the framework for impact investing. PATRIZIA believes that adherence to robust principles and upholding of evolving standards reduces risk and ensures that PATRIZIA will continue to deliver societal value and stable long-term financial returns.

Climate risks and opportunities are firmly embedded throughout the investment process (sourcing & acquisitions, development & refurbishment, fund manager and asset management). The integration processes of the real estate and infrastructure portfolios share some similarities, but also exhibit differences based on the unique characteristics of each asset class. The approaches to integration are described below:

Sourcing & Acquisitions
At the sourcing and acquisitions stage, processes are in place to identify any long-term financial risks associated with climate impacts. Physical and transition risk analysis is conducted at the due diligence stage for all acquisitions and included in the Investment Committee proposals and risks are then incorporated into the assets business plan.

The PATRIZIA ESG Screening and Exclusion Policy ensures clients' and shareholders' capital is aligned with the Company's principles and convictions to mitigate reputational risk. As a signatory to the UN PRI, and alignment to the UNGC principles, PATRIZIA does not enter any kind of business relationship or transaction with corporate entities, governments, joint ventures or individuals with clear, direct links to controversial weapons, nor with countries that deem to have serious violations on political stability and peace, human rights and religious freedoms. Exclusions refer to the removal of specific entities, sectors, or individuals from the investment universe of PATRIZIA. The Company applies a positive screen to guide its investment process when selecting investee companies, as part of its commitment to achieving best practice.

Real estate: All potential acquisitions undergo an ESG due diligence assessment, to identify asset level ESG risks and opportunities prior to acquisition. These risks can then be appropriately addressed and put into investment proposals and business plans to manage risks. The checklist specifies material findings, including physical risks, which is considered by PATRIZIA's Investment Committee (the Head of Sustainability & Impact Investing holds a position on the Investment Committee). Third party ESG due diligence reports also provide a detailed assessment of physical risk.

Infrastructure: All prospective investments are assessed for six physical climate risks using data provided by Moody's ESG Solutions and where a high risk or red flag risk is identified, adaptation strategies must be described and included in financial models where appropriate.

All prospective investments are required to collect carbon data (Scope 1 & 2 greenhouse gas emissions and revenue intensity) that is included in the Risk Analysis provided to the Investment Committee. A carbon intensity framework is applied at the Risk Analysis state of investment and requires that the revenue intensity be classified as red, amber or green[24]. This classification determines the actions required from the Investment Committee when granting approvals. This framework was designed in line with PATRIZIA Infrastructure's commitment under the Net Zero Asset Managers (NZAM) Initiative to ensure the carbon intensity of the infrastructure equity portfolio will be reduced by 49% by 2030.

Development & Refurbishment
PATRIZIA's impact is highest and climate risks best managed when committing to sustainability from the ground up. For this reason, consideration is given to sustainable building practices that extend beyond the scope of regulatory requirements and the timeline within individual business plans.

Real estate: Properties can have a lifespan of several hundred years, so sustainability is considered from the very beginning: into real estate development strategies, design, and construction, with a view on lifecycle and operation. PATRIZIA established operational and embodied carbon targets, life-cycle carbon assessments, and additional best practice requirements for all PATRIZIA developments in the ESG Sustainable Development Guide, which was developed and set into practice in 2023. Where PATRIZIA has full discretion over the development of processes, an ESG strategy is applied for each

[24] The thresholds for a red, amber or green status are the following: red – greater than 225tonnes/ 1M EUR revenue; amber – up to 225 tonnes/ 1M EUR revenue; green – up to 100 tonnes/ 1M EUR revenue.

development, in line with the development guide. ESG related performance of developments is also tracked, including the extent to which the guide is applied, through reporting and regular engagement with stakeholders. PATRIZIA employs architects and engineering consultants with a proven track record regarding sustainability and integrates ESG requirements in the sourcing and appointing of general contractors in alignment with the PATRIZIA Supplier Code of Conduct reflecting the Company's commitment to protection of the environment, protection of employees and workers, community involvement and compliance and ethics.

Infrastructure: The infrastructure portfolio has ESG implementation guidelines, which comprise a 9-step framework for ensuring the incorporation of ESG considerations throughout the asset lifecycle.

Operational Asset - Fund Management
Through consideration of ESG related risks and opportunities, PATRIZIA aims to incorporate material ESG factors into investment decisions, as previously stated, the fund management ESG working group is responsible for advancing this objective.

PATRIZIA's internal reporting includes fund level climate risk reports for all funds, which are issued annually. The rollout of climate value at risk reporting has provided a consistent means of assessment across the entire PATRIZIA portfolio. This is underpinned by a robust climate risk and vulnerability analysis to assess the materiality of physical and transition risks, leveraging forward-looking projections. It challenges and enhances the understanding of likely portfolio behaviour in extreme scenarios and provides a basis for action.

PATRIZIA has a standardised approach for all funds to implement an ESG policy and allows the fund manager and the client/investor to select an ESG ambition level, with five different compliance levels set out in a matrix[25]. The fund ESG policy matrix is a standardised approach for all funds to adopt in order to drive the systematic integration of sustainability risk management, including the ongoing assessment, measurement, and improvement of any climate related risks. For funds without an ESG strategy, the policy refers to PATRIZIA's standardised approach to ESG integration for managing ESG related risks.

Operational Assets - Asset Management
Real estate: As previously stated, the asset management ESG working group is responsible for analysing each assets performance and establishing frameworks to report on ESG related progress as the asset level. The working group uses and has developed a range of tools to manage, analyse the assets and reduce risk, including climate related risks as described below.

The ESG Toolkit was developed and set into practice in 2023 and serves as a strategic ESG action plan and scorecard. The toolkit provides an internal benchmark and identifies potential ESG priority actions for assets, including tracking energy certificates and decarbonisation plans. The toolkit will be rolled out across all assets, ensuring alignment with fund-level ESG policies, supporting the identification and prioritisation of ESG actions, and decarbonisation planning. The dashboards are then reviewed by the strategic asset review committee.

In 2023, the asset PATRIZIA Decarbonisation Manual was launched, which established an 'evergreen' list of best practice real estate decarbonisation measures to guide asset managers on the transition of assets from brown to green.

As stated earlier, PATRIZIA utilises the CRREM tool to assess transition risks and uses MSCI to assess physical risks. Please refer to the section above to gain further understanding on the tools.

Infrastructure: For all portfolio companies, Sustainability Roadmaps with underlying remediation projects are finalised at the post-merger integration investment stage. These roadmaps address any climate-related risks identified during the investment process.

PATRIZIA Infrastructure subjects all its portfolio companies to annual climate change risk reporting. The key objective of this process is to identify and assess climate risks and opportunities at both asset and portfolio level.

[25] The matrix ranges from 1-5, with 5 being the most ambitious strategy, and is used for impact funds/Article 9 funds. Whereas, 1 is the lowest ambitious strategy a fund can adopt and is likely to be used for Article 6 funds. The matrix was introduced as not all funds can commit to the same level of ESG ambition and having only one policy would not suffice.

Metrics and Targets

As stated earlier in the Strategy and Risk Management section and by the Net Zero Carbon Strategy, PATRIZIA has set ambitious sustainability goals, including a commitment to achieving net zero carbon by no later than 2040, in advance of the mid-century target of the Paris Agreement. These ambitious goals aim to ensure that PATRIZIA meets evolving market conditions and in anticipation of changing regulation.

Targets

Category	Strategy Goal and Timeframe
Net Zero Carbon Goal	Achieve net zero carbon[26] status across our corporate operations and real assets portfolio by 2040 or earlier, with a clear ambition to execute as fast as stakeholder requirements permit.

In order to measure PATRIZIA's Sustainability performance a range of data is collected. The following metrics are used to assess climate related risks and opportunities:

Metrics for assessing climate-related risks and opportunities

Category	Metrics	Unit.
Carbon footprint	Scope 1, 2 and 3 Emissions	t CO_2e
	CO_2 Intensity of portfolio	kg CO_2e/ m^2/Year
	Energy Intensity of portfolio	kwh/ m^2/Year
Physical risk for real estate	Climate Value at Risk Analysis	% of AUM identified at high/very high risk per risk category

PATRIZIA has made a commitment to monitor and reduce the carbon emissions associated with the Assets under Management and recognises an improvement of the quality of analysis year on year. PATRIZIA discloses its annual Scope 1-3 combined emissions for real estate operations. For the reporting years covered below (2021-2023), figures are not inclusive of the Infrastructure portfolio, the Dawonia portfolio, the Sustainable Futures Ventures Fund, PGP investments, and the Advantage portfolio.

Scope 1 and 2 emissions come from fuels and electricity purchased and controlled as a landlord to operate properties within the Assets under Management. The scope 2 component disclosed is location-based, and therefore does not account for the considerable proportion of energy that is procured from renewable sources, which is considered to be a conservative approach. Scope 3 emissions relate to occupier-controlled activities, alongside purchases of goods and services. A full description of what is in scope can be found in the Net Zero Carbon Strategy. Emission estimates are undertaken in alignment with industry approved methodologies, based on the GHG accounting protocol and leveraging the advice from industry bodies such as CRREM and PCAF.

Over the past year, PATRIZIA has made a strong effort to improve quality and quantity of the data utilised to analyse operational emissions. This effort will be further progressed in the year 2024 as the Company has committed by 2025 to achieve 100% of landlord procured data. In addition, PATRIZIA is in the process of integrating an ESG platform that is expected to facilitate a substantial surge in data automation and optimisation.

This disclosure leverages reputable sources for proxy data, based on the location, sector type and floor area of PATRIZIA's assets. While this data provides a useful indication of the emissions and associated risk, it is recognised that there are inherent inaccuracies, which will be addressed over time as proxy data is replaced with actual data.

Real Estate Greenhouse Gas Emissions[27]

Year	Scope 1 - 3 Combined Emissions [t CO_2]
2021	443,312
2022	419,709
2023	375,160

Source: CRREM v2 pathways data. Please note that figures are for real estate only (excluding Dawonia and PGP investments) and represent an average of ca. EUR 34 bn of AUM as of 2023.

The carbon and energy intensity footprint for the real estate portfolio is based on actual and estimates from CRREM. In the year 2022 CRREM pathways were utilised to calculate the estimated intensities. The CRREM methodology distinguishes between sub-sectors (e.g., retail, high street; retail, shopping centre; retail, warehouse). While still indicative, this analysis provides valuable insight regarding the potential exposure of the real estate portfolio to climate change transition risk and

[26] Includes operational emissions and embodied carbon for new developments and major refurbishments, excluding the 'sunk' embodied carbon of the standing portfolio.
[27] Please note that emissions do not include f-gases. F-gases are included in PATRIZIA's scope 1 emissions but are not able to be published as part of the 2023 report.

steers prioritisation of decarbonisation efforts. The increased data availability and data collection exercises over the year 2023, enables a presentation of re-stated intensity figures for the year 2022 which utilise actual consumption data alongside CRREM proxy data.

From a total AUM of EUR 57.3bn, the analysis of floor area weighted carbon and energy intensity for 2023 covers EUR 39.4bn, or 69%, excluding infrastructure assets, the Dawonia portfolio, the Sustainable Future Ventures fund, PGP investments and the Advantage portfolio, as well as assets where the granularity of data was insufficient to accurately calculate physical risks. Please note that due to the increased data availability, the floor area weighted carbon intensity for the year 2022 is restated.

Floor area weighted carbon intensity[28]

In kg CO^2e/m^2/year	Office	Residential	Retail	Industrial
2021	52.56	29.79	50.10	19.56
2022	48.38	26.03	48.54	15.15
2023	44.20	23.22	43.41	14.19

Floor area weighted energy intensity [27]

In kwh/m^2/year	Office	Residential	Retail	Industrial
2021	190.32	137.72	210.10	57.75
2022	178.46	127.85	194.43	55.13
2023	167.62	119.32	179.68	51.67

Through a concerted effort over the coming years, PATRIZIA's goal is to progressively replace the assumption-based data with actual consumption data to refine the accuracy of analysis and track PATRIZIA's progress accurately over time. Having set ambitious decarbonisation goals, the Company strives to monitor the GHG emissions from own corporate operations, including offices and business travel. Measures are in place to capture emissions from corporate activities to establish a meaningful baseline. PATRIZIA is also implementing initial reduction measures: Starting from 1 January 2024, all new vehicle orders for the company fleet must be powered electrically.

[28] This disclosure leverages reputable sources for proxy data, based on the location, sector type and floor area of PATRIZIA's assets. While this data provides a useful indication of PATRIZIA's carbon intensity and associated risk, we recognise that there are inherent inaccuracies, which will be addressed over time as we replace proxy data with actual data. The scope 2 component of the carbon intensity figures disclosed is location-based, and therefore does not account for the considerable proportion of PATRIZIA's energy that is procured from renewable sources, which we consider to be a conservative approach.

4.2.2 EU Taxonomy Regulation

Background

Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment ('Taxonomy Regulation') has established a unified EU classification system for environmentally sustainable economic activities (referred to as 'Taxonomy-aligned activities') and imposes transparency obligations on certain non-financial and financial undertakings with respect to those activities.

The Taxonomy Regulation recognises an economic activity as environmentally sustainable when it contributes significantly to one or more of six environmental objectives, while not causing significant harm to any of the remaining objectives (the so called 'do no significant harm' principle), providing that it is carried out in compliance with minimum social safeguards. The six objectives are:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The criteria for assessing alignment with each of the six objectives has been implemented in stages, through delegated and implementing acts. In June 2021, the Commission adopted the EU Taxonomy Climate Delegated Act ('Climate Delegated Act'), which established criteria for measuring substantial contribution to the environmental objectives of climate change mitigation and adaptation. In June 2023, the Commission adopted the EU Taxonomy Environmental Delegated Act ('Environmental Delegated Act'), which established criteria for the remaining four environmental objectives. An investment activity that is not currently recognised by the Taxonomy Regulation as contributing substantially to one of the EU's environmental objectives is not necessarily unsustainable and may be included in future.

The Taxonomy Regulation introduced mandatory disclosure obligations for organisations in scope of the Non-Financial Reporting Directive (NFRD) and the proceeding Corporate Sustainability Reporting Directive (CSRD), with disclosure rules that differ for non-financial and financial undertakings. Undertakings subject to non-financial reporting are required to disclose how and to what extent their activities are associated with environmentally sustainable activities, allowing for the comparison of companies and investment portfolios. In July 2021, the Commission adopted the Delegated Act that specifies the content and presentation of disclosures made by undertakings regarding those of their activities that are Taxonomy-eligible and Taxonomy-aligned ('Disclosures Delegated Act'), which was amended in June 2023 by the Environmental Delegated Act for consistency.

Between 1 January 2022 and 31 December 2022 (for FY 2021), non-financial undertakings were required to disclose only the proportion of their economic activities that were Taxonomy-eligible and Taxonomy-non-eligible, for the objectives of climate change mitigation and adaptation. From 1 January 2023 (for FY 2022), they started to disclose Taxonomy-alignment. Financial undertakings reported Taxonomy-eligibility and Taxonomy-non-eligibility from 1 January 2022 until 31 December 2023, and Taxonomy-alignment from 2024 (for FY 2023), based on information disclosed by their counterparties.

In this context, eligibility refers to investments in economic activities that are in scope of the Taxonomy Regulation, i.e., for which assessment criteria has been defined. Taxonomy-eligibility, therefore, does not provide an indication of the environmental sustainability of investments. Taxonomy-alignment, however, implies that an activity fulfils the criteria for determining substantial contribution to one or more of the EU environmental objectives.

Regarding the four environmental objectives specified by the Environmental Delegated Act, disclosures made by financial undertakings between 1 January 2024 and 31 December 2025 (for the previous financial year) are only to include the proportion of Taxonomy-eligible activities in their assets under management. From 1 January 2026 (for FY 2025), disclosure of Taxonomy-alignment will cover all six environmental objectives.

PATRIZIA interprets that parent undertakings should report the consolidated Taxonomy KPIs of their respective business segments, based on the activities carried out by their subsidiaries. As the primary activity of the subsidiaries of PATRIZIA SE is asset management, PATRIZIA SE discloses based on the rules for financial undertakings, applying the Taxonomy KPIs referred to in Annexes III and IV of the Disclosures Delegated Act, which are relevant for asset management activities.

On 21 December 2023, a Draft Commission Notice was published on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act. Due to its late publication date, this has not been taken into account for this disclosure.

In July 2022, the Commission published the Complementary Climate Delegated Act, which included specific nuclear and gas energy related activities in the list of economic activities covered by the EU Taxonomy. The Act requires that non-financial and financial undertakings disclose their exposures to nuclear and fossil gas related activities in a separate disclosure, including the amount and proportion of Taxonomy-aligned, Taxonomy-eligible, and Taxonomy-non-eligible nuclear and gas energy related activities.

Methodology

The Taxonomy KPIs for asset managers require calculation of the proportion of investments made in Taxonomy-aligned economic activities in the value of their total AUM, which covers both collective and individual portfolio management, excluding exposures to central governments, central banks and supranational issuers. Total AUM are calculated on the basis of the latest available fair value of managed real estate and infrastructure investments. Hedging derivatives are therefore not included within the definition of total AUM. This is referred to as the Green Asset Ratio (GAR). Asset managers need to identify investments aimed at financing taxonomy-aligned economic activities. Taxonomy-alignment is expressed as the weighted average of the value of investments in Taxonomy-aligned economic activities, where the weighting is based on both the proportion of revenues and CapEx of investees, related to such activities.

In accordance with the Disclosures Delegated Act, the numerator of the Green Asset Ratio currently excludes derivatives and exposures to undertakings (including non-EU undertakings) that are not subject to non-financial reporting obligations pursuant to Article 19a and 29a of the Accounting Directive. On this basis, the scope of investee companies that are eligible to be reported as Taxonomy-aligned is limited. The denominator (i.e., AUM covered by the Taxonomy KPIs) consists of the value of all AUM without exposures to central governments, central banks and supranational issuers, which are excluded from both the numerator and denominator. The denominator includes cash (and cash equivalent assets), which cannot be assessed as Taxonomy-eligible as they are not funding an economic activity.

The turnover-based KPI indicates the proportion of investments in environmentally sustainable activities, determined as the weighted average value of investments, based on the proportion of taxonomy-aligned economic activities of investee companies. For investments in non-financial undertakings, the numerator is calculated as the proportion of revenues derived from Taxonomy-aligned activities, as reported by the investee. For investments in real estate, the numerator is calculated as the rental income generated from Taxonomy-aligned properties. The turnover-based KPI provides the best indication of the proportion of AUM that is already Taxonomy-aligned.

The CapEx-based KPI indicates the weighted average value of investments, based on the proportion of capital expenditure for real estate assets or investee companies that is effectively assisting Taxonomy-aligned activities. This may include a CapEx plan to expand Taxonomy-alignment, produce Taxonomy-aligned output, or that relates to the reduction of greenhouse gas emissions. The CapEx-based KPI provides an indication of efforts to increase Taxonomy-alignment. However, CapEx may only be recognised as Taxonomy-aligned where the methodology used meets certain conditions. CapEx may be recognised as Taxonomy-aligned where the expansion of Taxonomy-aligned activities becomes operational in the same financial period when all related CapEx is incurred. Otherwise, it must be part of a CapEx plan that specifically addresses all Technical Screening Criteria for rendering an investment activity as Taxonomy-aligned within a period of five years. Therefore, CapEx that partially addresses the criteria for increasing Taxonomy-alignment, such as improvements to energy efficiency or mitigation of climate risk, is currently excluded as Taxonomy-non-aligned.[29]

Qualitative Disclosures

Contextual information in support of the quantitative indicators, on the scope of assets, data sources and limitations

PATRIZIA's assets under management primarily comprise investments in real estate and infrastructure. The scope of assets that are included in the quantitative indicators as Taxonomy-eligible fall within the sectors of construction and real estate, namely acquisition and ownership of buildings, and various infrastructure sectors, including energy, transport, and information and communication. Real estate investments, which can be associated with the NACE code L68[30], constitute the majority of PATRIZIA's assets under management and are Taxonomy-eligible. At present, only those real estate assets domiciled in the EU and UK can be reliably assessed as Taxonomy-aligned due to the references within the Technical Screening Criteria to various EU regulations. In the breakdown of the KPIs, investments in real estate are categorised as exposures to other counterparties and assets.

PATRIZIA's AUM includes approximately EUR 25m of exposures to equities in companies that are involved in the nuclear and/or fossil gas related activities set out in Template 1 of Annex III of Delegated Regulation 2022/1214 (0.1% of total AUM). This figure includes investments in infrastructure funds or energy utilities companies with potential exposure to nuclear energy and fossil gas related activities that could not be confirmed due to lack of available data disclosed by those investee companies. Consequently, it is not currently possible to provide a complete breakdown of exposures to the nuclear and/or fossil gas related activities set out in rows 1-6 of Template 1.

[29] Draft commission notice 19 December 2022 (Question 26)
[30] In accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006

The scope of assets included in the KPI that are assessed as Taxonomy-non-eligible primarily comprise non-eligible infrastructure companies, cash (and cash equivalent assets), and exposures that cannot be reliably assessed as Taxonomy-eligible due to limited granularity of available data, despite best efforts to collect such data. As this is the first year in which detailed Taxonomy disclosures are required, PATRIZIA expects to increase the completeness of future disclosures. Exposures to undertakings that are not subject to non-financial disclosures pursuant to Articles 19a and 29a of Directive 2013/34/EU ('NFRD companies') are excluded from the numerator (in accordance with Article 7(3) of Delegated Regulation 2021/2178). The Taxonomy Regulation therefore limits the scope of PATRIZIA's assets under management that can be considered Taxonomy-aligned to exposures to NFRD companies and real estate. This substantially limits the scope of PATRIZIA's infrastructure investments that are included as Taxonomy-eligible to a minor subset of AUM, mainly comprising listed infrastructure. The indicator regarding exposures to non-NFRD companies, which are excluded from the numerator, mainly comprises unlisted infrastructure equities and debt. When looking through exposures to NFRD companies, disclosures are based on the most recently available data reported by those investees.

The assessment of Taxonomy-alignment requires looking through underlying investments to determine compliance with numerous activity-specific and nuanced Technical Screening Criteria as well as Minimum Safeguards. All criteria must be fulfilled and sufficiently evidenced for investment activities to be considered Taxonomy-aligned. For real estate investments, where the necessary information and substantiating evidence is not reported and may not be available on proprietary systems in the level of detail required, the respective assets are reported as Taxonomy-non-aligned.
Similarly, where CapEx incurred is allocated to the improvement of environmental performance, such as energy efficiency, decarbonisation, or mitigation of climate risk, but is not specifically part of a Taxonomy compliant CapEx plan, the CapEx is excluded from the numerator of the CapEx KPI.

The nature, objectives & evolution of Taxonomy-Aligned economic activities
PATRIZIA's assets under management are typically in economic activities that play a role in the transition to a low carbon economy, including but not limited to the built environment, transportation, and energy related infrastructure, such as renewable energy. Correspondingly, a significant proportion of PATRIZIA's assets under management are designated by the Taxonomy Regulation as eligible to substantially contribute to the EU environmental objectives of climate change mitigation and adaptation.

The proportion of PATRIZIA's assets under management that are reported as Taxonomy-aligned, within the parameters of the disclosure rules (e.g., excluding NFRD companies), are namely real estate assets that substantially contribute to the environmental objective of climate change mitigation. Those assets are determined to have an Energy Performance Certificate (EPC) rating of at least 'A' and the physical climate risks material to the activity must be determined by means of a robust climate risk and vulnerability assessment in accordance with the requirements of Appendix A in Annex I of the Climate Delegated Act (EU 2021/2139). In addition, the OECD guidelines in connection with the acquisition or ownership of the building must be fulfilled in accordance with Article 18 of the Taxonomy Regulation.

While the investment strategy of such investments did not explicitly include a commitment to aligning with the criteria of the Taxonomy Regulation, alignment is a product of the synergies with PATRIZIA's approach to ESG integration, including the management of climate related risk and opportunities to protect and enhance the value of assets.

As this is the first time that PATRIZIA is required to disclosure the proportion of exposures to Taxonomy-aligned economic activities, a comparison with previous periods is not available. PATRIZIA expects that the proportion of Taxonomy-aligned activities in its AUM will increase over time, including through business-related, methodological, and data-related developments.

Compliance with the Taxonomy Regulation in PATRIZIA's business strategy, product design processes and engagement activities
PATRIZIA considers that its business strategy, including sustainability goals and responsible investment practices, supports contribution to the environmental objectives set out in the Taxonomy Regulation. For example, PATRIZIA's commitment to achieving net zero carbon by 2040 or sooner and the progression of the net zero carbon strategy supports increasing alignment with the EU objectives of climate change mitigation and adaptation. Additionally, engagement with investee companies to establish ESG related goals and strategies, undertaken by PATRIZIA's Sustainable Transformation team, may lead to increased Taxonomy-alignment of portfolio companies.

The Taxonomy Regulation offers a harmonised framework for considering the environmental sustainability of eligible investments, which is complimentary to PATRIZIA's approach to ESG integration. PATRIZIA considers numerous ESG factors in its investment decision making process for real estate and infrastructure investments, including but not limited to the assessment of physical climate risk, leveraging state-of-the-art climate projections. Since the Taxonomy Regulation came into force, PATRIZIA has adapted its due diligence processes for the selection of real estate and infrastructure investments to include aspects of the Technical Screening Criteria to enable an assessment of Taxonomy-alignment (subject to data availability). Furthermore, PATRIZIA continues to adapt its tools and systems for data collection to facilitate improvement in the analysis of ESG data pertaining to the Taxonomy Regulation.

PATRIZIA considers the objectives of the Taxonomy Regulation in the development of products. For example, the investment strategy and binding commitments of several real estate and infrastructure products include a commitment to a minimum proportion of Taxonomy-aligned investments. This is expected to result in increased capital allocation towards investments that substantially contribute to the environmental objectives of the EU.

Key Figures

Standard template for the disclosure of KPIs for asset managers required under Article 8 of the Taxonomy Regulation:

The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities **relative to the value of total assets covered by the KPI**, with following weights for investments in undertakings per below: Turnover-based: 4% CapEx—based: 0%	The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities, with following weights for investments in undertakings per below: Turnover-based: EUR 2,108m CapEx-based: EUR 36m
The percentage of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities, Coverage ratio: 100%	The monetary value of assets covered by the KPI. Excluding investments in sovereign entities. Coverage: EUR 57,251m
Additional, complementary disclosures: breakdown of **denominator** of the KPI	
The percentage of derivatives relative to total assets covered by the KPI: 0%	The value in monetary amounts of derivatives: EUR 0
The proportion of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 12% For financial undertakings: 0%	Value of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: EUR 6,992m For financial undertakings: EUR 0
The proportion of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 5% For financial undertakings: 0%	Value of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: EUR 3,071m For financial undertakings: EUR 1m
The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: 1% For financial undertakings: 0%	Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: EUR 309m For financial undertakings: EUR 0
The proportion of **exposures to other counterparties and assets** over total assets covered by the KPI: 71%	Value of **exposures to other counterparties and assets**: EUR 40,391m
The value of all the investments that are funding **economic activities that are not taxonomy-eligible** relative to the value of total assets covered by the KPI: 42%	Value of all the investments that are funding **economic activities that are not taxonomy-eligible**: EUR 23,853m
The value of all the investments that are funding taxonomy-eligible economic activities, **but not taxonomy-aligned** relative to the value of total assets covered by the KPI: 41%	Value of all the investments that are funding Taxonomy-eligible economic activities, **but not taxonomy-aligned:** EUR 23,380m
Additional, complementary disclosures: breakdown of **numerator** of the KPI	
The proportion of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI: For non-financial undertakings: Turnover-based: 0% Capital expenditures-based: 0%	Value of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**: For non-financial undertakings: Turnover-based: EUR 27m Capital expenditures-based: EUR 36m

For financial undertakings: Turnover-based: 0% Capital expenditures-based: 0%	For financial undertakings: Turnover-based: EUR 0 Capital expenditures-based: EUR 0	
The proportion of **Taxonomy-aligned exposures to other counterparties and assets** in over total assets covered by the KPI: Turnover-based: 4% Capital expenditures-based: 0%	Value of **Taxonomy-aligned exposures to other counterparties and assets**: Turnover-based: EUR 2,081m Capital expenditures-based: EUR 0	
Breakdown of the numerator of the KPI per environmental objective		
Taxonomy-aligned activities–:		
(1) Climate change mitigation	Turnover: 4% CapEx: 0%	Transitional activities: Turnover: 0% CapEx: 0% Enabling activities: Turnover: 0% CapEx: 0%
(2) Climate change adaptation	Turnover: 0% CapEx: 0%	Enabling activities: Turnover: 0% CapEx: 0%
Taxonomy-eligible activities–:[31]		
(3) The sustainable use and protection of water and marine resources	Turnover: 0% CapEx: 0%	Enabling activities: Turnover: 0% CapEx: 0%
(4) The transition to a circular economy	Turnover: 0% CapEx: 0%	Enabling activities: Turnover: 0% CapEx: 0%
(5) Pollution prevention and control	Turnover: 0% CapEx: 0%	Enabling activities: Turnover: 0% CapEx: 0%
(6) The protection and restoration of biodiversity and ecosystems	Turnover: 0% CapEx: 0%	Enabling activities: Turnover: 0% CapEx: 0%

[31] Template modified from Annex IV of the Disclosures Delegated Act to accommodate phased requirements regarding objectives 3-6, where disclosure of Taxonomy-eligibility (and not Taxonomy-alignment) is required until 1 January 2026.

Standard templates for the disclosure of nuclear and fossil gas related activities

Template 1 – Nuclear and fossil gas related activities (Turnover-based and Capex-based KPIs):

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	Yes
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Template 2 - Taxonomy-aligned economic activities (denominator), Turnover-based KPI:

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%

7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	EUR 2,108m	4%	EUR 2,108m	4%	0	0%
8.	**Total applicable KPI**	EUR 57,251m	100%	EUR 57,251m	100%	0	0%

Template 3 – Taxonomy-aligned economic activities (numerator), Turnover-based KPI:

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	EUR 2,108m	4%	EUR 2,108m	4%	0	0%
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	EUR 2,108m	4%	EUR 2,108m	4%	0	0%

Template 4 – Taxonomy-eligible but not taxonomy-aligned economic activities, Turnover-based KPI:

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amoun t	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	EUR 23,379m	41%	EUR 23,379m	41 %	0	0%
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	EUR 23,379m	41%	EUR 23,379m	41 %	0	0%

Template 5 – Taxonomy non-eligible economic activities, Turnover-based KPI:

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	EUR 23,853m	42%
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	EUR 23,853m	42%

Template 2 – Taxonomy-aligned economic activities (denominator), CapEx-based KPI:

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of	0	0%	0	0%	0	0%

	Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	EUR 36m	0%	EUR 36m	0%	0	0%
8.	**Total applicable KPI**	EUR 57,251m	100%	EUR 57,251m	100%	0	0%

Template 3 – Taxonomy-aligned economic activities (numerator), CapEx-based KPI:

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	EUR 36m	0%	EUR 36m	0%	0	0%
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	EUR 36m	0%	EUR 36m	0%	0	0%

Template 4 – Taxonomy-eligible but not taxonomy-aligned economic activities, CapEx-based KPI:

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	0	0%
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	EUR 25,439m	44%	EUR 25,439m	44%	EUR 25,475m	44%
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	EUR 25,439m	44%	EUR 25,439m	44%	EUR 25,475m	44%

Template 5 – Taxonomy non-eligible economic activities, CapEx-based KPI:

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	EUR 23,853m	42%
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	EUR 23,853m	42%

4.3 Social Aspects

One of PATRIZIA's sustainability goals is to be an employer of choice in the real assets sector, where everyone feels included, represented, and valued equitably. To achieve this goal, the Company focuses on internal social aspects such as equity, diversity, and inclusion (ED&I), employee development and health & wellbeing of employees. To remain compliant and achieve this goal, PATRIZIA also commits to fair Human Resource (HR) policies and procedures. These include leading ethical labour standards, such as human rights, anti-corruption and -fraud, whistleblowing and grievance procedures and privacy & data protection.

Contributing to an equitable, diverse, inclusive, and supportive environment is everyone's responsibility. The PATRIZIA ED&I Council acts as the advisory board for all ED&I initiatives across PATRIZIA and provides governance on ED&I priorities, programmes, actions, and metrics. The PATRIZIA ED&I Council is sponsored by the Executive Committee, supported by the HR Department, and overseen by the PATRIZIA Board of Directors.

The PATRIZIA Foundation reinforces the commitment to social aspects. The Foundation aims to improve the prospects of children and young people across the globe, by collaborating with local communities and partners to ensure access to education, healthcare, and welfare. Furthermore, PATRIZIA's impact investing strategy aims to create sustainable communities by providing affordable homes, including social housing, and additional social infrastructure, such as public facilities such as libraries, day care centres and healthcare facilities, to underserved communities in around 25 locations in and around major European cities.

Equity, Diversity and Inclusion (ED&I)

Equity, Diversity, and Inclusion are a strategic priority and instrumental in achieving PATRIZIA's business strategy. An equitable, diverse and inclusive workplace makes teams more effective in delivering top performance and long-term sustainable outcomes. Acting responsibly has always been an important part of how we do business at PATRIZIA. Since 2022 PATRIZIA has committed to achieving the following strategic milestones to proactively embed ED&I into the company culture:

ED&I Milestones

2022	Educate: Raise collective understanding of ED&I and connect people to the imperative.
2023	Benchmark: Strengthen position through advanced data collection and upgrades to policies and practices.
2024	Mark Progress: Capture and celebrate case studies for return on effort.

The 2022 milestone was reached with 17 virtual and in person training sessions on ED&I being conducted, which improved the employee dialogue and engagement. This continued in 2023, with over 900 employees attending the more than 30 ESG trainings held, this includes 21 trainings on ED&I topics.

The milestone in 2023 was attained with the ED&I Strategy Statement being published and the collection of data through a global Employee Engagement Survey. The survey served as a substantial method of gathering internal data and soliciting feedback from all employees. It presents a chance for management to hear about PATRIZIA's company culture from an employee's perspective, on its strengths, and areas in which adjustments are necessary to reach future objectives. The survey provides valuable insights on where to focus for the year 2024. The survey had an overall response rate of 88% and concentrated on topics such as Company Confidence, Leadership and Management. The results were published in early 2024.

PATRIZIA's ED&I Council is working on continuously improving the ED&I approach and practices. Supported by the HR team, the Council reflects PATRIZIA's diverse employee community and strives to create a culture where everyone feels included, represented, and valued equitably.

To support the ED&I strategy, PATRIZIA has set diversity targets that are measurable and achievable. Progress against the targets is measured at least once a year and reported to the PATRIZIA Executive Committee and Board of Directors. In 2023, PATRIZIA updated these targets. Management has set a target of 29% for the share of women on its Board of Directors (previously 25% to be achieved until 30 June 2024) and a respective target of 25% for the Executive Directors (previously 25% for the Management Board in the AG legal form to be achieved until 30 June 2024) as well as the Executive Committee excluding the Executive Directors, to be achieved by 31 December 2028 (defined as first management level below the Executive Directors). PATRIZIA aims to increase the share of women in the second management level below the Executive Directors, now defined per job title as (Senior) Managing Directors and Managing Directors to 30% by 31 December 2028.

Progress against targets[32]

In %	2023	2022
Share of women in Board of Directors	29%	29%
Share of women in Executive Directors	0%	0%
Share of women in Level 1 below Executive Directors	13%	13%
Share of women in level 2 below Executive Directors	18%	14%

Currently, the Board of Directors consists of two females and five male members, and the Executive Directors consist of three male members. Thus, the set targets for the Board of Directors are met in the year 2023, whereas the proportion of women of Executive Directors' remains at 0%. On 31 December 2023, the share of women in the first management level below Executive Directors was at 13% (31 December 2022: 13%). At the second management level below Executive Directors, the share of women was 18% (31.12.2022: 14%). The achievement of the targets continues to have a high priority.

PATRIZIA believes there is always more that employees and the Company can do beyond targets and strategies to help build more equitable, diverse, and inclusive communities. Be this either through training, participation in Employee Resource Groups (ERGs) or internal culture enhancing initiatives.

PATRIZIA is committed to the core labour standards of the International Labour Organization (ILO). Employees are given equal opportunities regardless of race or ethnic origin, gender, religion or ideology, disability, age, sexual identity, or orientation. Appointments, promotions, and level of remuneration are based solely on employees' competencies, and experience. In addition, on signing their employment contract and stated in the employee handbook, all managers and employees are obliged to refrain from discrimination on the above grounds. PATRIZIA recognises and accommodates many personal working circumstances and has a comprehensive Family Leave policy that covers maternity, paternity, adoption, shared parental, parental, time off for dependents, flexible working, compassionate, additional paid, jury service, and unpaid leave circumstances to promote work-life balance.

All employees can engage in virtual training sessions via the PATRIZIA Academy. In 2023, 21 ED&I related trainings were given, with topics including anti-discrimination, ED&I fundamentals, how to build trust, supporting marginalised groups and collaboration in diverse teams. Employees can also set ED&I performance goals, currently 40% of employees have ED&I goals set in the performance enablement system.

Employee Resource Groups

To continually advance ED&I at PATRIZIA a series of ERGs have been launched, providing a voice for PATRIZIAn communities and allies. ERGs are an invaluable part of PATRIZIA's ED&I strategy. Since 2021, ERG leads have set up PATRIZIA Advance, Pride Alliance, NextGen and Working Parents & Carers. These groups bring together PATRIZIAns from across all locations to actively create a workplace where everyone can feel included, represented, and valued equitably, thus having created the place and space where individual needs and voices are heard and amplified.

PATRIZIA Advance has been set up to strengthen the position and career growth opportunities for women at PATRIZIA. Since being established, the ERG has created three working groups that provide dedicated support for PATRIZIA's female employees through events & communication, mentoring and research projects/external partnerships.

PATRIZIA NextGen is an ERG dedicated to winning, growing, and engaging early career professionals at PATRIZIA and aims to achieve this through leveraging three core channels: education, networking and recruitment. The group's mission is to help make PATRIZIA an employer of choice by connecting NextGen members with key university and industry networks and by creating an environment of personal growth.

PATRIZIA Pride Alliance connects members of the LGBTQ+ community and its allies around the shared mission to normalise the conversation around LGBTQ+ matters, including gender identity and sexual orientation. The group aims to educate and advise on how we can all be more inclusive towards the LGBTQ+ community in PATRIZIA's professional and personal lives.

PATRIZIA's Working Parents & Carers Network provides a supportive and inclusive working environment for all current and future working parents and carers at PATRIZIA. The ERG has grown to over 100 PATRIZIAns in the year 2023 who are passionate about creating a thriving community for colleagues who juggle, or are planning to juggle, the dual responsibilities of working and caring for a child or an adult.

[32] The management levels below the Executive Directors defined by business titles. The first management level below the Executive Directors is defined as the members of the Executive Committee by business title excluding those members who are also Executive Directors. The second management level below the Executive Directors is defined as all Senior Managing Directors and Managing Directors by business title. PATRIZIA's business title system closely mirrors responsibility in terms of both financial and personnel related matters as well as external representation and is therefore regarded as suitable to serve as a structure for determining management levels.

Plans are in place to create the following ERGs in 2024 – over 50s resource group, holistic health resource group and race & ethnicity or origin resource group.

To further expand and increase awareness of ED&I in the company employees were asked to fill out voluntary and anonymous questions on demographics. The demographic data will be used to tailor the support and increase the impact of PATRIZIAs ERGs. There also has been a rise in demographic questions within the due diligence and investor questionnaires, with the results PATRIZIA will be able to report on more diversity dimensions at a company level. The survey had a response rate of 78%.

PATRIZIA supported the upReach programme in 2023 as part of the ED&I strategy to increase opportunities for young talented individuals from diverse backgrounds to enter the investment management industry. Two interns joined for a six-week placement with one intern joining the infrastructure team, and one joining the asset management team. The programme allows young adults from lower socio-economic backgrounds to access and sustain top graduate jobs.

Employee Key figures

Employees of PATRIZIA Group

	2023	2022
Employees (headcount in persons)	1,007	1,049
Full-Time Equivalents (FTE)[33]	971	1011

As of 31 December 2023, PATRIZIA employed a total of 1,007 employees or 971 FTE (2022: 1,049 employees or 1,011 FTE), considering the full effect of the restructuring measures total headcount would have been 966 employees at year-end. For the following overviews, headcount in persons is used as a basis, excluding 9 employees from Advantage Partners due to data availability.

Employee overview per age groups

Employees	2023	2022
Employees under 25 years old	3%	4%
Employees between 25 and 34	28%	29%
Employees between 35 and 44	33%	34%
Employees between 45 and 54	25%	25%
Employees over 55	10%	8%

Employee overview per gender

	2023		2022	
Employee Category	Female	Male	Female	Male
Executive Committee, including Executive Directors	9%	91%	9%	91%
(Senior) Managing Directors	18%	82%	14%	86%
(Senior/Associate) Directors	30%	70%	31%	69%
(Senior) Associates, Analysts, Specialists, Office Managers	54%	46%	54%	46%
Other (includes assistants, apprentices & dual training students)	95%	5%	96%	4%
Overall	**45%**	**55%**	**46%**	**54%**

[33] Part-time positions are weighted according to their respective share of working hours.

Employee overview per percentage of age group

	2023			2022		
Employee Category	<30	30-50	>50	<30	30-50	>50
Executive Committee, including Executive Directors	0%	45%	55%	0%	55%	45%
(Senior) Managing Directors	0%	64%	36%	0%	68%	32%
(Senior/Associate) Directors	1%	77%	22%	1%	77%	22%
(Senior) Associates, Analysts, Specialists, Office Managers	27%	61%	12%	26%	61%	13%
Other (includes assistants, apprentices & dual training students)	30%	45%	24%	34%	47%	19%
Overall	**15%**	**66%**	**19%**	**15%**	**66%**	**19%**

Employee overview per count of nationalities[34]

Employee Category	2023	2022
Executive Committee, including Executive Directors	3	3
(Senior) Managing Directors	9	6
(Senior/Associate) Directors	23	13
(Senior) Associates, Analysts, Specialists, Office Managers	31	17
Other (includes assistants, apprentices & dual training students)	10	5
Total Nationalities	**37**	**33**

Employee Development

PATRIZIA's employees, their motivation, knowledge, and skills are key to the Company's success. Failure to retain or recruit key staff would expose the Company to the risk of losing market expertise and jeopardise its competitive advantage. Risks are mitigated by offering attractive, interesting positions with motivating remuneration schemes, including relevant training opportunities to promote professional and personal development. PATRIZIA continually strives to improve its employer quality and to align with employees' needs. The Company offers all PATRIZIAns access to a meaningful career via the internal PATRIZIA Academy and various other talent programmes to foster strong development and leadership.

PATRIZIA is invested in giving all employees access to a range of personal and professional development opportunities. From PATRIZIA's own PATRIZIA Academy live trainings to self-instructed e-learning via LinkedIn Learning, Rosetta stone and external trainings, each employee has support for further development. PATRIZIA Academy's dynamic training offering encompasses six core curriculums: Personal Effectiveness; Job Ready Skills; Leadership & Management; Compliance & Regulatory; Wellbeing; Equity, Diversity & Inclusion. All PATRIZIAns have access to training that strengthens their digital IQ and real assets expertise as well as their mental resilience and inclusive behaviours. The Academy has a range of internal and external expert trainers, giving each employee the opportunity to learn and build insights into a variety of topics specific to their career.

At PATRIZIA, it is understood that taking on people management responsibilities requires a new set of skills. To support employees who are becoming managers for the first-time or people who have recently started a manager role at PATRIZIA, the 8-week programme RISE was established to support this transition. In 2023, 31 new managers went through a series of internal HR trainings, peer-to-peer coaching sessions, external trainings, and self-paced learning.

Reverse mentoring is a great privilege and can be truly transformational in enhancing innovation, diverse perspectives, and greater representation. PATRIZIA developed and launched the UnThink programme in 2023, giving 20 high-potential junior talents the chance to mentor 20 Management executives on what makes an employer of choice over a nine-month period. The programme focuses on four employer branding related topics: New Work, Industry Trends, Wellbeing, ED&I.

PATRIZIA also developed an inclusive leadership programme for Managing Directors, called Momentum in 2023. The programme addresses how leaders can maximise their own actions and that of their teams to achieve the PATRIZIA strategic goals through inclusive leadership. The sessions were delivered to members of the Executive Committee and Management Committee.

HORIZONS is PATRIZIAs early career two-track talent programme designed to offer an inclusive approach to developing talent for new joiners ("Step In") and for existing employees ("Step Up"). In 2022, 6 analysts joined the programme for 24

[34] The data relates to over 85% of the workforce for whom nationality information was accessible.

months while in 2023, 11 analysts joined the programme for 12 months. Together, both Step In and Step Up Analysts participated in a structured development programme, including real estate and infrastructure trainings, analysts fundamentals as well as 1:1 mentoring and career spotlight sessions.

