Southern Lands Ejendom ApS

c/o Harbour House, Sundkrogsgade 21, DK-2100 Copenhagen

CVR no. 29 18 80 76

Annual report for 2019

Adopted at the annual general meeting
on 4 September 2020

Victoria Cornelia Christensen
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Southern Lands Ejendom ApS 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 company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends to the company in general meeting that the financial statements for 2020 are not to be audited. Management considers the criteria for not auditing the financial statements to be met.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 4 September 2020

Executive board

Didrik Joakim Lehmkuhl   Jean-Marc Tornare

The company in general meeting has resolved that the financial statements for the coming financial year are not be audited.

Independent auditor's report

To the shareholder of Southern Lands Ejendom ApS

Opinion

We have audited the financial statements of Southern Lands Ejendom ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. 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 company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

At 31 December 2019, the company has a negative equity. This indicates that there is a material uncertainty as to whether the company can be regarded as a going-concern. The negative equity is funded by loans from group enterprises and other sources. As described in the management commentary and in note 2, the company expects to recover the equity through profit from the company's investment in the subsidiary Crillón. In the meantime the company has agreed with the lenders that the loans are not to be repaid before the subsidiary has finished the construction of underlying development and construction projects and starts to generate earnings from future real estate sales. On this basis Management of the company has concluded that it is appropriate to prepare the financial statements assuming that the company is a going-concern. Our conclusion is not modified in this respect.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

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.

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.

Independent auditor's report

- 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.

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 Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 4 September 2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Kim Mücke

Kim Takata Mücke
state authorised public accountant
MNE no. mne10944

Company details

The company	Southern Lands Ejendom ApS c/o Harbour House Sundkrogsgade 21 DK-2100 Copenhagen
	CVR no.: 29 18 80 76
	Reporting period: 1 January - 31 December 2019
	Domicile: Copenhagen
Executive board	Didrik Joakim Lehmkuhl Jean-Marc Tornare
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 DK-2300 Copenhagen

Management's review

Business review
The object of the company is investment, including owning shares and participations.

Unusual matters
The company's financial position at 31 December 2019 and the results of its operations for the financial year ended 31 December 2019 are not affected by any unusual matters.

Financial review
The company's income statement for the year ended 31 December 2019 shows a loss of DKK 3.558.292, and the balance sheet at 31 December 2019 shows negative equity of DKK 13.707.041.

Financing
At 31 December 2019, the company had a negative equity and has lost its share capital. The negative equity is financed by loans from group entities and other sources. The company expects to re-establish the loss through future profit from the company's investment in Crillón S.A.

The company's payable to group entities and other payables are derived from the financing of the company's investment in the subsidiary, Crillión S.A., which is a real estate development and construction company, that is still in the development and construction phase. Therefore, the parties have agreed that the loans are not to be repaid before the subsidiary finishes the construction phase and starts to generate earnings from future real estate sales.

No interest is applied on the loans in the construction phase and the loans are not to be paid before other payables.

On this basis, management has concluded that it is appropriate to present the financial statements on a going concern basis.

Significant events occurring after the end of the financial year
No events have occurred after the balance sheet date which could significantly affect the company's financial position. The outbreak of Covid-19 is not expected to have significant impact on the company's financial position.

Income statement 1 January - 31 December

	Note	2019	2018
		DKK	DKK
Gross profit		**-381.321**	**-240.003**
Financial income		1.858	5.459
Financial expenses		-3.178.829	-6.331.019
Profit/loss before tax		**-3.558.292**	**-6.565.563**
Tax on profit/loss for the year		0	0
Profit/loss for the year		**-3.558.292**	**-6.565.563**

Distribution of profit

Retained earnings	-3.558.292	-6.565.563
	-3.558.292	**-6.565.563**

Balance sheet 31 December

	Note	2019	2018
		DKK	DKK
Assets			
Investments in subsidiaries		123.202.187	123.202.187
Fixed asset investments		**123.202.187**	**123.202.187**
Total non-current assets		**123.202.187**	**123.202.187**
Prepayments		23.349	43.231
Receivables		**23.349**	**43.231**
Cash at bank and in hand		**5.010**	**130.418**
Total current assets		**28.359**	**173.649**
Total assets		**123.230.546**	**123.375.836**

Balance sheet 31 December

	Note	2019 DKK	2018 DKK
Equity and liabilities			
Share capital		425.000	425.000
Retained earnings		-14.132.041	-10.573.749
Equity		**-13.707.041**	**-10.148.749**
Payables to group entities		119.224.898	116.429.965
Other payables		16.364.492	15.889.942
Total non-current liabilities		**135.589.390**	**132.319.907**
Banks		0	73.684
Trade payables		123.495	43.384
Payables to group entities		1.220.531	1.087.610
Corporation tax		4.171	0
Total current liabilities		**1.348.197**	**1.204.678**
Total liabilities		**136.937.587**	**133.524.585**
Total equity and liabilities		**123.230.546**	**123.375.836**
Uncertainty about the continued operation (going concern)	2		
Contingent assets	3		

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2019	425.000	-10.573.749	-10.148.749
Net profit/loss for the year	0	-3.558.292	-3.558.292
Equity at 31 December 2019	**425.000**	**-14.132.041**	**-13.707.041**

Notes

		2019	2018
1	**Staff expenses**		
	Average number of employees	0	0

2 Uncertainty about the continued operation (going concern)

At 31 December 2019, the company had a negative equity and has lost its share capital. The negative equity is financed by loans from group entities and other sources. The company expects to re-establish the loss through future profit from the company's investment in Crillón S.A.

The company's payable to group entities and other payables are derived from the financing of the company's investment in the subsidiary, Crillión S.A., which is a real estate development and construction company, that is still in the development and construction phase. Therefore, the parties have agreed that the loans are not to be repaid before the subsidiary finishes the construction phase and starts to generate earnings from future real estate sales.

No interest is applied on the loans in the construction phase and the loans are not to be paid before other payables.

On this basis, management has concluded that it is appropriate to present the financial statements on a going concern basis.

3 Contingent assets

The company has an unrecorded tax asset of DKK 5.978.283, which is not recoqnized on the balance sheet as it is not expected to be utilized within 3-5 years.

Accounting policies

The annual report of Southern Lands Ejendom ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in DKK

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue less other external expenses.

Accounting policies

Other external expenses
Other external expenses include various corporate expenses.

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year
Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet
Investments in subsidiaries
Investments in subsidiaries are measured at cost and are written down to the lower of the recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Prepayments
Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents
Cash and cash equivalents comprise cash.

Income tax and deferred tax
Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Accounting policies

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities
Liabilities, which include trade payables, payables to group enterprises and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.