

K/S Hardy Avenue

Gl. Ringstedvej 61, 4300 Holbæk
CVR no. 28 67 82 58

Annual report for 2019

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 31.05.20

Peter Christian Møgelberg Hansen
Dirigent

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The company

K/S Hardy Avenue
c/o Advodan I/S
Gl. Ringstedvej 61
4300 Holbæk
Tel.: 22 12 14 16
Registered office: Holbæk
CVR no.: 28 67 82 58
Financial year: 01.01 - 31.12

Executive Board

Peter Christian Møgelberg Hansen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board on the annual report

I have on this day presented the annual report for the financial year 01.01.19 - 31.12.19 for K/S Hardy Avenue.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In my opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.19 and of the results of the company's activities for the financial year 01.01.19 - 31.12.19.

I believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Holbæk, May 31, 2020

Executive Board

Peter Christian Møgelberg Hansen
Chairman

Independent auditor's report on extended review

To the owner of K/S Hardy Avenue

Conclusion

We have performed an extended review of the financial statements of K/S Hardy Avenue for the financial year 01.01.19 - 31.12.19 which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Based on the work performed, in our opinion, the financial statements give a true and fair view of the company's assets, equity and liabilities and financial position as at 31.12.19 and the company's financial performance for the financial year 01.01.19 - 31.12.19 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the 'Auditor's responsibilities for the extended review of the financial statements' section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Statement regarding the management's review

The management is responsible for the management's review.

Our opinion on the financial statements does not include the management's review, and we do not express any form of conclusion on the management's review.

In connection with our extended review of the financial statements, it is our responsibility to read the management's review and in this connection consider whether the management's review is materially inconsistent with the financial statements or the knowledge we have obtained during our extended review, or in any other way appears to be materially misstated.

Independent auditor's report on extended review

Furthermore, it is our responsibility to consider whether management's review contains the information required under the Danish Financial Statements Act.

Based on the work performed, we believe that the management's review is in accordance with the financial statements and has been prepared in accordance with the provisions of the Danish Financial Statements Acts. We have not detected any material misstatement in the management's review.

Management's responsibility for the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Danish Financial Statements Act and for such internal control as the 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 extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures primarily consisting of making inquiries of management and others within the company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

Independent auditor's report on extended review

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Slagelse, May 31, 2020

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Anders Søding Paulsen
State Authorized Public Accountant
MNE-no. mne34326

Primary activities

The company's activities comprise of renting out the property located at Brierfield House, Hardy Avenue, Brierfield, Nelson, Lancashire BB9 5RN.

Development in activities and financial affairs

The income statement for the period 01.01.19 - 31.12.19 shows a profit/loss of DKK -30,722 against DKK'000 2,498 for the period 01.01.18 - 31.12.18. The balance sheet shows equity of DKK 24,394,373.

Adjustment of property and debt at fair value is a net loss of DKK'000 1.558.

The company has established a UK subsidiary which has taken over the daily operation of the care home from the previous operator. As part of this transfer, the lease agreement has been assigned from previous operator to the subsidiary. The parties have agreed to a temporary rent discount throughout the transition phase but with the view that the rent payments should normalize to the original level - as set out in the lease agreement - as soon as possible end of 2020 or early 2021. Thus, the company expects unchanged rent payments and yield going forward after the transition phase. However, based on a precautionary principle, the company has incorporated a provision of DKK'000 1.000 in the valuation of the property to meet any further disruptions in the rent payments.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	2019 DKK	2018 DKK '000
Revenue	990,386	1,289
Other external expenses	-194,210	-133
Gross profit	796,176	1,156
Fair value adjustment of investment properties	194,241	340
Operating profit	990,417	1,496
Income from equity investments in group enterprises	499,194	1,734
1 Financial income	2,100,742	1,379
2 Financial expenses	-3,621,075	-2,111
Profit/loss for the year	-30,722	2,498
Proposed appropriation account		
Reserve for net revaluation according to the equity method	499,194	1,733
Retained earnings	-529,916	765
Total	-30,722	2,498

ASSETS		31.12.19	31.12.18
		DKK	DKK '000
Note	Investment properties	20,171,272	19,977
3	Total property, plant and equipment	20,171,272	19,977
4	Equity investments in group enterprises	20,050,199	19,550
5	Receivables from group enterprises	15,858,418	14,964
	Total investments	35,908,617	34,514
	Total non-current assets	56,079,889	54,491
	Receivables from group enterprises	58,205	58
	Other receivables	62,540	11
	Total receivables	120,745	69
	Cash	3,809,463	3,501
	Total current assets	3,930,208	3,570
	Total assets	60,010,097	58,061

EQUITY AND LIABILITIES		31.12.19	31.12.18
		DKK	DKK '000
Note			
	Share capital	100,000	100
	Reserve for net revaluation according to the equity method	20,049,363	19,550
	Retained earnings	4,245,010	5,072
	Total equity	24,394,373	24,722
6	Mortgage debt	31,059,355	29,307
6	Payables to group enterprises	4,229,147	3,694
	Total long-term payables	35,288,502	33,001
	Payables to associates	196,838	187
	Other payables	130,384	151
	Total short-term payables	327,222	338
	Total payables	35,615,724	33,339
	Total equity and liabilities	60,010,097	58,061

