

Dantop Ejendomme P/S

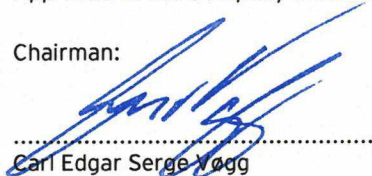
Fridtjof Nansens Plads 5, 2100 København Ø

CVR no. 28 85 13 67

Annual report 2019

Approved at the Company's annual general meeting on 19 May 2020

Chairman:



Carl Edgar Serge Yøgg





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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Dantop Ejendomme P/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 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.

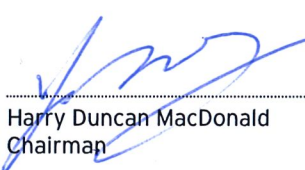
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 19 May 2020
Executive Board:




.....
Katia Ciesielska

Board of Directors:



.....
Harry Duncan MacDonald
Chairman



.....
Carl Edgar Serge Vøgg



.....
Katia Ciesielska

Independent auditor's report

To the shareholders of Dantop Ejendomme P/S

Opinion

We have audited the financial statements of Dantop Ejendomme P/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ 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.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Odense, 19 May 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Morten Schougaard Sørensen
State Authorised Public Accountant
mne32129



Management's review

Company details

| | |
|----------------------------|---------------------------------------------------------------------------------------------------------|
| Name | Dantop Ejendomme P/S |
| Address, Postal code, City | Fridtjof Nansens Plads 5, 2100 København Ø |
| CVR no. | 28 85 13 67 |
| Established | 23 June 2005 |
| Registered office | Copenhagen |
| Financial year | 1 January - 31 December |
| Board of Directors | Harry Duncan MacDonald, Chairman Carl Edgar Serge Vøgg Katia Ciesielska |
| Executive Board | Katia Ciesielska |
| General Partner | Dantop Ejendomme Komplementarselskab ApS Fridtjof Nansens Plads 5 2100 København Ø |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark |

Management's review

Business review

The company's purpose is to own and hold shares in companies, buying, selling and renting real estate and any other related business.

Recognition and measurement uncertainties

As the company is engaged in development of investment properties, the Company is affected by changes in the property market, including the general level of interest rates and economic conditions. For a description of significant assumptions for the fair value recognition as 31 December 2019 please refer to note 4.

Financial review

The income statement for 2019 shows a profit of DKK 32,944,677 against a profit of DKK 893,330 last year, and the balance sheet at 31 December 2019 shows equity of DKK 100,550,850.

The profit is influenced by a fair value adjustment of the investment properties and sale of property. The net gain on sale of properties and fair value adjustment is approximate DKK 32.951 thousand.

Management considers the company's financial performance in the year as expected.

Events after the balance sheet date

Denmark and the rest of the world are affected by COVID-19 virus in 2020. Management does not expect the outbreak of the virus to have a significant impact on the valuation of the property or the company's financial position.

