



PMM Global IV K/S

Strandvejen 102 E, 4., 2900 Hellerup

CVR no. 37 12 78 76

Annual report 2017/18

Approved at the Company's annual general meeting on 31 January 2019

Chairman:

Mads Peter Grønkjær

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Statement by the Board of Directors

Today, the Management has discussed and approved the annual report of PMM Global IV K/S for the financial year 1 October 2017 - 30 September 2018.

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



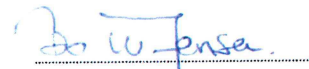
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 30 September 2018 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 October 2017 - 30 September 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Hellerup, 3 December 2018

Management, Komplementarselskabet SPF IV GP ApS::


Peter V. Carø
Birger Grubbe
Bo W. Jensen

Independent auditor's report

To the limited partners of PMM Global IV K/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of PMM Global IV K/S for the financial year 1 October 2017 - 30 September 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2018, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 October 2017 - 30 September 2018 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 consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 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 the financial statements.

Independent auditor's report

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 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

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.

Copenhagen, 3 December 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Ole Karstensen
State Authorised Public Accountant
mne16615



Kaare K. Lendorf
State Authorised Public Accountant
mne33819

Management's review

Company details

Name	PMM Global IV K/S
Address, Postal code, City	Strandvejen 102 E, 4., 2900 Hellerup
CVR no.	37 12 78 76
Established	30 September 2015
Registered office	Hellerup
Financial year	1 October 2017 - 30 September 2018
Telephone	+45 36 34 75 00
Management	Peter V. Carøe Birger Grubbe Bo W. Jensen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Financial highlights for the Group

EUR'000	2017/18	2016/17	2015/16
Key figures			
Net operating income from properties	13,461	8,913	210
Operating profit/loss	9,904	7,509	-1,359
Net financials	-1,680	-3,743	-764
Profit before tax	8,224	3,766	-2,122
Profit/loss for the year	8,224	3,766	-2,122
Fixed assets	315,845	191,330	80,094
Non-fixed assets	12,344	5,810	469
Total assets	328,189	197,140	80,563
Investments by limited partners	303,218	196,228	64,993
Equity	318,965	197,076	66,761

Management´s review

Business review

PMM Global IV K/S' business concept is investment in and management of indirect investments in foreign property via international partners.

During the financial year, as of 12 October 2017, the Manager was acquired by PATRIZIA Immobilien AG through PATRIZIA Multi Managers Holding A/S. Later in the year the name of the manager was changed from Sparinvest Property Investors II A/S to PATRIZIA Multi Managers A/S.

In January 2018 PATRIZIA Multi Managers A/S received an approval from the FSA as Alternative Investment Fund Manager (FAIF) with FT-no 23011. PEA Depositary Services ApS (FT-no 25701) was chosen as depositary for the fund.

At 30 September 2018, PMM Global IV K/S had given commitments to twenty-six investments and the following diversification had been obtained on the three geographic regions, measured as commitments including the effect of gearing:

Region	Current investment volume based on actual gross asset value in the investments
Europe	39.6%
Americas	38.5%
Asia	21.8%

Long-term objectives

The Fund's objectives are to generate an attractive internal rate of return (IRR) of 11-13%, including approximately 4% in dividends from operating cash flow.

Recognition and measurement uncertainties

Investments in associates and property investments are measured at fair value. The measurement includes accounting estimates and is, therefore, subject to uncertainty.

Disclosure requirements in respect of section 61 (3) of the Danish FAIF Act

We can inform, that during the financial year there have been no changes to the disclosures regarding sections 62, 64 and 65. The disclosures are included in the quarterly investor report. In respect of the requested disclosure of total remunerations paid to the employees and the management of PATRIZIA Multi Managers A/S, this can be found in the annual report for PATRIZIA Multi Managers A/S, which can be found at www.erhvervsstyrelsen.dk. The disclosures are given on manager level and are neither allocated nor shown per individually managed fund.

Management's review

Financial review

Real estate fundamentals continue to be strong, especially in mature markets where leasing demand is significant and supply growth is relatively moderate.

Positive fair value adjustments on foreign property investments recognized as associates, are recognized directly at equity in the annual report, but are recognized in the income statement in the investor reports. A reconciliation between the two accounting policies is shown below:

EUR000	Income statement for the Group		
	According to investor reports	Adjustment	According to the annual report
Net income from properties	13,461	0	13,461
Fair value adjustment of property investments	24,604	-26,790	-2,186
Impairment adjustments for associates	0	503	503
Administrative expenses	-1,874	0	-1,874
Operating profit	36,191	-26,287	9,904
Net financials	-215	-1,465	-1,680
Profit for the year	35,976	-27,752	8,224

Operating activities

In the financial year 2017/18, the Group generated a positive operating profit of EUR 9,904 thousand. Profit after foreign exchange adjustments and financial expenses amounted to EUR 8,224 thousand.

