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Magasin Odense A/S

c/o Magasin du Nord, Kongens Nytorv 13, kl, 1050 København K

Company reg. no. 13 89 50 31

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 10 May 2024.

Rasmus Elverdam
Chairman of the meeting

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

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Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Magasin Odense A/S for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and 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 K, 10 May 2024

Managing Director

Michael Jagd Jelbo

Board of directors

Peter Fabricius

Frederik Gottlieb Gaarde
Gudtmann Nielsen

Rasmus Munk Elverdam

Anke Zapal-Kucki

Independent auditor's report

To the Shareholder of Magasin Odense A/S

Opinion

We have audited the financial statements of Magasin Odense A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under 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 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 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 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 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 these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management's Review.

Copenhagen, 10 May 2024

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36

Brian Rasmussen

State Authorised Public Accountant
mne30153

Ronnie Lund Jensen

State Authorised Public Accountant
mne41308

Company information

The company

Magasin Odense A/S
c/o Magasin du Nord
Kongens Nytorv 13, kl
1050 København K

Company reg. no. 13 89 50 31
Established: 1 January 1990
Domicile: Copenhagen
Financial year: 1 January - 31 December

Board of directors

Peter Fabricius
Frederik Gottlieb Gaarde Gudtmann Nielsen
Rasmus Munk Elverdam
Anke Zapal-Kucki

Managing Director

Michael Jagd Jelbo

Auditors

Grant Thornton, Godkendt Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

Emil Retail Holding ApS

Management's review

The principal activities of the company

The company's sole activity consists of owning and managing the properties located at Klingenberg 6 and Vestergade 24, 5000 Odense C.

Development in activities and financial matters

On December 1, 2022, EMIL Retail Holding ApS resumed ownership of the company from ATP Property Development and Pension Denmark. The change of ownership had no major effect on the company activities or financial matters, apart from the fact that the company under the new ownership is liable for corporate tax. The company was exempt from corporate tax under the previous ownership.

In November 2023, Magasin Odense A/S divested the property at Vestergade 26-28, which was a project property not rented out. The divestment will have a positive impact on the future income of the company. The Net profit for the year was 59 mio. DKK versus 4 mio. DKK in 2022. The difference is mainly due to value adjustments and profit from divesting Vestergade 26-28. The result is considered satisfactory.

The total Equity of the company is 160 mio. DKK by 31 December 2023

Expected developments

Management expect that the company's activities and profit before value adjustments for 2024 will be at the same level as 2023

Financial risks and the use of financial instruments

The company's risk factors are evaluated on the following areas:

Operational risks

The company's operational risks primarily include failing rental income, or facing increasing operations and maintenance costs. The main risks for failing rental income consist of the tenant's termination of the tenancy or the tenant's loss of ability to pay. In some of the lease agreements, prepayments and deposits mitigate the risk.

A significant part of the company's income comes from a single tenant within the retail segment, with whom a lease has been entered into with a long-term non-cancellation period. This tenant is a well-consolidated company under the same ownership as Magasin Odense ApS.

Insurance risks

The company's property is fully insured of its indicative value.

Management's review

Market risks

The property will be valued by the below principles similar to previous years.

The property is valued at market value based on an individual annual assessment. The market value calculations are based on The Danish Financial Supervisory Authority's current guidance, where a return-based model is chosen.

The market value is calculated for the individual properties based on a number of assumptions, including the individual properties' budgeted net income as well as a fixed discount factor, cf. the mention of this in the description of accounting policies. The discount factors are set based on external brokers' assessment of the market level and reflects the market's current return requirement for the equivalent properties.

Interest rate risks

The company has taken out loans from a Danish credit institution. The interest is a mix of fixed and variable rates.

Foreign currency risks

The company does not have any currency risks, as both external funding and the company's income and costs are settled in Danish Kroner.

Events occurring after the end of the financial year

No major events have occurred after the balance sheet day.

