Pristine Properties ApS

Sofiendalsvej 88, 9200 Aalborg SV

Company reg. no. 39 28 05 74

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

Contents

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 Properties 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 consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2020, and of the result of the activities, consolidated and of the company, respectively, during 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 Properties ApS

Opinion

We have audited the consolidated financial statements and the financial statements of Pristine Properties ApS for the financial year 1 January to 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies, consolidated and of the company, respectively and consolidated statement af cash flows. The consolidated financial statements and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated and of the company, respectively, at 31 December 2020 and of the results of the company's activities, consolidated and of the company, respectivelyand of consolidated cash flows , 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 consolidated financial statements and 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

Without qualifying our conclusion we have to draw attention to note 1 in the financial statements, which describes uncertainties regarding recognition and measurement concerning the group's investment properties at fair value and recognition and measure of equity investments in group enterprises at net asset value in the parent company.

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

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

Independent auditor's report

In preparing the consolidated financial statements and the financial statements, management is responsible for assessing the group’s and 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 group or the company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated annual accounts and the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 consolidated financial statements and 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 consolidated financial statements and 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 group’s and 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 consolidated financial statements and 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 group’s and 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 consolidated financial statements and 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 group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in 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 consolidated financial statements and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the consolidated financial statements or 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.

Independent auditor's report

Based on the work we have performed, we believe that the management commentary is consistent with the consolidated financial statements and 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 Properties ApS Sofiendalsvej 88 9200 Aalborg SV	
	Company reg. no.	39 28 05 74
	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 WBN Estate Holding AB	
Subsidiaries	Pristine Invest I A/S, Aalborg Pristine Invest II ApS, Aalborg Pristine Invest III ApS, Aalborg	

Consolidated financial highlights

DKK in thousands.	2020	2019	2018
Income statement:			
Gross profit	42.924	42.420	39.801
Profit from operating activities	58.111	71.650	137.907
Net financials	-10.304	-15.974	-11.748
Net profit or loss for the year	37.539	43.432	110.165
Statement of financial position:			
Balance sheet total	562.693	511.064	486.854
Investments in property, plant and equipment	27.338	0	471.325
Equity	166.499	142.676	110.215
Cash flows:			
Operating activities	43.967	23.242	34.527
Investing activities	-27.338	781	-370.179
Financing activities	-8.981	-28.123	342.505
Total cash flows	7.648	-4.100	6.853
Key figures in %:			
Acid test ratio	37,4	28,0	34,4
Solvency ratio	29,6	27,9	22,6
Return on equity	24,3	34,3	199,9

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio

$$\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$$

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

Management commentary

The principal activities of the group

Like previous years, the principal activities of the group and of Pristine Properties ApS are rental of and investments in properties.

Unusual circumstances

There are no unusual matters wich affects the financial statements as to recognition and measurement.

Uncertainties about recognition or measurement

In the group there is uncertainties as to recognition and measurement of the investment properties at fair-value. The fair value measurement is based on a cashflow-method and because of the uncertainties in the presumptions that is used for the fair value-calculation, the valuation contains uncertainties.

In the parent company there is also uncertainties as to the recognition and measurement of the equity investments in group enterprises due to the above mentioned remarks.

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 management consider the results of the parent company and group satisfactory.
The result before tax and fair-value adjustments has developed in line with the expectations based on last year's results before tax and fair-value adjustments.

Special risks

Interest rate risks

The group companies have no official policy for dealing with interest rate risk. The group companies uses derivatives to deal with certain risks.

Environmental issues

The group-activities has no effect on environmental matters.

Research and development activities

The group activities does not include research and development.

Expected developments

The expected development for the forthcoming financial year is the same level of activity and result of the investment properties before fair-value adjustments as the financial year 2020.

This will also be reflected in the financial statements for the parent company, because the principal activities consist of owning the shares in the group enterprises.

Management commentary

Branches abroad

There are no branches abroad.

Income statement 1 January - 31 December

All amounts in DKK.

		Group		Parent	
Note		2020	2019	2020	2019
	Gross profit	**42.923.620**	**42.419.631**	**-1.251.028**	**-1.105.970**
	Value adjustment of investment property	15.187.125	29.230.733	0	0
	Operating profit	**58.110.745**	**71.650.364**	**-1.251.028**	**-1.105.970**
	Income from equity investments in group enterprises	0	0	44.375.930	53.516.177
	Other financial income from group enterprises	218.518	350.845	731.285	0
	Other financial income	135.128	48.148	135.055	2.651.390
3	Other financial costs	-10.657.538	-16.372.564	-8.418.275	-14.483.798
	Pre-tax net profit or loss	**47.806.853**	**55.676.793**	**35.572.967**	**40.577.799**
	Tax on net profit or loss for the year	-10.267.724	-12.244.405	1.966.162	2.854.590
4	**Net profit or loss for the year**	**37.539.129**	**43.432.388**	**37.539.129**	**43.432.389**

Statement of financial position at 31 December

All amounts in DKK.

