



**CHRISTENSEN  
KJÆRULFF**  
PERSONLIGT ENGAGEMENT

STATSAUTORISERET  
REVISIONSAKTIESKAB  
STORE KONGENSGADE 68  
1244 KØBENHAVN K

CVR: 15 91 56 41  
TLF: 33 30 15 15  
E-MAIL: CK@CK.DK  
WEB: WWW.CK.DK

# Covivio Berlin IV ApS

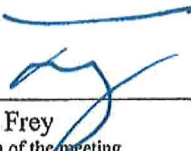
Store Kongensgade 68, 1264 København K

Company reg. no. 29 14 98 60

## Annual report

1 January - 31 December 2019

The annual report has been submitted and approved by the general meeting on the 27 August 2020.

  
Daniel Frey  
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance EUR 146,940 means the amount of EUR 146,940, and that 23,5 % means 23.5 %.



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## Management's report

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The executive board has today presented the annual report of Covivio Berlin IV ApS for the financial year 1 January to 31 December 2019.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

Copenhagen, 13 August 2020

### Executive board

Arnaud Brément  
Managing director

Myriam Despas

Peter Westphal



## **Independent auditor's report**

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**To the shareholders of Covivio Berlin IV ApS**

### **Opinion**

We have audited the annual accounts of Covivio Berlin IV ApS for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### **The management's responsibilities for the annual accounts**

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.



## **Independent auditor's report**

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As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

### **Statement on the management's review**

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.



## **Independent auditor's report**

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In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 13 August 2020

### **Christensen Kjarulff**

Statsautoriseret Revisionsaktieselskab  
Company reg. no. 15 91 56 41

Iver Haugsted  
State Authorised Public Accountant  
mne10678



## Company information

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<b>The company</b>	Covivio Berlin IV ApS Store Kongensgade 68 1264 København K
	Company reg. no. 29 14 98 60 Established: 1 July 2005 Domicile: Copenhagen Financial year: 1 January - 31 December 14th financial year
<b>Executive board</b>	Arnaud Brément, Managing director Myriam Despas Peter Westphal
<b>Auditors</b>	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Store Kongensgade 68 1264 København K
<b>Parent company</b>	Covivio Dansk Holding ApS
<b>Subsidiary</b>	Covivio Quadriga IV GmbH, Germany



## Financial highlights

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EUR in thousands.	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Profit and loss account:</b>				
Gross profit	-22	-22	24	721
Results from operating activities	-22	-23	24	201
Net financials	46.660	28.025	49.930	60.910
Results for the year	46.638	28.002	49.954	61.111
<b>Balance sheet:</b>				
Balance sheet sum	307.715	261.055	233.030	188.462
Equity	307.613	260.975	232.973	188.388
<b>Key figures in %:</b>				
Solvency ratio	100,0	100,0	100,0	100,0
Return on equity	16,4	11,3	23,7	64,9

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.





## Management commentary

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### **The principal activities of the company**

The principal activities are majority ownership to the shares in Covivio Quadriga IV GmbH, operating within the German real estate market.

### **Development in activities and financial matters**

The gross loss for the year is EUR -22 against EUR -22 last year. The results from ordinary activities after tax are EUR 46.638 against EUR 28.002 last year. The management consider the results satisfactory.

### **Own shares**

The enterprise' holding of own shares is 114.643 shares of EUR 0,134 each, corresponding to 5,73 % of the contributed capital.

### **The expected development**

The Corona / COVID-19 presents challenges and risks for the company.

Corona / COVID-19 has or may have a significant impact on the number of customers, nationally or internationally, as a result of the recommendations and orders given by the political team. Given the major uncertainty Corona / COVID-19 has created and the uncertainty about the duration of the situation, it is currently not possible to make a reasonable assessment of the financial consequences of the Corona crisis. On the same basis, it is not possible to express a sufficiently secure expectation of revenue and profit before tax. So far, however, management believes that the company has the necessary liquidity and credit facilities to continue its operations.

Prior to the Corona /COVID-19, expectations were a result in line with 2019.

### **Events subsequent to the financial year**

Subsequent to the balance sheet date the government in Germany implemented a new law in Berlin (Berlin Mietendeckel). The new law states that the rent level for all existing apartments will be frozen for five years. The price cap shall apply for both existing leases to new leases. According to the new law the increase in rent due to modernization can only be 0,5 EUR/m<sup>2</sup>.

Covivio Berlin IV ApS holds shares in companies with investment properties in Berlin. The management believes that the law will not affect the fair value calculation of the investment properties as investors will accept a lower yield.



## Income statement 1 January - 31 December

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EUR in thousands.

<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Gross loss</b>	<b>-22</b>	<b>-22</b>
Other operating costs	0	-1
<b>Operating profit</b>	<b>-22</b>	<b>-23</b>
Income from equity investments in group enterprises	46.660	28.025
<b>Pre-tax net profit or loss</b>	<b>46.638</b>	<b>28.002</b>
Tax on ordinary results	0	0
<b>2 Net profit or loss for the year</b>	<b>46.638</b>	<b>28.002</b>



## Statement of financial position 31 December

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EUR in thousands.

<b>Assets</b>			
<u>Note</u>		<u>2019</u>	<u>2018</u>
<b>Non-current assets</b>			
3	Equity investments in group enterprises	<u>307.715</u>	<u>261.055</u>
	Total investments	<u>307.715</u>	<u>261.055</u>
	<b>Total non-current assets</b>	<u><b>307.715</b></u>	<u><b>261.055</b></u>
	<b>Total assets</b>	<u><b>307.715</b></u>	<u><b>261.055</b></u>



## Statement of financial position 31 December

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EUR in thousands.

