PATRIZIA

Disclosure in Alignment with Regulation (EU) 2019/2088

Sustainable Finance Disclosure Regulation (SFDR)

February 2021

1. Integration of sustainability risks in the investment decision-making process

PATRIZIA is committed to diligent integration of sustainability risks and climate change related risks and opportunities in the investment decision making process.

The PATRIZIA Sustainability Strategy and the related sustainability targets are binding for all investment decisions of the Company. The PATRIZIA Responsible Investment Guidelines translate the corporate strategy in minimum standards and requirements along the investment decision process. Material sustainability risks and sustainability factors are identified in alignment with established regulatory requirements and industry standards and included in an obligatory due diligence checklist which is applied in every acquisition process for every investment.

The results of the due diligence are taken into consideration in the investment decision-making process.

2. Description of principal adverse sustainability impact

The PATRIZIA Sustainability Strategy defines and prioritizes material ESG factors, metrics and principal adverse sustainability impacts and indicators and embeds such along the investment process. The metrics used to assess the principal adverse sustainability impacts and indicators are based on the annex of the Sustainable Financial Disclosure Regulation and other established industry standards, such as UN PRI and GRESB. In the process of developing the necessary data coverage across the Company's managed portfolio PATRIZIA prioritizes the following basic environmental metrics: energy, water, waste, CO2 emissions, EPC levels and green building certifications. PATRIZIA follows an active investment management approach to reduce the sustainability impact by for example improving energy efficiency and decreasing CO2 emissions of the managed portfolio.

3. Description of policies to identify and priorities principal adverse sustainability impacts

PATRIZIA's corporate Sustainability Strategy is generally translated into investment fund specific sustainability strategies. ESG factors, including principal adverse impacts are considered throughout the investment process, from the due diligence phase of an acquisition, to the business plan per asset and to the selection of third-party service providers.

The selection criteria for real estate investments are in line with regulatory requirements and real estate standards, for example those concerning energy efficiency performance of buildings. These criteria are reflected in the Company's due diligence checklist which is applied in every acquisition process.

4. Engagement policies

PATRIZIA's engagement policy, as part of the wider Sustainability Strategy, ensures collaboration with stakeholders to find solutions that create a positive sustainability impact, staying in constant dialogue with investors, tenants, service providers and surrounding communities to identify their common needs. PATRIZIA also encourages engagement with local communities through building and tenant outreach and local cooperation. The importance of ESG matters is communicated to property managers and tenants through green clauses in property management agreements and green leases. The PATRIZIA Supplier Code of Conduct is obligatory part of every service provider agreement and sets out ethical, environmental and social compliance values to be applied by the partners.

5. References to international standards

PATRIZIA's Code of Values and Compliance Handbook, commitments to UN PRI, alignment with UN Global Compact and the PATRIZIA Supplier Code of Conduct cement the Firm's public commitment to internationally recognized standards. The PATRIZIA due diligence checklist in addition to the above is based on the requirements set out in sector specific standards (such as GRESB and INREV Due Diligence questionnaire) while the entity specific reporting as well as corporate reporting on sustainability and ESG is aligned with reporting frameworks. PATRIZIA monitors reporting guidelines and aligns its reporting continuously to align and comply with recognized standards.

PATRIZIA has set a corporate target to achieve the objective of the PARIS Agreement and achieve carbon neutrality by latest 2050. This objective is embedded as a central element in the Company's Sustainability Strategy and in that course translated to fund specific policies.

6. Renumeration Policy

PATRIZIA has developed a Remuneration Policy with the aim of supporting the PATRIZIA's business strategy, corporate values and long-term interests. Our remuneration philosophy focusses on rewarding behaviours that generate sustained value for PATRIZIA and reinforcing personal accountability to promote a strong risk and control environment. The key principles of the remuneration philosophy are strongly aligned with PATRIZIA's responsible investment targets and its principles, including fostering appropriate risk culture as well as compliance with applicable law and regulation. In particular, annual incentive targets of the risk takers take into consideration the PATRIZIA's responsible investment targets and principles.

The PATRIZIA's performance management and rewards framework is designed to promote effective risk management, including in particular by:

- Driving sustainable behaviour and therefore holding employees accountable, for actions that may negatively impact business performances and/or sustainability in current or future years;
- Subjecting Risk Taker incentives to mandatory deferral in the form of phantom shares (the grant represents a right to receive an equivalent cash value on the vesting date based on PATRIZIA AG share price development) to facilitate alignment of interests between staff-members and external investors.; and
- Enabling PATRIZIA to reduce or cancel unvested awards or recover paid compensation in certain situations, such as in the event that the entity in which the relevant employee works suffers a material failure of risk management, or experiences a material deterioration in its financial performance, including in connection with a sustainability risk concerning an investment.