



CHRISTENSEN
KJÆRULFF
PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Covivio Dansk L ApS

Store Kongensgade 68, 1264 København K

Company reg. no. 30 71 23 90

Annual report

1 January - 31 December 2021

The annual report has been submitted and approved by the general meeting on the 9 May 2022.



Daniel Frey
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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 statement

Today, the Executive Board has approved the annual report of Covivio Dansk L ApS for the financial year 1 January - 31 December 2021.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 9 May 2022

Executive board



Arnaud Brément
Managing Director



Myriam Despas



Mette-Lise Vraa



Independent auditor's report

To the Shareholders of Covivio Dansk L ApS

Opinion

We have audited the financial statements of Covivio Dansk L ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company 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.

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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



Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.
- 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.

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.



Independent auditor's report

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 Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 9 May 2022

Christensen Kjarulff

Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Iver Haugsted
State Authorised Public Accountant
mne10678



Company information

The company

Covivio Dansk L ApS
Store Kongensgade 68
1264 København K

Company reg. no. 30 71 23 90
Established: 5 July 2007
Domicile: Copenhagen
Financial year: 1 January - 31 December

Executive board

Arnaud Brément, Managing Director
Myriam Despas
Mette-Lise Vraa

Auditors

Christensen Kjarulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K



Financial highlights

EUR in thousands.	2021	2020	2019	2018	2017
Income statement:					
Revenue	17.431	17.070	17.194	17.424	16.934
Gross profit	65.333	61.229	68.920	75.316	74.822
Profit from operating activities	64.850	60.606	68.521	75.159	74.554
Net financials	-1.446	-2.234	-2.466	-2.624	-2.245
Net profit or loss for the year	54.012	49.748	55.738	61.295	60.884
Statement of financial position:					
Balance sheet total	608.725	553.560	512.899	449.762	386.850
Investments in property, plant and equipment	0	76	0	780	335
Equity	438.427	384.415	334.667	278.929	217.634
Employees:					
Average number of full-time employees	1	1	1	1	1
Key figures in %:					
Gross margin ratio	374,8	358,7	400,8	432,3	441,8
Profit margin (EBIT-margin)	372,0	355,0	398,5	431,4	440,3
Acid test ratio	1.457,8	562,7	549,3	518,9	218,6
Solvency ratio	72,0	69,4	65,3	62,0	56,3
Return on equity	13,1	13,8	18,2	24,7	32,5

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.



Management's review

The principal activities of the company

The principal activities of the company consist of real estate investment property and rental properties in Germany.

Unusual circumstances

The company has not been affected by the Covid-19 pandemic in the same way as a large number of other companies. The financial position and the result in the financial year 2021 are not significantly affected by the consequences of the Covid-19 pandemic.

Uncertainties about recognition or measurement

Investment properties are measured at fair value. Investment properties are accounted for t.EUR 528.576 as of 31 December 2021. Fair value are measured individually for each property based on a number of assumptions including the budgeted cash flows and discount rate, according to accounting policies used. The discount rate is determined to reflect the current market required rate of return. In particular, determination of the discount rate is subject to uncertainty.

Development in activities and financial matters

The revenue for the year totals t.EUR 17.431 against t.EUR 17.070 last year. Income from ordinary activities after tax totals t.EUR 54.012 against t.EUR 49.748 last year. The results for 2021 are significantly affected by value adjustment of investment property t.EUR 50.646. The value adjustment of investment property is mainly caused by a reduction in the capitalization rate. Management considers the net profit for the year satisfactory.

Financial risks and the use of financial instruments

Operating risk

The company's operating profit are particularly sensitive to developments in the following factors: rental income, maintenance, improvements and operating costs. The management manages the risks based on ongoing reporting and by entering into administrative agreements with recognized partners.

Foreign currency risks

The management has not identified any exchange rate risks. The company's assets, liabilities and cash flow are calculated in EUR.

Interest rate risks

The company has secured its floating-rate mortgage loans by entering into interest-rate swaps at a yield of 1,11 %.

