

PATRIZIA Fund Management A/S
Central Business Registration No 25671546
c/o PATRIZIA Denmark A/S
Adelgade 15, 2.
1304 København K

Annual report
01.01.2015 - 31.12.2015

The Annual General Meeting adopted the annual report on the 25th of April 2016

Chairman of the General Meeting

Louise Danielsen

Name:

Entity details

Entity

PATRIZIA Fund Management A/S
Adelgade 15, 2.
1304 København K

Central Business Registration No.: 25671546

Founded: 17.12.2013

Registered in: Copenhagen

Financial year: 01.01.2015-31.12.2015

Board of Directors

Klaus Alois Schmitt
Wolfgang Peter Egger
Karim Bohn

Management Board

Rikke Lykke

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of PATRIZIA Fund Management A/S for the financial period 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with Executive Order on the General Rules concerning Annual Reports and Audit for Alternative Investment Fund Managers, including Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31. December 2015 and of the result of its operations for the financial year 01. January 2015 - 31. December 2015.

We believe that the management commentary contains a fair review of the development in the Entity's operations and financial position, as well as a description of the principal risks and uncertainties that may affect the Entity.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 25th of April 2016

Management Board



Rikke Lykke

Board of Directors



Klaus Alois Schmitt



Wolfgang Peter Egger



Karim Bohn

Independent auditors report

To the shareholders of PATRIZIA Fund Management A/S

Report on the financial statements

We have audited the financial statements of PATRIZIA Fund Management A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with Executive Order on the General Rules concerning Annual Reports and Audit for Alternative Investment Fund Managers, including Executive Order on Financial Reports for Credit Institutions and Investment Firms.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Executive Order on the General Rules concerning Annual Reports and Audit for Alternative Investment Fund Managers, including Executive Order on Financial Reports for Credit Institutions and Investment Firms and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Executive Order on the General Rules concerning Annual Reports and Audit for Alternative Investment Fund Managers, including Executive Order on Financial Reports for Credit Institutions and Investment Firms.

Statement on the management commentary

Pursuant to the Executive Order on the General Rules concerning Annual Reports and Audit for Alternative Investment Fund Managers, including Executive Order on Financial Reports for Credit Institutions and Investment Firms, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 25th of April 2016

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33963556



René H. Christensen

State Authorised Public Accountant

Management commentary

Primary activities

The primary activity of the company is to provide fund management services within the real estate industry[□]

Development in activities and finances

The result for the period shows a gain of DKK 997.553. The management considers the result as satisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Outlook

The Management expects a positive result in 2016.

Management Board

Rikke Lykke

Managing Director since 2013

Other managerial posts:

PATRIZIA Denmark A/S

PATRIZIA Sweden AB

PATRIZIA Finland Oy

PATRIZIA Frederiksberggade ApS

PATRIZIA Hovedgade ApS

PATRIZIA Hovedgade Holding ApS

PATRIZIA Immobilien KAG Greater Helsinki Oy

PATRIZIA Købmagergade ApS

PATRIZIA Royal ApS

PATRIZIA Unicorn ApS

PATRIZIA WohnInvest Greater Copenhagen ApS

PATRIZIA WohnInvest Greater Copenhagen II ApS

PATRIZIA WohnInvest Greater Copenhagen III ApS

PATRIZIA Nordic Cities PropCo A ApS

PATRIZIA Nordic Cities PropCo B ApS

PATRIZIA Nordic Cities General Partner S.á r.l.

PATRIZIA Square ApS

Galleri K Retail ApS

Fredericiagade ApS
Valby Residential ApS
Nikita Invest ApS

Board of Directors

Klaus Alois Schmitt

Chairman of the Board since 2013

Other managerial posts in commercial enterprises:

Patrizia Immobilien AG and subsidiaries (incl PATRIZIA Denmark A/S)

Wolfgang Peter Egger

Member of the Board since 2013

Other managerial posts in commercial enterprises:

Patrizia Immobilien AG and subsidiaries (incl PATRIZIA Denmark A/S)

Karim Bohn

Member of the Board since 2015

Other managerial posts in commercial enterprises:

Patrizia Immobilien AG and subsidiaries (incl PATRIZIA Denmark A/S)

Income and comprehensive income statement for 1. January 2015 - 31. December 2015

	Note	2015 DKK	2013/14 TDKK
Fee and commission income	6	3.346.141	3.143
Staff and administration costs	7	-1.783.161	-2.818
Other operational costs		-240.895	-310
Profit before interest and tax		1.322.085	15
Financial income		0	0
Financial costs		-15.746	-19
Value adjustments		-2.017	0
Profit before tax		1.304.322	-4
Tax on profit for the year	8	-306.769	-324
Profit for the year		997.553	-328
Proposed distribution of profit/loss			
Dividend		0	0
Retained earnings		997.553	-328
		997.553	-328

