



Bytorv Horsens ApS

Rued Langgaards Vej 8
2300 København S
CVR No. 33050283

Annual report 2023

The Annual General Meeting adopted the annual report on 26.06.2024

Stig German Mathiasen
Chairman of the General Meeting

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Entity details

Entity

Bytorv Horsens ApS
Rued Langgaards Vej 8
2300 København S

Business Registration No.: 33050283
Registered office: København
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Lars Johansson, Chairman
Søren Brogaard Pedersen
Jesper Andreasen
Stefan Valentin Wigren

Executive Board

Stig German Mathiasen
Claus Tüchsen
Thomas Forslund

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Bytorv Horsens ApS for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

Copenhagen, 26.06.2024

Executive Board

Stig German Mathiasen

Claus Tüchsen

Thomas Forslund

Board of Directors

Lars Johansson
Chairman

Søren Brogaard Pedersen

Jesper Andreasen

Stefan Valentin Wigren

Independent auditor's report

To the shareholders of Bytorv Horsens ApS

Opinion

We have audited the financial statements of Bytorv Horsens ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 Entity'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 financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and

regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 26.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Thomas Frommelt Hertz

State Authorised Public Accountant
Identification No (MNE) mne31543

Rasmus Christiansen

State Authorised Public Accountant
Identification No (MNE) mne50632

Management commentary

Primary activities

The company's main activity is to own and lease the shopping centre Bytorv Horsens

Description of material changes in activities and finances

In the early summer 2023, a relatively large F&B tenant decided to vacate a 1st floor 1,000 m² F&B lease in spite of a long term lease contract with several years to maturity. The company is in a process to decide the best possible future use of these premises and has allowed different concepts to test the premises. The company is focused on reducing the overall vacancies.

Since the existing debt is primarily fixed rate the significant increase in interest rate levels has not had a negative impact on funding costs and have contributed to significant unrealized value gains on mortgage debt which is now incorporated in the company value via equity value adjustment as a consequence of the recent IFRS 9 accounting principles adaption.

Development in activities and finances

The company income statement for 2023 exhibits a loss of TDKK 61,412 and the company balance sheet as of December 31st exhibits an equity of TDKK 58,358.

The result of the year has been positively affected by external expense reduction that is primarily due to bad and doubtful debt adjustments.

The retail lease out is 93 pct. (97% in 2022) and storage/office lease out is 76% (76% in 2022)

The company's result before fair value adjustment is considered satisfactory given the current market circumstances. The statement of profit/loss is negatively affected by a both a negative value adjustment of investment properties and a fair value adjustment of debt further described below. However, there is a significant positive equity increase of TDKK 45,217 deriving from IFRS9 related debt value adjustment.

Uncertainty relating to recognition and measurement

Investment properties are valued in the annual report at fair value and the value adjustments are transferred to the income statement. The valuation is made on the basis of the budget for the coming year adjusted to reflect stabilized operations, which is capitalized with management's estimates of required rate of return. Time-limited discounts and escalation schemes as well as temporary income reductions due to expected run-in periods for tenants whose rent is based on turnover are deducted. The required rate of return ("yield") is based on societal conditions and individual quality conditions on the properties. The fair value statement of the investment property is based on management's estimates, as there is no external assessment. The applied yield of 6,25% (6,00% in 2022) has been increased compared with last year based on current market conditions and in accordance with general retail yield estimates for the asset and location in general in combination with a property specific yield assessment from an external commercial broker source. The property value is reduced with MDKK 59,9 as a consequence of updated income/turnover expectations, increase in yield and methodology related value decreases related to present vacancies.

The introduction of IFRS 9 accounting principle and the derived market value adjustment of debt has overall a positive (equity) value implication of some MDKK 45. However, there is a negative (P&L) value adjustment of

MDKK 8,5 deriving from fair value adjustment of debt that is 2023 related.

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.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Revenue		24,830,303	24,492,688
Other external expenses		(1,534,631)	(4,453,544)
Property costs		(12,230,823)	(12,524,311)
Gross profit/loss		11,064,849	7,514,833
Other financial income	2	3,182	0
Other financial expenses	3	(6,561,276)	(6,743,849)
Profit/loss before fair value adjustments and tax		4,506,755	770,984
Fair value adjustments of investment property		(57,415,341)	(22,993,343)
Fair value adjustments of debt		(8,503,908)	33,213,238
Profit/loss before tax		(61,412,494)	10,990,879
Tax on profit/loss for the year	4	(991,486)	0
Profit/loss for the year		(62,403,980)	10,990,879
Proposed distribution of profit and loss:			
Retained earnings		(62,403,980)	10,990,879
Proposed distribution of profit and loss		(62,403,980)	10,990,879