Financial statements 1 January - 31 December

Income statement

| Note | DKK | 2019 | 2018 |
|------|-------------------------------------------------------|-------------------|----------------|
| | Gross profit | 16,916,038 | 11,446,020 |
| 2 | Staff costs | 0 | 0 |
| | Operating profit before fair value adjustments | 16,916,038 | 11,446,020 |
| | Fair value adjustment of investment property | 17,526,255 | -9,822,671 |
| | Profit before net financials | 34,442,293 | 1,623,349 |
| | Other financial income from group enterprises | 177,403 | 249,558 |
| | Financial income | 1,783 | 76,979 |
| | Other financial expenses | -1,676,802 | -1,056,556 |
| | Profit for the year | <u>32,944,677</u> | <u>893,330</u> |
| | Recommended appropriation of profit | | |
| | Proposed dividend recognised under equity | 13,177,403 | 6,132,119 |
| | Extraordinary dividend distributed in the year | 8,500,000 | 1,500,000 |
| | Retained earnings/accumulated loss | 11,267,274 | -6,738,789 |
| | | <u>32,944,677</u> | <u>893,330</u> |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK | 2019 | 2018 |
|------|------------------------------------|--------------------|--------------------|
| | ASSETS | | |
| | Fixed assets | | |
| 3 | Property, plant and equipment | | |
| 4 | Investment property | 160,180,000 | 156,360,000 |
| | | <u>160,180,000</u> | <u>156,360,000</u> |
| 5 | Investments | | |
| | Other receivables | 7,253,292 | 8,362,529 |
| | | <u>7,253,292</u> | <u>8,362,529</u> |
| | Total fixed assets | <u>167,433,292</u> | <u>164,722,529</u> |
| | Non-fixed assets | | |
| | Receivables | | |
| | Receivables from group enterprises | 13,177,403 | 6,132,119 |
| | Other receivables | 3,976 | 317,360 |
| | Prepaid expenses | 0 | 1,623 |
| | | <u>13,181,379</u> | <u>6,451,102</u> |
| | Cash | <u>6,784,122</u> | <u>8,683,847</u> |
| | Total non-fixed assets | <u>19,965,501</u> | <u>15,134,949</u> |
| | TOTAL ASSETS | <u>187,398,793</u> | <u>179,857,478</u> |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK | 2019 | 2018 |
|------|------------------------------------------------------|---------------------------|---------------------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| | Share capital | 10,000,000 | 10,000,000 |
| | Retained earnings | 77,373,447 | 66,123,741 |
| | Dividend proposed | 13,177,403 | 6,132,119 |
| | Total equity | <u>100,550,850</u> | <u>82,255,860</u> |
| | Provisions | | |
| | Other provisions | 2,744,438 | 2,693,492 |
| 7 | Total provisions | <u>2,744,438</u> | <u>2,693,492</u> |
| | Liabilities other than provisions | | |
| 6 | Non-current liabilities other than provisions | | |
| | Mortgage debt | 82,497,163 | 92,340,322 |
| | Deposits | 1,082,808 | 1,148,570 |
| | | <u>83,579,971</u> | <u>93,488,892</u> |
| | Current liabilities other than provisions | | |
| 6 | Mortgage debt | 253,325 | 170,000 |
| | Trade payables | 56,678 | 132,167 |
| | Payables to group enterprises | 108,862 | 0 |
| | Other payables | 104,669 | 1,117,067 |
| | | <u>523,534</u> | <u>1,419,234</u> |
| | Total liabilities other than provisions | <u>84,103,505</u> | <u>94,908,126</u> |
| | TOTAL EQUITY AND LIABILITIES | <u><u>187,398,793</u></u> | <u><u>179,857,478</u></u> |

- 1 Accounting policies
- 8 Collateral
- 9 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

| DKK | Share capital | Retained earnings | Dividend proposed | Total |
|---------------------------------------------------------|-------------------|-------------------|-------------------|--------------------|
| Equity at 1 January 2018 | 10,000,000 | 72,929,834 | 7,186,714 | 90,116,548 |
| Transfer through appropriation of profit | 0 | -5,238,789 | 6,132,119 | 893,330 |
| Adjustment of hedging instruments at fair value | 0 | -67,304 | 0 | -67,304 |
| Dividend distributed | 0 | 0 | -7,186,714 | -7,186,714 |
| Proposed extraordinary dividend recognised under equity | 0 | -1,500,000 | 0 | -1,500,000 |
| Equity at 1 January 2019 | 10,000,000 | 66,123,741 | 6,132,119 | 82,255,860 |
| Transfer through appropriation of profit | 0 | 19,767,274 | 13,177,403 | 32,944,677 |
| Adjustment of hedging instruments at fair value | 0 | -17,568 | 0 | -17,568 |
| Dividend distributed | 0 | 0 | -6,132,119 | -6,132,119 |
| Proposed extraordinary dividend recognised under equity | 0 | -8,500,000 | 0 | -8,500,000 |
| Equity at 31 December 2019 | 10,000,000 | 77,373,447 | 13,177,403 | 100,550,850 |

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Dantop Ejendomme P/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Income statement

Revenue

Rent comprises rental income from the leases of properties. Rent is recognised on an accruals basis.

