Annual report for 2021

Ejendomsselskabet Sydmarken 5 A/S

c/o Taurus Ejendomsadministration ApS, Skovvejen 11, 1., 8000 Aarhus C

CVR no. 19 67 15 77

Adopted at the annual general meeting on 20
June 2022

Quentin André C Verschoren
chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Ejendomsselskabet Sydmarken 5 A/S for the financial year 1 January - 31 December 2021.

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 company's 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 our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Aarhus C, 20 June 2022

Executive board

Nadia Wenner
Director

Supervisory board

Quentin André C Verschoren chairman	Peter Matzen Drachmann	Kim Per Bocianski Svendsen

Independent auditor's report

To the shareholder of Ejendomsselskabet Sydmarken 5 A/S

Opinion

In our opinion, the financial statements give a true and fair view of the company's 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.

We have audited the financial statements of Ejendomsselskabet Sydmarken 5 A/S for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes ('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.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 management's review.

Independent auditor's report

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 the 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 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.

Independent auditor's report

- 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, 20 June 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Henrik Ødegaard
State Authorised Public Accountant
MNE no. mne31489

Company details

The company	Ejendomsselskabet Sydmarken 5 A/S c/o Taurus Ejendomsadministration ApS Skovvejen 11, 1. 8000 Aarhus C	
	CVR no.:	19 67 15 77
	Reporting period: Incorporated: Financial year:	1 January - 31 December 2021 31 October 1996 26th financial year
	Domicile:	Aarhus
Supervisory board	Quentin André C Verschoren, chairman Peter Matzen Drachmann Kim Per Bocianski Svendsen	
Executive board	Nadia Wenner, director	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup	

Management's review

Business review

The company's purpose is to conduct trade, industry and investment business, as well as ownership and rental of commercial properties.

Financial review

The company's income statement for the year ended 31. december 2021 shows a profit of DKK 34,928,248 including value adjustment of investment properties of DKK 34,416,113, and the balance sheet at 31 December 2021 shows equity of DKK 109,019,863.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Ejendomsselskabet Sydmarken 5 A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act for reporting class B entities, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2021 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Revenue

Net revenue consist of rental income from investment properties, which is recognised on a straight-line basis during the rental period.

Revenue is measured excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Costs regarding investment properties

Costs regarding investment properties primarily comprises property expenses.

Accounting policies

Other external expenses

Other external expenses include expenses related to administration etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Investment properties

Investment properties comprises investments in land and buildings for purposes of gaining a return on the invested capital in the form of regular operating income and/or capital gains on resale.

On acquisition, investment properties is measured at cost, comprising the purchase price, including purchase costs.

The cost of self-erected investment properties comprises the purchase price and any costs directly attributable to the acquisition, including purchase costs and indirect expenses relating to labour, materials, components and sub-suppliers, until such time as the asset is available for use.

On subsequent recognition, investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The fair value is calculated by using generally accepted valuation methods based on management's expectations for future cash flows, return requirements etc.

Accounting policies

Yield requirement model

The fair value of investment properties is calculated based on RICS Valuation Global Standards and the RICS valuation - professionel standards (the "Red Book"), in which the expected future cashflow on the individual investment properties along with a yield requirement, are the basis for the fair value. The calulations are based on the budget of the individual investment property. In the budget, expected development on tenants, vacancies, property costs, maintenance and administration etc, are taken into consideration. The budgettet cashflow is divided by the estimated yield requirement, by which the fair value of the investment property is calculated.

The calculated value is then adjustet for non-operating assets, e.g. cash, deposits etc. if they are not recognised separately in the balance sheet.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Accounting policies

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Income statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Revenue		**21,964,049**	**20,801,415**
Costs regarding investment properties		-2,047,788	-3,429,623
Other external expenses		-3,000,887	-1,726,647
Gross profit before fair value adjustments		**16,915,374**	**15,645,145**
Value adjustments of assets held for investment	2	34,416,113	44,871,191
Gross profit after fair value adjustments		**51,331,487**	**60,516,336**
Financial costs	3	-6,551,534	-5,107,703
Profit/loss before tax		**44,779,953**	**55,408,633**
Tax on profit/loss for the year	4	-9,851,705	-12,212,331
Profit/loss for the year		**34,928,248**	**43,196,302**

Recommended appropriation of profit/loss

Extraordinary dividend for the year	0	50,000,000
Retained earnings	34,928,248	-6,803,698
	34,928,248	**43,196,302**

Balance sheet 31 December

	Note	2021	2020
		DKK	DKK
Assets			
Investment properties	5	418,750,000	377,573,498
Tangible assets		**418,750,000**	**377,573,498**
Total non-current assets		**418,750,000**	**377,573,498**
Trade receivables		0	1,292,629
Other receivables		749,840	2,092,690
Prepayments		2,737	25,491
Receivables		**752,577**	**3,410,810**
Cash at bank and in hand		**22,842,424**	**9,288,326**
Total current assets		**23,595,001**	**12,699,136**
Total assets		**442,345,001**	**390,272,634**

