

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 2021

Approved at the Company's annual general meeting on 7 April 2022

Chair of the meeting:



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Dorthe Christine Hvidkjaer

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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 2021.

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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Copenhagen, 7 April 2022
Executive Board:

Valid Signed by Dermot Mulvin
on 28-04-2022

Dermot Patrick Mulvin

E.S.

Dannie Wai

Valid Signed by Deepa Devani
on 29-04-2022

Deepa Kewal Devani

Anne-Douwe Tigchelaar

Independent auditor's report

To the shareholders of Galleri K Retail ApS

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Galleri K Retail ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Independent auditor's report

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

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

Statement on the 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, 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.

Hellerup, 7 April 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31



Rene Otto Poulsen
State Authorised Public Accountant
mne26718



Jacob Dannefer
State Authorised Public Accountant
mne47886

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	Dermot Patrick Mulvin Deepa Kewal Devani Anne-Douwe Tigchelaar Dannie Wai
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Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup
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Financial highlights

DKK'000	2021	2020	2019	2018	2017
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Key figures

Revenue	61,122	49,403	64,833	64,106	64,105
Gross profit	42,799	29,007	61,890	50,686	55,156
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	121,540	81,416	41,358	34,888	177,476
Profit before interest and tax (EBIT)	121,539	81,416	41,358	34,888	177,476
Net financials	-4,262	-31,645	-30,047	-32,501	-31,643
Profit for the year	91,477	40,747	8,822	1,876	137,050

Fixed assets	1,894,000	1,733,000	1,641,581	1,658,382	1,672,000
Total assets	1,932,226	1,825,085	1,662,347	1,763,100	1,775,442
Investment in property, plant and equipment	-87,090	-41,542	-41,542	-2,180	-72,627
Equity	967,045	875,568	594,821	587,874	602,177

Financial ratios

Operating margin	198.8%	164.8%	63.8%	54.4 %	276.9 %
Gross margin	70.0%	58.7%	95.5%	79.1%	86.0%
EBITDA-margin	198.8%	164.8%	63.8%	54.4%	276.9%
Return on assets	6.5%	4.7%	2,071.8%	1,962.0%	9,996.2%
Current ratio	208.4%	320.9%	0.1%	2.0%	1.4%
Equity ratio	50.0%	48.0%	35.8%	33.3%	33.9%
Return on equity	9.9%	5.5%	1.5%	0.3%	22.8%

For terms and definitions, please see the accounting policies.

Management's review

Business review

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

Recognition and measurement uncertainties

The outbreak of COVID-19 continue to impact the tenants within the entertainment and retail sectors. Management is monitoring the situation closely as the COVID-19 pandemic is ongoing, and uncertainties remain over its extent, duration and business impacts.

However, investor demand for office investments remains extremely strong. Still the main issue driving/limiting investment volumes in Copenhagen is the lack of stock to enter the market especially within the core market where demand is especially large.

The Copenhagen office rent/sqm. is very low and rental growth has always been limited. This is mainly due to an historic abundance of available building rights in the inner city. Every time rents started growing, we saw new stock coming in. Now this has changed and there are simply no more office building rights in the inner city. This is expected to drive future rents significantly higher than the historic growth rate.

So far, we cannot detect any effects of corona leading towards a lower demand on office space. The demand for new build office and refurbished office is still strong

The retail investment market continues to be challenged with almost no transactions and we see very few products offered in the market especially on the high streets.

All in all, we view the valuation uncertainty as having been reduced compared to last year. Reference is made to note 6 for the sensitivity analysis of the assumptions used to assess the fair value of the investment property.

Financial review

During 2021 all vacant offices have been let, and new tenants have moved into newly refurbished office units comprising almost 8,000 sqm. Only one minor retail unit of 150 sqm. is vacant.

The Covid-19 outbreak have only had a minor effect on operations in 2021. All Invoiced 2021 rents have been collected or are expected to be collected without incurring loss on bad debts.

The income statement for 2021 shows a profit of DKK 91,475,570 against a profit of DKK 40,746,721 last year, and the balance sheet at 31 December 2021 shows equity of DKK 967,043,343.

Financial risks and use of financial instruments

The company's property is financed with a mix of equity and mortgage loans. The loan to value ratio of the mortgage loans is 46% as of 31 December 2021. The interest on mortgage loan is fixed until 1 April 2025. Should the interest rate increase/decrease by 50 basis points, this would increase/decrease interest payments by DKK 4.4 million from the present DKK 3.8 million interest costs. The fair value of the standard Danish mortgage loans follows the pricing of the bonds on the Nasdaq Copenhagen Stock Exchange, exposing the Company with a risk of losses/gains should the loans be repaid prematurely.

The company has no exposure to currency risks as all cash flows are denominated in DKK.

Liquidity risks are deemed as low based on the company's cash flow projections and on the loan agreements with the mortgage institute.

Impact on the external environment

The company has specific focus on reducing the property's environmental impact. This focus has been implemented during the recent refurbishment programs using LED lighting, low-energy ventilation and cooling, new windows and extra insulation. Electricity for common areas is purchased from green sources. These initiatives have reduced the official energy label significantly.