Balance sheet at 31.12.2015

	Note	2015 DKK	2014 TDKK
Other receivables		456.400	835
Receivables		<u>456.400</u>	<u>835</u>
Cash		<u>3.208.747</u>	<u>1.611</u>
Assets		<u>3.665.147</u>	<u>2.446</u>
Contributed capital		1.046.000	1.046
Other reserves		954.000	954
Dividend		0	0
Retained earnings		669.530	-328
Equity		<u>2.669.530</u>	<u>1.672</u>
Income tax payable		306.769	339
Other Liabilities		688.848	435
Liabilities		<u>995.617</u>	<u>774</u>
Equity & Liabilities		<u>3.665.147</u>	<u>2.446</u>
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Statement of changes in equity

	Contributed capital DKK	Other reserves DKK	Retained earnings DKK	DKK
Equity beginning of year	1.046.000	954.000	-328.023	1.671.977
Profit/loss of the year	<u>0</u>	<u>0</u>	<u>997.553</u>	<u>997.553</u>
Equity end of year	<u>1.046.000</u>	<u>954.000</u>	<u>669.530</u>	<u>2.669.530</u>

The capital comprises 10.460 shares of DKK 100 each.

The shares are not divided into share classes.

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1. Significant accounting policies and changes in accounting policies

This annual report has been presented in accordance with Executive Order on the General Rules concerning Annual Reports and Audit for Alternative Investment Fund Managers, including Executive Order on Financial Reports for Credit Institutions and Investment Firms.

Notes to this annual report have been prepared in consideration of the Entity being an Alternative Investment Fund Manager rather than a Credit Institution.

Accounting policies are described below.

The significant accounting policies are described here in note 1. The presentation of the other accounting policies are described in Note 12.

Income statement

Financial- Fee and commission income

Financial income and -costs are recognised in the periods they refer to. Commissions and fees referring to services, which are provided over a period of time, will be accrued over the period.

Balance

Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled at a trade under normal circumstances, between knowledgeable, willing and independent parties.

2. Significant accounting estimates, assumptions and uncertainties

The financial statements are prepared based on certain assumptions that the use of accounting estimates. These estimates are made by PATRIZIA Fund Management A/S in accordance with accounting policies and based on historical experience and assumptions that management considers reasonable and realistic. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described below.

- Specific conditions for management of alternative investment funds

Specific conditions for management of alternative investment funds

The management company of alternative investment fund (AIFM) must have an initial capital equal to at least 125,000 euros. The initial capital must be increased by 0.02 percent of the amount by which the value of the assets under management (AuM) exceeds 250 million euros, though the maximum required sum total of the initial capital and the additional equity capital is 10 million euros.

Notwithstanding the above capital adequacy requirement, an AIFM must at any given time have sufficient equity capital on hand that equals no less than one fourth of their preceding year's fixed overheads. Where an AIFM has not completed a year's business, starting from the day it starts up, the requirement is a quarter of the fixed overheads projected in its business plan, unless an adjustment to that plan is required by the competent authorities.

In addition to the above requirements, an AIFM must (a) have additional own funds which are appropriate to cover potential liability risks arising from professional negligence or (b) hold a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered.

3. Capital and solvency

	2015 DKK	2013/14 TDKK
Requirements for minimum equity		
Initial capital base (EUR 125.000)	932.825	930
Initial capital, 0,02% of AUM above MEUR 250	0	0
Equity capital for coverage of professional liability risks (0,01% of AUM)	45.977	67
Requirements for equity	<u>978.802</u>	<u>997</u>
Actual equity base	<u>1.046.000</u>	<u>1.046</u>
Surplus of equity compared to required minimum equity	67.198	49
Requirements for minimum equity in regards to cost coverage		
Coverage of general administrative expenses (25%)	506.014	782
Equity capital for coverage of professional liability risks (0,01% of AUM)	45.977	67
Requirements for equity	<u>551.991</u>	<u>849</u>
Actual equity base	<u>1.046.000</u>	<u>1.046</u>
Surplus of equity compared to required cost coverage	494.009	197
Solvency ratio (%)	72,8%	68,4%

4. Financial risks and policies and measurement for management of financial risks

PATRIZIA Fund Management A/S is exposed to various types of risks. The purpose of risk management policies is to minimize the losses that may occur as a result of management of alternative investment funds.

PATRIZIA Fund Management A/S continuously develops tools to identify and manage the risks to daily affecting the company. The Board of Directors establishes the overall framework and principles for risk and capital management and receives regular reports on risk development and use of risk limits.

The daily management of risk is taken by the risk manager.

Credit risk

Risk management policies are designed to ensure that transactions with credit institutions are done within the limits set by the Board of Directors.

Market risk

PATRIZIA Fund Management A/S's market risk is managed via fixed limits for a large number of risks. Calculating, monitoring and reporting of market risk are done according to policies.

Liquidity risk

PATRIZIA Fund Management A/S's liquid resources are controlled by maintaining sufficient cash and cash equivalents. The liquid resources are defined with the objective of ensuring an adequate and stable cash resources.

Operational risk

PATRIZIA Fund Management A/S have, in order to reduce losses caused by operational risks, prepared several operational policies.

