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Oskar Office ApS

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

Annual report 2019

The Annual General Meeting adopted the annual report on 30.04.2020

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: 01.01.2019 - 31.12.2019

Executive Board

Henrik Wessmann Jensen, direktør

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 01.01.2019 - 31.12.2019.

The annual report is presented 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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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, 30.04.2020

Executive Board

Henrik Wessmann Jensen
direktør

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 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019 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.

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, 30.04.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Klaus Tvede-Jensen
State Authorised Public Accountant
Identification No (MNE) mne23304

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
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. Some authority permits have been delayed and are still awaiting issuance. However, a number of conditional rental agreements have been entered into with future tenants.

By the end of 2019 a development and construction loan was obtained by a reputable, Danish bank. Also, by the end of 2019 a number of activities were initiated regarding the development of the plot. Amongst these are environmental cleansing, demolition of current structures and more.

All permits needed are expected to be received in 2020 whereupon the construction work can be initiated.

The income statement for the financial year 1 January 2019 - 31 December 2019 show a profit of 2.161 t.kr. The result of the year is considered satisfactory.

Uncertainty relating to recognition and measurement
The investment property is recognised in the financial statements at fair value, which has been calculated using return-based valuation models. Fair value is calculated for the property based on a number of assumptions, including pro-forma net earnings and required rate of return determined for the property; see description thereof in the Summary of significant accounting policies. The required rates of return have been laid down so as to reflect current required market rates and return for similar properties. Determining the required rates of return and future net earnings is subject to uncertainty.

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.

Events after the balance sheet date
The property is measured at fair value at the balance sheet date in accordance with the accounting policies applied.

Because of the general uncertainty currently involved in determining the future effect of the COVID-19 disease, the property in particular is subject to considerable uncertainty in determining their fair value, including the defined required rate of return and future net earnings. The property is in the process of development, and this process will not be completed until the COVID-19 crisis is expected to be over. This is why the Management believes that, at this point in time, there is no need to increase the required rate of return or to change expected net earnings for the property. Refer to the property, plant and equipment note to the financial statement which includes a more detailed description of the valuation methods used, the assumptions used and the sensivity of the caluculated fair values to these factors.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		**(41,992)**	**(1,600,257)**
Fair value adjustments of investment property		2,796,785	10,635,364
Operating profit/loss		**2,754,793**	**9,035,107**
Other financial income	2	64,869	41
Other financial expenses	3	(48,186)	(94,071)
Profit/loss before tax		**2,771,476**	**8,941,077**
Tax on profit/loss for the year	4	(610,000)	(1,955,072)
Profit/loss for the year		**2,161,476**	**6,986,005**
Proposed distribution of profit and loss			
Retained earnings		2,161,476	6,986,005
Proposed distribution of profit and loss		**2,161,476**	**6,986,005**

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Investment property		65,000,000	55,700,000
Property, plant and equipment	5	**65,000,000**	**55,700,000**
Fixed assets		**65,000,000**	**55,700,000**
Trade receivables		3,125	0
Receivables from group enterprises		0	215,850
Other receivables		0	400,452
Receivables		**3,125**	**616,302**
Cash		**8,839,038**	**2,782,503**
Current assets		**8,842,163**	**3,398,805**
Assets		**73,842,163**	**59,098,805**

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		8,450,000	8,450,000
Retained earnings		9,077,481	6,916,005
Equity		**17,527,481**	**15,366,005**
Deferred tax		2,565,072	1,955,072
Provisions		**2,565,072**	**1,955,072**
Other payables		42,153,030	40,156,112
Non-current liabilities other than provisions	6	**42,153,030**	**40,156,112**
Mortgage debt		0	755
Bank loans		9,508,416	0
Trade payables		87,364	979,163
Payables to group enterprises		1,381,653	0
Other payables		619,147	641,698
Current liabilities other than provisions		**11,596,580**	**1,621,616**
Liabilities other than provisions		**53,749,610**	**41,777,728**
Equity and liabilities		**73,842,163**	**59,098,805**
Events after the balance sheet date	1		
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Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	8,450,000	6,916,005	15,366,005
Profit/loss for the year	0	2,161,476	2,161,476
Equity end of year	**8,450,000**	**9,077,481**	**17,527,481**