Management's review

Research and development activities

The Company has no specific research and development activities, but develops the property based on standard business procedures.

Events after the balance sheet date

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

Outlook

For 2022 the Company expects an increase in gross profit (prior to fair value adjustments of investment property from the present level of DKK 42.8 million to a level of DKK 55.0 million based on the current lease agreements.

However, as the COVID-19 pandemic is still ongoing, and uncertainties remain over its extent, duration and business impacts, this may still impact the expectations negatively.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
	Revenue	61,122	49,403
	Other operating income	37	127
	Expenses, property	-9,999	-11,416
	Other external expenses	-8,361	-9,107
	Gross profit	42,799	29,007
	Fair value adjustment of investment property	78,741	52,409
	Profit before net financials	121,540	81,416
	Financial income	0	7,143
3	Financial expenses	-4,262	-38,788
	Profit before tax	117,278	49,771
4	Tax for the year	-25,801	-9,024
	Profit for the year	91,477	40,747

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
5	Property, plant and equipment	1,874,482	1,725,881
6	Investment property	19,518	7,119
	Lease incentives	<u>1,894,000</u>	<u>1,733,000</u>
	Total fixed assets	<u>1,894,000</u>	<u>1,733,000</u>
	Non-fixed assets		
8	Receivables		
	Trade receivables	241	2,183
	Corporation tax receivable	2,074	0
	Other receivables	5,916	12,638
7	Prepayments	<u>6</u>	<u>9</u>
	Cash	<u>8,237</u>	<u>14,830</u>
	Total non-fixed assets	<u>29,989</u>	<u>77,255</u>
	TOTAL ASSETS	<u>1,932,226</u>	<u>1,825,085</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	1,000	1,000
	Share premium account	240,000	240,000
	Retained earnings	726,045	634,568
	Total equity	967,045	875,568
	Provisions		
10	Deferred tax	63,241	37,667
12	Total provisions	63,241	37,667
	Liabilities other than provisions		
11	Non-current liabilities other than provisions		
	Mortgage debt	872,100	871,932
	Deposits	11,500	11,225
		883,600	883,157
	Current liabilities other than provisions		
	Trade payables	41	8,357
	Other payables	9,459	18,840
14	Deferred income	8,840	1,496
		18,340	28,693
	Total liabilities other than provisions	901,940	911,850
	TOTAL EQUITY AND LIABILITIES	1,932,226	1,825,085

- 1 Accounting policies
- 2 Staff costs
- 15 Contractual obligations and contingencies, etc.
- 16 Collateral
- 17 Related parties
- 18 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Share premium account	Retained earnings	Total
	Equity at 1 January 2021	1,000	240,000	634,568	875,568
18	Transfer, see "Appropriation of profit"	0	0	91,477	91,477
	Equity at 31 December 2021	1,000	240,000	726,045	967,045

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2021	2020
	Profit for the year	91,477	40,747
19	Adjustments	-43,847	-9,209
	Cash generated from operations (operating activities)	47,630	31,538
20	Changes in working capital	-1,686	13,637
	Cash generated from operations (operating activities)	45,944	45,175
	Interest paid, etc.	-4,095	-6,310
	Income taxes paid	-2,300	-6,477
	Cash flows from operating activities	39,549	32,388
	Additions of property, plant and equipment	-87,090	-41,542
	Cash flows to investing activities	-87,090	-41,542
	Repayment of debt to credit institutions	0	-777,332
	Proceeds of debt to credit institutions	0	871,787
	Proceeds of debt, group enterprises	0	-261,841
	Change in deposits	275	20
	Cash capital increase	0	240,000
	Cash flows from financing activities	275	72,634
	Net cash flow	-47,266	63,480
	Cash and cash equivalents at 1 January	77,255	13,775
21	Cash and cash equivalents at 31 December	29,989	77,255

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Galleri K Retail ApS for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized 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'000).

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.

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 presented as separate items in the balance sheet.

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.

Expenses, property

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 income and expenses

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Investment property

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 property 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 the investment property has been assessed by the independent assessor firm CBRE A/S at 31 December 2021.

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.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

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 existing temporary differences for acquisitions or merger 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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Payables to credit institutions

Loans, such as mortgage loans, 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 payables

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

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

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).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

2 Staff costs

The Company did not pay any remuneration to Management during the financial year. Remuneration paid in the year of comparison is DKK 0 thousand.

The Company has no employees.

