

PATRIZIA Denmark A/S
Adelgade 15, 2.
1304 København
Central Business Registration No
34476845

Annual report 2016

The Annual General Meeting adopted the annual report on 24.04.2017

Chairman of the General Meeting

Name: Rikke Lykke

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Entity details

Entity

PATRIZIA Denmark A/S
Adelgade 15, 2.
1304 København

Central Business Registration No: 34476845

Founded: 15.04.2012

Registered in: København

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Klaus Alois Schmitt
Karim Bohn
Wolfgang Peter Egger

Executive Board

Rikke Lykke

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

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 Denmark A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Augsburg, 24.04.2017

Executive Board

Rikke Lykke

Board of Directors

Klaus Alois Schmitt

Karim Bohn

Wolfgang Peter Egger

Independent auditor's reports

To the shareholders of PATRIZIA Denmark A/S

Report on extended review of the financial statements

We have performed an extended review of the financial statements of PATRIZIA Denmark A/S for the financial year 01.01.2016 - 31.12.2016. The financial statements, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes, are prepared in accordance with the Danish Financial Statements Act.

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 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's assets, liabilities and financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

Independent auditor's reports

In connection with our extended review of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

København, 24.04.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

René Herman Christensen

statsautoriseret revisor

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 of the period shows a gain of DKK 24.974.903. 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.

Income statement for 2016

| | <u>Notes</u> | <u>2016 DKK</u> | <u>2015 DKK</u> |
|--|--------------|--------------------------|--------------------------|
| Gross profit | | 54.749.276 | 52.978.416 |
| Staff costs | | (24.493.376) | (18.390.409) |
| Depreciation, amortisation and impairment losses | | <u>(198.817)</u> | <u>(177.298)</u> |
| Operating profit/loss | | 30.057.083 | 34.410.709 |
| Other financial income | | 2.100.866 | 560.576 |
| Other financial expenses | | <u>(148.721)</u> | <u>(150.411)</u> |
| Profit/loss before tax | | 32.009.228 | 34.820.874 |
| Tax on profit/loss for the year | 1 | <u>(7.034.325)</u> | <u>(8.191.375)</u> |
| Profit/loss for the year | | <u>24.974.903</u> | <u>26.629.499</u> |
| Proposed distribution of profit/loss | | | |
| Retained earnings | | <u>24.974.903</u> | <u>26.629.499</u> |
| | | <u>24.974.903</u> | <u>26.629.499</u> |

Balance sheet at 31.12.2016

| | <u>Notes</u> | <u>2016 DKK</u> | <u>2015 DKK</u> |
|--|--------------|---------------------|---------------------|
| Other fixtures and fittings, tools and equipment | | 1.240.318 | 1.457.451 |
| Leasehold improvements | | 112.445 | 210.660 |
| Property, plant and equipment | | 1.352.763 | 1.668.111 |
| Investments in group enterprises | | 2.000.000 | 2.000.000 |
| Deposits | | 437.888 | 637.035 |
| Fixed asset investments | 2 | 2.437.888 | 2.637.035 |
| Fixed assets | | 3.790.651 | 4.305.146 |
| Trade receivables | | 822.699 | 908.220 |
| Receivables from group enterprises | | 70.640.056 | 49.176.006 |
| Other receivables | | 49.997 | 49.996 |
| Prepayments | | 357.466 | 488.371 |
| Receivables | | 71.870.218 | 50.622.593 |
| Cash | | 12.632.763 | 5.829.333 |
| Current assets | | 84.502.981 | 56.451.926 |
| Assets | | 88.293.632 | 60.757.072 |

Balance sheet at 31.12.2016

| | <u>Notes</u> | <u>2016 DKK</u> | <u>2015 DKK</u> |
|--|--------------|--------------------------|--------------------------|
| Contributed capital | 3 | 510.000 | 510.000 |
| Other reserves | | 69.420 | 69.420 |
| Retained earnings | | <u>69.113.731</u> | <u>44.138.824</u> |
| Equity | | <u>69.693.151</u> | <u>44.718.244</u> |
| Deferred tax | | <u>156.543</u> | <u>184.641</u> |
| Provisions | | <u>156.543</u> | <u>184.641</u> |
| Prepayments received from customers | | 4.756.404 | 5.601.581 |
| Trade payables | | 1.488.359 | 666.590 |
| Payables to group enterprises | | 74.039 | 4.814 |
| Income tax payable | | 1.963.487 | 2.497.803 |
| Other payables | | <u>10.161.649</u> | <u>7.083.399</u> |
| Current liabilities other than provisions | | <u>18.443.938</u> | <u>15.854.187</u> |
| Liabilities other than provisions | | <u>18.443.938</u> | <u>15.854.187</u> |
| Equity and liabilities | | <u>88.293.632</u> | <u>60.757.072</u> |
| Unrecognised rental and lease commitments | 4 | | |
| Related parties with controlling interest | 5 | | |

Statement of changes in equity for 2016

| | Contributed capital DKK | Other reserves DKK | Retained earnings DKK | Total DKK |
|--------------------------------|--|-------------------------------|--------------------------------------|----------------------|
| Equity beginning of year | 510.000 | 69.420 | 44.138.828 | 44.718.248 |
| Profit/loss for the year | 0 | 0 | 24.974.903 | 24.974.903 |
| Equity end of year | 510.000 | 69.420 | 69.113.731 | 69.693.151 |

Notes

| | 2016 | 2015 |
|---|------------------|------------------|
| | DKK | DKK |
| 1. Tax on profit/loss for the year | | |
| Tax on current year taxable income | 7.095.924 | 8.157.803 |
| Change in deferred tax for the year | (28.098) | 60.600 |
| Adjustment concerning previous years | (33.501) | (8.625) |
| Effect of changed tax rates | 0 | (18.403) |
| | 7.034.325 | 8.191.375 |

2. Fixed asset investments

| | Registered in | Corpo- rate form | Equity inte- rest % |
|--|----------------------|---------------------------------|--|
| Investments in group enterprises comprise: | | | |
| PATRIZIA Fund Management A/S | København | A/S | 100,0 |

| | Number | Par value DKK | Nominal value DKK |
|-------------------------------|---------------|--------------------------|----------------------------------|
| 3. Contributed capital | | | |
| Ordinary shares | 5.100 | 100 | 510.000 |
| | 5.100 | | 510.000 |

| | 2016 | 2015 |
|---|------------------|------------------|
| | DKK | DKK |
| 4. Unrecognised rental and lease commitments | | |
| Hereof liabilities under rental or lease agreements until maturity in total | 1.098.571 | 2.245.733 |

The company has assumed a rental liability until 1 December 2017.

5. Related parties with controlling interest

PATRIZIA Denmark A/S is wholly owned by PATRIZIA Immobilien AG.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

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 a 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 reliably.

On initial recognition, assets and liabilities are measured at cost. 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 rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue includes other operating income and external expenses.

Revenue

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.

Accounting policies

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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 equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | |
|--|------------|
| Other fixtures and fittings, tools and equipment | 3-23 years |
|--|------------|

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount. Cost is reduced with declared dividend that exceeds accumulated earnings after the date of acquisition.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

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.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax