



## Britannia Invest Holding K/S

Frederiksberggade 16  
1459 København K  
CVR No. 42337862

## Annual report 2022

The Annual General Meeting adopted the  
annual report on 11.05.2023

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**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: 01.01.2022 - 31.12.2022

## ***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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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.

Copenhagen, 21.04.2023

**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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 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.

Copenhagen, 21.04.2023

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Bjørn Winkler Jakobsen**

State Authorised Public Accountant  
Identification No (MNE) mne32127

**Mads Buch**

State Authorised Public Accountant  
Identification No (MNE) mne47793

# Management commentary

## Financial highlights

	2022 GBP'000	2021 GBP'000
<b>Key figures</b>		
Revenue	25,268	19,099
Gross profit/loss	(19,318)	15,795
Operating profit/loss	(19,652)	15,514
Net financials	(10,167)	(5,723)
Profit/loss for the year	(31,109)	8,487
Balance sheet total	469,229	500,777
Investments in property, plant and equipment	4,475	5,894
Equity	191,766	222,875
Cash flows from operating activities	1,994	(726)
Cash flows from investing activities	(4,476)	(5,894)
<b>Ratios</b>		
Gross margin (%)	(76.45)	82.70
Net margin (%)	(123.12)	44.44
Return on equity (%)	(6.82)	3.88
Equity ratio (%)	40.87	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 (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

### Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

### Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$



### Primary activities

The Company's mission is to invest in British commercial real estate. This makes Britannia Invest A/S a company with a clear investment profile intending to exploit the special investor-friendly practices in the British commercial property market.

The key concepts of the investment strategy are security and quality. This applies to the identification of investment properties, including the quality, location, rate of return and growth potential of such properties, as well as requirements applicable to the tenants.

The Company's mission is to be a dynamic property company that constantly monitors opportunities in the portfolio of properties with a view to optimising the rate of return. This includes asset management and selling properties when this is considered profitable and reinvesting in new properties.

At year-end 2022 the portfolio consisted of the following assets:

- Temple Quay Bristol
- Whitehall II Leeds
- Optima Building Glasgow
- Citygate 1 Newcastle
- Talisman House Aberdeen
- 1 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

### Development in activities and finances

2022 has been a challenging year, at the start of year conditions were starting to improve, Covid-19 related headwinds were abating and there was a sense of hope that the world would return to some sort of normality. But the optimism was short-lived. Russia invaded Ukraine, energy prices spiked, and interest rates began to climb at a gradient, not witnessed for 30 years. In the UK, markets had to navigate political volatility through the tragically mismanaged mini-budget. So, by the end of the year the positive tones were replaced with a negative outlook. As property markets are intrinsically linked to the cost of debt, confidence declined significantly in the second half of 2022 with capital values falling in response to the reduced risk premium. Forecasts for 2023 include a global economic slowdown and continued tightening of interest rates in order to combat inflation.

The property investment sector experienced a significant impact in 2022, with reduced transaction activity in Q4. However, the rental market for high-quality properties remained resilient. Despite the adverse conditions, Britannia Invest A/S demonstrated relative resilience, having secured several rental agreements and re-negotiations.

As per MSCI data, the total yield for all property asset classes in the UK was -10.2% in 2022. The office sector recorded a return of -10.1%, industrial properties -14.9% and retail properties -3.7%. The overall capital growth was -14.2%, with offices experiencing -14.1% growth and industrial assets recording the lowest growth at -18.0%.

Britannia Invest A/S recorded a return on equity of -15.0% and incurred a tax loss of GBP -31.1m, inclusive of net property revaluation of GBP -33.8m.

The core business return 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.

