Titanhus ApS

Southamptongade 4, DK-2150 Nordhavn

Annual Report for 2022

CVR No. 40 81 20 24

The Annual Report was presented and adopted at the Annual General Meeting of the company on 7/6 2023

Nicolai Bruhn Sørensen
Chairman of the general meeting

Contents

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Management's statement

The Executive Board has today considered and adopted the Financial Statements of Titanhus ApS for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Nordhavn, 7 June 2023

Executive Board

Thomas Ebbe Riise-Jakobsen

Toke Sundenæs Clausen

Rune Højby Kock

Independent Auditor's report

To the shareholder of Titanhus ApS

Opinion

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.

We have audited the Financial Statements of Titanhus ApS for the financial year 1 January - 31 December 2022, 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.

- 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.

Herning, 7 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Poul Spencer Poulsen
State Authorised Public Accountant
mne23324

Company information

The Company	Titanhus ApS Southamptongade 4 DK-2150 Nordhavn CVR No: 40 81 20 24 Financial period: 1 January - 31 December Incorporated: 19 September 2019 Financial year: 4th financial year Municipality of reg. office: Copenhagen
Executive board	Thomas Ebbe Riise-Jakobsen Toke Sundenæs Clausen Rune Højby Kock
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 7400 Herning
Bankers	Danske Bank Lersø Parkallé 100 2100 København Ø

Income statement 1 January - 31 December

	Note	2022	2021
		DKK	DKK
Gross profit before value adjustments		**5,184,667**	**982,808**
Value adjustments of assets held for investment		34,591,599	-24,504,830
Gross profit/loss after value adjustments		**39,776,266**	**-23,522,022**
Financial income	2	0	9,244
Financial expenses	3	-24,851,140	-19,154,832
Profit/loss before tax		**14,925,126**	**-42,667,610**
Tax on profit/loss for the year	4	-3,899,106	9,386,880
Net profit/loss for the year		**11,026,020**	**-33,280,730**

Distribution of profit

	2022	2021
	DKK	DKK
Proposed distribution of profit		
Retained earnings	11,026,020	-33,280,730
	11,026,020	**-33,280,730**

Balance sheet 31 December

Assets

	Note	2022	2021
		DKK	DKK
Investment properties		565,570,000	430,722,620
Property, plant and equipment	5	**565,570,000**	**430,722,620**
Fixed assets		**565,570,000**	**430,722,620**
Trade receivables		6,743,730	3,032,452
Receivables from group enterprises		1,700,000	0
Other receivables		13,511,298	3,528,810
Corporation tax receivable from group enterprises		319,583	0
Prepayments		141,594	8,132
Receivables		**22,416,205**	**6,569,394**
Cash at bank and in hand		**7,958,575**	**66,679,038**
Current assets		**30,374,780**	**73,248,432**
Assets		**595,944,780**	**503,971,052**

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital		50,000	40,000
Retained earnings		114,952,712	38,936,692
Equity		**115,002,712**	**38,976,692**
Provision for deferred tax		15,622,504	11,228,108
Provisions		**15,622,504**	**11,228,108**
Subordinate loan capital		0	181,438,875
Mortgage loans		0	247,118,270
Long-term debt	6	**0**	**428,557,145**
Subordinate loan capital	6	131,669,642	0
Trade payables		13,281,671	16,843,509
Deposits		7,496,166	8,365,598
Other payables		312,872,085	0
Short-term debt		**465,319,564**	**25,209,107**
Debt		**465,319,564**	**453,766,252**
Liabilities and equity		**595,944,780**	**503,971,052**

Key activities	1
Contingent assets, liabilities and other financial obligations	7
Related parties	8
Accounting Policies	9

Statement of changes in equity

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	40,000	0	38,936,692	38,976,692
Capital increase	10,000	64,990,000	0	65,000,000
Net profit/loss for the year	0	0	11,026,020	11,026,020
Transfer from share premium account	0	-64,990,000	64,990,000	0
Equity at 31 December	**50,000**	**0**	**114,952,712**	**115,002,712**

Notes to the Financial Statements

1. Key activities

The Company's key activity are to own properties for the use of the office segments as well as any other use in a building primarily used for the office segment.

2. Financial income

	2022	2021
	DKK	DKK
Interest received from group enterprises	0	9,244
	0	**9,244**

3. Financial expenses

	2022	2021
	DKK	DKK
Interest paid to group enterprises	15,230,767	15,962,216
Other financial expenses	9,620,373	3,186,104
Exchange adjustments, expenses	0	6,512
	24,851,140	**19,154,832**

4. Income tax expense

	2022	2021
	DKK	DKK
Deferred tax for the year	3,283,528	-9,386,880
Adjustment of tax concerning previous years	-175,707	0
Adjustment of deferred tax concerning previous years	791,285	0
	3,899,106	**-9,386,880**

Notes to the Financial Statements

5. Assets measured at fair value

	Investment properties
	DKK
Cost at 1 January	347,157,015
Additions for the year	100,255,781
Cost at 31 December	447,412,796
Value adjustments at 1 January	83,565,605
Revaluations for the year	34,591,599
Value adjustments at 31 December	118,157,204
Carrying amount at 31 December	**565,570,000**
Interest expenses recognised as part of cost	655,742

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) based on management's expectations for future cash flows, return requirements etc. The fair value adjustment for the year has been recognised in the Income Statement.

The investment properties are under construction

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

	2022
Average WACC	6,51%
Exit Yield	4,51%
Cost-to-complete excl. Developer risk/developer fee	102.953.444
Developer risk/developer fee	27.646.812

The fair value of investment properties at 31 December 2022 has been assessed by an independent 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.

Notes to the Financial Statements

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:

	2022	2021
	DKK	DKK
Subordinate loan capital		
After 5 years	0	181,438,875
Long-term part	0	181,438,875
Within 1 year	131,669,642	0
	131,669,642	**181,438,875**
Mortgage loans		
After 5 years	0	253,800,000
Between 1 and 5 years	0	-6,681,730
Long-term part	0	247,118,270
Within 1 year	0	0
	0	**247,118,270**

7. Contingent assets, liabilities and other financial obligations

	2022	2021
	DKK	DKK
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Mortgage deeds registered to the mortgagor totalling TDKK 417,300, providing security on investment properties with a carrying amount of	565,570,000	430,722,620

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 NSF III Denmark Advisory 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
NREP Nordic Strategies Fund III LP	Luxembourg

Notes to the Financial Statements

9. Accounting policies

The Annual Report of Titanhus ApS for 2022 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 2022 are presented in DKK.

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.

Income statement

Net sales

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.

Other external expenses

Other external expenses comprise expenses for premises, sales and office expenses, etc.

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables 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 Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Investment properties

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.

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.

Discounted Cash Flow model

The fair value of certain investment properties has been determined at 31 December 2022 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.

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.

Notes to the Financial Statements

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 debts

Loans, such as mortgage 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.

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.