
PATRIZIA
ANNUAL REPORT 2022
EXPERTISE
PERFORMANCE
PARTNER
IN REAL
ASSETS

Contents

Key figures

Financial performance indicators

	2022	2021	Change
Assets under Management (AUM)	EUR 59,1bn	EUR 48,6bn	21.6%
EBITDA	EUR 78,9m	EUR 128,9m	-38.8%
EBITDA margin	24.0%	36.5%	-12,5 PP

PP = percentage points

Revenues and earnings

EUR k	2022	2021	Change
Revenues	346,289	318,163	8.8%
Total operating performance	333,587	339,856	-1.8%
EBITDA	78,933	128,922	-38.8%
EBIT	35,562	93,311	-61.9%
EBT	20,755	87,708	-76.3%
Consolidated net profit	7,249	51,808	-86.0%

Structure of assets and capital

EUR k	31.12.2022	31.12.2021	Change
Non-current assets	1,245,986	1,067,145	16.8%
Current assets	799,888	994,312	-19.6%
Equity (excl. non-controlling interests)	1,258,992	1,282,809	-1.9%
Equity ratio (excl. non-controlling interests)	61.5%	62.2%	-0.7 PP
Net equity ratio	70.1%	74.6%	-4.5 PP
Non-current liabilities	460,221	352,477	30.6%
Current liabilities	260,315	390,477	-33.3%
Total assets	2,045,874	2,061,457	-0.8%

PP = percentage points

PATRIZIA share

ISIN	DE000PAT1AG3
SIN (Security Identification Number)	PAT1AG
Code	PAT
Issued shares as at 31.12.2022	92,351,476 shares
Outstanding shares as at 31.12.2022[1]	86,175,357 shares
Treasury shares as at 31.12.2022	6,176,119 shares
2022 high[2]	EUR 20.95
2022 low[2]	EUR 6.99
Closing price as at 31.12.2022[2]	EUR 10.36
Share price performance 2022[2]	-49.5%
Market capitalisation as at 31.12.2022	EUR 1.0bn
Average trading volume per day 2022[3]	74,997 shares
Indices	SDAX, MSCI World Small Cap Index and others (CDAX, Classic All Share, DAX International Mid 100, DAXsector Financial Services, DAXsubsector Real Estate, Solactive DIMAX Deutschland, Prime All Share, S&P GIVI Global Index, S&P Global BMI, S&P Intrinsic Value Weighted Global Index, S&P Low Beta Global Index)

[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,

We are pleased to present to you the Annual Report 2022.

The past financial year was strongly marked by the war in Ukraine and the changed macroeconomic conditions. At the same time, we continued to pursue our transformation. We have significantly enhanced our real assets capabilities, especially with the strengthening of our infrastructure skill profile. We extended our product shelf and our platform beyond Europe to the benefit of our clients and stakeholders while strengthening our distribution capabilities at the same time. We reorganised our operations to address improvements in our efficiency levels and set priorities for future growth. We put many of our strategic prospects into practice. We are ready for the next step on our way to become your leading partner for global real assets.

The year 2022 in review – Financial Results

The year once again placed high demands on us. After two years of Covid-19 Pandemic, Russia's invasion into Ukraine and the sharp rise in inflation and interest rates lead to a significant increase in market uncertainties throughout 2022. These market disturbances also caused uncertainty for our clients and impacted their investment activity. Based on our increasingly diversified international product offering in real estate and infrastructure and our nature as an asset manager without material own balance sheet exposure, we were able to demonstrate reasonable operating resilience in this volatile and fast changing market environment.

This was particularly attributable to the strategic focus on growing Assets under Management (AUM) and the associated increase in recurring management fees – we did deliver growth on both Key Performance Indicators (KPIs) in 2022 despite the weakened market environment. However, recurring management fees of EUR 241.0m in 2022 (+15.3% y-o-y) could not fully compensate for the market induced decline in transaction fees to EUR 22.5m (-56.3% y-o-y) and performance fees to EUR 61.2m (-25.3% y-o-y) in 2022. Taking all three revenue items together, total service fee income came in at EUR 324.7m (-5.2% y-o-y). We responded to the temporarily lower level of client activity in the transaction market in the second half of 2022 by reorganising our operations and adapting them for future growth. This was also accompanied by an adaption of the personnel structure, which was a necessary measure to maintain flexible to further expand and grow at the same time. The one-off costs of the reorganisation burdened our result by roughly EUR 10.0m in 2022, leading to an EBITDA of EUR 78.9m (-38.8% y-o-y), equivalent to an EBITDA-margin of 24.0% (-12.5 PP y-o-y). While the EBITDA showed a significant decline y-o-y, the Group's operating cash flow generation demonstrated strong growth during 2022 with EUR 120.9m (+312.1% y-o-y).

AUM continued to grow both organically and inorganically to a level of EUR 59.1bn (+21.6% y-o-y) despite the turnaround in the interest rate cycle and emerging pressure on real asset valuations in the market. We do benefit from the high quality of our managed assets, the broad diversification in terms of sectors and regions and especially from the forward-thinking investment strategies of our inhouse research and local teams on the ground. This is reflective of our competitiveness and the solidity of the investment strategies for our clients while leverage in the funds managed remained well below market with an average Loan to Value (LTV) of 31% as at 31 December 2022.

While the FY 2022 financial results were significantly impacted by market driven pressure and one-off items of temporary nature, PATRIZIA continues to run a resilient business model with strong balance sheet financials and solid cash-flow generation. Together with the Board of Directors we would like our shareholders to participate in the continued growth of PATRIZIA's platform and propose a dividend per share of EUR 0.33 for FY 2022, equivalent to a growth of 3.1% y-o-y and the fifth consecutive increase in dividends per share to shareholders.

Since PATRIZIA was founded in 1984, the Company mastered a series of market cycles and we emerged stronger from each crisis. We are convinced that our long-lasting client relationships, broad product shelf, the combination of local expertise and global scale as well as the very solid balance sheet with a net equity ratio of 70.1% and EUR 375.1m of available liquidity at the end of the financial year will enable us to successfully navigate through the current choppy waters. With every crisis or price correction in the market also come new opportunities. So, we will use our solid balance sheet to make targeted investments that are the seeds for future growth.

Strategic Platform Development

We holistically expanded our platform ecosystem by products, strategies, investment solutions and expertise – both organically and inorganically. We also expanded our regional footprint and the existing client base.

It is our purpose to “Build Communities & Sustainable Futures”. Communities, however, do not only consist of real estate, such as homes, stores, and offices. They are connected by roads and numerous supply systems, for example, for energy and data. For building sustainable futures, real estate and infrastructure must be considered holistically. This is how we want to make living spaces holistically more efficient, technologically advanced, ecological and socially inclusive. Furthermore, the asset classes real estate and infrastructure are both long duration income generators and both offer protection against inflation. We are convinced that, together with our clients, we are not only well positioned for the temporary changed market environment but also in our mid- to long-term strategy, which focuses on structural growth markets, will also enable us to offer our customers and shareholders sustainable added value.

In our M&A activities, we follow an experienced and selective approach. Against this backdrop we are particularly proud about the acquisition of two strategical extensions that will enable us to optimally deliver on our growth strategy and at the same time having delivered on what we promised strategically.

Thus, the acquisition of Whitehelm Capital is a transformational acquisition for us. Whitehelm’s product offering and investment expertise in infrastructure significantly broadened our existing portfolio of investment solutions with a particular focus on de-carbonisation & energy transition, smart cities & digital infrastructure, water and environmental services, and social infrastructure, across equity, debt, and public listed infrastructure investments. The acquisition does not only enrich the investment opportunities for our clients, it also multiplied PATRIZIA’s infrastructure operations to EUR 8.8bn fee-bearing AUM as at year’s end and tops up the level of recurring management fees. Moreover, the infrastructure business strengthens our earnings resilience across market cycles. Our mid-term strategy is to grow this business and fee bearing AUM significantly. While working together for the first eleven months, the teams successfully proved that they are a good cultural fit. We have learned a lot from each other, have become valued co-workers and are well on our way to leveraging the planned synergies across the organisation.

Close to the end of the year 2022, we also successfully completed the acquisition of ADVANTAGE Investment Partners in Denmark. The Copenhagen-based Company that managed EUR 2.2bn fee-bearing AUM at year’s end possesses both, direct and wholesale distribution channels. The ADVANTAGE multi-manager product shelf includes, among others, a club deal invested in global infrastructure equity and a commingled discretionary fund series invested in North American private equity. The acquisition ideally complements the product range of PATRIZIA Global Partners, which specialises in multi-manager real estate offerings.

Fundraising & Investment Activity

We were able to drive forward the further expansion of our platform because of our healthy and resilient core business with German roots. Irrespective of the macroeconomic environment, we launched and expanded further investment strategies in real estate and infrastructure, in line with the four megatrends demographics, urbanisation, digitalisation and decarbonisation as well as investment strategies with a clear ESG focus and were able to grow the size of our flagship funds considerably.

The transaction volume for our national and international clients during 2022 proved the successful geographical and product diversification of PATRIZIA. Net organic growth in AUM totalling to EUR 2.0bn in 2022 was strongest in Spain, Scandinavia and the Netherlands and in the residential, infrastructure and logistics & industrial sector. More than 70% of transaction activity for our clients was closed outside of Germany during 2022.

Our flagship funds totalled to nearly half of total AUM at year’s end. We have the clear ambition to grow the share of focused flagship strategies significantly mid-term, in order to concentrate on selected investment strategies together with our clients and to further improve the efficiency of the platform.

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 4bn of dry powder in our funds, which can be deployed immediately when market opportunities arise.

Our flagship funds reached important equity milestones in the last year. Furthermore, all of them promotes clear ESG targets, for example by providing 100% renewable energy for all common spaces in buildings and using energy efficient building materials.

On the infrastructure side, we had significant investment activity in the year 2022 for our funds and clients with the investment in Biomet, a bio-LNG producer in Italy, in the SAREN Energy district heating platform in Norway and in two smart city street lighting companies in Italy. Additionally, we now provide our clients with the opportunity to invest into an infrastructure debt vehicle.

Furthermore, we launched the first product purely dedicated to impact investing. The fund aims to create sustainable communities by perspectival providing thousands of affordable homes, including social housing, and additional social infrastructure, such as public facilities for example libraries, day care centres and healthcare facilities, to underserved communities in around 25 locations in and around major European cities.

Moreover, we continue to drive the sustainable change in the built environment with the aim to grow a portfolio of technology companies that have the potential to change the way we finance, build, and use real estate. The strategy comprises the provision a full-service ecosystem empowering sustainable start-ups to scale through community, investment, innovation and workspace.

Towards years end, we set further seed to accelerate our next phase of growth in the Asia-Pacific (APAC) region, which is a core pillar of our mid-term growth strategy. The strategic partnership with a major Asian institutional investor brings fresh firepower of up to USD 1bn that will be invested in Japanese real estate and first property acquisitions for this mandate have already been closed in the year 2022. In December 2022 we were able to launch a new flagship strategy for sustainable infrastructure investments in APAC together with Mitsui & Co. (Mitsui), one of the largest trading and investment companies in the world. It is PATRIZIA Infrastructure's largest-ever strategy in APAC also with a target size of up to USD 1bn.

Together, the two flagship strategies of up to USD 1bn each offer institutional investors access to both infrastructure and real estate assets in the region. This will also be facilitated through our new regional hub opened in Singapore.

Meanwhile, we started fundraising with institutional investors for one of our flagship strategies, which will focus on logistics and alternative investments. The sectors logistics, residential and infrastructure are especially supported by macro trends. We are therefore optimistic to offer our clients attractive investment opportunities.

These achievements would not have been possible without our solid German investor base and our outstanding track record which is the fundament for our remarkable growth path.

Overall, PATRIZIA was able to attract new domestic and international clients to our global platform in 2022 and at year-end offers more than 500 institutional and over 7,000 semi-professional and private investors a comprehensive product portfolio covering private and listed equity, private debt and fund of fund products as well as discretionary strategies across the risk buckets of core, value-add and opportunistic to achieve a broad range of individual investment objectives.

ESG Strategy

We continued to put our sustainability strategy "create better assets, better workplaces and better communities" into practice during the year 2022. The extensive incorporation of ESG aspects in our products and material decision making processes during the recent years are evidence for the progress we made on the way towards achieving our ambitious sustainability targets.

Moreover, we published our Net Zero Carbon Strategy to permanently remove greenhouse gas emissions from our managed assets, the onsite deployment of renewables, and the decarbonising of our operations in the year 2040.

Our "Equity, Diversity & Inclusion" (ED&I) initiative effort has brought attention to the importance of ED&I and motivates us to continue on our chosen path to stay an employer of choice in the real assets sector.

The PATRIZIA Foundation, which receives staff support and financial support of up to 1% of EBITDA from PATRIZIA, reacted in a very short time after the outbreak of the war in Ukraine with the launch of the EduCare Europe Fund in 2022, in order to aid acute occurring issues such as homelessness, displacement, traumatisation, and the complete loss of any educational opportunities for children and young people.

Last but not least we changed our legal structure into a European Stock Corporation (Societas Europaea, SE). The management structure was adapted to a monistic system with an international and diverse Board of Directors. The legal form of the SE strongly emphasises the European and international orientation of PATRIZIA Group.

Outlook

Looking back at the past financial year 2022 demonstrates our financial robustness in uncertain times and our clear positioning for future growth. With our local experts on the ground and our tools for modern investment analysis we aim to design investment portfolios that will benefit from the strongest medium- and long-term fundamentals. We believe in the megatrends of demographics, urbanisation, digitalisation and decarbonisation which are expected to support allocations to real estate and infrastructure today and in the future. With our platform and expertise, we aim to help our clients in building a strategy to secure resilient portfolio income, also in difficult times.

Despite the continued challenging macroeconomic environment, we enter 2023 with cautious optimism, provided that customer and market activity picks up in the second half of 2023, we expect AUM to continue to grow to between EUR 60.0bn and EUR 65.0bn, and to generate an EBITDA of between EUR 50.0m to EUR 90.0m, equivalent to an EBITDA margin between 15.6% and 24.3% for the financial year 2023.

Our skilled, hard-working and passionate employees were fundamental to achieve the financial results and the strong progress we made in our strategic development. Through their expertise, engagement, and relentless efforts they generate added value for PATRIZIA and its stakeholders. In particular, we would like to thank them for their high level of loyalty and willingness to adapt this year. Their achievements and their great collaboration motivate us to strive for ambitious goals to further develop PATRIZIA as a leading global real assets investment manager.

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 route with you!

Augsburg, 21 March 2023

The PATRIZIA SE Executive Directors

Wolfgang Egger Executive Director, CEO	**Thomas Wels** Executive Director, Co-CEO	**Christoph Glaser** Executive Director, CFO

Report of the Board of Directors

Dear Shareholders,
Dear Readers,

The financial year 2022 has been a challenge for all of us. Russia's unjustifiable war of aggression on Ukraine, persistent supply bottlenecks, energy price shocks and inflation have shaped the past year and, last but not least, placed great burdens on many people in our country. The rapid and sharp rise in interest rates has also contributed to the fact that 2022 will certainly go down as one of the more demanding years in post-war economic history.

It is hardly surprising that PATRIZIA was not able to fully escape this market environment. This can be seen, among other things, in our annual result: your Company closed the financial year 2022 with a significantly lower consolidated EBITDA of EUR 78.9m. This corresponds to a decrease of 38.8% compared to the previous year.

However, if we look at the international capital markets in the past year, it also becomes clear that PATRIZIA did not fare badly overall in view of the adverse market environment. Our comprehensive strategic restructuring, which was initiated at an early stage, certainly made a significant contribution to this. In 2022, we transformed the Company into a modern, powerful, and up-to-date SE. We have revised the structures and initiated and established programmes to increase efficiency. Last but not least, we have considerably modernised, internationalised and rejuvenated the Supervisory Board and the Board of Directors in the last two years. To a large extent, we have thus created the conditions to ensure our weather resistance and our strength for the future. At the same time, we have taken important steps to strengthen the Company with improved cost orientation, innovative strength and a clear focus on the changing needs of our clients.

In view of the strains from the macroeconomic environment, some aspects are worth highlighting: For instance, the Company succeeded in further strengthening the Real Assets Investment Management platform in 2022. The organic growth of assets under management through the realisation of asset acquisitions in the area of real estate and infrastructure for national and international clients, as well as the successful conclusion of two international M&A transactions in the area of infrastructure and multi-manager products, have contributed to this in particular. PATRIZIA operates a strong platform with high quality assets under management for long-term oriented clients and a leverage ratio below the market average in the funds it manages.

Composition of the Supervisory Board and Board of Directors and their Committees

On 1 June 2022, the Annual General Meeting of PATRIZIA AG resolved to convert the Company into a Societas Europaea (SE) by way of a cross-border merger. This was a significant step for the Company, which was comprehensively and intensively prepared and monitored by the Supervisory Board. The conversion into the SE became effective with the registration of the merger in the commercial register on 15 July 2022. With the conversion into an SE, PATRIZIA has a powerful, forward-looking monistic management structure.

Last but not least, but also in the course of the conversion to an SE, PATRIZIA adjusted its top management structure and made new appointments to a number of mandates. In the period up to 15 July 2022, the Supervisory Board of PATRIZIA AG consisted of five members, namely Mr Uwe H. Reuter, Mr Jonathan Feuer, Mr Axel Hefer, Ms Marie Lalleman and Mr Philippe Vimard. Since 15 July 2022, the Board of Directors of PATRIZIA SE consists 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. Wolfgang Egger is also one of the three Executive Directors.

Both the Supervisory Board, which existed until 15 July 2022, and the Board of Directors, which exists since then, have each 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)
- Uwe H. Reuter
- Philippe Vimard

Cooperation with the Management Board and the Executive Directors

In the financial year 2022, the Supervisory Board of PATRIZIA AG and the Board of Directors of PATRIZIA SE diligently performed all the duties incumbent upon it by law, the Articles of Association and the Rules of Procedure.

The Supervisory Board regularly advised and monitored the Management Board in its management of the Company. At the same time, we were involved in all key decisions at an early stage. The Management Board regularly informed us in writing and verbally about the fundamental aspects of business development for the Company and the Group, fundamental questions of corporate management, the current opportunities and risks of the earnings and liquidity situation as well as the intended business policy. The Management Board of PATRIZIA AG provided detailed explanations and reasons for the corporate planning and deviations in the course of business from the planning.

In the monistic management 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 day-to-day business to Executive Directors, whereby in the financial year 2022 one of the three 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 also maintained an intensive dialogue with the Executive Directors outside of the meetings. They also informed themselves about the situation and development of the individual companies and the Group by means of oral and written reports, discussed the reports of the Executive Directors and intensively discussed questions of business policy, the course of business and the further development of the Company and the Group with the Executive Directors. On the basis of the reports and information provided by the Executive Directors, the Board of Directors satisfied itself of the proper conduct of business. The Board of Directors also had PATRIZIA SE's risk management system explained to it by questioning the Executive Directors, the risk manager and the auditor.

Meetings

A total of twelve meetings of the Supervisory Board and the Board of Directors took place in the year under review. The high number is due in particular to strategic M&A activities, the conversion of the Company into an SE and the reconstitution of the Board of Directors. Of the twelve meetings of the Supervisory Board and the Board of Directors, seven meetings were held in person and five meetings were held virtually.

In addition, a total of ten meetings of the Audit Committee and eleven meetings of the Nomination and Remuneration Committee were held in the reporting year. The Audit Committee held one meeting in person and nine meetings in virtual form. The Nomination and Remuneration Committee met three times in person and the other eight meetings were held virtually.

Due to the exceptionally high number of meetings, the members of the Supervisory Board/Board of Directors were not able to attend all meetings in individual cases. However, attendance was at least 90% for all members of the Supervisory Board/Board of Directors. Details on the meetings held and individual meeting attendance can be found in the following overview:

Individual attendance of meetings by members of the Supervisory Board and Board of Directors in 2022

	Supervisory Board/ Board of Directors		Audit Committee		Nomination and Remuneration Committee	
	Number	in %	Number	in %	Number	in %
Uwe H. Reuter	12/12	100%	10/10	100%	11/11	100%
Axel Hefer	11/12	92%	10/10	100%	n/a	n/a
Marie Lalleman	12/12	100%	n/a	n/a	11/11	100%
Jonathan Feuer	12/12	100%	9/10	90%	n/a	n/a
Philippe Vimard	12/12	100%	n/a	n/a	10/11	91%
Wolfgang Egger (since 15 July 2022)	5/5	100%	n/a	n/a	n/a	n/a
Saba Nazar (since 15 July 2022)	5/5	100%	n/a	n/a	n/a	n/a

Focal points of advisory and supervisory activities

The meetings focused in particular on important fundamental and individual issues, the Group's strategy, the transformation into an SE, sustainability issues and the economic situation. These included, in particular, the risk situation and risk management against the background of a greatly changed market environment - including the effects of the increased interest rate levels, the increased energy risks as well as business continuity risks such as those associated with the Covid-19 pandemic.

In a first meeting of the Supervisory Board on 28 January 2022 and another meeting on 25 February 2022, the budget planning for the current financial year was discussed.

At the Supervisory Board meeting on 11 March 2022, the CFO at the time and the auditors from Deloitte GmbH Wirtschaftsprüfungsgesellschaft discussed the annual financial statements and the annual report for the financial year 2021 in detail, including an explanation of the remuneration report by the Chair of the Nomination and Remuneration Committee, as well as a discussion of the non-financial statement as part of the sustainability reporting. In addition, the budget for the financial year 2022 was approved. Other agenda items at this meeting included succession planning for the Management Board, rules for cooperation between the Management Board and the Supervisory Board, the upcoming conversion to the legal form of Societas Europaea, the agenda for the Annual General Meeting 2022, reports on planned M&A activities and ongoing litigation, planned training for the Supervisory Board, and reports from the Audit Committee and the Nomination and Remuneration Committee. Finally, a resolution was passed on the wording of the corporate governance statement pursuant to § 289f HGB and § 315d HGB. Another resolution concerned the determination of so-called "heads of terms" for the conclusion of a lease agreement for a subsidiary of the Company located in London (UK).

The meeting of the Supervisory Board on 15 March 2022 was also the meeting to approve the financial statements for the past financial year 2021, at which the auditors of Deloitte GmbH Wirtschaftsprüfungsgesellschaft also reported on their audit activities for the financial year 2021. After reviewing the annual financial statements 2021 and the consolidated financial statements as well as the combined management report of the Company and the Group, the Supervisory Board adopted the annual financial statements and approved the consolidated financial statements. The Supervisory Board also approved the dependency report as well as the remuneration report of the company for the financial year 2021. The Supervisory Board decided to follow the proposal of the Management Board to propose to the shareholders of the Company to pay a dividend of EUR 0.32 per share for the financial year 2021. In addition, the Supervisory Board decided on the achievement of the targets for the variable remuneration of the members of the Management Board for the financial year 2021 and received a report on the Company's risk management system.

A meeting was held on 6 April 2022 to discuss in detail the Company's future strategy in the areas of Technology & Innovation.

A further meeting was held on 9 May 2022, at which the business figures for the first quarter of the financial year were discussed. In addition, after detailed discussion, interim financing from Company funds for a new infrastructure fund launched by PATRIZIA was approved.

At the meeting on 31 May 2022, the CFO presented the current business development including relevant key figures. The medium-term strategic orientation of the Company was then discussed. This was followed by a report from the Chief Digital Officer (CDO) on the optimisation of internal processes in the area of fund management based on a benchmark study conducted in 2021 by McKinsey & Company, Inc. and a process optimisation study conducted by Porsche Consulting GmbH. The Chief Technology & Innovation Officer (CTIO) reported on current developments in the area of Technology & Innovation. Finally, the individual targets for the variable Management Board remuneration for the financial year 2022 were resolved.

On 1 June 2022, the members of the Supervisory Board and the elected members of the Board of Directors of PATRIZIA SE met for a joint meeting following the conclusion of the Company's Annual General Meeting, which had resolved the conversion into a Societas Europaea with a large majority. At this meeting, the members of the Board of Directors elected the Chair and the Deputy Chair of the Board of Directors and decided on the composition of the committees and their Chairs, in each case subject to the completion of the conversion into an SE. In addition, the elected Board of Directors appointed Wolfgang Egger, Thomas Wels and Christoph Glaser as Executive Directors and decided on the content of their employment contracts and their remuneration system. Furthermore, at the meeting on 1 June 2022, the rules of procedure for the Board of Directors and the Executive Directors, including the schedule of responsibilities, and the establishment of an Executive Committee, consisting of the Executive Directors and other members of the upper management level, were resolved.

A meeting followed on 30 June 2022, at which the Supervisory Board discussed in detail the mid-term strategy of the Company with the Executive Directors appointed at that time and the Executive Committee elected at that time.

On 29 September 2022, the Board of Directors held its first ordinary meeting. The topics of this meeting were the report of the Audit Committee, which, among others, dealt intensively with the topics of risk management, internal audit and compliance, and the report of the Nomination and Remuneration Committee. This was followed by a detailed report by the CFO on the financial situation of the Company and the current business figures. The Co-CEO reported on the current market environment as well as short-term and mid-term strategic plans of the Executive Directors, including measures to reduce operating costs which are deemed necessary in view of the current market environment, in particular the risk of declining transaction volumes. Together with the members of the Executive Committee, the discussion on the future strategy of the Company was continued. In view of the growth in assets under management and the expansion of the business areas, it was decided to increase the group-wide D&O insurance. Furthermore, an adjustment of the schedule of responsibilities for the Executive Directors and rules for the cooperation between the Executive Directors and the Board of Directors were resolved. A report on the currently pending legal disputes was also made on a regular basis. After discussion, the Board of Directors continued to endorse the implementation of the programme to buy back shares in PATRIZIA SE within the framework of the resolutions already passed.

At its meeting on 2 November 2022, the Board of Directors discussed the business figures for the first nine months of the year and the adjustment of the earnings guidance for the financial year 2022 due to the significant change in the market environment.

In the last meeting of the reporting year on 14 December 2022, the Board of Directors dealt in detail with the budget and the corporate goals for the financial year 2023 and decided on the Company's mid-term strategy until 2027, with a special focus on the expansion of the international product range, the sustainability strategy, and the strengthening of organic growth and earnings power. In addition to a report on current business developments by the Co-CEO and CFO, the Board of Directors was also informed about the areas of risk management, compliance (including tax compliance) and internal audit. Finally, an updated skill profile for the Board of Directors was discussed and the Declaration of Compliance with the German Corporate Governance Code 2023 was discussed and resolved. In addition, the Board of Directors resolved, among other things, to hold the Annual General Meeting 2023 in accordance with the new virtual Annual General Meeting Act and to extend the implementation of the current share buyback programme beyond 31 December 2022 until the target volume of EUR 50m is reached.

The Audit Committee dealt in particular with the selection process for the election proposal 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 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. Another focus of its activities was the review of the effectiveness of the risk management system, the internal audit system and compliance. Together with the management, the Audit Committee identified potential for improvement in the structure and processes of the risk management function, which to a large extent was adapted and optimised by the Company during the course of the year in order to reflect the strongly changed market environment in the Group risk function.

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 in the new SE structure, the remuneration of the members of the 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 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 employment contracts of former members of the Management Board.

Further Resolutions, Conflicts of Interest & Training

Where necessary, the Supervisory Board or the Board of Directors also made decisions by way of circular resolutions. This concerned, among other things, resolutions on the reappointment of members of the Management Board and their employment contracts as well as resolutions on termination agreements.

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 potential 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, if required, if there is a personal conflict of interest arising from his role as Executive Director. Furthermore, the Supervisory Board and the Board of Directors are not aware of any potential conflicts of interest in the financial year 2022.

An onboarding process was conducted for new members of the Board of Directors. In addition, the Company had a renowned law firm personally explain to the members of the Board of Directors detailed information on relevant legal requirements for members of the Board of Directors in a monistic Societas Europaea as well as important further developments in stock corporation law. In addition, regular capital markets updates were provided to the Board of Directors and the Executive Directors.

Corporate Governance

The Board of Directors published the Corporate Governance Statement on the PATRIZIA website at https://www.patrizia.ag/en/shareholders/corporate-governance/corportate-governance-statement/ on 15 March 2023.

On 14 December 2022, 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 (GCGC 2022 and 2020). 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:
https://www.patrizia.ag/en/shareholders/corporate-governance/declarations-of-compliance/

With the efficiency audit, the Board of Directors carried out a self-assessment and discussed how effectively the Board of Directors fulfils its tasks. Cooperation with each other and with the Executive Directors was found to be very good.

Audit of the annual and consolidated financial statements 2022

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 for PATRIZIA SE and the Group for the financial year 2022 and the compensation 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 ahead of the balance sheet meeting. The Executive Directors and the responsible auditors explained the results of the audit to us at the balance sheet meeting on 21 March 2023 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 for the financial year 2022, the remuneration report and the Executive Directors' proposal for the appropriation of unappropriated profit for their part and raised no objections. 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 2022 are thus adopted. The Board of Directors concurred with the Executive Directors' proposal for the appropriation of profits for the financial year 2022 and supports the payment of a dividend of EUR 0.33 per share. The remaining amount of the balance sheet profit according to HGB will be carried forward.

The Audit Committee and the Board of Directors also considered the non-financial statement included in Chapter 1.4 in the combined management report for the Company and the Group. The Executive Directors explained the contents in detail at the meetings and answered supplementary questions from the Board of Directors members. The Board of Directors had no objections after its review.

Examination of the dependency report

The report of the Executive Directors of PATRIZIA SE on relationships with related parties for the financial year 2022 was also examined by the auditor. Accordingly, the payments made by the Company in the legal transactions were not unreasonably high under the circumstances known at the time they were made. 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 succeeded in continuing to grow organically and inorganically in 2022 despite a significantly weakening market environment. In particular, however, PATRIZIA was able to implement important strategic steps and thus create the conditions for a good future. Our sincere thanks go to the Executive Directors and all employees for what has been achieved. You have contributed significantly to this development with your expertise and hard work.

Augsburg, 21 March 2023

For the Board of Directors of PATRIZIA SE

Uwe H. Reuter
Chairman

The PATRIZIA share

PATRIZIA's key share data

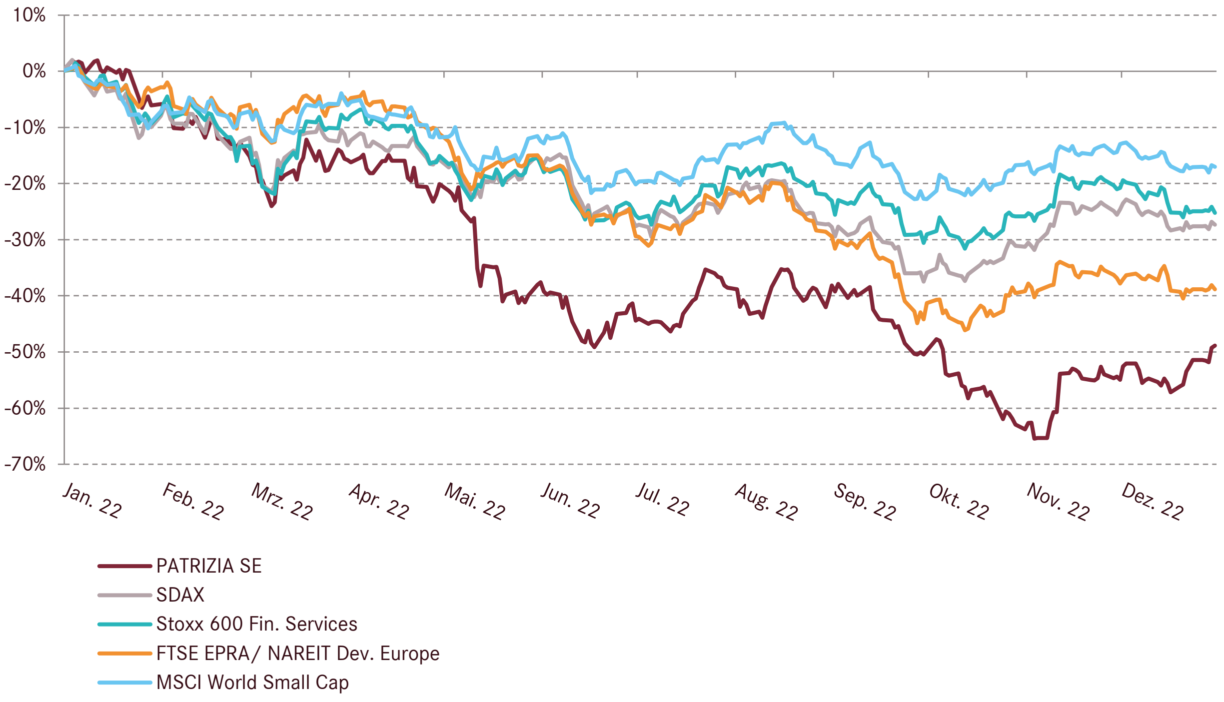
		2022	2021	2020
Share prices				
High	EUR	20.95	26.55	26.65
Low	EUR	6.99	19.98	16.60
Closing price as at 31.12.	EUR	10.36	20.50	26.25
Share price performance	%	-49.46	-21.90	32.18
Market capitalisation as of reporting date	EUR bn	1.0	1.9	2.4
Average trading volume per day[1]	EUR	895,747	985,950	1,785,860
Average trading volume per day[1]	Shares	74,997	43,861	83,192
Annual share turnover[2]		0.21	0.12	0.23
Issued shares as of reporting date	Shares	92,351,476	92,351,476	92,351,476
Outstanding shares as of reporting date	Shares	86,175,357	88,620,175	89,682,931
Treasury shares as of reporting date	Shares	6,176,119	3,731,301	2,668,545
Earnings per share undiluted (IFRS, unadjusted)	EUR	0.08	0.54	0.42
Earnings per share diluted (IFRS, unadjusted)	EUR	0.08	0.54	0.42
Dividend per share	EUR	0.33	0.32	0.30

[1] All German stock exchanges
[2] Quotient of shares traded/average number of shares issued (2022: 92,351,476 shares; 2021: 92,351,476 shares; 2020: 92,351,476 shares)

At the beginning of 2022, the upward trend of the previous year continued on the stock markets. The DAX reached a new all-time high of 16,271 index points in January. However, this positive development was interrupted by the changing geopolitical situation in Europe. The Russian attack on Ukraine and the Western sanctions against Russia triggered soaring energy prices and elevated uncertainty about future economic developments. At the same time, the persisting Covid-19 lockdowns in China led to a global supply chain problem. Together, this caused a significant downturn in the global economy and high market volatility. High inflation rates prompted the US Federal Reserve and many other central banks to tighten monetary policy significantly. For instance, the US Federal Reserve has raised the key interest rate in several large steps since March 2022, and further interest rate increases were announced. However, at the end of 2022, diminishing supply bottlenecks and better-than-expected inflation data led to a recovery on the capital markets. The DAX index therefore closed the year with a negative performance of only -12.35%. A different performance was observed among Germany’s small- and mid-cap stocks, which also include PATRIZIA. The MDAX closed with 25,118 index points, corresponding to a y-o-y decline of -28.49%, and the SDAX ended the year 2022 with 11,926 index points, corresponding to a decline of -27.35%. More pronounced index declines were observed in international indices, which PATRIZIA uses as benchmark indices. The STOXX 600 Financial Services Price Index started the year 2022 at 753 points and ended it at an index level of 564 points, representing a negative index performance of -25.19%. The FTSE EPRA/ NAREIT Developed Europe Index started the year at 2,485 points and ended it at 1,520 points, a negative index performance of -38.84%.

The PATRIZIA share started the year 2022 at a share price of EUR 20.90. Although, as an investment manager without a significant own balance sheet portfolio (asset light business model), PATRIZIA is not directly affected by valuation changes in the real estate or infrastructure markets, the PATRIZIA share was unable to avoid the overall weakness of real estate and real estate related stocks. In addition, PATRIZIA had to adjust its expectations regarding profitability in the 2022 fiscal year due to lower client activity and one-off costs in the P&L, which additionally burdened the share price. As a result, the share reached its annual low of EUR 6.99 on 3 November 2022. With decreasing market uncertainty and supportive news regarding the operating successes of PATRIZIA during the rest of the year, the PATRIZIA share gradually recovered and ended 2022 at a share price of EUR 10.36. This nevertheless corresponded to a negative performance in 2022 of -49.46%. With 92,351,476 shares issued, the market capitalisation at the end of 2022 totalled EUR 956.76 m.

Development of the PATRIZIA share in comparison with various indices



An average of 74,997 PATRIZIA shares were traded every day across all German stock exchanges. This corresponds to a year-on-year growth in volume of 71.0% (2021: 43,861 shares/day) and annual share turnover of 0.21 (2021: 0.12).

Dividend payment

In 2022, a dividend of EUR 0.32 per share was paid out in cash for the 2021 financial year, which corresponds to an increase of 6.7% over the previous year. The unappropriated profit according to the German Commercial Code (HGB) in the amount of EUR 426.1 m was partly used to pay the dividend and the remaining amount was carried forward. By resolution of the Annual General Meeting on 1 June 2022, dividends of EUR 28.4m were paid out in cash. Based on the share of the IFRS consolidated net profit for 2021 attributable to the shareholders in the amount of EUR 47.9 m and adjusting for treasury shares held, this corresponded to a payout ratio of 61.7%. The dividend was paid on 7 June 2022.

Conversion into a European Company (Societas Europaea)

At the Annual General Meeting of PATRIZIA AG on 1 June 2022, 99.97% of the Company's shareholders voted in favour of converting the Company's legal form into that of a European Company (Societas Europaea). The Company has therefore been trading as PATRIZIA SE since the conversion was completed on 15 July 2022 by entry into the Commercial Register.

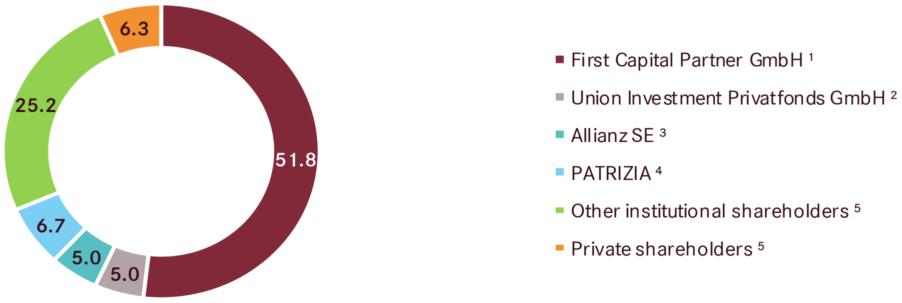
Investor Relations – valuable relationships and active communication

PATRIZIA SE maintains a continuous dialogue with its institutional, semi-professional, and private investors as well as analysts. In this context, proactive and transparent information is provided on the Company's business development and all important events. In 2022, management and the 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, many meetings were held via video conferences again this year. The team also participated in a large number of international investor conference and organised a private investor webinar and a face-to-face event for private investors, each in cooperation with the Deutsche Schutzvereinigung für Wertpapierbesitz e.V. and the Schutzgemeinschaft der Kapitalanleger e.V.

