



RSM

RSM Danmark

Statsautoriseret
Revisionspartnerselskab

Ryes Plads
Prinsessegade 60
7000 Fredericia
T +45 76 34 40 05

CVR nr. 25 49 21 45

fredericia@rsm.dk
www.rsm.dk

DK Estate ApS

Industrivej 6C, 8660 Skanderborg

Company reg. no. 41 14 31 77

Annual report

1 January - 31 December 2022

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

Kim Andersen
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's statement	1
Independent auditor's report	2
Management's review	
Company information	5
Management's review	6
Financial statements 1 January - 31 December 2022	
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11
Accounting policies	13

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of DK Estate ApS for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Skanderborg, 3 March 2023

Managing Director

Kim Andersen

Independent auditor's report

To the Shareholders of DK Estate ApS

Opinion

We have audited the financial statements of DK Estate ApS for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Fredericia, 3 March 2023

RSM Danmark

Statsautoriseret Revisionspartnerselskab
Company reg. no. 25 49 21 45

Søren Fricke

State Authorised Public Accountant
mne34262

Company information

The company	DK Estate ApS Industrivej 6C 8660 Skanderborg
	Company reg. no. 41 14 31 77 Financial year: 1 January 2022 - 31 December 2022
Managing Director	Kim Andersen
Auditors	RSM Danmark Statsautoriseret Revisionspartnerselskab Prinsessegade 60 7000 Fredericia
Parent company	Davidson Holding ApS

Management's review

The principal activities of the company

The main activity of the company is lease of investment properties.

Unusual circumstances

No unusual circumstances have affected recognition or measurement.

Uncertainties about recognition or measurement

No material uncertainty has affected the recognition or measurement.

Development in activities and financial matters

As of 1 January 2022, the company has merged with the companies Vedelsgade 32 ApS, Niels Juels Gade 70 ApS og Ribegade 8-10 ApS. Comparative figures in the annual report have been adjusted so that it shows the result and balance combined for the 4 companies for the financial year 2021.

The company's shareholders have made capital increases by a total of DKK 8 million in the financial year.

The result for the year is affected by a write-down of DKK 2.8 million, as a result of a lower expected selling price of investment properties.

Apart from this, results and financial development of the company were as expected.

Events occurring after the end of the financial year

After the end of the financial year, no events have occurred that could materially affect the financial position of the company.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Gross profit	3.344.394	2.545.787
Value adjustment of investment property	-3.112.125	-7.150.215
Other operating expenses	0	-42.014
Profit before net financials	232.269	-4.646.442
Income from investments in subsidiaries	0	1.780.000
Other financial income	285.089	8.376
1 Other financial expenses	-1.225.069	-1.675.665
Pre-tax net profit or loss	-707.711	-4.533.731
Tax on net profit or loss for the year	600.670	1.139.274
Net profit or loss for the year	-107.041	-3.394.457
Proposed distribution of net profit:		
Extraordinary dividend distributed during the financial year	400.000	0
Allocated from retained earnings	-507.041	-3.394.457
Total allocations and transfers	-107.041	-3.394.457

Balance sheet at 31 December

All amounts in DKK.

Assets		<u>2022</u>	<u>2021</u>
<u>Note</u>			
Non-current assets			
2	Investment property	58.377.850	74.600.000
	Total property, plant, and equipment	<u>58.377.850</u>	<u>74.600.000</u>
	Total non-current assets	<u>58.377.850</u>	<u>74.600.000</u>
Current assets			
	Trade receivables	0	40.163
	Receivables from subsidiaries	0	4.984.522
	Other receivables	8.691.518	5.661.390
	Total receivables	<u>8.691.518</u>	<u>10.686.075</u>
	Cash and cash equivalents	<u>313.745</u>	<u>1.263.846</u>
	Total current assets	<u>9.005.263</u>	<u>11.949.921</u>
	Total assets	<u>67.383.113</u>	<u>86.549.921</u>

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity and liabilities		
Equity		
Contributed capital	1.300.000	500.000
Retained earnings	17.764.660	11.071.701
Total equity	19.064.660	11.571.701
Provisions		
Provisions for deferred tax	2.268.578	3.399.470
Total provisions	2.268.578	3.399.470
Long term liabilities other than provisions		
Mortgage loans	35.335.172	49.188.901
Deposits	867.150	788.629
3 Total long term liabilities other than provisions	36.202.322	49.977.530
3 Current portion of long term liabilities	733.014	5.301.629
Bank loans	0	459.128
Prepayments received from customers	490.000	0
Trade payables	71.460	69.406
Payables to group enterprises	0	201.991
Income tax payable	530.222	767.559
Other payables	8.022.857	14.793.677
Deferred income	0	7.830
Total short term liabilities other than provisions	9.847.553	21.601.220
Total liabilities other than provisions	46.049.875	71.578.750
Total equity and liabilities	67.383.113	86.549.921
4 Charges and security		
5 Contingencies		

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2021	500.000	0	3.486.723	3.986.723
Correction due to changes in accounting policies 1	0	0	5.118.935	5.118.935
Cash capital increase	0	6.340.500	0	6.340.500
Retained earnings for the year	0	0	-3.394.457	-3.394.457
Transferred to retained earnings	0	-6.340.500	6.340.500	0
Adjustment 1	0	0	-480.000	-480.000
Equity 1 January 2022	500.000	0	11.071.701	11.571.701
Cash capital increase	800.000	7.200.000	0	8.000.000
Retained earnings for the year	0	0	-507.041	-507.041
Extraordinary dividend adopted during the financial year	0	0	400.000	400.000
Distributed extraordinary dividend adopted during the financial year	0	0	-400.000	-400.000
Transferred to retained earnings	0	-7.200.000	7.200.000	0
	1.300.000	0	17.764.660	19.064.660

Notes

All amounts in DKK.

