

Marmorbyen Vest 1 P/S

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

CVR no. 39 19 40 74

Annual report 2021

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

20 May 2022

Emil Skov

Chairman of the annual general meeting

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Marmorbyen Vest 1 P/S
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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 Marmorbyen Vest 1 P/S for the financial year 1 January – 31 December 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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.

København, 20 May 2022
Executive Board:

Louise Hertz

Board of Directors:

Peter Matzen Drachmann
Chairman

Vjaceslav Wilhelm

Nathalie Marion-Denise
Winkelmann

Louise Hertz

Independent auditor's report

To the shareholders of Marmorbyen Vest 1 P/S

Opinion

We have audited the financial statements of Marmorbyen Vest 1 P/S for the financial year 1 January – 31 December 2021 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

København, 20 May 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Henrik Y. Jensen
State Authorised
Public Accountant
mne35442

Marmorbyen Vest 1 P/S
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Management's review

Company details

Marmorbyen Vest 1 P/S
c/o Cobblestone A/S
Gammel Køge Landevej 57, 3.
2500 Valby
Denmark

CVR no.:	39 19 40 74
Established:	19 December 2017
Registered office:	København
Financial year:	1 January – 31 December

Board of Directors

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

Executive Board

Louise Hertz

Auditor

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

Management's review

Operating review

Principal activities

The objective of the Company is to acquire real estate properties for investment purposes.

Development in activities and financial position

The Company's income statement for 2021 shows a profit of DKK 8,951 thousand as against DKK 9,564 thousand in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 75,440 thousand as against DKK 69,189 thousand at 31 December 2020.

The financial year was in line with forecast, and the result for the year is considered to be in accordance with expectations.

Events after the balance sheet date

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

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2021	2020
Gross profit		8,677	8,382
Fair value adjustment of investment properties		6,400	7,300
Other financial expenses	3	-6,126	-6,118
Profit for the year		<u>8,951</u>	<u>9,564</u>
Proposed profit appropriation			
Proposed extraordinary dividends		0	1,500
Proposed dividends for the financial year		1,000	2,700
Retained earnings		<u>7,951</u>	<u>5,364</u>
		<u>8,951</u>	<u>9,564</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Property, plant and equipment			
	4		
Investment properties		328,900	322,500
Fixtures and fittings, tools and equipment		<u>129</u>	<u>129</u>
		329,029	322,629
Total fixed assets		<u>329,029</u>	<u>322,629</u>
Current assets			
Receivables			
Other receivables		<u>219</u>	<u>0</u>
Cash at bank and in hand		<u>3,181</u>	<u>4,219</u>
Total current assets		<u>3,400</u>	<u>4,219</u>
TOTAL ASSETS		<u><u>332,429</u></u>	<u><u>326,848</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Share capital		500	500
Retained earnings		73,940	65,989
Proposed dividends for the financial year		1,000	2,700
Total equity		<u>75,440</u>	<u>69,189</u>
Liabilities			
Non-current liabilities			
	5		
Shareholder loan		98,536	98,536
Debt to credit institutions		152,463	152,435
		<u>250,999</u>	<u>250,971</u>
Current liabilities			
Prepayments received from tenants		1,283	1,291
Trade payables		741	187
Payables to group entities		39	24
Other payables		548	1,931
Deposits		3,379	3,255
		<u>5,990</u>	<u>6,688</u>
Total liabilities		<u>256,989</u>	<u>257,659</u>
TOTAL EQUITY AND LIABILITIES		<u><u>332,429</u></u>	<u><u>326,848</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2021	500	65,989	2,700	69,189
Ordinary dividends paid	0	0	-2,700	-2,700
Transferred over the profit appropriation	0	7,951	1,000	8,951
Equity at 31 December 2021	500	73,940	1,000	75,440

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Marmorbyen Vest 1 P/S for 2021 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.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

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

Revenue

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

Other external costs

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

Fair value adjustment of investment properties

Fair value adjustment of investment properties comprises the year's changes in the fair value of investment property.

Financial expenses

Financial expenses comprise interest expense, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Investment properties

Investment properties comprises properties that is held to earn rentals, held for capital appreciation or both.

Initially, investment properties is measured at cost including purchase price and directly related costs. The carrying amount also includes costs for improvements if the recognition criteria is met.

Subsequent to initial recognition, investment properties is stated at fair value. Gain 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 capitalisation method where a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate. The calculated value is adjusted with expected future change in rental value, voids, capital expenses and other special circumstances.

The valuations was performed by Jones Lang LaSalle SE, an accredited an independant valuer with recognised 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 recognised in the income statement as other operating income or other operating costs, respectively.

Fixtures and fittings, tools and equipment

Fixtures and fittings, tools and equipment 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 borrowing costs are not 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.

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:

Fixtures and fittings, tools and equipment	5 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of property, plant and equipment 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 has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast 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 at bank and in hand

Cash at bank and in hand comprise cash at bank.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Corporation tax and deferred tax

The company is not subject to taxation. Taxable income is taxed in the parent company Ejendomsselskabet PADK M2 ApS.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2021</u>	<u>2020</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 group entities	5,173	5,173
Other financial costs	<u>953</u>	<u>945</u>
	<u>6,126</u>	<u>6,118</u>
4 Property, plant and equipment		
DKK'000		<u>Investment properties</u>
Cost at 1 January 2021		<u>306,368</u>
Cost at 31 December 2021		<u>306,368</u>
Revaluations at 1 January 2021		16,132
Revaluations for the year		<u>6,400</u>
Revaluations at 31 December 2021		<u>22,532</u>
Carrying amount at 31 December 2021		<u>328,900</u>
Key assumptions:		
The property is located in Copenhagen and used for residential, totalling 7,140 sqm. A void period of 1 month is estimated for vacant residential units. Additionally, a structural vacancy of 2% has been included in the estimated cash flow. The exit yield is estimated at 3.00% (2020: 3.15%).		
Sensitivity analysis:		
An increase of exit yield by 0.25 percentage points would reduce the property value by DKK 24.7 million and a decrease in the exit yield by 0.25 percentage points would increase the property value by DKK 25.8 million at the balance sheet date.		
5 Non-current liabilities		
DKK'000	<u>Total debt at 31/12 2021</u>	<u>Outstanding debt after five years</u>
Shareholder loan	98,536	98,536
Debt to credit institutions	<u>152,463</u>	<u>152,463</u>
	<u>250,999</u>	<u>250,999</u>

Financial statements 1 January – 31 December

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6 Mortgages and collateral

Investment properties with a carrying amount of DKK 329 million at 31 December 2021 (2020: DKK 323 million) have been provided as collateral for mortgages of DKK 152 million (2020: DKK 152 million).

7 Related party disclosures

Marmorbyen Vest 1 P/S related parties comprise the following:

Control

Marmorbyen Vest 1 P/S 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.