Pristine Invest III ApS

c/o Kristensen Properties A/S, Skibsbyggerivej 5, 9000 Aalborg

Company reg. no. 10 72 00 44

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 10 June 2024.

Jack Johannes Richard Nyberg
Chairman of the meeting

Contents

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 statement

Today, the Executive Board has approved the annual report of Pristine Invest III ApS for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

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

We recommend that the annual report be approved at the Annual General Meeting.

Aalborg, 10 June 2024

Executive board

Bo Erik Berggren

Jack Johannes Richard Nyberg

Independent auditor's report

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 2023, which comprise income statement, balance sheet, notes and a summary of significant accounting policies, for the Company. 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 financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

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.

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.

Independent auditor's report

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 Statement Act. We did not identify any material misstatement of Management's Review.

Aalborg, 10 June 2024

Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Alex Hoffmann Kristensen
State Authorised Public Accountant
mne33705

Company information

The company	Pristine Invest III ApS c/o Kristensen Properties A/S Skibsbyggerivej 5 9000 Aalborg	
	Company reg. no.	10 72 00 44
	Established:	8 April 1987
	Domicile:	Aalborg
	Financial year:	1 January - 31 December
Executive board	Bo Erik Berggren Jack Johannes Richard Nyberg	
Auditors	Redmark Godkendt Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	
Parent company	Pristine Properties ApS	

Management´s review

Description of key activities of the company

Like previous years, the activities of the company are to own and lease rea lestate.

Development in activities and financial matters

Disposal of one property has been made in september 2023.

The management consider the net profit satisfactory.

Income statement 1 January - 31 December

Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

Note		2023	2022
	Gross profit	**10.472.021**	**10.298**
	Value adjustment of investment property	-2.377.697	-10.332
	Operating profit	**8.094.324**	**-34**
	Other financial income	797.216	1
2	Other financial expenses	-3.651.054	-1.862
	Pre-tax net profit or loss	**5.240.486**	**-1.895**
	Tax on net profit or loss for the year	-1.162.689	417
	Net profit or loss for the year	**4.077.797**	**-1.478**
	Proposed distribution of net profit:		
	Transferred to retained earnings	4.077.797	0
	Allocated from retained earnings	0	-1.478
	Total allocations and transfers	**4.077.797**	**-1.478**

Balance sheet at 31 December

Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

Note	Assets	2023	2022
	Non-current assets		
3	Investment properties	90.436.609	120.431
	Total property, plant, and equipment	90.436.609	120.431
4	Other receivables	1.934.594	3.112
	Total investments	1.934.594	3.112
	Total non-current assets	**92.371.203**	**123.543**
	Current assets		
	Trade debtors	622.488	0
	Other receivables	51.608	19
	Prepayments	25.000	0
	Total receivables	699.096	19
	Cash and cash equivalents	7.516.661	1.111
	Total current assets	**8.215.757**	**1.130**
	Total assets	**100.586.960**	**124.673**

Balance sheet at 31 December

Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	4.000.000	4.000
5	Reserve for hedging transactions	1.508.983	2.427
	Retained earnings	31.645.970	27.568
	Total equity	**37.154.953**	**33.995**
	Provisions		
	Provisions for deferred tax	5.535.179	4.734
	Total provisions	**5.535.179**	**4.734**
	Liabilities other than provisions		
6	Mortgage debt	36.770.956	56.141
7	Deposits	2.831.605	2.830
	Total long term liabilities other than provisions	39.602.561	58.971
	Current portion of long term liabilities	2.421.394	3.359
	Bank loans	0	330
	Prepayments received from customers	665.571	0
	Trade payables	20.000	20
	Payables to group enterprises	13.964.514	20.379
	Income tax payable to group enterprises	102.080	1.741
	Other payables	1.120.708	1.144
	Total short term liabilities other than provisions	18.294.267	26.973
	Total liabilities other than provisions	**57.896.828**	**85.944**
	Total equity and liabilities	**100.586.960**	**124.673**

1 Disclosures on fair value

8 Charges and security

9 Contingencies

Notes

Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

1. Disclosures on fair value

	Investment property	Derived financial instruments
Fair value at 31 December 2023	90.436.608	1.934.594
Unrealised change in fair value of the year recognised in the statement of financial activity	-754.504	0
Unrealised change in fair value of the year recognised in the equity	0	-1.177.155

	2023	2022
2. Other financial expenses		
Financial costs, group enterprises	1.097.919	1.050
Other financial costs	2.553.135	812
	3.651.054	**1.862**

3. Investment properties

The company's investment properties comprise 4 commercial properties totalling 24.567 m^2, located in Bredebro, Rudkøbing, Horsens and Vojens, respectively.

