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Britannia Invest Holding K/S

Frederiksberggade 16
1459 København K
CVR No. 42337862

Annual report 2021

The Annual General Meeting adopted the annual report on 30.06.2022

Frantz Palludan
Chairman of the General Meeting

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Entity details

Entity

Britannia Invest Holding K/S

Frederiksberggade 16

1459 København K

Business Registration No.: 42337862

Date of foundation: 20.04.2021

Registered office: København

Financial year: 01.01.2021 - 31.12.2021

Komplementarselskabet Britannia Invest Holding ApS:
Board of Directors

Frantz Palludan

Peter Olsson

Nikolaj Stampe

Torbjørn Lange

Komplementarselskabet Britannia Invest Holding ApS:
Executive Board

Michael Kjær Lauritsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Britannia Invest Holding K/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

København, 30.06.2022

On behalf of Komplementarselskabet Britannia Invest Holding ApS:
Executive Board

Michael Kjær Lauritsen

On behalf of Komplementarselskabet Britannia Invest Holding ApS:
Board of Directors

Frantz Palludan **Peter Olsson**

Nikolaj Stampe **Torbjørn Lange**

Independent auditor's report

To the shareholders of Britannia Invest Holding K/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Britannia Invest Holding K/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Group's and the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or 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 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 parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

København, 30.06.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne32127

Management commentary

Financial highlights

	2021 GBP'000
Key figures	
Revenue	19,099
Gross profit/loss	15,795
Operating profit/loss	15,515
Net financials	(5,724)
Profit/loss for the year	8,487
Balance sheet total	500,777
Investments in property, plant and equipment	5,894
Equity	222,875
Cash flows from operating activities	(725)
Cash flows from investing activities	(5,894)
Ratios	
Gross margin (%)	82.70
Net margin (%)	44.44
Return on equity (%)	3.88
Equity ratio (%)	44.51

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

The primary activity of the Parent company is owning 100% of the shares in Britannia Invest A/S.
The primary activity of Britannia Invest A/S is to invest in British commercial real estate.

The Group has a clear investment profile intending to exploit the special investor-friendly practices in the British property market.

At year-end 2021 the portfolio of the Group consisted of the following assets:

- Regus Building, Bristol
- Whitehall II, Leeds
- Optima Building, Glasgow
- Citygate 1, Newcastle
- Talisman House, Aberdeen
- Finsbury Square, London
- Quilter House, Southampton
- 80 Hammersmith Road, London
- 76 Hammersmith Road, London
- Bridgewater House, Manchester
- Mainpoint, Edinburgh
- Acero, Sheffield
- One Colmore Row, Birmingham
- 1 City Square, Leeds
- Corner Block, Manchester

Ownership

The Parent company has registered the following shareholders as holding more than 5% of the voting rights or nominal value of the share capital:

- Pension funds related to Pensionskassernes Administration A/S, Hellerup, Denmark
- AP Pension, Copenhagen Ø, Denmark, and
- Sampension Global Real Estate K/S, Hellerup, Denmark

Development in activities and finances

The Parent company was established on 20 April 2021, why this is the first year the Parent company will present an annual report.

As the world continues to be affected by the Covid-19 virus throughout 2021: Lockdowns came and went during the year, and the different regions of the UK handled the pandemic differently. The property market was hit hard, with many businesses forced to close, and working from home became the new norm for long periods during the year. Especially the retail and leisure sectors were badly affected due to forced closures and limited travel.
The Group performed well compared with the general property market and despite Covid-19, The Group managed to secure important regears and new lettings during the year.

During 2021, total return for all property asset classes was +3.5%, reflecting big differences: The office sector was +2.0%, industrial was +6.8% and retail was +0.4%. Capital growth was 3.5% overall and +2.0% for offices.

Through 2021, the Group realised a return on equity of 3.88% and a profit after tax of GBP 8.5m, including GBP 6.4m of revaluations.

The core business return of the Group is presented as “the basic primary rental business without balance sheet adjustments”. Due to financial reporting requirements, “Revenue” and “Gross profit” in the income statement do not include financial expenses.

The Group's conventional way of showing the profit from primary operations is as follows:

Revenue from normal rental income in Britannia Invest A/S decreased in 2021 compared to 2020, but due to a string of surrender deals the total income increased by GBP 1.1m.