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Investment property		300,270,117	348,919,530
Property, plant and equipment	5	300,270,117	348,919,530
Fixed assets		300,270,117	348,919,530
Trade receivables		1,260,240	1,567,212
Receivables from group enterprises		148,000	148,000
Other receivables		2,386,364	2,347,396
Prepayments		1,637,617	892,573
Receivables		5,432,221	4,955,181
Cash		12,360,894	20,883,925
Current assets		17,793,115	25,839,106
Assets		318,063,232	374,758,636

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		3,360,000	3,360,000
Retained earnings		54,998,429	117,402,409
Equity		58,358,429	120,762,409
Mortgage debt		247,162,781	242,630,948
Deposits		4,379,707	4,726,723
Non-current liabilities other than provisions	6	251,542,488	247,357,671
Current portion of non-current liabilities other than provisions	6	3,972,076	1,992,960
Prepayments received from customers		2,233	1,121,006
Trade payables		546,499	1,125,891
Payables to group enterprises		0	190,261
Joint taxation contribution payable		991,486	0
Other payables		2,650,021	2,208,438
Current liabilities other than provisions		8,162,315	6,638,556
Liabilities other than provisions		259,704,803	253,996,227
Equity and liabilities		318,063,232	374,758,636
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Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	3,360,000	72,185,269	75,545,269
Changes in accounting policies	0	45,217,140	45,217,140
Adjusted equity beginning of year	3,360,000	117,402,409	120,762,409
Profit/loss for the year	0	(62,403,980)	(62,403,980)
Equity end of year	3,360,000	54,998,429	58,358,429

Notes

1 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.

2 Other financial income

	2023 DKK	2022 DKK
Other interest income	3,182	0
	3,182	0

3 Other financial expenses

	2023 DKK	2022 DKK
Other interest expenses	6,556,071	6,729,064
Other financial expenses	5,205	14,785
	6,561,276	6,743,849

4 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	991,486	0
	991,486	0

5 Property, plant and equipment

	Investment property DKK
Cost beginning of year	526,610,353
Additions	8,765,928
Cost end of year	535,376,281
Fair value adjustments beginning of year	(177,690,823)
Fair value adjustments for the year	(57,415,341)
Fair value adjustments end of year	(235,106,164)
Carrying amount end of year	300,270,117

The company's investment property consists of a shopping center of 16,196 m² located in Horsens. The investment property is measured at fair value using a return-based model. The fair value calculated on the basis of the budgeted net earnings for the coming year adjusted to normal earnings

and capitalized with a required rate of return of 6.25% (2022: 6.00%). The value is adjusted for conditions that are not reflected in normal earnings, such as planned investments, rental discounts, escalation schemes, temporary income reductions due to the expected run-in period for tenants whose rent is based on turnover and expected (structural) vacancy. An increase or decrease of 0.25% in the required rate of return will imply a decrease of DKK 11.9M or an increase of DKK 12.9M respectively in market value.

The fair value adjustment for the year is affected by a revaluation of the Net operation income in the valuation model. Management has for 2023 chosen to reevaluate this as a significant lease tenant has terminated the contract in the shopping Center, and no new long-term tenant has been identified.

6 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Mortgage debt	3,972,076	1,992,960	247,162,781	267,489,988
Deposits	0	0	4,379,707	0
	3,972,076	1,992,960	251,542,488	267,489,988

Mortgage debt is measured at fair value at the balance sheet date, which amounts to 251.134.857 DKK. The outstanding debt amounts to 289.128.719 DKK as per the balance sheet date (2022: 291.121.679 DKK). The fair value is measured by using the official trading price for the underlying bonds for the mortgage debt adjusted for the company's own credit risk, which is assessed to be immaterial based on the underlying collateral for the mortgage loans (unchanged compared to 2022). The financial liabilities measured at fair value, relates to financing of the companies investment property that is also measured at fair value.

The companys liabilities, measured at fair value, has the following maturity for installment and interest payments:

Liabilities measures at fair value (Incl. Interest payment)

	2023			Total
	Due within 1 year	Due with 2 - 5 years	Due after 5 years	
Mortgage debt	11.988.683	74.626.249	321.337.688	407.952.619
Total	11.988.683	74.626.249	321.337.688	407.952.619

	2022			Total
	Due within 1 year	Due with 2 - 5 years	Due after 5 years	
Mortgage debt	8.560.180	67.693.337	340.259.282	416.512.799
Total	8.560.180	67.693.337	340.259.282	416.512.799

For the liabilities measured at fair value, the company has one loan with a variable interest rate. The remaining debt amounts to 49.522.299 DKK (fair value of 49.098.670 DKK) as per the balance sheet date. The interest adjustment will be implemented within the next year.

7 Employees

The Entity has no employees. The members of the Executive Board have not received any remuneration.