Administrative expenses for the year and fees to the auditors appointed by the annual general meeting amounted to EUR 1,874 thousand.

Financial income for the year totaled EUR 878 thousand, whereas financial expenses, including foreign exchange losses, amounted to EUR 2,558 thousand.

Financing

In the financial year, the investors in the Group made capital injections (cash calls) of EUR 120,3 million.

The limited partner's committed capital totaled EUR 504,8 million. Undrawn capital amounted to EUR 308,5 million. There is not assessed any risk in connection with payment of the undrawn commitment.

Investments

At the end of the financial year, total commitments to investments amounted to EUR 461.8 million, equivalent to 91,5% of total net commitments to the Fund. Of the total commitments, net investments made (cash calls) totaled EUR 162,1 million or approx. 35%.

Parent company

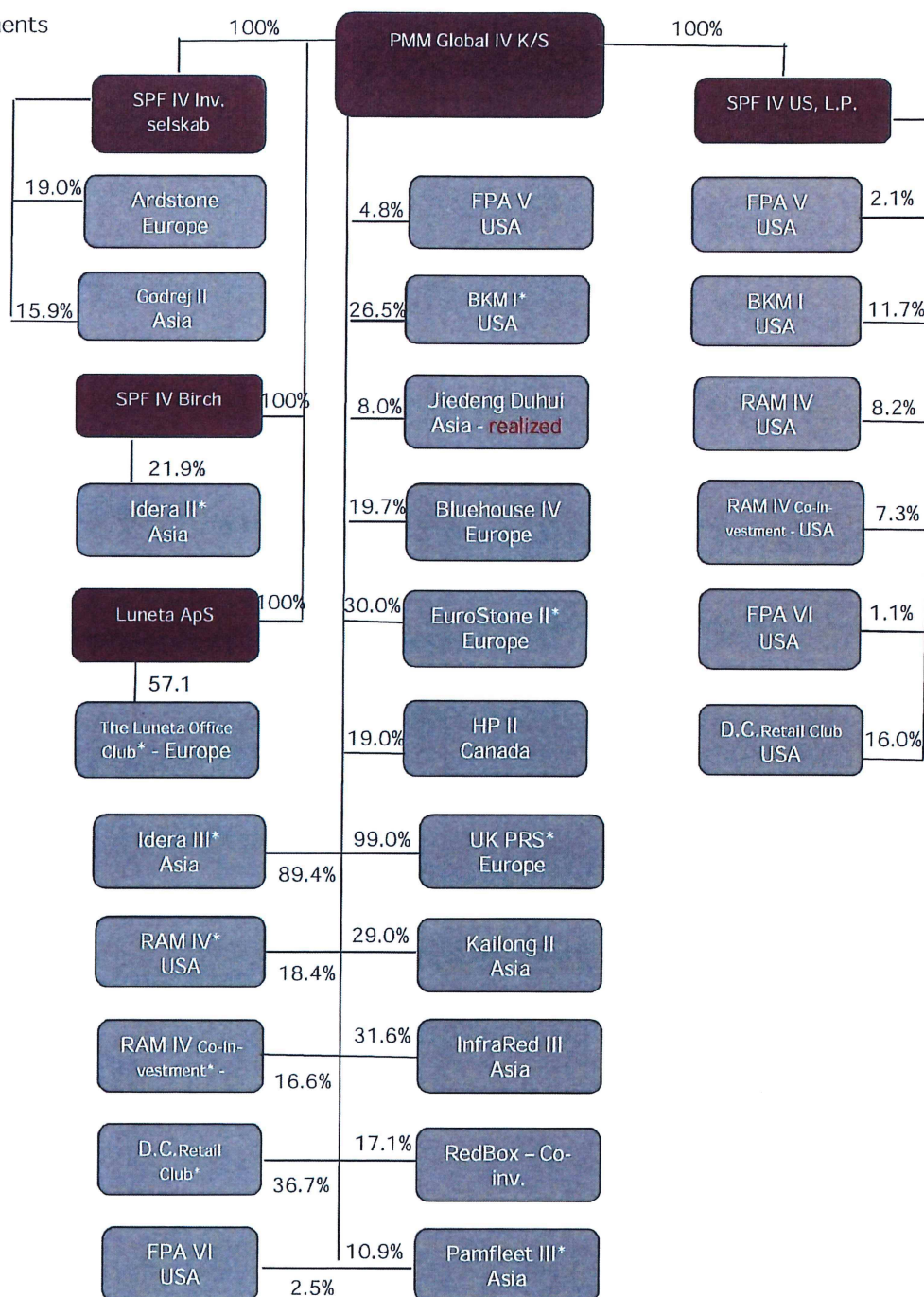
In the financial year 2017/18, the Parent Company generated a positive operating profit of EUR 4,974 thousand. Profit after foreign exchange adjustments, financial income and financial expenses was positive by EUR 8,224 thousand.

Administrative expenses for the year and fees to the auditors appointed by the annual general meeting amounted to EUR 1,222 thousand.

Financial income for the year totalled EUR 2,189 thousand, whereas financial expenses, including foreign exchange losses, amounted to EUR 797 thousand.

Management's review

Investments



Note: the above mentioned percentages refer to PMM Global IV K/S' ownership shares in each of the investment. The country / region specification refers to the location of the assets.

*The company has, as consequence of the structure, characteristic and contractual agreement of the fund, no significant influence on the fund.

Management's review

Special risks

Operating risks

The Fund's most significant operating risks are related to the development of the property market and general economic risks. During the investment period, the Fund mitigated the risks by diversified investments in the European, American and Asian markets

Financial risks

Apart from liabilities relating to operating activities and trading activities, the Fund has no debt, and investments are not leveraged. For each of the foreign property investments, no investments have been made in investments with leverage - the proportion between liabilities and assets - exceeding 70%. The leverage total for all property investments is not to exceed 60%, at the end of the investment period or when the last investment has been completed. The current leverage in the investments made in foreign property investments amounts to 45.7%. Accordingly, the financial risk is assessed as moderate.

Foreign exchange risks

The Fund makes investments in foreign property investments in foreign currency. No hedging of foreign currency risks on long-term investments is made. At their own discretion, the Fund's investors may decide to hedge the underlying risk on an investment.

Knowledge resources

The Fund makes investments based on an overall assessment of potential property investments using a systematised selection method involving external consultants, when necessary. When selecting specific assets, the personal knowledge and competencies of the partners are decisive. Consequently, the Fund has ensured strong alignment of the partners through financial incentives.

Environmental matters

The Fund's operations have no direct environmental impact, but the Fund intends to contribute to a minimal environmental impact through its investment policy.

Research and development activities

During the financial year, the Fund had no research and development activities, and none are expected in the coming financial year.

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

Outlook

In the coming financial year the Fund's total return is expected to be a total return of 10-12% before currency adjustments.

Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

Income statement

Note	EUR'000	Group		Parent company	
		2017/18	2016/17	2017/18	2016/17
	Net operating income from properties	13,461	8,913	10,647	6,449
	Fair value adjustment of foreign investment properties	-2,186	5,640	-2,294	3,906
	Impairment adjustments for associated entities	503	-5,167	-2,157	-3,685
	Administrative expenses	-1,874	-1,877	-1,222	-1,026
	Gross margin	9,904	7,509	4,974	5,644
	Profit from group enterprises	0	0	1,858	278
4	Financial income	878	30	2,189	312
5	Financial expenses	-2,558	-3,773	-797	-2,468
	Profit for the year	8,224	3,766	8,224	3,766

Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

Balance sheet

Note	EUR'000	Group		Parent company	
		2017/18	2016/17	2017/18	2016/17
	ASSETS				
	Fixed assets				
6	Investments				
	Investments in subsidiaries	0	0	65,591	41,680
	Investments in associates	181,989	70,934	117,169	30,838
	Investments in foreign property investments	80,028	70,602	62,471	55,206
	Loan to associates and foreign property investments	53,828	49,794	53,828	49,794
	Loan to subsidiaries	0	0	24,189	24,013
		<u>315,845</u>	<u>191,330</u>	<u>323,248</u>	<u>201,531</u>
	Total fixed assets	<u>315,845</u>	<u>191,330</u>	<u>323,248</u>	<u>201,531</u>
	Non-fixed assets				
	Receivables				
	Other receivables	3,357	2,136	3,337	2,136
		<u>3,357</u>	<u>2,136</u>	<u>3,337</u>	<u>2,136</u>
	Cash	<u>8,987</u>	<u>3,674</u>	<u>1,146</u>	<u>0</u>
	Total non-fixed assets	<u>12,344</u>	<u>5,810</u>	<u>4,483</u>	<u>2,136</u>
	TOTAL ASSETS	<u><u>328,189</u></u>	<u><u>197,140</u></u>	<u><u>327,731</u></u>	<u><u>203,667</u></u>

Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

Balance sheet

Note	EUR'000	Group		Parent company	
		2017/18	2016/17	2017/18	2016/17
	EQUITY AND LIABILITIES				
	Equity				
7	Investments by limited partners	303,218	196,228	303,218	196,228
	Net revaluation reserve according to the equity method	0	0	2,136	278
	Retained earnings	15,747	848	13,611	570
	Total equity	318,965	197,076	318,965	197,076
	Liabilities other than provisions				
	Current liabilities other than provisions				
	Bank debt	9,191	0	0	1,083
	Payables to group enterprises	0	0	8,733	5,444
	Other payables	33	64	33	64
		9,224	64	8,766	6,591
	Total liabilities other than provisions	9,224	64	8,766	6,591
	TOTAL EQUITY AND LIABILITIES	328,189	197,140	327,731	203,667

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 3 Staff costs
- 8 Contractual obligations and contingencies, etc.
- 9 Related parties

Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

Statement of changes in equity

Note	EUR'000	Group		
		Investments by limited partners	Retained earnings	Total
	Equity at 1 October 2017	196,228	848	197,076
	Equity called during the period	120,301	0	120,301
	Equity distributed during the period	-13,311	0	-13,311
	Transfer through appropriation of profit	0	8,224	8,224
	Fair value adjustments associates	0	27,752	27,752
	Dividend distributed	0	-21,077	-21,077
	Equity at 30 September 2018	303,218	15,747	318,965

Note	EUR'000	Parent company			
		Investments by limited partners	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 October 2017	196,228	278	570	197,076
	Equity called during the period	120,301	0	0	120,301
	Equity distributed during the period	-13,311	0	0	-13,311
10	Transfer, see "Appropriation of profit"	0	1,858	6,366	8,224
	Fair value adjustments associates	0	0	27,752	27,752
	Dividend distributed	0	0	-21,077	-21,077
	Equity at 30 September 2018	303,218	2,136	13,611	318,965

At the balance sheet date, allocated carried interest amounted to approx. EUR 600 thousand. In case of liquidation of the Fund, the amount would be redistributed between A and B shares at the balance sheet date. Carried interest will only be relevant in case it is earned over the total lifetime of the Fund.

Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

Cash flow statement

Note	EUR'000	Group	
		2017/18	2016/17
	Profit for the year	8,224	3,766
	Cash generated from operations (operating activities)	8,224	3,766
	Value adjustment of property investments and loans	639	-13,550
	Impairment adjustments for associates	-503	5,167
	Unrealised exchange adjustments of property investments and loans	878	2,194
	Changes in receivables	-758	-2,124
	Cash flows from operating activities	8,480	-4,547
	Acquisition of investments in associates	-82,800	-47,753
	Acquisition of investments in property investments	-11,774	-58,460
	Loan for foreign property investments	-3,697	-44,028
	Disposal of investments in property investments	0	4,832
	Disposal of investments in associates	0	33,144
	Distribution from property investments and loans	0	7,910
	Cash flows to investing activities	-98,271	-104,355
	Investments by limited partners	120,301	131,235
	Exits to limited partners	-13,311	-3,217
	Dividend to limited partners	-21,077	-2,162
	Cash flows from financing activities	85,913	125,856
	Net cash flow	-3,878	16,954
	Cash and cash equivalents at 1 October	3,674	-13,280
	Cash and cash equivalents at 30 September	-204	3,674

Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

Notes to the financial statements

1 Accounting policies

The annual report of PMM Global IV K/S has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities with the adjustments following the legal form and operating activities of the Fund.

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

Basis of recognition and measurement

All income in relation to the financial year is recognised in the income statement as earned. Negative value adjustments in respect of investments in foreign property investments are also recognised in the income statement.

Equally, costs incurred to generate the year's earnings are recognised in the income statement.

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits from the Fund is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below. In recognising and measuring assets and liabilities, expected losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Reporting currency

The financial statements are presented in euros (EUR), as the Company's most significant transactions are settled in EUR.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company PMM Global IV K/S and subsidiaries in which the Parent Company directly or indirectly holds the majority of the voting rights or which it, through shareholding or in some other way, controls.

On consolidation, similar items are aggregated. Intra-group income and expenses, shareholdings, dividends, balances and realised and unrealised gains on intra-group transactions are eliminated.

The Parent Company's investments in consolidated subsidiaries are set off against the Parent Company's share of the subsidiaries' equity value at the date when the subsidiary was acquired.

Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translation

EUR is used as the functional currency. Transactions denominated in other currencies than EUR are considered transactions denominated in foreign currencies.

On initial recognition, investments in property investments are translated to EUR at the exchange rates at the transaction date. Subsequent fair value adjustments of investments in property investments are recognised in the income statement at the same historical exchange rate to the effect that exchange rate adjustments do not affect the operating profit. Differences arising between the exchange rate at the balance sheet date and the historical exchange rate are recognised in the income statement as financial items. Financial items are specified in the note regarding financial income and expenses on investments in foreign property investments and other items.