	<u>2022</u>	<u>2021</u>
1. Other financial expenses		
Financial costs, group enterprises	0	149.050
Other financial costs	<u>1.225.069</u>	<u>1.526.615</u>
	<u>1.225.069</u>	<u>1.675.665</u>
	<u>31/12 2022</u>	<u>31/12 2021</u>
2. Investment property		
Cost 1 January	60.822.523	61.881.536
Additions during the year	4.437.500	3.243.715
Disposals during the year	<u>-18.246.410</u>	<u>-4.302.728</u>
Cost 31 December	<u>47.013.613</u>	<u>60.822.523</u>
Fair value adjustment 1 January	13.777.477	23.618.464
Adjustments to fair value for the year	-2.859.650	-6.276.632
Adjustment to fair value, assets disposed of	<u>446.410</u>	<u>-3.564.355</u>
Fair value adjustment 31 December	<u>11.364.237</u>	<u>13.777.477</u>
Carrying amount, 31 December	<u>58.377.850</u>	<u>74.600.000</u>

A determination of the return from the individual properties is based on the expected rental income from fully leased properties less expected operating costs, administration costs, and maintenance costs. The subsequent value is adjusted for recognised vacant-period lease for a reasonable period of time and expected costs of improvements and large maintenance projects, etc., plus added deposits and prepaid lease payments.

The required rate of return has been determined on the basis of market statistics, completed transactions, and management's knowledge of the property market in general. When determining the required rate of return, parameters such as type (residence, office, shop, etc.), location, age, state of maintenance, duration of rental agreements, and tenant credit quality, etc., are considered.

Compared to the previous financial year, the methods of measurement remain unchanged.

The determination of the market value (carrying value) is based on the following rates of return:

Weighted average rate of return	5,4 %
Highest rate of return	7,0 %
Lowest rate of return	3,0 %

Notes

All amounts in DKK.

2. Investment property (continued)

Sensitivity analysis:

Changes in the rates of return have a material effect on the measurement of investment properties. An increase in the rate of return could mean a decrease in market value. The market development may result in changed requirements to the return on real property.

An increase of the required rate of return by 1 percentage point would mean a reduction of the value of the investment properties of DKK 10.784.000. As a result, the equity would be reduced from the present DKK 19.064.660 to DKK 10.653.140.

3. Long term liabilities other than provisions

	Total payables 31 Dec 2022	Current portion of long term payables	Long term payables 31 Dec 2022	Outstanding payables after 5 years
Mortgage loans	36.068.186	733.014	35.335.172	32.283.458
Deposits	867.150	0	867.150	867.150
	36.935.336	733.014	36.202.322	33.150.608

4. Charges and security

As collateral for mortgage loans, DKK 36.068.186, security has been granted DKK 43.003.000 on Investment propertys representing a carrying amount of DKK 58.377.850 at 31 December 2022.

5. Contingencies

Contingent liabilities

None.

Accounting policies

The annual report for DK Estate ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Business combinations (Merged)

Business combinations (the uniting-of-interests method)

The Company is as of January 2022 merged with the companies Vedelsgade 32 ApS, Niels Juels Gade 70 ApS og Ribegade 8-10 ApS, which has led t a change i equity from 3,797 t.kr. to 11.572 t.kr. and the assets have changed from 32,107 t.kr. to 86, 549 t.kr.

In case of intercompany business combinations, the uniting-of-interests method is applied. By this method, the 4 companies are united at carrying amounts, and differences are not identified. Remuneration of t.kr. 7,775, corresponding to the equity of the 3 discontinuing companies, is recognised directly in equity.

The application of the uniting-of-interests method means that the business combination is implemented as if the the 4 enterprises always were united by modification of comparative figures.

Income statement

Gross profit

Gross profit includes costs related to investment properties as well as other external costs.

Accounting policies

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

Costs concerning investment properties comprise operating costs, repair and maintenance costs, taxes, charges, and other costs. Costs concerning the heating accounts are recognised in the statement of financial position as a balance with lessees.

Value adjustment of investment property

Value adjustment of investment property comprises value adjustments of properties at fair value and profit or loss from the disposal of properties.

Other operating expenses

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

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises and participating interest

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

After full elimination of intercompany profit or loss less amortised of consolidated goodwill, the investment in the individual participating interests are recognised in the income statement as a proportional share of the participating interest' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Investment property

At the initial recognition, investment property is measured at cost, comprising the cost of the property and directly associated costs, if any.

Accounting policies

Hereafter, investment properties are measured individually at an estimated fair value. The properties are measured using a returnbased model, by which the expected future cash flows for the following year, along with a rate of return determined by an external assessor, form the basis for the fair value of the properties. Compared to the previous financial year, the method of measurement remains unchanged.

Costs adding new or improved qualities to an investment property compared to its condition at the time of acquisition, thereby improving the future return on the property, are added to the cost as an improvement. Costs which do not add new or improved qualities to an investment property are recognised in the income statement under the item "Costs concerning investment property".

Like other property, plant, and equipment except for land, investment property has a limited economic life. The impairment taking place concurrently with the ageing of the investment property is reflected in the continuing measurement of the investment property at fair value.

Value adjustments are recognised in the income statement under the item "Value adjustments of property".

Impairment loss relating to non-current assets

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

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

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

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.