

RJV 73 (PropCo) K/S

Nybrogade 12
1203 København K

CVR no. 42 42 85 66

**Annual report for the period
1 January to 31 December 2022**

Adopted at the annual general meeting
on 27 April 2023

Caspar Schultz
chairman

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Statement by management on the annual report

The representatives for management has today discussed and approved the annual report of RJV 73 (PropCo) K/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

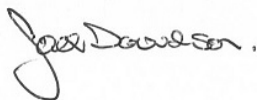
In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

We recommend that the annual report should be approved by the company in general meeting.

Copenhagen, 19 April 2023

Executive board: RJV 73 (GP) S.à r.l.

Represented by



Joel Davidson
Manager



Grenville Carr-Jones
Manager

Independent auditor's report

To the shareholder of RJV 73 (PropCo) K/S

Opinion

We have audited the financial statements of RJV 73 (PropCo) K/S 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. 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 company's financial position 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 the 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

Independent auditor's report

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, 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 Statements Act. We did not identify any material misstatement of management's review.

Frederiksberg, 19 April 2023
CVR no. 30 70 02 28



Henrik Reedtz
State Authorised Public Accountant
MNE no. mne24830

Company details

The company

RJV 73 (PropCo) K/S
Nybrogade 12
1203 København K

CVR no.: 42 42 85 66

Reporting period: 1 January - 31 December 2022

Incorporated: 31 May 2021

Financial year: 2nd financial year

Domicile: Copenhagen

Executive board: RJV 73 (GP) S.à r.l.

Represented by:

Joel Davidson
Grenville Carr-Jones
Peter-Oxley Chalk

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Management's review

Business review

The Company's main activity is to own and manage real estate and related services.

Financial review

The company's income statement for the year ended 31 December 2022 shows a loss of DKK 19.544.628, and the balance sheet at 31 December 2022 shows equity of DKK 171.525.432.

The company's general partner is RJV 73 (GP) S.à r.l.

The company's profit before value adjustment and its economic development are as expected and is considered satisfactory.

Expectations for the future of the property, which are influenced by the development on demands for housing on a rental basis, remains positive.

The property has a geographical location and an iconic architecture that makes it a popular place to live, ensuring a stable influx of tenants, which is expected to provide a stable development. The property is almost fully leased, except for ordinary replacements and movements.

The impact of the coronavirus outbreak was profound across all aspects of society. In developed economies, it is clear that the worst of the impact is now over. However, there is an expectation that seasonal peaks and new variants could give rise to renewed travel restrictions, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery and supply chain disruptions which will create ongoing challenges. Widescale and comprehensive vaccination programmes have been put in place in many countries which have had a positive effect. Nevertheless, the impact of COVID-19 continues to adversely affect the economies of many nations across the globe and this in turn may continue to impact investments held by each Fund.

The rent collection remained resilient throughout 2022 in spite of a challenging macroeconomic environment.

Significant events occurring after the end of the financial year

On 22 February 2023, the Board of Directors of RJV 73 (PropCo) K/S approved a distribution of extraordinary dividends in the amount of 1.900.000 DKK to RJV 73 (LP) S.à r.l.

Appart from this, no significant events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of RJV 73 (PropCo) K/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, and elective choice of certain provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in DKK

As 2021 was the company's first reporting period, the comparative figures are covering the period from 31 May to 31 December 2021.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

The items revenue and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Gross profit reflects an aggregation of revenue, other operating income less other external expenses.

Revenue

Revenue comprise rental income and is recognized in the income statement. Rental income is accrued to cover the period up to the end of the financial year.

Accounting policies

Other external costs

Other external costs include expenses related to administration and property costs. Property costs include costs incurred to operate the Company's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the tenant.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to amortisation of mortgage loans etc.

Balance sheet

Tangible assets

Investment properties

Investment properties comprises investments in land and buildings for purposes of gaining a return on the invested capital in the form of regular operating income and/or capital gains on resale.

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus any directly related acquisition costs.