Accounting policies

The annual report for Magasin Odense A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Cf. ÅRL § 23 subsection 4, the arrangement of the income statement and balance has been adapted, as well as designation of accounting items, thus the annual report in the opinion of the management, provides a fair picture of the company's special activities.

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 is 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.

Income statement

Rental income from investment property

Rental 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.

Costs concerning investment property

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

Administration expenses

Administration expenses comprise expenses incurred during the year concerning management, administration of the property as well as general administration fees.

Accounting policies

Other operating income

Other operating income comprises profit from sale of property.

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.

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

Investment properties

At the initial recognition, investment properties are measured at cost, comprising the cost price of the property and any directly related costs.

Subsequent investment properties are measured separately at an estimated fair value corresponding to the amount each property is estimated to fetch on the balance sheet date from an independent buyer. The company uses a valuation expert for calculating the fair value of the properties.

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 recognized in the income statement under the item "Costs concerning investment property".

Accounting policies

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. Therefore, no systematic depreciations are made over the useful life of the investment property.

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

Impairment loss relating to non-current assets

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

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.

Receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

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.

Accounting policies

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.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, Magasin Odense A/S 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.

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.

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

Deferred income

Payments received concerning future income are recognised under deferred income.

Income statement 1 January - 31 December

DKK thousand.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Rental income	19.125	18.326
Costs concerning investment property	-930	-2.437
Value adjustment of investment property	55.560	-13.273
Gross profit	73.755	2.616
Administration expenses	-1.253	-384
Other operating income	9.400	0
Profit before net financials	81.902	2.232
Other financial income	272	30
2 Other financial expenses	-8.410	-3.836
Pre-tax net profit or loss	73.764	-1.574
3 Tax on net profit or loss for the year	-15.217	5.497
Net profit or loss for the year	58.547	3.923
Proposed distribution of net profit:		
Extraordinary dividend distributed during the financial year	9.000	103.329
Dividend for the financial year	10.000	0
Transferred to retained earnings	39.547	0
Allocated from retained earnings	0	-99.406
Total allocations and transfers	58.547	3.923

Balance sheet at 31 December

DKK thousand.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
4 Investment properties	371.314	337.254
Total property, plant, and equipment	<u>371.314</u>	<u>337.254</u>
Total non-current assets	<u>371.314</u>	<u>337.254</u>
Current assets		
Trade receivables	604	10
Receivables from group enterprises	4.985	0
Other receivables	<u>0</u>	<u>677</u>
Total receivables	<u>5.589</u>	<u>687</u>
Cash and cash equivalents	<u>35.574</u>	<u>12.778</u>
Total current assets	<u>41.163</u>	<u>13.465</u>
Total assets	<u>412.477</u>	<u>350.719</u>

Balance sheet at 31 December

DKK thousand.

Equity and liabilities			
<u>Note</u>		<u>2023</u>	<u>2022</u>
	Equity		
	Contributed capital	28.092	28.092
	Retained earnings	122.350	82.803
	Proposed dividend for the financial year	10.000	0
	Total equity	160.442	110.895
	Provisions		
5	Provisions for deferred tax	48.888	35.941
	Total provisions	48.888	35.941
	Liabilities other than provisions		
	Mortgage loans	165.186	192.225
	Deposits	511	477
6	Total long term liabilities other than provisions	165.697	192.702
6	Current portion of long term liabilities	27.710	8.516
	Trade payables	206	413
	Payables to group enterprises	530	1.675
	Income tax payable to group enterprises	2.245	0
	Other payables	2.318	577
	Deferred income	4.441	0
	Total short term liabilities other than provisions	37.450	11.181
	Total liabilities other than provisions	203.147	203.883
	Total equity and liabilities	412.477	350.719
1	Special items		
7	Charges and security		
8	Contingencies		
9	Related parties		

