

# **Ejendomsselskabet Arresøvej, Risskov A/S**

c/o 30502 Newsec PAM Denmark A/S  
Lyngby Hovedgade 4  
2800 Kongens Lyngby

CVR No. 37223786

## **Annual Report 2020**

5. financial year

The Annual Report was presented and  
adopted at the Annual General Meeting of  
the Company on 5 July 2021

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Steffen Freddie Lange  
Chairman

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## Management's Statement

Today, Management has considered and adopted the Annual Report of Ejendomsselskabet Arresøvej, Risskov A/S for the financial year 1 January 2020 - 31 December 2020.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January 2020 - 31 December 2020.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kongens Lyngby, 5 July 2021

### Executive Board

Leif Fredrik Ingemar Söderlund

### Supervisory Board

Holger Leonhard Zilleken  
Chairman

David James Wingrove  
Member

Leif Fredrik Ingemar Söderlund  
Member

## Independent Auditors' Report

To the shareholders of Ejendomsselskabet Arresøvej, Risskov A/S

### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2020 and of the results of its operations and cash flows for the financial year 1 January 2020 - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Ejendomsselskabet Arresøvej, Risskov A/S for the financial year 1 January 2020 - 31 December 2020, which comprise an income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on 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 opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements 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 with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

### 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 as Management considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements

## **Independent Auditors' Report**

can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- \* Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- \* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- \* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

Copenhagen, 5 July 2021

**PricewaterhouseCoopers**  
**Statsautoriseret Revisionspartnerselskab**  
CVR-no. 33771231

Maj-Britt Nørskov Nannestad  
State Authorised Public Accountant  
mne32198

## Ejendomsselskabet Arresøvej, Risskov A/S

### Company details

<b>Company</b>	Ejendomsselskabet Arresøvej, Risskov A/S c/o 30502 Newsec PAM Denmark A/S Lyngby Hovedgade 4 2800 Kongens Lyngby
CVR No.	37223786
Date of formation	12 November 2015
Registered office	Lyngby-Taarbæk
<b>Supervisory Board</b>	Holger Leonhard Zilleken David James Wingrove Leif Fredrik Ingemar Söderlund
<b>Executive Board</b>	Leif Fredrik Ingemar Söderlund
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231

## Management's Review

### The Company's principal activities

The Company's principal activities consist in investment in real estate and related activities.

### Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2020 - 31 December 2020 shows a result of DKK -4.877.928 and the Balance Sheet at 31 December 2020 a balance sheet total of DKK 156.785.677 and an equity of DKK 71.961.136.

### Uncertainties relating to recognition and measurement in the financial statements

Investments are valued at their fair values, according to the description in Accounting policies.

The valuation includes accounting estimates and such valuation is therefore subject to some uncertainty. Please refer to note 4 and 5.

The outbreak of Covid-19 and the measures taken by governments around the world to mitigate its effects are having a major impact on the world economy.

The valuation of the company's investment property per. December 31, 2020 is based on presumptions that may be different from those that management has at the time of approval of the annual report.

### Expected development of the company, including specific prerequisites and uncertainties

It is management's assessment that the current situation in regards to Covid-19 will have limited effect on the Company's activities, as the demand for rental housing is not highly impacted by Covid-19. Therefore management's view is that the Covid-19 crisis does not have a material impact on the Company's activities in 2021.

### Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

## Accounting Policies

### Reporting Class

The Annual Report of Ejendomsselskabet Arresøvej, Risskov A/S for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B entities and elective choice of certain applying reporting class C entities.

The accounting policies applied remain unchanged from last year.

### Reporting currency

The Annual Report is presented in Danish kroner.

### Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

## Income Statement

### Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue and other external expenses.

### Revenue

Revenue comprises rental income from the leases of properties. Revenue is recognized on an actual basis.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

### Other external expenses

Other external costs include costs for administration, property costs, loss of debtors etc.

Property costs include costs incurred in operating the company's property portfolio in fiscal year, including repair



## Accounting Policies

and maintenance costs, property taxes and electricity, water and heat that is not charged directly to the tenants.

### Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Dividends equity investments are recognised as income in the financial year in which the dividends are declared.

### Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

## Balance Sheet

### Investment property

Investment properties comprises investments in land and buildings for purposes of gaining a return on the invested capital in the form of regular operating income and/or capital gains on resale.

On acquisition, investment properties are measured at cost, comprising the purchase price, including purchase costs.

After the initial recognition, investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

An independent assessor firm has assessed the fair value of investment properties.

The fair value is determined using a DCF model, where the expected future cash flows are discounted to the present value. The calculations are based on the property's budget for the coming years.

The estimates applied are based on the information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often-assumed events do not occur as expected. Such difference may be material.

### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

### Cash and cash equivalents

Cash comprises cash balances and bank balances.

## Accounting Policies

### Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

### Corporation tax

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

### Financial liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the Income Statement over the life of the financial instrument.

Other liabilities, comprising deposits, trade payables and other payable, are measured at amortised cost, which usually corresponds to the nominal value.

### Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the balance sheet but appear only in the notes.

