

# PATRIZIA

PMM Global I K/S

Strandvejen 102 E, 4., 2900 Hellerup

CVR no. 29 31 60 58

Annual report 2017/18

Approved at the Company's annual general meeting on 31 January 2019

Chairman:

Mads Peter Grønkjær

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### Statement by the Board of Directors

Today, the Management has discussed and approved the annual report of PMM Global I K/S for the financial year 1 October 2017 - 30 September 2018.

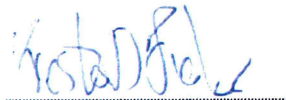
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 30 September 2018 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 October 2017 - 30 September 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Hellerup, 3 December 2018  
Management, Komplementarselskab BMK 1 ApS::



Kresten D. Juelner



Mads Rude

## Independent auditor's report

To the limited partners of PMM Global I K/S

### Opinion

We have audited the consolidated financial statements and the parent company financial statements of PMM Global I K/S for the financial year 1 October 2017 - 30 September 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2018, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 October 2017 - 30 September 2018 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act 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.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent 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 in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements applicable in Denmark 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 the financial statements.

## Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements 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 and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. 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 and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

### Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 3 December 2018  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Ole Karstensen  
State Authorised Public Accountant  
mne16615



Kaare K. Lendorf  
State Authorised Public Accountant  
mne33819

## Management's review

### Company details

Name	PMM Global I K/S
Address, Postal code, City	Strandvejen 102 E, 4., 2900 Hellerup
CVR no.	29 31 60 58
Established	27 January 2006
Registered office	Hellerup
Financial year	1 October 2017 - 30 September 2018
Telephone	+45 36 34 75 00
Management	Kresten D. Juellner Mads Rude
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

### Financial highlights for the Group

DKK'000	2017/18	2016/17	2015/16	2014/15	2013/14
<b>Key figures</b>					
Net operating income from properties	41,869	122,152	146,399	161,278	132,552
Operating profit/loss	3,314	31,190	96,353	238,039	142,742
Net financials	-13,380	-3,262	9,836	224,148	90,754
Profit/loss before tax	-10,066	27,928	106,189	462,188	233,495
<b>Profit/loss for the year</b>	<b>-10,066</b>	<b>27,928</b>	<b>106,189</b>	<b>462,188</b>	<b>233,495</b>
Fixed assets	55,817	321,412	910,159	1,754,795	2,063,854
Non-fixed assets	0	77,649	359,857	38,001	82,956
<b>Total assets</b>	<b>55,817</b>	<b>399,061</b>	<b>1,270,016</b>	<b>1,792,796</b>	<b>2,146,810</b>
Investments by limited partners	3,079,052	3,183,539	3,183,539	3,183,539	3,183,539
<b>Equity</b>	<b>54,610</b>	<b>397,515</b>	<b>1,268,047</b>	<b>1,791,369</b>	<b>2,146,019</b>

## Management´s review

### Business review

PMM Global I K/S' business concept is investment in and management of indirect investments in foreign property via international partners.

During the financial year, as of 12 October 2017, the Manager was acquired by Patrizia Immobilien AG through PATRIZIA Multi Managers Holding A/S. Later in the year the name of the manager was changed from Sparinvest Property Investors I A/S to PATRIZIA Multi Managers I A/S.

At 30 September 2018, PMM Global I K/S had given commitments to four investments and the following diversification had been obtained on the three geographic regions, measured as commitments including the effect of gearing:

Region	Current investment volume based on actual gross asset value in the investments
Europe	12.3%
Americas	1.7%
Asia	86.0%

### Long-term objectives

The Fund's objectives was to generate an attractive internal rate of return (IRR) of 8-10%, including approximately 4-6% in dividends from operating cash flow.

### Recognition and measurement uncertainties

Investments in associates and property investments are measured at fair value. The measurement includes accounting estimates and is, therefore, subject to uncertainty.



## Management´s review

### Financial review

The Fund is realizing its investments and all remaining assets are expected to be sold during 2019.

### Operating activities

In the financial year 2017/18, the Group generated a positive operating profit of DKK 3,314 thousand. Profit after foreign exchange adjustments and financial expenses was negative by DKK 10,066 thousand.