Moving Ahead is a purpose led and award-winning specialist diversity, equity, and inclusion organisation which PATRIZIA supported in 2023. The programme's mission is to create an inclusive society where individuals and organisations can thrive. One of the core levers in how Moving Ahead creates change is through delivering structured cross-company mentoring programmes. For the third consecutive year, PATRIZIA had 10 female mentees and 10 female and male mentors embark on a 9-month course where the mentors and mentees had to meet at least five times. So called 'masterclasses' complement the experience, each featuring a prominent speaker and expert in their respective field. The programme allowed PATRIZIA employees a chance to grow and gain skills. Out of the 76 organisations that participated in the Moving Ahead's Mission Gender Equity scheme 2022/23 and due to the commitment of PATRIZIAn participants and HR leads, PATRIZIA was shortlisted for "Most Dynamic Mentoring Organisation" at the Moving Ahead Awards. In 2023/24 PATRIZIA will become ambassadors of this scheme again.

PATRIZIA offers two apprenticeship programmes to career starters who will become a Business Graduate in Office Management or in Real Estate. The apprenticeship programmes can also be combined with university studies (dual studies) at special universities in Germany. Furthermore, PATRIZIA offers a dual bachelor's degree programme in business administration with a focus on real estate management or accounting/management accounting at Baden-Wuerttemberg Cooperative State University (DHBW).

Health & Wellbeing

PATRIZIA realises the importance of mental health and wellbeing of employees. Health, happiness, and balance are all integral parts of a sustainable high-performance culture and growth. During Mental Health Awareness Week in 2023, PATRIZIA held four companywide webinars and one panel discussion with three senior leaders, reaching more than 700 attendees worldwide. Topics included how to spot and respond to symptoms of burnout, the role of gender affirming practices and workplace acceptance on mental health and how everyone has a role to play to foster more supportive and healthy community. Throughout 2023, 18 training sessions all centred around health and wellbeing within the performance enablement system were held. PATRIZIA holds licenses to the meditation app, Headspace, giving employees the tools and techniques to support their emotional and mental wellbeing. 27 PATRIZIAns were also trained in mental health first aid in the UK and Germany in the year 2023 in order to enable them to spot early signs of declining mental health and to support colleagues in a crisis if needed. Moreover, Mental Health First Aid Kits were installed physically in each of the locations alongside the already present First Aid Kits.

As most work being conducted at PATRIZIA takes place in an office, there is a low-risk threshold. However, there is still a health and safety policy within the employee handbook. It is the responsibility of all staff and management to adopt safe working practices and comply with any health and safety instructions. The policy includes the way to report accidents, emergency evacuation procedures, fire precautions, a lone working policy and safe working practices. Furthermore, the Company offers location-specific non-salary health and wellbeing benefits for employees in the areas of fitness programmes, transportation subsidies, life / travel insurance, private medical, income protection and cycle to work programmes.

Community Engagement – Charitable Work

An attitude ingrained in PATRIZIA is the need for success to be shared with those who are in desperate need. This attitude is embodied by the PATRIZIA Foundation. The belief that education, healthcare and welfare are the key to a better life and the basis of long-term human development has shaped the corporate culture of PATRIZIA for or over two decades, supporting the Foundation both financially, and through employee volunteering.

PATRIZIA's founder and former CEO, Wolfgang Egger, established the PATRIZIA Foundation in 1999, to improve the prospect of children and young people across the globe, by collaborating with local communities and partners to ensure access to education, better quality healthcare, and security. Since then, the Foundation has helped more than 600,000 children and young people via the 20 PATRIZIA KinderHaus facilities (three new ones are currently under construction).

The PATRIZIA Foundation is a legally independent organisation being supported in its work by PATRIZIA. Up to 1% of PATRIZIA's EBITDA is donated to charitable organisations such as the PATRIZIA Foundation. PATRIZIA's employees are encouraged to use up to 1% of their working hours for charitable purposes, such as supporting the work of the PATRIZIA Foundation. Once again, PATRIZIAns have shown commitment to the Foundation throughout 2023 with various cycling, hiking, and building challenges being initiated and enjoyed by workers.

4.4 Business Conduct

All employees at PATRIZIA act with integrity and a sense of responsibility, this is also expected from all business partners. PATRIZIA is a reliable partner for customers, third-party service providers and the communities in which the Company operates. For additional aspects concerning corporate governance, please see the 'Governance' section within the Task Force on Climate Related Disclosures report, found in section 4.2 Environmental aspects.

Respect for Fundamental Human Rights

PATRIZIA is committed to respecting fundamental human rights as defined by the United Nations Universal Declaration of Human Rights as well as upholding the human rights and labour standards as defined by the International Labour Organisation (ILO). PATRIZIA does not see any significant risks in regard to human rights due to the regional focus and expects all business partners and suppliers to respect internationally recognised human rights. When required by law PATRIZIA is committed to comply with any requirements in relation to human rights due diligence at a corporate level. PATRIZIA's commitment to human rights (for instance in the form of equal opportunities, opposition to forced labour, privacy and business ethics, parental leave, anti-harassment and health & safety policies to name a few) is included in the Group's Compliance Handbook and the Groups' Code of Values. Both documents are distributed to all new starters and the Code of Values can be found on the company website.

PATRIZIA commits to the UK Modern Slavery Act and requires employees to comply with applicable regulations which are designed to tackle slavery and human trafficking within the UK entities. PATRIZIA opposes all forms of slavery and trafficking and pays attention to it not occurring in the business or supply chains. As a result, PATRIZIA is committed to and has a responsibility for promoting ethical and lawful employment practices. Accordingly, PATRIZIA and all suppliers will not knowingly use unlawful child labour or forced labour in any of its services that it provides, neither will it accept any products or services from suppliers that employ or use any form of forced, bonded, child or compulsory labour, or other forms of slavery or human trafficking. Service providers are additionally required to take appropriate steps to ensure that there is no form of forced, bonded, child or compulsory labour, or other forms of slavery or human trafficking in their supply chains. PATRIZIA does not have a separate Freedom of Association policy, however as stated in the Responsible Investment Policy, the Company aligns its ESG strategy with the UNGC, which has freedom of association and collective bargaining rights as one of its main principles.

Anti-Corruption and -Fraud

PATRIZIA is committed to high ethical standards and expects the same from its employees and third-party service providers. A Code of Values and a Compliance Manual is in place and contains extensive regulations and standards relating to anti-corruption and -fraud. Employees must respect all corporate governance and compliance standards and protocols in this manual. In order to avoid unlawful or unethical behaviour and the potential damage to PATRIZIA's reputation, a comprehensive Compliance Management System is in place to help ensure compliance with global and applicable anti-corruption and -fraud laws.

All new employees must complete a signed certification to indicate adherence to the rules and principles in daily business as well as drive a strong compliance culture. Compliance training is also conducted to prevent misconduct through the Global Compliance Training Plan. This training is given to all new PATRIZIA employees with anti-corruption and -fraud being an important element of the training. Mandatory refresher courses are conducted annually for all employees on anti-money laundering and information security.

PATRIZIA takes a zero-tolerance approach to fraud and corruption and will in no way tolerate attempts by business partners to inappropriately influence PATRIZIA employees in business dealings through gifts and other benefits. It is expected that business partners will comply with statutory prohibitions regarding bribery and corruption as well as competition law. PATRIZIA will also not provide business partners with the impression that PATRIZIA staff are receptive to inappropriate gifts or other benefits.

Whistleblowing Policy

The Compliance Manual includes a policy pertaining to whistleblowing. Employees as well as third parties can use PATRIZIA's digital whistleblowing system, also anonymously, to send information about possible or actual violations of laws or regulations. The system enables a secure and confidential exchange between the whistleblower and Compliance via an anonymised mailbox. Furthermore, there is the option to send information via letter. The contact details can be found on the PATRIZIA website: https://www.patrizia.ag/en/our-company/compliance/. In 2023, there were no whistleblowing concerns raised.

Privacy and Data Protection

PATRIZIA maintains a data protection guideline and a data protection information sheet for its employees. In accordance with PATRIZIAs obligations under the Data Protection Act 2018 and GDPR, the guideline and the information sheet clarify the purposes for which the Company process's personal information about employees. All employees are consenting to the continued processing of their information for this purpose during the recruitment process.

PATRIZIA ensures that appropriate measures are taken against unlawful or unauthorised processing of personal data, and against the accidental loss of, or damage to, personal data. The Company has measures in place to maintain the security of all personal data whilst holding it. This means ensuring the confidentiality, integrity, and appropriate availability of the personal data. PATRIZIA will not disclose employee's personal data to a third party without consent unless PATRIZIA are satisfied that we are legally entitled to the data and have adequate security in place. Where an employee's personal data is disclosed to a third party after consent, the eight data protection principles prevail.

Supplier Code of Conduct

PATRIZIA is acutely aware that its responsibilities concerning ESG extend beyond the boundaries of the Company's organisation, and that a significant proportion of its environmental and social impacts arise from processes that are overseen and conducted by its business partners. Accordingly, PATRIZIA strives to excerpt a broader positive influence throughout its network, which is instilled by PATRIZIA's Supplier Code of Conduct.

PATRIZIA's Supplier Code of Conduct reflects the Company's commitment to:

- Protection of the environment
- Protection of workers
- Supporting communities
- Good Governance, compliance, and ethics

PATRIZIA believes that the implementation of its Supplier Code of Conduct will reinforce positive business practices and reduce risk across the industry, by extension of its own principles. To encourage responsible business practices throughout the supply chain, PATRIZIA strives to extend its commitments to its service partners, and strives to treat suppliers fairly, without prejudice and in a collaborative manner.

PATRIZIA intends to only engage with like-minded suppliers and contractors who are committed to similar standards and who confirm that they will comply with the requirements set out in the Supplier Code of Conduct. PATRIZIA will ask the supplier to confirm that they have implemented the suitable processes to maintain conformity with the Code of Conduct. If PATRIZIA learns that the supplier is in breach of material principles of the CoC, then PATRIZIA will endeavour, in cooperation with the supplier, to remedy the breaches where possible and otherwise terminate the contractual relationship if necessary. As PATRIZIA is not yet legally obliged to do so, PATRIZIA has currently refrained from introducing further controls.

5 Economic report

5.1 Economic environment

Markets in general: The year of 2023 was defined by a historic dynamic on the financial markets. Alongside other major global central banks such as the Federal Reserve and the Bank of England, the European Central Bank also increased its interest rates by 450 basis points in just 15 months from mid-2022. As a result, the pace of inflation slowed significantly, but economic growth also declined. In combination with slower than expected growth in China, global GDP growth slowed down to 2.9% in 2023. Unlike equities and bonds, real estate, and real assets in general tend to be slow to adapt to a changed interest rate environment. In line with the market consensus, PATRIZIA assumes that interest rates have peaked.
Source: PATRIZIA House View, RCA, OECD

Real estate markets: In 2023 real estate markets were mainly driven by yield decompression and subsequent value corrections across all sectors and geographies. A fundamentally changed market environment with higher interest rates and increased competition by other asset classes like government bonds resulted in the need for price adjustment in real estate. While some of this yield adjustment could be offset by rental increases, negative value adjustments evidence occurred across markets and also affected PATRIZIA. This rise in yields affected all sectors, including the residential and logistics sectors, which boomed during the pandemic.

Residential real estate market: Despite persisting strong fundamentals, European residential real estate in 2023 has been affected by the rise in interest rates and the diminishing premium to government bonds. Yields in residential real estate had to adjust to the new interest rate environment and faced growing upwards pressure throughout the year. Supported by inflation-linked rental income and strong diversification benefits, the sector continues to attract investor interest, albeit to a lower extent compared to previous years. Transaction activity in European residential real estate in 2023 stood at roughly EUR 29bn, 47% below the 10y average. Fundamentally however, the situation on the residential real estate market remains unchanged. Persistently high demand meets only slightly increasing supply. Low vacancy rates and stable rental income can therefore still be expected in attractive conurbations, despite the growing challenges posed by increasing regulation of the rental markets. In addition, the energy efficiency of buildings in the residential segment is also expected to have a further increasing influence on returns and liquidity. Investors are also increasingly focusing on alternative segments of the residential universe. Forms of housing such as student apartments or co-living are often less regulated due to their commercial orientation and, because of their operational component, offer a yield premium compared to the traditional apartment building segment.
Source: PATRIZIA House View, RCA

Commercial Property Market | Retail: The European retail market continues to face headwinds. Having finally emerged from the subdued Covid-19-Pandemic market environment, the sector suffered from the inflation shock in 2023. Segments such as food retail, which have a high level of stability in terms of current income, are much more stable in this environment than segments that have been hit hard by structural change, such as shopping centers, and can still offer opportunities for investors.
Source: PATRIZIA House View

Commercial real estate market | Office: The office sector continues to face numerous challenges, with occupier and investor demand shifting strongly towards efficient, modern space and buildings. As the “core” segment has shrunk, the ongoing re-pricing as well as the aforementioned refinancing challenges could increasingly create value-add/de-stranding opportunities in Grade A and Central Business District locations.
Source: PATRIZIA House View

Commercial real estate market | Logistics: The logistics sector showed a normalisation on the demand side in 2023, while vacancy rates remained below 5% in most countries. At the same time, however, the nearshoring and reshoring activities (return of production and storage facilities to a nearby country or the country where they were originally located) that can be observed suggest that demand is expected to remain stable in the medium term. The challenges of decarbonising the existing stock are also having an impact on the industrial sector and are resulting in a clear focus on energy-efficient buildings, particularly among investors.
Source: PATRIZIA House View, RCA

Infrastructure markets: Higher inflation and interest rates in 2023 impacted the infrastructure sector in several ways. Whilst higher interest rates typically cause valuation headwinds for long duration investments such as infrastructure assets, a key attribute of core infrastructure assets is inflation resilience, resulting from pre-negotiated revenue contracts or a regulatory pricing formula with inflation indexation, which have inbuilt step-ups at set periods of time based on prevailing inflation rates. Such assets are therefore correlated to inflation, providing a natural hedge for investors. This has meant that valuations of such infrastructure assets have generally held up well, while there have been lower transaction volumes globally. More broadly, the infrastructure sector continues to benefit from global mega-trends: the need for energy transition from both a decarbonisation and geopolitical perspective; continued development of digital infrastructure; the impact on social infrastructure from urbanisation and demographic change; and the global need for better infrastructure in the water and natural resource sectors. These trends encompass risks for some infrastructure assets but also great opportunity to fulfil the need for development of new infrastructure assets.
Source: Preqin Private Capital Infrastructure Index, PATRIZIA Asset Performance, Mercer Surveys, PATRIZIA House View

5.2 Comparison of financial year 2023 - actual and forecasted business development

Guidance during the year 2023

With the publication of preliminary figures for FY 2022 on 28 February 2023, PATRIZIA for FY 2023 expected Assets under Management (AUM) to be in a range of between EUR 60.0 - 65.0bn, EBITDA to be in a range of between EUR 50.0 - 90.0m, equivalent to an EBITDA margin of between 15.6 - 24.3%. PATRIZIA was entering the year 2023 with cautious optimism. At this time, the macro-economic environment remained a challenge for the majority of the Group’s clients, especially in the real estate investment sector. Client investment activity was expected to materially pick up only in the second half of FY 2023 assuming a normalisation of interest rate volatility and increased activity in the transaction markets, once potential buyers and sellers would agree on new price levels following the change in interest rate environment.

On 27 July 2023, management made the precautionary decision to lower the expectations for FY 2023 due to the investment restraint of the Company´s global clients and very low transaction volumes in the market for real estate and infrastructure. As a result, PATRIZIA revised its AUM guidance for the financial year 2023 down to a range of EUR 57.0 - 62.0bn (from previously EUR 60.0 – 65.0bn). EBITDA guidance was revised to a range of EUR 50.0 - 70.0m (from previously EUR 50.0 – 90.0m). EBITDA margin guidance was therefore reduced to a range of between 16.7 - 21.2% (from previously 15.6 – 24.3%).

The guidance was confirmed with the release of the 9M interim statement 2023, issued on 13 November 2023, whereas the expectation for EBITDA for the financial year 2023 was specified to the lower end of the range due to planned reorganisation expenses.

Achievement of guidance

In FY 2023, PATRIZIA achieved both the EBITDA guidance range of between EUR 50.0 - 70.0m and the guidance range for the EBITDA margin of between 16.7 - 21.2% with an EBITDA of EUR 54.1m and an EBITDA margin of 17.0% compared to the last communicated guidance. AUM at year's end came in at EUR 57.3bn, which also came in within the forecasted range of EUR 57.0 - 62.0bn.

5.3 Business performance and development of financial performance indicators

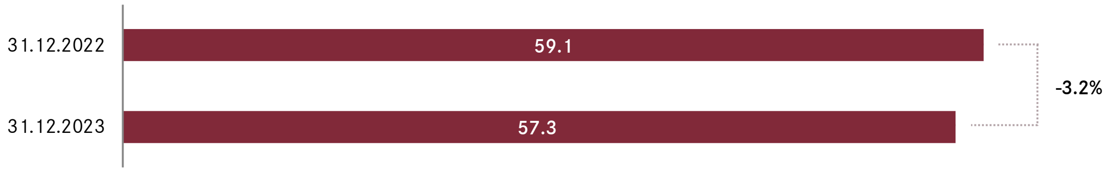
Assets under Management

As at 31 December 2023, PATRIZIA managed **Assets under Management (AUM)** of EUR 57.3bn, compared to EUR 59.1bn as at the previous year's reporting date. In total, assets under management declined by EUR 1.9bn or -3.2% in the reporting period, which was mainly driven by valuation effects.

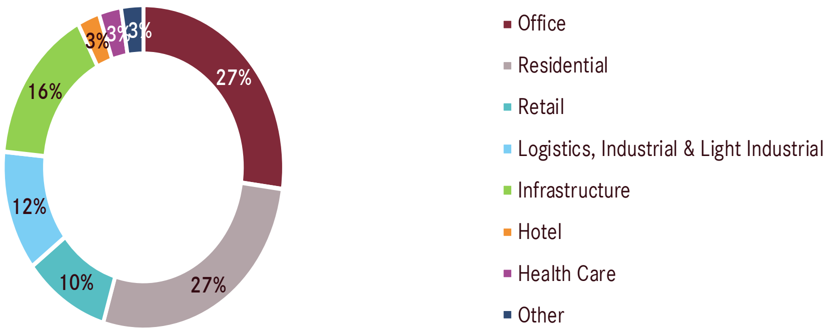
The general robustness of AUM are attributable to PATRIZIA's broad geographical and sectorial diversification across real estate and infrastructure investments. At the reporting date, the share of AUM outside of Germany amounted to 46.8% or EUR 26.8bn of AUM (31 December 2022: 47.9% or EUR 28.3bn). Furthermore, as at reporting date the infrastructure sector accounted for 15.8% or EUR 9.0bn of PATRIZIA's AUM (31 December 2022: 14.9% or EUR 8.8bn).

Thus the AUM guidance range of EUR 57.0 - 62.0bn specified in the half-year financial report 2023 was fully achieved, albeit at the lower end of the range. All comparisons of the guidance range for the 2023 financial year in the remainder of this report therefore refer to the most recently published guidance range.

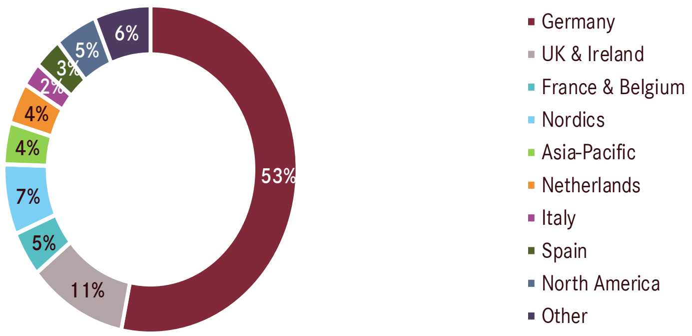
Assets under Management (EUR bn)



Assets under Management as at 31 December 2023 | Sectoral distribution

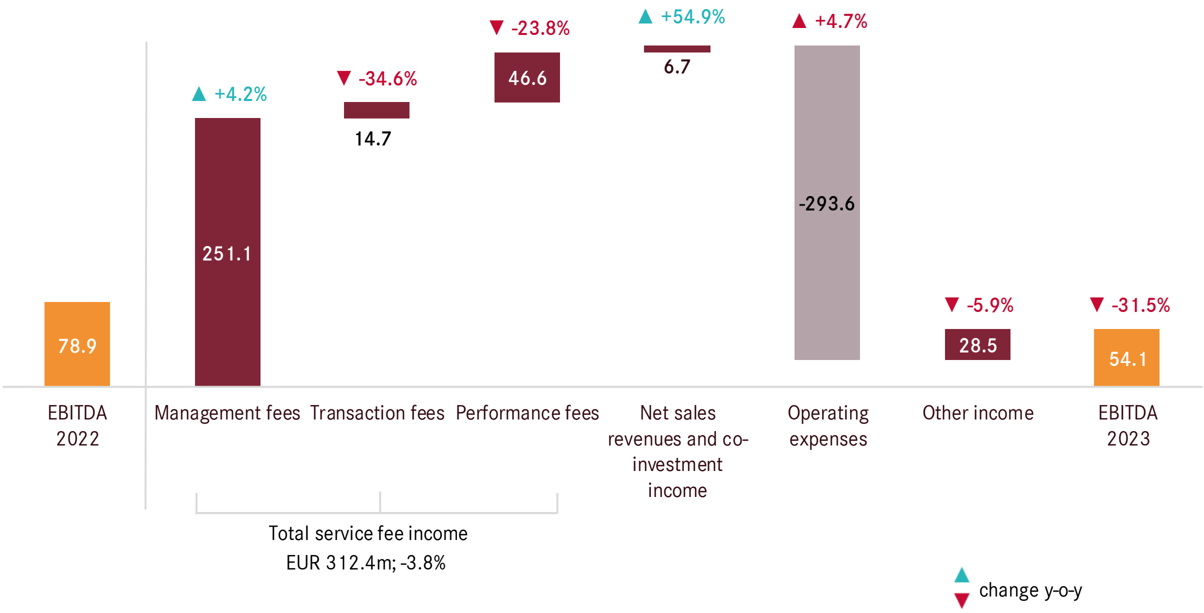


Assets under Management as at 31 December 2023 | Geographical distribution



EBITDA

Composition of EBITDA (EUR m)



EBITDA is the key management parameter of the Group and can be derived directly from the IFRS income statement.

In a challenging market environment, PATRIZIA has achieved an EBITDA of EUR 54.1m in the financial year 2023 (2022: EUR 78.9m), which is equivalent to a decrease of 31.5% compared to the previous year.

Thus, the EBITDA guidance range of EUR 50.0 - 70.0m specified in the half-year financial report 2023 was achieved. All comparisons of the guidance range for the 2023 financial year in the remainder of this report therefore refer to the most recently published guidance range.

Detailed reconciliation to EBITDA

EUR k	2023	2022	Change	Table in the current report
Management fees (excluding result from participations)	242,204	231,544	4.6%	Reconciliation of total service fee income
Shareholder contribution for management services (in result from participations)	8,896	9,490	-6.3%	Reconciliation of total service fee income
Management fees	**251,100**	**241,034**	**4.2%**	
Transaction fees	**14,706**	**22,499**	**-34.6%**	Reconciliation of total service fee income
Performance fees (excluding result from participations)	26,700	40,791	-34.5%	Reconciliation of total service fee income
Performance fees (in result from participations)	19,908	20,408	-2.4%	Reconciliation of total service fee income
Performance fees	**46,609**	**61,199**	**-23.8%**	
Total service fee income	**312,415**	**324,731**	**-3.8%**	Reconciliation of total service fee income
Revenues from the sale of principal investments	0	44,415	-100.0%	Revenues
Changes in inventories	0	-41,266	-100.0%	Consolidated income statement
Cost of materials	-1,622	-7,608	-78.7%	Consolidated income statement
Rental revenues	5,232	5,119	2.2%	Revenues
Revenues from ancillary costs	332	160	107.7%	Revenues
Net sales revenues	**3,942**	**820**	**380.7%**	
Earnings from companies accounted for using the equity method	-3,507	-622	464.0%	Consolidated income statement
Remaining result from participations	6,277	4,136	51.8%	Consolidated income statement & Reconciliation of total service fee income
Co-Investment result	**2,771**	**3,515**	**-21.2%**	
Net sales revenues and co-investment income	**6,712**	**4,335**	**54.9%**	
Staff costs	-171,144	-147,919	15.7%	Consolidated income statement
Other operating expenses[1]	-88,872	-99,634	-10.8%	Consolidated income statement
Cost of purchased services	-17,039	-22,740	-25.1%	Consolidated income statement
Impairment result for trade receivables and contract assets	-201	-203	-0.9%	Consolidated income statement
Reorganisation expenses	-16,324	-9,963	63.9%	Consolidated income statement
Operating expenses	**-293,580**	**-280,458**	**4.7%**	
Other operating income[1]	24,726	28,564	-13.4%	Consolidated income statement
Other revenues	3,260	1,761	85.1%	Revenues
Reorganisation Income	563	0	/	Consolidated income statement
Other income	**28,549**	**30,326**	**-5.9%**	
EBITDA	**54,097**	**78,933**	**-31.5%**	

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

In the 2023 reporting year, **total service fee income** was moderately (-3.8%) below previous year's level at EUR 312.4m (2022: EUR 324.7m). Recurring management fees were not able to fully compensate the strong decline in performance fees and transaction fees. The individual components of total service fee income are explained below:

Management fees: All services provided by PATRIZIA are remunerated in form of fees. Management fees include remuneration for real asset services such as asset, fund and portfolio management and are highly recurring. Management fees of EUR 251.1m were received in the financial year 2023 (2022: EUR 241.0m). The y-o-y growth of 4.2% supported PATRIZIA in reaching a further milestone on its journey to become a more diversified investment manager with an increasingly recurring earnings profile.

Transaction fees: PATRIZIA receives transaction fees for the execution of acquisition and disposal transactions. These fees decreased to EUR 14.7m in the past year (2022: EUR 22.5m; -34.6%). The decline is due to the challenging market environment and an increased number of transactions for funds with (all-in) management fee structures. In this context, acquisitions accounted for EUR 10.7m of this figure (2022: EUR 18.2m; -40.9%) and disposals for EUR 4.0m (2022: EUR 4.3m; -8.1%).

Performance fees: PATRIZIA receives performance fees if defined target investment yields are met or exceeded. In 2023, performance fees of EUR 46.6m were achieved (2022: EUR 61.2m; -23.8%). In the consolidated income statement, these fees are reported partly as revenues (EUR 26.7m; 2022: EUR 40.8m; -34.5%) and partly as income from participations (EUR 19.9m; 2022: EUR 20.4m; -2.4%). The decline in performance fees also relates to the current market environment and a lower number of disposals for clients.

In the 2023 reporting year, PATRIZIA generated EUR 6.7m in **net sales revenues and co-investment income**, compared to EUR 4.3m in the same period of the previous year. Net sales revenues contributed EUR 3.9m (2022: EUR 0.8m). Rental revenues from consolidated properties were the main contributor to the latter. The increase of net sales revenues compared to last year is however mainly driven by reduced material costs, especially for renovation and construction costs. The co-investment result amounted to EUR 2.8m (2022: EUR 3.5m). Thereof, the result from participations amounted to EUR 6.3m (2022: EUR 4.1m). Increased negative earnings from companies accounted for using the equity method of EUR -3.5m (2022: EUR -0.6m) had an offsetting effect.

The increase in the **operating expenses** by 4.7% to EUR 293.6m (2022: EUR 280.5m) is mainly due to the increase in staff costs of 15.7% to EUR 171.1m (2022: EUR 147.9m) and the increase in reorganisation expenses of 63.9% to EUR 16.3m (2022: EUR 10.0m). The decrease in other operating expenses of 10.8% to EUR 88.9m (2022: EUR 99.6m) had an offsetting effect. Focusing on the fundamental cost components of net operating expenses, staff costs increased mainly due short-term incentive provisions as well as general inflation-related salary adjustments and long-term incentive provisions. Other operating expenses decreased mainly due to PATRIZIA´s focus on cost efficiency despite an environment characterised by inflationary pressure.

The decline in **other income** is mainly due to the decrease in other operating income as a result to the high impact from income from the deconsolidation of subsidiaries in the previous year. Other sales revenue increased in the reporting period due to rental income from the temporarily consolidated property portfolios had an offsetting effect. Further detail is set out in chapter 5.4.2.

EBITDA margin

The **EBITDA margin** compares the EBITDA of the financial year with the sum of total service fee income and net sales revenues and co-investment income.

Corresponding to the reduction in EBITDA, the EBITDA margin decreased slightly year-on-year to 17.0% (2022: 24.0%). The EBITDA margin guidance range of 16.7 - 21.2% specified in the half-year financial report 2023 was achieved.

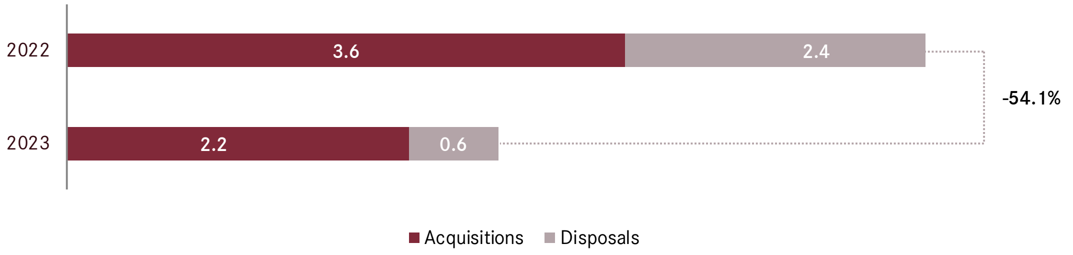
EBITDA margin

in %	2023	2022	Change
EBITDA margin	17.0%	24.0%	-7.0 PP

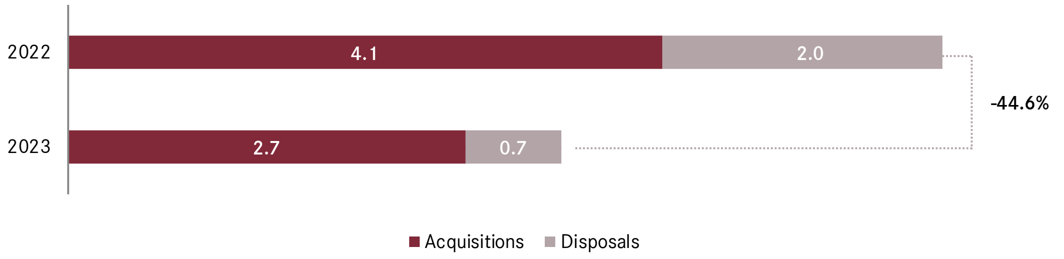
PP = percentage points

Further KPIs

Transaction volume based on signed transactions (EUR bn)



Transaction volume based on closed transactions (EUR bn)



In the reporting period, the transaction market continued to be subject to high uncertainties about the economic environment, high inflation rates and rising interest rates, resulting in negative impacts on transaction activity overall. Nevertheless, PATRIZIA was able to sign and close successful transactions for national and international clients thanks to its strong platform and diversified product offering. For PATRIZIA, the signed transactions are, among other things, relevant for the amount of transaction fees and the closed transactions have an impact on the changes in Assets under Management. The difference between signing and final closing results from the fact that the transfer of ownership, benefits and burdens only takes place upon payment of the acquisition price. This is triggered as soon as certain predefined conditions have been met after signing.

Equity raised (EUR bn)

New equity raised from institutional and semi-professional investors for various German and international real asset investments in the financial year 2023 was influenced by the lower overall transaction activity in the market. Based on its global platform and broadly diversified product offering, PATRIZIA nevertheless expects to once again successfully exploit market opportunities for its institutional, semi-professional and private investors in the form of attractive real estate and infrastructure fund products. PATRIZIA is ready to take opportunities for its clients once they arise, backed by EUR 3.4bn client firepower in the funds managed.

5.4 Economic situation

5.4.1 General statement by the Executive Directors

The challenging market environment continued to negatively impact PATRIZIA's business activities in the 2023 financial year. There is still a high level of risk aversion among a large proportion of global clients, which limits the investment focus to only selected asset classes, risk classes and markets.

Although the transaction market for real estate and infrastructure slowed down over the course of the year 2022 and 2023 due to increased geopolitical risks, high inflation and rising interest rates, PATRIZIA was able to offer attractive products in different types of use as well as risk classes and markets due to its international platform and globally diversified clients. This is reflected in a general robustness of AUM and continued growth in recurring management fees.

PATRIZIA's strong balance sheet and financial situation continue to provide a good basis for the successful implementation of its mid-term strategy.

Assets under management (AUM) moderately decreased by 3.2% year-on-year to EUR 57.3bn, mainly due to negative valuation effects. The general robustness of AUM is attributable to PATRIZIA's broad geographical and sectorial diversification across real estate and infrastructure investments.

The EBITDA of EUR 54.1m is within the most recently published guidance range for the 2023 financial year of EUR 50.0m - 70.0m and was mainly impacted by the challenging market environment as well as reorganisation expenses.

Management fees increased by 4.2% to EUR 251.1m. This is testament to PATRIZIA reaching a further milestone in its journey towards becoming a more diversified investment manager with an increasingly recurring earnings profile. Although PATRIZA was able to execute attractive transactions for its global client base despite the challenging market environment, transaction fees decreased by 34.6% to EUR 14.7m. Performance fees also decreased due to the market environment by 23.8% to EUR 46.6m. Total service fee income decreased moderately by 3.8% to EUR 312.4m.

Total service fee income

EUR m	2023	2022	Change
Management fees	251.1	241.0	4.2%
Performance fees	46.6	61.2	-23.8%
Transaction fees	14.7	22.5	-34.6%
Total service fee income	**312.4**	**324.7**	**-3.8%**

The increase of operating expenses by 4.7% to EUR 293.6m is mainly due to higher staff costs as well as reorganisation expenses. The reduction in other operating expenses had an offsetting effect on operating expenses and is in line with PATRIZIA's focus on cost efficiency despite an environment characterised by inflationary pressure. Other income reduced by 5.9% to EUR 28.5m, in particular due to the decrease in other operating income as a result to the high impact from income from the deconsolidation of subsidiaries in the previous year. The increase in other revenues in the reporting period due to rental income from temporarily consolidated property portfolios had an offsetting effect on other income. Further detail is set out in chapter 5.4.2

The net profit attributable to shareholders of the parent company came in at EUR 5.8m in FY 2023 after EUR 7.3m in the previous year.

Dividend payment

In 2023, a dividend of EUR 0.33 per share was paid out in cash for the financial year 2022, which corresponds to an increase of 3.1% compared to the previous year. The unappropriated profit in accordance with the German Commercial Code (HGB) for the financial year 2022 of EUR 371.4m was used in part to pay out the dividend and the remaining amount was carried forward. The resolution passed by the Annual General Meeting on 25 May 2023 resulted in a cash dividend payment of EUR 28.3m to shares entitled to dividends. Based on the dividend per share, the total amount of the dividend exceeded the share of the 2022 IFRS consolidated net profit attributable to the shareholders of the parent company of EUR 7.3m. The payout ratio was therefore 418.4%. The dividend was paid out on 30 May 2023.

5.4.2 Results of operations of the Group

EBITDA

In the 2023 financial year, PATRIZIA generated an EBITDA of EUR 54.1m.

A detailed reconciliation of the development of the operating income can be found in the table below:

Reconciliation of EBITDA

EUR k	2023	2022	Change
Total operating performance	317,160	333,587	-4.9%
Cost of materials	-1,622	-7,608	-78.7%
Cost of purchased services	-17,039	-22,740	-25.1%
Staff costs	-171,144	-147,919	15.7%
Other operating expenses[1]	-88,872	-99,634	-10.8%
Impairment result for trade receivables and contract assets	-201	-203	-0.9%
Result from participations	35,082	34,034	3.1%
Earnings from companies accounted for using the equity method	-3,507	-622	464.0%
EBITDAR	**69,858**	**88,896**	**-21.4%**
Reorganisation result	-15,761	-9,963	58.2%
EBITDA	**54,097**	**78,933**	**-31.5%**

[1] The previous year's figures were restated in line with the new table structure in the year under review.

The following section discusses the individual components of EBITDA in greater detail in the order in which they are reported in the consolidated income statement.

Total operating performance

Total operating performance reflects PATRIZIA's operating performance more comprehensively than revenues. Other relevant parameters, such as changes in inventories – which must be viewed in relation to proceeds from the sale of principal investments, among other things – are taken into account. PATRIZIA's total operating performance decreased by 4.9% to EUR 317.2m in 2023 after EUR 333.6m in the previous year.

Reconciliation of total operating performance

EUR k	2023	2022	Change
Revenues	292,434	346,289	-15.6%
Changes in inventories	0	-41,266	-100.0%
Other operating income[1]	24,726	28,564	-13.4%
Total operating performance	**317,160**	**333,587**	**-4.9%**

[1] The previous year's figures were restated in line with the new table structure in the year under review.

Revenues

Revenues decreased in the 2023 reporting year from EUR 346.3m to EUR 292.4m (-15.6%).

Revenues

EUR k	2023	2022	Change
Revenues from management services	283,610	294,833	-3.8%
Proceeds from the sale of principal investments	0	44,415	-100.0%
Rental revenues	5,232	5,119	2.2%
Revenues from ancillary costs	332	160	107.7%
Other	3,260	1,761	85.1%
Revenues	**292,434**	**346,289**	**-15.6%**

Revenues from management services decreased in the reporting period by 3.8% year-on-year from EUR 294.8m to EUR 283.6m. However, revenues alone have only limited information value; certain profit and loss items below revenues must also be taken into account in order to fully assess the Group's performance.

Taking into account the income from the Dawonia GmbH co-investment, which is reported in income from participations, **total service fee income** amounted to EUR 312.4m, which corresponds to an decrease of 3.8% on the previous year's figure of EUR 324.7m. Due to the general robustness of AUM, management fees within the result from co-investment Dawonia GmbH increased by 4.2% year-on-year to EUR 251.1m (2022: EUR 241.0m). Transaction fees decreased due to the challenging market environment and an increased number of transactions with (all-in) management fee structures by 34.6% to EUR 14.7m (2022: EUR 22.5m). Furthermore, due to the actual market environment as well as lower number of disposals for clients, performance fees within the result of co-investment Dawonia GmbH decreased by 23.8% to EUR 46.6m (2022: EUR 61.2m).

Reporting income from participations separately results in the following breakdown of total service fee income:

Reconciliation of total service fee income

EUR k	2023	2022	Change
Management fees (excluding result from participations)	242,204	231,544	4.6%
Performance fees (excluding result from participations)	26,700	40,791	-34.5%
Transaction fees	14,706	22,499	-34.6%
Revenues from management services	**283,610**	**294,833**	**-3.8%**
Performance fees (in result from participations)	19,908	20,408	-2.4%
Shareholder contribution for management services (in result from participations)	8,896	9,490	-6.3%
Total service fee income	**312,415**	**324,731**	**-3.8%**

Proceeds from the sale of principal investments amounted to EUR 0m after EUR 44.4m in the previous year and in the previous year resulted from the profitable and strategically aligned disposal of principal investments of the balance sheet properties Trocoll House in the UK and SKD13 TMK in Japan.

PATRIZIA generated **rental revenues** of EUR 5.2m in the reporting period after EUR 5.1m in the 2022 financial year, mainly due to the consolidation of properties.

Revenues from ancillary costs relate to rental ancillary costs and amounted to EUR 0.3m in the period under review (2022: EUR 0.2m).

Other essentially comprises transaction costs that are charged on to the corresponding investment vehicles. In the 2023 financial year, this item increased to EUR 3.3m compared to EUR 1.8m in the same period of the previous year.

Changes in inventories

Changes in inventories consist of the carrying amount of principal investments sold from inventories (-) and the capitalised cost of materials assigned to inventories (+). The accounting effects of the sale as well as the maintenance and construction costs of properties held for sale are recognised in profit or loss under changes in inventories. In 2023, changes in inventories of EUR 0m were reported (2022: EUR -41.3m).

Revenues (Proceeds from the sale of principal investments) include the sale of the balance sheet property Trocoll House (UK) in the previous year in the amount of EUR 17.6m, which was partially offset by the change in inventories of EUR 15.6m, resulting in a net positive effect in the consolidated income statement of EUR 2.0m.

The sale of the balance sheet property SKD13 TMK in Japan was also included in revenues (Proceeds from the sale of principal investments) in the previous year in the amount of EUR 26.5m, which was partially offset by the change in inventories of EUR 25.5m, resulting in a net positive effect in the consolidated income statement of EUR 1.0m.

Other operating income

Other operating income decreased to EUR 24.7m in the financial year 2023 (2022: EUR 28.6m), mainly due to the high impact from income from the deconsolidation of subsidiaries in the previous year.

Income from the deconsolidation of subsidiaries was EUR 1.1m in the financial year 2023 (2022: EUR 18.1m). The reduction is primarily due to the income from the deconsolidation of Silver Swan C 2018 S.á r.l. in the previous year, a temporarily held project development, in the amount of EUR 17.8m.

Further other operating income results besides the income from payments in kind in the amount of EUR 1.0m (2022: EUR 1.0m) mainly due to one-off effects due to the reversal of the earn-out liability in connection with the acquisition of Whitehelm in the amount of EUR 7.4m (2022: EUR 0m), tax refunds in the amount of EUR 4.6m (2022: EUR 0m) as well as the profitable sale of PATRIZIA’s share in the tech company control.IT in the amount of EUR 1.1m (2022: EUR 0m).

The income from discontinued obligations essentially results from the reversal of other tax provisions in the amount of EUR 0.1m (2022: EUR 1.3m), remaining holiday entitlements and settlements of bonuses in the amount of EUR 0.8m (2022: EUR 0.1m), from the reversal of provisions for outstanding invoices in the amount of EUR 1.6m (2022: EUR 2.0m).

Cost of materials

Cost of materials includes construction and maintenance work for principal investments that are typically capitalised and must be considered in conjunction with changes in inventories. Cost of materials decreased by 78.7% year-on-year from EUR 7.6m to EUR 1.6m due to temporarily held properties, which mainly were sold in the previous period.

Cost of purchased services

Cost of purchased services in the amount of EUR 17.0m (2022: EUR 22.7m) essentially comprises the purchase of fund management services for external label funds in the amount of EUR 16.6m (2022: EUR 16.2m), for which mainly PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH is the service capital management company. The reduction of the position "cost of purchased services" is mainly due to transaction related advisory fees for acquisitions and disposals in the previous year in the amount of EUR 3.5m.

Staff costs

PATRIZIA employed a total of 971 full-time equivalents (FTE) as at 31 December 2023, compared to 1,011 in the previous year.

Staff costs

EUR k	2023	2022	Change
Fixed salaries	101,515	98,860	2.7%
Variable salaries	41,071	26,518	54.9%
Social security contributions	21,458	20,887	2.7%
Effect of long-term variable remuneration[1]	-277	-2,084	-86.7%
Share-based payment	3,013	-725	-515.4%
Other	4,364	4,464	-2.2%
Total	**171,144**	**147,919**	**15.7%**

[1] Valuation changes of the long-term variable remuneration (phantom shares) due to changes in the share price

Overall, staff costs increased by 15.7% to EUR 171.1m (2022: EUR 147.9m) in particular due to short-term incentive provisions as well as general inflation-related salary adjustments and long-term incentive provisions.

Valuation effects in connection with phantom shares had a positive effect on staff costs in the fiscal year due to the fall in PATRIZIA SE's share price.

In the financial year 2023, expenses of EUR 3.0m (2022: income of EUR 0.7m) were recognised for the share-based payment agreement (LTI) for executives introduced in the 2020 financial year. Further information on the determination of the fair value of this remuneration component can be found in chapter 7.1.2 of the notes to the consolidated financial statements.

Other operating expenses

Other operating expenses decreased by 10.8% to EUR 88.9m in 2023 after EUR 99.6m in the previous year. This item breaks down as follows:

Other operating expenses

EUR k	2023	2022	Change
Tax, legal, other advisory and financial statement fees	25,892	26,342	-1.7%
IT and communication costs and cost of office supplies	18,424	17,973	2.5%
Rent, ancillary costs and cleaning costs	4,974	3,761	32.2%
Other taxes	2,269	3,095	-26.7%
Vehicle and travel expenses	8,335	6,506	28.1%
Advertising costs	4,694	4,608	1.9%
Recruitment and training costs and cost of temporary workers	6,534	6,283	4.0%
Contributions, fees and insurance costs	4,811	5,077	-5.2%
Commission and other sales costs	698	1,425	-51.0%
Costs of management services	3,068	2,363	29.9%
Indemnity/reimbursement	169	399	-57.7%
Donations	803	1,259	-36.2%
Cost from the deconsolidation of subsidiaries[1]	31	2,416	-98.7%
Other	8,171	18,128	-54.9%
Total	**88,872**	**99,634**	**-10.8%**

[1] The previous year's figures were restated in line with the new table structure in the year under review.

