
Encore+ Residhagen K/S

c/o Keystone Investment Management A/S, Havnegade 25, 2.,
DK-1058 København K

Annual Report for 2023

CVR No. 42 67 78 76

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 27/6 2024

Daniela Sava
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Annual Report of Encore+ Residhagen K/S 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 give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

København K, 27 June 2024

Executive Board

Daniela Sava

Independent Auditor's report

To the limited partners of Encore+ Residhagen K/S

Opinion

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

We have audited the Financial Statements of Encore+ Residhagen K/S 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 ("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 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.

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.

Independent Auditor's report

- 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.

Hellerup, 27 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

René Otto Poulsen

State Authorised Public Accountant

mne26718

Qasam Hussain

State Authorised Public Accountant

mne44159

Company information

The Company	Encore+ Residhagen K/S c/o Keystone Investment Management A/S Havnegade 25, 2. 1058 København K CVR No: 42 67 78 76 Financial period: 1 January - 31 December Incorporated: 14 September 2021 Financial year: 3rd financial year Municipality of reg. office: København
Executive Board	Daniela Sava
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross profit before value adjustments		23,878,092	12,775,350
Value adjustments of assets held for investment		-164,612,297	-7,695,748
Gross profit after value adjustments		-140,734,205	5,079,602
Financial income		5,574,088	276,935
Financial expenses		-11,148,435	-16,568,075
Net profit/loss for the year		-146,308,552	-11,211,538
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Extraordinary dividend paid		4,845,938	6,846,724
Retained earnings		-151,154,490	-18,058,262
		-146,308,552	-11,211,538

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Investment properties		1,161,300,000	1,314,200,000
Property, plant and equipment	2	1,161,300,000	1,314,200,000
Fixed assets		1,161,300,000	1,314,200,000
Trade receivables		0	4,128
Receivables from group enterprises		1,159,126	0
Other receivables		16,008,551	30,112,313
Receivables		17,167,677	30,116,441
Cash at bank and in hand		12,953,288	9,085,857
Current assets		30,120,965	39,202,298
Assets		1,191,420,965	1,353,402,298

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		1	1
Share premium account		0	662,549,145
Reserve for hedging transactions		15,017,836	25,090,320
Retained earnings		547,084,354	35,689,699
Equity		562,102,191	723,329,165
Mortgage loans		594,140,193	593,704,328
Prepayments received from customers		9,167,547	7,387,991
Deposits		9,940,410	9,942,651
Long-term debt	4	613,248,150	611,034,970
Prepayments received from customers	4	7,577,691	10,946,660
Trade payables		2,529,973	4,595,807
Other payables		5,962,960	3,495,696
Short-term debt		16,070,624	19,038,163
Debt		629,318,774	630,073,133
Liabilities and equity		1,191,420,965	1,353,402,298
Key activities	1		
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Statement of changes in equity

	Share capital	Reserve for hedging trans- actions	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1	25,090,320	698,238,844	723,329,165
Extraordinary dividend paid	0	0	-4,845,938	-4,845,938
Fair value adjustment of hedging instruments, end of year	0	-10,072,484	0	-10,072,484
Net profit/loss for the year	0	0	-146,308,552	-146,308,552
Equity at 31 December	1	15,017,836	547,084,354	562,102,191

Notes to the Financial Statements

1. Key activities

The company's purpose is to acquire, own, operate, administer, renovate, expand, finance, and ultimately dispose investment properties directly or indirectly as well as related activities.

2. Assets measured at fair value

	Investment properties
	DKK
Cost at 1 January	1,269,980,660
Additions for the year	11,712,297
Cost at 31 December	<u>1,281,692,957</u>
Value adjustments at 1 January	44,219,340
Revaluations for the year	-164,612,297
Value adjustments at 31 December	<u>-120,392,957</u>
Carrying amount at 31 December	<u>1,161,300,000</u>

Assumptions underlying the determination of fair value of investment properties

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.

The most significant assumptions applied when assessing the fair value of the investment properties are:

	2023
	DKK
Budget period	15
Terminal cap rate	3.75% - 6.00%
Discount rate	4.26% - 8.00%
Occupancy	86% - 100%

Notes to the Financial Statements

2023	2022
DKK	DKK

3. Derivative financial instruments

Derivative financial instruments contracts in the form of have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Other receivables mainly consists of a fair value of an interest rate swap of DKK 15 million (31/12 2022: DKK 25 million)

2023	2022
DKK	DKK

4. 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	594,140,193	593,704,328
Long-term part	594,140,193	593,704,328
Within 1 year	0	0
	594,140,193	593,704,328

Prepayments received from customers

After 5 years	0	0
Between 1 and 5 years	9,167,547	7,387,991
Long-term part	9,167,547	7,387,991
Other prepayments from customers	7,577,691	10,946,660
	16,745,238	18,334,651

Deposits

After 5 years	0	0
Between 1 and 5 years	9,940,410	9,942,651
Long-term part	9,940,410	9,942,651
Within 1 year	0	0
	9,940,410	9,942,651

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
5. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Mortgage deeds registered to the mortgagor totalling, providing security on investment properties with a carrying amount of:	1,161,300,000	1,314,200,000

6. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the consolidated financial statements of:

<u>Name</u>	<u>Place of registered office</u>
Encore+ FCP	Luxembourg

7. Subsequent events

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

Notes to the Financial Statements

8. Accounting policies

The Annual Report of Encore+ Residhagen K/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The 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.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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.

Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

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

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Notes to the Financial Statements

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in a separate reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Income statement

Revenue

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.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, and administration 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.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans.

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 cost net of depreciation and impairment losses.

In Management's opinion the classification of the properties as investment properties did not cause any difficulties.

Notes to the Financial Statements

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.

The fair value is calculated by using generally accepted valuation methods (DCF model) based on Management's assumptions regarding future cash flows, discount rate etc.

The estimates applied are based on historical 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. The assumptions applied are disclosed in the notes.

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.

Financial liabilities

Loans, such as mortgage loans, 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.

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.