The PATRIZIA share is regularly rated by eight analysts from national and international banks. At the end of 2022, 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 holding the share, and Baader Helvea recommended reducing the share. The analysts' price targets ranged from EUR 8.00 (Baader Helvea) to EUR 15.50 (Kepler Cheuvreux) per share as at 31 December 2022 and the average price target was EUR 12.35 per share.

Further information can be found online at https://www.patrizia.ag/en/shareholders/. In addition to financial reports, presentations and announcements, this section of the Company's website contains the financial calendar, the roadshows/conferences for 2023 and the latest analyst opinions on PATRIZIA SE's shares.

PATRIZIA shareholder structure as at 31 December 2022 | by shareholder group | Specification in %



[1] First Capital Partner is attributable to CEO Wolfgang Egger
[2] According to the voting rights notification of 31 October 2018
[3] According to the voting rights notification of 14 December 2020
[4] Source: Treasury shares of PATRIZIA SE
[5] PATRIZIA share register

PATRIZIA shareholder structure as at 31 December 2022 | by region | Specification in %

Shareholder structure of the Company

The shareholder structure of PATRIZIA SE changed only slightly in the past financial year. The founder and CEO of the Company, Mr. Wolfgang Egger, remains its majority shareholder. At the end of 2022, he held 51.81% of the share capital via First Capital Partner GmbH. The second-largest external shareholder, Union Investment Privatfonds GmbH, retained its equity interest of 5.02% in 2022. Furthermore, Allianz SE continues to hold its share of 4.99% according to the voting rights notification of 14 December 2022. As at 31 December 2022, PATRIZIA SE holds treasury stock of 6.70% of the issued shares following a share buyback programme. The remaining shares are held 25.15% by institutional investors and 6.33% by private shareholders.

Geographically the approximately 8,285 PATRIZIA shareholders are spread around the world. However, by far the most shares are held by German (82.32%), British (4.54%) and US-American (4.20%) shareholders.

Distribution of a dividend of EUR 0.33 per share for the 2022 financial year

For the fiscal year 2022, the Executive Directors and the Board of Directors of PATRIZIA SE propose to use the unappropriated surplus in accordance with the German Commercial Code (HGB) of EUR 371.4m to pay a dividend of EUR 0.33 per share and to carry forward the remaining amount to new account. This would correspond to an increase in the dividend per share of 3.1% compared to the previous year.

On the basis of the proposed dividend, the total dividend payment is higher than the IFRS consolidated net profit attributable to the shareholders of the parent Company of EUR 7.2m. The consolidated net profit for the financial year 2022 was significantly impacted by the temporarily weakened market environment and one-off effects. However, PATRIZIA continues to have a robust business model, a solid balance sheet and an operating cash flow of EUR 120.9m in the financial year 2022.

PATRIZIA is generally adhering to its current dividend policy. Hence, the year-on-year growth rates in management fees and assets under management form the basis for the dividend proposal by the Executive Directors and the Board of Directors of PATRIZIA SE.

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

Conversion into a European Stock Corporation (SE) completed

The conversion of PATRIZIA AG into a European Stock Corporation (Societas Europaea, SE) was completed on 15 July 2022 by entry into the Commercial Register when it became legally effective. The legal form of the SE emphasises the European and international orientation of PATRIZIA Group. The previous dualistic management structure, consisting of a Management Board and a Supervisory Board, was adapted to an international, monistic management structure with a Board of Directors. Management is carried out by three Executive Directors. The Company's founder and majority shareholder Wolfgang Egger is an Executive Director as well as a member of the Board of Directors, together with six external and independent Directors. The Audit Committee and the Nomination and Compensation Committee remain unchanged. Neither shareholder rights nor financial reporting are not affected by the conversion. The headquarters of PATRIZIA SE will remain in Augsburg, Germany.

1.1 Business Model

Company Profile

PATRIZIA is a leading European independent real asset investment manager[1] with 1,011 employees (FTE) as at 31 December 2022 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.

PATRIZIA’s strategic focus on further expanding and diversifying its product portfolio and international footprint lead to the acquisition of infrastructure investment manager Whitehelm Capital in September 2021 (closing 1 February 2022) and the diversified multi-manager ADVANTAGE Investment Partners in July 2022 (closing 1 December 2022). Both acquisitions lever important synergies and point the way towards becoming a leading partner for global real assets.

Products and Services

PATRIZIA’s offering spans from real assets funds, bespoke account solutions, Global Partner 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. In recent years as well as through the acquisition of Whitehelm Capital and ADVANTAGE Investment Partners, 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.

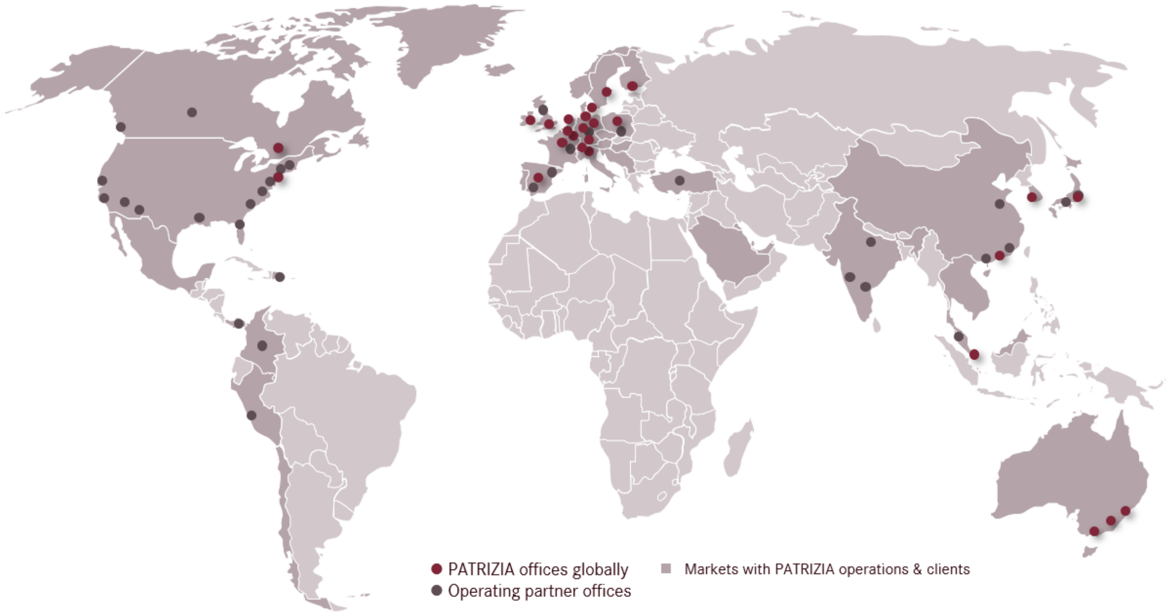
The product shelf covers a broad range of real estate and infrastructure assets. The scope of real estate asset classes reaches from residential, office, retail and logistics properties to hotels and care homes. The product offering in infrastructure covers nearly all infrastructure sectors, such as 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.

[1] Source: IREI Global Investment Managers, published in September 2022 (latest available set). Ranking based on Assets under Management.

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.

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 2.0bn in the past financial year to be invested in various real asset strategies. PATRIZIA currently has outstanding equity commitments amounting to more than EUR 4bn, as at 31 December 2022 which are available to make opportunistic asset 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 2022.

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 give 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 infrastructure and real estate 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.

In 2022, more than 65% of newly raised institutional equity was attributable to international investors, thereby underlining the success of the strategic international expansion.

Megatrends that impact PATRIZIA’s business

PATRIZIA believes there are four fundamental secular trends which support allocations to real estate and infrastructure in the medium and long term: demographics, urbanisation, digitalisation and decarbonisation.

Demographic trends, such as evolving age pyramids and human capital agglomeration, affect how people “consume” real estate, driving demand for emerging alternative subsectors such as student housing and senior living.

In parallel, urbanisation trends are expected to underpin where the demand will rise and fall within urban areas. Technology and digitalisation trends, such as the rise of e-commerce and hybrid/remote work, bring about the need for last mile logistics, data centres and tech-enabled buildings.

Finally, decarbonisation is closely linked to ESG trends and impact investment. In light of the threat posed by climate change, PATRIZIA seeks to make its clients' assets future-proof by preserving and increasing asset values.

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 temporarily 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 accounted for EUR 59.1bn as of 31 December 2022 (2021: EUR 48.6bn). 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. In total, PATRIZIA has invested EUR 0.1bn of its own equity in moderately sized and well diversified co-investments. Current market values of the own equity invested as co-investments are usually significantly above the historic investment costs. As at 31 December 2022, co-investments related to assets under management in the amount of EUR 9.9bn (2021: EUR 6.9bn). Thereof, the largest co-investment is Dawonia GmbH with EUR 5.5bn in assets under management. Further details on co-investments can be found in the capital allocation in chapter 2.4.3.

As an investment manager for institutional, semi-professional and private investors, PATRIZIA aims to avoid conflicts of interest with its own balance sheet investments, so called principal investments. Principal investments were strategically reduced in recent years. As at 31 December 2022, remaining Principal investments amounted to EUR 1.8m, compared to EUR 18.1m in the previous year.

Independent from principal investments, certain assets are in some cases temporarily consolidated at the Company as interim financing for closed-end funds or as early-phase investments with the purpose of subsequent contribution to funds.

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 and principal investments and co-investments and occasionally rental revenues.

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 (Acquisition und Disposals), 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 special 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 remaining principal investments which are being downsized according to strategy, as well as moderately sized and well diversified strategic co-investments and occasional rental revenues.

Consolidated Group

The PATRIZA Group with its parent company PATRIZIA SE consists of 136 subsidiaries, six at-equity entities and 25 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.

1.2 Group strategy

PATRIZIA's vision is to be a leading partner for global real assets. The Company wants to deliver strong investment performance in a sustainable way for our clients and deliver positive stakeholder impacts by building communities & sustainable futures.

PATRIZIA's mid-term targets

The year 2022 was transformational for PATRIZIA following the acquisitions of Whitehelm Capital and ADVANTAGE Investment Partners. These two acquisitions built out the geographic footprint in the Asia-Pacific region and North America and broadened the Company's product portfolio and sector expertise to also include new sectors such as digital and social infrastructure as well as by new types of products, including debt products and listed securities. PATRIZIA expects to have now stronger options for organic growth compared to the past based on the larger product portfolio and regional reach, which is expected to be beneficial for all of its stakeholders. The Company regards these measures to optimally complement its platform for the next growth stage to develop into a leading independent provider of global real assets solutions.

The strategic focus is on Company developments that jointly will produce considerable growth over the medium term: The four focal points are an increase in the global presence via regional platforms, the transformation of the real assets product line, the broadening of the client base, and the further improvement of earnings quality. Every material business decision must align with the Company's climate strategy and its sustainability goals. PATRIZIA's sustainability strategy can be found in the non-financial statement, chapter 1.4.

Global Presence via Regional Platforms

PATRIZIA's prospect is to nurture and grow our regional platforms in Europe, the Asia-Pacific, and the North American region by offering a broad product shelf to existing and new clients.

Regarding Europe, PATRIZIA aims to further strengthen and optimise its existing business lines across the continent with selected strategies, centring around trans-European and DACH-specific themes.

The mid-term focus also encompasses activities targeted on exhausting growth prospects in the Asia-Pacific region. PATRIZIA aims to, on the one hand, use existing access to local relationships thanks to the expertise of the former Whitehelm Capital team with regards to infrastructure and, on the other hand, seeks for opportunities to leverage existing real estate strategies into the market. Moreover, the Company has established a regional hub in Singapore and already received first mandates from renowned institutional investors, which the Company holds for a good foundation to raise the share of assets under management in the Asian-Pacific region tangibly on a mid-term basis.

Transformation of the Real Asset Product Line

Through the Whitehelm Capital acquisition, PATRIZIA has complemented the product shelf by a broad range of investment solutions in nearly all infrastructure fields, including strategies that meet current demand for decarbonisation and energy transition, smart cities and digital infrastructure, water and environmental services, as well as social infrastructure. Furthermore, the Company made significant progress in adding listed equity and private debt products next to traditional unlisted equity products. With the latest acquisition of ADVANTAGE Investment Partners, PATRIZIA gained large access to multi-manager products including global infrastructure and north American private equity which further enriches the product offering. This allows current and prospect clients a wide range of additional diversification opportunities and furthermore enables the harvesting of synergies.

The strategy aims to be able to offer existing and prospect clients a broad range of investment solutions in real assets globally. This will be facilitated by the following transformations of the real asset product line mid-term:

- Expand successful and profitable flagship strategies with excellent track records across all regions to increase the size of invested funds and make them available to a large investor base
- Increase the share of infrastructure investment opportunities
- Expand the offering of value-add vehicles
- Further expand product offering by attractive debt vehicles, multi-manager products and wholesale solutions

Broadening of Client Base

PATRIZIA is focused on offering a broad product shelf to existing and new clients, with products for large institutional investors, semi-professional investors, high-net-worth individuals (HNWI), and private investors through existing direct and indirect distribution channels.

The Company’s German and European institutional client base is of utmost importance for PATRIZIA and will continue to be at the centre of its attention. At the same time, the Company aims to expand and broaden its highly valued institutional client base in the Asia-Pacific region at increasing speed. All of this is in line with the advancement of the Company’s global presence.

In addition to the above, PATRIZIA expects an increase in wholesale and HNWI clients by offering suitable solutions to increase their allocations to real assets.

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 portfolio and increasing the percentage of scalable and margin accretive flagship funds. The Company expects assets under management and recurring fee income to rise steadily 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, to sustainably increase profitability and further improving financial stability and flexibility.

To support growth prospects, PATRIZIA aims to allocate capital flexibly in form of co-investments to enable a faster time to market of relevant products while generating additional investment income.

The Company expects to expand capabilities organically to reach its mid-term growth targets, but remains open to selected M&A opportunities, if and when they arise.

1.3 Group management and performance indicators

1.3.1 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.

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

PATRIZIA used the following financial performance indicators for corporate management in the past fiscal year 2022:

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 the 2022 financial year, the financial performance indicators had been partly replaced to allow for better international comparability with other listed companies. Assets under Management remains as a financial performance indicator. Operating income has been replaced by EBITDA, while the Cost Coverage Ratio (CCR) has been replaced by the EBITDA margin as the new financial performance indicator.

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

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 from the beginning of the 2022 financial year.

The development of these indicators is further explained in chapter 2.3.

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

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

PATRIZIA does currently not apply any non-financial performance indicators for the steering of the Company. Nevertheless, the Company attaches great importance to the integration of sustainability aspects. The establishment and further improvement of the non-financial internal control system is given high importance and is actively pursued.

1.4 Non-financial statement – unaudited section of the combined management report

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 provided by the Global Reporting Initiative (GRI) for sustainability reporting – on a very limited basis - and the UN Global Compact were considered where possible when preparing this statement. Furthermore, the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) have been considered. The provisions of the delegated act for Regulation (EU) 2020/852, subject to application of Articles 8 and 10 (EU Taxonomy), are described in the EU Taxonomy section of this non-financial statement.

The non-financial statement was not part of an external assurance by the auditor. However, an assurance readiness assessment was undertaken for the financial year 2022. A voluntary limited assurance audit of the non-financial statement is planned in the year 2024 for the fiscal year 2023.

For further information please also see our Sustainability Report which is available at
https://www.patrizia.ag/en/shareholders/news-publications/sustainability-reports/

The description of PATRIZIA's business model can be found in section 1.1. Business Model in the Management Report.

1.4.1 Sustainability at PATRIZIA

Sustainability is about taking actions that create positive impact both today and in the future. Real assets play a pivotal role in society. Across residential, commercial, logistics, and infrastructure they serve basic human needs such as housing, workspaces, healthcare, energy, connectivity, and transportation. The impact we have as the real assets industry – both on the natural environment and the people that live within it – cannot be downplayed or ignored. At PATRIZIA we know that behaving and investing responsibly is the right thing to do for our stakeholders, our communities, and the planet. Our purpose of Building Communities & Sustainable Futures is at the very heart of our business.

Humankind is faced with significant global challenges, such as:

- Climate change
- Resource scarcity
- Social inequalities
- Business complexity and data abundance

1.4.2 Sustainability Strategy

At the core of the Company's Sustainability Strategy is ESG integration, which is essentially the incorporation of sustainability-related factors, often categorised as ESG, into all material decision-making processes in the investment process on behalf of our clients. Furthermore, driven by our purpose, PATRIZIA has developed the following four corporate sustainability goals as part of the Group's Sustainability Strategy to address the global challenges, each underpinned by mid-term goals (the mid-term targets for the second goal can be found in chapter II.3 of this document) and actionable annual targets:

- Become a leading sustainable investor in real assets with a consistent UN PRI five-star rating from 2025 onward.
- Be an employer of choice in the Real Asset sector, where everyone feels included, represented, and valued equitably.
- Become a leading global impact investor in the real assets sector with a meaningful part of our Assets under Management in impact investments[2] by 2035.
- Achieve net zero carbon[3] status across our corporate operations and real asset portfolio by 2040 or earlier, with a clear ambition to execute as fast as external and our stakeholder requirements permit.

We released our first Net Zero Carbon strategy in 2022 that sets out steps for how we address the transition to a low carbon economy, both for our corporate operations and for Assets under Management on behalf of our clients. As part of this strategy, we have set ourselves the following mid-term targets:

[2] As defined in the PATRIZIA Impact Investing policy, which broadly aligns to Article 9 of the EU Sustainable Finance Disclosure Regulation (2019/2088) and equivalents in other jurisdictions.

[3] 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 paper.

Mid-term targets

Category	Strategic Goal & Timeframe
Energy and Carbon Intensity	Reduce energy intensity by 30% and carbon intensity[4],[5] by 50% by 2030 across our Assets under Management, from an industry-wide baseline of 2019.
Data Coverage	Achieve 100% coverage of landlord procured energy data and establish an effective tenant engagement strategy[6] by 2025.
Renewable Energy Procurement	Procure electricity from renewable sources[7] for all landlord-controlled supplies by 2025[8], while encouraging occupiers to adopt renewable energy.
Asset Level Implementation	Develop a decarbonisation plan that applies the energy hierarchy, including feasibility studies for onsite renewable energy, for all Assets under Management[9] by 2025.
Decarbonisation of Heat	Remove fossil fuel heat sources across all Assets under Management, where practically feasible[10] by 2030.
Development Emissions	Ensure that by 2030, all new developments[11] are net zero carbon.
Corporate Emissions	Achieve net zero carbon status for the group's own operations by 2030.

We have implemented decarbonisation requirements at each step of the investment process, from acquisition to disposal. The key steps for decarbonisation for operational assets are:

- Data monitoring – to understand the baseline performance of our standing investments.
- Stranding risk analysis - Assessing the transition risk exposure for each of our assets will enable us to identify stranding risk, identify priority actions, and adopt meaningful asset-level performance targets.
- Operational practices - Operational practices will be modified to drive reduced energy demand, including the installation of Automated Meter Reading devices (AMR), implementation of energy improvement programmes and the development of an occupier engagement programme to collaborate on improvement activities.
- Operational upgrades – Technical building assessments will be undertaken to identify asset specific improvement measures and a decarbonisation plan will be developed and integrated into asset level business plans.
- Renewable energy - Remaining energy demand will be fulfilled by renewable sources.

PATRIZIA reviews and updates internal governance policies when needed to ensure that they reflect topical ESG issues that affect the corporate oversight of its business and funds. This commitment includes the development of key performance indicators to quantify sustainability performance and align reporting with internationally recognised standards, namely UN Principles for Responsible Investment (UN PRI), the Global Real Estate Sustainability Benchmark (GRESB) and the European Association for Investors in Non-Listed Real Estate Vehicles (INREV). Our strategy is underpinned by principles that we base on the UN PRI, in alignment with the UN Global Compact.

UN Principles for Responsible Investment (PRI)

Being a signatory to UN Principles for Responsible Investment (PRI), PATRIZIA is committed to voluntarily abide by the PRI and recognizes, that applying these Principles align clients with broader objectives of society.

[4] Arising from scope 1, 2 and 3 energy consumption.
[5] Subject to periodic review in line with best practice science-based target setting methodologies.
[6] With the aim of increasing tenant data coverage.
[7] Prioritising the use of supplies that demonstrate additionality in growing overall capacity for renewables
[8] Where regional energy supply markets allow.
[9] Applicable to all assets but flexible in level of detail, depending on scope of landlord control and materiality of transition risk.
[10] Where lease arrangements and phased maintenance and replacement programmes allow.
[11] Where PATRIZIA has full authority over the development process.

Therefore, where consistent with its fiduciary responsibilities, PATRIZIA commits to the following:

- 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 annual UN PRI report supports PATRIZIA in assessing the strategic and operational implementation of the Sustainability Strategy.

In 2021, the assessment methodology was revised in line with the wider changes to the Reporting Framework and to better reflect the state of the responsible investment market as well as future advancements. As part of the review, the module grading system shifted from alphabetical (A+ to E) to numerical (1 to 5 stars) and therefore, scores for the 2021 reporting cycle are not comparable to those of previous years. The lowest possible score 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 awarded to those signatories who demonstrate leading practices within the responsible investment industry[12].

In 2021 (last reporting cycle), PATRIZIA achieved the following UN PRI scores:

Real Estate:

- 4 stars in the “Investment and Stewardship Policy” module, the “Direct– real estate” as well as the “Indirect – real estate” module.

Infrastructure:

- 5 stars in the “Investment & Stewardship Policy” module, the “Direct – Infrastructure”, the “Direct – private debt” as well as the “Direct listed equity” module.

UN Sustainability Development Goals (SDGs)

PATRIZIA’s Sustainability Strategy and business activities take into account the overall goals of the UN Sustainability Development Goals (SDGs) to create a better future for all. The SDGs are a universal set of goals, targets and indicators for global development that are very important guidelines for the PATRIZIA Sustainability Strategy and the Group’s understanding of responsible practices. The SDGs serve as a blueprint for positively transforming today’s world by ending poverty, safeguarding the planet, and ensuring prosperity for all by 2030[13].

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 the following SDGs as primarily relevant and closest to the Group’s values and will proceed to include these in corporate and fund specific sustainability strategies:

- **SDG 11 Sustainable Cities and Communities** reflects the core of real asset investment management. We invest 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, we’ve focused on healthy communities since our foundation. When we invest or develop, we aim to fulfil this human need for community and maintain it for the long-term.
- **SDG 7 Affordable and Clean Energy and SDG 13 Climate Action** are fundamental to create sustainable cities and communities. Reducing dependency on fossil fuels is as vital for the environment as it is for society. As such, SDG 7 Renewable Energy is pivotal to our purpose of Building Communities & Sustainable Futures. In alignment with the sub-targets of SDG 7, we aim to increase the percentage of renewable energy used in our portfolio[14] (target 7.2 Increase Global Percentage of Renewable Energy), by both purchasing green energy and by generating renewable energy on-site.

[12] Source: www.unpri.org
[13] Source: https://sdgs.un.org/goals
[14] Managed portfolio excludes tenant areas where PATRIZIA has only limited or no operational control

- **SDG 3 Good Health and SDG 4 Quality Education** are primary values of corporate social responsibility. At PATRIZIA, the health and well-being for both clients and employees, as well as society at large has always been a high priority. Our aspiration to link our business to a wider social purpose has been deeply carved into our roots for over 30 years, and health is a key part of this. Internally, we have several initiatives aimed at improving and maintaining our staff's health. Meanwhile, our diversified managed portfolio includes affordable residential real estate and alternative asset classes that are directly linked to the health sector, such as care homes. Education is of primary importance at PATRIZIA. We support the career development of our employees by continuously offering internal and external education. Training is available for employees of all ages, apprentices, and trainees, and we offer entry-level opportunities for university graduates.
- **SDG 5 Gender Equality and SDG 10 Reduced Inequalities** - acting responsibly has always been an important part of how we do business at PATRIZIA. To make a meaningful difference in the communities where we live and work, we have started out on a new journey to advance Equity, Diversity, and Inclusion (ED&I) in our organisation, industry and more widely in society. Our ED&I programme aims to ensure everyone feels included, valued and represented equitably. As an example, to specifically promote gender equality, we have gender diversity targets for board and management composition as well as a representation target of no more than 70% representation of any gender on talent programmes (ie Futures and Horizon programmes – more information on these programmes can be found in section II.1 – Employee Development).
- **SDG 8 Decent Work and Economic Growth** - PATRIZIA's real asset investment activities are a direct contributor and facilitator of economic activities. The investments we have made in energy, telecommunications and transport infrastructure power economic activity, connectivity, and help people and goods get to where they need to go. We believe in decent work for all, and our investment and asset management frameworks focus on protecting labour rights and promoting a safe and secure working environment for all employees in our portfolio companies (target 8.8). In addition, we screen all our portfolio companies periodically for modern slavery, forced labour and human trafficking risks (target 8.7).

1.4.3 Governance

Sustainability is most successful when implemented at both corporate level and investment level. Sustainable investment management requires that ESG responsibilities are integrated across all business functions and are part of the day-to-day operations of the Group. 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.

Sustainability is a responsibility of the Executive Directors. The ESG Committee is chaired by PATRIZIA's Co-CEO Thomas Wels. The activities are therefore directly reported to the Executive Committee and via the Executive Director, Thomas Wels, to the Board of Directors. The ESG Committee is responsible for the ongoing development and the process of implementation of the ESG strategy for PATRIZIA Group. The Head of Sustainability & Impact Investing is responsible for the implementation of the Sustainability Strategy, driving the ESG integration and performance as well as growing the Assets under Management in impact investments. He also ensures proper coordination of ESG initiatives across the business functions. 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 Fund Management, Real Estate Development, Transactions, Capital Markets, and corporate functions such as Human Resources, Asset Operations and Legal & Compliance. The ESG Committee delegates operative tasks to dedicated ESG working groups made up of relevant teams within the organisation in order to fulfil specific sustainability initiatives. Some ESG Committee members are also members of the Investment Committee. This enables them to take their knowledge and expertise on ESG matters, such as climate risks into account when making investment decisions.

Post-acquisition PATRIZIA Infrastructure merged most responsible investing policies and screens into the pre-existing PATRIZIA policies and has aligned to the four PATRIZIA corporate sustainability targets. 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, chaired by the CEO Infrastructure. The Head of Sustainable Transformations within PATRIZIA Infrastructure holds a seat on the PATRIZIA ESG Committee and chairs the related working group.

At PATRIZIA, sustainability is incorporated into the day-to-day business across all functions. In addition to the roles and responsibilities described above, this is driven by a further six dedicated sustainability professionals, including three within a central sustainability team and others within Asset Management and infrastructure.

1.4.4 Systematic Integration of Sustainability

Stable, market-leading, and performance-oriented investment vehicles require sustainability to be embedded in the philosophy and process from the start. Sustainable investments mean promoting and safeguarding the environmental, social, and economic interest of stakeholders, including clients, tenants, employees, and the communities in which PATRIZIA operates. That is why the PATRIZIA ESG Committee has instituted a systematic approach ensuring just that. A Responsible Investment Policy has been formulated and are considered throughout the investment process, from acquisition to disposal. PATRIZIA has also developed a fund policy matrix to incorporate ESG requirements within the fund strategy of each fund.

Responsible Investment Policy

PATRIZIA's Responsible Investment Policy, which includes its responsible investment principles, long-term sustainability goals, and responsible investment guidelines, is the foundation of PATRIZIA's approach to responsible investment and ESG integration. The policy is defined by the Company's ESG Committee and serves as a practical guideline for all PATRIZIA employees by establishing minimum and best practice standards for PATRIZIA's corporate operations and each phase of the real asset investment process. Furthermore, the policy includes information on PATRIZIA's Impact Investment Code, which instils a consistent approach to impact investing, in reflection of the Company's ambition to become a leading impact investor. PATRIZIA believes that the implementation of robust principles and evolving guidelines will ensure that PATRIZIA will continue to deliver social value and a positive contribution to the environment, alongside sustainable financial returns.

The purpose of the policy is to create and protect long-term stakeholder and asset value. For every investment vehicle, dedicated sustainability strategies are defined in alignment with client interests, and relevant targets are set. The progress is disclosed in regular reporting and, if required by clients, fund-level ESG performance is assessed by reporting to the Global Real Estate Sustainability Benchmark (GRESB).

Environmental Management System (EMS)

PATRIZIA applies an EMS in line with the international DIN ISO 14001 to ensure the implementation of the Sustainability Strategy. The EMS includes the planning of activities, considerations of ESG and climate-related risks and opportunities, allocation of responsibilities and resources, and the development of practices and processes, on corporate as well as fund level.

ESG Screening and Exclusion Policy

The PATRIZIA ESG Screening and Exclusion policy ensures clients' and shareholders' capital is aligned with the Group's principals and convictions to mitigate reputational risk. As a signatory to UN PRI, PATRIZIA respects the UN Global Compact principles on human rights, labour conditions, the environment and anti-corruption. As a result, the Group does not enter into 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.

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 is applicable to all its business partners and reflects the Company's commitment to:

- PATRIZIA's Protection of the environment
- PATRIZIA's Protection of workers
- PATRIZIA's Supporting communities
- PATRIZIA's Governance, compliance, and ethics

PATRIZIA believes that the full implementation of its Supplier Code of Conduct will reinforces positive business practices across the industry, by extension of our own principles.

Sustainability during Deal-Sourcing and Acquisition

PATRIZIA's goal is to bring together the economic interests of clients with wider environmental and social prosperity. The Group therefore analyses how investments can contribute to the creation of a sustainable future and strong communities, as well as how future trends will impact the real asset sector. All potential acquisitions undergo an ESG due diligence assessment to evaluate risks and opportunities, as well as the propensity to deliver the best service to clients and provide tenants with modern and healthy spaces.

PATRIZIA's Investment Committee process includes a climate risk analysis which is considered for each potential transaction. When considering the ESG credentials of investments, PATRIZIA assesses factors such as:

Environmental	Social	Governance
Biodiversity and habitat	Community and engagement	Anti-bribery and money laundering
Climate change	Health and safety	Cybersecurity
Land contamination	Human rights	Data protection and privacy
Energy consumption	Inclusion and diversity	Legal and regulatory fines
Greenhouse gas emissions	Labour standards and working conditions	ESG clauses in existing leases
Location and connectivity	Stakeholder relations	
Sustainable Materials	Controversial tenants	
Pollution	Health and wellbeing	
Resilience to catastrophe/disaster		
Renewable energy		
Sustainable procurement		
Waste management		
Water consumption		

Active Ownership Approach

The Group's fund and asset management teams work closely together to manage the assets in a sustainable way. PATRIZIA appoints property managers who are responsible for managing the compliance of operational real estate assets and the Management Companies are responsible for compliance of infrastructure assets, and management teams meet regularly to review the relevant sustainability strategy and process and compliance requirements. Sustainability policies and the targets for their implementation are defined in line with client requirements. Such policies describe the implementation of ESG elements during the operational stages of the asset lifecycle, including individual strategies to enhance environmental performance through asset-specific sustainability capex measures, refurbishment, and development. Strong emphasis is put on stakeholder engagement and investigating new ways to co-operate with tenants to stimulate the adoption of environmentally sound practices and to positively contribute to social aspects and local communities.

PATRIZIA's four step approach to active ownership is described below:

- **Active management** PATRIZIA considers environmental performance indicators such as energy, water, waste, and greenhouse gas emissions to improve sustainability performance.
- **Active assessment** PATRIZIA regularly evaluates the portfolio to identify sustainability measures and reduce operating expenses to increase efficiency and long-term asset value.
- **Active diligence** PATRIZIA integrates environmental indicators into fund strategies to enhance the position of assets in their markets, reduce obsolescence and promote resilience.
- **Active co-operation** PATRIZIA considers the benefit of active engagement with our investee companies through our operating partners, with our suppliers such as property managers as well as with our tenants.

Real Estate Development

PATRIZIA's impact is highest when committing to sustainability from the ground up. That is why sustainable building practices beyond regulatory requirements and beyond the timeline of the individual business plan are considered. Properties 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 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 Group's commitment to protection of the environment, protection of employees and workers, community involvement and compliance and ethics.

1.4.5 Reporting aspects

A materiality analysis was undertaken in 2017 and we are planning to have a comprehensive materiality analysis undertaken with the support of a third party in 2023. In the meantime, we have reviewed the materiality topic internally with subject matter experts and deem the following aspects material for PATRIZIA, which can be allocated to the aspects covered by the German Commercial Code (HGB) in the context of the non-financial statement:

- Environmental: climate change (including physical and transition risks, reduction of carbon emissions in the real assets sector/increasing energy efficiency of real asset sector, renewable energy)
- Social: community engagement (charitable work), employee development and our approach to ED&I
- Governance: Anti-corruption and anti-fraud as well as respect of human rights

The information provided is highly dependent on the availability and quality of underlying data. However, at the current stage data availability, especially with regards to environmental data, is limited. Therefore, the current approach to determine the carbon footprint of our portfolio is based on proxy estimations. We have initiated the collection of necessary data, and plan to assess our environmental impact based on actual data as soon as the required amount of data availability and quality is achieved.

I. Environmental aspects

PATRIZA considers a range of environmental factors in its investment processes, but we are currently viewing climate change – including physical and transition risk - as the most material. Climate change is the defining issue of our time. From irregular weather patterns that threaten global food stability, to rising sea levels that endanger the world's coastal communities, the impacts of climate change are imminent and irreversible without drastic and immediate action on a global scale. The buildings sector alone consumes around 40% of the world's energy and contributes around 30% of global annual greenhouse gas (GHG) emissions. Therefore, we believe it is our fiduciary duty to review the climate resilience of our investments and contribute towards financing the transition to a low-carbon economy. Following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we assess the transition and physical risks of climate change that, due to the long-term nature of the real asset industry, are inherent to our investment decisions[15].

I.1 Taskforce on Climate-related Financial Disclosure (TCFD)

In April 2015, the G20 commissioned the Financial Sustainability Board to investigate how public and private participants take account of climate-related issues. The outcome of the review was the establishment of the TCFD. In 2017, the TCFD released its recommendations for improved transparency by companies, asset managers, asset owners, banks, and insurance companies with respect to how climate-related risks and opportunities are being managed.

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.

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

The four areas of TCFD[16]:

TCFD pillar 1: Governance

1. Disclose the organisation's governance around climate-related risks and opportunities

a. Describe the board's oversight of climate-related risks and opportunities.

Effective corporate governance with respect to climate-related matters is critical to the execution of PATRIZIA's strategy and responsibilities to our stakeholders. The Board of Directors (the Board) of PATRIZIA SE defines the Company's business strategy, supervises its implementation, and reviews management's performance in delivering on PATRIZIA's framework for long-term value creation. Sustainability, including climate-related issues, is central to the Company's business strategy and is embedded in the objectives of senior management through Board oversight.

PATRIZIA's Board oversees risk management activities and is informed by the Risk Committee, which assists the Board in overseeing, identifying, and reviewing corporate, fiduciary and other risks, including those related to climate and other sustainability aspects, which could have a material impact on the Company's performance. In 2022, members of the Risk Committee reviewed and discussed the incorporation of ESG risks into PATRIZIA's risk management processes; a framework for both existing and new investments and regulatory risks relating to sustainability.

PATRIZIA's ESG Committee, which serves as a central forum for integration of ESG across the business, is headed by the Co-CEO, ensuring Executive Director oversight of climate-related risks and opportunities. The ESG Committee reports regularly to the Board of Directors and the Executive Committee. To ensure strong alignment between sustainability implementation at the strategic group level and the operational investment level, leaders are involved from Asset and Development Management, Fund Management, Transactions and Capital Markets in both the ESG Committee and ESG working groups. Corporate functions such as Human Resources, Asset Operations and Legal & Compliance are also heavily involved. A number of ESG Committee members are also members of the Investment Committee, which ensures that investment decisions are informed by expertise on climate risks.

At the investment level, climate-related risks & opportunities are considered by the Investment Committee, whereby all investment proposals include consideration of ESG factors, including 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.

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 for standing investments.

The Investment Committee also conducts a review of each fund 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.

b. Describe management's role in assessing and managing climate-related risks and opportunities.

PATRIZIA's Executive Committee has an overarching responsibility of overseeing the management of ESG risk including climate-related risk. The Co-CEO in his function as chair of the ESG Committee reports to the Executive Committee on a regular basis. PATRIZIA's dedicated corporate sustainability team plays an active role in supporting the assessment and

[16] Source: Task Force on Climate-Related Financial Disclosures (TCFD; https://fsb-tcfd.org/about/)

management of climate related risks and opportunities and works closely with representatives from relevant business functions to drive integration.

TCFD pillar 2: Strategy

In alignment with TCFD reporting guidelines, PATRIZIA has conducted a portfolio-wide materiality assessment of both physical and transition risks. This was achieved using forward-looking scenario analysis 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.

2. Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.

The climate is changing, and the scientific consensus is clear; the cause is carbon emissions from human activity. With buildings alone accounting for 40% of all global greenhouse gas emissions, the built environment sector has a pivotal role to play, both in reducing the impacts of climate change and in supporting the transition to a low carbon economy.

At COP21, which was held in Paris in 2015, the leaders of 196 countries made a commitment to limiting global warming to substantially below 2°C, with an ambition of 1.5°C. Since then, it has become clear that the goal must be to limit temperature rise to no more than 1.5°C to avoid the worst impacts of climate change. Average temperatures have already increased by 1.0°C since pre-industrial times[17] and the accelerating physical consequences of climate change are becoming more pronounced. The global economy needs to decarbonise by 2050 and significant progress must be made this decade, necessitating transformative changes across our economy.

In combination with the physical implications of climate change, the proliferation of climate-related policy interventions and changing market demands poses significant risk to the value of real assets across markets and asset classes. As new regulations come into force, assets that do not align with decarbonisation requirements risk becoming devalued or stranded. We therefore have the responsibility and fiduciary duty to employ an effective decarbonisation strategy to future proof assets and to protect and generate long-term value for our clients.

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, which would adversely impact asset value.

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

[17] Source: https://www.ipcc.ch/sr15/chapter/chapter-1/

The table below provides an overview of identified climate-related risks and their description:

Climate-related risks

Risk	Description
Extreme events and long-term changes in weather patterns	– Fluvial and/or coastal flooding - as temperatures are rising, heavy rainfalls are becoming more frequent, which in turn results into more extreme flooding; this bears the risk that assets in flood prone areas could be damaged or subject to increasing insurance premiums. – 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. That means stronger wind, heavier rainfall, and more flooding when the storms hit land. This bears the risk that the properties could be damaged by strong winds or flying debris. – Extreme heat and wildfires – as temperatures rise and extreme heat waves are occurring more often, the risk of wildfires increases. This bears the risk that the properties could be damaged by the wildfires.
Markets	– Declining attractiveness of submarkets due to increased vulnerability and exposure to higher costs; shift of demand towards sustainable and responsible investment vehicles as well as asset re-pricing to reflect material climate risks (e.g., exposure to energy inefficient real estate assets, or exposure to assets involved in the extraction, storage, transport, or manufacture of fossil fuels).
Policy and legal	– Legislation focused on climate change, e.g., disclosure of climate risks, stricter building standards, $CO2$ pricing etc. - assets that do not align with requirements of regulation risk becoming devalued and stranded; risk of exposure to litigation; additional costs from reporting requirements; additional investment costs to align the portfolio with national laws; enforced rules that properties can only be rented if they meet a certain energy standard.
Reputation	– Stakeholder demand for real assets where climate risks are included in the investment calculation - loss of reputation if action is too late or if no action is taken.
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.

