



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Covivio Dansk L ApS

Store Kongensgade 68, 1264 København K

Company reg. no. 30 71 23 90

Annual report

1 January - 31 December 2020

The annual report has been submitted and approved by the general meeting on the 29 June 2021.

Daniel Frey
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance EUR 146.940 means the amount of EUR 146,940, and that 23,5 % means 23.5 %.



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Management's report

Today, the executive board has presented the annual report of Covivio Dansk L ApS for the financial year 1 January - 31 December 2020.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Copenhagen, 29 June 2021

Executive board

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Arnaud Brément
Managing Director

A black ink signature with a large, circular loop at the top and a diagonal stroke at the bottom.

Myriam Despas

A blue ink signature with a wavy, horizontal top and a diagonal stroke at the bottom.

Mette-Lise Vraa



Independent auditor's report

To the shareholders of Covivio Dansk L ApS

Opinion

We have audited the financial statements of Covivio Dansk L ApS for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 about 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 these financial statements.



Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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.
- Obtain an understanding of the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.



Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 29 June 2021

Christensen Kjarulff

Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Iver Haugsted
State Authorised Public Accountant
mne10678



Company information

The company

Covivio Dansk L ApS
Store Kongensgade 68
1264 København K

Company reg. no. 30 71 23 90
Established: 5 July 2007
Domicile: Copenhagen
Financial year: 1 January - 31 December

Executive board

Arnaud Brément, Managing Director
Myriam Despas
Mette-Lise Vraa

Auditors

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K



Financial highlights

EUR in thousands.	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Income statement:					
Revenue	17.070	17.194	17.424	16.934	16.276
Gross profit	61.228	68.920	75.316	74.822	5.383
Profit from operating activities	60.606	68.521	75.159	74.554	43.533
Net financials	-2.234	-2.466	-2.624	-2.245	-3.572
Net profit or loss for the year	49.748	55.738	61.295	60.884	34.377
Statement of financial position:					
Balance sheet total	553.560	512.899	449.762	386.850	319.329
Investments in property, plant and equipment	76	0	780	335	122
Equity	384.415	334.667	278.929	217.634	156.750
Key figures in %:					
Gross margin ratio	358,7	400,8	432,3	441,8	33,1
Profit margin (EBIT-margin)	355,0	398,5	431,4	440,3	267,5
Acid test ratio	562,7	549,3	518,9	218,6	5,0
Solvency ratio	69,4	65,3	62,0	56,3	49,1
Return on equity	13,8	18,2	24,7	32,5	24,6

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.



Management commentary

The principal activities of the company

The principal activities of the company consist of real estate investment property and rental properties in Germany.

Unusual circumstances

The company has not been affected by the Covid-19 pandemic in the same way as a large number of other companies. The financial position and the result in the financial year 2020 are not significantly affected by the consequences of the Covid-19 pandemic.

Uncertainties about recognition or measurement

Investment properties are measured at fair value. Investment properties are accounted for t.EUR 497.275 as of 31 December 2020. Fair value are measured individually for each property based on a number of assumptions including the budgeted cash flows and discount rate, according to accounting policies used. The discount rate is determined to reflect the current market required rate of return. In particular, determination of the discount rate is subject to uncertainty.

Development in activities and financial matters

The revenue for the year totals t.EUR 17.070 against t.EUR 17.194 last year. Income from ordinary activities after tax totals t.EUR 49.748 against t.EUR 55.738 last year. The results for 2020 are significantly affected by value adjustment of investment property t.EUR 42.108. The value adjustment of investment property is mainly caused by a reduction in the capitalization rate. Management considers the result satisfactory.

Special risks

Operating risks

The company's operating profit are particularly sensitive to developments in the following factors: rental income, maintenance, improvements and operating costs. The management manages the risks based on ongoing reporting and by entering into administrative agreements with recognized partners.

Financial risks

The value of investment properties are measured at fair value based on the properties discounted cash flows.

Foreign currency risks

The management has not identified any exchange rate risks. The company's assets, liabilities and cash flow are calculated in EUR.

Interest rate risks

The company has secured its floating-rate mortgage loans by entering into interest-rate swaps at a yield of 1,11 %.



Management commentary

Credit risks

The company's credit risks are mainly related to the tenants' ability to their obligations according to the lease contract. As the majority of the portfolio is for residential space, the management considers the credit risks as minimal.

Environmental issues

Environmental issues are described in the group's CSR report.

Know how resources

Know how resources are described in the group's CSR report.

Research and development activities

None.

Expected developments

The management expects a positive result for 2021.

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Statement of corporate social responsibility

Covivio Dansk L ApS is a subsidiary to Covivio Immobilien SE. The statutory statement for the group cf. section 99 a of the Danish Financial Statements Act has been published on the group's website on the following url: <https://www.covivio.eu/en/profil/strategy/publication/>

Target figures and policies for the underrepresented gender

With reference to the account of the gender composition of the management cf. section 99 b of the Danish Financial Statements Act, Covivio Dansk L ApS has found a new female candidate for the board in 2021. On a group level 40 % of the directors is female directors. The group is working to get new female directors so no gender are underrepresented.



