

AC Meyers Vænge, København ApS

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

CVR no. 35 86 57 72

Annual report 2020

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

17 May 2021

Emil Skov
chairman

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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 AC Meyers Vænge, København ApS 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, 17 May 2021
Executive Board:

Louise Hertz

Board of Directors:

Peter Matzen Drachmann
Chairman

Nathalie Marion-Denise
Winkelmann

Wilhelm Vjaceslav

Louise Hertz



Independent auditor's report

To the shareholders of AC Meyers Vænge, København ApS

Opinion

We have audited the financial statements of AC Meyers Vænge, København ApS 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, 17 May 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael Tuborg
State Authorised
Public Accountant
mne24621

AC Meyers Vænge, København ApS
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Management's review

Company details

AC Meyers Vænge, København ApS
c/o Cobblestone A/S
Gammel Køge Landevej 57, 3.
2500 Valby
Denmark

CVR no.:	35 86 57 72
Established:	4 June 2014
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Peter Matzen Drachmann, Chairman
Nathalie Marion-Denise Winkelmann
Wilhelm Vjaceslav
Louise Hertz

Executive Board

Louise Hertz

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark
CVR no. 25 57 81 98

Annual general meeting

The annual general meeting will be held on 17 May 2021.

Management's review

Operating review

Principal activities

The objective of the company is to engage in project development including execution of building projects, and to hold and sell real estate, and other associated business activities.

Development in activities and financial position

The Company's income statement for 2020 shows a profit of DKK 8,980 thousand as against DKK 26,614 thousand in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 110,662 thousand as against DKK 101,682 thousand at 31 December 2019.

The financial year was in line with forecast, and results for the year are considered satisfactory.

The investment properties have been measured at fair value at 31 December 2020 compared to cost previous years.

Please see note 1 in accounting policies for financial impact.

Events after the balance sheet date

No events have occurred after the balance sheet date which that materially affect the Company's financial position.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2020	2019
Gross profit		<u>17,709</u>	<u>4,321</u>
Profit before financial income and expenses		<u>17,709</u>	<u>4,321</u>
Fair value adjustment of investment properties		7,286	39,374
Other financial expenses	3	<u>-13,992</u>	<u>-9,065</u>
Profit before tax		<u>11,003</u>	<u>34,630</u>
Tax on profit/loss for the year		<u>-2,023</u>	<u>-8,016</u>
Profit for the year		<u>8,980</u>	<u>26,614</u>
Proposed profit appropriation			
Retained earnings		<u>8,980</u>	<u>26,614</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2020	2019
ASSETS			
Fixed assets			
Property, plant and equipment	4		
Investment properties		<u>615,600</u>	<u>604,800</u>
Total fixed assets		<u>615,600</u>	<u>604,800</u>
Current assets			
Receivables			
Receivables from group entities		933	0
Other receivables		57	272
Corporation tax		<u>367</u>	<u>0</u>
		<u>1,357</u>	<u>272</u>
Cash at bank and in hand		<u>14,565</u>	<u>14,765</u>
Total current assets		<u>15,922</u>	<u>15,037</u>
TOTAL ASSETS		<u><u>631,522</u></u>	<u><u>619,837</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		61	61
Retained earnings		110,601	101,621
Total equity		<u>110,662</u>	<u>101,682</u>
Provisions			
Provisions for deferred tax	5	11,157	7,833
Total provisions		<u>11,157</u>	<u>7,833</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Mortgage loans	6	297,326	36,715
Payables to shareholder		194,000	202,643
		<u>491,326</u>	<u>239,358</u>
Current liabilities other than provisions			
Banks, current liabilities		0	246,905
Trade payables		441	3,173
Payables to shareholder		5,813	11,145
Other payables		1,243	270
Deposits		10,880	9,471
		<u>18,377</u>	<u>270,964</u>
Total liabilities other than provisions		<u>509,703</u>	<u>510,322</u>
TOTAL EQUITY AND LIABILITIES		<u><u>631,522</u></u>	<u><u>619,837</u></u>
Average number of full-time employees	2		
Contractual obligations, contingencies, etc.	7		
Mortgages and collateral	8		
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Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2020	61	101,621	101,682
Transferred over the distribution of loss	0	8,980	8,980
Equity at 31 December 2020	61	110,601	110,662

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of AC Meyers Vænge, København ApS 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.

