



Real Danmark A/S

Kongens Nytorv 28, 1.
1050 København K
CVR No. 36538228

Annual report 2020

The Annual General Meeting adopted the
annual report on 22.04.2021

Henrik Wessmann Jensen

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2020	10
Consolidated balance sheet at 31.12.2020	11
Consolidated statement of changes in equity for 2020	13
Consolidated cash flow statement for 2020	14
Notes to consolidated financial statements	15
Parent income statement for 2020	18
Parent balance sheet at 31.12.2020	19
Parent statement of changes in equity for 2020	21
Notes to parent financial statements	22
Accounting policies	24

Entity details

Entity

Real Danmark A/S

Kongens Nytorv 28, 1.

1050 København K

Business Registration No.: 36538228

Registered office: København

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Henrik Frisch

Henrik Wessmann Jensen

Ulrich Hejle

Axel Ulrik Henriques

Executive Board

Henrik Wessmann Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Real Danmark A/S for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 22.04.2021

Executive Board

Henrik Wessmann Jensen

Board of Directors

Henrik Frisch

Henrik Wessmann Jensen

Ulrich Hejle

Axel Ulrik Henriques

Independent auditor's report

To the shareholders of Real Danmark A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Real Danmark A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding circumstances in the consolidated financial statements and the parent financial statements

We draw attention to the paragraph in the management commentary on uncertainty relating to recognition and measurement of the fair value of the investment property as well as note 1 in the financial statements describing significant uncertainties related to recognition and measurement of the Company's investment property, including in particular the funding issues. Our opinion has not been modified with respect to this matter.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, 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 conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 22.04.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Tim Kjær-Hansen

State Authorised Public Accountant
Identification No (MNE) mne23295

Torben Rohde Pedersen

State Authorised Public Accountant
Identification No (MNE) mne33801

Management commentary

Primary activities

The main activities are operations within real-estate and other investment activities.

Description of material changes in activities and finances

2019 marked a new beginning for Real Danmark A/S with the acquisition of the properties on Blegdamsvej 124 and Købmagergade 57 through the combination of equity, issue of bonds and bank loans. In 2020 the plot on Roskildevej 547 was also acquired and a number of activities have been carried out on the three properties currently owned by the three subsidiaries owned by Real Danmark.

The property on Blegdamsvej was acquired in 2019 with the purpose of developing a modern office facility with a supermarket on the ground floor. The development progress has been satisfying and as planned during 2020 with final lease contracts with highly reputable tenants covering the supermarket and half the office space. The property was sold to a large Danish Top Tier pension fund in 2019. The management expects that the property will be handed over in 2021. Should this for some reason not materialize then the company will keep the asset as a core property with the aim of supporting the creation of a portfolio of properties in and around Copenhagen. By the end of 2020 the property is classified as a work in progress in the balance sheet.

The property on Købmagergade 57 was acquired in 2019 with the purpose of increasing the retail and residential square metres. The Covid-19 pandemic has postponed the timeline. The management is optimistic with the outlook for 2021 with the expected positive impact from the vaccination program and the governmental handling of the situation in general. It is expected that the project will progress in the second half of 2021.

For now the property is generating a positive cash flow from the existing tenants and when the development is finalized the company expects to keep the asset as a core property with the aim of supporting the creation of a portfolio of properties in and around Copenhagen. By the end of 2020 the property is classified as an investment property in the balance sheet.

The property on Roskildevej 547 was acquired just before the end of 2020 with the purpose of building a hotel and a fast food restaurant. Through 2019 and 2020 the staff has been working focused to finalize lease contracts, building partitions and total contract with a reputable contractor. This has all been achieved to the management's satisfaction including a 20 year lease contract with a highly reputable international hotel chain. However, with respect to the total contract this was not concluded until the first quarter of 2021.

When the development is finalized the company expects to keep the asset as a core property with the aim of supporting the creation of a portfolio of properties in and around Copenhagen. By the end of 2020 the property is classified as an investment property in the balance sheet.

By the end of 2019 the bond issue amounted to 119,009 t.kr. and through two successful issues – tap 2 and 3 – in 2020 the current bond issue amounts to 221,141 t.kr. by the end of 2020. The bond issues are an important part of enabling the acquisitions and project developments described above and the derived value increase.

The properties are measured at fair value using the return-based model which leads to a revaluation of 21,909 t.kr. which to some extent also reflects the ongoing development of the properties.

The groups income statement for the financial year 1 January 2020 – 31 December 2020 shows a profit of 9,290 t.kr. The result of the year is considered satisfactory.