Britannia Invest A/S's conventional way of showing the profit from primary operations ("the basic primary rental business without balance sheet adjustments") is as follows:

	<b>2022</b>	<b>2021</b>
	<b>GBP'000</b>	<b>GBP'000</b>
Rental income and other income	25,268	19,099
Property costs UK	(10,761)	(9,710)
Financial Costs	(10,372)	(5,571)
<b>Profit from rental business</b>	<b>4,135</b>	<b>3,818</b>
Profit from asset sale	0	0
Administration in DK	(274)	(220)
<b>Profit(loss) from ordinary operations</b>	<b>3,861</b>	<b>3,598</b>

Revenue from normal rental income decreased compared to 2021 due to a string of lease expires. Property costs increased but remained well below budgeted levels of GBP 13.9m. Increased interest level meant that finance costs have increase by 36% even with the loan remaining unchanged. There were no acquisitions and no disposals of properties during the year, but despite market uncertainties in the second half of the year, it was still an active asset management 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 negative market revaluation of GBP -33.8m, after investing GBP 4.5m in the portfolio over the year.

Overall borrowing remained unchanged at GBP 268m. of which GBP 5m is accrued dividend to the shareholders. The shareholder loan remains at GBP 230m. The external funding remains at GBP 33m so with revalued properties, the overall LTV remains modest at 57% and LTV from unidentified external funding is only 7%.

Britannia invest A/S' loss after tax amounts to GBP -31.1m compared to a profit of GBP 8,5m in 2021. In the annual report for 2021, the expected profit after tax for 2022 was GBP 9.5m.

The rate of exchange of the British pound fell from 8.8604 to 8.3845 from 31 December 2021 to 31 December 2022.

At year-end 2022, the portfolio of properties was valued at GBP 460.0m, a like-for-like decrease of GBP 29.4m. The external valuer Savills has valued the portfolio at GBP 460.0m.

The balance sheet total decreased by 6%, from GBP 501.4m to GBP 469.3m. Equity decreased by GBP 31.1m from GBP 222,8m to GBP 191.7m. Return on equity was -15%, and the intrinsic share value decreased by 19% from 444 to 361 from 31 December 2021 to 31 December 2022.

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 earned in Denmark 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 1.3m has been recognised for 2022.

The Board of Directors considers the financial performance of the year unsatisfactory.

### **Acquisition and disposal of properties**

There were no acquisitions or disposals in the period.

### **Portfolio of properties**

On 31 December 2022, the Company'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 1,250,656 sq. ft., of which 288,867 sq. ft. are vacant at year-end. The vacant space in the portfolio has increased from 205,140 sq. ft. in 2021. The increase was expected and due to lease expiries.

Both 76 Hammersmith Road, London, and Temple Quay Bristol have been stripped out and as such not in a lettable state but a development case rather than part of the normal lettable office space within the portfolio. Reducing the real lettable space to 208.613 sq. ft. and again out of that some 58.489 sq. ft. are in the process of being refurbished.

The total acquisition cost of the property portfolio is GBP 464.1m, and the contractual rent at year-end is GBP 24.6m, giving a return of 5.3% on the market value. At year-end total borrowing is GBP 263m, and over the year interest payments were GBP 10.4m, showing an interest cover of 237%.

## Asset management

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

Leeds in Whitehall 2 a tenant took half a floor of the three newly refurbished floors, and a further floor is under offer at year end.

In Mainpoint in Edinburgh after a lease expiry on half a floor it was relet in its present condition on a 3-year lease without any need for the budgeted refurbishment and the rent increased from GBP 26.50 psf to GBP 32.00 psf. In the communal area a creation of shower facilities is ongoing. For two tenants, within the building, a rental increase of GBP 3.00 psf has been secured in rent reviews, a third is agreed and in the process of getting documented.

In Manchester at Corner Block, the suite on the 6th floor which was fully fitted Grade B during the year got let on a new 5-year lease. And at Bridgewater House two small suites were on a let 3-year and a 10-year term. Two full floors were taken back as an early surrender and one is in the process at getting refurbished, the other is partly let out till early 2023.

In 1 Colmore Row, Birmingham, two floors have been fully refurbished and one floor was split into two suites, one which the smaller and fully fitted has been let on a 5-year term with break after 3 years.

In Citygate in Newcastle, a refurbishment of 16,479 sq ft and upgrade of the reception and creation of new cycle and shower facilities are ongoing. Part of the office space will be fully fitted.

The two Hammersmith Road properties and the Aberdeen properties had all been under offer for sale, but transactions did not complete. Sale options will be explored during 2023.

