

Denmark Primo Owner ApS

C/O SF-M ApS
Kalvebod Brygge 39, 4., 1560 Copenhagen V

CVR no. 27 60 47 06

Annual report 2022

Approved at the Company's annual general meeting on 19 June 2023

Chair of the meeting:

.....
Thomas Esben Khan

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Statement by the Board of Directors and the Executive Board

Today, the Executive Board has discussed and approved the annual report of Denmark Primo Owner ApS for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 19 June 2023
Executive Board:

.....
Sarah Maria Camilleri

.....
Benjamin William Lionel
Hutton

Independent auditor's report

To the shareholder of Denmark Primo Owner ApS

Opinion

We have audited the financial statements of Denmark Primo Owner ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company 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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report 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 the 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 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 Company's internal control.

Independent auditor's report

- ▶ 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 19 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Reedtz
State Authorised Public Accountant
mne24830

Management's review

Company details

| | |
|----------------------------|--|
| Name | Denmark Primo Owner ApS |
| Address, Postal code, City | C/O SF-M ApS Kalvebod Brygge 39, 4., 1560 Copenhagen V |
| CVR no. | 27 60 47 06 |
| Established | 19 February 2004 |
| Registered office | Copenhagen |
| Financial year | 1 January - 31 December |
| Executive Board | Sarah Maria Camilleri Benjamin William Lionel Hutton |
| Auditors | EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark |

Management's review

Business review

The object of the Company is to conduct business by investment in real estate, including buying and selling real estate, letting out real estate, administration and management of real estate as well as other related activities.

Financial review

The income statement for 2022 shows a loss of DKK 32,689 thousand against a profit of DKK 138,512 thousand last year, and the balance sheet at 31 December 2022 shows equity of DKK 123,834 thousand. The company has refinanced its CAPEX-loan to a mortgage loan in the financial year. Management considers the Company's financial performance in the year satisfactory.

As the company's purpose is investment in properties, the Company is affected by changes in the property market, including the general economic conditions.

The market situation in the real estate sector is affected by uncertainty, as a result high inflation and increasing interest rates. However, the company's activities have not been significantly affected by this.

The uncertainty related to interest rates and yields has created a gap between buyers' and sellers' expectation to sales prices of properties which is reflected in the lower transaction volume for investment properties in late 2022.

This has been reflected in the valuation of the company's properties.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

| Note | DKK'000 | 2022 | 2021 |
|------|---|---------|---------|
| | Gross profit | 4,841 | 6,030 |
| 2 | Staff costs | -878 | -673 |
| | Operating profit before fair value adjustments | 3,963 | 5,357 |
| | Fair value adjustment of investment property | -29,865 | 185,680 |
| | Profit/ loss before net financials | -25,902 | 191,037 |
| 3 | Financial expenses | -16,007 | -13,482 |
| | Profit/ loss before tax | -41,909 | 177,555 |
| 4 | Tax for the year | 9,220 | -39,043 |
| | Profit/ loss for the year | -32,689 | 138,512 |
| | Recommended appropriation of profit/ loss | | |
| | Retained earnings/ accumulated loss | -32,689 | 138,512 |
| | | -32,689 | 138,512 |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK'000 | 2022 | 2021 |
|------|--------------------------------------|-------------------------|-------------------------|
| | ASSETS | | |
| | Fixed assets | | |
| 5 | Property, plant and equipment | | |
| 6 | Investment property | 1,287,500 | 1,269,000 |
| | | <u>1,287,500</u> | <u>1,269,000</u> |
| | Total fixed assets | <u>1,287,500</u> | <u>1,269,000</u> |
| | Non-fixed assets | | |
| | Receivables | | |
| | Corporation tax receivable | 0 | 1,756 |
| | Other receivables | 3,572 | 660 |
| | | <u>3,572</u> | <u>2,416</u> |
| | Cash | <u>3,412</u> | <u>15,380</u> |
| | Total non-fixed assets | <u>6,984</u> | <u>17,796</u> |
| | TOTAL ASSETS | <u><u>1,294,484</u></u> | <u><u>1,286,796</u></u> |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK'000 | 2022 | 2021 |
|------|--|-------------------------|-------------------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| | Share capital | 20,004 | 20,004 |
| | Share premium account | 74,498 | 74,498 |
| | Retained earnings | 29,332 | 57,577 |
| | Total equity | <u>123,834</u> | <u>152,079</u> |
| | Provisions | | |
| | Deferred tax | 144,589 | 152,556 |
| | Total provisions | <u>144,589</u> | <u>152,556</u> |
| | Liabilities other than provisions | | |
| 7 | Non-current liabilities other than provisions | | |
| | Mortgage debt | 644,728 | 618,879 |
| | Bank debt | 0 | 72,890 |
| | Payables to group entities | 322,083 | 245,417 |
| | Other payables | 16,425 | 22,123 |
| | | <u>983,236</u> | <u>959,309</u> |
| | Current liabilities other than provisions | | |
| 7 | Short-term part of long-term liabilities other than provisions | 6,556 | 6,783 |
| | Bank debt | 7,126 | 0 |
| | Trade payables | 10,056 | 3,442 |
| | Deposits | 15,367 | 10,069 |
| | Other payables | 3,720 | 2,558 |
| | | <u>42,825</u> | <u>22,852</u> |
| | Total liabilities other than provisions | <u>1,026,061</u> | <u>982,161</u> |
| | TOTAL EQUITY AND LIABILITIES | <u><u>1,294,484</u></u> | <u><u>1,286,796</u></u> |