Uncertainty relating to recognition and measurement

Investment properties

The properties are recognized in the financial statement at fair value, which has been calculated using return-based valuation models. The value represents the expected sales value if sold to a third party on the balance sheet date. The fair value calculation is based on a number of assumptions including that the actual development projects are completed and on which pro-forma net earnings, a rate of return, the budgeted future cost for renovation, construction, development fee and the rate of progress have been estimated. Due to the attractive locations there has been made no deductions for vacancies in the calculations.

The required rate of return for the Group's properties averages approximately 4,13% at 31 December. An increase of the required rate of return of 0.5 percentage points would reduce the total fair value by approximately DKK 38 m. A reduction of the required rate of return of 0.5 percent's points would increase the value by approximately DKK 51m.

The property portfolio is composed of mixed commercial and residential rental properties, with the main emphasis being on commercial rental properties. For commercial rentals, the budgeted per square metre rent ranges between DKK 1,000 and DKK 10,000, depending on the application of the lease. The budgeted per square metre rent for residential rentals is DKK 2,000. The properties are placed in or around Copenhagen

The budgeted future cost for renovation, construction and development, earnings and rate of return are based on estimates and as well as expected future events and is thus subject to uncertainty. Further full financing for the renovation and construction for Købmagergade 57 and Roskildevej 547 are also subject to uncertainty.

Work in progress

Revenue and the value Work in progress, which is measured at the selling price of the work performed, are recognized based on the state of completion of the work performed. The stage of completion is estimated based on several factors such as the progress in signing of rent contracts, progress in the construction work and the complexity of the outstanding work

The stage of completion is based on estimates and as well as expected future events and is thus subject to uncertainty.

Particular risks

The Entity is exposed to common commercial risks associated with property development like availability of financing, development in the office market, in Greater Copenhagen and cyclic trends on the real estate market, and in addition to this exchange risks on debt denominated in SEK and EUR.

Liquidity and finance

The existing bond facility has an original maturity date in September 2021. However, the company has the right to extend the original maturity date with six months by giving a notice at least ten business days prior to the original maturity date. By the end of 2020 it is quite likely that the company decides to extend the facility within the option described.

Payable interest costs for the bond facility during 2021 will be covered by the parent company if necessary.

The divestment of Blegdamsvej 124 will result in a substantial cash flow to the company in the second half 2021.

The expected cash flow should be more than sufficient to cover all other commitments in the Real Danmark group including upcoming projects on Købmagergade 57 and Roskildevej 547 and current interest costs on the bond.

However, until the above mentioned divestment is done, the company expects a minor liquidity shortfall up till 10-15 mill. kr. The management plans to include the liquidity need in the below mentioned new bond facility but has also other alternatives to secure the needed liquidity.

The management is confident that the needed liquidity will be secured and thus consider the Group and the company to be going concern.

Events after the balance sheet date

By the end of 2020 another company in the Oskar Group acquired an investment property in Søborg just north of Copenhagen. In the beginning of the 2nd quarter of 2021 investigations have been initiated to merge this company/property into Real Danmark and thus issue yet another tap (tap 4) from the existing bond facility. The issue will most likely take place in May 2021.

In the beginning of 2021 two other investment opportunities have been explored – one in Søborg and one in Charlottenlund (just north of Copenhagen) – and these are planned to be acquired within the Real Danmark Group and that some of the acquisition cost is intended to be included in the above mentioned bond issue in May 2021 as well.

The Danish government has presented a plan to reopen the country during 2021 and the management expects this to have a positive impact on real estate market.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		23,406,764	4,241,404
Fair value adjustments of investment property		21,909,588	43,162,049
Operating profit/loss		45,316,352	47,403,453
Income from investments in group enterprises		0	(21,696,005)
Other financial income		564,232	252,848
Other financial expenses		(34,098,899)	(9,056,602)
Profit/loss before tax		11,781,685	16,903,694
Tax on profit/loss for the year		(2,491,811)	(4,114,612)
Profit/loss for the year		9,289,874	12,789,082
Proposed distribution of profit and loss			
Retained earnings		9,289,874	12,789,082
Proposed distribution of profit and loss		9,289,874	12,789,082

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Investment property		192,200,000	140,000,000
Property, plant and equipment in progress		0	7,355,301
Property, plant and equipment	1	192,200,000	147,355,301
Investments in group enterprises		0	250,123
Financial assets	2	0	250,123
Fixed assets		192,200,000	147,605,424
Contract work in progress	3	214,400,000	152,500,000
Receivables from group enterprises		46,293,100	7,991,236
Other receivables		20,368,699	5,042,899
Prepayments		84,986	159,227
Receivables		281,146,785	165,693,362
Cash		49,382,188	36,203,746
Current assets		330,528,973	201,897,108
Assets		522,728,973	349,502,532

