

Galleri K Retail ApS


c/o TMF Denmark A/S
Købmagergade 60, 1. tv., 1150 København K

CVR no. 30 54 82 64

Annual report 2019

Approved at the Company's annual general meeting on 26 June 2020

Chairman:



.....
Anders Sandvig





Contents

| | |
|---|----|
| Statement by the Board of Directors and the Executive Board | 2 |
| Independent auditor's report | 3 |
| Management's review | 5 |
| Financial statements 1 January - 31 December | 6 |
| Income statement | 6 |
| Balance sheet | 7 |
| Statement of changes in equity | 9 |
| Notes to the financial statements | 10 |



Statement by the Board of Directors and the Executive Board

Today, the Executive Board has discussed and approved the annual report of Galleri K Retail 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 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 June 2020
Executive Board:

DocuSigned by:
Pavlos Yeorgaroudakis
5E6789B98663447
Pavlos Yeorgaroudakis

Dannie Wai

DocuSigned by:
Matthias Hübner
6D7158C3ED9D442
Matthias Hübner

Magnus Glissmann Bojer-Larsen



Independent auditor's report

To the shareholders of Galleri K Retail ApS

Opinion

We have audited the financial statements of Galleri K Retail ApS 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.



Independent auditor's report

- ▶ 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 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.

Copenhagen, 19 June 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

A handwritten signature in blue ink, appearing to read 'Kaare K. Lendorf'.

Kaare K. Lendorf
State Authorised Public Accountant
mne33819



Management's review

Company details

| | |
|----------------------------|---|
| Name | Galleri K Retail ApS |
| Address, Postal code, City | c/o TMF Denmark A/S Købmagergade 60, 1. tv., 1150 København K |
| CVR no. | 30 54 82 64 |
| Established | 21 June 2007 |
| Registered office | Copenhagen |
| Financial year | 1 January - 31 December |
| Executive Board | Pavlos Yeorgaroudakis Matthias Hübner Magnus Glissmann Bojer-Larsen Dannie Wai |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark |

Management commentary

Business review

The object of the company is to invest in real estate, including buying and and selling real estate.

Financial review

The income statement for 2019 shows a profit of DKK 8,822,395 against a profit of DKK 1,875,682 last year, and the balance sheet at 31 December 2019 shows equity of DKK 594,821,050.

Events after the balance sheet date

The outbreak of coronavirus can, depending on its progress, cause significant effects on the overall economic development and in particular the consumer climate and retail sales. In addition, it can lead on the procurement side of our tenants to disruptions in the supply and logistics chain and this can lead to a decline in turnover among our tenants. Resulting from these risks, the increased economic pressure on the stationary retail trade and our tenants might have an impact on the amount and probability of occurrence of our business-specific risks and thus our business operations.

Beginning from 18 March 2020 shopping centers were obliged to shut down and only certain retailers and service providers were allowed to operate, our shopping center was effected by this. The temporary lockdown ended 11 May 2020.

The exact assessment of the risk from the outbreak of coronavirus is currently not quantifiable and depends on further developments which management is monitoring closely. However, in management's view, based on our cash flow budget and taking into account the current financial and liquidity position, the Company will have sufficient resources to continue for a period of at least 12 months from the reporting date and the going concern assumption adopted in the preparation of these financial statements is appropriate.

At the 21 January 2020 the Company shares was transfered from PATRIZIA Wohnmodul I Zwischenholding S.à r.l. to Galleri K SCSp

The entire bank loan was re-financed in connection with the transaction.

No further events materially affecting the Company's financial position has occurred subsequent to the financial year-end.



