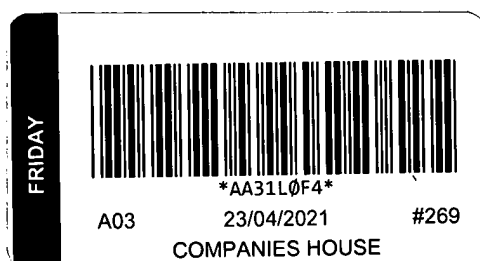


Registered number
SC226772 (Scotland)

PATRIZIA Financial Services Limited
Annual Report and Financial Statements
for the year ended
31 December 2020



PATRIZIA Financial Services Limited
Registered number: SC226772 (Scotland)
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PATRIZIA Financial Services Limited
Company information
for the year ended 31 December 2020

Directors	R W M Brook T R Stenhouse C Milne
Registered	15 Atholl Crescent Edinburgh Midlothian EH3 8HA
Registered Number	SC226772 (Scotland)
Auditor	Deloitte LLP Statutory Auditor London United Kingdom

**PATRIZIA Financial Services Limited
Strategic Report**

Principal Activity

PATRIZIA Financial Services Limited's (the "Company") principal activity is as an operator to real estate asset owning vehicles. The Company is authorised by the FCA to provide regulated products and services.

Review of business and outlook

During the current and preceding year, the Company was acting as the operator across three funds and a Limited Partnership. The three funds were set up between the ultimate parent entity of the Company and Oaktree Capital Management, with the Company having a limited role in its capacity as fund operator of the unit trusts within each structure. The operating businesses were sold during the latter part of 2017 but the fund operator role remains in existence until the structures are wound up. The remaining three mandates are likely to be terminated during the forthcoming year, leaving the Company with one mandate. The winding up of these three remaining funds will reduce the Company's revenue significantly in future. The Company has sufficient cash reserves to manage its running costs. The Company has not experienced an adverse impact of COVID-19 on its financial performance.

KPIs

The profit before taxation for the financial year was £34,352 (2019: £58,304). The directors regard profit before taxation as KPI and consider that further KPI's are not useful for understanding the Company's financial statements. The Company only has small number of contracts in hand so performance is assessed through the monitoring of activities rather than through a set of KPIs.

Principal risks and uncertainties

The Company is exposed to the loss of its operator contracts. The Company receives fixed fees on operator contracts where, apart from one contract, the underlying assets were mostly sold in 2017 and 2018, as a result of which, these structures are subject to an orderly wind up and the fund operator role will be terminated when appropriate. This is likely to happen during 2021. This will leave the Company with one ongoing contract in the future.

Due to FCA regulations and requirements, the Company complies with FCA guidelines on documenting and addressing risk management within the Company and the biggest threat is the fee stream.

The Company has no employees and limited costs to consider. Therefore, the Company has limited exposures and a well-controlled cost base.

The UK market has seen a significant slowdown in investment activity in 2020, largely due to the restrictions imposed (including travel) and concerns regarding the impact of the ongoing recession on the real estate market. Industrial is emerging as one of the relative winners of the COVID-19 crisis; initially from the growth in online retail and higher inventory levels, but also the potential growth in demand from the near-shoring of manufacturing and the reconfiguration of supply chains in a less globalized world. From a business perspective, the macroeconomic environment is less relevant as the Company is currently focused on the management and, where appropriate, the winding up of existing contracts. The likelihood of new contracts being identified is relatively low as these would be the result of new collective investment schemes being set up which is not currently the core business focus of the PATRIZIA Group.

The Brexit transition period came to an end at 11pm on 31 December 2020, resulting in the UK's legal framework for accounting and corporate reporting operating independently from EU law. Given the nature of business, the impact on the Company is currently considered to be negligible.

Going concern

The directors have prepared cash flow forecasts for a period extending to at least twelve months from the date of approval of these financial statements.

The directors have run cash flow sensitivities in light of the anticipated reduction in business volume due to the termination of some of its contracts and, due to the significant cash reserves held by the Company compared to its fixed cost base, the directors are satisfied that those forecasts provide a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, the Company continues to adopt the going concern basis.

