

# **Pristine Invest III ApS**

**Sofiendalsvej 88, c/o Property House A/S, 9200 Aalborg**

**Company reg. no. 10 72 00 44**

## **Annual report**

**1 January - 31 December 2020**

The annual report was submitted and approved by the general meeting on the 28 May 2021.

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**Jack Johannes Richard Nyberg**  
Chairman of the meeting

## Contents

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	<u>Page</u>
<b>Reports</b>	
Management's report	1
Independent auditor's report	2
<b>Management commentary</b>	
Company information	5
Management commentary	6
<b>Financial statements 1 January - 31 December 2020</b>	
Income statement	7
Statement of financial position	8
Statement of changes in equity	10
Notes	11
Accounting policies	15

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Management's report

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Today, the executive board has presented the annual report of Pristine Invest III ApS for the financial year 1 January - 31 December 2020.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Aalborg, 28 May 2021

### Executive board

Erik Bo Berggren

Jack Johannes Richard Nyberg

## Independent auditor's report

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### To the shareholders of Pristine Invest III ApS

#### Opinion

We have audited the financial statements of Pristine Invest III ApS for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

#### Emphasis of matter

Without modifying our conclusion we draw attention to note 1 in the financial statements, which describes uncertainties regarding recognition and measurement concerning the company's investment properties at fair value.

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

## Independent auditor's report

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### **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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

## **Independent auditor's report**

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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 the internal control that we identify during our audit.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Aalborg, 28 May 2021

### **Redmark**

State Authorised Public Accountants  
Company reg. no. 29 44 27 89

Alex Hoffmann Kristensen

State Authorised Public Accountant  
mne33705

## Company information

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### The company

Pristine Invest III ApS  
Sofiendalsvej 88  
c/o Property House A/S  
9200 Aalborg

Company reg. no. 10 72 00 44  
Established: 8 April 1987  
Domicile:  
Financial year: 1 January - 31 December

### Executive board

Erik Bo Berggren  
Jack Johannes Richard Nyberg

### Auditors

Redmark  
Statsautoriseret Revisionspartnerselskab  
Hasseris Bymidte 6  
9000 Aalborg

### Parent company

Pristine Properties ApS

## Management commentary

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### **The principal activities of the company**

Like previous years, the principal activities of the company are to own and lease realestate.

### **Uncertainties about recognition or measurement**

Please refer to note 1 in the financial statements for a description regarding uncertainties as to recognition or measurement.

### **Development in activities and financial matters**

The property has been fully let out in the fiscal year.

The management consider the net profit for the year satisfactory.

### **Events occurring after the end of the financial year**

No significant events have occurred after the end of the fiscal year.



## Income statement 1 January - 31 December

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All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Gross profit</b>	<b>2.438.580</b>	<b>2.424.095</b>
Value adjustment of investment property	5.000.000	227.986
<b>Operating profit</b>	<b>7.438.580</b>	<b>2.652.081</b>
Other financial income	301.111	172.037
Other financial costs	-134.668	-96.417
<b>Pre-tax net profit or loss</b>	<b>7.605.023</b>	<b>2.727.701</b>
Tax on ordinary results	-1.677.531	-602.063
<b>Net profit or loss for the year</b>	<b>5.927.492</b>	<b>2.125.638</b>
<b>Proposed appropriation of net profit:</b>		
Transferred to retained earnings	5.927.492	2.125.638
<b>Total allocations and transfers</b>	<b>5.927.492</b>	<b>2.125.638</b>

## Statement of financial position at 31 December

All amounts in DKK.

<b>Assets</b>			
<u>Note</u>		<u>2020</u>	<u>2019</u>
<b>Non-current assets</b>			
3	Investment property	<u>32.000.000</u>	<u>27.000.000</u>
	Total property, plant, and equipment	<u>32.000.000</u>	<u>27.000.000</u>
	<b>Total non-current assets</b>	<b><u>32.000.000</u></b>	<b><u>27.000.000</u></b>
<b>Current assets</b>			
	Receivables from group enterprises	<u>11.622.932</u>	<u>11.246.169</u>
	Total receivables	<u>11.622.932</u>	<u>11.246.169</u>
	Cash on hand and demand deposits	<u>1.709.393</u>	<u>537.114</u>
	<b>Total current assets</b>	<b><u>13.332.325</u></b>	<b><u>11.783.283</u></b>
	<b>Total assets</b>	<b><u>45.332.325</u></b>	<b><u>38.783.283</u></b>

