REI Denmark Solvgade A/S

Kristen Bernikows Gade 4, 1. sal., 1105 København K

Annual report

2022

Company reg. no. 36 50 37 50

The annual report was submitted and approved by the general meeting on the 14 July 2023.

Line Verroken
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of REI Denmark Solvgade A/S for the financial year 2022.

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

We consider the chosen accounting policy to be appropriate, and 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 true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København K, 14 July 2023

Managing Director

Kathrine Juel Bjørck Andersen

Board of directors

Michiel Thomas Moll Chairman	Line Verroken	Alexander Juel Rosentorn

Independent auditor's report

To the Shareholder of REI Denmark Solvgade A/S

Opinion

We have audited the financial statements of REI Denmark Solvgade A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under 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 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 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 about 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 these financial statements.

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:

- 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.

- 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 Management’s Review

Management is responsible for Management’s Review.

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

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management's Review.

Copenhagen, 14 July 2023

KPMG
Statsautoriseret Revisionspartnerselskab
Company reg. no. 25 57 81 98

Henrik Y. Jensen
State Authorised Public Accountant
mne35442

Company information

The company	REI Denmark Solvgade A/S Kristen Bernikows Gade 4, 1. sal. 1105 København K	
	Company reg. no.	36 50 37 50
	Financial year:	1 January - 31 December 8th financial year
Board of directors	Michiel Thomas Moll, Chairman Line Verroken Alexander Juel Rosentorn	
Managing Director	Kathrine Juel Bjørck Andersen	
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø	
Parent company	REI Denmark Solvgade Holding A/S	

The principal activities of the company

Like previous years, the principal activities is directly to own, develop and rent real estate as well as directly or indirectly to carry out other activities that the board of directors deem is connected therewith.

Development in activities and financial matters

The revenue for the year totals DKK 41.491.907 against DKK 38.828.413 last year. Income or loss from ordinary activities after tax totals DKK 10.191.018 against DKK 98.275.194 last year. Management considers the net profit for the year satisfactory.

Events occurring after the end of the financial year

No events have accoured after the balance sheet date which could significantly affect the Company's financial position.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Revenue	41.491.907	38.828.413
	Other operating income	8.200	0
	Other external costs	-18.180.803	-26.796.684
	Gross profit	**23.319.304**	**12.031.729**
	Depreciation, amortisation, and impairment	0	-41.276
	Value adjustment of investment property	-4.066.439	122.563.472
	Operating profit	**19.252.865**	**134.553.925**
2	Other financial expenses	-7.693.111	-7.767.964
	Pre-tax net profit	**11.559.754**	**126.785.961**
3	Tax on net profit for the year	-1.368.736	-28.510.767
	Net profit for the year	**10.191.018**	**98.275.194**
	Proposed distribution of net profit:		
	Transferred to retained earnings	10.191.018	98.275.194
	Total allocations and transfers	**10.191.018**	**98.275.194**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
4	Acquired concessions, patents, licenses, trademarks, and similar rights	27.726	0
	Total intangible assets	27.726	0
5	Other fixtures and fittings, tools and equipment	124.443	57.238
6	Investment property	905.007.646	893.400.000
	Total property, plant, and equipment	905.132.089	893.457.238
	Total non-current assets	**905.159.815**	**893.457.238**
	Current assets		
	Trade receivables	1.285.051	5.586.960
	Other receivables	236.083	59.899
	Prepayments and accrued income	1.405.943	286.207
	Total receivables	2.927.077	5.933.066
	Cash on hand and demand deposits	681.395	3.009.012
	Total current assets	**3.608.472**	**8.942.078**
	Total assets	**908.768.287**	**902.399.316**

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		2022	2021
	Equity		
	Contributed capital	20.000.000	20.000.000
	Retained earnings	176.410.796	166.219.778
	Total equity	**196.410.796**	**186.219.778**
	Provisions		
	Provisions for deferred tax	57.790.000	55.930.000
	Total provisions	**57.790.000**	**55.930.000**
	Long term labilities other than provisions		
7	Debt to group enterprises	627.076.979	627.076.979
8	Other debts	1.445.649	1.445.649
	Total long term liabilities other than provisions	628.522.628	628.522.628
	Deposits and prepaid rent	9.594.235	15.816.590
	Trade creditors	2.090.382	1.008.416
	Income tax payable to subsidiaries	1.966.503	1.350.767
	Other debts	10.033.786	10.560.098
	Accruals and deferred income	2.359.957	2.991.039
	Total short term liabilities other than provisions	26.044.863	31.726.910
	Total liabilities other than provisions	**654.567.491**	**660.249.538**
	Total equity and liabilities	**908.768.287**	**902.399.316**

9 Contingencies

10 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2021	20.000.000	67.944.584	18.625.000	106.569.584
Distributed dividend	0	0	-18.625.000	-18.625.000
Profit for the year brought forward	0	98.275.194	0	98.275.194
Equity 1 January 2022	20.000.000	166.219.778	0	186.219.778
Profit for the year brought forward	0	10.191.018	0	10.191.018
	20.000.000	**176.410.796**	**0**	**196.410.796**

Accounting policies

The annual report for REI Denmark Solvgade A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Revenue

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external costs

Other external costs comprise costs incurred for administration, costs concerning investment properties and loss on receivables.

Costs concerning investment properties

Costs concerning investment properties comprise operating costs, repair and maintenance costs, taxes, charges, and other costs.

