martinsen
Rådgivning & Revision

ESHF 2 Birketinget ApS

Kristen Bernikows gade 4, 1., 1105 København K

Annual report

2022

Company reg. no. 39 07 66 91

The annual report was submitted and approved by the general meeting on the 10 July 2023.

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Alexander Juel Rosentorn
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 Executive Board has approved the annual report of ESHF 2 Birketinget ApS 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, 8 July 2023

Executive board

Kristina Olsen

Alexander Juel Rosentorn

Christian Gustaaf Teunissen

Frederik Evariste A. Snauwaert

Independent auditor's report

To the Shareholder of ESHF 2 Birketinget ApS

Opinion

We have audited the financial statements of ESHF 2 Birketinget ApS 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.

Independent auditor's report

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, 8 July 2023

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Leif Tomasson
State Authorised Public Accountant
mne25346

Maj-Britt Lykke Viskum
State Authorised Public Accountant
mne35478

Company information

The company	ESHF 2 Birketinget ApS Kristen Bernikows gade 4, 1. 1105 København K	
	Company reg. no.	39 07 66 91
	Financial year:	1 January 2022 - 31 December 2022 5th financial year
Executive board	Kristina Olsen Alexander Juel Rosentorn Christian Gustaaf Teunissen Frederik Evariste A. Snauwaert	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Øster Allé 42 2100 København Ø	
Parent company	XIOR Student Housing NV	

Management´s review

The principal activities of the company

Like previous years, the principal activities is to own, develop, buy and sell real estate.

Development in activities and financial matters

The gross profit for the year totals DKK 15.624.569 against DKK 3.707.755 last year. Income or loss from ordinary activities after tax totals DKK -32.345.415 against DKK 66.237.058 last year. Management considers the net loss for the year as expected.

Accounting policies

The annual report for ESHF 2 Birketinget ApS 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

Gross profit

Gross profit comprises the revenue, other operating income, and external costs.

Lease income comprises income from the lease of property and from overhead costs collected and is recognised in the income statement for the period relating to the lease payment. Income from the heating account is recognised in the statement of financial position as a balance with lessees.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

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.

Accounting policies

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

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.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

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”.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Accounting policies

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.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepaymentsrecognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents 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, ESHF 2 Birketinget ApS 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.

Accounting policies

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

Liabilities other than provisions relating to investment properties are measured at amortised cost.

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.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Gross profit	**15.624.569**	**3.707.755**
	Value adjustment of investment property	-51.141.635	95.411.033
	Other operating expenses	-1.361.411	0
	Profit before net financials	**-36.878.477**	**99.118.788**
	Other financial income	254.288	15.552
1	Other financial expenses	-4.841.226	-13.677.282
	Pre-tax net profit or loss	**-41.465.415**	**85.457.058**
2	Tax on net profit or loss for the year	9.120.000	-19.220.000
	Net profit or loss for the year	**-32.345.415**	**66.237.058**
	Proposed distribution of net profit:		
	Transferred to retained earnings	0	66.237.058
	Allocated from retained earnings	-32.345.415	0
	Total allocations and transfers	**-32.345.415**	**66.237.058**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
3	Development projects in progress and prepayments for intangible assets	476.468	0
	Total intangible assets	476.468	0
4	Investment property	547.779.998	596.400.000
	Total property, plant, and equipment	547.779.998	596.400.000
5	Deposits	2.194.634	81.017
	Total investments	2.194.634	81.017
	Total non-current assets	**550.451.100**	**596.481.017**
	Current assets		
	Manufactured goods and trade goods	56.372	0
	Total inventories	56.372	0
	Receivables from subsidiaries	15.894.604	0
	Other receivables	662.743	1.824.154
	Prepayments	484.366	149.156
	Total receivables	17.041.713	1.973.310
	Cash and cash equivalents	448.457	116.780.213
	Total current assets	**17.546.542**	**118.753.523**
	Total assets	**567.997.642**	**715.234.540**

Balance sheet at 31 December

All amounts in DKK.