Tax, legal, other advisory and financial statement fees in the amount of EUR 25.9m (2022: EUR 26.3m) inter alia include:

- Costs related to the acquisition and integration of M&A transactions of EUR 0.1m (2022: EUR 2.5m)
- Project-related consulting services in the context of digitalisation as well as costs of initial testing, acquisition and use of new technologies in the amount of EUR 1.1m (2022: EUR 0.8m).
- Costs related to personnel-related advice in the amount of EUR 2.5m (2022: EUR 1.7m)
- Audit fees of EUR 2.0m (2022: EUR 1.7m)
- Tax advisory fees of EUR 1.1m (2022: EUR 1.5m)

IT, communication and office supplies costs are moderately above the previous year's level, which is driven by the impact of new technological innovations and increase in expenses for office supplies.

The donations include donations to charitable organisations such as the PATRIZIA Foundation. In 2022, the management had decided to support charitable organisations annually with up to 1% of the Group's EBITDA.

The position "other" reduced mainly due to PATRIZIA's focus on cost efficiency despite an environment characterised by inflationary pressure.

Impairment losses for trade receivables and contract assets

This item includes impairment losses for other trade receivables and other assets in the amount of EUR -0.2m (2022: EUR -0.2 m).

Result from participations and earnings from companies accounted for using the equity method

PATRIZIA generated a result from participations of EUR 35.1m in 2023 (2022: EUR 34.0m, +3.1%). The positive contribution mainly relates to the Dawonia co-investment, totaling to EUR 32.0m (2022: EUR 33.1m).

Earnings from companies accounted for using the equity method generated EUR -3.5m (2022: EUR -0.6m).

The result from participations and earnings from companies accounted for using the equity method represent the investment income from co-investments and, for Dawonia GmbH, management and performance fees as well. The result from participation of Dawonia GmbH is used in addition to the explanation of the result from participations for the explanation of the total service fee income (see also previous explanation for revenue).

Result from participations

EUR k	2023	2022	Change
Dawonia GmbH	32,027	33,121	-3.3%
Co-investments in the UK (Aviemore and Citruz)	0	21	-100.0%
Seneca	1,683	138	>1,000.0%
TRIUVA	21	16	33.1%
Closed-end funds business	133	667	-80.0%
Other	1,217	72	>1,000.0%
Result from participations	**35,082**	**34,034**	**3.1%**
Earnings from companies accounted for using the equity	**-3,507**	**-622**	**464.0%**
Total	**31,575**	**33,413**	**-5.5%**

Net reorganisation result

To offset potential further market-driven pressure on revenues going into 2024, the management initiated a comprehensive review of the cost base during 2023. The necessary provisions were made in particular in the fourth quarter of the financial year. A large part of the reorganisation expenses in the previous year related to the "Rebalance for growth" programme implemented in the fourth quarter 2022. Due to the decline in client activity in the 2022 business year and increased market uncertainties, a programme was carried out to increase the efficiency of the Group, which led to a mid-double-digit reduction in the number of employees after implementation.

Net profit/ loss for the period

In the 2023 financial year, PATRIZIA's net loss for the period amounted to EUR 4.1m (2022: net profit EUR 7.2m). The share of net profit attributable to the shareholders of the parent company amounted to EUR 5.8 million after EUR 7.3 million in the previous year due to the significantly negative amount attributable to non-controlling interests.

Reconciliation of net profit/ loss for the period

EUR k	2023	2022	Change
EBITDA	**54,097**	**78,933**	**-31.5%**
Depreciation, amortisation and impairment	-50,526	-43,371	16.5%
Results from fair value adjustments to investment property	1,529	0	/
Earnings before interest and taxes (EBIT)	**5,100**	**35,562**	**-85.7%**
Finance income	13,445	2,689	400.1%
Financial expenses	-12,016	-8,039	49.5%
Other financial result	-2,396	-8,979	-73.3%
Result from currency translation	-3,801	-477	696.5%
Financial result	**-4,769**	**-14,807**	**-67.8%**
Earnings before taxes (EBT)	**331**	**20,755**	**-98.4%**
Income taxes	-4,386	-13,506	-67.5%
Net profit/ loss for the period	**-4,055**	**7,249**	**-155.9%**
Attributable to shareholders of the parent company	*5,773*	*7,284*	*-20.8%*
Attributable to non-controlling interests	*-9,828*	*-35*	*>1,000.0%*

The following section discusses the relevant items of the reconciliation of consolidated net profit.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment increased to EUR 50.5m (2022: EUR 43.4m) and mainly consisted of amortisation of fund management contracts (see chapter 4.3 in the notes to the consolidated financial statements for further information) and licences of EUR 17.0m (2022: EUR 14.9m), amortisation of rights of use of EUR 10.6m (2022: EUR 10.5m) and amortisation of software and depreciation of equipment of EUR 4.8m (2022: EUR 10.2m).

The increase is mainly due to the impairment of inventory real estates amounted to EUR 16.9m (2022: EUR 0m), which the Group recognised in profit or loss before the change in use. The impairments resulted from negative valuation effects due to the current macroeconomic environment and related to residential real estates in development and office and commercial real estates in Germany. Due to the current macroeconomic uncertainties, the Group came to the conclusion in the 2023 financial year that real estate inventory originally consolidated as temporary held assets will not be disposed of in the short term and reclassified these as investment properties. This change in use related to office, commercial and residential properties in Germany. These properties are held in their entirety by funds initiated by the Group, for which it acts as asset manager (see chapter 4.6 in the notes to the consolidated financial statements).

On the other hand, amortisation of software and depreciation of equipment and impairment of goodwill decreased due to the impairment of the BrickVest investment in the previous period. This impairment consisted of the impairment of goodwill of EUR 5.4m and the impairment of software of EUR 4.1m.

Results from fair value adjustments to investment property

Results from fair value adjustments to investment property amounted to EUR 1.5m (2022: EUR 0m) mainly results due to seed investments.

Financial result

Financial income increased to EUR 13.4m after EUR 2.7m in the previous year and essentially relates to the current positive interest rates on cash and term deposits.

Financial income was offset by financial expenses of EUR 12.0m (2022: EUR 8.0m), including in particular interest for bonded loans, changes in interest rates of pension obligations and interest from the compounding of earn-out liabilities.

The other financial result in the amount of EUR -2.4m (2022: -9.0m) mainly includes expenses regarding the revaluation of financial assets.

The result from currency translation amounted to EUR -3.8m as at 31 December 2023 (2022: EUR -0.5m). It is composed of realised currency effects of EUR -4.2m (2022: EUR 1.9m) and non-cash currency effects of EUR 0.4m (2022: EUR -2.3m).

Income taxes

Tax expenses amounted to EUR 4.4m in the 2023 financial year after EUR 13.5m in the previous year. The largest items included are current income taxes for the current year (EUR 9.3m), current income taxes for the previous year (EUR -1.5m) and deferred taxes (EUR -3.4m).

5.4.3 Financial position of the Group

PATRIZIA´s balance sheet remains well positioned with a net equity ratio of 69.0% and available liquidity of EUR 291.0m, both enabling PATRIZIA to seize market opportunities as they arise, even in a subdued market environment. During the reporting period, management already saw and executed several opportunities in the market to invest. Management has also started to selectively use existing liquidity to seed invest or warehouse assets, especially in the infrastructure business.

At the level of PATRIZIA SE, the free liquidity of the Group companies is pooled (cash pooling) and disbursed as cash pool loans in accordance with and in the event of liquidity requirements of the individual Group companies. The individual cash flows are legally classified as loans granted or loan repayments and can be compared with a current account. The interest rates for this purpose are regularly calculated with the aid of a software on the basis of comparable yield curves and are assigned a risk-adequate margin.

PATRIZIA's key asset and financial data at a glance

EUR k	31.12.2023	31.12.2022	Change
Total assets	1,999,105	2,045,874	-2.3%
Equity (excl. non-controlling interests)	1,156,232	1,258,992	-8.2%
Equity Ratio	**57.8%**	**61.5%**	**-3.7 PP**
Cash and cash equivalents	340,181	349,518	-2.7%
+ Term deposits	10,497	72,380	-85.5%
- Bank loans	-164,571	-91,688	79.5%
- Bonded loans	-158,000	-158,000	0.0%
= Net cash (+) / net debt (-)	28,108	172,209	-83.7%
Net Equity Ratio[1]	**69.0%**	**70.1%**	**-1.1 PP**

[1] Net equity ratio: Equity (excl. non-controlling interests) divided by total net assets (total assets less financial liabilities covered by cash and cash equivalents)
PP = Percentage points

Total assets

The Group's total assets is almost stable with EUR 2.0bn as at 31 December 2023.

Equity

Equity (excluding non-controlling interests) decreased tangible to EUR 1.2bn as at the end of 2023 (31 December 2022: EUR 1.3bn). This is, among other things, due to the subsequent measurement of participations and entitlements to performance fees in accordance with the IFRS 9 accounting standard, which reduced the equity by EUR 72.1m. Furthermore, the dividend payment to shareholders in the financial year for the financial year 2022 that amounted to EUR 28.3m had a negative impact on equity. In addition, the reduction of the capital reserve due to the share buy-backs in the reporting period that amounted to EUR 7.7m had a negative impact on equity.

Please see the statement of changes in equity for further information on changes in equity.

An overview of all PATRIZIA's participations, Assets under Management and invested capital can be found in the following table.

PATRIZIA's capital allocation as at 31 December 2023

	Assets under Management EUR m	Invested capital (fair value) EUR m	Invested capital (at cost) EUR m	Participations in %
Third-party business	**47,208.9**	**0.0**		
Co-Investments and Warehousing	**10,040.4**	**803.2**	**415.3**	
Real estate - residential	**5,179.5**	**562.1**	**172.7**	
thereof Dawonia GmbH	5,046.1	159.6 [1]	51.7	5.1
thereof Dawonia profit entitlements		294.2 [1]	0.0	0.1
Real estate - balanced	**2,722.0**	**97.3**	**103.0**	
Real estate - commercial	**657.9**	**65.9** [1]	**61.8**	
Infrastructure	**1,462.4**	**73.9**	**73.7**	
Venture capital	**18.7**	**4.0**	**4.1**	
Principal investments	**1.9**	**2.4**		
Other balance sheet items		**382.1** [2]		
Tied-up investment capital	**57,251.2**	**1,187.8**		
Available liquidity		291.0		
Total investment capital	**57,251.2**	**1,478.8**		
of which debt (bonded loans - PATRIZIA Group corporate financing)		158.0		
of which debt (financing for temporarily consolidated assets and portfolios)		164.6		
of which equity PATRIZIA (without non-controlling interests)		1,156.2		

[1] After deduction of deferred taxes according to IFRS 9
[2] Including goodwill and fund management contracts

PATRIZIA selectively invests Group equity in partnership with its institutional clients, in the form of co-investments, of which Dawonia GmbH is the largest co-investment. In addition, PATRIZIA uses equity to temporarily consolidate assets and portfolios with the aim of later contributing them to funds financed by clients.

PATRIZIA holds a stake in a very attractive residential real estate portfolio via Dawonia GmbH. With around 27,000 flats, Dawonia is one of the largest housing companies in Munich and southern Germany. For 80 years, Dawonia has been planning, developing, building and managing high-quality, affordable apartments which are in high demand, particularly in urban growth regions. The company therefore is very well positioned in this market segment. Around 80% of the housing stock is concentrated in the 20 largest locations in southern Germany, i.e. in conurbations such as Munich and the surrounding area, as well as Nuremberg, Erlangen, Regensburg and Würzburg. Dawonia is now also active outside Bavaria, for example in Hesse.

Furthermore, PATRIZIA holds an interest in OSCAR Lux Carry SCS (Dawonia profit entitlements – see table above), which entitles PATRIZIA to a variable profit share in connection with the Dawonia investment. The investor consortium and PATRIZIA recently agreed to extend the investment phase of the fund mid-term. The initial investment phase was previously set for 10 years and would have ended in 2023. Against this backdrop, a decision on the possible sale or retention of the 5.1% stake in Dawonia GmbH and the realisation of the entitlement to the variable profit share is now expected mid-term accordingly.

In the financial year 2023, further seed investments were made in line with strategy, particularly in the area of infrastructure.

Capital structure

Financial liabilities

The Group's financial liabilities increased from EUR 249.7m as at 31 December 2022 to EUR 323.0m as at 31 December 2023.

The outstanding tranches of the bonded loans taken out in the 2017 financial year mature in 2024 and 2027 and are presented accordingly as current bonded loans (EUR 89.0m) and non-current bonded loans (EUR 69.0m).

Non-current bank loans of EUR 164.6m are mainly loans for real estate properties consolidated within the Group.

Compared to year-end 2022, financial liabilities developed as follows:

Financial liabilities

EUR k	31.12.2023	31.12.2022	Change
Non-current bonded loans	69,000	158,000	-56.3%
Current bonded loans	89,000	0	/
Non-current bank loans	164,571	0	/
Current bank loans	0	91,688	-100.0%
Total financial liabilities	**322,571**	**249,688**	**29.2%**

A detailed maturity profile of the financial liabilities (financial liabilities used as part of the key assets and financial data for calculating net cash / net debt as well as the net equity ratio: bank, mortgage and bonded loans) as well as other financial liabilities can be found in chapter 4.1.11 of the notes to the consolidated financial statements.

Liquidity

PATRIZIA has available liquidity of EUR 291.0m as at 31 December 2023 compared to EUR 375.1m at the end of 2022.

Available Liquidity

EUR k	31.12.2023	31.12.2022
Cash and cash equivalents	340,181	349,518
Term deposits	10,497	72,380
Liquidity	**350,679**	**421,898**
Regulatory reserve for asset management companies	-47,190	-41,265
Liquidity, PATRIZIA cannot freely access	-12,467	-5,518
Available liquidity	**291,022**	**375,115**

Liquidity amounts to EUR 350.7m in total as at 31 December 2023 (31 December 2022: EUR 421.9m). The decline is in particular due to payments for warehousing and seed-investments in the cash flow from investing activities. As at 31 December 2023, a total of EUR 10.5m is invested in term deposits.

However, PATRIZIA cannot freely access the full amount. Cash and cash equivalents of EUR 47.2m (31 December 2022: EUR 41.3m) in total must be permanently retained for asset management companies and closed-ended funds in order to comply with the relevant regulatory requirements. Furthermore, liquidity in the amount of EUR 12.5m (31 December 2022: EUR 5.5m) is tied up in consolidated companies, which PATRIZIA cannot freely access.

As at 31 December 2023, the Company´s available liquidity remains solid. On this basis and based on the Group´s liquidity planning, it can be assumed that the company will remain solvent at all times.

Consolidated cash flow statement

Cash flow from operating activities amounted to EUR 73.8m in the reporting year, compared to EUR 120.9m in the year 2022. The change compared to the previous year mainly results due to working capital effects, regarding the items “Changes in inventories, receivables and other assets not attributable to investing activities” as well as “Changes in liabilities that are not attributable to financing activities”. Furthermore, payments from the temporary consolidation of properties of the mutual fund business were responsible for the decrease.

Cash flow from investing/disinvesting activities resulted in a cash outflow of EUR -12.9m in the reporting year (2022: cash inflow of EUR 76.8m) and is mainly due to payments for investments in companies accounted for using the equity method, payments for the acquisition of participations, payments for other loans as well as payments for the acquisition of consolidated companies and other business units. On the other hand, there were payments received from the disposal of securities and short-term investments (mainly due to term deposits) and payments received from the disposal of companies accounted for using the equity method.

The **cash flow from financing activities** amounts EUR -70.6m, compared to EUR -186.9m in the previous year. Main components of financing activities in the year 2023 included loan repayments in the amount of EUR -34.2m, dividend distribution for the financial year 2022 in the amount of EUR –28.3m and payments for purchase of shares of non-controlling interests of EUR -16.8. In addition, share buybacks with a volume of EUR -7.7m were carried out. On the other hand, new loans of EUR 26.8m had a positive effect on the cash flows from financing activities.

The **cash-effective change** in cash and cash equivalents amounted in total to EUR -9.6m (2022: EUR 10.9m) resulting in a decrease of cash and cash equivalents from EUR 349.5m at the end of 2022 to EUR 340.2m as at 31 December 2023.

Abridged consolidated statement of cash flow for the period from 1 January to 31 December 2023

EUR k	2023	2022
Cash flow from operating activities	73,827	120,907
Cash flow from investing/divesting activities	-12,891	76,847
Cash flow from financing activities	-70,571	-186,872
Change in cash and cash equivalents	-9,635	10,882
Cash and cash equivalents as at 01.01.	**349,518**	**341,260**
Effects of changes in foreign exchange rates on cash and cash equivalents	298	-2,623
Cash and cash equivalents as at 31.12.	**340,181**	**349,518**

5.4.4 Notes to the HGB annual financial statements of PATRIZIA SE (parent company)

The financial situation of the parent company PATRIZIA SE is largely determined by the activities of the Group's operating companies.

As the financial and management holding company for the operating companies, PATRIZIA SE generated **revenues** of EUR 47.0m (2022: EUR 46.2m; +1.7%), which mainly resulted from management fees charged to subsidiaries. The item **other operating income** increased to EUR 20.3m in 2023 (2022: EUR 17.7m; +14.5%) and consists primarily the write-up of an intercompany receivable of EUR 15.3m (2022: EUR 0m), income from the reversal of provisions of EUR 3.5m (2022: EUR 5.5m) and income from realised exchange rate fluctuations of EUR 0.4m (2022: EUR 3.4m).

Cost of materials decreased to EUR 0.1m (2022: EUR 0.7m). **Staff costs** increased by 18.0% to EUR 39.4m (2022: EUR 33.4m), mainly due to the increase of variable salary components. Personal staff (annual average) changed in the reporting period to 239 FTEs (2022: 246 FTEs). **Amortisation of intangible assets and depreciation of property, tangible assets as well as other operating expenses** increased by EUR 2.5m (+4.0%) to EUR 64.9m (2022: EUR 62.4m). The **income from participations, amortisation of financial assets and profit and loss** agreements decreased by EUR 83.8m to EUR -38.5m (2022: EUR 45.3m). This was mainly due to impairment losses on investments in subsidiaries amounting to EUR 119.1m (2022: EUR 54.2m) and a lower balance from profit and loss transfers EUR 80.4m (2022: EUR 89.4m). **Net interest expense** improved to EUR 0.3m (2022: EUR -1.7m). This was primarily due to higher interest income from cash investments. Taxes decreased by EUR 13.3m to EUR 2.1m in 2023.

This results in a **net loss** for the reporting year 2023 of EUR -77.3m (2022: net loss EUR -4.4m) at PATRIZIA SE according to HGB. Together with the profit carried forward of EUR 343.1m and the offsetting of the difference between the calculated value and the acquisition costs for the purchase of treasury shares of EUR -4.1m forms the unappropriated profit. **Unappropriated profit** decreased from EUR 371.4m in 2022 to EUR 261.6m in 2023.

PATRIZIA SE is expected to develop positively in the 2024 financial year. For further information, please refer to the Group's guidance report (chapter 8).

Abridged consolidated balance sheet of PATRIZIA SE

EUR k	31.12.2023	31.12.2022
Fixed assets	572,481	620,335
Current assets	519,737	527,156
Prepaid expenses	3,870	4,314
Total assets	**1,096,088**	**1,151,806**
Equity	531,269	641,352
Provisions	145,216	150,614
Liabilities	418,880	359,074
Accrued expenses and deferred income	723	765
Total equity and liabilities	**1,096,088**	**1,151,806**

Abridged income statement of PATRIZIA SE

EUR k	2023	2022	Change
Revenues	46,973	46,189	1.7%
Other operating income	20,327	17,748	14.5%
Cost of materials (cost of purchased services)	-50	-745	-93.3%
Staff costs	-39,364	-33,353	18.0%
Amortisation of intangible assets and depreciation of property, tangible assets as well as other operating expenses	-64,859	-62,383	4.0%
Income from participations, amortisation of financial assets and profit and loss transfer agreements	-38,532	45,264	-185.1%
Net interest expense	261	-1,737	-115.0%
Taxes	-2,092	-15,427	-86.4%
Net profit/loss for the year	**-77,336**	**-4,444**	**>1,000.0%**
Profit carried forward	343,072	397,737	-13.7%
Purchase of treasury shares	-4,128	-21,933	-81.2%
Unappropriated profit	**261,609**	**371,360**	**-29.6%**

6 Other disclosures

6.1 Acquisition-related disclosures

The aim of all regulations is to fulfil the legal requirements applicable to the Company for capital market-oriented companies.

Composition of share capital, share classes

The Company's share capital amounts to EUR 92,351,476 divided into 92,351,476 shares. These are no-par value bearer shares; there are no other share classes. The Company held 6,507,043 treasury shares as at 31 December 2023. The Company's share capital shown in the consolidated balance sheet amounts to EUR 85,844,433 accordingly. Further details can be found in chapter 4.11 of the notes to the consolidated financial statements.

Restrictions on voting rights and the transfer of shares

Each share grants the holder one vote. There are no restrictions on the voting rights or the transfer of shares (except for individual shares transferred to third parties by PATRIZIA SE in connection with company acquisitions with the condition that they may not be sold within a defined lock-up period). The Executive Directors are not aware of any corresponding shareholder agreements. Treasury shares do not entitle the Company to voting rights.

Direct or indirect interest in the Company's share capital of more than 10%

As at 31 December 2023, Wolfgang Egger (Germany), member of the Board of Directors and Executive Director of PATRIZIA SE, held an interest in the Company's share capital totaling 52.60% via First Capital Partner GmbH (Germany), in which he directly and indirectly holds a 100% equity interest via we holding GmbH & Co. KG (Germany).

Shares with special rights conferring powers of control

There are no shares with special rights that confer powers of control.

Controls in respect of voting rights for shares held by employees

There are no controls in respect of voting rights.

Appointment and dismissal of members of the Board of Directors and Executive Directors, amendments to the Articles of Association

The appointment and dismissal of members of the Board of Directors is governed by section 28 and section 29 of the SE Implementation Act (SEAG) in conjunction with article 43 (3) of the SE Council Regulation and is supplemented by section 7 of the Company's Articles of Association. The appointment and dismissal of Executive Directors is governed by section 40 SEAG and supplemented by section 13 of the Company's Articles of Association. Amendments to the Articles of Association shall be made in accordance with section 51 SEAG in conjunction with section 19 of the Company's Articles of Association.

Authorisations of the Management Board, Supervisory Board, the Board of Directors and Executive Directors to issue and buy back shares

By resolution of the Annual General Meeting on 25 May 2023, the Executive Directors were authorised until 24 May 2028 (inclusive) to acquire treasury shares pursuant to section 71 (1) no. 8 of the German Stock Corporation Act (AktG) in an amount of up to a total of 10% of the then existing share capital; this corresponds to 9,235,147 shares. The authorisation may be exercised in whole or in part, once or several times and in pursuit of one or more objectives by the Company and its Group companies or by third parties acting on behalf of the Company and its Group companies. The Executive Directors are free to choose whether to purchase the shares on the stock exchange, by means of a public purchase offer extended to all shareholders of the Company, by means of a public invitation to submit offers for sale or through the use of derivates. The purchased shares may be subsequently used for all legally permissible purposes; in particular, they may be withdrawn, sold in exchange for cash or non-cash contributions, transferred as part of employee participation programmes or used to meet subscription or conversion rights.

The following resolutions were passed for PATRIZIA AG prior to the conversion into PATRIZIA SE becoming effective on 15 July 2022 and were also confirmed for PATRIZIA SE by resolution of the Annual General Meeting on 1 June 2022. In the process, the authorisation of the Management Board with the approval of the Supervisory Board was replaced by an authorisation of the Board of Directors.

By resolution of the Annual General Meeting on 14 October 2021, the Management Board of the Company was authorised, with the consent of the Supervisory Board, to increase the Company's share capital on one or more occasions on or before 13 October 2026 (inclusive) by up to a total of EUR 17,470,295.00 by issuing up to 17,470,295 new no-par value registered shares in return for cash contributions and/or contributions in kind (Authorised Capital 2021/I). The Management Board is authorised, with the consent of the Supervisory Board, to disapply shareholders' statutory pre-emption rights in certain cases. The full authorisation derives from section 4 (4) of the Articles of Association.

The Annual General Meeting on 14 October 2021 also authorised the Management Board, with the consent of the Supervisory Board, to increase the Company's share capital by up to a total of EUR 1,000,000.00 by 13 October 2026 (inclusive) by issuing up to 1,000,000 new no-par value registered shares against cash contributions for the purpose of issuing them to employees of PATRIZIA AG and its affiliated companies, excluding the members of the Management Board and Supervisory Board of the Company as well as the Management Board, Supervisory Board and other officers of affiliated companies (employee shares) on one or more occasions (Authorised Capital 2021/II). The full authorisation derives from section 4 (5) of the Articles of Association.

Furthermore, the Management Board by resolution of the Annual General Meeting on 14 October 2021 was authorised, with the consent of the Supervisory Board, to issue bearer or registered convertible bonds and/or bonds with warrants and/or profit participation rights with conversion or option rights and/or conversion or option obligations and/or participating bonds (or a combination of these instruments) on one or more occasions until 13 October 2026 (inclusive) in a total nominal amount of up to EUR 500,000,000.00 with or without a limited term and to grant or impose upon the creditors of Bonds conversion or option rights and/or conversion or option obligations to subscribe for a total of up to 18,470,295 new registered no-par value shares of the Company with a pro rata amount of the share capital of up to EUR 18,470,295.00 in total in accordance with the respective terms and conditions of the Bonds. Details can be found in section 4 (6) of the Articles of Association.

Significant agreements by the Company contingent upon a change of control following a takeover bid

There are, apart from the LTI Plan, no agreements contingent upon a change of control following a takeover bid.

Compensation agreements between the Company and the Executive Directors or employees in the event of a takeover bid

There are no compensation agreements with the Executive Directors or employees in the event of a takeover bid.

6.2 Combined Corporate Governance Statement – disclosures in accordance with section 289f HGB and section 315d HGB (German Commercial Code)

On 6 March 2024 the Board of Directors issued a Corporate Governance Statement in accordance with section 289f HGB and section 315d HGB (German Commercial Code) and made this statement publicly available on the Company’s website at: https://ir.patrizia.ag/en/corporate-governance/.

6.3 German Corporate Governance Code – disclosures in accordance with section 161 AktG (German Stock Corporation Act)

On 13 December 2023, the Board of Directors adopted the Declaration of Compliance with the recommendations of the “Government Commission of the German Corporate Governance Code” in accordance with article 9 (1) lit. c) ii) Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European company (SE) (“SE Regulation”), section 22 (6) SEAG (SE Implementation Act) in conjunction with section 161 AktG (German Stock Corporation Act). Since last year’s Declaration of Compliance and its supplemental version dated 13 July 2023, PATRIZIA has complied with and is complying with the recommendations in the version of 28 April 2022, published in the Federal Gazette (Bundesanzeiger) on 27 June 2022 (“GCGC 2022”), with only a few exceptions. The current and all previous Declarations of Compliance are permanently available to the public on the PATRIZIA website at: https://ir.patrizia.ag/en/corporate-governance/.

6.4 Related party transactions

The Executive Directors presented a Dependency Report to the Board of Directors with the following closing statement: “As the Executive Directors of the company, we hereby declare that, according to the circumstances known to us at the time when the legal transactions listed in the Dependency Report were carried out, the company received appropriate consideration for each legal transaction. There were no measures subject to reporting requirements in the financial year.”

Extensive information on related party transactions can be found in chapter 7.2 of the notes to the consolidated financial statements.

6.5 Remuneration Report

The Remuneration Report 2023 is available to the public on the PATRIZIA website at:
https://ir.patrizia.ag/en/news-publications/annual-reports/.

7 Development of opportunities and risks

7.1 Characteristics of the risk management system and the internal control system

7.1.1 Management of opportunities and risks

Entrepreneurial decisions are fundamentally based on opportunities and risks. In order to be able to successfully achieve the entrepreneurial goals, opportunities and risks must be constantly reviewed and considered so that risks can be consciously taken on this basis. The internal control and risk management system includes the management of risks and opportunities relating to achieving business goals, the correctness and reliability of internal accounting as well as external reporting, and compliance with the laws and regulations relevant to PATRIZIA.

Overall responsibility for risk management and the internal control system lies with PATRIZIA's Board of Directors. Implementation has been delegated to the Executive Directors, who are supported by PATRIZIA's internal risk management function. The monitoring and ongoing development of the risk management system is the responsibility of the Risk Management function. The internal control system and the Risk Management function are supplemented by the Compliance Management function and the Internal Audit function.

The Board of Directors and the Executive Directors have looked at the appropriateness of the internal control system and the risk management system that have been set up and have evaluated their effectiveness. The Board of Directors and the Executive Directors have noted a substantial quality progress during the financial year 2023 regarding the appropriateness and effectiveness of these systems.

PATRIZIA's risk management constantly aims to further develop and adapt its processes. Developments in the organisation are being reflected in the risk management system, which is adapted to those developments where necessary.

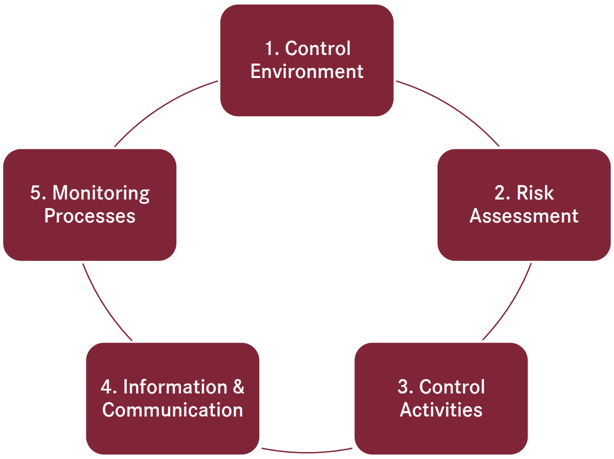
Opportunity management is handled in parallel to risk management. The aim is also to collect relevant information about opportunities and their potential direct and indirect financial upside at an early stage and pursue and manage them to sustainably secure and increase enterprise value.

7.1.2 Internal Control System

PATRIZIA has defined its Internal Control System to operate a three lines of defence approach with monitoring oversight from the Executive Directors as well as its delegated sub-committees. The Internal Control System comprises the basic principles, procedures and regulations aimed at supporting the effectiveness and cost-effectiveness of business activities with the aim of ensuring reliable internal accounting as well as external reporting by deploying internal controls over financial reporting (for the parent company as well as the subsidiary management companies). These principles, procedures and regulations are also aimed at ensuring compliance with the legal requirements that apply to the Company.

PATRIZIA has a process management software solution which allows for the central documentation of material processes as well as the associated risks and mitigating controls. Key departments also document their key financial and operational controls that address risks. Furthermore, there is a central repository for risk incidents and the deployed remediation activities. The PATRIZIA Internal Control System is an iterative process and comprises the five components below.

Internal Control System of PATRIZIA



Risk Management, Internal Audit and the Compliance Management System are also key constituent elements of the overall Internal Control System.

7.1.3 Risk Management

A Group-wide risk management system ensures that risks are systematically identified, recorded, managed and communicated both internally and externally when deemed necessary. The aim of the risk management system is to proactively collect relevant information about potential and actual risks and their direct and indirect financial consequences for PATRIZIA at an early stage in order to manage them and sustainably secure enterprise value. This also includes sustainability aspects, which are continuously developed on the basis of regulatory requirements.

As part of the corporate governance program, PATRIZIA has established a Group-wide Risk Management function that bundles activities relating to risk management. This assigns responsibility for the further development of suitable risk management processes to a central unit. The processes implemented as part of the risk management system include risk identification mechanisms with the participation of all key business areas, early risk detection and indicator systems, risk-bearing capacity analysis and regular risk reporting to the Executive Directors, the Executive Committee and the Board of Directors of PATRIZIA SE. The risk owner concept within PATRIZIA's risk management is designed to ensure best interaction between operational functions and the monitoring functions. PATRIZIA has also set up a committee structure to provide the management with support. The consideration of potential risks and future opportunities is of particular relevance. The committee structure ensures that all important parties are informed and involved in due time and thus forms a central element of risk identification and management. The main committees at the Board of Directors and Executive levels are as follows:

At the Board of Director level

- Nomination and Remuneration Committee
- Audit Committee

At the Executive level

- Executive Committee
- Corporate Organisation Committee
- Products & Clients Committee
- Investment Committee Real Estate
- Investment Committee Infrastructure
- Risk Committee
- Ad-hoc Committee
- Environmental, Social and Governance (ESG) Committee
- Equity, Diversity & Inclusion (EDI) Council

The establishment of risk management functions in PATRIZIA's regulated Group companies follows separate legal requirements and supervisory regulation and is carried out by those companies in accordance with applicable laws and regulations. The Risk Management department of PATRIZIA and the regulated entities are in permanent cooperation, among other things through a joint management function. This supports the exchange of knowledge between risk management functions at all levels and ensures the efficient consideration of PATRIZIA's core risks.

The Corporate Financial Planning & Analysis department reports Group financial data on a monthly basis to Senior Management and Risk Management. The reporting helps to identify potential risks at an early stage and to initiate relevant countermeasures.

Within the framework of risk management, the identified risks are considered in a differentiated manner according to possible occurrence scenarios and evaluated at Company and Group level by estimating the probability of occurrence and the potential loss. This is used to determine the necessary actions to manage and if needed limit the impact of the respective risks by operational countermeasures e.g., process changes and, where deemed necessary, accounting related precautions such as the recognition of provisions, etc. In principle, the risk assessment considers the risk effect over one year and is aligned with PATRIZIA SE's fiscal year and thus the budget period. The identified and assessed risks are taken into account in a risk-bearing capacity calculation at the Group level. The identified significant risk areas, the results of the risk-bearing capacity calculation as well as the results of the implemented risk indicator system are included in the periodic reporting of the Risk Management function to the Audit Committee of PATRIZIA.

PATRIZIA's risk management process is designed to identify, record and monitor relevant risk positions and to define and implement suitable control measures. The primary objective is to create comprehensive transparency regarding the current risk situation and thus enable risk-oriented decisions to be made. In order to achieve this, it is crucial that the Risk Management function maintains direct contact with all operational areas and that the operational areas themselves are integrated into the risk management procedures. In this way, a continuous exchange of knowledge takes place within the Group and enables the early identification of potential risks and the initiation of appropriate countermeasures in time.

7.1.4 Internal Audit

Key business processes and the corresponding internal controls are subjects to regular Internal Audits performed by the Internal Audit function implemented within the main regulated and unregulated Group entities. The Internal Audit function prepares and – if necessary – updates a three-year-audit plan in a risk-oriented approach considering the type, scope, complexity and risk content of the business activities. In the scheduled audits of operating and business processes, Risk Management, Compliance, and the Internal Control Systems, the Internal Audit assesses the functionality, effectiveness, efficiency and appropriateness of those.

The Internal Audit Reports are presented to the Executive Directors, the Executive Committee and the Audit Committee. The implementation status of the audit findings is monitored throughout the year and reported to the above-mentioned management bodies.

In accordance with Art. 9 ff. SE VO and Section 317 (4) of the German Commercial Code (HGB), the risk early warning system in accordance with Section 91 (2) Stock Corporation Act (AktG) is also audited by the auditor of PATRIZIA SE. The alignment of PATRIZIA's risk management organisation with the three lines of defence model forms the basis for stable corporate governance.

7.1.5 Compliance Management System

Sincerity and integrity rank among the essential corporate principles at PATRIZIA. This includes acting in the interests of investors, diligence, honesty, expertise, fairness and safe-guarding market integrity. From PATRIZIA's perspective, it is crucial that all of the Company's activities meet the applicable legal and regulatory requirements. Compliance aims, in PATRIZIA's enlightened self-interest, to prevent penalties, administrative fines, liability and purely financial losses, reputational damage and intervening measures taken by the supervisory authorities resulting from infringements of the law.

At PATRIZIA, the term "compliance" refers to all of the precautionary measures taken to comply with requirements set out in laws, regulations, contracts, industry standards and other sources of law that have a binding effect for PATRIZIA. Compliance is also designed to comply with basic ethical rules and company requirements. Furthermore, it involves taking suitable organisational measures to identify and sanction any breaches.

PATRIZIA's corporate principles and the rules, regulations and values that PATRIZIA Group undertakes to adhere to, are set out in the PATRIZIA Guiding Principles that form part of the PATRIZIA Code of Values. These also include the leadership guidelines and what is known as the "four-leaf clover": "Performance pays", "Trust that works both ways", "Doing what we say" and "Saying what we think". These regulations are supplemented by the Compliance Manual and further internal policies and procedures, as well as by the valid statutory provisions.

The compliance management system is overseen by the Head of Compliance for PATRIZIA Group. The Head of Compliance, as a member of the Legal department, works under the direct authority of the Head of Legal/Group Counsel of PATRIZIA SE, but he reports directly to the Executive Directors for compliance matters.

The compliance measures include:

- risk analyses to identify and evaluate compliance risks
- a set of compliance rules for PATRIZIA Group, which specifically includes policies in relation to
    - corruption and bribery
    - breaches of duty and criminal conduct
    - the topic of conflicts of interest
    - public limited company law and the capital market
    - dealing with business partners
    - invitations, gifts, donations, sponsoring and memberships and
    - preventing money laundering and terrorism financing
- regular compliance training and communications on compliance issues
- an anonymous whistleblower system for reporting suspected violations accessible for internal and external parties

7.1.6 Internal control and risk management system with regard to the accounting process - disclosures in accordance with Sections 289 (4) and 315 (4) HGB

The central risk of accounting and financial reporting is that the Group's Annual and Quarterly Financial Statements may contain inaccurate representations. In order to avoid sources of error, PATRIZIA has set up an internal control system (ICS) for the accounting process. It is designed to provide sufficient security for the reliability of financial reporting and the preparation of the Group's Annual and Quarterly Financial Statements in accordance with regulatory and capital market requirements. Nevertheless, the ICS cannot guarantee absolute security. Errors in accounting can therefore occur in individual cases but are analysed immediately in order to improve the process. The Executive Directors of PATRIZIA SE sign the Responsibility Statement on a quarterly basis. In doing so, they confirm that the accounting standards have been complied with and that the figures represent the actual net assets, financial position and results of operations. The budget is the starting point of the controlling process as a central component of the ICS, which is based on the targets set by the Board of Directors together with the Executive Directors and the Executive Committee and the expectations for operational business development. This serves as a guideline for the budget of the entire Group and the upcoming business year. The actual figures and possible deviations from the budget are reviewed, analysed, and reported on a monthly basis. For the current business year, regular updates, guidance and projections are prepared based on the actual results achieved compared to the budget and the identified opportunities and risks.

The ICS also comprises measures and processes for the timely recording of all business movements and positions in the accounting and financial statements of the Company and the Group. It examines changes in legislation and accounting standards and their effects on the Group's accounting and annual financial statements. The consistent implementation of the dual control principle ensures compliance with legal requirements in the accounting-related processes. The basis for the ICS is formed by guidelines on segregation of duties and independent approval processes, which are supported by standardised control and reconciliation processes. All approvals are documented and archived. Measures are in place to ensure that the management report complies with standards.

Accounting for all operating companies in Germany as well as a number of other European entities is organised in a central service centre based in Germany. In addition, two local Finance Hubs exist in Denmark and UK. The accounting for some Asian entities is carried out by local service providers under the supervision of the central function. The accounting process follows consistent Group-wide requirements within a central, largely SAP based IT environment. The data is consolidated in the Group Reporting & Consolidation department. The employees involved in the preparation of the Financial Statements are trained accordingly and the responsibilities and controls within the preparation process are clearly defined and documented in the accounting manual.

The effectiveness of the accounting related ICS is assessed as part of the preparation of the Financial Statements. Accounting is also included in the audit plan of the Internal Audit department. The focus on Corporate Governance contributes overall to the further stabilisation and optimisation of existing processes including the ICS for accounting.

7.2 Significant opportunity and risk categories

7.2.1 Market opportunities and -risks in the economic environment

Markets in general: The year of 2023 was defined by a historic dynamic on the financial markets. Alongside other major global central banks such as the Federal Reserve and the Bank of England, the European Central Bank also increased its interest rates by 450 basis points in just 15 months from mid-2022. As a result, the pace of inflation slowed significantly, but economic growth also declined. In combination with slower than expected growth in China, global GDP growth slowed down to 2.9% in 2023. Unlike equities and bonds, real estate, and real assets in general tend to be slow to adapt to a changed interest rate environment. In line with the market consensus, PATRIZIA assumes that interest rates have peaked. While further rate increases are currently considered unlikely, they would pose a risk to global markets if inflation were to persist in a low-growth environment.
Source: PATRIZIA House View, RCA, OECD

Real estate markets: In 2023 real estate markets were mainly driven by yield decompression and subsequent value corrections across all sectors and geographies. A fundamentally changed market environment with higher interest rates and increased competition by other asset classes like government bonds resulted in the need for price adjustment in real estate. While some of this yield adjustment could be offset by rental increases, negative value adjustments evidence occurred across markets and also affected PATRIZIA. This rise in yields affected all sectors, including the residential and logistics sectors, which boomed during the pandemic. While PATRIZIA believes the repricing phase is approaching its end, largely due to increased stability on the interest rate environment, further rate increases from central banks would pose a risk to market values and transaction activity.

Residential real estate market: Despite persisting strong fundamentals, European residential real estate in 2023 has been affected by the rise in interest rates and the diminishing premium to government bonds. Yields in residential real estate had to adjust to the new interest rate environment and faced growing upwards pressure throughout the year. Supported by inflation-linked rental income and strong diversification benefits, the sector continues to attract investor interest, albeit to a lower extent compared to previous years. Transaction activity in European residential real estate in 2023 stood at roughly EUR 29bn, 47% below the 10y average. Fundamentally however, the situation on the residential real estate market remains unchanged. Persistently high demand meets only slightly increasing supply. Low vacancy rates and stable rental income can therefore still be expected in attractive conurbations, despite the growing challenges posed by increasing regulation of the rental markets. In addition, the energy efficiency of buildings in the residential segment is also expected to have a further increasing influence on returns and liquidity. Both, the energy transition as well as regulatory changes can pose risks as well as opportunities in the upcoming years. Investors are also increasingly focusing on alternative segments of the residential universe. Forms of housing such as student apartments or co-living are often less regulated due to their commercial orientation and, because of their operational component, offer a yield premium compared to the traditional apartment building segment.
Source: PATRIZIA House View, RCA

Commercial Property Market | Retail: The European retail market continues to face headwinds. Having finally emerged from the subdued Covid-19-Pandemic market environment, the sector suffered from the inflation shock in 2023. Segments such as food retail, which have a high level of stability in terms of current income, are much more stable in this environment than segments that have been hit hard by structural change, such as shopping centers, and can still offer opportunities for investors. However, institutional appetite and thus market liquidity for larger retail assets, especially those without a food element, remains limited for now and can pose liquidation risk for these assets going forward.
Source: PATRIZIA House View

Commercial real estate market | Office: The office sector continues to face numerous challenges, with occupier and investor demand shifting strongly towards efficient, modern space and buildings. As the “core” segment has shrunk, the ongoing re-pricing as well as the aforementioned refinancing challenges could increasingly create risks to outdated or inefficient buildings as well as create opportunities for value-add/de-stranding strategies in Grade A and Central Business District locations.
Source: PATRIZIA House View

Commercial real estate market | Logistics: The logistics sector showed a normalisation on the demand side in 2023, while vacancy rates remained below 5% in most countries. At the same time, however, the nearshoring and reshoring activities (return of production and storage facilities to a nearby country or the country where they were originally located) that can be observed suggest that demand is expected to remain stable in the medium term. However, the current phase of consolidation among online retailers can result in some unexpected letting costs. The challenges of decarbonising the existing stock are also having an impact on the industrial sector and are resulting in a clear focus on energy-efficient buildings, particularly among investors.
Source: PATRIZIA House View, RCA

Infrastructure markets: Higher inflation and interest rates in 2023 impacted the infrastructure sector in several ways. Whilst higher interest rates typically cause valuation headwinds for long duration investments such as infrastructure assets, a key attribute of core infrastructure assets is inflation resilience, resulting from pre-negotiated revenue contracts or a regulatory pricing formula with inflation indexation, which have inbuilt step-ups at set periods of time based on prevailing inflation rates. Such assets are therefore correlated to inflation, providing a natural hedge for investors. This has meant that valuations of such infrastructure assets have generally held up well, while there have been lower transaction volumes globally. More broadly, the infrastructure sector continues to benefit from global mega-trends: the need for energy transition from both a decarbonisation and geopolitical perspective; continued development of digital infrastructure; the impact on social infrastructure from urbanisation and demographic change; and the global need for better infrastructure in the water and natural resource sectors. These trends encompass risks for some infrastructure assets but also great opportunity to fulfil the need for development of new infrastructure assets.
Source: Preqin Private Capital Infrastructure Index, PATRIZIA Asset Performance, Mercer Surveys, PATRIZIA House View

7.2.2 Strategic, operational and legal risks

The risks are described from the perspective of the Group and also predominantly affect PATRIZIA SE.

