
Herlev - Big Shopping PropCo ApS

Sankt Annæ Plads 13, 2. th., DK-1250 Copenhagen

Annual Report for 1 January - 31 December 2020

CVR No 35 39 26 61

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
14/04 2021

Henrik Tilsted Knudsen
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Herlev - Big Shopping PropCo ApS for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, 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.

Copenhagen, 14 April 2021

Executive Board

Peter James Todd
Director

Mikkel Skat Skov
Director

Christian Ulrich Brandt Birger-
Christensen
Director

Independent Auditor's Report

To the Shareholder of Herlev - Big Shopping PropCo ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Herlev - Big Shopping PropCo ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

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.

Hellerup, 14 April 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Maj-Britt Nørskov Nannestad

State Authorised Public Accountant

mne32198

Company Information

The Company

Herlev - Big Shopping PropCo ApS
Sankt Annæ Plads 13, 2. th.
DK-1250 Copenhagen

CVR No: 35 39 26 61
Financial period: 1 January - 31 December
Incorporated: 1 July 2013
Financial year: 7th financial year
Municipality of reg. office: Copenhagen

Executive Board

Peter James Todd
Mikkel Skat Skov
Christian Ulrich Brandt Birger-Christensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

The main activity of the Company is investment and development of property.

Development in the year

The income statement of the Company for 2020 shows a loss of DKK 113,233,185, of which value adjustments amount to DKK -195,783,046, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 353,470,651.

As the company is engaged in development of investment properties, the Company is affected by changes in the property market, including the general level of interest rates and economic conditions. For a description of significant assumptions for the fair value recognition as 31 December 2020 please refer to note 2.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Revenue		63.968.415	63.449.709
Other external expenses		-7.065.721	-7.305.499
Gross profit/loss before value adjustments		56.902.694	56.144.210
Value adjustments of assets held for investment		-195.783.046	13.860.081
Gross profit/loss efter værdireguleringer		-138.880.352	70.004.291
Financial income		538	5.041
Financial expenses		-6.290.914	-9.310.553
Profit/loss before tax		-145.170.728	60.698.779
Tax on profit/loss for the year	1	31.937.543	-13.353.732
Net profit/loss for the year		-113.233.185	47.345.047

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid		0	115.000.000
Retained earnings		-113.233.185	-67.654.953
		-113.233.185	47.345.047

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
Investment properties		1.112.600.000	1.307.400.000
Property, plant and equipment	2	1.112.600.000	1.307.400.000
Fixed assets		1.112.600.000	1.307.400.000
Trade receivables		335.849	15.349
Receivables from group enterprises		0	344.271
Other receivables		2.902.431	3.403.622
Receivables		3.238.280	3.763.242
Cash at bank and in hand		28.211.806	12.237.079
Currents assets		31.450.086	16.000.321
Assets		1.144.050.086	1.323.400.321

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		5.080.000	5.080.000
Retained earnings		348.390.651	461.623.836
Equity		353.470.651	466.703.836
Provision for deferred tax		107.308.668	145.549.531
Provisions		107.308.668	145.549.531
Credit institutions		627.436.635	669.655.664
Deposits		1.170.151	1.150.893
Long-term debt	3	628.606.786	670.806.557
Credit institutions	3	40.771.301	30.786.178
Trade payables		4.539	1.874.734
Payables to group enterprises		3.426.231	0
Payables to group enterprises relating to corporation tax		6.303.320	5.460.158
Other payables		4.158.590	2.219.327
Short-term debt		54.663.981	40.340.397
Debt		683.270.767	711.146.954
Liabilities and equity		1.144.050.086	1.323.400.321
Contingent assets, liabilities and other financial obligations	4		
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Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	5.080.000	461.623.836	466.703.836
Net profit/loss for the year	0	-113.233.185	-113.233.185
Equity at 31 December	<u>5.080.000</u>	<u>348.390.651</u>	<u>353.470.651</u>

Notes to the Financial Statements

	2020	2019
	DKK	DKK
1 Tax on profit/loss for the year		
Current tax for the year	6.303.320	5.460.158
Deferred tax for the year	-38.240.863	7.893.574
	-31.937.543	13.353.732

2 Assets measured at fair value

	Investment pro- perties
	DKK
Cost at 1 January	805.956.066
Rent discount	1.978.488
amortized rent discount	-995.442
Cost at 31 December	<u>806.939.112</u>
Value adjustments at 1 January	501.443.934
Revaluations for the year	-195.783.046
Value adjustments at 31 December	<u>305.660.888</u>
Carrying amount at 31 December	<u>1.112.600.000</u>
Assumptions underlying the determination of fair value of investment properties	

The Company's investment property is 100% commercial. The Property comprises a shopping center primarily with retail (72%), restaurant (9%), entertainment (16%) and other (3%).

The investment property is located in the area of Copenhagen. The property is valued at fair value based on a DCF model, which is based on forecasts for future cash flows that the individual property is expected to generate, expected CAPEX investments and development in vacancy.

The basis for value calculation is the individual property's net operating profit, with a budget period of 10 years. The increase in market rent has been estimated to follow a development of 1,5% and with a vacancy level of 1,00%. Expected changes in operating costs have been included in the DCF-model of 1,5%.

The discount rate is fixed for on the basis of a long-term risk-free nominal interest rate plus a risk adjustment. Risk adjustment is made based on an assessment of tenants' solvency and lease duration. The discount rate for budget period and the terminal value for 2020 is set to 7,25%, includes rate of return of 5,75% and expected inflation of 1,5%.

Notes to the Financial Statements

2 Assets measured at fair value (continued)

Sensitivity in determination of fair value of investment properties

An individually determined rate of return of 5,75% has been applied in the market value assessment at 31 December 2020.

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

Changes in average discount rate	-0,5 % DKK	Base DKK	0,5 % DKK
Rate of return	5,3	5,8	6,3
Fair value	1.218.600.000	1.112.600.000	1.023.600.000
Change in fair value	106.000.000	0	-89.000.000

Notes to the Financial Statements

3 Long-term debt

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:

	<u>2020</u> DKK	<u>2019</u> DKK
Credit institutions		
After 5 years	411.562.196	505.295.412
Between 1 and 5 years	<u>215.874.439</u>	<u>164.360.252</u>
Long-term part	627.436.635	669.655.664
Within 1 year	<u>40.771.301</u>	<u>30.786.178</u>
	<u>668.207.936</u>	<u>700.441.842</u>
Deposits		
After 5 years	<u>1.170.151</u>	<u>1.150.893</u>
Long-term part	1.170.151	1.150.893
Within 1 year	<u>0</u>	<u>0</u>
	<u>1.170.151</u>	<u>1.150.893</u>

4 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Investment properties	1.112.600.000	1.307.400.000
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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 divided tax, royalty and tax on unearned income. The total amount of tax payables is included in the Annual Report of Herlev - Big Shopping Park ApS that is the administration Company in relation to the joint taxation.

Notes to the Financial Statements

5 Accounting Policies

The Annual Report of Herlev - Big Shopping PropCo ApS for 2020 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.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

Recognition and measurement

Revenues 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.

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.

Income Statement

Revenue

Rental income is recognised on a straight line-basis over the term of the lease.

Gross profit/loss after value adjustments

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

Financial income and expenses

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

Notes to the Financial Statements

5 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for 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.

Balance Sheet

Investment properties

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed investment properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

In Management's opinion the classification of the property as investment properties did not cause any difficulties.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The fair value of the investment property has assessed by management at 31 December 2020.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

The fair value of the investment property has been determined at 31 December 2020 by using a Discounted Cash Flow model under which expected future cash flows are discounted to present value. The calculations are based on property budgets for the coming years. Allowance has been made for develop-

Notes to the Financial Statements

5 Accounting Policies (continued)

ments in rentals, vacancies, operating expenses, maintenance and administration, etc. The individual, budgeted cash flows are discounted at an individually fixed discount rate added a terminal value. The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

Prepayments

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

Dividend

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

Deferred tax assets and liabilities

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 equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan.

Notes to the Financial Statements

5 Accounting Policies (continued)

Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.