

REAL DANMARK A/S
KONGENS NYTORV 28 1., 1050 KØBENHAVN K
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2021

The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 30 May 2022

Henrik Wessmann Jensen

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

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COMPANY DETAILS

Company	Real Danmark A/S Kongens Nytorv 28 1. 1050 Copenhagen K
	CVR No.: 36 53 82 28
	Established: 10 February 2015
	Municipality: Copenhagen
	Financial Year: 1 January - 31 December
Board of Directors	Henrik Frisch, chairman Ulrich Hejle Axel Ulrik Henriques
Executive Board	Henrik Wessmann Jensen
Auditor	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 8000 Aarhus C

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Real Danmark A/S for the financial year 1 January - 31 December 2021.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2021 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2021.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 30 May 2022

Executive Board

Henrik Wessmann Jensen

Board of Directors

Henrik Frisch
Chairman

Ulrich Hejle

Axel Ulrik Henriques

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Real Danmark A/S

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Real Danmark A/S for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2021 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company.

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

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover 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 Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

INDEPENDENT AUDITOR'S REPORT

Aarhus, 30 May 2022

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Klaus Tvede-Jensen
State Authorised Public Accountant
MNE no. mne23304

MANAGEMENT COMMENTARY

Principal activities

The principal activities comprise operations within real-estate and other investment activities.

Recognition and measurement uncertainty

The properties are recognized in the financial statement at fair value, which has been calculated using return-based valuation models. The value represents the expected sales value if sold to a third party on the balance sheet date. The fair value calculation is based on a number of assumptions including that the actual development projects are completed and on which pro-forma net earnings, a rate of return, the budgeted future cost for refurbishment, construction, development fee and the rate of progress have been estimated. Due to the attractive locations there has been made no deductions for vacancies in the calculations.

The required rate of return for the Group's properties averages approximately 4,13% at 31 December. An increase of the required rate of return of 0.5 percentage points would reduce the total fair value by approximately DKK 147m. A reduction of the required rate of return of 0.5 percent's points would increase the value by approximately DKK 187m.

The property portfolio is composed of mixed commercial and residential rental properties, with the main emphasis being on commercial rental properties. For commercial rentals, the budgeted per square metre rent ranges between DKK 1,000 and DKK 10,500, depending on the application of the lease. The budgeted per square metre rent for residential rentals is DKK 2,250. The properties are placed in or around Copenhagen

The budgeted future cost for refurbishment, construction and development, earnings and rate of return are based on estimates and as well as expected future events and is thus subject to uncertainty. Further full financing for the development and construction projects except for Blegdamsvej are also subject to uncertainty. However construction is only started when the financing is in place.

Work in progress

Revenue and the value of Work in progress, which is measured at the selling price of the work performed, are recognized based on the state of completion of the work performed. The stage of completion is estimated based on several factors such as the progress in signing of rent contracts, progress in the construction work and the complexity of the outstanding work

The stage of completion is based on estimates and as well as expected future events and is thus subject to uncertainty.

Description of material changes in activities and finances

2019 marked a new beginning for Real Danmark A/S with the acquisition of the properties on Blegdamsvej 124 and Købmagergade 5. In 2020 the plot on Roskildevej 547 was also acquired and during 2021 the properties on Gladsaxe Møllevej 25 and Columbusvej 1-3 - both close to each other in Søborg - were added to the property portfolio owned through subsidiaries by Real Danmark. All acquisitions have been realized through the combination of equity, issue of bonds and bank loans.

The property on Blegdamsvej was acquired in 2019 with the purpose of developing a modern office facility with a supermarket on the ground floor. The property is fully let and two of the leases were delivered to the customers before the end of 2021 adding up to more than 75% of the total office areas. The remaining office lease was signed in the beginning of 2022 whereafter the detailed interior design was started. Due to delays in the building permits for the supermarket this part has been postponed until Q2 2022 and is now expected to be ready to deliver Mid 2022.

