

Strandroseparken område B ApS

Kalvebod Brygge 39, 4., 1560 København V

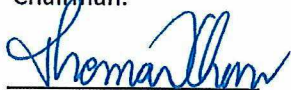
CVR No. 41 48 11 61

Annual report

For the year ended 31 December 2021

Approved at the annual general meeting, on 24/2 2022

Chairman:


Thomas Thomsen

Contents

Statement by Management on the annual report	3
Independent auditors' report on the financial statements	4
Management's review	7
Financial statements for the period 1 January 2021 - 31 December 2021	9
Income statement	9
Balance sheet	10
Statement of changes in equity	11
Notes	12

Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Strandroseparken område B ApS for the financial year 1 January 2021 – 31 December 2021.

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 Company's financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January 2021 – 31 December 2021.

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

We recommend the adoption of the annual report at the annual general meeting.


Copenhagen, 24/2 2022

Executive Board:



Thomas Esben Khan


Board of Directors



Kevin Jeremiah Cahill
Chairman



Thomas Esben Khan



Henrik Skriver

Independent auditors' report

To the shareholders of Strandroseparken område B ApS

Opinion

We have audited the financial statements of Strandroseparken område B ApS for the financial year 1 January 2021 – 31 December 2021, which comprise an income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of company at 31 December 2021, and of the results of the company operations for the financial year 1 January 2021– 31 December 2021 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 note 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 the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Odense, 24/2 2022

EY Godkendt Revisionspartnerselskab

CVR No. 30 70 02 28



Morten Schougaard Sørensen

State Authorised

Public Accountant

mne32129

Management's review

Company details

Name	Strandroseparken område B ApS
Address, Postal code, City	Kalvebod Brygge 39, 4., 1560 København V
CVR No.	41 48 11 61
Established	1 July 2020
Registered office	Copenhagen
Financial year	1 January 2021 - 31 December 2021
Board of Directors	Kevin Jeremiah Cahill, Chairman Thomas Esben Khan Henrik Skriver
Executive board	Thomas Esben Khan
Auditors	EY Godkendt Revisionspartnerselskab Cortex Park Vest 3, 5230 Odense M, Denmark

Management's review

The company's primary activities and company details

The company's purpose is to invest in real estate, administrate and manage real estate as well as other related activities.

Significant changes in business and economic conditions

None.

Uncertainties relating to recognition and measurement in the financial statements

Investments are valued at their fair values, according to the description in Accounting policies. The valuation includes accounting estimates and such valuation is therefore subject to some uncertainty. Please refer to note 5.

Changes in account policies

The company has chosen to change accounting policies with regard to measurement of properties from cost price less depreciation added revaluation to fair value through equity to measuring properties as investments properties at fair value with revaluation through income statement. Management assess that this is a more accurate presentation regarding the company's purpose with investment properties and in line with the accounting policies of the parent company.

Comparative figures has been changed in accordance with the new policy.

The construction of the properties was finished early 2022. Management has assessed that the value adjustment to fair value is related to both current financial year and prior financial years.

As a result of the change the investment property in the balance is increased with DKK 31,005 thousand at 31 December 2021. The fair value adjustment is divided with DKK 31,005 thousand to 2021 and DKK 5,124 thousand to 2020.

The profit for 2021 increased with DKK 31,005 thousand before tax and DKK 24,184 thousand after tax. The balance increased with DKK 31,005 thousand, deferred tax with DKK 6,821 thousand and equity increased with DKK 24,184 thousand at 31 December 2021.

The profit for 2020 increased with DKK 5,124 thousand before tax and DKK 3,997 thousand after tax. The balance, deferred tax and equity all remained unchanged at 31 December 2020.

The amendment of how the value adjustment is divided between 2022, 2021 and 2020 are subject to uncertainty and based on estimate.

Financial statements for the period 1 January - 31 December 2021

Income statement

Notes	DKK	01.01.2021 - 31.12.2021	01.07.2020 - 31.12.2020
	Gross profit/loss	-43.750	-20.000
5	Fair value adjustment of investment property	25.881.345	5.124.000
3	Financial expenses	-6.065	-48
	Profit/loss before tax	25.831.530	5.103.952
4	Tax for the year	-5.682.937	-1.122.869
	Profit/loss for the year	20.148.593	3.981.083
	Recommended appropriation of the profit/loss for the year		
	Retained earnings	20.148.593	3.981.083
		20.148.593	3.981.083

Financial statements for the period 1 January - 31 December 2021

Balance sheet

Notes DKK	<u>2021</u>	<u>2020</u>
Assets		
Fixed Assets		
Investment property	39.545.345	13.664.000
5 Property, plant and equipment	<u>39.545.345</u>	<u>13.664.000</u>
Current assets		
Income tax receivable	4.411	4.411
Receivables	<u>4.411</u>	<u>4.411</u>
Cash	<u>1.287.184</u>	<u>39.952</u>
Total current assets	<u>1.291.595</u>	<u>44.363</u>
Total assets	<u><u>40.836.940</u></u>	<u><u>13.708.363</u></u>
Equity and liabilities		
Equity		
6 Share Capital	40.000	40.000
Retained earnings	24.129.676	3.981.083
Total equity	<u>24.169.676</u>	<u>4.021.083</u>
Provisions		
7 Provisions for deferred tax	6.810.217	1.127.280
Total provisions	<u>6.810.217</u>	<u>1.127.280</u>
Payables to affiliated companies	-	8.540.000
Deposits and prepaid rent	1.278.297	-
Other payables	8.578.750	20.000
Short-term liabilities	<u>9.857.047</u>	<u>8.560.000</u>
Total liabilities	<u>16.667.263</u>	<u>9.687.280</u>
Total equity and liabilities	<u><u>40.836.940</u></u>	<u><u>13.708.363</u></u>
2 Staff costs		
8 Contractual obligations and contingencies, etc.		
9 Related parties		