Our real asset investment programmes are based on strong convictions about what we deduce to be long-term market trends and strong socio-economic fundamentals. We base our conviction on in-depth market analysis and big data-aided research. Accordingly, every investment programme managed by PATRIZIA has or is establishing a dedicated product specific ESG Strategy.

Real assets are central to global climate change mitigation efforts, and a substantial contribution can be achieved with technologies that already exist. By assessing and preparing for impending transition risks, such as carbon taxation, tightening legislation and changes in occupier expectations, we aim to drive stronger financial performance for the assets that we manage through climate-informed decision making.

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.

Climate-related opportunities

Opportunity	Impact
Markets	– Increasing allocation of preferential capital towards efficient, low carbon buildings and infrastructure – Avoiding discounted valuations of assets with poor environmental performance – Higher rental values, reduced void periods, and higher sale prices, resulting in greater liquidity of assets
Resource efficiency	– Reduced operational costs through efficiency gains for both landlords and occupiers
Energy sources	– Additional revenue streams from investment in low carbon/renewable energy technologies – Reduced exposure to increases in fossil fuel prices and taxes – Access to supportive policies
Products and services	– Improved building amenities driving occupier demand – Improved health and wellbeing performance of buildings due to efficient comfort control – Investment products that meet investor demand for climate resilient investments

b. Describe the impact of climate-related risks and opportunities on the organisation's business strategy and financial planning.

PATRIZIA has undertaken an indicative climate value at risk assessment across its real estate portfolio to identify potential exposure to physical climate risk. 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 considers the materiality of the potential risks identified to be minimal due to existing mitigation measures (e.g. flood defence) at the local level, and on the basis that assets can be insured against damages suffered.

PATRIZIA has also commenced an assessment of climate change transition risk across the portfolio to inform remedial measures, such as capital expenditure or hold-sell decisions.

Physical Risk: Percentage of real estate AUM exposed to significant/severe risk

	Extreme Heat	Coastal Floating	Fluvial Flooding	Tropical Cyclone	Extreme Cold	Wildfire
% of Real Estate AUM at significant risk	0%	2%	0%	0%	0%	0%
% of Real Estate AUM at severe risk	0%	4%	0%	0%	0%	0%

From a total AUM of EUR 59.1bn, the analysis of physical climate risk covers EUR 37.5bn, excluding infrastructure assets, the Dawonia portfolio, the Sustainable Future Ventures fund, the newly acquired Advantage portfolio as well as assets where the granularity of data was insufficient to accurately calculate physical risks.

Infrastructure assets can have multiple sites or stretch over longer distances, and hence multiple instances of exposure to climate change risks. As an example, a single pipeline may cover hundreds of kilometres from a port or coastal area through to arid wild-fire prone hinterland. To compensate for this variability in exposure we undertake a multi-point risk assessments across our managed infrastructure portfolio. In 2022 this included 546 risk assessments, across 6 different types of risks in 91 unique locations. This analysis revealed circa 77 high/very high readings, each of which has been addressed by our investee Company management teams. The overall physical infrastructure portfolio risk is considered low with only 14% of readings indicating potentially high or very high physical risk threats which in turn have been assessed and/or mitigated by our investee Company management teams.

PATRIZIA has also started to undertake Carbon Risk Real Estate Monitor (CRREM) analyses for its real estate portfolio to assess the vulnerability of its portfolio to transition risk, based on greenhouse gas emission intensity. The Company has established a decarbonisation strategy to alleviate this vulnerability.

PATRIZIA Infrastructure assess the particular stranding risks of each asset and reflects these in a detailed Climate Change Risk report per asset, including investee Company mitigation strategies where required. The CO_2 footprint of each equity investment is reported annually, with decarbonisation planning on going, in line with PATRIZIA infrastructure´s Net Zero Asset Manager Initiative (NZAM) commitments to reduce CO_2 intensity.

The impact of identified climate-related opportunities is described in the section above.

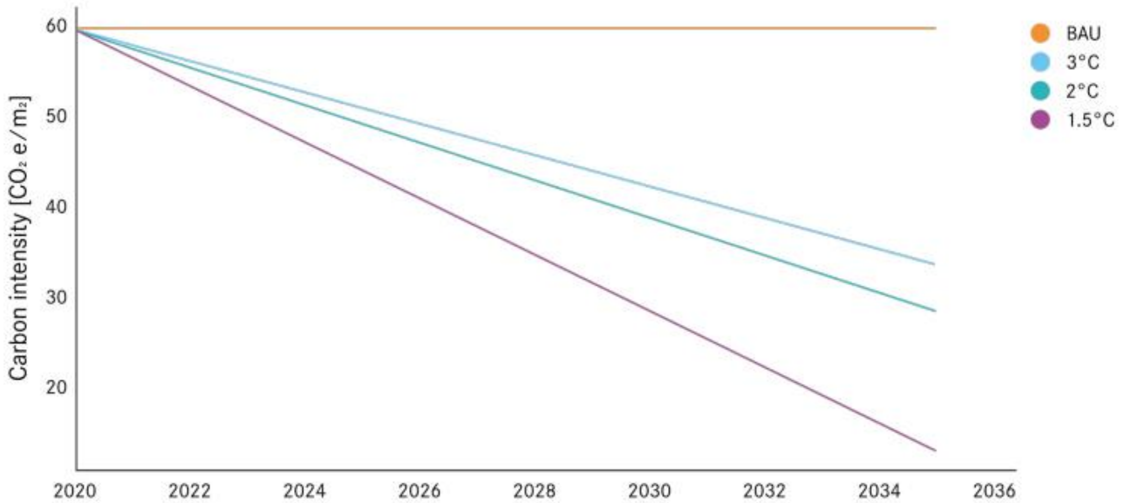
c. Describe the resilience of the organisation’s strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario.

PATRIZIA takes climate change risks and opportunities into account at each stage in the investment process, from acquisition due diligence to development and throughout the ownership period.

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 that we manage, through identification of interventions at each stage of the investment process, from acquisition through to sale. We will continuously develop, enhance, and integrate processes across all aspects of our business to facilitate action, from the development of operational toolkits and guidelines to the systematic analysis and reporting of performance. Our strategy is structured around the energy hierarchy, focusing first on reducing demand for energy, before decarbonisation of energy sources, and only then offsetting any residual emissions.

In 2021, we leveraged an assumption-driven model to calculate the carbon footprint of our real estate AUM for the first time. Based on proxy data provided by MSCI, this serves as an important step in our Net Zero Carbon Strategy by providing an indicative baseline for the most significant component of our carbon footprint.

The indicative 2019 baseline operational carbon intensity across our real estate AUM and decarbonisation pathways[18] for key warming scenarios:



Note: BAU stands for business as usual

In late 2022 PATRIZIA Infrastructure finalised their commitment to the NZAM. As part of a rigorous self-assessment process the decision was taken to apply a 2021 baseline for CO_2 emission targets. This approach was accepted by the NZAM as a reasonable commitment.

[18] Source: PATRIZIA_Net_Zero_Carbon_Strategy.pdf

TCFD pillar 3: Risk Management

3. Disclose how the organisation identifies, assesses, and manages climate-related risks.

a. Describe the organisation’s processes for identifying and assessing climate-related risks.

PATRIZIA has defined a Company-wide net zero carbon strategy that sets out steps for how we will identify and manage the transition to a low carbon economy, both for our corporate operations and Assets under Management. As part of this strategy, we have set ourselves mid-term targets (see 4c), such as having a decarbonisation plan in place for all assets by 2025.

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 our understanding of likely portfolio behaviour in extreme scenarios and provides a basis for action.

This must be supplemented by additional audits to identify intervention measures, such as adaptation solutions, to improve performance. Furthermore, all funds are expected to apply a fund specific ESG policy, in alignment with the corporate policy, to drive the systematic integration of sustainability risk management, including the ongoing assessment, measurement and improvement of any climate related risks.

PATRIZA also utilises the Climate Risk Real Estate Monitor (CRREM), which provides transparent, science-based decarbonization pathways that are aligned with the Paris Climate Goals of limiting global temperature rise to 2°C, with ambition towards 1.5°C. These pathways enable PATRIZIA to model decarbonisation requirements and stranding risks associated with premature obsolescence and write-downs due to changing market expectations and legal regulations, encompassed within transition risks.

b. Describe the organisation’s processes for managing climate-related risks.

In line with our Net Zero Carbon Strategy and pathway goals for decarbonisation, PATRIZIA follows an active management approach to improve energy and water efficiency and to reduce the carbon footprint of its portfolio.

As mentioned above PATRIZIA’s strategy is structured around the energy hierarchy, focusing first on reducing demand for energy, before decarbonisation of energy sources, and only then offsetting residual emissions. In order to fulfil this approach PATRIZIA undertakes the following steps:

- Collect consumption data to assess performance
- Conduct technical audits to inform decarbonisation plans with improvement measures and renewable energy feasibility studies
- Implement operational practices to monitor and target efficiency improvements
- Implement capital expenditure interventions, capitalising on lease events and planned replacement cycle

Transition risk

Considering the long-term nature of real asset investment there is an ongoing risk of new regulations and taxes related to climate change. PATRIZIA’s Assets under Management are subject to increasing regulation with regards to environmental protection and climate change mitigation. This transition risk of legislative changes is monitored closely and business partners, especially property managers, are engaged to cooperate in complying with increasing requirements and to protect assets against obsolescence due to policy changes. PATRIZIA has also established a working group which especially monitors and prepares the implementation of regulatory changes.

Physical risk

Physical risks are assessed for new acquisitions at the due diligence stage, using PATRIZIA’s due diligence checklist as a guide. Third party ESG due diligence reports also provide a detailed assessment of physical risk. In addition, the climate value at risk analysis assesses physical risk, considering flood risk, exposure to both hot/cold temperature stress, exposure to storms and other country / asset specific risks that must be taken into account. Mitigation measures must be identified for those assets flagged for having high physical risk. The output of the checklist is a key consideration for transaction teams with all material findings, including physical risks, and is being considered centrally by PATRIZIA's Investment Committee. PATRIZIA's Head of Sustainability & Impact Investing sits on the Investment Committee.

c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

PATRIZIA has integrated ESG risks – including climate-related risk - in the Company's risk management policy and risk framework as well as internal reporting. Climate risk will be included on the agenda for the Board of Directors' meetings from 2023 onwards.

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. 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.

Overall responsibility for risk management lies with the Board of Directors of PATRIZIA SE. The monitoring and ongoing development of the risk management system is the responsibility of the Risk Management function.

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 analyses and regular risk reporting to the Board of Directors of PATRIZIA SE. The role 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 the best possible 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 are:

- Executive Committee
- Corporate Organisation Committee
- Products & Clients Committee
- Investment Committee Real Estate
- Investment Committee Infrastructure
- Risk Committee
- Ad-hoc Committee
- ESG Committee
- EDI Council

In addition, there are the following committees at the level of PATRIZIA's Board of Directors:

- Audit Committee
- Nomination & Remuneration Committee

Within the framework of risk management, the identified risks are considered in a differentiated manner according to possible occurrence scenarios and evaluated at the 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'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 Board of Directors 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.

The integration of climate-related risks and opportunities into the investment process is described above (TCFD pillar 1: Governance – 1a).

TCFD pillar 4: Metrics and Targets

4. Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Metrics for assessing climate-related risks and opportunities

Type	Metrics	Unit
Carbon footprint	CO_2 intensity of portfolio	kg CO_2e/ m^2/Year
Physical risk for real estate	Climate Value at Risk Analysis	% of AUM identified at high/very high risk per risk category

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

In 2021, we leveraged an assumption-driven model to calculate the carbon footprint of our real estate portfolio for the first time. Based on proxy data provided by MSCI, this served as an important step in our Net Zero Carbon Strategy by providing an indicative baseline for the most significant component of our carbon footprint. The model considers the building sector and location of each asset to illustrate the likely magnitude of emissions that we must reduce in order to achieve our net zero carbon commitment.

For 2022, we have applied an updated methodology to establish our carbon footprint, based on data from CRREM, which is becoming an industry standard. For comparability, we also restate our 2021 carbon footprint by applying the same methodology and data source. This methodology is more specific, as it 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 our real estate portfolio to climate change transition risk and steers prioritisation of decarbonisation efforts. The below show the floor area weighted average GHG intensity values per sector type, based on the sub-sector and location specific reference values for our portfolio.

From a total AUM of EUR 59.1bn, the analysis of floor area weighted carbon intensity for 2022 covers EUR 34.9bn, excluding infrastructure assets, the Dawonia portfolio, the Sustainable Future Ventures fund, the newly acquired Advantage portfolio as well as assets where the granularity of data was insufficient to accurately calculate the carbon intensity.

Floor area weighted carbon intensity[19] (kg CO_2 e/ m^2/year)

Year	Office	Residential	Retail	Industrial
2021	52.56	29.79	50.10	19.56
2022	49.16	26.10	47.84	16.33

Through a concerted effort over the coming years, our goal is to progressively replace the assumption-based data with actual consumption data to refine the accuracy of our analysis and chart our progress accurately over time. Having set ambitious decarbonisation goals, we also strive to monitor the GHG emissions from our corporate operations, including offices and business travel. Measures are in place to capture emissions from corporate activities to establish a meaningful baseline.

[19] This disclosure leverages reputable sources for proxy data, based on the location, sector type and floor area of our assets. While this data provides a useful indication of our 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 our energy that is procured from renewable sources, which we consider to be a conservative approach.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

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 will ensure that we meet evolving market conditions, ahead of regulation.

Net Zero Carbon goal

Goal	Achieve net zero carbon[20] status across our corporate operations and real asset portfolio by 2040 or earlier, with a clear ambition to execute as fast as stakeholder requirements permit.

In order to deliver this commitment, we have set interim targets for 2030, consistent with best practice recommendations by the IPCC[21] to achieve a 50% global reduction in CO_2 which can be found above (1.4.2 Sustainability Strategy). Our commitment includes scope 1, 2 and our most material scope 3 carbon emissions.

I.2 EU Taxonomy

General principles

The Taxonomy Regulation (Regulation (EU) 2020/852) establishes a classification system to provide appropriate definitions for which economic activities can be considered to be environmentally sustainable, based on the environmental objectives of the European Union.

The Taxonomy Regulation defines six environmental objectives. An economic activity is considered to be environmentally sustainable when it contributes significantly to the achievement of one of the six 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 safeguards:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

The Taxonomy Regulation requires that undertakings, subject to non-financial reporting, disclose how and to what extent their activities are associated with environmentally sustainable economic activities. This obligation is being enacted in two stages, initially limited to the environmental goals of climate change mitigation and climate change adaptation and focusing on the eligibility of activities under the Taxonomy Regulation. An economic activity is considered to be Taxonomy-eligible if it is within the regulatory scope of the Taxonomy Regulation.

From 1 January 2022 until 31 December 2023, disclosures made by financial undertakings include the share of risk positions in Taxonomy-eligible and non-Taxonomy-eligible economic activities in their total Assets under Management (on a look-through basis). Asset managers are required to disclose the proportion of investments they made in Taxonomy-eligible economic activities in the value of all investments managed by them, resulting from both their collective and individual portfolio management activities. From 1 January 2024, disclosures will be required to demonstrate the proportion of taxonomy-aligned economic activities and will include all six environmental objectives.

The Taxonomy Regulation establishes qualitative and quantitative disclosure rules for both financial and non-financial undertakings and defines an asset manager to be a financial undertaking. While the PATRIZIA Group is a non-financial undertaking, the main business activity of PATRIZIA is asset management. The disclosure made herein is therefore aligned with the requirements for financial undertakings and applies the information required by asset managers[22]. This approach differs from that of the previous disclosure made by the Group, which applied the disclosure rules for non-financial undertakings. While the Taxonomy Regulation does not provide specific guidance on this issue, the interpretation applied herein provides the greatest transparency to stakeholders, consistent with the intent of the regulation[23].

[20] Includes operational emissions and embodied carbon for new developments and major refurbishments, excluding the ‘sunk’ embodied carbon of the standing portfolio.
[21] International Panel on Climate Change Special Report on 1.5°C, 2021
[22] Article 3 of the Delegated Regulation on Disclosures by asset managers.
[23] The application of the disclosure requirements of the Taxonomy Regulation to differing business activities has been subject to ongoing clarification and still requires a degree of interpretation. Accordingly, PATRIZIA has revised its methodology for disclosure under the EU Taxonomy and may do so further in light of regulatory guidelines.

Key figures

PATRIZIA reports on the following indicators, categorised by the type of investment:

1. For investments in physical real estate and infrastructure assets, Taxonomy-eligibility is disclosed as the ratio of eligible activities in the total AUM, based on the market value of investments.

2. For investments in infrastructure companies, including equity, debt, and direct holdings, Taxonomy-eligibility is disclosed as:
   a. The ratio of eligible activities in the total AUM, determined by the proportion of Taxonomy-eligible turnover of investee companies.
   b. The ratio of eligible activities in the total AUM, determined by the proportion of Taxonomy-eligible CapEx of investee companies.

The Taxonomy Regulation specifies that derivatives and exposures to undertakings that are not subject to non-financial reporting[24], including non-EU entities, are excluded from the numerator but included in the denominator. Accordingly, PATRIZIA's stated exposure to taxonomy-eligible positions does not include Taxonomy-eligible economic activities that are excluded on this basis. The denominator includes all AUM, excluding exposures to central governments, central banks, and supranational issuers.

1. Investments in physical real estate and infrastructure assets

1. Taxonomy eligible activities as a ratio of the AUM, based on the market value of investments in real estate and infrastructure

EUR mio.	AUM (based on the market value of investments in real estate and infrastructure)	%
Exposure to Taxonomy-eligible activities	50,059	97%
Exposure to taxonomy-non-eligible activities	1,641	3%
Exposure to undertakings not required to disclose non-financial information under Article 19a or Article 29a of Directive 2013/34/EU	-	0%
Exposure to central governments, central banks, & supranational issuers	-	0%
Exposure to derivatives	-	0%
AUM covered (based the market value of investments in real estate and infrastructure)	51,700	87%

Calculation of the numerator:
The numerator comprises the value of real estate assets, concerning the Taxonomy-eligible activities of acquisition and ownership of buildings, construction of new buildings, and renovation of existing buildings (NACE code L68 – Real estate activities).

Calculation of the denominator:
The denominator comprises the value of all investments in physical real estate and infrastructure assets, as opposed to investee companies, covering 87% of the total AUM. This is mutually exclusive from the proportion of AUM covered by Table 2a and 2b.

[24] Under Articles 19a and 29a of Directive 2013/34/EU

2. Investments in infrastructure companies

2.a: Taxonomy eligible activities as a ratio of the total AUM, based on the turnover of investee companies

EUR mio.	AUM (based on the market value of investments in infrastructure companies)	%
Exposure to Taxonomy-eligible activities	106	2%
Exposure to taxonomy-non-eligible activities	5,101	98%
Exposure to undertakings not required to disclose non-financial information under Article 19a or Article 29a of Directive 2013/34/EU	5,021	96%
Exposure to central governments, central banks, & supranational issuers	-	0%
Exposure to derivatives	-	0%
AUM covered (based on the market value of investments in infrastructure companies)	5,207	9%

Calculation of the numerator:
The numerator comprises the share of AUM in Taxonomy-eligible infrastructure undertakings, based on the proportion of Taxonomy-eligible turnover reported by those undertakings. This relates to a range of underlying activities, including those within the energy sector. The numerator excludes all investments in infrastructure companies that are not required to report under non-financial disclosure requirements, irrespective of whether their underlying activities are Taxonomy-eligible. On this basis, a significant majority of the infrastructure portfolio is reported as taxonomy-non-eligible.

Calculation of the denominator:
The denominator comprises the value of all investments in infrastructure assets that can be considered as investee companies, covering 9% of the total AUM.

2.b: Taxonomy eligible activities as a ratio of the total AUM, based on the CapEx of investee companies

EUR mio.	AUM (based on the market value of investments in infrastructure companies)	%
Exposure to Taxonomy-eligible activities	129	2%
Exposure to taxonomy-non-eligible activities	5,078	98%
Exposure to undertakings not required to disclose non-financial information under Article 19a or Article 29a of Directive 2013/34/EU	5,021	96%
Exposure to central governments, central banks, & supranational issuers	-	0%
Exposure to derivatives	-	0%
AUM covered (based on the market value of investments in infrastructure companies)	5,207	9%

Calculation of the numerator:
The numerator comprises the share of AUM in Taxonomy-eligible infrastructure undertakings, based on the proportion of Taxonomy-eligible CapEx reported by those undertakings. While the proportion of Taxonomy-eligible activities differs on this basis, the scope of assets covered by the numerator is the same as Table 2a.

Calculation of the denominator:
The denominator comprises the value of all investments in infrastructure assets that can be considered as investee companies, covering 9% of the total AUM. The scope of assets covered by this indicator is the same as Table 2a.

Data sources and limitations
The assessment of Taxonomy eligibility is conducted by comparing the economic activities that underlie investments with the scope of activities set out by the Taxonomy Regulation, either by NACE code (Statistical Classification of Economic Activities) or description. In some cases, this is subjective and therefore susceptible to differing interpretations, particularly where PATRIZIA relies on the disclosures made by investee companies. The disclosures made herein are also subject to the methodologies applied by investee companies in determining the proportion of their activities that are Taxonomy-eligible, including any inherent limitations.

In December 2022, PATRIZIA acquired ADVANTAGE Investment Partners, increasing its AUM by 2,227 (€ in millions), which equates to 4% of the total AUM. Given the timing of the acquisition, an analysis of the Taxonomy-eligibility of this portfolio could not be conducted and is therefore excluded from this disclosure. This disclosure therefore covers 96% of the total AUM, and best efforts will be made to provide full coverage in subsequent disclosures.

Explanations of the nature, objectives, and development of Taxonomy-aligned economic activities
While the disclosure made herein is regarding Taxonomy-eligibility, PATRIZIA is in the process of confirming the extent to which its activities are Taxonomy-aligned. Given the specificity of the Technical Screening Criteria of the Taxonomy Regulation, this requires a systematic approach for data collection and analysis. PATRIZIA has taken steps to adapt its sustainability strategy to the criteria of the Taxonomy Regulation and seeks further alignment over time. For example, PATRIZIA conducts robust climate risk and vulnerability assessments both as part of its due diligence and during the hold period of assets, which contributes to the environmental objective of Climate Change Adaptation. An assessment of Taxonomy-alignment is included in the acquisition due diligence process for real estate transactions, including steps to address energy inefficient asset exposure, which contributes to the environmental objective of Climate Change Mitigation. Furthermore, the Technical Screening Criteria for the climate related objectives of the Taxonomy Regulation are integrated into PATRIZIA's development guidelines for new construction and major renovation projects.

Alignment with the Taxonomy in the business strategy, product design and dealings with business partners
PATRIZIA has set an overarching goal of achieving net-zero carbon across its corporate operations and real asset portfolio by 2040 or sooner, with a clear ambition to execute as fast as stakeholders permit. This is a key facet of PATRIZIA's business strategy and broadly aligns with the environmental objectives of Climate Change Adaptation and Climate Change Mitigation. PATRIZIA continually strengthens its approach to ESG integration through consideration at each stage in the investment process, which influences both product design and engagement with business partners. For example, PATRIZIA has a established a number of products with environmental characteristics, including a commitment to managing greenhouse gas emissions in line with appropriate decarbonisation pathways. PATRIZIA requires preferred partners to comply with a Supplier Code of Conduct, which is aligned with the social safeguards set out by the Taxonomy Regulation, and incorporates sustainability requirements in Property Management Agreements.

Financing Taxonomy aligned economic activities
PATRIZIA considers the environmental objectives of the Taxonomy Regulation to be complimentary to its business strategy. For example, the implications of climate change mitigation and adaptation present both risks and opportunities to the asset classes of infrastructure and real estate. By investing in infrastructure that facilitates the energy transition, PATRIZIA supports the financing of the transition to a low carbon economy. By investing in energy efficient real estate or financing the retrofit of energy inefficient buildings, PATRIZIA can contribute to the objectives of Climate Change Mitigation and Climate Change Adaptation, while managing climate change related transition risks. These factors are considered in both the selection of investments and, where relevant, the formulation of asset business plans.

II. Social aspects

(This section is partially aligned with GRI 405: Diversity and Equal Opportunity.)

In keeping with its corporate social responsibility, PATRIZIA commits to fair Human Resource (HR) policies and procedures, and leading labour standards towards health, well-being, and safety policies. PATRIZIA aims for a diverse workforce, fair remuneration and hiring and promoting without any discrimination. A further proof of PATRIZIA's social responsibility is the support of social institutions, like the PATRIZIA Foundation. Furthermore, we launched our first impact investing strategy in 2022. The fund aims to create sustainable communities by providing affordable homes, including social housing, and additional social infrastructure, such as public facilities for example libraries, day care centres and healthcare facilities, to underserved communities in around 25 locations in and around major European cities.

PATRIZIA set itself the goal to be an employer of choice in the Real Asset sector, where everyone feels included, represented, and valued equitably. To achieve that the continuous development and the health & wellbeing of employees as well as the Company's approach to equity, diversity and inclusion (ED&I) is particularly important to the Company. Furthermore, the Company offers location-specific non-salary benefits for employees in the areas of fitness programmes, transportation subsidies, life / travel insurance, private medical, income protection and cycle to work programmes.

Our employees, their motivation, knowledge, and skills are key to the Group's success. Failure to retain or recruit key staff would expose the Group 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. Due to the nature of PATRIZIA's business there are no material risks imposed on employees with regards to work accidents. Nevertheless, health and well-being topics such as burnout prevention, work-life balance and promoting a sportive lifestyle are taken very seriously. In order to measure employee satisfaction, an initial engagement survey was distributed among all employees in the year 2022. The next survey is planned for the year 2023.

II.1 Employee development

Our HR strategy focuses on enabling sustainable growth, creating healthy and energised communities and building next practice HR infrastructure which includes advanced recruitment and performance enablement practices. We look to lead from the front with strong leadership development programmes and offer every PATRIZIAn access to a meaningful career via our general curriculum and various other talent programmes.

We support the development of our employees through language classes, LinkedIn learning, external trainings and our own PATRIZIA Academy. We work with high quality experts in their field, representing different backgrounds and nationalities. As technological and language skills rise in demand, so do the human skills: emotional and cultural intelligence, stress management, ability to collaborate, inclusive and sustainable leadership. And if these skills are going to be high in demand over the years to come, our greatest return on effort is centered squarely on how proactively we help our teams learn and develop the full range of critical skills for the future.

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 now have access to training that strengthens their digital IQ and real asset expertise as well as their mental resilience and inclusion mindset. To make an impact, each of these courses considers how we adapt to hybrid ways of working at PATRIZIA.

At PATRIZIA, we understand that taking on people management responsibilities requires a new set of skills. To support our employees who are becoming for the first-time people manager or who have recently started a manager role at PATRIZIA, we have introduced in 2022 RISE - an 8-weeks programme which supports People Managers during this transition. RISE is a combination of training sessions focused on three modules: Managing Yourself, Managing Others and Community Building. The whole programme is designed for the hybrid experience, where participants meet for some of the training sessions at their local offices to network and dial-in to a connected experience. For the first RISE edition, our cohort made of 17 participants went through a series of internal HR trainings, peer-to-peer coaching sessions, external trainings and self-paced learning.

We also launched Horizons in 2021, an early career two-track talent programme ("Step In" and "Step Up") designed to offer an inclusive approach to developing talent whether you're a new joiner, or an existing employee. Step In focuses on supporting new talent stepping into PATRIZIA and Step Up focuses on developing existing employees stepping their game up. In 2021 six Step In Analysts joined the Company on a rotational basis where they spend six months at a time in a team. By the end of the 2-year programme they will have all worked in Asset Management, Transactions and Fund Management, plus one additional function. In early 2022 14 existing Analysts joined the programme for 12 months, during which they went through a rotational mentoring programme every three months and shadowed experienced employees in different parts of the business. Both Step In and Step Up Analysts participated in a structured development program, received 1:1, group coaching and mentoring, been invited to project and time management training and to various career spotlight sessions. In

2022, another six Step In Analysts joined PATRIZIA, meaning that now in total we have 12 Step In Analysts in the Company (five in Germany, seven in the UK).

With our PATRIZIA Futures Program, which was launched in 2021, we are investing in our emerging talent through a unique development accelerator of applied innovation, leadership and change. This annual program for 30 of our future leaders blends individualised coaching with group workshops, networking, and innovation sprints. Since the launch 60 existing and future leaders have participated in the 6-month programme. The 2021 cohort was fully online due to travel restrictions imposed by Covid-19, while the 2022 cohort was delivered in a hybrid manner. The delegates worked on real life business opportunities identified by senior leaders. At the end of the programme the delegates presented their recommendations to the senior sponsors, giving them unique opportunities to raise visibility and build relationship with the senior leaders. Some of these ideas formed the starting point of companywide initiatives that since have been implemented in the wider organisation.

PATRIZIA offers career starters two apprenticeship programmes to 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, we offer a dual bachelor's degree program in business administration with a focus on real estate management or accounting/management accounting at Baden-Wuerttemberg Cooperative State University (DHBW).

II.2 Health & Wellbeing

At PATRIZIA, we realise how important the mental health of our employees is. Looking after our own health and happiness is the foundation of sustainable performance. In 2022, we held a Mental Health awareness speaker series, for PATRIZIAns to learn more about how nutrition, emotional resilience and human connection are core pillars when building and supporting their mental wellbeing. We purchased 50 licenses to the popular meditation app, Headspace, to help employees learn helpful techniques in support of their emotional and mental wellbeing. In 2023 we are planning to train dedicated Mental Health First Aiders in Germany and UK. These individuals will learn about how to spot early signs of declining mental health and how they may support their colleagues in a mental health crisis.

II.3 Equity, Diversity and Inclusion (ED&I)

Acting responsibly has always been an important part of how we do business at PATRIZIA. To make a meaningful difference in the communities where we live and work, we have started out on a new journey to advance ED&I in our organisation, industry and more widely in society by appointing an ED&I Council.

To be the employer of choice in the Real Asset sector, we must proactively step-change PATRIZIA's ED&I strategy. For the first three years we committed ourselves to achieving the following strategic milestones.

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 internally and introducing industry leading policies and practices.
2024	Mark Progress: Capture and celebrate case studies for return on effort.

In 2022, we conducted 17 virtual and in-person listening sessions on ED&I in order to increase our employee dialogue and engagement.

The work of the ED&I council focuses on the following areas:
- **Strategy & Policy –** to review and upgrade our commitments and policies.
- **Recruitment & Selection –** to ensure equitable diversity in hiring.
- **Retention & Development –** to cultivate an inclusive community including equitable development.
- **Skills & Confidence –** to raise awareness and build skills for ED&I.
- **Internal & External Partnerships -** to support our internal employees resource groups and external non-profits.

PATRIZIA’s ED&I strategy includes targets for diversity which we measure progress against annually. PATRIZIA has set a target of 25% for the share of women in its Board of Directors and a respective target of 25% for the Executive Directors, both to be achieved by 2024. PATRIZIA aims to increase the share of women in the first management level below the Executive Directors to 20% and for the second management level to 30% by 2024.

Progress against targets

Category	2022	2021[25]
Share of women in Board of Directors (formerly Supervisory Board)	29%	20%
Share of women in Executive Directors (formerly Management Board)	0%	14%
Share of women in Level 1 below Executive Directors	33%	19%
Share of women in level 2 below Executive Directors	23%	30%

Currently, the Board of Directors consists of two female and five male members, the Executive Directors of three male members. Thus, the set targets for the Board of Directors were already achieved in 2022, whereas the proportion of women of Executive Directors' fell to 0% in the course of the transformation of the legal form. The achievement of the targets continues to have a high priority. On 31 December 2022, the share of women in the first management level was 33% (31 December 2021: 19%), which means that the short-term target of 20% and the long-term target of 30% were achieved. At the second management level, the share of women was 23% (31.12.2021: 30%), falling below the target for the first time in the last three years due to the reorganisation of existing reporting lines. In the future, the Executive Directors and the Board of Directors will strive to achieve a target quota of 30% for the proportion of women at all levels.

The international and multicultural Group thrives on the combination of different perspectives that contribute to its long-term success. 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’ mindset, competencies, and experience. In addition, on signing their employment contract, 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.

[25] These numbers reflect PATRIZIA’s management structure before the transition from an “Aktiengesellschaft (AG)” under the German Stock Corporation Act to a “Societas Europeae (SE)” under the European Company Statute.

II.4 Employee Key figures

Employee overview per age groups and nationalities

Employees	2022	2021
Full-Time Equivalents (FTE)	1011	946
Employees under 25 years old	3%	5%
Employees between 25 and 34	29%	29%
Employees between 35 and 44	38%	33%
Employees between 45 and 54	23%	24%
Employees over 55	7%	10%
Nationalities	33	35

Gender per Governance Body

Governance Body	Female	Male
Executive Director	0%	100%
Level 0[26]	33%	67%
Level 1[27]	23%	77%

Percentage of age group per Governance Body

Governance Body	<30	30-50	>50
Executive Director	0%	0%	100%
Level 0	0%	79%	21%
Level 1	0%	80%	20%

Count of nationalities per Governance Body

Governance Body	Nationalities
Executive Director	2
Level 0	5
Level 1	14

[26] The Governance Bodies shown represent the reporting lines, meaning that Level 0 are all employees reporting in any one of our three Executive Directors.
[27] Level 1 is anyone reporting into any one at Level 0.

Gender per Employee Category

Employee Category	Female	Male
Executive	8%	92%
Managing Director	9%	91%
Director	34%	66%
Associate	52%	48%
Analyst	48%	52%
Support Staff	96%	4%
Apprentice & Dual training student	81%	19%
Overall	**45%**	**55%**

Percentage of age group per Employee Category

Employee Category	<30	30-50	>50
Executive	0%	70%	30%
Managing Director	0%	74%	26%
Director	1%	83%	16%
Associate	18%	76%	6%
Analyst	73%	27%	0%
Support Staff	18%	58%	24%
Apprentice & Dual training student	100%	0%	0%
Overall	**14%**	**73%**	**14%**

Count of nationalities per Employee Category

Employee Category	Count of Nationalities
Executive	4
Managing Director	11
Director	21
Associate	23
Analyst	16
Support Staff	11
Apprentice & Dual training student	2
Overall	**33**

II.5 Community engagement – charitable work

Building Communities & Sustainable Futures is part of PATRIZIA's DNA. PATRIZIA's social responsibility is particularly evident in the Company's attitude that part of its success must be shared with those who are in desperate need. A proof of impact of this responsibility is the support of the PATRIZIA Foundation.

Education is a human right. The belief that education is the key to a better life and the basis of long-term human development has shaped the corporate culture of PATRIZIA for over two decades, and today we support the Foundation both financially, and through employee volunteering.

The founder and 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 to ensure access to education, better quality healthcare, and security. Since then, the Foundation has helped more than 250,000 children and young people via the 19 PATRIZIA KinderHaus facilities (three new ones are currently under construction).

The PATRIZIA Foundation is a legally independent organisation and is supported in its work by PATRIZIA. Up to 1% of PATRIZIA's EBITDA is used to cover the Foundation's administration costs, enabling 100% of donations to go to the Foundation projects.

All of PATRIZIA's employees are encouraged to use up to one percent of their working hours for charitable purposes, like supporting the work of the PATRIZIA Foundation. 2022 has yet again shown our employees' commitment to this endeavour, with various social fundraising running, cycling and hiking challenges both initiated and loved by our workers.

With the launch of the EduCare Europe Fund in 2022, the PATRIZIA Foundation reacted in a very short time after the outbreak of the war in Ukraine to acute occuring issues such as homelessness, displacement, traumatisation, and the complete loss of any educational opportunities for children and young people. The aim of the EduCare Europe Fund is to support children from Ukraine – through Education & Care. The fund finances trained emergency educators. They help traumatised children and ease their way back into everyday school life. PATRIZIA has been awarded with the Deutsche Beteiligungspreis, which has been awarded annually by Beteiligungs-Report and it honours special entrepreneurial achievements and sustainable investments, for its engagement in the PATRIZIA Foundation's EduCare Europe Fund.

III. Ethical standards

PATRIZIA is a reliable partner for customers, third-party service providers and the communities in which we operate. It goes without saying that our employees act with integrity and a sense of responsibility. We expect the same from our business partners.

III.1 Anti-Corruption and -Fraud

PATRIZIA is committed to high ethical standards and expects the same from its employees and third-party service providers. Anti-corruption and -fraud laws around the world explicitly require the implementation of policies and procedures designed to ensure compliance with anti-corruption and -fraud requirements. PATRIZIA has a Code of Values and a Compliance Manual that contain extensive regulations and standards relating to anti-corruption and -fraud.

PATRIZIA primarily depends on its employees respecting corporate governance and compliance standards. If PATRIZIA's policies and protocols are not enforced and employees show unlawful or unethical behaviour this could have an adverse effect on the business and PATRIZIA's reputation. Therefore, PATRIZIA has a strong and stable Compliance Management System in place which helps to ensure to comply with applicable anti-corruption and -fraud laws around the world. There are policies and processes in place to ensure the documentation, enforcement and controls of Compliance rules which include also regular Compliance checks and reviews in form of audits.

As trainings are key to prevent misconduct PATRIZIA has implemented a Global Compliance Training Plan. Anti-corruption and -fraud is an important element of Compliance trainings which are mandatory for all PATRIZIA employees.

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

III.2 Human Rights

PATRIZIA is committed to respecting fundamental human rights as defined by the United Nations Universal Declaration of Human Rights and international standards of labour rights as defined by the International Labour Organisation (ILO). PATRIZIA is committed to comply with any requirements in relation to human rights due diligence at corporate level that are required by law. PATRIZIA's commitment to human rights is included in the Group's Compliance Handbook as well as the Modern Slavery Statement and is in line with the UN Global Compact Principles.

Due to its regional focus PATRIZIA sees no particular risk with regards to human rights. PATRIZIA expects that business partners will respect internationally recognised human rights. These include, for example, strict compliance with the prohibition on forced and child labour, as well as observation of the statutory minimum working age. Additionally, PATRIZIA commits to the Modern Slavery Act.

2 Economic report

2.1 Economic environment

Markets in general: While 2022 started relatively positively, this positive economic momentum was soon overshadowed by the start of the Russian invasion of Ukraine on February 24. This, combined with other macroeconomic headwinds such as the ongoing US-China trade conflict and further global supply chain disruptions, led to much higher inflation rates than originally expected. Which has subsequently led to a significant tightening of monetary policy by central banks. Despite significant interest rate hikes in most developed economies, inflation rates rose to high single-digit levels in the US over the course of the year and even to low double-digit figures in some European economies. A slowdown in economic growth, which is likely to be reflected in the year 2023, was the result. Most economists expect interest rates to peak in 2023, while economic growth, particularly in Europe, is expected to remain subdued. Inflation is expected to weaken significantly over the next 12 months as a result of base effects, although it should still be above central banks inflation targets on an annual average.