DKK'000	2021	2020
3 Financial expenses		
Interest expenses, group entities	0	655
Exchange adjustments	0	15
Other interest expenses	4,262	38,118
	<u>4,262</u>	<u>38,788</u>
4 Tax for the year		
Estimated tax charge for the year	226	-175
Deferred tax adjustments in the year	25,575	9,199
	<u>25,801</u>	<u>9,024</u>

5 Property, plant and equipment

DKK'000	Investment property	Lease incentives	Total
Cost at 1 January 2021	1,141,616	13,780	1,155,396
Additions	69,860	17,230	87,090
Cost at 31 December 2021	<u>1,211,476</u>	<u>31,010</u>	<u>1,242,486</u>
Revaluations at 1 January 2021	584,265	0	584,265
Value adjustments for the year	78,741	0	78,741
Revaluations at 31 December 2021	<u>663,006</u>	<u>0</u>	<u>663,006</u>
Impairment losses and depreciation at 1 January 2021	0	6,661	6,661
Depreciation	0	4,831	4,831
Impairment losses and depreciation at 31 December 2021	<u>0</u>	<u>11,492</u>	<u>11,492</u>
Carrying amount at 31 December 2021	<u>1,874,482</u>	<u>19,518</u>	<u>1,894,000</u>

Note 16 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.

Financial statements 1 January - 31 December

Notes to the financial statements

Fair value estimation

The fair value is based on a level 3 assesment.

The fair value of the investmennt property is an estimate made by management based on information available and actual expectations as to the future.

The valuation is performed based on a report from an appraiser. The valuation method is the Term and Reversion approach due to the specific lease structures with an equivalent yield of 3.370%

A reversionary yield of 3.403% and a net initial yield of 3.417% has been applied in the market value assessment at 31 December 2021.

The company's investment property is 26.2% office and 0.4% residential and 71.2% retail and 2.2% other.

The investment property is located centrally in copenhagen along 'Strøget'.

The fair value of the investment property is recognized at DKK 1,874,482 thousand under property, plant and equitment and further DKK 19,518 thousand regarding lease incentives has been recognised as lease incentives, as a result of given lease incentives, whereby the full market value of the investment property is DKK 1,894,000 thousand.

The most significant fair value assumptions are:

Net initial yield: 3.417%
Reversionary yield: 3.403%
Equivalent yield: 3.370%

Gross Income 78,739,182
Net Income 65,120,424.

Sensitivity analysis

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

An increase in the equivalent yield by 0.5 percentage points will imply a decrease in the fair value of DKK 334,780 thousand. A decrease in the equivalent yield by 0.5 percentage points will imply an increase in the fair value of DKK 247,752 thousand.

7 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, DKK 6 thousand

8 Receivables

Out of the Company's total receivables, other receivables totalling DKK 4,414 thousand fall due for payment after more than one year after the balance sheet date and relates to the equity share owners' association.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2021	2020
9 Share capital		
Analysis of the share capital:		
1,000,001 shares of DKK 1.00 nominal value each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

Analysis of changes in the share capital over the past 5 years:

DKK'000	2021	2020	2019	2018	2017
Opening balance	1,000	1,000	1,000	1,000	1,000
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

10 Deferred tax		
Investment property	174,770	151,236
Initial recognition differences pertaining to old merger, property	-111,437	-111,437
Tax loss carry-forwards	-23	-2,291
Deferred tax, other	-69	159
Deferred tax at 31 December	<u>63,241</u>	<u>37,667</u>

DKK'000	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
11 Non-current liabilities other than provisions				
Mortgage debt	872,100	0	872,100	764,437
Deposits	11,500	0	11,500	0
	<u>883,600</u>	<u>0</u>	<u>883,600</u>	<u>764,437</u>

12 Provisions
The provision for deferred tax primarily relates to timing differences in respect of property, plant and equipment.

13 Subordinate loan capital
No loan has been granted by the parent company or is subordinated in relation to all other creditors.

14 Deferred income
Deferred income, DKK 8,840 thousand (2020: DKK 1,496 thousand), consists of payments received from tenants that may not be recognised until the subsequent financial year.

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15 Contractual obligations and contingencies, etc.

Other financial obligations

The company has entered into an agreement with Capital Investment for asset management, financial management, etc. The contract can be terminated with a 3-month notice period if certain criteria is met at the end of a quarter with a residual lease commitment at 31 December 2021 of DKK 688 thousand.

The Company has entered into operating leases regarding service agreements, security, etc. with a total residual lease commitment at 31 December 2021 of DKK 185 thousand.

16 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 DKK 1,894,000 thousand

17 Related parties

Galleri K Retail ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Galleri K SCSp	46A avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg	Participating interest

Ownership

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

Name	Domicile
Galleri K SCSp	46A avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg

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DKK'000	2021	2020
18 Appropriation of profit		
Recommended appropriation of profit		
Retained earnings	91,477	40,747
	<u>91,477</u>	<u>40,747</u>
19 Adjustments		
Net adjustment lease incentives	4,831	2,531
Financial income	0	-7,143
Financial expenses	4,262	38,788
Tax for the year	226	-175
Deferred tax	25,575	9,199
Fair value adjustments of Investment property	-78,741	-52,409
	<u>-43,847</u>	<u>-9,209</u>
20 Changes in working capital		
Change in receivables	8,667	-7,839
Change in trade and other payables	-10,353	21,476
	<u>-1,686</u>	<u>13,637</u>
21 Cash and cash equivalents at year-end		
Cash according to the balance sheet	29,989	77,255
	<u>29,989</u>	<u>77,255</u>