Cash flow statement for 2019

	Notes	2019 DKK	2018 DKK
Operating profit/loss		2,754,793	9,035,107
Working capital changes	7	1,080,480	5,670,985
fair value adjusment of investment property		(2,796,785)	(10,635,364)
Cash flow from ordinary operating activities		**1,038,488**	**4,070,728**
Financial income received		64,869	41
Financial expenses paid		(48,186)	(94,071)
Cash flows from operating activities		**1,055,171**	**3,976,698**
Acquisition etc of property, plant and equipment		(6,503,215)	(10,470,952)
Cash flows from investing activities		**(6,503,215)**	**(10,470,952)**
Loans raised		11,504,579	9,276,757
Cash flows from financing activities		**11,504,579**	**9,276,757**
Increase/decrease in cash and cash equivalents		**6,056,535**	**2,782,503**
Cash and cash equivalents beginning of year		2,782,503	0
Cash and cash equivalents end of year		**8,839,038**	**2,782,503**
Cash and cash equivalents at year-end are composed of:			
Cash		8,839,038	2,782,503
Cash and cash equivalents end of year		**8,839,038**	**2,782,503**

Notes

1 Events after the balance sheet date

The property is measured at fair value at the balance sheet date in accordance with the accounting policies applied.

Because of the general uncertainty currently involved in determining the future effect of the COVID-19 disease, the property in particular is subject to considerable uncertainty in determining their fair value, including the defined required rate of return and future net earnings. The property is in the process of development, and this process will not be completed until the COVID-19 crisis is expected to be over. This is why the Management believes that, at this point in time, there is no need to increase the required rate of return or to change expected net earnings for the property. Refer to the property, plant and equipment note to the financial statement which includes a more detailed description of the valuation methods used, the assumptions used and the sensitivity of the caluculated fair values to these factors.

2 Other financial income

	2019 DKK	2018 DKK
Financial income from group enterprises	60,458	0
Other interest income	6	0
Other financial income	4,405	41
	64,869	**41**

3 Other financial expenses

	2019 DKK	2018 DKK
Financial expenses from group enterprises	35,821	0
Other interest expenses	12,365	94,071
	48,186	**94,071**

4 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Change in deferred tax	610,000	1,955,072
	610,000	**1,955,072**

5 Property, plant and equipment

	Investment property DKK
Cost beginning of year	45,064,636
Additions	6,503,215
Cost end of year	**51,567,851**
Revaluations beginning of year	10,635,364
Revaluations for the year	2,796,785
Revaluations end of year	**13,432,149**
Carrying amount end of year	**65,000,000**

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

As described in the Summary of significant accounting policies, the investment property is measured at fair value using the return-based model. The required rate of return for the investment property averages approximately 5% at 31 December 2019 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 total fair value by approximately DKK 44,6m. A reduction of the required rate of return of 0.5 percents points would increase the value by approximately DKK 69,0m.

The property portfolio is composed of commercial rental properties. For commerical rentals, the budgeted per square metre rent is DKK 1,225. The property is placed in Copenhagen.

6 Non-current liabilities other than provisions

	Due after more than 12 months 2019 DKK
Other payables	42,153,030
	42,153,030

7 Changes in working capital

	2019 DKK	2018 DKK
Increase/decrease in receivables	643,178	4,876,198
Increase/decrease in trade payables etc	437,302	794,787
	1,080,480	**5,670,985**

8 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.

9 Assets charged and collateral

Other debt is secured by way of a deposited mortgage deed registered to the mortgagor of nominally DKK 55m on properties.

The carrying amount of mortgaged properties is DKK 65m at 31.12.2019.

A total guarantee of DKK 36k has been provided towards a third party.

10 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.

The accounting policies applied to these financial statements are consistent with those applied below.

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.

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.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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.