

Hornbæk Skovpark Resort 2017 ApS

Amaliegade 10, 1256 København K

CVR no. 38 39 54 16

Annual report 2019

Approved at the Company's annual general meeting on 26 March 2020

Chairman:

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Thomas Dywremose





Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10



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 1 January - 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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, 26 March 2020
Executive Board:

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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 1 January - 31 December 2019, 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 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 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:

- ▶ 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, 26 March 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath
State Authorized Public Accountant
mne19718



Management's review

Company details

Name	Hornbæk Skovpark Resort 2017 ApS
Address, Postal code, City	c/o Mazanti-Andersen Korsø Jensen Amaliegade 10, 1256 København K
CVR no.	38 39 54 16
Established	3 February 2017
Registered office	Copenhagen
Financial year	1 January - 31 December
Executive Board	Jesper Dywremose
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 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. Stage 1 was completed 2019 and comprises 12 apartments and 14 houses (26 homes). A total of 9 homes were handed over to buyers 2019.

Financial review

The income statement for 2019 shows a loss of DKK 1,126,744 after tax.

The loss is caused by the fact that it has been more expensive than expected to develop and construct the homes for sale. Therefore, profit from sales has not been able to cover administration costs and interest expenses.

The Company has credits and loan facilities with a bank and a group entity. On this basis, management considers that the Company has the necessary liquidity to continue business.

The Company has lost more than 50% of the share capital. Consequently, the Company is subject to the provisions on capital loss of the Danish Companies Act.

Events after the balance sheet date

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

Financial statements 1 January - 31 December

Income statement

Note	DKK	2019	2018
	Gross loss	-310,387	-388,204
2	Staff costs	-69,580	-71,240
	Profit/ loss before net financials	-379,967	-459,444
3	Financial income	124,382	86,353
4	Financial expenses	-1,187,649	-114,771
	Profit/ loss before tax	-1,443,234	-487,862
5	Tax for the year	316,490	107,329
	Profit/ loss for the year	-1,126,744	-380,533
	 Recommended appropriation of profit/ loss		
	Retained earnings/accumulated loss	-1,126,744	-380,533
		-1,126,744	-380,533

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	ASSETS		
	Non-fixed assets		
6	Inventories		
	Work in progress	53,265,176	40,996,147
		53,265,176	40,996,147
	Receivables		
	Trade receivables	6,107	0
	Deferred tax assets	278,795	140,712
	Corporation tax receivable	178,407	100,745
7	Other receivables	1,155,669	2,891,777
	Prepayments	25,654	0
		1,644,632	3,133,234
	Cash	366,531	935,419
	Total non-fixed assets	55,276,339	45,064,800
	TOTAL ASSETS	55,276,339	45,064,800
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	50,000	50,000
	Retained earnings	-30,347	1,096,397
	Total equity	19,653	1,146,397
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	23,875,699	21,786,395
	Prepayments received from customers	40,680	0
	Trade payables	3,329,329	40,000
	Payables to group enterprises	27,720,233	22,071,458
	Other payables	290,745	20,550
		55,256,686	43,918,403
	Total liabilities other than provisions	55,256,686	43,918,403
	TOTAL EQUITY AND LIABILITIES	55,276,339	45,064,800

- 1 Accounting policies
9 Contractual obligations and contingencies, etc.
10 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2018	50,000	-516,357	-466,357
Transfer through appropriation of loss	0	-380,533	-380,533
Contribution from group	0	1,993,287	1,993,287
Equity at 1 January 2019	50,000	1,096,397	1,146,397
Transfer through appropriation of loss	0	-1,126,744	-1,126,744
Equity at 31 December 2019	50,000	-30,347	19,653

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Hornbæk Skovpark Resort 2017 ApS for 2019 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 of last year.

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 loss

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.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc.

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

Financial statements 1 January - 31 December

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 until end of the construction phase 30 June 2019 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.

Cash

Cash comprise bank balances.

Equity

Grants without consideration within a group

Contributions received from a parent company without consideration are recognised under "Retained earnings in equity" in the balance sheet as a capital injection.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Prepayments received from customers

Prepayments received from customers consist of adjustments to sales prices for sold homes where money will be repaid to the customer, and downpayments for homes for sale where the most significant rewards and risks will not be transferred to the customer until subsequent financial reporting years.

DKK	2019	2018
2 Staff costs		
Wages/ salaries	50,000	50,000
Other staff costs	19,580	21,240
	<u>69,580</u>	<u>71,240</u>
Staff costs concern the executive board (1 person).		
3 Financial income		
Interest receivable, group entities	560	0
Other financial income	123,822	86,353
	<u>124,382</u>	<u>86,353</u>
4 Financial expenses		
Interest expenses, group entities	1,295,912	1,192,827
Other financial expenses	891,737	246,944
Financial expenses included in inventories	-1,000,000	-1,325,000
	<u>1,187,649</u>	<u>114,771</u>
5 Tax for the year		
Estimated tax charge for the year	-178,407	-100,745
Deferred tax adjustments in the year	-138,083	-6,584
	<u>-316,490</u>	<u>-107,329</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Inventories

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

At 31 December 2019 the cost of inventories includes interest expenses totalling a balance at DKK 2,073.056 related to borrowings in the development and construction period.

DKK	<u>2019</u>	<u>2018</u>
7 Other receivables		
VAT reimbursement	0	1,859,930
Debt securities receivable including interest	<u>1,155,669</u>	<u>1,031,847</u>
	<u>1,155,669</u>	<u>2,891,777</u>

Debt securities receivable came due during 2018 and 2019 and has not yet been repaid. Payment guarantees from other companies and security in shares of another company have been received as security for the receivables.

8 Share capital

The Company's share capital has remained DKK 50,000 over the past 3 years.

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with other group companies, and is jointly and severally liable with those companies for payment of income taxes.

10 Collateral

As security for the Company's bank debt, the Company has provided security in its inventories (real estate) for DKK 40,000,000. As security for any debt to the landowners' association of the area, the Company has provided security in its inventories (real estate) for DKK 170,000.

The Company has established a bank guarantee at DKK 9,000,000 to a building contractor.

The company has provided security at DKK 2,124,000 to its financial institution in future sales of a home (inventory).

Cash at DKK 165,980 has been deposited for the companies' liabilities regarding customers and sale of homes. The deposited amounts have been provided as security for the Company's bank debt.

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Jesper Jarl Dywremose

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