Income statement 1 January - 31 December

EUR thousand.

Note	2020	2019
1 Revenue	17.070	17.194
Other operating income	9.153	3.479
Other external costs	-301	-321
Costs concerning investment property	-6.802	-10.022
Value adjustment of investment property	42.108	58.590
Gross profit	61.228	68.920
Other operating costs	-622	-399
Operating profit	60.606	68.521
Other financial income from group enterprises	4	1
Other financial income	34	345
Other financial costs	-2.272	-2.812
Pre-tax net profit or loss	58.372	66.055
Tax on net profit or loss for the year	-8.624	-10.317
3 Net profit or loss for the year	49.748	55.738



Statement of financial position at 31 December

EUR thousand.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Assets		
Non-current assets		
4 Property, plant, and equipment under construction including pre-payments for property, plant, and equipment	76	0
5 Investment property	497.275	462.908
Total property, plant, and equipment	<u>497.351</u>	<u>462.908</u>
Total non-current assets	<u>497.351</u>	<u>462.908</u>
Current assets		
Assets held for sale	7.663	12.030
Total inventories	<u>7.663</u>	<u>12.030</u>
Trade receivables	163	139
Receivables from group enterprises	47.470	37.014
Other receivables	590	599
6 Prepayments and accrued income	<u>323</u>	<u>209</u>
Total receivables	<u>48.546</u>	<u>37.961</u>
Total current assets	<u>56.209</u>	<u>49.991</u>
Total assets	<u>553.560</u>	<u>512.899</u>



Statement of financial position at 31 December

EUR thousand.

Equity and liabilities	2020	2019
<u>Note</u>		
Equity		
Contributed capital	134	134
Retained earnings	384.281	334.533
Total equity	384.415	334.667
Provisions		
7 Provisions for deferred tax	56.373	50.107
Total provisions	56.373	50.107
Liabilities other than provisions		
8 Mortgage loans	102.783	119.024
Total long term liabilities other than provisions	102.783	119.024
Current portion of long term payables	1.450	1.450
Prepayments received from customers	513	504
Trade payables	1.973	1.144
Payables to group enterprises	205	776
Income tax payable	4.139	3.356
Other payables	1.653	1.817
9 Accruals and deferred income	56	54
Total short term liabilities other than provisions	9.989	9.101
Total liabilities other than provisions	112.772	128.125
Total equity and liabilities	553.560	512.899

2 Fees, auditor

10 Charges and security

11 Contingencies

12 Related parties



Statement of changes in equity

EUR thousand.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	134	278.795	278.929
Retained earnings for the year	0	55.738	55.738
Equity 1 January 2020	134	334.533	334.667
Retained earnings for the year	0	49.748	49.748
	134	384.281	384.415



Notes

EUR thousand.

1. Revenue

The management has considered the segment information for Covivio Dansk L ApS. Covivio Dansk L ApS' activities consist of rental properties in Germany which is considered as one segment.

	<u>2020</u>	<u>2019</u>
2. Fees, auditor		
Total remuneration for Christensen Kjørulff,	<u>23</u>	<u>23</u>
Remuneration related to statutory audit	10	10
Tax-related consulting	1	1
Other services	<u>12</u>	<u>12</u>
	<u>23</u>	<u>23</u>

3. Proposed appropriation of net profit

Transferred to retained earnings	<u>49.748</u>	<u>55.738</u>
Total allocations and transfers	<u>49.748</u>	<u>55.738</u>

	<u>31/12 2020</u>	<u>31/12 2019</u>
4. Property, plant, and equipment under construction including pre-payments for property, plant, and equipment		
Cost 1 January	0	1.098
Additions during the year	76	0
Disposals during the year	<u>0</u>	<u>-1.098</u>
Cost 31 December	<u>76</u>	<u>0</u>
Carrying amount, 31 December	<u>76</u>	<u>0</u>



Notes

EUR thousand.

	<u>31/12 2020</u>	<u>31/12 2019</u>
5. Investment property		
Cost 1 January	177.201	185.238
Disposals during the year	-4.177	-5.633
Transfers	0	-2.404
Cost 31 December	<u>173.024</u>	<u>177.201</u>
Fair value adjustment 1 January	285.707	235.762
Adjustments to fair value for the year	42.108	58.590
Adjustment to fair value, assets disposed of	-3.564	-8.645
Fair value adjustment 31 December	<u>324.251</u>	<u>285.707</u>
Carrying amount, 31 December	<u>497.275</u>	<u>462.908</u>

The company's investment properties consist of 3.116 residential properties and 70 commercial properties with a total of 181.779 m² in the area of Berlin and Hamburg, Germany. Investment properties are according to the description in the accounting policies used measured at fair value based on a return-based cash flow model.