Administrative expenses for the year and fees to the auditors appointed by the annual general meeting amounted to DKK 864 thousand.

The fund has not been charging management fees from the investors as of the 27 January 2018.

Financial income for the year totaled DKK 8,601 thousand, whereas financial expenses, including foreign exchange losses, amounted to DKK 21,981 thousand.

### Financing

In the financial year, the investors in the Group have not made any capital injections (cash calls). The investors have received exit distributions of DKK 105 million.

The limited partner´s committed capital totaled DKK 3,571 million. Undrawn capital amounted to DKK 388 million. There is not assessed to be any risk in connection with payment of the undrawn commitment.

### Investments

At the end of the financial year, the Group has invested in 5 different funds.

At the end of the financial year, total commitments to investments amounted to DKK 255.4 million, equivalent to 7.2% of total net commitments to the Fund.

### Parent company

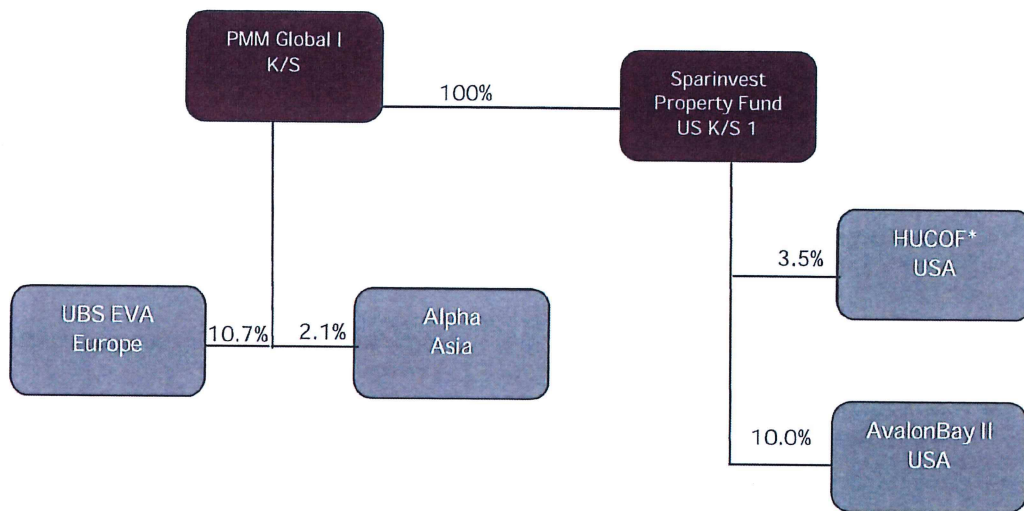
In the financial year 2017/18, the Parent Company generated a negative operating profit of DKK 189 thousand. Profit after foreign exchange adjustments, financial income and financial expenses was negative by DKK 10,066 thousand.

Administrative expenses for the year and fees to the auditors appointed by the annual general meeting amounted to positive DKK 524 thousand.

Financial income for the year totalled DKK 4,255 thousand, whereas financial expenses, including foreign exchange losses, amounted to DKK 4,036 thousand.

## Management's review

### Investments



*Note: the above mentioned percentages refer to PMM Global I K/S' ownership shares in each of the investment. The country / region specification refers to the location of the assets.  
\*The company has, as consequence of the structure, characteristic and contractual agreement of the fund, no significant influence on the fund.*

## Management's review

### Special risks

#### *Operating risks*

The Fund's most significant operating risks are related to the development of the property market and general economic risks. During the investment period, the Fund mitigated the risks by diversified investments in the European, American and Asian markets

#### *Financial risks*

Apart from liabilities relating to operating activities and trading activities, the Fund has no debt, and investments are not leveraged. For each of the foreign property investments, no investments have been made in investments with leverage - the proportion between liabilities and assets - exceeding 70%. The leverage total for all property investments is not to exceed 60% , at the end of the investment period or when the last investment has been completed. The current leverage in the investments made in foreign property investments amounts to 43.3%. Accordingly, the financial risk is assessed as moderate.