## External valuation of the property portfolio

In accordance with company policy the valuation of the entire property portfolio is conducted by an independent

valuer appointed by the Company, at the end of every 6 months. Savills, a reputable firm, has performed an independent valuation of the portfolio and determined its value to be GBP 460m as of 31. December 2022.

In the annual report, Management has estimated the value of the portfolio to be GBP 460m. This estimation was based on a going concern approach and was the result of a thorough analysis of each property, including its condition, location, current and projected rental income, the financial stability of tenants, and offers received for certain properties.

## Profit/loss for the year in relation to expected developments

Britannia invests' loss after tax amounts to GBP -31.1m compared to GBP 8,5m in 2021. In the annual report for 2021, a profit after tax of GBP 9.5m was expected for 2021.

## Outlook

For 2023, Britannia Invest A/S expects to generate a profit after tax of GBP 4.1m. Several major regears with existing tenants are expected over the course of the year and letting up of the newly refurbished space in Finsbury, Bridgewater House, Whitehall and City Square is expected to contribute positively to the company's

performance.

GBP/DKK exchange rate fluctuations will only have a limited effect on the results. Over the past year there has been a lot of political uncertainty due to Covid-19 and Brexit, but this 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 loans are 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 2022, loans had a market value of GBP 268m. of which GBP 5m is accrued dividend to the shareholders. corresponding to approx. 57% of the GBP 460m fairvalue of properties.

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

#### **Finance and liquidity risks**

At year-end 2022, shareholder loans totalled GBP 235m. of which GBP 230m. consists of loans from shareholders with expiry in December 2025. The remaining amount of GBP 5m consists of accrued dividend to shareholders. Agreements have been entered into with the Company's credit institution for a GBP 40m credit facility, on which at year-end 2022 GBP 33m was drawn. Negotiations to expand the credit facility by a further GBP 20m is ongoing.

# Consolidated income statement for 2022

	Notes	2022 GBP'000	2021 GBP'000
Revenue		25,268	19,099
Fair value adjustments of investment property		(33,825)	6,406
Property costs	2	(10,761)	(9,710)
<b>Gross profit/loss</b>		<b>(19,318)</b>	<b>15,795</b>
Administrative expenses	3	(334)	(281)
<b>Operating profit/loss</b>		<b>(19,652)</b>	<b>15,514</b>
Other financial income	5	205	28
Other financial expenses	6	(10,372)	(5,751)
<b>Profit/loss before tax</b>		<b>(29,819)</b>	<b>9,791</b>
Tax on profit/loss for the year	7	(1,290)	(1,304)
<b>Profit/loss for the year</b>	8	<b>(31,109)</b>	<b>8,487</b>

# Consolidated balance sheet at 31.12.2022

## Assets

	Notes	2022 GBP'000	2021 GBP'000
Investment property		459,950	489,300
<b>Property, plant and equipment</b>	9	<b>459,950</b>	<b>489,300</b>
<b>Fixed assets</b>		<b>459,950</b>	<b>489,300</b>
Trade receivables		995	1,699
Other receivables		1,131	1,306
Tax receivable		1,163	0
<b>Receivables</b>		<b>3,289</b>	<b>3,005</b>
<b>Cash</b>		<b>5,990</b>	<b>8,472</b>
<b>Current assets</b>		<b>9,279</b>	<b>11,477</b>
<b>Assets</b>		<b>469,229</b>	<b>500,777</b>

## Equity and liabilities

	Notes	2022 GBP'000	2021 GBP'000
Contributed capital		53,091	50,239
Retained earnings		138,675	172,636
<b>Equity</b>		<b>191,766</b>	<b>222,875</b>
Bank loans		0	33,000
Payables to owners and management		234,649	234,649
Other payables		1,600	1,709
<b>Non-current liabilities other than provisions</b>	10	<b>236,249</b>	<b>269,358</b>
Bank loans		33,000	0
Prepayments received from customers		4,401	5,471
Tax payable		0	1,136
Other payables		3,813	1,937
<b>Current liabilities other than provisions</b>		<b>41,214</b>	<b>8,544</b>
<b>Liabilities other than provisions</b>		<b>277,463</b>	<b>277,902</b>
<b>Equity and liabilities</b>		<b>469,229</b>	<b>500,777</b>
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 2022

