
Patrizia Square ApS

Adelgade 15, 2., DK-1304 København K

Annual Report for 1 January - 31 December 2016

CVR No 36 71 09 77

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

Søren Salby
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Patrizia Square 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 Patrizia Square 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's 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 Patrizia Square 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 ("the 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 judgement and maintain professional scepticism throughout the

Independent Auditor's Report

audit. 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

Patrizia Square ApS
Adelgade 15, 2.
DK-1304 København K

CVR No: 36 71 09 77

Financial period: 1 January - 31 December

Municipality of reg. office: Denmark

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 DKK
Revenue		10,725,097	3,515,877
Expenses concerning apartments		-3,586,312	-1,208,147
Other external expenses		-5,105,431	-1,592,359
Gross profit/loss before depreciation		2,033,354	715,371
Depreciation of property and plant	2	-4,339,252	-1,444,925
Profit/loss before financial income and expenses		-2,305,898	-729,554
Financial income	3	1,407,113	53,819
Financial expenses	4	-18,277,758	-6,730,419
Profit/loss before tax		-19,176,543	-7,406,154
Tax on profit/loss for the year	5	4,319,561	1,629,354
Net profit/loss for the year		-14,856,982	-5,776,800

Distribution of profit

Proposed distribution of profit

Retained earnings		-14,856,982	-5,776,800
		-14,856,982	-5,776,800

Balance Sheet 31 December

Assets

	Note	2016 DKK	2015 DKK
Land and buildings		152,348,104	152,583,798
Other fixtures and fittings, tools and equipment		13,815,097	17,582,851
Plant and equipment	6	166,163,201	170,166,649
Investments in subsidiaries	7	626,504,798	626,210,798
Fixed asset investments		626,504,798	626,210,798
Fixed assets		792,667,999	796,377,447
Other receivables		2,675	9,546,520
Deferred tax asset		940,957	152,102
Corporation tax		3,529,985	1,477,252
Receivables		4,473,617	11,175,874
Cash at bank and in hand		16,502,498	22,633,178
Currents assets		20,976,115	33,809,052
Assets		813,644,114	830,186,499

Balance Sheet 31 December

Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		5,000,000	5,000,000
Retained earnings		349,459,265	364,316,245
Equity	8	354,459,265	369,316,245
Mortgage loans		83,554,360	83,554,360
Payables to group enterprises		371,343,819	372,752,392
Deposits		2,082,460	1,639,973
Long-term debt	9	456,980,639	457,946,725
Prepayments received from customers		124,322	81,678
Trade payables		800,240	2,124,897
Payables to group enterprises		481,458	337,245
Other payables	9	798,190	379,709
Short-term debt		2,204,210	2,923,529
Debt		459,184,849	460,870,254
Liabilities and equity		813,644,114	830,186,499
Main activity	1		
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		

Notes to the Financial Statements

1 Main activity

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

	<u>2016</u>	<u>2015</u>
	DKK	DKK
2 Depreciation of property and plant		
Depreciation of property, plant and equipment	4,339,252	1,444,925
	<u>4,339,252</u>	<u>1,444,925</u>
3 Financial income		
Exchange adjustments	1,407,113	53,819
	<u>1,407,113</u>	<u>53,819</u>
4 Financial expenses		
Interest paid to group enterprises	16,609,517	6,148,568
Other financial expenses	1,668,241	577,591
Exchange adjustments, expenses	0	4,260
	<u>18,277,758</u>	<u>6,730,419</u>
5 Tax on profit/loss for the year		
Current tax for the year	-3,429,985	0
Deferred tax for the year	-788,855	-1,629,354
Adjustment of tax concerning previous years	-100,721	0
	<u>-4,319,561</u>	<u>-1,629,354</u>

Notes to the Financial Statements

6 Plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Total
	DKK	DKK	DKK
Cost at 1 January	152,772,805	18,838,769	171,611,574
Additions for the year	335,804	0	335,804
Cost at 31 December	153,108,609	18,838,769	171,947,378
Impairment losses and depreciation at 1 January	189,007	1,255,918	1,444,925
Depreciation for the year	571,498	3,767,754	4,339,252
Impairment losses and depreciation at 31 December	760,505	5,023,672	5,784,177
Carrying amount at 31 December	152,348,104	13,815,097	166,163,201

7 Investments in subsidiaries

	2016 DKK	2015 DKK
Cost at 1 January	626,210,798	0
Additions for the year	294,000	626,210,798
Carrying amount at 31 December	626,504,798	626,210,798

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Galleri K Retail ApS	København	1.000.000	100%	675,357,548	18,393,237

8 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	5,000,000	364,316,247	369,316,247
Net profit/loss for the year	0	-14,856,982	-14,856,982
Equity at 31 December	5,000,000	349,459,265	354,459,265

Notes to the Financial Statements

The share capital consists of 5,000,000 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2016	2015
	DKK	DKK
Share capital at 1 January	5,000,000	50,000
Capital increase	0	4,950,000
Capital decrease	0	0
Share capital at 31 December	5,000,000	5,000,000

9 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:

	2016	2015
	DKK	DKK
Mortgage loans		
After 5 years	83,554,360	83,554,360
Long-term part	83,554,360	83,554,360
Within 1 year	0	0
	83,554,360	83,554,360
Payables to group enterprises		
After 5 years	371,343,819	372,752,392
Long-term part	371,343,819	372,752,392
Within 1 year	0	0
	371,343,819	372,752,392
Deposits		
After 5 years	2,082,460	1,639,973
Long-term part	2,082,460	1,639,973
Within 1 year	0	0
	2,082,460	1,639,973

Notes to the Financial Statements

10 Contingent assets, liabilities and other financial obligations

Contingent liabilities

As collateral for the company's mortgage debt of TDKK 83,554 has the company provided collateral in land and building with the carrying amount of TDKK 166,163 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.

11 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:

The company is 100% owned by
PATRIZIA Wohnmodul I Zwischenholding S.à r.l.
2-4 Rue Beck
1222 Luxembourg

Notes, Accounting Policies

Basis of Preparation

The Annual Report of Patrizia Square 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.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

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.

Notes, Accounting Policies

Income Statement

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

Notes, Accounting Policies

when the asset is ready for use.

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
Other fixtures and fittings, tools and equipment	5 years

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, plant and equipment 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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

The item in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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.

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.

Notes, Accounting Policies

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.

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 that in all material respects corresponds to nominal value.

Deferred income

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