Source: PATRIZIA, PATRIZIA House View, RCA

Real estate markets: The division of the market into sectors and sub-sectors with poor performance, such as retail or hotels, and those with good performance, such as food retail, apartment buildings or logistics, continued in 2022. However, due to interest rate hikes and rising bond yields, the momentum of this development has slowed significantly in the second half of 2022. Nevertheless, these sectors continue to benefit from demand-driven megatrends, such as urbanisation or the continued growth of e-commerce, and further supply-side constraints due to increased construction costs. As a result of these developments, the transaction volume in the European real estate sector has lost significant momentum in the second half of 2022. For the full year, it amounts to around EUR 255 bn, compared to EUR 350 bn in 2021 (-26.8%). While a subdued investment market is expected to remain so in the first half of 2023, the market should regain momentum in the second half of the year as base rates stabilise. With tenant demand appearing to remain largely robust, smart, targeted asset management will be more important than ever for successfully building and managing of portfolios. In addition, the increasing focus on sustainable real estate is likely to create further opportunities in the real estate markets.

Source: PATRIZIA House View, RCA

Structural growth market: After the strong change in the market environment in 2022, the first half of the 2023 financial year is expected to remain fundamentally difficult due to market conditions. Valuations, especially of real estate, are likely to remain under pressure on the market average and investor activity in terms of new investments will temporarily remain below the average of recent years. However, it can be assumed that fundamental trends relevant to PATRIZIA's business model are still intact and investors will continue to look for opportunities to generate or increase portfolio returns by investing in real assets. An ageing population and a supply/demand imbalance in many real estate sectors in the world's major growing metropolises offer investment managers with active asset management ample opportunities to generate added value for their clients. With inflation still high, the global energy crisis and increasing pressure to accelerate the energy transition, investors will increasingly turn their attention to infrastructure investments. Both the private real estate and infrastructure markets are expected to grow significantly over the next five years. The latest Preqin study projects that global real estate assets will increase from USD 1.3tn (2021) to USD 2.2tn (2027e). The same study projects that global infrastructure AUM will increase from USD 0.9tn (2021) to USD 1.9tn (2027e). Clients are likely to look to investment managers with diversified product portfolios, proven track records and teams that can demonstrate experience across multiple market cycles, particularly in volatile times.

Source: Preqin Pro (Real Estate | Preqin, Infrastructure | Preqin)

Infrastructure markets: Higher cash rates, implemented by central banks to rein in inflation, have increased discount rates and been a drag also on the valuations of infrastructure assets in 2022. Listed infrastructure EBITDA multiples have come off their December 2021 highs. The performance of unlisted infrastructure generally lags but is typically less volatile. Furthermore, the valuation impact of higher discount rates is partially offset by the inflation proofing characteristics of the asset class. While infrastructure is not a homogeneous asset class, assets that have direct linkages to inflation in their revenues, high operating margins and operating structures not susceptible to interest rate rises performed better in 2022 than their counterparts. Russia’s invasion of Ukraine, and the ensuing energy crisis in Europe, have had significant knock-on implications for infrastructure assets - those with exposure to energy cost inputs have suffered, while power generation assets that have been able to sell at spot prices have performed incredibly strongly. Finally, government policy has been sharply focused on energy security and clean energy, with the former a direct result of the Ukraine war’s impact on global energy supply. The combination of the US Infrastructure Investment and Jobs Act (passed in November 2021) and the Inflation Reduction Act (passed in August 2022) have brought private infrastructure investment in the US, especially into clean energy, into focus on both sides of the Atlantic.

Source: PATRIZIA House View HY2_Part 3 – Infrastructure

2.2 Comparison of financial year 2022 - actual and forecasted business development

Guidance during the year 2022

With the publication of preliminary figures on 23 February 2022, PATRIZIA expected Assets under Management (AUM) to be in a range of between EUR 57.0bn and EUR 60.0bn, EBITDA to be in a range of between EUR 120.0m and EUR 145.0m, equivalent to an EBITDA margin of between 34.6% and 38.6%, driven by continued growth in recurring management fees and stable transaction fees.

On 11 May 2022, management made the precautionary decision to lower the FY 2022 expectation because of rising geopolitical, macroeconomic and market uncertainties. This was done because management anticipated that the increased time required to sign and close transactions would delay the conversion of pipeline potential into transaction fees. As a result, PATRIZIA revised down its EBITDA guidance to a range of EUR 100.0m and EUR 120.0m and its EBITDA margin guidance to a range between 29.9% and 32.4%. The AUM guidance of between EUR 57.0bn and EUR 60.0bn remained unchanged.

The guidance was confirmed with the release of the half-year financial report 2022, issued as of 11 August 2022, assuming a stabilisation of the geopolitical environment and a decline in market uncertainties in the second half of 2022.

In response to the accelerating market weakness, PATRIZIA had to adjust its FY 2022 guidance again on 2 November 2022. Contrary to previous assumptions, the company no longer expected the geopolitical environment in Europe to stabilise in the short term or market conditions – especially in the European real estate market - to materially improve in the fourth quarter of the year 2022. In addition, the company noted that the speed and extent to which planned investments (real estate investments in Europe in particular) were put on hold, had recently accelerated due to an increased sense of hesitation in the market to commit to new investments. As a consequence, PATRIZIA now expected an EBITDA range between EUR 60.0m and EUR 75.0m, including one-off expenses. The planned one-off expenses comprised measures to adjust the company’s cost base, rebalance it for selected growth initiatives and to increase long-term profitability. The guidance range for the EBITDA margin was consecutively adjusted to between 19.0% and 22.1%. The company furthermore expected FY 2022 AUM to grow merely to between EUR 57.0 and EUR 58.0bn.

Following the successful closing of the acquisition of ADVANTAGE Investment Partners, per 1 December 2022, PATRIZIA again increased its guidance for FY 2022 AUM to between EUR 57.0 and EUR 60.0bn.

Achievement of guidance

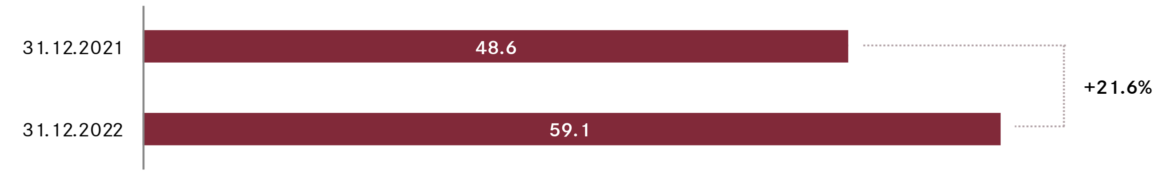
In FY 2022, PATRIZIA exceeded both the EBITDA guidance of between EUR 60.0 and EUR 75.0m and the guidance of the EBITDA margin of between 19.0% and 22.1% with an EBITDA of EUR 78.9m and an EBITDA margin of 24.0% compared to the last communicated guidance. AUM at year's end was EUR 59.1bn, which is at the high end of the forecasted range of EUR 57.0bn to EUR 60.0bn.

2.3 Business performance | Development of financial performance indicators

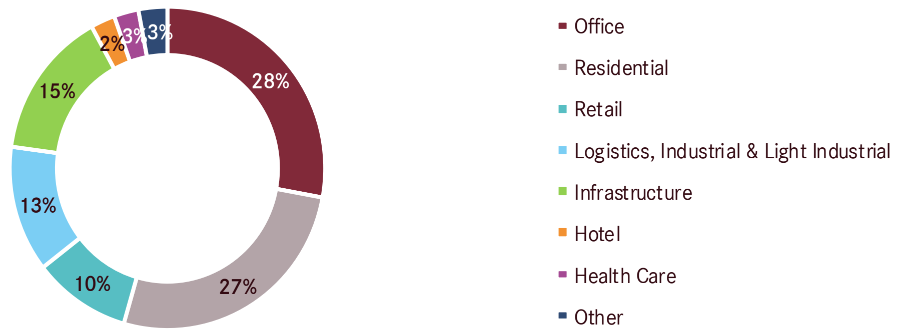
Assets under Management

As at 31 December 2022, PATRIZIA managed **Assets under Management (AUM)** of EUR 59.1bn, compared to EUR 48.6bn as at the previous year's reporting date. Of the EUR 59.1bn in real assets under management, EUR 30.8bn were related to Germany and EUR 28.3bn to other countries. In total, assets under management rose by EUR 10.5bn or 21.6% in the reporting period, which was driven by the completion of the Whitehelm Capital M&A transaction as well as the completion of the ADVANTAGE Investment Partners M&A transaction, continued organic growth and positive valuation effects. In PATRIZIA's broad-based product portfolio, infrastructure investments for national and international clients now represent 14.9% of AUM (3.6% as at 31 December 2021). The geographical distribution of AUM showed further progress in internationalisation with a share of 47.9% of AUM invested outside of Germany (AUM outside of Germany as at 31 December 2021: 40.4%).

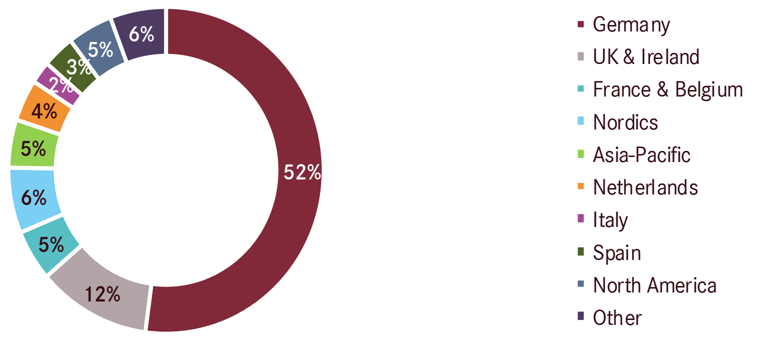
Assets under Management (EUR bn)



Assets under Management as at 31 December 2022 | Sectoral distribution

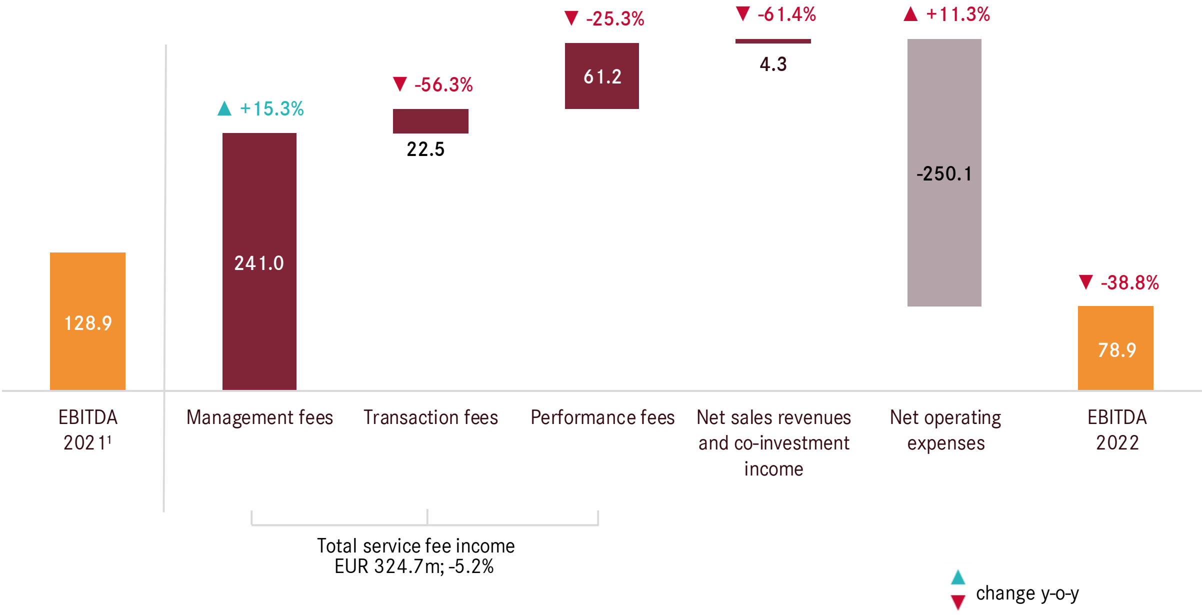


Assets under Management as at 31 December 2022 | Geographical distribution



EBITDA

Composition of EBITDA (EUR m)



[1] The previous year's figures were adjusted due to the conversion of the financial performance indicators in the financial year.

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

In a weakening market environment, PATRIZIA has achieved an EBITDA of EUR 78.9m in the financial year 2022 (2021: EUR 128.9m), which results in a decrease of 38.8% regarding the previous year. Thus the EBITDA guidance range of EUR 60.0m to EUR 75.0m specified in 9M 2022 was exceeded marginally. All comparisons of the guidance range for the 2022 financial year in the remainder of this report therefore refer to the most recently published guidance range.

A detailed reconciliation of the individual components of EBITDA to their respective line items in the consolidated income statement in particular can be found in chapter 2.4.2 of this report.

In the 2022 reporting year, **total service fee income** was slightly below previous year´s level by -5.2% at EUR 324.7m (2021: EUR 342.4m). In particular, recurring management fees partly compensated the decline in performance fees and transaction fees. The individual components of 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 241.0m were received in the financial year 2022 (2021: EUR 209.1m). By the growth of 15.3% PATRIZIA reaching a further milestone in its journey towards becoming 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 22.5m in the past year (2021: EUR 51.4m; -56.3%). This is due to the generally weaker market environment and an increased number of transactions for funds with (all-in) management fee structures. In this context, acquisitions accounted for EUR 18.2m of this figure (2021: EUR 38.6m; -52.9%) and disposals for EUR 4.3m (2021: EUR 12.8m; -66.4%). Total European market transactions also decreased by 26.8% to EUR 255.3bn in 2022 (2021: EUR 348.9bn), confirming the ongoing weaker market environment in the year 2022.

Performance fees: PATRIZIA receives performance fees if defined target investment yields are met or exceeded. In 2022, performance fees of EUR 61.2m were achieved (2021: EUR 81.9m; -25.3%). In the consolidated income statement, these fees are reported partly as revenues (EUR 40.8m; 2021: EUR 59.9m; -31.9%) and partly as income from participations (EUR 20.4m; 2021: EUR 22.0m; -7.1%). The decline in performance fees also relates to the weaker market environment and a lower number of disposals for clients.

In the 2022 reporting year, PATRIZIA generated EUR 4.3m in **net sales revenues and co-investment income**, compared to EUR 11.2m in the same period of the previous year. This decrease is primarily driven due to the earnings from companies accounted for using the equity method and is attributable to the ongoing strategic reduction of the underlying portfolio from the equity investment in “PATRIZIA Wohnmodul I SICAV-FIS”.

Net operating expenses increased by 11.3% from EUR 224.7m in the previous year to EUR 250.1m in the financial year 2022, mainly due to higher staff costs and other operating expenses regarding the first-time recognition of M&A transactions as well as reorganisation expenses. The profitable deconsolidation of a project development held temporarily on the balance sheet ("Silver Swan") simultaneously had a relieving effect of EUR 17.8m on net operating expenses.

EBITDA Margin

As at 1 January 2022, the EBITDA margin is one of the Group's key financial performance indicators. 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. The EBITDA margin increased slightly year-on-year to 24.0% (2021: 36.5%).

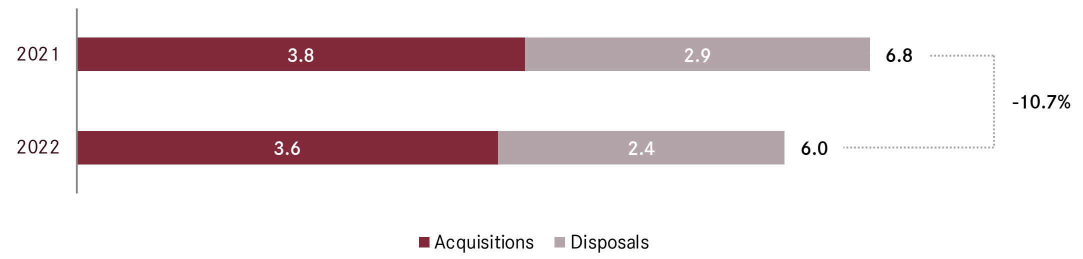
EBITDA margin

in %	2022	2021	Change
EBITDA margin	24.0%	36.5%	-12.5 PP

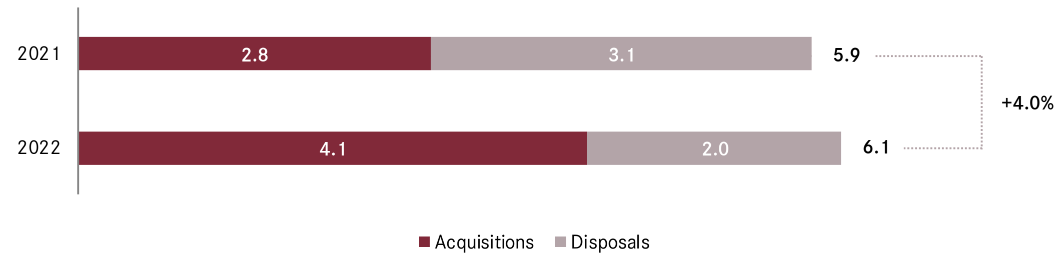
PP = percentage points

Further KPIs

Transaction volume based on signed transactions (EUR bn)



Transaction volume based on closed transactions (EUR bn)

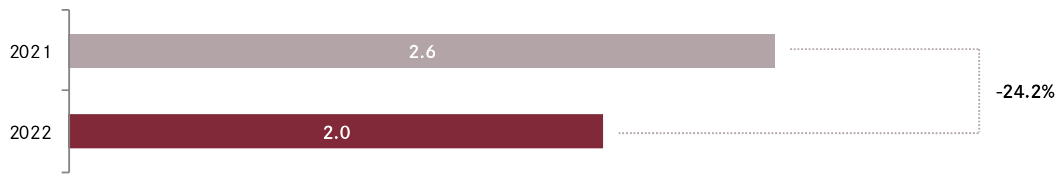


While the transaction market weakened significantly in the year 2022, due to increased geopolitical risks, exceptionally high inflation rates and rising interest rates, PATRIZIA was able to sign and close successful transactions for national and international clients thanks to its strong platform.

Based on signed transactions (**"signed"**), the **transaction volume** was EUR 6.0bn in the financial year 2022 (2021: EUR 6.8bn; -10.7%). This is made up of signed acquisitions of EUR 3.6bn (2021: EUR 3.8bn) as well as signed disposals of EUR 2.4bn (2021: EUR 2.9bn). 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.

The **transaction volume** is made up of realised real asset acquisitions and disposals. In 2022, **"closed"** acquisitions of EUR 4.1bn (2021: EUR 2.8bn) and closed disposals of EUR 2.0bn (2021: EUR 3.1bn) took place. In total, PATRIZIA closed a volume of EUR 6.1bn in transactions, which corresponds to an increase of 4.0% compared to the previous year.

Equity raised (EUR bn)



Despite a challenging market environment, **new equity** of EUR 2.0bn (2021: EUR 2.6bn) was raised from institutional, semi-professional and private investors for various German and international real asset investments in the year 2022.

2.4 Economic situation

2.4.1 General statement by the Executive Directors

The challenging market environment continued to negatively impact the Company's business activities in the 2022 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 in the year 2022 due to increased geopolitical risks, high inflation and rising interest rates, due to its international platform and globally diversified clients PATRIZIA was able to offer attractive products in different types of use as well as risk classes and markets. This is reflected in a strong growth in AUM, an increase in closed transaction volume 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) strongly increased by 21.6% year-on-year to EUR 59.1bn, partly due to completion of M&A transactions, ongoing organic growth and positive valuation effects.

The **EBITDA** of EUR 78.9m is slightly higher than the most recently published guidance range for the 2022 financial year of EUR 60.0m to EUR 75.0m and was impacted by weaker market environment, reorganisation expenses as well as positive deconsolidation effects compared to the previous year´s figures. Showing continued growth in AUM and in recurring management fees, PATRIZIA confirms resilience of its real asset investment management platform.

Management fees increased by 15.3% to EUR 241.0m. 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, the transaction fees decreased by -56.3% to EUR 22.5m. Performance fees also decreased due to the generally weaker market environment to EUR 61.2 (change compared to the previous year: -25.3%). Total service fee income decreased by -5.2% to EUR 324.7m.

Total service fee income

EUR m	2022	2021	Change
Management fees	241.0	209.1	15.3%
Performance fees	61.2	81.9	-25.3%
Transaction fees	22.5	51.4	-56.3%
Total service fee income	**324.7**	**342.4**	**-5.2%**

Net operating expenses increased by 11.3% to EUR 250.1m, mainly due to higher staff costs and other operating expenses regarding the first-time recognition of M&A transactions as well as reorganisation expenses. The profitable deconsolidation of a project development held temporarily on the balance sheet ("Silver Swan") simultaneously had a relieving effect of EUR 17.8m on net operating expenses.

Dividend payment

In 2022, a dividend of EUR 0.32 per share was paid in cash for the 2021 financial year, which represented an increase of 6.7% to the previous year. The unappropriated profit according to the German Commercial Code (HGB) of EUR 426.1m was used to pay the dividend and the remaining amount was carried forward to new account. By way of resolution of the Annual General Meeting on 1 June 2022, a cash dividend of EUR 28.4m in total was paid. Based on the share of the IFRS consolidated net profit for 2021 attributable to shareholders of EUR 37.9m, this corresponded to a pay-out ratio of 61.7%. The dividend was paid on 7 June 2022.

2.4.2 Results of operations of the Group

EBITDA

In the 2022 financial year, PATRIZIA generated an EBITDA of EUR 78.9m.

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

Reconciliation of EBITDA

EUR k	2022	2021	Change
Total operating performance	333,587	339,856	-1.8%
Cost of materials	-7,608	-3,881	96.0%
Cost of purchased services	-22,740	-17,971	26.5%
Staff costs	-147,919	-139,224	6.2%
Other operating expenses	-97,218	-87,822	10.7%
Impairment result for trade receivables and contract assets	-203	627	-132.3%
Result from participations	34,034	35,638	-4.5%
Earnings from companies accounted for using the equity method	-622	5,138	-112.1%
Cost from the deconsolidation of subsidiaries	-2,416	-608	297.6%
EBITDAR	**88,896**	**131,755**	**-32.5%**
Reorganisation result	-9,963	-2,833	251.7%
EBITDA	**78,933**	**128,922**	**-38.8%**

The reduction in EBITDA essentially results from the increase in staff costs and one-off effects in other operating expenses and reorganization result.

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.

Revenues and earnings

EUR k	2022	2021	Change
Revenues	346,289	318,163	8.8%
Total operating performance	333,587	339,856	-1.8%
EBITDA	78,933	128,922	-38.8%
EBIT	35,562	93,311	-61.9%
EBT	20,755	87,708	-76.3%
Consolidated net profit	7,249	51,808	-86.0%

Revenues

Revenues increased in the 2022 reporting year from EUR 318.2m to EUR 346.3m (8.8%).

Revenues

EUR k	2022	2021	Change
Revenues from management services	294,833	310,919	-5.2%
Proceeds from the sale of principal investments	44,415	1,477	>1,000.0%
Rental revenues	5,119	3,234	58.3%
Revenues from ancillary costs	160	645	-75.2%
Other	1,761	1,888	-6.7%
Revenues	**346,289**	**318,163**	**8.8%**

Revenues from management services decreased in the reporting period by -5.2% year-on-year from EUR 310.9m to EUR 294.8m. 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 324.7m, which corresponds to an decrease of -5.2% on the previous year's figure of EUR 342.4m. As a result of the growth in AUM due to completion of M&A transactions, ongoing organic growth as well as positive valuation effects, management fees within the result from co-investment Dawonia GmbH increased by 15.3% year-on-year to EUR 241.0m (2021: EUR 209.1m). Transaction fees decreased due to the generally weaker market environment and an increased number of transactions with (all-in) management fee structures by -56.3% to EUR 22.5m (2021: EUR 51.4m). 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 -25.3% to EUR 61.2m (2021: 81.9m).

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

Reconciliation of total service fee income

EUR k	2022	2021[1]	Change
Management fees (excluding result from participations)	231,544	199,561	16.0%
Performance fees (excluding result from participations)	40,791	59,932	-31.9%
Transaction fees	22,499	51,427	-56.3%
Revenues from management services	**294,833**	**310,919**	**-5.2%**
Performance fees (in result from participations)	20,408	21,969	-7.1%
Shareholder contribution for management services (in result from participations)	9,490	9,490	0.0%
Total service fee income	**324,731**	**342,378**	**-5.2%**

[1] Previous year´s figures were restate in line with the new table structure in the year under review

Proceeds from the sale of principal investments amounted to EUR 44.4m after EUR 1.5m in the previous year and resulted via the profitable and strategically aligned disposal of principal investments of the balance sheet properties Trocoll House in the UK and SKD13 TMK in Japan. The reduction of principal investments is consistent with the stronger strategic focus on investment management services.

PATRIZIA generated **rental revenues** of EUR 5.1m in the reporting period after EUR 3.2m in the 2021 financial year, mainly due to the temporary consolidation of properties.

Revenues from ancillary costs relate to rental ancillary costs and amounted to EUR 0.2m in the period under review (2021: EUR 0.6m).

Other essentially comprises transaction costs that are charged on to the corresponding investment vehicles. In the 2022 financial year, this item decreased to EUR 1.8m compared to EUR 1.9m in the same period of the previous year.

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 slightly decreased by -1.8% to EUR 333.6m in 2022 after EUR 339.9m in the previous year.

Reconciliation of total operating performance

EUR k	2022	2021	Change
Revenues	346,289	318,163	8.8%
Changes in inventories	-41,266	603	<-1,000.0%
Other operating income	10,477	21,027	-50.2%
Income from the deconsolidation of subsidiaries	18,087	63	>1,000.0%
Total operating performance	**333,587**	**339,856**	**-1.8%**

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 2022, changes in inventories of EUR -41.3m were reported (2021: EUR 0.6m).

Revenues (Proceeds from the sale of principal investments) include the sale of the balance sheet property Trocoll House in the UK 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 is also included in revenues (Proceeds from the sale of principal investments) 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 10.5m in the financial year 2022 (2021: EUR 21.0m), mainly due to the reversal through profit or loss of the earn-out liability in the amount of EUR 6.2m in the previous year.

The income from discontinued obligations essentially results from the reversal of other tax provisions in the amount of EUR 1.3m (2021: EUR 3.7m), remaining holiday entitlements and settlements of bonuses in the amount of EUR 0.1m (2021: EUR 2.2m), from the reversal of provisions for outstanding invoices in the amount of EUR 2.0m (2021: EUR 1.7m) as well as the reversal of liabilities due to forfeited performance fee claims of employees in the amount of 1.4m (2021: EUR 0m).

Income from the deconsolidation of subsidiaries

Income from the deconsolidation of subsidiaries was EUR 18.1m in the financial year 2022 (2021: EUR 0.1m). This item primarily results from the deconsolidation of Silver Swan C 2018 S.á r.l., a temporarily held project development, in the amount of EUR 17.8m.

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 increased by 96.0% year-on-year from EUR 3.9m to EUR 7.6m due to temporarily held properties, which mainly were sold in the reporting period.

Cost of purchased services

Cost of purchased services in the amount of EUR 22.7m (2021: EUR 18.0m) essentially comprises the purchase of fund management services in the amount of EUR 16.2m (2021: EUR 14.5m), for which mainly PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH is the service capital management company. Due to the increase in AUM and the generally rise in prices in the service sector, expenses increased compared to the previous year.

Staff costs

PATRIZIA employed a total of 1,011 full-time equivalents (FTE) as at 31 December 2022, compared to 946 in the previous year.

Staff costs

EUR k	2022	2021	Change
Fixed salaries	98,860	84,423	17.1%
Variable salaries	26,518	33,451	-20.7%
Social security contributions	20,887	17,120	22.0%
Effect of long-term variable remuneration[1]	-2,084	-1,221	70.7%
Share-based payment	-725	1,393	-152.1%
Other	4,464	4,058	10.0%
Total	**147,919**	**139,224**	**6.2%**

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

Due to the increased number of employees, staff costs increased by 6.2% to EUR 147.9m (2021: EUR 139.2m). This is mainly due to the acquisition of Whitehelm Capital as at 1 February 2022 (76 FTE as at 31 December 2022) and the acquisition of ADVANTAGE Investment Partners as at 1 December 2022 (15 FTE as at 31 December 2022).

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 2022, income of EUR 0.7m (2021: expenses of EUR 1.4m) 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 increased by 10.7% to EUR 97.2m in 2022 after EUR 87.8m in the previous year. This item breaks down as follows:

Other operating expenses

EUR k	2022	2021	Change
Tax, legal, other advisory and financial statement fees	26,342	28,110	-6.3%
IT and communication costs and cost of office supplies	17,973	19,895	-9.7%
Rent, ancillary costs and cleaning costs	3,761	3,490	7.8%
Other taxes	3,095	2,465	25.6%
Vehicle and travel expenses	6,506	3,062	112.5%
Advertising costs	4,608	4,524	1.8%
Recruitment and training costs and cost of temporary workers	6,283	6,122	2.6%
Contributions, fees and insurance costs	5,077	4,801	5.8%
Commission and other sales costs	1,425	1,561	-8.7%
Costs of management services	2,363	2,003	17.9%
Indemnity/reimbursement	399	37	981.9%
Donations	1,259	1,209	4.1%
Other	18,128	10,543	71.9%
Total	**97,218**	**87,822**	**10.7%**

Tax, legal, other advisory and financial statement fees in the amount of EUR 26.3m (2021: EUR 28.1m) inter alia include:

- Costs related to the acquisition and integration of Whitehelm Capital of EUR 1.3m (2021: EUR 4.0m)
- Costs related to the acquisition and integration of ADVANTAGE Investment Partners of EUR 1.2m (2021: EUR 0m)
- 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 0.8m (2021: EUR 4.8m).
- Costs related to personnel-related advice in the amount of EUR 1.6m (2021: EUR 1.5m)
- Audit fees of EUR 1.7m (2021: 1.4m)
- Costs related to legal advice regarding the conversion into an SE in the amount of EUR 0.4m (2021: EUR 0.5m)

IT, communication and office supplies costs are on a stable level, which is driven by the impact of the actual use of technological innovations and the further expansion of the level of digitalisation.

The increase in other taxes is attributable to a one-off item relating to VAT payments for previous years in the Netherlands.

Vehicle and travel expenses as well as advertising costs were again at 2020 and 2019 levels, respectively, following declines in travel and contact restrictions in conjunction with the Covid-19 pandemic.

The increase in costs of management services in 2022 mainly refers to the purchase of external project management services as part of the RED (real estate development) project Carossa.

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.

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 (2021: EUR 0.6m).

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

PATRIZIA generated a result from participations of EUR 34.0 in 2022 (2021: EUR 35.6m, -4.5%). The positive contribution mainly relates to the Dawonia co-investment, totalling to EUR 33.1m (2021: EUR 34.7m).

Earnings from companies accounted for using the equity method generated EUR -0.6m (2021: EUR 5.1m). The reduction compared to the previous year results from the planned lower income from the co-investment WohnModul I SICAV-FIS and the valuation of technology investments.

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.

Result from participations

EUR k	2022	2021	Change
Dawonia GmbH	33,121	34,682	-4.5%
Co-investments in the UK (Aviemore and Citruz)	21	69	-69.8%
Seneca	138	153	-10.0%
TRIUVA	16	21	-25.1%
Closed-end funds business	667	168	298.0%
Other	72	545	-86.8%
Result from participations	**34,034**	**35,638**	**-4.5%**
Earnings from companies accounted for using the equity method	**-622**	**5,138**	**-112.1%**
Total	**33,413**	**40,776**	**-18.1%**

Net reorganisation result

A large part of the reorganisation expenses related to the "Rebalance for growth" programme implemented in November 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 will lead to a mid-double-digit reduction in the number of employees after implementation. The necessary provisions for staff costs were made in particular in the fourth quarter of the financial year.

Consolidated net profit

In the 2022 financial year, PATRIZIA's consolidated net profit decreased to EUR 7.2m (2021: EUR 51.8m; -86.0%).

Reconciliation of net profit for the period

EUR k	2022	2021	Change
EBITDA	**78,933**	**128,922**	**-38.8%**
Appreciation/amortisation of other intangible assets[1], software and rights of use, depreciation of property, plant and equipment as well as financial investments	-43,371	-35,611	21.8%
Earnings before interest and taxes (EBIT)	**35,562**	**93,311**	**-61.9%**
Finance income	2,689	1,898	41.6%
Financial expenses	-8,039	-6,753	19.1%
Other financial result	-8,979	194	<-1,000.0%
Result from currency translation	-477	-942	-49.4%
Net finance costs	**-14,807**	**-5,603**	**164.3%**
Earnings before taxes (EBT)	**20,755**	**87,708**	**-76.3%**
Income taxes	-13,506	-35,900	-62.4%
Net profit for the period	**7,249**	**51,808**	**-86.0%**

[1] In particular fund management contracts transferred as part of the recent acquisitions

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

Amortisation of other intangible assets, software and rights of use, depreciation of property, plant and equipment

Amortisation of other intangible assets, software and rights of use, depreciation of property, plant and equipment as well as financial investments increased to EUR 43.4m (2021: EUR 35.6m; 21.8%) 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 14.9m (2021: EUR 15.8m) amortisation of rights of use of EUR 10.5m (2021: EUR 11.5m) and amortisation of software and depreciation of operating and office equipment of EUR 10.2m (2021: EUR 6.5m).

The increase in amortisation of other intangible assets, software and rights of use, depreciation of property, plant and equipment as well as financial investments is mainly due to the impairment of goodwill of the cash-generating unit BrickVest in the amount of EUR 5.4m recognized during the year. The reason for the impairment is based on strategic decisions of the Management.

Net finance costs

Financial income increased to EUR 2.7m after EUR 1.9m in the previous year (41.6%) and essentially relates to deposits and cash and cash equivalents, temporary loans granted to investment vehicles and interest refunds from the tax office.

Financial income was offset by financial expenses of EUR 8.0m (2021: EUR 6.8m, +19.1%), 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 -9.0m (2021: +0.2m) mainly includes expenses regarding the revaluation of financial assets. This is due to the impairment of convertible loans.

The result from currency translation amounted to EUR -0.5m as at 31 December 2022 (2021: EUR -0.9m). It is composed of realised currency effects of EUR 1.9m (2021: EUR -2.5m) and non-cash currency effects of EUR -2.3m (2021: EUR 1.5m).

Income taxes

Tax expenses amounted to EUR 13.5m in the 2022 financial year after EUR 35.9m in the previous year (-62.4%). The largest items included are income taxes for the current year (EUR 15.2m), income taxes for the previous year (EUR 3.5m) and deferred taxes (EUR 5.2m).

Detailed reconciliation to EBITDA

The individual components of EBITDA and their respective line items, in particular within the consolidated income statement, are explained below. Some of the figures shown in the following table are netted in the other tables in the current report.

Detailed reconciliation to EBITDA

EUR k	2022	Table in the current report
Management fees (excluding result from participations)	231,544	Reconciliation of total service fee income
Shareholder contribution for management services (in result from participations)	9,490	Reconciliation of total service fee income
Management fees	**241,034**	
Transaction fees	**22,499**	Reconciliation of total service fee income
Performance fees (excluding result from participations)	40,791	Reconciliation of total service fee income
Performance fees (in result from participations)	20,408	Reconciliation of total service fee income
Performance fees	**61,199**	
Total service fee income	**324,731**	Reconciliation of total service fee income
Revenues from the sale of principal investments	44,415	Revenues
Changes in inventories	-41,266	Consolidated income statement
Cost of materials	-7,608	Consolidated income statement
Rental revenues	5,119	Revenues
Revenues from ancillary costs	160	Revenues
Net sales revenues	**820**	
Earnings from companies accounted for using the equity method	-622	Consolidated income statement
Remaining result from participations	4,136	Consolidated income statement & Reconciliation of total service fee income
Co-Investment result	**3,515**	
Net sales revenues and co-investment income	**4,335**	
Staff costs	-147,919	Consolidated income statement
Other operating expenses	-97,218	Consolidated income statement
Cost of purchased services	-22,740	Consolidated income statement
Other operating income	10,477	Consolidated income statement
Other revenues	1,761	Revenues
Income from the deconsolidation of subsidiaries	18,087	Consolidated income statement
Cost from the deconsolidation of subsidiaries	-2,416	Consolidated income statement
Impairment result for trade receivables and contract assets	-203	Consolidated income statement
Reorganisation expenses	-9,963	Consolidated income statement
Net operating expenses	**-250,132**	
EBITDA	**78,933**	

2.4.3 Financial position of PATRIZIA Group

PATRIZIA's key asset and financial data at a glance

EUR k	31.12.2022	31.12.2021	Change
Total assets	2,045,874	2,061,457	-0.8%
Equity (excl. non-controlling interests)	1,258,992	1,282,809	-1.9%
Equity Ratio	**61.5%**	**62.2%**	**-0.7 PP**
Cash and cash equivalents	349,518	341,260	2.4%
+ Term deposits	72,380	210,831	-65.7%
- Bank loans	-91,688	-171,095	-46.4%
- Bonded loans	-158,000	-234,000	-32.5%
= Net cash (+) / net debt (-)	172,209	146,995	17.2%
Net Equity Ratio[1]	**70.1%**	**74.6%**	**-2.0 PP**

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

Total assets

The Group's total assets is almost stable with EUR 2.0bn as at 31 December 2021 (31 December 2020: EUR 2.1bn).

Equity

Equity (excluding non-controlling interests) decreased moderately to EUR 1.3bn as at the end of 2022 (31 December 2021: EUR 1.3bn). This is, among other things, due to the reduction of the capital reserve due to the share buy-back programme carried out in the 2022 financial year, within PATRIZA acquired treasury shares with a volume of EUR 42.6m. In addition, the 2022 share of the consolidated net profit attributable to the shareholders of the Parent Company less the dividend payment to shareholder in the financial year for 2021 had a negative impact on equity at year end. On the other hand, the subsequent measurement of participations and entitlements to performance fees in accordance with the IFRS 9 accounting standard, which increased equity by EUR 10.5m compared to the previous year had a positive impact. Please see the statement of changes in equity for further information on changes in equity. The equity ratio changed only slightly.

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 2022

	Assets under Management EUR m	Invested capital (fair value) EUR m		Invested capital (at cost) EUR m	Participations in %
Third-party business	**49,225.3**	**0.0**			
Co-Investments	**9,910.0**	**589.3**		**113.6**	
Real estate - residential	**5,457.6**	**522.9**		**53.3**	
thereof Dawonia GmbH	5,457.6	177.7	1	51.7	5.1
thereof Dawonia profit entitlements		343.6	1	0.0	0.1
Real estate - balanced	**2,664.4**	**16.8**		**15.6**	
Real estate - commercial	**684.9**	**15.3**		**10.7**	
Infrastructure	**1,103.0**	**34.3**		**34.0**	
Principal investments	**1.8**	**2.2**			
Other balance sheet items		**409.2**	2		
Tied-up investment capital	**59,137.1**	**1,000.6**			
Available liquidity		375.1			
Total investment capital	**59,137.1**	**1,417.0**			
of which debt (bonded loans)		158.0			
of which equity PATRIZIA (without non-controlling interests)		1,259.0			

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

PATRIZIA holds a stake in a very attractive residential real estate portfolio via Dawonia GmbH. With around 30,000 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 S.C.S (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 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.

