

Patrizia Frederiksberggade ApS

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

CVR no. 35 21 20 78

Annual report 2019

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

25 May 2020

Louise Hertz
chairman

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Patrizia Frederiksberggade ApS
Annual report 2019
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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 Patrizia Frederiksberggade ApS 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, 25 May 2020
Executive Board:

Dominik Josef Röhrich

Board of Directors:

Sebastian Hubertus Lohmer
Chairman

Dominik Josef Röhrich

Louise Hertz



Independent auditor's report

To the shareholders of Patrizia Frederiksberggade ApS

Opinion

We have audited the financial statements of Patrizia Frederiksberggade ApS 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



Independent auditor's report

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, 25 May 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Michael Tuborg
State Authorised
Public Accountant
mne24621

Patrizia Frederiksberggade ApS
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Management's review

Company details

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

CVR no.: 35 21 20 78
Financial year: 1 January – 31 December

Board of Directors

Sebastian Hubertus Lohmer, Chairman
Dominik Josef Röhrich
Louise Hertz

Executive Board

Dominik Josef Röhrich

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen
Denmark

Management's review

Operating review

Principal activities

The Company owns and manages the property Frederiksberggade 24, 1459 Copenhagen (Denmark), and conducts activities associated therewith.

Development in activities and financial position

The Company's income statement for the year ended 31 December 2019 shows a loss of DKK 27,099 thousand and the Company's balance sheet at 31 December 2019 shows equity of DKK 94,094 thousand. The result of the year is negatively affected by impairment of investment properties of DKK 18,883 thousand.

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.

At the current stage, Management assess that the effects from COVID-19 will not have a material impact on the Company's rental income nor its financial position.

There have been no other significant events after the end of the financial year.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Gross profit		2,231	2,089
Depreciation, amortisation and impairment losses		<u>-21,368</u>	<u>-2,485</u>
Operating loss		-19,137	-396
Financial expenses	3	<u>-6,323</u>	<u>-6,335</u>
Loss before tax		-25,460	-6,731
Tax on loss for the year	4	<u>-1,639</u>	<u>1,481</u>
Loss for the year		<u><u>-27,099</u></u>	<u><u>-5,250</u></u>
Proposed distribution of loss			
Retained earnings		<u>-27,099</u>	<u>-5,250</u>
		<u><u>-27,099</u></u>	<u><u>-5,250</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Investment properties		<u>207,306</u>	<u>228,674</u>
Total fixed assets		<u>207,306</u>	<u>228,674</u>
Current assets			
Receivables			
Trade receivables		200	0
Other receivables		150	148
Deferred tax asset		<u>0</u>	<u>1,639</u>
		<u>350</u>	<u>1,787</u>
Cash at bank and in hand		<u>6,409</u>	<u>3,340</u>
Total current assets		<u>6,759</u>	<u>5,127</u>
TOTAL ASSETS		<u><u>214,065</u></u>	<u><u>233,801</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital		130,794	130,794
Retained earnings		-36,700	-9,601
Total equity		<u>94,094</u>	<u>121,193</u>
Liabilities			
Non-current liabilities			
	6		
Payables to shareholder		116,025	109,725
Deposits		<u>2,577</u>	<u>580</u>
		<u>118,602</u>	<u>110,305</u>
Current liabilities			
Trade payables		799	31
Other payables		570	371
Deposits		<u>0</u>	<u>1,901</u>
		<u>1,369</u>	<u>2,303</u>
Total liabilities		<u>119,971</u>	<u>112,608</u>
TOTAL EQUITY AND LIABILITIES		<u>214,065</u>	<u>233,801</u>
Average number of full-time employees	2		
Related party disclosures	7		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2019	130,794	-9,601	121,193
Transferred over proposed distribution of loss	0	-27,099	-27,099
Equity at 31 December 2019	130,794	-36,700	94,094

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Patrizia Frederiksberggade ApS for 2019 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with option 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. The financial statements items revenue and other external costs are aggregated in the financial item gross profit.

Revenue

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

Other external costs

Other external expenses comprise costs incurred during the period as a result of the rental of the Company's properties and administration.

Financial expenses

Financial expenses comprise interest expenses and exchange rate adjustments.

Tax on loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowings costs are net recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Building	50 years
Technical installations	25 years

The residual value of the building is 50%.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively

Impairment of assets

The carrying amount of investment properties is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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, write-down is made on an individual basis.

Cash at bank and in hand

Cash and cash equivalents comprise cash in bank and in hand.

Equity

Dividends

Proposed dividends are recognised as a liability as 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 provision

Payable to credit institutes 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

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

Notes

2 Average number of full-time employees

DKK'000	2019	2018
Average number of full-time employees	0	0

3 Financial expenses

DKK'000	2019	2018
Interest expense to shareholder	6,300	6,300
Other financial costs	23	35
	6,323	6,335

4 Tax on profit/loss for the year

DKK'000	2019	2018
Change in deferred tax	1,639	-1,481
	1,639	-1,481

5 Property, plant and equipment

DKK'000	Investment properties
Cost at 1 January 2019	242,849
Cost at 31 December 2019	242,849
Depreciation and impairment losses at 1 January 2019	-14,175
Impairment losses for the year	-18,883
Depreciation for the year	-2,485
Depreciation and impairment losses at 31 December 2019	-35,543
Carrying amount at 31 December 2019	207,306

In 2019, the investment property has been written down to the recoverable value of DKK 207,306 thousand, which is lower than the carrying amount of DKK 226,189 thousand. The recoverable value is calculated as the fair value of the investment property deducted by expected sales costs. Management has appointed an external valuer to determine the fair value of the investment property at 31 December 2019. The valuation report prepared by external valuer assumes an exit yield of 4% and re-let of vacant retail unit within a 18 months period.

6 Non-current liabilities

DKK'000	Total debt at 31/12 2019	Outstanding debt after five years
Payables to shareholder	116,025	0
Deposits	2,577	2,527
	118,602	2,527

Financial statements 1 January – 31 December

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7 Related party disclosures

Patrizia Hovedgade ApS is included in the consolidated financial statement of Patrizia Immobilien Kapitalverwaltungsgesellschaft mbH, Hamburg, Germany, in which the Company is included as a subsidiary.