- 1 Accounting policies
9 Contractual obligations and contingencies, etc.
10 Collateral
11 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

| DKK'000 | Share capital | Share premium account | Retained earnings | Total |
|---|---------------|-----------------------|-------------------|----------------|
| Equity at 1 January 2022 | 20,004 | 74,498 | 57,577 | 152,079 |
| Transfer through appropriation of loss | 0 | 0 | -32,689 | -32,689 |
| Adjustment of hedging instruments at fair value | 0 | 0 | 5,697 | 5,697 |
| Tax on items recognised directly in equity | 0 | 0 | -1,253 | -1,253 |
| Equity at 31 December 2022 | 20,004 | 74,498 | 29,332 | 123,834 |

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Denmark Primo Owner ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Rental income receivable from operating leases is recognised on a straight line basis over the term of the lease, except for contingent rental income, which is recognised as earned.

Costs relating to incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a bias.

The lease term is the non cancellable period of the lease together with any further term for which the lessee has the option to continue the lease, where, at the inception of the lease, Management is reasonably certain that the lessee will exercise this option.

Amounts received from lessees to terminate leases or to compensate for dilapidations are recognised in the income statement as received.

Gross profit

The items revenue, property expenses and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Property expenses

Property expenses include expenses relating to renting out the Company's investment property, including expenses relating to running and maintaining such property.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Investment property

On initial recognition, investment property is measured at cost. Investment property is subsequently measured at fair value, and the value adjustment for the year is recognised in the income statement under the item "Fair value adjustment of investment property". The fair value is based on the expected future cash flows for the investment property.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Financial statements 1 January - 31 December

Notes to the financial statements

| DKK'000 | 2022 | 2021 |
|--|---------------|----------------------------|
| 2 Staff costs | | |
| Wages/ salaries | 827 | 557 |
| Pensions | 45 | 45 |
| Other social security costs | 6 | 4 |
| Other staff costs | 0 | 67 |
| | <u>878</u> | <u>673</u> |
| Average number of full-time employees | <u>1</u> | <u>1</u> |
| 3 Financial expenses | | |
| Interest expenses, group entities | 2,631 | 727 |
| Interest expenses, participating interests | 41 | 293 |
| Other interest expenses | 13,305 | 12,134 |
| Other financial expenses | 30 | 328 |
| | <u>16,007</u> | <u>13,482</u> |
| 4 Tax for the year | | |
| Estimated tax charge for the year | 0 | -1,764 |
| Deferred tax adjustments in the year | -9,220 | 40,806 |
| Tax adjustments, prior years | 0 | 1 |
| | <u>-9,220</u> | <u>39,043</u> |
| 5 Property, plant and equipment | | |
| DKK'000 | | Investment property |
| Cost at 1 January 2022 | | 648,450 |
| Additions | | 48,365 |
| Cost at 31 December 2022 | | <u>696,815</u> |
| Revaluations at 1 January 2022 | | 620,550 |
| Value adjustments for the year | | -29,865 |
| Revaluations at 31 December 2022 | | <u>590,685</u> |
| Carrying amount at 31 December 2022 | | <u>1,287,500</u> |

Note 10 provides more details on security for loans, etc. as regards property, plant and equipment.

