
TRC HoldCo ApS

Southamptongade 4, DK-2150 Nordhavn

Annual Report for 2023

CVR No. 42 27 90 72

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 17/5 2024

Stine Seneberg
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Annual Report of TRC HoldCo ApS for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 17 May 2024

Executive Board

Mohamad Awad

Toke Sundenæs Clausen

Stine Seneberg

Thomas Ebbe Riise-Jakobsen

Independent Auditor's report

To the shareholder of TRC HoldCo ApS

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of TRC HoldCo ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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.

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.

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, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent Auditor's report

Esbjerg, 17 May 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jannick Kjersgaard

State Authorised Public Accountant

mne29440

Hans Baunsgaard Eskildsen

State Authorised Public Accountant

mne45827

Company information

The Company

TRC HoldCo ApS
Southamptongade 4
DK-2150 Nordhavn

CVR No: 42 27 90 72
Financial period: 1 January - 31 December
Incorporated: 26 March 2021
Financial year: 3rd financial year
Municipality of reg. office: Copenhagen

Executive Board

Mohamad Awad
Toke Sundenæs Clausen
Stine Seneberg
Thomas Ebbe Riise-Jakobsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Esbjerg Brygge 28, 2.
DK-6700 Esbjerg

Financial Highlights

Seen over a 3-year period, the development of the Group is described by the following financial highlights:

	Group		
	2023	2022	2021
	TDKK	TDKK	TDKK
Key figures			
Profit/loss			
Profit/loss of primary operations	-1,223	-50,267	170,521
Profit/loss of financial income and expenses	-10,285	-13,289	-13,803
Net profit/loss for the year	-9,172	-50,936	121,257
Balance sheet			
Balance sheet total	796,321	811,484	886,809
Investment in property, plant and equipment	62	514	0
Equity	134,604	143,776	82,712
Cash flows			
Cash flows from:			
- operating activities	14,004	-2,396	-43,012
- investing activities	-62	-514	-130,012
- financing activities	-6,155	-2,876	166,317
Change in cash and cash equivalents for the year	7,787	-5,786	-6,707
Ratios			
Return on assets	-0.2%	-6.2%	19.2%
Solvency ratio	16.9%	17.7%	9.3%
Return on equity	-6.6%	-45.0%	293.2%

Management's review

Key activities

The company is the parent company of a group which key activities is to conduct business by buying and selling real estate, administration and management of real estate, real estate development and other company that, in the opinion of the Executive Board, is connected with this.

Development in the year

The income statement of the Group for 2023 shows a loss of DKK 9,172,346, and at 31 December 2023 the balance sheet of the Group shows a positive equity of DKK 134,603,777.

The income statement of the parent company for 2023 shows a loss of DKK 1,217,855, and at 31 December 2023 the balance sheet shows equity of DKK 113,687,949.

The past year and follow-up on development expectations from last year

The expected gross profit for the group before value adjustments for 2023 was between 24 and 25 mDKK, and the actual gross profit before value adjustments is mDKK 21.

Targets and expectations for the year ahead

The expected gross profit before value adjustments for the group in 2024 is 22 mDKK.

External environment

The company's daily operations are not considered to have a significant impact on the environment.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not - besides usual uncertainty related to estimates - been subject to uncertainty.

Unusual events

The financial position at 31 December 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Gross profit before value adjustments		20,740,267	20,545,783	-177,869	-175,637
Value adjustments of assets held for investment		-21,963,646	-70,812,630	0	0
Gross profit after value adjustments		-1,223,379	-50,266,847	-177,869	-175,637
Income from investments in subsidiaries		0	0	0	11,000,000
Financial income	2	1,614	3,481	5,567,941	5,359,671
Financial expenses	3	-10,286,597	-13,292,568	-6,671,605	-11,117,161
Profit/loss before tax		-11,508,362	-63,555,934	-1,281,533	5,066,873
Tax on profit/loss for the year	4	2,336,016	12,620,321	63,678	587,692
Net profit/loss for the year	5	-9,172,346	-50,935,613	-1,217,855	5,654,565

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Investment properties		782,000,000	804,701,593	0	0
Property, plant and equipment	6	782,000,000	804,701,593	0	0
Investments in subsidiaries	7	0	0	138,364,422	138,364,421
Receivables from group enterprises	8	0	0	141,254,513	129,949,033
Fixed asset investments		0	0	279,618,935	268,313,454
Fixed assets		782,000,000	804,701,593	279,618,935	268,313,454
Trade receivables		201,522	177,832	0	0
Receivables from group enterprises		0	0	0	11,000,000
Other receivables		849,143	339,778	0	0
Deferred tax asset	10	0	0	70,839	706,085
Corporation tax receivable from group enterprises		0	540,791	699,725	668,181
Prepayments	9	0	240,165	0	0
Receivables		1,050,665	1,298,566	770,564	12,374,266
Cash at bank and in hand		13,270,266	5,483,826	800,843	1,214,153
Current assets		14,320,931	6,782,392	1,571,407	13,588,419
Assets		796,320,931	811,483,985	281,190,342	281,901,873

