
***WRE Denmark -
Commercial Non-Cph ApS***

c/o Lyngby Hovedgade 4, DK-2800 Kgs. Lyngby

**Annual Report for 1 January - 31
December 2019**

CVR No 38 77 57 66

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
17/04 2020

Torben Degn
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of WRE Denmark - Commercial - Non-Cph ApS for the financial year 1 January - 31 December 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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

Copenhagen, 17 April 2020

Executive Board

Torben Degn
CEO

Dennis Jørgen Althoff-Andersen
Executive Officer

Independent Auditor's Report

To the Shareholder of WRE Denmark - Commercial - Non-Cph ApS

Opinion

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.

We have audited the Financial Statements of WRE Denmark - Commercial - Non-Cph ApS for the financial year 1 January - 31 December 2019, 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.

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 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

Independent Auditor's Report

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.

Hellerup, 17 April 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob F Christiansen
State Authorised Public Accountant
mne18628

Jesper Bo Winther
State Authorised Public Accountant
mne26864

Company Information

The Company

WRE Denmark - Commercial - Non-Cph ApS
c/o Lyngby Hovedgade 4
DK-2800 Kgs. Lyngby

CVR No: 38 77 57 66

Financial period: 1 January - 31 December

Municipality of reg. office: Lyngby, Denmark

Executive Board

Torben Degn

Dennis Jørgen Althoff-Andersen

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Gross profit/loss before value adjustments		21.918.021	20.284.308
Value adjustments of investment assets	3	-5.109.965	25.531.868
Gross profit/loss after value adjustments		16.808.056	45.816.176
Financial income	4	42.409	8.483
Financial expenses	5	-6.205.580	-6.379.642
Profit/loss before tax		10.644.885	39.445.017
Tax on profit/loss for the year	6	-2.220.292	-8.690.420
Net profit/loss for the year		8.424.593	30.754.597

Distribution of profit

Proposed distribution of profit

Retained earnings	8.424.593	30.754.597
	8.424.593	30.754.597

Balance Sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Investment properties		381.400.000	384.600.000
Property, plant and equipment	7	381.400.000	384.600.000
Fixed assets		381.400.000	384.600.000
Trade receivables		160.420	253.613
Receivable from group enterprises		3.451.866	2.200.962
Receivables		3.612.286	2.454.575
Cash at bank and in hand		935.508	428.269
Currents assets		4.547.794	2.882.844
Assets		385.947.794	387.482.844

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		54.000	54.000
Retained earnings		111.285.405	102.860.812
Equity		111.339.405	102.914.812
Provision for deferred tax		6.236.652	6.834.802
Provisions		6.236.652	6.834.802
Mortgage loans		163.716.862	173.398.473
Payables to group enterprises		77.943.186	74.841.614
Long-term debt	8	241.660.048	248.240.087
Mortgage loans	8	9.421.286	9.414.730
Prepayments received from customers		0	1.576.095
Trade payables		210.907	760.979
Payables to group enterprises	8	2.623.336	1.606.529
Corporation tax		1.114.418	2.788.854
Deposits		8.312.389	9.490.084
Other payables		5.029.353	2.297.899
Deferred income		0	1.557.973
Short-term debt		26.711.689	29.493.143
Debt		268.371.737	277.733.230
Liabilities and equity		385.947.794	387.482.844
Subsequent events	1		
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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	54.000	102.860.812	102.914.812
Net profit/loss for the year	0	8.424.593	8.424.593
Equity at 31 December	54.000	111.285.405	111.339.405

Notes to the Financial Statements

1 Subsequent events

The outbreak of Covid-19 and the actions taken by governments across the world to mitigate the effects, will have a great impact on the global economy. Management considers the implications of Covid-19 as a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the company.

This means that the valuation of the company's investment property at 31 December 2019 is based on assumptions which may differ from Management expectations at the time of adoption of the Annual Report.

Currently, it is not possible to assess the effect of Covid-19 on the 2020 Financial Statements.