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		12,600,000	12,600,000
Retained earnings		26,663,603	17,373,729
Equity		39,263,603	29,973,729
Deferred tax		28,368,000	26,122,637
Provisions		28,368,000	26,122,637
Bank loans		44,390,000	140,959,160
Loans raised by the issuance of bonds		208,898,024	119,008,926
Deposits		493,425	952,765
Other payables		10,632,000	10,152,000
Non-current liabilities other than provisions	4	264,413,449	271,072,851
Bank loans		123,297,080	2,417,332
Payables to other credit institutions		35,000,000	0
Trade payables		4,680,762	3,663,693
Payables to group enterprises		2,335,295	12,204,380
Payables to owners and management		125	122
Tax payable		0	3,099,488
Other payables		25,370,659	948,300
Current liabilities other than provisions		190,683,921	22,333,315
Liabilities other than provisions		455,097,370	293,406,166
Equity and liabilities		522,728,973	349,502,532
Assets charged and collateral	6		
Group relations	7		
Subsidiaries	8		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	12,600,000	17,373,729	29,973,729
Profit/loss for the year	0	9,289,874	9,289,874
Equity end of year	12,600,000	26,663,603	39,263,603

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		45,316,352	47,403,453
Adjustments of investment property		(21,909,588)	(43,162,049)
Working capital changes	5	(102,609,746)	(149,871,789)
Cash flow from ordinary operating activities		(79,202,982)	(145,630,385)
Financial income received		564,232	253,139
Financial expenses paid		(34,098,899)	(9,202,079)
Taxes refunded/(paid)		0	(115,000)
Cash flows from operating activities		(112,737,649)	(154,694,325)
Acquisition etc. of property, plant and equipment		(22,816,207)	(10,693,252)
Acquisition of fixed asset investments		0	(79,685,787)
Loans		148,732,298	217,679,233
Cash flows from investing activities		125,916,091	127,300,194
Free cash flows generated from operations and investments before financing		13,178,442	(27,394,131)
Cash capital decrease		0	59,580,000
Cash flows from financing activities		0	59,580,000
Increase/decrease in cash and cash equivalents		13,178,442	32,185,869
Cash and cash equivalents beginning of year		36,203,746	4,017,877
Cash and cash equivalents end of year		49,382,188	36,203,746
Cash and cash equivalents at year-end are composed of:			
Cash		49,382,188	36,203,746
Cash and cash equivalents end of year		49,382,188	36,203,746

Notes to consolidated financial statements

1 Property, plant and equipment

	Investment property DKK	Property, plant and equipment in progress DKK
Cost beginning of year	96,837,951	7,355,301
Transfers	0	(7,355,301)
Additions	30,290,412	0
Cost end of year	127,128,363	0
Fair value adjustments beginning of year	43,162,049	0
Fair value adjustments for the year	21,909,588	0
Fair value adjustments end of year	65,071,637	0
Carrying amount end of year	192,200,000	0

Revaluations and impairment losses of investment properties are based on accounting judgements based on market value calculations of the net rent.

As described in the Summary of significant accounting policies, investment properties are measured at fair value, subject to the completion of the planned projects and using the return-based model. The required rate of return on the Group's properties is between 3,25% and 5% at 31.12.2020. An increase of the required rate of return of 0.5 percentage points would reduce the total fair value by approximately DKK 38m. A reduction of the required rate of return of 0.5 percentage points would increase the value by approximately DKK 51m.

In the return-based model, the calculated budgeted profit on the properties amounts to DKK 15.2m. The budgeted profit does not include any downward adjustment for vacancy, due to the attractive locations.

The total size of the properties is 7,642 m², which is to consist of commercial and residential rental when the properties are completed. For commercial rentals, the budgeted per square metre rent ranges between DKK 1,000 – 10,000, depending on the application of the lease. The properties are located in Copenhagen.

At the balance sheet date, the Company has concluded leases of DKK 1,556 m² with a period of interminability of 3 months. The actual average rental income from the leases amounts to DKK 2,601 per m².

The fair value of the Company's investment property amounts to DKK 192m at the balance sheet date. This yields a change in the fair value of DKK 22m, which has been recognised directly in the income statement.

No external valuation expert has been engaged to determine the fair value.

2 Financial assets

One of the properties was acquired indirectly through the acquisition of a property company in the beginning of September 2019. The difference between the purchase price and the equity of the company at the time of purchase in September, has been neutralized in the prior year.

3 Contract work in progress

Contract work in progress relates to the construction of a property for an external party with whom an SPA has been signed before the construction of the property was initiated. After completion the property will be resold to the external party in a new company.

In the financial year, DKK 26,820k has been recognised in income from construction contracts. The accumulated income from construction contracts thus amounts to DKK 26,820k at 31.12.2020.

