

# **Naestved Storcenter ApS**

co Citco Denmark ApS  
Holbergsgade 14, 2. tv.  
1057 København K

CVR no. 39 04 04 68

## **Annual report for 2017/18**

(1st Financial year)

Adopted at the annual general meeting  
on 29 May 2019

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Ole Meier Sørensen  
chairman

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## **Statement by management on the annual report**

The executive board has today discussed and approved the annual report of Naestved Storcenter ApS for the financial year 25. oktober 2017 - 31. december 2018.

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 2018 and of the results of the company's operations for the financial year 25. oktober 2017 - 31. december 2018.

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, 29 May 2019

### **Executive board**

Charlotte Sydow Bech Jensen  
director

Ole Meier Sørensen  
director

Victor-Manuel Persson  
director

## **Independent auditor's report**

### **To the shareholder of Naestved Storcenter ApS**

#### **Opinion**

We have audited the financial statements of Naestved Storcenter ApS for the financial year 25. oktober 2017 - 31. december 2018, which comprise a summary of significant accounting policies, income statement, balance sheet 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 2018 and of the results of the company's operations for the financial year 25. oktober 2017 - 31. december 2018 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. 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 judgment and maintain professional skepticism 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.

Hellerup, 29 May 2019  
CVR no. 33 77 12 31

Maj-Britt Nørekov Nannestad  
State Authorised Public Accountant  
MNE no. mne32198

## Company details

### The company

Naestved Storcenter ApS  
co Citco Denmark ApS  
Holbergsgade 14, 2. tv.  
1057 København K

CVR no.: 39 04 04 68

Reporting period: 25. oktober 2017 - 31. december 2018

Incorporated: 25. October 2017

Domicile: Copenhagen

### Executive board

Charlotte Sydow Bech Jensen, director  
Ole Meier Sørensen, director  
Victor-Manuel Persson, director

### Auditors

PRICEWATERHOUSECOOPERS  
STATSAUTORISERETREVISIONSPARTNERSELSKAB  
Strandvejen 44  
2900 Hellerup

## **Management's review**

### **Business activities**

The purpose of the company is to own shares in Danish or foreign companies.

The company's purpose is also to invest in and develop real estate, as well as to carry out property management and all activities that, in the opinion of the Executive Board, are related to this.

### **Business review**

The company's income statement for the year ended 31 december shows a profit of DKK 83.943.066, and the balance sheet at 31. december 2018 shows equity of DKK 431.414.650.

The company has been incorporated 25 october 2017 and has during its first financial year purchased the Næstved Storcenter property.

Management is satisfied with the result of the year and expects the result for 2019 to be at the same level.

## **Accounting policies**

The annual report of Naestved Storcenter ApS for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with the option of individual rules from class C.

The annual report for 2017/18 is presented in DKK

As 2017/18 is the company's first reporting period, no comparatives have been presented.

### **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 instalments 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.

### **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, other operating income, property costs and external expenses.

#### **Revenue**

Revenue comprise rental income and tenant's contribution to overhead costs and is recognized in the income statement. Rental income is accrued to cover the period up to the end of the financial year.

## **Accounting policies**

### **Other external costs**

Other external costs include expenses related to administration and property costs. Property costs include costs incurred to operate the Entity'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. Net financials include interest income and expenses, financial expenses relating to amortisation of mortgage loans etc.

### **Tax on profit/loss for the year**

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.

## **Balance sheet**

### **Investment properties**

Investment properties comprises investments in land and buildings for purposes of gaining a return on the invested capital in the form of regular operating income and/or capital gains on resale.

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 DCF approach. Fair value adjustments for the financial year are recognised in the income statement.

### **Receivables**

Receivables are measured at amortised cost.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

### **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.

## **Accounting policies**

### **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.

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.

### **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 cashvalue 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 comprises prepaid rent for recognition in subsequent financial years. Deferred income is measured at cost.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

**Income statement**  
**25 October 2017 - 31 December 2018**

	<u>Note</u>	<u>2017/18</u> DKK
<b>Gross profit</b>		<b>53.384.005</b>
Value adjustments of assets held for investment		<u>64.012.616</u>
<b>Profit/loss before net financials</b>		<b>117.396.621</b>
Financial income		359
Financial costs		<u>-9.259.134</u>
<b>Profit/loss before tax</b>		<b>108.137.846</b>
Tax on profit/loss for the year	1	<u>-24.194.780</u>
<b>Profit/loss for the year</b>		<b><u><u>83.943.066</u></u></b>
 <b>Recommended appropriation of profit/loss</b>		
Retained earnings		<u>83.943.066</u>
		<b><u><u>83.943.066</u></u></b>