	<b>Contributed capital GBP'000</b>	<b>Retained earnings GBP'000</b>	<b>Total GBP'000</b>
Equity beginning of year	50,239	172,636	222,875
Exchange rate adjustments	2,852	(2,852)	0
Profit/loss for the year	0	(31,109)	(31,109)
<b>Equity end of year</b>	<b>53,091</b>	<b>138,675</b>	<b>191,766</b>

Translated into DKK'000 at 31 December 2022:

- Contributed capital	445,150
- Retained earnings	1,162,720
- Total	1,607,862

The Group's contributed capital amounts to DKK 445,150,000 at 31 December 2022.  
There have been no changes to the contributed capital during the year.

# Consolidated cash flow statement for 2022

	Notes	2022 GBP'000	2021 GBP'000
Operating profit/loss		(19,652)	15,514
Adjustments of investment property		33,825	0
Working capital changes	11	1,577	(2,840)
Other adjustments		0	(6,406)
<b>Cash flow from ordinary operating activities</b>		<b>15,750</b>	<b>6,268</b>
Financial income received		205	27
Financial expenses paid		(10,372)	(5,751)
Taxes refunded/(paid)		(3,589)	(1,270)
<b>Cash flows from operating activities</b>		<b>1,994</b>	<b>(726)</b>
Additions etc. of property, plant and equipment		(4,476)	(5,894)
<b>Cash flows from investing activities</b>		<b>(4,476)</b>	<b>(5,894)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(2,482)</b>	<b>(6,620)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(2,482)</b>	<b>(6,620)</b>
Cash and cash equivalents beginning of year		8,472	15,092
<b>Cash and cash equivalents end of year</b>		<b>5,990</b>	<b>8,472</b>
Cash and cash equivalents at year-end are composed of:			
Cash		5,990	8,472
<b>Cash and cash equivalents end of year</b>		<b>5,990</b>	<b>8,472</b>

# Notes to consolidated financial statements

## 1 Events after the balance sheet date

No significant events affecting the Financial statements for 2022 have occurred subsequent to the financial year.

## 2 Property costs

	2022	2021
	GBP'000	GBP'000
Management fee	1,116	1,140
Other property costs from maintenance, etc.	9,645	8,570
	<b>10,761</b>	<b>9,710</b>

## 3 Administrative expenses

	2022	2021
	GBP'000	GBP'000
Administrative expenses in Denmark, including staff costs below	216	200
Administrative expenses in UK	118	81
	<b>334</b>	<b>281</b>

## 4 Staff costs

	2022	2021
	GBP'000	GBP'000
Wages and salaries	60	58
	<b>60</b>	<b>58</b>
Average number of full-time employees	<b>1</b>	<b>1</b>

	Remuneration of Manage- ment 2022 GBP'000	Remuneration of Manage- ment 2021 GBP'000
Executive Board	60	58
	<b>60</b>	<b>58</b>

## 5 Other financial income

	2022	2021
	GBP'000	GBP'000
Other financial income	205	28
	<b>205</b>	<b>28</b>

## 6 Other financial expenses

	2022 GBP'000	2021 GBP'000
Financial expenses from participating interests	9,537	0
Other interest expenses	835	5,734
Other financial expenses	0	17
	<b>10,372</b>	<b>5,751</b>

## 7 Tax on profit/loss for the year

	2022 GBP'000	2021 GBP'000
Current tax	1,290	1,304
	<b>1,290</b>	<b>1,304</b>

## 8 Proposed distribution of profit/loss

	2022 GBP'000	2021 GBP'000
Retained earnings	(31,109)	8,487
	<b>(31,109)</b>	<b>8,487</b>

## 9 Property, plant and equipment

	Investment property GBP'000
Cost beginning of year	489,300
Additions	4,475
<b>Cost end of year</b>	<b>493,775</b>
Impairment losses for the year	(33,825)
<b>Depreciation and impairment losses end of year</b>	<b>(33,825)</b>
<b>Carrying amount end of year</b>	<b>459,950</b>

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

	31.12.2022 %	31.12.2021 %
Weighted average capital income	5.1	5
Highest rate of return	18.5	13
Lowest rate of return	2.51	3.1