Capital structure

Financial liabilities

The Group's financial liabilities decreased from EUR 405.1m as at 31 December 2021 to EUR 249.7m as at 31 December 2022. The bonded loan of EUR 300.0m raised in the year 2017 consists of three tranches with five, seven and ten year duration, and bears interests at both fixed and floating rates averaging 1.5% p.a. In the first half of 2022 bonded loan tranches in the amount of EUR 76.0m were repaid. Remaining bonded loans tranches as at 31 December 2022 are recognised under non-current liabilities (EUR 158.0m). The short-term bank loans of EUR 91.7m are mainly short-term loans for temporarily held properties that will leave the Group via mutual funds in the following periods.

Compared to year-end 2021, financial liabilities developed as follows:

Financial liabilities

EUR k	31.12.2022	31.12.2021	Change
Non-current bonded loans	158,000	158,000	0.0%
Short-term bonded loans	0	76,000	-100.0%
Short-term bank loans	91,688	171,095	-46.4%
Total financial liabilities	**249,688**	**405,095**	**-38.4%**

A detailed maturity profile of the financial liabilities can be found in chapter 4.1.10 of the notes to the consolidated financial statements.

Liquidity

PATRIZIA has available liquidity of EUR 375.1 as at 31 December 2022 compared to EUR 512.7m at the end of 2021.

Available Liquidity

EUR k	31.12.2022	31.12.2021
Cash and cash equivalents	349,518	341,260
Term deposits	72,380	210,831
Liquidity	**421,898**	**552,090**
Regulatory reserve for asset management companies	-41,265	-37,548
Liquidity in closed-end funds business property companies	-5,518	-1,859
Available liquidity	**375,115**	**512,683**

Liquidity amounts to EUR 421.9m in total as at 31 December 2022 (31 December 2021: EUR 567.8m). However, PATRIZIA cannot freely access the full amount. Cash and cash equivalents of EUR 41.3m in total must be permanently retained for asset management companies and closed-end funds in order to comply with the relevant regulatory requirements.

The decrease in available liquidity is mainly due to the reduction of term deposits.

Consolidated cash flow statement

Cash flow from operating activities amounted to EUR 120.9m in the reporting year, compared to EUR 29.3m in the year 2021. 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, temporary consolidation of properties of the mutual fund business were responsible for the increase.

Cash flow from investing/disinvesting activities resulted in a cash inflow of EUR 76.8m in the reporting year (2021: outflow of EUR -42.5m) and is mainly due to payments received from the disposal of securities and short-term investments (i.e. deposits), payments received from the repayment of loans, payments received for the repayment / distribution of companies accounted for using the equity method as well as payments received for deconsolidation. On the other hand there were payments for the acquisition of securities and short-term investments as well as payments for the acquisition of consolidated companies and other business units.

The **cash flow from financing activities** amounts EUR -186.9m, compared to EUR -144.6m in the previous year. The most important components of financing activities in the year 2022 included loan repayments, including the bonded loan in the amount of EUR -76.0m as well as the dividend distribution of EUR -28.4m to former PATRIZIA AG shareholders. In addition, a share buyback programme with a volume of EUR -42.6m was carried out.

The cash-effective change in cash and cash equivalents amounted in total to EUR 10.9m (2021: EUR -157.8m) resulting in an increase of cash and cash equivalents from EUR 341.3m at the end of 2021 to EUR 349.5m as at 31 December 2022.

Abridged consolidated statement of cash flow for the period from 1 January to 31 December 2022

EUR k	2022	2021
Cash flow from operating activities	120,907	29,341
Cash flow from investing/divesting activities	76,847	-42,497
Cash flow from financing activities	-186,872	-144,633
Change in cash and cash equivalents	10,882	-157,789
Cash and cash equivalents as at 01.01.	**341,260**	**495,454**
Effects of changes in foreign exchange rates on cash and cash equivalents	-2,623	3,595
Cash and cash equivalents as at 31.12.	**349,518**	**341,260**

2.4.4 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 46.2m (2021: EUR 39.1m; +18.1%), which mainly resulted from management fees charged to subsidiaries. The item **other own work capitalised and other operating income** increased to EUR 17.7m in 2022 (2021: EUR 9.6m) and consists primarily of the merger result of PATRIZIA Logistics Management Europe N.V. to PATRIZIA SE (EUR 6.1m; 2021: EUR 0m), income from the reversal of provisions (EUR 5.5m; 2021: EUR 4.6m) and income from realised exchange rate fluctuations (EUR 3.4m; 2021: EUR 3.1m).

Cost of materials increased to EUR 0.7m. **Staff costs** decreased by -11.0% to EUR 33.4m (2021: EUR 37.5m), mainly due to the reduction of variable salary components (annual average: 246 FTEs; 2021: 233 FTEs). **Amortisation of intangible assets and depreciation of property, tangible assets as well as other operating expenses** decreased by EUR -16.9m (-21.3%) to EUR 62.4m (2021: EUR 79.3m). The **income from participations, amortisation of financial assets and profit and loss** agreements decreased by EUR -39.5m to EUR 45.3m (2021: EUR 84.8m). This was mainly due to impairment losses on investments in subsidiaries amounting to EUR -54.2m (previous year: EUR -42.1m) and a lower balance from profit and loss transfers EUR 89.4m (previous year: EUR 107.1m). **Net interest expense** improved to EUR -1.7m (2021: EUR -3.1m). This was primarily due to lower interest expenses. Taxes increased by EUR 0.7m to EUR 15.4m in 2022.

This results in a net loss for the reporting year 2022 of EUR -4.4m (2021: net loss EUR -1.5m) at PATRIZIA SE according to HGB. Together with the profit carried forward of EUR 397.7m and the offsetting of the difference between the calculated value and the acquisition costs for the purchase of treasury shares of EUR -21.9m forms the unappropriated profit. **Unappropriated profit** decreased from EUR 426.1m in 2021 to EUR 371.4m in 2022.

PATRIZIA SE is expected to develop positively in the 2023 financial year. For further information, please refer to the Group's guidance report (chapter 5).

Abridged consolidated balance sheet of PATRIZIA SE

EUR k	31.12.2022	31.12.2021
Fixed assets	620,335	460,774
Current assets	527,156	702,069
Prepaid expenses	4,314	3,828
Total assets	**1,151,806**	**1,166,671**
Equity	641,352	698,490
Provisions	150,614	32,580
Liabilities	359,074	434,738
Accrued expenses and deferred income	765	863
Total equity and liabilities	**1,151,806**	**1,166,671**

Abridged income statement of PATRIZIA SE

EUR k	2022	2021	Change
Revenues	46,189	39,094	18.1%
Other own work capitalised and other operating income	17,748	9,639	84.1%
Cost of materials (cost of purchased services)	-745	-374	99.3%
Staff costs	-33,353	-37,485	-11.0%
Amortisation of intangible assets and depreciation of property, tangible assets as well as other operating expenses	-62,383	-79,316	-21.3%
Income from participations, amortisation of financial assets and profit and loss transfer agreements	45,264	84,760	-46.6%
Net interest expense	-1,737	-3,132	-44.6%
Taxes	-15,427	-14,676	5.1%
Net profit/loss for the year	**-4,444**	**-1,491**	**198.1%**
Profit carried forward	397,737	449,986	-11.6%
Purchase of treasury shares	-21,933	-22,442	-2.3%
Unappropriated profit	**371,360**	**426,053**	**-12.8%**

3 Other disclosures

3.1 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 6,176,119 treasury shares as at 31 December 2022. The company's share capital shown in the consolidated balance sheet amounts to EUR 86,175,357 accordingly. Further details can be found in note 4.11 Equity 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 (with the exception of 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 ten percent

As at 31 December 2022, Wolfgang Egger, member of the Board of Directors and Managing Directors of PATRIZIA SE, held an interest in the company's share capital totaling 51.81% via First Capital Partner GmbH, in which he directly and indirectly holds a 100% equity interest via we holding GmbH & Co. KG.

Shares with special rights conferring powers of control

There are no shares with special rights conferring 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 Management Board, amendments to the Articles of Association

The appointment and dismissal of members of the Management Board is governed by section 28 and section 29 of the SE Implementation Act in conjunction with Art. 43 (3) of the SE Council Regulation and is supplemented by section 7 of the Articles of Association of the company. The appointment and dismissal of Managing 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 SE Implementation Act in conjunction with section 19 of the Articles of Association of PATRIZIA SE.

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

The following resolutions were passed for PATRIZIA AG prior to the conversion 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 was replaced by an authorisation to the Board of Directors with the approval of the Supervisory Board.

By resolution of the Annual General Meeting on 20 June 2018, the Management Board was authorised to purchase shares of the Company amounting to up to 10% of the then existing share capital up to and including 19 June 2023; this corresponds to 9,235,147 shares. The authorisation may be exercised in whole or in part, on one or more occasions 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 Management Board is free to choose whether to purchase the shares on the stock exchange, by means of a public purchase offer extended to all of the Company's shareholders, by means of a public invitation to sell or through the use of derivatives. 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 or used to meet subscription or conversion rights.

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, with the exception of the LTI Plan, no agreements contingent upon a change of control following a takeover bid.

Compensation agreements between the Company and members of the Management Board or employees in the event of a takeover bid

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

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

On 15 March2023 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://www.patrizia.ag/en/shareholders/corporate-governance/corportate-governance-statement/.

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

On 14 December 2022, the Board of Directors adopted the Declaration of Conformity with the recommendations of the German Corporate Governance Code in accordance with Art. 9 para. 1 lit. c) ii) Council Regulation (EC) No. 157/2001 of 8 October 2001 on the Statute for a European company (SE) ("SE Regulation"), Section 22 para. 6 SEAG (SE Implementation Act) in conjunction with. section 161 of the German Stock Corporation Act (GCGC 2022). The recommendations were complied with during the year, with a few exceptions. The current and all previous Declarations of Conformity are also permanently available to the public on the PATRIZIA website at:
https://www.patrizia.ag/en/shareholders/corporate-governance/declarations-of-compliance/.

3.4 Related party transactions

The executive directors presented a dependent company 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 report on relationships with affiliated companies 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.

3.5 Remuneration Report

The FY 2022 Remuneration Report is available to the public on the PATRIZIA website at:
https://www.patrizia.ag/en/shareholders/news-publications/annual-reports/

4 Development of opportunities and risks

4.1 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. 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.

Overall responsibility for risk management lies with the Executive Directors and the Executive Committee of PATRIZIA SE. The monitoring and ongoing development of the risk management system is the responsibility of the Risk Management function. 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.

The main opportunities for PATRIZIA lie in expanding the current product and client base as well as sourcing strategic investments that includes Mergers & Acquisition and other alternative investment opportunities. The two departments' Products and Capital Markets (responsible for fund raising and client services) develop 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 decarbonisation, digitalisation, automation and technology and innovation, which are equally pursued to ensure continued growth and strategic development as well as ongoing operational optimisation.

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 the best possible 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 following:

At the Board of Director Level
- Nomination & 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 Companies follows separate legal requirements and supervisory regulation and is carried out by all regulated entities. 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'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 Executive 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.

In view of the conversion of PATRIZIA’s legal structure to a SE and in the context of an increasingly diversified international product offering in real estate and infrastructure, as well as in light of the significant increase in market uncertainties, the risk management system was continuously evaluated throughout the year. 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. With the strengthening of the position of the Chief Risk Officer end of the year, PATRIZIA’s risk management will continue to address the evolving and increasing demands on the risk management system.

PATRIZIA's Internal Audit regularly reviews the risk management system for efficiency and effectiveness. In addition to the Risk Management function, all other key PATRIZIA business areas are included in the audit planning in a risk-oriented approach. The Executive Directors and the Executive Committee receive an Annual Report on the results of the Internal Audit. 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.

4.2 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 Annual and Quarterly Financial Statements could 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 Annual and Quarterly Financial Statements in accordance with regulatory and capital market requirements. Nevertheless, the ICS cannot guarantee absolute security. 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 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.

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 Australia. 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.

4.3 Significant opportunity and risk categories

4.3.1 Market opportunities and -risks in the economic environment

Markets in general: While 2022 started relatively positively, this positive economic momentum was soon overshadowed by the start of the Russian invasion of Ukraine on 24 February. This, combined with other macroeconomic headwinds such as the ongoing US-China trade conflict and further global supply chain disruptions, led to much higher inflation rates than originally expected. This has subsequently led to a significant tightening of monetary policy by central banks. Despite significant interest rate hikes in most developed economies, inflation rates rose to high single-digit levels in the US over the course of the year and even to low double-digit figures in some European economies. A slowdown in economic growth, which is likely to be reflected in 2023, was the result. Most economists expect interest rates to peak in 2023, while economic growth, particularly in Europe, is expected to remain subdued. Inflation is expected to weaken significantly over the next 12 months as a result of base effects, although it should still be above central banks inflation targets on an annual average.
Source: PATRIZIA, PATRIZIA House View, RCA

Real estate markets: The division of the market into sectors and sub-sectors with poor performance, such as non-food retail or hotels, and those with good performance, such as food retail, apartment buildings or logistics, continued in 2022. However, due to interest rate hikes and rising bond yields, the momentum of this development has slowed significantly in the second half of 2022. Nevertheless, these sectors continue to benefit from demand-driven megatrends, such as urbanisation or the continued growth of e-commerce, and further supply-side constraints due to increased construction costs. As a result of these developments, the transaction volume in the European real estate sector has lost significant momentum in the second half of 2022. For the full year, it amounts to around EUR 255.3bn, compared to EUR 348.9bn in 2021 (-26.8%). While a subdued investment market is expected to remain so in the first half of 2023, the market should regain momentum in the second half of the year as base rates stabilise. With tenant demand appearing to remain largely robust, smart, targeted asset management will be more important than ever for successfully building and managing of portfolios. In addition, the increasing focus on sustainable real estate is likely to create further opportunities in the real estate markets.
Source: PATRIZIA House View, RCA

Residential real estate market: The European residential real estate market has proven to be one of the most resilient sectors in recent years due to its highly robust fundamentals. Urbanisation is on-going and the large successful European cities continue to grow, while construction activity is lagging far behind and cannot meet the high demand. As a result, low vacancy rates and stable rental income can still be expected in these attractive agglomeration areas. Uncertainty among investors is caused by the growing regulation of rental markets, which is due to discussions about affordability and rising inflation. However, a thorough understanding of the rules of the market should alleviate these concerns, as regulation also leads to greater predictability and stability of markets. Against the backdrop of rising interest rates, yields on the European housing markets are also under upward pressure, but this effect should be limited as a result of further significant increases in rents and persistent supply shortages. Alternative segments in the residential universe are also attracting more and more investor interests. Alternative types of housing such as student housing or co-living are often less regulated due to their orientation and offer a premium return compared to the classic multi-family segment. Overall, despite the current phase of price discovery in the wake of rising interest rates, the European residential real estate markets offer predictable and stable income streams and thus security and inflation protection for investors.
Source: PATRIZIA, PATRIZIA House View, RCA

Commercial Property Market | Retail: The European retail market continues to face some headwinds. In addition to the challenge posed by the growing share of online retail, there is the rising cost of living and the associated loss of purchasing power. The Russian invasion of Ukraine and the resulting energy crisis exacerbate this effect. The high street segment in particular is likely to remain under pressure, also because the structural change has not yet been completed. Apart from discretionary retail, it is food retailing and everyday items such as drugstores that are largely resistant and still highly valued by investors. Retail parks with food anchors also continue to offer opportunities for investors. The major challenges facing the retail sector make an in-depth knowledge of the respective market mechanisms and local conditions indispensable for successful investments.
Source: PATRIZIA, PATRIZIA House View, RCA

Commercial real estate market | Office: There was more demand for office space on the European office markets again in 2022, also because more people returned to offices and there was pent-up demand from the corona years. Office tenants are increasingly demanding newer, more modern spaces that meet the highest standards of sustainability, flexibility, and amenities. This accelerates the move from older spaces to new modern spaces. This, in turn, makes the office sector more maintenance-intensive while also leading to increased rents for modern spaces, as such spaces are in short supply in most of the cities. Demand is therefore mainly focused on top properties. However, it is to be expected that the difficult macroeconomic situation could have a negative impact on demand over the course of the year. Nevertheless, top properties in top locations (CBDs) promise rental growth in the medium term.
Source: PATRIZIA, PATRIZIA House View, RCA

Commercial real estate market | Logistics: Despite macroeconomic headwinds, demand for logistics space in the European markets remains very high. E-commerce, higher inventories and, to a certain extent, near-shoring are the main drivers of this demand. As a result of the low vacancy rates, rental growth forecasts for European logistics properties are high. Even if the current macroeconomic changes will not leave the logistics sector unscathed, investor demand remains high, in particular for urban logistics properties, as only very limited space is available for this sub-sector and thus higher rental growth is to be expected. As with all sectors, in-depth knowledge of local market conditions is crucial for successful investment strategies.
Source: PATRIZIA, PATRIZIA House View, RCA

Infrastructure markets: Higher inflation and interest rates in 2022 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 and, while there have been lower transaction volumes globally, opportunities have continued in the mid-market. 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.

4.3.2 Operational risks

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. 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 temporarily 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.

Acquisitions and disposals of real assets: The trend of strong demand for real estate has weakened in 2022. Rising interest rates, rising inflation and rising construction costs combined with macroeconomic risks from the Ukraine crisis have made many investors appear 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 this year, as sellers and buyers could not agree on a price level. Nevertheless, the transaction volume remained at a very high level on a ten-year average, even though there was a significant decline in comparison with previous 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 – by approaching sellers directly and bypassing competitive situations – here the partially very strong equity position of our investment vehicles proved to be a clear advantage.

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. Despite the currently prevailing seller's market, there is a fundamental risk that disposals of real estate may not be realised at the intended price.

IT security: 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 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, especially in the changed risk situation caused by the Covid-19 pandemic.

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. The remaining small portfolio of managed own real estate (principal investments) is no longer financed with debt. The risk that PATRIZIA will not have access to debt for any new strategic investments – generally only as bridge financing for public funds or as early-stage investments with the purpose of subsequent contribution to institutional funds – is currently low. In May 2022, the unsecured bonded loan raised in 2017 totalling EUR 300m was repaid by equity by a further EUR 76m to EUR 158m. 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.

As part of the assets under management, PATRIZIA SE undertakes on the procurement of debt capital as a service. This service is fundamentally exposed to financing risks in the event of a deterioration in market conditions. After the effects of the Covid-19 pandemic, 2022 was massively impacted by the Russia/Ukraine crisis, the energy crisis and rising inflation, and accordingly weighed on the financing market. 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. A further downturn could have an impact on access to liquidity and thus influence new investment opportunities for PATRIZIA's clients. PATRIZIA maintains active relationships with more than 250 financing partners, hence a well-diversified access to debt which partially mitigates financing risks.

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.

Interest rate risks: Interest rate risks are avoided or minimised by agreeing mainly fixed interest rates and by active liquidity and interest rate management.

Liquidity risk: The risk of a liquidity shortage is currently not discernible: As at 31 December 2022, PATRIZIA Group had bank balances and cash and cash equivalents in hand of EUR 349.5m and short-term investments of EUR 72.4m available to cover its operating liquidity requirements and for refinancing. In order to avoid a possible counterparty risk, the investments of liquidity are distributed among 57 financial institutions. The maximum investment volume per bank is EUR 50m. These banks must have at least an S&P rating of BBB+. In addition, PATRIZIA expects further liquidity surpluses from the operating business, which will 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.

Exchange rate risks: Most of the Group's subsidiaries and property companies are located in the European Monetary Union, so there is no currency risk here. The foreign branches in the USA, Canada, Hong Kong, Japan, South Korea, Denmark, Sweden, Switzerland, Poland, Singapore, Great Britain, and Australia, which carry out investment management mandates as well as acquisitions and disposals for the funds and invest within the scope of co-investments, are an exception. As of 31 December 2022, the PATRIZIA Group had EUR 199.3m in foreign currency on its balance sheet. 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. 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.

Insurance coverage: PATRIZIA as a business as well as the general market environment in which it operates are constantly evolving. As such PATRIZIA’s own assets as well as its Investors’ assets under PATRIZIA’s management 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 our 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 as well as raising their premiums. To mitigate for this, we have adopted some Group Policies which help us benefit from economies of scale and help our brokers/insurance providers to better understand our risk profile to enable optimal pricing and coverage.

Legal risks: PATRIZIA is represented in various legal circles. 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 our contractual obligations and involving local legal experts in contractual matters and changes in the law, we aim 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.

Accounting risks: In the application of accounting policies, judgements have to be made that can significantly affect the amounts recognised in the financial statements. Major discretionary decisions are presented in chapter 3 of the notes to the consolidated financial statements.

Tax risks: Due to the uncertainties regarding the tax assessment of real estate 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.

Operational risks: 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. However, other 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 and 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.

4.3.3 Partner opportunities and risks

Assets under management: In connection with the fund structures set up by PATRIZIA, there are opportunities and risks from fee income, which depends on the value of the real estate and infrastructure assets under management, acquisitions and disposals and the return achieved by the funds. These 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 downstream interest rates since March 2022. This had a strong impact on transaction activity in the market, 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 available on the market or are in the process of being launched. The infrastructure segment is also less affected by the developments as described above and offers investment opportunities. The further and continued expansion of the private customer business also opens up new business opportunities globally. The organisational and personnel requirements have already been met.

As an investment manager, PATRIZIA is also responsible for managing and optimising its clients' properties. 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.

Assets under management | Co-investments: Via co-investments, PATRIZIA participates in the fund equity 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 in the co-investments is subject to the asset related risks described in the previous paragraph. The main current challenge is to identify suitable real assets.

The most relevant position in this area is the Dawonia co-investment, as described in chapter 2.4.2 Economic situation – Participations of this report. The Dawonia co-investment is subject to upside/downside valuation risks and can be positively/negatively influenced by the change in value of its underlying real estate portfolio. The same applies to the Dawonia related exit performance fee claims, also booked under Participations.

Fund raising: 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 limits quotas set by the client. Neither did this lead to any major forced disposals nor did this led some clients to entering into any new commitments. As one of the market leaders 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 customer 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.

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. 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 our financial results and share price.

4.4 Overall view of the opportunities and risks

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 the Company'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 2022, 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 endangering the Company's existence is therefore considered to be extremely low. Based on the information available and the medium-term planning for key investments, there is no indication as of 31 December 2022 that the existing risk situation could endanger the future development or continued existence of PATRIZIA alone and the PATRIZIA Group.

4.5 Overall view of the ESG risks

PATRIZIA’s Executive Committee has an overarching responsibility of overseeing the management of ESG risk including climate-related risk. PATRIZIA’s dedicated Sustainability team plays an active 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. In alignment with TCFD reporting guidelines, PATRIZIA has conducted a platform-wide materiality assessment of both physical and transition risks. This was achieved using forward-looking scenario analysis 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’s ESG Committee, which serves as a central forum for integration of ESG across the business ensures Executive Director oversight of climate-related risks and opportunities. The ESG Committee reports regularly to the Board of Directors and the Executive Committee. In this direction, PATRIZIA has defined a company-wide net zero carbon strategy that sets out steps for how it will identify and manage the transition to a low carbon economy, both for its corporate operations and assets under management. As part of this strategy, PATRIZIA has set itself mid -term targets, such as having a decarbonisation plan in place for all assets by 2025. Further, sustainability, including climate-related issues, is central to the company’s business strategy and is embedded in the objectives of senior management through Board oversight.

Climate Risks: In combination with the physical implications of climate change, the proliferation of climate-related policy interventions and changing market demands poses significant risk to the value of real assets across markets and asset classes. As new regulations come into force, assets that do not align with decarbonisation requirements risk becoming devalued or stranded. We therefore have the responsibility and fiduciary duty to employ an effective decarbonisation strategy to future proof assets and to protect and generate long-term value for our clients.

PATRIZA utilises the Carbon Risk Real Estate Monitor (CRREM), which provides transparent, science-based decarbonisation pathways that are aligned with the Paris Climate Goals of limiting global temperature rise to 2°C, with ambition towards 1.5°C. These pathways enable PATRIZIA to model decarbonisation requirements and stranding risks of its real estate portfolio associated with premature obsolescence and write-downs due to changing market expectations and legal regulations, encompassed within transition risks.

In line with its Net Zero Carbon Strategy and pathway goals for decarbonisation, PATRIZIA follows an active management approach to improve energy and water efficiency and to reduce the carbon footprint of its portfolio.

Transition Risk: Transition risks are business-related risks that follow societal and economic shifts toward a low-carbon and more climate-friendly future. These risks can include policy and regulatory risks, technological risks, market risks, reputational risks and legal risks. Considering the long-term nature of real asset investment there is an ongoing risk of new regulations and taxes related to climate change. PATRIZIA’s assets under management are subject to increasing regulation with regards to environmental protection and climate change mitigation. This transition risk of legislative changes is monitored closely and business partners, especially property managers, are engaged to cooperate in complying with increasing requirements and to protect assets against obsolescence due to policy changes. PATRIZIA has also established a working group which especially monitors and prepares the implementation of regulatory changes.

Physical Risk: Physical Risks refer to risks arising from the physical effects of climate change and environmental degradation. They are assessed for new acquisitions at the due diligence stage, using PATRIZIA's due diligence checklist as a guide. Third party ESG due diligence reports also provide a detailed assessment of physical risk. In addition, the climate value at risk analysis assesses physical risk, considering flood risk, exposure to both hot/cold temperature stress, exposure to storms and other country/asset specific risks that must be taken into account. Mitigation measures must be identified for those assets flagged for having high physical risk. The output of the checklist is a key consideration for transaction teams with all material findings, including physical risks, and is being considered centrally by PATRIZIA's Investment Committee. PATRIZIA's Head of Sustainability & Impact Investing is part of the Investment Committee.

PATRIZIA has integrated ESG risks – including climate-related risk in the company's risk management policy and risk framework as well as internal reporting. As per PATRIZIA's climate value at risk assessment across real estate portfolio, for the identified physical risks (ranging from Wildfire, Tropical Cyclones, Extreme Heat, Fluvial flooding, Extreme Cold and Coastal flooding), the proportion of assets that are exposed to a severe/significant level of potential risk i.e., the percentage of real estate asset under management (AUM) at severe risk is in the range of 0% - 4% and the percentage of real estate AUM at significant risk is in the range of 0% - 2%. Further, the physical infrastructure portfolio risk is considered low with only 14% of readings indicating potentially high or very high physical risk threats which in turn have been assessed and/or mitigated by our investee company management teams.

A detailed overview of the disclosure of climate-related financial risk, including physical and transition risks, and metrics to ensure consistency with industry best practices can be found in PATRIZIA's Taskforce on Climate-related Financial Disclosure (TCFD) report under the non-financial statement of the annual report in chapter 1.4.

5 Guidance

5.1 Future economic conditions

The year 2022 was marked by increasing global challenges and the escalation of the war in Ukraine. The resulting distortions in the global food and energy supply have led to significantly rising fears of inflation in the industrialised countries and have led to a significant tightening of monetary policy. For 2023, we expect policy rates in most major advanced economies to continue to rise before peaking towards the end of the first half of the year. At the same time, inflation figures should fall over the course of 2023, not least because of base effects in energy prices, even if they remain above central banks inflation targets on average for the year.
Source: PATRIZIA House View, RCA

With interest rates rising in developed economies, the yield differential between bonds and real estate has narrowed significantly over the course of 2022 and is expected to remain under pressure in the first half of 2023. After valuation losses in capital investments were observed in both the equity and bond markets in the year 2022, the real estate allocation of many institutional investors increased as a result of the "numerator-denominator effect", which led to subdued investment activity over the course of the year. This effect is not expected to be repeated in 2023, so activity in real estate markets is expected to increase in the second half of 2023.
Source: PATRIZIA House View, RCA

Due to their robust fundamentals, European residential real estate markets will remain in the focus of institutional investors, despite uncertainties arising from affordability and regulatory discussions. In the attractive agglomeration areas, low vacancy rates and rising rents are still to be expected. The upwards pressure on yields, due to rising interest rates, will only have a limited impact in the classic multi-family housing segment. However, investors are also increasingly looking towards alternative asset classes in the living segment, such as student housing or senior living. These segments are often less regulated and offer a yield-premium compared to the multi-family housing segment. Despite the current phase of price discovery in the wake of rising interest rates, the European residential real estate markets thus offer predictable and stable income streams that can provide security and inflation protection for investors.
Source: PATRIZIA House View, RCA

The European logistics markets are also characterised by high demand for space and forecasts for European logistics properties rental growth remain high. The main drivers behind demand are e-commerce, higher inventories and, in some cases, near-shoring. Even if the current macroeconomic changes will not leave the logistics sector unscathed, demand from investors will thus remain high. Urban logistics properties are particularly popular as only very limited space is available for this sub-sector and thus even higher rental growth is to be expected.

European office markets are likely to remain polarised. Meaning that the demand for modern spaces that meet the highest standards of sustainability, flexibility and quality of stay is increasing, while interest for older spaces is falling. In the medium term, rental growth is likely to occur primarily for modern space in central locations (CBDs).

There are remaining headwinds for the European retail sector even after the end of the corona crisis. Rising inflation and the effects of the Russia-Ukraine war, as well as the associated loss of purchasing power, are weighing on the sector. This is particularly true for the high-street segment, while more resilient segments such as food retail or everyday necessities such as drugstores continue to offer opportunities.
Source: PATRIZIA House View, RCA

While rising interest rates are likely to be a challenge across many asset classes in 2023, we believe the infrastructure sector can offer a bulwark against their impact. Sectors such as education and healthcare have assets underpinned by strong regulatory support and tend to exhibit relatively steady demand through economic and policy cycles. Also, true infrastructure assets with higher pricing power owing to natural monopolies and long-term contracted cashflows can offer greater protection from adverse conditions. Additionally, the insulation offered by infrastructure assets with revenues contractually linked to inflation is a positive in an above-average inflationary environment.

Secular trends will also shape opportunities in 2023, with decarbonisation remaining key. Green hydrogen energy delivery is an emerging segment, as is green transport in Europe, where longer-term EU goals around emissions reductions will require step change. Similarly, a recent surge in telecommunications deal activity reflects greater appetite for digitalisation and driving sustainable outcomes through “smart cities” technology. Elevated geopolitical risks are likely to serve as a catalyst for decentralisation of infrastructure, leading to a larger number of smaller infrastructure projects and accordingly being supportive for mid-market infrastructure. Finally, recent fiscal packages to modernise aging infrastructure are likely to require material accompanying private sector investment both in the near-term and longer-term.

5.2 Expected development of results of operations and assumptions concerning target attainment in 2023

PATRIZIA is entering the year 2023 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 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 agree on new price levels following the change in interest rate environment.

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.

On this basis, PATRIZIA expects a further increase in Assets under Management (AUM) to a range between EUR 60.0bn and EUR 65.0bn in the 2023 financial year, despite possible valuation pressure on AUM, and a related further increase in recurring management fees.

EBITDA for the 2023 financial year is expected in a range between EUR 50.0m and EUR 90.0m. Compared to the EBITDA for the 2022 financial year of EUR 78.9m, it should be noted that the net operating expenses in the 2022 financial year were positively influenced by income items, e.g. the profitable sale of a project development held temporarily on the balance sheet ("Silver Swan"), which reduced net operating expenses in the 2022 financial year by EUR 17.8m.

The EBITDA margin is accordingly expected to be in a range between 15.6% and 24.3% in the 2023 financial year.

The details of the forecast for the 2023 financial year are shown in the following table.

Guidance FY 2023

				Guidance range 2023	
		2021[1]	2022	min	max
Assets under Management	**EUR bn**	**48.6**	**59.1**	**60.0**	**65.0**
EBITDA	**EUR m**	**128.9**	**78.9**	**50.0**	**90.0**
EBITDA margin		**36.5%**	**24.0%**	**15.6%**	**24.3%**

[1] The previous year's figures were adjusted due to the conversion of the financial performance indicators in the financial year.

5.3 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 2023. However, PATRIZIA also expects to have substantial cash and cash equivalents in the year 2023, which will significantly exceed the financial liabilities from the bonded loan.

5.4 Dividend policy

For the fiscal year 2022, the Executive Directors and the Board of Directors of PATRIZIA SE propose to use the unappropriated surplus in accordance with the German Commercial Code (HGB) of EUR 371.4m to pay a dividend of EUR 0.33 per share and to carry forward the remaining amount to new account. This would correspond to an increase in the dividend per share of 3.1% compared to the previous year.

On the basis of the proposed dividend, the total dividend payment is higher than the IFRS consolidated net profit attributable to the shareholders of the parent company of EUR 7.2m. The consolidated net profit for the financial year 2022 was significantly impacted by the temporarily weakened market environment and one-off effects. However, PATRIZIA continues to have a robust business model, a strong balance sheet and solid cash flow generation with a cash flow from operating activities of EUR 120.9m in the financial year 2022.

PATRIZIA is generally adhering to its current dividend policy. Hence, the year-on-year growth rates in management fees and assets under management form the basis for the dividend proposal by the Executive Directors and the Board of Directors of PATRIZIA SE.

5.5 Management's overall assessment of the outlook for 2023

Cautious optimism for FY 2023 with further growth in AUM expected

PATRIZIA is entering the year 2023 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 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 agree on new price levels following the change in interest rate environment.

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 2023 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, 21 March 2023

The PATRIZIA Executive Directors

Wolfgang Egger
Executive Director,
CEO

Thomas Wels
Executive Director,
Co-CEO

Christoph Glaser
Executive Director,
CFO

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 2022

Assets

EUR k	Note	31.12.2022	31.12.2021
A. Non-current assets			
Goodwill	4.2	381,253	216,444
Other intangible assets	4.3	107,134	91,742
Software	4.4	8,080	14,204
Rights of use	4.5	26,715	33,770
Investment property	4.6	1,892	1,838
Equipment	4.7	9,721	9,736
Participations in companies accounted for using the equity method	4.8	6,545	23,747
Participations	4.1.2	664,612	633,976
Non-current borrowings and other loans	4.1.3	28,194	33,914
Other non-current assets	4.9	3,497	0
Deferred taxes	4.17.4	8,341	7,774
Total non-current assets		**1,245,986**	**1,067,145**
B. Current Assets			
Inventories	4.10	159,781	169,796
Securities	4.1.5	29,602	15,752
Short-term derivatives	4.1.6	444	0
Current tax assets	4.17.1	29,312	28,448
Current receivables and other current assets	4.1.7	231,231	439,056
Cash and cash equivalents	4.1.9	349,518	341,260
Total current assets		**799,888**	**994,312**
Total assets		**2,045,874**	**2,061,457**

Equity and liabilities

EUR k	Note	31.12.2022	31.12.2021
A. Equity			
Share capital	4.11	86,175	88,620
Capital reserves	4.11	67,181	89,831
Retained earnings			
Legal reserves	4.11	505	505
Currency translation difference	2.3	-2,502	2,317
Remeasurements of defined benefit plans according to IAS 19		4,807	99
Revaluation reserve according to IFRS 9		189,691	179,716
Consolidated unappropriated profit	4.11	913,135	921,720
Non-controlling interests	4.11	66,346	35,694
Total equity		**1,325,338**	**1,318,503**
B. Liabilities			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4.17.4	121,417	111,577
Retirement benefit obligations	4.12.1	17,715	25,546
Bonded loans	4.1.10	158,000	158,000
Long-term accruals	4.13	10,122	3,978
Non-current liabilities	4.14	134,628	28,515
Leasing liabilities	4.5	18,339	24,862
Total non-current liabilities		**460,221**	**352,477**
CURRENT LIABILITIES			
Short-term bank loans	4.1.10	91,688	171,095
Short-term bonded loans	4.1.10	0	76,000
Other provisions	4.15	17,238	8,213
Current liabilities	4.16	116,866	97,297
Short-term leasing liabilities	4.5	8,950	9,505
Tax liabilities	4.17.2	25,572	28,367
Total current liabilities		**260,315**	**390,477**
Total equity and liabilities		**2,045,874**	**2,061,457**

Consolidated income statement

for the period from 1 January to 31 December 2022

EUR k	Note	2022	2021
Revenues	4.18	346,289	318,163
Changes in inventories	4.19	-41,266	603
Other operating income	4.20	10,477	21,027
Income from the deconsolidation of subsidiaries	2.1	18,087	63
Total operating performance		**333,587**	**339,856**
Cost of materials	4.21	-7,608	-3,881
Cost of purchased services	4.22	-22,740	-17,971
Staff costs	4.23	-147,919	-139,224
Other operating expenses	4.24	-97,218	-87,822
Impairment result for trade receivables and contract assets	4.1.8	-203	627
Result from participations	4.1.2	34,034	35,638
Earnings from companies accounted for using the equity method	4.8	-622	5,138
Cost from the deconsolidation of subsidiaries	2.1	-2,416	-608
EBITDAR		**88,896**	**131,755**
Reorganisation income	4.25	0	96
Reorganisation expenses	4.25	-9,963	-2,929
EBITDA		**78,933**	**128,922**
Amortisation of other intangible assets, software and rights of use, depreciation of property, plant and equipment as well as financial investments	4.26	-43,371	-35,611
Earnings before interest and taxes (EBIT)		**35,562**	**93,311**
Financial income	4.1.15	2,689	1,898
Financial expenses	4.1.15	-8,039	-6,753
Other financial result	4.1.15	-8,979	194
Result from currency translation	4.1.15	-477	-942
Earnings before taxes (EBT)		**20,755**	**87,708**
Income taxes	4.17	-13,506	-35,900
Net profit for the period		**7,249**	**51,808**
Attributable to shareholders of the parent company		7,284	47,896
Attributable to non-controlling interests	4.11	-35	3,912
Earnings per share (undiluted) in EUR	4.27	0.08	0.54
Earnings per share (diluted) in EUR	4.27	0.08	0.54

Consolidated statement of comprehensive income

for the period from 1 January to 31 December 2022

EUR k	2022	2021
Net profit for the period	**7,249**	**51,808**
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	-4,982	10,451
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)	10,552	49,561
Value adjustments resulting from remeasurements of defined benefit plans (IAS 19)	4,966	5,874
Other comprehensive income	**10,535**	**65,886**
Total comprehensive income for the reporting period	**17,784**	**117,694**
Attributable to shareholders of the parent company	17,693	113,233
Attributable to non-controlling interests	91	4,461

Consolidated cash flow statement

for the period from 1 January to 31 December 2022

EUR k	2022	2021
Net profit for the period	7,249	51,808
Income taxes recognised through profit or loss	13,506	35,900
Financial expenses recognised through profit or loss	8,039	6,753
Financial income recognised through profit or loss	-2,689	-1,898
Income from participations through profit or loss	-34,034	-35,638
Earnings from companies accounted for using the equity method	622	-5,138
Income from unrealised currency translation recognised through profit or loss	2,319	-1,544
Income from unrealised other financial results	-444	0
Income from the disposal of other intangible assets, software, rights of use and equipment recognised through profit or loss	49	221
Income from divestments of financial assets recognised through profit or loss	-11	-43
Share-based payment through profit or loss	-725	1,393
Amortisation of other intangible assets, software and rights of use, depreciation of property, plant and equipment as well as financial investments	43,371	37,750
Write-ups longterm assets	0	-709
Results from fair value adjustments to securities	3,725	0
Results from fair value adjustments to loans	2,513	0
Expenses of the deconsolidation of subsidiaries	2,416	608
Income from the deconsolidation of subsidiaries	-18,087	-63
Other non cash-items	-519	-26,235
Changes in inventories, receivables and other assets that are not attributable to investment activities	44,669	-19,354
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	11,468	-9,864
Changes in liabilities that are not attributable to financing activities	26,111	7,876
Distributed income from participations	34,096	37,018
Interest paid	-6,756	-5,698
Interest received	1,978	1,781
Income tax payments	-17,961	-45,582
Cash flow from operating activities	**120,907**	**29,341**

EUR k	2022	2021
Payments for investments in other intangible assets, software and equipment	-5,942	-7,164
Payments received from the disposal of intangible assets and equipment	121	231
Payments for the development of investment property	-53	0
Payments for the acquisition of securities and short-term investments	-30,000	-45,547
Payments received from the disposal of securities and short-term investments	154,084	-0
Payments for the acquisition of participations	-26,578	-8,481
Payments received from the disposal of participations	8,474	2,610
Payments for investments in companies accounted for using the equity method	-1,641	-35
Payment received through distributions of companies accounted for using the equity	7,614	9,696
Payments received from the repayment of shares of companies accounted for using the equity method	9,674	2,451
Payments received from the repayment of loans to companies with participation interest	7	48
Payments for loans to companies with participation interest	-115	-855
Payments received from the repayment of other loans	39,249	16,500
Payments for other loans	-1,876	-11,457
Changes from hedges	-444	0
Payments received from the disposal of consolidated companies and other business units	25,781	0
Payments for the disposal of consolidated companies and other business units	-18,973	-494
Payments for the acquisition of consolidated companies and other business units	-82,535	0
Cash flow from investing/divesting activities	**76,847**	**-42,497**
Repayment of loans	-103,772	-81,750
Repayment of leasing liabilities	-10,678	-11,235
Interest paid	-237	-268
Payments of profit shares to non-controlling interests	-513	-698
Payments of dividends to shareholders	-28,316	-26,682
Payments for buy-backs of own shares	-42,639	-24,000
Paymetns for share-based payment	-718	0
Cash flow from financing activities	**-186,872**	**-144,633**
Change in cash and cash equivalents	10,882	-157,789
Cash and cash equivalents as at 01.01.	**341,260**	**495,454**
Effects of changes in foreign exchange rates on cash and cash equivalents	-2,623	3,595
Cash and cash equivalents as at 31.12.	**349,518**	**341,260**

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 01.01.2021	**89,683**	**129,751**	**505**	**-7,944**	**-5,457**	**130,196**	**900,507**	**1,237,240**	**32,265**	**1,269,505**
Net profit for the period	0	0	0	0	0	0	47,896	47,896	3,912	**51,808**
Other comprehensive income	0	-0	0	10,262	5,556	49,520	0	65,338	548	**65,886**
Total comprehensive Income	**0**	**-0**	**0**	**10,262**	**5,556**	**49,520**	**47,896**	**113,233**	**4,461**	**117,694**
Dividend distribution to shareholders in cash	0	0	0	0	0	0	-26,682	-26,682	0	**-26,682**
Payout of profit shares to non-controlling interests	0	0	0	0	0	0	0	0	-1,033	**-1,033**
Share-based payment	0	1,402	0	0	0	0	0	1,402	0	**1,402**
Other changes	0	-18,879	0	0	0	0	0	-18,879	0	**-18,879**
Share buy-back	-1,063	-22,442	0	0	0	0	0	-23,505	0	**-23,505**
As at 31.12.2021	**88,620**	**89,831**	**505**	**2,317**	**99**	**179,716**	**921,720**	**1,282,809**	**35,694**	**1,318,503**
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 of 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**
Payout of profit shares to non-controlling interests	0	0	0	0	0	0	0	0	-513	**-513**
Purchases of shares of non-controlling interests	0	0	0	0	0	2	-1	1	-1	**0**
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**

Notes to the consolidated financial statements

for the period from 1 January to 31 December 2022

General information

The conversion of PATRIZIA AG into a European Stock Corporation (Societas Europaea, SE) was completed on 15 July 2022 by entry into the Commercial Register when it became legally effective. 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 2022, 1,011 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 2022 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.

