

# PATRIZIA Nordic Cities PropCo A ApS

c/o PATRIZIA Denmark A/S, Adeigade 15, 2.  
1304 Copenhagen K

CVR no. 36 44 72 57

## Annual report 2016

The annual report was presented and approved at the  
Company's annual general meeting on

28 April 2017

Olga Ciesla  
chairman

*O. Ciesla*

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of PATRIZIA Nordic Cities PropCo A ApS for the financial year 1 January – 31 December 2016.

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

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen 28 April 2017

Executive Board:



\_\_\_\_\_  
Bernhard Christian  
Paul Engelbrecht



\_\_\_\_\_  
Christian Stefan Berg

Board of Directors:



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Rikke Lykke  
Chairman



\_\_\_\_\_  
Klaus Alois Schmitt



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Bernhard Christian  
Paul Engelbrecht



## **Independent auditor's report**

**To the shareholder of PATRIZIA Nordic Cities PropCo A ApS**

### **Opinion**

We have audited the financial statements of PATRIZIA Nordic Cities PropCo A ApS for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet and notes, including accounting policies. The financial statements are 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 assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 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 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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 that 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.



## Independent auditor's report

### 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.



## **Independent auditor's report**

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.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 28 April 2017

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Benny Lynge Sørensen', written over a horizontal line.

**Benny Lynge Sørensen**  
State Authorised  
Public Accountant

**PATRIZIA Nordic Cities PropCo A ApS**  
Annual report 2016  
CVR no. 36 44 72 57

## **Management's review**

### **Company details**

**PATRIZIA Nordic Cities PropCo A ApS**  
c/o PATRIZIA Denmark A/S, Adelgade 15, 2.  
1304 Copenhagen K

**CVR no.:** 36 44 72 57  
**Established:** 27 November 2014  
**Registered office:** Copenhagen K  
**Financial year:** 1 January – 31 December

### **Board of Directors**

Rikke Lykke, Chairman  
Klaus Alois Schmitt  
Bernhard Christian Paul Engelbrecht

### **Executive Board**

Bernhard Christian Paul Engelbrecht  
Christian Stefan Berg

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 København K

### **Annual general meeting**

The annual general meeting will be held on 28 April 2017 at the Company's address.

## **Management's review**

### **Operating review**

#### **Principal activity**

The objective of the Company is to acquire real estate property for a subsequent resale.

#### **Development in the year**

The income statement shows a loss for the financial year of DKK 1,725 thousand.

#### **Subsequent events**

No events have occurred after the balance sheet date that materially affect the Company's financial position.



## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2016	2014/15
Revenue		29,514	27,188
Other external costs		-8,770	-6,635
<b>Gross profit</b>		<b>20,744</b>	<b>20,553</b>
Depreciation and impairment of tangible assets		-8,285	-8,327
<b>Profit before financial income and expenses</b>		<b>12,459</b>	<b>12,226</b>
Financial income	2	572	34
Financial expenses	3	-15,242	-17,545
<b>Loss before tax</b>		<b>-2,211</b>	<b>-5,285</b>
Tax on loss for the year	4	486	1,163
<b>Loss for the year</b>		<b>-1,725</b>	<b>-4,122</b>

### Proposed distribution of loss

Proposed dividend for the financial year	6,000	0
Retained earnings	-7,725	-4,122
	-1,725	-4,122

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2016	2015
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>	5		
Land and buildings		601,483	599,261
Technical installations		78,368	81,689
		<u>679,851</u>	<u>680,950</u>
<b>Total fixed assets</b>		<u>679,851</u>	<u>680,950</u>
<b>Current assets</b>			
<b>Receivables</b>			
Other receivables		479	860
Deferred tax asset		1,649	1,163
Prepayments		205	200
		<u>2,333</u>	<u>2,223</u>
<b>Cash at bank and in hand</b>		<u>21,686</u>	<u>66,176</u>
<b>Total current assets</b>		<u>24,019</u>	<u>68,399</u>
<b>TOTAL ASSETS</b>		<u><u>703,870</u></u>	<u><u>749,349</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2016	2014/15
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	6		
Share capital		1,000	1,000
Share premium		174,767	174,767
Proposed dividend for the year		6,000	0
Retained earnings		-11,847	-4,122
<b>Total equity</b>		<u>169,920</u>	<u>171,645</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>	7		
Mortgage loans		384,495	384,495
Payables to shareholders		131,573	176,230
		<u>516,068</u>	<u>560,725</u>
<b>Current liabilities</b>			
Deposit and prepaid rent		11,344	10,649
Trade payables		847	1,657
Payables to shareholders		2,464	2,209
Other payables	7	614	824
Deferred income		2,613	1,640
		<u>17,882</u>	<u>16,979</u>
<b>Total liabilities</b>		<u>533,950</u>	<u>577,704</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>703,870</u>	<u>749,349</u>
Mortgages and collateral	8		
Related parties	9		