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Share capital		50,000	50,000	50,000	50,000
Retained earnings		134,553,777	143,726,124	113,637,949	114,855,804
Equity		134,603,777	143,776,124	113,687,949	114,905,804
Provision for deferred tax	10	55,340,066	58,712,249	0	0
Provisions		55,340,066	58,712,249	0	0
Mortgage loans		385,444,053	385,239,490	0	0
Payables to group enterprises		201,354,712	205,580,824	167,448,489	166,943,936
Deposits		0	11,360,706	0	0
Long-term debt	11	586,798,765	602,181,020	167,448,489	166,943,936
Credit institutions		0	3,944	0	3,944
Trade payables		5,896,208	6,804,866	53,903	48,189
Payables to group enterprises relating to corporation tax		1,121,611	0	0	0
Deposits	11	9,435,304	0	0	0
Other payables		44,742	5,782	1	0
Deferred income	12	3,080,458	0	0	0
Short-term debt		19,578,323	6,814,592	53,904	52,133
Debt		606,377,088	608,995,612	167,502,393	166,996,069
Liabilities and equity		796,320,931	811,483,985	281,190,342	281,901,873
Staff	1				
Contingent assets, liabilities and other financial obligations	15				
Related parties	16				
Subsequent events	17				
Accounting Policies	18				

Statement of changes in equity

Group

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January	50,000	143,726,123	143,776,123
Net profit/loss for the year	0	-9,172,346	-9,172,346
Equity at 31 December	50,000	134,553,777	134,603,777

Parent company

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January	50,000	114,855,804	114,905,804
Net profit/loss for the year	0	-1,217,855	-1,217,855
Equity at 31 December	50,000	113,637,949	113,687,949

Cash flow statement 1 January - 31 December

	Note	Group	
		2023	2022
		DKK	DKK
Result of the year		-9,172,346	-50,935,613
Adjustments	13	29,912,613	71,481,396
Change in working capital	14	2,717,869	-9,652,753
Cash flow from operations before financial items		23,458,136	10,893,030
Financial income		1,614	3,482
Financial expenses		-10,082,034	-13,292,568
Cash flows from ordinary activities		13,377,716	-2,396,056
Corporation tax paid		626,235	0
Cash flows from operating activities		14,003,951	-2,396,056
Purchase of property, plant and equipment		-62,053	-514,223
Cash flows from investing activities		-62,053	-514,223
Repayment of loans from credit institutions		-3,944	0
Repayment of payables to group enterprises		-4,226,112	-123,323,003
Repayment of other long-term debt		-1,925,402	-55,198,784
Raising of mortgage loans		0	60,240,712
Raising of loans from credit institutions		0	3,944
Raising of other long-term debt		0	3,401,240
Cash capital increase		0	112,000,000
Cash flows from financing activities		-6,155,458	-2,875,891
Change in cash and cash equivalents		7,786,440	-5,786,170
Cash and cash equivalents at 1 January		5,483,826	11,269,996
Cash and cash equivalents at 31 December		13,270,266	5,483,826
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		13,270,266	5,483,826
Cash and cash equivalents at 31 December		13,270,266	5,483,826

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
1. Staff				
Average number of employees	0	0	0	0

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
2. Financial income				
Interest received from group enterprises	0	0	5,567,822	5,359,627
Other financial income	1,536	3,430	86	0
Exchange adjustments	78	51	33	44
	1,614	3,481	5,567,941	5,359,671

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
3. Financial expenses				
Interest paid to group enterprises	8,213,260	11,239,664	6,666,895	11,102,742
Other financial expenses	2,058,316	2,021,982	4,413	14,216
Exchange adjustments, expenses	15,021	30,922	297	203
	10,286,597	13,292,568	6,671,605	11,117,161

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
4. Income tax expense				
Current tax for the year	1,121,611	-503,825	-699,725	-640,882
Deferred tax for the year	-3,360,597	-11,797,906	635,246	0
Adjustment of tax concerning previous years	-85,444	-36,966	801	-27,299
Adjustment of deferred tax concerning previous years	-11,586	-281,624	0	80,489
	-2,336,016	-12,620,321	-63,678	-587,692

Notes to the Financial Statements

	Parent company	
	2023	2022
	DKK	DKK
5. Profit allocation		
Retained earnings	-1,217,855	5,654,565
	<u>-1,217,855</u>	<u>5,654,565</u>
6. Assets measured at fair value		
Group		Investment properties
		DKK
Cost at 1 January		724,510,376
Additions for the year		62,053
Disposals for the year		-800,000
Cost at 31 December		<u>723,772,429</u>
Value adjustments at 1 January		80,191,217
Revaluations for the year		-21,963,646
Value adjustments at 31 December		<u>58,227,571</u>
Carrying amount at 31 December		<u>782,000,000</u>