Reporting in the statement of financial position is based on the maturity of the corresponding assets and liabilities. Assets and liabilities are considered current if they are expected to be realised or repaid within the Group’s normal operating cycle. 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 3	Reference to the Conceptual Framework
Amendments IAS 16	Amendments IFRS9, IAS 39/IFRS 7/IFRS 4/IFRS 16 Interest Rate Benchmark Reform - Phase 2
AIP 2018-2020	Improvements IFRS 1/ IFRS9/ IFRS16 and IAS 41
Amendments IAS 37	Onerous Contracts - Costs of Fulfilling a contract

The standards and interpretations to be applied for the first time as of 1 January 2022 had no 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 IFRS 17	Amendments to IFRS 17	01.01.2023	01.01.2023
Amendments IFRS 17	Initial Application of IFRS 17 and IFRS 9 - Comparative Information	01.01.2023	01.01.2023
Amendments IAS 1	Disclosure of Accounting Policies	01.01.2023	01.01.2023
Amendments IAS 8	Definition of Accounting Estimates	01.01.2023	01.01.2023
Amendments IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01.01.2023	01.01.2023
Endorsement pending			
Amendments IAS 1	Classification of Liabilities as Current or Non-current including Deferral of Effective Date	01.01.2024	01.01.2024
Amendments IFRS 16	Lease Liability in a Sale and Leaseback Transaction	01.01.2024	01.01.2024

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 137 (31 December 2021: 119) 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 2021: five) 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 2022 47 (31 December 2021: 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.

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). With the exception of PATRIZIA Augsburg Kapitalverwaltungsgesellschaft mbH, PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH, PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH, PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH and PATRIZIA Institutional Clients & Advisory GmbH, the subsidiaries with profit and loss transfer agreements shown in the list each make use of the simplification rule in section 264 (3) HGB. The commercial partnerships also shown in the list of shareholdings make use of the simplification rule in § 264b HGB.

Business combinations, disposals and intragroup restructuring

The number of Group companies included in the consolidated financial statements developed as follows in the reporting period:

Group companies

Transactions material to the Group are explained below under business combinations, disposals and intragroup restructuring.

Subsidiaries

As at 01.01.2022	**119**
Companies acquired	10
Companies founded	16
Reclassification	4
Mergers	-2
Companies deconsolidated	-10
As at 31.12.2022	**137**

Significant transactions for the Group are explained below.

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.

Acquisitions of subsidiaries
Whitehelm Capital

By way of a purchase agreement dated 13 September 2021, PATRIZIA has acquired the entire issued share capital of Whitehelm Capital Pty Limited ("Whitehelm Capital"), a worldwide operative infrastructure investment managers and strategy advisers. The closing of the transaction took place on 1 February 2022.

With offices in London/UK, Sydney/Australia and Canberra/Australia, Whitehelm Capital manages infrastructure AUM of more than EUR 5.0bn at the time of acquisition with additional commitments in place.

The transaction fully complements and enhances PATRIZIA's existing product offering and significantly expands its presence in the Asia Pacific region.

The initial consolidation was carried out as at 1 February 2022.

a) Acquired assets and liabilities

Within the share deal, 100% of the shares of Whitehelm Capital were acquired. The following fair values regarding assets and liabilities have been identified based on the Purchase Price Allocation (PPA).

Fair value

EUR k	
Other intangible assets	26,167
Rights of use	513
Equipment	276
Associated companies accounted using the equity method	85
Participations	1,256
Other non-current assets	2,765
Deferred taxes	1,477
Total non-current assets	**32,539**
Current tax assets	2
Current receivables and other current assets	7,903
Cash and cash equivalents	3,539
Total current assets	**11,443**
Total assets	**43,983**
Deferred tax liabilities	7,504
Non-current liabilities	1,323
Leasing liabilities	187
Total non-current liabilities	**9,014**
Other provisions	1,222
Current liabilities	12,926
Tax liabilities	307
Total current liabilities	**14,455**
Total liabilities	**23,469**
Net assets	**20,513**
Goodwill	159,491
Total consideration paid	**180,004**

The finalisation of the purchase price allocation took part within the measurement period in accordance with IFRS 3.

The resulting goodwill from the acquisition amounts to EUR 159,491k. The acquisition rationale includes potentials arising from the expansion of business areas and products, the presence in geographical markets, future earnings prospects as well as synergy potentials.

The goodwill will not be deductible for tax purposes in future periods.

b) Consideration transferred and transaction costs

The consideration paid (without transaction costs) of EUR 180,004k consists of cash and cash equivalents of EUR 48,770k, treasury shares of EUR 16,038k as well as a contingent consideration (fair value of earn-out) of EUR 114,779k. The earn-out component is only payable on achievement of certain, pre-defined business targets in the future. The 830,876 treasury shares were measured at their closing price (XETRA) of EUR 19.30 as at the acquisition date (closing).

In the financial year 2022, the transaction and integration costs already incurred in the amount of EUR 1,332k (2021: EUR 4,048k) were recognised through profit and loss and reported under other operating expenses.

c) Net cash outflow for the acquisition

Net outflow of cash funds for the acquisition

EUR k	
Consideration paid in the form of cash	48,770
Less cash acquired	-3,539
Net cash outflow	**45,231**

d) Effects of the acquisition on consolidated profit

From the net profit for the period as at 31 December 2022, EUR 1,836k is attributable to the acquired Whitehelm Capital subsidiaries. Of the revenues in 2022, EUR 25,847k results from the operations of the acquired subsidiaries and mainly relates to total service fee income.

If the business combination had taken place as at 1 January 2022, the revenues of PATRIZIA would have amounted to EUR 348,639k and its net profit for the period to EUR 7,451k as at 31 December 2022.

ADVANTAGE Investment Partners

By way of a purchase agreement dated 6 July 2022, PATRIZIA acquired the entire issued share capital of ADVANTAGE Investment Partners A/S (“ADVANTAGE Investment Partners”), a diversified multi-manager with both institutional and wholesale distribution channels. The closing of the transaction took place on 1 December 2022.

Located in Copenhagen, ADVANTAGE Investment Partners manages AUM of over EUR 1.2bn as at purchase agreement date.

The initial consolidation was carried out as at 1 December 2022.

a) Acquired assets and liabilities

Within the share deal, 100% of the shares of ADVANTAGE Investment Partners were acquired. The following fair values regarding assets and liabilities have been identified based on the preliminary Purchase Price Allocation (PPA).

Fair Value as at 1 December 2022 (based on the preliminary Purchase Price Allocation)

EUR k	
Fund management contracts	5,148
Licences	170
Deferred tax liabilities	1,170
Net assets	1,850
Goodwill	12,921
Total consideration paid	**18,919**

The finalisation of the purchase price allocation will take part in the measurement period in accordance with IFRS 3.

The resulting preliminary goodwill from the acquisition amounts to EUR 12,921k. The acquisition rationale includes potentials arising from the expansion of business areas and products, the presence in geographical markets, future earnings prospects as well as synergy potentials.

The goodwill will not be deductible for tax purposes in future periods.

b) Consideration transferred and transaction costs

The consideration paid (without transaction costs) of EUR 18,919k consists of cash and cash equivalents of EUR 12,909k, treasury shares of EUR 2,221k as well as a contingent consideration (earn-out) of EUR 3,790k. The earn-out component is only payable on achievement of certain, pre-defined business targets in the future. The 231,321 treasury shares were measured at their closing price (XETRA) of EUR 9.60 as at the acquisition date (closing).

In the financial year 2022, the transaction costs already incurred in the amount of EUR 1,200k (2021: EUR 0k) were recognised through profit and loss and reported under other operating expenses.

c) Net cash outflow for the acquisition

Net outflow of cash funds for the acquisition

EUR k	
Consideration paid in the form of cash	12,909
Less cash acquired	1,951
Net cash outflow	**10,958**

d) Effects of the acquisition on consolidated profit

From the net profit for the period as at 31 December 2022, EUR 18k is attributable to the acquired ADVANTAGE Investment Partners subsidiaries. Of the revenues in 2022, EUR 311k results from the operations of the acquired subsidiaries and mainly relates to total service fee income.

If the business combination had taken place as at 1 January 2022, the revenues of PATRIZIA would have amounted to EUR 349,708k and its net profit for the period EUR 7,084k as at 31 December 2022.

PATRIZIA German Residential Fund IV

PATRIZIA SE directly acquired 35.8% of the shares in PATRIZIA German Residential Fund IV in the financial year 2022 and concluded that the Group acts as principal according to IFRS 10 “Consolidation” with respect to this fund. The acquisition is shown in these consolidated financial statements as an acquisition of assets, as no business operations in the sense of a transaction pursuant to IFRS 3.3 were acquired. The transaction focused exclusively on the acquisition of the properties held by the company. The purchase price for the company was allocated to the individually identifiable assets and liabilities at the time of acquisition based on their fair values.

Disposal of subsidiaries

The following companies left PATRIZIA Group in the 2022 financial year with income from deconsolidation of EUR 18,087k (2020: EUR 63k) and expenses from deconsolidation of EUR -2,416k (2020: EUR 608k).

Companies - result from deconsolidation

EUR k	2022
Silver Swan C 2018 S.à r.l.	17,765
PATRIZIA GrundInvest Erfurt Stadtmitte GmbH & Co. geschlossene Investment-KG	95
PATRIZIA GrundInvest Heidelberg Bahnstadt GmbH & Co. geschlossene Investment-KG	226
BRICKVEST MARKETS LTD	-283
FIRST STREET MANAGEMENT COMPANY LIMITED	-12
PATRIZIA GrundInvest Objekt Erfurt GmbH & Co. KG	-940
PATRIZIA GrundInvest Objekt Heidelberg GmbH & Co. KG	-1,183
Total	**15,671**

Intragroup restructuring

In the reporting period, two PATRIZIA subsidiaries were merged and four reclassifications from participations to consolidated subsidiaries took place as part of internal restructuring within the Group.

With efffect from 15 July 2022 the conversion of PATRIZAI AG into a European Stock Corporation (Societas Europaea, SE) was completed. As part of this process, a Dutch subsidiary in the legal form as N.V. was merged with PATRIZIA SE by foundation.

The above intragroup restructuring activities had no material impact on the consolidated financial statements.

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. For details of exchange rates, please refer see the Annex to the notes to the consolidated financial statements.

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.

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.)
- Business combinations / purchase price allocation (see chapter 2.1)
- Determination of transaction price for variable consideration (see chapter 4.18)
- Allowance for doubtful accounts and contract assets (see chapter 4.1.8)
- Realisability of deferred tax assets (see chapter 4.17.4)
- Recognition and measurement of provisions (see chapter 4.15)
- Impairment of properties reported under the item "Inventories" (see chapter 4.10)
- 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.

Financial assets and liabilities 31.12.2022

	Carrying amounts				Fair value		
EUR k	Mandatory FVTPL	FVTOCI-equity instruments	Financial assets at amortised cost	Other financial liabilities	Level 1	Level 2	Level 3[1]
Financial assets at fair value							
Participations		664,377					x
Other non-current financial assets	6,720						x
Other Loans	3,300						x
Securities	29,602				x		
Derivative financial instruments	444				x		
	40,066	**664,377**					
Financial assets not measured at fair value							
Other loans			18,174				
Trade receivables and other financial assets			225,024				
Cash and Cash Equivalents			349,518				
			592,716				
Financial liabilities not measured at fair value							
Financial liabilities (bank, mortgage and bonded loans)				249,688			
Trade payables				4,123			
Liabilities from services purchased before the end of the reporting period				45,073			
Contractual liabilities of prepayments from property sales				0			
Liabilities from settled performance fees owed attributable to future periods				0			
Other liabilities				169,965			
				468,849			

[1] see chapter 4.1.4 assessment of the fair value

Financial assets and liabilities 31.12.2021

	Carrying amounts				Fair value		
EUR k	Mandatory FVTPL	FVTOCI-equity instruments	Financial assets at amortised cost	Other financial liabilities	Level 1	Level 2	Level 3[1]
Financial assets at fair value							
Participations		633,799					x
Other non-current financial assets	10,440						x
Other Loans	5,414						x
Securities	15,742						x
	31,595	**633,799**					
Financial assets not measured at fair value							
Other loans			18,061				
Trade receivables and other financial assets			434,229				
Cash and Cash Equivalents			341,260				
			793,549				
Financial liabilities not measured at fair value							
Financial liabilities (bank, mortgage and bonded loans)				405,095			
Trade payables				2,706			
Liabilities from services purchased before the end of the reporting period				29,645			
Contractual liabilities of prepayments from property sales				201			
Liabilities from settled performance fees owed attributable to future periods				588			
Other liabilities				48,744			
				486,978			

[1] see chapter 4.1.4 assessment of the fair value

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
- 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 whose objective is solely to 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. Long-term loans whose cash flows 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 4.1.5.

The PATRIZIA Group holds only equity investments that represent investments that the Group intends to hold for the long term for strategic reasons. In accordance with IFRS 9, the Group has therefore classified these investments as FVTOCI at the date of initial application. 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.

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. 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

	2022				2021			
	Dawonia	Dawonia Carry	Other participations	Total carrying amount	Dawonia	Dawonia Carry	Other participations	Total carrying amount
As at 01.01.	**177,418**	**416,229**	**40,329**	**633,976**	**165,108**	**379,170**	**30,283**	**574,561**
Additions	0	0	23,762	23,762	0	0	8,180	8,180
Changes in the consolidated group	0	0	73	73	0	0	0	0
Disposals	0	0	-5,684	-5,684	0	-3,967	-2,072	-6,039
Positive changes in market value	6,764	22,407	8,344	37,515	12,310	41,025	4,403	57,739
Negative changes in market value	-4,502	-17,042	-2,523	-24,067	0	0	-922	-922
Foreign exchange differences	0	0	-961	-961	0	0	457	457
As at 31.12.	**179,680**	**421,593**	**63,340**	**664,612**	**177,418**	**416,229**	**40,329**	**633,976**

PATRIZIA holds a stake in a residential real estate portfolio via Dawonia GmbH. With around 30,000 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).

Furthermore, shares in affiliated companies amounting to EUR 236k are included, which are not consolidated due to their minor importance for the Group. These financial assets are accounted for at amortised cost.

The equity investments 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	2022	2021	Change
Performance-based shareholder remuneration	20,408	21,969	-7.1%
Services provided as shareholder contributions	9,490	9,490	0.0%
Return on equity employed	4,136	4,179	-1.0%
Total	**34,034**	**35,638**	**-4.5%**

The result from participations in the reporting period results from the investments 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 (2021: Dawonia GmbH, Seneca Holdco SCS, TRIUVA/IVG Logistik, sono west Projektentwicklung GmbH & Co. KG, PATRIZIA CHARLIE BERLIN LP and from the mutual fund business).

The return on equity employed includes expenses from loss transfers of EUR 264k (2021: EUR 0k). Dividend income from equity investments measured at FVTOCI amounted to EUR 34,298k in the financial year (2021: EUR 35,638). 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 5,661k (2021: EUR 2,071k). 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 2.4.2.

4.1.3 Non-Current borrowings and other loans

The non-current borrowings and other loans in the financial year is developed as follows:

Non-current borrowings and other loans

			2022			2021
EUR k	Cost	Amortisation	Carrying amounts	Cost	Amortisation	Carrying amounts
As at 01.01.	**35,045**	**-1,131**	**33,914**	**34,627**	**300**	**34,927**
Additions	688	-6,238	-5,550	1,051	-1,431	-379
Changes in the consolidated group	43	17	60	0	0	0
Disposals	-228	0	-228	-633	0	-633
Foreign exchange differences	-1	-0	-2	0	0	0
As at 31.12.	**35,547**	**-7,353**	**28,194**	**35,045**	**-1,131**	**33,914**

The decline of the non-current borrowings and other loans is mainly caused by fair value adjustments of the financial instruments measured at FVTPL.

Loans classified at amortised cost have interest rates ranging from 2.5% to 7.5% (2021: 1.7% to 3.5%) and remaining maturity of up to five years. The book value of the loans classified at amortised cost was EUR 18,174k as at 31 December 2022 (31 December 2021: EUR 18,061k) and the corresponding fair value was EUR 17,447k as at 31 December 2022 (31. December 2021: EUR 20,342k). Long-term loans of EUR 10,020k as at 31 December 2022 (31 December 2021: EUR 15,853), measured at FVTPL, carry an agreed interest rate of 1.3% (2021: 1.3%) and a remaining maturity of up to two years.

4.1.4 Determination of fair values of equity investments, long-term loans and securities

The tables below show the valuation techniques used to determining 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
Equity investments	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 2022 of the participations (EUR 0m - EUR 3,565m)	Estimated fair value would increase (decrease), if the assessment basis increase (decrease)
Non-current loans	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 2022: (EUR 7.2m - EUR 8.6m)	Estimated fair value would increase (decrease), if the assessment basis increase (decrease)
Securities	The fair value is determined by taking into account unit price determinations for the fund assets on the reporting date that are carried out by third parties.	- Share Value: (31. December 2022: 0 EUR; 2021: 101.12 EUR); Shares (31. December 2022: 0; 2021: 155,672)	Estimated fair value would increase (decrease), if the assessment basis increase (decrease)

For equity investments, 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 83,176k (2021: EUR 80,621k).

In the case of long-term loans, a 10% increase (decrease) in net assets would lead to an increase (decrease) in fair value of EUR 899k (2021: EUR 2,051k). 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 - 2022

EUR k	Equity investments	Convertible loans	Securities
As at 01.01.2022	**633,799**	**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	23,721	400	0
Disposals in the financial year	-5,661	0	-15,742
Changes in the consolidated group	32	0	0
Foreign exchange differences	-961	0	0
As at 31.12.2022	**664,377**	**10,020**	**0**

Reconciliation of level 3 fair values - 2021

EUR k	Equity investments	Convertible loans	Securities
As at 01.01.2021	**574,467**	**17,084**	**0**
Profit/loss, including in the other comprehensive income (IFRS 9)			
changes of the fair value	52,850	0	0
Profit/loss, including in the net profit for the period			
changes of the fair value	0	0	153
Interest cover	0	-23	0
Additions in the financial year	8,096	0	20,546
Disposals in the financial year	-2,071	-1,208	-4,957
Foreign exchange differences	457	0	0
As at 31.12.2021	**633,799**	**15,853**	**15,742**

4.1.5 Securities

Securities of EUR 29,602 (31 December 2021: EUR 15,752k) reported under current assets relate the temporary acquisition of shares in the PATRIZIA Low Carbon Core Infrastructure fund. During the financial year 2022 the sale of the temporarily held shares in the PATRIZIA Gewerbe-Immobilien Deutschland IV fund of EUR 15,742k was recognised. For securities, a 10% increase (decrease) in the share value, with other inputs held constant, would result in an increase (decrease) in fair value of EUR 2,960k (2021: EUR 1,574k).

4.1.6 Derivative financial instruments

Due to co-investments in exchange-listed investment funds PATRIZIA is exposed to market risks during the normal course of business. These risks are economically hedged using derivative financial instruments as necessary. The fair value of these derivative financial instruments was EUR 444k as at 31 December 2022 (31 December 2021: EUR 0) and measured using the exchange prices of these instruments (level 1 fair value hierarchy). The derivative financial instruments are classified as “held for trading” for accounting purposes and are measured at fair value through profit or loss. A 10% increase (decrease) in the respective underlying, with other inputs held constant, would result in a decrease (increase) in fair value of EUR 2,512k (EUR 3,399k).

4.1.7 Current receivables and other current assets

Current receivables and other current assets are composed as follows:

Current receivables and other current assets

EUR k	2022	2021
Trade receivables	**136,581**	**162,157**
Receivables from services	102,629	107,522
Receivables from property sales	38	42
Other	33,914	54,593
Other current assets	**94,650**	**276,900**
Term deposits	72,380	210,831
Receivables from other investees and investors	4,024	4,306
Other	18,246	61,763
As at 31.12.	**231,231**	**439,056**

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 72,380k (31 December 2021: EUR 210,831k) of more than 3 months, these are reported in the balance sheet items current receivables and other current assets instead of in the balance sheet item bank balances and cash in hand.

The item of other current assets “Other" essentially includes deposits, creditors with debit balances and accruals and deferrals. The short-term loans of EUR 39,059 thousand recognized in the previous year were repaid in financial year 2022, which were accounted for at amortised cost.

Receivables and other current assets have a remaining term of less than one year. The carrying amount of the receivables and other current assets corresponds to their fair value.

4.1.8 Default risk and impairment of financial assets

Default risks exist for all financial assets and are limited to their carrying amount. For equity investments and long-term loans measured at fair value, 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 loans
- Trade receivables and other financial assets
- Cash and bank balances

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	2022	2021
Impairment result for trade receivables and contract assets	-203	627
Total impairment	**-203**	**627**

The result from impairment of trade receivables and contract assets includes losses on receivables of EUR 270k in the reporting period (2021: EUR -282k).

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

Impairment losses on trade receivables

EUR k	2022	2021
Value adjustment for sales as at 01.01.	114	363
Value adjustment for rent receivables as at 01.01.	444	535
As at 01.01.	**558**	**898**
Net revaluation of value adjustment	-175	-340
As at 31.12.	**383**	**558**

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.

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/credit losses	**0.2%**	**130,852**	**29**	

2021 - Credit risk and expected credit losses

EUR k	Loss rate (weighted average) 31.12.2021	Gross carrying amount 31.12.2021	Value adjustment 31.12.2021	Affected credit rating 31.12.2021
Low risk - maturity up to 90 days	0.0%	126,132	0	no
Medium risk - maturity up to 180 days	0.0%	14,303	0	no
Doubtful - maturity over 180 days	0.0%	14,373	42	yes
Total default risk/credit losses	**0.0%**	**154,809**	**42**	

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 2022 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).

Loss rate (weighted average) 31.12.2022

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**

Loss rate (weighted average) 31.12.2021

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	**6,641**	**596**	**-6**	**2**	**0**	**0**	**27**	**532**	**7,792**
Value adjustment	**0**	**0**	**-2**	**1**	**0**	**0**	**27**	**532**	**558**

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 before credit protection is taken into account.

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 loans and for securities, 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.

4.1.9 Bank balances and cash

PATRIZIA's liquidity at the end of the financial year was as follows:

Available Liquidity

EUR k	31.12.2022	31.12.2021
Cash and cash equivalents	349,518	341,260
Term deposits	72,380	210,831
Liquidity	**421,898**	**552,090**
Regulatory reserve for asset management companies	-41,265	-37,548
Liquidity in closed-end funds business property companies	-5,518	-1,859
Available liquidity	**375,115**	**512,683**

In the course of active liquidity management, liquid funds were invested in short-term, near-money market financial assets. These are shown separately in the balance sheet. An amount of EUR 72,380k (31 December 2021: EUR 210,831k) was invested in term deposits with a maturity of more than 3 months. These time deposits are reported in the balance sheet under current receivables and other current assets.

The item bank balances and cash in hand includes 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.

4.1.10 Financial liabilities

Financial liabilities are composed as follows and have the following maturity profile of undiscounted cash flows:

Maturity of undiscounted financial liabilities including interest payments 31.12.2022

EUR k	Carrying	Total	2023	2024	2025	2026	2027	2028
Bank loans	91,688	103,584	103,584	0	0	0	0	0
Bonded loans	158,000	168,308	2,914	91,914	1,490	1,490	70,499	0
Other financial liabilities	140,494	142,870	11,076	19,747	100,796	0	11,250	0
Total financial liablilities undiscounted	**390,182**	**414,762**	**117,575**	**111,662**	**102,287**	**1,490**	**81,749**	**0**

Maturity of undiscounted financial liabilities including interest payments 31.12.2021

EUR k	Carrying amount	Total amount	2022	2023	2024	2025	2026	2027
Bank loans	171,095	181,081	181,081	0	0	0	0	0
Bonded loans	234,000	248,087	79,778	2,914	91,914	1,490	1,490	70,499
Other financial liabilities	17,711	18,715	0	7,465	0	0	0	11,250
Total financial liabilities undiscounted	**422,806**	**447,882**	**260,859**	**10,379**	**91,914**	**1,490**	**1,490**	**81,749**

In the 2017 financial year, PATRIZIA raised a promissory note loan (bonded loans) for a total of EUR 300,000k. The target volume of originally planned EUR 100,000k was oversubscribed several times. The inflowing financial resources represented an additional liquidity reserve as part of the growth strategy (company acquisition as part of expansion) or to take advantage of strategic co- and principal investment opportunities. This loan had terms of five, seven and ten years and fixed and variable interest rates with an average of 1.5%. In the first half of 2022 bonded loan tranches in the amount of EUR 76.000k were repaid.

In the financial year 2022, new short-term bank loans of EUR 89,136k were taken out. This is related to interim financing for funds managed by PATRIZIA and temporarily held properties that are intended for later transfer to fund products. The decrease in short-term bank loans is mainly due to the deconsolidation of properties only temporarily held on the Group's balance sheet for the purpose of placement via funds for semi-professional and private investors in the amount of EUR 129,612k as well as the repayment of loans for temporary interim financing in the amount of EUR 42,664k.

The fair value of financial liabilities was EUR 369,594k as at 31 December 2022 (31 December 2021: EUR 434,220k).

4.1.11 Liquidity risk

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.

The maturities of the financial liabilities (4.1.9) and the available liquidity (4.1.10) can be found in the previous chapter. For further information of possible risiks, please refer to chapter 4.3.2 of the combined management report.

4.1.12 Interest rate risk

The group is mainly exposed to interest rate risks from the volatility of the interest income from bank balances and cash 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 4,219k (EUR 4.219k) (2021: EUR 5,521k (EUR 5,521k)).

Interest rate risks are minimised by agreeing mainly fixed interest rates and by active liquidity management.

4.1.13 Capital management

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

Capital management

EUR k	31.12.2022	31.12.2021
Interest-bearing loans	91,688	171,095
Bonded loans	158,000	234,000
Less cash and cash equivalents and short-term deposits, not exceeding the total amount of the above debt	-249,688	-341,260
Net financial liabilities	**0**	**63,835**
Total Assets	2,045,874	2,061,457
Net total assets	1,796,186	1,656,362
Equity (not including non-controlling interests)	1,243,810	1,282,809
Equity ratio	**60.8%**	**62.2%**
Net equity ratio	**69.2%**	**74.6%**

4.1.14 Exchange rate risks

Business transactions of the foreign branches in Denmark, Sweden, Poland, Japan, Australia, Hong Kong, South Korea, Singapore, Canada, the USA and the UK are conducted in the respective local currency. Therefore, risks arise from exchange rate fluctuations. With increasing expansion outside the Eurozone, this position could increase further. 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.

4.1.15 Financial result

Financial result

EUR k	2022	2021	Change
Interest on bank deposits and loans	1,520	1,170	29.8%
Interest from participations	374	338	10.7%
Interest from taxes	49	117	-57.6%
Other interest	745	273	172.8%
Financial income	**2,689**	**1,898**	**41.6%**
Interest on overdraft facilities and loans	-4,024	-4,764	-15.5%
Interest expenses from taxes	-317	-468	-32.2%
Interest expenses from participations	-436	-396	10.2%
Interest expenses - Leasing IFRS 16	-237	-268	-11.5%
Other financial expenses	-3,025	-857	253.1%
Financial expenses	**-8,039**	**-6,753**	**19.1%**
Other financial result	**-8,979**	**194**	**>-1,000.0%**
Result from currency translation	**-477**	**-942**	**-49.4%**
Financial result	**-14,807**	**-5,603**	**164.3%**

Financial income of EUR 2,689k (2021: EUR 1,898k) is attributable to financial assets measured at amortised cost and and recognised according to FVTPL. The other financial income mainly results from delayed purchase price receipts.

Financial expenses of EUR 8,039k (2021: EUR 6,753k) 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 1,314k (2021: EUR 233k).

Interest on overdrafts and loans mainly includes interest on promissory note loans (bonded loans) of EUR 3,254k (2021: EUR 4,068k).

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 -8,979k (2021: EUR +194k) mainly includes expenses regarding the revaluation of financial assets. This is due to the impairment of convertible loans.

In the 2022 financial year, the currency result amounted to EUR -477k (2021: EUR -942k). This includes realised exchange rate effects of EUR 1,866k (2021: EUR -2,511k) as well as non-cash exchange rate effects of EUR -2,344k (2021: 1,569k).

Net gains/losses by category

EUR k	31.12.2022	31.12.2021
Financial assets and liabilities, which are mandatory measured at FVTPL	-5,009	-143
Financial assets, which are measured at amortised cost	2,355	662
Financial liabilities, which are measured at amortised cost	-5,892	-5,676
Equity investments, which are measured at FVTOCI (without recycling)[1]	10,528	49,561

[1] Amount after tax

4.2 Goodwill

PATRIZIA Group has recognised goodwill of EUR 381,253k as at 31 December 2022 (31 December 2021: EUR 216,444k). Goodwill of EUR 5,402k (31 December 2021: EUR 10,928k) is deductible in future tax periods.

Goodwill

			2022			2021
EUR k	Cost	Amortisation	Carrying amounts	Cost	Amortisation	Carrying amounts
As at 01.01.	**216,444**	**0**	**216,444**	**212,353**	**0**	**212,353**
Additions	0	-5,394	-5,394	0	0	0
Changes in the consolidated group	172,164	0	172,164	0	0	0
Disposals	0	0	0	0	0	0
Foreign exchange differences	-1,961	0	-1,961	4,091	0	4,091
As at 31.12.	**386,647**	**-5,394**	**381,253**	**216,444**	**0**	**216,444**

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 2022, goodwill was allocated to the cash-generating units as follows:

- Core business: EUR 370,172k (31 December 2021: EUR 199,383k)
- PATRIZIA Global Partners: EUR 6,783k (31 December 2021: EUR 6,783k)
- PATRIZIA Japan KK: EUR 4,298k (31 December 2021: EUR 4,637k)
- BrickVest: EUR 0k (31 December 2021: EUR 5,641k)

The change in total goodwill compared to 31 December 2021 is mainly due to the derivative goodwill of EUR 162,269k arising from the acquisition of Whitehelm Capital as well as the derivative goodwill of EUR 12,924k arising from the acquisition of ADVANTAGE Investment Partners. The main reasons leading to these acquisitions are the expansion of business areas and products, the presence in new geographical markets, future earnings prospects as well as synergy potentials. The corresponding purchase price allocation of ADVANTAGE Investment Partners is to be classified as preliminary at the time of publication and will be finalised during the measurement period in accordance with IFRS 3. The purchase prices consist of cash payments, transfer of treasury shares as well as earn-out liabilities in each case.

Furthermore, exchange rate changes of EUR -1,961k (2021: EUR 4,091k) are recognised. These are mainly due to the exchange rate development of the British pound.

As at 30 June 2022, there was a goodwill impairment occurring with the cash-generating unit BrickVest. The impairment resulted from strategic decisions of the management (no value in use).

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 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. (2021: 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 2022, the following cost of capital rates (before taxes) were derived for the cash-generating units:

- Core Business: 10.7% (2021: 7.6%)
- PATRIZIA Global Partners: 10.0% (2021: 6.6%)
- PATRIZIA Japan KK: 9.5% (2021: 7.6%)

As in the previous year, the impairment test performed in 2022 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.

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.

4.3 Other intangible assets

Other intangible assets

EUR k	Cost 2022	Amortisation 2022	Carrying amounts 2022	Cost 2021	Amortisation 2021	Carrying amounts 2021
As at 01.01.	**227,492**	**-135,750**	**91,742**	**222,898**	**-116,761**	**106,137**
Additions	0	-15,327	-15,327	208	-15,882	-15,674
Changes in the consolidated group	32,168	0	32,168	0	0	0
Disposals	-489	489	0	0	0	0
Foreign exchange differences	-4,641	3,192	-1,449	4,386	-3,107	1,279
As at 31.12.	**254,530**	**-147,396**	**107,134**	**227,492**	**-135,750**	**91,742**

Other intangible assets

EUR k	31.12.2022	31.12.2021
Fund management contracts	106,834	91,168
PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH	47,646	51,691
PATRIZIA PROPERTY INVESTMENT MANAGERS LLP	9,495	15,760
PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH	18,037	19,504
PATRIZIA PTY LTD	17,237	0
PATRIZIA INFRASTRUCTURE LTD	5,819	0
ADVANTAGE Investment Partners A/S	5,113	0
Other	3,487	4,212
Other intangible assets	300	575
Total	**107,134**	**91,742**

The increase in other intangible assets compared to 31 December 2021 is mainly due to the fund management contracts regarding the acquisition of Whitehelm Capital (PATRIZIA PTY LTD, PATRIZIA INFRASTRUCTURE LTD) as well as the acquisition of ADVANTAGE (ADVANTAGE Investment Partners A/S).

In the financial year, write-downs were made on fund management contracts totaling EUR 14,891k (2021: EUR 15,763k). In the course of impairment tests of fund management contracts as at 31 December 2022, impairment losses of EUR 1,916k (2021: EUR 4,423) were recognised on three (2021: three) fund management contracts due to valuation effects and disposals and termination of funds.

The currency effects of EUR -1,449k (2021: EUR 1,279k) mainly result from the currency translation of the fund management contracts of PATRIZIA PROPERTY INVESTMENT MANAGERS LLP as at the reporting date.

The fund management contracts were recognised as part of acquisitions made in the past as well as in the reporting period. 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 23 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

			2022			2021
EUR k	Cost	Amortisation	Carrying amounts	Cost	Amortisation	Carrying amounts
As at 01.01.	**44,013**	**-29,809**	**14,204**	**43,347**	**-26,744**	**16,603**
Additions	1,611	-7,730	-6,119	2,030	-4,286	-2,257
Changes in the consolidated group	0	0	0	0	0	0
Disposals	-281	281	0	-1,370	1,221	-149
Foreign exchange differences	-4	0	-4	6	-0	6
As at 31.12.	**45,339**	**-37,259**	**8,080**	**44,013**	**-29,809**	**14,204**

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 Rights of use

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:

- Business and office premises,
- motor vehicles,
- IT equipment and

The Group measures all leases using a uniform model - with the exception of short-term leases and leases of low value. 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

			2022			2021
EUR k	Cost	Amortisation	Carrying amounts	Cost	Amortisation	Carrying amounts
As at 01.01.	**63,745**	**-30,006**	**33,740**	**44,750**	**-18,844**	**25,906**
Additions	3,666	-10,463	-6,797	19,386	-11,541	7,845
Changes in the consolidated group	1,955	-1,104	851	0	0	0
Disposals	-10,107	9,141	-966	-676	525	-151
Foreign exchange differences	-374	261	-113	326	-157	169
As at 31.12.	**58,886**	**-32,171**	**26,715**	**63,786**	**-30,017**	**33,770**

Rights of use by class

EUR k	2022	2021	Change
Rental contracts for business and office premises	25,351	31,876	-20.5%
Motor vehicles	1,171	1,480	-20.9%
IT	193	414	-53.3%
Total	**26,715**	**33,770**	**-20.9%**

In the year 2022, the Rights of use mainly 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 Leasing 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 31.12.2022

EUR k	Carrying amount	Total amount	2023	2024 - 2027	2028+
Lease liabilities	**27,289**	**27,711**	**9,204**	**12,847**	**5,661**

Maturity of undiscounted Lease liabilities including interest payments 31.12.2021

EUR k	Carrying amount	Total amount	2022	2023 - 2026	2027+
Lease liabilities	**34,367**	**35,273**	**9,778**	**17,570**	**7,925**

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 profit or loss from leases:

Leasing relationships

EUR k	2022	2021	Change
Depreciation rights of use	-10,463	-11,541	-134.9%
Interest expenses Leasing liabilities	-237	-268	-11.5%
Expenses for short-term leases and leases of a low-value asset	-1,633	-2,285	-28.5%
Income from subleases	504	223	126.4%
Total	**-11,829**	**-13,870**	**-14.7%**

The depreciation of the rights of use is divided as follows:

Amortisation of rights of use

EUR k	2022	2021	Change
Rental contracts for business and office premises	9,131	8,452	8.0%
Motor vehicle contracts	947	1,085	-12.7%
IT contracts	374	550	-32.0%
Extraordinary amortisation of rental contracts for business and office premise	11	1,454	-99.2%
Total	**10,463**	**11,541**	**-9.3%**

Total cash outflows for leases amounted to EUR 12,311k in the reporting period (2021: EUR 13,520k).