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of PATRIZIA Nordic Cities PropCo A 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 used in the preparation of the financial statements are consistent with those of last year.

#### Income statement

##### Revenue

Revenue, comprising rental income, is recognised in the period to which it relates.

##### Other external costs

##### Financial costs

Financial costs comprise interest expense, exchange rate adjustments and other financial costs.

##### Tax on loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year, and directly in equity at the amount attributable to entries directly in equity.

#### Balance sheet

##### Property, plant and equipment

Land and buildings and technical installations are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Buildings	50 years (residual value 50%)
Technical installation	25 years

Land is not depreciated

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### Impairment of assets

The carrying amount of investment properties is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

#### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments comprise prepayments of costs incurred relating to subsequent financial years.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Equity

###### *Dividend*

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected payment for the year is disclosed as a separate item under equity.

###### **Corporation tax and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement and in equity, respectively.

###### **Liabilities other than provisions**

Payables to credit institutions are recognised at cost at the date of borrowing, equivalent to proceeds received less transaction costs paid.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

###### **Deferred income**

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

## Financial statements 1 January – 31 December

### Notes

DKK'000	2016	2014/15	
<b>2 Financial income</b>			
Foreign exchange gains from shareholder payables	565	0	
Other interest income	7	34	
	<u>572</u>	<u>34</u>	
<b>3 Financial costs</b>			
Interest paid to shareholder	8,364	10,507	
Other financial costs	6,877	7,038	
	<u>15,241</u>	<u>17,545</u>	
<b>4 Tax on loss for the year</b>			
Deferred tax	<u>-486</u>	<u>-1,163</u>	
<b>5 Investment properties</b>			
DKK'000	Land and buildings	Technical installations	Total
Cost at 1 January 2016	604,104	85,174	689,278
Additions	7,185	0	7,185
Cost at 31 December 2016	<u>611,289</u>	<u>85,174</u>	<u>696,463</u>
Impairment losses and depreciation at 1 January 2016	-4,842	-3,485	-8,327
Depreciation for the year	-4,964	-3,321	-8,285
Impairment losses and depreciation at 31 December 2016	<u>-9,806</u>	<u>-6,806</u>	<u>-16,612</u>
Carrying amount at 31 December 2016	<u>601,483</u>	<u>78,368</u>	<u>679,851</u>

## Financial statements 1 January – 31 December

### Notes

#### 6 Equity

DKK'000	Share capital	Share premium	Retained earnings	Proposed dividends	Total
<b>Equity at 1 January 2016</b>	1,000	174,767	-4,122	0	171,645
Net result for the year	0	0	-7,725	6,000	-1,725
<b>Equity at 31 December 2016</b>	1,000	174,767	-11,847	6,000	169,920

There have been no changes in the share capital since establishment of the Company.

The share capital consists of 10,000 shares of a nominal value of DKK 100. No shares carry any special rights.

#### 7 Long term debt

DKK'000	2016	2014/15
<b>Mortgage loans</b>		
After 5 years	384,495	384,495
<b>Payables to shareholder</b>		
After 5 years	131,573	176,230
Within 1 year	615	824
	132,188	177,054

#### 8 Mortgages and collateral

Investment properties with a carrying amount of DKK 679.9 million at 31 December 2016 have been provided as collateral for mortgages of DKK 384.5 million.

#### 9 Related parties

PATRIZIA Nordic Cities PropCo A ApS is included in the consolidated financial statements of PATRIZIA Nordic Cities SCS, SICAV-SIF, 2-4 rue Beck, L-12222 Luxemburg, where they can be obtained.