After initial recognition, the properties are measured at fair value, which represents the amount at which the individual property may be sold to an independent buyer. The investment property has been valued based on an external estate agent's valuation using the direct capitalisation approach. Fair value adjustments for the financial year are recognized in the Income Statement.

The fair value reflects the price for which the property should exchange on the balance sheet date between well-informed and willing parties in an arm's length transaction. The determination of fair value involves significant accounting estimates.

In management's assessment, the fair value for the current year could not be determined based on market information. Accordingly, values have been determined based on the direct capitalisation approach.

The fair value of each individual investment property at 31 December 2022 has been determined using a return-based valuation model. Calculations are based on the budget for the coming year, adjusted for any fluctuations characterised as non-recurring events. These normal earnings are capitalised based on an individually determined return rate. The resulting value is adjusted for any non-operating assets, such as cash and cash equivalents and deposits, provided these are not separately disclosed elsewhere in the balance sheet, to arrive at the fair value.

The fair value of investment property at 31 December 2022 is assessed by independent real estate appraisers.

Accounting policies

The estimates used are based on information and assumptions which management considers reasonable, but which are, inherently, uncertain and unpredictable. Actual events and circumstances are likely to be different from those assumed in the calculations, since anticipated events frequently do not occur as expected. These variations may be material.

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 is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash comprise cash at bank.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

The limited partnership company is not separately liable to tax, but is recognised in the tax base of the limited partner. Therefore, no separate tax has been recognised or provided for in the financial statements.

Liabilities

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at net realisable value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

Fair value hierarchy:

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in the fair value reserve under 'Equity'. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

The fair value measurement is 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 transactions and/or transport costs.

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

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Income statement
1 January 2022 - 31 December 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		DKK	DKK
Gross profit		9.062.646	4.263.965
Fair value adjustments of investment properties		-28.015.439	16.000.000
Profit/loss before net financials		-18.952.793	20.263.965
Financial income		14.195	0
Financial costs		-606.030	-119.186
Profit/loss for the year		-19.544.628	20.144.779
Recommended appropriation of profit/loss			
Proposed dividend for the year		0	3.300.000
Extraordinary dividend for the year		8.194.352	113.740.153
Retained earnings		-27.738.980	-96.895.374
		-19.544.628	20.144.779

Balance sheet at 31 December 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		DKK	DKK
Assets			
Investment properties	2	272.100.000	300.000.000
Tangible assets		272.100.000	300.000.000
Total non-current assets		272.100.000	300.000.000
Trade receivables		63.637	2.472
Other receivables		13.473.816	842.119
Prepayments		0	123.374
Receivables		13.537.453	967.965
Cash at bank and in hand		5.092.513	4.658.893
Total current assets		18.629.966	5.626.858
Total assets		290.729.966	305.626.858

Balance sheet at 31 December 2022

	Note	2022 DKK	2021 DKK
Equity and liabilities			
Contributed capital		279.934.001	279.934.001
Reserve for current value of hedging		12.925.786	0
Retained earnings		-121.334.355	-96.062.424
Proposed dividend for the year		0	3.300.000
Equity		171.525.432	187.171.577
Mortgage loans		113.112.959	113.252.820
Other payables		4.250.426	3.868.676
Total non-current liabilities	3	117.363.385	117.121.496
Trade payables		63.557	20.713
Payables to group enterprises		423.487	181.003
Other payables		1.354.105	375.136
Deferred income		0	756.933
Total current liabilities		1.841.149	1.333.785
Total liabilities		119.204.534	118.455.281
Total equity and liabilities		290.729.966	305.626.858
Staff costs	1		
Contingent liabilities	4		
Mortgages and collateral	5		
Financial instruments	6		
Related parties and management	7		