Assets

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
	Non-current assets				
5	Investment property	542.300.000	499.775.000	0	0
	Total property, plant, and equipment	542.300.000	499.775.000	0	0
6	Equity investments in group enterprises	0	0	275.070.348	257.410.900
	Total investments	0	0	275.070.348	257.410.900
	Total non-current assets	**542.300.000**	**499.775.000**	**275.070.348**	**257.410.900**
	Current assets				
	Trade receivables	993.118	0	0	0
	Receivables from group enterprises	8.962.065	8.535.845	38.461.497	36.282.595
	Income tax receivables	0	0	1.976.755	2.884.222
	Other receivables	2.524	0	0	83.389
7	Prepayments and accrued income	33.965	0	0	0
	Total receivables	9.991.672	8.535.845	40.438.252	39.250.206
	Cash on hand and demand deposits	10.400.954	2.753.037	2.707.250	13.965
	Total current assets	**20.392.626**	**11.288.882**	**43.145.502**	**39.264.171**
	Total assets	**562.692.626**	**511.063.882**	**318.215.850**	**296.675.071**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	Group 2020	Group 2019	Parent 2020	Parent 2019
	Equity				
	Contributed capital	50.000	50.000	50.000	50.000
	Reserve for net revaluation according to the equity method	-1.716.482	0	149.701.631	129.071.258
	Retained earnings	153.165.393	130.626.261	1.747.280	1.555.005
	Proposed dividend for the financial year	15.000.000	12.000.000	15.000.000	12.000.000
	Total equity	**166.498.911**	**142.676.261**	**166.498.911**	**142.676.263**
	Provisions				
8	Provisions for deferred tax	36.991.910	28.206.298	0	0
	Total provisions	**36.991.910**	**28.206.298**	**0**	**0**
	Liabilities other than provisions				
	Mortgage loans	179.198.470	177.501.226	0	0
	Deposits	10.960.035	9.797.271	0	0
	Payables to group enterprises	110.000.000	110.000.000	110.000.000	110.000.000
	Other payables	4.520.040	2.614.378	0	0
9	Total long term liabilities other than provisions	304.678.545	299.912.875	110.000.000	110.000.000

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
9	Current portion of long term payables	16.756.744	16.782.004	0	0
	Bank loans	24.413	2.432.086	0	2.432.086
	Trade payables	166.500	387.500	77.500	302.500
	Payables to group enterprises	25.041.379	16.975.120	36.664.310	41.264.220
	Income tax payable	1.282.325	379.852	0	0
	Other payables	11.251.899	3.311.886	4.975.129	2
	Total short term liabilities other than provisions	54.523.260	40.268.448	41.716.939	43.998.808
	Total liabilities other than provisions	**359.201.805**	**340.181.323**	**151.716.939**	**153.998.808**
	Total equity and liabilities	**562.692.626**	**511.063.882**	**318.215.850**	**296.675.071**

1 Uncertainties concerning recognition and measurement

2 Disclosures on fair value

10 Charges and security

11 Contingencies

12 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital not paid	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2020	50.000	0	129.822.453	12.000.000	141.872.453
Distributed dividend	0	0	0	-12.000.000	-12.000.000
Share of profit or loss	0	0	23.342.940	15.000.000	38.342.940
Change in fair value of hedge instrument	0	-1.716.482	0	0	-1.716.482
	50.000	**-1.716.482**	**153.165.393**	**15.000.000**	**166.498.911**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2020	50.000	132.042.105	4.908.479	12.000.000	149.000.584
Distributed dividend	0	0	0	-12.000.000	-12.000.000
Share of profit or loss	0	19.375.930	-3.161.199	15.000.000	31.214.731
Change in hedge-instrument	0	-1.716.404	0	0	-1.716.404
	50.000	**149.701.631**	**1.747.280**	**15.000.000**	**166.498.911**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		Group 2020	2019
	Net profit or loss for the year	37.539.129	43.432.388
13	Adjustments	12.150.760	-1.012.755
14	Change in working capital	7.332.501	-61.716
	Cash flows from operating activities before net financials	57.022.390	42.357.917
	Interest received, etc.	353.573	398.994
	Interest paid, etc.	-10.657.538	-16.372.564
	Cash flows from ordinary activities	46.718.425	26.384.347
	Income tax paid	-2.751.418	-3.141.877
	Cash flows from operating activities	**43.967.007**	**23.242.470**
	Purchase of property, plant, and equipment	-27.337.875	0
	Sale of property, plant, and equipment	0	780.646
	Cash flows from investment activities	**-27.337.875**	**780.646**
	Long-term payables incurred	17.131.029	204.717.119
	Repayments of long-term payables	-15.433.785	-228.266.270
	Dividend paid	-12.000.000	-8.000.000
	Changes in gæld til pengeinstitutter	-2.407.673	-2.070.377
	Other cash flows from financing activities	3.729.141	5.496.740
	Cash flows from investment activities	**-8.981.288**	**-28.122.788**
	Change in cash and cash equivalents	**7.647.844**	**-4.099.672**
	Cash and cash equivalents at 1 January 2020	2.753.037	6.852.709
	Foreign currency translation adjustments (cash and cash equivalents)	73	0
	Cash and cash equivalents at 31 December 2020	**10.400.954**	**2.753.037**
	Cash and cash equivalents		
	Cash on hand and demand deposits	10.400.954	2.753.037
	Cash and cash equivalents at 31 December 2020	**10.400.954**	**2.753.037**