## Statement of financial position at 31 December

All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2020</u>	<u>2019</u>
<b>Equity</b>			
	Contributed capital	4.000.000	4.000.000
	Reserve for hedging transactions	-46.747	0
	Retained earnings	25.675.449	19.747.957
	<b>Total equity</b>	<b>29.628.702</b>	<b>23.747.957</b>
<b>Provisions</b>			
	Provisions for deferred tax	5.621.174	4.422.444
	<b>Total provisions</b>	<b>5.621.174</b>	<b>4.422.444</b>
<b>Liabilities other than provisions</b>			
4	Mortgage loans	8.255.990	9.046.617
5	Other payables	136.999	77.067
	Total long term liabilities other than provisions	8.392.989	9.123.684
	Short-term part of long-term liabilities	832.539	834.123
	Trade creditors	19.000	15.000
	Corporate tax	465.608	427.130
	Other payables	372.313	212.945
	Total short term liabilities other than provisions	1.689.460	1.489.198
	<b>Total liabilities other than provisions</b>	<b>10.082.449</b>	<b>10.612.882</b>
	<b>Total equity and liabilities</b>	<b>45.332.325</b>	<b>38.783.283</b>
<b>1 Uncertainties concerning recognition and measurement</b>			
<b>2 Disclosures on fair value</b>			
<b>6 Charges and security</b>			
<b>7 Contingencies</b>			

## Statement of changes in equity

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All amounts in DKK.

	Contributed capital	Reserve for hedging transactions	Retained earnings	Total
Equity 1 January 2020	4.000.000	0	19.840.439	23.840.439
Profit or loss for the year brought forward	0	0	5.927.492	5.927.492
Fair value adjustments of hedging instruments for the year	0	-46.747	0	-46.747
Value of hedging instruments 31.12.19	0	0	-92.482	-92.482
	<b>4.000.000</b>	<b>-46.747</b>	<b>25.675.449</b>	<b>29.628.702</b>

## Notes

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All amounts in DKK.

### 1. Uncertainties concerning recognition and measurement

When preparing the annual report the management makes a variety of estimates regarding the recognition and valuation of the company's assets and liabilities. The valuation of the company's investment property is based on estimates and assumptions.

The company's investment property is a big industrial property. The market for this type of property is limited in volume and the potential buyers are few. Because of this, there is a risk that the investment property cannot be sold for the fair value recognized in this annual report.

When making the valuation of the investment property it has been presumed that the investment property is rented out beyond the period of interminability. The level of rental income beyond the period of interminability is associated with a risk and therefore the valuation of the investment property is too. Please refer to the sensitivity analysis in the note for investment properties.

### 2. Disclosures on fair value

	Investment property	Liabilities efficiently hedged (financial instrument measured at fair value)
Fair value at 31 December 2020	32.000.000	178.499
Change in fair value of the year recognised in the statement of financial activity	5.000.000	0
Change in fair value of the year recognised in the equity	0	59.932

## Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
<b>3. Investment property</b>		
Cost 1 January 2020	23.985.883	23.985.883
<b>Cost 31 December 2020</b>	<b><u>23.985.883</u></b>	<b><u>23.985.883</u></b>
Fair value adjustment 1 January 2020	3.014.117	2.786.131
Adjust of the year to fair value	5.000.000	227.986
<b>Fair value adjustment 31 December 2020</b>	<b><u>8.014.117</u></b>	<b><u>3.014.117</u></b>
<b>Carrying amount, 31 December 2020</b>	<b><u>32.000.000</u></b>	<b><u>27.000.000</u></b>

The measurement of properties is made using a returnbased cash flow model based on expected future net cash flows over a period of 10 years. The required rate of return is based by external assessors expectations to the market. The fair value measurement is made on the basis of estimated rental income and expected operating costs, including scheduled maintenance. Cash flows beyond the 10th year (terminal value) is determined according to a netrent model based on the 10th year, but at average estimates as to vacant periods, improvement costs, major maintenance costs, and investments. Cash flows from each year and the value of the terminal year are discounted with the required rate of return determined for each individual property with addition of inflation.

When determining the fair-value it has been presumed that the investment property is let out beyond the period of interminability which is built in the rental agreement. The expected rental income is based on the management's assessment of the market levels for the area.

Because of the uncertainties regarding the future of the market and investment properties, it must be noted that the actual yield on the investment property can vary in both a positive and negative direction, then presumed in the recognition of the fair-value.

Compared to the previous financial year, the methods of measurement remain unchanged.

