

# Core Bolig III Kommanditaktieselskab

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

CVR no. 33 35 12 83

## **Annual report 2019**

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

20 May 2020

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chairman

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**Core Bolig III Kommanditaktieselskab**  
Annual report 2019  
CVR no. 33 35 12 83

## **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 Core Bolig III Kommanditaktieselskab for the financial year 1 January – 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

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, 20 May 2020  
Executive Board:

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Louise Hertz

Board of Directors:

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Nathalie Marion-Denise  
Winkelmann

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Timm Anton Grün

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Keld Jessen

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Louise Hertz

## Independent auditor's report

### To the shareholders of Core Bolig III Kommanditaktieselskab

#### Opinion

We have audited the financial statements of Core Bolig III Kommanditaktieselskab for the financial year 1 January – 31 December 2019 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 2019 and of the results of the Company's operations for the financial year 1 January – 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 (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.
- 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

## Independent auditor's report

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, 20 May 2020

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Michael Tuborg  
State Authorised  
Public Accountant  
mne24621

**Core Bolig III Kommanditaktieselskab**  
Annual report 2019  
CVR no. 33 35 12 83

## Management's review

### Company details

Core Bolig III 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  
Timm Anton Grün  
Keld Jessen  
Louise Hertz

### Executive Board

Louise Hertz

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfaergevej 28  
DK-2100 Copenhagen  
Denmark

### Annual general meeting

The annual general meeting will be held on 20 May 2020.

## **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 Limited Partnership's income statement for the year shows a profit of DKK 35,166 thousand (2018: DKK 44,625 thousand) and the balance sheet at 31 December 2019 shows an equity of DKK 460,316 thousand (2018: DKK 441,150 thousand).

Management assess that the result of the year is satisfactory.

#### **Events after the balance sheet date**

After the balance sheet date, the virus COVID-19 has been declared a pandemic by the WHO, which affects the world and our society, including the real estate business.

Because of this, it is possible that the Company will be affected by COVID-19 from reduced rental income.

At the current stage it is impossible to quantify the effect from COVID-19 as no one knows how this will impact the society, including the Companies' tenants on the long-term basis.

Besides, no other events have occurred after the balance sheet date which materially affects the financial position of the Company.

#### **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.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2019	2018
<b>Gross profit</b>		26,017	18,647
Fair value adjustment of investment properties		18,972	36,174
Financial income		17	16
Financial expenses	3	<u>-9,840</u>	<u>-10,212</u>
<b>Profit for the year</b>		<u>35,166</u>	<u>44,625</u>
<b>Proposed profit appropriation</b>			
Extraordinary dividends paid		-16,000	0
Proposed dividends for the financial year		19,000	0
Retained earnings		<u>16,166</u>	<u>44,625</u>
		<u>19,166</u>	<u>44,625</u>



## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	<u>31/12 2019</u>	<u>31/12 2018</u>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>	4		
Investment properties		<u>882,800</u>	<u>870,472</u>
<b>Total fixed assets</b>		<u>882,800</u>	<u>870,472</u>
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from subsidiaries		1,123	845
Other receivables		<u>76</u>	<u>416</u>
		<u>1,199</u>	<u>1,261</u>
<b>Cash at bank and in hand</b>		<u>50,290</u>	<u>53,667</u>
<b>Total current assets</b>		<u>51,489</u>	<u>54,928</u>
<b>TOTAL ASSETS</b>		<u><u>934,289</u></u>	<u><u>925,400</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		91,110	91,110
Share premium		0	78,000
Retained earnings		350,206	272,040
Proposed dividends for the financial year		19,000	0
<b>Total equity</b>		<b>460,316</b>	<b>441,150</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Mortgage loans	5	371,433	377,767
Payables to group entities		100	100
Shareholder loan		75,800	75,800
		<b>447,333</b>	<b>453,667</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities		501	169
Trade payables		1,027	2,326
Other payables		2,881	10,138
Payables to shareholders		8,275	3,664
Deposits and prepaid rent		13,956	14,286
		<b>26,640</b>	<b>30,583</b>
<b>Total liabilities</b>		<b>473,973</b>	<b>484,250</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>934,289</b>	<b>925,400</b>
<b>Average number of employees</b>	2		
<b>Contractual obligations, contingencies, etc.</b>	6		
<b>Related party disclosures</b>	7		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Contributed capital	Share premium	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2019	91,110	78,000	272,040	0	441,150
Transferred over the profit appropriation	0	0	16,166	19,000	35,166
Extraordinary dividends paid	0	0	-16,000	0	-16,000
Transfer from share premium account	0	-78,000	78,000	0	0
<b>Equity at 31 December 2019</b>	<b>91,110</b>	<b>0</b>	<b>350,206</b>	<b>19,000</b>	<b>460,316</b>