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

Investments in foreign property investments are translated at the exchange rate at the balance sheet date.

Income statement

Net operating income from properties

In the income statement, net operating income received from properties translated at the weighted historical exchange rates at the transaction date is recognised as income.

Other operating income and operating expenses

In the income statement, fair value adjustment of properties and liabilities translated at the weighted historical exchange rates at the transaction date for cash calls are recognised as income.

Value adjustments due to changes in exchange rates are recognised as financial income or expenses.

Administrative expenses

Administrative expenses comprise expenses for management fee to PATRIZIA Multi Managers A/S, transaction costs in connection with investments, remuneration to the general partner and audit fee.

The Fund has entered into a management agreement regarding the Fund's activities. A fixed management fee is paid.

Financial income and expenses

Financial income and expenses comprise foreign exchange adjustments of investments in foreign property investments, other realised and unrealised foreign exchange adjustments and interest.

Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

Notes to the financial statements

1 Accounting policies (continued)

Tax

PMM Global IV K/S is not a separate entity subject to taxation. The tax liability in respect of the Fund's earnings is incumbent on the individual investors of the Fund. For this reason, no tax is calculated on the Fund's earnings, and withholding of foreign tax on dividends from property investments is charged directly to the Fund's investors.

Balance sheet

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured according to the equity method.

The proportionate ownership share of the subsidiaries' equity value determined based on the fair value of the identifiable net assets at the acquisition date minus or plus unrealised intragroup gains or losses is recognised in the balance sheet as "Investments in subsidiaries".

The total net revaluation of investments in subsidiaries is transferred via distribution of profit to "Reserve for net revaluation according to the equity method" under equity. The reserve is reduced by distribution of dividends to the Parent Company and is adjusted by other changes in equity in subsidiaries.

Investments in associates

On initial recognition, investments in associates are determined at the exchange rates at the transaction date and are subsequently measured at fair value translated at the exchange rate at the balance sheet date. The fair value is determined by each fund based on the fair value of the underlying properties. Liabilities in investments in property investments are measured at fair value.

The fair value measurement is based on recognised valuation methods on the basis of observable market information (fair value hierarchy 3).

The proportionate ownership share of the associates' equity value determined based on the fair value of the identifiable net assets at the acquisition date minus or plus unrealised intragroup gains or losses is recognised in the balance sheet as "Investments in associates".

Investments in foreign property investments

On initial recognition, investments in property investments are determined at the exchange rates at the transaction date and are subsequently measured at fair value translated at the exchange rate at the balance sheet date. The fair value is determined by each fund based on the fair value of the underlying properties. Liabilities in investments in property investments are measured at fair value.

The fair value measurement is based on recognised valuation methods on the basis of observable market information (fair value hierarchy 3).

Investment commitments where cash calls have not been made at the balance sheet date are disclosed under contingent liabilities in the notes. Received dividends from property investments are deducted from the value of the investments.

Loans to foreign property investments

On initial recognition, loans to foreign property investments are recognised in the balance sheet at fair value. Subsequently, loans to foreign property investments are measured at amortised cost, which is equivalent to nominal value less write-down for bad debt losses. Write-downs are made for bad debt losses based on an individual assessment of the loans.

Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are recognised in the balance sheet at amortised cost, which is equivalent to nominal value less write-down for bad debt losses. Write-downs are made for bad debt losses based on an individual assessment of receivables.

Receivables from limited partners regarding cash calls receivable, etc. are recognised at nominal value.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Investments by limited partners are recognised when cash calls are made. Investment commitments where cash calls have not been made at the balance sheet date are disclosed in the notes.

The reserve for net revaluation according to the equity method is determined as the total net revaluation of investments in subsidiaries less distribution of dividends to the Parent Company and adjusted for other changes in equity in subsidiaries.

Fair value adjustments of investments in associates are made on a continuous basis, and revaluations and reversals relative to cost are recognised in a special reserve under equity called "Revaluation reserve".

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Liabilities

Liabilities (current and non-current) are included when the Fund, as a consequence of an event occurring no later than on the balance sheet date, has a legal or constructive obligation, and an outflow of economic benefits from the Fund to settle the obligation is probable. Investment commitments where cash calls have not been made at the balance sheet date are disclosed in the notes.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements 1 October 2017 - 30 September 2018

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning of the year and at the end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as profit/loss for the year adjusted for changes in working capital and non-cash operating items such as value adjustments. The working capital comprises fixed assets minus current liabilities - excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from and to investments in property investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from and to the investors.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

2 Recognition and measurement uncertainties

The determination of the carrying amount of property investments and liabilities requires judgements, estimates and assumptions concerning future events.