General risks for the business model: PATRIZIA's Group revenues to a large extent depend on the generation of management fees, transaction fees and performance fees. Opportunities and risks of the managed funds – as described in chapter 7.2.4 below - therefore influence the Group financial results.

Transaction fees and performance fees are generated primarily at the time of acquisition or disposal of real assets or structuring/unwinding of fund structures. Management fees primarily depend on the level of assets under management, the net asset value of the managed funds or the level of service developments carried out on behalf of clients. A challenging market environment can lead to lower client activity and hence lower acquisition and disposal of real assets. Both can have a significant impact on the level of transaction fees and performance fees generated in a business year.

Strategic risks: Strategic risks may arise from reputational factors, PATRIZIA's ability to ascertain megatrends relevant to the industry, political decisions or changes in the regulatory framework, or transition risks which are business-related risks that follow societal and economic shifts towards a low-carbon and more climate-friendly future (please also refer to chapter 7.4). Strategic risks may result in underperforming on key performance indicators such as EBITDA, EBITDA margin or the level of Assets under Management. During the year, execution of business strategy is regularly monitored to assess the performance against strategic objectives and to seek to ensure PATRIZIA remains on track to achieve targets.

Co-investments and warehoused assets: Via co-investments and warehousing, PATRIZIA participates in the fund equity or the equity/debt of the warehoused asset with its own money. This is on the one hand an important factor especially for the value-add strategies and infrastructure as both belong to the current growth drivers of the business. On the other hand, the own equity invested is subject to the asset related risks described below.

The most relevant position in this area is the Dawonia co-investment, as described in chapter 5.4.2 Economic situation – Participations of this report. The Dawonia co-investment as well as the warehoused assets are subject to upside/downside valuation risks and can be positively/negatively influenced by the change in value of its underlying portfolio. They are furthermore subject to financial risks. The same applies to the capitalised Dawonia related exit performance fee claims, also booked under Participations in PATRIZIA's Group balance sheet.

Operational risks: The risk that business processes are conducted insufficiently or erroneously resulting from inadequate or failed internal processes and systems. To minimise risks, PATRIZIA continuously reviews processes and systems. Processes which are predominantly manual are systematically analysed with the aim to increase the degree of automatisation and to improve embedded controls. PATRIZIA counters operational risks with appropriate organisational structures, procedural instructions and process documentation so that existing risks are effectively contained.

Impairment of Goodwill and other intangible assets: Goodwill and other intangible assets are subject to at least annual impairment tests. The determination of the recoverable amount in the impairment assessment requires estimates, necessitating management to make subjective judgments and assumptions. These estimates and assumptions could result in significant differences to the amounts reported if underlying circumstances were to change. Goodwill acquired through past acquisitions represents a significant part of PATRIZIA's assets. Impairments of goodwill and other intangible assets may lead to the recognition of impairment losses that do not, however, result in cash outflows. This could considerably impact PATRIZIA's financial results and share price. The financial plans on which the impairment test is based are reviewed regularly. Any deviations from the plan lead to measures to ensure sufficient profitability.

IT security and cyber risks: The cyber and IT security threat landscape has significantly changed, and threat levels are increasingly rising. Main reasons for this are the general political situation, but also the increasing professionalisation and automation of attack capabilities. Further, a significant increase in the number of phishing attempts, spam emails and impersonation attacks through all possible communication channels is noticed. Cybercrime and ransomware attacks are at an all-time high and hence are the most significant cyber risks.

PATRIZIA maintains an Information Security Management System (ISMS) based on the international security standard ISO/IEC 27001, which comprises all security policies and processes required by this standard, including information security risk management and IT security policies. Any disruption in the operation of IT systems has an impact on business operations. Significant data loss and breaches of data protection requirements could result in serious financial damage, but also have a negative impact on the public's perception of the Company. To ensure the availability of business applications, all systems have been operated redundantly in two physically separate data centers. In addition, the ERP (Enterprise Resource Planning) systems are also operated in parallel and mirrored. These measures prevent failures and ensure a significant reduction in downtime and recovery times in the event of an emergency. Other protective measures including identity management; restrictive authorisation; additional network-based access restrictions; and supplementary anti-malware mechanisms reduce the risk of damage from viruses, Trojans and ransomware (malware – especially extortion software). Cloud services are also being increasingly used and as required are adequately integrated into the existing security mechanisms. Regular information activities to raise staff awareness (e.g., on topics such as phishing, social engineering or CEO fraud - but also on the requirements of the General Data Protection Regulation, GDPR) round off the system-based protection and security precautions. Another component of the security concept is the two-factor authentication for remote dial-in – especially in view of the intensive mobile use of the infrastructure. To prevent the technical loss of company data and to ensure the reliability of IT operations, data backups are carried out regularly. Annual emergency tests with changing focal points are intended to ensure that in the event of a crisis, organisation and technology mesh and systems and data can be made available again in accordance with the service levels. The measures described have proven to be effective.

Human resource risks: Operational risks, such as risks from inadequate organisation or lack of resources, are also latent as a failure to retain or recruit key staff would expose the Group to the risk of losing market expertise and jeopardise its competitive advantage. PATRIZIA counters operational risks with appropriate organisational structures, procedural instructions and process documentation so that existing risks are effectively contained. As part of the operational risk consideration, the Human Resources team constantly partners with the Group's Senior Leadership to ensure personnel strategies and processes are sufficiently enabling the delivery of the Group's business ambition requirements. This support can typically be seen delivered, to raise a few examples via:

- succession planning, for example through the introduction of the new Executive Committee and Senior Leadership teams
- development and maintenance of the critical skillset for the wider PATRIZIA organisation, for example through the continued identification and hiring of new talents, organisational restructuring, annual budgeting, pay reviews and
- workplace culture and leadership building, for example through the leadership team onsite events, junior professional rotation programs and qualitative/cultural objective settings.

Legal and compliance risks: PATRIZIA's regulated group companies operate in a highly regulated environment, potentially exposed to litigations and liability and other costs, the amounts of which may be substantial and difficult to estimate, as well as to legal and regulatory sanctions and reputational harm. Individual companies are involved in various court proceedings and arbitration proceedings as a result of their business operations. Sometimes claims are also asserted against them out of court. By monitoring contractual obligations and involving local legal experts in contractual matters and changes in the law, PATRIZIA aims to minimise any legal risks. Appropriate provisions have been made for potential losses from pending proceedings. Serious legal risks that would be material for the future development of the Company are currently not observed. Compliance risks may arise from failing to comply with requirements set out in laws and regulations. PATRIZIA has implemented a suitable compliance management system to mitigate and manage identified risks.

Tax risks: Due to uncertainties regarding the tax assessment of transactions and administrative activities, there are specific tax risks for PATRIZIA Group. As a preventive measure, assessments have been obtained from external tax law firms which confirm the tax treatment of the relevant cases. The remaining residual risk is considered as moderate.

Insurance coverage: PATRIZIA as a Group as well as the general market environment in which it operates are constantly evolving. Therefore, both PATRIZIA’s own assets and the assets of investors managed by PATRIZIA are exposed to a constantly evolving range of risks. To mitigate for these risks, PATRIZIA ensures insurance cover is procured to protect these assets as well as personnel. A review of insurance cover is performed annually as a minimum and risk assessed for where changes in cover are required. The changes in the market environment in recent times have also resulted in insurance providers changing their risk appetite and raising their premiums. To mitigate for this, PATRIZIA has adopted some Group Policies which help to benefit from economies of scale and help the brokers/insurance providers to better understand the risk profile to enable optimal pricing and coverage.

7.2.3 Financial risks

Interest rate risks: Scenarios of continuing high or increasing interest rates would impact the cost of debt at refinancing for PATRIZIA SE and for the funds it manages. Interest rate risks are avoided or minimised by agreeing fixed interest rates for all existing Group debt (bonded loans) and by active liquidity and interest rate management for funds. Next to the existing Group debt, warehoused assets are partially financed with variable interest rate loans which are managed in the context of the envisaged holding period of the warehoused portfolio.

Exchange rate risks: Most of the Group's subsidiaries and property companies are located in the European Monetary Union and not subject to currency risks. Foreign branches and subsidiaries which carry out investment management mandates as well as acquisitions and disposals for the funds and invest within the scope of co-investments and warehousing outside the European Monetary Union, are an exception. As the investments in these companies and the granting of shareholder loans are in the respective national currency, the subsidiaries and property companies are subject to the risk of fluctuating exchange rates. With increasing expansion outside the Eurozone, this position could increase further in the future. Foreign exchange gains and losses resulting from the translation of these items could influence the financial result. The Group's overall currency risk is regularly monitored and assessed in order to promptly identify any need for action and to be able to initiate countermeasures such as currency hedging.

Financing risks: Due to the solid balance sheet structure and good equity and liquidity position, debt financing on Group level is still of minor relevance for PATRIZIA’s business model. A part of the debt financing relates to warehousing activities. The risk that PATRIZIA expects not having access to debt for any such new strategic investments or Mergers & Acquisition activities is currently low. Together with significant existing liquid assets and its financial strength, PATRIZIA is able to respond to capital requirements of new investments at any time. Potential strategic investments are also always financed at property or portfolio level.

Credit terms: An equity covenant has been agreed in the existing German Schuldscheindarlehen (bonded loan), compliance with which is monitored on an ongoing basis. In some cases, covenants have been agreed in the loan agreements for the property and portfolio financing of the managed fund structures, compliance with which is also monitored on an ongoing basis. However, as a result of the contractual structure of the agreements there are no direct risks for PATRIZIA from these ratios.

Liquidity risk: The risk of a liquidity shortage is currently not discernible: As at 31 December 2023, PATRIZIA Group had sufficient bank balances and cash and cash equivalents at hand as well as short-term investments available to cover its operating liquidity requirements and for meeting refinancing requirements. In order to avoid a possible counterparty risk, the investments of Group liquidity are distributed among more than 50 financial institutions. The maximum investment volume per bank is EUR 40m. These banks must have at least an S&P rating of BBB+. In addition, PATRIZIA expects further liquidity surpluses from the operating business, which is expected to be used in the investment planning with matching maturities. PATRIZIA optimises and manages Group-wide liquidity as part of a cash pooling process. Early warning indicators and comprehensive rolling planning also serve as a preventative measure and ensure that unexpected liquidity requirements can be met.

7.2.4 Risks and opportunities of the managed funds

Operational risks in relation to fund business: PATRIZIA Group provides a range of different services for their clients. Regulated fund management activities play a significant role in this. The PATRIZIA Fund Management companies regularly act as trustees and manage the invested client funds in their exclusive interest. The framework conditions for these activities are regularly specified in contractual agreements. This gives rise to operational risks, which are expressed in particular in possible claims for compensation by the investment assets managed on a fiduciary basis, e.g., due to management errors. Further risks may occur from a failure to retain fund specific key team members. To minimise risks, PATRIZIA continuously reviews policies, processes and systems. PATRIZIA counters operational risks with appropriate organisational structures, procedural instructions and process documentation so that existing risks are effectively contained.

Assets under management: In connection with the fund structures set up by PATRIZIA, there are opportunities and risks from fee income, which depend on the value of the real estate and infrastructure assets under management, acquisitions and disposals and the return achieved by the funds. These are subject to market opportunities and -risks in the economic environment as described in chapter 7.2.1. Fee revenues can be negatively influenced by the reduction in value of real assets, rental defaults as well as a reduced transaction volume. However, PATRIZIA serves a large number of different funds and can access a diverse range of suitable properties in Europe and abroad. The geopolitical situation has led to a sharp rise in inflation and rising interest rates since March 2022. This had a significant negative impact on transaction activity in the markets, both on the buy and sell side. The “core” strategies were particularly affected. For the “value-add” investors, such situations create opportunities in return. PATRIZIA has suitable vehicles for this that are already available or are in the process of being launched. The infrastructure segment is less affected by the developments as described above and offers investment opportunities. The further and continued expansion of the private client (retail) business also opens up new business opportunities globally. The organisational and personnel requirements have already been met.

As an investment manager, PATRIZIA is responsible for managing and optimising its clients' assets in particular. Inadequately performed services could lead to dissatisfaction among clients or financial claims up to and including the loss of mandates and burden the Group's earnings situation. PATRIZIA has prepared its business model to accommodate any potential dip in growth, if any and initiated a comprehensive review of the cost base.

Acquisitions and disposals of real assets: The trend of strong demand for real estate has weakened since 2022. Rising interest rates, rising inflation and rising construction costs combined with macroeconomic risks from geopolitical crises have made many investors significantly more risk averse. Meeting ESG criteria has become an indispensable component of the selection and investment process. The office investment segment is not only being reconsidered from an ESG perspective, but also in terms of New Work and Working-From-Home. Many sales processes failed in 2023, as sellers and buyers could not agree on a price level. The European transaction volume fell to its lowest level when compared with last 10 years. National and international investors have become significantly more selective and risk-averse in their investments in the European real estate markets. This means that it remains challenging for PATRIZIA to acquire suitable properties with risk-adjusted returns for its clients in a significantly more selective market. However, even in this market environment PATRIZIA has succeeded in using its experience and market knowledge to acquire attractive properties and portfolios for its clients, partially by approaching sellers directly and bypassing competitive situations. Here the partially very strong equity position of PATRIZIA’s investment vehicles proved to be a clear advantage. The expansion of the products offered to clients into the infrastructure sector provided an additional diversification advantage.

In this challenging market environment, there is a fundamental risk that disposals of real estate may not be realised at the intended price and that there is a risk for significant discounts. This risk can be reinforced by other factors such as described below. The ongoing strategic development of PATRIZIA’s platform is intended to provide additional, broader access to attractive investment opportunities. PATRIZIA should thus be seen not only across Europe, but increasingly also internationally as a reliable and professional partner in the trustworthy and rapid implementation of large individual and portfolio investments.

Fund raising, redemption risks: Liquidity in the real estate investment market has declined noticeably since March 2022. There are several reasons for this. The rise in interest rates has both made refinancing more expensive and significantly increased the attractiveness of other asset classes such as fixed-income investments. As a result of the rise in interest rates, the price losses on fixed-income securities and the simultaneous decline in share prices, led to real estate allocations rising in clients' portfolio on a relative basis. In some cases, this also exceeded the limit quotas set by the client. This prevailing market environment increases the risk of redemptions, whereby clients seek to reduce their exposure accordingly. Higher redemptions in turn increase risks linked to liquidity within the managed funds. As one of the market leaders in Europe with a very broad range of products, PATRIZIA is fundamentally well positioned here to meet the current market challenges. The value-add and infrastructure offerings are of particular interest to investors. The core investment strategy requires an adjustment (against the decline in interest rates or decline in real estate prices) in the market. With the expansion of the international fund business and the offering for private clients, the client base has broadened further. More than 500 institutional investors now invest through PATRIZIA – from savings banks to insurance companies and pension funds to sovereign wealth funds.

Financing risks: As part of the services to its clients, PATRIZIA also procures debt financing services to the funds it manages. This service is fundamentally exposed to financing risks in the event of a deterioration in market conditions. 2023 was still significantly impacted by late effects of the Covid-19-Pandemic, the Russia/Ukraine-crisis, and rising inflation. This has been reflected in both increased liquidity costs and a rise in net margins, as well as a significant increase in interest base rates. In addition, financing partners have been more reluctant to lend and focus more on low-risk products with conversative debt levels and Loan to Value profiles. Scenarios of continuing high or increasing interest rates, lower rental revenues and/or pressure on asset valuations would impact the cost of debt at refinancing and therefore could affect the performance of the managed funds and increase risks linked to liquidity within the funds. A further declining market environment could have an impact on access to liquidity and thus influence new investment opportunities for PATRIZIA's clients and increase refinancing risks. PATRIZIA maintains active relationships with more than 250 financing partners, hence a well-diversified access to debt which partially mitigates financing risks.

Valuation risks: The value of the real estate and infrastructure assets under management is subject to a variety of factors. A challenging market environment characterised by above mentioned conditions and further factors leads to a higher volatility on asset valuations which can ultimately have an effect on assets under management. PATRIZIA has implemented measures of active asset management and fund management to mitigate and manage identified risks.

7.3 Overall view of risks and opportunities

Risk aggregation and risk-bearing capacity: As part of PATRIZIA's risk management process, existing risks are continuously identified, assessed, evaluated, and aggregated. The aggregated, assessed risks are included in PATRIZIA SE's risk-bearing capacity analysis, the results of which are subsequently brought to the attention of both the Executive Directors and the Board of Directors of PATRIZIA SE. The basis for the risk-bearing capacity calculation is the calculation of a theoretical default risk, which is based on the Company's earnings and balance sheet figures. The theoretical default risk is not linearly related to the earnings and balance sheet ratios used. The Company's risk-bearing capacity is defined as the maximum risk potential which, in the Company's opinion, would sustainably impair the Company's refinancing on the capital market if it were to occur and is expressed as the upper limit of the theoretical default risk. It thus defines the limit of risks that can be borne overall and therefore do not yet endanger the Company's existence. PATRIZIA has also defined a risk tolerance limit, which is also expressed as a theoretical default risk and is set below the upper limit of the risk-bearing capacity. Finally, as part of the risk-bearing capacity calculation, the potential effects of existing risks on the theoretical default risk are determined and compared to the risk tolerance and risk-bearing capacity.

At the end of 2023, no potential significant risks were identified that would exceed the risk tolerance and thus also the risk-bearing capacity of the Company. The calculated theoretical probability of default is less than one percent of the defined limit for risk-bearing capacity. The probability of risks which pose a risk to the continued existence of the Company is considered to be low. Based on the information available and the medium-term planning for key investments, there is no indication as of 31 December 2023 that the existing risk situation could endanger the future development or continued existence of PATRIZIA stand-alone and PATRIZIA Group.

The main opportunities for PATRIZIA lie in expanding the current product and client base, increasing the share of scalable products (flagship funds), as well as sourcing strategic investments that includes Mergers & Acquisition and other alternative investment opportunities. The department Global Client Solutions (responsible for fund raising and client services) develops new products and investment structures for clients. Strategic growth opportunities are identified and systematically pursued by the Executive Committee of PATRIZIA SE and the Strategic Investments team. In addition, opportunities are seen in the investment themes demographics, urbanisation, digitalisation and decarbonisation, which are equally pursued to ensure continued growth and strategic development as well as ongoing operational optimisation.

7.4 Overall view of the ESG risks and Opportunities

ESG risks encompass a myriad of environmental, social and corporate governance events or conditions that can actually or potentially have a material adverse impact on other risk types. The integration of ESG risk factors in investment decision making and governance processes leads to a broader understanding of risks and opportunities than traditional risk management alone.

PATRIZIA has established an effective ESG governance structure to manage ESG related risks. Consistent with the wider risk framework, the Executive Directors have overarching responsibility for overseeing and managing ESG related risks. The ESG Committee serves as a central forum for integration of ESG across the business and ensures Executive Director oversight of risks. The ESG Committee reports regular to the Executive Committee. PATRIZIA's dedicated Sustainability Team plays a key role in coordinating and supporting the assessment and management of ESG related risks and works closely with representatives from relevant business functions to ensure adequate expertise, training and resources to drive integration.

In line with its Responsible Investment Policy, the Company considers a range of ESG factors in its investment processes, from the deal origination stage, where each investment opportunity introduced to the Investment Committee is screened against a Screening and Ethical Exclusion Policy, alongside a pre-screening of climate related risks, followed by a comprehensive ESG due diligence. This includes but is not limited to a detailed assessment of climate change physical and transition risks, biodiversity, pollution, health & wellbeing, as well as labour standards & working conditions and anti-bribery and fraud. Throughout the holding period of assets, ongoing due diligence is undertaken, including internal reporting on climate related risks and engagement with investee companies, such as monitoring through a comprehensive sustainability due diligence questionnaire. ESG risks and mitigation strategies are systematically reviewed and challenged during periodic Fund Reviews.

Climate related risk & opportunity: Given the increasing irregularity of weather patterns and prevalence of acute climate hazards, coupled with the proliferation of ESG related regulation, such as tightening of minimum energy efficiency standards for real estate assets, PATRIZIA considers climate change related risk, including physical and transition risk, to be especially material. Not only does climate change present a material risk, but also a significant investment opportunity regarding the transition to a low carbon economy, including through the proactive repositioning of energy inefficient real estate and through infrastructure that enables the energy transition. Accordingly, the Company has established a comprehensive approach for addressing climate related risk, including a group-wide net zero carbon strategy. For further disclosure regarding climate related risks, in alignment with the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD), see chapter 4.

8 Guidance

8.1 Future economic conditions

In line with the market consensus, PATRIZIA assumes that interest rates have peaked and sees potential for the first rate cuts in the second half of 2024.

Unlike equities and bonds, real estate and real assets in general tend to be slow to adapt to a changed interest rate environment. Despite the valuation corrections that already took place in 2023, a price discovery phase is therefore still expected in 2024, particularly in the first half of the year, before the markets recover as a result of a possible interest rate turnaround. From today's perspective, transaction activity is therefore expected to remain subdued in the first half of 2024 and only increase in the second half of the year. Overall, this should lead to rising transaction volumes compared to 2023, although these will remain well below the highs seen in 2020/2021.
Source: PATRIZIA House View

Fundamentally, the situation on the residential real estate market remains unchanged. Persistently high demand meets only a slight increase in supply. Low vacancy rates and stable rental income can therefore continue to be expected in attractive conurbations, despite growing challenges as a result of increasing regulation of the rental markets. The general rise in interest rates has also led to an increase in yields for residential real estate. Investors are also increasingly focusing on alternative segments of the residential universe. Forms of housing such as student apartments or co-living are often less regulated due to their commercial orientation and offer a yield premium compared to the traditional apartment building segment as a result of their operator component.
Source: PATRIZIA House View

In the logistics sector near-shoring and re-shoring activities can be observed and suggest that demand will remain stable in the medium term. The challenges of decarbonizing the building stock are also having an impact on the logistics sector and are resulting in a clear focus on energy-efficient buildings, particularly among investors.
Source: PATRIZIA House View

The office sector continues to face numerous challenges, with occupier and investor demand shifting strongly towards efficient, modern space and buildings.
Source: PATRIZIA House View

The European retail market continues to face headwinds. Segments such as food retail, which have a high level of stability in terms of current income, are proving to be much more stable in this environment than segments such as shopping centers, which have been hit hard by structural change, and certainly offer investors opportunities.
Source: PATRIZIA House View

In the infrastructure sector investors may once again see relative attraction in the stable yields of the asset class and be willing to extend duration to preserve these yields. This is particularly true given that the infrastructure asset class remains under-represented among institutional investors in some regions and with retail investors. In the economic environment expected in 2024, with the lagged impact of higher interest rates on demand, mid-market infrastructure assets aligned with PATRIZIA’s megatrends should offer structural, long-term cash flow growth that is less dependent on the pace of economic growth than some other types of infrastructure and supported by the attribute of pricing power arising from natural monopolies or contracted revenues.
Source: Preqin Private Capital Infrastructure Index, PATRIZIA Asset Performance, Mercer surveys, PATRIZIA House View

8.2 Expected development of results of operations and assumptions concerning target attainment in 2024

PATRIZIA is entering the year 2024 with cautious optimism. The current macro-economic environment remains a challenge for the majority of the Group's clients, especially in the real estate investment sector. Client investment activity is expected to pick up only throughout FY 2024 assuming a normalisation of interest rate volatility and increased activity in the transaction markets, once potential buyers and sellers agree on new price levels following the change in the interest rate environment. It is expected that the valuation pressure on real estate will continue into the 2024 financial year.

Nevertheless, due to its global platform and broadly diversified product offering, PATRIZIA nevertheless expects to once again successfully exploit market opportunities for its institutional, semi-professional and private investors through its attractive real estate and infrastructure fund products.

PATRIZIA SE (as individual company) is included in the Group´s guidance.

On this basis, PATRIZIA expects Assets under Management (AUM) in a range between EUR 54.0bn - 60.0bn in the 2024 financial year with related impact on recurring management fees.

EBITDA for the 2024 financial year is expected in a range between EUR 30.0m - 60.0m. Compared to the EBITDA for the 2023 financial year of EUR 54.1m, it should be noted that the result in the 2023 financial year was not only negatively impacted by the net reorganisation expenses of EUR 15.8m, but was also positively supported by other operating income of EUR 24.7m.

The EBITDA margin is accordingly expected to be in a range between 11.0% and 19.2% in the 2024 financial year.

The details of the guidance for the 2024 financial year are shown in the following table.

Guidance FY 2024

				Guidance range 2024	
		2022	2023	min	max
Assets under Management	**EUR bn**	**59.1**	**57.3**	**54.0**	**60.0**
EBITDA	**EUR m**	**78.9**	**54.1**	**30.0**	**60.0**
EBITDA Marge	**%**	**24.0%**	**17.0%**	**11.0%**	**19.2%**

8.3 Expected development of net assets and financial position

PATRIZIA does not currently expect any significant changes in the Company's and Group's net assets and financial position in the year 2024. However, PATRIZIA also expects to have substantial cash and cash equivalents in the year 2024, which will significantly exceed the financial liabilities from the bonded loan.

8.4 Dividend policy

For the past financial year 2023, the Board of Directors of PATRIZIA SE will – based on a proposal by the Company's Executive Directors – propose to shareholders to use the unappropriated profit according to HGB of EUR 261.6m to pay out a dividend per share of EUR 0.34 and to carry forward the remaining amount to new account. This reflects the sixth consecutive increase in dividend per share, equivalent to an increase of 3.0% compared to the previous year.

On the basis of the proposed dividend, the total dividend is higher than the share of the IFRS consolidated net profit of EUR 5.8m attributable to the shareholders of the parent company. Consolidated net profit for the financial year 2023 was significantly impacted by the weakened market environment and one-off effects. However, PATRIZIA continues to have a robust business model, a solid balance sheet, sufficient available liquidity and a positive operating cash flow, items which support the dividend proposal.

PATRIZIA has also adjusted its dividend policy at the beginning of the financial year 2024. The Company strives to offer steadily growing dividends to its shareholders throughout market cycles, backed by its strong balance sheet and financial flexibility. Long-term, PATRIZIA aims to distribute more than 50% of the Group's annual net profit attributable to shareholders in the form of dividends. The application of the dividend policy for future years is subject to the Group's balance sheet strength, profitability, available liquidity and the general market environment.

8.5 Management's overall assessment of the outlook for 2024

Cautious optimism for FY 2024

PATRIZIA is entering the year 2024 with cautious optimism. The current macro-economic environment remains a challenge for the majority of the Group's clients, especially in the real estate investment sector. Client investment activity is expected to pick up only in the course of FY 2024 assuming a normalisation of interest rate volatility and increased activity in the transaction markets, once potential buyers and sellers agree on new price levels following the change in interest rate environment. It is expected that the valuation pressure on real estate will continue into the 2024 financial year.

Due to its global platform and broadly diversified product offering, PATRIZIA nevertheless expects to once again successfully exploit market opportunities for its institutional, semi-professional and private investors in the form of attractive real estate and infrastructure fund products.

The guidance for FY 2024 and any statements concerning subsequent years take into account all events that could affect PATRIZIA's business development that were known when the consolidated financial statements and the combined management report were prepared.

Augsburg, 18 March 2024

The PATRIZIA Executive Directors

Dr Asoka Wöhrmann	**Christoph Glaser**	**Wolfgang Egger**
CEO	CFO	Founder

This report contains certain forward-looking statements that relate in particular to the business development of PATRIZIA, 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 statement or estimate inaccurate, or cause actual results to differ from the results currently expected.

Consolidated financial statements

Consolidated balance sheet

as at 31 December 2023

Assets

EUR k	Note	31.12.2023	31.12.2022
A. Non-current assets			
Goodwill	4.2	376,719	381,253
Other intangible assets	4.3	89,320	107,134
Software	4.4	6,725	8,080
Rights of use	4.5	51,296	26,715
Investment property	4.6	246,481	1,892
Equipment	4.7	14,580	9,721
Participations in companies accounted for using the equity method	4.8	40,412	6,545
Participations	4.1.2	594,686	664,612
Other non-current financial assets (FVTPL)[1]	4.1.1	10,203	10,020
Other non-current financial assets (AC)[1]	4.1.3	41,146	18,174
Other non-current non-financial assets[1]	4.9	2,281	3,497
Deferred tax assets	4.18.4	7,630	8,341
Total non-current assets		**1,481,479**	**1,245,986**
B. Current Assets			
Inventories	4.10	281	159,781
Securities	4.1.5	0	29,602
Current derivative financial instruments	4.1.6	0	444
Current tax assets	4.18.1	21,091	29,312
Current receivables and other current financial assets[1]	4.1.7	150,202	225,024
Other current non-financial assets[1]		5,871	6,208
Cash and cash equivalents	4.1.8	340,181	349,518
Total current assets		**517,626**	**799,888**
Total assets		**1,999,105**	**2,045,874**

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

Liabilities

EUR k	Note	31.12.2023	31.12.2022
A. Equity			
Share capital	4.11	85,844	86,175
Capital reserves	4.11	65,704	67,181
Retained earnings			
Legal reserves	4.11	505	505
Currency translation difference	2.3	-3,853	-2,502
Remeasurements of defined benefit plans according to IAS 19		2,943	4,807
Revaluation reserve according to IFRS 9		130,660	189,691
Consolidated unappropriated profit	4.11	874,429	913,135
Non-controlling interests	4.11	39,553	66,346
Total equity		**1,195,785**	**1,325,338**
B. Liabilities			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4.18.4	103,495	121,417
Retirement benefit obligations	4.12.1	20,473	17,715
Non-current bonded loans	4.1.11	69,000	158,000
Non-current bank loans	4.1.11	164,571	0
Non-current accruals	4.13	1,774	10,122
Other non-current financial liabilities[1]	4.14	149,912	134,186
Other non-current non-financial liabilities[1]		0	442
Non-current lease liabilities	4.5	43,020	18,339
Total nun-current liabilities		**552,245**	**460,221**
CURRENT LIABILITIES			
Current bank loans	4.1.11	0	91,688
Current bonded loans	4.1.11	89,000	0
Other provisions	4.15	30,230	17,238
Other current financial liabilities[1]	4.16	102,945	116,080
Current derivative financial instruments	4.1.6	297	0
Other current non-financial liabilities[1]	4.17	9,403	7,951
Current lease liabilities	4.5	10,324	8,950
Income tax liabilities	4.18.2	8,876	18,407
Total current liabilities		**251,075**	**260,315**
Total equity and liabilities		**1,999,105**	**2,045,874**

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

Consolidated income statement

for the period from 1 January to 31 December 2023

EUR k	Note	2023	2022
Revenues	4.19	292,434	346,289
Changes in inventories	4.20	0	-41,266
Other operating income[1]	4.21	24,726	28,564
Total operating performance		**317,160**	**333,587**
Cost of materials	4.22	-1,622	-7,608
Cost of purchased services	4.23	-17,039	-22,740
Staff costs	4.24	-171,144	-147,919
Other operating expenses[1]	4.25	-88,872	-99,634
Impairment result for trade receivables and contract assets	4.1.9	-201	-203
Result from participations	4.1.2	35,082	34,034
Earnings from companies accounted for using the equity method	4.8	-3,507	-622
EBITDAR		**69,858**	**88,896**
Reorganisation income	4.26	563	0
Reorganisation expenses	4.26	-16,324	-9,963
EBITDA		**54,097**	**78,933**
Depreciation, amortisation and impairment	4.27	-50,526	-43,371
Results from fair value adjustments to investment property	4.6	1,529	0
Earnings before interest and taxes (EBIT)		**5,100**	**35,562**
Financial income	4.1.13	13,445	2,689
Financial expenses	4.1.13	-12,016	-8,039
Other financial result	4.1.13	-2,396	-8,979
Result from currency translation	4.1.13	-3,801	-477
Earnings before taxes (EBT)		**331**	**20,755**
Income taxes	4.18	-4,386	-13,506
Net profit/ loss for the period		**-4,055**	**7,249**
Attributable to shareholders of the parent company		5,773	7,284
Attributable to non-controlling interests	4.11	-9,828	-35
Earnings per share (undiluted) in EUR	4.28	0.07	0.08
Earnings per share (diluted) in EUR	4.28	0.07	0.08

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

Consolidated statement of comprehensive income

for the period from 1 January to 31 December 2023

EUR k	2023	2022
Net profit/ loss for the period	**-4,055**	**7,249**
Items of other comprehensive income with possible future reclassification to net profit for the period		
Profit/loss arising on the translation of the financial statements of foreign operations	-2,926	-4,982
Items of other comprehensive income without future reclassification to net profit for the period		
Value adjustments resulting from equity instruments measured including capital gains (IFRS 9)	-73,471	10,552
Value adjustments resulting from remeasurements of defined benefit plans (IAS 19)	-1,973	4,966
Other comprehensive income	**-78,371**	**10,535**
Total comprehensive income for the reporting period	**-82,426**	**17,784**
Attributable to shareholders of the parent company	-71,188	17,693
Attributable to non-controlling interests	-11,238	91

Consolidated cash flow statement

for the period from 1 January to 31 December 2023

EUR k	2023	2022
Net profit/ loss for the period	-4,055	7,249
Income taxes recognised through profit or loss	4,386	13,506
Financial expenses recognised through profit or loss	12,016	8,039
Financial income recognised through profit or loss	-13,445	-2,689
Income from participations through profit or loss	-35,082	-34,034
Earnings from companies accounted for using the equity method	3,507	622
Income from unrealised currency translation recognised through profit or loss	-1,608	2,319
Unrealised other financial result	444	-444
Income from the disposal of other intangible assets, software, rights of use and equipment recognised through profit or loss	-3	49
Income from divestments of financial assets recognised through profit or loss	-1,134	-11
Share-based payment through profit or loss	3,013	-725
Depreciation, amortisation and impairment	50,713	43,371
Write-ups non-current assets	-187	0
Results from fair value adjustments to investment property	-1,529	0
Results from fair value adjustments to securities	722	3,725
Results from fair value adjustments to loans	659	2,513
Results from fair value adjustments to hedges	297	0
Expenses of the deconsolidation of subsidiaries	31	2,416
Income from the deconsolidation of subsidiaries	-1,093	-18,087
Other non-cash items	-14,176	-519
Changes in inventories, receivables and other assets that are not attributable to investment activities	15,851	44,669
Proceeds and payments from the temporarily consolidation of investment properties (Inventories) and related financing (Loans) for items in which the turnover is quick, the amounts are large, and the maturities are short	-4,379	11,468
Changes in liabilities that are not attributable to financing activities	26,858	26,111
Distributed income from participations	34,682	34,096
Interest paid	-8,281	-6,756
Interest received	10,723	1,978
Income tax payments	-5,102	-17,961
Cash flow from operating activities	**73,827**	**120,907**

EUR k	2023	2022
Payments for investments in other intangible assets, software and equipment	-8,385	-5,942
Payments received from the disposal of intangible assets and equipment	284	121
Payments for the development of investment property	0	-53
Payments for the acquisition of securities and short-term investments	-10	-30,000
Payments received from the disposal of securities and short-term investments	91,963	154,084
Payments for the acquisition of participations	-16,946	-26,578
Payments received from the disposal of participations	1,236	8,474
Payments for investments in companies accounted for using the equity method	-40,251	-1,641
Payment received through distributions of companies accounted for using the equity	18	7,614
Payments received from the repayment of shares of companies accounted for using the equity method	0	9,674
Payments received from the disposal of companies accounted for using the equity method	3,938	0
Payments received from the repayment of loans to companies with participation interest	482	7
Payments for loans to companies with participation interest	-850	-115
Payments received from the repayment of other loans	1,272	39,249
Payments for other loans	-24,831	-1,876
Changes from hedges	741	-444
Payments received from the disposal of consolidated companies and other business units	0	25,781
Payments for the disposal of consolidated companies and other business units	0	-18,973
Payments for the acquisition of consolidated companies and other business units	-21,551	-82,535
Cash flow from investing/divesting activities	**-12,891**	**76,847**
Borrowing of loans	26,768	0
Repayment of loans	-34,213	-103,772
Repayment of leasing liabilities	-9,140	-10,678
Interest paid	-801	-237
Payments for purchase of shares of non-controlling interests	-16,801	0
Payments of profit shares to non-controlling interests	-396	-513
Payments of dividends to shareholders	-28,288	-28,316
Payments for buy-backs of own shares	-7,700	-42,639
Paymetns for share-based payment	0	-718
Cash flow from financing activities	**-70,571**	**-186,872**
Change in cash and cash equivalents	-9,635	10,882
Cash and cash equivalents as at 01.01.	**349,518**	**341,260**
Effects of changes in foreign exchange rates on cash and cash equivalents	298	-2,623
Cash and cash equivalents as at 31.12.	**340,181**	**349,518**

Consolidated statement of changes in equity

for the period from 1 January to 31 December 2022

EUR k	Share capital	Capital reserve	Retained earnings (legal reserves)	Currency translation difference	Remeasurements of defined benefit plans according to IAS 19	Revaluation reserve according to IFRS 9	Consolidated unappropriated profit	Equity of the shareholders of the parent company	Equity of non-controlling interests	Total
As at 01.01.2022	**88,620**	**89,831**	**505**	**2,317**	**99**	**179,716**	**921,720**	**1,282,809**	**35,694**	**1,318,503**
Net profit for the period	0	0	0	0	0	0	7,284	7,284	-35	**7,249**
Other comprehensive income	0	0	0	-4,828	4,708	10,528	0	10,409	126	**10,535**
Total comprehensive Income	**0**	**0**	**0**	**-4,828**	**4,708**	**10,528**	**7,284**	**17,693**	**91**	**17,784**
Non-controlling interests arising from the inclusion of new companies	0	0	0	0	0	0	0	0	45,357	**45,357**
Disposal group	0	0	0	-1	0	0	0	-1	0	**-1**
Dividend distribution to shareholders in cash	0	0	0	0	0	0	-28,316	-28,316	0	**-28,316**
Non-controlling interests arising from the sale of shares	-0	0	0	9	0	-555	0	-546	546	**0**
Purchases of shares of non-controlling interests	0	0	0	-0	0	2	-1	1	-1	**0**
Payout of profit shares to non-controlling interests	0	0	0	0	0	0	0	0	-513	**-513**
Share-based payment	0	-718	0	0	0	0	0	-718	0	**-718**
Other changes	0	0	0	0	0	0	12,447	12,447	-14,828	**-2,381**
Share buy-back	-3,507	-39,129	0	0	0	0	0	-42,636	0	**-42,636**
Disposal of shares	1,062	17,196	0	0	0	0	0	18,259	0	**18,259**
As at 31.12.2022	**86,175**	**67,181**	**505**	**-2,502**	**4,807**	**189,691**	**913,135**	**1,258,992**	**66,346**	**1,325,338**

for the period from 1 January to 31 December 2023

EUR k	Share capital	Capital reserve	Retained earnings (legal reserves)	Currency translation difference	Remeasurements of defined benefit plans according to IAS 19	Revaluation reserve according to IFRS 9	Consolidated unappropriated profit	Equity of the shareholders of the parent company	Equity of non-controlling interests	Total
As at 01.01.2023	**86,175**	**67,181**	**505**	**-2,502**	**4,807**	**189,691**	**913,135**	**1,258,992**	**66,346**	**1,325,338**
Net profit of the period	0	0	0	0	0	0	5,773	5,773	-9,828	**-4,055**
Other comprehensive income	0	0	0	-2,994	-1,864	-72,103	0	-76,961	-1,410	**-78,371**
Total comprehensive Income	**0**	**0**	**0**	**-2,994**	**-1,864**	**-72,103**	**5,773**	**-71,188**	**-11,238**	**-82,426**
Disposal Group	0	0	0	1,643	0	0	0	1,643	0	**1,643**
Capital increase	0	0	0	0	0	0	0	0	530	**530**
Dividend distribution to shareholders in cash	0	0	0	0	0	0	-28,288	-28,288	0	**-28,288**
Payout of profit shares to non-controlling interests	0	0	0	0	0	0	0	0	-396	**-396**
Reclassification	0	0	0	0	0	0	440	440	-440	**0**
Purchases of shares of non-controlling interests	0	0	0	-1	0	16,309	-17,862	-1,553	-15,249	**-16,801**
Share-based payment	0	3,046	0	0	0	0	0	3,046	0	**3,046**
Other Changes	0	0	0	0	0	-3,238	1,231	-2,007	-1	**-2,008**
Share buy-back	-684	-7,016	0	0	0	0	0	-7,700	0	**-7,700**
Disposal of shares	353	2,494	0	0	0	0	0	2,846	0	**2,846**
As at 31.12.2023	**85,844**	**65,704**	**505**	**-3,853**	**2,943**	**130,660**	**874,429**	**1,156,232**	**39,553**	**1,195,785**

Notes to the consolidated financial statements

for the period from 1 January to 31 December 2023

General information

PATRIZIA SE (hereinafter also referred to as PATRIZIA or the Group) is a listed stock corporation. The registered office of the Company is Fuggerstraße 26, 86150 Augsburg (Augsburg Local Court, HRB 37716).

PATRIZIA is a leading partner for global real assets and one of the leading independent real asset investment companies in Europe. As at 31 December 2023, 971 employees (FTE) are on hand for its clients in 28 locations worldwide. PATRIZIA provides a wide range of services, from asset and portfolio management to the execution of acquisitions and disposal transactions for almost all real estate and infrastructure sectors to alternative investments and project developments. Its clients include institutional and semi-professional investors such as insurance firms, pension fund institutions and sovereign funds from Germany, Europe, the US and Asia in addition to private investors. PATRIZIA develops bespoke products for its clients in line with their individual return expectations, diversification objectives and risk styles.

1 Principles applied in the preparation of the consolidated financial statements

The consolidated financial statements of PATRIZIA SE as at 31 December 2023 have been prepared in accordance with IFRS, as applicable in the EU, and in compliance with the provisions of German commercial law in line with section 315e of the Handelsgesetzbuch (HGB – German Commercial Code). All effective 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 by the end of the reporting period. The income statement was prepared in line with the nature of expense method.

The financial year is the calendar year. The consolidated financial statements are prepared in Euro. The amounts, including the previous year’s figures, are shown in thousands of Euro (EUR k) unless stated otherwise. Please note that differences can occur when using rounded amounts and percentages.

1.1 New financial reporting standards effective in the financial year and revision of the notes of the consolidated financial statements

As at the time of the preparation of the consolidated financial statements, the following new and amended standards and interpretations are effective for the first time in the financial year:

Standard	Title
Amendments IFRS 17	Amendments to IFRS 17
Amendments IFRS 17	Initial Application of IFRS 17 and IFRS 9 - Comparative Information
Amendments IAS 1	Disclosure of Accounting Policies
Amendments IAS 8	Definition of Accounting Estimates
Amendments IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments IAS 12	International Tax Reform – Pillar Two Model Rules

The standards and interpretations to be applied for the first time as of 1 January 2023 had no material effect on the consolidated financial statements.

1.2 New financial reporting standards effective in future periods

The following standards, amendments to standards and interpretations had already been published by the IASB at the time the consolidated financial statements were prepared, but will only become effective in later reporting periods and will not be applied early by the Group:

Standard	Title	Date of adoption	Planned adoption
Endorsed			
Amendments IAS 1	Classification of Liabilities as Current or Non-current	01.01.2024	01.01.2024
Amendments IAS 1	Non-current Liabilities with Covenants	01.01.2024	01.01.2024
Amendments IFRS 16	Lease Liability in a Sale and Leaseback Transaction	01.01.2024	01.01.2024
Endorsement pending			
Amendments IAS 7 / IFRS 7	Supplier Finance Arrangements	01.01.2024	01.01.2024
Amendments IAS 21	Lack of Exchangeability	01.01.2025	01.01.2025

The amendments to these listed standards are not expected to have a material impact on the consolidated financial statements.

2 Consolidated group and consolidation methods

2.1 Consolidated group

The consolidated financial statements of PATRIZIA SE include the financial statements of the parent company and 142 (31 December 2022: 137) subsidiaries. Subsidiaries are directly or indirectly controlled by the parent company and are included in the consolidated financial statements in accordance with the rules of full consolidation. In addition, six (31 December 2022: six) investments are accounted for in the consolidated financial statements using the equity method (see Chapter 4.8).

The reporting dates of the subsidiaries included in the consolidated financial statements correspond to the reporting date of the parent company.

As at 31 December 2023 45 (31 December 2022: 51) companies are not included in the scope of consolidation as they have only minor or no business operations and are of minor importance for the Group and for the presentation of a true and fair view of the results of operations, financial position and net assets.