#### *Foreign exchange risks*

The Fund makes investments in foreign property investments in foreign currency. No hedging of foreign currency risks on long-term investments is made. At their own discretion, the Fund's investors may decide to hedge the underlying risk on an investment.

#### *Knowledge resources*

The Fund makes investments based on an overall assessment of potential property investments using a systematised selection method involving external consultants, when necessary. When selecting specific assets, the personal knowledge and competencies of the partners are decisive. Consequently, the Fund has ensured strong alignment of the partners through financial incentives.

#### *Environmental matters*

The Fund's operations have no direct environmental impact, but the Fund intends to contribute to a minimal environmental impact through its investment policy.

#### *Research and development activities*

During the financial year, the Fund had no research and development activities, and none are expected in the coming financial year.

#### *Events after the balance sheet date*

After the balance sheet date the fund was extended unanimously by the Investment Board for an additional one year period ending 27 January 2020.

No other events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

#### *Outlook*

The remaining two assets in the portfolio are being marketed for sale with completion expected in the next 3-6 months. Following the distribution of net sales proceeds and released reserves, we will initiate the liquidation of PMM Global I.

Consolidated financial statements and parent company financial statements 1 October  
2017 - 30 September 2018

Income statement

Note	DKK'000	Group		Parent company	
		2017/18	2016/17	2017/18	2016/17
	Net operating income from properties	41,869	122,152	2,341	1,971
	Fair value adjustment of foreign investment properties	-37,691	-86,326	-3,054	-27,370
	Administrative expenses	-864	-4,636	524	-1,622
	Gross margin	3,314	31,190	-189	-27,021
	Profit from group enterprises	0	0	-10,066	64,663
4	Financial income	8,601	148,045	4,225	9,067
5	Financial expenses	-21,981	-151,307	-4,036	-18,781
	Profit/loss for the year	-10,066	27,928	-10,066	27,928



Consolidated financial statements and parent company financial statements 1 October  
2017 - 30 September 2018

Balance sheet

Note	DKK'000	Group		Parent company	
		2017/18	2016/17	2017/18	2016/17
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
7	Investments by limited partners	3,079,052	3,183,539	3,079,052	3,183,539
	Retained earnings	-3,024,442	-2,786,024	-3,024,442	-2,786,024
	<b>Total equity</b>	<b>54,610</b>	<b>397,515</b>	<b>54,610</b>	<b>397,515</b>
	<b>Liabilities other than provisions</b>				
	<b>Non-current liabilities other than provisions</b>				
	Loan general partners (mature 1 - 5 years)	252	252	126	126
		<u>252</u>	<u>252</u>	<u>126</u>	<u>126</u>
	<b>Current liabilities other than provisions</b>				
	Bank debt	839	0	839	0
	Payables to group enterprises	0	0	1,452,354	1,158,980
	Other payables	116	1,294	117	1,294
		<u>955</u>	<u>1,294</u>	<u>1,453,310</u>	<u>1,160,274</u>
	<b>Total liabilities other than provisions</b>	<b>1,207</b>	<b>1,546</b>	<b>1,453,436</b>	<b>1,160,400</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>55,817</b>	<b>399,061</b>	<b>1,508,046</b>	<b>1,557,915</b>

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 3 Staff costs
- 8 Contractual obligations and contingencies, etc.
- 9 Related parties

Consolidated financial statements and parent company financial statements 1 October  
2017 - 30 September 2018

Statement of changes in equity

		Group		
Note	DKK'000	Investments by limited partners	Retained earnings	Total
		3,183,539	-2,786,024	397,515
	Equity at 1 October 2017	-104,487	0	-104,487
	Equity distributed during the period	0	-10,066	-10,066
	Transfer through appropriation of loss	0	-228,352	-228,352
	Dividend distributed	3,079,052	-3,024,442	54,610
	Equity at 30 September 2018			

		Parent company		
Note	DKK'000	Investments by limited partners	Retained earnings	Total
		3,183,539	-2,786,024	397,515
	Equity at 1 October 2017	-104,487	0	-104,487
	Equity distributed during the period	0	-10,066	-10,066
10	Transfer, see "Appropriation of profit/loss"	0	-228,352	-228,352
	Dividend distributed	3,079,052	-3,024,442	54,610
	Equity at 30 September 2018			

