

MIFIDPRU 8 Disclosure

PATRIZIA Property Investment Managers LLP

July 2025



Introduction

The Financial Conduct Authority (“FCA” or “regulator”) in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“MIFIDPRU”) sets out the detailed prudential requirements that apply to PATRIZIA Property Investment Managers Limited Liability Partnership (“PPIM” or the “Firm”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

1. PPIM is classified under MIFIDPRU as a non-small and non-interconnected MIFIDPRU investment firm (“Non-SNI MIFIDPRU Investment Firm”). As such, the Firm is required by MIFIDPRU 8 to disclose information on the following areas:

- Risk management objectives and policies;
- Governance arrangements;
- Own funds;
- Own funds requirements; and
- Remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm’s culture and data on the Firm’s own funds and own funds requirements allows potential investors to assess the Firm’s financial strength.

This document has been prepared by PPIM in accordance with the requirements of MIFIDPRU 8. Unless otherwise stated, all figures are as at the Firm’s 31 December 2024 financial year-end.

2. Risk Management Objectives and Policies

This section describes PPIM’s risk management objectives and policies for the categories of risk addressed by the requirements of the Firm in the following areas:

- Own funds;
 - Concentration risk; and
- 2.1. • Liquidity.

Business Strategy

PPIM is an investment management firm focused on real estate. As of 31st December 2024 the Firm manages real estate funds, including separately managed accounts and also offers investment advisory services. Total assets under advice and assets under management are € 2,879,764,807.

The Firm’s clients are the funds themselves, with the underlying investors being institutional investors, such as pension funds, insurance companies, and other professional investors.

PPIM primarily seeks to grow its revenues by growing the underlying asset base on which it charges a management fee. This is achieved by the prudent growth of the Firm’s client’s assets and by seeking additional asset inflows from prospective investors.

Costs are controlled carefully to ensure long-term profitability. The business seeks to make investments to expand its business and to continuously improve its control environment.

Given the Firm's business model, controls, and controls assessment, it is the conclusion of the Firm that its overall potential for harm is low.

Own Funds Requirement

PPIM is required to maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the higher of the Firm's:

- 2.2. • Permanent minimum capital requirement ("PMR"): The level of own funds required to operate at all times. Based on the MiFID investment services and activities that the Firm currently has permission to undertake, this is set at £75,000;
- Fixed overhead requirement ("FOR"): The minimum amount of capital that PPIM would need to have to absorb losses if the Firm has cause to wind down and exit the market. This is equal to one quarter of the Firm's relevant expenditure; and
- K-factor requirement ("KFR"): The KFR is intended to calculate a minimum amount of capital that PPIM would need for the ongoing operation of its business. The K-factor that applies to the Firm's business is K-AUM (calculated on the basis of the Firm's assets under management ("AUM")).

PPIM's own funds requirement is currently set by its FOR, as this is the highest of the three metrics. The potential for harm associated with PPIM's business strategy, based on the Firm's own funds requirement, is low. This is due to the relatively consistent and stable growth in the Firm's revenues and asset base.

A method adopted by the Firm to manage the risk of breach of the Firm's own funds requirement is the maintenance of a healthy own funds surplus above the own funds requirement. In the event that the Firm's own funds drop to an amount equal to 110% of the Firm's own funds threshold requirement, the Firm will immediately notify its Governing Body, as well as the regulator. The Governing Body will consider the necessary steps required in order to increase the own funds buffer; this may include injecting more own funds into the Firm.

2.3.

Concentration Risk

The potential for harm associated with PPIM's business strategy, based on the Firm's concentration risk, is low.

- 2.4. The Firm currently manages multiple funds, with the underlying investors being institutional investors, such as pension funds, insurance companies and other professional investors.

Liquidity

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due and to ensure that it has appropriate liquid resources in the event of a stress scenario.

The potential for harm associated with PPIM's business strategy, based on the Firm's basic liquid assets requirement, is low. As with regard to its own funds requirement, this is due to the relatively stable and consistent growth in the Firm's revenues and asset base and maintenance of a healthy core liquid assets surplus above the basic liquid assets requirement. The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under various conditions. PPIM has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash deposits it holds. Additionally, it has historically been the case that all debtors are settled promptly, thus ensuring further liquidity resources are available to the Firm on a timely basis. The

cash position of the Firm is monitored by the finance team on a regular basis, and the Firm would be able to call on its parent undertaking for further capital as required.

Risk Management Structure

PPIM has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by a dedicated risk manager, with the Governing Body taking overall responsibility for this process and the fundamental risk appetite of the Firm.

- 2.5. The Governing Body meets on a regular basis and discusses current projections for profitability, cash flow, regulatory capital management, business planning and risk management. The Governing Body engages in PPIM's risks through a framework of policy and procedures having regard to the relevant laws, standards, principles, and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

At least annually, the Firm formally reviews its risks, controls, and other risk mitigation arrangements and assesses their effectiveness; the conclusions to this review inform the overall risk appetite of the Firm.