<b>Equity and liabilities</b>			
Note		<u>2019</u>	<u>2018</u>
<b>Equity</b>			
4	Contributed capital	269	269
5	Reserves for net revaluation as per the equity method	231.673	185.013
6	Results brought forward	<u>75.671</u>	<u>75.693</u>
	<b>Total equity</b>	<b><u>307.613</u></b>	<b><u>260.975</u></b>
 <b>Liabilities other than provisions</b>			
	Trade creditors	9	12
	Debt to group enterprises	<u>93</u>	<u>68</u>
	Total short term liabilities other than provisions	<u>102</u>	<u>80</u>
	<b>Total liabilities other than provisions</b>	<b><u>102</u></b>	<b><u>80</u></b>
	<b>Total equity and liabilities</b>	<b><u>307.715</u></b>	<b><u>261.055</u></b>
 <b>1 Subsequent events</b>			
<b>7 Contingencies</b>			
<b>8 Related parties</b>			



## Statement of changes in equity

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EUR thousand.

	<u>Contributed capital</u>	<u>Reserve for net revalua- tion according to the eq-uity method</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2018	269	156.988	75.716	232.973
Share of results	0	28.025	-23	28.002
Equity 1 January 2019	269	185.013	75.693	260.975
Share of results	0	46.660	-22	46.638
	<b>269</b>	<b>231.673</b>	<b>75.671</b>	<b>307.613</b>



## Notes

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EUR in thousands.

### 1. Subsequent events

Subsequent to the balance sheet date the government in Germany implemented a new law in Berlin (Berlin Mietendeckel). The new law states that the rent level for all existing apartments will be frozen for five years. The price cap shall apply for both existing leases to new leases. According to the new law the increase in rent due to modernization can only be 0,5 EUR/m<sup>2</sup>.

Covivio Berlin IV ApS holds shares in companies with investment properties in Berlin. The management believes that the law will not affect the fair value calculation of the investment properties as investors will accept a lower yield.

	<u>2019</u>	<u>2018</u>
<b>2. Proposed distribution of the results</b>		
Reserves for net revaluation as per the equity method	46.660	28.025
Allocated from results brought forward	-22	-23
<b>Distribution in total</b>	<b><u>46.638</u></b>	<b><u>28.002</u></b>
	<u>31/12 2019</u>	<u>31/12 2018</u>
<b>3. Equity investments in group enterprises</b>		
Acquisition sum, opening balance 1 January 2019	76.042	76.042
<b>Cost 31 December 2019</b>	<b><u>76.042</u></b>	<b><u>76.042</u></b>
Revaluations, opening balance 1 January 2019	185.013	156.988
Revaluations for the year	46.660	28.025
<b>Revaluation 31 December 2019</b>	<b><u>231.673</u></b>	<b><u>185.013</u></b>
<b>Book value 31 December 2019</b>	<b><u>307.715</u></b>	<b><u>261.055</u></b>

### The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity	Results for the year	Book value at Covivio Berlin IV ApS
Covivio Quadriga IV GmbH, Germany	94,90 %	220.612	12.371	307.715



## Notes

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EUR in thousands.

	<u>31/12 2019</u>	<u>31/12 2018</u>
<b>4. Contributed capital</b>		
Contributed capital 1 January 2019	<u>269</u>	<u>269</u>
	<b><u>269</u></b>	<b><u>269</u></b>

Within the past 5 years, the following changes in the share capital have taken place:  
2016, Capital decrease of EUR 39.335.498.

<b>5. Reserves for net revaluation as per the equity method</b>		
Reserves for net revaluation 1 January 2019	185.013	156.988
Share of results	<u>46.660</u>	<u>28.025</u>
	<b><u>231.673</u></b>	<b><u>185.013</u></b>

<b>6. Results brought forward</b>		
Results brought forward 1 January 2019	75.693	75.716
Profit or loss for the year brought forward	<u>-22</u>	<u>-23</u>
	<b><u>75.671</u></b>	<b><u>75.693</u></b>

## **7. Contingencies**

### **Joint taxation**

Covivio Dansk Holding ApS, company reg. no 30535723 being the administration company, the company is subject to the Danish scheme of joint taxation and, as from the financial year 2012, unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

As from 1 July 2012, the company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.



## Notes

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EUR in thousands.

### 8. Related parties

#### Controlling interest

Covivio Dansk Holding ApS

Majority shareholder

Store Kongensgade 68

1264 Copenhagen

Denmark

#### Transactions

All transactions have taken place on arm's-lengths basis.

#### Consolidated annual accounts

The company is included in the consolidated annual accounts of Covivio Immobilien SE, Essener Str. 66, D-46047 Oberhausen, Germany.





## Accounting policies

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The annual report for Covivio Berlin IV ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual report is presented in euro (EUR).

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The annual accounts of Covivio Berlin IV ApS and its group enterprises are included in the consolidated annual accounts for Covivio Immobilien SE, Germany, reg. nr. 26385.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the consolidated annual accounts of Covivio Immobilien SE.

The consolidated annual accounts for Covivio Immobilien SE can be found on the following link: <https://www.unternehmensregister.de/ureg/result.html>

### Income statement

#### **Gross loss**

Gross loss comprises external costs.

Other external costs comprise costs for sales and administration.

#### **Other operating costs**

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

#### **Results from equity investments in group enterprises**

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

#### **Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.



## Accounting policies

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The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

### The balance sheet

#### **Financial fixed assets**

##### **Equity investments in group enterprises**

Equity investments in group enterprises are recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

For the acquisition of new group enterprises, the purchase method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations is taken into consideration.



## **Accounting policies**

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Positive differences (goodwill) between cost and fair value of identifiable acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

### **Equity**

#### **Reserve for net revaluation according to the equity method**

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries and associates proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

### **Liabilities**

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.