Consolidated financial statements and parent company financial statements 1 October  
2017 - 30 September 2018

Cash flow statement

Note	DKK'000	Group	
		2017/18	2016/17
	Profit/loss for the year	-10,066	27,928
	Cash generated from operations (operating activities)	-10,066	27,928
	Value adjustment of property investments and loans	37,691	-139,548
	Unrealised exchange adjustments of property investments and loans	21,866	105,830
	Changes in receivables	43,259	83,467
	Changes in current liabilities	-302	-427
	<b>Cash flows from operating activities</b>	<b>92,448</b>	<b>77,250</b>
	Disposal of investments in property investments	207,660	531,875
	Distribution from property investments and loans	0	90,592
	<b>Cash flows to investing activities</b>	<b>207,660</b>	<b>622,467</b>
	Exits to limited partners	-104,487	-796,574
	Dividend to limited partners	-230,849	-101,886
	<b>Cash flows from financing activities</b>	<b>-335,336</b>	<b>-898,460</b>
	<b>Net cash flow</b>	<b>-35,228</b>	<b>-198,743</b>
	Cash and cash equivalents at 1 October	34,389	233,132
	<b>Cash and cash equivalents at 30 September</b>	<b>-839</b>	<b>34,389</b>



## Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

### Notes to the financial statements

#### 1 Accounting policies

The annual report of PMM Global I K/S has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities with the adjustments following the legal form and operating activities of the Fund.

The figures regarding Sparinvest Property Fund US K/S 1 are included in the consolidated financial statements for PMM Global I K/S, why there is no requirement to submit a stand-alone financial statement for this entity. Instead of submitting a stand-alone financial statement for Sparinvest Property Fund US K/S 1, Management will submit an exemption statement in accordance with section 5(1) of the Danish Financial Statement Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Basis of recognition and measurement

All income in relation to the financial year is recognised in the income statement as earned. Negative value adjustments in respect of investments in foreign property investments are also recognised in the income statement.

Equally, costs incurred to generate the year's earnings are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Fund and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits from the Fund is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below. In recognising and measuring assets and liabilities, expected losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Consolidated financial statements

The consolidated financial statements comprise the Parent Company PMM Global I K/S and subsidiaries in which the Parent Company directly or indirectly holds the majority of the voting rights or which it, through shareholding or in some other way, controls.

On consolidation, similar items are aggregated. Intra-group income and expenses, shareholdings, dividends, balances and realised and unrealised gains on intra-group transactions are eliminated.

The Parent Company's investments in consolidated subsidiaries are set off against the Parent Company's share of the subsidiaries' equity value at the date when the subsidiary was acquired.

## Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Foreign currency translation

DKK is used as the functional currency. Transactions denominated in other currencies than DKK are considered transactions denominated in foreign currencies.

On initial recognition, investments in property investments are translated to DKK at the exchange rates at the transaction date. Subsequent fair value adjustments of investments in property investments are recognised in the income statement at the same historical exchange rate to the effect that exchange rate adjustments do not affect the operating profit. Differences arising between the exchange rate at the balance sheet date and the historical exchange rate are recognised in the income statement as financial items. Financial items are specified in the note regarding financial income and expenses on investments in foreign property investments and other items.

Receivables, payables and other monetary items denominated in foreign currencies are translated to DKK at the exchange rate or forward price at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or the exchange rate in the latest annual report is recognised in the income statement as financial income or expenses.

Investments in foreign property investments are translated at the exchange rate at the balance sheet date.

##### Income statement

###### Net operating income from properties

In the income statement, net operating income received from properties translated at the weighted historical exchange rates at the transaction date is recognised as income.

###### Other operating income and operating expenses

In the income statement, fair value adjustment of properties and liabilities translated at the weighted historical exchange rates at the transaction date for cash calls are recognised as income.

Value adjustments due to changes in exchange rates are recognised as financial income or expenses.

