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ERLIKA HOLDING ApS

Bundgårdsvej 60
9000 Aalborg
Central Business Registration
No 32270581

Annual report 2019

The Annual General Meeting adopted the annual report on 28.08.2020

Chairman of the General Meeting

Name: Erik Bent Hansen

Contents

Entity details

Entity
ERLIKA HOLDING ApS
Bundgårdsvej 60
9000 Aalborg

Central Business Registration No (CVR): 32270581
Registered in: Aalborg
Financial year: 01.01.2019 - 31.12.2019

Executive Board
Lisbeth Simonsen Pelle
Erik Bent Hansen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4. sal
9000 Aalborg

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of ERLIKA HOLDING ApS for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 28.08.2020

Executive Board

Lisbeth Simonsen Pelle Erik Bent Hansen

Independent auditor's report

To the shareholders of ERLIKA HOLDING ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of ERLIKA HOLDING ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent . The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations for the financial year 01.01.2019 - 31.12.2019 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated

Independent auditor's report

financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 commentary
Management is responsible for the management commentary.

Independent auditor's report

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 the management commentary.

Aalborg, 28.08.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Lars Birner Sørensen
State Authorised Public Accountant
Identification No (MNE) mne11671

Sami Nikolai El-Galaly
State Authorised Public Accountant
Identification No (MNE) mne42793

Management commentary

Primary activities

The primary activities of the Group are real estate investment and other investment activities.

Development in activities and finances

Net income for the year was a profit of DKK 9,154k. Net income is affected by fair value adjustments of investment properties and cost of loan restructurering.

Galionsvej 5 ApS has been merged into Erlika Holding ApS in the financial year.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. The outbreak and spread of COVID19 can affect the groups economical sitatuion in the future. Until the reporting of the annual report, has the effect of COVID19 not had any effect on the groups activities, but there is a continued risk that COVID19 can affect the groups acitivitet even though it is difficult to quantify.

Consolidated income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit		**5.072.675**	**5.277.011**
Fair value adjustments of investment property		10.564.197	2.087.873
Depreciation, amortisation and impairment losses		(22.900)	(22.900)
Operating profit/loss		**15.613.972**	**7.341.984**
Other financial income	1	1.749.673	1.344.584
Other financial expenses	2	(5.476.452)	(2.936.958)
Profit/loss before tax		**11.887.193**	**5.749.610**
Tax on profit/loss for the year	3	(2.732.837)	(1.337.595)
Profit/loss for the year		**9.154.356**	**4.412.015**
Proposed distribution of profit/loss			
Retained earnings		9.154.356	4.412.015
		9.154.356	**4.412.015**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Investment property		177.850.000	147.870.000
Other fixtures and fittings, tools and equipment		98.489	121.389
Property, plant and equipment	4	**177.948.489**	**147.991.389**
Fixed assets		**177.948.489**	**147.991.389**
Trade receivables		127.291	144.239
Receivables from group enterprises		17.565.480	207.163
Other receivables		722.012	15.411.642
Prepayments		44.035	50.555
Receivables		**18.458.818**	**15.813.599**
Cash		**24.992**	**8.831**
Current assets		**18.483.810**	**15.822.430**
Assets		**196.432.299**	**163.813.819**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Contributed capital		125.000	125.000
Retained earnings		52.615.825	43.461.468
Equity		**52.740.825**	**43.586.468**
Deferred tax		12.942.083	8.922.426
Provisions		**12.942.083**	**8.922.426**
Mortgage debt		119.676.985	97.696.186
Other payables		795.074	1.281.854
Non-current liabilities other than provisions	5	**120.472.059**	**98.978.040**
Current portion of long-term liabilities other than provisions	5	918.710	972.319
Bank loans		4.971.455	6.465.756
Deposits		2.079.178	1.814.077
Prepayments received from customers		1.099.012	1.234.010
Trade payables		580.570	698.976
Joint taxation contribution payable		311.978	799.264
Other payables		316.429	342.483
Current liabilities other than provisions		**10.277.332**	**12.326.885**
Liabilities other than provisions		**130.749.391**	**111.304.925**
Equity and liabilities		**196.432.299**	**163.813.819**
Financial instruments	6		
Contingent liabilities	7		
Assets charged and collateral	8		
Subsidiaries	9		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125.000	43.461.468	43.586.468
Profit/loss for the year	0	9.154.357	9.154.357
Equity end of year	**125.000**	**52.615.825**	**52.740.825**

Notes to consolidated financial statements

	2019 DKK	2018 DKK
1. Other financial income		
Financial income arising from group enterprises	1.219.221	0
Fair value adjustments	0	438.646
Other financial income	530.452	905.938
	1.749.673	**1.344.584**

	2019 DKK	2018 DKK
2. Other financial expenses		
Financial expenses from group enterprises	0	2.796
Other interest expenses	3.515.417	2.201.943
Other financial expenses	1.961.035	732.219
	5.476.452	**2.936.958**

Other financial expenses consists of cost of loan restructurerings.

