

PELARGONIE KOMMANDITAKTIESELSKAB

c/o Cobblestone A/S
Gammel Køge Landevej 57, 3.
2500 Valby
Denmark

CVR no. 33 35 12 83

Annual report 2020

The annual report was presented and approved at the
Company's annual general meeting on

27 May 2021

Louise Hertz
chairman

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PELARGONIE KOMMANDITAKTIESELSKAB
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of PELARGONIE KOMMANDITAKTIESELSKAB for the financial year 1 January – 31 December 2020.

The annual report has been 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 assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a 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, 27 May 2021
Executive Board:

Louise Hertz

Board of Directors:

Nathalie Marion-Denise
Winkelmann
Chairman

Timm Anton Grün

Keld Jessen

Louise Hertz

Independent auditor's report

To the shareholders of PELARGONIE KOMMANDITAKTIESELSKAB

Opinion

We have audited the financial statements of PELARGONIE KOMMANDITAKTIESELSKAB for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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' 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.



Independent auditor's report

- 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 27 May 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael Tuborg
State Authorised
Public Accountant
mne24621

PELARGONIE KOMMANDITAKTIESELSKAB
Annual report 2020
CVR no. 33 35 12 83

Management's review

Company details

PELARGONIE KOMMANDITAKTIESELSKAB
c/o Cobblestone A/S
Gammel Køge Landevej 57, 3.
2500 Valby
Denmark

CVR no.:	33 35 12 83
Established:	16 November 2010
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Nathalie Marion-Denise Winkelmann, Chairman
Timm Anton Grün
Keld Jessen
Louise Hertz

Executive Board

Louise Hertz

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Management's review

Operating review

Principal activities

The objective of the Limited Partnership is to acquire real estate properties for investment purposes.

Development in activities and financial position

The Company's income statement for 2020 shows a loss of DKK -12,810 thousand as against a profit of DKK 35,166 thousand in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 428,506 thousand as against DKK 460,316 thousand at 31 December 2019.

A revaluation of the properties has had a significant impact on the loss for 2020.

Uncertainty regarding recognition and measurement

The investment property is measured at fair value using a DCF-model and assumptions and estimates relating to yields, vacancy etc. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the investment property.

Events after the balance sheet date

No events have occurred after the balance sheet date which materially affects the financial position of the Company.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2020	2019
Gross profit		20,930	26,017
Fair value adjustment of investment properties		-23,619	18,972
Financial income		17	17
Financial expenses		-10,138	-9,840
Profit/loss for the year		<u>-12,810</u>	<u>35,166</u>
Proposed profit appropriation/distribution of loss			
Extraordinary dividends paid		0	16,000
Proposed dividends for the financial year		10,800	19,000
Retained earnings		-23,610	166
		<u>-12,810</u>	<u>35,166</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	<u>2020</u>	<u>2019</u>
ASSETS			
Fixed assets			
Property, plant and equipment			
Investment properties	3	<u>837,667</u>	<u>882,800</u>
Total fixed assets		<u>837,667</u>	<u>882,800</u>
Current assets			
Receivables			
Receivables from subsidiaries		1,785	1,123
Other receivables		<u>0</u>	<u>76</u>
		<u>1,785</u>	<u>1,199</u>
Cash at bank and in hand		<u>54,055</u>	<u>50,290</u>
Total current assets		<u>55,840</u>	<u>51,489</u>
TOTAL ASSETS		<u><u>893,507</u></u>	<u><u>934,289</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		91,110	91,110
Retained earnings		326,596	350,206
Proposed dividends for the financial year		10,800	19,000
Total equity		428,506	460,316
Liabilities			
Non-current liabilities			
	4		
Mortgage loans		363,087	371,433
Payables to group entities		0	100
Shareholder loan		75,800	75,800
		438,887	447,333
Current liabilities			
Current portion of non-current liabilities		163	501
Trade payables		1,290	1,027
Other payables		7,102	2,881
Payables to shareholders		4,625	8,275
Deposits and prepaid rent		12,934	13,956
		26,114	26,640
Total liabilities		465,001	473,973
TOTAL EQUITY AND LIABILITIES		893,507	934,289
Average number of employees	2		
Contractual obligations, contingencies, etc.	5		
Related party disclosures	6		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2020	91,110	350,206	19,000	460,316
Ordinary dividends paid	0	0	-19,000	-19,000
Transferred over the profit appropriation	0	-23,610	10,800	-12,810
Equity at 31 December 2020	91,110	326,596	10,800	428,506

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of PELARGONIE KOMMANDITAKTIESELSKAB for 2020 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Gross profit reflects revenue and other external costs.