## **Financial statements 1 January – 31 December**

### **Notes**

#### **1 Accounting policies**

The annual report of Core Bolig III Kommanditaktieselskab for 2019 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/loss 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.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

### 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.

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 Sadolin Albæk, 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.

#### 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**

### **Notes**

#### **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.

##### **Corporation tax and deferred tax**

The Limited Partnership is not subject to taxation.

## Financial statements 1 January – 31 December

### Notes

#### 2 Average number of employees

	31/12 2019	31/12 2018
Average number of full-time employees	0	0
	0	0

#### 3 Financial expenses

DKK'000	2019	2018
Other financial costs	9,840	10,212
	9,840	10,212

#### 4 Property, plant and equipment

DKK'000	Investment properties	Total
Cost at 1 January 2019	645,519	645,519
Additions for the year	10,441	10,441
Disposals for the year	-9,532	-9,532
Cost at 31 December 2019	646,428	646,428
Revaluations at 1 January 2019	224,953	224,953
Adjustment to revaluation from previous years	0	0
Revaluations for the year	15,553	15,553
Reversal of valuation from previous years	-4,134	-4,134
Revaluations at 31 December 2019	236,372	236,372
<b>Carrying amount at 31 December 2019</b>	<b>882,800</b>	<b>882,800</b>

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 3.25% and 3.75%.
- 4 properties are valued under the assumption of a sale of flats applying a price per sqm in the range of DKK 33.9 – 41.0 thousand.

#### Sensitivity analysis

For the properties valued under the assumption of a continued rental situation the fair value amounts to DKK 637 mio. with an exit yield of 3.25 – 3.75%. An increase of the exit yield by 0.25 percentage points would reduce the property value by DKK 42.8 mio. A decrease of the yield by 0.25 percentage points would increase the property value by DKK 49.5 mio.

For the properties valued under the assumption of a sale of flats the fair value amounts to DKK 246 mio. with a price per sqm in the range of DKK 33.9 – 41.0 thousands. A decrease in the price per sqm of 5.0% would reduce the property value by DKK 12.3 mio. An increase in the price per sqm of 5.0% would increase the property value by DKK 12.3 mio.

## Financial statements 1 January – 31 December

### Notes

#### 5 Non-current liabilities

DKK'000	Debt at 31 December 2019	Repayment, within a year	Outstanding debt after five years
Subordinary loan capital	100	0	100
Mortgage loans	371,934	501	370,751
Shareholder loan	75,800	0	75,800
	<u>447,834</u>	<u>501</u>	<u>446,651</u>

#### 6 Contractual obligations, contingencies, etc.

##### Mortgages and collateral

As collateral for its mortgage debt, DKK 371,934 thousand, the Limited Partnership has provided collateral in investments properties with a carrying amount of 882,800 thousand at 31 December 2019.

#### 7 Related party disclosures

Core Bolig III Kommanditaktieselskab is included in the consolidated financial statements of Ejendomsselskabet PADK-3 ApS, from where they can be obtained.