Value adjustment of investment property

Value adjustment of investment property comprises value adjustments of properties at fair value and profit or loss from the disposal of properties.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Tangible fixed assets

Tangible fixed assets are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investment property

At the initial recognition, investment property is measured at cost, comprising the cost of the property and directly associated costs, if any.

Hereafter, investments are measured individually on the basis of a return-based cash flow model based on expected future net cash flows over a period of 10 years. The required rate of return is determined by an external assessor. Fair value measurement is made on the basis of estimated lease income and expected operating costs, including scheduled maintenance. Compared to the previous financial year, the method of measurement remains unchanged.

Costs adding new or improved qualities to an investment property compared to its condition at the time of acquisition, thereby improving the future return on the property, are added to the cost as an improvement. Costs which do not add new or improved qualities to an investment property are recognised in the income statement under the item ”Costs concerning investment property”.

Like other property, plant, and equipment except for land, investment property has a limited economic life. The impairment taking place concurrently with the ageing of the investment property is reflected in the continuing measurement of the investment property at fair value.

Value adjustments are recognised in the income statement under the item ”Value adjustments of property”.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Prepayments

Prepayments comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, REI Denmark Solvgade A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Notes

All amounts in DKK.

		2022	2021
1.	**Staff costs**		
	Average number of employees	0	0
2.	**Other financial expenses**		
	Financial costs, group enterprises	7.656.087	7.732.303
	Other financial costs	37.024	35.661
		7.693.111	**7.767.964**
3.	**Tax on net profit for the year**		
	Tax of the results for the year, parent company	-491.264	0
	Adjustment for the year of deferred tax	1.860.000	27.160.000
	Adjustment of tax for previous years	0	1.350.767
		1.368.736	**28.510.767**
4.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Additions during the year	33.366	0
	Cost 31 December	**33.366**	**0**
	Amortisation for the year	-5.640	0
	Amortisation and write-down 31 December	**-5.640**	**0**
	Carrying amount, 31 December	**27.726**	**0**

Notes

All amounts in DKK.

		31/12 2022	31/12 2021
5.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January	216.137	170.265
	Additions during the year	67.205	45.872
	Cost 31 December	**283.342**	**216.137**
	Amortisation and writedown 1 January	-158.899	-117.623
	Depreciation for the year	0	-41.276
	Amortisation and writedown 31 December	**-158.899**	**-158.899**
	Carrying amount, 31 December	**124.443**	**57.238**
6.	**Investment property**		
	Cost 1 January	658.307.841	656.671.313
	Additions during the year	15.674.085	1.636.528
	Cost 31 December	**673.981.926**	**658.307.841**
	Fair value adjustment 1 January	231.025.720	112.528.687
	Adjust of the year to fair value	0	122.563.472
	Fair value adjustment 31 December	**231.025.720**	**235.092.159**
	Carrying amount, 31 December	**905.007.646**	**893.400.000**

The measurement of properties is made using a returnbased cash flow model based on expected future net cash flows over a period of 10 years. The required rate of return is determined by an external assessor. The fair value measurement is made on the basis of estimated rental income and expected operating costs, including scheduled maintenance. Cash flows beyond the 10th year (terminal value) is determined according to a netrent model based on the 10th year, but at average estimates as to vacant periods, improvement costs, major maintenance costs, and investments. Cash flows from each year and the value of the terminal year are discounted with the required rate of return determined for each individual property with addition of inflation.

Compared to the previous financial year, the methods of measurement remain unchanged.

The property, which is located in Copenhagen, is mainly used as student housing, totalling 20.947 squaremeters.

All amounts in DKK.

6. Investment property (continued)

The external assessor has applied a Discount Rate of 5.75 % with an Exit Capitalisation Rate of 3.75%.

Sensitivity analysis:
The major factors in determining the fair value of the property are the rates of return and occupancy, respectively. A change in the rate of return of -0,5 % to 5.25 % will result in a fluctuation of DKK +38 mio DKK in the fair value of the property and a change in the rate of return of +0,5 % to 6.25 % will result in a fluctuation of DKK -36 mio DKK in the fair value of the property.

A decrease in the occupancy rate (vacant periods) of 1 percentage point would result in a decrease in rental income of DKK 0,3 mio DKK, which will lead to a drop in the fair value of the property totalling DKK 5,7 mio DKK.

All amounts in DKK.

		31/12 2022	31/12 2021
7.	**Debt to group enterprises**		
	Total debt to group enterprises	627.076.979	627.076.979
	Share of amount due within 1 year	0	0
	Total debt to group enterprises	**627.076.979**	**627.076.979**
	Share of liabilities due after 5 years	0	627.076.979
8.	**Other debts**		
	Total other debts	1.445.649	1.445.649
	Share of amount due within 1 year	0	0
	Total other debts	**1.445.649**	**1.445.649**
	Share of liabilities due after 5 years	0	1.445.649

9. Contingencies

Joint taxation

With REI Denmark Copenhagen ApS, company reg. no 36045213 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

All amounts in DKK.

10. Related parties

Consolidated financial statements

The company is a part of the consolidated financial statements of REI Investment I B.V and ING Groep N.V and can be obtained at the following address:

Largest group:
ING Groep N. V
Bijlmerplein 888
1102 MG Amsterdam
P.O Box 1800, 1000 BV Amsterdam

Smallest group:
REI Investment I B.V.
Prinses Beatrixiann 35
90504, 2509LM's - Gravenhage
Belgium