Change in scope of consolidation

All companies included in the consolidated financial statements of PATRIZIA SE are listed in the list of shareholdings (appendix to the notes to the consolidated financial statements). The number of Group companies included in the consolidated financial statements developed as follows in the reporting period:

Subsidiaries

As at 01.01.2023	**137**
Companies acquired	9
Companies founded	18
Reclassifications	1
Mergers	-6
Companies deconsolidated	-17
As at 31.12.2023	**142**

The addition to the scope of consolidation through acquisitions and foundations was mainly due to the acquisition and subsequent legal restructuring of a property portfolio in the form of an acquisition of shares by a controlled fund (see section 4.6). No acquisitions with business operations were completed in the reporting period.

The mergers were carried out to streamline the legal structure of the Group and had no impact on PATRIZIA's consolidated financial statements.

In the course of ordinary business activities, the Group lost control over seventeen subsidiaries and recognised deconsolidation income of EUR 1,093k in the income statement.

Business combinations are accounted for using the purchase method in accordance with IFRS 3. The consideration transferred, measured at fair value, and the fair value of any previously held equity interest are compared to the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. Any excess is recognised as goodwill; any negative difference is recognised immediately in profit or loss as a gain on acquisition at a price below fair value. Non-controlling interests are measured at the proportionate fair value of the acquired net assets (partial goodwill approach). Transaction costs associated with the business combination are recognised in profit or loss as incurred.

2.2 Consolidation of intragroup balances, income and expenses and elimination of intragroup profits

Intragroup balances and transactions, gains and expenses of the companies included in consolidation are eliminated in full on consolidation. Deferred taxes are recognised for temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

2.3 Currency translation

Transactions in foreign currencies are translated at the relevant exchange rates at the time of the transaction. In subsequent periods, monetary assets and liabilities are measured at the reporting date and the resulting translation differences are recognised in profit or loss. Non-monetary items are measured at historical cost in foreign currency and translated at the exchange rate at the date of the transaction.

The financial statements of foreign subsidiaries whose functional currency is not Euro and therefore not the Group's presentation currency are translated using the modified closing rate method. Accordingly, assets and liabilities are translated at the respective closing rate. Income and expenses are translated at the average exchange rate for the year. The resulting translation differences are recognised separately in equity.

The functional currency is the currency of the primary economic environment in which a company operates. As a rule, the functional currency is the currency in which the majority of a company's revenues and costs are incurred, even if this is not the respective national currency of the country of domicile in individual cases.

2023 - Currency translation into EUR

Currency	Closing rate 31.12.2023	Average exchange rate 2023
AUD	1.63	1.63
CAD	1.46	1.46
CHF	0.93	0.97
DKK	7.45	7.45
GBP	0.87	0.87
HKD	8.63	8.46
HUF	382.80	381.85
JPY	156.33	151.99
KRW	1,433.66	1,412.88
PLN	4.34	4.54
SEK	11.10	11.48
SGD	1.46	1.45
USD	1.11	1.08

2022 - Currency translation into EUR

Currency	Closing rate 31.12.2022	Average exchange rate 2022
AUD	1.57	1.52
CAD	1.44	1.40
CHF	0.98	1.00
DKK	7.44	7.44
GBP	0.89	0.85
HKD	8.32	8.25
HUF	400.87	391.29
JPY	140.66	138.03
KRW	1,344.09	1,358.07
PLN	4.68	4.69
SEK	11.12	10.63
SGD	1.43	1.45
USD	1.07	1.05

3 Summary of key accounting policies

The preparation of the consolidated financial statements requires management to make certain judgements and assumptions as well as estimates that affect the reported amounts and the disclosure of assets and liabilities, income and expenses, and contingent assets and liabilities during the reporting period.

3.1 Discretionary decisions

In applying accounting policies, judgements were required in the following areas that could have a significant effect on the consolidated financial statements:

- Assessing whether significant influence exists over participations (see chapter 4.8)
- Determination of the functional currency of subsidiaries (see chapter 2.3)
- Determining the term of leases with renewal and termination options or, in the case of perpetual leases, the Group as lessee (see chapter 4.5)

3.2 Estimates and assumptions

Estimates and assumptions are made on the basis of the latest reliable information available. The assets, liabilities, income, expenses and contingent assets and liabilities recognised on the basis of estimates and assumptions may differ from the amounts that will be realised in the future. Changes were recognised in profit or loss when better information becomes available. Estimates were mainly made for the following items:

- Valuation of equity investments (see chapter 4.1.4)
- Impairment of goodwill and intangible assets (see chapter 4.2 f.)
- Determination of transaction price for variable consideration (see chapter 4.19.1)
- Allowance for doubtful accounts and contract assets (see chapter 4.1.9)
- Realisability of deferred tax assets (see chapter 4.18.4)
- Recognition and measurement of provisions (see chapter 4.15)
- Impairment of properties reported under the item "Inventories" (see chapter 4.10 and 4.27)
- Valuation of investment property (see chapter 4.6)

4 Notes to the consolidated balance sheet and consolidated income statement

4.1 Financial instruments

4.1.1 Classification and measurement of financial assets and liabilities

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. Carrying amounts are classified as follows: at fair values through profit and loss (FVTPL), at fair value through other comprehensive income (FVTOCI) and at amortised cost (AC). Non-derivative financial instruments are generally recognised for the first time on settlement date and derivative financial instruments on trade date.

Financial assets and liabilities 31.12.2023

	Carrying amounts			Fair value		
EUR k	FVTPL	FVTOCI	AC	Level 1	Level 2	Level 3
Financial assets						
Participations		594,686				594,686
Other non-current financial assets (FVTPL)	10,203					10,203
Other non-current financial assets (AC)			41,146			42,365
Current receivables and other current financial assets[1]			150,202			
Cash and cash equivalents[1]			340,181			
Total	10,203	594,686	531,529	0	0	647,254
Financial liabilities						
Non-current bank loans			164,571			166,228
Non-current bonded loans			69,000			66,047
Current bonded loans[1]			89,000			
Non-current financial liabilities			149,912			123,597
Current financial liabilities[1]			102,945			
Current derivative financial instruments	297				297	
Non-current lease liabilities[1]			43,020			
Current lease liabilities[1]			10,324			
Total	297	0	628,772	0	297	355,872

[1] According to IFRS 7.29 no disclosure of fair values.

Financial assets and liabilities 31.12.2022

	Carrying amounts			Fair value		
EUR k	FVTPL	FVTOCI	AC	Level 1	Level 2	Level 3
Financial assets						
Participations[2]		664,612				664,612
Other non-current financial assets (FVTPL)[2]	10,020					10,020
Other non-current financial assets (AC)[2]			18,174			17,447
Securities[2]	29,602			29,602		
Current derivative financial instruments[2]	444			444		
Current receivables and other current financial assets[1 2]			225,024			
Cash and cash equivalents[1 2]			349,518			
Total	40,066	664,612	592,716	30,046	0	692,079
Financial liabilities						
Current bank loans[1 2]			91,688			
Non-current bonded loans[2]			158,000			146,158
Non-current financial liabilities[2]			134,186			131,119
Current financial liabilities[1 2]			116,080			
Non-current lease liabilities[1 2]			18,339			
Current lease liabilities[1 2]			8,950			
Total	0	0	527,244	0	0	277,277

[1] According to IFRS 7.29 no disclosure of fair values.
[2] The previous year´s figures were restated in line with the new table structure in the year under review.

The fair values of the Group’s financial instruments measured at amortised cost are determined by using the discounted cashflow method, based on a risk-adjusted discounted interest rate. The own non-performance risk as at 31 December 2023 was classified as insignificant.

Financial assets

Financial assets are initially recognised at fair value. For the classification and subsequent measurement of financial assets, IFRS 9 contains three basic categories:

- measured at amortised cost (AC)
- measured at fair value with changes in value recognised in other comprehensive income (FVTOCI)
- measured at fair value with changes in fair value recognised in profit or loss (FVTPL).

If the cash flows consist solely of principal and interest payments and these financial assets are held in a business model with the objective to solely realise contractual cash flows, they are measured at amortised cost. Debt instruments that do not meet these requirements are measured at fair value with changes in value recognised in profit or loss (FVTPL).

Other loans, trade receivables and other receivables are accordingly classified at amortised cost. Non-current loans with cash flows that do not consist solely of principal and interest payments on the principal outstanding are measured at FVTPL in accordance with IFRS 9. Securities held in the short term (fund investments classified as equity instruments) are also measured at FVTPL. For further information we refer to chapter 4.1.4.

Participations are equity instruments that the Group intends to hold for the long term for strategic reasons. In accordance with IFRS 9, the Group has therefore classified participations at FVTOCI at the date of initial recognition. The Group believes that the designation as FVTOCI provides a more meaningful accounting treatment for its strategic investments. Subsequent changes in the fair value of the investment are recognised in other comprehensive income (OCI). Dividend payments received, on the other hand, are recognised in profit or loss.

Cash and cash equivalents include cash and short-term bank deposits held by the Group with a maturity up to three months. The carrying amount of these assets corresponds to their fair value.

Financial liabilities

Financial liabilities are classified and measured at amortised cost unless they are held for trading. If the latter is the case, they are measured at fair value.

Interest-bearing loans are initially recognised at fair value less transaction costs directly associated with the borrowing. After initial recognition, interest-bearing loans are measured at amortised cost using the effective interest method (other financial liabilities).

Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the rights to receive payment expire or the financial asset is transferred to a third party. The Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire. The difference between the carrying amount of a derecognised financial liability and the amount paid is recognised in the statement of profit or loss.

A significant change in the contractual terms of a financial instrument results in its derecognition and the recognition of a new financial asset or financial liability. Non-significant changes result in an adjustment to the carrying amount through profit or loss without derecognition of the financial instrument.

4.1.2 Participations

The development of the participations in the financial year is as follows:

Participations

	2023				2022			
	Dawonia	Dawonia Carry	Other participations	Total carrying amount	Dawonia	Dawonia Carry	Other participations	Total carrying amount
As at 01.01.	**179,680**	**421,593**	**63,340**	**664,612**	**177,418**	**416,229**	**40,329**	**633,976**
Additions	0	0	16,946	16,946	0	0	23,762	23,762
Changes in the consolidated group	0	0	0	0	0	0	73	73
Disposals	0	0	-1,254	-1,254	0	0	-5,684	-5,684
Positive changes in market value	28	92	2,817	2,937	6,764	22,407	8,344	37,515
Negative changes in market value	-18,455	-60,781	-9,732	-88,968	-4,502	-17,042	-2,523	-24,067
Foreign exchange differences	0	0	412	412	0	0	-961	-961
As at 31.12.	**161,253**	**360,904**	**72,529**	**594,686**	**179,680**	**421,593**	**63,340**	**664,612**

PATRIZIA holds a stake in a residential real estate portfolio via Dawonia GmbH. With around 27,000 flats, Dawonia is one of the largest housing companies in Munich and southern Germany. For 80 years, Dawonia has been planning, developing, building and managing apartments which are in high demand, particularly in urban growth regions. The company therefore is very well positioned in this market segment. Around 80% of the housing stock is concentrated in the 20 largest locations in southern Germany, i.e. in conurbations such as Munich and the surrounding area, as well as Nuremberg, Erlangen, Regensburg and Würzburg. Dawonia is now also active outside Bavaria, for example in Hesse.

Furthermore, PATRIZIA holds an interest in OSCAR Lux Carry S.C.S (Dawonia profit entitlements ("Dawonia Carry") – see table above), which entitles PATRIZIA to a variable profit share in connection with the Dawonia investment. The investor consortium and PATRIZIA recently agreed to extend the investment phase of the fund mid-term. The initial investment phase was previously set for ten years and could have ended in 2023. Against this backdrop, a decision on the possible retention or sale of the 5.1% stake in Dawonia GmbH and the realisation of the entitlement to the variable profit share is now expected mid-term accordingly.

This item also includes the shareholdings of 30.0% of the limited partner's capital in a project development company (in the form of a GmbH & Co. KG) and of 30.0% and in the associated general partner GmbH, as there is no significant influence due to the provisions of the partnership agreement (see Chapter 4.8).

Participations represent interests in unlisted companies that the Group intends to hold on a long-term basis for strategic reasons. In accordance with IFRS 9, the Group has therefore classified these investments as at fair value through other comprehensive income (FVTOCI) at the date of initial application. The Group believes that designating these investments as FVTOCI provides a more meaningful accounting treatment for its strategic investments. Subsequent changes in the fair value of the investment are recognised in other comprehensive income (OCI).

Result from participations

The result from participations reported in the income statement is composed as follows:

Result from participations

EUR k	2023	2022	Change
Performance-based shareholder remuneration	19,908	20,408	-2.4%
Services provided as shareholder contributions	8,896	9,490	-6.3%
Return on equity employed	6,277	4,136	51.8%
Total	**35,082**	**34,034**	**3.1%**

The result from participations in the reporting period results from the investments Dawonia GmbH, Seneca Holdco SCS, PATRIZIA Low Carbon Core Infrastructure Fund, Opportunitäten Europa 2 S.à r.l., PATRoffice Real Estate GmbH & Co. KG and from the fund business for semi-professional and private clients (2022: Dawonia GmbH, Seneca Holdco SCS, TRIUVA Garbe Logistik Europa Fonds, PI LABS III LP, SCIF Investor Vehicle LLP, PATRIZIA EIF II Team Commitment Partner and from the fund business for semi-professional and private clients).

The return on equity employed includes expenses from loss transfers of EUR 0k (2022: EUR 264k). Dividend income from participations measured at FVTOCI amounted to EUR 35,082k in the financial year (2022: EUR 34,298k). The dividends received were exclusively from investments that were still held on the reporting date.

The fair value of the disposed equity investments of at the time of disposal amounts to EUR 1,236k (2022: EUR 5,684k). No gains were realised in the statement of comprehensive income in connection with the final disposal of the equity investments.

For further details regarding the results from participations, please refer to the combined management report under Group earnings situation in chapter 5.4.2.

4.1.3 Other non-current financial assets (AC)

Other non-current financial assets classified at amortised cost have interest rates ranging from 3.0% to 7.5% (2022: 2.5% to 7.5%) and remaining maturity of up to five years. The book value of the loans classified at amortised cost was EUR 41,146k as at 31 December 2023 (31 December 2022: EUR 18,174k).

4.1.4 Determination of fair values of Level 3 financial assets

The tables below show the valuation techniques used to determine Level 3 fair values and the significant unobservable inputs used.

Valuation technique fair value

Type	Valuation technique	Important non-observable input factors	Context between Important non-observable input factors and the valuation at fair value
Participations	Valuation model considers the individual shares of participations as well as assessment basis in particularly the fair value of the net assets (Net asset value). The essential value driver is the respective Fair Value of the contained property assets.	Shares of participations (0.01% - 100%) - important assessment basis: the fair value of the net assets 2023 of the participations (EUR 0m - EUR 3,204m)	Estimated fair value would increase (decrease), if the assessment basis increases (decreases)
Other financial assets (FVTPL)	Since these are convertible loans, the valuation model considers the fair value of the net assets of the borrowers.	The fair value of the net assets 2023: (EUR 0.7m - EUR 7.5m)	Estimated fair value would increase (decrease), if the assessment basis increases (decreases)

For participations, a 10% increase (decrease) in the respective measurement bases, with the other inputs held constant, would result in an increase (decrease) in fair value of EUR 75,869k (2022: EUR 83,176k).

In the case of other non-current financial assets, a 10% increase (decrease) in net assets would lead to an increase (decrease) in fair value of EUR 838k (2022: EUR 899k). The fixed-rate coupons of the convertible loans have no material effect on the valuation.

The table below shows the reconciliation of the opening balance to the closing balance of Level 3 fair values.

Reconciliation of level 3 fair values - 2023

EUR k	Participations	Other non-current financial assets (FVTPL)
As at 01.01.2023	**664,612**	**10,020**
Profit/loss, including in the other comprehensive income (IFRS 9)		
changes of the fair value	-86,031	-677
Profit/loss, including in the net profit for the period		
changes of the fair value	0	
Interest cover	0	
Additions in the financial year	16,946	860
Disposals in the financial year	-1,236	0
Foreign exchange differences	412	0
As at 31.12.2023	**594,686**	**10,203**

Reconciliation of level 3 fair values - 2022

EUR k	Participations	Other non-current financial assets (FVTPL)	Securities
As at 01.01.2022	**633,976**	**15,853**	**15,742**
Profit/loss, including in the other comprehensive income (IFRS 9)			
changes of the fair value	13,447	0	0
Profit/loss, including in the net profit for the period			
changes of the fair value	0	-6,233	0
Interest cover	0	96	0
Additions in the financial year	23,762	400	0
Disposals in the financial year	-5,684	0	-15,742
Foreign exchange differences	-961	0	0
Changes in the consolidated group	73	0	0
As at 31.12.2022	**664,612**	**10,020**	**0**

4.1.5 Securities

The balance sheet item securities amounts to EUR 0k at the end of the current financial year (31 December 2022: EUR 29,602k). The decrease results from the sale of shares in the PATRIZIA Low Carbon Core Infrastructure fund during the financial year 2023.

4.1.6 Derivative financial instruments

PATRIZIA is exposed to various financial risks in the course of its ordinary business activities and hedges these economically as required using derivative financial instruments. In the current reporting period, a currency risk was hedged using a derivative financial instrument, which had a fair value of EUR -297k as at 31 December 2023 (31 December 2022: EUR 444k) and was measured using observable measurement parameters such as exchange rates and yield curves (Level 2 fair value hierarchy). As at 31 December 2022, the Group recognised a positive fair value of EUR 444 thousand due to an economic hedge of a market price risk from co-investments in listed investment funds (Level 1 fair value as measurement is based on share prices). The hedge was terminated as part of the sale of the co-investments in 2023. The derivative financial instruments are classified as "held for trading" for accounting purposes and measured at fair value through profit or loss.

4.1.7 Current receivables and other current financial assets

Current receivables and other current financial assets are composed as follows:

Current receivables and other current financial assets

EUR k	2023	2022
Trade receivables	**122,856**	**136,581**
Receivables from services	89,540	102,629
Receivables from property sales	10	38
Other	33,306	33,914
Other financial assets	**27,346**	**88,443**
Term deposits	10,497	72,380
Receivables from other investees and investors	4,058	4,024
Other[1]	12,791	12,039
As at 31.12	**150,202**	**225,024**

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

Other trade receivables essentially include accrued purchase and performance fees that were earned at the end of the financial year and will become cash in later periods.

Due to the term of the time deposits of EUR 10,497k (31 December 2022: EUR 72,380k) of more than 3 months, these are reported in the balance sheet items trade receivables and other financial assets instead of in the balance sheet item cash and cash equivalents.

The item of other financial assets “Other" essentially includes deposits, creditors with debit balances and current employee loans.

4.1.8 Cash and cash equivalents

As at 31 December 2023 the Group has EUR 340,181k of cash and cash equivalents (31 December 2022: EUR 349,518k).

Regulatory reserve for asset management companies as a part of cash and cash equivalents amount to EUR 47,190k (31 December 2022: EUR 41,265k).

4.1.9 Default risk and impairment of financial assets

Default risks exist for all financial assets and are limited to their carrying amount. For participations and other non-current financial assets the default risk is already taken into account in the determination of the fair value. For all financial assets measured at amortised cost, the impairment model "expected credit loss" (ECL) is applied in accordance with IFRS 9. In the Group, this generally applies to the following financial assets:

- Other non-current financial assets (AC)
- Current receivables and other current financial assets
- Cash and cash equivalents

The Group's default risk results primarily from trade receivables. Appropriate risk provisions have been made for these financial assets. For trade receivables, collateral exists for global sales in the form of an economic right of retransfer of the sold properties in the event of default by the customer. In the case of the sale of individual flats, ownership is not transferred until the purchase price has been received in full, so that there is no default risk.

Impairments on financial assets are recognised in profit or loss as follows:

Result impairment on financial assets

EUR k	2023	2022
Impairment result for trade receivables and contract assets	-201	-203
Total impairment	**-201**	**-203**

The result from impairment of trade receivables and contract assets includes losses on receivables of EUR 68k in the reporting period (2022: EUR 270k).

The development of the allowance for trade receivables is as follows:

Impairment losses on trade receivables

EUR k	2023	2022
Value adjustment for sales as at 01.01.	29	114
Value adjustment for rent receivables as at 01.01.	354	444
As at 01.01.	**383**	**558**
Changes in the consolidated group	-22	0
Net revaluation of value adjustment	69	-175
As at 31.12.	**429**	**383**

The Group's default risk is mainly determined by the overdue nature of receivables. Furthermore, the type of sales from which the receivables result is also relevant.

The following table contains information on the default risk and the expected credit losses for receivables from sales of various project developments and services from fund management.

2023 Credit risk and expected credit losses

EUR k	Loss rate (weighted average) 31.12.2023	Gross carrying amount 31.12.2023	Value adjustment 31.12.2023	Affected credit rating 31.12.2023
Low risk - maturity up to 90 days	0.0%	109,217	0	no
Medium risk - maturity up to 180 days	0.0%	4,919	0	no
Doubtful - maturity over 180 days	0.0%	4,913	0	no
Total default risk/expected credit losses	**0.0%**	**119,049**	**0**	

2022 Credit risk and expected credit losses

EUR k	Loss rate (weighted average) 31.12.2022	Gross carrying amount 31.12.2022	Value adjustment 31.12.2022	Affected credit rating 31.12.2022
Low risk - maturity up to 90 days	0.0%	108,985	0	no
Medium risk - maturity up to 180 days	0.0%	5,880	0	no
Doubtful - maturity over 180 days	0.2%	15,987	29	no
Total default risk/expected credit losses	**0.2%**	**130,852**	**29**	

The Group uses corresponding allowance matrices to measure the expected credit losses of trade receivables from rentals, property sales and other services (with and without fund management).

The loss rates are based on historical values adjusted for prospective expectations concerning the real-estate related receivables. Here we consider macro-economic developments and current information from our real-estate assets under management. In 2023 no adjustments of loss rates were necessary.

The following table provides information on the estimated default risk and expected credit losses for receivables from rentals, property sales and other services (excluding fund management).

2023 Loss rate (weighted average)

EUR k	not yet due	due up to 30 days	due up to 60 days	due up to 90 days	due up to 120 days	due up to 180 days	due up to 365 days	due since 365 days	
Rent receivables	3%	3%	25%	25%	75%	75%	100%	100%	
Receivables from sales	0%	0%	0%	0%	75%	75%	100%	100%	
Receivables from other services (without fund management)	0%	0%	25%	25%	75%	75%	100%	100%	
Gross carrying amount	**3,437**	**204**	**6**	**196**	**3**	**4**	**30**	**357**	**4,236**
Value adjustment	**23**	**0**	**1**	**49**	**2**	**3**	**8**	**343**	**429**

2022 Loss rate (weighted average)

EUR k	not yet due	due up to 30 days	due up to 60 days	due up to 90 days	due up to 120 days	due up to 180 days	due up to 365 days	due since 365 days	
Rent receivables	3%	3%	25%	25%	75%	75%	100%	100%	
Receivables from sales	0%	0%	0%	0%	75%	75%	100%	100%	
Receivables from other services (without fund management)	0%	0%	25%	25%	75%	75%	100%	100%	
Gross carrying amount	**5,481**	**239**	**2**	**2**	**3**	**18**	**21**	**345**	**6,111**
Value adjustment	**0**	**0**	**1**	**0**	**2**	**13**	**21**	**345**	**383**

A write-off due to default (loss on receivables) is made when there is no reasonable expectation that the contractual cash flows will be realised. This is the case when internal or external information indicates that it is unlikely that the Group will receive the outstanding contractual payments in full.

No impairment is made for bank balances and time deposits, because the concerning expected credit loss is immaterial. Liquid funds in foreign currency are valued according to IAS 21. The default risk with regard to credit balances from the investment of liquid funds with credit institutions is essentially excluded through risk diversification (large number of credit institutions) and the selection of credit institutions with strong credit ratings (from BBB rating onwards).

Investigations by the Group showed that no risk provisioning is required for other non-current financial assets, which are accounted for at amortised cost. The risk has not changed since the date of acquisition; there are no indications of a deterioration in the borrower's rating. The risk at the time of acquisition was assessed as immaterial.

There is currently no concentration of risks in the Group due to a broad counterparty structure.

4.1.10 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. PATRIZIA is exposed to interest rate risk, foreign currency risk and equity market risk in the ordinary course of business.

Interest rate risk

The Group is mainly exposed to interest rate risks from the volatility of the interest income from cash and cash equivalents caused by the fluctuations of the underlying market interest rates. An increase (decrease) of the market interest rates by 100 basis points would lead to an increase (decrease) of the interest income of EUR 3,507k (EUR 3,507k) (2022: EUR 4,219k (EUR 4.219k)). Interest rate risks are minimised by agreeing mainly fixed interest rates and by active liquidity management. The carrying amount represents the maximum credit exposure, for more details please refer to 4.1.8.

Foreign currency risk

PATRIZIA is in general exposed to currency risks from financial instruments due to its global business model. However, all operational business activities in terms of sales and expenses are performed in the local currency and no non-derivative financial instruments are held in a foreign currency, there were no foreign currency risk from non-derivative financial instruments at the end of the reporting period. As at 31 December 2023, the Group had partially hedged a currency risk from a Scandinavian property portfolio using a derivative financial instrument. The negative fair value of the derivative would lead to an increase (decrease) in the fair value of around EUR 30k (EUR -30k) if the underlying were to increase (decrease) by 10% while maintaining the other input factors. The Group monitors and assesses its overall currency risk on a regularly basis in order to immediately identify any need for action and to be able to initiate countermeasures such as currency hedging.

Equity market risk

During the financial year 2022 PATRIZIA was exposed to market risks from its investments in the listed funds due to the ordinary course of business (refer to 4.1.5). An increase (decrease) of the share value of these investments by 10% with all other input factors held constant would lead to an increase (decrease) of the fair values by EUR 0k. (2022: EUR 2.960 k). Market risks resulting from these investments are economically hedged by derivative financial instruments. An increase (decrease) in the basis value of these derivative financial instruments in order to minimise the impact of the fair value changes in the shares by 10 % with all other input factors held constant would lead to a decrease (increase) of the fair value by EUR 0k. (2022: EUR 2,512k (EUR 3,399k.)) (refer to 4.1.6).

4.1.11 Liquidity risk

Liquidity risk is defined as the risk that the Group may encounter difficulty in meeting the obligations associated with its financial liabilities. The Group continuously monitors the risk of a liquidity shortage by means of liquidity planning. This liquidity planning takes into account the maturities of financial liabilities and expected cash flows from operating activities. The Group's objective is to ensure continuous coverage of its financial needs through existing liquidity, the use of overdrafts and loans.

Following table shows a prospective liquidity analysis for financial liabilities:

Maturity of undiscounted financial liabilities including interest payments 31.12.2023

EUR k	Carrying amount	Total amount	2024	2025	2026	2027	2028	>2029
Bank loans	164,571	187,958	5,411	46,487	5,271	101,585	29,205	0
Bonded loans	158,000	165,394	91,914	1,490	1,490	70,499	0	0
Other financial liabilities	252,858	254,854	101,561	113,306	644	12,703	0	26,640
Derivative financial instruments	297	297	297	0	0	0	0	0
Lease liabilities	53,344	58,117	9,482	7,040	6,044	6,721	6,421	22,408
Total financial liabilities undiscounted	**629,070**	**666,619**	**208,665**	**168,323**	**13,450**	**191,507**	**35,626**	**49,049**

Maturity of undiscounted financial liabilities including interest payments 31.12.2022

EUR k	Carrying amount	Total amount	2023	2024	2025	2026	2027	>2028
Bank loans[1]	91,688	103,584	103,584	0	0	0	0	0
Bonded loans[1]	158,000	168,308	2,914	91,914	1,490	1,490	70,499	0
Other financial liabilities[1]	250,266	252,639	136,136	102,565	519	1,286	11,250	882
Lease liabilities[1]	27,289	27,712	9,205	3,448	2,961	3,292	3,145	5,661
Total financial liabilities undiscounted	**527,244**	**552,243**	**251,840**	**197,928**	**4,970**	**6,069**	**84,894**	**6,543**

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

The outstanding tranches of the bonded loans taken out in 2017 financial year mature in 2024 and 2027 and are presented accordingly as current bonded loans (EUR 89,000k) and non-current bonded note loans (EUR 69,000k).

Non-current bank loans of EUR 164,571k are mainly loans for real estate properties consolidated within the Group.

Other financial liabilities of EUR 252,858k (31 December 2022: EUR 250,266k) include mainly earn-out liabilities as well as trade payables.

Lease liabilities are described in detail in chapter 4.5.3.

4.1.12 Capital management

The Group monitors its capital structure using the equity and net equity ratios as follows:

Capital management

EUR k	31.12.2023	31.12.2022
Interest-bearing loans	164,571	91,688
Bonded loans	158,000	158,000
Less cash and cash equivalents and short-term deposits, not exceeding the total amount of the above debt	-322,571	-249,688
Net financial liabilities	**0**	**0**
Total Assets	1,999,105	2,045,874
Net total assets	1,676,534	1,796,186
Equity (not including non-controlling interests)	1,156,232	1,258,992
Equity ratio	**57.8%**	**61.5%**
Net equity ratio	**69.0%**	**70.1%**

4.1.13 Financial result

Financial result

EUR k	2023	2022	Change
Interest on bank deposits and loans	8,933	1,520	487.9%
Interest from participations	1,040	374	177.9%
Interest from taxes	886	49	>1,000.0%
Other interest	2,585	745	246.9%
Financial income	**13,445**	**2,689**	**400.1%**
Interest on overdraft facilities and loans	-3,612	-4,024	-10.2%
Interest expenses from taxes	-567	-317	79.0%
Interest expenses from participations	-726	-436	66.3%
Interest expenses - Leasing IFRS 16	-801	-237	238.3%
Other financial expenses	-6,310	-3,025	108.6%
Financial expenses	**-12,016**	**-8,039**	**49.5%**
Other financial result	**-2,396**	**-8,979**	**-73.3%**
Result from currency translation	**-3,801**	**-477**	**696.5%**
Financial result	**-4,769**	**-14,807**	**-67.8%**

Financial income of EUR 13,445k (2022: EUR 2,689k) is attributable to financial assets measured at amortised cost and and recognised according to FVTPL.

Financial expenses of EUR 12,016k (2022: EUR 8,039k) are attributable to financial liabilities measured at amortised cost and recognised at effective interest. The financial expenses include interest expenses calculated using the effective interest method of EUR 1,657k (2022: EUR 1,314k).

Interest on overdrafts and loans mainly includes interest on bonded loans of EUR 2,910k (2022: EUR 3,254k).

The other financial expenses essentially relate to the change in interest rates of pension obligations and interest from the compounding of earn-out liabilities.

The other financial result of EUR -2,396k (2022: EUR -8,979k) mainly includes expenses regarding the revaluation of financial assets.

In the 2023 financial year, the currency result amounted to EUR -3,801k (2022: EUR -477k). This includes realised exchange rate effects of EUR 4,177k (2022: EUR 1,866k) as well as non-cash exchange rate effects of EUR -819k (2022: -2,344k).

Net gains/losses by category

EUR k	31.12.2023	31.12.2022
Financial assets and liabilities, which are mandatory measured at FVTPL	-1,253	-5,009
Financial assets, which are measured at amortised cost	10,938	2,355
Financial liabilities, which are measured at amortised cost	-9,960	-5,892
Equity investments, which are measured at FVTOCI (without recycling)[1]	-72,103	10,528

[1] Amount after tax

4.2 Goodwill

PATRIZIA Group has recognised goodwill of EUR 376,719k as at 31 December 2023 (31 December 2022: EUR 381,253k). Goodwill of EUR 4,971k (31 December 2022: EUR 5,402k) is tax deductible in future tax periods.

Goodwill

			2023			2022
EUR k	Cost	Amortisation	Carrying amounts	Cost	Amortisation	Carrying amounts
As at 01.01.	**386,647**	**-5,394**	**381,253**	**216,444**	**0**	**216,444**
Additions	0	0	0	0	-5,394	-5,394
Changes in the consolidated group	320	0	320	172,164	0	172,164
Disposals	0	0	0	0	0	0
Foreign exchange differences	-4,854	0	-4,854	-1,961	0	-1,961
As at 31.12.	**382,113**	**-5,394**	**376,719**	**386,647**	**-5,394**	**381,253**

The goodwill resulting from a business combination is recognized at cost less any impairment and reported separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group´s cash-generating units (CGUs) that are expected to benefit from the synergies of the combination.

Corporate management and monitoring take place on the basis of functions. This functional management is carried out in the "Management Services" and "Investments" segments.

Within the segments, the cash-generating units are defined as follows:

"Management Services" segment:

- Core business
- PATRIZIA Global Partners
- Retail business
- Alternative investments
- PATRIZIA Japan KK
- BrickVest

"Investments" segment:

- Co-investments
- Principal investments
- Assets related to fund business

As at 31 December 2023, goodwill was allocated to the cash-generating units as follows:

- Core business: EUR 366,083k (31 December 2022: EUR 370,172k)
- PATRIZIA Global Partners: EUR 6,768k (31 December 2022: EUR 6,783k)
- PATRIZIA Japan KK: EUR 3,867k (31 December 2022: EUR 4,298k)

The change in total goodwill compared to 31 December 2022 is mainly due to exchange rate changes of EUR -4,854k (2022: EUR -1,961k). These exchange rate changes are mainly due to the exchange rate development of the Australian dollar as well as the British pound.

The Group tests the goodwill for impairment at least once per year in accordance with IAS 36. Moreover, if there is an indication, an impairment test is performed in addition.

The recoverable amount of the cash-generating units was determined by calculating the value in use, using measurement methods based on discounted cash flows. These discounted cash flows are based on the financial planning 2024 approved by the Board of Directors. The cash flow forecasts take into account past experience and are based on management estimates of future developments and external economic data. The cash flows were derived from forecasts of future cash flows from the respective fund management contracts and realised synergies. Cash flows beyond the planning period are projected at a growth rate of 1.0% p. a. (2022: 1.0%).

The weighted average cost of capital (WACC) was used to discount the cash flows applying costs of capital before income taxes specific to the cash-generating units.

In the year 2023, the following cost of capital rates (before taxes) were derived for the cash-generating units:

- Core Business: 10.0% (2022: 10.7%)
- PATRIZIA Global Partners: 9.0% (2022: 10.0%)
- PATRIZIA Japan KK: 8.3% (2022: 9.5%)

The impairment test performed in 2023 did not give rise to any impairment requirement as the recoverable amount exceeds the carrying amount of the respective cash-generating unit.

These assumptions and the underlying method can have a significant influence on the respective values and ultimately on the amount of possible goodwill impairment.

Sensitivity analyses were carried out for key assumptions (WACC, cash flows) used in the impairment testing of cash-generating units. In each of the sensitivity analyses, the key assumptions were changed by 10.0% compared to the base value.

Based on these analyses and taking into account the change in key assumptions on which the impairment tests are based, there is no sufficiently probable scenario that would lead to a need for impairment for the cash-generating units.

4.3 Other intangible assets

Other intangible assets

EUR k	2023 Cost	2023 Amortisation	2023 Carrying amounts	2022 Cost	2022 Amortisation	2022 Carrying amounts
As at 01.01.	**254,530**	**-147,396**	**107,134**	**227,492**	**-135,750**	**91,742**
Additions	0	-17,093	-17,093	0	-15,327	-15,327
Changes in the consolidated group	-408	0	-408	32,168	0	32,168
Disposals	-279	279	0	-489	489	0
Foreign exchange differences	567	-881	-314	-4,641	3,192	-1,449
As at 31.12.	**254,411**	**-165,091**	**89,320**	**254,530**	**-147,396**	**107,134**

Other intangible assets

EUR k	31.12.2023	31.12.2022
Fund management contracts	89,101	106,834
PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH	43,908	47,646
PATRIZIA PROPERTY INVESTMENT MANAGERS LLP	6,395	9,495
PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH	16,333	18,037
PATRIZIA PTY LTD	10,237	17,237
PATRIZIA INFRASTRUCTURE LTD	5,167	5,819
ADVANTAGE Investment Partners A/S	4,301	5,113
Other	2,760	3,487
Other intangible assets	219	300
Total	**89,320**	**107,134**

The decrease in other intangible assets compared to 31 December 2022 is mainly due to the ongoing amortisation of the fund management contracts over the amortization period.

In the financial year, write-downs were made on fund management contracts totaling EUR 17,009k (2022: EUR 14,891k). In the course of impairment tests of fund management contracts as at 31 December 2023, unscheduled impairments of EUR 4,344k (2022: EUR 1,916) were recognised on three (2022: three) fund management contracts due to disposals and termination of funds.

The currency effects of EUR -314k (2022: EUR -1,449k) result from the currency translation of the fund management contracts as at the reporting date.

The fund management contracts were recognised as part of acquisitions made in the past. In the course of the purchase price allocations, they were recognised separately and measured at fair value at the closing.

In subsequent periods, these fund management contracts are measured at cost less accumulated amortisation and any accumulated impairment losses, in line with the individually acquired intangible assets. The amortisation period for the fund management contracts is based on the expected remaining terms (1 to 22 years) of the fund contracts. Since their development cannot be determined with certainty in advance, the straight-line depreciation method was chosen. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period.

At least once a year, it is examined whether there is an indication of impairment. Moreover, if there is an indication, an impairment test is performed in addition. This review is usually performed at the individual fund level. The recoverable amount is determined. If the recoverable amount is lower than the carrying amount, the difference is recognised as an impairment loss in the result for the period. If the reason for the impairment no longer exists, the impairment is reversed through profit or loss.

4.4 Software

Software

EUR k	2023 Cost	2023 Amortisation	2023 Carrying amounts	2022 Cost	2022 Amortisation	2022 Carrying amounts
As at 01.01.	**45,339**	**-37,259**	**8,080**	**44,013**	**-29,809**	**14,204**
Additions	871	-2,226	-1,355	1,611	-7,730	-6,119
Changes in the consolidated group	0	0	0	0	0	0
Disposals	-5,874	5,874	0	-281	281	0
Foreign exchange differences	-0	0	0	-4	0	-4
As at 31.12.	**40,335**	**-33,610**	**6,725**	**45,339**	**-37,259**	**8,080**

Software is measured at amortised cost. The acquisition costs include the directly attributable acquisition and provision costs.

Scheduled amortisation is carried out according to the straight-line method. The depreciation period is based on the expected useful life. Acquired software is depreciated over three to ten years.

4.5 Leasing

At the inception of the contract, the Group assesses whether the contract creates or contains a lease. This is the case if the contract entitles the lessee to control the use of an identified asset for a certain period of time in return for payment of a fee.

4.5.1 Lessee

The classes of assets underlying leases relate to:

- Rental contracts for business and office premises
- Motor vehicles
- IT equipment (IT)

The Group measures all leases using a uniform model - with the exception of current leases (term up to 12 months) and leases of low value underlying individual asset with a new value of less than EUR 5k). The lessee's balance sheet shows assets (from the right of use) and liabilities (from the lease obligation) for all identified leases.

4.5.2 Rights of use

The rights of use are as follows:

Rights of use

	2023			2022		
EUR k	Cost	Amortisation	Carrying amounts	Cost	Amortisation	Carrying amounts
As at 01.01.	**58,867**	**-32,151**	**26,715**	**63,745**	**-30,006**	**33,740**
Additions	35,506	-10,611	24,895	3,647	-10,443	-6,797
Changes in the consolidated group	0	0	0	1,955	-1,104	851
Disposals	-4,447	4,135	-312	-10,107	9,141	-966
Foreign exchange differences	-17	15	-3	-374	261	-113
As at 31.12.	**89,908**	**-38,612**	**51,296**	**58,867**	**-32,151**	**26,715**

Rights of use by class

EUR k	2023	2022	Change
Rental contracts for business and office premises	49,836	25,351	96.6%
Motor vehicles	1,426	1,171	21.8%
IT	34	193	-82.5%
Total	**51,296**	**26,715**	**92.0%**

In the year 2023, the rights of use mainly increased due to the addition of rental contracts for business and office premises, in particular for a location in London. On the other hand, rights of use partly decreased due to scheduled depreciation over the term of the contracts.

The right of use is measured at cost. At the time of acquisition (date of provision), this includes the amount from the initial valuation of the leasing liability plus any initial direct costs of the lessee. In the case of leasing contracts for business and office premises as well as vehicle leasing contracts, leasing and non-leasing components are separated. Non-lease components are expensed immediately.

In subsequent measurement, the right of use is amortised over the term of the contract. In addition, the right-of-use asset is adjusted on an ongoing basis for certain revaluations of the lease liability and reduced for impairment losses, if any. Impairment arises for example, if leased assets that cannot be terminated in the short term are no longer used in the future.

4.5.3 Lease liabilities

The following table shows the remaining terms of the undiscounted Lease liabilities including interest payments after the balance sheet date:

Maturity of undiscounted Lease liabilities including interest payments 31.12.2023

EUR k	Carrying amount	Total amount	2024	2025 - 2028	2029+
Lease liabilities	**53,344**	**58,117**	**9,482**	**26,226**	**22,408**

Maturity of undiscounted Lease liabilities including interest payments 31.12.2022

EUR k	Carrying amount	Total amount	2023	2024 - 2027	2028+
Lease liabilities	**27,289**	**27,711**	**9,204**	**12,847**	**5,661**

Lease liabilities are measured as the present value of lease payments made during the lease term. Renewal options and perpetual leases that require an estimate of the lease term exist primarily for office leases. This assessment is made at the inception of the lease and is evaluated and adjusted, if appropriate, on an ongoing basis or whenever there is a change in the relevant factors for determining whether an option to renew or terminate is exercised with reasonable certainty. Lease payments in PATRIZIA Group are discounted using the incremental borrowing rate. The incremental borrowing rate is based on the interest rate that the Company would have to apply under comparable economic conditions to borrow funds for the purpose of acquiring an asset of similar value. A uniform discount rate is applied to portfolios of similarly structured leases (e.g. similar assets, similar remaining terms, similar economic environment).

Lease payments included in the measurement of the lease liability comprise:
- fixed payments, including de facto fixed payments,
- variable lease payments linked to an index or (interest) rate, initially measured using the index or (interest) rate in effect at the commitment date,
- amounts expected to be payable under a residual value guarantee; and
- the exercise price of a purchase option if the Group is reasonably certain to exercise it, lease payments for a renewal option if the Group is reasonably certain to exercise it, and penalties for early termination of the lease unless the Group is reasonably certain not to terminate early.

In subsequent measurement, the lease liability is carried forward using the effective interest method and taking into account the lease payments made.

Lease liabilities are remeasured if there is a change in the future lease payments due to a change in an index or (interest) rate, if the Group adjusts its estimate of the expected payments under a residual value guarantee, if the Group changes its estimate of the exercise of a purchase, renewal or termination option or if there is a change in a de facto fixed lease payment. Upon such reassessment of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For short-term (term up to 12 months) and low-value leases (underlying individual asset with a new value of less than EUR 5k), neither a lease liability nor a right of use is recognised. Instead, the lease payments are recognised as an expense on a straight-line basis over the lease term.

4.5.4 Effects on the Earnings and Financial Position

In the financial year, the following amounts were recognised in the income statement from leasing relationships:

Leasing relationships

EUR k	2023	2022	Change
Depreciation rights of use	-10,611	-10,463	1.4%
Interest expenses Leasing liabilities	-801	-237	238.3%
Expenses for short-term leases and leases of a low-value asset	-1,695	-1,633	3.7%
Income from subleases	1,295	504	156.7%
Total	**-11,812**	**-11,829**	**-0.1%**

The amortisation of the rights of use is divided as follows:

Amortisation of rights of use

EUR k	2023	2022	Change
Rental contracts for business and office premises	9,390	9,131	2.8%
Motor vehicle contracts	968	947	2.3%
IT contracts	201	374	-46.3%
Extraordinary amortisation of rental contracts for business and office premise	52	11	376.0%
Total	**10,611**	**10,463**	**1.4%**

Total cash outflows for leases amounted to EUR 10,835k in the reporting period (2022: EUR 12,311k).

4.6 Investment property

The investment properties are as follows as at the balance sheet date:

Investment property

EUR k	2023	2022
As at 01.01	**1,892**	**1,838**
Addition	0	53
Addition Group	47,841	0
Reclassification of inventories	191,668	0
Changes in market value	1,529	0
Foreign exchange differences	3,551	0
As at 31.12.	**246,481**	**1,892**

The investment properties primarily represent property portfolios over which the Group has gained control in the course of its ordinary business activities as an investment manager.

The addition in the financial year is due to the acquisition of a logistics property portfolio as part of a recently initiated investment solution with a focus on the European property market.

Due to the current macroeconomic uncertainties, the Group came to the conclusion in the 2023 financial year that real estate inventory originally consolidated as temporary held assets will not be disposed of in the short term and hence reclassified these as investment properties. This change in use related to office, commercial and residential properties in Germany. These properties are held in their entirety by funds initiated by the Group, for which it acts as investment manager.

The fair value changed by EUR 1,529k in the financial year (2022: EUR 0k) and was recognised in the consolidated income statement.

The table below provides an overview of the types of use of investment property and the underlying valuation techniques.

