
Valby Residential ApS

C/O PATRIZIA DENMARK A/S, Adelgade 15, 2.,
DK-1304 Copenhagen

Annual Report for 1 January - 31 December 2016

CVR No 36 20 24 67

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/04 2017

Olga Ciesla
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Valby Residential ApS for the financial year 1 January - 31 December 2016.

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 financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28 April 2017

Direktion

David Hilmar Herbert Girra

Bestyrelse

Rikke Lykke
Chairman

David Hilmar Herbert Girra

Klaus Alois Schmitt

Independent Auditor's Report

To the Shareholders of Valby Residential ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Valby Residential ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("financial statements").

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 Financial Statements" section of our report. We are independent of the Company 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities 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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit.

Independent Auditor's Report

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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Hellerup, 28 April 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Erik Stener Jørgensen
State Authorised Public Accountant

René Otto Poulsen
State Authorised Public Accountant

Company Information

The Company

Valby Residential ApS
C/O PATRIZIA DENMARK A/S
Adelgade 15, 2.
DK-1304 Copenhagen

CVR No: 36 20 24 67

Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

Board of Directors

Rikke Lykke, Chairman
David Hilmar Herbert Girra
Klaus Alois Schmitt

Executive Board

David Hilmar Herbert Girra

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2016 DKK	2015/14 DKK
Revenue		9,969,470	11,991,292
Other operating income		0	10,500
Expenses concerning apartments		-2,486,472	-2,565,618
Other external expenses		-1,756,455	-1,611,450
Gross profit/loss before sales of apartments		5,726,543	7,824,724
Profit on sales of apartments	2	10,657,297	5,298,867
Gross profit/loss after profit on sales of apartments		16,383,840	13,123,591
Depreciation of property and plant		-891,547	-1,140,188
Profit/loss before financial income and expenses		15,492,293	11,983,403
Financial income	3	203,513	54,519
Financial expenses	4	-5,800,911	-6,227,099
Profit/loss before tax		9,894,895	5,810,823
Tax on profit/loss for the year	5	-1,768,282	-1,357,930
Net profit/loss for the year		8,126,613	4,452,893

Distribution of profit

Proposed distribution of profit

Retained earnings	8,126,613	4,452,893
	8,126,613	4,452,893

Balance Sheet 31 December

Assets

	Note	2016 DKK	2015 DKK
Land and buildings		154,742,764	227,111,870
Plant and equipment	6	154,742,764	227,111,870
Fixed assets		154,742,764	227,111,870
Trade receivables		128,699	0
Other receivables		178,471	2,631,263
Deferred tax asset		735,934	163,438
Receivables		1,043,104	2,794,701
Cash at bank and in hand		26,044,811	31,198,164
Currents assets		27,087,915	33,992,865
Assets		181,830,679	261,104,735

Balance Sheet 31 December

Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		50,002	50,002
Retained earnings		40,301,861	32,175,248
Equity	7	40,351,863	32,225,250
Mortgage loans		96,238,512	137,213,334
Payables to group enterprises		40,093,637	83,879,624
Deposits		1,898,293	3,011,700
Long-term debt	8	138,230,442	224,104,658
Prepayments received from customers		26,592	158,889
Trade payables		472,104	2,397,652
Payables to group enterprises	8	449,875	905,217
Corporation tax		1,640,778	271,368
Deferred income		659,025	1,041,701
Short-term debt		3,248,374	4,774,827
Debt		141,478,816	228,879,485
Liabilities and equity		181,830,679	261,104,735
Main activity	1		
Contingent assets, liabilities and other financial obligations	9		
Related parties	10		

Notes to the Financial Statements

1 Main activity

The company's main activity is to own and sell investment properties.

	<u>2016</u>	<u>2015/14</u>
	DKK	DKK
2 Profit on sales of apartments		
Sale of apartments	10,657,297	5,298,867
	<u>10,657,297</u>	<u>5,298,867</u>

The financial line consists of profit on sold apartments. The purchased properties consist of single apartments, which are sold as the tenants move out of the apartments. The remaining apartments are expected to be sold within 5 years after the purchase of the properties.

