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Oskar Office ApS

Kongens Nytorv 28, 1.
1050 København K
CVR No. 37691909

Annual report 2020

The Annual General Meeting adopted the annual report on 29.04.2021

Henrik Wessmann Jensen
Chairman of the General Meeting

Contents

Entity details

Entity

Oskar Office ApS

Kongens Nytorv 28, 1.

1050 København K

CVR No.: 37691909

Registered office: København

Financial year: 01.01.2020 - 31.12.2020

Executive Board

Henrik Wessmann Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Executive Board have today considered and approved the annual report of Oskar Office ApS for the financial year 01.01.2020 - 31.12.2020.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

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

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

København, 29.04.2021

Executive Board

Henrik Wessmann Jensen

Independent auditor's report

To the shareholders of Oskar Office ApS

Opinion

We have audited the financial statements of Oskar Office ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant 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 Entity's financial position at 31.12.2020 and of the results of its operations and 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 financial statements" section of this auditor's report. We are independent of the Entity 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 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 4 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 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 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 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 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.

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 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 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 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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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, 29.04.2021

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.

The property - Greater Copenhagen Yards – was acquired in 2018 partly financed by issuance of a long-term bond. The aim is to construct an office house of 24,000 sqm.

During 2020 an opportunity to develop the property for an international public transport provider was explored with the intention to construct an office house and standage for the electrified public busses. Overall terms were close to being agreed by the end of 2020, but in the beginning of 2021 the transport provider decided not to enter the Danish market.

As mentioned in the annual report for 2019 report the COVID-19 pandemic has caused a delay in the development process during 2020. 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. Negotiations with a large international insurance company is currently ongoing and it is expected that the project will progress in the second half of 2021.

When the development of the property 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.

Development in activities and finances
The income statement for the financial year 1 January 2020 - 31 December 2020 shows a pre-tax profit of DKK 756k. The result of the year is considered satisfactory. The equity shows a balance of 18,118 t.kr. by the end of 2020.

Uncertainty relating to recognition and measurement
The investment property is measured at fair value, which is equivalent to the amount at which the property may be sold to an independent buyer at the balance sheet date. The fair value of the property is based on the construction of a 24,000 sqm office house being completed. Thus, the fair value is calculated on the basis of the budgeted net earning and required rate of return of the property as being fully constructed with deduction of non-incurred budgeted renovation and construction costs and usual developer fees. At 31.12.2020, the Company has incurred renovation and construction costs relating to environmental examinations.

Full financing of the construction of the office house is not initiated as it awaits that the ongoing negations with tenants are concluded, however management is in dialogue with financing sources and is confident that such financing will be ready when needed.

Net earnings and the rate of return are determined in order to reflect current market levels for comparable properties. For the intended new build office, the net operating income is determined at DKK 1,223 per sqm. and the rate of return is determined at 5.0% as it was in the annual report for 2019. An increase of the rate of return by 0.5% would reduce the total fair value by approximately DKK 53.3m. A reduction in the rate of return by 0.5% would increase the total fair value by approximately DKK 65.2m.

Due to the attractive location of the property, the Management does not expect any structural vacancy.

The budgeted future cost for renovation and construction, including its funding, determination of the required rate of return, future net earnings and any vacancy are 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, NOK and EUR.

Liquidity and finance

The existing bond facility of 45,000k was supposed to expire in April 2021. Based on the current outlook for the project the management decided to propose an extension of the term from April 2021 to April 2022 and this was granted by the bondholders in June 2020.

The construction finance of 20,000k has an original expiration in June 2021. However, in the beginning of 2021 the facility has extended to April 2022.

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

Events after the balance sheet date

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.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		**(133,340)**	**(41,992)**
Fair value adjustments of investment property		8,112,350	9,704,946
Operating profit/loss		**7,979,010**	**9,662,954**
Other financial income	1	78,149	64,869
Other financial expenses	2	(7,300,441)	(6,956,347)
Profit/loss before tax		**756,718**	**2,771,476**
Tax on profit/loss for the year	3	(165,928)	(610,000)
Profit/loss for the year		**590,790**	**2,161,476**
Proposed distribution of profit and loss			
Retained earnings		590,790	2,161,476
Proposed distribution of profit and loss		**590,790**	**2,161,476**

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Investment property		78,100,000	65,000,000
Property, plant and equipment	4	**78,100,000**	**65,000,000**
Fixed assets		**78,100,000**	**65,000,000**
Trade receivables		5,000	3,125
Receivables from group enterprises		2,490,163	0
Other receivables		25,200	0
Receivables		**2,520,363**	**3,125**
Cash		**4,509,303**	**8,839,038**
Current assets		**7,029,666**	**8,842,163**
Assets		**85,129,666**	**73,842,163**