4.6 Investment property

The investment properties are as follows as at the balance sheet date:

Investment property

EUR k	2022	2021
As of 01.01.	**1,838**	**1,838**
Addition	53	0
As at 31.12.	**1,892**	**1,838**

As of the balance sheet date, two properties with a total area of 590m² are earmarked for privatisation (unit-by-unit sale). In the event of a change in the underlying average achievable sales price per sqm, the fair value determined as part of the valuation process changes accordingly (example: if the average achievable sales price per sqm increases by EUR 100, this is reflected in an increase in the fair value by EUR 55k).

On the basis of the fair value of the portfolio as a whole as at 31 December 2022, the average fair value is EUR 3,440k (31 December 2021: EUR 3,116k) per sqm, with a multiplier of 21 (31 December 2021: 21) in relation to the target rent.

All investment property held by the Group is leased (see chapter 4.5 Leases). Including non-periodic effects, investment property gave rise to rental revenues of EUR 70k (2021: EUR 116k) and a cost of materials of EUR 56k (2021: EUR 1,734k) in the reporting period.

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 valuation is made at fair value; changes in value affect the Group's result for the period. The properties are valued internally by means of a detailed project calculation. The main input factors for this valuation are comparative values from market transactions in the property or the immediate vicinity as well as assumptions regarding the realisation period, potential buyer types and intended renovation and modernisation measures still to be carried out. 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 Operating and office equipment

Equipment

			2022			2021
EUR k	Cost	Amortisation	Carrying amounts	Cost	Amortisation	Carrying amounts
As at 01.01.	**21,251**	**-11,508**	**9,743**	**17,710**	**-10,405**	**7,305**
Additions	2,436	-2,514	-77	4,926	-2,237	2,689
Changes in the consolidated group	1,347	-1,005	342	0	0	0
Disposals	-653	483	-170	-1,513	1,210	-304
Foreign exchange differences	-241	124	-117	129	-82	46
As at 31.12.	**24,141**	**-14,420**	**9,721**	**21,251**	**-11,515**	**9,736**

Office furniture and 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. Office furniture and equipment is depreciated over three to 13 years. Low-value assets up to the amount of EUR 800.00 are fully depreciated in the year of acquisition.

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

			2022			2021
EUR k	Cost	At equity adjustment	Carrying amounts	Cost	At equity adjustment	Carrying amounts
As at 01.01.	**26,819**	**-3,072**	**23,747**	**25,486**	**6,871**	**32,357**
Additions	1,575	-1,620	-46	35	3,473	3,509
Changes in the consolidated group	89	0	89	0	0	0
Disposals	-9,607	-7,614	-17,221	-2,451	-9,696	-12,147
Foreign exchange differences	-25	0	-25	29	0	29
As at 31.12,	**18,851**	**-12,306**	**6,545**	**23,100**	**647**	**23,747**

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	2022	2021	Change
PATRIZIA WohnModul I SICAV-FIS	477	6,549	-92.7%
Evana AG	-767	-1,204	-36.3%
Cognotekt GmbH	-80	-175	-54.4%
control.IT Unternehmensberatung GmbH	-223	-32	608.9%
Others	-28	0	/
Total	**-622**	**5,138**	**-112.1%**

The decline in earnings from the equity investment in "PATRIZIA Wohnmodul I SICAV-FIS" investment is attributable to the ongoing strategic reduction of the underlying portfolio, which mostly took place in previous years and made a positive contribution to earnings.

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 4.26).

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	31.12.2022 Carrying amounts EUR k	31.12 2021 Carrying amounts EUR k
PATRIZIA WohnModul I SICAV-FIS	Luxemburg	10.10%	1,553	18,203
Evana AG	Saarbrücken	16.45%	1,423	3,116
Cognotekt GmbH	Köln	35.67%	278	455
control.IT Unternehmensberatung GmbH	Bremen	10.00%	2,824	1,526
ASK PATRIZIA (GQ) LLP	Manchester	50.00%	424	447
PATRIZIA MBK FUND MANAGEMENT PTY LTD	Sydney	50.00%	44	0

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 and 10.00% in control.IT Unternehmensberatung GmbH, 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. In the case of control.IT Unternehmensberatung GmbH, there are numerous special provisions in the articles of association for which, in an overall assessment of the individual factors, it can be assumed that a significant influence exists. 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 north of 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 Cognotekt GmbH and PATRIZIA MBK FUND MANAGEMENT PTY LTD are omitted in the further course and only the information on the associated companies PATRIZIA WohnModul I SICAV-FIS, Evana AG and control.IT Unternehmensberatung GmbH 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	2022	2021
Current assets	46,370	262,573
Non-current assets	3,060	1,195
Current liabilities	2,719	82,597
Non-current liabilities	0	0
Revenues	653	16,950
Net income	9,634	64,164
Other comprehensive income	0	0
Total comprehensive income	9,634	64,164

The share of the profits of PATRIZIA WohnModul I SICAV-FIS attributable to PATRIZIA Group amounts to EUR 973k (2021: EUR 6,481k) 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	2022	2021
Net assets of associated company[1]	19,192	184,087
Group shareholding	10.10%	10.10%
Other adjustments	-384	-390
Carrying amount of the equity investment	**1,553**	**18,203**

[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, repayments of shares in the amount of EUR 9,595k (2021: EUR 2,451k) were made from PATRIZIA WohnModul I SICAV-FIS to PATRIZIA SE. In addition, PATRIZIA WohnModul I SICAV-FIS paid total distributions of EUR 7,575k (2021: EUR 9,696k) 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	2022	2021
Current assets	1,028	1,940
Non-current assets	2,206	67
Current liabilities	2,087	996
Non-current liabilities	0	0
Revenues	2,376	3,020
Net income	-3,887	-5,259
Other comprehensive income	0	0
Total comprehensive income	-3,887	-5,259

The share of the loss of Evana AG attributable to PATRIZIA Group amounts to EUR -639k (2021: EUR -1,076k) 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	2022	2021
Net assets of associated company	1,545	2,036
Group shareholding	16.45%	20.46%
Goodwill	2,964	2,964
Other adjustments	-1,748	-265
Carrying amount of the equity investment	**1,423**	**3,116**

In the financial year, a resolution was passed to increase the share capital of Evana AG, in which the PATRIZIA SE did not participate. As a result of the dilution, the shares in the investment changed to 16.45% (2021: 20.46%).

In the financial year, an impairment of EUR 926k was recognized in addition to the ongoing at-equity valuation.

control.IT Unternehmensberatung GmbH

control.IT Unternehmensberatung GmbH is a provider of asset and portfolio management systems with comprehensive digitalisation strategies. Through its investment in control.IT Unternehmensberatung GmbH, PATRIZIA is subject to the risk of general competition and demand for IT projects in the context of digitalisation in the real estate industry.

A summary of the financial information on control.IT Unternehmensberatung GmbH is shown below.

Summary of the financial information on control.IT Unternehmensberatung GmbH

EUR k	2022	2021
Current assets	6,103	8,051
Non-current assets	1,806	899
Current liabilities	1,094	845
Non-current liabilities	585	568
Revenues	6,945	7,321
Net income	-732	-5
Other comprehensive income	0	0
Total comprehensive income	-732	-5

The share in the profits of control.IT Unternehmensberatung GmbH attributable to PATRIZIA Group amounts to EUR -73k (2021: EUR -1k) in the reporting period.

Statement of reconciliation from the financial information presented to the carrying amount of the equity investment in control.IT Unternehmensberatung GmbH

EUR k	2022	2021
Net assets of associated company	10,278	11,426
Group shareholding	10.00%	10.00%
Goodwill	391	391
Other adjustments	1,404	-8
Carrying amount of the equity investment	**2,824**	**1,526**

In the financial year, payments to the capital reserve were made, in which PATRIZIA SE participated of EUR 1,600k in proportion to its shares.

In the financial year, capital repayments of EUR 79k (2021: EUR 0k) were made from control.IT Unternehmensberatung GmbH to PATRIZIA SE. In addition, control.IT Unternehmensberatung GmbH paid distributions to PATRIZIA SE in the amount of EUR 39k (2021: EUR 79k).

4.9 Other non-current assets

Other non-current assets of EUR 3,497k (31 December 2021: 0k) mainly relate to contract assets recognised for the first time as a result of the acquisition of Whitehelm Capital.

4.10 Inventories

Inventories are composed as follows:

Inventories

EUR k	31.12.2022	31.12 2021
Properties intended for sale	88,104	154,000
Properties in the development phase	71,678	15,795
Total	**159,781**	**169,796**

In the financial year 2022, “Properties intended for sale” decreased by EUR -128,457k due to the deconsolidation of properties only held temporarily on the Group´s balance sheet for the purpose of placement via public funds as well as the sale of the property in SKD13 TMK of EUR -27,014k. On the other hand, this position increased due to the addition of properties held only temporarily on the Group´s balance sheet for the purpose of placement via public funds in the amount of EUR 87,828k.

The change in “Properties in the development phase” is mainly due to the consolidation of PATRIZIA German Residential Fund IV of EUR 68,563k. In contrast, this item was reduced due to the strategically aligned and profitable sale of one of the last remaining balance sheet properties in the UK (Trocoll House) in the amount of EUR 15,795k.

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 6,176,119 (31 December 2021: EUR 3,731,301), to EUR 86,175k (31 December 2021: EUR 88,620k as at the end of the reporting period and was divided into 86,175,357 no-par-value registered shares.

As part of the share buyback programme in 2022, PATRIZIA bought back a total of 3,507,115 shares at an average price of EUR 12.14 per share (incl. transaction costs) in a total volume of EUR 42,568k. For information on the authorisation of the Management of PATRZIA to issue and buyback shares, see the combined management report chapter 3.1.

PATRIZIA carried out two M&A transactions in the financial year 2022. The consideration paid was partly paid in treasury shares (see also further information in the notes to the consolidated financial statements in chapter 2.1). A total of 1,062,287 shares were transferred at an average price of EUR 17.19 per share and a total volume of EUR 18,259k.

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 (formerly: WE Vermögensverwaltung GmbH & Co. KG). Compared to 31 December 2021: First Capital Partner GmbH continues to hold a stake of 47,844,484 no-par-value shares in PATRIZIA SE which corresponds to a share of 51.81%.

Capital reserves

Capital reserves changed from EUR 89,831k to EUR 67,181k as at 31 December 2022 due to the share buyback programme of EUR -39,129k, the transfer of shares regarding the M&A transactions of EUR 17,196k as well as the recognition of share-based payment (IFRS 2) of EUR -718k.

Retained earnings

Legal reserves reported under retained earnings in the amount of EUR 505k as at 31 December 2022 were unchanged as compared to the prior period.

Treasury shares

In the financial year, the number of treasury shares increased by 2,444,818 to 6,176,119 and their total value by EUR 24,309,475 to EUR 97,412,120 after the share buyback programme for the financial year 2022 and the transfer of treasury shares in the financial year 2022.

Treasury shares

	Number of shares	Price per share in EUR[1]	Total Value in EUR
As at 01.01.2022	**3,731,301**		**73,102,645**
Share buyback programme	3,507,115	12.14	42,567,993
Disposal and transfer of shares	1,062,297	17.19	18,258,518
As at 31.12.2022[2]	**6,176,119**		**97,412,120**

[1] Average price per share in EUR from several share purchases/ sales (incl. transaction costs regarding share buyback progamme)
[1] 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

Consolidated unappropriated profit

The consolidated unappropriated profit decreased from EUR 921,720k to EUR 913,135k as at 31 December 2022.

A cash dividend of EUR 28,316k (2021: EUR 26,682k) was distributed to the former PATRIZIA AG shareholders in the financial year. The dividend per share amount to EUR 0.32 in 2021 (2020: EUR 0.30).

Non-controlling interests

There were non-controlling interests of EUR 66,346k as at 31 December 2022 (31 December 2021: EUR 35,694k). The increase is mainly due to non-controlling interests arising from the inclusion of new companies.

A profit share of EUR -35k (31 December 2021: EUR 3,912k) was allocated to non-controlling interests in the reporting period. The change arises from the decrease in the net profit for the period and lower profit allocations to non-controlling interests due to profit and loss transfer agreements.

As at 31 December 2022, profit shares of EUR 513k (31 December 2021: EUR 1,033k) 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 business combinations. 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 2021: 79) in total as at the end of the reporting period. 31 of these persons (31 December 2021: 31) are retired and already receive ongoing pension benefits. The projected unit credit method was used as the calculation method as defined by IAS 19. The calculations are based on the current 2018 G Heubeck mortality tables.

The development of retirement benefit obligations and plan assets for defined benefit plans is as follows:

Defined benefit obligation

EUR k	2022	2021
As at 01.01.	**25,868**	**29,892**
Current expenses of employment period	124	305
Remeasurements	-7,405	-3,668
thereof adjustments of financial assumptions	-7,688	-3,576
thereof adjustments of demographical assumptions	0	0
thereof other/experience adjustments	283	-92
Interest expenses	262	86
Pension payments/scheduled payments made	-803	-747
As at 31.12.	**18,046**	**25,868**

Plan assets at fair value

EUR k	2022	2021
As at 01.01.	**322**	**313**
Income/expenses from plan assets (without interests)	6	8
Interest income/interest expenses	3	1
Contributions to provision plan/employer contributions	0	0
Pension payments/payments made	0	0
Mergers/business transfer	0	0
As at 31.12.	**331**	**322**

Composition of net liability from defined benefit plans

EUR k	2022	2021
Defined benefit obligation	18,046	25,868
Plan assets at fair value	331	322
Net debt	**17,715**	**25,546**

Actuarial assumptions

%	2022	2021
Discounting interest rate	3.81	1.03
Salary trend	2.25	2.25
Pension trend[1]	1.00/2.40	1.00/1.65

[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

		31.12.2022		31.12.2021	
EUR k	Sensitivitiy	Increase	Decrease	Increase	Decrease
Discounting interest rate	+/- 0.50%	-1,142	1,275	-2,111	2,417
Salary trend	+/- 0.50%	26	-24	49	-46
Pension trend	+/- 0.50%	778	-720	1,723	-1,571
Life expectancy	+/- 1 Year	833	-838	1,446	-1,422

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 2023 financial year, payments due to retirement benefit obligations of EUR 846k (2022: EUR 734k) and contributions to plan assets of EUR 0k (2022: EUR 0k) may arise for the Group.

The average term of retirement benefit obligations is 13.6 years (2021: 17.2 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 2.854k for the 2022 financial year (2021: EUR 2,856k).

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 153k (2021: EUR 123k) was paid in contributions to the pension fund for the executive Directors and former member of the management Board in 2022. Furthermore, contributions in total of EUR 61k (2021: EUR 83k) were paid to a self-invested personal pension for the former member of the management Board.

4.13 Long-term accruals

EUR k	01.01.2022	Addition	Utilisation	Time value of money	Foreign exchange differences	31.12.2022
Other IFRS 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 10,122k (31 December 2021: EUR 3,978k) mainly relates to litigation risks of EUR 8,732k. Other changes are due to additions regarding other long-term accruals.

Based on opening balance of EUR 0k at the 1 January 2021 and additions of EUR 3,978k during the financial year 2021, the closing balance was EUR 3,978k at the 31 December 2021.

4.14 Non-current liabilities

Non-current liabilities of EUR 134.628k (31 December 2021: EUR 28,515k) essentially consist of the earn-out liability regarding the M&A transaction Whitehelm Capital of 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 4.1.10).

4.15 Other provisions

Other provisions in the financial year 2022 developed as follows:

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 IFRS provisions short-term	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 4.25).

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.

Other provisions 2021

EUR k	01.01.2021	Addition	Unused amounts reversed	Utilisation	Time value of money	Foreign exchange differences	31.12.2021
Litigation risks	3,920	2,925	-2,775	-1,368	-17	0	2,685
Indemnification obligation	135	75	0	-72	0	0	138
Employee benefits	4,476	2,991	0	-2,972	0	40	4,534
Reorganisation costs	578	1,238	-96	-863	-0	-0	856
Total	**9,109**	**7,229**	**-2,871**	**-5,275**	**-17**	**39**	**8,213**

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 Current liabilities

Current liabilities break down as follows:

Current liabilities

EUR k	31.12.2022	31.12.2021
Trade payables	4,123	2,706
Contract liabilities	830	788
Other liabilities	111,913	93,803
Total	**116,866**	**97,297**

Current liabilities have a remaining term of less than twelve months. Given their short-term duration/ nature, there are no material differences between the carrying amount and fair value of the liabilities.

Other liabilities break down as follows:

Other liabilities

EUR k	31.12.2022	31.12.2021
Liabilities from outstanding invoices	45,073	29,645
Liabilities from variable salary components and other personnel costs	26,660	36,725
Liabilities to companies with a participating interest	19,851	12,015
Liabilities from subsequent costs for sold	2,260	1,953
Interest on loans	1,889	2,490
Debtors with credit balances	526	1,220
Accounting and auditing costs	598	699
Liabilities to shareholders	2	0
Short term contract liabilities IFRS 15	875	0
Deferred revenue liabilities	-44	45
Other	14,224	9,011
Total	**111,913**	**93,803**

4.17 Tax liabilities

4.17.1 Current tax assets

Current tax assets of EUR 29,312 (31 December 2021: EUR 28,448k) are essentially recognised for receivables due to overpayment of taxes and refunds of withholding taxes in the financial year.

4.17.2 Tax liabilities

Tax liabilities include obligations from income taxes, VAT and other types of taxes.

Income taxes of EUR 18,407k (31 December 2021: EUR 15,484k) mainly comprise corporate and trade taxes on the profits of German and non-German subsidiaries. In addition, obligations from VAT, wage taxes and miscellaneous other taxes were recognised in the amount of EUR 7,165k (31 December 2021: EUR 12,884k).

4.17.3 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.

4.17.4 Deferred taxes

The main deferred taxes and tax liabilities and their development are presented below:

Deferred tax assets/liabilities

EUR k	31.12.2022 Assets	31.12.2022 Liability	31.12.2021 Assets	31.12.2021 Liability
Fund management contracts	0	31,687	0	26,992
Other intangible assets	2,970	112	236	103
Participations	408	85,683	1,738	80,841
Liabilities / Provisions	4,347	1,950	4,396	905
Leasing	138	9	0	204
Other	477	1,976	1,404	2,532
Total	**8,341**	**121,417**	**7,774**	**111,577**

Deferred taxes on income tax losses of EUR 2,762k (31 December 2021: EUR 2,527k) 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 165,413k (31 December 2021: EUR 119,703k) 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 131,695k (31 eDecember 2021: EUR 149,593k).

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.

4.17.5 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	2022	2021	Change
Current income taxes	-18,715	-32,678	-42.7%
Deferred taxes	5,209	-3,221	-261.7%
Income tax	**-13,506**	**-35,900**	**-62.4%**

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.

4.17.6 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

	2022			2021		
EUR k	Before tax	Tax	Net	Before tax	Tax	Net
Profit/loss arising on the translation of the financial statements of foreign operations	-4,982	0	-4,982	10,456	0	10,456
Value adjustments resulting from equity instruments measured including capital gains (IFRS 9)	15,853	-5,302	10,552	57,075	-7,515	49,561
Value adjustments resulting from remeasurements of defined benefit plans (IAS 19)	7,140	-2,175	4,966	3,676	2,198	5,874
Total	**18,012**	**-7,477**	**10,535**	**71,208**	**-5,317**	**65,891**

4.17.7 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	2022	2021
IFRS consolidated net profit before income taxes	**20,755**	**87,708**
Income tax expense expected on the above	-6,662	-27,036
Tax-free income	5,739	232
Non-deductible expenses	-2,959	-299
Tax rate differences	-1,643	499
Change in deferred tax assets on losses	-6,742	-3,124
Use of loss carryforwards not capitalised	670	629
Prior-period effects	-2,033	-7,743
Other tax effects	124	942
Income tax	**-13,506**	**-35,900**
Actual tax expenses in percent	**65.1%**	**40.9%**

4.18 Revenues

Revenues break down as follows:

Revenues by Country

EUR k	Germany	Luxembourg	United Kingdom	Rest of world	Total
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**
2021					
Revenues from management services	211,683	40,203	44,344	14,690	310,919
Management fees	128,459	20,087	40,625	10,389	199,561
Performance fees	47,923	12,671	-662	0	59,932
Transaction fees	35,301	7,444	4,381	4,301	51,427
Proceeds from the sale of principal investments	-32	1,509	0	0	1,477
Rental revenues	1,417	873	5	939	3,234
Revenues from ancillary costs	160	-293	774	3	645
Other	900	165	671	151	1,888
Revenues	**214,129**	**42,457**	**45,794**	**15,783**	**318,163**

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.

4.18.1 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 property-related 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) 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 231,544k were collected in the 2022 financial year (2021: EUR 199,561k). The growth in management fees of 16.0% is mainly due to the increase in AUM due to M&A transactions, continued organic growth as well as positive valuation effects.

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 weakening market environment in the wake of the escalation of the war in Ukraine and the tightening of monetary policy performance fees decreased by -31.9% to EUR 40,791k in the year 2022 (2021: EUR 59,932k).

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 22,499k in the 2022 financial year (2021: EUR 51,427k; -56.3%). The decrease relates to the weakening market environment in the wake of the escalation of the war in Ukraine and the tightening of monetary policy and an increased number of transactions for funds with (all-in) management fee structure. In the transaction fees EUR 18,177k (2021: EUR 38,580k; -52.9%) are attributable to asset acquisitions and EUR 4,322k (2021: EUR 12,846k; -66.4%) 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 is 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.

4.18.2 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.

4.18.3 Rental revenues

The Group generated leasing income (rental revenues) in accordance with IFRS 16 of EUR 5,119k in the 2022 financial year (2021: EUR 3,234k).

4.18.4 Revenues from contracts with customers

The distribution of revenue from contracts with customers with regard to the timing of revenue recognition is as follows:

Revenues from contracts with clients

EUR k	2022	2021
Transferred products/services at a period of time	107,705	112,836
Transferred products/services over a period of time	233,465	202,093
Revenues from client contracts	**341,170**	**314,929**

4.18.5 Contract balances

The following table provides information on receivables, contract assets and contract liabilities from contracts with clients.

Contract balances

EUR k	31.12.2022	31.12.2021
Trade receivables	136,581	162,157
Contract assets	3,497	0
Contract liabilities	1,272	788

Contract assets mainly relate to non-current assets recognized for the first time as a result of the acquisition of Whitehelm Capital.

Contract liabilities mainly relate to advance payments received from customers in connection with performance fees. The recognised amount at the end of the previous period was mainly recognised as revenue in the 2022 financial year. The contract liabilities existing at the balance sheet date have an expected term of one year or less.

4.19 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 41,266k were reported in 2022 (2021: EUR 603k).

Revenues (Proceeds from the sale of principal investments) include the sale of the balance sheet property Trocoll House in the UK 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 is also included in revenues (Proceeds from the sale of principal investments) 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.

4.20 Other operating income

Other operating income essentially relates to:

Other operating income

EUR k	2022	2021	Change
Income from discontinued obligations	6,272	9,960	-37.0%
Income from payments in kind	997	918	8.6%
Insurance compensation	7	4	66.6%
Income from reimbursement of lawyers' fees, court costs and transaction costs and compensation	111	205	-46.0%
Income from sales of financial assets	15	43	-64.1%
Other	3,075	9,897	-68.9%
Total	**10,477**	**21,027**	**-50.2%**

Income from discontinued obligations essentially results from the reversal of other tax provisions in the amount of EUR 1,300k (2021: EUR 3,736k), remaining holiday entitlements and settlement of bonuses in the amount of EUR 89k (2021: 2,170k), from the reversal of accruals for outstanding invoices in the amount of EUR 1,950k (2021: EUR 1,689k) as well as from the reversal reversal of liabilities due to forfeited performance fee claims of employees in the amount of EUR 1,400k (2021: EUR 0k).

The reduction in the item "Other" is mainly due to the reversal of the earn-out liability in connection with the acquisition of Kenzo in the amount of EUR 6,204k, which was recognized in profit or loss in the previous year.

4.21 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	2022	2021	Change
Renovation and construction costs	7,110	2,400	196.3%
Incidental costs	497	1,480	-66.4%
Maintenance costs	1	1	-10.0%
Total	**7,608**	**3,881**	**96.0%**

4.22 Costs for purchased services

Cost of purchased services totalling EUR 22,740k (2021: EUR 17,971k) essentially comprises the purchase of fund management services in the amount of EUR 16,189k (2021: EUR 14,508k) for which mainly PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH is the service investment management company. Due to the increase in AUM and the generally rise in prices in the service sector, expenses increased compared to the previous year.

4.23 Staff costs

Staff costs break down as follows:

Staff costs

EUR k	2022	2021	Change
Wages and salaries	127,032	122,104	4.0%
of which valuation of phantom shares	-2,084	-1,221	70.7%
of which share-based payment	-725	1,393	-152.1%
Social security contributions	20,887	17,120	22.0%
Total	**147,919**	**139,224**	**6.2%**

Due to the increased number of employees, which is mainly due to the acquisition of Whitehelm Capital as at 1 February 2022 (76 FTE as at 31 December 2022) as well as the acquisition of ADVANTAGE Investment Partners as at 1 December 2022 (15 FTE as at 31 December 2022), staff costs increased in 2022.

In line with the decrease in the share price of PATRIZIA SE shares in the year 2022, income of EUR 2,084k (2021: EUR 1,221k) arose in connection with the remeasurement of the value of phantom shares in the reporting period.

An income of EUR 725k (2021: expenses 1.393k) 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.

4.24 Other operating expenses

Other operating expenses break down as follows:

Other operating expenses

EUR k	2022	2021	Change
Tax, legal, other advisory and financial statement fees	26,342	28,110	-6.3%
IT and communication costs and cost of office supplies	17,973	19,895	-9.7%
Rent, ancillary costs and cleaning costs	3,761	3,490	7.8%
Other taxes	3,095	2,465	25.6%
Vehicle and travel expenses	6,506	3,062	112.5%
Advertising costs	4,608	4,524	1.8%
Recruitment and training costs and cost of temporary workers	6,283	6,122	2.6%
Contributions, fees and insurance costs	5,077	4,801	5.8%
Commission and other sales costs	1,425	1,561	-8.7%
Costs of management services	2,363	2,003	17.9%
Indemnity/reimbursement	399	37	981.9%
Donations	1,259	1,209	4.1%
Other	18,128	10,543	71.9%
Total	**97,218**	**87,822**	**10.7%**

Tax, legal, other advisory and financial statement fees in the amount of EUR 26,342k (2021: EUR 28,110k) inter alia include:

- Costs related to the acquisition and integration of Whitehelm Capital of EUR 1,332k (2021: EUR 4,048k)
- Costs related to the acquisition and integration of ADVANTAGE Investment Partners of EUR 1,200k (2021: EUR 0k)
- 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 760k (2021: EUR 4,834kk).
- Costs related to personnel-related advice in the amount of EUR 1,641k (2021: EUR 1,484k)
- Audit fees of EUR 1,671k (2021: 1,428k)
- Costs related to legal advice regarding the conversion into an SE in the amount of EUR 437k (2021: EUR 483k)

IT, communication and office supplies costs are on a stable level, which is driven by the impact of the actual use of technological innovations and the further expansion of the level of digitalisation.

The increase in other taxes is attributable to a one-off item relating to VAT payments for previous years in the Netherlands.

Vehicle and travel expenses as well as advertising costs were again at 2020 and 2019 levels, respectively, following declines in travel and contact restrictions in conjunction with the Covid-19 pandemic.

The increase in costs of management services in 2022 mainly refers to the purchase of external project management services as part of the RED (real estate development) project Carossa.

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.

4.25 Reorganisation income/expenses

A large part of the reorganisation expenses related to the "Rebalance for growth" programme implemented in November 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 will lead to a mid-double-digit reduction in the number of employees after implementation. The necessary provisions of EUR 7,091k (2021: EUR 856k) for basically staff costs were made in particular in the fourth quarter of the financial year.

4.26 Appreciation, amortisation and depreciation

Appreciation, amortisation and depreciation of the item “amortisation of other intangible assets, software and right of use, depreciation of property, plant and equipment as well as financial investments” breaks down as follows:

Appreciation, amortisation and depreciation

EUR k	2022	2021	Change
Amortisation of fund management contracts and licences	14,894	15,763	-5.5%
Amortisation of rights of use	10,463	11,541	-9.3%
Depreciation of software and fixed assets	10,237	6,523	56.9%
Depreciation of goodwill	5,394	0	>1,000.0%
Value adjustments of loans granted to subsidiaries/ affiliated companies	17	0	>1,000.0%
Amortisation of other rights and assets	1,342	119	>1,000.0%
Value adjustment in associated participations	1,024	2,374	-56.9%
Appreciation in associated participations	0	-709	-100.0%
Total	**43,371**	**35,611**	**21.8%**

The amortisation of fund management contracts in the segment management service includes non-scheduled write-downs of EUR 1,916k (2021: EUR 4,423k) due to valuation effects and 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 Leases.

The depreciation of goodwill relates to the impairment of the goodwill of the cash-generating unit BrickVest recognized during the year. The reason for the impairment is based on strategic decisions of the management (no value in use).

The value adjustment in associated participations mainly includes the impairment of the equity-accounted company EVANA AG in the amount of EUR 926k (see also chapter 4.8).

4.27 Earnings per share

Earnings per share

EUR k	2022 adjusted[1]	2021 adjusted[1]	2022	2021
Share of earnings attributable to shareholders of the Group	17,247	50,729	7,284	47,896
Number of shares[2]	86,175,357	88,620,175	86,175,357	88,620,175
Weighted number of shares undiluted[2]	88,024,971	89,316,078	88,024,971	89,316,078
Earnings per share (undiluted) in EUR	**0.20**	**0.57**	**0.08**	**0.54**
Weighted number of shares diluted[3]	88,130,846	89,411,218	88,130,846	89,411,218
Earnings per share (diluted) in EUR[3]	**0.20**	**0.57**	**0.08**	**0.54**

[1] Adjusted (without reorganisation result)
[2] Outstanding, after share buyback / transfer of shares
[3] Share-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 (basic) decreased by 1,386,248 and the weighted number of shares (diluted) decreased by 1,185,232 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 - 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	364	10,113	10,477
Income from the deconsolidation of subsidiaries	18,087	0	18,087
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	-2,665	-94,553	-97,218
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
Cost from the deconsolidation of subsidiaries	-2,134	-283	-2,416
EBITDAR	**16,163**	**72,733**	**88,896**
Reorganisation Income	0	0	0
Reorganisation expenses	0	-9,963	-9,963
EBITDA	**16,163**	**62,771**	**78,933**
Appreciation/amortisation of other intangible assets[1], software and rights of use, depreciation of property, plant and equipment as well as financial investments	-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 for the period	**10,654**	**-3,405**	**7,249**

[1] In particular fund management contracts transferred as part of the recent acquisitions

Segment Reporting - 2021 (01.01.-31.12.2021)

EUR k	Investments	Management Services	Group
Revenues	4,419	313,744	318,163
Changes in inventories	603	0	603
Other operating income	1,236	19,792	21,027
Income from the deconsolidation of subsidiaries	-0	63	63
Total operating performance	**6,257**	**333,599**	**339,856**
Cost of materials	-3,879	-2	-3,881
Cost of purchased services	0	-17,971	-17,971
Staff costs	-10	-139,214	-139,224
Other operating expenses	-2,016	-85,807	-87,822
Impairment result for trade receivables and contract assets	324	303	627
Result from participations	3,732	31,906	35,638
Earnings from companies accounted for using the equity method	5,138	0	5,138
Cost from the deconsolidation of subsidiaries	-608	0	-608
EBITDAR	**8,939**	**122,814**	**131,755**
Reorganisation income	0	96	96
Reorganisation expenses	0	-2,929	-2,929
EBITDA	**8,939**	**119,981**	**128,922**
Appreciation/amortisation of other intangible assets[1], software and rights of use, depreciation of property, plant and equipment as well as financial investments	-1,665	-33,946	-35,611
Earnings before interests and taxes (EBIT)	**7,274**	**86,036**	**93,311**
Finance income	131	1,767	1,898
Finance costs	-1,047	-5,706	-6,753
Other financial result	-1,208	1,401	194
Result from currency translation	-168	-774	-942
Earnings before taxes (EBT)	**4,983**	**82,724**	**87,708**
Income tax	-474	-35,426	-35,900
Net profit for the period	**4,509**	**47,298**	**51,808**

[1] In particular fund management contracts transferred as part of the recent acquisitions

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 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**

The following table shows the comparative information for 2021:

Financial liabilities 2021

		Cash	Non-cash			Reclassification	
EUR k	01.01.2021		Changes in the consolidated group	Exchange rate effects	Fair value changes		31.12.2021
Long-term borrowings	234,000	0	0	0	0	-76,000	158,000
Short-term borrowings	109,200	147,310	-85,353	-62	0	76,000	247,095
Total financial liabilities	**343,200**	**147,310**	**-85,353**	**-62**	**0**	**0**	**405,095**

7 Notes

7.1 Share price based remuneration components

As at 31 December 2022, 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 90k (31 December 2021: EUR 1,625k) were considered for the first and second management levels for the 2022 financial year. This corresponds to the liability recognised on the basis of average target achievement of 74% (2021: 100%). The liability as at 31 December 2022 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 2022 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 2022, the average price of PATRIZIA's shares is EUR 9.83 (2021: EUR 20.68), thus amounting to 9,204 shares for 2022 (2021: 78,584 shares). In the reporting period, there was an income from the calculation of the share-based payment of EUR 2,216k. This comprises the fair value as at 31 December 2022 of EUR -90k, the exchange rate effects of EUR 2,084k and the withdrawals from the share-based payments of EUR 222k.

In the prior year period, expenses for share-based payment of EUR 51k include income of exchange rate effects of EUR 1,221k, the addition to shared-based payment transactions of EUR -1,625k and the corrections due to the final settlement in the reporting period 2020 of EUR 455k.

The fair value is as follows:

Components with long-term incentive effect

	Number of phantom shares 2022	Fair Value 31.12.2022 EUR k	Number of phantom shares 2021	Fair Value 31.12.2021 EUR k	Paid out EUR k
Phantom shares tranche 2022[1]	9,204	90	0	0	0
Phantom shares tranche 2021	67,855	667	78,584	1,625	0
Phantom shares tranche 2020	63,151	621	66,163	1,368	62
Phantom shares tranche 2019	61,194	601	116,963	2,419	1,143
Phantom shares tranche 2018	362	4	68,802	1,423	1,402
Total	**201,766**	**1,983**	**330,512**	**6,835**	**2,607**

[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 2021 consolidated financial statements have been approved

Phantom Shares units outstanding at the end of the reporting period are as follows:

Phantom shares

	01.01.-31.12.2022	01.01.-31.12.2021
Outstanding at the start of the reporting period	330,512	381,643
Granted in the reporting period	9,204	78,584
Correction due to final settlement in the reporting period	-10,730	-17,818
Paid out in the reporting period	-127,220	-111,897
Outstanding at the end of the reporting period	**201,766**	**330,512**

7.1.2 Share price based remuneration agreement

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**	**Performance adjustments**	**Outstanding as at 31 December**	**Weighted average contractual life (years)**
2021	241,762	95,140	-32,428	-67,660	236,814	2.32
2022	236,814	105,875	-3,530	-233,284	105,875	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

	2022	2021
Fair value at grant date (in EUR)	25.25	36.75
Share price at grant date (weighted-average, in EUR)	13.33	22.03
Exercise price (in EUR)	0.00	0.00
Expected volatility (weighted-average, in %)	31.55%	32.46%
Expected life (weighted-average, in years)	3.00	2.32
Expected dividends (in EUR)	0.29	0.33
Risk-free interest rate (based on government bonds, in %)	-0.54%	-0.73%

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.

Expenses recognised in profit and loss

Further information on employee benefit expenses can be found in the Notes under Note 4.23 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 51.81% (31 December 2021: 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

	2022		2021	
EUR k	granted	paid out	granted	paid out
Remuneration and fringe benefits	3,111	2,905	3,377	3,377
Short-Term-Incentives	4,098	3,865	3,857	3,360
Benefits after termination of the employment relationship	185	561	6	889
Benefits on the occasion of the termination of the employment relationship	183	183	0	0
Share-based payment	644	0	1,107	0
Remuneration Supervisory Board/ Board of Directors[2]	629	629	256	256
Total remuneration	**8,850**	**8,143**	**8,603**	**7,882**

[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.

Remuneration to former members of the Management Board

Former members of the Management Board, that are not classified as key Management personnel in the current financial year, received the following payments: Mr Arwed Fischer received pension payments and Mr Klaus Schmidt received payments as part of a variable remuneration program.

Other related party transactions:

Other related party transactions

	Transaction values		Balance outstanding as at 31 December	
EUR k	2022	2021	2022	2021
From services and other exchange of services (incl. rents paid and received, purchase and sale of assets)				
Service provider				
Parent company	0	-9	0	1
Members of the management in key positions [1]	0	0	0	0
Companies accounted for using the equity method	-14,164	-15,071	297	1,968
Other related parties [2]	-508	-768	0	926
Beneficiary				
Parent company	2,575	71	-17	0
Members of the management in key positions [1]	123	2,052	-13	138
Companies accounted for using the equity method	1,366	2,225	0	0
Other related parties [2]	0	0	0	2
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	-7,614	-9,696	0	0
Other related parties [2]	0	0	0	0
Total	**-18,223**	**-21,196**	**267**	**3,034**

[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

7.3 Board of Directors and Executive Directors

Executive Directors of the parent company

Before the conversion into an SE structure on 15 July 2022, the Management Board of PATRIZIA AG consisted of seven members: Wolfgang Egger, Thomas Wels, Christoph Glaser, Alexander Betz, Dr Manuel Käsbauer, Anne Kavanagh and Simon Woolf. Karim Bohn left the Management Board on 31 March 2022. Christoph Glaser was appointed to the Management Board of PATRIZIA AG on 01 April 2022. Anne Kavanagh left the Management Board on 30 June 2022. With the conversion of PATRIZIA AG into PATRIZIA SE, Alexander Betz, Dr. Manuel Käsbauer and Simon Woolf also left the Management Board.

