

Teglbroen P/S

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

CVR no. 37 69 08 72

Annual report 2019

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

20 May 2020

chairman

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Teglbroen P/S
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 Teglbroen P/S 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:

Louise Hertz

Board of Directors:

Nathalie Marion-Denise
Winkelmann
Chairman

Kester Nehls

Keld Jessen

Louise Hertz

Independent auditor's report

To the shareholder of Teglbroen P/S

Opinion

We have audited the financial statements of Teglbroen P/S 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.

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.



Independent auditor's report

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

Teglbroen P/S
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Management's review

Company details

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

CVR no.: 37 69 08 72
Financial year: 1 January – 31 December

Board of Directors

Nathalie Marion-Denise Winkelmann, Chairman
Kester Nehls
Keld Jessen
Louise Hertz

Executive Board

Louise Hertz

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 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 Company is to acquire real estate property for renting and a subsequent resale.

Development in activities and financial position

The income statement shows a profit for the financial year of DKK 18,482 thousand. The balance sheet shows an equity of DKK 395,715 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.

Uncertainty regarding recognition and measurement

The investment property is measured at fair value using a DCF-model with assumptions and estimates relating to yields, vacancy etc. The uncertainty related to these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the investment property. Please see note 3.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Gross profit		22,454	16,826
Fair value adjustment of investment property		400	35,000
Financial expenses		-4,372	-4,325
Profit for the year		<u>18,482</u>	<u>47,501</u>
Proposed profit appropriation			
Extraordinary dividend		20,000	0
Proposed dividends for the year		16,000	0
Retained earnings		<u>-17,518</u>	<u>47,501</u>
		<u>18,482</u>	<u>47,501</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	<u>31/12 2019</u>	<u>31/12 2018</u>
ASSETS			
Fixed assets			
Property, plant and equipment			
Investment properties	3	<u>635,400</u>	<u>635,000</u>
Total fixed assets		<u>635,400</u>	<u>635,000</u>
Current assets			
Receivables			
Receivables from group entities		20	0
Other receivables		979	1,017
Prepayments		<u>40</u>	<u>0</u>
		<u>1,039</u>	<u>1,017</u>
Cash at bank and in hand		<u>28,906</u>	<u>30,347</u>
Total current assets		<u>29,945</u>	<u>31,364</u>
TOTAL ASSETS		<u><u>665,345</u></u>	<u><u>666,364</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital		22,700	22,700
Share premium		32,000	32,000
Retained earnings		325,015	342,533
Proposed dividends for the financial year		16,000	0
Total equity		395,715	397,233
Liabilities			
Non-current liabilities			
Mortgage loans	4	253,369	253,239
Current liabilities			
Prepayments received from customers		10,525	10,771
Trade payables		781	869
Payables to group entities		865	822
Other payables		4,090	3,430
		16,261	15,892
Total liabilities		269,630	269,131
TOTAL EQUITY AND LIABILITIES		665,345	666,364
Average number of full-time employees	2		
Mortgages and collateral	5		

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	22,700	32,000	342,533	0	397,233
Transferred over the profit appropriation	0	0	2,482	16,000	18,482
Extraordinary dividends paid	0	0	-20,000	0	-20,000
Equity at 31 December 2019	22,700	32,000	325,015	16,000	395,715

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Teglbroen P/S 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 does not disclose revenue. The financial statement items revenue and other external costs are aggregated in the financial statement item Gross profit.

Revenue

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

Other external costs

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

Fair value adjustment of investment property

Fair value adjustment of investment property comprise value adjustment of the property for the financial period.

Financial income and expenses

Financial costs comprise interest expenses, exchange rate adjustments and other financial costs.

Balance sheet

Property, plant and equipment

Investment property comprise 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 Colliers, 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.

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.

Liabilities other than provision

Mortgage loans 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 Company is not subject to taxation.

Prepayments and deferred income

Prepayments comprise prepayments of costs incurred relating to subsequent financial years.

Financial statements 1 January – 31 December

Notes

2 Average number full-time employees

DKK'000	31/12 2019	31/12 2018
Average full-time employees	<u>0</u>	<u>0</u>

3 Property, plant and equipment

DKK'000	Investment property
Cost at 1 January 2019	<u>440,753</u>
Cost at 31 December 2019	<u>440,753</u>
Revaluations at 1 January 2019	194,247
Revaluations for the year	<u>400</u>
Revaluations at 31 December 2019	<u>194,647</u>
Carrying amount at 31 December 2019	<u>635,400</u>

Key assumptions:

The residential property located in Copenhagen has a total area of 16,891 sqm. and 90 parking spaces. Actual vacancy at financial year end 2019 is 6.2%. A void period of 6 months is estimated for vacant residential units. Additionally, a structural vacancy of 1% has been included in the estimated cash flow. The exit yield is estimated at 4.04% (2018: 4.04%).

Sensitivity analysis:

An increase of the exit yield by 0.25 percentage points would reduce the property value by DKK 36 million. A decrease in the exit yield by 0.25 percentage points would increase the property value by DKK 41 million at the balance sheet date.

4 Non-current liabilities

DKK'000	Total debt at 31/12 2019	Outstanding debt after five years
Mortgage loans	<u>253,369</u>	<u>257,000</u>
	<u>253,369</u>	<u>257,000</u>

5 Mortgages and collateral

Investment property with a carrying amount of DKK 635,4 million at 31 December 2019 have been provided as collateral for mortgages of DKK 257 million.