7 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Total equity
Statement of changes in equity for 01.01.19 - 31.12.19				
Balance as at 01.01.19	100,000	19,550,169	5,071,701	24,721,870
Other changes in equity	0	0	-296,775	-296,775
Net profit/loss for the year	0	499,194	-529,916	-30,722
Balance as at 31.12.19	100,000	20,049,363	4,245,010	24,394,373

	2019 DKK	2018 DKK '000
1. Financial income		
Interest, group enterprises	959,786	945
Other interest income	12,818	11
Foreign currency translation adjustments	-1,752,767	423
Foreign exchange gains	2,880,905	0
Total	2,100,742	1,379

2. Financial expenses

Interest, group enterprises	9,373	9
Other interest expenses	1,858,935	1,818
Foreign currency translation adjustments	-1,128,138	284
Foreign exchange losses	2,880,905	0
Total	3,621,075	2,111

3. Property, plant and equipment

Figures in DKK	Investment properties
Cost as at 01.01.19	36,053,087
Cost as at 31.12.19	36,053,087
Revaluations as at 01.01.19	-16,076,056
Revaluations during the year	194,241
Revaluations as at 31.12.19	-15,881,815
Carrying amount as at 31.12.19	20,171,272

3. Property, plant and equipment - continued -

The investment of the Entity is recognised in the annual report at market value according to a yield based valuation model. The property is leased to one tenant on a very long tenure (until september 2035) and with an obligation for the tenant to incur all expenses regarding the property throughout the tenure. Thus, the property generates a very steady and predictable operating return. Therefore, a yield based valuation model is preferable. The property is recognised at a valuation of DKK'000 21.171 at 31.12.2019 according to the management's valuation model using a yield of 6.5. As described in management's review a provision of DKK'000 1.000 has been incorporated in the valuation of the property to meet any further disruptions in the rent payments.

4. Equity investments in group enterprises

Figures in DKK	Equity invest- ments in group enterprises
Cost as at 01.01.19	1
Additions during the year	834
Cost as at 31.12.19	835
Revaluations as at 01.01.19	19,550,170
Net profit/loss from equity investments	499,194
Revaluations as at 31.12.19	20,049,364
Carrying amount as at 31.12.19	20,050,199
Name and registered office:	Ownership interest
Subsidiaries:	
K/S Fen Lane, Holbæk	100%
Brierfield House Care Limited, Chesterfield	100%

5. Other non-current financial assets

Figures in DKK	Receivables from group enterprises
Cost as at 01.01.19	15,702,120
Cost as at 31.12.19	15,702,120
Impairment losses as at 01.01.19	-738,253
Foreign currency translation adjustment of foreign enterprises	894,551
Impairment losses as at 31.12.19	156,298
Carrying amount as at 31.12.19	15,858,418

6. Long-term payables

	Outstanding debt after 5 years DKK	Total payables at 31.12.19 DKK	Total payables at 31.12.18 DKK '000
Mortgage debt	31,059,355	31,059,355	29,307
Payables to group enterprises	4,242,303	4,229,147	3,694
Total	35,301,658	35,288,502	33,001

7. Charges and security

The Entity has entered into a loan agreement with Bank of Ireland together with K/S Hardy Avenue, K/S Crane Lane and K/S Meadow Way. The loan is secured through legal charge of the entities' property and rental income. The book value of the mortgaged property is DKK'000 21.171. Furthermore, the Entity's cash assets have been pledged in favor of the bank. The pledged accounts comprise DKK'000 3.809

8. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

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 depreciation, amortisation, impairment losses and write-downs, 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 such assets 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 such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

8. Accounting policies - continued -**INCOME STATEMENT****Rental income**

Income from the rental of properties is recognised in the income statement for the relevant period. Rental income is measured at fair value and determined exclusive of VAT and discounts.

Other external expenses

Other external expenses comprise expenses relating to the Entity's ordinary activities.

Depreciation, amortisation and impairment losses

Investment properties are not depreciated.

Fair value adjustment of investment properties

Unrealised value adjustments of investment properties and realised gains and losses on the sale of assets are recognised in the fair value adjustment of investment properties.

Income from equity investments in group enterprises

For equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

8. Accounting policies - continued -

Tax on profit/loss for the year

The company is not an independent tax entity. Tax is therefore not recognised in the financial statements, as current and deferred tax is payable by the limited partners and the general partner.

BALANCE SHEET

Property, plant and equipment

Investment properties

Investment properties comprise investments in land and buildings for the purpose of earning a return on such investments in the form of regular operating income and capital gains on sale. Investment properties are recognised at cost at the date of acquisition. Cost comprises the purchase price plus expenses resulting directly from the purchase until the asset is ready for use. Investment properties are subsequently measured at fair value with value adjustments in the income statement. The fair value is calculated by applying an individually determined discount rate to the capitalisation of a market-based operating income from the property. A valuer has not been used to determine the fair value.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method, meaning that these equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of positive or negative goodwill and gains and losses on transactions with the enterprises in question.

Gains or losses on the divestment of subsidiaries are determined as the difference between the divestment consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed

8. Accounting policies - continued -

annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The net revaluation of equity investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising

8. Accounting policies - continued -

of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.