5. Five-year summary

Financial highlights - TDKK	2015	2014
Administratiraon costs	140	1.464
Staff costs	1.643	1.355
Profit before interest and tax	1.322	15
Profit for the year	998	-328
Equity	2.670	1.672
Assets	3.665	2.446
Ratios		
Solvency ratio (%)	72,8%	68,4%
Return on equity before tax (%)	60,1%	-0,1%
Return on equity after tax (%)	46,0%	-9,8%
Average number of employees	2	2
Number of funds under administration	2	1
Assets under management (TDKK)	459.769	674.140

6. Fee and commission income

	2015	2013/14
	DKK	TDKK
Foreningen european retail	3.267.252	3.143
Britannia Invest A/S	78.889	0
Total Fee and commission income	3.346.141	3.143

7. Staff and administration costs

	2015 DKK	2013/14 TDKK
Staff costs	1.643.178	1.355
Costs related to management of alternative investment funds	32.015	1.359
Other administration costs	107.968	104
Total staff and administration costs	1.783.161	2.818
Salaries	1.498.745	1.228
Pensions	139.226	123
Social security etc.	5.207	4
Total staff costs	1.643.178	1.355
Average number of employees	1,85	2
Remuneration for Executive Board	221.265	147

The remuneration for the Executive Board are fixed and no incentives are paid out.

Only the Executive Board have influence on the risk profile.

The Board of Directors does not receive any Remuneration.

Audit fee

Statutory audit of financial statements	23.000	35
Adjustment 2014	36.000	0
Tax advice	0	25
	59.000	60

8. Tax on profit for the year

	2015 DKK	2013/14 TDKK
Profit before tax	1.304.322	-4
Non-deductible expenses	<u>0</u>	<u>1.325</u>
Taxable profit	<u>1.304.322</u>	<u>1.321</u>
Tax, 23,5% (24,5% for 2014)	<u>306.516</u>	<u>324</u>
Tax on profit/loss	306.769	324
Adjustment in deferred tax	<u>0</u>	<u>0</u>
Tax on profit for the year	<u>306.769</u>	<u>324</u>

Corporate tax for the current year is for Danish companies calculated based on a tax rate at 23,5%.

The Danish Parliament has on 27th of June 2013 decided, that the corporate income tax rate decreases gradually over three years from 25% to 22%. The effect of the gradual reduction is recognized in full in the financial year 2014 based on expected realizable times for the deffered tax values.

9. Contingent assets and contingent liabilities

The company is part of a Danish joint taxation with PATRIZIA Denmark A/S as management Company. According to the Corporation Tax Act rules the company is therefore jointly reliable for income taxes etc.

10. Related parties with control

The company has registered the following shareholders with more than 5% of the share capitals voting rights or nominal value:

- PATRIZIA Denmark A/S, Copenhagen

All transactions with related parties are done at market level.

Annual transactions with related parties:

Name	Basis of the influence	Transaction type
PATRIZIA Denmark A/S	Parent Company, 100%	Staff and adm costs, 240.000 DKK

11. Group information

PATRIZIA Fund Management A/S is part of the consolidated annual report for the PATRIZIA Group.

The annual report for the PATRIZIA Group can be downloaded from:

<http://www.patrizia.ag/en/investor-relations/financial-reports/annual-reports/>

12. Other accounting policies

The accounting policies are in addition to the described in note 1, described below.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliable.

On initial recognition, assets and liabilities are measured to fair value. However tangible and intangible assets are measured at cost on initial recognition. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or rate at the balance sheet date are recognised in the income statement as value adjustments.

Income statement

Fee and commission income

Revenue from services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at a fair value of the consideration fixed.

Staff and administration costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff. Cost of services and benefits to employees are recognised as the employees perform the tasks that entitles them to the services and goods.

Other operational costs

Other operational cost includes costs that is secondary in relation to the entity's activities.

Income tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in the equity by the portion attributable to entries directly in the equity.

The current tax payable or receivable is recognised in the balance sheet stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

When calculating the tax of the year the current tax rates and tax regulations at the balance sheet date are used.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The entity is jointly taxed with all Danish companies in which the mother company exercises control. The tax of the year is divided between the jointly taxed Danish companies relative to their taxable income (full distribution with tax relief losses).

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities. Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities, as net tax assets or as set-off against future taxable income. Each year on the balance sheet date it is assessed if the expected future taxable income will be sufficient to fully exploit the deferred tax asset.

Balance sheet

Cash

Cash comprises bank deposits.

Other receivables

Other receivables are on initial recognition measured at cost and are hereafter measured at amortised costs.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Equity

Dividends are recognized as a liability at the time of approval on the annual shareholder meeting. The suggested dividend is shown as a separate line under equity.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios		Calculation formula	Ratios reflect
Return on equity (%)	=	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The enterprise's return on capital invested in the enterprise by the owners.
Solvency ratio (%)	=	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The enterprise's financial strength.