Note	**Equity and liabilities**	2022	2021
	Equity		
	Contributed capital	51.000	51.000
	Retained earnings	166.148.118	198.493.533
	Total equity	**166.199.118**	**198.544.533**
	Provisions		
	Provisions for deferred tax	27.640.000	36.760.000
	Total provisions	**27.640.000**	**36.760.000**
	Long term labilities other than provisions		
	Mortgage loans	363.000.000	363.000.000
	Prepayments received from customers	6.857.176	0
6	Total long term liabilities other than provisions	369.857.176	363.000.000
6	Current portion of long term liabilities	0	104.524.258
	Trade payables	329.737	490.692
	Other payables	3.095.611	11.478.335
	Deferred income	876.000	436.722
	Total short term liabilities other than provisions	4.301.348	116.930.007
	Total liabilities other than provisions	**374.158.524**	**479.930.007**
	Total equity and liabilities	**567.997.642**	**715.234.540**

7 Charges and security

8 Contingencies

9 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2021	51.000	132.256.475	132.307.475
Profit or loss for the year brought forward	0	66.237.058	66.237.058
Equity 1 January 2022	51.000	198.493.533	198.544.533
Profit or loss for the year brought forward	0	-32.345.415	-32.345.415
	51.000	**166.148.118**	**166.199.118**

Notes

All amounts in DKK.

		2022	2021
1.	**Other financial expenses**		
	Financial costs, group enterprises	52.225	6.148.363
	Other financial costs	4.789.001	7.528.919
		4.841.226	**13.677.282**
2.	**Tax on net profit or loss for the year**		
	Adjustment for the year of deferred tax	-9.120.000	19.220.000
		-9.120.000	**19.220.000**
3.	**Development projects in progress and prepayments for intangible assets**		
	Additions during the year	476.468	0
	Cost 31 December 2022	**476.468**	**0**
	Carrying amount, 31 December 2022	**476.468**	**0**
4.	**Investment property**		
	Cost 1 January 2022	419.669.461	419.380.493
	Additions during the year	2.521.633	288.968
	Cost 31 December 2022	**422.191.094**	**419.669.461**
	Fair value adjustment 1 January 2022	176.730.539	81.319.506
	Adjust of the year to fair value	-51.141.635	95.411.033
	Fair value adjustment 31 December 2022	**125.588.904**	**176.730.539**
	Carrying amount, 31 December 2022	**547.779.998**	**596.400.000**

Notes

All amounts in DKK.

4. Investment property (continued)

The property, which is located on the island of Amager, in the Copenhagen South district, is mainly used as student housing and fitness, totalling 10.382 sqm.

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 cash flow model applied:

Rental income	29.237.228
Gross rent	29.237.228
Operating expenses (real property tax, insurance, other taxes, cleaning, etc.)	-7.796.469
Costs	-7.796.469
Net rent	21.440.759
Annual cash flows	21.440.759

Specification/definition of individual items in the cash flow model:
Gross rent:
For valuation purpose we have assumed average rent achieved for each apartment type.

Costs:
Running costs of 7.796.469 DKK (22,276 per unit) inclusive of a management fee and non-recoverable VAT.

Annual cash flows:
Taking the gross income, as above, and deducting the total running costs provides a net income of 21.440.759 DKK.

Required rate of return
We have used a NIY 3,90% based on the projected net income for the forthcoming 12-month period.

Our valuation is 545.000.000 DKK corresponding to 1.557.100 DKK per unit and a commercial value of 2.780.000 DKK for parking.

Notes

All amounts in DKK.

4. Investment property (continued)

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 1,0% will result in a fluctuation of DKK 214.407 in the fair value of the property.

5. Deposits

Additions during the year	2.194.634	81.017
Cost 31 December 2022	**2.194.634**	**81.017**
Carrying amount, 31 December 2022	**2.194.634**	**81.017**

6. Long term labilities other than provisions

	Total payables 31 Dec 2022	Current portion of long term payables	Long term payables 31 Dec 2022	Outstanding payables after 5 years
Mortgage loans	363.000.000	0	363.000.000	363.000.000
Prepayments received from customers	6.857.176	0	6.857.176	0
	369.857.176	**0**	**369.857.176**	**363.000.000**

7. Charges and security

As collateral for mortgage loans, DKK 363.000.000, security has been granted on land and buildings representing a carrying amount of DKK 547.779.998 at 31 December 2022.

8. Contingencies

Contingent liabilities

Joint taxation

With BaseCamp Student Operations ApS, company reg. no 36934085 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.

Notes

All amounts in DKK.

8. Contingencies (continued)

Joint taxation (continued)

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.

9. Related parties

Consolidated financial statements

The company is included in the consolidated annual accounts of XIOR Student Housing NV, Mechelsesteenweg 34, Box 108, 2018 Antwrp, Belgium.