2 Key activities

The purpose of the Company is investment, owner-ship, administration, development and sale of properties and any business related hereto.

3 Value adjustments of investment assets

	2019 DKK	2018 DKK
Other value adjustments of investment properties	-5.109.965	25.531.868
	-5.109.965	25.531.868

4 Financial income

Other financial income	42.409	8.483
	42.409	8.483

5 Financial expenses

Interest paid to group enterprises	4.400.438	4.687.460
Other financial expenses	1.805.142	1.692.182
	6.205.580	6.379.642

Notes to the Financial Statements

	2019 DKK	2018 DKK
6 Tax on profit/loss for the year		
Current tax for the year	2.818.442	2.379.520
Deferred tax for the year	-598.150	6.310.900
	2.220.292	8.690.420

7 Assets measured at fair value

	Investment pro- perties DKK
Cost at 1 January	359.068.131
Additions for the year	1.909.965
Cost at 31 December	360.978.096
Value adjustments at 1 January	25.531.869
Revaluations for the year	-5.109.965
Value adjustments at 31 December	20.421.904
Carrying amount at 31 December	381.400.000

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods (DCF calculations) based on management's expectations for future cash flow, required rate of return etc.

The fair value of Hasselager Centervej 1-29 has been calculated based on the following assumptions:

	2019 DKK	2018 DKK
Budget period	10 years	10 years
Discount rate	8,25 %	8,5 %
Growth in terminal period	1,5 %	1,5 %

The fair value of Niels Jernes Vej 6 has been calculated based on the following assumptions:

Notes to the Financial Statements

7 Assets measured at fair value (continued)

Budget period	10 years	10 years
Discount rate	8,0 %	8,0 %
Growth in terminal period	1,5 %	1,5 %

The fair value of Ringsted Nørretorv Center 1 has been calculated based on the following assumptions:

Budget period	10 years	10 years
Discount rate	8,75 %	8,75 %
Growth in terminal period	1,5 %	1,5 %

The fair value of Paludan-Müllers vej 82 has been calculated based on the following assumptions:

Budget period	10 years	10 years
Discount rate	7,5 %	7,5 %
Growth in terminal period	1,5 %	1,5 %

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.

Notes to the Financial Statements

8 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>2019</u> DKK	<u>2018</u> DKK
Mortgage loans		
After 5 years	125.906.087	135.602.166
Between 1 and 5 years	<u>37.810.775</u>	<u>37.796.307</u>
Long-term part	163.716.862	173.398.473
Within 1 year	<u>9.421.286</u>	<u>9.414.730</u>
	<u>173.138.148</u>	<u>182.813.203</u>
Payables to group enterprises		
After 5 years	<u>77.943.186</u>	<u>74.841.614</u>
Long-term part	77.943.186	74.841.614
Other short-term debt to group enterprises	<u>2.623.336</u>	<u>1.606.529</u>
	<u>80.566.522</u>	<u>76.448.143</u>

Notes to the Financial Statements

	2019 DKK	2018 DKK
9 Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Mortgage deeds registered to the mortgagor totalling DKK 194.800.000, providing security on and buildings with carrying amount of	381.400.000	384.600.000

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 company has a part of debt to credit institutions mortgage the investment properties across the Danish companies within this fund.

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of WRE Denmark - Commercial - Non-Cph 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.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 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, 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.

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 dates 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.

Notes to the Financial Statements

10 Accounting Policies (continued)

Income Statement

Revenue

Revenue from rent is recognised in the income statement when delivery and transfer of risk to the buyer have 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.

Expenses concerning investment properties

Expenses concerning investment properties primarily include operating expenses for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

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, expenses concerning investment properties 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.

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 wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

10 Accounting Policies (continued)

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.

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

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 investment properties has been assessed by the independent assessor firm Nordicals at 31 December 2019.

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.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

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 de-

Notes to the Financial Statements

10 Accounting Policies (continued)

ferred 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 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 nominal value.

Deferred income

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