Property costs in Britannia Invest A/S more than tripled in 2021 compared to 2020, primarily because costs in 2020 were extraordinarily low due to lockdowns and several projects being deferred from 2020 to 2021. In spite of costs for 2021 totalling GBP 9.9m, this was still in line with the budget for the year.

There were no acquisitions and no disposals of properties during the year, but in spite of the continued Covid-19 disruptions, it was still a very active asset management year.

The portfolio had a net positive market revaluation of GBP 6.4m after investing GBP 12.3m in the portfolio over the year.

Overall borrowing remained unchanged at GBP 263m. The shareholder loan remains at GBP 230m but has been extended to 2025. The external funding remains at GBP 33m and has been extended to 2023. The overall LTV remains at 55% and LTV from external funding is only 12%.

In Britannia Invest A/S profit after tax was GBP 12.8m for the full 2021 compared to GBP 16.5m in 2020. According to the annual report for 2020, a profit after tax of GBP 13.0m was expected for 2021.

The rate of exchange of the British pound to the Danish krone rose from 8.6175 to 8.8604 from 20 April 2021 to 31 December 2021.

At year-end 2021, the portfolio of properties is valued at GBP 489.3m, a like-for-like increase of GBP 12.3m. The external valuer Savills has valued the portfolio at GBP 503.7m.

The balance sheet total in Britannia Invest A/S increased by 2.15%, from GBP 490.m to GBP 501.4m through 2021. Equity increased by GBP 13.2m from GBP 210.0m to GBP 223.2m. Return on equity was 6.1%, and the intrinsic share value increased by 13% from 389 to 444 from 31 December 2020 to 31 December 2021.

Since 2003 the Company has been owned by shareholders who are subject to taxation under the Danish Pension Investment Return Tax Act. This means that the Company, being subject to the Pension Investment Return Tax Act, is not liable to pay tax in Denmark, and no tax expense on income has been recognised in the annual report. However, in the UK, tax at a rate equivalent to 20% will be payable on profit on UK activities. Interest payments and tax depreciation on properties reduce the operating profit in the UK, and a tax payment of GBP 1.5m has been recognised in Britannia Invest A/S from 1 January 2021 to 31 December 2021.

Changes to the tax rules from April 2019 may result in capital gains becoming subject to taxation in the UK. During the year the ownership structure of Britannia Invest A/S was reorganised to a 100% ownership by the Parent company but with no change in ultimate ownership; This was to ensure the Company will be treated equally to UK pension funds, which are exempt.

The Board of Directors consider the result for the year satisfactory.

Acquisition and disposal of properties
There were no acquisitions or disposals in the period.

Portfolio of properties
At 31 December 2021, the Group's portfolio of properties consists of 15 well-located office buildings with a geographic spread throughout the UK, 13 of which are freehold and 2 are leasehold.

The total area is 1,253,084 sq ft, of which 205,140 sq ft are vacant at year-end.

The vacant space in the portfolio has increased from 100,225 sq ft. This was expected due to lease expiries that were budgeted for but also a number of early surrenders that secured the Group GBP 2.1m of extra income.

76 Hammersmith Road, London, accounts for 49,879 sq ft of the vacant space. 76 Hammersmith Road has been stripped out and as such is not in a lettable state and is to be considered a development case rather than part of the normal lettable office space within the portfolio.

In Finsbury Square, London, 20,309 sq ft are vacant but fully refurbished and ready to be launched to market in early 2022. One of the floors is fully fitted Grade B.

In City Square and Whitehall Quay, Leeds, 64,306 sq ft are fully refurbished and being marketed.

In Citygate, Newcastle, as part of the regear with the government tenant on 48,419 sq ft, some 19,162 sq ft were handed back and will be refurbished in 2022.

In Corner Block, Manchester, one floor has had Grade B fit out installed and will be launched to the market in January 2022.

Asset management
On the asset management side, it was a satisfactory and active year.

Quilter, Southampton, regeared its lease so that it now has a 15-year lease with no breaks in return for a GBP 5.5m contribution. Quilter has invested GBP 10m in upgrading the building over the period.

The Secretary of State regeared its lease in Citygate in Newcastle. The lease had been holding over since 2019. A new lease running until 2025 has been agreed, with space reduced from 64,581 to 48,419 sq ft but with an increase in rent from GBP 19.30 to GBP 22.75 psf.