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

	<b>Due after more than 12 months 2022 GBP'000</b>
Payables to owners and management	234,649
Other payables	1,600
	<b>236,249</b>

## 11 Changes in working capital

	<b>2022 GBP'000</b>	<b>2021 GBP'000</b>
Increase/decrease in receivables	880	453
Increase/decrease in trade payables etc.	697	(3,293)
	<b>1,577</b>	<b>(2,840)</b>

## 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

	<b>Registered in</b>	<b>Corporate form</b>	<b>Ownership %</b>	<b>Equity GBP'000</b>	<b>Profit/loss GBP'000</b>
Britannia Invest A/S	Denmark	A/S	100.00	191,778,000	(31,103,000)

# Parent income statement for 2022

	Notes	2022 GBP'000	2021 GBP'000
Administrative expenses		(6)	(6)
<b>Operating profit/loss</b>		<b>(6)</b>	<b>(6)</b>
<b>Profit/loss for the year</b>	3	<b>(6)</b>	<b>(6)</b>

# Parent balance sheet at 31.12.2022

## Assets

	Notes	2022 GBP'000	2021 GBP'000
Investments in group enterprises		191,778	222,881
<b>Financial assets</b>	4	<b>191,778</b>	<b>222,881</b>
<b>Fixed assets</b>		<b>191,778</b>	<b>222,881</b>
<b>Assets</b>		<b>191,778</b>	<b>222,881</b>

## Equity and liabilities

	Notes	2022 GBP'000	2021 GBP'000
Contributed capital		53,091	50,239
Reserve for net revaluation according to equity method		140,121	171,224
Retained earnings		(1,446)	1,412
<b>Equity</b>		<b>191,766</b>	<b>222,875</b>
Other payables	5	12	6
<b>Current liabilities other than provisions</b>		<b>12</b>	<b>6</b>
<b>Liabilities other than provisions</b>		<b>12</b>	<b>6</b>
<b>Equity and liabilities</b>		<b>191,778</b>	<b>222,881</b>
Events after the balance sheet date	1		
Staff costs	2		
Contingent liabilities	6		
Related parties with controlling interest	7		
Transactions with related parties	8		



# Parent statement of changes in equity for 2022

	Contributed capital GBP'000	Reserve for net revaluation according to the equity method GBP'000	Retained earnings GBP'000	Total GBP'000
Equity beginning of year	50,239	171,224	1,412	222,875
Exchange rate adjustments	2,852	0	(2,852)	0
Revaluation of actuarial gains and losses	0	(31,103)	0	(31,103)
Profit/loss for the year	0	0	(6)	(6)
<b>Equity end of year</b>	<b>53,091</b>	<b>140,121</b>	<b>(1,446)</b>	<b>191,766</b>

Translated into DKK'000 at 31 December 2022:

- Contributed capital	445,150
- Revaluation reserve	1,435,628
- Retained earnings	12,124
- Total	1,892,893

The Parent company's contributed capital amounts to DKK 445,150,000 at 31 December 2022. 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 Staff costs

	2022 GBP'000	2021 GBP'000
Number of employees at balance sheet date	1	1

## 3 Proposed distribution of profit and loss

	2022 GBP'000	2021 GBP'000
Retained earnings	(6)	(6)
	<b>(6)</b>	<b>(6)</b>

## 4 Financial assets

	Investments in group enterprises GBP'000
Cost beginning of year	51,657
<b>Cost end of year</b>	<b>51,657</b>
Revaluations beginning of year	171,224
Share of profit/loss for the year	(31,103)
<b>Revaluations end of year</b>	<b>140,121</b>
<b>Carrying amount end of year</b>	<b>191,778</b>

The fair value of investments in subsidiaries at 31 December 2022 is equivalent to the value of 100% of total equity at 31 December 2022 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 2022 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.

## 5 Other payables

	2022 GBP'000	2021 GBP'000
Other costs payable	12	6
	<b>12</b>	<b>6</b>

## **6 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.

## **7 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.

## **8 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).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

## 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 by the 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.

An external valuer was involved in the calculation of the fair values of properties.

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.

**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**

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.

**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.