Credit risks

The company's credit risks are mainly related to the tenants' ability to their obligations according to the lease contract. As the majority of the portfolio is for residential space, the management considers the credit risks as minimal.



Management's review

Environmental issues

Environmental issues are described in the group's CSR report.

Know how resources

Know how resources are described in the group's CSR report.

Research and development activities

None.

Expected developments

The management expects a positive result for 2022.

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

Covivio Dansk L ApS is a subsidiary to Covivio Immobilien SE. The statutory statement for the group cf. section 99 a of the Danish Financial Statements Act has been published on the group's website on the following url: <https://www.covivio.eu/en/press-releases-and-publications/>

Report on gender composition in management according to section 99 b of the Danish Financial Statements Act

With reference to the account of the gender composition of the management cf. section 99 b of the Danish Financial Statements Act, 66,67 % of the management consist of female directors. On a group level 36 % of the directors is female directors. The group is working to get new female directors so no gender is underrepresented.

Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act

The policy on data ethics according to section 99 d has been published on the group's website on the following url: <https://www.covivio.eu/en/csr-innovation/compliance/ethics-compliance/>



Income statement 1 January - 31 December

EUR thousand.

Note	2021	2020
1 Revenue	17.431	17.070
Other operating income	5.019	9.154
Other external expenses	-351	-301
Costs concerning investment property	-7.412	-6.802
Value adjustment of investment property	50.646	42.108
Gross profit	65.333	61.229
Other operating expenses	-483	-623
Operating profit	64.850	60.606
Other financial income from subsidiaries	6	4
Other financial income	711	34
Other financial expenses	-2.163	-2.272
Pre-tax net profit or loss	63.404	58.372
Tax on net profit or loss for the year	-9.392	-8.624
4 Net profit or loss for the year	54.012	49.748



Balance sheet at 31 December

EUR thousand.

Assets			
<u>Note</u>		<u>2021</u>	<u>2020</u>
Non-current assets			
5	Property, plant, and equipment under construction and prepayments for property, plant, and equipment	0	76
6	Investment property	528.576	497.275
	Total property, plant, and equipment	528.576	497.351
	Total non-current assets	528.576	497.351
Current assets			
	Assets held for sale	11.806	7.663
	Total inventories	11.806	7.663
	Trade receivables	157	163
	Receivables from subsidiaries	67.036	47.470
	Income tax receivables	198	0
	Other receivables	632	590
7	Prepayments	320	323
	Total receivables	68.343	48.546
	Total current assets	80.149	56.209
	Total assets	608.725	553.560



Balance sheet at 31 December

EUR thousand.

Equity and liabilities			
<u>Note</u>		<u>2021</u>	<u>2020</u>
Equity			
	Contributed capital	134	134
	Retained earnings	438.293	384.281
	Total equity	438.427	384.415
Provisions			
8	Provisions for deferred tax	63.397	56.373
	Total provisions	63.397	56.373
Long term liabilities other than provisions			
9	Mortgage loans	101.403	102.783
	Total long term liabilities other than provisions	101.403	102.783
	Current portion of long term liabilities	1.450	1.450
	Prepayments received from customers	554	513
	Trade payables	2.239	1.973
	Payables to subsidiaries	209	205
	Income tax payable	0	4.139
	Other payables	989	1.653
10	Deferred income	57	56
	Total short term liabilities other than provisions	5.498	9.989
	Total liabilities other than provisions	106.901	112.772
	Total equity and liabilities	608.725	553.560
3 Fees, auditor			
12 Disclosures on fair value			
11 Charges and security			
13 Contingencies			
14 Financial risks			
15 Related parties			



Statement of changes in equity

EUR thousand.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2020	134	334.533	334.667
Retained earnings for the year	0	49.748	49.748
Equity 1 January 2021	134	384.281	384.415
Retained earnings for the year	0	54.012	54.012
	134	438.293	438.427



Notes

EUR thousand.

