

# Block GKL1 ApS

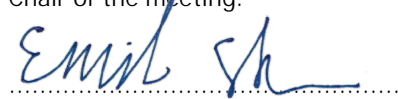
c/o Cobblestone A/S  
Gammel Køge Landevej 57, 3., 2500 Valby

CVR no. 37 51 14 47

## Annual report 2020

Approved at the Company's annual general meeting on 17 May 2021

Chair of the meeting:



Emil Skov





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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Block GKL1 ApS for the financial year 1 January - 31 December 2020.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company 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  
Chair  
.....  
Vjaceslav Wilhelm  
.....  
Nathalie Marion-Denise  
Winkelmann  
.....  
Louise Hertz

## Independent auditor's report

To the shareholders of Block GKL1 ApS

### Opinion

We have audited the financial statements of Block GKL1 ApS for the financial year 1 January - 31 December 2020, which comprise 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 financial position of the Company 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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.

### Management's responsibilities 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 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken on the basis of the 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 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 note 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 17 May 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Kaare K. Lendorf  
State Authorised Public Accountant  
mne33819

## Management's review

### Company details

Name	Block GKL1 ApS
Address, Postal code, City	c/o Cobblestone A/S Gammel Køge Landevej 57, 3., 2500 Valby
CVR no.	37 51 14 47
Established	1 February 2016
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Peter Matzen Drachmann, Chair Vjaceslav Wilhelm Nathalie Marion-Denise Winkelmann Louise Hertz
Executive Board	Louise Hertz
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management commentary

### Business review

The Company's objective is to buy and possess real estate and other hereby related activities.

### Recognition and measurement uncertainties

As the Company's purpose is investment in properties, the Company is affected by changes in the property market, including the general level of interest rates and economic conditions.

As the COVID-19 pandemic is ongoing, uncertainties remain over its extent, duration and consequential economic and business impacts, and governments continue to assess and implement measures in response to the pandemic.

Within Denmark, we can see a high number of transactions in the market that demonstrate there is not a significant impact on interest in or allocation of capital to investment properties due to COVID-19. From these transactions and our assessment of the key judgements and estimates used in the property valuations, we do not note any significant valuation uncertainty relating to the investment properties.

### Financial review

The income statement for 2020 shows a profit of DKK 10,839 thousand against a profit of DKK 13,818 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 72,384 thousand. Management considers the Company's financial performance in the year satisfactory.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2020 12 months	2018/19 18 months
	Gross profit	13,013	18,950
2	Staff costs	0	-454
	Operating profit before fair value adjustments	13,013	18,496
	Fair value adjustment of investment property	10,719	4,600
	Profit before net financials	23,732	23,096
3	Financial expenses	-9,836	-5,351
	Profit before tax	13,896	17,745
4	Tax for the year	-3,057	-3,927
	Profit for the year	10,839	13,818
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	3,972	0
	Retained earnings	6,867	13,818
		10,839	13,818

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	<u>2020</u>	<u>2018/19</u>
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
6	Investment property	480,400	469,600
		<u>480,400</u>	<u>469,600</u>
	Total fixed assets	<u>480,400</u>	<u>469,600</u>
	Non-fixed assets		
	Other receivables	281	394
	Prepayments	125	131
		<u>406</u>	<u>525</u>
	Cash	15,475	3,936
	Total non-fixed assets	<u>15,881</u>	<u>4,461</u>
	TOTAL ASSETS	<u>496,281</u>	<u>474,061</u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2020	2018/19
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	90	90
	Share premium account	0	6,861
	Retained earnings	68,322	54,594
	Dividend proposed	3,972	0
	Total equity	<u>72,384</u>	<u>61,545</u>
	Provisions		
	Deferred tax	45,284	42,227
	Total provisions	<u>45,284</u>	<u>42,227</u>
	Liabilities other than provisions		
7	Non-current liabilities other than provisions		
	Mortgage debt	208,396	208,335
	Payables to group entities	153,450	153,450
		<u>361,846</u>	<u>361,785</u>
	Current liabilities other than provisions		
	Prepayments	1,648	1,595
	Trade payables	528	948
	Payables to group enterprises	8,506	0
	Deposits	5,397	5,177
	Other payables	688	784
		<u>16,767</u>	<u>8,504</u>
		<u>378,613</u>	<u>370,289</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>496,281</u></u>	<u><u>474,061</u></u>