Notes

All amounts in DKK.

1. Uncertainties concerning recognition and measurement

The investment properties are recognized and measured at fair value. The valuation of the company's investment properties is based on estimates and assumptions. The fair value of the investment properties affects the equity investments in group enterprises for the parent company and the investment properties in the financial statements.

The groups investment properties consist of large industrial properties located in all geographical parts of Denmark. The investment properties are measured at fair value, based on a discounted cash flow. The market for this type of properties is limited in volume and the potential buyers are few. Because of this, there is a risk that the value at which they could be sold at, might not align with the fair-value measurement on the annual report in a situation of a sale. This is also reflected in the parent company's investments in group enterprises, and therefore the risk also applicable in the parent company.

In the prerequisites for the determination of the fair-value it has been presumed, that the investment properties are leased beyond the period of interminability in the lease agreements. It has been presumed that the rental income continues at the same level as currently. The level of rental income beyond the period of interminability is associated with a risk and therefore the valuations of the investment properties in the financial statements of the group and the investment in group companies for the parent company.

When change in the rental income or yield happen it influences the value of the investment properties tin the group, therefore a sensitivity analysis has been made to show the effect of the change. Please refer to note 4 in the annual report for the sensitivity analysis.

2. Disclosures on fair value

Group

	Investment property	Other listed securities
Fair value at 31 December 2020	542.300.000	5.715.540
Change in fair value of the year recognised in the statement of financial activity	15.187.125	0
Change in fair value of the year recognised in the equity	0	1.905.662

Notes

All amounts in DKK.

		Group 2020	Group 2019	Parent 2020	Parent 2019
3.	**Other financial costs**				
	Financial costs, group enterprises	7.762.919	7.331.968	8.267.241	7.504.005
	Other financial costs	2.894.619	9.040.596	151.034	6.979.793
		10.657.538	**16.372.564**	**8.418.275**	**14.483.798**

		Parent 2020	Parent 2019
4.	**Proposed appropriation of net profit**		
	Reserves for net revaluation according to the equity method	19.375.930	53.516.177
	Dividend for the financial year	15.000.000	12.000.000
	Transferred to retained earnings	3.163.199	0
	Allocated from retained earnings	0	-22.083.788
	Total allocations and transfers	**37.539.129**	**43.432.389**

		Group 31/12 2020	Group 31/12 2019	Parent 31/12 2020	Parent 31/12 2019
5.	**Investment property**				
	Cost 1 January 2020	428.694.201	378.807.727	0	0
	Additions during the year	27.337.875	0	0	0
	Disposals during the year	0	-437.115	0	0
	Cost 31 December 2020	**456.032.076**	**378.370.612**	**0**	**0**
	Fair value adjustment 1 January 2020	71.080.799	92.517.188	0	0
	Adjustments to fair value for the year	15.187.125	29.269.637	0	0
	Adjustment to fair value, assets disposed of	0	-382.437	0	0
	Fair value adjustment 31 December 2020	**86.267.924**	**121.404.388**	**0**	**0**
	Carrying amount, 31 December 2020	**542.300.000**	**499.775.000**	**0**	**0**

Notes

All amounts in DKK.

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:

	2020	2019
Required rate of return in %	5,00 - 7,50	5,65 - 9,00

Sensitivity analysis:
The major factors in determining the fair value of the property are the rates of return and rental income, respectively. A change in the rate of return of +0,50% will result in a decrease of t.DKK 24.087 in the fair value of the property and a change of -0,50% in the rate of return will result in an increase of t.DKK 33.387.

A decrease in the rental income of -10 percentage point will lead to a drop in the fair value of the property totalling DKK 25.356. On the contrary will an increase of +10 percentage points lead to a increase of the fair value totalling t.DKK 35.513.

Notes

All amounts in DKK.