The estimates and assumptions made are based on fair value calculations from property investments, historical experiences and other factors assessed by Management to be reliable in the circumstances, but which by nature are associated with uncertainty and unpredictability.

The assumptions made may prove incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the Fund is subject to risks and uncertainties, which may lead to actual results differing from the estimates. Particular risks for PMM Global IV K/S are mentioned in the Management's review.

It may be necessary to change previously made estimates as a consequence of changes in the circumstances on which the previous estimates were based or due to new knowledge or subsequent events.

Estimates essential to the financial reporting may for example comprise determination of the value of the underlying investments in foreign property investments. Because of the measurement principles used, the calculation of fair value will be subject to uncertainty.

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3 Staff costs

Group

The Limited Partnership is managed by the general partner. Without limiting the responsibility of the general partner, the general partner have authorised PATRIZIA Multi Managers A/S to conduct day-to-day operations. The general partner receives a fee of t.EUR 30 for the general partner role.

EUR'000	Group		Parent company	
	2017/18	2016/17	2017/18	2016/17
4 Financial income				
Unrealised foreign exchange gains, property investments and loans	878	0	403	0
Other foreign exchange gains	0	30	0	0
Interest income from subsidiaries	0	0	1,611	312
Other financial income	0	0	175	0
	<u>878</u>	<u>30</u>	<u>2,189</u>	<u>312</u>
5 Financial expenses				
Interest losses	711	576	0	0
Unrealized foreign exchange losses, property investments	0	2,194	0	1,277
Realized foreign exchange losses, property investments	1,358	1,003	797	682
Other foreign exchange losses	0	0	0	509
Other financial expenses	489	0	0	0
	<u>2,558</u>	<u>3,773</u>	<u>797</u>	<u>2,468</u>

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6 Investments

EUR'000	Group			Total
	Investments in associates	Investments in foreign property investments	Loan to associates and foreign property investments	
Cost at 1 October 2017	71,617	67,041	49,524	188,182
Additions	82,800	11,774	3,697	98,271
Cost at 30 September 2018	154,417	78,815	53,221	286,453
Value adjustments at 1 October 2017	-683	3,561	270	3,148
Value adjustments for the year	28,255	-2,348	337	26,244
Value adjustments at 30 September 2018	27,572	1,213	607	29,392
Carrying amount at 30 September 2018	181,989	80,028	53,828	315,845

Group

Name	Domicile	Interest	Equity EUR'000	Profit/loss EUR'000
Associates				
The Luneta Office Club	Europe	57.10%	80,460	24,782
Idera Residential Partnership II	Asia	21.90%	39,058	13,458
BKM Industrial Value Fond I*	USA	11.70%	85,307	13,250
Ram Realty Partners IV*	USA	8.20%	92,024	15,254
Ram IV Co-investment*	USA	7.30%	25,037	4,238

*Classified as an associate in the consolidated financial statements together with associates in the parent company.

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6 Investments (continued)

Group

Name	Domicile	Interest	Equity EUR '000	Profit/loss EUR '000
Foreign property investments				
FPA Apartment Opportunity Fund V	USA	2.1%	293.712	90.265
Ardstone Residential Partners	USA	19.0%	183.455	-1.253
Godrej Residential Partnership II	Asia	15.9%	67.362	-801
Washington D.C. Urban Retail Club	USA	16.6%	17.281	-626
FPA Apartment Opportunity Fund VI	USA	1.1%	65.067	-3.444

On initial recognition, property investments are measured at cost translated at the exchange rates at the transaction date. Subsequently property investments are measured at fair value translated at the exchange rate at the balance sheet date. The fair value is determined by each Fund based on the fair value of the net assets in the fund comprising underlying properties and related liabilities.

PMM Global IV invests in managed real estate funds, which are not quoted on an active market. The investments in these funds will generally be classified as Level 3 in the fair value hierarchy. The valuation models applied for the real estate funds assets will typically be based on (i) discounted cash flow analysis; (ii) direct capitalisation method; and/or (iii) comparable sales method. The real estate funds reflect its real estate equity investments net of investment level financing. Increases or decreases in any of the assumptions in isolation would result in a lower or higher fair value measurement.

The real estate funds generally invest in real estate and real estate related investments for which there is no liquid market. The market price for such investments may not be readily ascertainable. As a result, amounts ultimately realised by the fund from investments sold may differ from the fair value presented and the difference could be material.

The review of the valuation process is performed by the management of PATRIZIA Multi Managers A/S. PATRIZIA Multi Managers A/S considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing to ensure they are reasonable and appropriate.