Valuation technique fair value

Type of use	Valuation technique	Important unobservable input parameters	Relationship between important unobservable input parameters and the valuation of the fair value
Residential real estate	valued internally by means of a detailed project calculation	Comparative values from market transactions, taking into account the location, buyer types, realisation period and technical condition: EUR 3,440/sqm (31 December 2022: EUR 3,440/sqm)	Estimated fair value would increase (decrease), if the assessment basis increase (decrease)
Residential real estate in development	Income approach by an external appraiser	Rental income (EUR 13.10/sqm to EUR 19.15/sqm), maintenance costs (EUR 12.00/sqm) and capitalisation factor (from 37.48x to 40.34x)	Estimated fair value would increase (decrease), if the assessment basis increase (decrease)
Office and commercial real estate	Income approach by an external appraiser	Rental income (EUR 21/sqm to EUR 28/sqm), average maintenance costs (from EUR 10.29/sqm to EUR 10.68/sqm) and capitalisation factor (from 19.96x to 22.39x)	Estimated fair value would increase (decrease), if the assessment basis increase (decrease)
Logistics real estate	Income approach by an external appraiser	Rental income (EUR 7.68/sqm to EUR 13.89/sqm), average remaining lease term 6 years and net yield 6.73%	Estimated fair value would increase (decrease), if the assessment basis increase (decrease)

The following table shows the reconciliation of the opening balance to the closing level 3 fair value by type of use for the 2023 financial year. For the reconciliation of the fair value by type of use for the 2022 financial year, please refer to the above statement of changes in non-current assets, which shows the reconciliation for the sole type of use in 2022, “Residential real estate”.

Reconciliation of level 3 fair values - 2023

EUR k	Residential real estate	Residential real estate in development	Office and commercial real estate	Logistics real estate
As at 01.01	**1,892**	**0**	**0**	**0**
Addition Group	0	0	0	47,841
Reclassification of inventories	0	108,058	83,610	0
Changes in market value	260	0	0	1,268
Foreign exchange differences	0	0	0	3,551
As at 31.12.	**2,152**	**108,058**	**83,610**	**52,661**

With the exception of the residential real estate in development, the Group's investment properties are rented (see section 4.5 Leases). Rental revenue of EUR 3,891k (2022: EUR 70k) and direct operating expenses of EUR 503k (2022: EUR 56k) were recognised in the reporting period. Until the completion of the residential properties in the development phase, there are contractual obligations of EUR 25,961 as at the balance sheet date.

The qualification of real estate as a financial investment is based on a corresponding management decision to use this real estate itself to generate rental income and to realise its potential for rent increases over a longer period of time as well as the associated increases in value. The fair value measurement of investment property is therefore to be assigned to Level 3 overall in accordance with the measurement hierarchy of IFRS 13. The assumptions made in the valuation of the properties could subsequently prove to be partially or fully incorrect. The fair value of real estate is determined not only by the specific factors existing in each property, but also by the development of the real estate market and the general economic situation. Developments that are also possible in the short term could reduce the value of the property assets and worsen the earnings situation.

4.7 Equipment

Equipment

	2023			2022		
EUR k	Cost	Amortisation	Carrying amounts	Cost	Amortisation	Carrying amounts
As at 01.01.	**24,141**	**-14,420**	**9,721**	**21,251**	**-11,508**	**9,743**
Additions	7,514	-2,593	4,921	2,436	-2,514	-77
Changes in the consolidated group	43	0	43	1,347	-1,005	342
Disposals	-1,959	1,876	-83	-653	483	-170
Foreign exchange differences	-24	2	-22	-241	124	-117
As at 31.12.	**29,715**	**-15,135**	**14,580**	**24,141**	**-14,420**	**9,721**

Equipment is valued at amortised acquisition or production cost. The acquisition costs include the directly attributable acquisition and provision costs.

Scheduled depreciation is carried out using the straight-line method. The depreciation period is based on the expected useful life over three to 13 years.

If there are indications, an additional impairment test is carried out. The recoverable amount is determined as the higher of the value in use and the fair value less costs to sell. If the recoverable amount is lower than the carrying amount, the difference is recognised as an impairment loss in the result for the period. If the reason for the impairment no longer exists, the impairment loss is reversed through profit or loss.

4.8 Participations in companies accounted for using the equity method

Participations in companies accounted for using the equity method

	2023			2022		
EUR k	Cost	At equity adjustment	Carrying amounts	Cost	At equity adjustment	Carrying amounts
As at 01.01.	**18,851**	**-12,306**	**6,545**	**26,819**	**-3,072**	**23,747**
Additions	40,251	-3,569	36,682	1,575	-1,620	-46
Changes in the consolidated group	0	0	0	89	0	89
Disposals	-2,914	90	-2,824	-9,607	-7,614	-17,221
Foreign exchange differences	9	0	9	-25	0	-25
As at 31.12,	**56,197**	**-15,785**	**40,412**	**18,851**	**-12,306**	**6,545**

The increase in participations in companies for using the equity method is mainly due to the acquisition of the 49.00% equity investment in Mercury Lux S.à r.l. This increase was partly offset by the profitable sale of the 10.00% equity investment in control.IT Unternehmensberatung GmbH in the first quarter of 2023 (Carrying Amount as at 31 December 2022: EUR 2,824k). In addition, an unscheduled impairment of the equity investment in Cognotekt GmbH was recognised as at 30 June 2023 (no value in use).

The earnings from companies accounted for using the equity method is made up as follows:

Earnings from companies accounted for using the equity method

EUR k	2023	2022	Change
PATRIZIA WohnModul I SICAV-FIS	-1,301	477	-373.0%
Evana AG	-951	-767	23.9%
Mercury Lux S.à r.l.	-1,304	0	/
Others	49	-331	-114.8%
Total	**-3,507**	**-622**	**464.0%**

The equity method is used for the consolidated balance sheet presentation of joint ventures and associated companies. The carrying amount of the investment is adjusted quarterly in accordance with the development of the proportionate equity of the participation. The investment in an entity accounted for using the equity method is the carrying amount of the investment plus any long-term participation that, in substance, represents the owner's net investment in the entity. Initial recognition is at cost. The acquisition costs for the acquired shares are compared with the revalued equity capital attributable to them. Any positive difference is treated as goodwill, negative difference is treated as a gain on acquisition at a price below market value. In subsequent periods, the carrying amount of the investment is adjusted for the proportionate change in equity of the associated company. PATRIZIA's share in the result of the company accounted for using the equity method after acquisition is recognised in the consolidated income statement. The cumulative changes after the acquisition date increase or decrease the carrying amount of the investment. If the losses of an at-equity accounted company attributable to PATRIZIA correspond to or exceed the value of the share in this company, no further share of losses is recognised. Distributions received from the participation reduce the carrying amount of the shares.

PATRIZIA at least checks on each balance sheet date whether there are objective indications of an impairment of the share in the company accounted for using the equity method. If such indications exist, PATRIZIA determines the impairment requirement as the difference between the recoverable amount and the carrying amount of the company accounted for using the equity method. Impairments are recognised in profit or loss in the item "Amortisation of other intangible assets, software, rights of use, property, plant and equipment and financial investments". Impairment losses recognised relate to the carrying amount of the investment in the company accounted for using the equity method as a whole and are not allocated to individual assets or any goodwill contained therein, so that in subsequent periods a reversal of impairment losses can be recognised in profit or loss up to a maximum of the total original carrying amount of the investment before impairment.

At the date of loss of significant influence over the associate, any remaining investment is remeasured to fair value. The difference between the carrying amount of the associate and the fair value of the remaining interest, plus any proceeds on disposal, is recognised in profit or loss under depreciation and amortisation (see Chapter 4.27).

The item "Participations in companies accounted for using the equity method" breaks down as follows:

Participations in companies accounted for using the equity method

Entity	Head office	Equity Investment	31.12.2023 Carrying amounts EUR k	31.12 2022 Carrying amounts EUR k
PATRIZIA WohnModul I SICAV-FIS	Luxemburg	10.10%	306	1,553
Evana AG	Saarbrücken	16.45%	659	1,426
Cognotekt GmbH	Köln	35.67%	0	278
control.IT Unternehmensberatung GmbH[1]	Bremen	n.a.	0	2,824
ASK PATRIZIA (GQ) LLP	Manchester	50.00%	433	424
PATRIZIA MBK FUND MANAGEMENT PTY LTD	Sydney	50.00%	1,005	44
Mercury Lux S.à r.l.	Luxemburg	59.00%	38,009	0

[1] Profitable sale of 10.00% equity investment in Q1 2023

An associate is an entity over which PATRIZIA has the ability to exercise significant influence over operating and financial policies. Significant influence is presumed if a direct or indirect voting interest of at least 20% is held in another company. Although PATRIZA only holds 10.10% in PATRIZIA WohnModul I SICAV-FIS, significant influence exists. The share capital of WohnModul I SICAV-FIS is divided into two share classes A and B. PATRIZIA SE is entitled to shares in share class B only. It holds a total of 51% of the voting rights. In contrast, the shareholder of share class A is entitled to the right to appoint a governing body. PATRIZIA therefore does not exercise a controlling influence, but it does have a significant influence. On the other hand, the presumption of materiality can be rebutted if, despite a share of voting rights of 20% or more, contractual provisions exclude any influence on the exercisable business and company policy and the exercisable rights merely represent protective rights. PATRIZIA holds 30.0% of the limited liability capital of a project development company (in the form of a GmbH & Co. KG) and 30.0% of the shares in the associated general partner GmbH. Significant influence does not exist, as management can neither be exercised nor significantly influenced due to provisions in the partnership agreement, and there is no right to appoint members of governing bodies. The shares in this project development company are reported under the item "Participations" and measured at fair value with changes in value recognised in other comprehensive income (see Chapter 4.1.2).

Ask PATRIZIA (GQ) LLP is a joint venture for a property development in Newcastle/Gateshead in the northern part of the United Kingdom. A joint venture is an arrangement whereby the parties have joint control and joint rights over the net assets. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

For reasons of materiality, additional disclosures for the Ask PATRIZIA (GQ) LLP joint venture as well as the associated companies PATRIZIA MBK FUND MANAGEMENT PTY LTD and Cognotekt GmbH are omitted in the further course and only the information on the associated companies PATRIZIA WohnModul I SICAV-FIS, Evana AG and Mercury Lux S.à r.l. is listed.

PATRIZIA WohnModul I SICAV-FIS

The strategy of PATRIZIA WohnModul I SICAV-FIS is primarily the acquisition of project developments and revitalisation portfolios. Both block sales and individual privatization (unit-by-unit sale) are envisaged as exit strategies.

As part of its investment in PATRIZIA WohnModul I SICAV-FIS, PATRIZIA is subject to the usual real estate-specific risks such as market developments in residential property resales and project developments, as well as fluctuations in interest rates.

The summarised financial information on PATRIZIA WohnModul I SICAV-FIS is given below.

Summary of the financial information on PATRIZIA WohnModul I SICAV-FIS

EUR k	2023	2022
Current assets	38,774	46,370
Non-current assets	0	3,060
Current liabilities	20,807	2,719
Non-current liabilities	0	0
Revenues	102	653
Net income	-999	9,634
Other comprehensive income	0	0
Total comprehensive income	-999	9,634

The result of PATRIZIA WohnModul I SICAV-FIS attributable to PATRIZIA Group amounts to EUR -101k (2022: EUR 973k) in the reporting period.

Statement of reconciliation from the financial information presented to the carrying amount of the equity investment in PATRIZIA WohnModul I SICAV-FIS

EUR k	2023	2022
Net assets of associated company[1]	16,944	19,192
Group shareholding	10.10%	10.10%
Other adjustments	-1,405	-384
Carrying amount of the equity investment	**306**	**1,553**

[1] The net assets of the associate have been adjusted for non-controlling interests.

Other adjustments include income from participations in companies that, based on their substance, are attributable to the associate.

In the financial year, no repayments of shares (2022: EUR 9,595k) were made from PATRIZIA WohnModul I SICAV-FIS to PATRIZIA SE. PATRIZIA WohnModul I SICAV-FIS paid no distributions (2022: EUR 7,575k) to PATRIZIA SE in the financial year. The repayment of shares and the paid distributions were recognised against the participation in associated companies without affecting the income statement.

Evana AG

Evana AG is a provider of data management services and artificial intelligence in the real estate industry. Evana AG's strategy is the development of self-learning algorithms for the processing and evaluation of large data volumes.

Through its investment in Evana AG, PATRIZIA is subject to the risk of delays in the product's market launch and sales success.

A summary of the financial information on Evana AG is shown below.

Summary of the financial information on Evana AG

EUR k	2023	2022
Current assets	866	1,028
Non-current assets	23	2,206
Current liabilities	4,744	2,087
Non-current liabilities	0	0
Revenues	1,464	2,376
Net income	-2,783	-3,887
Other comprehensive income	0	0
Total comprehensive income	-2,783	-3,887

The result of Evana AG attributable to PATRIZIA Group amounts to EUR -458k (2022: EUR -639k) in the reporting period. In addition, a correction of the net income of the financial year 2022 of EUR -365k took place in the reporting period.

Statement of reconciliation from the financial information presented to the carrying amount of the equity investment in Evana AG

EUR k	2023	2022
Net assets of associated company	-3,971	1,545
Group shareholding	16.45%	16.45%
Goodwill	2,964	2,964
Other adjustments	-1,652	-1,748
Carrying amount of the equity investment	**659**	**1,423**

No resolution was passed in the financial year to increase the share capital of Evana AG. Compared to the previous year, the shares in the equity investment are unchanged at 16.45%.

In the financial year, write-ups of EUR 187k were recognized in addition to the ongoing at-equity valuation.

Mercury Lux S.à r.l.

Mercury Lux S.à r.l. is investing indirectly in the expansion of ultra-fast charging stations for e-mobility in supermarket car parks in Germany. The installation of the charging stations is being realised by an external partner. The PATRIZIA Group's stake is held via a consolidated fund of the "European Infrastructure Fund" series.

As part of its investment in Mercury Lux S.à r.l., PATRIZIA is exposed to the opportunities and risks of electromobility as part of the energy transition.

A summary of consolidated financial information on Mercury Lux S.à r.l. and the three subsidiaries ("Mercury Group") are shown below.

Summary of the financial information on Mercury Lux S.à r.l.

EUR k	2023
Current assets	74,334
Non-current assets	10,227
Current liabilities	10,604
Non-current liabilities	78,518
Revenues	256
Net income	-6,456
Other comprehensive income	0
Total comprehensive income	-6,456

The result of Mercury Lux S.à r.l. attributable to PATRIZIA Group amounts to EUR -3.150k (2022: EUR 0k) in the reporting period.

Statement of reconciliation from the financial information presented to the carrying amount of the equity investment in Mercury Lux S.à r.l.

EUR k	2023
Net assets of associated company	-4,558
Group shareholding	49.00%
Goodwill	1,846
Other adjustments	38,396
Carrying amount of the equity investment	**38,009**

The other adjustment of EUR 38,396k mainly relates to long-term shareholder loan.

4.9 Other non-current non-financial assets

Other non-current assets of EUR 2,281k (31 December 2021: 3,497k) mainly relate to contract assets recognised as a result of the acquisition of Whitehelm Capital.

4.10 Inventories

Inventories are composed as follows:

Inventories

EUR k	31.12.2023	31.12 2022
Properties intended for sale	281	88,104
Properties in the development phase	0	71,678
Total	**281**	**159,781**

The reduction in inventories results from the change in use of the properties reported in this position. As at 31 December 2023, it is reported in the position “Investment property” (see Chapter 4.6).

In the previous financial year 2022, “Properties intended for sale” included temporarily held properties on the Group´s balance sheet for the purpose of placement via public funds. In the financial year 2022, the position “Properties in the development phase” mainly included properties within the PATRIZIA German Residential Fund IV.

The item inventories include properties acquired for the purpose of sale in the ordinary course of business or for development and resale. Development also includes modernisation and renovation activities. The assessment and qualification as inventory were already made within the framework of the purchase decision and implemented accordingly in the balance sheet at the time of acquisition.

Inventories are valued at acquisition or production cost. If the expected net realisable value is lower, this is recognised. The acquisition costs include the directly attributable acquisition and provision costs, i.e. in particular acquisition costs for real estate as well as ancillary acquisition costs (notary fees, etc.). Production costs comprise the costs directly attributable to the real estate development process, i.e. in particular renovation costs. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the acquisition or production cost of that asset. The net realisable value is the estimated selling price in the ordinary course of business, less any costs of renovation, refurbishment and disposal.

4.11 Equity

Please see the statement of changes in equity for information on changes in equity.

Share capital

The share capital of the Company amounts, after offsetting treasury shares in the amount of EUR 6,507,043 (31 December 2022: EUR 6,176,119), to EUR 85,844k (31 December 2022: EUR 86,175k) as at the end of the reporting period and was divided into 85,844,433 no-par-value registered shares.

As part of the share buyback programme, PATRIZIA bought back a total of 655,379 shares at an average price of EUR 11.34 per share (incl. transaction costs) in a total volume of EUR 7,432k in the financial year 2023.

The disposal and transfer of shares as part of M&A transactions had an offsetting effect on the Group's share capital in the financial year 2023. A total of 294,200 shares were transferred. In addition, a total of 30,255 shares were transferred to senior management as part of the share-based payment.

The direct parent company of PATRIZIA SE is First Capital Partner GmbH. The parent company of First Capital Partner GmbH and thus the ultimate parent company of PATRIZIA SE is we holding GmbH & Co. KG. Compared to 31 December 2022, First Capital Partner GmbH to hold a stake of 48.578.553 (31 December 2022: 47.844.484) no-par-value shares in PATRIZIA SE which corresponds to a share of 52.60% (31 December 2022: 51.81%).

Capital reserves

Capital reserves changed from EUR 67,181k to EUR 65,704k as at 31 December 2023 mainly due to the share buyback programme, the transfer of shares in connection with M&A transactions as well as the recognition of share-based payment (IFRS 2).

Retained earnings

Legal reserves reported under retained earnings in the amount of EUR 505k as at 31 December 2023 were unchanged compared to the previous period.

Treasury shares

In the financial year, the number of treasury shares changed to 6,507,043 and their total value to EUR 101,589,064 due to the share buyback programme and the transfer of treasury shares in the financial year 2023.

Treasury shares

	Number of shares	Price per share in EUR[1]	Total Value in EUR
As at 01.01.2023	**6,176,119**		**97,412,120**
Share buyback programme	655,379	11.34	7,432,000
Disposal and transfer of shares	-324,455	9.20	-2,985,056
As at 31.12.2023[2]	**6,507,043**		**101,859,064**

[1] Average price per share in EUR from several share purchases/ sales (incl. transaction costs regarding share buyback progamme)
[2] The total value of treasury shares is calculated by adding up all share buyback programmes up to the current reporting date, less all sales of treasury shares in the context of purchase price payments of M&A transactions as well as transfer to the senior management

Consolidated unappropriated profit

The consolidated unappropriated profit decreased from EUR 913,135k in the previous year to EUR 874,429k as at 31 December 2023.

A cash dividend of EUR 28,288k (2022: EUR 28,316k) was distributed to the shareholders in the financial year. The dividend per share amount to EUR 0.33 for the financial year 2022 (2021: EUR 0.32).

Non-controlling interests

There were non-controlling interests of EUR 39,553k as at 31 December 2023 (31 December 2022: EUR 66,346k). The decrease is mainly due to payments for purchase of shares of non-controlling interests.

A profit share of EUR -9,828k (31 December 2022: EUR -35k) was allocated to non-controlling interests in the reporting period.

As at 31 December 2023, profit shares of EUR 396k (31 December 2022: EUR 513k) had been withdrawn by non-controlling interests. These are payments to non-controlling interests, some of whom are also employed by the company.

4.12 Employee benefits

4.12.1 Retirement benefit obligations

The Group has no defined benefit plans. There are exceptions to this for plans that were taken on in past financial years in connection with M&A transactions. Furthermore, defined benefit plans were transferred to the Group in connection with the acquisition of TRIUVA in the 2018 financial year. Defined benefit plans can expose the Group to actuarial risks such as longevity risk, interest rate risk and currency risk.

There were defined benefit obligations for 79 persons (31 December 2022: 79) in total as at the end of the reporting period. 33 of these persons (31 December 2022: 31) are retired and already receive ongoing pension benefits.

The development of retirement benefit obligations and plan assets for defined benefit plans is as follows:

Defined benefit obligation

EUR k	2023	2022
As at 01.01.	**18,046**	**25,868**
Current expenses of employment period	57	124
Remeasurements	2,907	-7,405
thereof adjustments of financial assumptions	358	-7,688
thereof adjustments of demographical assumptions	0	0
thereof other/experience adjustments	1,169	283
Interest expenses	672	262
Pension payments/scheduled payments made	-869	-803
As at 31.12.	**20,813**	**18,046**

Plan assets at fair value

EUR k	2023	2022
As at 01.01.	**331**	**322**
Income/expenses from plan assets (without interests)	-3	6
Interest income/interest expenses	13	3
Contributions to provision plan/employer contributions	0	0
Pension payments/payments made	0	0
Mergers/business transfer	0	0
As at 31.12.	**341**	**331**

Composition of net liability from defined benefit plans

EUR k	2023	2022
Defined benefit obligation	20,813	18,046
Plan assets at fair value	341	331
Net debt	**20,473**	**17,715**

Actuarial assumptions

%	2023	2022
Discounting interest rate	3.14	3.81
Salary trend	3.00	2.25
Pension trend	1.00/2.40	1.00/2.40

[1] Various pension plans are included.

The calculations are based on the current biometric mortality and disability tables according to Prof. Dr Klaus Heubeck (Richttafeln 2018 G).

A change in one of the actuarial assumptions, with all other assumptions remaining constant, would alter the defined benefit obligation as follows:

Sensitivity analyses

		31.12.2023		31.12.2022	
EUR k	Sensitivitiy	Increase	Decrease	Increase	Decrease
Discounting interest rate	+/- 0.50%	-1,342	1,501	-1,142	1,275
Salary trend	+/- 0.50%	32	-31	26	-24
Pension trend	+/- 0.50%	900	-832	778	-720
Life expectancy	+/- 1 Year	1,059	-1,052	833	-838

The above analysis was performed based on an actuarial method that shows the impact on the defined benefit obligation as a result of changes in key assumptions.

In the 2024 financial year, payments due to retirement benefit obligations of EUR 972k (2022: EUR 846k) and contributions to plan assets of EUR 0k (2022: EUR 0k) may arise for the Group.

The average term of retirement benefit obligations is 13.8 years (2022: 13.6 years).

The defined benefit pension plans are valued according to the projected unit credit method on the basis of a pension appraisal by a qualified actuary. The pension obligations in the balance sheet are determined from the present value of the defined benefit obligation at the balance sheet date. The Group recognises actuarial gains and losses for defined benefit pension plans in other comprehensive income in the reporting period in which they occur.

4.12.2 Other employee benefits

The Group makes payments to defined contribution plans for employees. The cost recognised in the financial statements for defined contribution plans (e.g. direct insurance policies, pension funds) amounted to EUR 4,206k for the 2023 financial year (2022: EUR 2,854k).

In addition, there are pension plans for the executive Directors and former member of the Management Board in the form of a pension fund. The Group pays set contributions to an independent entity (fund) in this context. This pension benefit involves a risk of subsidiary liability for the Group if the special fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The commitment of the pension fund is covered on the basis of life insurance policies. The commitment was granted in 2003. A total of EUR 103k (2022: EUR 153k) was paid in contributions to the pension fund for the Executive Directors and former member of the Management Board in 2023. Furthermore, contributions in total of EUR 61k (2022: EUR 61k) were paid to a self-invested personal pension for the former member of the Management Board.

4.13 Long-term accruals

Long-term accruals 2023

EUR k	01.01.2023	Addition	Unused amounts reversed	Utilisation	Reclassification	Time value of money	Foreign exchange differences	31.12.2023
Other provisions long-term	592	0	0	-129	0	4	12	480
Provisions for reorganization expenses long-term	798	0	-438	-255	0	69	0	173
Long-term Litigation risks	8,732	131	0	-689	-7,030	-23	0	1,121
Total	**10,122**	**131**	**-438**	**-1,073**	**-7,030**	**49**	**12**	**1,774**

Long-term accruals 2022

EUR k	01.01.2022	Addition	Utilisation	Time value of money	Foreign exchange differences	31.12.2022
Other provisions long-term	0	713	0	-97	-24	592
Provisions for reorganization expenses long-term	0	880	0	-83	0	798
Long-term Litigation risks	3,978	4,882	-54	-74	0	8,732
Total	**3,978**	**6,475**	**-54**	**-254**	**-24**	**10,122**

Long-term accruals of EUR 1,774k (31 December 2021: EUR 10,122k) mainly relates to litigation risks of EUR 1,121k (31 December 2022: 8,732k).

4.14 Other non-current financial liabilities

Other non-current financial liabilities of EUR 149,912k (31 December 2022: EUR 134,186k) essentially consist of the earn-out liability regarding the M&A transaction Whitehelm Capital of EUR 98,975k (31 December 2022: EUR 110,285k). In addition, the long-term component of the management participation model, which is described in more detail in chapter 7.1, as well as other non-current financial liabilities (see details in chapter 4.1.11).

4.15 Other provisions

Other provisions in the financial year 2023 developed as follows:

Other provisions 2023

EUR k	01.01.2023	Addition	Unused amounts reversed	Utilisation	Reclassification	Foreign exchange differences	31.12.2023
Litigation risks	3,735	1,320	-333	-586	7,030	0	11,166
Indemnification obligation	1,773	0	-226	-1,484	0	0	63
Other current provisions	402	129	-97	-174	0	8	268
Reorganisation costs	7,091	14,662	-126	-7,122	0	1	14,506
Employee benefits	4,238	1,963	-13	-1,924	0	-37	4,227
Total	**17,238**	**18,073**	**-794**	**-11,289**	**7,030**	**-28**	**30,230**

Other provisions 2022

EUR k	01.01.2022	Addition	Changes to the scope of consolidation	Unused amounts reversed	Utilisation	Time value of money	Foreign exchange differences	31.12.2022
Litigation risks	2,685	2,052	0	0	-1,003	0	0	3,735
Indemnification obligation	138	1,710	0	0	-75	0	0	1,773
Other current provisions	0	418	0	0	0	0	-16	402
Reorganisation costs	856	6,980	0	-37	-703	1	-7	7,091
Employee benefits	4,534	5,796	1,288	-294	-7,024	0	-61	4,238
Total	**8,213**	**16,955**	**1,288**	**-331**	**-8,804**	**1**	**-85**	**17,238**

The provisions from litigation risks relate to the current portion of litigation risks and were partially utilized.

The additions in the current period in the provisions from reorganization costs mainly resulting from programs to increase the efficiency of the Group (refer to chapter 4.26).

The provisions for employee benefits listed under other provisions are for unused annual leave, contributions to the employers' liability insurance association and the severely disabled levy.

Provisions are liabilities of uncertain amount or due date. The recognition of a provision generally requires a present obligation as a result of a past event, that a corresponding outflow of resources is probable and that the amount of this outflow of resources can be reliably estimated. Provisions are measured using the best estimate of the extent of the obligation. In the case of significant interest effects, the provisions are discounted.

4.16 Other current financial liabilities

Other current financial liabilities break down as follows:

Other current financial liabilities

EUR k	31.12.2023	31.12.2022
Liabilities from outstanding invoices	38,240	45,073
Liabilities from variable salary components and other personnel costs	36,886	26,660
Trade payables	3,795	4,123
Interest on loans	3,019	1,889
Liabilities to companies with a participating interest	1,329	19,851
Liabilities from subsequent costs for sold	1,472	2,260
Debtors with credit balances	603	526
Accounting and auditing costs	753	598
Liabilities to shareholders	2	2
Liabilities to affiliated companies	0	0
Other	16,848	15,098
Total[1]	**102,945**	**116,080**

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

4.17 Other current non-financial liabilities

Other current non-financial liabilities of EUR 9,403k (31 December 2022: 7,951k) mainly include liabilities regarding other tax.

4.18 Tax

4.18.1 Current tax assets

Current tax assets of EUR 21,091 (31 December 2022: EUR 29,312k) are essentially recognised for receivables due to overpayment of taxes and refunds of withholding taxes in the financial year.

4.18.2 Income tax liabilities

Income tax liabilities of EUR 8,876k (31 December 2022: EUR 18,407k) mainly comprise corporate and trade taxes on the profits of German and non-German subsidiaries.

4.18.3 Actual income taxes

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The calculation of the amount is based on the tax rates and tax laws applicable on the balance sheet date. Tax assets and tax liabilities are offset against each other if the Group has an enforceable right to offset actual tax refund claims against actual tax liabilities and these relate to taxes of the same taxable entity and are levied by the same tax authority.

4.18.4 Deferred tax assets and deferred tax liabilities

The main deferred taxes are presented below:

Deferred tax assets/liabilities

EUR k	31.12.2023 Assets	31.12.2023 Liability	31.12.2022 Assets	31.12.2022 Liability
Fund management contracts	0	26,941	0	31,687
Other intangible assets	895	156	2,970	112
Participations	840	73,447	408	85,683
Liabilities / Provisions	4,001	1,269	4,347	1,950
Leasing	578	11	138	9
Other	1,317	1,671	477	1,976
Total	**7,630**	**103,495**	**8,341**	**121,417**

Deferred taxes on income tax losses of EUR 2,751k (31 December 2022: EUR 2,762k) which arose prior to joining a tax group have not been recognised as there are no plans terminate the respective tax grouping. The losses can be carried forward indefinitely.

In addition, deferred tax assets were not recognised for German and foreign income tax loss carryforwards in the amount of 164,402k (31 December 2022: EUR 165,413k) as the usage of those losses is uncertain. These losses can also largely be carried forward indefinitely.

Temporary differences from participations in subsidiaries for which no deferred taxes were recognised amount to EUR 142,092k (31 December 2022: EUR 131,695k).

Deferred taxes are recognised using the liability method on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base as at the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses carried forward and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses carried forward and tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be at least partially utilised. Unrecognised deferred tax assets are reviewed at each balance sheet date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The tax rates and tax laws used are those that are enacted or substantively enacted by the balance sheet date. Future changes in tax rates must be taken into account on the balance sheet date if material effectiveness requirements are met within the framework of a legislative procedure. Deferred taxes relating to items recognised directly in equity are not recognised in the income statement, but also in equity.

Deferred tax assets and deferred tax liabilities are offset against each other if the Group has a legally enforceable right to set off current tax assets against current tax liabilities, the deferred taxes relate to income taxes related to the same taxable entity and the same taxation authority.

4.18.5 Income taxes in the income statement

The income tax item in the income statement of the consolidated financial statements is composed as follows:

Income taxes

EUR k	2023	2022	Change
Current income taxes	-7,804	-18,715	-58.3%
Deferred taxes	3,418	5,209	-34.4%
Income tax	**-4,386**	**-13,506**	**-67.5%**

The deferred taxes in the income statement mainly result from the change of temporary differences, most of which were caused by amortisation of fund management contracts.

4.18.6 Deferred tax effects in connection with components of other comprehensive income

The deferred tax effects from the statement of comprehensive income are presented below:

Deferred income tax relating to components of other comprehensive income

	2023			2022		
EUR k	Before tax	Tax	Net	Before tax	Tax	Net
Profit/loss arising on the translation of the financial statements of foreign operations	-2,926	0	-2,926	-4,982	0	-4,982
Value adjustments resulting from equity instruments measured including capital gains (IFRS 9)	-86,175	12,704	-73,471	15,853	-5,302	10,552
Value adjustments resulting from remeasurements of defined benefit plans (IAS 19)	-2,907	934	-1,973	7,140	-2,175	4,966
Total	**-92,008**	**13,638**	**-78,371**	**18,012**	**-7,477**	**10,535**

4.18.7 Tax reconciliation statement

The tax reconciliation explains the relationship between the effective tax expense and the expected tax expense resulting from the IFRS consolidated net income before income taxes by applying the income tax rate of 32.10% (2021: 30.83%). The income tax rate consists of 15.00% corporate income tax, 5.50% solidarity surcharge and 16.28% trade tax:

Tax reconciliation statement

EUR k	2023	2022
IFRS consolidated net profit before income taxes	**331**	**20,755**
Income tax expense expected on the above	-106	-6,662
Tax-free income	2.956	5,739
Non-deductible expenses	-1.844	-2,959
Tax rate differences	4.995	-1,643
Change in deferred tax assets on losses	-11.803	-6,742
Use of loss carryforwards not capitalised	498	670
Prior-period effects	459	-2,033
Other tax effects	459	124
Income tax	**-4.386**	**-13,506**

4.19 Revenues

Revenues break down as follows:

Revenues by Country

EUR k	Germany	Luxembourg	United Kingdom	Rest of world	Total
2023					
Revenues from management services	164,844	60,626	29,529	28,611	283,610
Management fees	145,721	45,273	23,720	27,489	242,204
Performance fees	12,940	13,366	219	176	26,700
Transaction fees	6,183	1,987	5,590	946	14,706
Proceeds from the sale of principal investments	0	0	0	0	0
Rental revenues	416	3,915	0	901	5,232
Revenues from ancillary costs	45	13	0	274	332
Other	506	1,165	645	944	3,260
Revenues	**165,810**	**65,720**	**30,174**	**30,731**	**292,434**
2022					
Revenues from management services	175,754	50,469	46,752	21,858	294,833
Management fees	136,585	32,260	41,594	21,104	231,544
Performance fees	25,605	15,244	-60	2	40,791
Transaction fees	13,563	2,965	5,218	752	22,499
Proceeds from the sale of principal investments	282	17,590	0	26,544	44,415
Rental revenues	2,945	1,058	0	1,116	5,119
Revenues from ancillary costs	48	112	0	0	160
Other	-844	950	636	1,019	1,761
Revenues	**178,185**	**70,179**	**47,388**	**50,537**	**346,289**

Geographical allocation is based on the registered office of the unit performing the services.

Revenue is measured on the basis of the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a good or service to a customer.

4.19.1 Revenues from Management Services

Revenues from management services are regularly broken down as follows:

Management fees (excluding result from participations)

Management fees include the remuneration for services such as asset, fund and portfolio management as well as services in managing project developments on behalf of clients. These are usually charged monthly/quarterly and are highly recurring. Management fees are generally based on the fund volume at the end of the month, which fluctuates depending on the market values of the assets (mainly real estate and infrastructure) as regularly determined by external appraisers. Any uncertainties with regard to the consideration are generally resolved with the determination of the fund volume at the end of the month. The service is provided on a time-period basis. Management fees of EUR 242,204k were received in the financial year 2023 (2022: EUR 231,544k). The growth in management fees of 4.6% is mainly due to the general robustness of AUM.

Performance fees (excluding result from participations)

PATRIZIA receives performance fees if, among other things, the investment vehicle has outperformed its benchmark or if defined target returns are exceeded. The performance fee is recorded on a point in time basis, can cover one year or several years and represents a variable consideration, the measurement of which can be subject to uncertainty. Until the uncertainty disappears (usually until the excess return over the benchmark or the defined target return is finally determined), PATRIZIA only recognises as revenue that part of the variable consideration which is highly likely, and no significant reversal can be expected. This would be the case at the end of the year at the latest for an annual performance period, and correspondingly later for multi-year observation periods. Due to possible reimbursement agreements (so-called "clawback"), even a performance fee already received may still be subject to uncertainty. This is the case if PATRIZIA has to refund all or part of the performance fee paid in the event of future underperformance. For this reason, a contractual liability is set up in the amount corresponding to the expected reimbursement amount (reimbursement obligation). This is measured according to the expected likely performance of a portfolio in the future, taking into account the consideration already received for past performance.

Due to the challenging market environment as well as the reduced number of disposals for clients, performance fees declined by 34.5% to EUR 26,700k in the year 2022 (2022: EUR 40,791k).

Transaction fees

Transaction fees are received for services rendered in connection with the purchase or sale of assets or shares in such assets. In the case of transaction fees, there are usually performance obligations that are fulfilled at a specific point in time (point in time-related), namely with the purchase or sale of the assets or portfolios. In some cases, performance-based considerations are due if the sales proceeds exceed a certain benchmark. Since this is usually already determined when the transaction is carried out, there are no significant uncertainties associated with these variable considerations.

These fees amounted to EUR 14,706k in the 2022 financial year (2022: EUR 22,499k; -34.6%). The decrease relates also to the challenging market environment and an increased number of transactions for funds with (all-in) management fee structure. Within the transaction fees EUR 10,735k (2022: EUR 18,177k; -40.9%) are attributable to asset acquisitions and EUR 3,971k (2022: EUR 4,322k; -8.1%) to disposals.

Further explanations

Fees from management services are performance obligations which are separately identifiable, since the investor usually derives an independent benefit from the fulfilment of a performance obligation and the promised services are separable from the other services of the same contract. Revenue from management services is recognised when the service is provided. Invoices for management fees are generally payable within 14 days and invoices for transaction fees are generally payable within 0-60 days. Sales revenues from principal investments are recognised when control of the property is transferred to the buyer.

Buyers obtain control of real estate when possession, benefits and burdens are transferred. At this point, an enforceable claim to payment arises. The sales proceeds correspond to the contractually agreed transaction price. In most cases, the consideration is due when the legal title is transferred. Therefore, no significant financing component is included in the transaction price.

4.19.2 Revenues from ancillary costs

Revenues from ancillary costs are recognised over the period in which the services are provided. The tenant regularly receives and consumes the services at the same time. Revenue is recognised using input-based methods, whereby revenue is recognised based on the costs incurred or resources consumed in relation to the total inputs expected to satisfy that service obligation. The agreed consideration is payable monthly.

4.19.3 Rental revenues

The Group generated leasing income (rental revenues) in accordance with IFRS 16 of EUR 5,232k in the 2023 financial year (2022: EUR 5,119k).

4.19.4 Revenues from contracts with clients

The distribution of revenue from contracts with clients with regard to the timing of revenue recognition is as follows:

Revenues from contracts with clients

EUR k	2023	2022
Transferred products/services at a period of time	41,406	107,705
Transferred products/services over a period of time	245,809	233,465
Revenues from client contracts	**287,215**	**341,170**

4.19.5 Contract balances

The following table provides information on receivables, contract assets and contract liabilities from contracts with clients.

Contract balances

EUR k	31.12.2023	31.12.2022
Trade receivables	122,856	136,581
Contract assets	2,281	3,497
Contract liabilities	356	1,272

Contract assets mainly relate to non-current non-financial assets recognized as a result of the acquisition of Whitehelm Capital.

Contract liabilities mainly relate to advance payments received from clients in connection with performance fees. The recognised amount at the end of the previous period was mainly recognised as revenue in the 2023 financial year. The contract liabilities existing at the balance sheet date have an expected term of one year or less.

4.20 Changes in inventories

Changes in inventories consist of the carrying amount of principal investments sold from inventories (-) and the capitalised cost of materials assigned to inventories (+). The accounting effects of the sale as well as the maintenance and construction costs of properties held for sale are recognised in profit or loss under changes in inventories. Changes in inventories of EUR 0k were reported in 2023 (2022: EUR -41,266k).

Revenues (Proceeds from the sale of principal investments) include the sale of the balance sheet property Trocoll House (UK) in the previous year in the amount of EUR 17,595k, which was partially offset by the change in inventories of EUR 15,550k, resulting in a net positive effect in the consolidated income statement of EUR 2,045k.

The sale of the balance sheet property SKD13 TMK in Japan was also included in revenues (Proceeds from the sale of principal investments) in the previous year in the amount of EUR 26,544k, which was partially offset by the change in inventories of EUR 25,419k, resulting in a net positive effect in the consolidated income statement of EUR 1,024k.

4.21 Other operating income

Other operating income essentially relates to:

Other operating income

EUR k	2023	2022	Change
Income from discontinued obligations	5,364	6,272	-14.5%
Income from payments in kind	1,040	997	4.3%
Insurance compensation	0	7	-95.6%
Income from reimbursement of lawyers' fees, court costs and transaction costs and compensation	13	111	-87.9%
Income from sales of financial assets	30	15	93.6%
Income from the deconsolidation of subsidiaries[1]	1,093	18,087	-94.0%
Other	17,186	3,075	458.9%
Total	**24,726**	**28,564**	**-13.4%**

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

Income from discontinued obligations essentially results from the reversal of other tax provisions in the amount of EUR 40k (2022: EUR 1,300k), remaining holiday entitlements and settlement of bonuses in the amount of EUR 796k (2022: 89k) as well as from the reversal of accruals for outstanding invoices in the amount of EUR 1,592k (2022: EUR 1,950k.

Income from the deconsolidation of subsidiaries was EUR 1,093k in the financial year 2023 (2022: EUR 18,087k). The reduction is primarily due to the income from the deconsolidation of Silver Swan C 2018 S.á r.l. in the previous year, a temporarily held project development, in the amount of EUR 17,800k.

The increase in the position "Other" is mainly due to one-off effects regarding the reversal of the earn-out liability in connection of the acquisition of Whitehelm in the amount of EUR 7,365k (2022: EUR 0k), tax refunds in the amount of EUR 4,649k (2022: EUR 0k) as well as the profitable sale of PATRIZIA´s share in the tech company control.IT in the amount of EUR 1,050k (2022: EUR 0k).

4.22 Cost of materials

The cost of materials includes the direct costs incurred in connection with the performance of services and breaks down as follows:

Cost of materials

EUR k	2023	2022	Change
Renovation and construction costs	1,187	7,110	-83.3%
Incidental costs	191	497	-61.6%
Maintenance costs	244	1	23,613.0%
Total	**1,622**	**7,608**	**-78.7%**

4.23 Cost for purchased services

Cost of purchased services totalling EUR 17,039k (2022: EUR 22,740k) essentially comprises the purchase of external fund management services in the amount of EUR 16,572k (2022: EUR 16,189k) for which mainly PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH is the service investment management company. The reduction of cost of purchased services is mainly due to transaction related advisory fees for acquisitions and disposals in the previous year in the amount of EUR 3,487k.

4.24 Staff costs

Staff costs break down as follows:

Staff costs

EUR k	2023	2022	Change
Wages and salaries	149,686	127,032	17.8%
of which valuation of phantom shares	-277	-2,084	-86.7%
of which share-based payment	3,013	-725	-515.4%
Social security contributions	21,458	20,887	2.7%
Total	**171,144**	**147,919**	**15.7%**

PATRIZIA employed a total of 971 full-time equivalents (FTE) as at 31 December 2023, compared to 1,011 in the previous year.

Overall, staff costs increased by 15.7% to EUR 171,144k (2022: EUR 147,919k) in particular due to short-term incentive provisions as well as general inflation-related salary adjustments and long-term incentive provisions.

In line with the decrease in the share price of PATRIZIA SE shares in the year 2023, income of EUR 277k (2022: EUR 2,084k) arose in connection with the remeasurement of the value of phantom shares in the reporting period.

Expenses of EUR 3,013k (2022: income 725k) was recognized for the share-based payment agreement for executives introduced in the 2020 financial year. Further information on the determination of the fair value of this remuneration component can be found in chapter 7.1.2 of the notes to the consolidated financial statements.

Please refer to section 4.12.2 in the notes to the consolidated financial statements for information on pension costs.

4.25 Other operating expenses

Other operating expenses break down as follows:

Other operating expenses

EUR k	2023	2022	Change
Tax, legal, other advisory and financial statement fees	25,892	26,342	-1.7%
IT and communication costs and cost of office supplies	18,424	17,973	2.5%
Rent, ancillary costs and cleaning costs	4,974	3,761	32.2%
Other taxes	2,269	3,095	-26.7%
Vehicle and travel expenses	8,335	6,506	28.1%
Advertising costs	4,694	4,608	1.9%
Recruitment and training costs and cost of temporary workers	6,534	6,283	4.0%
Contributions, fees and insurance costs	4,811	5,077	-5.2%
Commission and other sales costs	698	1,425	-51.0%
Costs of management services	3,068	2,363	29.9%
Indemnity/reimbursement	169	399	-57.7%
Donations	803	1,259	-36.2%
Cost from the deconsolidation of subsidiaries[1]	31	2,416	-98.7%
Other	8,171	18,128	-54.9%
Total	**88,872**	**99,634**	**-10.8%**

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

Tax, legal, other advisory and financial statement fees in the amount of EUR 25,892k (2022: EUR 26,342k) inter alia include:

- Costs related to the acquisition and integration of M&A transactions of EUR 41k (2022: EUR 2,532k)
- Project-related consulting services in the context of digitalisation as well as costs of initial testing, acquisition and use of new technologies in the amount of EUR 1,131k (2022: EUR 760k).
- Costs related to personnel-related advice in the amount of EUR 2,541k (2022: EUR 1,641k)
- Audit fees of EUR 2,011k (2022: 1,671k)
- Tax advisory fees of EUR 1,110k (2022: EUR 1,535k)

IT, communication and office supplies costs are moderately above the previous year´s level, which is driven by the impact of new technological innovations and the increase in expenses for office supplies.