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods (DCF calculations) based on management's expectations for future cash flows, return requirements, etc. The fair value adjustment for the year has been recognised in the Income Statement

Notes to the Financial Statements

The fair value of Linus Paulings Vej 2-26, Copenhagen has been calculated based on the following assumptions:

	<u>Group</u> <u>2023</u>
The fair value of investment properties amounts to	782,000,000
Value adjustment, income statement	-21,963,646
Average WACC	5.85%
Average inflation assumption	1.85%
Exit yield	4.00%
Budget period	10
Average vacancy, budget period	2.66%

The fair value of investment properties at 31 December 2023 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.

Sensitivity in determination of fair value of investment properties

A range of 3.90% - 4.10% has been applied in the market value assessment at 31 December.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

Changes in	<u>-0.1%</u>	<u>Base</u>	<u>0.1%</u>
	DKK	DKK	DKK
Rate of return	3.9	4.0	4.1
Fair value	802,051,282	782,000,000	762,926,829
Change in fair value	20,051,282	0	-19,073,171

Notes to the Financial Statements

	Parent company	
	2023	2022
	DKK	DKK
7. Investments in subsidiaries		
Cost at 1 January	138,364,422	138,131,656
Additions for the year	0	232,765
Cost at 31 December	<u>138,364,422</u>	<u>138,364,421</u>
Carrying amount at 31 December	<u>138,364,422</u>	<u>138,364,421</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
NREP Income+ Fund ScSp Residential Enghave Brygge A/S	Copenhagen	10.000.000	100%	159,280,250	-7,954,491
				<u>159,280,250</u>	<u>-7,954,491</u>

8. Other fixed asset investments

	Parent company
	Receivables from group enterprises
	DKK
Cost at 1 January	129,949,033
Additions for the year	11,305,480
Cost at 31 December	<u>141,254,513</u>
Carrying amount at 31 December	<u>141,254,513</u>

9. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
10. Provision for deferred tax				
Deferred tax liabilities at 1 January	58,712,249	70,791,779	-706,085	-786,574
Amounts recognised in the income statement for the year	-3,372,183	-12,079,530	635,246	80,489
Deferred tax liabilities at 31 December	55,340,066	58,712,249	-70,839	-706,085

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
11. Long-term debt				

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans

After 5 years	385,444,053	385,239,490	0	0
Long-term part	385,444,053	385,239,490	0	0
Within 1 year	0	0	0	0
	385,444,053	385,239,490	0	0

Payables to group enterprises

After 5 years	201,354,712	205,580,824	167,448,489	166,943,936
Long-term part	201,354,712	205,580,824	167,448,489	166,943,936
Within 1 year	0	0	0	0
	201,354,712	205,580,824	167,448,489	166,943,936

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
11. Long-term debt				
Deposits				
After 5 years	0	11,360,706	0	0
Long-term part	0	11,360,706	0	0
Other deposits	9,435,304	0	0	0
	9,435,304	11,360,706	0	0

12. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	Group	
	2023	2022
	DKK	DKK
13. Cash flow statement - Adjustments		
Financial income	-1,614	-3,481
Financial expenses	10,286,597	13,292,568
Value adjustments of assets held for investment	21,963,646	70,812,630
Tax on profit/loss for the year	-2,336,016	-12,620,321
	29,912,613	71,481,396

	Group	
	2023	2022
	DKK	DKK
14. Cash flow statement - Change in working capital		
Change in receivables	-292,890	-218,924
Change in trade payables, etc	3,010,759	-9,433,829
	2,717,869	-9,652,753

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
15. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Investment properties with a carrying amount of	782,000,000	804,701,593	0	0

Other contingent liabilities

The Danish 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 NIP Denmark Advisory ApS, which is the management company of the joint taxation purposes. Moreover, the Danish 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.

16. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
NREP Income+ Fund ScSp	Ultimate principal shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
NREP Income+ Fund ScSp	Luxembourg

Notes to the Financial Statements

17. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

18. Accounting policies

The Annual Report of TRC HoldCo ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, TRC HoldCo ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Income statement

Revenue

Rental income is recognised on a straight line basis over the term of the lease.

Notes to the Financial Statements

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 as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and other external expenses.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

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

Property, plant and equipment

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed assets comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

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

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.

Notes to the Financial Statements

Discounted Cash Flow model

The fair value of investment properties has been determined at 31 December 2023 for each property by using a Discounted Cash Flow model under which expected future cash flows are discounted to present value. The calculations are based on property budgets for the coming years. Allowance has been made for developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The individual, budgeted cash flows are discounted at an individually fixed discount rate added a terminal value. The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of long term receivables which 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.

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.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Notes to the Financial Statements

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

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$