Revenue

Revenue, comprising rental income, is recognised in the period which it relates.

Other external costs

Other external costs comprise costs incurred during the year as a result of the rental of the Limited Partnership's properties and administration.

Fair value adjustments of investment properties

Fair value adjustments of investment properties related to properties are recognised in the income statement and gain/loss regarding disposal of properties.

Financial income and expenses

Financial costs comprise interest expenses, exchange rate adjustments, amortisation expenses and other financial costs.

Balance sheet

Investment properties

Investment property comprises property that is held to earn rentals, held for capital appreciation or both.

Initially, investment property is measured at cost including purchase price and directly related costs. The carrying amount also includes costs for improvements if the recognition criteria are met.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

The fair value of completed investment property is determined using a discounted cash flow (DCF). Under the DCF-method, a property's fair value is estimated using explicit assumptions about the risks and yields over the asset's life, including an exit or terminal value. This involves the projection of a series of cash flows and to do this, an appropriate, market-derived discount rate is applied to establish the present value of the income stream.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal, re-letting, redevelopment, or refurbishment.

The valuations were performed by Cushman & Wakefield, an accredited independent value with a recognised and relevant professional qualification and recent experience of the location and category of the investment property being valued. The valuation model applied is in accordance with that recommended by the International Valuation Standards Committee. These valuation models are consistent with the principles in IFRS 13.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash at bank and in hand

Cash and cash equivalents comprise cash at bank.

Corporation tax and deferred tax

The Limited Partnership is not subject to taxation.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected payment for the year is disclosed as a separate item under equity.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Liabilities other than provisions

Payables to credit institutions are recognised at cost at the date of borrowing, equivalent to proceeds received less transaction costs paid.

Subsequently, these financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2020</u>	<u>2019</u>
2 Average number of employees		
Average number of employees	<u>0</u>	<u>0</u>
3 Property, plant and equipment		
DKK'000		<u>Investment properties</u>
Cost at 1 January 2020		646,428
Additions for the year		3,570
Disposals for the year		<u>-14,335</u>
Cost at 31 December 2020		<u>635,663</u>
Revaluations at 1 January 2020		236,372
Revaluations for the year		-27,246
Reversal of valuation from previous years		<u>-7,122</u>
Revaluations at 31 December 2020		<u>202,004</u>
Carrying amount at 31 December 2020		<u><u>837,667</u></u>

The Limited Partnership's investment properties are located in Copenhagen, Gentofte and Aarhus. The seven properties are mainly used for residential purposes.

Assumptions

In the valuation of the properties, the following key assumptions have been applied:

- 2 properties are valued under the assumption of a continued rental situation applying an exit yield between 4.10 % and 4.50 %.
- 4 properties are valued under the assumption of a sale of flats applying a price per sqm in the range of DKK 32.5 – 43.2 thousand.

Sensitivity analysis

For the properties valued under the assumption of a continued rental situation the fair value amounts to DKK 607 mio. with an exit yield of 4.10 – 4.5 %. An increase of the exit yield by 0.25 percentage points would reduce the property value by DKK 40.5 mio. A decrease of the yield by 0.25 percentage points would increase the property value by DKK 46.7 mio.

For the properties valued under the assumption of a sale of flats the fair value amounts to DKK 230.4 mio. with a price per sqm in the range of DKK 32.5 – 43.2 thousands. A decrease in the price per sqm of 5.0% would reduce the property value by DKK 11.5 mio. An increase in the price per sqm of 5.0% would increase the property value by DKK 11.5 mio.

Financial statements 1 January – 31 December

Notes

4 Non-current liabilities

DKK'000	Total debt at 31/12 2020	Repayment, first year	Outstanding debt after five years
Mortgage loans	363,250	163	364,628
Shareholder loan	75,800	0	75,800
	<u>439,050</u>	<u>163</u>	<u>440,428</u>

5 Contractual obligations, contingencies, etc.

Mortgages and collateral

As collateral for its mortgage debt, DKK 439,050 thousand, the Limited Partnership has provided collateral in investments properties with a carrying amount of 837,667 thousand at 31 December 2020.

6 Related party disclosures

Control

PELARGONIE KOMMANDITAKTIESELSKAB is part of the consolidated financial statements of Ejendomsselskabet PADK-3 ApS, c/o Cobblestone A/S, Gammel Køge Landevej 57, 3., 2500 Valby, which is the smallest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Ejendomsselskabet PADK-3 ApS can be obtained by contacting the Company at the address above.