**PATRIZIA Financial Services Limited
Strategic Report (continued)**

Statement by the Directors in relation to performance of their statutory duties in accordance with Section 172(1) Companies Act 2006

The Directors of the Company are aware of their duty under Section 172(1) of the Companies Act 2006 (s.172) to act in good faith in ways that they consider most likely to promote the success of the Company for the benefit of the Company's members as a whole, giving regard to amongst other, the matters set out in s.172.

The Company is a member of the Patrizia AG Group (the "Parent"). The Directors engage with the Parent on various matters including governance, the Patrizia Group has a formal governance policy, a number of guiding principle and an environmental policy that the Company has considered and supports, and has therefore consistently applied.

Stakeholder statements

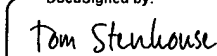
As a wholly-owned subsidiary within the Patrizia Group, the Directors consider the impact of the Company's activities on the Group, its external clients and its suppliers. Any decisions taken will be aligned to the strategy and standards of the Patrizia Group and will be made in the best interest of all stakeholders.

Stakeholders

The Company's stakeholders, predominately Patrizia Group, are consulted on a wide range of matters including operational matters in relation to the delivery of services to ensure that it provides the appropriate level of service to its clients and that the Company operates high standards of business conduct and governance. The Company does not have any employees.

The Company has external clients and suppliers and recognises the importance of building strong relationships with its clients and suppliers. The Directors ensure that it has visibility over these key relationships with its clients and suppliers and ensures it takes these into accounts when making decisions.

This strategic report was approved by the Board for issue and signed on its behalf by:

DocuSigned by:

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T R Stenhouse
Director
08.03.2021

**PATRIZIA Financial Services Limited
Directors' Report**

The directors present their annual report with the audited financial statements of the Company for the year ended 31 December 2020.

Directors

The directors, who have served during the whole year and up to the date of signing, are:

R W M Brook
T R Stenhouse
C Milne

Directors' qualifying third party indemnity provision

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such a qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Results and dividends

The profit for the year after taxation is £34,352 (2019: £58,304). The directors do not recommend the payment of a dividend (2019: £nil). The strategic report comprises considerations on the future development of the business. The Company did not make any political donations during the current or preceding year.

Subsequent events

No subsequent events were identified.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks which are detailed below.

Contractual risk

The Company is exposed to the loss of its operator contracts. The Company receives fixed fees on operator contracts where the underlying assets were mostly sold in 2017, as a result of which, these structures are subject to an orderly wind up and the fund operator role will be terminated when appropriate. This is likely to happen during 2021. This will leave the Company with one ongoing contract in the future.

Tax risk

The Company is exposed to changes in the tax regime. Proposed and actual changes in legislation are monitored with the help of professional advisors.

Auditor

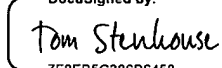
So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make itself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and in accordance with Section 487 of the Companies Act 2006 will be deemed to be reappointed as the auditor.

PATRIZIA Financial Services Limited
Directors' Report

Approved by the directors on 08.03.2021 and signed on its behalf by:

DocuSigned by:

7F8EB5C386B6458...
T R Stenhouse
Director
08.03.2021

Registered office
15 Atholl Crescent
Edinburgh
Midlothian
EH3 8HA

PATRIZIA Financial Services Limited
Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PATRIZIA Financial Services Limited

Independent auditor's report to the members of PATRIZIA Financial Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Patrizia Financial Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 respect of these matters.

PATRIZIA Financial Services Limited

Independent auditor's report to the members of PATRIZIA Financial Services Limited

Report on the audit of the financial statements (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and Financial Services and Markets Act.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

PATRIZIA Financial Services Limited

Independent auditor's report to the members of PATRIZIA Financial Services Limited

Report on the audit of the financial statements (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Philip Doherty FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

09 March 2021 | 09:24:47 GMT

PATRIZIA Financial Services Limited
Statement of comprehensive income
for the year ended 31 December 2020

	Notes	2020 £	2019 £
Revenue	3	60,000	73,125
Cost of sales		-	-
Gross profit		<u>60,000</u>	<u>73,125</u>
Administrative expenses	4	(10,063)	(14,821)
Operating profit		<u>49,937</u>	<u>58,304</u>
Tax on profit	6	(15,585)	-
Profit and total comprehensive income for the year		<u>34,352</u>	<u>58,304</u>

The Company has no other comprehensive income in the current or preceding year.