The donations include donations to charitable organisations such as the PATRIZIA Foundation. In 2022, the management had decided to support charitable organisations annually with up to 1% of the Group's EBITDA.

The position "other" reduced mainly due to PATRIZIA´s focus on cost efficiency despite an environment characterised by inflationary pressure.

4.26 Reorganisation income/expenses

To offset potential further market-driven pressure on revenues going into 2024, management in 2023 initiated a comprehensive review of the cost base. The necessary provisions in the amount of EUR 14,679k (2022: EUR 7,091k) were made in particular for staff costs in the fourth quarter of the financial year. A large part of the reorganisation expenses in the previous year related to the "Rebalance for growth" programme implemented in the fourth quarter 2022. Due to the decline in client activity in the 2022 business year and increased market uncertainties, a programme was carried out to increase the efficiency of the Group, which led to a mid-double-digit reduction in the number of employees after implementation.

4.27 Depreciation, amortisation and impairment

Depreciation, amortisation and impairment breaks down as follows:

Depreciation, amortisation and impairment

EUR k	2023	2022	Change
Amortisation of fund management contracts and licences	17,043	14,894	14.4%
Depreciation of rights of use	10,611	10,463	1.4%
Depreciation of software and equipment	4,819	10,237	-52.9%
Impairment of Goodwill	0	5,394	-100.0%
Impairment of non-current financial instruments	0	17	-100.0%
Amortisation of other rights and assets	1,139	1,342	-15.1%
Impairment of at-equity investments	63	1,024	-93.9%
Impairment of inventory real estates	16,851	0	/
Total	**50,526**	**43,371**	**16.5%**

The amortisation of fund management contracts in the segment management service includes non-scheduled write-downs of EUR 4,344k (2022: EUR 1,916k) due to the sale and termination of funds. In addition, reference is made to the accounting and valuation methods in chapter 4.3 Other intangible assets.

For detailed information on the amortisation of the rights of use, please refer to chapter 4.5 Leasing.

The depreciation of software and equipment and the impairment of goodwill relate to the impairment of the intangible assets of the BrickVest investment recognized in the previous year (no value in use).

The value adjustment in associated participations mainly includes the impairment of the equity-accounted company Cognotekt GmbH (see also chapter 4.8).

Impairment of inventory real estates in the amount of EUR 16,851k (2022: EUR 0k) were recognised in profit or loss before the change in use within the Group (see also chapter 4.6).

4.28 Earnings per share

Earnings per share

EUR k	2023	2022
Share of earnings attributable to shareholders of the Group	5,773	7,284
Number of shares[1]	85,844,433	86,175,357
Weighted number of shares undiluted[1]	85,734,025	88,024,971
Earnings per share (undiluted) in EUR	**0.07**	**0.08**
Weighted number of shares diluted[2]	85,887,729	88,130,846
Earnings per share (diluted) in EUR[2]	**0.07**	**0.08**

[1] Outstanding, after share buybacks/ transfer of shares
[2] Shared-based payment, if served by new shares

The average market value of the shares for the calculation of the dilutive effect of share options is based on the quoted market prices for the period in which the options were outstanding.

As a result of the time-weighted share buybacks as well as the transfers of shares during the financial year, the weighted number of shares (undiluted) decreased by 2,290,946 and the weighted number of shares (diluted) decreased by 2,243,117 in accordance with IAS 33.19 et seq.

5 Segment reporting

Segment reporting categorises the segments according to whether PATRIZIA acts as a service provider or an investor. In line with the Group's reporting for management purposes and in accordance with the definition of IFRS 8 "Operating Segments", two segments have been identified based on functional criteria: Investments and Management Services.

The Investments segment bundles principal investments and participations.

The Management Services segment covers a broad range of property services such as the acquisition and sale of residential and commercial properties or portfolios (Acquisition und Disposals), value-oriented real-asset management (asset management), strategic consulting on investment strategy, portfolio planning and allocation (portfolio management) and the execution of complex, non-standard investments (alternative investments). Special funds through the Group's own investment management companies are also set up and managed according to individual client requests. The service fee income generated from both co-investments and third-party business is reported in the Management Services segment. This also includes income from participations that takes the form of services rendered as a shareholder contribution for the asset management of the co-investment Dawonia GmbH.

Internal controlling and reporting in PATRIZIA Group is based on IFRS principles. The Group measures the success of its segments using segment earnings indicators, which are referred to for the purpose of internal controlling and reporting as EBTIDA.

Segment EBTIDA is the net total of revenues, income from the sale of investment property, changes in inventories, the result from the deconsolidation of subsidiaries, the cost of materials and staff costs, the cost of purchased services, other operating income and expenses, changes in the value of investment property as well as reorganisation income and expenses.

No adjustments are made to calculate EBITDA. EBITDA is the key management parameter of the Group and can be derived directly from the IFRS income statement.

Revenue is generated between reportable segments. These intragroup transactions are settled at not unreasonable prices.

All relevant consolidation matters to be eliminated, such as intercompany sales, intercompany results and the reversal of intercompany eliminations, take place within the segments.

As in the previous year, non-current assets are mainly held in Germany.

Non-current assets do not include financial investments (with the exception of financial assets accounted for using the equity method), deferred tax assets and employee benefit assets.

Segment information is calculated in line with the accounting policies applied when preparing the consolidated financial statements.

The individual operating segments are set out below. The reporting of amounts in thousands of Euro (EUR k) can result in rounding differences. However, individual items are calculated on the basis of non-rounded figures.

Segment Reporting - 2023 (01.01.-31.12.2023)

EUR k	Investments	Management Services	Group
Revenues	4,437	287,997	292,434
Changes in inventories	0	0	0
Other operating income	3,263	21,464	24,726
Total operating performance	**7,700**	**309,460**	**317,160**
Cost of materials	-1,599	-23	-1,622
Cost of purchased services	-42	-16,996	-17,039
Staff costs	3	-171,147	-171,144
Other operating expenses	-6,107	-82,764	-88,872
Impairment result for trade receivables and contract assets	-82	-118	-201
Result from participations	3,583	31,498	35,082
Earnings from companies accounted for using the equity method	-3,583	77	-3,507
EBITDAR	**-129**	**69,987**	**69,858**
Reorganisation Income	0	563	563
Reorganisation expenses	0	-16,324	-16,324
EBITDA	**-129**	**54,226**	**54,097**
Depreciation, amortisation and impairment	-16,914	-33,612	-50,526
Results from fair value adjustments to investment property	1,529	0	1,529
Earnings before interests and taxes (EBIT)	**-15,514**	**20,614**	**5,100**
Finance income	1,980	11,465	13,445
Finance costs	-5,792	-6,224	-12,016
Other financial result	-795	-1,601	-2,396
Result from currency translation	-1,280	-2,521	-3,801
Earnings before taxes (EBT)	**-21,402**	**21,733**	**331**
Income tax	-817	-3,569	-4,386
Net profit/ loss for the period	**-22,219**	**18,164**	**-4,055**

Segment Reporting - 2022 (01.01.-31.12.2022)

EUR k	Investments	Management Services	Group
Revenues	48,367	297,922	346,289
Changes in inventories	-41,266	0	-41,266
Other operating income[1]	18,451	10,113	28,564
Total operating performance	**25,553**	**308,035**	**333,587**
Cost of materials	-7,601	-7	-7,608
Cost of purchased services	0	-22,740	-22,740
Staff costs	-5	-147,914	-147,919
Other operating expenses[1]	-4,798	-94,836	-99,634
Impairment result for trade receivables and contract assets	47	-249	-203
Result from participations	3,523	30,511	34,034
Earnings from companies accounted for using the equity method	-555	-67	-622
EBITDAR	**16,163**	**72,733**	**88,896**
Reorganisation expenses	0	-9,963	-9,963
EBITDA	**16,163**	**62,771**	**78,933**
Depreciation, amortisation and impairment	-1,024	-42,347	-43,371
Earnings before interests and taxes (EBIT)	**15,139**	**20,424**	**35,562**
Finance income	140	2,548	2,689
Finance costs	-1,965	-6,074	-8,039
Other financial result	-2,513	-6,466	-8,979
Result from currency translation	-13	-464	-477
Earnings before taxes (EBT)	**10,788**	**9,968**	**20,755**
Income tax	-134	-13,372	-13,506
Net profit/ loss for the period	**10,654**	**-3,405**	**7,249**

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

6 Information on the consolidated cash flow statement

The consolidated cash flow statement was prepared in accordance with the provisions of IAS 7.

In the consolidated cash flow statement, cash flows are presented according to cash flow from operating activities, cash flow from investing activities and cash flow from financing activities. The effects of changes in the consolidated Group are eliminated in the respective items. The cash flow from operating activities was calculated using the indirect method.

Other non-cash effects mainly result from deferred taxes, income from participations, not yet paid liabilities for the acquisition of participations, currency effects, changes in provisions, fair value changes in accordance with IFRS 9 and IAS 19 and other valuation effects.

When deriving the operating cash flow from adjustments to net profit, only changes that were recognised in the income statement are taken into account.

Exercising the option in IAS 7, the cash flow from operating activities reports cash flows on a net basis regarding cash receipts and payments from temporarily held investments properties (inventories) from mutual fund business and their financing (loans) for items in which the turnover rate is high, the amounts are large, and the maturities are short.

The cash flow from investing/divesting activities contains the effects of investments and disposals, in particular in or of financial assets, investment property, intangible assets and property, plant and equipment.

The item “Payments received from the disposal of consolidated companies and other business units” shows the additions of cash and cash equivalents from the sale of subsidiaries.

The item “Payments for the disposal of consolidated companies and other business units” essentially shows cash outflows due to the deconsolidation of closed-end funds (placement of shares).

Cash outflows for acquisitions of subsidiaries are reported under the item “Payments for the acquisition of consolidated companies and other business units”.

„Payments received for the acquisition of consolidated companies and other business units“ include cash inflows from the acquisition of subsidiaries.

The cash flow from financing activities includes loan borrowings and repayments for the financing of current and non-current assets, dividend payments to shareholders, buy back of own shares and payments for the redemption of and interest on lease liabilities.

Interest paid in the area of finance consists entirely of interest for lease liabilities.

The amounts shown in the consolidated cash flow statement correspond only partially to the changes in the statement of financial position observable from one reporting period to the next, as they do not take into account non-cash items such as changes in exchange rates or changes in the scope of consolidation.

Defined cash and cash equivalents correspond to the item in the balance sheet cash and cash equivalents.

Financial liabilities developed as follows over 2023:

Financial liabilities 2023

		Cash	Non-cash			Reclassification	
EUR k	01.01.2023		Changes in the consolidated group	Exchange rate effects	Fair value changes		31.12.2023
Long-term borrowings	158,000	73,209	0	921	0	1,440	233,571
Short-term borrowings	91,688	-1,248	31,708	0	0	-1,440	89,000
Total financial liabilities	**249,688**	**71,961**	**31,708**	**921**	**0**	**0**	**322,571**

The following table shows the comparative information for 2022:

Financial liabilities 2022

		Cash	Non-cash			Reclassification	
EUR k	01.01.2022		Changes in the consolidated group	Exchange rate effects	Fair value changes		31.12.2022
Long-term borrowings	158,000	0	0	0	0	0	158,000
Short-term borrowings	247,095	-24,902	-129,612	-892	0	0	91,688
Total financial liabilities	**405,095**	**-24,902**	**-129,612**	**-892**	**0**	**0**	**249,688**

7 Other disclosures

7.1 Share price based remuneration components

As at 31 December 2023, the following share-price based remuneration components exist in the Group:

7.1.1 Phantom Shares participation model

PATRIZIA's phantom shares participation model focuses on the aspects of market conformity, performance and sustainability. It was developed in line with the requirements of the German Corporate Governance Code.

The fundamental requirement of PATRIZIA's phantom shares participation model is a consistent target system that supports the company's strategy. The system assigns quantitative and qualitative targets at company, division and individual levels to members of the Executive Directors and members of first line management within the German regulated entities.

The degree to which the quantitative targets are achieved is determined by reference to budgeted figures in line with company planning. The key targets are EBITDA (for definition see section 5 Segment Reporting), EBITDA margin (adjusted), AUM growth as well as other relevant performance indicators for the respective financial year. At division level, the performance contribution is recognised in the form of value contributions to processes and the aforementioned corporate performance indicators. Executive Directors and the first line management involved in the provision of services or qualitative projects receive common targets.

At individual level, the quantitative results or qualitative project results for which Executive Directors and the first line management are individually responsible are taken into account.

The degree to which the individual targets are achieved determines the amount of the variable remuneration component.

The amount of the variable remuneration components possible is capped. Executive Directors and the senior management cohort lose their entire variable remuneration component if the Group achieves less than two thirds of the planned EBITDA as defined above.

The variable remuneration is divided into a short-term and a deferred incentive component. The short-term component is paid out immediately after it has been established that targets have been achieved. The deferred incentive is a salary commitment with a virtual link to PATRIZIA's share price.It is only paid out up to four years after confirmation that targets have been achieved.

Phantom Shares of EUR 1,211k (31 December 2022: EUR 90k) were considered for the first and second management levels for the 2023 financial year. This corresponds to the liability recognised on the basis of average target achievement of 100% (2022: 74%). The liability as at 31 December 2023 is converted at the average closing price in Xetra trading for PATRIZIA shares for the 30 days prior to and 15 days after 31 December of the financial year in question. The shortened 15-day period is due to PATRIZIA's closing process. The final calculation can only be made after all data required for the calculation is known, which is only the case after the consolidated financial statements as at 31 December 2023 have been approved. The monetary amount earned is converted into performance share units at the average closing price in Xetra trading for PATRIZIA shares for the 30 days prior to and 30 days after 31 December of the financial year in question. The equivalent value of the shares (adjusted for bonus shares in the past) is paid out in cash at the average closing price in Xetra trading 30 days prior to and after 31 December up to four years (vesting period). Depending on the group of people, phantom shares are paid out either in instalments over 3 years or after a vesting period of two to four years.

Based on the 30 days prior to and 15 days after 31 December 2023, the average price of PATRIZIA's shares is EUR 7.88 (2022: EUR 9.83), thus amounting to 153,704 shares for 2023 (2022: 9,204 shares). In the reporting period, expenses from the calculation of the share-based payment of EUR 886k were recognised. This comprises the fair value as at 31 December 2022 of EUR 1211k, the exchange rate effects of EUR -277k and the withdrawals from the share-based payments of EUR -48k.

In the prior year period, expenses for share-based payment of EUR 2.216k include income of exchange rate effects of EUR 2,084k, the addition to shared-based payment transactions of EUR -90k and the corrections due to the final settlement from previous years of EUR 222k.

The fair value is as follows:

Components with long-term incentive effect

	Number of phantom shares 2023	Fair Value 31.12.2023 EUR k	Number of phantom shares 2022	Fair Value 31.12.2022 EUR k	Paid out EUR k
Phantom shares tranche 2023[1]	153,704	1,211			0
Phantom shares tranche 2022	14,363	113	9,204	90	0
Phantom shares tranche 2021	47,056	371	67,855	667	115
Phantom shares tranche 2020	44,536	351	63,151	621	105
Phantom shares tranche 2019	0	0	61,194	601	630
Phantom shares tranche 2018	0	0	362	4	4
Total	**259,659**	**2,047**	**201,766**	**1,983**	**854**

[1] Corresponds to the liability recognised for an average target achievement of 74%. The final calculation of this variable remuneration and the allocation to the individual beneficiaries will be performed after the 2023 consolidated financial statements have been approved

Phantom Shares units outstanding at the end of the reporting period are as follows:

Phantom shares

	01.01.-31.12.2023	01.01.-31.12.2022
Outstanding at the start of the reporting period	201,766	330,512
Granted in the reporting period	153,704	9,204
Correction due to final settlement in the reporting period	-4,857	-10,730
Paid out in the reporting period	-90,954	-127,220
Outstanding at the end of the reporting period	**259,659**	**201,766**

7.1.2 Share price based remuneration agreement (LTIP)

In January 2020, the Group introduced a share-based long-term incentive program (LTI) for executives. This grants beneficiary employees an entitlement to PATRIZIA shares without them having to make any payment in return. The share-based commitments can be fulfilled by newly issued PATRIZIA shares, by treasury shares or by cash settlement. The Group currently assumes that all options will be settled by physical delivery of shares. If the beneficiary's employment ends before the end of the vesting period, the commitments may lapse.

The program has a three-year vesting period. The number of shares awarded at the end of the vesting period depends on the Group meeting certain performance criteria. The performance indicators consist of a market-independent internal profitability indicator (80%) and a market-dependent component (20%) which considers the Group's share total shareholder return in relation to the STOXX 600 Financial Services Index and the FTSE EPRA/NAREIT Developed Europe Index.

The shares awarded at the end of the vesting period are subsequently subject to a holding period of two years.

The share awards developed as follows:

Development of share awards

Number of options per year	Outstanding as at 1 January	Granted during the year	Forfeited during the year	Expired during the year	Performance adjustments	Outstanding as at 31 December	Weighted average contractual life (years)
2022	236,814	105,875	-3,530	0	-233,284	105,875	3.00
2023	105,875	0	-25,724	-59,294	-76,229	388,958	3.00

The fair value of the share-based payment arrangement was determined using the Monte Carlo simulation.

The following parameters were used in determining the fair value at the grant date of the equity-settled share-based payment arrangement:

Share-based payment arrangement

	2023	2022
Fair value at grant date (in EUR)	13.44	25.25
Share price at grant date (weighted-average, in EUR)	10.40	13.33
Exercise price (in EUR)	0.00	0.00
Expected volatility (weighted-average, in %)	39.44%	31.55%
Expected life (weighted-average, in years)	3.00	3.00
Expected dividends (in EUR)	0.31	0.29
Risk-free interest rate (based on government bonds, in %)	2.59%	-0.54%

The expected volatility is based on the assessment of the indices as the historical volatility of the daily logarithmic stock price returns in EUR, for the same period corresponding to the simulation period. Daily closing prices were used for the volatility calculation.

7.1.3 Share price based remuneration agreement (SVL)

In the 2023 financial year, one Executive Director was granted participation in the Shareholder Long-Term Incentive Programme (SVL). The purpose of the programme is to align the interests of the company's shareholders more closely with the interests of the respective Managing Director. Under the SVL, the Executive Director has undertaken to acquire a certain number of shares in PATRIZIA SE and to hold them for the entire vesting period of the SVL; in return, the Executive Director is granted an award consisting of Performance Share Units (PSUs) in a number corresponding to the number of shares acquired by the Managing Director.

The share-based commitments can be fulfilled by newly issued PATRIZIA shares, by treasury shares or by cash settlement. The Group currently assumes that all options will be settled by physical delivery of shares.

The number of shares allocated at the end of the five-year vesting period depends on the fulfilment of certain performance indicators by the Group. The performance indicators are linked to the performance of the PATRIZIA share price and to a capital market valuation in the form of an EBITDA multiple.

The shares awarded at the end of the vesting period are subsequently subject to a holding period of two years.

The share awards developed as follows:

Development of share awards

Number of options per year	Outstanding as at 1 January	Granted during the year	Forfeited during the year	Released during the year	Performance adjustments	Outstanding as at 31 December	Weighted average contractual life (years)
2023	0	316,122	0	0	0	316,122	5.00

The fair value of the share-based payment arrangement was determined using the Monte Carlo simulation.

The following parameters were used in determining the fair value at the grant date of the equity-settled share-based payment arrangement:

Share-based payment arrangement

	2023
Fair value at grant date (in EUR)	1.33
Share price at grant date (weighted-average, in EUR)	9.09
Exercise price (in EUR)	0.00
Expected volatility (weighted-average, in %)	36.77%
Expected life (weighted-average, in years)	5.00
Expected dividends (in EUR)	0.32
Risk-free interest rate (based on government bonds, in %)	2.26%

The expected volatility is based on the assessment of the indices as the historical volatility of the daily logarithmic stock price returns in EUR, for the same period corresponding to the simulation period. Daily closing prices were used for the volatility calculation.

7.1.4 Share price based remuneration agreement (RSU)

In the 2023 financial year, restricted stock units (RSUs) were granted to a certain group of employees in order to increase employee loyalty. The beneficiary employees receive an entitlement to PATRIZIA shares without having to make a payment. The fulfilment period is staggered over five years, payment is not linked to performance indicators and there is no subsequent holding obligation.

The share-based commitments can be fulfilled in the form of newly issued PATRIZIA shares, treasury shares or cash settlement. The Group currently assumes that fulfilment will take place in the physical delivery of shares.

During the 2023 financial year, 388,500 shares with a fair value of EUR 9.54 per share were committed and this also corresponded to the number of shares held at the end of the year. The fair value corresponds to the XETRA spot price on the grant date (EUR 10.40), reduced by an expected dividend yield of 2.95%. The awarded shares are spread over a five-year vesting period.

Expenses recognised in profit and loss

Further information on employee benefit expenses can be found in the Notes under Note 4.24 personnel expenses.

7.2 Related party transactions

All consolidated companies as well as associated companies and joint ventures of PATRIZIA are considered related parties. These companies are also presented in the consolidated financial statements via the list of shareholdings. In addition, related parties include Executive Directors, members of the Board of Directors as well as former members of the Management Board, including their close family members, as well as those companies over which Executive Directors, members of the Board of Directors as well as former members of the Management Board of the Company or their close family members can exercise a significant influence or in which they hold a significant share of the voting rights.

The direct parent company of PATRIZIA SE is First Capital Partner GmbH, Gräfelfing. The parent company of First Capital Partner GmbH and thus the ultimate parent company of PATRIZIA SE is we holding GmbH & Co. KG, Gräfelfing. If members of the Management in key positions of First Capital Partner GmbH and we holding GmbH & Co. KG control other companies outside PATRIZIA Group, these companies are also considered related parties to PATRIZIA.

Related party transactions

Shareholdings in PATRIZIA by members of Management in key positions and their related parties

Wolfgang Egger, CEO, holds a total interest of 52.60% (31 December 2022: 51.81%) in the company through First Capital Partner GmbH, in which he directly and indirectly holds a 100% interest through we holding GmbH & Co. KG as at the end of the reporting period.

Wolfgang Egger also holds 5.1% in Projekt Wasserturm Grundstücks GmbH & Co. KG. A further 45.9% is held indirectly by PATRIZIA, while the remaining 49.0% is held by Mr Ernest-Joachim Storr. There were no changes here in comparison to the previous year.

Remuneration of key Management personnel[1]:

Total remuneration

	2023		2022	
EUR k	granted	paid out	granted	paid out
Remuneration and fringe benefits	2,274	2,274	3,111	2,905
Short-Term-Incentives	771	0	4,098	3,865
Benefits after termination of the employment relationship	26	26	185	561
Benefits on the occasion of the termination of the employment relationship	0	0	183	183
Share-based payment	10,961	235	644	0
Remuneration Supervisory Board/ Board of Directors[2]	720	720	629	629
Total remuneration	14,752	3,255	8,850	8,143

[1] Key management personnel: Executive Directors, Former Management Board members, Board of Directors of the SE and Management Board members of the parent companies
[2] Remuneration to Bord of Directors/ Board of Directors net of VAT. In addition, travel and incidental expenses are reimbursed.

Other related party transactions:

Other related party transactions

	Transaction values		Balance outstanding as at 31 December	
EUR k	2023	2022	2023	2022
From services and other exchange of services (incl. rents paid and received, purchase and sale of assets)				
Service provider				
Parent company	-1	0	0	0
Members of the management in key positions [1]	1	0	0	0
Companies accounted for using the equity method	-1,109	-14,164	0	297
Other related parties [2]	-382	-508	0	0
Beneficiary				
Parent company	2,184	2,575	0	-17
Members of the management in key positions [1]	-88	123	0	-13
Companies accounted for using the equity method	639	1,366	0	0
Other related parties [2]	0	0	0	0
Transfer within the framework of financing agreements (incl. loans, cash, securities and distributions)				
Parent company	0	0	0	0
Members of the management in key positions [1]	0	0	0	0
Companies accounted for using the equity method	39,322	-7,614	0	0
Other related parties [2]	0	0	0	0
Total	**40,565**	**-18,223**	**0**	**267**

[1] Key management personnel: executive Directors, former Management Board members, Board of Directors of the SE and Management Board members of the parent companies
[2] Other related parties: family members and the companies of the executive Directors, former members of the Management Board, Board of Directors of the SE and Management Board Members of the parent companies

The business transactions between PATRIZIA as the service provider and the companies accounted for using the equity method relate in particular to revenues from management services. The services received from companies accounted for using the equity method from the Group's perspective are mainly cost allocations.

The Group acts as a service recipient vis-à-vis the parent company on the basis of tenancy agreements for office buildings.

In the financial year, the Group issued loans totaling EUR 39,322k to the equity method and received distributions of EUR 7,614k from companies accounted for using the equity method in the same period of the previous year.

7.3 Board of Directors and Executive Directors

Executive Directors of the parent company

Following the conversion of PATRIZIA AG into PATRIZIA SE, the Company's Management Board consists of the following three Executive Directors:

- Asoka Wöhrmann, CEO
- Christoph Glaser, CFO
- Wolfgang Egger, Founder

Thomas Wels (Co-CEO) and Slava Shafir (COO) stepped down as Executive Directors in the 2023 financial year.

Total remuneration of the executive Directors

The total remuneration of the Executive Directors is as follows:

Remuneration granted as a whole
(excluding former members of the Management Board)

	2023			2022		
	Target in EUR k	Remuneration granted in EUR k	Remuneration granted in % of total remuneration	Target in EUR k	Remuneration granted in EUR k	Remuneration granted in % of total remuneration
Fixed remuneration	1,633	1,633	12%	875	875	53%
Fringe benefits[1]	40	40	0%	23	23	1%
Fixed pay total	**1,674**	**1,674**	**13%**	**898**	**898**	**54%**
One-time-payment[2]	0	0	0%	0	414	22%
Short-term variable remuneration (STI)	2,287	695	5%	1,225	0	0%
Delivered in cash	1,431	650	5%	772	0	0%
Delivered as Deferral (Share-Based over four years)	856	45	0%	453	0	0%
Long-term variable remuneration (LTI)						
LTI 2022 - 2024	0	0	-	350	350	21%
LTI 2023 - 2025	634	634	5%	0	0	-
Shareholder Value Long-term Incentive (SVL)						
SVL 2023 - 2028	10,195	10,195	77%	0	0	-
Variable pay total	**13,116**	**11,524**	**87%**	**1,575**	**764**	**43%**
Delivered in cash	1,431	650	5%	772	0	0%
Delivered as Share-Based instrument	11,684	10,874	82%	803	350	21%
Subtotal	**14,789**	**13,197**	**100%**	**2,473**	**1,663**	**97%**
Service cost (Pension contributions)	62	62	0%	50	50	3%
Total remuneration	**14,851**	**13,259**	**100%**	**2,523**	**1,712**	**100%**

[1] The item primarily contains benefits for insurance premiums and the use of a company car or car allowance
[2] Sign-on bonus of Christoph Glaser - 2/3 of the sign-on bonus was paid out with the agreement to invest the relevant consideration in PATRIZIA shares and to hold these for at least the duration of the agreed lock-up period. Christoph Glaser acquired the corresponding number of shares on 29 December 2022.

Remuneration paid out as a whole
(excluding former members of the Management Board)

	2023		2022	
	in EUR k	in %	in EUR k	in %
Fixed remuneration	1,633	85%	875	41%
Fringe benefits[1]	40	2%	23	1%
Sub-total	**1,674**	**87%**	**898**	**42%**
One-time payment[2]	0	0%	414	19%
STI in cash				
STI in cash (For FY2021)	0	-	408	19%
STI in cash (For FY2022)	0	0%	0	-
STI Deferral (in phantom shares)	0			
Tranche 2019-2021	0	-	376	18%
Tranche 2020-2022	157	8%	0	-
Long-term variable remuneration (LTI)				
LTI 2020-2022	39	2%	0	-
Total	**1,870**	**97%**	**2,096**	**98%**
Service cost (Pension Contributions)	62	3%	50	2%
Total remuneration	**1,932**	**100%**	**2,146**	**100%**

[1] The item primarily contains benefits for insurance premiums and the use of a company car or car allowance
[2] Sign-on bonus of Christoph Glaser - 2/3 of the sign-on bonus was paid out with the agreement to invest the relevant consideration in PATRIZIA shares and to hold these for at least the duration of the agreed lock-up period. Christoph Glaser acquired the corresponding number of shares on 29 December 2022.

In addition, the former Management Board member Arwed Fischer received a pension payment of EUR 6k in the year 2023 (2022: EUR 6k). The former Management Board members received total remuneration grants of EUR 2,815k (2022: EUR 3,251k) and received total remuneration payments of EUR 3,264k in 2022 (2022: EUR 4,328k).

In the reporting year, the Executive Directors were granted 383,126 share awards in the form of performance share units (2022: 426,548) with a fair value of EUR 1,321k (2022: EUR 427k) as part of share-based remuneration.

Activities of Executive Directors

CEO Wolfgang Egger is the Managing Director of Wolfgang Egger Verwaltungs-GmbH (general partner of Wolfgang Egger GmbH & Co. KG) and the general partner of Friedrich List Vermögensverwaltungs KG.

Members of the Board of Directors of the parent company

The members of the Board of Directors are (since 15 July 2022):

- Uwe H. Reuter, Chair of the Board of Directors, Member of Board of Directors and Supervisory Boards
- Jonathan Feuer, Deputy Chair of the Board of Directors, Private Equity Investor
- Wolfgang Egger, Founder and Member of the Board of Directors of PATRIZIA SE
- Axel Hefer, Chief Operating Officer of Tipico Group Ltd
- Marie Lalleman, Independent Board Member and Senior Advisor to CEOs & C-Suite
- Philippe Vimard, Global Business and Technology Leader and Independent Board Member
- Saba Nazar, Managing Director of BofA Securities and Co-Head of Global Financial Sponsors Group

Total Remuneration of the Board of Directors

The Board of Directors received total remuneration of EUR 720k in the financial year (2022: EUR 629k). In addition, value added tax, travel and incidental expenses are reimbursed.

Activities of Board of Director Members in companies outside PATRIZIA

In addition to being the Chair of the Board of Directors at PATRIZIA SE, Uwe H. Reuter holds the following mandates:

Supervisory Board mandates within VHV Group:

- VHV a.G. – Chairman of the Supervisory Board
- VHV Holding AG – Chairman of the Supervisory Board

Supervisory Boards of subsidiaries of VHV Group:

- VHV Allgemeine Versicherung AG – Member of the Supervisory Board
- VHV solutions GmbH – Deputy Chairman of the Supervisory Board
- VHV digital services AG – Deputy Chairman of the Supervisory Board

Member of the Board of Directors Jonathan Feuer holds the following mandates, in addition to being a member of the Board of Directors at PATRIZIA SE:

- Non-Executive Board Member, Stiftung Fürst Liechtenstein III
- Non-Executive Board Member, Stiftung Fürst Liechtenstein

Member of the Board of Directors Axel Hefer holds the following mandates, in addition to being a member of the Board of Directors at PATRIZIA SE:

- Chairman of the Supervisory Board, FC Gelsenkirchen-Schalke 04 e. V., Germany

Member of the Board of Directors Marie Lalleman holds the following mandates, in addition to being a member of the Board of Directors at PATRIZIA SE:

- Non-Executive Director, Board of Directors, Chairwomen of the Nomination & Corporate Governance Committee CRITEO (listed company, Nasdaq stock exchange)

Member of the Board of Directors Philippe Vimard holds the following mandates, in addition to being a member of the Board of Directors at PATRIZIA SE:

- Independent Non-Executive Director, Nordhealth AS, Finland (listed company)
- Independent Non-Executive Director, Indy, France
- Independent Non-Executive Director, Chair of the Remuneration Committee, Schibsted, Norway (listed company)

7.4 Contingent liabilities and contractual payment obligations

As at the balance sheet date, PATRIZIA had contingent liabilities from obligations to make additional financial contributions to participations amounting to EUR 100,786k (2022: EUR 9,584k) in relation to participations and participations in companies accounted for using the equity method. These are capital calls that the management of the respective companies can make as needed without further consent of PATRIZIA. There are also contractual payment obligations from pending transactions in the amount of EUR 25,961k (2022: EUR 76,874k).

7.5 Employees

The average headcount of full-time employees at the Group in 2023 (not including trainees) was 987 (2022: 1,013 full-time employees). The Group also had 12 trainees (2022: 17 trainees).

7.6 Auditor’s fees and other disclosures

The consolidated financial statements are audited by BDO AG Wirtschaftsprüfungsgesellschaft.

The expenses for the auditor are composed as follows:

Auditor's fees

EUR k	2023	2022
Auditor fee	655	545
Other attestation services	118	0
Tax consulting services	0	0
Other services	0	76
Total	**773**	**621**

7.7 Events after the end of the reporting period

There were no events after the balance sheet date with an impact on the asset, financial and earnings situation.

7.8 German Corporate Governance Code

In December 2023, the Board of Directors of PATRIZIA SE approved the Declaration of Compliance in accordance with section 161 of the Aktiengesetz (AktG – German Corporation Act) and made it permanently available on the Group's website: https://ir.patrizia.ag/en/corporate-governance/.

7.9 Remuneration Report

The FY 2023 Remuneration Report is available to the public on the PATRIZIA website at:
https://ir.patrizia.ag/en/news-publikationen/geschaeftsberichte/.

8 Responsibility statement of the Executive Directors

The Executive Directors of PATRIZIA SE are responsible for the preparation, completeness and accuracy of the consolidated financial statements and the combined management report of the company and the Group.

The Executive Directors approved the financial statements for submission to the Board of Directors on 18 March 2024.

It is the responsibility of the Board of Directors to examine the consolidated financial statements and to state whether it adopts them.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

Augsburg, 18 March 2024

Dr. Asoka Wöhrmann	**Christoph Glaser**	**Wolfgang Egger**
CEO	CFO	Founder

Annex to the notes to the consolidated financial statements

List of shareholdings of PATRIZIA SE as at 31 December 2023 pursuant to § 313 (2) HGB

Fully consolidated subsidaries

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Footnote
Germany					
PATRIZIA Augsburg Kapitalverwaltungsgesellschaft mbH	Augsburg	EUR	direct	100,00	1;2
PATRIZIA Institutional Clients & Advisory GmbH	Augsburg	EUR	direct	100,00	1;2
LB Invest GmbH	Hamburg	EUR	indirect	100,00	2
PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH	Hamburg	EUR	indirect	94,90	1;2
PATRIZIA Deutschland GmbH	Augsburg	EUR	direct	100,00	1;2;4
PATRIZIA Smart Buildings GmbH	Augsburg	EUR	indirect	100,00	2
PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH	Augsburg	EUR	direct	100,00	1;2
PATRIZIA GrundInvest Co-Invest GmbH	Augsburg	EUR	indirect	100,00	2
Mondstein 402. GmbH	München	EUR	direct	100,00	2
PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH	Frankfurt am Main	EUR	indirect	94,00	2; 9
PMG - Property Management Gesellschaft mit beschränkter Haftung	Frankfurt am Main	EUR	indirect	100,00	2
PATRIZIA Acquisition Holding alpha GmbH	Augsburg	EUR	direct	100,00	2
PATRIZIA Acquisition Holding delta GmbH	Augsburg	EUR	direct	100,00	1;2
PATRIZIA Acquisition Holding epsilon GmbH	München	EUR	direct	100,00	1;2;4
PATRIZIA Acquisition Holding beta GmbH	Augsburg	EUR	direct	100,00	1;2;4
PATRIZIA Real Estate Corporate Finance und Service GmbH	Augsburg	EUR	direct	100,00	2
PATRIZIA Projekt 170 GmbH	Augsburg	EUR	direct	100,00	1,2
PATRIZIA Projekt 180 GmbH	Augsburg	EUR	direct	100,00	1;2
PATRIZIA Projekt 260 GmbH	Augsburg	EUR	direct	100,00	1;2
PATRIZIA Alternative Investments GmbH	Augsburg	EUR	direct	100,00	1,2
Stella Grundvermögen GmbH	Augsburg	EUR	direct	100,00	1;2
Alte Haide Baugesellschaft mit beschränkter Haftung München	Augsburg	EUR	indirect	100,00	1;2
Wohnungsgesellschaft Olympia mbH	Augsburg	EUR	direct	100,00	2
F 40 GmbH	Augsburg	EUR	indirect	100,00	2
Projekt Wasserturm Grundstücks GmbH & Co. KG	Augsburg	EUR	indirect	45,90	2
Projekt Wasserturm Bau GmbH & Co. KG	Augsburg	EUR	indirect	51,00	2
Projekt Wasserturm Verwaltungs GmbH	Augsburg	EUR	indirect	51,00	2
PATRIZIA European Real Estate Management GmbH	Gräfelfing	EUR	indirect	100,00	2
PATRIZIA Projekt 600 GmbH	Augsburg	EUR	indirect	100,00	1;2
PATRIZIA Projekt 710 GmbH	Augsburg	EUR	direct	100,00	2
Carl Carry Verwaltungs GmbH	Gräfelfing	EUR	direct	100,00	2
PATRIZIA Carry GmbH & Co. KG	Gräfelfing	EUR	indirect	100,00	2
Carl A-Immo Verwaltungs GmbH	Augsburg	EUR	direct	100,00	2
Pearl AcquiCo Zwei GmbH & Co. KG	Augsburg	EUR	direct	100,00	2
Hafencity Plot 108 GmbH	Augsburg	EUR	indirect	100,00	2
PATRIZIA GrundInvest Beteiligungs GmbH & Co. KG	Augsburg	EUR	indirect	100,00	2
PATRIZIA GrundInvest Beteiligungs 2 GmbH & Co. KG	Augsburg	EUR	indirect	100,00	2
PATRIZIA GrundInvest Augsburg Sieben GmbH & Co. KG	Augsburg	EUR	indirect	100,00	2
PATRIZIA GrundInvest Augsburg Elf GmbH & Co. KG	Augsburg	EUR	indirect	100,00	2
PATRIZIA German Residential Fund IV	Augsburg	EUR	direct	43,27	6;8

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Footnote
PATRIZIA REAL ESTATE 10 GmbH	Augsburg	EUR	indirect	100,00	2
PATRIZIA Real Estate 50 GmbH	Augsburg	EUR	indirect	100,00	2
PATRIZIA Real Estate 60 GmbH	Augsburg	EUR	indirect	100,00	2
United Kingdom					
PATRIZIA UK LIMITED	London	GBP	direct	100,00	2
PATRIZIA FINANCIAL SERVICES LIMITED	Edinburgh	GBP	indirect	100,00	2
PATRIZIA PROPERTY HOLDINGS LIMITED	London	GBP	direct & indirect	94,90	2
PATRIZIA EUROPE LIMITED	London	GBP	indirect	100,00	2
PATRIZIA PROPERTY ASSET MANAGEMENT	London	GBP	indirect	100,00	2
PATRIZIA PIM LIMITED	London	GBP	indirect	100,00	2
PATRIZIA PROPERTY INVESTMENT MANAGERS LLP	London	GBP	indirect	100,00	2
PATRIZIA P.I.M. (REGULATED) LIMITED	London	GBP	indirect	100,00	2
BRICKVEST IM LTD.	London	GBP	indirect	100,00	3
SUSTAINABLE FUTURE VENTURES LIMITED	London	GBP	indirect	100,00	2
PATRIZIA INFRASTRUCTURE LTD	London	GBP	indirect	100,00	2
PATRIZIA PLUS GP LLP	London	GBP	indirect	100,00	2
PATRIZIA FARUM GP LLP	London	GBP	indirect	100,00	2
KINLAND UK CO-INVESTMENT GP LLP	London	GBP	indirect	100,00	2
PAT PIM 1 IRELAND DESIGNATED ACTIVITY COMPANY	Dublin	EUR	indirect	100,00	2
PAT PIM 2 IRELAND DESIGNATED ACTIVITY COMPANY	Dublin	EUR	indirect	100,00	2
PATRIZIA PANEUROPEAN GP LLP	London	GBP	indirect	100,00	2
PATRIZIA PERIPHERAL EUROPE GP LLP	London	GBP	indirect	100,00	2
PROJECT URBAN (SLP) LLP	Edinburgh	GBP	indirect	100,00	3
PATRIZIA EUROPEAN PROPERTY III (SCOTS) LP	Edinburgh	GBP	indirect	74,39	2
PATRIZIA FIRST STREET LP	London	GBP	indirect	100,00	2
PATRIZIA FIRST STREET GP LIMITED	Swindon	GBP	indirect	100,00	2
PATRIZIA TRANSEUROPEAN PROPERTY VII (SCOTS) COINVEST LLP	Edinburgh	GBP	indirect	100,00	3
PATRIZIA TRANSEUROPEAN PROPERTY VII (SCOTS) COINVEST LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	69,92	2
TRANSEUROPEAN PROPERTIES (SLP) VII LLP	Edinburgh	GBP	indirect	100,00	3
TRANSEUROPEAN PROPERTY (SCOTS) VII LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	76,40	3
PATRIZIA JAPAN RESIDENTIAL (SCOTS) LP	Edinburgh	GBP	indirect	100,00	2
PATRIZIA APAC INFRASTRUCTURE COMMITMENT (SCOTS) LP	Edinburgh	GBP	indirect	100,00	2
PATRIZIA TROCOLL HOUSE GP LIMITED	Swindon	GBP	indirect	100,00	2
PATRIZIA TROCOLL HOUSE LP	London	GBP	indirect	100,00	2
PATRIZIA GQ LIMITED	Swindon	GBP	indirect	100,00	2
Luxembourg					
PATRIZIA Investment Management S.à r.l.	Luxemburg	EUR	direct	100,00	2
PATRIZIA Carry Co-Invest GP	Luxemburg	EUR	indirect	100,00	2
PATRIZIA EIF II GP S.à r.l.	Luxemburg	EUR	indirect	100,00	2
PATRIZIA Infrastructure Debt Partners (General Partner) S.à r.l.	Luxemburg	EUR	indirect	100,00	2
PATRIZIA Luxembourg S.à r.l.	Luxemburg	EUR	indirect	100,00	2
PATRIZIA RE Management HoldCo S.à r.l.	Luxemburg	EUR	indirect	100,00	2
Alliance Real Estate HoldCo S.à r.l.	Luxemburg	EUR	indirect	100,00	2
PATRIZIA Ivanhoe 10 S.à r.l.	Luxemburg	EUR	indirect	100,00	2
Sustainable Future Ventures Founder I SCSp	Luxemburg	EUR	indirect	100,00	2
PATRIZIA REAL ESTATE 20 S.à r.l.	Luxemburg	EUR	indirect	100,00	2
PATRIZIA RE Management Coop S.A.	Luxemburg	EUR	direct	100,00	2
PATRIZIA RE Management S.C.S.	Luxemburg	GBP	indirect	100,00	2
Seneca Topco S.à r.l.	Luxemburg	EUR	indirect	100,00	2
First Street Topco 1 S.à r.l.	Luxemburg	GBP	indirect	100,00	2
TransEuropean Property (Lux) VIII Co-Invest SCSp	Luxemburg	EUR	indirect	100,00	2
TransEuropean Property (Lux) VIII Co-Invest GP S.à r.l.	Luxemburg	EUR	indirect	100,00	2

