

**PATRIZIA Denmark A/S**

Adelgade 15, 2.  
1304 København

CVR no. 34 47 68 45

**Annual report for 2017**

Adopted at the annual general meeting  
on 29 May 2018

A handwritten signature in blue ink, consisting of a large loop at the top and several smaller loops and strokes below it, positioned above a horizontal line.

---

Rikke Lykke  
chairman

# Contents

	<b>Page</b>
Company details	1
<b>Statements</b>	
Statement by management on the annual report	2
Independent auditor's report	3
<b>Management's review</b>	
Management's review	5
<b>Financial statements</b>	
Accounting policies	6
Income statement 1 January 2017 - 31 December 2017	10
Balance sheet at 31 December 2017	11
Notes to the annual report	13

## Company details

### **The company**

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

CVR no.: 34 47 68 45

Reporting period: 1 January - 31 December 2017

Founded: 15 April 2012

Domicile: Copenhagen

### **Supervisory board**

Klaus Alois Schmitt, chairman  
Karim Bohn  
Wolfgang Peter Egger

### **Executive board**

Rikke Lykke

### **Auditors**

Deloitte  
Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 København S

## Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of PATRIZIA Denmark A/S for the financial year 1 January - 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Augsburg, 29 May 2018

### Executive board



Rikke Lykke

### Supervisory board



Klaus Alois Schmitt  
chairman



Karim Bohn



Wolfgang Peter Egger

## **Independent auditor's report**

**To the shareholder 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 01.01.2017 - 31.12.2017. 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

## **Independent auditor's report**

### **Statement on management's review**

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.

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.

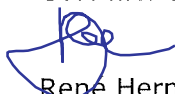
Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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.

Copenhagen, 29 May 2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR-nr.: 33963556



René Herman Christensen  
State Authorised Public Accountant  
MNE-nr./Identification number (MNE) 19735

## **Management's review**

### **Business activities**

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

### **Business review**

The Company's income statement for the year ended 31 December shows a profit of DKK 28.627.204, and the balance sheet at 31 December 2017 shows equity of DKK 98.320.355.

### **Significant events occurring after end of reporting period**

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

## **Accounting policies**

The annual report of PATRIZIA Denmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act for class B enterprises as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2017 is presented in DKK.

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### **Income statement**

#### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue and other operating income less raw materials and consumables and other external expenses.



## **Accounting policies**

### **Revenue**

Income from the sale of services is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

### **Other external expenses**

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts etc.

### **Staff costs**

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

### **Tax on profit/loss for the year**

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

## Accounting policies

### Balance sheet

#### Tangible assets

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

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-23 years	0 %

Assets costing less than DKK 13.200 are expensed in the year of acquisition.

#### Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

#### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

#### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

#### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash.

#### Income tax and deferred tax

As management company, PATRIZIA Denmark A/S is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

## **Accounting policies**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

### **Liabilities**

Liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

### **Payments received from customers**

Payments received from customers income comprises payments received concerning income in subsequent reporting years.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

## Income statement 1 January 2017 - 31 December 2017

	Note	2017 DKK	2016 DKK
<b>Gross profit</b>		<b>59.428.005</b>	<b>54.749.276</b>
Staff costs	1	-25.747.716	-24.493.376
<b>Earnings before interest, taxes, depreciation and amortization</b>		<b>33.680.289</b>	<b>30.255.900</b>
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-149.837	-198.817
<b>Profit/loss before financial income and expenses</b>		<b>33.530.452</b>	<b>30.057.083</b>
Financial income	2	3.434.374	2.100.866
Financial costs	3	-207.399	-148.721
<b>Profit/loss before tax</b>		<b>36.757.427</b>	<b>32.009.228</b>
Tax on profit/loss for the year	4	-8.130.223	-7.034.325
<b>Net profit/loss for the year</b>		<b><u>28.627.204</u></b>	<b><u>24.974.903</u></b>
 <b>Proposed distribution of profit</b>			
Proposed dividend for the year		75.000.000	0
Retained earnings		-46.372.796	24.974.903
		<b><u>28.627.204</u></b>	<b><u>24.974.903</u></b>