- 1 Accounting policies
- 8 Contractual obligations and contingencies, etc.
- 9 Collateral
- 10 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Share premium account	Retained earnings	Dividend proposed	Total
Equity at 1 January	90	6,861	54,594	0	61,545
Transfer through appropriation of profit	0	0	6,867	3,972	10,839
Transferred from share premium account	0	-6,861	6,861	0	0
Equity at 31 December	90	0	68,322	3,972	72,384

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Block GKL1 ApS for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Income statement

##### Revenue

Revenue (rent) is recognized in the income statement, when the company has achieved final rights for the sale. Revenue is recognized linear over the terms of the contracts.

##### Gross profit

The items revenue, property expenses and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

##### Property expenses

Property expenses include expenses relating to renting out the Company's investment property, including expenses relating to running and maintaining such property.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

### Balance sheet

#### Investment property

On initial recognition, investment property is measured at cost. Investment property is subsequently measured at fair value, and the value adjustment for the year is recognised in the income statement under the item "Fair value adjustment of investment property". The fair value is based on the expected future cash flows for the investment property.

#### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected 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

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

### Equity

#### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

## Financial statements 1 January - 31 December

## Notes to the financial statements

## 1 Accounting policies (continued)

## Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

## Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

## Other payables

Other payables are measured at net realisable value.

## Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2020 12 months	2018/19 18 months
2 Staff costs		
Wages/salaries	0	5,161
Other staff costs	0	2
Staff costs capitalized as Property, plant and equipment under construction	0	-4,709
	<u>0</u>	<u>454</u>
Average number of full-time employees	<u>0</u>	<u>1</u>
3 Financial expenses		
Interest expenses, group entities	8,056	1,029
Other financial expenses	1,780	4,322
	<u>9,836</u>	<u>5,351</u>
4 Tax for the year		
Deferred tax adjustments in the year	3,057	3,927
	<u>3,057</u>	<u>3,927</u>
5 Property, plant and equipment		Investment property
DKK'000		<u>          </u>
Cost at 1 January 2020		330,519
Additions		81
Cost at 31 December 2020		<u>330,600</u>
Revaluations at 1 January 2020		139,081
Value adjustments for the year		10,719
Revaluations at 31 December 2020		<u>149,800</u>
Carrying amount at 31 December 2020		<u>480,400</u>

Note 9 provides more details on security for loans, etc. as regards property, plant and equipment.

### 6 Investment property

#### *Fair value estimation*

The fair value of investment property has been estimated for every single property by discounting the expected, future cash flows, using a relevant discount factor. Expected future cash flows are based on budgets, approved by management, for the coming 10-year period and an estimated terminal value for the remaining life of the property concerned. The discount factor comprises the risk-free interest rate and a risk premium for the property concerned.

Jones Lang LaSalle SE is as independent valuer consulted for purposes of estimating the fair values.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### Significant fair value assumptions:

The most significant fair value assumptions are:

Yield: 3.40%

Operating costs: 235 DKK/sqm/year (estimated)

Maintenance costs: 30 DKK/sqm/year (estimated)

Management costs: 2,975 DKK/unit/year (estimated)

#### Residential

Residential area (total): 12,108 sqm

Vacancy based on area: 6.1%

Average rent: 1,697 DKK/sqm/year (actual rent)

#### Commercial

Commercial area (total): 525 sqm

Vacancy based on area: 0.0%

Average rent: 1,554 DKK/sqm/year (actual rent)

#### 7 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	208,396	0	208,396	208,396
Payables to group entities	153,450	0	153,450	153,450
	<u>361,846</u>	<u>0</u>	<u>361,846</u>	<u>361,846</u>

#### 8 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is jointly taxed with its parent, PADK V2 ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities.

#### 9 Collateral

As securities for the Company's mortgage debt, assets worth a total of t.DKK 480,400 have been pledge as collateral or otherwise charged.

#### 10 Related parties

Block GKL1 ApS' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
KEEP II GKL 1 ApS	Copenhagen, Denmark	Participating interest