The property was sold to a large Danish Top Tier pension fund in 2019. The management expects that the property will be handed over during the Summer 2022. By the end of 2021 the property is classified as a contract work in progress in the balance sheet.

The property on Købmagergade 57 was acquired in 2019 with the purpose of increasing the retail and residential square metres. The Covid-19 pandemic has postponed the timeline during 2020 and 2021. At the beginning of 2022 the management has a renewed belief that the development plans will soon be put in motion.

MANAGEMENT COMMENTARY

Description of material changes in activities and finances (continued)

The property is still generating a positive cash flow from the existing tenants and when the development is finalized the company expects to keep the asset as a core property with the aim of supporting the creation of a portfolio of properties in and around Copenhagen. By the end of 2021 the property is classified as an investment property in the balance sheet.

The property on Roskildevej 547 was acquired just before the end of 2020 with the purpose of building a hotel and a fast food restaurant. A 20-year lease contract with a highly reputable international hotel chain has been signed. However, the construction has been delayed due to the Covid-19 pandemic. By the end of 2021 the property is classified as an investment property in the balance sheet.

By the end of 2020 the bond issue amounted to 221,141 t.kr. and through a successful issue in 2021 the current bond issue amounts to 298,478 t.kr. by the end of 2021. The bond issues are an important part of enabling the acquisitions and project developments described above and the derived value increase. The bond issue in 2021 enabled the acquisition of Columbusvej 1-3 and Gladsaxe Møllevej 25 in Søborg just North of Copenhagen.

The Gladsaxe Møllevej property is almost fully leased and the operating income sufficiently covers the actual obligations. It is the intention to exploit unused building rights and develop and construct more office areas to meet existing and future needs.

By the end of 2021 the property is classified as an investment property in the balance sheet.

The Columbusvej property is partly leased and the operating income sufficiently covers the actual obligations. During 2021 a close cooperation with the municipality has contributed to create a framework for the future development of the property. The plan is to turn the property into retail, offices and hotel which will meet existing and future needs to the benefit of the municipality and the future users. By the end of 2021 the property is classified as an investment property in the balance sheet.

The properties are measured at fair value using the return-based model which leads to a revaluation of 84,947 t.kr. which to some extent also reflects the ongoing development of the properties.

The groups income statement for the financial year 1 January 2021 - 31 December 2021 shows a profit of 20,212 t.kr. The result of the year is considered satisfactory.

Significant events after the end of the financial year

A major refinancing program in the Group is in motion and still ongoing. However all short term debt due in 2022 is covered by what has already been refinanced including the upcoming cash flow from the divestment of Blegdamsvej 124 is due.

As part of the refinancing the subsidiaries in Real Danmark will be sold to a another company in the Group owned by Oskar Group which is the parent company of Real Danmark. So far Real Danmark Ejendomme I, II and III have been divested from Real Danmark to the new company which is just according to plan.

MANAGEMENT COMMENTARY

Particular risks

The Entity is exposed to common commercial risks associated with property development like availability of financing, development in the office market, in Greater Copenhagen and cyclic trends on the real estate market, and in addition to this exchange risks on debt denominated in SEK and EUR.

Liquidity and finance

The existing bond facility has been extended until September 2022. The senior bond of DKK 193m has been fully refinanced in the beginning of 2022 as part of a major refinancing program in the Group. The junior bond of DKK 105m is almost refinanced too in 2022 and means from the upcoming divestment of Blegdamsvej will cover any amount outstanding.

Payable interest costs for the bond facility during 2022 will be covered by the parent company if necessary.