Financial statements 1 January - 31 December

Income statement

| Note | DKK | 2019 | 2018 |
|------|--|-------------|-------------|
| | Revenue | 64,832,669 | 64,106,115 |
| | Other operating income | 5,872,830 | 173,549 |
| | Expenses, property | -2,830,651 | -7,473,981 |
| | Other external expenses | -5,985,000 | -6,119,355 |
| | Gross profit | 61,889,848 | 50,686,328 |
| | Fair value adjustment of investment property | -20,532,471 | -15,799,153 |
| | Profit before net financials | 41,357,377 | 34,887,175 |
| 3 | Financial expenses | -30,046,614 | -32,501,124 |
| | Profit before tax | 11,310,763 | 2,386,051 |
| 4 | Tax for the year | -2,488,368 | -510,369 |
| | Profit for the year | 8,822,395 | 1,875,682 |
| | Recommended appropriation of profit | | |
| | Retained earnings | 8,822,395 | 1,875,682 |
| | | 8,822,395 | 1,875,682 |



Financial statements 1 January - 31 December

Balance sheet

| Note | DKK | <u>2019</u> | <u>2018</u> |
|------|--|-----------------------------|-----------------------------|
| | ASSETS | | |
| | Fixed assets | | |
| 5 | Property, plant and equipment | | |
| 6 | Investment property | 1,637,849,130 | 1,658,381,601 |
| | | <u>1,637,849,130</u> | <u>1,658,381,601</u> |
| | Total fixed assets | <u>1,637,849,130</u> | <u>1,658,381,601</u> |
| | Non-fixed assets | | |
| | Receivables | | |
| | Corporation tax receivable | 0 | 1,656,831 |
| | Joint taxation contribution receivable | 0 | 1,960,244 |
| | Other receivables | 6,991,138 | 3,850,059 |
| | Prepayments | 3,724,219 | 3,603,425 |
| | | <u>10,715,357</u> | <u>11,070,559</u> |
| | Cash | <u>13,774,910</u> | <u>93,647,290</u> |
| | Total non-fixed assets | <u>24,490,267</u> | <u>104,717,849</u> |
| | TOTAL ASSETS | <u><u>1,662,339,397</u></u> | <u><u>1,763,099,450</u></u> |



Financial statements 1 January - 31 December

Balance sheet

| Note | DKK | <u>2019</u> | <u>2018</u> |
|------|--|----------------------|----------------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| | Share capital | 1,000,000 | 1,000,000 |
| | Retained earnings | 593,821,050 | 586,874,386 |
| | Total equity | <u>594,821,050</u> | <u>587,874,386</u> |
| | Provisions | | |
| | Deferred tax | 28,467,661 | 32,631,526 |
| | Total provisions | <u>28,467,661</u> | <u>32,631,526</u> |
| | Liabilities other than provisions | | |
| | Non-current liabilities other than provisions | | |
| | Mortgage debt | 752,142,970 | 752,409,364 |
| | Payables to group entities | 261,841,065 | 372,987,157 |
| | Deposits | 11,205,199 | 11,829,323 |
| | | <u>1,025,189,234</u> | <u>1,137,225,844</u> |
| | Current liabilities other than provisions | | |
| | Prepayments received from customers | 3,036,600 | 4,935,955 |
| | Trade payables | 933,133 | 210,391 |
| | Payables to group enterprises | 2,884,223 | 46,623 |
| | Joint taxation contribution payable | 6,652,233 | 0 |
| | Other payables | 355,263 | 174,725 |
| | | <u>13,861,452</u> | <u>5,367,694</u> |
| | Total liabilities other than provisions | <u>1,039,050,686</u> | <u>1,142,593,538</u> |
| | TOTAL EQUITY AND LIABILITIES | <u>1,662,339,397</u> | <u>1,763,099,450</u> |

- 1 Accounting policies
- 2 Staff costs
- 7 Contractual obligations and contingencies, etc.
- 8 Collateral
- 9 Related parties

**Financial statements 1 January - 31 December****Statement of changes in equity**

| DKK | <u>Share capital</u> | <u>Retained earnings</u> | <u>Total</u> |
|--|----------------------|--------------------------|--------------------|
| Equity at 1 January 2019 | 1,000,000 | 586,874,386 | 587,874,386 |
| Transfer through appropriation of profit | 0 | 8,822,395 | 8,822,395 |
| Dividend distributed | 0 | -1,875,731 | -1,875,731 |
| Equity at 31 December 2019 | 1,000,000 | 593,821,050 | 594,821,050 |



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Galleri K Retail ApS 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.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Rental income receivable from operating leases is recognised on a straight line basis over the term of the lease, except for contingent rental income, which is recognised as earned.