No prepayments from customers have been received.

4 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Bank loans	44,390,000	37,800,000
Loans raised by the issuance of bonds	208,898,024	0
Deposits	493,425	0
Other payables	10,632,000	0
	264,413,449	37,800,000

5 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in receivables	(140,009,450)	(198,668,462)
Increase/decrease in trade payables etc.	37,399,704	48,796,673
	(102,609,746)	(149,871,789)

6 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor of nominally DKK 225m on properties.

An all-moneys mortgage for DKK 100m has been issued on properties.

The carrying amount of mortgaged properties is DKK 363m

A first priority pledge over the groups interest retention accounts has been issued.

The carrying amount of retention accounts is DKK 0,5m

A first priority pledge over all shares owned by the parent company has been issued.

The carrying amount of investments in group enterprises is DKK 131,6m

7 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Hawk Investments ApS, København, CVR-nr. 25083288

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Real Danmark A/S, København, CVR-nr. 36538228

8 Subsidiaries

	Corporate form	Ownership %
Real Danmark Ejendomme I	A/S	100
Real Danmark Ejendomme II	ApS	100
Real Danmark Ejendomme III	ApS	100

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		(241,617)	(536,181)
Income from investments in group enterprises		33,412,446	18,478,817
Other financial income	1	1,287,726	401,571
Other financial expenses	2	(32,064,680)	(7,153,125)
Profit/loss before tax		2,393,875	11,191,082
Tax on profit/loss for the year	3	6,896,000	1,598,000
Profit/loss for the year		9,289,875	12,789,082
Proposed distribution of profit and loss			
Retained earnings		9,289,875	12,789,082
Proposed distribution of profit and loss		9,289,875	12,789,082

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Investments in group enterprises		131,577,050	98,356,314
Financial assets	4	131,577,050	98,356,314
Fixed assets		131,577,050	98,356,314
Receivables from group enterprises		102,533,387	39,533,715
Deferred tax		8,494,000	1,598,000
Other receivables		156	3,745,886
Receivables		111,027,543	44,877,601
Cash		7,482,294	18,636,333
Current assets		118,509,837	63,513,934
Assets		250,086,887	161,870,248

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		12,600,000	12,600,000
Reserve for net revaluation according to the equity method		51,891,261	18,478,817
Retained earnings		(25,227,657)	(1,105,088)
Equity		39,263,604	29,973,729
Loans raised by the issuance of bonds		208,148,484	119,008,926
Other payables		749,540	663,089
Non-current liabilities other than provisions	5	208,898,024	119,672,015
Trade payables		33,589	20,000
Payables to group enterprises		1,891,545	12,204,380
Payables to owners and management		125	124
Current liabilities other than provisions		1,925,259	12,224,504
Liabilities other than provisions		210,823,283	131,896,519
Equity and liabilities		250,086,887	161,870,248
Contingent liabilities	6		
Assets charged and collateral	7		

Parent statement of changes in equity for 2020

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	12,600,000	18,478,817	(1,105,088)	29,973,729
Profit/loss for the year	0	33,412,444	(24,122,569)	9,289,875
Equity end of year	12,600,000	51,891,261	(25,227,657)	39,263,604

Notes to parent financial statements

1 Other financial income

	2020 DKK	2019 DKK
Financial income from group enterprises	1,221,836	220,948
Exchange rate adjustments	65,890	180,623
	1,287,726	401,571

2 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	18,129	0
Other interest expenses	164,862	129,381
Exchange rate adjustments	3,741,112	988,973
Other financial expenses	28,140,577	6,034,771
	32,064,680	7,153,125

3 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Change in deferred tax	(6,896,000)	(1,598,000)
	(6,896,000)	(1,598,000)

4 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	79,685,787
Cost end of year	79,685,787
Revaluations beginning of year	18,670,527
Share of profit/loss for the year	33,220,736
Revaluations end of year	51,891,263
Carrying amount end of year	131,577,050

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

5 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Loans raised by the issuance of bonds	208,148,484
Other payables	749,540
	208,898,024

6 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

7 Assets charged and collateral

A first priority pledge over the groups interest retention accounts has been issued.

The carrying amount of retention accounts is DKK 0,5m

A first priority pledge over all investments in group enterprises has been issued.

The carrying amount of investments in group enterprises is DKK 131,6m

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in and work in progress, own work capitalised, other operating income, costs of raw materials and consumables and external expenses.

Revenue

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Fair value adjustments of investment property

Fair value adjustments of investment property comprise adjustments for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Property plant and equipment under progress are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investment property

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs. Improvements and expenses to projects including interest in the project period is capitalized after initial recognition when the expenses are consumed.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by applying the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.