In Finsbury Square, London, a 3-month early surrender was agreed with the outgoing tenant. The three floors have been fully refurbished during the year and are ready to be launched to the market in early 2022. One of the floors is fully fitted.

In Whitehall Quay, Leeds, three floors have been refurbished, and new cycle and shower facilities have been installed in the basement.

The Hammersmith Road properties in London had been quietly marketed for sale, but this was put on hold due to Covid-19 and remained so in 2021. It is planned to relaunch in 2022.

Before year-end 2021 the market for a sale of Talisman House, Aberdeen, was tested, but due to lack of interest it was withdrawn again.

Over the year a total of GBP 12.3m was invested in the portfolio, and the asset management initiatives resulted in a net positive revaluation of the portfolio by GBP 6.4m.

External valuation of the property portfolio
In accordance with company policy, the entire portfolio of properties is valued semi-anually by an independent valuer appointed by the Company. Savills has carried out an independent valuation of the property portfolio and has valued the portfolio at GBP 503.7 at 31 December 2021.

In the annual report, Management has valued the portfolio at GBP 489.3m. This results in a variance of 0.7% compared to the value estimated by the independent valuer. Management's valuation has been made on a going concern basis and builds on a detailed analysis of the individual properties, including an assessment of the state of the properties, their location, current and estimated level of rent, the tenants' covenant strength and offers received for some of the properties.

Outlook

For 2022, Britannia Invest A/S expects to generate a profit of GBP 1.5m from rental activities and a profit after tax of GBP 9.5m. Several major regears with existing tenants are expected to be finalised early 2022. Letting up of the newly refurbished space in Finsbury, Whitehall and City Square is expected to contribute positively to the fund performance.

GBP/DKK exchange rate fluctuations will only have a limited effect on the result. Over the past year there has been a lot of political uncertainty due to Covid-19 and Brexit, but it is not expected to have a material, adverse effect on the future performance of the Company.

Particular risks
Interest rate risks
The Company finances its acquisition of properties through floating-rate loans. The shareholder loan is repayable in 2025, and the external credit facility expires in 2023. An average interest rate of approx. 2.8% is currently paid.

Currency risks
Properties owned by the Company are acquired in British pound sterling (GBP), and the operation of properties is also made in this currency. In order to hedge the currency risk involved in GBP, all borrowing is in GBP. At 31 December 2021, loans had a market value of GBP 263m corresponding to approx. 55% of the GBP 489.3m book value of properties.

As the Group's presentation currency is GBP, financial reporting is not materially affected by fluctuations in this currency. However, exchange rate adjustments are made to the Group's share capital, which is recorded in DKK, and to its activities in Denmark, which are insignificant.

Finance and liquidity risks
At year-end 2021, shareholder loans totalled GBP 230m with expiry in December 2025. Agreements have been entered into with the Group's credit institution for a GBP 40m credit facility, on which at year-end 2021 GBP 33m was drawn.

Consolidated income statement for 2021

	Notes	2021 GBP'000
Revenue		19,099
Fair value adjustments of investment property		6,406
Property costs	2	(9,710)
Gross profit/loss		**15,795**
Administrative expenses	3	(280)
Operating profit/loss		**15,515**
Other financial income	5	27
Other financial expenses	6	(5,751)
Profit/loss before tax		**9,791**
Tax on profit/loss for the year	7	(1,304)
Profit/loss for the year	8	**8,487**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 GBP'000
Investment property		489,300
Property, plant and equipment	9	**489,300**
Fixed assets		**489,300**
Trade receivables		1,699
Other receivables		1,306
Receivables		**3,005**
Cash		**8,472**
Current assets		**11,477**
Assets		**500,777**

Equity and liabilities

	Notes	2021 GBP'000
Contributed capital		50,239
Retained earnings		172,636
Equity		**222,875**
Bank loans		33,000
Payables to owners and management		234,649
Other payables		1,708
Non-current liabilities other than provisions	10	**269,357**
Prepayments received from customers		5,471
Tax payable		1,136
Other payables		1,938
Current liabilities other than provisions		**8,545**
Liabilities other than provisions		**277,902**
Equity and liabilities		**500,777**
Events after the balance sheet date	1	
Staff costs	4	
Contingent liabilities	12	
Assets charged and collateral	13	
Transactions with related parties	14	
Subsidiaries	15	

