

Pristine Invest II ApS

Sofiendalsvej 88, c/o Property House A/S, 9200 Aalborg SV

Company reg. no. 38 00 75 56

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 28 May 2021.

Jack Johannes Richard Nyberg
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the executive board has presented the annual report of Pristine Invest II ApS for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Aalborg SV, 28 May 2021

Executive board

Bo Erik Berggren

Jack Johannes Richard Nyberg

Independent auditor's report

To the shareholders of Pristine Invest II ApS

Opinion

We have audited the financial statements of Pristine Invest II ApS for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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

We draw attention to note 1 of the financial statements, which describes uncertainties regarding recognition and measurement of the company's investment properties.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

Independent auditor's report

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 the 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 express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Aalborg, 28 May 2021

Redmark

State Authorised Public Accountants
Company reg. no. 29 44 27 89

Alex Hoffmann Kristensen

State Authorised Public Accountant
mne33705

Company information

The company

Pristine Invest II ApS
Sofiendalsvej 88
c/o Property House A/S
9200 Aalborg SV

Company reg. no. 38 00 75 56
Established: 14 September 2016
Domicile: Aalborg
Financial year: 1 January - 31 December

Executive board

Bo Erik Berggren
Jack Johannes Richard Nyberg

Auditors

Redmark
Statsautoriseret Revisionspartnerselskab
Hasseris Bymidte 6
9000 Aalborg

Parent company

Pristine Properties ApS

Management commentary

The principal activities of the company

The activities of the company is to own and lease real estate.

Uncertainties about recognition or measurement

Please refer to note 1 in the financial statements for a description regarding uncertainties as to recognition and measurement.

Development in activities and financial matters

The gross profit for the year totals t.DKK 22.893 against t.DKK 22.550 last year. Income from ordinary activities after tax totals t.DKK 34.331 against t.DKK 13.239 last year. Management considers the net profit for the year satisfactory.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	22.892.661	22.550.384
Value adjustment of investment property	28.262.125	-3.712.288
Operating profit	51.154.786	18.838.096
Other financial income from group enterprises	218.518	350.845
Other financial income	278.954	0
3 Other financial costs	-1.768.220	-2.185.089
Pre-tax net profit or loss	49.884.038	17.003.852
Tax on net profit or loss for the year	-11.008.289	-3.764.756
Net profit or loss for the year	38.875.749	13.239.096
Proposed appropriation of net profit:		
Dividend for the financial year	15.000.000	0
Transferred to retained earnings	23.875.749	13.239.096
Total allocations and transfers	38.875.749	13.239.096

Statement of financial position at 31 December

All amounts in DKK.

Assets		2020	2019
<u>Note</u>		<u> </u>	<u> </u>
Non-current assets			
4	Investment property	270.300.000	214.700.000
	Total property, plant, and equipment	<u>270.300.000</u>	<u>214.700.000</u>
	Total non-current assets	<u>270.300.000</u>	<u>214.700.000</u>
Current assets			
	Trade receivables	988.270	0
	Receivables from group enterprises	19.267.291	21.578.777
	Other receivables	2.524	0
	Prepayments and accrued income	33.965	0
	Total receivables	<u>20.292.050</u>	<u>21.578.777</u>
	Cash on hand and demand deposits	<u>5.984.311</u>	<u>2.163.645</u>
	Total current assets	<u>26.276.361</u>	<u>23.742.422</u>
	Total assets	<u>296.576.361</u>	<u>238.442.422</u>

