
Euro Nordics Soborg P/S

c/o Fokus Asset Management A/S, Bomhusvej 13, 1.
th., DK-2100 København Ø

Annual Report for 1 January - 31 December 2019

CVR No 29 40 50 69

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
17/04 2020

Tonny Nielsen
Chairman of the General
Meeting



pwc

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Euro Nordics Soborg 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 at 31 December 2019 of the Company and of the results of the Company operations for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København, 17 April 2020

Executive Board

Tonny Nielsen
Executive Officer

Board of Directors

Ki Yong Kim
Chairman

Kongjoo Kim

Tonny Nielsen

Independent Auditor's Report

To the partner of Euro Nordics Soborg P/S

Opinion

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.

We have audited the Financial Statements of Euro Nordics Soborg 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 a summary of significant accounting policies ("the Financial Statements").

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.

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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

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 misstate-

Independent Auditor's Report

ment, 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.

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.
- 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.

Hellerup, 17 April 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Maj-Britt Nørskov Nannestad

statsautoriseret revisor

mne32198

Company Information

The Company

Euro Nordics Soborg P/S
c/o Fokus Asset Management A/S
Bomhusvej 13, 1. th.
DK-2100 København Ø

CVR No: 29 40 50 69
Financial period: 1 January - 31 December
Incorporated: 28 February 2006
Financial year: 14th financial year
Municipality of reg. office: København

Board of Directors

Ki Yong Kim, Chairman
Kongjoo Kim
Tonny Nielsen

Executive Board

Tonny Nielsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Financial Statements of Euro Nordics Soborg P/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

The Company's key activity is to invest in, own, develop and administrate investment properties as well as related activities.

Development in the year

The income statement of the Company for 2019 shows a profit of DKK 53,047,026, of which value adjustments amount to DKK 7,503,820, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 505,018,189.

Uncertainty relating to recognition and measurement

Investment properties are recognised at fair value. Fair value is determined based on return-based models. Reference is made to note 2 for a sensitivity analysis of uncertainties related to the determination of fair value.

Unusual events

The financial position at 31 December 2019 of the Company and the results of the activities of the Company for the financial year for 2019 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Covid-19

It is the opinion of the managements that the implications due to COVID-19 is a subsequent event occurred after the balance sheet date of 31 December 2019. We do not believe – and we have knowledge of – that the implications of the COVID-19 will affect the company's ability to continue as a going concern.

Income Statement 1 January - 31 December

| | Note | 2019 DKK | 2018 DKK |
|---|------|-------------------|--------------------|
| Gross profit/loss before value adjustments | | 57.929.716 | 58.380.263 |
| Value adjustments of investment assets and the financial liabilities involved | 2 | 7.503.820 | 92.526.636 |
| Gross profit/loss after value adjustments | | 65.433.536 | 150.906.899 |
| Financial income | 3 | 4.474 | 0 |
| Financial expenses | | -12.390.984 | -678.796 |
| Net profit/loss for the year | | 53.047.026 | 150.228.103 |

Distribution of profit

Proposed distribution of profit

| | | |
|--------------------------------|-------------------|--------------------|
| Extraordinary dividend paid | 531.940.099 | 0 |
| Proposed dividend for the year | 45.000.000 | 5.700.000 |
| Retained earnings | -523.893.073 | 144.528.103 |
| | 53.047.026 | 150.228.103 |

Balance Sheet 31 December

Assets

| | Note | 2019 DKK | 2018 DKK |
|--------------------------------------|------|----------------------|----------------------|
| Investment properties | | 1.224.000.000 | 1.204.283.636 |
| Property, plant and equipment | 4 | 1.224.000.000 | 1.204.283.636 |
| Fixed assets | | 1.224.000.000 | 1.204.283.636 |
| Trade receivables | | 0 | 637.217 |
| Other receivables | | 4.076 | 3.681.501 |
| Receivables | | 4.076 | 4.318.718 |
| Cash at bank and in hand | | 11.487.861 | 5.747.223 |
| Currents assets | | 11.491.937 | 10.065.941 |
| Assets | | 1.235.491.937 | 1.214.349.577 |

Balance Sheet 31 December

Liabilities and equity

| | Note | 2019 DKK | 2018 DKK |
|--|------|----------------------|----------------------|
| Share capital | | 3.000.000 | 3.000.000 |
| Retained earnings | | 457.018.189 | 980.911.262 |
| Proposed dividend for the year | | 45.000.000 | 5.700.000 |
| Equity | | 505.018.189 | 989.611.262 |
| Mortgage loans | | 713.390.598 | 221.175.000 |
| Long-term debt | 5 | 713.390.598 | 221.175.000 |
| Trade payables | | 20.379 | 0 |
| Payables to group enterprises | | 15.449.734 | 183.358 |
| Other payables | | 1.613.037 | 3.379.957 |
| Short-term debt | | 17.083.150 | 3.563.315 |
| Debt | | 730.473.748 | 224.738.315 |
| Liabilities and equity | | 1.235.491.937 | 1.214.349.577 |
| Subsequent events | 1 | | |
| Contingent assets, liabilities and other financial obligations | 6 | | |
| Accounting Policies | 7 | | |

