

# Denmark Primo Owner ApS

c/o SF-M ApS  
Kalvebod Brygge 39, 4., 1560 Copenhagen V

CVR no. 27 60 47 06

## Annual report 2021

Approved at the Company's annual general meeting on 2 June 2022

Chair of the meeting:

.....  
Thomas Esben Khan

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## Statement by the Board of Directors and the Executive Board

Today, the Executive Board has discussed and approved the annual report of Denmark Primo Owner ApS for the financial year 1 January - 31 December 2021.

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 of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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

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

Copenhagen, 2 June 2022  
Executive Board:

.....  
Sarah Maria Camilleri

.....  
Benjamin William Lionel  
Hutton

## Independent auditor's report

To the shareholder of Denmark Primo Owner ApS

### Opinion

We have audited the financial statements of Denmark Primo Owner ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ 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.

## Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 2 June 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Henrik Reedtz  
State Authorised Public Accountant  
mne24830

## Management's review

### Company details

Name	Denmark Primo Owner ApS
Address, Postal code, City	c/o SF-M ApS Kalvebod Brygge 39, 4., 1560 Copenhagen V
CVR no.	27 60 47 06
Established	19 February 2004
Registered office	Copenhagen
Financial year	1 January - 31 December
Executive Board	Sarah Maria Camilleri Benjamin William Lionel Hutton
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

### Management commentary

#### Business review

The Company's objective is to buy and possess real estate and other hereby related activities.

#### Financial review

The income statement for 2021 shows a profit of DKK 138,512 thousand against a loss of DKK 25,341 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 152,079 thousand. Management considers the Company's financial performance in the year satisfactory.

Denmark Primo Owner ApS and Primo DK Holding ApS have been merged with effect from 1 January 2021, with the former as the continuing company.

#### Events after the balance sheet date

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

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2021	2020
	Gross profit/loss	6,030	-7,705
2	Staff costs	-673	-946
	Operating profit/loss before fair value adjustments	5,357	-8,651
	Fair value adjustment of investment property	185,680	-15,252
	Profit/loss before net financials	191,037	-23,903
3	Financial expenses	-13,482	-9,280
	Profit/loss before tax	177,555	-33,183
4	Tax for the year	-39,043	7,842
	Profit/loss for the year	138,512	-25,341
	Recommended appropriation of profit/loss	138,512	-25,341
	Retained earnings/accumulated loss	138,512	-25,341

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
6	Investment property	1,269,000	1,000,500
		<u>1,269,000</u>	<u>1,000,500</u>
	Total fixed assets	<u>1,269,000</u>	<u>1,000,500</u>
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	0	52
	Corporation tax receivable	1,756	0
	Other receivables	660	907
		<u>2,416</u>	<u>959</u>
	Cash	<u>15,380</u>	<u>307</u>
	Total non-fixed assets	<u>17,796</u>	<u>1,266</u>
	TOTAL ASSETS	<u>1,286,796</u>	<u>1,001,766</u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2021	2020
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
	Share capital	20,004	20,002
	Share premium account	74,498	0
	Retained earnings	57,577	101,003
	<b>Total equity</b>	<b>152,079</b>	<b>121,005</b>
	Provisions		
	Deferred tax	152,556	112,452
	<b>Total provisions</b>	<b>152,556</b>	<b>112,452</b>
	Liabilities other than provisions		
7	Non-current liabilities other than provisions		
	Mortgage debt	618,879	625,355
	Bank debt	72,890	17,446
	Payables to group entities	245,417	77,403
	Other payables	22,123	26,954
		<b>959,309</b>	<b>747,158</b>
	Current liabilities other than provisions		
7	Short-term part of long-term liabilities other than provisions	6,783	6,790
	Trade payables	3,442	2,049
	Deposits	10,069	10,637
	Other payables	2,558	1,675
		<b>22,852</b>	<b>21,151</b>
	<b>Total liabilities other than provisions</b>	<b>982,161</b>	<b>768,309</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,286,796</b>	<b>1,001,766</b>

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

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK'000	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2021	20,002	0	101,003	121,005
Additions on merger/corporate acquisition	0	0	-185,706	-185,706
Capital increase	2	74,498	0	74,500
Transfer through appropriation of profit	0	0	138,512	138,512
Adjustment of hedging instruments at fair value	0	0	4,831	4,831
Tax on items recognised directly in equity	0	0	-1,063	-1,063
Equity at 31 December 2021	20,004	74,498	57,577	152,079

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Denmark Primo Owner ApS for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

The company has been merged with Primo DK Holding ApS with retroactive accounting effect from 1 January 2021. The merger has been carried out using the book-value method. This method does not require adjustment of comparative figures for previous financial years. The company has recognized the acquired net assets to the carrying amounts.