Costs relating to incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non cancellable period of the lease together with any further term for which the lessee has the option to continue the lease, where, at the inception of the lease, Management is reasonably certain that the lessee will exercise that option.

Amounts received from lessees to terminate leases or to compensate for dilapidations are recognised in the income statement as received.

Service charges and expenses recoverable from tenants:

Income arising from expenses recharged to lessees is recognised in the period in which the expenses can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue, when management considers that the Group acts as agent.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 apartments and parking spaces. Gain on the sale of apartments is recognized as the difference between the sale price and the purchase price plus selling expenses.

Property expenses

Property expenses include expenses relating to renting out the Company's investment property, including expenses relating to running and maintaining such property.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Investment property

On initial recognition, investment property is measured at cost. Investment property is subsequently measured at fair value, and the value adjustment for the year is recognised in the income statement under the item "Fair value adjustment of investment property". The fair value is based on the expected future cash flows for the investment property.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other payables

Other payables are measured at net realisable value.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

2 Staff costs

The Company has no employees.

| DKK | 2019 | 2018 |
|--------------------------------------|------------|------------|
| 3 Financial expenses | | |
| Interest expenses, group entities | 15,259,137 | 16,784,422 |
| Exchange adjustments | 93,259 | 1,108,427 |
| Other interest expenses | 14,694,218 | 14,608,275 |
| | 30,046,614 | 32,501,124 |
| 4 Tax for the year | | |
| Estimated tax charge for the year | 6,652,233 | -1,656,831 |
| Deferred tax adjustments in the year | -4,163,865 | 2,181,783 |
| Tax adjustments, prior years | 0 | -14,583 |
| | 2,488,368 | 510,369 |



Financial statements 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

| DKK | <u>Investment property</u> |
|--|--------------------------------|
| Cost at 1 January 2019 | 1,105,993,316 |
| Cost at 31 December 2019 | 1,105,993,316 |
| Revaluations at 1 January 2019 | 552,388,285 |
| Value adjustments for the year | <u>-20,532,471</u> |
| Revaluations at 31 December 2019 | 531,855,814 |
| Carrying amount at 31 December 2019 | <u>1,637,849,130</u> |

Depreciated over

Note 8 provides more details on security for loans, etc. as regards property, plant and equipment.

6 Investment property

The Company invests in rental property. Investment property is recognised at fair value with value adjustment over the income statement, see the provisions in section 38 of the Danish Financial Statements Act.

Fair value estimation

The fair value is based on a level 1 assesment.

The fair value of the investment property has been assessed based on the share purchase agreement between PATRIZIA Wohnmodul I Zwischenholding S.à r.l. and Galleri K SCSp to TDKK 1,641,581 as of January 21th of 2020. It is management's assesment that the valuation is equal to the value in an active market for similar assets and is considered to be the fair value as of December 31, 2019.

The fair value of the investment property is TDKK 1,641,581, of which TDKK 1,637,849 has been recognised as investment properties, and TDKK 3,732 regarding lease incentives has been recognised as prepayments.

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.



Financial statements 1 January - 31 December

Notes to the financial statements

8 Collateral

As security for the Company's debt to the credit institutions, the Company has provided security in its investment property, with a carrying amount of TDKK 1,637,849

9 Related parties

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

| <u>Name</u> | <u>Domicile</u> |
|----------------|---|
| Galleri K SCSp | 11/13 Boulevard de la Foire, 1528 Luxembourg |