Change in accounting policies

The Company has changed its accounting policy regarding investment properties so that investment properties are measured at fair value. Previously, investment properties were measured at cost. The change in accounting policy is made in order to give a more true and fair view of the Company's activities, results and financial position.

DKK'000	2020	2019
Effect on:		
Profit/loss	5,683	35,215
Total assets	7,286	45,148
Equity	5,683	35,215
Provision for deferred tax	1,603	9,933

The comparative figures have been restated to reflect the changed accounting policies.

Income statement

Gross profit

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

The gross profit reflects revenue and other external costs.

Revenue

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

Other external costs

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

Financial income and expenses

Financial income and expenses comprise interest income and expenses.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and the changes in deferred tax, and it is recognised in the income statement with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

The Company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group entities. The Company acts as administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the Company.

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

Balance sheet

Investment properties

Investment properties comprises properties that is held to earn rentals, held for capital appreciation or both. Initially, investment properties are 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 properties are stated at fair value. Gains and losses arising from changes in the fair values are included in the income statement in the year which they arise.

The properties are valued using the income capitalization method where a property's fair value is estimated based on the normalized net operating income generated by the property, which is divided by the capitalization rate. The calculated value is adjusted with expected future change in rental value, voids, capital expenses and other special circumstances.

The valuation was performed by Jones Lang LaSalle SE, an accredited and independent valuer with recognized and relevant professional qualifications and recent experience of the location and category of investment properties being valued. The valuation model applied is in accordance with the recommended by the International Valuation Standards Committee. These valuations models are consistent with the principles in IFRS 13.

Investment properties 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 recognized in the income statement as other operating income or other operating costs, respectively.

Receivables

Receivables are measured at amortised cost.

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

Cash at bank and in hand

Cash at bank and in hand comprise cash at bank.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Equity

Dividends

Proposed dividends are recognized 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.

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.

Liabilities other than provisions

Mortgage loans and construction loans are measured at amortised costs.

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 full-time employees		
Average number of full-time employees	<u>0</u>	<u>0</u>
3 Other financial expenses		
Interest expense to shareholder	11,692	5,854
Other financial costs	<u>2,300</u>	<u>3,211</u>
	<u>13,992</u>	<u>9,065</u>
4 Investment properties		
DKK'000		<u>Investment properties</u>
Cost at 1 January 2020		565,426
Additions for the year		<u>3,514</u>
Cost at 31 December 2020		<u>568,940</u>
Revaluations at 1 January 2020		39,374
Revaluations for the year		<u>7,286</u>
Revaluations at 31 December 2020		<u>46,660</u>
Carrying amount at 31 December 2020		<u>615,600</u>

Key assumptions:

The property is located in Copenhagen and used for a mix of residential and retail with a total area of 18,775 sqm. A void period of 4 months is estimated for vacant residential units and 6 months for retail units. Additionally, a structural vacancy of 2.5% for residential units and 5% for retail units have been included in the estimated cash flow. The exit yield is estimated at 3.40% (2019: 3.80%).

Sensitivity analysis:

An increase of the exit yield by 0.25 percentage points would reduce the property value by DKK 43.7 million. A decrease in the exit yield by 0.25 percentage points would increase the property value by DKK 50.7 million at the balance sheet date.

Financial statements 1 January – 31 December

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5 Deferred tax

DKK'000	2020	2019
Deferred tax at 1 January	7,833	-183
Provision for the year	2,789	8,016
Adjustment of deferred tax concerning previous years	535	0
	<u>11,157</u>	<u>7,833</u>

6 Liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Outstanding debt after five years
Payables to shareholder	199,813	194,000
Mortgage loan	297,283	298,000
	<u>497,096</u>	<u>492,000</u>

7 Contractual obligations, contingencies, etc.

The Company is subject to the Danish scheme of joint taxation an unlimited jointly and severally liable with the other taxed companies for the total corporate tax.

8 Mortgages and collateral

Investment properties with a carrying amount of DKK 615.6 million at 31 December 2020 have been provided as collateral for mortgages of DKK 298 million.

9 Related party disclosures

AC Meyers Vænge, København ApS is part of the consolidated financial statements of PATRIZIA Augsburg Kapitalverwaltungsgesellschaft mbH, Fuggerstrasse 26, 86150 Augsburg, Germany, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of PATRIZIA Augsburg Kapitalverwaltungsgesellschaft mbH can be obtained by contacting the Company at the address above.