A formal update on operational matters is provided to the Governing Body on a regular basis. Management accounts demonstrating the continued adequacy of PPIM's regulatory capital are reviewed on a regular basis.

Appropriate action is taken where risks are identified that fall outside of the Firm's tolerance levels or where the need for remedial action is required in respect of identified weaknesses in PPIM's mitigating controls.

3. Governance Arrangements

3.1. Overview

PPIM believes that effective governance arrangements help the Firm to achieve its strategic objectives while also ensuring that the risks to the Firm, its stakeholders, and the wider market are identified, managed, and mitigated.

The Governing Body has overall responsibility for PPIM and is therefore responsible for defining and overseeing the governance arrangements at the Firm.

In order to fulfil its responsibilities, the Governing Body meets on a quarterly basis. Amongst other things, the Governing Body approves and oversees the implementation of the Firm's strategic objectives and risk appetite, ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls, ensures compliance with the requirements of the regulatory system, assesses the adequacy of policies relating to the provision of services to clients, and provides oversight of the Firm's senior management.

A key document that is reviewed, discussed, and ratified by the Governing Body is the Internal Governance Statement as this demonstrates how the Firm has met its obligations with regard to its governance arrangements. This document provides the Governing Body with information on the functioning and performance of all aspects of the Firm, including the following areas:

- General organisational requirements, including steps taken by the Firm to ensure continuity and regularity in the performance of its regulated activities, and the Firm's accounting policies;
- Employees, including steps taken by the Firm to ensure that employees have the necessary skills, knowledge, and expertise for the discharge of the responsibilities allocated to them, and to ensure that they are fit and proper persons;

- Policies, procedures, and controls for meeting its compliance and financial crime requirements;
- Internal capital adequacy and risk assessment process;
- Outsourcing of critical or material operating functions or activities;
- Record-keeping controls and arrangements;
- Conflicts of interest management;
- Remuneration policies and practices; and
- Whistleblowing controls.

The Management Body

PPIM's management body is the Governing Body. Our Companies House entry details the number of directorships held by each member of the management body.

3.2.

Risk Committee

- 3.3. PPIM has established an independent risk manager to advise the Governing Body on the Firm's overall current and future risk appetite and strategy and assist the Firm's Governing Body in overseeing the implementation of that strategy by senior management. The risk manager has the appropriate knowledge, skills, and expertise to fully understand, manage and monitor the risk strategy and risk appetite of the Firm.

4. Own Funds

As at 31 December 2024, PPIM maintained own funds of £ 13,660,016. The below table provide a breakdown of the Firm's own funds:

Composition of Regulatory Own Funds	
Item	Amount (GBP Thousands)
Own Funds	£ 13,660
Tier 1 Capital	£ 13,660
Common Equity Tier 1 Capital	
Partner current accounts	£0
Partner capital	£12,000

5.

Own Funds Requirements

PPIM is required to at all times maintain own funds that are at least equal to the Firm's own funds requirement. The own funds requirement is the minimum requirement of capital the Firm is required to hold, taken as the higher of the PMR and FOR.

The below illustrates the core components of PPIM's own funds requirements:

Requirement	£'000
(A) Permanent Minimum Capital Requirement ("PMR")	£75
(B) Fixed Overhead Requirement ("FOR")	£4,897
(C) K-Factor Requirements ("KFR")	
- K-AUM – Risk arising from managing and advising on investments	£535
(D) Own Funds Requirement (Max. [A, B, C])	£4,897

PPIM is also required to comply with overall financial adequacy rule ("OFAR"). This is an obligation on PPIM to hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- The Firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- The Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Where PPIM determines that the FOR is insufficient to mitigate the risk of a disorderly wind-down, the Firm must maintain 'additional own funds required for winding down', above the FOR, that are deemed necessary to mitigate the risks of a disorderly wind-down. Similarly, where the Firm determines that the KFR is insufficient to mitigate the risk of harm from ongoing operations, the Firm must maintain an amount of 'own funds required for ongoing operations', above the KFR, that is deemed sufficient to ensure the viability of the Firm throughout economic cycles.

The Firm's own funds threshold requirement is the higher of:

- The Firm's PMR;
- The sum of the Firm's FOR and its additional own funds required for winding down; and
- The sum of the Firm's KFR and its additional own funds required for ongoing operations.

This is the amount of own funds that PPIM is required to maintain at any given time to comply with the OFAR.

To determine the Firm's own funds threshold requirement, PPIM identifies and measures the risk of harm faced by the Firm and considers these risks in light of its ongoing operations and also from a wind-down planning perspective. The Firm then determines the degree to which systems and controls alone mitigate the risk of harm and the risk of a disorderly wind-down, and thereby deduces the appropriate amount of additional own funds required to cover the residual risk.

6. This process is documented and presented to, and ratified by, the Governing Body on at least an annual basis.

6.1.