PATRIZIA Multi Managers A/S bases their ongoing review of the valuation process on the information reported from the real estate funds in their annual financial statements and quarterly reports. In PATRIZIA Multi Managers A/S's review of the valuation process, the obtained reported information is compared to what is budgeted or expected by the management of PATRIZIA Multi Managers A/S and, if the information is not in accordance with what is expected, the management engages in dialog with the real estate funds in order to clarify any irregularities. At least once every year, PATRIZIA Multi Managers A/S ensures that an external valuation of all the assets in the funds is carried out.

The following table shows information about the by the real estate funds used unobservable inputs related to the fair value measurement at 30 September 2018 as per their quarterly reports:

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6 Investments (continued)

At 30 September 2018						
Fund	Type	Asset class	Valuation techniques	Unobservable inputs	Weighted average	Vacancy
FPA Apartment Opportunity Fund V	Investment in real estate equity	Residential (stabilised)	Direct capitalisation method	Capitalisation	5.6 – 6.5%	9.0%
		Residential (under contract to sell)	Quoted price in market	Newly acquired	Newly acquired	N/A
Ardstone Residential Partners	Real estate development	Residential	a) Quoted (unadjusted) marked prices b) Discounted cash flow	N/A	N/A	N/A
Godrej Residential Partnership II	Real estate development	Residential	Discounted cash flow (unobservable inputs used for discount rate/cost of equity calculated using CAPM)	a) Risk free rate of return b) Market rate of return c) Beta (systemic risk) d) Alpha (asset specific risk)	a) 7.5% b) 15.0% c) 1.2% d) Range 6.0% - 10.0%	N/A
Bluehouse Property Fund IV	Investment in real estate equity	Office	Discounted cash flow (unobservable inputs used for discount rate/cost of equity calculated using CAPM)	Discount rate	7.9%	12.0%
Hungerford Properties Opportunity Fund II	Investment in real estate equity	Logistics/industrial	a) Direct capitalisation method b) Discounted cash flow c) Direct comparison approach	a) Capitalization rate b) Discount rate c) Qualitative and quantitative adjustment to comparable properties	a) N/A b) N/A c) N/A	37.6%

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6 Investments (continued)

EUR'000	Parent company					Total
	Investments in subsidiaries	Investments in associates	Investments in foreign property investments	Loan to associates and foreign property investments	Loan to subsidiaries	
Cost at 1 October 2017	41,129	32,289	52,454	49,524	24,013	199,409
Additions	6,018	76,770	9,494	3,697	176	96,155
Cost at 30 September 2018	47,147	109,059	61,948	53,221	24,189	295,564
Value adjustments at 1 October 2017	551	-1,451	2,752	270	0	2,122
Value adjustments for the year	17,893	9,561	-2,229	337	0	25,562
Value adjustments at 30 September 2018	18,444	8,110	523	607	0	27,684
Carrying amount at 30 September 2018	65,591	117,169	62,471	53,828	24,189	323,248

Parent company

Name	Domicile	Interest	Equity EUR'000	Profit/loss EUR'000
Subsidiaries				
SPF IV US L.P	USA	100.00%	20,045	3,583
SPF IV Birch ApS	Europe	100.00%	12,123	2,928
SPF IV Investeringselskab ApS	Europe	100.00%	16,011	-297
Luneta ApS	Europe	100.00%	17,411	11,678
Associates				
BKM Industrial Value Fund I	USA	26.50%	85,307	13,250
Ram Realty Partners IV*	USA	18.40%	92,024	15,254
Ram IV Co-investment*	USA	16.60%	5,984	0
Eurostone Residential Partnership II	Europe	30.00%	25,037	4,238
Idera Residential Partnership III	Asia	89.40%	37,439	5,149
Cording UK PRS Residential JV	Europe	99.00%	25,162	-1,276
Washington D.C. Urban Retail Club	USA	36.70%	17,281	-626
Kailong Greater China Real Estate Fund	Asia	29.00%	56,005	-2,130
Infrared NF China Real Estate Fund	Asia	31.60%	39,275	-32

*Classified as an associate in the consolidated financial statements.

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Notes to the financial statements

6 Investments (continued)

Parent

Name	Domicile	Interest	Equity EUR '000	Profit/loss EUR '000
Foreign property investments				
FPA Apartment Opportunity Fund V	USA	4.8%	293.712	90.265
Bluehouse Property Fund IV	Europe	19.7%	27.416	4.749
Eurostone Residential Partnership II	Europe	30.0%	36.876	5.570
Hungerford Properties Opportunity Fund II	Canada	19.0%	64.930	2,696
FPA Apartment Opportunity Fund VI	USA	2,5%	65.067	-3.444
RedBox Co-Investment	USA	17,1%	30.311	-726

7 Investments by limited partners

The subscribed equity capital consists of 504,752 shares of EUR 1,000 each allocated to 504,000 A Shares and 752 B shares.