Statement of changes in equity

DKK thousand.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	28.092	182.209	0	210.301
Retained earnings for the year	0	-99.406	0	-99.406
Extraordinary dividend adopted during the financial year	0	103.329	0	103.329
Distributed extraordinary dividend adopted during the financial year	0	-103.329	0	-103.329
Equity 1 January 2023	28.092	82.803	0	110.895
Retained earnings for the year	0	39.547	10.000	49.547
Extraordinary dividend adopted during the financial year	0	9.000	0	9.000
Distributed extraordinary dividend adopted during the financial year	0	-9.000	0	-9.000
	28.092	122.350	10.000	160.442

Notes

DKK thousand.

1. Special items

Special items includes the realised net profit of t.DKK 9.500 from the sale of property on the 1 December 2023.

2. Other financial expenses

Interest, banks	296	48
Interest, debt instruments	8.114	542
Interest, trade payables	0	3
Interest, group enterprises	0	3.243
	<u>8.410</u>	<u>3.836</u>

3. Tax on net profit or loss for the year

Tax on net profit or loss for the year	2.270	0
Adjustment of deferred tax for the year	12.947	-5.497
	<u>15.217</u>	<u>-5.497</u>

4. Investment properties

Cost 1 January 2023	277.674	273.744
Additions during the year	0	3.930
Disposals during the year	-21.500	0
Cost 31 December 2023	<u>256.174</u>	<u>277.674</u>
Fair value adjustment 1 January 2023	59.580	72.853
Adjustments to fair value for the year	55.560	-13.273
Fair value adjustment 31 December 2023	<u>115.140</u>	<u>59.580</u>
Carrying amount, 31 December 2023	<u>371.314</u>	<u>337.254</u>

The company's investment properties comprise commercial properties totalling approx. 19.900 m² in Odense.

As per the description of the accounting policies applied, investment properties are measured at fair value (Level 3 in the fair value hierarchy) and, in accordance with the valuation report. The fair value of the property as a rental property is reported t.DKK 371.314 as per the valuation report. This valuation is based on a return-based model, using a rate of return of 5 percent, which includes consideration for inflation.

Notes

DKK thousand.

4. Investment properties (continued)

Sensitivity analysis in valuation report

The fair value of the investment properties totals t.DKK 371.314 at 31 December 2023. The determined fair value is an estimate made based on available information and current future expectations. The valuation report's sensitivity analysis indicates that an increase in the discount rate of return of 0,25 percentage point per property would result in a decrease in the fair value by t.DKK 17.656. A decrease in the discount rate of 0,25 percentage point per property would result in an increase in fair value by t.DKK 19.515.

5. Provisions for deferred tax

Provisions for deferred tax 1 January 2023	35.941	41.438
Deferred tax relating to the net profit or loss for the year	12.947	-5.497
	<u>48.888</u>	<u>35.941</u>

6. Long term liabilities other than provisions

	Total payables 31 Dec 2023	Current portion of long term payables	Long term payables 31 Dec 2023	Outstanding payables after 5 years
Mortgage loans	192.896	27.710	165.186	135.012
Deposits	511	0	511	0
	<u>193.407</u>	<u>27.710</u>	<u>165.697</u>	<u>135.012</u>

7. Charges and security

As collateral for mortgage loans, t.DKK 192.896, security has been granted on land and buildings representing a carrying amount of t.DKK 371.314 at 31 December 2023.

As collateral for mortgage loans a general prohibition of sale and mortgaging of the property is registered.

For bank engagement in group enterprise within the Emil Retail Holding ApS Group, the company has provided an absolute guarantee.

Notes

DKK thousand.

8. Contingencies

Joint taxation

With EMIL Retail Holding ApS, company reg. no 42 40 11 02 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.

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.

9. Related parties

Consolidated financial statements

The company is a wholly owned subsidiary of EMIL Retail Holding ApS and is included in that company's consolidated financial statements, which are publicly available.