

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 2021

The annual report was submitted and approved by the general meeting on the 25 February 2022.

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 statement

Today, the Executive Board has approved the annual report of Pristine Invest II ApS for the financial year 1 January - 31 December 2021.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Aalborg SV, 25 February 2022

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 2021, which comprise income statement, balance sheet, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Aalborg, 25 February 2022

Redmark

Godkendt Revisionspartnerselskab
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 Godkendt Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg
Parent company	Pristine Properties ApS

Management's review

The principal activities of the company

Like previous years, the activities are to own and lease real estate.

Development in activities and financial matters

The gross profit for the year totals DKK 19.788.000 against DKK 22.893.000 last year. Income or loss from ordinary activities after tax totals DKK -2.191.000 against DKK 38.876.000 last year. Management considers the net profit or loss for the year satisfactory.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Gross profit	19.787.537	22.892.661
Value adjustment of investment property	-21.554.852	28.262.125
Operating profit	-1.767.315	51.154.786
Other financial income from subsidiaries	217.919	218.518
Other financial income	447.080	278.954
2 Other financial expenses	-1.703.822	-1.768.220
Pre-tax net profit or loss	-2.806.138	49.884.038
Tax on net profit or loss for the year	615.616	-11.008.289
Net profit or loss for the year	-2.190.522	38.875.749
Proposed appropriation of net profit:		
Dividend for the financial year	31.000.000	15.000.000
Transferred to retained earnings	0	23.875.749
Allocated from retained earnings	-33.190.522	0
Total allocations and transfers	-2.190.522	38.875.749

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2021</u>	<u>2020</u>
Non-current assets		
3 Investment property	248.745.148	270.300.000
Total property, plant, and equipment	<u>248.745.148</u>	<u>270.300.000</u>
Total non-current assets	<u>248.745.148</u>	<u>270.300.000</u>
Current assets		
Trade receivables	173.508	988.270
Receivables from subsidiaries	14.141.904	19.267.291
Other receivables	0	2.524
Prepayments	166.770	33.965
Total receivables	<u>14.482.182</u>	<u>20.292.050</u>
Cash and cash equivalents	<u>4.828.951</u>	<u>5.984.311</u>
Total current assets	<u>19.311.133</u>	<u>26.276.361</u>
Total assets	<u>268.056.281</u>	<u>296.576.361</u>

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Equity and liabilities		
Equity		
	50.001	50.001
4 Reserve for hedging transactions	-1.069.623	-1.082.234
Retained earnings	110.547.528	141.745.488
Proposed dividend for the financial year	31.000.000	15.000.000
Total equity	140.527.906	155.713.255
Provisions		
Provisions for deferred tax	11.841.480	14.896.353
Total provisions	11.841.480	14.896.353
Long term liabilities other than provisions		
Mortgage loans	95.094.039	105.660.678
Deposits	4.087.714	1.391.207
Other payables	685.655	3.167.047
5 Total long term liabilities other than provisions	99.867.408	110.218.932
5 Current portion of long term liabilities	10.355.352	9.423.955
Prepayments received from customers	20.916	0
Trade payables	110.720	40.000
Income tax payable	3.004.804	2.793.472
Other payables	2.327.695	3.490.394
Total short term liabilities other than provisions	15.819.487	15.747.821
Total liabilities other than provisions	115.686.895	125.966.753
Total equity and liabilities	268.056.281	296.576.361
1 Disclosures on fair value		
6 Charges and security		
7 Contingencies		

Notes

All amounts in DKK.

1. Disclosures on fair value

	<u>Investment property</u>	<u>Derived financial instruments</u>
Fair value at 31 December 2021	248.745.148	-1.371.311
Change in fair value of the year recognised in the statement of financial activity	-21.554.852	0
Change in fair value of the year recognised in the equity	0	2.570.736
	<u>2021</u>	<u>2020</u>

2. Other financial expenses

Other financial costs	1.703.822	1.768.220
	<u>1.703.822</u>	<u>1.768.220</u>

3. Investment property

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 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>2021</u>	<u>2020</u>
Required rate of return in %	5,00 - 9,75	6,00 - 8,00

Notes

All amounts in DKK.

	<u>31/12 2021</u>	<u>31/12 2020</u>
	<u>31/12 2021</u>	<u>31/12 2020</u>
4. Reserve for hedging transactions		
Reserve for hedging transactions 1 January 2021	-1.082.234	1.992.563
Fair value adjustments of hedging instruments for the year	<u>12.611</u>	<u>-3.074.797</u>
	<u>-1.069.623</u>	<u>-1.082.234</u>

5. Long term liabilities other than provisions

	<u>Total payables 31 Dec 2021</u>	<u>Current portion of long term payables</u>	<u>Long term payables 31 Dec 2021</u>	<u>Outstanding payables after 5 years</u>
Mortgage loans	104.763.735	9.669.696	95.094.039	48.340.506
Deposits	4.087.714	0	4.087.714	0
Other payables	<u>1.371.311</u>	<u>685.656</u>	<u>685.655</u>	<u>685.656</u>
	<u>110.222.760</u>	<u>10.355.352</u>	<u>99.867.408</u>	<u>49.026.162</u>

6. Charges and security

As collateral for mortgage loans, t.DKK 106.333, security has been granted on land and buildings representing a carrying amount of t.DKK 248.745 at 31 December 2021.

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 27.671. The total bank debt for the group is t.DKK 0 at 31 December 2021.

The company has guaranteed for mortgage loans of group enterprises. On 31 December 2021, the total mortgage loans of group companies totals t.DKK 136.032.

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 hedging of future cash flows are recognised in other receivables or other payables, and in equity.

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.

Accounting policies

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 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).

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.

Accounting policies

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

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.

Dividend

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

Accounting policies

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.