Woods Office Holding K/S

C/O NREP A/S, Southamptongade 4, DK-2150 Nordhavn

Annual Report for 2023

CVR No. 39 54 81 86

The Annual Report was presented and adopted at the Annual General Meeting of the company on 17/5 2024

Thomas Ebbe Riise-Jakobsen
Chairman of the general meeting

Contents

	Page
Management’s Statement and Auditor’s Report	
Management's Statement	1
Independent Auditor's Report	2
Management’s Review	
Company information	5
Group Chart	6
Financial Highlights	7
Management's Review	8
Financial Statements	
Income Statement 1 January - 31 December	9
Balance sheet 31 December	10
Statement of changes in equity	12
Cash Flow Statement 1 January - 31 December	13
Notes to the Financial Statements	14

Management's statement

The Executive Board has today considered and adopted the Annual Report of Woods Office Holding K/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Nordhavn, 17 May 2024

Executive Board

Rune Højby Kock	Toke Sundenæs Clausen	Thomas Ebbe Riise-Jakobsen

Independent Auditor's report

To the limited partners of Woods Office Holding K/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Woods Office Holding K/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Group 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.

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.

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, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group´s and the Parent Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 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 Group´s and the Parent Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Group´s and the Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's report

Herning, 17 May 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Poul Spencer Poulsen
State Authorised Public Accountant
mne23324

Kasper Ladekjær
State Authorised Public Accountant
mne50738

Company information

The Company	Woods Office Holding K/S C/O NREP A/S Southamptongade 4 DK-2150 Nordhavn CVR No: 39 54 81 86 Financial period: 1 January - 31 December Incorporated: 7 May 2018 Financial year: 6th financial year Municipality of reg. office: Copenhagen
Executive Board	Rune Højby Kock Toke Sundenæs Clausen Thomas Ebbe Riise-Jakobsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning
Bankers	Danske Bank Lersø Parkallé 100 2100 København Ø

Group Chart

Company	Residence	Ownership
Woods Office Holding K/S	**Copenhagen**	
Woods Office Sub-Holding Komplementar ApS	Copenhagen	100
Woods Office Sub-Holding K/S	Copenhagen	100
Woods Office Ørestad ApS	Copenhagen	100
Tetrep Woods Sub-Holding Titanhus Komplementar ApS	Copenhagen	100
Tetrep Woods Sub-Holding Titanhus K/S	Copenhagen	100
Titanhus ApS	Copenhagen	100

Financial Highlights

Seen over a 4-year period, the development of the Group is described by the following financial highlights:

	Group			
	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK
Key figures				
Profit/loss				
Profit/loss of primary operations	23,754	-8,272	186,509	176,532
Profit/loss of financial income and expenses	-42,940	-32,480	-19,372	-17,331
Net profit/loss for the year	-11,529	-28,613	134,116	129,245
Balance sheet				
Balance sheet total	1,603,624	1,510,135	1,578,504	1,264,104
Investment in property, plant and equipment	112,254	127,636	1,211,825	223,315
Equity	609,253	631,429	660,041	548,925
Cash flows				
Cash flows from:				
- operating activities	54,410	406,208	3,660	-72,029
- investing activities	-94,196	-127,635	-63,132	-223,315
- financing activities	49,757	-333,326	123,033	281,717
Change in cash and cash equivalents for the year	9,971	-54,753	63,561	-13,627
Ratios				
Return on assets	1.5%	-0.5%	11.8%	14.0%
Solvency ratio	38.0%	41.8%	41.8%	43.4%
Return on equity	-1.9%	-4.4%	22.2%	26.6%

Management's review

Key activities

The Company's key activity is to directly or indirectly through ownership of investments, Corporations or other legal entities or Joint Ventures, to engage in investment activity and/or own and operate real estate and other business which according to the Company's discretion is related.

Development in the year

The income statement of the Group for 2023 shows a loss of TDKK 11,529, and at 31 December 2023 the balance sheet of the Group shows a positive equity of TDKK 609,253.