	2019 DKK	2018 DKK
3. Tax on profit/loss for the year		
Current tax	308.909	799.264
Change in deferred tax	2.423.928	538.331
	2.732.837	**1.337.595**

Notes to consolidated financial statements

	Investment property DKK	Other fixtures and fittings, tools and equipment DKK
4. Property, plant and equipment		
Cost beginning of year	117.852.950	458.039
Addition through business combinations etc	25.000.000	0
Disposals on divestments etc	(6.830.370)	0
Additions	715.803	0
Cost end of year	**136.738.383**	**458.039**
Depreciation and impairment losses beginning of year	0	(336.650)
Depreciation for the year	0	(22.900)
Depreciation and impairment losses end of year	**0**	**(359.550)**
Fair value adjustments beginning of year	30.017.050	0
Fair value adjustments for the year	10.564.197	0
Reversal regarding disposals	530.370	0
Fair value adjustments end of year	**41.111.617**	**0**
Carrying amount end of year	**177.850.000**	**98.489**

As described under accounting policies, investment property is measured at fair value using the return-based model. The Group's investment property consists of residential leases as well as a few commercial leases. The Group's investment property is situated in Aalborg, Nørresundby and Copenhagen, Denmark. The required rate of return used for the valuation of individual leases range from 3.33 % to 8.33 %, and the investment properties are valued based on weighted average yields ranging from 3,76 – 4,69 % (weighted average, 4,28 %).

A deviation on the required rate of return of an average of +/- 0,5 percentage points will result in a change in fair value of DKK -18.477 and DKK +23.415k, respectively, and a change in equity of DKK DKK -14.412k and DKK 18.264k.
Normalised net rent used for the calculation is fixed by Management at DKK 7.526k based on the operating expenses and the actual lease of the property.

The Company's properties, in all material respects, have been leased out in the financial year, and according to the market standard for similar properties, vacancy is not budgeted for in the assumptions for normalised operations due to the location of the properties. An external real estate appraiser has not been used for the valuation of the investment property, but Management has used updated market data from a recognised market report to determine the required rate of return. The required rate of return is determined by a weighted average of the individual lease, based on the lease type, location, cost and rental level. The required

Notes to consolidated financial statements

rate of return per property from the market reporting amounts to 3,35 – 6,09 %. Weighted average per property ranging from 3.46 – 4.62 % and combined weighted average from market data for the portfolio equals 4.11 %.

The valuation of the property Glentevej 10, 2400 Copenhagen (DKK 21.3m) is not corrected for sales VAT in the valuation of the property, hence the property in VAT terms has surpassed from a new to an old property. The effect of the change represent DKK 3.4m.

	Due within 12 months 2019 DKK	**Due within 12 months 2018 DKK**	**Due after more than 12 months 2019 DKK**	**Outstanding after 5 years DKK**
5. Liabilities other than provisions				
Mortgage debt	507.734	532.150	119.676.985	118.059.221
Other payables	410.976	440.169	795.074	0
	918.710	**972.319**	**120.472.059**	**118.059.221**

6. Financial instruments

Other payables include a negative fair value of interest rate swaps of DKK 1,206k. The principal of the interest rate swaps amounts to DKK 18,102k, and the remaining term to maturity is 2-3 years. The interest paid is a fixed interest rate between 2.85 and 3.70 %, and the interest received is a floating interest rate based on CIBOR 3M. The interest rate swap does not meet the conditions of being treated as hedge accounting, and the change in fair value is therefore recognised on a continuous basis in the income statement under financial income and expenses.

7. Contingent liabilities

Glentevej 10, 2400 Copenhagen is currently being used for private rental. The property is therefore subject to VAT regulation obligation totaling DKK 1,194k at the balance sheet date.

The Group participates in a Danish joint taxation arrangement where LPEH Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8. Assets charged and collateral

Mortgage debt of DKK 119,434k is secured by way of mortgage on properties. The carrying amount of mortgaged properties comprises of DKK 177,250k.

Bank debt is secured by way of a mortage on properties, the mortgage deed constitutes DKK 23,402k. The carrying amount of mortgaged properties constitutes DKK 54,750k.

Notes to consolidated financial statements

For security to the owners association in Glentevej 10, 2400 Copenhagen, there has been granted mortgages on properties, nominal DKK 52k.

	Registered in	Corporate form	Equity interest %
9. Subsidiaries			
Ejendomsselskabet VN 82 ApS	Aalborg	ApS	100,0
Ejendomsselskabet Kjellerupsgade 9, Aalborg ApS	Aalborg	ApS	100,0
Rantzausgade 1-5 ApS	Aalborg	ApS	100,0
Louisegade 17 ApS	Aalborg	ApS	100,0
Boliganpartsselskabet Boulevarden 26A, Aalborg	Aalborg	ApS	100,0
Prinsensgade 41 ApS	Aalborg	ApS	100,0
Ejendomsselskabet Danmarksgade 63 ApS	Aalborg	ApS	100,0
Danmarksgade 67 ApS	Aalborg	ApS	100,0
Glentevej 10 ApS	Aalborg	ApS	100,0
Fyensgade 42 ApS	Aalborg	ApS	100,0