The total subscribed equity capital amounts to EUR 504,752 thousand, the equity called at year end amounts to EUR 196,228 thousand and the commitments for additional investments amounts to EUR 308,524 thousand.

The subscribed capital has not changed since final closing.

Limited Partners Holding more than 5% of the subscribed capital:

Lærernes Pension Forsikringsaktieselskab

Danica Pensionsforsikring

Pensionskassen for Sygeplejersker og Lægesekretærer

Juristernes- og Økonomernes Pensionskasse

Lægernes Pension – Pensionskassen for Læger

Pensionskassen for Socialrådgivere / -Pædagoger og Kontorpersonale

Pensionskassen for Sundhedsfaglige

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8 Contractual obligations and contingencies, etc.

EUR million	Commitment		Residual commitment	
Fund	Currency	EUR	Currency	EUR
Pamfleet Real Estate Fund III	USD 20.0	17.3	USD 20.0	17.3
Jiedeng Duhui Building	USD 0.0	0.0	USD 0.0	0.0
FPA Apartment Opportunity Fund V	USD 12.7	11.2	USD 0.5	0.4
BKM Industrial Value Fund I	USD 27.3	24.5	USD 3.9	3.4
Eurostone Residential Partnership II	EUR 28.6	28.6	EUR 18.9	18.9
Hungerford Properties Opportunity Fund II	CAD 39.2	26.2	CAD 20.4	13.5
Bluehouse Property Fund IV	EUR 26.7	26.7	EUR 21.2	21.2
Ram Realty Partners IV	USD 24.2	21.2	USD 4.8	4.1
Idera Residential Partnership III	JPY 4.497,2	34.7	JPY 596.5	4.5
Ram IV Co-investment	USD 5.6	4.8	USD 0.9	0.8
Washington D.C. Urban Retail Club	USD 20.9	17.9	USD 9.2	7.9
Cording UK PRS Development Fund	GBP 25.0	28.3	GBP 1.9	2.1
FPA Apartment Opportunity Fund VI	USD 13.9	11.9	USD 8.2	7.1
Kailong Greater China Real Estate Fund	USD 40.0	34.5	USD 20.5	17.7
InfraRed NF China Real Estate Fund III	USD 30.0	25.9	USD 15.7	13.6
RedBox Co-Investment	USD 6.0	5.3	USD 0.0	0.0
Total Parent Company		319.0		132.6
FPA Apartment Opportunity Fund V	USD 5.5	4,9	USD 0.2	0.2
BKM Industrial Value Fund I	USD 12.1	10,8	USD 1.7	1.5
Ram Realty Partners IV	USD 10.8	9,4	USD 2.1	1.8
Ram IV Co-investment	USD 2.4	2,1	USD 0.4	0.3
Washington D.C. Urban Retail Club	USD 9.1	7,8	USD 4.0	3.5
FPA Apartment Opportunity Fund VI	USD 6.1	5,3	USD 3.6	3.1
Ardstone Residential Partners	EUR 35.0	35,0	EUR 0.0	0.0
Godrej Residential Partnership II	USD 35.0	30,5	USD 22.1	19.1
Idera Residential Partnership II	JPY 573.3	5,0	JPY 0,0	0.0
The Luneta Office club	EUR 32.0	32,0	EUR 0.0	0.0
Total Group		461.8		162.1

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9 Related parties

PMM Global IV K/S has the following related parties exercising control:

SPF IV GP ApS, registration no. 37 76 90 61 is general partner in PMM Global IV K/S. As general partner the company has the general management responsibility for PMM Global IV K/S. However, a management agreement with a management company was entered when founding PMM global IV K/S, see below. As general partner SPF IV GP ApS receives a fixed fee. Transactions have been made on an arm's length basis.

On behalf of SPF IV GP ApS, PATRIZIA Multi Managers A/S, registration no. 32 46 88 88 has entered into an agreement with PMM Global IV K/S on management of PMM global IV K/S. As management company PATRIZIA Multi Managers A/S receives a fee calculated as a percentage of obtained commitments to invest in foreign property investments. Transactions have been made on an arm's length basis. No other transactions between PMM Global IV K/S and PATRIZIA Multi Managers A/S have taken place.

Investor Board and partners

The Fund's Investor Board does not receive any fees. The partners receive fees from the administration company in accordance with the administration agreement made with the management company.

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EUR'000	Parent company	
	2017/18	2016/17
10 Appropriation of profit		
Recommended appropriation of profit		
Dividend to limited partners	0	2,162
Net revaluation reserve according to the equity method	1,858	0
Retained earnings	6,366	1,604
	8,224	3,766