

Herlev - Big Shopping PropCo ApS

Nybrogade 12
1203 København K

CVR no. 35 39 26 61

Annual report for 2023

(10th Financial year)

Adopted at the annual general meeting
on 2 May 2024

Caspar Schultz
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Herlev - Big Shopping PropCo ApS for the financial year 1 January - 31 December 2023.

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 company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 2 May 2024

Executive board

Caspar Schultz
Director

Grant Broadway
Director

Robert Johan Mauritz Göthe
Director

Independent auditor's report

To the shareholder of Herlev - Big Shopping PropCo ApS

Opinion

We have audited the financial statements of Herlev - Big Shopping PropCo ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under 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 2023 and of the results of the company's operations for the financial year 1 January - 31 December 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 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 and 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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 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.

Independent auditor's report

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 Financial Statements Act.

Based on the work we have performed, we conclude that 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 of management's review.

Frederiksberg, 2 May 2024
CVR no. 30 70 02 28

Henrik Reedtz
Statsautoriseret revisor
mne24830

Company details

The company

Herlev - Big Shopping PropCo ApS
Nybrogade 12
1203 København K

CVR no.: 35 39 26 61

Reporting period: 1 January - 31 December 2023

Incorporated: 1 July 2013

Domicile: Copenhagen

Executive board

Caspar Schultz
Grant Broadway
Robert Johan Mauritz Göthe

Auditors

EY
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Management's review

Business review

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

Financial review

The company's income statement for the year ended 31 December 2023 shows a profit of DKK 203.040, and the balance sheet at 31 December 2023 shows equity of DKK 381.264.538.

As the company's purpose is investment in properties, the Company is affected by changes in the property market, including the general economic conditions. The market situation in the real estate sector is affected by uncertainty, as a result of high inflation and increasing interest rates. However, the company's activities have not been significantly affected by this. The uncertainty related to interest rates and yields has created a gap between buyers' and sellers' expectation to prices of properties which is reflected in the lower transaction volume for investment properties in late 2023. This has been reflected in the valuation of the company's properties, which have led to a lower fair value at 31 December 2023.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Herlev - Big Shopping PropCo ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2023 is presented in DKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Accounting policies

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the Company does not disclose its revenue.

Gross profit or loss comprises revenue, property costs and external expenses.

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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

Other external costs

Other external costs include expenses related to administration and property costs. Property costs include costs incurred to operate the Company'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.

Financial income and expenses

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

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Accounting policies

Balance sheet

Tangible assets

Investment properties

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

After initial recognition, the properties are measured at fair value which represents the amount at which the individual property may be sold to an independent buyer. The investment property has been valued based on an external estate agent's valuation using the Direct Capitalisation approach. Fair value adjustments for the financial year are recognised in the income statement.

On subsequent recognition, investment property is measured at cost less the year's depreciation and impairment losses. Investment properties are measured at fair value. Value adjustments of investment properties on subsequent recognition, investment property is measured at cost less the year's depreciation and impairment losses.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Accounting policies

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Liabilities

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Income statement
1 January 2023 - 31 December 2023

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Gross profit		57.933.705	58.567.388
Fair value adjustments of investment properties		<u>-36.731.224</u>	<u>-34.417.349</u>
Profit/loss before net financials		21.202.481	24.150.039
Financial income		672.311	0
Financial costs	1	<u>-20.225.316</u>	<u>-13.349.098</u>
Profit/loss before tax		1.649.476	10.800.941
Tax on profit/loss for the year	2	<u>-1.446.436</u>	<u>-2.055.297</u>
Profit/loss for the year		<u>203.040</u>	<u>8.745.644</u>
 Recommended appropriation of profit/loss			
Proposed dividend for the year		35.695.000	34.677.000
Retained earnings		<u>-35.491.960</u>	<u>-25.931.356</u>
		<u>203.040</u>	<u>8.745.644</u>

Balance sheet at 31 December 2023

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Assets			
Investment properties	3	<u>1.058.000.000</u>	<u>1.099.000.000</u>
Tangible assets		<u>1.058.000.000</u>	<u>1.099.000.000</u>
Total non-current assets		<u>1.058.000.000</u>	<u>1.099.000.000</u>
Trade receivables		2.228.005	1.272.043
Other receivables		1.122.601	215.078
Corporation tax		77.418	77.418
Prepayments		<u>287.843</u>	<u>887.784</u>
Receivables		<u>3.715.867</u>	<u>2.452.323</u>
Cash at bank and in hand		<u>62.097.239</u>	<u>55.507.202</u>
Total current assets		<u>65.813.106</u>	<u>57.959.525</u>
Total assets		<u><u>1.123.813.106</u></u>	<u><u>1.156.959.525</u></u>