The material, nonobservable inputs in relation to the calculation of the fair value are:

	<u>2020</u>	<u>2019</u>
Required rate of return in %	8,50	9,00

## Notes

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All amounts in DKK.

### 3. Investment property (continued)

Sensitivity analysis:

The major factors in determining the fair value of the property are the rates of return and occupancy, respectively. A change in the rate of return of +0,50% will result in a fluctuation of t.DKK -1.024 in the fair value of the property and a change in the rate of return of -0,50% will result in a fluctuation of t.DKK +1.072.

A decrease or increase in the yealy rent after the end of the non-terminability period in 2026 of 10 percentage point would result in a change in the fair value of the property totalling DKK 2.275.

	<u>31/12 2020</u>	<u>31/12 2019</u>
<b>4. Mortgage loans</b>		
Total mortgage loans	9.047.029	9.839.240
Share of amount due within 1 year	<u>-791.039</u>	<u>-792.623</u>
	<b><u>8.255.990</u></b>	<b><u>9.046.617</u></b>
Share of liabilities due after 5 years	<u>5.115.413</u>	<u>5.900.148</u>
	<u>31/12 2020</u>	<u>31/12 2019</u>
<b>5. Other payables</b>		
Total other payables	178.499	118.567
Share of amount due within 1 year	<u>-41.500</u>	<u>-41.500</u>
<b>Total other payables</b>	<b><u>136.999</u></b>	<b><u>77.067</u></b>
Share of liabilities due after 5 years	<u>89.250</u>	<u>59.284</u>

### 6. Charges and security

As collateral for mortgage loans, m.DKK 9, security has been granted on land and buildings representing a carrying amount of m.DKK 32 at 31 December 2020.

The company has issued mortgages registered to the owners totalling m.DKK 21,9 as security for grup enterprise bank loans. The mortgages registered to the owners provide security on the above land and buildings.

## Notes

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All amounts in DKK.

### 7. Contingencies

#### Contingent liabilities

The company has provided guarantees for the bank loans of the group enterprises. The group enterprises bank debt is at December 31 2020 t.DKK 5.560 and the guarantees are capped t.DKK 20.594.

The company has guaranteed for mortgage loans of group enterprises. On 31 December 2020, the total mortgage loans of group companies totals t.DKK 223.674.

#### Joint taxation

With Vingen Ejendomme ApS, company reg. no 32934862 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The total tax payable under the joint taxation scheme is presented in the annual report for the administration company.



## Accounting policies

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The annual report for Pristine Invest III ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

### Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

### Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

## Accounting policies

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Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

## Income statement

### Gross profit

Gross profit comprises the revenue, other operating income, and external costs.

Lease income comprises income from the lease of property and from overhead costs collected and is recognised in the income statement for the period relating to the lease payment.

Other external costs comprise costs incurred for administration.

Costs concerning investment properties comprise operating costs, repair and maintenance costs, taxes, charges, and other costs. Costs concerning the heating accounts are recognised in the statement of financial position as a balance with lessees.

### Value adjustment of investment property

Value adjustment of investment property comprises value adjustments of properties at fair value and profit or loss from the disposal of properties.

### Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

## Accounting policies

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### **Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

## Statement of financial position

### **Investment property**

At the initial recognition, investment property is measured at cost, comprising the cost of the property and directly associated costs, if any.

Hereafter, investments are measured individually on the basis of a return-based cash flow model based on expected future net cash flows over a period of 10 years. The required rate of return is determined by an external assessor. Fair value measurement is made on the basis of estimated lease income and expected operating costs, including scheduled maintenance. Compared to the previous financial year, the method of measurement remains unchanged.

Costs adding new or improved qualities to an investment property compared to its condition at the time of acquisition, thereby improving the future return on the property, are added to the cost as an improvement. Costs which do not add new or improved qualities to an investment property are recognised in the income statement under the item "Costs concerning investment property".

Like other property, plant, and equipment except for land, investment property has a limited economic life. The impairment taking place concurrently with the ageing of the investment property is reflected in the continuing measurement of the investment property at fair value.

Value adjustments are recognised in the income statement under the item "Value adjustments of property".

### **Receivables**

Receivables are measured at amortised cost, which usually corresponds to nominal value.

### **Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

## Accounting policies

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### Equity

#### Reserve for hedging transactions

The reserve for hedging transactions arises when hedging instruments are subject to fair value adjustments.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

#### Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, Pristine Invest III ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

## Accounting policies

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### **Liabilities other than provisions**

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.