PATRIZIA Nordic Cities PropCo A ApS

c/o DEAS A/S
Dirch Passers Allé 76
2000 Frederiksberg
Denmark

CVR no. 36 44 72 57

Annual report 2021

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

9 June 2022

DocuSigned by:
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Magnus Bojer-Larsen
Chairman of the annual general meeting

Contents

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 2021.

The annual report has been 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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.

Frederiksberg, 9 June 2022
Executive Board:

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Louise Hertz
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Louise Hertz

Board of Directors:

DocuSigned by: Peter Drachmann 1803F24E0AC84F6...	DocuSigned by: Mirlinda Goci 628180084876477...	DocuSigned by: Louise Hertz B6C520789290417...
Peter Matzen Drachmann Chairman	Mirlinda Goci	Louise Hertz

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 2021 comprising income statement, balance sheet, statement of changes in equity 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

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.

Independent auditor's report

- 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.

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

København, 9 June 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik Y. Jensen
State Authorised
Public Accountant
mne35442

Management's review

Company details

PATRIZIA Nordic Cities PropCo A ApS
c/o DEAS A/S
Dirch Passers Allé 76
2000 Frederiksberg
Denmark

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

Board of Directors

Peter Matzen Drachmann, Chairman
Mirlinda Goci
Louise Hertz

Executive Board

Louise Hertz

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Annual general meeting

The annual general meeting will be held on 9 June 2022.

Management's review

Operating review

Principal activities

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

Development in activities and financial position

The Company's income statement for 2021 shows a loss of DKK -2,338 thousand as against DKK -14,302 thousand in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 53,687 thousand as against DKK 56,025 thousand at 31 December 2020.

The results of the financial year are in accordance with expectations.

Events after the balance sheet date

No subsequent 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	2021	2020
Revenue		24,984	25,567
Other external costs		-5,743	-5,216
Gross profit		19,241	20,351
Depreciation, amortisation and impairment losses		-9,296	-26,262
Profit/loss before financial income and expenses		9,945	-5,911
Other financial income		134	0
Other financial expenses	3	-12,296	-11,889
Loss before tax		-2,217	-17,800
Tax on loss for the year	4	-121	3,498
Loss for the year		-2,338	-14,302

Proposed distribution of loss

Retained earnings		-2,338	-14,302
		-2,338	-14,302

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Land and buildings		438,235	444,642
Technical installations		48,382	51,170
		486,617	495,812
Total fixed assets		486,617	495,812
Current assets			
Receivables			
Other receivables		4,260	2,790
Deferred tax asset		3,378	3,499
Corporation tax		1,450	0
Prepayments		20	30
		9,108	6,319
Cash at bank and in hand		19,300	17,253
Total current assets		28,408	23,572
TOTAL ASSETS		515,025	519,384

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		1,000	1,000
Retained earnings		52,687	55,025
Total equity		53,687	56,025
Liabilities			
Non-current liabilities	6		
Mortgage loans		333,736	333,802
Payables to shareholders		114,220	114,271
		447,956	448,073
Current liabilities			
Deposits and prepaid rent		9,096	9,146
Trade payables		1,104	126
Other payables		2,371	4,844
Deferred income		811	1,170
		13,382	15,286
Total liabilities		461,338	463,359
TOTAL EQUITY AND LIABILITIES		515,025	519,384

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2021	1,000	55,025	56,025
Transferred over the distribution of loss	0	-2,338	-2,338
Equity at 31 December 2021	1,000	52,687	53,687

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of PATRIZIA Nordic Cities PropCo A ApS for 2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

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

Income statement

Revenue

Rental revenue from operating leases is recognised as income on a straight line basis over the lease period. When the Company provides incentives to its tenants, the cost of incentives is recognised over the lease period on a straight line basis.

Other external costs

Other external costs comprises costs incured during the year as a result of the rental of the Company's properties and administration.

Financial income and expenses

Financial costs comprise interest expence, 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 loss for the year is recognised in the income statement at the amount attributable to the loss for the year, and directly in equity at the amount attributable to entries directly in equity.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

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:

Buildings	50 years
Technical installation	25 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

The residual value of buildings is 20%.

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 fixed assets

The carrying amount of property, plant and equipment 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

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

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.

Accrued rent discount are amortised on a straight line basis over the life time of the lease contract.

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 based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at 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 or equity, respectively.

Prepayments

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

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Deferred income

Deferred income comprises accrued compensation received from tenants, which are amortised on a straight line basis over the life time of the lease contract.

Financial statements 1 January – 31 December

Notes

DKK'000	2021	2020

2 Average number of employees

Average number of full-time employees	0	0

3 Other financial expenses

Interest expense to shareholder	6,292	6,456
Other financial costs	6,004	5,433
	12,296	11,889

4 Tax on profit for the year

Deferred tax for the year	86	-3,491
Adjustment of tax concerning previous years	35	-7
	121	-3,498

5 Property, plant and equipment

DKK'000	Land and buildings	Technical installations	Total
Cost at 1 January 2021	506,853	69,716	576,569
Additions for the year	101	0	101
Cost at 31 December 2021	506,954	69,716	576,670
Depreciation and impairment losses at 1 January 2021	-62,211	-18,546	-80,757
Depreciation for the year	-6,508	-2,788	-9,296
Depreciation and impairment losses at 31 December 2021	-68,719	-21,334	-90,053
Carrying amount at 31 December 2021	438,235	48,382	486,617

Financial statements 1 January – 31 December

Notes

DKK'000	2021	2020
6 Non-current liabilities other than provisions		
Non-current liabilities can be specified as follows:		
Mortgage loans		
After 5 years	292,978	308,191
	292,978	308,191
Payables to shareholders		
After 5 years	114,220	114,271
	114,220	114,271

7 Mortgages and collateral

Property, plant and equipment with a carrying amount of DKK 487 million at 31 December 2021 (2020: DKK 496 million) have been provided as collateral for mortgages of DKK 334 million (2020: DKK 334 million).

8 Related party disclosures

PATRIZIA Nordic Cities PropCo A ApS' related parties comprise the following:

Control

PATRIZIA Nordic Cities PropCo A ApS is part of the consolidated financial statements of PATRIZIA Nordic Cities SCS, SICAV-SIF, 2-4 rue Beck, L-12222 Luxemburg, which is the smallest group in which the Company is included as a subsidiary.