

AREKIM FRB24 ApS

c/o Taurus Ejendomsadministration ApS
Skovvejen 11, st.
8000 Aarhus C
Denmark

CVR no. 35 21 20 78

Annual report 2022

The annual report was presented and approved at
the Company's annual general meeting on

14 April 2023

Morten Sennecker Schultz
Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January – 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of AREKIM FRB24 ApS for the financial year 1 January – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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.

Aarhus, 4 April 2023
Executive Board:

Morten Sennecker Schultz

Board of Directors:

Leif Gustav Andersson
Chairman

Morten Sennecker Schultz

Erika Margareta Olsén

Independent auditor's report

To the shareholder of AREKIM FRB24 ApS

Opinion

We have audited the financial statements of AREKIM FRB24 ApS for the financial year 1 January – 31 December 2022 comprising 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 Company's assets, liabilities and financial position 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these 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

Independent auditor's report

- identify and assess the risks of material misstatement of the company 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.
- 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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 4 April 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Henrik Y. Jensen
State Authorised
Public Accountant
mne35442

AREKIM FRB24 ApS
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Management's review

Company details

AREKIM FRB24 ApS
c/o Taurus Ejendomsadministration ApS
Skovvejen 11, st.
8000 Aarhus C
Denmark

CVR no.:	35 21 20 78
Established:	5 April 2013
Registered office:	Aarhus
Financial year:	1 January – 31 December

Board of Directors

Leif Gustav Andersson, Chairman
Morten Sennecker Schultz
Erika Margareta Olsén

Executive Board

Morten Sennecker Schultz

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The Company's principal activities consist in owning and managing the property Frederiksberggade 24, 1459 Copenhagen (Denmark), and conducts activities associated therewith.

Uncertainty regarding recognition and measurement

Investment properties are measured at fair value based on return-based valuation model.

The valuation is associated with significant estimates of future rental level, operating cost, required rate of return, as well as other assumptions.

As a result of this, the management has prepared a sensitivity analysis regarding a changed required rate of return.

A change of +/- 0.25 percentage points in the required rate of return means approx.. -16.5 / +18.8 million DKK in changed marked value.

Development in activities and financial position

The Company's income statement for 2022 shows a profit of DKK 7,110 thousand as against DKK 15,495 thousand in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at DKK 141,871 thousand as against DKK 134,761 thousand at 31 December 2021.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2022.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2022	2021
Gross profit		<u>5,423</u>	<u>2,032</u>
Profit before financial income and expenses		<u>5,423</u>	<u>2,032</u>
Fair value adjustment of investment properties		851	19,779
Other financial income		5,481	791
Other financial expenses	3	<u>-2,640</u>	<u>-2,711</u>
Profit before tax		<u>9,115</u>	<u>19,891</u>
Tax on profit for the year	4	<u>-2,005</u>	<u>-4,396</u>
Profit for the year		<u>7,110</u>	<u>15,495</u>
Proposed profit appropriation			
Retained earnings		<u>7,110</u>	<u>15,495</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Investment properties		<u>255,000</u>	<u>253,800</u>
Investments			
Other receivables	6	<u>5,813</u>	<u>339</u>
Total fixed assets		<u>260,813</u>	<u>254,139</u>
Current assets			
Receivables			
Receivables from group entities		<u>52</u>	<u>5</u>
Cash at bank and in hand		<u>6,930</u>	<u>3,706</u>
Total current assets		<u>6,982</u>	<u>3,711</u>
TOTAL ASSETS		<u><u>267,795</u></u>	<u><u>257,850</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		130,794	130,794
Retained earnings		11,077	3,967
Total equity		141,871	134,761
Provisions			
Provisions for deferred tax		4,217	2,212
Total provisions		4,217	2,212
Liabilities other than provisions			
Non-current liabilities other than provisions			
	7		
Debt to credit institutions		99,453	99,246
Payables to shareholders and Management		17,150	16,460
Deposits		2,580	2,569
		119,183	118,275
Current liabilities other than provisions			
Credit institutions, current liabilities		1,128	0
Trade payables		356	73
Other payables		1,040	2,529
		2,524	2,602
Total liabilities other than provisions		121,707	120,877
TOTAL EQUITY AND LIABILITIES		267,795	257,850
Average number of full-time employees	2		
Contractual obligations, contingencies, etc.	8		
Mortgages and collateral	9		
Related party disclosures	10		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2022	130,794	3,967	134,761
Transferred over the profit appropriation	0	7,110	7,110
Equity at 31 December 2022	130,794	11,077	141,871

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of AREKIM FRB24 ApS for 2022 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the asset or liability. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Changes in the fair value of derivative financial instruments used for hedging of net investments in independent foreign subsidiaries or associates are recognised directly in equity.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Revenue

Revenue, comprising rental income, is recognised in the period to which it relates.