The divestment of Blegdamsvej 124 will result in a positive cash flow to the company in the second half 2022.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent Company	
		2021 DKK '000	2020 DKK '000	2021 DKK '000	2020 DKK '000
GROSS PROFIT		1.248	23.405	-442	-242
Fair value adjustment of investment properties.....		84.947	21.909	0	0
OPERATING PROFIT		86.195	45.314	-442	-242
Income from investments in subsidiaries.....		0	0	59.777	33.412
Other financial income.....		2.520	565	2.520	3.046
Other financial expenses.....		-54.427	-34.097	-49.362	-33.822
PROFIT BEFORE TAX		34.288	11.782	12.493	2.394
Tax on profit/loss for the year.....		-14.077	-2.492	7.719	6.896
PROFIT FOR THE YEAR		20.211	9.290	20.212	9.290
PROPOSED DISTRIBUTION OF PROFIT					
Allocation to reserve for net revaluation under the equity method...		0	0	59.776	33.412
Retained earnings.....		20.211	9.290	-39.564	-24.122
TOTAL		20.211	9.290	20.212	9.290

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2021 DKK '000	2020 DKK '000	2021 DKK '000	2020 DKK '000
Investment properties.....		438.567	192.199	0	0
Property, plant and equipment...	1	438.567	192.199	0	0
Investments in subsidiaries.....		0	1	210.215	131.578
Financial non-current assets.....	2	0	1	210.215	131.578
NON-CURRENT ASSETS.....		438.567	192.200	210.215	131.578
Trade receivables.....		864	0	0	0
Contract work in progress.....	3	267.621	214.402	0	0
Receivables from group enterprises.....		61.207	48.185	187.597	102.534
Deferred tax assets.....		0	0	16.213	8.494
Other receivables.....		3.256	20.369	0	0
Prepayments.....		1.026	85	0	0
Receivables.....		333.974	283.041	203.810	111.028
Cash and cash equivalents.....		30.011	49.383	239	7.482
CURRENT ASSETS.....		363.985	332.424	204.049	118.510
ASSETS.....		802.552	524.624	414.264	250.088

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2021 DKK '000	2020 DKK '000	2021 DKK '000	2020 DKK '000
Share capital.....		12.600	12.600	12.600	12.600
Reserve for net revaluation under the equity method.....		0	0	111.667	51.891
Retained earnings.....		46.875	26.664	-64.791	-25.227
EQUITY.....		59.475	39.264	59.476	39.264
Provision for deferred tax.....		42.240	28.368	0	0
PROVISIONS.....		42.240	28.368	0	0
Debt to mortgage credit institution.....		43.515	44.390	0	0
Other bank debt.....		14.428	0	0	0
Bank loan.....		25.000	0	0	0
Prepayments received from customers.....		489	493	0	0
Loans raised by the issuance of bonds.....		0	218.518	0	208.148
Deposit.....		929	0	0	0
Non-current liabilities.....	4	84.361	263.401	0	208.148
Loans raised by the issuance of bonds.....		298.478	0	298.477	0
Debt to mortgage credit institution.....		46.446	0	0	0
Mortgage debt.....		92.136	35.000	0	0
Bank debt.....		100.219	123.297	0	0
Trade payables.....		7.264	4.840	90	34
Debt to Group companies.....	5	55.363	4.227	55.374	1.892
Corporation tax payable.....		195	0	0	0
Joint tax contribution payable.....		19	0	0	0
Other liabilities.....		15.617	26.227	847	750
Deferred income.....		739	0	0	0
Current liabilities.....		616.476	193.591	354.788	2.676
LIABILITIES.....		700.837	456.992	354.788	210.824
EQUITY AND LIABILITIES.....		802.552	524.624	414.264	250.088

Contingencies etc.

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EQUITY

	Group			
	Share capital	Reserve for net revaluati- on under the equity method	Retained earnings	Total
Equity at 1 January 2021.....	12.600	0	26.664	39.264
Proposed profit allocation.....			20.211	20.211
Equity at 31 December 2021	12.600	0	46.875	59.475

	Parent Company			
	Share capital	Reserve for net revaluati- on under the equity method	Retained earnings	Total
Equity at 1 January 2021.....	12.600	51.891	-25.227	39.264
Proposed profit allocation.....		59.776	-39.564	20.212
Equity at 31 December 2021	12.600	111.667	-64.791	59.476