The merger has affected the assets by DKK 291 thousand and equity by DKK 185,706 thousand.

#### Income statement

##### Revenue

Revenue (rent) is recognized in the income statement, when the company has achieved final rights for the sale. Revenue is recognized linear over the terms of the contracts.

##### Gross profit/loss

The items revenue, property expenses and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

##### Property expenses

Property expenses include expenses relating to renting out the Company's investment property, including expenses relating to running and maintaining such property.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

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

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Investment property

On initial recognition, investment property is measured at cost. Investment property is subsequently measured at fair value, and the value adjustment for the year is recognised in the income statement under the item "Fair value adjustment of investment property". The fair value is based on the expected future cash flows for the investment property.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2021	2020
2 Staff costs		
Wages/salaries	557	777
Pensions	45	149
Other social security costs	4	4
Other staff costs	67	16
	<u>673</u>	<u>946</u>
Average number of full-time employees	<u>1</u>	<u>1</u>
3 Financial expenses		
Interest expenses, group entities	727	0
Interest expenses, participating interests	293	0
Other financial expenses	12,462	9,280
	<u>13,482</u>	<u>9,280</u>
4 Tax for the year		
Estimated tax charge for the year	-1,764	-7,842
Deferred tax adjustments in the year	40,806	0
Tax adjustments, prior years	1	0
	<u>39,043</u>	<u>-7,842</u>
5 Property, plant and equipment		
DKK'000		Investment property
Cost at 1 January 2021		565,630
Additions		82,820
Cost at 31 December 2021		<u>648,450</u>
Revaluations at 1 January 2021		434,870
Value adjustments for the year		185,680
Revaluations at 31 December 2021		<u>620,550</u>
Carrying amount at 31 December 2021		<u>1,269,000</u>

Note 10 provides more details on security for loans, etc. as regards property, plant and equipment.

### 6 Investment property

#### Fair value estimation

The fair value of investment property has been estimated for every single property by discounting the expected, future cash flows, using a relevant discount factor. Expected future cash flows are based on budgets, approved by management, for the coming 10-year period and an estimated terminal value for the remaining life of the property concerned. The discount factor comprises the risk-free interest rate and a risk premium for the property concerned.

## Financial statements 1 January - 31 December

### Notes to the financial statements

The most significant fair value assumptions are:

Residential area (total): 21,198 sqm and Commercial area (total): 2,265 sqm

The exit yield for the residential part of the property is 3.00%

The exit yield for the commercial part of the property is 4.50%

The average rent for residential leases is DKK 2,212 per sqm.

The average rent for the retail leases is DKK 1,722 per sqm.

The average operating costs for residential are DKK 389 per sqm.

#### 7 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	625,662	6,783	618,879	593,819
Bank debt	72,890	0	72,890	0
Payables to group entities	245,417	0	245,417	0
Other payables	22,123	0	22,123	0
	<u>966,092</u>	<u>6,783</u>	<u>959,309</u>	<u>593,819</u>

#### 8 Derivative financial instruments

The Company has entered into two interest swap agreements with Jyske Bank.

The interest swap agreements have been entered into for the purpose of hedging the interest rate risk associated with the mortgage debt with a nominal value of DKK 632,595 thousand.

The nominal amount of the agreements is DKK 601,926 thousand and the termination date is set to September 2026.

The fair values has been calculated by Jyske Bank based on the agreement's discounted cash flow using the market interest at 31 December 2021.

The fair value of the interest swaps amounts to DKK -22,123 thousand at 31 December 2021. The fair value of the interest swaps has been recognized as other payables.

#### 9 Contractual obligations and contingencies, etc.

The Company is jointly taxed with its management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

#### 10 Collateral

As securities for the Company's debt to the credit institutions, assets worth a total of DKK 1,083,320 thousand have been pledge as collateral or otherwise charged.

#### 11 Related parties

Denmark Primo Owner ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Denmark Primo Holding ApS	Copenhagen, Denmark	Participating interest

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

## Benjamin William Lionel Hutton

Executive Board

Serial number: bhutton@highbrookinvestors.com

IP: 85.93.xxx.xxx

2022-06-02 13:45:01 UTC

## Sarah Maria Camilleri

Executive Board

Serial number: scamilleri@highbrookinvestors.com

IP: 85.93.xxx.xxx

2022-06-02 14:13:39 UTC

## Thomas Esben Khan

Chairman

Serial number: PID:9208-2002-2-226044767924

IP: 77.241.xxx.xxx

2022-06-04 13:51:29 UTC

NEM ID

## Henrik Reedtz

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:67854501

IP: 165.225.xxx.xxx

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