Turnover and operating profit are all derived from continuing operations.

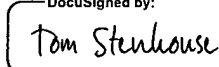
The notes on pages 13 to 18 form part of these financial statements.

PATRIZIA Financial Services Limited
Statement of financial position
as at 31 December 2020

	Notes	2020 £	2019 £
Current assets			
Debtors: amounts falling due within one year	7	5,120	217,785
Cash at bank and in hand		623,573	365,519
		<u>628,693</u>	<u>583,304</u>
Creditors: amounts falling due within one year	8	(46,467)	(35,430)
Net current assets		<u>582,226</u>	<u>547,874</u>
Total assets less current liabilities		<u>582,226</u>	<u>547,874</u>
Net assets		<u>582,226</u>	<u>547,874</u>
Capital and reserves			
Called up share capital	9	20,000	20,000
Profit and loss account	10	562,226	527,874
		<u>582,226</u>	<u>547,874</u>

The notes on pages 13 to 18 form part of these financial statements.

The financial statements of PATRIZIA Financial Services Limited (registered number SC226772) were approved by the board of directors and authorised for issue on 08.03.2021. They were signed on its behalf by:

DocuSigned by:

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T R Stenhouse
Director

PATRIZIA Financial Services Limited
Statement of changes in equity
for the year ended 31 December 2020

	Share capital	Profit and loss account	Total
Balance at 1 January 2019	20,000	469,570	489,570
Profit and total comprehensive income for the year	-	58,304	58,304
Balance at 31 December 2019	<u>20,000</u>	<u>527,874</u>	<u>547,874</u>
Profit and total comprehensive income for the year	-	34,352	34,352
Balance at 31 December 2020	<u>20,000</u>	<u>562,226</u>	<u>582,226</u>

The notes on pages 13 to 18 form part of these financial statements.

PATRIZIA Financial Services Limited
Notes to the financial statements
for the year ended 31 December 2020

1 General information

PATRIZIA Financial Services Limited (the Company) is a private company, limited by shares and incorporated in the United Kingdom and registered in Scotland under the Companies Act 2006. The address of the registered office is given on page 1.

The nature of the Company's operations and its principal activity are set out in the strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements.

2 Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current period.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

All new and amended accounting standards which have become effective for the current year have been adopted but have had no material effect on the reported performance, financial position or disclosures of the Company, therefore these standards have not been listed separately.

As permitted by FRS 101, the Company has applied the requirements of paragraphs 6 to 33 of IFRS 1 and has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash-flow statement, financial instruments, capital management, IFRS 15 Revenue from contracts with customers, standards not yet effective and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of PATRIZIA AG. The group accounts of PATRIZIA AG are available to the public and can be obtained as set out in note 12.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis.

Significant accounting judgements and estimates

In applying the Company's accounting policies, management have considered if they have made any significant estimates or judgements in preparing the financial statements and have concluded that there are no significant accounting judgements or estimates to be taken into account.

PATRIZIA Financial Services Limited
Notes to the financial statements
for the year ended 31 December 2020

2 Significant accounting policies (continued)

Going concern

The Company operates in the commercial real estate sector, acting as the fund operator on a number of investments.

The Company is subject to general economic risk as well as operational risk and uncertainty, including the real estate market and activity and the loss of contracts which is anticipated for most of its contracts following the sale of the underlying assets.

The directors have prepared cash flow forecasts for a period extending to at least twelve months from the date of approval of these financial statements.

The directors have run cash flow sensitivities in light of the anticipated reduction in business volume due to the termination of some of its contracts and, due to the significant cash reserves held by the Company compared to its fixed cost base, the directors are satisfied that those forecasts provide a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, the Company continues to adopt the going concern basis.

Revenue recognition

Revenue includes fees receivable for fund operator services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is recognised as income in the period to which it relates.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

Operating profit

Operating profit is stated after charging all relevant business expenditure but before interest income and expenditure and taxation.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

PATRIZIA Financial Services Limited
Notes to the financial statements
for the year ended 31 December 2020

2 Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured initially at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade debtors, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) held-for-trading, or (ii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

PATRIZIA Financial Services Limited
Notes to the financial statements
for the year ended 31 December 2020

3 Revenue

An analysis of the Company's turnover and revenue as follows

	2020	2019
	£	£
Continuing operations		
Rendering of services	60,000	73,125
Total turnover	<u>60,000</u>	<u>73,125</u>

In both the current and preceding year, revenue was generated by operations in the United Kingdom as determined by the destination of revenue.