## Balance sheet at 31 December 2017

	Note	2017 DKK	2016 DKK
<b>Assets</b>			
Other fixtures and fittings, tools and equipment		1.105.669	1.240.318
Leasehold improvements		0	112.445
<b>Tangible assets</b>		<b>1.105.669</b>	<b>1.352.763</b>
Investments in subsidiaries		2.000.000	2.000.000
Deposits		433.743	437.888
<b>Fixed asset investments</b>		<b>2.433.743</b>	<b>2.437.888</b>
<b>Fixed assets total</b>		<b>3.539.412</b>	<b>3.790.651</b>
Trade receivables		5.703.228	822.696
Receivables from subsidiaries		92.622.116	70.640.056
Other receivables		50.000	50.000
Prepayments		424.469	357.466
<b>Receivables</b>		<b>98.799.813</b>	<b>71.870.218</b>
<b>Cash at bank and in hand</b>		<b>15.734.963</b>	<b>12.632.763</b>
<b>Current assets total</b>		<b>114.534.776</b>	<b>84.502.981</b>
<b>Assets total</b>		<b>118.074.188</b>	<b>88.293.632</b>

## Balance sheet at 31 December 2017

	Note	2017 DKK	2016 DKK
<b>Liabilities and equity</b>			
Share capital		510.000	510.000
Other reserves		69.420	69.420
Retained earnings		22.740.935	69.113.731
Proposed dividend for the year		75.000.000	0
<b>Equity</b>	5	<b>98.320.355</b>	<b>69.693.151</b>
Provision for deferred tax		133.678	156.543
<b>Provisions total</b>		<b>133.678</b>	<b>156.543</b>
Prepayments received from customers		3.980.728	4.756.404
Trade payables		232.176	1.488.359
Payables to subsidiaries		0	74.039
Corporation tax		3.459.968	1.963.487
Other payables		11.947.283	10.161.649
<b>Short-term debt</b>		<b>19.620.155</b>	<b>18.443.938</b>
<b>Debt total</b>		<b>19.620.155</b>	<b>18.443.838</b>
<b>Liabilities and equity total</b>		<b>118.074.188</b>	<b>88.293.632</b>
Rental agreements and lease commitments	6		
Contingent assets, liabilities and other financial obligations	7		
Group relationships	8		

## Notes

	2017 DKK	2016 DKK
<b>1 Staff costs</b>		
Wages and salaries	23.523.324	22.451.876
Other social security costs	2.224.392	2.041.500
	<b>25.747.716</b>	<b>24.493.376</b>
Average number of employees	28	27
<b>2 Financial income</b>		
Interest received from subsidiaries	3.384.986	2.106.573
Other financial income	49.388	-5.707
	<b>3.434.374</b>	<b>2.100.866</b>
<b>3 Financial costs</b>		
Other financial costs	207.399	148.721
	<b>207.399</b>	<b>148.721</b>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	8.152.529	7.095.924
Deferred tax for the year	-22.865	-28.098
Adjustment of tax concerning previous years	559	-33.501
	<b>8.130.223</b>	<b>7.034.325</b>

## Notes

### 5 Equity

Equity at 1 January 2017  
 Net profit/loss for the year  
**Equity at 31 December 2017**

<u>Share capital</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
510.000	69.420	69.113.731	0	69.693.151
0	0	-46.372.796	75.000.000	28.627.204
<b><u>510.000</u></b>	<b><u>69.420</u></b>	<b><u>22.740.935</u></b>	<b><u>75.000.000</u></b>	<b><u>98.320.355</u></b>



## Notes

	<u>2017</u> DKK	<u>2016</u> DKK
<b>6 Rental agreements and lease commitments</b>		
Within 1 year	<u>623.658</u>	<u>1.098.571</u>
	<u><b>623.658</b></u>	<u><b>1.098.571</b></u>

### **7 Contingent assets, liabilities and other financial obligations**

In its capacity as management company, the company is jointly taxed with its Danish group entities and is jointly and severally liable with the other jointly taxed entities for the payment of income taxes for the income year and withholding taxes on dividends, interest and royalties falling due for payment.

### **8 Group relationships**

Name and registered office of the parent company preparing consolidated accounts for smallest group PATRIZIA Immobilien AG, Augsburg, Germany