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2021 DKK '000	2020 DKK '000
Operating profit/loss.....	86.194	45.316
Adjustments of investment property.....	-84.947	-21.910
Working capital changes.....	112.744	-102.610
Adjustment of other financial income.....	2.522	564
Adjustment of other financial expenses.....	-54.426	-34.099
CASH FLOWS FROM OPERATING ACTIVITY.....	62.087	-112.739
Purchase of property, plant and equipment.....	-161.419	-22.814
Other cash flows from investing activities.....	79.960	148.732
CASH FLOWS FROM INVESTING ACTIVITY.....	-81.459	125.918
CHANGE IN CASH AND CASH EQUIVALENTS.....	-19.372	13.179
Cash and cash equivalents at 1. januar.....	49.383	36.204
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	30.011	49.383
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	30.011	49.383
CASH AND CASH EQUIVALENTS.....	30.011	49.383

NOTES

Note

Property, plant and equipment

1

	<u>Group</u>
	Investment properties
Cost at 1 January 2021.....	127.129
Additions.....	161.419
Cost at 31 December 2021.....	288.548
Value adjustment of fair value at 1 January 2021.....	65.072
Value adjustments of the year.....	84.947
	150.019
Value adjustment of fair value at 31 December 2021.....	
Carrying amount at 31 December 2021.....	438.567
Value of recognised assets, excluding revaluation under § 41 (1).....	288.545.998

The carrying amount of property, plant and equipment includes investment property measured at fair value by the following amounts:

	<u>Group</u>
Fair value at 31 December 2021.....	438.564.634
Value adjustment in the year recognised in the Income Statement.....	84.946.999

Revaluations and impairment losses of investment properties are based on accounting judgements based on market value calculations of the net rent.

As described in the Summary of significant accounting policies, investment properties are measured at fair value, subject to the completion of the planned projects and using the return-based model. The required rate of return on the Group's properties is between 3,30% and 5,25% at 31.12.2021. An increase of the required rate of return of 0.5 percentage points would reduce the total fair value by approximately DKK 147m. A reduction of the required rate of return of 0.5 percentage points would increase the value by approximately DKK 187m.

The total size of the properties is 56.467 m², where 55,253 m² is commercial rental and 1,214 m² is residential rental when the properties are completed. For commercial rentals, the budgeted per square metre rent ranges between DKK 1,000 - 10,500, depending on the application of the lease. The properties are located in Copenhagen.

The fair value of the Company's investment property amounts to DKK 439m at the balance sheet date. This yields a change in the fair value of DKK 85m, which has been recognised directly in the income statement.

No external valuation expert has been engaged to determine the fair value.

Financial non-current assets

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	<u>Group</u>
	Investments in subsidiaries
Carrying amount at 31 December 2021.....	0

NOTES

Note

Fixed asset investments (continued)

2

	Parent Company
	Investments in subsidiaries
Cost at 1 January 2021.....	79.685
Additions.....	18.863
Cost at 31 December 2021.....	98.548
Revaluation at 1 January 2021.....	51.891
Profit/loss for the year.....	59.776
Revaluation at 31 December 2021.....	111.667
Carrying amount at 31 December 2021.....	210.215

Goodwill

There is no Goodwill or Badwill for Financial non-current assets.

Investments in subsidiaries

Name and domicil	Ownership
Real Danmark Ejendomme I ApS, Copenhagen.....	100 %
Real Danmark Ejendomme II ApS, Copenhagen.....	100 %
Real Danmark Ejendomme III ApS, Copenhagen.....	100 %
Real Danmark Ejendomme V ApS, Copenhagen.....	100 %
Real Danmark Ejendomme VI ApS, Copenhagen.....	100 %
Real Danmark Ejendomme VII ApS, Copenhagen.....	100 %

NOTES

	Group		Parent Company		Note
	2021 DKK '000	2020 DKK '000	2021 DKK '000	2020 DKK '000	
Contract work in progress					3
Sales value of completed work.....	267.621	214.402	0	0	
Contract work in progress, net.....	267.621	214.402	0	0	
Contract work in progress (asset)....	267.621	214.402	0	0	
	267.621	214.402	0	0	

Contract work in progress relates to the construction of a property for an external party with whom an SPA has been signed before the construction of the property was initiated. After completion the property will be resold to the external party in a new company.