###### Administrative expenses

Administrative expenses comprise expenses for management fee to PATRIZIA Multi Managers I A/S, transaction costs in connection with investments, remuneration to the general partner, success fee and audit fee.

The Fund has entered into a management agreement regarding the Fund's activities. A fixed management fee is paid.

###### Financial income and expenses

Financial income and expenses comprise foreign exchange adjustments of investments in foreign property investments, other realised and unrealised foreign exchange adjustments and interest.

## Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Tax

PMM Global I K/S is not a separate entity subject to taxation. The tax liability in respect of the Fund's earnings is incumbent on the individual investors of the Fund. For this reason, no tax is calculated on the Fund's earnings, and withholding of foreign tax on dividends from property investments is charged directly to the Fund's investors.

##### Balance sheet

##### Investments

###### *Investments in subsidiaries*

Investments in subsidiaries are recognised and measured according to the equity method.

The proportionate ownership share of the subsidiaries' equity value determined based on the fair value of the identifiable net assets at the acquisition date minus or plus unrealised intragroup gains or losses is recognised in the balance sheet as "Investments in subsidiaries".

The total net revaluation of investments in subsidiaries is transferred via distribution of profit to "Reserve for net revaluation according to the equity method" under equity. The reserve is reduced by distribution of dividends to the Parent Company and is adjusted by other changes in equity in subsidiaries.

###### *Investments in associates*

On initial recognition, investments in associates are determined at the exchange rates at the transaction date and are subsequently measured at fair value translated at the exchange rate at the balance sheet date. The fair value is determined by each fund based on the fair value of the underlying properties. Liabilities in investments in property investments are measured at fair value.

The fair value measurement is based on recognised valuation methods on the basis of observable market information (fair value hierarchy 3).

The proportionate ownership share of the associates' equity value determined based on the fair value of the identifiable net assets at the acquisition date minus or plus unrealised intragroup gains or losses is recognised in the balance sheet as "Investments in associates".

###### *Loans to foreign property investments*

On initial recognition, investments in property investments are determined at the exchange rates at the transaction date and are subsequently measured at fair value translated at the exchange rate at the balance sheet date. The fair value is determined by each fund based on the fair value of the underlying properties. Liabilities in investments in property investments are measured at fair value.

The fair value measurement is based on recognised valuation methods on the basis of observable market information (fair value hierarchy 3).

Investment commitments where cash calls have not been made at the balance sheet date are disclosed under contingent liabilities in the notes. Received dividends from property investments are deducted from the value of the investments.

###### *Loans to foreign property investments*

On initial recognition, loans to foreign property investments are recognised in the balance sheet at fair value. Subsequently, loans to foreign property investments are measured at amortised cost, which is equivalent to nominal value less write-down for bad debt losses. Write-downs are made for bad debt losses based on an individual assessment of the loans.

## Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are recognised in the balance sheet at amortised cost, which is equivalent to nominal value less write-down for bad debt losses. Write-downs are made for bad debt losses based on an individual assessment of receivables.

Receivables from limited partners regarding cash calls receivable, etc. are recognised at nominal value.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

##### Equity

###### *Revaluation reserve*

Investments by limited partners are recognised when cash calls are made. Investment commitments where cash calls have not been made at the balance sheet date are disclosed in the notes.

The reserve for net revaluation according to the equity method is determined as the total net revaluation of investments in subsidiaries less distribution of dividends to the Parent Company and adjusted for other changes in equity in subsidiaries.

Fair value adjustments of investments in associates are made on a continuous basis, and revaluations and reversals relative to cost are recognised in a special reserve under equity called "Revaluation reserve".

The revaluation reserve is reduced by the depreciation charges relating to the revaluation.

##### Liabilities

Liabilities (current and non-current) are included when the Fund, as a consequence of an event occurring no later than on the balance sheet date, has a legal or constructive obligation, and an outflow of economic benefits from the Fund to settle the obligation is probable. Investment commitments where cash calls have not been made at the balance sheet date are disclosed in the notes.

Other liabilities are measured at net realisable value.

## Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning of the year and at the end of the year.

##### *Cash flows from operating activities*

Cash flows from operating activities are calculated as profit/loss for the year adjusted for changes in working capital and non-cash operating items such as value adjustments. The working capital comprises fixed assets minus current liabilities - excluding items included in cash and cash equivalents.