Parent income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross loss		**(108.178)**	**(7.945)**
Income from investments in group enterprises		9.076.195	4.378.530
Other financial income	1	1.756.491	1.384.614
Other financial expenses	2	(1.522.509)	(1.333.740)
Profit/loss before tax		**9.201.999**	**4.421.459**
Tax on profit/loss for the year	3	(47.642)	(9.444)
Profit/loss for the year		**9.154.357**	**4.412.015**
Proposed distribution of profit/loss			
Retained earnings		9.154.357	4.412.015
		9.154.357	**4.412.015**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Investments in group enterprises		75.059.381	64.545.730
Fixed asset investments	4	**75.059.381**	**64.545.730**
Fixed assets		**75.059.381**	**64.545.730**
Receivables from group enterprises		19.586.365	2.470.973
Other receivables		0	15.146.299
Receivables		**19.586.365**	**17.617.272**
Cash		**1.025**	**999**
Current assets		**19.587.390**	**17.618.271**
Assets		**94.646.771**	**82.164.001**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Contributed capital		125.000	125.000
Reserve for net revaluation according to the equity method		48.700.326	39.624.131
Retained earnings		3.915.499	3.837.337
Equity		**52.740.825**	**43.586.468**
Other payables		795.074	1.281.854
Non-current liabilities other than provisions	5	**795.074**	**1.281.854**
Current portion of long-term liabilities other than provisions	5	410.976	440.169
Bank loans		2.426.796	2.164.319
Trade payables		37.776	43.563
Payables to group enterprises		38.213.682	34.638.184
Joint taxation contribution payable		21.642	9.444
Current liabilities other than provisions		**41.110.872**	**37.295.679**
Liabilities other than provisions		**41.905.946**	**38.577.533**
Equity and liabilities		**94.646.771**	**82.164.001**
Financial instruments	6		
Contingent liabilities	7		
Assets charged and collateral	8		

Parent statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125.000	39.624.131	3.837.337	43.586.468
Profit/loss for the year	0	9.076.195	78.162	9.154.357
Equity end of year	**125.000**	**48.700.326**	**3.915.499**	**52.740.825**

Notes to parent financial statements

	2019 DKK	2018 DKK
1. Other financial income		
Financial income arising from group enterprises	1.240.518	45.968
Other financial income	515.973	1.338.646
	1.756.491	**1.384.614**

	2019 DKK	2018 DKK
2. Other financial expenses		
Financial expenses from group enterprises	721.306	616.116
Other interest expenses	801.203	717.624
	1.522.509	**1.333.740**

	2019 DKK	2018 DKK
3. Tax on profit/loss for the year		
Current tax	47.642	9.444
	47.642	**9.444**

	Invest-ments in group enterprises DKK
4. Fixed asset investments	
Cost beginning of year	24.921.599
Disposals on divestments etc	(550.000)
Additions	1.316.548
Cost end of year	**25.688.147**
Revaluations beginning of year	39.624.131
Disposals on divestments etc	670.908
Share of profit/loss for the year	9.076.195
Revaluations end of year	**49.371.234**
Carrying amount end of year	**75.059.381**

Disposals on divestments etc. comprises merging of Galionsvej 5 ApS.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

	Due within 12 months 2019 DKK	Due within 12 months 2018 DKK	Due after more than 12 months 2019 DKK
5. Liabilities other than provisions			
Other payables	410.976	440.169	795.074
	410.976	**440.169**	**795.074**

6. Financial instruments

Other payables include a negative fair value of interest rate swaps of DKK 1,206k. The principal of the interest rate swaps amounts to DKK 18,102k, and the remaining term to maturity is 2-3 years. The interest paid is a fixed interest rate between 2.85 and 3.70 %, and the interest received is a floating interest rate based on CIBOR 3M. The interest rate swap does not meet the conditions of being treated as hedge accounting, and the change in fair value is therefore recognised on a continuous basis in the income statement under financial income and expenses.

7. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where LPEH ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8. Assets charged and collateral

The Company’s bank debt is secured by shares in subsidiary, Ejendomsselskabet Danmarksgade 63 ApS

Bank debt amounts to DKK 222k at the balance sheet date.

Collateral provided for group enterprises

The Company is liable for all debt to Jyske Bank and BRF Kredit in subsidiaries.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of

Accounting policies

comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue and external expenses.

Revenue
Revenu consists of the year's accrued rental income and are recognized in the income statement as they are earned. Revenue is recognized exclusive VAT, taxes and discounts in connection with the sale and is measured at fair value.

Fair value adjustments of investment property
Fair value adjustment of investment properties for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Accounting policies

Other financial income
Other financial income comprises, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on payables, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	20 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investment property
On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by using the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy

Accounting policies

rate, major refurbishments etc.

The financial year's adjustments of the properties’ fair value are recognised in the income statement.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Other receivables mainly consits of loan to Peha Invest ApS. The loan is on market terms.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Accounting policies

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Joint taxation contributions receivable or payable
Current joint taxation contributions receivable or joint taxation payable is recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.