Consolidated statement of changes in equity for 2021

	Contributed capital GBP'000	Retained earnings GBP'000	Total GBP'000
Equity beginning of year	51,657	162,731	214,388
Exchange rate adjustments	(1,418)	1,418	0
Profit/loss for the year	0	8,487	8,487
Equity end of year	**50,239**	**172,636**	**222,875**

Translated into DKK'000 at 31 December 2021:

- Contributed capital	445,150
- Retained earnings	1,487,691
- Total	1,932,841

The Group's contributed capital amounts to DKK 445,150,000 at 31 December 2021.
There have been no changes to the contributed capital during the year.

Consolidated cash flow statement for 2021

	Notes	2021 GBP'000
Operating profit/loss		15,515
Working capital changes	11	(2,840)
Other adjustments		(6,406)
Cash flow from ordinary operating activities		**6,269**
Financial income received		27
Financial expenses paid		(5,751)
Taxes refunded/(paid)		(1,270)
Cash flows from operating activities		**(725)**
Acquisition etc. of property, plant and equipment		(5,894)
Cash flows from investing activities		**(5,894)**
Free cash flows generated from operations and investments before financing		**(6,619)**
Increase/decrease in cash and cash equivalents		**(6,619)**
Cash and cash equivalents beginning of year		15,091
Cash and cash equivalents end of year		**8,472**
Cash and cash equivalents at year-end are composed of:		
Cash		8,472
Cash and cash equivalents end of year		**8,472**

Notes to consolidated financial statements

1 Events after the balance sheet date

No significant events affecting the Financial statements for 2021 have occurred subsequent to the financial year.

2 Property costs

	2021 GBP'000
Management fee	1,140
Other property costs from maintenance, etc.	8,570
	9,710

3 Administrative expenses

	2021 GBP'000
Administrative expenses in Denmark, including staff costs below	200
Administrative expenses in UK	80
	280

4 Staff costs

	2021 GBP'000
Wages and salaries	58
	58

Average number of full-time employees	**1**

	Remuneration of Management 2021 GBP'000
Executive Board	58
	58

5 Other financial income

	2021 GBP'000
Other financial income	27
	27

6 Other financial expenses

	2021 GBP'000
Other interest expenses	5,734
Other financial expenses	17
	5,751

7 Tax on profit/loss for the year

	2021 GBP'000
Current tax	1,304
	1,304

8 Proposed distribution of profit/loss

	2021 GBP'000
Retained earnings	8,487
	8,487

9 Property, plant and equipment

	Investment property GBP'000
Cost beginning of year	453,684
Additions	5,894
Cost end of year	**459,578**
Fair value adjustments beginning of year	23,316
Fair value adjustments for the year	6,406
Fair value adjustments end of year	**29,722**
Carrying amount end of year	**489,300**

The calculation of fair value is based on the following rates of return:

	31.12.2021 %
Weighted average capital income	5.00
Highest rate of return	13.00
Lowest rate of return	3.10

An increase of required rate of return by an average of 0.5 percentage points will reduce the total fair value by GBP 44.5m.

Management determined the fair value using the first year's rate of return model.
A valuer was involved in the calculation of the fair values of properties.

10 Non-current liabilities other than provisions

	Due after more than 12 months 2021 GBP'000
Bank loans	33,000
Payables to owners and management	234,649
Other payables	1,708
	269,357

11 Changes in working capital

	2021 GBP'000
Increase/decrease in receivables	453
Increase/decrease in trade payables etc.	(3,293)
	(2,840)

12 Contingent liabilities

All of the Group's shareholders are liable to pay tax under the Danish Pension Investment Return Tax Act. As more than 90% of the Group's assets (measured as an average for the year) were in the form of real estate, the Group is not liable to taxation in Denmark under the Danish Corporation Tax Act. The tax liability lies with the individual shareholders.

However, the Group is jointly and severally liable for tax payable on taxable income from the Group in relation to each of the shareholders.

13 Assets charged and collateral

The Group has undrawn credit facilities of GBP 7m at credit institutions. Bank overdraft withdrawals are secured by way of properties of a carrying amount of GBP 250.5m in total.