##### *Cash flows from investing activities*

Cash flows from investing activities comprise cash flows from and to investments in property investments.

##### *Cash flows from financing activities*

Cash flows from financing activities comprise cash flows from and to the investors.

##### Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

#### 2 Recognition and measurement uncertainties

The determination of the carrying amount of property investments and liabilities requires judgements, estimates and assumptions concerning future events.

The estimates and assumptions made are based on fair value calculations from property investments, historical experiences and other factors assessed by Management to be reliable in the circumstances, but which by nature are associated with uncertainty and unpredictability.

The assumptions made may prove incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the Fund is subject to risks and uncertainties, which may lead to actual results differing from the estimates. Particular risks for PMM Global I K/S are mentioned in the Management's review.

It may be necessary to change previously made estimates as a consequence of changes in the circumstances on which the previous estimates were based or due to new knowledge or subsequent events.

Estimates essential to the financial reporting may for example comprise determination of the value of the underlying investments in foreign property investments. Because of the measurement principles used, the calculation of fair value will be subject to uncertainty.

Consolidated financial statements and parent company financial statements 1 October  
2017 - 30 September 2018

Notes to the financial statements

3 Staff costs

Group

The Limited Partnership is managed by the general partner. Without limiting the responsibility of the general partner, the general partner have authorised PATRIZIA Multi Managers I A/S to conduct day-to-day operations. The general partner receives a fee of t.DKK 201 for the general partner role.

DKK'000	Group		Parent company	
	2017/18	2016/17	2017/18	2016/17
<b>4 Financial income</b>				
Unrealised foreign exchange gains, property investments and loans	0	42,842	0	5,407
Realised foreign exchange gains, property	8,601	105,053	4,225	3,512
Other financial income	0	150	0	148
	<u>8,601</u>	<u>148,045</u>	<u>4,225</u>	<u>9,067</u>
<b>5 Financial expenses</b>				
Interest losses	21	132	21	128
Unrealised foreign exchange losses, property investments	21,866	148,672	3,949	18,439
Realised foreign exchange losses, property investments	0	1,331	0	0
Other foreign exchange losses	0	1,071	0	0
Financial expenses general partner	94	101	66	51
Other financial expenses	0	0	0	163
	<u>21,981</u>	<u>151,307</u>	<u>4,036</u>	<u>18,781</u>

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6 Investments

	Group		
	Investments in foreign property investments		
DKK'000			
Cost at 1 October 2017			641,713
Disposals			-506,902
Cost at 30 September 2018			134,811
Value adjustments at 1 October 2017			-320,301
Value adjustments for the year			241,307
Value adjustments at 30 September 2018			-78,994
Carrying amount at 30 September 2018			55,817

	Parent company		
	Investments in subsidiaries	Investments in foreign property investments	Total
DKK'000			
Cost at 1 October 2017	1,577,334	296,636	1,873,970
Disposals	0	-161,825	-161,825
Cost at 30 September 2018	1,577,334	134,811	1,712,145
Value adjustments at 1 October 2017	-114,698	-204,045	-318,743
Value adjustments for the year	-9,442	124,086	114,644
Value adjustments at 30 September 2018	-124,140	-79,959	-204,099
Carrying amount at 30 September 2018	1,453,194	54,852	1,508,046

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6 Investments (continued)

Group

<u>Name</u>	<u>Domicile</u>	<u>Interest</u>	<u>Equity DKK '000</u>	<u>Profit/loss DKK '000</u>
Foreign property investments				
Hines U.S. Core Office Fund	USA	3.5%	18,403	581
AvalonBay Value Added Fund II, LP	USA	10.0%	3,221	-902

Parent

<u>Name</u>	<u>Domicile</u>	<u>Interest</u>	<u>Equity DKK '000</u>	<u>Profit/loss DKK '000</u>
Foreign property investments				
UBS (LUX) Euro Value Added Real Estate	Europe	10.7%	64,111	-283
Alpha Asia Macro Trends Fund Private LTD	USA	2.1%	2,285,300	-153

On initial recognition, property investments are measured at cost translated at the exchange rates at the transaction date. Subsequently property investments are measured at fair value translated at the exchange rate at the balance sheet date. The fair value is determined by each Fund based on the fair value of the net assets in the fund comprising underlying properties and related liabilities.