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Footnote
Sudermann S.à r.l.	Luxemburg	EUR	indirect	100,00	2
Dover Street S.à r.l.	Luxemburg	GBP	indirect	100,00	2
PATRIZIA European Infrastructure Fund III SCSp	Luxemburg	EUR	indirect	100,00	2
PATRIZIA Value Add Opportunities S.A. SICAV-RAIF	Luxemburg	EUR	indirect	68,65	2
PATRIZIA VAO HoldCo S.à r.l.	Luxemburg	EUR	indirect	100,00	2
PATRIZIA VAO Deutschland 1 S.à r.l.	Luxemburg	EUR	indirect	100,00	2
PATRIZIA VAO Deutschland 2 S.à r.l.	Luxemburg	EUR	indirect	100,00	2
PATRIZIA TransEuropean Property VIII SCSp	Luxemburg	EUR	indirect	100,00	2
PATRIZIA TransEuropean Property VIII Holding S.à r.l.	Luxemburg	EUR	indirect	100,00	2
PATRIZIA Infrastructure Debt Partners II Holdco Sarl	Luxemburg	EUR	indirect	100,00	2
PATRIZIA Infrastructure Debt Partners II SCSP	Luxemburg	EUR	indirect	100,00	2
Denmark					
PATRIZIA DENMARK A/S	Kopenhagen	DKK	direct	100,00	2
PATRIZIA Multi Managers Holding A/S	Kopenhagen	DKK	direct	100,00	2
PATRIZIA Global Partners A/S	Kopenhagen	DKK	indirect	100,00	2
BMK 3 ApS	Kopenhagen	DKK	indirect	100,00	2
SPF III GP ApS	Kopenhagen	DKK	indirect	100,00	2
SPF III MPC I GP ApS	Kopenhagen	DKK	indirect	100,00	2
PMM V GP ApS	Kopenhagen	DKK	indirect	100,00	2
PMM Global V Feeder GP ApS	Kopenhagen	DKK	indirect	100,00	2
ADVANTAGE Investment Partners A/S	Kopenhagen	DKK	indirect	100,00	2
ADVANTAGE Private Equity Holding ApS	Kopenhagen	DKK	direct	100,00	2
Other countries					
PATRIZIA PTY LTD	Barton	AUD	direct	100,00	2
EMIF HOLDINGS PTY LTD	Barton	AUD	indirect	100,00	2
PATRIZIA Hong Kong Limited	Hong Kong	HKD	direct	100,00	2
PATRIZIA Japan KK	Tokyo	JPY	direct	100,00	2
PATRIZIA CANADA INSTITUTIONAL CLIENTS & ADVISORY INC.	Toronto	CAD	direct	100,00	2
PATRIZIA Singapore Pte. Ltd.	Singapur	SGD	direct	100,00	2
PATRIZIA Property Inc.	Wilmington	USD	direct	100,00	2
PATRIZIA Netherlands B.V.	Amsterdam	EUR	direct	100,00	2
PATRIZIA ACTIVOS INMOBILIARIOS ESPAÑA S.L.	Madrid	EUR	direct	100,00	2
Altfast Mallen 17 AB	Sundsvall	SEK	indirect	100,00	2
Altfast Glaskronan 1 AB	Sundsvall	SEK	indirect	100,00	2
Smedhemmet Fastigheter AB	Sundsvall	SEK	indirect	100,00	2
Altfast Säkringen 1 AB	Sundsvall	SEK	indirect	100,00	2
Altfast Goliath AB	Sundsvall	SEK	indirect	100,00	2
Altfast Arnö AB	Sundsvall	SEK	indirect	100,00	2
Altfast Gumsbacken 3 AB	Sundsvall	SEK	indirect	100,00	2
PB HoldCo 1 AB	Stockholm	SEK	indirect	100,00	2
Merge Company Mlln 17 AB	Sundsvall	SEK	indirect	100,00	2
Merge Company GlskRnn 1 AB	Sundsvall	SEK	indirect	100,00	2
Merge Company Glsklvn 3 AB	Sundsvall	SEK	indirect	100,00	2
Merge Company Östra Malmskogen AB	Sundsvall	SEK	indirect	100,00	2
Merge Company Grpn 3 AB	Sundsvall	SEK	indirect	100,00	2
Merge Company Kpprn 14 AB	Sundsvall	SEK	indirect	100,00	2
Merge Company Gmsbckn 3 AB	Sundsvall	SEK	indirect	100,00	2

Non-consolidated subsidaries of minor importance

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Footnote
Germany					
PATRIZIA GrundInvest Fonds-Treuhand GmbH	Augsburg	EUR	indirect	100,00	2
TRIUVA Angerhof und Zeil 94 Verwaltungs GmbH	Frankfurt am Main	EUR	indirect	100,00	6
STORAG Etzel Komplementär GmbH	Frankfurt am Main	EUR	indirect	100,00	2
PATRIZIA GrundInvest Value Add Plus GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	100,00	2
United Kingdom					
PATRIZIA GRB (GENERAL PARTNER) LIMITED	London	GBP	indirect	100,00	3
PATRIZIA PORTUGUESE PROPERTY PARTNERSHIP (GENERAL PARTNER SCOTLAND) LIMITED	Edinburgh	GBP	indirect	100,00	3
PATRIZIA PORTUGUESE PROPERTY PARTNERSHIP (GENERAL PARTNER) LIMITED	London	GBP	indirect	100,00	3
TRANSEUROPEAN PROPERTIES (SLP) IV LIMITED	Edinburgh	GBP	indirect	100,00	3
TRANSEUROPEAN PROPERTIES (GENERAL PARTNER) IV LIMITED	London	GBP	indirect	100,00	3
PATRIZIA UK VALUE SLP (SCOTLAND) LIMITED	Edinburgh	GBP	indirect	100,00	3
PATRIZIA TRANSEUROPEAN PROPERTIES (GENERAL PARTNER) V LIMITED	London	GBP	indirect	100,00	3
TRANSEUROPEAN PROPERTIES (SLP) V LIMITED	Edinburgh	GBP	indirect	100,00	3
PATRIZIA SINGLE EUROPE (GENERAL PARTNER) LIMITED	London	GBP	indirect	100,00	3
ROCKSPRING SINGLE CLIENT FUND (GENERAL PARTNER) LIMITED	London	GBP	indirect	100,00	3
PATRIZIA UK VALUE SLP (SCOTLAND) L.P.	Edinburgh	GBP	indirect	100,00	3
PATRIZIA MONTCLAIR SLP (GP) LLP	Edinburgh	GBP	indirect	100,00	3
PATRIZIA MONTCLAIR (SCOTLAND) LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	100,00	3
PATRIZIA SINGLE CLIENT II (GENERAL PARTNER) LLP	London	GBP	indirect	100,00	3
PATRIZIA SINGLE CLIENT II SLP (GENERAL PARTNER) LLP	Edinburgh	GBP	indirect	100,00	3
TRANSEUROPEAN PROPERTIES (SLP) VI LLP	Edinburgh	GBP	indirect	100,00	3
PATRIZIA TRANSEUROPEAN PROPERTIES (GENERAL PARTNER) VI LLP	London	GBP	indirect	100,00	3
PATRIZIA PERIPHERAL EUROPE SLP (GENERAL PARTNER) LLP	Edinburgh	GBP	indirect	100,00	3
PATRIZIA UK VALUE 2 SLP (GENERAL PARTNER) LLP	Edinburgh	GBP	indirect	100,00	3
PATRIZIA UK VALUE 2 (GENERAL PARTNER) LLP	London	GBP	indirect	100,00	3
PATRIZIA GRB (GP2) LLP	London	GBP	indirect	100,00	3
PATRIZIA SINGLE EUROPE (GP2) LLP	London	GBP	indirect	100,00	3
PATRIZIA TRANSEUROPEAN PROPERTIES (GP2) V LLP	London	GBP	indirect	100,00	3
PATRIZIA SINGLE CLIENT (GP2) LLP	London	GBP	indirect	100,00	3
PATRIZIA RIMBAUD SLP (GP) LLP	Edinburgh	GBP	indirect	100,00	3
PATRIZIA SPREE (GP) LIMITED	London	GBP	indirect	100,00	3
TRANSEUROPEAN PROPERTIES (GP2) IV LLP	London	GBP	indirect	100,00	3
PATRIZIA SINGLE CLIENT III SLP (GENERAL PARTNER) LLP	Edinburgh	GBP	indirect	100,00	3
PATRIZIA APAC INFRASTRUCTURE COMMITMENT (GENERAL PARTNER) LLP	Edinburgh	GBP	indirect	100,00	3

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Footnote
Other countries					
Water Infrastructure Australia Pty Ltd	Barton	AUD	indirect	100,00	2
Advantage Club GP ApS	Kopenhagen	DKK	indirect	100,00	2
Advantage PE 2019 A GP ApS	Kopenhagen	DKK	indirect	100,00	2
ADVANTAGE Private Equity 2020 I GP ApS	Kopenhagen	DKK	indirect	100,00	2
ICP 2020 GP ApS	Kopenhagen	DKK	indirect	100,00	2
PATRIZIA HANOVER REAL ESTATE INVESTMENT MANAGEMENT LIMITED	St Helier	GBP	indirect	100,00	2
Patrizia Single Client III (General Partner) S.à r.l.	Luxemburg	EUR	indirect	100,00	3
Project Urban Feeder GP S.à r.l.	Luxemburg	GBP	indirect	100,00	3
Carl Offshore Limited	St Peter Port	GBP	direct	100,00	3
Carl Two Offshore Limited	St Peter Port	GBP	direct	100,00	3
PATRIZIA Transeuropean Properties (General Partner) VII S.à r.l.	Luxemburg	EUR	indirect	100,00	3
PO-SH Europe Residential Investment GP S.à r.l.	Luxemburg	EUR	indirect	100,00	2

Associated companies accounted for using the equity method

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Footnote
PATRIZIA WohnModul I SICAV-FIS	Luxemburg	EUR	direct	10,10	3
ASK PATRIZIA (GQ) LLP	Manchester	GBP	indirect	50,00	2
Evana AG	Saarbrücken	EUR	indirect	16,45	2
Cognotekt GmbH	Köln	EUR	indirect	35,67	3
PATRIZIA MBK FUND MANAGEMENT PTY LTD	Sydney	USD	indirect	50,00	2
Mercury Lux S.à r.l.	Luxemburg	EUR	indirect	49,00	2

Other investments

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Equity in currency (in k)	Net result in currency (in k)	Footnote
Germany							
Carl HR GmbH & Co. KG	München	EUR	direct	3,61	1	0	3
Berliner Volksbank eG	Berlin	EUR	direct	0,00	1.177.230	28.892	3
PATRIZIA Projekt 430 GmbH	Augsburg	EUR	direct	5,10	-4.243	-216	2
PATRIZIA Projekt 440 GmbH	Augsburg	EUR	direct	5,10	-2.675	-1.386	2
PATRoffice Real Estate GmbH & Co. KG	Gräfelfing	EUR	indirect	6,25	12.234	-98	3
sono west Projektentwicklung GmbH & Co. KG	Frankfurt am Main	EUR	indirect	30,00	65	-7	3
PATRIZIA GrundInvest Campus Aachen GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,08	37.633	1.473	3
PATRIZIA GrundInvest Stuttgart Südtor GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,04	81.031	2.649	3
PATRIZIA GrundInvest Kopenhagen Südhafen GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,10	48.097	2.554	3
PATRIZIA GrundInvest München Leopoldstraße GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,29	54.279	5.193	3
PATRIZIA GrundInvest Mainz Rheinufer GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,03	92.737	7.068	3
Projekt Feuerbachstraße Verwaltung GmbH	Frankfurt am Main	EUR	indirect	30,00	32	0	2
Dawonia Real Estate GmbH & Co. KG	Grünwald	EUR	indirect	0,10	1.254.032	151.907	3
Dawonia GmbH	Grünwald	EUR	indirect	5,10	441.077	0	3
PATRIZIA GrundInvest Garmisch-Partenkirchen GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,29	17.012	88	3
PATRIZIA GrundInvest Dresden GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,07	32.603	-597	3
PATRIZIA GrundInvest Die Stadtmitte Hofheim am Taunus GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,07	24.533	696	3
PATRIZIA GrundInvest Frankfurt Smart Living GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,09	22.280	1.112	3
PATRIZIA GrundInvest Objekt Mainz Rheinufer GmbH & Co. KG	Augsburg	EUR	indirect	5,10	43.408	1.362	3
PATRIZIA GrundInvest Objekt Dresden GmbH & Co. KG	Augsburg	EUR	indirect	5,10	23.186	-153	3
PATRIZIA GrundInvest Objekt Hofheim GmbH & Co. KG	Augsburg	EUR	indirect	5,10	21.493	219	3
PATRIZIA GrundInvest Objekt Berlin GmbH & Co. KG	Augsburg	EUR	indirect	5,10	47.620	246	3
PATRIZIA GrundInvest Berlin Landsberger Allee GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,03	68.800	1.632	6
PATRIZIA GrundInvest Die Stadtmitte Mülheim GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,05	43.559	931	3
PATRIZIA GrundInvest Objekt Mühlheim Die Stadtmitte GmbH & Co. KG	Augsburg	EUR	indirect	5,10	27.860	-71	3

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Equity in currency (in k)	Net result in currency (in k)	Footnote
PATRIZIA GrundInvest Europa Wohnen Plus GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,52	43.262	-1.343	6
PATRIZIA GrundInvest Hamburg Schloßstraße GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,14	16.102	2.162	3
Carl A-Immo GmbH & Co. KG	München	EUR	direct	12,50	0	0	3
PATRIZIA GrundInvest Objekt Hamburg Schloßstraße GmbH & Co. KG	Augsburg	EUR	indirect	5,10	11.078	151	3
PATRIZIA GrundInvest Objekte Augsburg Nürnberg GmbH & Co. KG	Augsburg	EUR	indirect	10,10	41.085	795	3
PATRIZIA GrundInvest Helsinki GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,32	43.779	4.415	3
STORAG Etzel GmbH & Co. geschl. InvKG	Frankfurt am Main	EUR	indirect	5,10	207.130	-91	3
PATRIZIA GrundInvest Augsburg Nürnberg GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,04	46.760	2.031	3
PATRIZIA GrundInvest Erfurt Stadtmitte GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,09	19.602	-1.657	3
PATRIZIA GrundInvest Objekt Erfurt GmbH & Co. KG	Augsburg	EUR	indirect	10,10	18.881	-549	3
PATRIZIA GrundInvest Heidelberg Bahnstadt GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0,53	24.139	-2.840	3
PATRIZIA GrundInvest Objekt Heidelberg GmbH & Co. KG	Augsburg	EUR	indirect	10,10	-2.490	-2.338	3
United Kingdom							
BRICKVEST MARKETS LTD	London	GBP	indirect	100,00	30	-1.148	3
PATRIZIA EUROPEAN PROPERTY II (SCOTS) LP	Edinburgh	GBP	indirect	15,35	3	3	2
TRANSEUROPEAN PROPERTY (SCOTS) VI LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	5,61	0	0	3
PATRIZIA PERIPHERAL EUROPE (SCOTLAND) LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	14,00	0	0	3
PATRIZIA UK VALUE 2 (SCOTLAND) LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	32,20	0	0	3
PATRIZIA RIMBAUD (SCOTLAND) LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	24,82	-3	-3	2
TRANSEUROPEAN PROPERTY (SCOTS) V LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	5,06	44	44	2
PROJECT URBAN (SCOTS) LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	71,5	-505	-55	2
FIRST STREET DEVELOPMENT LIMITED	Manchester	GBP	indirect	10,00	1	-17	3
PATRIZIA PANEUROPEAN PROPERTY LIMITED PARTNERSHIP	London	EUR	indirect	0,05	628.510	-80.586	3
THE ROCKSPRING GERMAN RETAIL BOX FUND L.P.	London	EUR	indirect	0,24	34.363	-4.960	3
TRANSEUROPEAN PROPERTY LIMITED PARTNERSHIP IV	London	EUR	indirect	0,36	3.195	-271	3
PATRIZIA TRANSEUROPEAN PROPERTY V LIMITED PARTNERSHIP	London	EUR	indirect	0,64	29.927	-979	3
PATRIZIA UK VALUE 2 LIMITED PARTNERSHIP	London	GBP	indirect	0,45	35.363	48.495	3,6
NPS EUROPEAN PROPERTY II LP	London	EUR	indirect	0,73	45.817	-51.771	3
PATRIZIA TRANSEUROPEAN PROPERTY VI LIMITED PARTNERSHIP	London	EUR	indirect	0,99	286.705	-15.957	3
CHARLIE BERLIN LP	London	EUR	indirect	0,99	1.413	-476	3
ROCKSPRING PERIPHERAL EUROPE LIMITED PARTNERSHIP	London	EUR	indirect	0,01	659	-8	3

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Equity in currency (in k)	Net result in currency (in k)	Footnote
HBOS FSPS EUROPEAN PROPERTY LIMITED PARTNERSHIP	London	EUR	indirect	0,00	425.680	-3.610	3
NPS REAL ESTATE PROJECTS LIMITED PARTNERSHIP	London	GBP	indirect	0,00	207.014	-12.239	3
PI LABS III LP	London	GBP	indirect	2,92	34.714	0	3
PATRIZIA SPITFIRE CARRY LLP	London	GBP	indirect	11,10	0	0	3
SCIF Investor Vehicle LLP	London	EUR	indirect	1,00	170.746	11.592	3
Luxembourg							
PATRIZIA Lux TopCo S.à r.l. en liquidation volontaire	Luxemburg	EUR	indirect	10,00	-522	-1	3
Carl Lux SCS	Luxemburg	EUR	direct	0,01	6	0	3
Opportunitäten Europa 1 S.à r.l.	Luxemburg	EUR	indirect	5,10	2.556	-26	3
Opportunitäten Europa 2 S.à r.l.	Luxemburg	EUR	indirect	5,10	4.013	10	3
Opportunitäten Europa 3 S.à r.l.	Luxemburg	EUR	indirect	5,10	1.793	23	3
Opportunitäten Europa 4 S.à r.l.	Luxemburg	EUR	indirect	5,10	272	-90	3
Opportunitäten Europa 5 S.à r.l.	Luxemburg	EUR	indirect	5,10	-813	-64	3
Opportunitäten Europa 6 S.à r.l.	Luxemburg	EUR	indirect	5,10	-851	1	3
Opportunitäten Europa 7 S.à r.l.	Luxemburg	EUR	indirect	5,10	-1.075	315	3
Opportunitäten Europa 8 S.à r.l.	Luxemburg	EUR	indirect	5,10	229	-141	3
Opportunitäten Europa 9 S.à r.l.	Luxemburg	EUR	indirect	5,10	-3.372	-209	3
Opportunitäten Europa 10 S.à r.l.	Luxemburg	EUR	indirect	5,10	-3.190	19	3
Opportunitäten Europa 11 S.à r.l.	Luxemburg	EUR	indirect	5,10	-1.384	-179	3
Seneca Holdco SCS	Luxemburg	EUR	indirect	5,10	43.803	7.595	2
OSCAR Lux Carry SCS	Luxemburg	EUR	indirect	0,10	3.560	2.885	3,6
PATRIZIA Real Estate 30 S.à r.l.	Luxemburg	EUR	indirect	10,10	-86	-52	3
PATRIZIA TransEuropean Property VII SCSp-RAIF	Luxemburg	EUR	indirect	1,00	483.971	-81.273	3
Augusta Wohnen S.à r.l.	Luxemburg	EUR	indirect	2,00	9.336	-87	3,6
PATRIZIA Europe Residential Plus	Luxemburg	EUR	indirect	0,03	257.388	-9	3
PATRIZIA EuroLog Fund SCSp	Luxemburg	EUR	indirect	0,00	706.730	-3.636	3
PATRIZIA PanEuropean Property SCS	Luxemburg	EUR	indirect	0,12	162.791	12.945	10
NPS EUROPEAN PROPERTY III SCSP, SICAV-RAIF	Luxemburg	EUR	indirect	18,32	752.965	-83.241	3
Project Urban Feeder SCSp	Luxemburg	GBP	indirect	0,01	53.459	-17.891	3
Project Urban SCSp	Luxemburg	GBP	indirect	0,00	175.925	-61.539	3
PATRIZIA Sustainable Communities I SCSp-RAIF	Luxemburg	EUR	indirect	1,17	4.146	-284	2
PATRIZIA EIF II Team Commitment Partner	Luxemburg	EUR	indirect	35,84	3.453	312	3
PATRIZIA Infrastructure Debt Partners I SCSp	Luxemburg	EUR	indirect	0,00	89.443	2.716	3;6
PATRIZIA EIF II Carried Interest Partner	Luxemburg	EUR	indirect	36,05	1	0	3
PATRIZIA SCIF Carried Interest Partner	Luxemburg	EUR	indirect	42,00	0	0	3
Sustainable Future Ventures Fund I SCSp	Helsinki	EUR	indirect	18,07	12.997	-1.572	3
Other countries							
MERRION S.A.	Brüssel	EUR	indirect	0,00	1.536	-420	2
Opportunitaeten Europa 12 Limited	Dublin	EUR	indirect	5,10	-6.872	-387	2,6
SPITFIRE (JCO) LIMITED	St Helier	EUR	indirect	1,33	3.169	-905	3
WS HOLDCO, PBC	Wilmington	USD	indirect	2,29	0	-7.900	3
Real Tech Ventures I ILP	Sydney	AUD	indirect	3,39	3.881	60	3
Camber Creek Fund III, LP	Wilmington	USD	indirect	1,99	247.831	-20.439	3
PATRIZIA JAPAN RESIDENTIAL LP	Singapur	GBP	indirect	1,96	-73	-67	2
Advantage PE 2021 A K/S	Kopenhagen	DKK	indirect	8,21	8.331	479	2
APAC Sustainable Infrastructure Fund Pte. Ltd.	Singapore	USD	indirect	27,27	-1.658	-1.659	2,6

[1] As a result of the existing control and profit transfer agreements. The results are adopted by PATRIZIA
[2] Provisional financial statements
[3] Previous financial statements figures
[4] Use of Section § 264 Abs. 3 HGB resp. § 264b HGB
[5] General Partner as per § 285 Nr.11a HGB
[6] Deviating financial year
[7] Opening balance amounts
[8] Special fund according to Capital Investment Code
[9] As a result of the existing control and profit transfer agreements. The results are adopted by PATRIZIA Projekt 710 GmbH
[10] Annual accounts 2021

Responsibility statement by the Executive Directors

of PATRIZIA SE (Group)

To the best of our knowledge. and in accordance with the applicable reporting principles. the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. and the combined management report for the Company and 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.

Augsburg, 18 March 2024

The Executive Directors

Dr Asoka Wöhrmann	**Christoph Glaser**	**Wolfgang Egger**
CEO	CFO	Founder

Independent Auditor's Report

To the PATRIZIA SE, Augsburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of PATRIZIA SE, Augsburg, and its subsidiaries (the group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2023 to 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the combined management report (report on the position of the company and of the group) of PATRIZIA SE for the financial year from 1 January 2023 to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report listed in section "OTHER INFORMATION".

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the group as at 31 December 2023, and of its financial performance for the financial year from 1 January 2023 to 31 December 2023, and
– the accompanying combined management report as a whole provides an appropriate view of the group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those parts of the combined management report listed in section "OTHER INFORMATION".

Pursuant to § 322 (3) sentence 1 HGB (German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of combined management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) letter (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2023 to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

We have identified the following matters as key audit matters to be disclosed in our auditor's report:

1. Valuation of the participations at fair value
2. Recoverability of goodwill
3. Impairment of fund management contracts

1. VALUATION OF THE PARTICIPATIONS AT FAIR VALUE

Matter

PATRIZIA SE's consolidated financial statements include participations totaling EURk 594,686 (previous year EURk 664,612), which corresponds to 29.7 % of the consolidated balance sheet total or 49.7 % of consolidated equity. Investments are measured at fair value in accordance with IFRS 9, with changes in value recognized in other comprehensive income (FVTOCI). PATRIZIA SE uses a valuation model for the valuation of these investments, which is essentially based on the net asset values (NAV) or, if known, expected sales prices of the investees and which takes into account the relevant share of PATRIZIA SE from its investment. The NAV of the investees is largely determined by the market values of the real estate held by them, for which external valuation reports are generally available. The assessment of the legal representatives with regard to the valuation of the investments is subject to uncertainties, and incorrect valuations would have a significant impact on other comprehensive income and thus on the overall result for the respective reporting period and the equity ratio. Against this background, we have classified the fair value measurement of the investments as a key audit matter. The information provided by the legal representatives on the valuation of the investments is included in section 4.1.2 of the notes to the consolidated financial statements.

Auditor's Response and Observations

As part of our audit of the participations, we first reviewed the valuation model and the methodical approach used by PATRIZIA SE to value the participations. Based on this, we examined the net assets, financial position and results of operations of the respective investee in more detail for selected material investees and, in particular, evaluated the annual audit reports, valuation reports and other documents and information relating to these investees. With regard to the NAVs, we first examined whether they were determined in a methodologically appropriate manner and on the basis of suitable data. By interviewing the legal representatives or third parties appointed by them, we satisfied ourselves of the appropriateness of the main underlying assumptions. In addition, we performed reconciliations with general and sector-specific market expectations. With regard to the share of the NAV of the investees allocated to PATRIZIA SE as part of the valuation model, we verified on the basis of the contractual documents that this allocation corresponds to the contractual provisions on the distribution of earnings and assets for the respective investees. Due to the above-mentioned possible material significance and the fact that the valuation of the investments also depends on general conditions and external effects that are beyond the control of PATRIZIA SE, we also examined the sensitivity analyses performed by the legal representatives on the basis of a critical appraisal of the methodology and parameters in order to be able to estimate possible risks of changes in value in the event of a change in key input factors.

2. RECOVERABILITY OF GOODWILL

Matter

The consolidated financial statements of PATRIZIA SE include goodwill of EURk 376,719 (previous year EURk 381,253), which accounts for 18.8 % of the consolidated balance sheet total and 31.5 % of consolidated equity. Goodwill was allocated to cash-generating units or groups of cash-generating units. The change is mainly the result of exchange rate changes amounting to EURk -4,854 (previous year EURk -1,961), which are mainly attributable to the exchange rate development of the Australian dollar and the British pound.

Cash-generating units or groups of cash-generating units with goodwill are tested for impairment by the Company at least once a year and additionally if there are indications of impairment (impairment test) at least once a year. The valuation is performed using a valuation model based on the discounted cash flow method. The valuation is based on the present values of future cash flows, which are based on the five-year budget planning (detailed planning period) valid at the time the impairment tests are carried out. This detailed planning period is then extrapolated on the basis of long-term growth rates.

The discounting is based on the weighted average cost of capital (WACC). If the carrying amount of a cash-generating unit or group of cash-generating units exceeds the recoverable amount, an impairment loss is recognized for the difference.

The assessment of the recoverability of goodwill is complex and requires numerous estimates and judgments by the legal representatives, particularly with regard to the amount of future cash surpluses, the growth rate for forecasting cash flows beyond the detailed planning period and the discount rate to be used. Due to the significance of the goodwill for the consolidated financial statements of PATRIZIA SE in terms of amount and the considerable uncertainties associated with the measurement, this is a particularly important audit matter.

PATRIZIA SE's disclosures on goodwill are included in chapter 2.1 in the section "Acquisition of Subsidiaries" and in chapter 4.2 of the notes to the consolidated financial statements.

Auditor's Response and Observations

As part of our audit, we assessed the appropriateness of the key assumptions and parameters used and the method of calculating the impairment tests, with the involvement of our valuation specialists.

In particular, we verified the methodological approach used to perform the impairment tests. We assessed whether the valuation model used appropriately reflects the conceptual requirements of the relevant standards, whether the necessary input data were fully and appropriately determined and adopted, and whether the calculations in the model were correct.

In addition, we obtained an understanding of the planning system and the planning process, as well as of the significant assumptions made by the legal representatives in the planning, through inquiries, walk-throughs and inspections of related documents. We reconciled the forecast of future cash surpluses in the detailed planning period with the multi-year budget planning approved by the Board of Directors and satisfied ourselves of the Company's adherence to planning based on an analysis of deviations from plan in the past and in the current financial year. We verified the assumptions underlying the planning and the growth rates assumed in forecasting the cash flows beyond the detailed planning period by comparing them with past developments and current industry-specific market expectations. In addition, we critically examined the discount rates used on the basis of the average cost of capital of a peer group. As a significant portion of the value in use results from forecasted cash inflows for the period after the detailed planning period (terminal value phase), we critically assessed in particular the sustainable growth rate used for the terminal value phase based on general and industry-specific market expectations. Due to the potential material significance and the fact that the measurement of goodwill also depends on economic conditions that are beyond the Group's control, our audit also included the sensitivity analyses performed by PATRIZIA SE. With regard to the effects of possible changes in the cost of capital and the assumed growth rates, we also performed our own sensitivity analyses.

Overall, we were able to satisfy ourselves that the assumptions made by the legal representatives in carrying out the impairment test and the valuation parameters used are comprehensible and lie within a reasonable range.

3. IMPAIRMENT OF FUND MANAGEMENT CONTRACTS

Matter

PATRIZIA SE reports fund management contracts of EURk 89,101 (previous year EURk 106,834) under "Other intangible assets" in the consolidated financial statements, which account for 4.5 % of total consolidated assets and 7.5 % of consolidated equity. The reduction in other intangible assets compared to 31 December 2022 is mainly due to amortization over the expected remaining term of fund management contracts.

The analysis and assessment of whether there are indications for an impairment of the fund management contracts requires to a large extent assumptions and estimates about the future net cash flows from the contracts and the discount rate used. Due to the size of the balance sheet item, incorrect analysis and assessments may have a material impact on the consolidated financial statements. For those reasons stated above, we do consider the recoverability of the fund management contracts as a key audit matter.

PATRIZIA SE's disclosures on the fund management agreements are provided in chapter 4.3 of the notes to the consolidated financial statements.

Auditor's Response and Observations

In order to assess the appropriateness of the analysis performed by the legal representatives as to whether there is an indication of impairment of the acquired fund management contracts ("triggerring event" analysis), we have, with the involvement of our valuation specialists, both dealt with the underlying processes and performed statement-related audit procedures. In particular, we verified the calculation of the present value of future cash flows and verified the underlying valuation models both methodically and mathematically. In doing so, we examined and assessed whether the budget plans reflect general and industry-specific market expectations and evaluated and validated the valuation parameters used in estimating the fair values.

OTHER INFORMATION

The Executive Directors or the Supervisory Board are responsible for the other information. The other information comprises:

- the combined non-financial group statement provided in section 4 "Non-financial statement" of the combined management report
- the separately published corporate governance statement referred to in section 6.2 "Combined corporate governance statement - Disclosures pursuant to section 289f HGB and section 315d HGB" of the combined management report
- the other parts of the annual report, except for the audited consolidated financial statements and combined management report as well as our auditor's report

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and thereby acknowledge whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report, or our knowledge obtained in the audit or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The Executive Directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the group. In addition, the Executive Directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Executive Directors are responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Executive Directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Executive Directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Board of Directors is responsible for overseeing the group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the Executive Directors and the reasonableness of estimates made by the Executive Directors and related disclosures.
- conclude on the appropriateness of the Executive Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the group's position it provides.
- perform audit procedures on the prospective information presented by the Executive Directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Executive Directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT, PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 (3A) HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file "PATRIZIA_SE_KA-2023-12-31.zip" and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January 2023 to 31 December 2023 contained in the "Report on the audit of the consolidated financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file identified above in accordance with § 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards, which implement the IAASB's International Standards on Quality Management.

Responsibilities of the Executive Directors and the Board of Directors for the ESEF Documents

The Executive Directors of the company are responsible for the preparation of the ESEF documents with the electronic renderings of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 No. 2 HGB.

In addition, the Executive Directors of the company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB for the electronic reporting format.

The Board of Directors is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this electronic file.
- evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the consolidated general meeting on 25 May 2023. We were engaged by the Board of Directors on 22 December 2023. We have been the group auditor of the PATRIZIA SE without interruption since the financial year 2022.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER — USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format – including the versions to be published in the German Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents provided in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Tobias Bordt.

Frankfurt am Main, 18 March 2024

BDO AG
Wirtschaftsprüfungsgesellschaft

Signed by Eisenhuth Wirtschaftsprüfer (German Public Auditor)	Signed by Bordt Wirtschaftsprüfer (German Public Auditor)

Independent Auditor's Report on a Limited Assurance Engagement of the Combined Non-Financial Statement

We have performed a limited assurance engagement on the German version of the combined non-financial statement and issued an Independent Practitioner's Report in German language, which is authoritative. The following text is a translation of the original German Independent Practitioner's Report.

To the Board of Directors of PATRIZIA SE, Augsburg

We have performed a limited assurance engagement on the combined non-financial statement of PATRIZIA SE, Augsburg, (hereinafter referred to as Patrizia or the parent company), including the chapter "1. Group Fundamentals" in the combined management report qualified by references for the period from 1 January to 31 December 2023 (hereinafter referred to as the "combined non-financial statement") included in section "Non-financial statement" of the combined group management report.

Responsibility of the Executive Directors

The executive directors of the parent company are responsible for the preparation of the combined non-financial statement in accordance with §§ 315c in conjunction with 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code] and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "4.2.2 EU Taxonomy Regulation" of the combined non-financial statement.

The responsibility of the executive directors includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a combined non-financial statement that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "4.2.2 EU Taxonomy Regulation" of the combined non-financial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Management of the Assurance Practitioner's Firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements - in particular the By-laws Regulating the Rights and Duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their Profession as well as the IDW Quality Management Standards issued by the Institute of Public Auditors in Germany (IDW), and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Practitioner's Responsibility

Our responsibility is to express a conclusion with limited assurance on the combined non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the combined non-financial financial statement, other than the external sources of documentation or expert opinions mentioned in the combined non-financial financial statement, has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to

289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "4.2.2 EU Taxonomy Reporting" of the combined non-financial statement.
In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:
Obtainment of an understanding of the structure of the sustainability organization and stakeholder engagement

- Inquiries of the executive directors and relevant employees involved in the preparation of the combined non-financial statement about the preparation process, about the internal control system related to this process and about disclosures in the combined non-financial statement
- Identification of likely risks of material misstatement in the combined non-financial statement
- Analytical procedures on selected disclosures in the combined non-financial statement
- Reconciliation of selected disclosures with the corresponding data in the combined financial statements and group management report
- Evaluation of the presentation of the combined non-financial statement
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the combined non-financial statement

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined non-financial statement of PATRIZIA SE for the period from 1 January to 31 December 2023 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors as disclosed in section "4.2.2 EU Taxonomy Regulation" of the combined non-financial statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the parent company's purposes and that the report is intended solely to inform the parent company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the parent company alone. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

General Engagement Terms

This engagement is based on the "Special Engagement Terms and Conditions of BDO AG Wirtschaftsprüfungsgesellschaft" of March 1, 2021, agreed with the Company as well as the "General Engagement Terms and Conditions for Auditors and Auditing Firms" of January 1, 2017, issued by the IDW (www.bdo.de/auftragsbedingungen).

Munich, March 18th 2024

BDO AG Wirtschaftsprüfungsgesellschaft

Carmen Auer ppa. Dennis Farr

Further information

1 Five-year overview balance sheet and income statement

Five-year overview for the Group – consolidated balance sheet (IFRS)

Assets

EUR k	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
A. Non-current assets					
Goodwill	376,719	381,253	216,444	212,353	210,292
Other intangible assets	89,320	107,134	91,742	106,137	131,895
Software	6,725	8,080	14,204	16,603	10,326
Rights of use	51,296	26,715	33,770	25,906	24,988
Investment property	246,481	1,892	1,838	1,838	1,835
Equipment	14,580	9,721	9,736	7,305	6,056
Participations in companies accounted for using the equity method	40,412	6,545	23,747	32,357	69,035
Participations	594,686	664,612	633,976	574,561	525,716
Other non-current financial assets (FVTPL)[1]	10,203	10,020	10,440	10,440	10,440
Other non-current financial assets (AC)[1]	41,146	18,174	23,474	24,487	17,837
Other non-current non-financial assets[1]	2,281	3,497	0	0	0
Deferred tax assets	7,630	8,341	7,774	21,031	17,305
Total non-current assets	**1,481,479**	**1,245,986**	**1,067,145**	**1,033,018**	**1,025,724**
B. Current Assets					
Inventories	281	159,781	169,796	14,647	113,208
Securities	0	29,602	15,752	11	1,011
Current derivative financial instruments	0	444	0	0	0
Current tax assets	21,091	29,312	28,448	26,554	17,318
Current receivables and other current financial assets[1]	150,202	225,024	434,229	386,638	377,067
Other current non-financial assets[1]	5,871	6,208	4,827	5,761	3,668
Cash and cash equivalents	340,181	349,518	341,260	495,454	449,084
Total current assets	**517,626**	**799,888**	**994,312**	**929,065**	**961,356**
Total assets	**1,999,105**	**2,045,874**	**2,061,457**	**1,962,083**	**1,987,080**

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

Equity and Liabilities

EUR k	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
A. Equity					
Share capital	85,844	86,175	88,620	89,683	91,060
Capital reserves	65,704	67,181	89,831	129,751	155,222
Retained earnings					
Legal reserves	505	505	505	505	505
Currency translation difference	-3,853	-2,502	2,317	-7,944	-4,818
Remeasurements of defined benefit plans according to IAS 19	2,943	4,807	99	-5,457	-3,459
Revaluation reserve according to IFRS 9	130,660	189,691	179,716	130,196	78,721
Consolidated unappropriated profit	874,429	913,135	921,720	900,507	889,160
Non-controlling interests	39,553	66,346	35,694	32,265	30,359
Total equity	**1,195,785**	**1,325,338**	**1,318,503**	**1,269,505**	**1,236,750**
B. Liabilities					
NON-CURRENT LIABILITIES					
Deferred tax liabilities	103,495	121,417	111,577	115,484	112,178
Retirement benefit obligations	20,473	17,715	25,546	29,579	27,564
Non-current bonded loans	69,000	158,000	158,000	234,000	300,000
Non-current bank loans	164,571	0	0	0	0
Non-current accruals	1,774	10,122	3,978	0	0
Other non-current financial liabilities[1]	149,912	134,186	28,515	22,340	25,094
Other non-current non-financial liabilities[1]	0	442	0	0	0
Non-current lease liabilities	43,020	18,339	24,862	17,811	15,841
Total non-current liabilities	**552,245**	**460,221**	**352,477**	**419,214**	**480,677**
CURRENT LIABILITIES					
Current bank loans	0	91,688	171,095	43,200	93,194
Current bonded loans	89,000	0	76,000	66,000	0
Other provisions	30,230	17,238	8,213	9,109	9,254
Other current financial liabilities[1]	102,945	116,080	96,464	101,053	88,214
Current derivative financial instruments	297	0	0	0	0
Other current non-financial liabilities[1]	9,403	7,951	13,716	18,276	28,547
Current lease liabilities	10,324	8,950	9,505	8,387	9,328
Income tax liabilities	8,876	18,407	15,484	27,339	41,117
Total current liabilities	**251,075**	**260,315**	**390,477**	**273,363**	**269,653**
Total equity and liabilities	**1,999,105**	**2,045,874**	**2,061,457**	**1,962,083**	**1,987,080**

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

Five-year overview for the Group – consolidated income statement (IFRS)

Consolidated income statement

EUR k	2023	2022	2021	2020	2019
Revenues	292,434	346,289	318,163	301,693	398,703
Income from the sale of investment property	0	0	0	0	252
Changes in inventories	0	-41,266	603	-2,242	-50,535
Other operating income[1]	24,726	28,564	21,090	16,824	15,192
Total operating performance	**317,160**	**333,587**	**339,856**	**316,275**	**363,611**
Cost of materials	-1,622	-7,608	-3,881	-3,568	-6,601
Cost of purchased services	-17,039	-22,740	-17,971	-16,066	-28,036
Staff costs	-171,144	-147,919	-139,224	-143,759	-131,769
Other operating expenses[1]	-88,872	-99,634	-88,430	-78,424	-84,718
Impairment result for trade receivables and contract assets	-201	-203	627	418	-429
Result from participations	35,082	34,034	35,638	31,624	32,891
Earnings from companies accounted for using the equity method	-3,507	-622	5,138	9,181	725
EBITDAR	**69,858**	**88,896**	**131,755**	**115,682**	**145,674**
Reorganisation income	563	0	96	0	2,377
Reorganisation expenses	-16,324	-9,963	-2,929	0	-10,339
EBITDA	**54,097**	**78,933**	**128,922**	**115,682**	**137,713**
Depreciation, amortisation and impairment	-50,526	-43,371	-35,611	-42,309	-55,562
Results from fair value adjustments to investment property	1,529	0	0	4	-791
Earnings before interest and taxes (EBIT)	**5,100**	**35,562**	**93,311**	**73,377**	**81,360**
Financial income	13,445	2,689	1,898	2,971	2,096
Financial expenses	-12,016	-8,039	-6,753	-6,707	-6,111
Other financial result	-2,396	-8,979	194	0	300
Result from currency translation	-3,801	-477	-942	-7,595	-234
Earnings before taxes (EBT)	**331**	**20,755**	**87,708**	**62,046**	**77,411**
Income taxes	-4,386	-13,506	-35,900	-21,369	-21,064
Net profit/ loss for the period	**-4,055**	**7,249**	**51,808**	**40,678**	**56,347**
Attributable to shareholders of the parent company	5,773	7,284	47,896	37,703	52,869
Attributable to non-controlling interests	-9,828	-35	3,912	2,975	3,478
Earnings per share (undiluted) in EUR	0.07	0.08	0.54	0.42	0.58
Earnings per share (diluted) in EUR	0.07	0.08	0.54	0.42	0.58

[1] The previous year´s figures were restated in line with the new table structure in the year under review.

2 Board of Directors and Executive Directors

Board of Directors as at 31 December 2023

Uwe H. Reuter

Chair, independent Member of the Board of Directors
Member of the Audit Committee
Member of the Nomination and Remuneration Committee
First appointed on: 15 July 2022
Appointed until: Annual General Meeting 2024

Member of Board of Directors and Supervisory Boards

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

Supervisory Board mandates within VHV Group:

- VHV a.G. – Chairman of the Supervisory Board
- VHV Holding AG – Chairman of the Supervisory Board

Supervisory Boards of subsidiaries of VHV Group:

- VHV Allgemeine Versicherung AG – Member of the Supervisory Board
- VHV solutions GmbH – Deputy Chairman of the Supervisory Board
- VHV digital services AG – Deputy Chairman of the Supervisory Board

Jonathan Feuer

Deputy Chair, independent Member of the Board of Directors
Chair of the Audit Committee (expert in the field of audit)
First appointed on: 15 July 2022
Appointed until: Annual General Meeting 2025

Private Equity Investor

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

- Non-Executive Board Member, Stiftung Fürst Liechtenstein III
- Non-Executive Board Member, Stiftung Fürst Liechtenstein

Wolfgang Egger

Member of the Board of Directors
Member of the Nomination and Remuneration Committee
First appointed on: 15 July 2022
Appointed until: Annual General Meeting 2024

Founder and Member of the Board of Directors of PATRIZIA SE

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

- None

Axel Hefer

Independent Member of the Board of Directors
Member of the Audit Committee (expert in the field of accounting)
First appointed on: 15 July 2022
Appointed until: Annual General Meeting 2024

Chief Operating Officer, Tipico Group Ltd

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

- Chairman of the Supervisory Board, FC Gelsenkirchen-Schalke 04 e.V., Germany

Marie Lalleman

Independent Member of the Board of Directors
Chair of the Nomination and Remuneration Committee
First appointed on: 15 July 2022
Appointed until: Annual General Meeting 2024

Independent Board Member, Senior Advisor to CEOs & C-Suite

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

- Non-Executive Director, Board of Directors, Chairwoman of the Nomination & Corporate Governance Committee, CRITEO (listed company, Nasdaq stock exchange)

Philippe Vimard

Independent Member of the Board of Directors
Member of the Nomination and Remuneration Committee
First appointed on: 15 July 2022
Appointed until: Annual General Meeting 2024

Global Business and Technology Leader, Independent Board Member

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

- Independent Non-Executive Director, Nordhealth AS, Finland (listed company)
- Independent Non-Executive Director, Indy, France
- Independent Non-Executive Director, Chair of the Remuneration Committee, Schibsted, Norway (listed company)

Saba Nazar

Independent Member of the Board of Directors
First appointed on: 15 July 2022
Appointed until: Annual General Meeting 2024

Managing Director, BofA Securities and Co-Head of Global Financial Sponsors Group

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

- None

Excecutive Directors as at 31 December 2023

Dr Asoka Wöhrmann

Executive Director, CEO
First appointed on: 2 May 2023
Appointed until: indefinite

Responsibilities
Products & Clients, Real Estate incl. ESG, Infrastructure, Investment Solutions, Investment Strategy & Research, Regions (incl. APAC), Corporate M&A & Strategy, Capital Allocation & Investments, Marketing, Communications, Human Resources, Legal & Compliance, Internal Audit, Collaboration with Board of Directors, Transformation & Business Development (incl. former Tech Lab)

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

- None

Christoph Glaser

Executive Director, CFO
First appointed on: 1 April 2022
Appointed until: 31 March 2025

Responsibilities
Performance Management, Corporate Finance (incl. Treasury), Corporate Financial Planning & Analysis, Procurement & Services, Accounting, Tax, Insurance, Investor Relations (incl. Capital Markets compliance), Cost Management, Operations Enablement & IT, Fund Operations, Risk Management

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

- Member of the Supervisory Board, Dawonia Real Estate GmbH & Co. KG, Grünwald

Wolfgang Egger

Executive Director, Founder
First appointed on: 21 August 2002
Appointed until: 30 June 2024

Responsibilities
Strategic Development of PATRIZIA SE, Strategic Client Relationships, Capital Deployment Strategy, Purpose & Impact

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

- None

3 Financial calendar and contact details

Financial calendar 2024

Date	
29 February 2024	2023 Preliminary results with investors and analyst conference call
22 March 2024	2023 Annual Report
15 May 2024	3M 2024 Interim Statement with investor and analyst conference call
12 June 2024	2024 Annual General Meeting
14 August 2024	H1 2024 Financial Report with investor and analyst conference call
14 November 2024	9M 2024 Interim Statement with investor and analyst conference call

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This Annual Report was published on 22 March 2024. This is a translation of the German Annual Report. In case of doubt, the German version shall apply. Both versions are available on the PATRIZIA website:

https://ir.patrizia.ag/de/news-publikationen/geschaeftsberichte
https://ir.patrizia.ag/en/news-publications/annual-reports