14 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

15 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity GBP'000	Profit/loss GBP'000
Britannia Invest A/S	Denmark	A/S	100.00	222,881,000	12,845,000

Parent income statement for 2021

	Notes	2021 GBP'000
Administrative expenses		(6)
Operating profit/loss		**(6)**
Profit/loss for the year	2	**(6)**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 GBP'000
Investments in group enterprises		222,881
Financial assets	3	**222,881**
Fixed assets		**222,881**
Assets		**222,881**

Equity and liabilities

	Notes	2021 GBP'000
Contributed capital		50,239
Revaluation reserve		171,224
Retained earnings		1,412
Equity		**222,875**
Other payables	4	6
Current liabilities other than provisions		**6**
Liabilities other than provisions		**6**
Equity and liabilities		**222,881**
Events after the balance sheet date	1	
Contingent liabilities	5	
Related parties with controlling interest	6	
Transactions with related parties	7	

Parent statement of changes in equity for 2021

	Contributed capital GBP'000	Revaluation reserve GBP'000	Retained earnings GBP'000	Total GBP'000
Equity beginning of year	51,657	0	0	51,657
Exchange rate adjustments	(1,418)	0	1,418	0
Revaluations for the year	0	171,224	0	171,224
Profit/loss for the year	0	0	(6)	(6)
Equity end of year	**50,239**	**171,224**	**1,412**	**222,875**

Translated into DKK'000 at 31 December 2021:

- Contributed capital	445,150
- Revaluation reserve	1,475,523
- Retained earnings	12,168
- Total	1,932,841

The Parent company's contributed capital amounts to DKK 445,150,000 at 31 December 2021.
There have been no changes to the contributed capital during the year.

Notes to parent financial statements

1 Events after the balance sheet date

No significant events affecting the Financial statements for 2021 have occurred subsequent to the financial year

2 Proposed distribution of profit and loss

	2021 GBP'000
Retained earnings	(6)
	(6)

3 Financial assets

	Investments in group enterprises GBP'000
Cost beginning of year	51,657
Cost end of year	**51,657**
Fair value adjustments	171,224
Revaluations end of year	**171,224**
Carrying amount end of year	**222,881**

The fair value of investments in subsidiaries at 31 December 2021 is equivalent to the value of 100% of total equity at 31 December 2021 in the audited financial statements for Britannia Invest A/S.

It is assessed that total equity in Britannia Invest A/S is the most reliable indicator for the fair value of 100% of the shares. This method is applied as all material items in the balance sheet for Britannia Invest A/S at 31 December 2021 are measured at either fair value or at an amount corresponding to the fair value.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

4 Other payables

	2021 GBP'000
Other costs payable	6
	6

5 Contingent liabilities

All of the Company's shareholders are liable to pay tax under the Danish Pension Investment Return Tax Act. As more than 90% of the Company's assets (measured as an average for the year) were in the form of real estate, the Company is not liable to taxation in Denmark under the Danish Corporation Tax Act. The tax liability lies with the individual shareholders.

6 Related parties with controlling interest

There are no parties with controlling interest in Britannia Invest Holding K/S, but below parties have significant influence:

- Pension funds related to Pensionskassernes Administration A/S, Hellerup
- AP Pension, Copenhagen Ø
- Sampension Global Real Estate K/S, Hellerup
- The Management of Komplementarselskabet Britannia Invest Holding ApS (general partner), including the Executive Board and the Board of Directors hereof.

7 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the Group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement
Revenue
Revenue comprises of rental income from investment properties.

Fair value adjustments of investment property
Fair value adjustments of investment property comprise adjustments for the financial year of the Entity's investment properties measured at fair value at the balance sheet date

Property costs
Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Administrative expenses
Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for Management and the Board of Directors

Other financial income
Other financial income comprises interest income.

Other financial expenses
Other financial expenses comprise interest expenses regarding liabilities related to the investment properties.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity bythe portion attributable to entries directly in equity.

Balance sheet

Investment property
On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by applying the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the fair-value method.

Fair value is determined as the pro rata share of net assets in the subsidiary.

The financial year's adjustments of the investments' fair value are recognised directly in equity.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Cash
Cash comprises cash in hand and bank deposits.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.