Targets and expectations for the year ahead

For 2024, an operating result of around DKK 30 million before fair value adjustments is expected.

Unusual events

The financial position at 31 December 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Gross profit before value adjustments		**33,399**	**38,079**	**-271**	**-157**
Value adjustments of assets held for investment		-9,645	-46,351	0	0
Gross profit after value adjustments		**23,754**	**-8,272**	**-271**	**-157**
Financial income	2	170	36	47,082	47,404
Financial expenses	3	-43,110	-32,516	-11,239	-15,785
Profit/loss before tax		**-19,186**	**-40,752**	**35,572**	**31,462**
Tax on profit/loss for the year	4	7,657	12,139	0	0
Net profit/loss for the year	5	**-11,529**	**-28,613**	**35,572**	**31,462**

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Investment properties		1,554,588	1,461,008	0	0
Property, plant and equipment	6	**1,554,588**	**1,461,008**	**0**	**0**
Investments in subsidiaries	7	0	0	180	180
Receivables from group enterprises		0	0	628,183	556,754
Fixed asset investments		**0**	**0**	**628,363**	**556,934**
Fixed assets		**1,554,588**	**1,461,008**	**628,363**	**556,934**
Trade receivables		14,361	16,510	0	0
Receivables from group enterprises		0	0	80	0
Claim for payment of company capital		0	0	0	106,678
Other receivables		5,911	14,166	18	0
Prepayments	8	494	152	0	0
Receivables		**20,766**	**30,828**	**98**	**106,678**
Cash at bank and in hand		**28,270**	**18,299**	**7,492**	**2,122**
Current assets		**49,036**	**49,127**	**7,590**	**108,800**
Assets		**1,603,624**	**1,510,135**	**635,953**	**665,734**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		TDKK	TDKK	TDKK	TDKK
Share capital		175,000	175,000	175,000	175,000
Reserve for unpaid share capital and share premium		0	105,678	0	105,678
Retained earnings		434,253	350,751	320,382	179,132
Equity		**609,253**	**631,429**	**495,382**	**459,810**
Provision for deferred tax	9	52,801	63,078	0	0
Provisions		**52,801**	**63,078**	**0**	**0**
Credit institutions		355,168	372,080	0	0
Payables to group enterprises		142,926	99,282	140,518	156,380
Other payables		13,650	0	0	0
Long-term debt	10	**511,744**	**471,362**	**140,518**	**156,380**
Credit institutions	10	9,375	0	0	0
Trade payables		7,251	17,821	53	43
Payables to group enterprises	10	0	0	0	49,500
Deposits		18,852	13,582	0	0
Other payables	10	394,348	312,863	0	1
Short-term debt		**429,826**	**344,266**	**53**	**49,544**
Debt		**941,570**	**815,628**	**140,571**	**205,924**
Liabilities and equity		**1,603,624**	**1,510,135**	**635,953**	**665,734**

Staff	1
Contingent assets, liabilities and other financial obligations	13
Related parties	14
Subsequent events	15
Accounting Policies	16

Statement of changes in equity

Group

	Share capital	Reserve for unpaid share capital and share premium	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	175,000	105,678	350,751	631,429
Payment of unpaid share capital	0	-105,678	105,678	0
Fair value adjustment of hedging instruments, end of year	0	0	-10,647	-10,647
Net profit/loss for the year	0	0	-11,529	-11,529
Equity at 31 December	**175,000**	**0**	**434,253**	**609,253**

Parent company

	Share capital	Reserve for unpaid share capital and share premium	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	175,000	105,678	179,132	459,810
Payment of unpaid share capital	0	-105,678	105,678	0
Net profit/loss for the year	0	0	35,572	35,572
Equity at 31 December	**175,000**	**0**	**320,382**	**495,382**