Balance sheet 31 December

	Note	2021	2020
		DKK	DKK
Equity and liabilities			
Share capital		1,501,000	1,501,000
Share premium account		14,999,000	14,999,000
Retained earnings		92,519,865	57,591,617
Equity		**109,019,865**	**74,091,617**
Provision for deferred tax		63,583,125	53,731,420
Total provisions		**63,583,125**	**53,731,420**
Subordinate loan capital		0	32,668,244
Mortgage loans		135,389,120	168,246,585
Payables to group entities		113,000,000	0
Deposits		10,152,650	10,148,401
Total non-current liabilities	6	**258,541,770**	**211,063,230**
Mortgage loans	6	0	9,168,107
Other credit institutions	6	0	2,057,228
Trade payables		817,165	6,377,244
Payables to group entities		3,203,550	26,767,340
Payables to shareholders and management		0	6,636,579
Other payables		7,179,526	379,869
Total current liabilities		**11,200,241**	**51,386,367**
Total liabilities		**269,742,011**	**262,449,597**
Total equity and liabilities		**442,345,001**	**390,272,634**
Uncertainty in the recognition and measurement	1		
Mortgages and collateral	7		
Related parties	8		

Statement of changes in equity

	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2021	1,501,000	14,999,000	57,591,617	74,091,617
Net profit/loss for the year	0	0	34,928,248	34,928,248
Equity at 31 December 2021	**1,501,000**	**14,999,000**	**92,519,865**	**109,019,865**

Notes

1 Uncertainty in the recognition and measurement

The companys activity comprises investment in properties through which the company expects to make profit through rental and value increases on the investment property.

In order to being able to recognise the fair value of the investment property, the company has to apply fair value as basis for measurement of the property value, which means that the management needs to assess the fair value of the investment property on an annually basis.

Management are aware that the fair value measurement are subject to a certain degree of uncertainty and that both positive and negative changes can occur in the fair value.

For further information please refer to note 5.

		2021	2020
		DKK	DKK
2	**Value adjustments of assets held for investment**		
	Fair value adjustments of investment properties	34,416,113	44,871,191
	Value adjustments of investment properties	**34,416,113**	**44,871,191**

3	**Financial costs**		
	Financial expenses, group entities	3,513,696	1,683,961
	Other financial costs	3,037,838	3,423,742
		6,551,534	**5,107,703**

4	**Tax on profit/loss for the year**		
	Deferred tax for the year	9,851,705	12,212,331
		9,851,705	**12,212,331**

Notes

5 Assets measured at fair value

	Investment properties
Cost at 1 January 2021	290,833,817
Additions for the year	6,760,389
Cost at 31 December 2021	297,594,206
Revaluations at 1 January 2021	86,739,681
Revaluations for the year	34,416,113
Revaluations at 31 December 2021	121,155,794
Carrying amount at 31 December 2021	**418,750,000**

Disclosure of the assumptions underlying fair value calculations of assets and liabilities

Investment properties are measured at fair value through the Income Statement according to The Danish Financial Statements Act § 38. The fair value is calculated by using generally accepted valuation methods.

The estimates applied are based on information and assumptions considered reasonable by Management and available at the balance sheet date. Assumptions are inherently uncertain and unpredictable, thus leaving a degree of uncertainty in the fair value.

Assumptions underlying the determination of fair value of investment properties

Total square meters are 32,755.

Rent for vacancies has been determined at 0%.

A yield requirement average of 5.08% has been applied.

The property is located in Søborg.

Notes

6 Long term debt

	2021	2020
	DKK	DKK
Subordinate loan capital		
After 5 years	0	0
Between 1 and 5 years	0	32,668,244
Non-current portion	0	32,668,244
Within 1 year	0	0
	0	**32,668,244**
Mortgage loans		
After 5 years	135,389,120	131,702,883
Between 1 and 5 years	0	36,543,702
Non-current portion	135,389,120	168,246,585
Within 1 year	0	9,168,107
	135,389,120	**177,414,692**
Payables to group entities		
After 5 years	113,000,000	0
Non-current portion	113,000,000	0
Other short-term debt to subsidiaries	3,203,550	26,767,340
Current portion	3,203,550	26,767,340
	116,203,550	**26,767,340**
Deposits		
After 5 years	8,900,000	10,148,401
Between 1 and 5 years	1,252,650	0
Non-current portion	10,152,650	10,148,401
Within 1 year	0	0
Current portion	0	0
	10,152,650	**10,148,401**

Notes

		2021	2020
		DKK	DKK
7	**Mortgages and collateral**		
	The following assets have been put up as security for debt to mortgage credit institutions:		
	Investment properties with a fair value of	418,750,000	377,573,498
		418,750,000	**377,573,498**

8 Related parties

Consolidated financial statements

The company is reflected in the group report as the parent company AEW Eurocore SCS SICAV-RAIF

The group report of AEW Eurocore SCS SICAV-RAIF can be obtained at the following address:

5, Allée Scheffer
L-2520 Luxembourg
Grand Duchy of Luxembourg