Other external costs

Other external costs comprise costs incurred during the period as a result of the rental of the Company's properties and administration.

Fair value adjustment of investment properties

Fair value adjustment of investment properties comprises the year's changes in the fair value of investment property.

Financial income and expenses

Financial income and expenses comprise interest income and expense and exchange rate adjustments.

Tax on profit for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Investment property

Investment property comprises investment in land and buildings for the purpose of achieving a return on the invested capital in the form of regular operating income and a capital gain on resale.

On initial recognition, investment properties are measured at cost, which comprises the cost of the property and any directly related expenses.

Investment properties are subsequently measured at their value. The fair value of the properties is reassessed annually based on the return-based valuation model.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The fair value is determined based on the net return on commercial properties located in the same geographical area as the properties. Net return is calculated taking into consideration the existing leases, the state of repair of the properties and the budget for the next year.

Net return is calculated as total rental income less direct costs for property taxes, insurance, maintenance and housing management incurred on the investment properties divided by the carrying amounts of the investment properties less deposits.

Change in fair value are recognised in the income statement under 'Value adjustment of investment properties'.

As the investment properties are measured at fair value, they are not depreciated.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2022</u>	<u>2021</u>
2 Average number of full-time employees		
Average number of full-time employees	<u>0</u>	<u>0</u>
3 Other financial expenses		
Interest expenses shareholder loan	680	671
Other financial costs	<u>1,960</u>	<u>2,040</u>
	<u>2,640</u>	<u>2,711</u>
4 Tax on profit for the year		
Deferred tax for the year	2,005	4,169
Adjustment of deferred tax concerning previous years	<u>0</u>	<u>227</u>
	<u>2,005</u>	<u>4,396</u>
5 Investment property		
DKK'000		Investment property
Cost at 1 January 2022		243,370
Additions for the year		<u>349</u>
Cost at 31 December 2022		243,719
Revaluations at 1 January 2022		10,430
Revaluations for the year		<u>851</u>
Revaluations at 31 December 2022		11,281
Carrying amount at 31 December 2022		<u>255,000</u>

Key assumptions:

The retail property is located in the High Street area of Copenhagen, totaling a lettable area of 5,818 sqm. Key assumptions applied are:

- Discount rate of 5.71%
- Capitalisation rate of 3.71%
- Vacant retail area of 1,303 sqm is re-let within 12 months
- Vacant first floor of 568 sqm is refurbished and re-let as office within 6 months

The fair value of the investment property is based on a valuation by an independent valuer.

Sensitivity analysis:

An increase of exit yield by 0.25 percentage points would reduce the property value by DKK 16.5 million and a decrease in the exit yield by 0.25 percentage points would increase the property value by DKK 18.8 million at the balance sheet date.

Financial statements 1 January – 31 December

Notes

6 Derivative financial instruments

The group hedges interest rate risk by means of interest rate swap whereby floating interest payments are converted to fixed interest payment. The hedged cash flows are expected to be realised and will affect results over the remaining term of the swap.

DKK'000	Notional amount	Value adjustment	Fair value
Interest rate swap	100,000	5,481	5,784
	100,000	5,481	5,784

7 Non-current liabilities other than provisions

DKK'000	31/12 2022	1-5 years	Outstanding debt after five years
Debt to credit institutions	99,453	99,453	0
Deposits	2,580	0	2,580
Payables to shareholders and Management	17,150	17,150	0
	119,183	116,603	2,580

8 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is subject to the Danish scheme of joint taxation an unlimited jointly and severally liable with the other taxed companies for the total corporation tax, therefore the Company is jointly taxed with the Danish group entities.

9 Mortgages and collateral

Mortgage deeds registered to the mortgage debt of DKK 99,453 thousand providing security on investments properties at a total carrying amount of DKK 255,000 thousand.

10 Related party disclosures

AREKIM FRB24 ApS' related parties comprise the following:

AREKIM FRB24 ApS is part of the consolidated financial statements of Areim Fastigheter 4 (Eq) AB, Regeringsgatan 30-32B, Stockholm, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statement of Areim Fastigheter 4 (Eq) AB, Stockholm, can be obtained by contacting the Company at the adress above.