1. Revenue

The management has considered the segment information for Covivio Dansk L ApS. Covivio Dansk L ApS' activities consist of rental properties in Germany which is considered as one segment.

	<u>2021</u>	<u>2020</u>
2. Staff costs		
Average number of employees	<u>1</u>	<u>1</u>
3. Fees, auditor		
Total remuneration for Christensen Kjaerulff,	<u>23</u>	<u>23</u>
Remuneration related to statutory audit	10	10
Tax-related consulting	1	1
Other services	<u>12</u>	<u>12</u>
	<u>23</u>	<u>23</u>
4. Proposed appropriation of net profit		
Transferred to retained earnings	<u>54.012</u>	<u>49.748</u>
Total allocations and transfers	<u>54.012</u>	<u>49.748</u>
	<u>31/12 2021</u>	<u>31/12 2020</u>
5. Property, plant, and equipment under construction and prepayments for property, plant, and equipment		
Cost 1 January	76	0
Additions during the year	0	76
Disposals during the year	<u>-76</u>	<u>0</u>
Cost 31 December	<u>0</u>	<u>76</u>
Carrying amount, 31 December	<u>0</u>	<u>76</u>



Notes

EUR thousand.

	31/12 2021	31/12 2020
6. Investment property		
Cost 1 January	173.025	177.201
Disposals during the year	-5.954	-4.177
Transfers	-1.966	0
Cost 31 December	165.105	173.024
Fair value adjustment 1 January	324.250	285.707
Adjustments to fair value for the year	50.646	42.108
Adjustment to fair value, assets disposed of	-11.425	-3.564
Fair value adjustment 31 December	363.471	324.251
Carrying amount, 31 December	528.576	497.275

The company's investment properties consist of 3.006 residential properties and 70 commercial properties with a total of 174.537 m² in the area of Berlin and Hamburg, Germany. Investment properties are according to the description in the accounting policies used measured at fair value based on a return-based cash flow model.

The average capitalization rate amounts to 2,78% (2020: 2,79%)

The following significant assumptions are used to measure the fair value:

An indexation on market rent residential of 2,11%

Fluctuation on residential of 7,59%

A structural vacancy on residential of 1,23%

The investment properties are valued at an average value of 3.039 EUR/m²

An external assessor has assisted in assessing the investment properties at a total fair value of t.EUR 528.576 equivalent to 100% of the total fair value.

Compared to the previous financial year, the methods of measurement remain unchanged.

7. Prepayments

Prepaid insurance	320	323
	320	323



Notes

EUR thousand.

	31/12 2021	31/12 2020
8. Provisions for deferred tax		
Provisions for deferred tax 1 January	56.374	50.107
Deferred tax relating to the net profit or loss for the year	7.023	6.266
	63.397	56.373
The following items are subject to deferred tax:		
Property, plant, and equipment	62.309	55.913
Current assets	1.219	721
Net capital loss balance	-131	-261
	63.397	56.373
9. Mortgage loans		
Total mortgage loans	102.853	104.233
Share of amount due within 1 year	-1.450	-1.450
	101.403	102.783
Share of liabilities due after 5 years	0	1.450
10. Deferred income		
Accruals and deferred income	57	56
	57	56
11. Charges and security		

As security for mortgage debts, t.EUR 102.853, mortgage has been granted on investment properties representing a book value of t.EUR 528.576 at 31 December 2021.

As security for group company's mortgage debts, t.EUR 47.250, mortgage has been granted on investment properties representing a book value of t.EUR 528.576 at 31 December 2021.



Notes

EUR thousand.

12. Disclosures on fair value

	Derived financial instruments
Fair value at 31 December	943
Change in fair value of the year recognised in the statement of financial activity	701

13. Contingencies

Joint taxation

With Covivio Dansk Holding ApS, company reg. no 30535723 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

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

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

14. Financial risks

Interest rate risks

It is company policy to limit interest rate risks relative to material longterm loans. This policy is complied with either by obtaining fixedrate loans or by hedging floating-rate debt by means of an interest rate swap, thus converting floating-rate debt to fixed-rate debt.