Cash flow statement 1 January - 31 December

	Note	Group 2023	Group 2022
		TDKK	TDKK
Result of the year		-11,529	-28,613
Adjustments	11	35,899	66,692
Change in working capital	12	75,593	399,315
Cash flow from operations before financial items		**99,963**	**437,394**
Financial income		170	36
Financial expenses		-43,103	-31,577
Cash flows from ordinary activities		**57,030**	**405,853**
Corporation tax paid		-2,620	355
Cash flows from operating activities		**54,410**	**406,208**
Purchase of property, plant and equipment		-94,196	-127,635
Cash flows from investing activities		**-94,196**	**-127,635**
Repayment of mortgage loans		0	-248,057
Repayment of loans from credit institutions		-7,537	58,648
Repayment of payables to group enterprises		0	-143,917
Raising of payables to group enterprises		43,644	0
Raising of other long-term debt		13,650	0
Cash flows from financing activities		**49,757**	**-333,326**
Change in cash and cash equivalents		**9,971**	**-54,753**
Cash and cash equivalents at 1 January		18,299	73,052
Cash and cash equivalents at 31 December		**28,270**	**18,299**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		28,270	18,299
Cash and cash equivalents at 31 December		**28,270**	**18,299**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
1. Staff				
Average number of employees	0	0	0	0

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
2. Financial income				
Interest received from group enterprises	0	-1	47,082	47,404
Other financial income	166	37	0	0
Exchange adjustments	4	0	0	0
	170	**36**	**47,082**	**47,404**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
3. Financial expenses				
Interest paid to group enterprises	11,236	15,760	11,236	15,760
Other financial expenses	31,856	16,732	3	22
Exchange adjustments, expenses	18	24	0	3
	43,110	**32,516**	**11,239**	**15,785**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
4. Income tax expense				
Deferred tax for the year	-7,657	-12,576	0	0
Adjustment of tax concerning previous years	0	-354	0	0
Adjustment of deferred tax concerning previous years	0	791	0	0
	-7,657	**-12,139**	**0**	**0**

	Parent company 2023	Parent company 2022
	TDKK	TDKK

5. Profit allocation

	2023	2022
Retained earnings	35,572	31,462
	35,572	**31,462**

6. Assets measured at fair value
Group

	Investment properties
	TDKK
Cost at 1 January	1,132,632
Additions for the year	112,254
Disposals for the year	-9,029
Cost at 31 December	1,235,857
Value adjustments at 1 January	328,376
Revaluations for the year	-9,645
Value adjustments at 31 December	318,731
Carrying amount at 31 December	**1,554,588**
Interest expenses recognised as part of cost	62,028,301

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods.

The fair value of investment properties has been calculated based on the following assumptions:

	Group
	2023
The fair value of investment properties amounts to	1,554,588
Value adjustment, income statement	-9,645
Average WACC	6,70-6,79%
Average inflation assumpiton	2,,00%
Exit Yield	4,70-4,79%
Budget period	10
Average vacancy, budget period	0-3,78%

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material.

The fair value of investment properties at 31 December 2023 has been assessed by an independent assessor.

Sensitivity in determination of fair value of investment properties

An exit yield in the range of 4,7 % - 4,79 % has been applied in the market value assessment at 31 December.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

Changes in	-0,1%	Base	0.1%
	TDKK	TDKK	TDKK
Rate of return	4.65	4,75	4.85
Fair value	1,588,020	1,554,588	1,522,535
Change in fair value	33,432	0	-32,053

Notes to the Financial Statements

	Parent company	
	2023	2022
	TDKK	TDKK
7. Investments in subsidiaries		
Cost at 1 January	180	180
Cost at 31 December	180	180
Carrying amount at 31 December	**180**	**180**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
Woods Office Sub-Holding K/S	Copenhagen	50.000	100%	-48,390,071	-14,278,623
Woods Office Sub-Holding Komplementar ApS	Copenhagen	50.000	100%	-143,379	-110,085
Tetrep Woods Sub-Holding Titanhus Komplementar ApS	Copenhagen	50.000	100%	-149,597	-113,003
Tetrep Woods Sub-Holding Titanhus K/S	Copenhagen	1	100%	-6,904,371	-5,748,462
Woods Office Ørestad ApS	Copenhagen	60.000	100%	253,545,807	-26,011,304
Titanhus ApS	Copenhagen	60.000	100%	124,081,492	-921,220