Rent is measured net of all types of discounts/rebates granted. Also, rent is measured net of VAT and other indirect taxes charged on behalf of third parties.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Property expenses', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross margin'.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Property expenses

Includes costs associated with the operation and administration of investment properties, repairment and maintenance, property taxes and other expenses which are not paid by tenants.

Other external expenses

Other operating expenses comprise items of a secondary nature to the main activities of the Company, including losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

In Management's opinion the classification of the properties as investment properties did not cause any difficulties.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates. In Management's opinion the determination of fair value for the year was enabled through comparable market transactions and, consequently, valuation is based on the expected selling price of investment properties including portfolio discount.

The valuation is not based on the statement from an external assessor.

The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Equity

Proposed dividends

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

Provisions

Other provisions comprise expected maintenance liabilities in accordance with section 22 of the Danish Rent Act. Provisions are recognised when, as a result of past events, the Company has legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Staff costs

The Company has no employees.

3 Property, plant and equipment

| DKK | <u>Investment property</u> |
|--------------------------------------------------|--------------------------------|
| Cost at 1 January 2019 | 127,676,695 |
| Additions | 148,653 |
| Disposals | -11,748,267 |
| Cost at 31 December 2019 | <u>116,077,081</u> |
| Revaluations at 1 January 2019 | 28,683,305 |
| Value adjustments for the year | 17,526,255 |
| Reversal of accumulated revaluation of disposals | -2,106,641 |
| Revaluations at 31 December 2019 | <u>44,102,919</u> |
| Carrying amount at 31 December 2019 | <u><u>160,180,000</u></u> |

4 Investment property

Fair value estimation

The Company's management believes that the selected accounting policies, where investment properties are measured at fair value, provides the best presentation of the Company's assets and liabilities, the financial position, and the results of its operations.

The best documentation for the fair value of the Company's investment properties is current prices in an active market for similar investment properties. In the lack of such information, the fair value is determined within a range of probable calculated estimates of the fair value, defined as the value between a qualified willing buyer and a qualified willing seller based on the conditions on the balance sheet date.

The company has an ongoing divestment of apartments when these become vacant. The valuation is based on a DCF-model where the most significant parameters are:

- ▶ The latest gained sales prices
- ▶ Estimated annual sales of apartments
- ▶ Estimated growth in sales prices
- ▶ Rate of inflation
- ▶ WACC

The valuation is based on a WACC of 4.68% (2018: 4.78%), annual sales of 5.25% (2018: 5.65%) of the portfolio, growth in sales prices 0.68% (2018: 0.78%) and inflation rate of 0.68% (2018: 0.78%).

If the WACC is increased 0.25% the value of the properties would be reduced by DKK 4.3 million and if WACC was reduced by 0.25% the value would be increased by DKK 4.5 million.

If sales per year is changed to 5.5% the value would increase by DKK 2.7 million and if sale per year is changed to 5.0% the value would decrease by DKK 2.8 million.

Financial statements 1 January - 31 December

Notes to the financial statements

5 Investments

| DKK | <u>Other receivables</u> |
|--------------------------------------------|--------------------------------|
| Cost at 1 January 2019 | 8,362,529 |
| Additions | 200,014 |
| Disposals | <u>-1,309,251</u> |
| Cost at 31 December 2019 | <u>7,253,292</u> |
| Carrying amount at 31 December 2019 | <u><u>7,253,292</u></u> |

6 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 80,864 thousand falls due for payment after more than 5 years after the balance sheet date.

7 Provisions

Maintenance liabilities BRL § 22, DKK 2,744,438.

Maintenance liabilities related to BRL § 22 are expected to fall due within 5 years.

8 Collateral

As security for the Company's mortgage debt, the Company has placed assets with carrying amount of DKK 160,180 thousand.

9 Related parties

Information about consolidated financial statements

| <u>Parent</u> | <u>Domicile</u> | <u>Requisitioning of the parent company's consolidated financial statements</u> |
|---------------|-----------------|-----------------------------------------------------------------------------------------|
| Cornway Ltd. | Cyprus | Giannou Kranidioti & Spyrou Kyprianou, 1st Floor, Nicosia 1065 Cyprus |