Following the conversion of PATRIZIA AG into PATRIZIA SE, the Company's Management Board consists of the following three Executive Directors:

- Wolfgang Egger, CEO
- Thomas Wels, Co-CEO
- Christoph Glaser, CFO

Total remuneration of the executive Directors

The total remuneration of the Executive Directors is as follows:

Remuneration granted executive Directors as a whole (excluding former members of the Management Board)

EUR k	2021	2022	2022	2022
	Actual	Actual	Min	Max
Fixed remuneration	1,150	1,525	1,525	1,525
Fringe benefits[1]	34	38	38	38
Sub-total	**1,184**	**1,563**	**1,563**	**1,563**
One-time payments[2]	0	414	414	414
Short-term variable remuneration (STI)	1,467	2,135	0	4,270
STI in cash	915	1,316	0	2,631
STI Deferral (in phantom shares)[3]	552	819	0	1,639
Long-term variable remuneration (LTI)[3]	400	550	0	1,100
Total	**3,051**	**4,663**	**1,978**	**7,348**
Service cost[4]	77	119	119	119
Total remuneration	**3,128**	**4,782**	**2,097**	**7,467**

[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.
[3] LTI maximum amount based on average share price at award date
[4] The item primarily includes pension contributions

Remuneration paid out executive Directors as a whole

EUR k	2021	2022
Fixed remuneration	1,150	1,525
Fringe benefits[1]	34	38
Sub-total	**1,184**	**1,563**
One-time payments[2]	0	414
STI in cash	835	915
STI Deferral (in phantom shares)		
Tranche 2018-2020	349	0
Tranche 2019-2021	0	376
Long-term variable remuneration (LTI)	0	0
Total	**2,369**	**3,268**
Service cost[3]	77	119
Total remuneration	**2,446**	**3,387**

[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.
[3] The item primarily includes pension contributions

In addition, the former Management Board member Arwed Fischer received a pension payment of EUR 6k in the year 2022 (2021: EUR 6k). The former Management Board members received total remuneration grants of EUR 3,251k (2021: EUR 5.070k) and received total remuneration payments of EUR 4,328k in 2022 (2021: EUR 5,174k).

In the reporting year, share-based remuneration was granted to the Executive Directors as follows:

Share-based payments

	Quantity 2022	Fair Value 2022 (EUR k)	Quantity 2021	Fair Value 2021 (EUR k)
Tranche 2021	0	0	58,697	2,157
Tranche 2022	0	0	43,366	1,594
Tranche 2023	26,546	670	0	0
Total	**26,546**	**670**	**102,063**	**3,751**

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, Chairman of the Board of Directors, Member of Board of Directors and Supervisory Boards
- Jonathan Feuer, Deputy Chairman of the Board of Directors, Private Equity Investor and Non-Executive Chairman of Eigen Technologies
- Wolfgang Egger, CEO of PATRIZIA SE
- Axel Hefer, Chairman of the Management Board and CEO of Trivago N.V.
- Marie Lalleman, Senior Advisor to CEOs and C-Suite
- Philippe Vimard, Senior Advisor & Board Member of Doctolib
- 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 629k in the financial year (2020: EUR 256k). 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 chairman of the Board of Directors at PATRIZIA SE, Uwe H. Reuter holds the following mandates:

Supervisory Board mandates within VHV Group:
- VHV a.G. – Deputy Chairman of the Supervisory Board
- VHV Holding AG – Deputy Chairman of the Supervisory Board

Supervisory Boards of the daughter companies within 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
- VAV Versicherungs-AG, Vienna – Deputy Chairman of the Supervisory Board

Deputy Chairman 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:

- Co-founder and Non-Executive Chairman, Eigen Technologies

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 (stock exchange listed company, Nasdaq)

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:

- Non-Executive Director, Chairman of compensation committee, Schibsted (stock exchange listed company), Norway
- Non-Executive Director, Indy, France

Activities of former Management Board Members

CFO Karim Bohn held the following mandates until his resignation on 31 March 2022:
- Member of the Supervisory Board of Dawonia Real Estate GmbH & Co. KG, Grünwald
- Chairman of the Supervisory Board, PATRIZIA Augsburg Kapitalverwaltungsgesellschaft mbH, Augsburg (intra-group)
- Chairman of the Supervisory Board, PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH, Hamburg (intra-group)
- Chairman of the Supervisory Board, PATRIZIA Frankfurt Kapitalverwaltungsgesellschaft mbH, Frankfurt am Main (intra-group)

At the date of the conversion of the PATRIZIA AG to SE, 15 July 2022, CDO Alexander Betz was the Chairman of the Supervisory Board, eFonds AG, Munich

CIO Anne Kavanagh held the following mandates until her resignation on 30 June 2022:
- Member of the Supervisory Board, PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH, Hamburg (intra-group)
- Member of the Global Board of Directors, Urban Land Institute

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 9,584k (2021: EUR 7,040k) 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 76,874k (2021: EUR 0k).

7.5 Employees

The average headcount of employees at the Group in 2022 (not including the Executive Directors or trainees) was 1,008 (2021: 901). The Group also had 17 trainees (2021: 21).

7.6 Auditor's fees and other disclosures

The expenses for the auditor are composed as follows:

Auditor's fees

EUR k	2022	2021
Auditor fee	545	524
Other services	76	0
Tax consulting services	0	6
Total	**621**	**530**

The following auditors of Deloitte GmbH Wirtschaftsprüfungsgesellschaft were active in the past financial years:

2006 – 2009	Löffler / Stadter
2010 – 2011	Klinger / Becker
2012 – 2015	Löffler / Stadter
2016 – 2018	Stadter / Mühlbauer
2019	Klinger / Mühlbauer
2020 - 2021	Klinger / Lepple

The following auditors of BDO AG Wirtschaftsprüfungsgesellschaft were active in the financial year 2022:

2022	Schmidt / Knaub

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 2022, the Board of Directors of PATRIZIA SE approved the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG – German Corporation Act) and made it permanently available on the Group's website: https://www.patrizia.ag/en/shareholders/corporate-governance/declarations-of-compliance/.

7.9 Remuneration Report

The FY 2022 Remuneration Report is available to the public on the PATRIZIA website at:
https://www.patrizia.ag/en/shareholders/news-publications/annual-reports/

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 20 March 2023.

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, 21 March 2023

Wolfgang Egger	**Thomas Wels**	**Christoph Glaser**
Executive Director,	Executive Director,	Executive Director,
CEO	Co-CEO	CFO

Annex to the notes to the consolidated financial statements

List of shareholdings of PATRIZIA SE as at 31 December 2022 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;4;2
PATRIZIA Projekt 180 GmbH	Augsburg	EUR	direct	100.00	1;2;4
PATRIZIA Projekt 230 GmbH	Augsburg	EUR	direct	100.00	1,2,4
PATRIZIA Projekt 260 GmbH	Augsburg	EUR	direct	100.00	1;2,4
PATRIZIA Facility Management GmbH	Augsburg	EUR	indirect	100.00	'1;2;4
PATRIZIA Projekt 380 GmbH	Augsburg	EUR	indirect	100.00	2
PATRIZIA Alternative Investments GmbH	Augsburg	EUR	direct	100.00	1;4;2
Stella Grundvermögen GmbH	Augsburg	EUR	direct	100.00	1;2;4
Alte Haide Baugesellschaft mit beschränkter Haftung München	Augsburg	EUR	indirect	100.00	1;2;4
Wohnungsgesellschaft Olympia mbH	Augsburg	EUR	direct	100.00	2
PATRIZIA Vermögensverwaltungs GmbH	Augsburg	EUR	direct & indirect	100.00	1;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 Acquisition GmbH	Augsburg	EUR	direct	100.00	2
PATRIZIA Projekt 710 GmbH	Augsburg	EUR	direct	100.00	2
Carl Carry Verwaltungs GmbH	Gräfelfing	EUR	direct	100.00	2

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Footnote
PATRIZIA Carry GmbH & Co. KG	Gräfelfing	EUR	indirect	73.53	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 Acht GmbH & Co. KG	Augsburg	EUR	indirect	100.00	2
PATRIZIA GrundInvest Augsburg Elf GmbH & Co. KG	Augsburg	EUR	indirect	100.00	2
PATRIZIA GrundInvest Augsburg Zwölf GmbH & Co. KG	Augsburg	EUR	indirect	100.00	2
PATRIZIA German Residential Fund IV	Augsburg	EUR	direct	35.79	6;8
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	2
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
SOUTHSIDE REAL ESTATE LIMITED	Swindon	GBP	indirect	100.00	2
SOUTHSIDE REGENERATION LIMITED	Swindon	GBP	indirect	100.00	2
PATRIZIA TRANSEUROPEAN PROPERTY VII (SCOTS) COINVEST LLP	Edinburgh	GBP	indirect	100.00	2
PATRIZIA TRANSEUROPEAN PROPERTY VII (SCOTS) COINVEST LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	69.92	2
TRANSEUROPEAN PROPERTIES (SLP) VII LLP	Edinburgh	GBP	indirect	100.00	2
TRANSEUROPEAN PROPERTY (SCOTS) VII LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	76.40	2
PATRIZIA JAPAN RESIDENTIAL (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

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Footnote
Luxembourg					
PATRIZIA Investment Management S.à r.l.	Luxemburg	EUR	direct	100.00	2
PATRIZIA Innovation Management S.à r.l.	Luxemburg	EUR	direct	100.00	2
PATRIZIA Innovation Fund I SCSp	Luxemburg	EUR	direct & indirect	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 10 S.à r.l.	Luxemburg	EUR	indirect	100.00	2
PATRIZIA Lux 10 S.à r.l.	Luxemburg	EUR	indirect	100.00	2
PATRIZIA REAL ESTATE 20 S.à r.l.	Luxemburg	EUR	indirect	100.00	2
PATRIZIA Lux 20 S.à r.l.	Luxemburg	EUR	indirect	100.00	2
PATRIZIA Lux 30 N S.à r.l.	Luxemburg	EUR	indirect	100.00	2
PATRIZIA Real Estate 50 S.à r.l.	Luxemburg	EUR	indirect	100.00	2
PATRIZIA Lux 50 S.à r.l.	Luxemburg	EUR	indirect	100.00	2
PATRIZIA Real Estate 60 S.à r.l.	Luxemburg	EUR	indirect	100.00	2
PATRIZIA Lux 60 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
Sudermann S.à r.l.	Luxemburg	EUR	indirect	100.00	2
Dover Street S.à r.l.	Luxemburg	GBP	indirect	100.00	2
Wildrosen S.à r.l.	Luxemburg	EUR	indirect	100.00	2
Trocoll House No. 1 S.à r.l.	Luxemburg	GBP	indirect	100.00	2
PATRIZIA Value Add Opportunities S.A. SICAV-RAIF	Luxemburg	EUR	indirect	100.00	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
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 US HUH 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
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

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Footnote
PATRIZIA Sweden AB	Stockholm	SEK	direct	100.00	2
PATRIZIA Finland Oy	Helsinki	EUR	direct	100.00	2
PATRIZIA IRELAND LIMITED	Dublin	EUR	direct	100.00	2
PATRIZIA PROPERTY INVESTMENT MANAGERS FRANCE SAS	Paris	EUR	direct	100.00	2
PATRIZIA Netherlands B.V.	Amsterdam	EUR	direct	100.00	2
ROCKSPRING POLAND SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	Warschau	PLN	indirect	100.00	2
BRICKVEST REIM EUROPE SAS	Nizza	EUR	indirect	100.00	3
PATRIZIA ACTIVOS INMOBILIARIOS ESPAÑA S.L.	Madrid	EUR	direct	100.00	2
SKD13 Tokutai Mokuteki Kaisha	Tokyo	JPY	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	7
United Kingdom					
PATRIZIA GRB (GENERAL PARTNER) LIMITED	London	GBP	indirect	100.00	
PATRIZIA PORTUGUESE PROPERTY PARTNERSHIP (GENERAL PARTNER SCOTLAND) LIMITED	Edinburgh	GBP	indirect	100.00	
PATRIZIA PORTUGUESE PROPERTY PARTNERSHIP (GENERAL PARTNER) LIMITED	London	GBP	indirect	100.00	
TRANSEUROPEAN PROPERTIES (SLP) IV LIMITED	Edinburgh	GBP	indirect	100.00	
TRANSEUROPEAN PROPERTIES (GENERAL PARTNER) IV LIMITED	London	GBP	indirect	100.00	
PATRIZIA UK VALUE SLP (SCOTLAND) LIMITED	Edinburgh	GBP	indirect	100.00	
PATRIZIA TRANSEUROPEAN PROPERTIES (GENERAL PARTNER) V LIMITED	London	GBP	indirect	100.00	
TRANSEUROPEAN PROPERTIES (SLP) V LIMITED	Edinburgh	GBP	indirect	100.00	
PATRIZIA SINGLE EUROPE (GENERAL PARTNER) LIMITED	London	GBP	indirect	100.00	
ROCKSPRING SINGLE CLIENT FUND (GENERAL PARTNER) LIMITED	London	GBP	indirect	100.00	
PATRIZIA UK VALUE SLP (SCOTLAND) L.P.	Edinburgh	GBP	indirect	100.00	
PATRIZIA MONTCLAIR SLP (GP) LLP	Edinburgh	GBP	indirect	100.00	
PATRIZIA MONTCLAIR (SCOTLAND) LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	100.00	
PATRIZIA SINGLE CLIENT II (GENERAL PARTNER) LLP	London	GBP	indirect	100.00	
PATRIZIA SINGLE CLIENT II SLP (GENERAL PARTNER) LLP	Edinburgh	GBP	indirect	100.00	
TRANSEUROPEAN PROPERTIES (SLP) VI LLP	Edinburgh	GBP	indirect	100.00	
PATRIZIA TRANSEUROPEAN PROPERTIES (GENERAL PARTNER) VI LLP	London	GBP	indirect	100.00	
PATRIZIA PERIPHERAL EUROPE SLP (GENERAL PARTNER) LLP	Edinburgh	GBP	indirect	100.00	
PATRIZIA UK VALUE 2 SLP (GENERAL PARTNER) LLP	Edinburgh	GBP	indirect	100.00	
PATRIZIA UK VALUE 2 (GENERAL PARTNER) LLP	London	GBP	indirect	100.00	
PATRIZIA GRB (GP2) LLP	London	GBP	indirect	100.00	
PATRIZIA SINGLE EUROPE (GP2) LLP	London	GBP	indirect	100.00	
PATRIZIA TRANSEUROPEAN PROPERTIES (GP2) V LLP	London	GBP	indirect	100.00	
PATRIZIA SINGLE CLIENT (GP2) LLP	London	GBP	indirect	100.00	

Name of the company	Domicile	Currency	Relation to PATRIZIA SE	Shares in equity %	Footnote
PATRIZIA RIMBAUD SLP (GP) LLP	Edinburgh	GBP	indirect	100.00	
PATRIZIA SPREE (GP) LIMITED	London	GBP	indirect	100.00	
TRANSEUROPEAN PROPERTIES (GP2) IV LLP	London	GBP	indirect	100.00	
PATRIZIA SINGLE CLIENT III SLP (GENERAL PARTNER) LLP	Edinburgh	GBP	indirect	100.00	
PATRIZIA APAC INFRASTRUCTURE COMMITMENT (GENERAL PARTNER) LLP	Edinburgh	GBP	indirect	100.00	7
PATRIZIA APAC INFRASTRUCTURE COMMITMENT (SCOTS) LP	Edinburgh	GBP	indirect	100.00	7
Other countries					
EMIF HOLDINGS PTY LTD	Barton	AUD	indirect	100.00	2
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	3;6
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	2
Carl Two Offshore Limited	St Peter Port	GBP	direct	100.00	2
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	2
control.IT Unternehmensberatung GmbH	Bremen	EUR	indirect	10.00	3
PATRIZIA MBK FUND MANAGEMENT PTY LTD	Sydney	USD	indirect	50.00	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	-1	3
Berliner Volksbank eG	Berlin	EUR	direct	0.00	1,164,826	19,090	3
PATRIZIA Projekt 430 GmbH	Augsburg	EUR	direct	5.10	-4,026	-1,260	2
PATRIZIA Projekt 440 GmbH	Augsburg	EUR	direct	5.10	-2,339	-275	2
PATRoffice Real Estate GmbH & Co. KG	Gräfelfing	EUR	indirect	6.25	12,452	-17	3
sono west Projektentwicklung GmbH & Co. KG	Frankfurt am Main	EUR	indirect	30.00	65	-7	2
PATRIZIA GrundInvest Campus Aachen GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.08	37,378	11,763	3
PATRIZIA GrundInvest Stuttgart Südtor GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.04	80,748	9,606	3
PATRIZIA GrundInvest Kopenhagen Südhafen GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.10	46,888	8,541	3
PATRIZIA GrundInvest München Leopoldstraße GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.29	50,330	7,057	3
PATRIZIA GrundInvest Mainz Rheinufer GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.03	88,944	2,273	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	1,257,785	127,943	3
Dawonia GmbH	Grünwald	EUR	indirect	5.10	441,077	28,705	3
PATRIZIA GrundInvest Garmisch-Partenkirchen GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.29	17,493	380	3
PATRIZIA GrundInvest Dresden GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.07	33,200	5,006	3
PATRIZIA GrundInvest Die Stadtmitte Hofheim am Taunus GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.00	24,828	1,591	3
PATRIZIA GrundInvest Frankfurt Smart Living GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.00	21,868	1,797	3
PATRIZIA GrundInvest Objekt Mainz Rheinufer GmbH & Co. KG	Augsburg	EUR	indirect	5.10	44,546	1,298	3
PATRIZIA GrundInvest Objekt Dresden GmbH & Co. KG	Augsburg	EUR	indirect	5.10	23,339	-1,059	3
PATRIZIA GrundInvest Objekt Hofheim GmbH & Co. KG	Augsburg	EUR	indirect	5.10	22,274	260	3
PATRIZIA GrundInvest Objekt Berlin GmbH & Co. KG	Augsburg	EUR	indirect	5.10	48,274	906	3
PATRIZIA GrundInvest Berlin Landsberger Allee GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.03	68,051	455	3
PATRIZIA GrundInvest Die Stadtmitte Mülheim GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.05	44,404	3,159	3
PATRIZIA GrundInvest Objekt Mühlheim Die Stadtmitte GmbH & Co. KG	Augsburg	EUR	indirect	5.10	29,481	435	3
PATRIZIA GrundInvest Europa Wohnen Plus GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.52	13,759	-1,055	3
PATRIZIA GrundInvest Hamburg Schloßstraße GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.14	14,548	815	3
Carl A-Immo GmbH & Co. KG	München	EUR	direct	12.50	0	0	2
PATRIZIA GrundInvest Objekt Hamburg Schloßstraße GmbH & Co. KG	Augsburg	EUR	indirect	5.10	11,627	118	3
PATRIZIA GrundInvest Objekte Augsburg Nürnberg GmbH & Co. KG	Augsburg	EUR	indirect	10.10	-2,332	-1,576	3
PATRIZIA GrundInvest Helsinki GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.32	42,749	7,801	3
STORAG Etzel GmbH & Co. geschl. InvKG	Frankfurt am Main	EUR	indirect	3.23	77,051	-503	6
PATRIZIA GrundInvest Augsburg Nürnberg GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.04	31,804	-5,718	3
PATRIZIA GrundInvest Erfurt Stadtmitte GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.09	0	129	3
PATRIZIA GrundInvest Objekt Erfurt GmbH & Co. KG	Augsburg	EUR	indirect	10.10	-213	111	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 Heidelberg Bahnstadt GmbH & Co. geschlossene Investment-KG	Augsburg	EUR	indirect	0.53	0	-110	3
PATRIZIA GrundInvest Objekt Heidelberg GmbH & Co. KG	Augsburg	EUR	indirect	10.10	-151	-152	3
United Kingdom							
BRICKVEST MARKETS LTD	London	GBP	indirect	100.00	30	-1,148	2
PATRIZIA EUROPEAN PROPERTY II (SCOTS) LP	Edinburgh	GBP	indirect	14.15	0	0	3
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	24.02	0	0	3
TRANSEUROPEAN PROPERTY (SCOTS) V LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	5.06	0	0	3
PROJECT URBAN (SCOTS) LIMITED PARTNERSHIP	Edinburgh	GBP	indirect	4.54	351	351	2
FIRST STREET DEVELOPMENT LIMITED	Manchester	GBP	indirect	10.00	1	-17	3
PATRIZIA PANEUROPEAN PROPERTY LIMITED PARTNERSHIP	London	EUR	indirect	0.05	601,710	32,377	3
THE ROCKSPRING GERMAN RETAIL BOX FUND L.P.	London	EUR	indirect	0.24	119,759	29,372	3
TRANSEUROPEAN PROPERTY LIMITED PARTNERSHIP IV	London	EUR	indirect	0.36	22,912	862	3
PATRIZIA TRANSEUROPEAN PROPERTY V LIMITED PARTNERSHIP	London	EUR	indirect	0.64	37,040	-448	3
PATRIZIA UK VALUE 2 LIMITED PARTNERSHIP	London	GBP	indirect	0.45	163,170	-35,141	3,6
NPS EUROPEAN PROPERTY II LP	London	EUR	indirect	0.73	104,950	6,061	3
PATRIZIA TRANSEUROPEAN PROPERTY VI LIMITED PARTNERSHIP	London	EUR	indirect	0.99	379,927	5,391	3
CHARLIE BERLIN LP	London	EUR	indirect	0.99	1,889	307	3
ROCKSPRING PERIPHERAL EUROPE LIMITED PARTNERSHIP	London	EUR	indirect	0.01	667	-125	3
HBOS FSPS EUROPEAN PROPERTY LIMITED PARTNERSHIP	London	EUR	indirect	0.00	367,285	40,980	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	21,798	5,518	3,6
PATRIZIA SPITFIRE CARRY LLP	London	GBP	indirect	8.70	0	0	3
SCIF Investor Vehicle LLP	London	EUR	indirect	1.00	96,790	5,505	3
Luxembourg							
PATRIZIA Lux TopCo S.à r.l. en liquidation volontaire	Luxemburg	EUR	indirect	10.00	-527	-5	2
Carl Lux SCS	Luxemburg	EUR	direct	0.01	5	-1	2
Opportunitäten Europa 1 S.à r.l.	Luxemburg	EUR	indirect	5.10	2,582	-44	3
Opportunitäten Europa 2 S.à r.l.	Luxemburg	EUR	indirect	5.10	4,003	5,835	3
Opportunitäten Europa 3 S.à r.l.	Luxemburg	EUR	indirect	5.10	1,770	1,506	3
Opportunitäten Europa 4 S.à r.l.	Luxemburg	EUR	indirect	5.10	362	1,112	3
Opportunitäten Europa 5 S.à r.l.	Luxemburg	EUR	indirect	5.10	-749	-85	3
Opportunitäten Europa 6 S.à r.l.	Luxemburg	EUR	indirect	5.10	-852	261	3
Opportunitäten Europa 7 S.à r.l.	Luxemburg	EUR	indirect	5.10	-1,391	207	3
Opportunitäten Europa 8 S.à r.l.	Luxemburg	EUR	indirect	5.10	370	-651	3
Opportunitäten Europa 9 S.à r.l.	Luxemburg	EUR	indirect	5.10	-3,164	-232	3
Opportunitäten Europa 10 S.à r.l.	Luxemburg	EUR	indirect	5.10	-3,210	-50	3
Opportunitäten Europa 11 S.à r.l.	Luxemburg	EUR	indirect	5.10	-1,205	-227	3
Seneca Holdco SCS	Luxemburg	EUR	indirect	5.10	58,254	3,835	3
OSCAR Lux Carry SCS	Luxemburg	EUR	indirect	0.10	3,389	2,885	2
PATRIZIA Real Estate 30 S.à r.l.	Luxemburg	EUR	indirect	5.10	-34	81	3
PATRIZIA TransEuropean Property VII SCSp-RAIF	Luxemburg	EUR	indirect	1.00	380,655	89,173	3
Augusta Wohnen S.à r.l.	Luxemburg	EUR	indirect	2.00	9,264	-61	2
PATRIZIA Europe Residential Plus	Luxemburg	EUR	indirect	0.04	170,489	12,417	3
PATRIZIA EuroLog Fund SCSp	Luxemburg	EUR	indirect	0.00	766,240	99,542	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 PanEuropean Property SCS	Luxemburg	EUR	indirect	0.12	161,271	12,945	3
NPS EUROPEAN PROPERTY III SCSP, SICAV-RAIF	Luxemburg	EUR	indirect	18.32	75,972	78,231	3
Project Urban Feeder SCSp	Luxemburg	GBP	indirect	4.77	30,444	4,483	3
Project Urban SCSp	Luxemburg	GBP	indirect	0.00	105,204	18,067	3
PATRIZIA Sustainable Communities I SCSp-RAIF	Luxemburg	EUR	indirect	1.17	494	-8	2
PATRIZIA EIF II Team Commitment Partner	Luxemburg	EUR	indirect	35.84	0	0	3;6
PATRIZIA Infrastructure Debt Partners I SCSp	Luxemburg	EUR	indirect	0.00	95,126	2,623	3;6
PATRIZIA EIF II Carried Interest Partner	Luxemburg	EUR	indirect	36.05	1	0	3;6
PATRIZIA SCIF Carried Interest Partner	Luxemburg	EUR	indirect	42.00	0	0	3;6
Sustainable Future Ventures Fund I SCSp	Helsinki	EUR	indirect	18.07	14,569	-1,572	2
Other countries							
MERRION S.A.	Brüssel	EUR	indirect	0.00	1,957	-504	2
Opportunitaeten Europa 12 Limited	Dublin	EUR	indirect	5.10	-6	0	3;6
SPITFIRE (JCO) LIMITED	St Helier	EUR	indirect	1.33	4,864	-313	3
WS HOLDCO, PBC	Wilmington	USD	indirect	2.29	8,293	-472	3
Real Tech Ventures I ILP	Sydney	AUD	indirect	3.39	500	2,487	2
Camber Creek Fund III, LP	Wilmington	USD	indirect	1.99	242,847	135,007	3

[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

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	134409.00	135807.00
PLN	468.00	469.00
SEK	1112.00	1063.00
SGD	143.00	145.00
USD	107.00	105.00

2021 - Currency translation into EUR

Currency	Closing rate 31.12.2021	Average exchange rate 2021
AUD	1.56	1.57
CAD	1.43	1.48
CHF	1.03	1.08
DKK	7.43	7.43
GBP	0.84	0.85
HKD	8.83	9.19
HUF	369.19	358.51
JPY	130.38	129.88
KRW	134638.00	135406.00
PLN	459.00	456.00
SEK	1025.00	1014.00
SGD	152.00	154.00
USD	113.00	118.00

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, 21 March 2023

The Executive Directors

Wolfgang Egger
Executive Director,
CEO

Thomas Wels
Executive Director,
Co-CEO

Christoph Glaser
Executive Director,
CFO

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 2022, 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 2022 to 31 December 2022, 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 2022 to 31 December 2022. 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 2022, and of its financial performance for the financial year from 1 January 2022 to 31 December 2022, 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 2022 to 31 December 2022. 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 664,612 (previous year: EURk 633,976), which corresponds to 32.5 % of the consolidated balance sheet total or 50.1 % 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 381,253 (previous year: EURk 216,444), which accounts for 18.6 % of the consolidated balance sheet total and 28.8 % of consolidated equity. Goodwill was allocated to cash-generating units or groups of cash-generating units. The change is mainly due to two acquisitions of subsidiaries during the year – "Whitehelm Capital" (EURk 159,491) and "ADVANTAGE Investment Partners" (EURk 12,921) – and a further impairment loss on the cash-generating unit "Brick-vest" (EURk 5,641).

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. In particular, the two transactions during the year "Whitehelm Capital" and "ADVANTAGE Investment Partners" were the focus of our review.

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 106,834 (previous year: EURk 91,168) under "Other intangible assets" in the consolidated financial statements, which account for 5.2 % of total consolidated assets and 8.1 % of consolidated equity. The increase in other intangible assets compared to December 31, 2021 mainly results from the additions to fund management contracts from the acquisitions of Whitehelm Capital (PATRIZIA PTY LTD, PATRIZIA INFRASTRUCTURE LTD) and ADVANTAGE (ADVANTAGE Investment Partners A/S) in the fiscal year 2022.

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 2.1 in the section "Acquisition of subsidiaries; section ADVANTAGE Investment Partners" as well as 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 1.4 "Non-financial statement - Unaudited section of the combined management report" of the combined management report
- the separately published corporate governance statement referred to in section 3.2 "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 SUPERVISORY BOARD 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 Supervisory Board 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 "5299002NZCMF1NIHZ018-2022-12-31-de" 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 2022 to 31 December 2022 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 Supervisory Board 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 Supervisory Board 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 1st June 2022. We were engaged by the Board of Directors (formerly Supervisory Board) on 14th December 2022. We have been the group auditor of the PATRIZIA SE for the first time 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 Lilia Knaub.

Frankfurt am Main, 21 March 2023

BDO AG
Wirtschaftsprüfungsgesellschaft

Signed by Schmidt Wirtschaftsprüfer (German Public Auditor)	Signed by Knaub Wirtschaftsprüfer (German Public Auditor)

Further information

1 Five-year consolidated balance sheet

Five-year overview in accordance with IFRS

Assets

EUR k	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
A. Non-current assets					
Goodwill	381,253	216,444	212,353	210,292	201,109
Other intangible assets	107,134	91,742	106,137	131,895	166,562
Software	8,080	14,204	16,603	10,326	11,396
Rights of use	26,715	33,770	25,906	24,988	0
Investment property	1,892	1,838	1,838	1,835	8,308
Equipment	9,721	9,736	7,305	6,056	5,890
Participations in companies accounted for using the equity method	6,545	23,747	32,357	69,035	76,141
Participations	664,612	633,976	574,561	525,716	499,241
Non-current borrowings and other loans	28,194	33,914	34,927	28,276	27,513
Other non-current assets	3,497	0	0	0	0
Deferred taxes	8,341	7,774	21,031	17,305	6,102
Total non-current assets	**1,245,986**	**1,067,145**	**1,033,018**	**1,025,724**	**1,002,262**
B. Current Assets					
Inventories	159,781	169,796	14,647	113,208	71,534
Securities	29,602	15,752	11	1,011	3,011
Short-term derivatives	444	0	0	0	0
Current tax assets	29,312	28,448	26,554	17,318	15,585
Current receivables and other current assets	231,231	439,056	392,399	380,735	335,456
Cash and cash equivalents	349,518	341,260	495,454	449,084	330,598
Total current assets	**799,888**	**994,312**	**929,065**	**961,356**	**776,184**
Total assets	**2,045,874**	**2,061,457**	**1,962,083**	**1,987,080**	**1,778,446**

Equity and Liabilities

EUR k	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
A. Equity					
Share capital	86,175	88,620	89,683	91,060	91,060
Capital reserves	67,181	89,831	129,751	155,222	155,222
Retained earnings					
Legal reserves	505	505	505	505	505
Currency translation difference	-2,502	2,317	-7,944	-4,818	-15,606
Remeasurements of defined benefit plans according to IAS 19	4,807	99	-5,457	-3,459	0
Revaluation reserve according to IFRS 9	189,691	179,716	130,196	78,721	49,504
Consolidated unappropriated profit	913,135	921,720	900,507	889,160	862,421
Non-controlling interests	66,346	35,694	32,265	30,359	10,682
Total equity	**1,325,338**	**1,318,503**	**1,269,505**	**1,236,750**	**1,153,788**
B. Liabilities					
NON-CURRENT LIABILITIES					
Deferred tax liabilities	121,417	111,577	115,484	112,178	110,387
Retirement benefit obligations	17,715	25,546	29,579	27,564	21,724
Non-current bonded loans	158,000	158,000	234,000	300,000	300,000
Long-term accruals	10,122	3,978	0	0	0
Non-current liabilities	134,628	28,515	22,340	25,094	16,836
Leasing liabilities	18,339	24,862	17,811	15,841	0
Total non-current liabilities	**460,221**	**352,477**	**419,214**	**480,677**	**448,947**
CURRENT LIABILITIES					
Short-term bank loans	91,688	171,095	43,200	93,194	0
Short-term bonded loans	0	76,000	66,000	0	0
Other provisions	17,238	8,213	9,109	9,254	23,530
Current liabilities	116,866	97,297	105,858	101,186	99,963
Short-term leasing liabilities	8,950	9,505	8,387	9,328	0
Tax liabilities	25,572	28,367	40,809	56,692	52,218
Total current liabilities	**260,315**	**390,477**	**273,363**	**269,653**	**175,711**
TOTAL EQUITY AND LIABILITIES	**2,045,874**	**2,061,457**	**1,962,083**	**1,987,080**	**1,778,446**

2 Five-year consolidated income statement

Five-year overview in accordance with IFRS

Consolidated income statement

EUR k	2022	2021	2020	2019	2018
Revenues	346,289	318,163	301,693	398,703	350,628
Income from the sale of investment property	0		0	252	828
Changes in inventories	-41,266	603	-2,242	-50,535	-28,731
Other operating income	10,477	21,027	16,522	14,607	20,698
Income from the deconsolidation of subsidiaries	18,087	63	302	585	317
Total operating performance	**333,587**	**339,856**	**316,275**	**363,611**	**343,740**
Cost of materials	-7,608	-3,881	-3,568	-6,601	-11,699
Cost of purchased services	-22,740	-17,971	-16,066	-28,036	-15,679
Staff costs	-147,919	-139,224	-143,759	-131,769	-124,954
Changes in value of investment property	0		4	-791	3,975
Other operating expenses	-97,218	-87,822	-76,678	-84,718	-90,742
Impairment result for trade receivables and contract assets	-203	627	418	-429	-1,059
Result from participations	34,034	35,638	31,624	32,891	28,042
Earnings from companies accounted for using the equity method	-622	5,138	9,181	725	11,852
Cost from the deconsolidation of subsidiaries	-2,416	-608	-1,746	0	-377
EBITDAR	**88,896**	**131,755**	**115,686**	**144,883**	**143,099**
Reorganisation income		96	0	2,377	0
Reorganisation expenses	-9,963	-2,929	0	-10,339	-22,318
EBITDA	**78,933**	**128,922**	**115,686**	**136,922**	**120,781**
Amortisation of other intangible assets, software and rights of use, depreciation of property, plant and equipment as well as financial investments	-43,371	-35,611	-42,309	-55,562	-42,235
Earnings before interest and taxes (EBIT)	**35,562**	**93,311**	**73,377**	**81,360**	**78,546**
Financial income	2,689	1,898	2,971	2,096	3,021
Financial expenses	-8,039	-6,753	-6,707	-6,111	-6,433
Other financial result	-8,979	194	0	300	0
Result from currency translation	-477	-942	-7,595	-234	1,175
Earnings before taxes (EBT)	**20,755**	**87,708**	**62,046**	**77,411**	**76,306**
Income taxes	-13,506	-35,900	-21,369	-21,064	-18,190
Consolidated net profit	**7,249**	**51,808**	**40,678**	**56,347**	**58,116**
Earnings per share (undiluted) in EUR	0.08	0.54	0.42	0.58	0.57
Earnings per share (diluted) in EUR	0.08	0.54	0.42	0.58	0.57

3 Board of Directors

As at 31 December 2022

Uwe H. Reuter

Chairman, 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 (12 June 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. – Deputy Chairman of the Supervisory Board
- VHV Holding AG – Deputy Chairman of the Supervisory Board

Supervisory Boards of the daughter companies:

- 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
- VAV Versicherungs-AG, Vienna – Deputy Chairman of the Supervisory Board

Jonathan Feuer

Deputy Chairman, independent Member of the Board of Directors
Chairman of the Audit Committee (expert in the field of audit)
First appointed on: 15 July 2022
Appointed until: Annual General Meeting 2023 (25 May 2023)

Private Equity Investor

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

- Non-Executive Chairman, Eigen Technologies

Wolfgang Egger

Member of the Board of Directors
First appointed on: 15 July 2022
Appointed until: Annual General Meeting 2024 (12 June 2024)

CEO & 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 (12 June 2024)

CEO of Trivago N.V.

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
Chairwoman of the Nomination and Remuneration Committee
First appointed on: 15 July 2022
Appointed until: Annual General Meeting 2024 (12 June 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 (stock exchange listed company, Nasdaq)

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 2023 (25 May 2023)

Senior Advisor & Board Member of Doctolib

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

- Non-Executive Director, Chairman of compensation committee, Schibsted (stock exchange listed company), Norway
- Non-Executive Director, Indy, France

Saba Nazar

Independent Member of the Board of Directors
First appointed on: 15 July 2022
Appointed until: Annual General Meeting 2024 (12 June 2024)

Managing Director, BofA Securities & Co-Head of Global Financial Sponsors Group

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code

- None

4 Executive Directors

As at 31 December 2022

Wolfgang Egger

Executive Director, CEO
First appointed on: 21 August 2002
Appointed until: 30 June 2024

Responsibilities
Products & Clients Strategy, Capital Markets, Client Services, Product Development, Product Management and Productivity, HR Strategy, HR Operations, Corporate Culture, Talent Acquisition, Talent & Organizational Development, Remuneration & Reward, EDI, Corporate M&A, Capital Allocation & Investments, Marketing & Communications, Tech Strategy, Technology Investments & Tech M&A, Technology Business Enablement, Innovation

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code
- None

Thomas Wels

Executive Director, Co-CEO
First appointed on: 1 May 2020
Appointed until: 30 April 2023

Responsibilities
Collaboration with Board of Directors, Strategy & ESG, Corporate M&A, Capital Allocation & Investments, Alternative Investments, Fund Management, Asset Management, Transactions, Real Estate Development, Infrastructure, Investment Solutions, Regions, Research, Investment Strategy, Performance, Internal Audit, Legal & Compliance

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
Accounting, Corporate Finance, Corporate Reporting & Planning, Investor Relations, Fund Services, Digitalization & IT Strategy, Digitalization, IT Operations & Business Applications, Global Projects/ Process & Development, Procurement & Services, Insurance, Tax, Risk Management

Disclosures pursuant to Article 285 No. 10 of the German Commercial Code
- None

5 Financial calendar and contact details

Financial calendar 2023

Date	
28 February 2023	2022 Preliminary results with investors and analyst conference call
23 March 2023	2022 Annual Report
12 May 2023	3M 2023 Interim Statement with investor and analyst conference call
25 May 2023	2023 Annual General Meeting, virtual
11 August 2023	H1 2023 Financial Report with investor and analyst conference call
14 November 2023	9M 2023 Interim Statement with investor and analyst conference call

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This Annual Report was published on 23 March 2023. 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://www.patrizia.ag/de/aktionaere/news-publikationen/geschaeftsberichte/
https://www.patrizia.ag/en/shareholders/news-publications/annual-reports/