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity and liabilities		
Equity		
Contributed capital	50.001	50.001
Reserve for hedging transactions	-1.082.234	0
Retained earnings	141.745.487	117.869.738
Proposed dividend for the financial year	15.000.000	0
Total equity	<u>155.713.254</u>	<u>117.919.739</u>
Provisions		
Provisions for deferred tax	14.896.353	6.986.787
Total provisions	<u>14.896.353</u>	<u>6.986.787</u>
Liabilities other than provisions		
Mortgage loans	105.660.678	97.050.538
Deposits	1.391.207	380.000
Other payables	3.167.047	1.779.568
5 Total long term liabilities other than provisions	<u>110.218.932</u>	<u>99.210.106</u>
5 Current portion of long term payables	9.423.955	9.435.479
Trade payables	40.000	40.000
Payables to associates	0	1
Income tax payable	2.793.472	2.836.944
Other payables	3.490.395	2.013.366
Total short term liabilities other than provisions	<u>15.747.822</u>	<u>14.325.790</u>
Total liabilities other than provisions	<u>125.966.754</u>	<u>113.535.896</u>
Total equity and liabilities	<u>296.576.361</u>	<u>238.442.422</u>
1	Uncertainties concerning recognition and measurement	
2	Disclosures on fair value	
6	Charges and security	
7	Contingencies	

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for hedging transactions	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2020	50.001	0	119.862.301	0	119.912.302
Retained earnings for the year	0	0	23.875.749	15.000.000	38.875.749
Fair value adjustments of hedging instruments for the year	0	-1.082.234	0	0	-1.082.234
Value of hedging instrument 31.12.19	0	0	-1.992.563	0	-1.992.563
	50.001	-1.082.234	141.745.487	15.000.000	155.713.254

Notes

All amounts in DKK.

1. Uncertainties concerning recognition and measurement

When preparing the annual report, the management makes a variety of estimates regarding the recognition and valuation of the company's assets and liabilities. The valuation of the company's investment property is based on estimates and assumptions.

The company's investment properties are large industrial properties. The market for this type of property is limited in volume and the potential buyers are few. Because of this, there is a risk associated to this, in the matter of a situation of sale, the value at which they could be sold at will not align with the fair-value recognition in the annual report.

When making the valuation of the investment properties it has been presumed that the investment properties is let out beyond the periods of interminability. The level of rental income beyond the period of interminability is associated with a risk and therefore the valuations of the investment properties is too. Please refer to the sensitivity analysis in the note for investment properties.

In the leases there are built in call-options which gives the tenants the right to buy the property at a fixed value when the lease runs out. In the assessment of the fair-value this has been taken into consideration and the fair-values reflects this.

2. Disclosures on fair value

	<u>Investment property</u>	<u>Other listed securities</u>
Fair value at 31 December 2020	217.300.000	3.942.047
Change in fair value of the year recognised in the statement of financial activity	28.262.125	0
Change in fair value of the year recognised in the equity	0	1.387.479

3. Other financial costs

Financial costs, group enterprises	0	959.092
Other financial costs	1.768.220	1.225.997
	<u>1.768.220</u>	<u>2.185.089</u>

Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
4. Investment property		
Cost 1 January 2020	193.691.973	193.691.973
Additions during the year	<u>27.337.875</u>	<u>0</u>
Cost 31 December 2020	<u>221.029.848</u>	<u>193.691.973</u>
Fair value adjustment 1 January 2020	21.008.027	24.720.315
Adjustments to fair value for the year	<u>28.262.125</u>	<u>-3.712.288</u>
Fair value adjustment 31 December 2020	<u>49.270.152</u>	<u>21.008.027</u>
Carrying amount, 31 December 2020	<u>270.300.000</u>	<u>214.700.000</u>

The measurement of properties is made using a returnbased cash flow model based on expected future net cash flows over a period of 10 years. The required rate of return is determined by an external assessor. The fair value measurement is made on the basis of estimated rental income and expected operating costs, including scheduled maintenance. Cash flows beyond the 10th year (terminal value) is determined according to a netrent model based on the 10th year, but at average estimates as to vacant periods, improvement costs, major maintenance costs, and investments. Cash flows from each year and the value of the terminal year are discounted with the required rate of return determined for each individual property with addition of inflation.

Compared to the previous financial year, the methods of measurement remain unchanged.