4 Profit for the financial year

	2020	2019
	£	£
Profit for the year has been arrived at after charging:		
Net foreign exchange (gains) / losses	(11,608)	5,085
	<u>(11,608)</u>	<u>5,085</u>

The directors received no remuneration for their services to the Company. Apart from the directors, there were no employees during the year (2019: None).

Costs in delivering the operator contracts, including employee costs, are not re-charged onto the Company from associated group undertakings.

5 Auditor's remuneration

Fees payable to Deloitte and their associates for the audit of the Company's annual accounts were £7,810 (2019: £7,000). The Company also paid £6,900 (2019: £6,300) for non-audit services to Deloitte in relation to FCA reporting.

6 Taxation

	2020	2019
	£	£
Corporation taxation:		
UK corporation taxation at 19.00% (2019: 19.00%)	15,585	-
	<u>-</u>	<u>-</u>

Corporation taxation is calculated at 19.00% (2019: 19.00%) of the estimated taxable profit for the year.

PATRIZIA Financial Services Limited
Notes to the financial statements
for the year ended 31 December 2020

6. Taxation (continued)

	2020 £	2019 £
Profit before taxation	<u>49,937</u>	<u>58,304</u>
Tax at the UK corporation tax rate of 19.00% (2019: 19.00%)	9,488	11,078
Tax effect of expenses not deductible for corporation tax	-	-
Adjustment in respect of prior years	15,585	-
Group relief	<u>(9,488)</u>	<u>(11,078)</u>
Tax charge for the year	<u>15,585</u>	<u>-</u>

7 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	3,000	-
Amounts owed by group undertakings	-	200,080
Corporation tax debtor	<u>2,120</u>	<u>17,705</u>
	<u>5,120</u>	<u>217,785</u>

Amounts owed by group undertakings are unsecured, payable on demand and bear no interest.

8 Creditors: amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	24,516	13,784
Other taxation and social security costs	2,840	5,046
Accruals and deferred income	<u>19,111</u>	<u>16,600</u>
	<u>46,467</u>	<u>35,430</u>

Amounts owed to group undertakings are unsecured, payable on demand and bear no interest.

9 Share capital

	2020 £	2019 £
Authorised, issued and fully paid:		
20,000 ordinary shares of £1.00 each	<u>20,000</u>	<u>20,000</u>

The Company has one class of ordinary shares which carry no right to fixed income.

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10 Retained earnings

	£
As at 1 January 2019	469,570
Net profit for the year	58,304
As at 31 December 2019	<u>527,874</u>
Net profit for the year	34,352
As at 31 December 2020	<u>562,226</u>

11 Ultimate controlling party

The smallest and largest group that prepares consolidated financial statements which include the results of the company is PATRIZIA AG (formerly PATRIZIA Immobilien AG). A copy of the financial statements of PATRIZIA AG is available from www.patrizia.ag/en/. The registered office of PATRIZIA AG is PATRIZIA Bürohaus, Fuggerstraße 26, 86150 Augsburg.

The ultimate controlling party is Wolfgang Egger, chairman of PATRIZIA AG. The ultimate parent company is we holding GmbH & Co. KG, a company registered in Germany with the correspondence address being Fuggerstraße 26, 86150 Augsburg.

12 Pillar 3 disclosures

In order to comply with the regulations of the FCA, PATRIZIA Financial Services Limited has prepared a Capital Requirements Directive Pillar 3 disclosure document. A copy of this disclosure document can be obtained from www.patrizia.ag/en.

13 Related Party transactions

Transactions with associated undertakings have been shown below.

Related party transactions with the Company's associates primarily comprise fees for fund operator services provided to entities in which the Company's parent entity, PATRIZIA AG, has a minority stake.

During the year, the Company entered into the following trading transactions with related parties:

	<u>Sale of services</u>	
	2020	2019
	£	£
Provision of fund operator services to associated entities	60,000	73,125

As at 31 December 2020, of these fees, £3,000 were outstanding (2019: £nil).

14 Subsequent events note

No subsequent events were identified.