Balance sheet at 31 December 2023

	Note	2023 DKK	2022 DKK
Equity and liabilities			
Share capital		5.080.000	5.080.000
Retained earnings		340.489.538	375.981.498
Proposed dividend for the year		35.695.000	34.677.000
Equity		381.264.538	415.738.498
Provision for deferred tax		110.763.397	114.086.554
Total provisions		110.763.397	114.086.554
Banks		434.412.162	0
Payables to Group entities		181.783.187	181.783.187
Deposits		2.768.737	1.458.809
Total non-current liabilities	4	618.964.086	183.241.996
Banks		4.115.535	0
Trade payables		52.867	0
Payables to Group entities		0	435.000.000
Corporation tax		4.808.629	4.819.697
Other payables		3.844.054	4.072.780
Total current liabilities		12.821.085	443.892.477
Total liabilities		631.785.171	627.134.473
Total equity and liabilities		1.123.813.106	1.156.959.525
Staff costs	5		
Contingent liabilities	6		
Mortgages and collateral	7		
Related parties and ownership structure	8		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
Equity at 1 January 2023	5.080.000	375.981.498	34.677.000	415.738.498
Ordinary dividend on treasury shares	0	0	-34.677.000	-34.677.000
Net profit/loss for the year	0	-35.491.960	35.695.000	203.040
Equity at 31 December 2023	<u>5.080.000</u>	<u>340.489.538</u>	<u>35.695.000</u>	<u>381.264.538</u>

Notes

	<u>2023</u>	<u>2022</u>
	DKK	DKK
1 Financial costs		
Interest paid to Group entities	4.483.341	13.069.758
Other financial costs	<u>15.741.975</u>	<u>279.340</u>
	<u>20.225.316</u>	<u>13.349.098</u>
2 Tax on profit/loss for the year		
Current tax for the year	4.720.120	4.819.697
Deferred tax for the year	-2.354.160	-2.889.811
Adjustment of tax concerning previous years	49.473	125.411
Adjustment of deferred tax concerning previous years	<u>-968.997</u>	<u>0</u>
	<u>1.446.436</u>	<u>2.055.297</u>
3 Assets measured at fair value		
		<u>Investment pro- perties</u>
Cost at 1 January 2023		<u>807.931.994</u>
Cost at 31 December 2023		<u>807.931.994</u>
Revaluations at 1 January 2023		291.068.006
Revaluations for the year		-36.731.224
Straight-line revenue recognition		<u>-4.268.776</u>
Revaluations at 31 December 2023		<u>250.068.006</u>
Carrying amount at 31 December 2023		<u>1.058.000.000</u>

Notes

3 Assets measured at fair value (continued)

Disclosure of the assumptions underlying fair value calculations of assets and liabilities

The fair value is based on a level 3 assessment. The investment property has been valued based on an external estate agent's valuation using the Direct capitalization approach. The estate agent has set the required rate of return at 6.45%. The budgeted rental income has been determined based on leases entered into. The operating expenses of the property - including maintenance costs that often have an aperiodic structure - have been determined using an on-average basis. The return set for the year has been capitalised by the required rate of return defined. Based on this, the investment property has been recognized at DKK 1.058.000.000.

The assumptions below are based on the total value of DKK 1.058.000.000, Gross income per sqm: DKK 1.747, Net income per sqm: DKK 1.685, Gross rental value per sqm: DKK 1.636.

The sensitivity related to the calculation can be reflected as follows:

Value at a rate of return of 6.20% (6.45% less 0.25%) DKK 1.100.661.290.

Value at a rate of return of 6.70% (6.45% plus 0.25%) DKK 1.018.522.388.

The valuation of the property is based on estimates and relies on a number of uncertain factors, including expected developments in the property market and the attractiveness of the property. The Company believes that the external estate agent's valuation is the best measure of the value of the property at 31 December 2023.

4 Long term debt

	Debt at 1 January 2023	Debt at 31 December 2023	Instalment next year	Debt outstanding after 5 years
Banks	0	438.527.697	0	435.000.000
Payables to Group entities	181.783.187	181.783.187	0	0
Deposits	1.458.809	2.768.737	0	0
	183.241.996	623.079.621	0	435.000.000

Notes

5 Staff costs

The company has no employees.

6 Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Vimmelskftet 30 Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the income year 2021 for income taxes etc. for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

7 Mortgages and collateral

Conservative gearing in form of third party senior bank debt are secured in way of first ranking property.

Assets worth a total of DKK 1.058.000.000 have been pledged as collateral or otherwise charged. The pledged assets comprises of investment property.

8 Related parties and ownership structure

- The Company is 100 % owned by Big Shopping Holding ApS.
 - Herlev - Big Shopping PropCo ApS is included in the consolidated financial statements for M&G European Property Fund SICAV-FIS at the lowest and highest level.
- Registered office: 16, Boulevard Royal, L - 2449 Luxembourg