6 Investment property

Fair value estimation

The Company's investments property is measured at fair value after the fair value hierarchy level 3.

The fair value of investment property has been estimated for every single property by discounting the expected, future cash flows, using a relevant discount factor. Expected future cash flows are based on budgets, approved by management, for the coming 10-year period and an estimated terminal value for the remaining life of the property concerned. The discount factor comprises the risk-free interest rate and a risk premium for the property concerned.

Independent valuers are consulted for purposes of estimating the fair values.

Financial statements 1 January - 31 December

Notes to the financial statements

The most significant fair value assumptions are:
Residential area (total): 21,198 sqm and Commercial area (total): 2,265 sqm
The blended exit yield of the property is 3.55%
The average rent for residential leases is DKK 2,170 per sqm.
The average rent for the commercial leases is DKK 1,865 per sqm.
OPEX is assumed to be DKK 331 per sqm.

7 Non-current liabilities other than provisions

| DKK'000 | Total debt at 31/12 2022 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
|----------------------------|-----------------------------|-------------------------|----------------------|-----------------------------------|
| Mortgage debt | 651,284 | 6,556 | 644,728 | 607,876 |
| Payables to group entities | 322,083 | 0 | 322,083 | 0 |
| Other payables | 16,425 | 0 | 16,425 | 0 |
| | <u>989,792</u> | <u>6,556</u> | <u>983,236</u> | <u>607,876</u> |

8 Derivative financial instruments

The Company has entered into two interest swap agreements with Jyske Bank.

The interest swap agreements have been entered into for the purpose of hedging the interest rate risk associated with the mortgage debt with a nominal value of DKK 666,137 thousand.

The nominal amount of the agreements is DKK 601,926 thousand and the termination date is set to September 2026.

The fair values has been calculated by Jyske Bank based on the agreement's discounted cash flow using the market interest at 31 December 2022.

The fair value of the interest swaps amounts to DKK -16,425 thousand at 31 December 2022. The fair value of the interest swaps has been recognized as other payables.

Fair value disclosures

The Company has the following assets and liabilities measured at fair value:

| DKK'000 | Swap | Investment property |
|---|---------|------------------------|
| Fair value at year end | -16,425 | 1,287,500 |
| Unrealised fair value adjustments for the year, recognised in the income statement | 0 | -29,865 |
| Unrealised fair value adjustments for the year, recognised in hedging reserve | 4,444 | 0 |
| Fair value level | 2 | 3 |

Financial statements 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

The Company is jointly taxed with its management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

10 Collateral

As securities for the Company's debt to the credit institutions, assets worth a total of DKK 1,287,500 thousand have been pledged as collateral or otherwise charged.

11 Related parties

Denmark Primo Owner ApS' related parties comprise the following:

Parties exercising control

| <u>Related party</u> | <u>Domicile</u> | <u>Basis for control</u> |
|---------------------------|---------------------|--------------------------|
| Denmark Primo Holding ApS | Copenhagen, Denmark | Participating interest |

PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Benjamin William Lionel Hutton

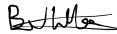
Executive Board

On behalf of: The Company

Serial number: bhutton@highbrookinvestors.com

IP: 94.252.xxx.xxx

2023-06-19 18:48:30 UTC



Sarah Maria Camilleri

Executive Board

On behalf of: The Company

Serial number: scamilleri@highbrookinvestors.com

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2023-06-20 07:24:24 UTC



Henrik Reedtz

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:67854501

IP: 145.62.xxx.xxx

2023-06-20 07:36:15 UTC

NEM ID 

Thomas Esben Khan

Chairman

On behalf of: The Company

Serial number: 66fd2f27-f432-47d4-9270-06745de876f3

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