3 Financial income

Other financial income	0	24,961
Exchange gains	203,513	29,558
	<u>203,513</u>	<u>54,519</u>

4 Financial expenses

Interest paid to group enterprises	3,543,226	4,913,240
Other financial expenses	2,065,163	1,291,262
Exchange adjustments, expenses	192,522	0
Exchange loss	0	22,597
	<u>5,800,911</u>	<u>6,227,099</u>

5 Tax on profit/loss for the year

Current tax for the year	2,340,778	1,540,120
Deferred tax for the year	-572,496	-182,190
	<u>1,768,282</u>	<u>1,357,930</u>

Notes to the Financial Statements

6 Plant and equipment

	Land and buildings DKK
Cost at 1 January	228,037,622
Disposals for the year	<u>-72,030,041</u>
Cost at 31 December	<u>156,007,581</u>
Impairment losses and depreciation at 1 January	925,752
Depreciation for the year	891,547
Reversal of impairment and depreciation of sold assets	<u>-552,482</u>
Impairment losses and depreciation at 31 December	<u>1,264,817</u>
Carrying amount at 31 December	<u>154,742,764</u>

7 Equity

	Share capital DKK	Retained earnings DKK	Total DKK
Equity at 1 January	50,002	32,175,248	32,225,250
Net profit/loss for the year	<u>0</u>	<u>8,126,613</u>	<u>8,126,613</u>
Equity at 31 December	<u>50,002</u>	<u>40,301,861</u>	<u>40,351,863</u>

The share capital consists of 50,002 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2016 DKK	2015 DKK
Share capital at 1 January	50,002	50,000
Capital increase	0	2
Capital decrease	<u>0</u>	<u>0</u>
Share capital at 31 December	<u>50,002</u>	<u>50,002</u>

Notes to the Financial Statements

8 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2016</u> DKK	<u>2015</u> DKK
Mortgage loans		
After 5 years	96,238,512	137,213,334
Long-term part	96,238,512	137,213,334
Within 1 year	0	0
	96,238,512	137,213,334
Payables to group enterprises		
After 5 years	40,093,637	83,879,624
Long-term part	40,093,637	83,879,624
Within 1 year	0	0
	40,093,637	83,879,624
Deposits		
After 5 years	1,898,293	3,011,700
Long-term part	1,898,293	3,011,700
Within 1 year	0	0
	1,898,293	3,011,700

9 Contingent assets, liabilities and other financial obligations

Contingent liabilities

As collateral for the company's mortgage debt of TDKK 96,239 has the company provided collateral in land and building with the carrying amount of TDKK 154,743 at 31 December 2016.

Jointly taxation

The Danish group enterprises are jointly and severally liable for tax on the jointly taxed income of the Group and for Danish taxes at source such as dividend tax, tax on royalty payments and withholding tax. The total payable corporation tax is disclosed in the Annual Report of PATRIZIA UNICORN ApS, which is the management company of the joint taxation.

Notes to the Financial Statements

10 Related parties

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

PATRIZIA Wohnmodul I Zwischenholding S.à r.l.
2-4 Rue Beck
1222 Luxembourg

Notes, Accounting Policies

Basis of Preparation

The Annual Report of Valby Residential ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Gross profit/loss after profit on sales of apartments.

Profit on sales of apartments are recognized as the difference between the price, which the unit has been sold for, and the purchase price plus selling expenses.

Notes, Accounting Policies

Revenue

Rental income is recognised on a straight line-basis over the term of the lease.

Expenses concerning apartments

Expenses concerning apartments primarily include operating expenses for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property and plant.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale 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.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Notes, Accounting Policies

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	100 years
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Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property and plant are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes, Accounting Policies

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debt to financial institutions and intercompany is initially measured at fair value of the consideration paid or received. Subsequently, debt to financial institutions is measured at amortized cost.

Borrowing costs incurred when contracting financial debts are recognised in “Financial expenses” in the income statement.

Other payables comprising deposits, trade payables, group enterprises and other payables are measured at amortised cost.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.