Notes

EUR thousand.

14. Financial risks (continued)

Interest rate risks (continued)

The company has entered into an interest rate swap agreement in order to limit interest rate risk relative to a floating-rate mortgage loan, representing an outstanding debt of t.EUR 13.521. The interest rate swap is effective for the full term of the loan. Changes in the market value of the interest rate swap are recognised directly in equity. The specification below shows the hedging transactions concerning interest rate swap agreements recognised directly in equity (EUR thousand).

	Hedging transaction, gross	Tax	Hedging transaction, net
Balance 1 January	1.644	-259	1.385
Changes of the year	-701	110	-591
Balance 31 December	943	-149	794

The nominal amount of the agreement is t.EUR 13.521 and the termination date is set to 30 September 2024.

The floating rate EURIBOR 3m has been swapped with a fixed rate of 1,11%.

The fair value of the interest rate swap agreement (level 2 in the fair value hierarchy) has been valued by an external assessment expert.

Compared to the previous financial year, the methods of measurement remain unchanged.

15. Related parties

Controlling interest

Covivio Dansk Holding ApS
Store Kongensgade 68
1264 Copenhagen K
Denmark

Majority shareholder

Transactions

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



Notes

EUR thousand.

Consolidated financial statements

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



Accounting policies

The annual report for Covivio Dansk L ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from the previous year, and the annual report is presented in euro (EUR).

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements 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>

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.



Accounting policies

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in the income statement.

Fair value hierarchy

The company applies the concept of fair value when recognising the value of financial instruments. Fair value is defined as the amount at which an asset or a liability could be exchanged in an arm's length transaction between knowledgeable, willing parties. Measurement at fair value is based on a primary market. Four levels in the fair value hierarchy are used to calculate this value:

1. Calculation based on fair value in a similar market
2. Calculation according to accepted valuation methods on the basis of observable market information
3. Calculation based on accepted valuation methods and reasonable estimates.
4. Cost

Income statement

Lease income from investment property

Lease income comprises income from the lease of property and from overhead costs collected and is recognised in the income statement for the period relating to the lease payment. Income from the heating account is recognised in the statement of financial position as a balance with lessees.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external expenses

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Value adjustment of investment property

Value adjustment of investment property comprises value adjustments of properties at fair value and profit or loss from the disposal of properties.



Accounting policies

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses). Actual Danish tax rate is 22 %. Actual German tax rate is 15,8 %.

Statement of financial position

Property, plant, and equipment under construction

Property, plant, and equipment under construction are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investment in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.



Accounting policies

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investment property

At the initial recognition, investment property is measured at cost, comprising the cost of the property and directly associated costs, if any.

Hereafter, investments are measured individually on the basis of a return-based cash flow model based on expected future net cash flows over a period of 10 years. The required rate of return is determined by an external assessor. Fair value measurement is made on the basis of estimated lease income and expected operating costs, including scheduled maintenance. Compared to the previous financial year, the method of measurement remains unchanged.

Costs adding new or improved qualities to an investment property compared to its condition at the time of acquisition, thereby improving the future return on the property, are added to the cost as an improvement. Costs which do not add new or improved qualities to an investment property are recognised in the income statement under the item "Costs concerning investment property".

Like other property, plant, and equipment except for land, investment property has a limited economic life. The impairment taking place concurrently with the ageing of the investment property is reflected in the continuing measurement of the investment property at fair value.

Value adjustments are recognised in the income statement under the item "Value adjustments of property".

Assets held for sale

Assets held for sale consists of fixed assets, which is going to be sold, assets intended for sale is measured at cost price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.



Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

According to the rules of joint taxation, Covivio Dansk L ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.



Accounting policies

Liabilities other than provisions

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised under deferred income.

Segmental statement

Information on activity and geographical markets is provided. The segmental statement complies with the consolidated accounting policies, risks, and management control systems of the company.