		Group 31/12 2020	Group 31/12 2019	Parent 31/12 2020	Parent 31/12 2019
6.	**Equity investments in group enterprises**				
	Cost 1 January 2020	0	0	128.339.642	128.339.642
	Cost 31 December 2020	**0**	**0**	**128.339.642**	**128.339.642**
	Revaluations, opening balance 1 January 2020	0	0	129.071.258	98.525.929
	Net profit or loss for the year before amortisation of goodwill	0	0	44.375.930	53.516.177
	Dividend	0	0	-25.000.000	-20.000.000
	Change in hedge instrument	0	0	-1.716.482	-2.970.848
	Revaluation 31 December 2020	**0**	**0**	**146.730.706**	**129.071.258**
	Carrying amount, 31 December 2020	**0**	**0**	**275.070.348**	**257.410.900**

Group enterprises:

	Domicile	**Equity interest**
Pristine Invest I A/S	Aalborg	100 %
Pristine Invest II ApS	Aalborg	100 %
Pristine Invest III ApS	Aalborg	100 %

		Group 31/12 2020	Group 31/12 2019	Parent 31/12 2020	Parent 31/12 2019
7.	**Prepayments and accrued income**				
	Prepaid insurance	33.965	0	0	0
		33.965	**0**	**0**	**0**

Notes

All amounts in DKK.

	Group 31/12 2020	Group 31/12 2019	Parent 31/12 2020	Parent 31/12 2019
8. Provisions for deferred tax				
Provisions for deferred tax 1 January 2020	28.206.298	17.179.697	0	0
Deferred tax relating to the net profit or loss for the year	8.785.612	11.026.601	0	0
	36.991.910	**28.206.298**	**0**	**0**

9. 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
Group				
Mortgage loans	194.760.714	15.562.244	179.198.470	110.504.058
Deposits	10.960.035	0	10.960.035	0
Payables to group enterprises	110.000.000	0	110.000.000	0
Other payables	5.714.540	1.194.500	4.520.040	2.228.156
	321.435.289	**16.756.744**	**304.678.545**	**112.732.214**
Parent				
Payables to group enterprises	110.000.000	0	110.000.000	0
	110.000.000	**0**	**110.000.000**	**0**

10. Charges and security

As collateral for bank loans in the group entities and in other entities related to the group, t.DKK 6.738 security has been granted on land and buildings representing a carrying amount of t.DKK 542.300 at 31 December 2020.

Notes

All amounts in DKK.

10. Charges and security (continued)

Parent company

As collateral for bank loans in group and other related entities t.DKK 5.738, security in shares in group entities. The shares represents a booked value of t.DKK 299.899 at 31 December 2020.

11. Contingencies

Contingent liabilities

Recourse guarantee commitments, parent company:

The company has guaranteed the bank loans of the group enterprises. On 31 December 2020, the total loans of the group enterprises totalled t.DKK 5.739 and guarantees are capped at t.DKK 30.565.

The company has guaranteed for mortgage loans of group enterprises. On 31 December 2020, the total mortgage loans of group compianes totals t.DKK 227.987.

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 is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

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.

12. Related parties

Controlling interest

Pristine WBN Estate Holding AB, Björkhagsstien 6, 181 64 Lindigö, Sweden Majority shareholder

Notes

All amounts in DKK.

Transactions

The management considers all transaxtions with related parties as being based on market terms.

Consolidated financial statements

None of the company's parent companies present consolidated financial statements.

		Group 2020	2019
13.	**Adjustments**		
	Depreciation, amortisation, and impairment	-15.187.125	-29.230.731
	Other financial income	-353.645	-398.993
	Other financial costs	10.657.538	16.372.564
	Tax on net profit or loss for the year	10.267.724	12.244.405
	Deferred tax	7.107.496	0
	Other adjustments	-341.228	0
		12.150.760	**-1.012.755**

		Group 2020	2019
14.	**Change in working capital**		
	Change in receivables	-995.642	491.070
	Change in trade payables and other payables	8.328.143	-552.786
		7.332.501	**-61.716**

Accounting policies

The annual report for Pristine Properties ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized 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 group 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 group 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.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

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.

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.

The consolidated financial statements

The consolidated income statements comprise the parent company Pristine Properties ApS and those group enterprises of which Pristine Properties ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Accounting policies

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Income statement

Gross profit

Gross profit comprises the revenue 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.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

Accounting policies

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 parent and the Danish group enterprises are 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.

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”.

Investments

Equity investments in group enterprises

Equity investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises, associates and equity interests but are not represented in the parent, the following accounting policies have been applied.

Investment property:

- Investment properties are measured at estimated fair value. Consequently, depreciation does not takes place on a systematic basis. Fair value adjustment is recognised in the profit or loss of the group enterprise.

Equity investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Receivables

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

Accounting policies

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 and on hand.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

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 Properties ApS is proportionally 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.

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.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

Accounting policies

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.