## Balance sheet at 31 December 2018

	<u>Note</u>	<u>2018</u> DKK
<b>Assets</b>		
Investment properties	2	<u>1.070.000.000</u>
<b>Tangible assets</b>		<b><u>1.070.000.000</u></b>
<b>Total non-current assets</b>		<b><u>1.070.000.000</u></b>
Trade receivables		264.850
Prepayments		<u>456.932</u>
<b>Receivables</b>		<b><u>721.782</u></b>
<b>Cash at bank and in hand</b>		<b><u>32.725.067</u></b>
<b>Total current assets</b>		<b><u>33.446.849</u></b>
<b>Total assets</b>		<b><u><u>1.103.446.849</u></u></b>

## Balance sheet at 31 December 2018

	<u>Note</u>	<u>2018</u> DKK
<b>Equity and liabilities</b>		
Share capital		60.000
Retained earnings		431.354.650
<b>Equity</b>	3	<b><u>431.414.650</u></b>
Provision for deferred tax		21.596.598
<b>Total provisions</b>		<b><u>21.596.598</u></b>
Mortgage loans		616.639.451
Deposits		9.515.183
<b>Total non-current liabilities</b>	4	<b><u>626.154.634</u></b>
Short-term part of lon-term debt	4	14.358.904
Trade payables		4.248.753
Corporation tax		2.598.182
Other payables		3.075.128
<b>Total current liabilities</b>		<b><u>24.280.967</u></b>
<b>Total liabilities</b>		<b><u>650.435.601</u></b>
<b>Total equity and liabilities</b>		<b><u><u>1.103.446.849</u></u></b>
Mortgages and collateral	5	

## Notes

	2017/18
	DKK
<b>1 Tax on profit/loss for the year</b>	
Current tax for the year	2.598.182
Deferred tax for the year	21.596.598
	<b>24.194.780</b>
<b>2 Assets measured at fair value</b>	
	Investment pro- perties
Cost at 25 October 2017	0
Additions for the year	1.005.987.986
Cost at 31 December 2018	1.005.987.986
Revaluations at 25 October 2017	0
Revaluations for the year	64.012.014
Revaluations at 31 December 2018	64.012.014
<b>Carrying amount at 31 December 2018</b>	<b>1.070.000.000</b>

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

The investment property is located in the area of Næstved. 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.

Analysis period applied is 10-year DCF assuming a theoretical sale of the property in year 11. 10 years' cash flow has been considered to reflect the most common asset holding period / stabilization period by the investors. The estate agent has set the required rate of return at 5.07%.

The key discount rate for the budget period and the terminal value for 2018 is set to 7.00% and comprises of a long-term risk-free rate of investment at a current average rate of return of approximately 0.4% considering a 10 year government bond, with expected inflation of 2.00%. Risk adjustment is made based on location risk, economical/market risk and property risk. Exit yield used for the calculation is at 5.00%.

## Notes

### 2 Assets measured at fair value (continued)

Passing rental growth and market rental growth of 2.00% p.a. have been applied based on expected increase in NPI with an indexation of 2.00% p.a. on the applied costs. 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. The expected structural vacancy rate used in DCF model was 3.00% and the expected CAPEX for the period 2019-2023 was DKK 4,021,003- DKK 3,584,477 respectively.

Based on this, the investment property has been recognised at DKK 1,070,000,000.

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 2018.

#### Sensitivity in determination of fair value of investment properties

An in the range of 0.50%-0.50% has been applied in the market value assessment at 31 December 2018. The market value is determined at 5.07%.

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 required rate of return	-0,50%	Base	0,50 %
	DKK	DKK	DKK
Rate of return	4,57	5,07	5,57
Fair value	1.187.067.834	1.070.000.000	973.949.731
Change in fair value	117.067.834	0	-96.050.269

## Notes

### 3 Equity

	Share capital	Share premium account	Retained earnings	Total
Equity at 25 October 2017	50.000	0	0	50.000
Cash capital increase	10.000	347.411.584	0	347.421.584
Net profit/loss for the year	0	0	83.943.066	83.943.066
Transfer from share premium account	0	-347.411.584	347.411.584	0
<b>Equity at 31 December 2018</b>	<b>60.000</b>	<b>0</b>	<b>431.354.650</b>	<b>431.414.650</b>

### 4 Long term debt

	Debt at 25 October 2017	Debt at 31 December 2018	Instalment next year	Debt outstanding after 5 years
Mortgage loans	0	630.998.355	14.358.904	560.349.116
Deposits	0	9.515.183	0	9.515.183
	<b>0</b>	<b>640.513.538</b>	<b>14.358.904</b>	<b>569.864.299</b>

### 5 Mortgages and collateral

Land and buildings at a carrying amount of DKK 1,070,000,000 at 31 December 2018 have been provided as security for mortgage debt totalling DKK 630,998,355.