8 Financial instruments

Financial instruments such as rent receivables, accounts payable and so on are recognised at amortised cost less any impairments. The fair value of these are deemed to agree with carrying amount. Long-term interestbearing liabilities are reported at fair value.

	<u>2023</u>	<u>2022</u>
	DKK	DKK
Trade receivables	1.260.240	1.567.212
Receivables from group enterprises	148.000	148.000
Other receivables	2.386.364	2.347.396
Cash	12.360.894	20.883.925
Financial assets recognised at amortised cost	16.155.498	24.946.533
Mortgage debt	247.162.781	242.630.948
Current portion of non-current liabilities	3.972.076	1.992.960
Financial liabilities recognised at fair value via profit or loss	251.134.857	244.623.908
Deposits	4.379.707	4.726.723
Prepayments received from customers	2.233	1.121.006
Trade payables	546.499	1.125.891
Payables	0	190.261
Joint taxation contribution payable	991.486	0
Other payables	2.650.021	2.208.438
Financial liabilities recognised at amortised cost	8.569.946	9.372.319

FINANCIAL RISK

COMPANY FINANCIAL POLITY

The financial management is aimed at stabilizing and optimizing the group's operations and financing.

The financial part of the business is governed by the financing policy set by the board.

The financing policy states the overall rules for how the company's financial agreements must be handled and how the risks in the financial part of the company are limited.

Reporting to the board - including financial matters - takes place on a monthly basis and is reviewed to the extent necessary at the ordinary board meetings.

The board of directors continuously considers adjustments to the financing policy and the set objectives for this. It is the company's policy to seek maximum mortgage lending, as this source of financing is considered to be the most optimal. The LTV level on shopping center properties is typically at a maximum level of 60%, although it has been possible to obtain a much higher LTV for Bytorv Horsens based on contractual terms agreed with Jyske Realkredit at the time of acquisition.

In addition to mortgage loans, the aim is to obtain financing depending on the liquidity situation and the need for, among other things, to be able to make necessary investments in both the property and tenants/leaseholds

(capex).

The aim is to obtain long financing commitments (loan terms) and, to the extent necessary, ensure a relatively high proportion of fixed-rate debt, which i.a. results in a high degree of budget security and at the same time results in a financial hedge against interest and yield increases (or decreases). When both interest and yield levels rise (fall), the combination of fixed-rate debt with a high proportion of fixed interest will result in the negative (positive) value implication on the asset due to increased yield being matched by a value reduction (value increase) on the liability side (debt). There may be current conditions and expectations which mean that for a certain proportion of the debt portfolio variable interest rate debt is introduced, which i.a. has been the case in relation to the refinancing of an F5 loan of approx. mDKK 50 that was refinanced with an F1 loan due to an expectation of falling (medium) long-term interest rates, and a desire not to have the interest rate locked in at too high a level.

Bytorv Horsens has a goal of an appropriate level of equity (solidity) and at the same time ensuring that there is a liquidity reserve at the level of mDKK 10 at all times in the form of liquidity and/or credit facilities etc.

COMPANY FINANCING

The company's financing consists of mortgage loans and bank loans (reserve fund loans and commercial loans). Mortgage loans are taken out as annuity loans or standing loans with repayment periods of up to 30 years, initial grace periods of up to 5 years and with fixed interest periods of up to 30 years.

Bank loans are taken up as annuity loans and/or bullet loans with repayment periods of up to 10 years and fixed interest periods of up to 10 years. An initial grace period of up to 5 years will also be sought here, if possible.

The current mortgage and bank loans can basically only be terminated by the lender in the event of the borrower's breach of the loan agreements.

REFINANCING

Bytorv Horsens debt and market value adjustment

as per December 31st 2023

Debt	Nominal value	Current price	Market Value	Market Value			
				Gain/(loss)	Maturity (Years)	Market Value delta	Price sensitivity
Jyske Mortgage OA	149.755.000	74,9120	112.184.466	37.570.534	25,75	19.468.163	13
Jyske Mortgage RTL (F1)	49.522.299	99,1452	49.098.970	423.329	25,75	0	0
Jyske Realkredit Reservefondslån (no bonds)	20.000.000	100,0000	20.000.000	0	26,50	0	0
Jyske Realkredit Reservefondslån (no bonds)	20.000.000	100,0000	20.000.000	0	26,50	0	0
Jyske Realkredit Reservefondslån (no bonds)	25.000.000	100,0000	25.000.000	0	26,50	0	0
Jyske Realkredit Reservefondslån (no bonds)	2.200.000	100,0000	2.200.000	0	26,50	0	0
Jyske Realkredit Commercial Loan (no bonds)	8.654.161	100,0000	8.654.161	0	8,25	0	0
Jyske Realkredit Commercial Loan (no bonds)	4.440.988	100,0000	4.440.988	0	8,50	0	0
Jyske Realkredit Commercial Loan (no bonds)	4.666.685	100,0000	4.666.685	0	9,00	0	0
Jyske Realkredit Commercial Loan (no bonds)	4.889.586	100,0000	4.889.586	0	9,50	0	0
Total	289.128.719		251.134.856	37.993.863		19.468.163	

If the interest rate falls (increases) by 1% point compared to the balance sheet date level, the change in the market value of the company's debt impact result and equity will be negative (positive) before tax by approx. mDKK 19.5 per 31 December 2023.

INTEREST RATE RISK

The interest rate risk consists of the changes in the company's cash flow, which are due to changes in the refinancing rate on interest-bearing debt. The annual interest expense on the company's debt amounted to mDKK 6.6 with the interest rates applicable on the balance sheet date. If the interest rate rises (falls) by 1% point in relation to the current interest rate, the company will realize a larger (smaller) interest expense at the level of mDKK 0.5 per year (the refinancing of the F1 loan takes effect at the beginning of 2025).

LIQUIDITY RISK

The maturity structure of the company's financial debt is such that less than 17% is due within the next 5 years. The company's liquidity risk primarily consists of not being able to service the current payments on both mortgage and bank loans, suppliers/creditors, and having sufficient liquid funds to carry out the necessary development of the company's property and tenants/leaseholds (capex - including furnishing subsidies and inclusion discount to tenants - both new and existing (in case of upgrading/moving etc.)). Bytorv Horsens's current operation generates a positive cash flow before amortization and capex, which is expected to increase from the current level when the center's current tenant performance and the derived earnings from this are expected to improve going forward due to increased rental rates and increasing activity in the form of both footfall and turnover in the center.

CURRENCY RISK

The company is not exposed to currency risk.

9 Fair value information

	Investment Property DKK	Morgage debt DKK
Fair value end of year	300,270,117	251,134,857
Unrealised fair value adjustments recognised in the income statement	(57,415,311)	(8,503,908)

It is not practically possible to separate the part of the value adjustment from the company's debt (which is valued at fair value), which relates to changes in the company's own creditworthiness. The effect is estimated to be immaterial, as mortgage debts are secured by collateral in the company's investments property, which reduces the effect of the assessment of own credit worth.

Fair value hierachy

	2023		
	Level 1	Level 2	Level 3
Investment property	0	0	300.270.117
Mortgage debt	0	251.134.857	0
Total	0	251.134.857	300.270.117

	2022		
	Level 1	Level 2	Level 3
Investment property	0	0	348.919.530
Mortgage debt	0	244.623.908	0
Total	0	244.623.908	348.919.530

10 Contingent assets

The company has an unrecognized deferred tax asset amounting to DKK 26M (2022: DKK 11M).

11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where SSCP Projekt BH 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.

12 Assets charged and collateral

The company's mortgage debts are secured by collateral in the company's investments property. The carrying value of the property, plant and equipment is DKK 300M.

As collateral for any obligation that the company has or may have to Jyske Realkredit A/S at any given time, is the three cash accounts with Jyske Bank. The book value of these accounts is 12.361 TDKK as pr. 31.12.23.

13 Related parties with controlling interest

SSCP BH Holding ApS, Rødovre Centrum 1P, 1. 153, 2610 Rødovre, owns all shares in the Entity, thus exercising control.

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 a few provisions for reporting class C.

Changes in accounting policies

The Entity has changed its accounting policies with regard to recognition of financial assets and liabilities. Previously, the danish financial statements Act. has been used, which referes to IAS 39 for financial assets and liabilities. Management has, for 2023, chosen to implement IFRS 9 for financial assets and liabilities, according to the danish financial Statements Act. section 39 par. 5. Due to this change, the companies mortgage debt (Related to financing of the companies investment property) is now measured at fair value, with value adjustment in the profit and loss statement. Previously this was measured at amortized cost.

The change in accounting policies has led to an increase in companies equity at the beginning of the year of 45,217,140 DKK. The effect on the profit and loss statement amounts to (8.503.908) DKK for 2023, and 33,213,238 DKK for 2022.

The balance sheet total has been unaffected due to this change.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Financial assets and liabilities are measured at fair value on initial recognition. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Fair value adjustments of investment property

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

Fair value adjustments of financial liabilities

Fair value adjustments of financial liabilities comprise adjustments for the financial year of the Entity's financial liabilities measured at fair value at the balance sheet date.

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.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, and amortisation of financial liabilities.

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

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 applying 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 rate, major refurbishments etc.

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

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at fair value which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at fair value. Change in fair value for mortgage debt is recognized in the profit and loss statement.

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 payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are 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.