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		8,450,000	8,450,000
Retained earnings		9,668,271	9,077,481
Equity		**18,118,271**	**17,527,481**
Deferred tax		2,731,000	2,565,072
Provisions		**2,731,000**	**2,565,072**
Loans raised by the issuance of bonds		41,207,272	42,153,030
Non-current liabilities other than provisions	5	**41,207,272**	**42,153,030**
Bank loans		20,000,000	9,508,416
Trade payables		116,156	87,364
Payables to group enterprises		2,317,702	1,381,653
Other payables		639,265	619,147
Current liabilities other than provisions		**23,073,123**	**11,596,580**
Liabilities other than provisions		**64,280,395**	**53,749,610**
Equity and liabilities		**85,129,666**	**73,842,163**
Contingent liabilities	7		
Assets charged and collateral	8		
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Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	8,450,000	9,077,481	17,527,481
Profit/loss for the year	0	590,790	590,790
Equity end of year	**8,450,000**	**9,668,271**	**18,118,271**

Cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		7,979,010	9,662,954
Working capital changes	6	(1,505,518)	1,080,480
fair value adjusment of investment property		(8,112,350)	(9,704,946)
Cash flow from ordinary operating activities		**(1,638,858)**	**1,038,488**
Financial income received		78,149	64,869
Financial expenses paid		(7,300,441)	(6,956,347)
Cash flows from operating activities		**(8,861,150)**	**(5,852,990)**
Sale of intangible assets		0	404,946
Acquisition etc of property, plant and equipment		(4,987,650)	0
Cash flows from investing activities		**(4,987,650)**	**404,946**
Free cash flows generated from operations and investments before financing		**(13,848,800)**	**(5,448,044)**
Loans raised		10,491,584	11,504,579
Repayments of loans etc		(972,519)	0
Cash flows from financing activities		**9,519,065**	**11,504,579**
Increase/decrease in cash and cash equivalents		**(4,329,735)**	**6,056,535**
Cash and cash equivalents beginning of year		8,839,038	2,782,503
Cash and cash equivalents end of year		**4,509,303**	**8,839,038**
Cash and cash equivalents at year-end are composed of:			
Cash		4,509,303	8,839,038
Cash and cash equivalents end of year		**4,509,303**	**8,839,038**

Notes

1 Other financial income

	2020 DKK	2019 DKK
Financial income from group enterprises	72,151	60,458
Other interest income	0	6
Other financial income	5,998	4,405
	78,149	**64,869**

2 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	35,732	35,821
Other interest expenses	7,264,709	6,920,526
	7,300,441	**6,956,347**

3 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Change in deferred tax	165,928	610,000
	165,928	**610,000**

4 Property, plant and equipment

	Investment property DKK
Cost beginning of year	39,490,731
Additions	4,987,650
Cost end of year	**44,478,381**
Revaluations beginning of year	25,509,269
Revaluations for the year	8,112,350
Revaluations end of year	**33,621,619**
Carrying amount end of year	**78,100,000**

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

As described in the Summary of significant accounting policies, the investment property is measured at fair value, subject to the completion of the planned projects and using the return-based model. The required rate of return for the investment property averages approximately 5% at 31 December 2020 compared to last year's required rate of return of 5%. An increase of the required rate of return of 0.5 percentage points would reduce the fair value by approximately DKK 53,3m. A reduction of the required rate of return of 0.5 percentage points would increase the total fair value by approximately DKK 65,2m.

In the return-based model, the calculated budgeted net profit on the properties amounts to DKK 1,223 per m2. The budgeted profit does not include any downward adjustment for vacancy, due to the attractive locations.

The expected total size of the properties is 24.000 m2. The property portfolio is composed of commercial rental properties. The property is placed in Copenhagen.

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

The fair value of the Company's investment property amounts to DKK 78,100k at the balance sheet date, this means a change in the fair value of DKK 8,112k, which has been recognised directly in the income statement.

5 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Loans raised by the issuance of bonds	41,207,272
	41,207,272

6 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in receivables	(2,490,362)	643,178
Increase/decrease in trade payables etc	984,844	437,302
	(1,505,518)	**1,080,480**

7 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Hawk Investments ApS serves as the administration company. 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 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8 Assets charged and collateral

Other debt is secured by way of a deposited mortgage deed registered to the mortgagor of nominally DKK 70m on properties.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor of nominally DKK 22m on properties.

The carrying amount of mortgaged properties is DKK 78,1m at 31.12.2020.

A total guarantee of DKK 37k has been provided towards a third party.

9 Group relations

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

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.

Changes in accounting policies

In previous years, the Company has capitalised interest expenses on cost of property, plant and equipment. As the project development has not yet been initiated, Management has decided to change the accounting treatment of interest expenses to the effect that interest expenses instead are taken to the income statement on an ongoing basis. According to Management's assessment, the value of the project has not changed this year or the previous year. Consequently, the change will not have any effect on profit or loss, and equity is also unchanged. The change has thus exclusively resulted in higher interest expenses in the income statement with an equivalent revaluation of the value of the project.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

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.

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.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises 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

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.

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

Cash
Cash comprises bank deposits.

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.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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

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 income taxes paid.

Cash flows from investing activities comprise payments in connection with fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs ass well as the raising of loans etc.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.