In the financial year, DKK 0k has been recognised in income from construction contracts. The accumulated income from construction contracts thus amounts to DKK 26,820k at 31.12.2021. No prepayments from customers have been received.

Long-term liabilities

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	Group			
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities
Debt to mortgage credit institution.....	44.415	900	43.250.000	44.390
Other bank debt.....	15.416	988	0	0
Bank loan.....	25.000	0	0	0
Prepayments received from customers.....	489	0	0	493
Other non-current liabilities.....	11.112	11.112	0	218.518
Deposti.....	929	0	0	0
	97.361	13.000	43.250.000	263.401

	Parent Company			
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities
Other non-current liabilities.....	0	0	0	208.148
	0	0	0	208.148

Debt to Group companies

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Debt to Group companies includes t.kr 55.363 to Oskar Group A/S

NOTES**Note****Contingencies etc.****6****Contingent liabilities**

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor of nominally DKK 334m on properties.

An all-moneys mortgage for DKK 100m has been issued on properties.

The carrying amount of mortgaged properties is DKK 706m

A first priority pledge over the groups interest retention accounts has been issued.

The carrying amount of retention accounts is DKK 0m

A first priority pledge over all shares owned by the parent company has been issued.

The carrying amount of investments in group enterprises is DKK 210,2m

Joint liabilities

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of HAWK INVESTMENTS ApS, which serves as management Company for the joint taxation.

ACCOUNTING POLICIES

The Annual Report of Real Danmark A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company Real Danmark A/S and the subsidiaries in which Real Danmark A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or newly formed entities within the Group are recognised in the Consolidated Financial statements from the date of acquisition or the date of formation. Sold or wound-up entities are recognised in the Consolidated Income Statement to the date of sale. The comparative figures are not corrected for newly acquired, sold or wound-up entities.

The date of acquisition is the date on which the Group gains actual control over the acquired entity.

Acquired entities within the Group are recognised in the Consolidated Financial Statements according to the combination method, the combination being regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities acquired.

Positive and negative differences between the acquisition cost and the carrying amounts of acquired and identified assets and liabilities are recognised in equity at the acquisition. The difference from acquired entities is DKK 0.

Transaction costs, incurred in connection with acquisition of businesses, are recognised in the income statement in the year when costs are incurred.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

INCOME STATEMENT

Net revenue

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to the related costs and only to the extent that it is likely that they will be recovered.

Rental income is accrued to cover the period up to the end of the financial year. Payments charged to cover heating are not included in rental income.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

ACCOUNTING POLICIES

Income from investments in subsidiaries

The proportional share of the results of subsidiaries, stated according to the Parent Company's accounting policies and with full elimination of unrealised intercompany profits/losses and deduction of amortisation of added value and goodwill resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

In connection with transfers, potential profits are recognised when the economic rights related to the sold subsidiaries are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value.

Investment properties are initially recognised at cost, which comprise the purchase price and possible direct costs related to the properties. The investment properties are subsequently recognised at fair value corresponding to the market value of the properties. Changes in the fair market value are recognised in the Income Statement

Properties under construction are recognised at cost.

The fair value of investment properties is assessed by means of a return-based valuation model according to which the value is calculated on the basis of the returns from operating the investment properties and an individually determined requirement for returns.

Subsequent costs are added to the purchase price of the investment properties, when it is likely that the payment will lead to future economic benefits to the Company. Other costs of repairs and maintenance are recognised in the Income Statement on payment.

Profit or loss from sale of tangible fixed assets is stated as the difference between the sales price less costs of sale and the carrying amount at the date of sale. Profits or losses are recognised in the Income Statement.

Financial non-current assets

Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

ACCOUNTING POLICIES

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities acquired.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the Company has a legal or actual liability to cover the subsidiaries deficit.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

ACCOUNTING POLICIES

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.