8. Prepayments

Prepayments consists of expenses related to rental, insurance and interest

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
9. Provision for deferred tax				
Deferred tax liabilities at 1 January	63,078	74,862	0	0
Amounts recognised in the income statement for the year	-7,274	-8,588	0	0
Amounts recognised in equity for the year	-3,003	-3,196	0	0
Deferred tax liabilities at 31 December	**52,801**	**63,078**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK

10. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group 2023 TDKK	Group 2022 TDKK	Parent company 2023 TDKK	Parent company 2022 TDKK
Credit institutions				
After 5 years	318,750	0	0	0
Between 1 and 5 years	36,418	372,080	0	0
Long-term part	355,168	372,080	0	0
Within 1 year	9,375	0	0	0
	364,543	**372,080**	**0**	**0**
Payables to group enterprises				
After 5 years	142,926	0	140,518	156,380
Between 1 and 5 years	0	99,282	0	0
Long-term part	142,926	99,282	140,518	156,380
Other short-term debt to group enterprises	0	0	0	49,500
	142,926	**99,282**	**140,518**	**205,880**
Other payables				
After 5 years	13,650	0	0	0
Long-term part	13,650	0	0	0
Other short-term payables	394,348	312,863	0	1
	407,998	**312,863**	**0**	**1**

11. Cash flow statement - Adjustments

	Group 2023	Group 2022
	TDKK	TDKK
Financial income	-170	-36
Financial expenses	43,110	32,516
Value adjustments of assets held for investment	9,645	46,351
Tax on profit/loss for the year	-7,657	-12,139
Other adjustments	-9,029	0
	35,899	**66,692**

12. Cash flow statement - Change in working capital

	Group 2023	Group 2022
	TDKK	TDKK
Change in receivables	10,062	94,874
Change in trade payables, etc	76,178	304,441
Fair value adjustments of hedging instruments	-10,647	0
	75,593	**399,315**

13. Contingent assets, liabilities and other financial obligations

Charges and security

	Group 2023	Group 2022	Parent company 2023	Parent company 2022
	TDKK	TDKK	TDKK	TDKK
The following assets have been placed as security with bankers:				
Mortgage deeds registered to the mortgagor totalling kDKK 818.550, providing security on land and buildings as well as other property, plant and equipment at a total carrying amount of:	1,554,588	1,461,008	0	0

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK

13. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of NSF III Denmark Advisory ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

14. Related parties and disclosure of consolidated financial statements

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
NREP Nordic Strategies Fund III LP	Luxembourg

15. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

16. Accounting policies

The Annual Report of Woods Office Holding K/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Woods Office Holding K/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies. If currency positions are considered to hedge future cash flows, value adjustments are recognized directly in equity.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income statement

Revenue

Rental income is recognised on a straight line-basis over the term of the lease.

Revenue from rental income is recognised in the income statement at amounts relating to the financial year when revenue can be measured reliably and it is probable that the economic benefits will flow to the Company. Revenue is recognised exclusive of VAT and net of discounts.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Property, plant and equipment

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed assets comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and supsuppliers up until the time when the asset is ready for use.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

In Management's opinion the classification of the properties as investment properties did not cause any difficulties.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The valuation is not based on the statement from an external assessor.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

Discounted Cash Flow model

The fair value of investment properties has been determined at 31 December 2023 for each property by using a Discounted Cash Flow model under which expected future cash flows are discounted to present value. The calculations are based on property budgets for the coming years. Allowance has been made for developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The individual, budgeted cash flows are discounted at an individually fixed discount rate added a terminal value. The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

The carrying amounts of pro per ty, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise .

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity