

Prinsensgade 16 ApS

Industrivej 6C, 8660 Skanderborg

Company reg. no. 41 14 31 77

Annual report

5 February - 31 December 2020

The annual report was submitted and approved by the general meeting on the 17 March 2021.

Kim Andersen
Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

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Management's report

Today, the managing director has presented the annual report of Prinsensgade 16 ApS for the financial year 5 February - 31 December 2020.

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

I consider the accounting policies appropriate and, in my 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 5 February – 31 December 2020.

I am 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.

Skanderborg, 12 March 2021

Managing Director

Kim Andersen

Independent auditor's report

To the shareholders of Prinsensgade 16 ApS

Opinion

We have audited the financial statements of Prinsensgade 16 ApS for the financial year 5 February - 31 December 2020, which comprise income statement, statement of financial position, 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 5 February - 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.

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.

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.

Independent auditor's report

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.

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.

Independent auditor's report

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.

Fredericia, 12 March 2021

BRANDT

State Authorized Public Accounting Firm
Company reg. no. 25 49 21 45

Søren Fricke

State Authorised Public Accountant
mne34262

Company information

The company	Prinsensgade 16 ApS Industrivej 6C 8660 Skanderborg
	Company reg. no. 41 14 31 77 Financial year: 5 February 2020 - 31 December 2020
Managing Director	Kim Andersen
Auditors	BRANDT Statsautoriseret Revisionspartnerselskab Prinsessegade 60 7000 Fredericia
Parent company	Davidson Holding ApS

Management commentary

The principal activities of the company

The main activity of the company is lease of investment properties.

Unusual circumstances

No unusual circumstances have affected recognition or measurement.

Uncertainties about recognition or measurement

No material uncertainty has affected the recognition or measurement.

Development in activities and financial matters

The results and financial development of the company were as expected.

Events occurring after the end of the financial year

The company is expected to obtain supplementary loans from mortgage credit institutions of approx. DKK 12 million to repay balance under other payables.

After the end of the financial year, no other events have occurred that could materially affect the financial position of the company.

Income statement

All amounts in DKK.

<u>Note</u>	5/2 2020 - 31/12 2020
Gross profit	56.959
Value adjustment of investment property	4.807.919
Profit before net financials	4.864.878
Other financial costs	-394.720
Pre-tax net profit or loss	4.470.158
Tax on net profit or loss for the year	-983.435
Net profit or loss for the year	3.486.723
 Proposed appropriation of net profit:	
Transferred to retained earnings	3.486.723
Total allocations and transfers	3.486.723

Statement of financial position

All amounts in DKK.

Assets		
<u>Note</u>		<u>31/12 2020</u>
Non-current assets		
1	Investment property	<u>30.000.000</u>
	Total property, plant, and equipment	<u>30.000.000</u>
	Total non-current assets	<u>30.000.000</u>
Current assets		
	Other receivables	<u>99.513</u>
	Total receivables	<u>99.513</u>
	Cash on hand and demand deposits	<u>19.247</u>
	Total current assets	<u>118.760</u>
	Total assets	<u>30.118.760</u>

Statement of financial position

All amounts in DKK.

<u>Note</u>	<u>31/12 2020</u>
Equity and liabilities	
Equity	
Contributed capital	500.000
Retained earnings	3.486.723
Total equity	3.986.723
Provisions	
Provisions for deferred tax	983.435
Total provisions	983.435
Liabilities other than provisions	
Mortgage loans	10.834.428
Deposits	368.600
2 Total long term liabilities other than provisions	11.203.028
2 Current portion of long term payables	416.992
Trade payables	69.275
Other payables	13.459.307
Total short term liabilities other than provisions	13.945.574
Total liabilities other than provisions	25.148.602
Total equity and liabilities	30.118.760
3 Charges and security	
4 Contingencies	

Notes

All amounts in DKK.

	<u>31/12 2020</u>
1. Investment property	
Additions during the year	<u>25.192.081</u>
Cost 31 December	<u>25.192.081</u>
Adjustments to fair value for the year	<u>4.807.919</u>
Fair value adjustment 31 December	<u>4.807.919</u>
Carrying amount, 31 December	<u>30.000.000</u>

A determination of the return from the individual properties is based on the expected rental income from fully leased properties less expected operating costs, administration costs, and maintenance costs. The subsequent value is adjusted for recognised vacant-period lease for a reasonable period of time and expected costs of improvements and large maintenance projects, etc., plus added deposits and prepaid lease payments.

The rates of return have been determined on the basis of an evaluation of market levels by external brokers.

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

The determination of the market value (carrying value) is based on the following rates of return:

Weighted average rate of return	5,0%
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Sensitivity analysis:

Changes in the rates of return have a material effect on the measurement of investment properties. An increase in the rate of return could mean a decrease in market value. The market development may result in changed requirements to the return on real property.

An increase of the required rate of return by 1 percentage point would mean a reduction of the value of the investment properties of DKK 5.300.000. As a result, the equity would be reduced from the present DKK 3.987.000 to DKK 0.

Notes

All amounts in DKK.

2. 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	11.251.420	416.992	10.834.428	8.768.498
Deposits	368.600	0	368.600	368.600
Other payables	0	0	0	13.339.437
	<u>11.620.020</u>	<u>416.992</u>	<u>11.203.028</u>	<u>22.476.535</u>

3. Charges and security

As collateral for mortgage loans, DKK 11.251.420, security has been granted on land and buildings representing a carrying amount of DKK 30.000.000 at 31 December 2020.

4. Contingencies

Contingent liabilities

None.

Joint taxation

With Davidson Holding ApS 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.

Accounting policies

The annual report for Prinsensgade 16 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 annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

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.

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.

Income statement

Gross profit

Gross profit comprises the lease income and other 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.

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.

Accounting policies

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 investment in

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.

Hereafter, investment properties are measured individually at an estimated fair value. The properties are measured using a returnbased model, by which the expected future cash flows for the following year, along with a rate of return determined by an external assessor, form the basis for the fair value of the properties. 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".

Accounting policies

Receivables

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

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

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, Prinsensgade 16 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.

Liabilities other than provisions

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