

AEROF Denmark Holdings ApS

C/O Citco (Denmark) ApS, Nybrogade 12
1203 København K
CVR No. 40945725

Annual report 2023

The Annual General Meeting adopted the annual report on 28.06.2024

Ole Meier Sørensen

Chairman of the General Meeting

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Entity details

Entity

AEROF Denmark Holdings ApS
C/O Citco (Denmark) ApS, Nybrogade 12
1203 København K

Business Registration No.: 40945725
Registered office: Copenhagen
Financial year: 01.01.2023 - 31.12.2023

Executive Board

Ole Meier Sørensen, CEO
Caspar Schultz, CEO

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Alle 36
2000, Frederiksberg
CVR No.: 30700228

Statement by Management

The Executive Board has today considered and approved the annual report of AEROF Denmark Holdings ApS for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 28.06.2024

Executive Board

Ole Meier Sørensen
CEO

Caspar Schultz
CEO

Independent auditor's report

To the shareholders of AEROF Denmark Holdings ApS

Opinion

We have audited the financial statements of AEROF Denmark Holdings ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report.

Independence

We are independent of the Entity 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with

the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 28.06.2024

EY Godkendt Revisionspartnerselskab

CVR No. 30700228

Kaare Kristensen Lendorf

State Authorised Public Accountant

Identification No (MNE) mne33819

Management commentary

Primary activities

AEROF Denmark Holdings ApS' purpose is to directly or indirectly own shares or other financial instruments in companies that conduct business within the purchase, sale and development of real estate.

Development in activities and finances

The Company's Income Statement of the financial year 1 January 2023 - 31 December 2023 shows a result of DKK -224,577,667 and the Balance Sheet at 31 December 2023 shows a balance sheet total of DKK 380,437,175, and an equity of DKK -222,617,093.

UNITY Aarhus ApS, a subsidiary of Aerof Denmark Holdings ApS, did complete the development of an investment property during 2023. Due to extended first time letting and negative market development, the value of the completed investment property is lower than expected. The Company have therefore recognized material write-downs on investments in group enterprises and receivables from group enterprises.

As the company's purpose is to invest in companies which owns properties, the Company's business processes and the valuation of investment properties in the Company's subsidiaries is affected by changes in the property market, including the general level of interest rates and economic conditions.

The market situation in the real estate sector is affected by uncertainty, as a result high inflation and increasing interest rates.

The uncertainty related to interest rates and yields has created a gap between buyers' and sellers' expectation to sales prices of properties which is reflected in the lower transaction volume for investment properties in 2023.

This has been reflected in the valuation of the company's properties.

The company has lost more than 50% of the company capital, and the company is therefore covered by the capital loss rules of the Danish Companies Act. Management expects that the company will be able to re-establish the company capital in future operations.

The parent company Aberdeen European Residential Opportunities Fund SCSp SICAV-SIF has provided a letter of support to the company, in which the parent company Aberdeen European Residential Opportunities Fund SCSp SICAV-SIF declares its commitment to stand behind the company's obligations as and when they fall due within the period of at least 12 months from the date of signing the consolidated financial statements of Aberdeen European Residential Opportunities Fund SCSp SICAV for the year ended 31 December 2023, through any necessary contributions, thereby ensuring the continued operations of the subsidiary.

Based on this support letter and the management's assessment of the company's prospects for future earnings, it is the management's view that the company can continue its operations, and therefore, the annual financial statements have been prepared on a going concern basis.

Going concern

Due to the material write-downs the Company have lost its equity. The parent company Aberdeen European Residential Opportunities Fund SCSp SICAV-SIF (Fund) has provided a letter of support to the Company, in which the fund declares its commitment to stand behind the Company's obligations as and when they fall due, including any necessary contributions, for a period of at least 12 months from the reporting date of the fund's consolidated financial statements of 2023. The fund is therefore with the provided letter of support committed to ensure the continued operations of the Company.

Reference is made to note 1.

Events after the balance sheet date

In 2024 a letter of intent (LOI) to sell the UNITY Aarhus Aps as a share deal have been signed by Aerof HoldCo II S.á.r.l (legal owner) and a potential buyer. Closing of the share deal is agreed to be postponed until an occupancy rate of min. 80% is achieved. In case occupancy rate is not achieved the closing will regardless take place no later than 31 December 2024. The agreed property value according to the LOI is significantly below the fair value of the property as recognized in the financial statements. If the transaction is closed as agreed in the LOI, the Company will suffer material write-downs during 2024.

