

Denmark Primo Owner ApS

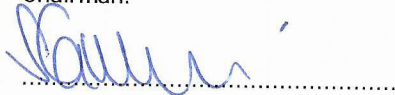
c/o SF-M ApS
Kalvebod Brygge 39, 4., 1560 København V

CVR no. 27 60 47 06

Annual report 2020

Approved at the Company's annual general meeting on 7 May 2021

Chairman:





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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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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, 7 May 2021
Executive Board:

Sarah Maria Camilleri

Alexander Hays Gardiner

Independent auditor's report

To the shareholders 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 2020, 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 2020 and of the results of the Company's operations 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 (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' 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 rules and requirements.

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.

Independent auditor's report

- ▶ 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 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, 7 May 2021
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 København 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 Alexander Hays Gardiner
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.

Recognition and measurement uncertainties

As the company's purpose is investment in properties, the Company is affected by changes in the property market, including the general level of interest rates and economic conditions.

As the COVID-19 pandemic is ongoing, uncertainties remain over its extent, duration and consequential economic and business impacts, and governments continue to assess and implement measures in response to the pandemic.

Within Denmark, we see a high number of transactions in the market that demonstrate there is not a significant impact on interest in or allocation of capital to investment properties due to COVID-19. From these transactions and our assessment of the key judgements and estimates used in the property valuations, we do not note any significant valuation uncertainty relating to the investment properties.

Financial review

The income statement for 2020 shows a loss of DKK 25,341 thousand against a loss of DKK 11,861 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 121,005 thousand. The Company's financial performance in the year is in line with the expectations.

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	2020	2019
	Gross profit/loss	-7,705	12,669
2	Staff costs	-946	-213
	Operating profit/loss before fair value adjustments	-8,651	12,456
	Fair value adjustment of investment property	-15,252	-5,873
	Profit/loss before net financials	-23,903	6,583
3	Financial expenses	-9,280	-13,067
	Profit/loss before tax	-33,183	-6,484
4	Tax for the year	7,842	-5,377
	Profit/loss for the year	<u>-25,341</u>	<u>-11,861</u>
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	<u>-25,341</u>	<u>-11,861</u>



Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	<u>2020</u>	<u>2019</u>
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
6	Investment property	1,000,500	990,000
		<u>1,000,500</u>	<u>990,000</u>
	Total fixed assets	<u>1,000,500</u>	<u>990,000</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	0	275
	Receivables from group enterprises	52	21
	Corporation tax receivable	0	1,756
	Other receivables	907	2,808
		<u>959</u>	<u>4,860</u>
	Cash	307	4,963
	Total non-fixed assets	<u>1,266</u>	<u>9,823</u>
	TOTAL ASSETS	<u><u>1,001,766</u></u>	<u><u>999,823</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	20,002	20,002
	Share premium account	0	23,413
	Retained earnings	101,003	99,412
	Total equity	121,005	142,827
	Provisions		
	Deferred tax	112,452	119,187
	Total provisions	112,452	119,187
	Liabilities other than provisions		
7	Non-current liabilities other than provisions		
	Mortgage debt	625,355	632,477
	Bank debt	17,446	0
	Payables to group entities	77,403	56,882
	Other payables	26,954	31,579
		747,158	720,938
	Current liabilities other than provisions		
7	Short-term part of long-term liabilities other than provisions	6,790	6,813
	Trade payables	2,049	4,012
	Corporation tax payable	0	1,756
	Deposits	10,637	4,238
	Other payables	1,675	52
		21,151	16,871
	Total liabilities other than provisions	768,309	737,809
	TOTAL EQUITY AND LIABILITIES	1,001,766	999,823

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



Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2020	20,002	23,413	99,412	142,827
Transfer through appropriation of loss	0	0	-25,341	-25,341
Transferred from share premium account	0	-23,413	23,413	0
Adjustment of hedging instruments at fair value	0	0	3,519	3,519
Equity at 31 December 2020	<u>20,002</u>	<u>0</u>	<u>101,003</u>	<u>121,005</u>



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Denmark Primo Owner ApS for 2020 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).

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 expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

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.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

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.

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other payables

Other payables 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	2020	2019
2 Staff costs		
Wages/salaries	777	177
Pensions	149	13
Other social security costs	4	1
Other staff costs	16	22
	946	213
 Average number of full-time employees	 1	 1
Number of employees at the balance sheet date	0	1
 3 Financial expenses		
Other financial expenses	9,280	13,067
	9,280	13,067
 4 Tax for the year		
Estimated tax charge for the year	-7,842	5,377
	-7,842	5,377
 5 Property, plant and equipment		
DKK'000		Investment property
Cost at 1 January 2020		539,878
Additions		25,752
Cost at 31 December 2020		565,630
Revaluations at 1 January 2020		450,122
Value adjustments for the year		-15,252
Revaluations at 31 December 2020		434,870
Carrying amount at 31 December 2020		1,000,500

Note 9 provides more details on security for loans, etc. as regards property, plant and equipment.

6 Investment property

Fair value estimation

The fair value of the investment property has been assessed based on the share purchase agreement between the company's previous shareholders and the company's current shareholders. It is management's assessment that the selling price of the property cf. the share purchase agreement correspond to the fair value in an active market at 31 December 2020.

Financial statements 1 January - 31 December

Notes to the financial statements

7 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	632,145	6,790	625,355	605,557,696
Bank debt	17,446	0	17,446	17,446
Payables to group entities	77,403	0	77,403	77,403
Other payables	26,954	0	26,954	0
	<u>753,948</u>	<u>6,790</u>	<u>747,158</u>	<u>605,652,545</u>

8 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Denmark Primo Holding ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities.

9 Collateral

As securities for the Company's debt to the credit institutions, assets worth a total of DKK 1,000,500 thousand have been pledge as collateral or otherwise charged.

10 Currency risks

The Company hedges interest rate risks by means of interest rate swaps whereby floating interest payments are converted to fixed interest payments. The hedged cash flows are expected to be realised and will affect results over the remaining term of the SWAP.

Interest rate SWAP:

Nominal amount DKK 600,726 thousand

Value adjustment in the financial year DKK 3,519 thousand

Fair value at 31 December 2020 DKK -26,954 thousand

Remaining term 2026

11 Related parties

Denmark Primo Owner ApS' related parties comprise the following:

Parties exercising control

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