The average capitalization rate amounts to 2,79% (2019: 3,23%)

The following significant assumptions are used to measure the fair value:

An indexation on market rent residential of 1,12%

Fluctuation on residential of 6,48%

A structural vacancy on residential of 5,60%

The investment properties are valued at an average value of 2.855 EUR/m²

An external assessor has assisted in assessing the investment properties at a total fair value of t.EUR 497.275 equivalent to 100% of the total fair value.

Compared to the previous financial year, the methods of measurement remain unchanged.

6. Prepayments and accrued income

Prepaid insurance	<u>323</u>	<u>209</u>
	<u>323</u>	<u>209</u>



Notes

EUR thousand.

	<u>31/12 2020</u>	<u>31/12 2019</u>
7. Provisions for deferred tax		
Provisions for deferred tax 1 January	50.107	41.285
Deferred tax relating to the net profit or loss for the year	<u>6.266</u>	<u>8.822</u>
	<u>56.373</u>	<u>50.107</u>
The following items are subject to deferred tax:		
Property, plant, and equipment	55.913	50.312
Current assets	721	63
Net capital loss balance	<u>-261</u>	<u>-268</u>
	<u>56.373</u>	<u>50.107</u>
8. Mortgage loans		
Total mortgage loans	104.233	120.474
Share of amount due within 1 year	<u>-1.450</u>	<u>-1.450</u>
	<u>102.783</u>	<u>119.024</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>
9. Accruals and deferred income		
Accruals and deferred income	<u>56</u>	<u>54</u>
	<u>56</u>	<u>54</u>

10. Charges and security

As security for mortgage debts, t.EUR 104.233, mortgage has been granted on investment properties representing a book value of t.EUR 497.351 at 31 December 2020.

As security for group company's mortgage debts, t.EUR 48.250, mortgage has been granted on investment properties representing a book value of t.EUR 497.351 at 31 December 2020.



Notes

EUR thousand.

11. Contingencies

Joint taxation

With Covivio Dansk Holding ApS, company reg. no 30535723 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

As from 1 July 2012, the company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

12. Related parties

Controlling interest

Covivio Dansk Holding ApS
Store Kongensgade 68
1264 Copenhagen K
Denmark

Majority shareholder

Transactions

All transactions have taken place on arm's-lengths basis.

Consolidated financial statements

The company is included in the consolidated annual accounts of Covivio Immobilien SE, Essener Str. 66, 46047 Oberhausen Germany.



Accounting policies

The annual report for Covivio Dansk L ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from the previous year, and the annual report is presented in euro (EUR).

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Covivio Immobilien SE.

The consolidated annual accounts for Covivio Immobilien SE can be found on the following link:
<https://www.unternehmensregister.de/ureg/result.html>

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.



Accounting policies

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

Income statement

Lease income from investment property

Lease income comprises income from the lease of property and from overhead costs collected and is recognised in the income statement for the period relating to the lease payment. Income from the heating account is recognised in the statement of financial position as a balance with lessees.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs

Other external costs comprise costs incurred for sales, advertising, administration, premises and loss on receivables.



Accounting policies

Costs concerning investment properties

Costs concerning investment properties comprise operating costs, repair and maintenance costs, taxes, charges, and other costs. Costs concerning the heating accounts are recognised in the statement of financial position as a balance with lessees.

Value adjustment of investment property

Value adjustment of investment property comprises value adjustments of properties at fair value and profit or loss from the disposal of properties.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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

Statement of financial position

Property, plant, and equipment

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from sub-suppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investment in group enterprise are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.



Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investment property

At the initial recognition, investment property is measured at cost, comprising the cost of the property and directly associated costs, if any.

Hereafter, investments are measured individually on the basis of a return-based cash flow model based on expected future net cash flows over a period of 10 years. The required rate of return is determined by an external assessor. Fair value measurement is made on the basis of estimated lease income and expected operating costs, including scheduled maintenance. Compared to the previous financial year, the method of measurement remains unchanged.

Costs adding new or improved qualities to an investment property compared to its condition at the time of acquisition, thereby improving the future return on the property, are added to the cost as an improvement. Costs which do not add new or improved qualities to an investment property are recognised in the income statement under the item "Costs concerning investment property".

Like other property, plant, and equipment except for land, investment property has a limited economic life. The impairment taking place concurrently with the ageing of the investment property is reflected in the continuing measurement of the investment property at fair value.

Value adjustments are recognised in the income statement under the item "Value adjustments of property".

Assets held for sale

Assets held for sale consists of fixed assets, which is going to be sold, assets intended for sale is measured at cost price.

Receivables

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



Accounting policies

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

According to the rules of joint taxation, Covivio Dansk L ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.



Accounting policies

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Segmental statement

Information on activity and geographical markets is provided. The segmental statement complies with the consolidated accounting policies, risks, and management control systems of the company.