The material, nonobservable inputs in relation to the calculation of the fair value are:

	<u>2020</u>	<u>2019</u>
Required rate of return in %	6,00 - 8,00	5,65 - 7,50

Sensitivity analysis:

The major factors in determining the fair value of the property are the rates of return and occupancy, respectively. A change in the rate of return of +0,50% will result in a fluctuation of t.DKK -7.122 in the fair value of the property, and a change in the reate of return of -0,50% will result in a change of t.DKK +7.667 in the fair value.

Notes

All amounts in DKK.

4. Investment property (continued)

A change in rental income of +10% will result in a positive change of the fair value of t.DKK 17.354. On the other hand will the fair value be decreased by t.DKK 12.250 as a result of a negative 10% change in the rental income.

The majority of the contracts with the tenants have a build in non-terminability period. The change of 10% in rental income are calculated at the end of the non-terminability period on each property.

5. Liabilities other than provision

	Total payables 31 Dec 2020	Current portion of long term payables	Long term payables 31 Dec 2020	Outstanding payables after 5 years
Mortgage loans	114.309.633	8.648.955	105.660.678	64.471.942
Deposits	1.391.207	0	1.391.207	0
Other payables	3.942.047	775.000	3.167.047	1.277.284
	<u>119.642.887</u>	<u>9.423.955</u>	<u>110.218.932</u>	<u>65.749.226</u>

6. Charges and security

As collateral for mortgage loans, t.DKK 116.019, security has been granted on land and buildings representing a carrying amount of t.DKK 270.300 at 31 December 2020.

The company has issued mortgages registered to the owners totalling m.DKK 6,5 as security for group enterprise bank loans. The mortgages registered to the owners provide security on the above land and buildings.

7. Contingencies

Contingent liabilities

Recourse guarantee commitments:

The company has provided guarantees for the bank debts of the group enterprises with a cap of 10.568. The total bank debt for the group is t.DKK 1.797 at 31 December 2020.

The company has guaranteed for mortgage loans of group enterprises. On 31 December 2020, the total mortgage loans of group companies totals t.DKK 111.968.

Notes

All amounts in DKK.

7. Contingencies (continued)

Joint taxation

With Vingen Ejendomme ApS, company reg. no 32934862 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Pristine Invest II ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

Accounting policies

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

Income statement

Gross profit

Gross profit comprises the revenue, other operating income, and external costs.

Lease income comprises income from the lease of property and from overhead costs collected and is recognised in the income statement for the period relating to the lease payment. Income from the heating account is recognised in the statement of financial position as a balance with lessees.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for administration etc.

Value adjustment of investment property

Value adjustment of investment property comprises value adjustments of properties at fair value and profit or loss from the disposal of properties.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

Statement of financial position

Investment property

At the initial recognition, investment property is measured at cost, comprising the cost of the property and directly associated costs, if any.

Hereafter, investments are measured individually on the basis of a return-based cash flow model based on expected future net cash flows over a period of 10 years. The required rate of return is determined by an external assessor. Fair value measurement is made on the basis of estimated lease income and expected operating costs, including scheduled maintenance. Compared to the previous financial year, the method of measurement remains unchanged.

Costs adding new or improved qualities to an investment property compared to its condition at the time of acquisition, thereby improving the future return on the property, are added to the cost as an improvement. Costs which do not add new or improved qualities to an investment property are recognised in the income statement under the item "Costs concerning investment property".

Like other property, plant, and equipment except for land, investment property has a limited economic life. The impairment taking place concurrently with the ageing of the investment property is reflected in the continuing measurement of the investment property at fair value.

Value adjustments are recognised in the income statement under the item "Value adjustments of property".

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Equity

Reserve for hedging transactions

The reserve for hedging transactions arises when hedging instruments are subject to fair value adjustments.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Accounting policies

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, Pristine Invest II ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Accounting policies

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.