PMM Global I invests in managed real estate funds, which are not quoted on an active market. The investments in these funds will generally be classified as Level 3 in the fair value hierarchy. The valuation models applied for the real estate funds assets will typically be based on (i) discounted cash flow analysis; (ii) direct capitalisation method; and/or (iii) comparable sales method. The real estate funds reflect its real estate equity investments net of investment level financing. Increases or decreases in any of the assumptions in isolation would result in a lower or higher fair value measurement.

The real estate funds generally invest in real estate and real estate related investments for which there is no liquid market. The market price for such investments may not be readily ascertainable. As a result, amounts ultimately realised by the fund from investments sold may differ from the fair value presented and the difference could be material.



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6 Investments (continued)

The review of the valuation process is performed by the management of PATRIZIA Multi Managers I A/S. PATRIZIA Multi Managers I A/S considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing to ensure they are reasonable and appropriate.

PATRIZIA Multi Managers I A/S bases their ongoing review of the valuation process on the information reported from the real estate funds in their annual financial statements and quarterly reports. In PATRIZIA Multi Managers I A/S's review of the valuation process, the obtained reported information is compared to what is budgetted or expected by the management of PATRIZIA Multi Managers I A/S and, if the information is not in accordance with what is expected, the management engages in dialog with the real estate funds in order to clarify any irregularities. At least once every year, PATRIZIA Multi Managers I A/S ensures that an external valuation of all the assets in the funds is carried out.

The following table shows information about the by the real estate funds used unobservable inputs related to the fair value measurement at 30 September 2018 as per their quarterly reports:

At 30 September 2018						
Fund	Type	Asset class	Valuation techniques	Unobservable inputs	Weighted average	Vacancy
Alpha Asia Macro Trends fund Private Ltd	Investment in real estate equity	Office, residential and retail	DCF Cap. Method Comp. prices	NOI input	61% - 80%	17.3%

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7 Investments by limited partners

The subscribed equity capital consists of 3,571 shares of DKK 1,000 each.

The total subscribed equity capital amounts to DKK 3,571 million, the equity called at year end amounts to DKK 3,186 million and the commitments for additional investments amounts to DKK 388 million.

The subscribed capital has not changed since final closing.

Limited Partners Holding more than 5% of the subscribed capital:

Sparinvest Foreign Properties Ltd

Danica Pensionsforsikring

MP Pension

PFA Pension

Pensam Liv og Forsikringsaktieselskab

Juristernes- og Økonomernes Pensionskasse

Lægernes Pension - Pensionkassen for Læger

AP Pension

8 Contractual obligations and contingencies, etc.

The entity has no contractual, obligations and contingencies, etc. at 30. September 2018.

9 Related parties

PMM Global I K/S has the following related parties exercising control:

BMK 1 ApS, registration no. 29 24 51 50 is general partner in PMM Global I K/S. As general partner the company has the general management responsibility for PMM Global I K/S. However, a management agreement with a management company was entered when founding PMM Global I K/S, see below. As general partner BMK 1 ApS receives a fixed fee. Transactions have been made on an arm's length basis.

On behalf of BMK 1 ApS, PATRIZIA Multi Managers I A/S, registration no. 28 33 08 04 has entered into an agreement with PMM Global I K/S on management of PMM Global I K/S. As management company PATRIZIA Multi Managers I A/S receives a fee calculated as a percentage of obtained commitments to invest in foreign property funds. Transactions have been made on an arm's length basis. No other transactions between PMM Global I K/S and PATRIZIA Multi Managers I A/S have taken place.

Investor Board and partners

The Fund's Investor Board does not receive any fees. The partners receive fees from the administration company in accordance with the administration agreement made with the management company.

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DKK'000	Parent company	
	2017/18	2016/17
10 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-10,066	27,928
	<u>-10,066</u>	<u>27,928</u>