Statement of Changes in Equity

| | Share capital | Retained earnings | Proposed dividend for the year | Total |
|------------------------------|------------------|----------------------|--------------------------------------|--------------------|
| | DKK | DKK | DKK | DKK |
| Equity at 1 January | 3.000.000 | 980.911.262 | 5.700.000 | 989.611.262 |
| Ordinary dividend paid | 0 | 0 | -5.700.000 | -5.700.000 |
| Extraordinary dividend paid | 0 | -531.940.099 | 0 | -531.940.099 |
| Net profit/loss for the year | 0 | 8.047.026 | 45.000.000 | 53.047.026 |
| Equity at 31 December | 3.000.000 | 457.018.189 | 45.000.000 | 505.018.189 |

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company. In consequence, the valuation of the company's investment property at 31 December 2019 is based on assumptions which may differ from Management expectations at the time of adoption of the Annual Report. At this time, it is not possible to assess the effect of Covid-19 on the 2020 Financial statements.

| | <u>2019</u> DKK | <u>2018</u> DKK |
|--|-------------------------|--|
| 2 Value adjustments of investment assets and the financial liabilities involved | | |
| Value adjustments of investment properties | 7.503.820 | 92.526.636 |
| | <u>7.503.820</u> | <u>92.526.636</u> |
| 3 Financial income | | |
| Interest received from group enterprises | 4.474 | 0 |
| | <u>4.474</u> | <u>0</u> |
| 4 Assets measured at fair value | | Investment pro- perties <u>DKK</u> |
| Cost at 1 January | | 930.875.896 |
| Additions for the year | | <u>12.212.412</u> |
| Cost at 31 December | | <u>943.088.308</u> |
| Value adjustments at 1 January | | 273.407.872 |
| Revaluations for the year | | <u>7.503.820</u> |
| Value adjustments at 31 December | | <u>280.911.692</u> |
| Carrying amount at 31 December | | <u>1.224.000.000</u> |

Notes to the Financial Statements

4 Assets measured at fair value (continued)

Assumptions underlying the determination of fair value of investment properties

The Company's investment properties are 100% commercial, and is primarily located around Copenhagen.

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods. The value is determined on the basis of a return-based model.

In 2018 the investment properties were recognised at the actual sales prices.

The fair value is determined on the basis of the following assumptions:

| | 2019 DKK |
|--|---------------|
| The fair value of investment properties amounts to | 1.224.000.000 |
| Net yield | 5% |
| Increase in market rent | 2% |
| Expected idle rent in % of rental income | 0% |
| Maintenance costs in % of rental income | 2% |
| Administrative expenses in % of rental income | 0,25% |

Sensitivity in determination of fair value of investment properties

An individually determined required rate of return of 5% has been applied in the market value assessment at 31 December 2019.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

| Changes in average required rate of return | -0,5 % DKK | Base DKK | 0,5 % DKK |
|--|---------------|---------------|---------------|
| Rate of return | 4,5 | 5,0 | 5,5 |
| Fair value | 1.358.650.000 | 1.224.000.000 | 1.113.680.000 |
| Change in fair value | 134.650.000 | 0 | -110.320.000 |

Notes to the Financial Statements

5 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

| | <u>2019</u> DKK | <u>2018</u> DKK |
|-----------------------|---------------------------|---------------------------|
| Mortgage loans | | |
| After 5 years | 0 | 221.175.000 |
| Between 1 and 5 years | 713.390.598 | 0 |
| Long-term part | <u>713.390.598</u> | <u>221.175.000</u> |
| Within 1 year | 0 | 0 |
| | <u>713.390.598</u> | <u>221.175.000</u> |

Notes to the Financial Statements

| | <u>2019</u> DKK | <u>2018</u> DKK |
|--|--------------------|--------------------|
| 6 Contingent assets, liabilities and other financial obligations | | |
| Charges and security | | |
| The following assets have been placed as security with mortgage credit institutes: | | |
| Investment properties with a carrying amount of | 1.224.000.000 | 0 |

Contingent liabilities

The Company has entered into an agreement regarding the daily management of the Company. The Agreement is interminable until 31 December 2021. After the interminable period, the agreement can be terminated by mutual agreement. The total obligation for the interminable period amounts to kDKK 1.648.

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Euro Nordics Soborg P/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

7 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Rental income is recognised on a straight line-basis over the term of the lease.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses concerning investment properties

Expenses concerning investment properties primarily include operating expenses for the year.

Other external expenses

Other external expenses comprise expenses for administration, counselling, quota as well as office expenses, etc.

Gross profit/loss after value adjustments

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses concerning investment properties and other external expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of borrowing costs.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

The Company is not an independent tax subject, consequently no tax has been included in the annual report.

Notes to the Financial Statements

7 Accounting Policies (continued)

Balance Sheet

Investment properties

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed investment properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

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.

The fair value of investment properties has been assessed by the independent assessor firm Colliers International at 31 December 2019.

The estimates applied are based on 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.

Return-based valuation model

The fair value of certain investment properties has been determined at 31 December 2019 for each property by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on property budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The budgeted cash flow is divided by the estimated rate of return to arrive at the fair value of the property. The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

Notes to the Financial Statements

7 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.