Financial statements for the period 1 January - 31 December 2021

Statement of changes in equity

(DKK)	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 01/01 2021	40.000	3.981.083	4.021.083
Profit/loss for the year	-	20.148.593	20.148.593
Equity at 31/12 2021	40.000	24.129.676	24.169.676

Financial statements for the period 1 January - 31 December 2021

Notes

1. Accounting policies

The annual report of Strandroseparken område B ApS has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes in accounting policies

The company has chosen to change accounting policies with regard to measurement of properties from cost price less depreciation added revaluation to fair value through equity to measuring properties as investments properties at fair value with revaluation through income statement. Management assess that this is a more accurate presentation regarding the company's purpose with investment properties and in line with the accounting policies of the parent company.

Comparative figures has been changed in accordance with the new policy.

The construction of the properties was finished early 2022. Management has assessed that the value adjustment to fair value is related to both current financial year and prior financial years.

As a result of the change the investment property in the balance is increased with DKK 31,005 thousand at 31 December 2021. The fair value adjustment is divided with DKK 31,005 thousand to 2021 and DKK 5,124 thousand to 2020.

The profit for 2021 increased with DKK 31,005 thousand before tax and DKK 24,184 thousand after tax. The balance increased with DKK 31,005 thousand, deferred tax with DKK 6,821 thousand and equity increased with DKK 24,184 thousand at 31 December 2021.

The profit for 2020 increased with DKK 5,124 thousand before tax and DKK 3,997 thousand after tax. The balance, deferred tax and equity all remained unchanged at 31 December 2020.

The amendment of how the value adjustment is divided between 2022, 2021 and 2020 are subject to uncertainty and based on estimate.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Financial statements for the period 1 January - 31 December 2021

Notes

1. Accounting policies - continued

Income Statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross margin'.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial income and expenses

Financial income and expenses are recognized in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses, etc.

Tax

Tax for the year include current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowance, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Financial statements for the period 1 January - 31 December 2021

Notes

1. Accounting policies

Balance sheet

Investment property

Investment properties are measured at cost at first recognition. After the first recognition investment properties are measured at fair value. Fair value is measured based on yield for comparable properties. Annual changes in fair value is recognized in the income statement.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realizable value and the carrying amount.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Corporation tax

Current tax payable and receivable is recognized in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior year's taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values.

Deferred tax is measured according to the taxation rules and taxations rates applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax. Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Liabilities

Financial liabilities related to investment properties are measured at amortized cost.
Other liabilities are measured at net realizable value.

Fair value

Fair value is determined based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

Level 1: Value based on the fair value of similar assets/liabilities in an active market.

Level 2: Value based on generally accepted valuation methods on the basis of observable market information.

Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

Financial statements for the period 1 January - 31 December 2021

Notes

2. Staff costs

The company has no employees.

DKK	<u>2021</u>	<u>2020</u>
3. Financial expenses		
Interest expenses bank and other	6.065	48
	<u>6.065</u>	<u>48</u>

4. Tax for the year

Estimated tax charge for the year	0	4.411
Deferred tax adjustments in the year	-5.682.937	-1.127.280
	<u>-5.682.937</u>	<u>-1.122.869</u>

5. Property, plant and equipment

	<u>Investment property</u>
Cost at 1 January 2021	8.540.000
Additions	-
Cost at 31 December 2021	<u>8.540.000</u>
Value adjustment 1 January 2021	5.124.000
Adjustment for the year	25.881.345
Value adjustment 31 December 2021	<u>31.005.345</u>
Carrying amount at 31 December 2021	<u>39.545.345</u>
Fair Value Level	3

The valuation is based on a yield-based model with a yield of 4%. The property is a residential property placed near Køge. The property have been finalized early 2022. The valuation corresponds to the realized sales value in a sale of the company early 2022 deducted the remaining construction costs paid early 2022 and vacancy cost. If valuation was based on 4,25% the value would decrease with DKK 6,687 thousand and if based on 3,75% the value would increase with DKK 7,578 thousand. The earnings used for the valuation is the estimated rent and cost on a normalised basis.

DKK	<u>2021</u>
6. Share capital	
Balance at 1 July 2020	40.000
Balance at 31 December 2021	<u>40.000</u>

Financial statements for the period 1 January - 31 December 2021

Notes

7. Provisions

The provisions for deferred tax primarily relates to timing differences in respect of property.

8. Contractual obligations and contingencies, etc.

The company is jointly taxed with Pineapple Odense Residential Komplementarselskab ApS, CVR no 37 15 44 90, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

9. Related parties

The company is included in the consolidated financial statements of Ares Management, L.P., Los Angeles, California. The consolidated financial statements can be obtained upon request from the parent company.