## Income Statement

	Note	2020 kr.	2019 kr.
<b>Gross profit</b>		<b>4.009.197</b>	<b>5.091.331</b>
Fair value adjustment of investment property		-7.700.000	6.100.000
<b>Profit from ordinary operating activities</b>		<b>-3.690.803</b>	<b>11.191.331</b>
Financial income	1	97.909	0
Financial expenses	2	-2.614.562	-744.783
<b>Profit from ordinary activities before tax</b>		<b>-6.207.456</b>	<b>10.446.548</b>
Tax expense	3	1.329.528	-2.298.241
<b>Profit</b>		<b>-4.877.928</b>	<b>8.148.307</b>
<b>Proposed distribution of results</b>			
Retained earnings		-4.877.928	8.148.307
<b>Distribution of profit</b>		<b>-4.877.928</b>	<b>8.148.307</b>

## Balance Sheet as of 31 December

	Note	2020 kr.	2019 kr.
<b>Assets</b>			
Investment property	4	148.400.000	156.100.000
<b>Property, plant and equipment</b>		<b>148.400.000</b>	<b>156.100.000</b>
<b>Fixed assets</b>			
		<b>148.400.000</b>	<b>156.100.000</b>
Short-term trade receivables		0	44.610
Short-term receivables from group enterprises		7.078.959	5.031.050
Other short-term receivables		170.548	40.807
<b>Receivables</b>		<b>7.249.507</b>	<b>5.116.467</b>
<b>Cash and cash equivalents</b>		<b>1.136.170</b>	<b>442.683</b>
<b>Current assets</b>		<b>8.385.677</b>	<b>5.559.150</b>
<b>Assets</b>		<b>156.785.677</b>	<b>161.659.150</b>

## Balance Sheet as of 31 December

	Note	2020 kr.	2019 kr.
<b>Liabilities and equity</b>			
Contributed capital		10.500.000	10.500.000
Retained earnings		61.461.136	48.220.993
<b>Equity</b>		<b>71.961.136</b>	<b>58.720.993</b>
Provisions for deferred tax		7.703.593	9.397.593
<b>Provisions</b>		<b>7.703.593</b>	<b>9.397.593</b>
Mortgage debt		37.099.129	79.874.541
Long-term debt to group enterprises		26.935.601	0
Other payables		11.298.599	11.193.605
<b>Long-term liabilities other than provisions</b>	6	<b>75.333.329</b>	<b>91.068.146</b>
Short-term part of long-term liabilities other than provisions	7	1.327.499	1.327.308
Trade payables		122.234	84.869
Tax payables		337.698	956.241
Other payables		188	104.000
<b>Short-term liabilities other than provisions</b>		<b>1.787.619</b>	<b>2.472.418</b>
<b>Liabilities other than provisions within the business</b>		<b>77.120.948</b>	<b>93.540.564</b>
<b>Liabilities and equity</b>		<b>156.785.677</b>	<b>161.659.150</b>
Contingent liabilities	8		
Related parties	9		

## Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2020	10.500.000	48.220.992	58.720.992
Profit (loss)	0	-4.877.928	-4.877.928
Contribution from group	0	18.118.072	18.118.072
<b>Equity 31 December 2020</b>	<b>10.500.000</b>	<b>61.461.136</b>	<b>71.961.136</b>

## Notes

	2020 kr.	2019 kr.
<b>1. Financial income</b>		
Interest income, group enterprises	97.909	0
	<b>97.909</b>	<b>0</b>
<b>2. Financial expenses</b>		
Interest expense, group enterprises	666.810	0
Other finance expenses	1.947.752	744.783
	<b>2.614.562</b>	<b>744.783</b>
<b>3. Tax expense</b>		
Current tax for the year	364.472	956.241
Deferred tax for the year	-1.694.000	1.342.000
	<b>-1.329.528</b>	<b>2.298.241</b>
<b>4. Investment property</b>		
Cost at the beginning of the year	113.383.667	113.383.667
<b>Cost at the end of the year</b>	<b>113.383.667</b>	<b>113.383.667</b>
Fair value adjustments at the beginning of the year	42.716.333	36.616.333
Adjustments for the year	-7.700.000	6.100.000
<b>Fair value adjustments at the end of the year</b>	<b>35.016.333</b>	<b>42.716.333</b>
<b>Carrying amount at the end of the year</b>	<b>148.400.000</b>	<b>156.100.000</b>

**5. Assumptions underlying the determination of fair value of investment properties**

Administrative expenses total 2,2% of rentals.  
 Maintenance costs total 2,3% of rentals  
 Vacancy on area total 26,3%.  
 Market value per sqm total 29.609 DKK.  
 Rate of return 4,30%.

The valuation is based on a rate of return of 4,30%. If valuation was based on 4,05% the value would be T.DKK 157.560 and if based on 4,55% the value would be T.DKK 140.246. The earnings used for the valuation is the estimated rent and cost in a normalised basis.

<b>Change in average rate of return</b>	-0,25%	Base	0,25%
	T.DKK	T.DKK	T.DKK
<b>Rate of return</b>	4,05%	4,30%	4,55%
<b>Fair value</b>	157.560	148.400	140.246
<b>Change in fair value</b>	9.160	0	-8.154

## Notes

### 6. Long-term liabilities

Of the long-term liabilities, DKK 64.034.730 falls due for payment after more than 5 years after the balance sheet date.

### 7. Long-term liabilities, other payables

Of the long-term liabilities, other payables, DKK 3.982.498 falls due for payment after more than 5 years after the balance sheet date.

Other payables comprise of deposits, prepaid rent and VAT liability.

### 8. Contingent liabilities

The company is jointly taxed with DK Cornerstone Holdco ApS, CVR no 37 86 05 22, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

The Danish group enterprises have joined a accession agreement and all Danish group enterprises are jointly and severally liable for any and all Loans and for all other parts of the Secured Liabilities in the Danish group enterprises. The contingent liability is limited to the maximum equity of the individual companies. The Secured Liabilities is disclosed in the Annual Report for each Danish group enterprise.

### 9. Related parties

Related parties with controlling interest:  
AXA Investment Managers Deutschland GmbH

The company is included in the consolidated financial statements of AXA Investment Managers Deutschland GmbH. The consolidated financial statements can be obtained upon request from the parent company.