Investment properties are, as per the description of the accounting policies applied, measured at fair value (Level 3 in the fair value hierarchy) using the Discounted Cash Flow (DCF) model. The DCF model calculates the present value of expected cash flows from the individual properties.

In determining the expected cash flows, the starting point is the budgeted cash flows for each individual property for the next 10 years, which includes rental and price increases. Additionally, a calculated terminal value is included, representing the value of the normalized cash flows that the property is expected to generate beyond the budget period. These calculated cash flows are then discounted to their present value using a discount rate that is considered to reflect the market's current required rates of return for similar properties, considering expected inflation.

The rate of return is determined based on market statistics, completed transactions, and management's knowledge of market conditions, generally. In setting the rate of return, various factors are taken into consideration, such as property type (residential, office, retail, etc.), location, age, condition, lease terms, and creditworthiness, among others.

Notes

Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

3. Investment properties (continued)

The significant assumptions for the determined fair value are as follows:

	31/12 2023	31/12 2022
Required rate of return, highest (%)	7,5	7,5
Required rate of return, lowest (%)	6,0	5,0
Discount factor, highest (%)	9,5	9,5
Discount factor, lowest (%)	8,0	7,0

Additionally, the following assumptions have been applied:

- For the investment properties located in Horsens and Vojens, the tenants have an option to purchase the properties in 2028. The option price forms the basis for the budgeted cash flow after end of lease.

4. Other receivables

The company has entered into an agreement on interest rate swap, with which the interest rate exposure has changed from variable to fixed interest. The agreement expires in 2029.

	31/12 2023	31/12 2022
5. Reserve for hedging transactions		
Reserve for hedging transactions 1 January 2023	2.427.164	-45
Fair value adjustments of hedging instruments for the year	-918.181	2.472
	1.508.983	**2.427**

6. Mortgage debt

Total mortgage debt	39.192.350	59.500
Share of amount due within 1 year	-2.421.394	-3.359
	36.770.956	**56.141**
Share of liabilities due after 5 years	26.303.854	42.029

Notes

Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

		31/12 2023	31/12 2022
7.	**Deposits**		
	Total deposits	2.831.605	2.830
	Share of amount due within 1 year	0	0
	Total deposits	**2.831.605**	**2.830**
	Share of liabilities due after 5 years	0	0

8. Charges and security

As collateral for mortgage and bank loans, m.DKK 39,2, security has been granted on land and buildings representing a carrying amount of m.DKK 90,4 at 31 December 2023.

The company has issued mortgages registered to the owners totalling m.DKK 34,2 as security for group entreprise loans. The mortgages registered to the owners provide security on the above land and buildings.

9. Contingencies

Contingent liabilities

The company has provided guarantees for the bank loans of the group enterprises. The group enterprises bank debt is at 31 December 2023 t.DKK 0 and the guarantees are capped at t.DKK 13.000.

Joint taxation

With Pristine Properties ApS, company reg. no 39280574 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 jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

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, write-downs 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.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

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.

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 lease income, costs concerning investment property and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

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. Income from the heating account is recognised in the statement of financial position as a balance with lessees.

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.

Accounting policies

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, 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.

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 properties

At the initial recognition, investment properties are measured at cost, comprising the cost price of the property and any directly related costs.

Investment properties are subsequently measured at fair value, corresponding to the amount for which the individual property is estimated to be able to sell for on the balance sheet date to an independent buyer. The fair value is calculated using the discounted cash flow (DCF) model as the calculated net present value of expected cash flows from the individual properties.

The determination of the expected cash flows is based on the budgeted cash flows for the individual property for the following 10 years, including rental and price increases, as well as a calculated terminal value that expresses the value of normalized cash flows the property is expected to generate beyond the budget period. The calculated cash flows are discounted to present value using a discount factor which is assessed to reflect the market's current required return for similar properties. Compared to the latest financial year, the methods of measurement used have not been changed.

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 recognized in the income statement under the item ”Costs concerning investment property”.

Accounting policies

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. Therefore, no systematic depreciations are made over the useful life of the investment property.

Value adjustments are recognized in the income statement under the item ”Value adjustment of investment property”.

Receivables

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

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

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.

Accounting policies

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

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.

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.