

Polaris Propco Denmark 2 ApS

c/o 30461 Newsec PAM Denmark A/S
Lyngby Hovedgade 4,
2800 Kongens Lyngby

CVR No. 33267991

Annual Report 2019

9. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 16 September 2020

Jean-Francois Pascal E. Bossy
Chairman

Polaris Propco Denmark 2 ApS

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Management's Statement

Today, Management has considered and adopted the Annual Report of Polaris Propco Denmark 2 ApS for the financial year 1 January 2019 - 31 December 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 assets, liabilities and financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January 2019 - 31 December 2019.

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

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

Kgs. Lyngby, 16 September 2020

Executive Board

Jean-Francois Pascal E. Bossy
CEO

Rohit Sharan Jain
CEO

Solveig Diana Hoffmann
CEO

Independent Auditors' Report

To the shareholders of Polaris Propco Denmark 2 ApS

Opinion

We have audited the financial statements of Polaris Propco Denmark 2 ApS for the financial year 1 January 2019 - 31 December 2019, which comprise an income statement, balance sheet, statement of changes in equity and notes. 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 Company's financial position at 31 December 2019 and of the results of its operations for the financial year 1 January 2019 - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, 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 responsibility 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 considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

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

- * Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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.

Independent Auditors' Report

- * Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 16 September 2020

Deloitte Statsautoriseret Revisionspartnerselskab

CVR-no. 33963556

Lars Andersen

State Authorised Public Accountant

mne34506

Polaris Propco Denmark 2 ApS

Company details

Company

Polaris Propco Denmark 2 ApS
c/o 30461 Newsec PAM Denmark A/S
Lyngby Hovedgade 4,
2800 Kongens Lyngby
CVR-no.: 33267991
Date of formation: 15 November 2010
Registered office: Lyngby-Taarbæk

Executive Board

Jean-Francois Pascal E. Bossy, CEO
Rohit Sharan Jain, CEO
Solveig Diana Hoffmann, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S
CVR-no.: 33963556

Management's Review

The Company's principal activities

The Company's principal activities consist in owning, develop, rent and manage real estate, directly and indirectly, and related business.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2019 - 31 December 2019 shows a loss of DKK -1.323.375 and the Balance Sheet at 31 December 2019 a balance sheet total of DKK 133.005.829 and an equity of DKK 5.484.736.

The company has this year been acquired by a new group. The Group recognizes all properties at cost price, which is why a change in accounting policies has been chosen this year at cost price instead of fair value. There is no accumulated effect of the change of policy for 2019. For 2018, the result before tax for the year is changed by -11.282.653 DKK and after tax by -8.800.469 DKK, whereas the balance sheet total at beginning of the year is reduced by 49.744.516 DKK and equity at 1 January 2019 is reduced by 38.800.722 DKK. The deferred tax at beginning of the year is changed by 10.943.794 DKK as a result of the change in policy.

Post financial year events

No events have occurred after the balance sheet date which would influence the evaluation of the annual report. The outbreak and the spreading of the COVID-19 disease in early 2020 have not had and are not expected to have any material impact on the Entity's financial position and developments as the Entity's rental income is received from lessees who have a high credit rating and have paid a deposit as security for rent payments.

Accounting Policies

Accounting Policies

Reporting Class

The Annual Report of Polaris Propco Denmark 2 ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

Changed accounting policies, estimates and errors

Accounting policies has been changed as follows:

- The company has this year been acquired by a new group. The Group recognizes all properties at cost price, which is why a change in accounting policies has been chosen this year at cost price instead of fair value. There is no accumulated effect of the change of policy for 2019. For 2018, the result before tax for the year is changed by -11.282.653 DKK and after tax by -8.800.469 DKK, whereas the balance sheet total at beginning of the year is reduced by 49.744.516 DKK and equity at 1 January 2019 is reduced by 38.800.722 DKK. The deferred tax at beginning of the year is changed by 10.943.794 DKK as a result of the change in policy.

Apart from the above mentioned fields, the accounting policies are consistent with those of the previous year.

Comparative figures have been adapted to the changed accounting policies.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

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

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the Balance Sheet date are translated at the exchange rates at the Balance Sheet date. Any differences between the exchange rates at the Balance Sheet date and the rates at the time when the receivable or the debt arose are recognised in Financial Income and expenses in the Income Statement.

General Information

Basis of recognition and measurement

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

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

Accounting Policies

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the Income Statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the Income Statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the Income Statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the Income Statement.

Income Statement

Gross profit/loss

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

Revenue

Revenue from rent is recognised in the income statement when delivery and transfer of risk to the byer has been made before year end.

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

Other external expenses

Other external expenses comprise expenses for premises, sales and office expenses, etc.

Amortisation and impairment of investment properties

Amortisation and impairment of investment properties has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Properties	50 years	25%

Financial income and expenses

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

Tax on net profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the tax of the year. The tax attributable to the profit for the year is recognised in the Income Statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Accounting Policies

Balance Sheet

Investment property

Land and buildings are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. The depreciation base is cost less estimated residual value after end of useful life. The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

Useful life 50 years

Residual value Buildings 25 %

Estimated useful lives and residual values are reassessed annually. Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognized in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

The carrying amount of tangible assets are valued on an annual basis for indications of impairment other than that reflected by amortization and depreciation. In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realizable value is lower than the carrying amount, the assets are written down to the lower value. The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividends

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

Provisions

Deferred tax

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in the equity if the deferred tax relates to items recognised in equity.

