
Hjørnesteinen ApS

c/o Patrizia Denmark A/S, Adelgade 15, 2., DK-1304
Copenhagen K

Annual Report for 2023

CVR No. 39 58 87 65

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 11/6 2024

Emil Skov
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Hjørnesteinen ApS 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 give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

Copenhagen, 11 June 2024

Executive Board

Anders Skovgaard Klingbeil
CEO

Board of Directors

Peter Matzen Drachmann
Chairman

Anders Skovgaard Klingbeil

Mirlinda Goci

Albert Cornelis Tol

Independent Auditor's report

To the shareholder of Hjørneste­nen ApS

Opinion

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

We have audited the Financial Statements of Hjørneste­nen ApS 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 ("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 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent Auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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.

Hellerup, 11 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Morten Jørgensen

State Authorised Public Accountant

mne32806

Qasam Hussain

State Authorised Public Accountant

mne44159

Company information

The Company	Hjørnestenen ApS c/o Patrizia Denmark A/S Adelgade 15, 2. 1304 Copenhagen K CVR No: 39 58 87 65 Financial period: 1 January - 31 December Incorporated: 18 May 2018 Financial year: 5th financial year Municipality of reg. office: Frederiksberg
Board of Directors	Peter Matzen Drachmann, chairman Anders Skovgaard Klingbeil Mirlinda Goci Albert Cornelis Tol
Executive Board	Anders Skovgaard Klingbeil
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Gross profit before value adjustments		7,153	7,271
Value adjustments of assets held for investment		-35,000	7,950
Gross profit after value adjustments		<u>-27,847</u>	<u>15,221</u>
Financial income		2,602	381
Financial expenses	3	-5,056	-4,886
Profit/loss before tax		<u>-30,301</u>	<u>10,716</u>
Tax on profit/loss for the year	4	10,223	-2,626
Net profit/loss for the year		<u>-20,078</u>	<u>8,090</u>
 Distribution of profit			
		2023	2022
		TDKK	TDKK
Proposed distribution of profit			
Extraordinary dividend paid		2,500	0
Retained earnings		-22,578	8,090
		<u>-20,078</u>	<u>8,090</u>

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Investment properties		239,000	274,000
Property, plant and equipment	5	239,000	274,000
Fixed assets		239,000	274,000
Trade receivables		260	929
Receivables from group enterprises		4,394	3,731
Other receivables		13,385	18,942
Corporation tax receivable from group enterprises		83	0
Receivables		18,122	23,602
Cash at bank and in hand		8,324	6,768
Current assets		26,446	30,370
Assets		265,446	304,370

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		100	100
Reserve for hedging transactions		10,271	14,775
Retained earnings		86,888	109,466
Equity		97,259	124,341
Provision for deferred tax		24,004	31,879
Provisions		24,004	31,879
Mortgage loans		92,836	92,836
Payables to group enterprises		43,129	43,129
Long-term debt	6	135,965	135,965
Trade payables		1,638	1,886
Corporation tax		0	4,278
Deposits		3,379	3,130
Other payables		3,201	2,891
Short-term debt		8,218	12,185
Debt		144,183	148,150
Liabilities and equity		265,446	304,370
Key activities	1		
Staff	2		
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Statement of changes in equity

	Share capital	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	100	14,775	109,466	124,341
Extraordinary dividend paid	0	0	-2,500	-2,500
Fair value adjustment of hedging instruments, end of year	0	-5,774	0	-5,774
Tax on adjustment of hedging instruments for the year	0	1,270	0	1,270
Net profit/loss for the year	0	0	-20,078	-20,078
Equity at 31 December	100	10,271	86,888	97,259

Notes to the Financial Statements

1. Key activities

The primary activity of the company is to buy, hold, rent, and sell real estate to issue corporate bonds, and any business related hereto.

2. Staff

Average number of employees

	<u>2023</u>	<u>2022</u>
	0	0

3. Financial expenses

Interest paid to group enterprises
Other financial expenses

	<u>2023</u> TDKK	<u>2022</u> TDKK
	1,531	1,489
	3,525	3,397
	<u>5,056</u>	<u>4,886</u>

4. Income tax expense

Current tax for the year
Deferred tax for the year
Adjustment of tax concerning previous years

	<u>2023</u> TDKK	<u>2022</u> TDKK
	-83	0
	-7,874	2,357
	-3,536	269
	<u>-11,493</u>	<u>2,626</u>

thus distributed:

Income tax expense
Tax on equity movements

	-10,223	2,626
	-1,270	0
	<u>-11,493</u>	<u>2,626</u>

Notes to the Financial Statements

5. Assets measured at fair value

	Investment properties
	TDKK
Cost at 1 January	131,863
Cost at 31 December	131,863
Value adjustments at 1 January	142,137
Revaluations for the year	-35,000
Value adjustments at 31 December	107,137
Carrying amount at 31 December	239,000

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 (DCF calculations) based on management's assessment of future cash flow, return requirements etc. The fair value adjustment for the year has been recognised in the Income Statement.

	2023
	TDKK
Budget period	10 years
Exit Yield	4,41%
Initial Yield	4,41%
Growth in terminal period	2,00%

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.

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
6. 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:		
Mortgage loans		
After 5 years	92,836	92,836
Long-term part	92,836	92,836
Within 1 year	0	0
	<u>92,836</u>	<u>92,836</u>
Payables to group enterprises		
After 5 years	43,129	43,129
Long-term part	43,129	43,129
Within 1 year	0	0
	<u>43,129</u>	<u>43,129</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
7. Contingent assets, liabilities and other financial obligations		
Guarantee obligations		
As collateral for its mortgage debt, DKK 92,836 thousand, the Company has provided collateral in investment properties with a carrying amount of:	239,000	274,000

Notes to the Financial Statements

2023	2022
TDKK	TDKK

7. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The 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 LiCi Valhalla ApS, which is the management company of the joint taxation purposes. Moreover, the 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.

8. Related parties and disclosure of consolidated financial statements

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
PATRIZIA Living Cities Residential Fund	41 avenue de la Lieberté L-1931 Luxembourg

Notes to the Financial Statements

9. Accounting policies

The Annual Report of Hjørnestenen ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The 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.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

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, see below.

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.

Notes to the Financial Statements

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

Rental income

Revenue includes rental income from operating leases, service charges and management charges on properties. Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

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.

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the 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 LiCi Valhalla ApS. The tax effect of the joint taxation is allocated to Danish 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 suppliers up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of properties are recognised in cost over the construction period.

Notes to the Financial Statements

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

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 fair value of investment properties has been assessed by the independent assessor firm CBRE A/S at 31 December 2023

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.

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.

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, such as loans from credit institutions, 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.

Notes to the Financial Statements

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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