Statement of changes in equity

	Contributed capital	Reserve for current value of hedging	Retained earnings	Proposed dividend for the year	Extra- ordinary dividend	Total
Equity at 1 January 2022	279.934.001	0	-96.062.424	3.300.000	0	187.171.577
Net effect from adjustment	0	0	3.300.000	-3.300.000	0	0
Adjusted equity at 1 January 2022	279.934.001	0	-92.762.424	0	0	187.171.577
Extraordinary dividend paid	0	0	0	0	-8.194.352	-8.194.352
Fair value adjustment of hedging instruments	0	12.092.835	0	0	0	12.092.835
Transfer	0	832.951	-832.951	0	0	0
Net profit/loss for the year	0	0	-27.738.980	0	8.194.352	-19.544.628
Equity at 31 December 2022	279.934.001	12.925.786	-121.334.355	0	0	171.525.432

Notes

1 Staff costs

The company has no employees.

2 Assets measured at fair value

	Investment pro- perties
Cost at 1 January 2022	284.000.000
Additions for the year	115.439
Cost at 31 December 2022	<u>284.115.439</u>
Revaluations at 1 January 2022	16.000.000
Revaluations for the year	-28.015.439
Revaluations at 31 December 2022	<u>-12.015.439</u>
Carrying amount at 31 December 2022	<u><u>272.100.000</u></u>

Disclosure of the assumptions underlying fair value calculations of assets and liabilities

The investment property is located in the area of Ørestaden. The investment property has been valued based on a Commercial Valuer's valuation using the direct capitalisation approach. Management's estimate of return requirements including input from commercial valuer, has set the cap rate of return at 3.85%. Based on this, the investment property has been recognised at DKK 272.100.000.

The valuation of the property is based on estimates and relies on a number of uncertain factors, including expected developments in the property market and the attractiveness of the property. Management believes, that the Commercial Valuer's valuation is the best measure of the value of the property at 31 December 2022.

The assumptions below are based on the total value of DKK 272.100.000. Gross rental income per sqm: DKK 1.642, Net rental income per sqm: DKK 1.417, Gross rental value per sqm: DKK 1.642.

The sensitivity related to the calculation can be reflected as follows:

Value at a rate of return of 3.60% (3.85% less 0.25%) DKK 291.000.000.

Value at a rate of return of 4.10% (3.85% plus 0.25%) DKK 255.500.000.

Cap rate; 3,85%

Net operating income: DKK 10.548.068.

The company's investment property is measured at fair value after the fair value hierarchy level 3.

Notes

3 Long term debt

	Debt at 1 January 2022	Debt at 31 December 2022	Instalment next year	Debt outstanding after 5 years
Mortgage loans	113.252.820	113.112.959	0	113.202.974
Other payables	3.868.676	4.250.426	0	0
	117.121.496	117.363.385	0	113.202.974

4 Contingent liabilities

The company has no contingent liabilities.

5 Mortgages and collateral

The company's properties with a fair value off DKK 272.100.000 are pledged as collateral for mortgage loans.

6 Financial instruments

Recognised transactions

The interest swap agreement has been entered into for the purpose of hedging the interest rate risk associated with the mortgage debt with a nominal value of DKK 113.454.000.

The nominal amount of the agreement is DKK 113.393.113, and the termination date is set to October 2026.

The floating rate CIBOR 3m has been swapped to a fixed rate of 0.001% p.a.

The fair value has been calculated by Chatham Financial based on the agreement's discounted cash flow using the market interest on 31 December 2022.

The fair value of the interest swap 31 December 2022 amounts to DKK 12.925.785. The fair value of the interest swap has been recognized as "Other receivables". The adjustment of the year amounts to 12.092.835 and is recognized in the equity as "Reserve for current value of hedging".

The company's swap is measured at fair value after the fair value hierarchy level 2.

Notes

7 Related parties and management

Ownership structure

RJV 73 (PropCo) K/S acts via RJV 73 (GP) S.à r.l. represented by Joel Davidson, Grenville Carr-Jones and Peter-Oxley Chalk.

Consolidated financial statements

The company is consolidated at fund level at Blackrock Eurozone Core Property Fund SICAV –SIF