Accounting Policies

Current tax liabilities and receivables

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

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

Other payables

Other payables are measured at amortised cost, which usually corresponds to the nominal value

Income Statement

	Note	2019 kr.	2018 kr.
Gross profit		10.263.486	10.707.916
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-1.740.955	-1.653.537
Profit from ordinary operating activities		8.522.531	9.054.379
Other finance income		7.828	37.800
Finance expenses	1, 2	-10.178.188	-4.340.414
Profit from ordinary activities before tax		-1.647.829	4.751.765
Tax expense on ordinary activities	3	324.454	-1.038.949
Net profit/loss for the year		-1.323.375	3.712.816
Proposed distribution of results			
Retained earnings		-1.323.375	3.712.816
Distribution of profit		-1.323.375	3.712.816

Polaris Propco Denmark 2 ApS

Balance Sheet as of 31 December

	Note	2019 kr.	2018 kr.
Assets			
Investment property	4	128.514.529	130.255.484
Property, plant and equipment		128.514.529	130.255.484
Fixed assets		128.514.529	130.255.484
Other short-term receivables		2.855.101	290.922
Deferred income		0	1.694
Prepayments		2.855.101	292.616
Cash and cash equivalents		1.636.199	10.551.517
Current assets		4.491.300	10.844.133
Assets		133.005.830	141.099.617

Balance Sheet as of 31 December

	Note	2019 kr.	2018 kr.
Liabilities and equity			
Share capital		10.160.000	10.160.000
Retained earnings		-4.675.264	-6.257.499
Equity		5.484.736	3.902.501
Provisions for deferred tax		3.030.339	3.556.588
Provisions		3.030.339	3.556.588
Mortgage debt		0	73.409.266
Payables to group enterprises		114.875.870	27.863.418
Deposits, liabilities other than provisions		6.062.034	6.326.040
Long-term liabilities other than provisions	5	120.937.904	107.598.724
Short-term part of long-term liabilities other than provisions		0	21.082.479
Trade payables		537.761	611.815
Payables to group enterprises		2.944	0
Tax payables to group enterprises		1.021.326	622.367
Other payables		1.990.819	3.725.143
Short-term liabilities other than provisions		3.552.850	26.041.804
Liabilities other than provisions within the business		124.490.754	133.640.528
Liabilities and equity		133.005.830	141.099.617
Contingent liabilities	6		
Main activities and accounting and financial matters	7		
Related parties	8		

Polaris Propco Denmark 2 ApS

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	10.160.000	32.543.223	42.703.223
Changes of equity through changes in accounting policies	0	-38.800.722	-38.800.722
Adjusted equity 1 January 2019	10.160.000	-6.257.499	3.902.501
Fair value adjustment of hedging instruments, beginning of year	0	3.725.143	3.725.143
Tax on adjustment of hedging instruments	0	-819.531	-819.531
Profit (loss)	0	-1.323.375	-1.323.375
Equity 31 December 2019	10.160.000	-4.675.262	5.484.738

Notes

1. Financial expenses

Interest paid to group enterprises	2.307.462	2.215.493
Other financial expenses	1.473.511	2.115.043
Exchange loss	60.667	9.878
Fair value adjustment of hedging instruments	6.336.547	0
	10.178.187	4.340.414

2. Fair value hedging

Fair value adjustment of hedging instruments	0	3.725.143
	0	3.725.143

The principal of the value hedging is DKK 250.000.000 with a negative fair value of DKK 2.611.405 upon termination.

3. Tax on profit/loss for the year

Current tax for the year	1.021.326	622.678
Deferred tax for the year	-1.345.781	566.315
Adjustment of tax concerning previous years	0	-205.855
Tax on changes in equity	0	55.811
	-324.455	1.038.949

Tax regarding changes in equity in 2019 is 819.531 DKK.

Notes

4. Investment property

Cost at the beginning of the year	142.105.835	137.734.951
Addition during the year, incl. improvements	0	4.370.884
Cost at the end of the year	142.105.835	142.105.835
Depreciation and amortisation at the beginning of the year	-11.850.351	-10.196.814
Amortisation for the year	-1.740.955	-1.653.537
Impairment losses and amortisation at the end of the year	-13.591.306	-11.850.351
Carrying amount at the end of the year	128.514.529	130.255.484

Investment properties was measured at fair Value. At acquisition time in 2019 the seller chosed to chance the accounting policies to cost as the rest of the Group Enterprises.

5. Long-term liabilities

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

The debt falls due for payment as specified below:

	Due after 1 year kr.	Due within 1 year kr.	Due after 5 years kr.
Payables to group enterprises	0	0	114.483.452
Interest payables to group enterprises	0	0	392.418
	0	0	114.875.870

Notes

6. Contingent assets, liabilities and other financial obligations

Other contingent liabilities:

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income as well as for Danish withholding taxes through dividend tax and tax on unearned income. The total amount of tax payables is included in the Annual Report of Polaris Bidco Denmark ApS that is the administration Company in the relation to the joint taxation.

7. The Company's principal activities

The company's key activity is rental of properties within the logistics-business.

8. Related parties

Related parties with controlling interest:

Polaris Bidco Denmark ApS