Remuneration Policy and Practices

Overview

As a Non-SNI MIFIDPRU Investment Firm, PPIM is subject to the basic and standard requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook ("SYSC")). PPIM, as an alternative investment fund manager, is also classified as a collective portfolio management investment firm, and as such, is also subject to the AIFM Remuneration Code (SYSC 19B). The purpose of the remuneration requirements is to:

- Promote effective risk management in the long-term interests of the Firm and its clients;
- Ensure alignment between risk and individual reward;
- Support positive behaviours and healthy firm cultures; and
- Discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of PPIM's remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, PPIM recognises that remuneration is a key component in how the Firm attracts, motivates, and retains quality staff and sustains consistently high levels of performance, productivity, and results. As such, the Firm's remuneration philosophy is also grounded in the belief that its people are the most important asset and provide its greatest competitive advantage.

PPIM is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude, and results.

Characteristics of the Firm's Remuneration Policy and Practices

- 6.2. Remuneration at PPIM is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. Variable remuneration is paid on a discretionary basis and takes into consideration the Firm's financial performance as well as the financial performance of each business unit, and the financial and non-financial performance of the individual in contributing to the Firm's success. All staff members are eligible to receive variable remuneration.

Our variable remuneration system aims to contribute to the strategy, long-term interests and sustainable success of the company through the following principles:

- Diverse individual and corporate goals that reflect the company's strategy and are geared towards long-term value creation;
- Oriented towards key performance indicators used for strategic decision-making and financial reporting; and
- Focus on further improving recurring profitability, efficiency and growth of the corporate platform to maintain competitiveness and market position.

Corporate objective targets include the following financial KPIs EBITDA, EBITDA margin and growth in AUM/AUA. At business unit levels, the financial KPIs typically includes considerations on recurring revenue (such as management fees and transaction fees), and at individual level, measurable goals related to operational and project success.

In addition, non-financial metrics form a meaningful part of the performance assessment process. Poor performance as assessed by non-financial metrics such as poor risk management or other behaviours contrary to the company's values can pose material risks for and may, as appropriate, override metrics of financial performance.

Examples of non-financial criteria may include, but are not limited to:

- Achieving targets relating to ESG and ED&I;
- Performance in line with the company's values and behaviour standard, for example by displaying the company values as ingenuity, optimism, courage, tenacity; and

- Measures relating to building and maintaining positive customer relationships and outcomes, such as positive customer feedback.

PPIM's policy includes a framework for assessing the level of remuneration to be paid to staff members. The framework applies both ex-ante and ex-post risk adjustment criteria to the level of remuneration paid.

PPIM has set a ratio between the variable and fixed components of the total remuneration, by way of ensuring that the components are appropriately balanced and that the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. This allows for the possibility of paying no variable remuneration component, which the Firm would do in certain situations, such as where the Firm's profitability performance is particularly constrained, or where there is a risk that the Firm may not be able to meet its capital or liquidity regulatory requirements.

Governance and Oversight

6.3. The Governing Body is responsible for setting and overseeing the implementation of PPIM's remuneration policy and practices. In order to fulfil its responsibilities, the Governing Body:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity;
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm;
- Ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of shareholders, investors, and other stakeholders in the Firm; and
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

PPIM's remuneration policy and practices are reviewed annually by the Governing Body.

6.4.

Material Risk Takers

PPIM is required to identify its material risk takers - those members of staff whose professional activities have a material impact on the risk profile of the Firm (and of the assets that the Firm manages). The types of staff that have been identified as material risk takers at PPIM are:

- Members of the management body or members of the senior management team;
- Those with managerial responsibility for a client-facing or client-dealing business unit of the Firm;
- Those with managerial responsibilities for the activities of a control function¹;
- Those with managerial responsibilities for the prevention of money laundering and terrorist financing;
- Those that are responsible for managing a material risk within the Firm;
- Those that are responsible for managing information technology, information security, and/or outsourcing arrangements of critical or important functions; and
- Those with authority to take decisions approving or vetoing the introduction of new products.

¹ A control function is defined as a function (including, but not limited to, a risk management function, compliance function and internal audit function) that is independent from the business units it controls and that is responsible for providing an objective assessment of the Firm's risks, and for reviewing and reporting on those risks.

Quantitative Remuneration Disclosure

The below table quantifies the remuneration paid to staff in the financial year 1 January 2024 to 31 December 2024. For these purposes, 'staff' is defined broadly, and includes, for example, employees of the Firm itself, partners or members, employees of other entities in the group, employees of joint service companies, and secondees:

6.5. Period: Financial Year 2023		Senior Management	Other Material Risk Takers	Other Staff
Total Number of Material Risk Takers		12	0	101
Remuneration Awarded	Fixed (£)	2,141,645	0	6,711,378
	Variable (£)	1,465,220	0	1,664,295
	Total (£)	3,606,865	0	8,375,673
Guaranteed Variable Remuneration	Amount (£)	0	0	0
	# Staff Awarded	0	0	0
Severance Payments	Amount (£)	31,625	0	0
	# Staff Awarded	1	0	0
Highest Severance Payment Awarded to an Individual (£)		31,625	0	0