The LOI is not a binding offer and do not create any legal obligations by either party until the mutual signing of final transaction documents.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		(2,861,928)	(198,237)
Income from investments in group enterprises		0	21,271,682
Other financial income	2	21,122,462	17,116,408
Impairment losses on financial assets	3	(216,856,033)	(44,114,203)
Other financial expenses	4	(24,667,220)	(21,402,918)
Profit/loss before tax		(223,262,719)	(27,327,268)
Tax on profit/loss for the year	5	(1,314,948)	0
Profit/loss for the year		(224,577,667)	(27,327,268)
Proposed distribution of profit and loss			
Retained earnings		(224,577,667)	(27,327,268)
Proposed distribution of profit and loss		(224,577,667)	(27,327,268)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Investments in group enterprises	6	196,358	173,854,098
Receivables from group enterprises		379,471,161	272,476,465
Financial assets		379,667,519	446,330,563
Fixed assets		379,667,519	446,330,563
Receivables from group enterprises		0	6,839,981
Deferred tax		0	1,343,524
Receivables		0	8,183,505
Cash		769,656	13,862,668
Current assets		769,656	22,046,173
Assets		380,437,175	468,376,736

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		41,000	41,000
Retained earnings		(222,658,093)	1,919,574
Equity		(222,617,093)	1,960,574
Subordinate loan capital		379,320,462	317,801,335
Payables to group enterprises		103,596,639	0
Non-current liabilities other than provisions	7	482,917,101	317,801,335
Payables to other credit institutions		114,497,752	128,167,530
Trade payables		449,348	0
Payables to group enterprises		0	16,528,779
Other payables		5,190,067	3,918,518
Current liabilities other than provisions		120,137,167	148,614,827
Liabilities other than provisions		603,054,268	466,416,162
Equity and liabilities		380,437,175	468,376,736
Going concern	1		
Employees	8		
Contingent liabilities	9		
Assets charged and collateral	10		
Related parties with controlling interest	11		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	41,000	1,919,574	1,960,574
Profit/loss for the year	0	(224,577,667)	(224,577,667)
Equity end of year	41,000	(222,658,093)	(222,617,093)

Notes

1 Going concern

Due to the material write-downs the Company have lost its equity. The parent company Aberdeen European Residential Opportunities Fund SCSp SICAV-SIF (Fund) has provided a letter of support to the Company, in which the fund declares its commitment to stand behind the Company's obligations as and when they fall due, including any necessary contributions, for a period of at least 12 months from the reporting date of the fund's consolidated financial statements of 2023. The fund is therefore with the provided letter of support committed to ensure the continued operations of the Company.

2 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	21,068,167	17,116,408
Other interest income	54,295	0
	21,122,462	17,116,408

3 Impairment losses on financial assets

	2023	2022
	DKK	DKK
Impairment of investments in group enterprises	166,957,740	44,114,203
Impairment of receivables from group enterprises	49,898,293	0
	216,856,033	44,114,203

4 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	17,042,781	16,032,477
Other financial expenses	7,624,439	5,370,441
	24,667,220	21,402,918

5 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Change in deferred tax	1,314,948	0
	1,314,948	0

6 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	265,461,756
Additions	300,000
Disposals	(7,000,000)
Cost end of year	258,761,756
Impairment losses beginning of year	(91,607,658)
Impairment losses for the year	(166,957,740)
Impairment losses end of year	(258,565,398)
Carrying amount end of year	196,358

7 Non-current liabilities other than provisions

Of the long-term liabilities, 0 DKK is due later than 5 years from the balance sheet date.

8 Employees

The Company has no employees.

9 Contingent liabilities

As management company, the Company is jointly and severally liable for tax on the jointly taxed income of the Group. 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.

10 Assets charged and collateral

No securities or mortgages exist at the balance sheet date..

11 Related parties with controlling interest

The company is included in the consolidated report for the parent company Aberdeen European Residential Opportunities Fund SCSp SICAV-SIF.

The consolidated report for Aberdeen European Residential Opportunities Fund SCSp SICAV-SIF can be requested at the following address:

35a Avenue John F. Kennedy
L1855 Luxembourg

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant

effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income statement

Gross profit or loss

The Company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit reflects other external expenses

Other external expenses

Other external expenses comprise of management, counselling and auditing, etc.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc. received from the individual group enterprises in the financial year.

Other financial income

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Dividends from other investments are recognised as income in the financial year in which the dividends are declared.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Investments in group enterprises**

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

In the event, the cost exceeds the recoverable amount, a write-down is made to this lower value. Indications of impairment exists for example when dividends exceeds the accumulated earnings since the acquisition or when the cost exceeds the net asset value of the investments companies. Recoverable amount used is the highest value of the expected net sales price and capital value. Capital value is determined as the present value of the expected net cash flow from the possession of the individual investments. Impairment is recognized in the income statement as impairment of financial assets.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective

evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

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Caspar Schultz

CEO

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Ole Meier Sørensen

CEO

På vegne af: Citco

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Kaare Kristensen Lendorf

EY Godkendt Revisionspartnerselskab CVR: 30700228

Statsaut. revisor

På vegne af: EY Godkendt Revisionspartnerselskab

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