

# Hornbæk Skovpark Resort 2017 ApS

Amaliegade 10, 1256 København K

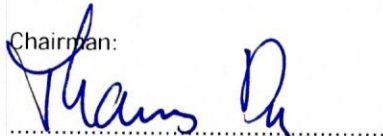
CVR no. 38 39 54 16

## Annual report 2017

(As of the establishment of the Company 3 February - 31 December 2017)

Approved at the Company's annual general meeting on 19 March 2018

Chairman:



Thomas Dywremose





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## Statement by the Board of Directors and the Executive Board

Today, the Executive Board has discussed and approved the annual report of Hornbæk Skovpark Resort 2017 ApS for the financial year as of the establishment of the Company 3 February - 31 December 2017.

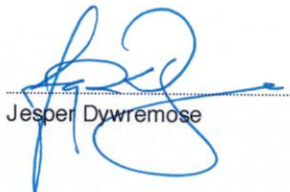
The annual report is prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year as of the establishment of the Company 3 February - 31 December 2017.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 19 March 2018  
Executive Board:



Jesper Dywremose

## Independent auditor's report

To the shareholder of Hornbæk Skovpark Resort 2017 ApS

### Opinion

We have audited the financial statements of Hornbæk Skovpark Resort 2017 ApS for the financial year as of the establishment of the Company 3 February - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year as of the establishment of the company 3 February - 31 December 2017 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Group 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 rules and requirements.

### 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 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 as to 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 the 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:

- u 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.



### Independent auditor's report

- ▶ 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 note 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.

### Statement on the 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 assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility 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 our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 19 March 2018  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Peter Gath  
State Authorized Public Accountant  
MNE no. mne19718



## Management's review

### Company details

Name	Hornbæk Skovpark Resort 2017 ApS
Address, Postal code, City	Amaliegade 10, 1256 København K
CVR no.	38 39 54 16
Established	3 February 2017
Registered office	Copenhagen
Financial year	3 February - 31 December 2017
Executive Board	Jesper Dywremose
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuhs Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Business review

The company's activity is development and construction of 64 homes for sale in Hornbæk.

Details of the homes can be found on the internet:

<http://livinghomes.dk/for-sale/apartments/apartmentsdetail/?id=254363>

### Financial review

2017 was a start-up year. Consequently, the income statement for 2017 shows a loss of DKK 516,357 after tax.

The loss means that the Company has lost its share capital at 31st December 2017.

On 31 December 2017 the Company had debt to its parent company at DKK 2,007,345. It is expected that the debt will be converted to equity in 2018 (as a group contribution) whereafter the share capital will be recovered.

### Events after the balance sheet date

Early 2018 the Company has received a further loan at the amount of DKK 15,000,000 from a share holder to carry on payment for land and development of homes for sale. Negotiations with mortgage companies and bankers will take place in 2018 with respect to financing the construction of homes for sale.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



## Financial statements for the period 3 February - 31 December 2017

### Income statement

Note	DKK	2017 11 months
	Gross margin	-589,844
	Financial income	14,605
3	Financial expenses	-84,562
	Profit/loss before tax	-659,801
4	Tax for the year	143,444
	Profit/loss for the year	-516,357
	Recommended appropriation of profit/loss	-516,357
	Retained earnings/accumulated loss	-516,357



## Financial statements for the period 3 February - 31 December 2017

### Balance sheet

Note	DKK	2017	Opening balance at 3 February 2017
	<b>ASSETS</b>		
	Non-fixed assets		
5	Inventories		
	Work in progress	19,652,660	0
		<u>19,652,660</u>	<u>0</u>
	Receivables		
	Deferred tax assets	134,128	0
	Corporation tax receivable	9,316	0
6	Other receivables	6,704,600	50,000
	Prepayments	45,000	0
		<u>6,893,044</u>	<u>50,000</u>
	Total non-fixed assets	<u>26,545,704</u>	<u>50,000</u>
	<b>TOTAL ASSETS</b>	<u>26,545,704</u>	<u>50,000</u>
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
7	Share capital	50,000	50,000
	Retained earnings	-516,357	0
	Total equity	<u>-466,357</u>	<u>50,000</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Payables to group enterprises	2,007,345	0
	Payables to shareholders and management	10,476,389	0
	Other payables	14,528,327	0
		<u>27,012,061</u>	<u>0</u>
	Total liabilities other than provisions	<u>27,012,061</u>	<u>0</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>26,545,704</u>	<u>50,000</u>

- 1 Accounting policies
- 2 Staff costs
- 8 Contractual obligations and contingencies, etc.
- 9 Collateral

## Financial statements for the period 3 February - 31 December 2017

### Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Cash payments concerning formation of enterprise	50,000	0	50,000
Transfer through appropriation of loss	<u>0</u>	<u>-516,357</u>	<u>-516,357</u>
Equity at 31 December 2017	<u>50,000</u>	<u>-516,357</u>	<u>-466,357</u>

## Financial statements for the period 3 February - 31 December 2017

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Hornbæk Skovpark Resort 2017 ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the parent company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those adapted in the opening balance.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Income statement

##### Revenue

Income from the sale of homes is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

##### Gross margin

The items revenue, change in inventories of real estate projects, and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

##### External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to designing and constructing homes, sale, advertising, and administration.

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

## Financial statements for the period 3 February - 31 December 2017

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Inventories

Inventories consist of projects with development and construction of homes for sale, including the purchase price for land.

Inventories are measured at cost in accordance with the FIFO method. Where the expected net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Paid interest on loans has been included in the value of inventories when the interest is related to the real estate projects including land and development/construction costs.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired on an individual basis.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Liabilities are measured at net realisable value.

## Financial statements for the period 3 February - 31 December 2017

### Notes to the financial statements

#### 2 Staff costs

The Company has no employees.

	2017 11 months
DKK	<u>                    </u>
3 Financial expenses	
Interest expenses, group entities	57,345
Interest expenses, share holders	476,389
Other financial expenses	250,828
Financial expenses included in inventories	<u>-700,000</u>
	<u>84,562</u>
4 Tax for the year	
Estimated tax charge for the year	-9,316
Deferred tax adjustments in the year	<u>-134,128</u>
	<u>-143,444</u>

#### 5 Inventories

Inventories consist of development projects regarding construction of 64 homes in Hornbæk including the value of purchased land.

The cost of inventories includes interest expenses totalling DKK 700,000. Interest expenses relate to borrowings in the development and construction period.

	2017	Opening balance at 3 February 2017
DKK	<u>                    </u>	<u>                    </u>
6 Other receivables		
VAT reimbursement	4,758,569	0
Debt securities receivable including interest	1,767,245	0
Other receivables	<u>178,786</u>	<u>50,000</u>
	<u>6,704,600</u>	<u>50,000</u>

Debt securities receivable is expected to be repaid with DKK 1,000,000 plus interest during 2018.

#### 7 Share capital

The Company's share capital has remained DKK 50,000 since the establishment.

#### 8 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is jointly taxed with its parent, DK Development 1 ApS, which acts as management company, and is jointly and severally with the parent company for payment of income taxes.



## Financial statements for the period 3 February - 31 December 2017

### Notes to the financial statements

#### 9 Collateral

As security for the Company's debt to a share holder, the Company has provided security in its inventories (real estate) for DKK 40,000,000.