
Encore+ Residhagen K/S

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

Annual Report for
14 September 2021 - 31 December 2021

CVR No. 42 67 78 76

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 15/6 2022

Michelle Laubscher
Chairman of the
general meeting



Contents

| | <u>Page</u> |
|---|-------------|
| Management's Statement and Auditor's Report | |
| Management's statement | 1 |
| Independent Auditor's report | 2 |
| Company information | |
| Company information | 4 |
| Financial Statements | |
| Income statement 14 September 2021 - 31 December 2021 | 5 |
| Balance sheet 31 December 2021 | 6 |
| Statement of changes in equity | 8 |
| Notes to the Financial Statements | 9 |

Management's statement

The Executive Board has today considered and adopted the Financial Statements of Encore+ Residhagen K/S for the financial year 14 September - 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 financial position at 31 December 2021 of the Company and of the results of the Company operations from the establishment of the company as of 14 September 2021 to 31 December 2021.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

København K, 15 June 2022

Executive Board

Borja Fernandez

Robin Michael Taillefer

Michelle Laubscher

Independent Auditor's report

To commanders 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 2021 and of the results of the Company's operations for the financial year 14 September - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Encore+ Residhagen K/S for the financial year 14 September - 31 December 2021, 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, 15 June 2022

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 DK-1058 København K CVR No: 42 67 78 76 Financial period: 14 September - 31 December Incorporated: 14 September 2021 Financial year: 1st financial year Municipality of reg. office: København |
| Executive board | Borja Fernandez Robin Michael Taillefer Michelle Laubscher |
| Auditors | PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup |
| Bankers | Nykredit Bank A/S |

Income statement 14 September - 31 December

| | Note | 2021 DKK 4 months |
|---|------|-------------------------|
| Gross profit/loss before value adjustments | | 2,338,126 |
| Value adjustments of assets held for investment | 3 | 51,915,088 |
| Gross profit/loss after value adjustments | | 54,253,214 |
| Financial income | | 1,812 |
| Financial expenses | | -507,065 |
| Net profit/loss for the year | | 53,747,961 |

Distribution of profit

| | 2021 DKK |
|---------------------------------|-------------|
| Proposed distribution of profit | |
| Retained earnings | 53,747,961 |
| | 53,747,961 |

Balance sheet 31 December

Assets

| | <u>Note</u> | <u>2021</u> DKK |
|--------------------------------------|-------------|--------------------|
| Investment properties | | 753,400,000 |
| Property, plant and equipment | 4 | <u>753,400,000</u> |
| Fixed assets | | <u>753,400,000</u> |
| Other receivables | | 1,183,392 |
| Receivables | | <u>1,183,392</u> |
| Cash at bank and in hand | | <u>16,109,908</u> |
| Current assets | | <u>17,293,300</u> |
| Assets | | <u>770,693,300</u> |

Balance sheet 31 December

Liabilities and equity

| | Note | 2021 DKK |
|--|------|---------------------------|
| Share capital | | 1 |
| Share premium account | | 352,372,879 |
| Retained earnings | | 53,747,961 |
| Equity | | <u>406,120,841</u> |
| | | |
| Mortgage loans | | 337,003,460 |
| Prepayments received from customers | | 4,836,986 |
| Deposits | | 5,426,198 |
| Other payables | | 5,690,708 |
| Long-term debt | 5 | <u>352,957,352</u> |
| | | |
| Prepayments received from customers | | 2,433,387 |
| Trade payables | | 6,843,815 |
| Other payables | 5 | 2,337,905 |
| Short-term debt | | <u>11,615,107</u> |
| | | |
| Debt | | <u>364,572,459</u> |
| | | |
| Liabilities and equity | | <u>770,693,300</u> |
| | | |
| Subsequent events | 1 | |
| Key activities | 2 | |
| Contingent assets, liabilities and other financial obligations | 6 | |
| Related parties | 7 | |
| Accounting Policies | 8 | |

Statement of changes in equity

| | Share capital | Share premium account | Retained earnings | Total |
|---|---------------|-----------------------|-------------------|--------------------|
| | DKK | DKK | DKK | DKK |
| Equity at 14 September | 0 | 0 | 0 | 0 |
| Cash payment concerning formation of entity | 1 | 352,372,879 | 0 | 352,372,880 |
| Net profit/loss for the year | 0 | 0 | 53,747,961 | 53,747,961 |
| Equity at 31 December | 1 | 352,372,879 | 53,747,961 | 406,120,841 |

Notes to the Financial Statements

1. Subsequent events

On 28 March 2022, Encore + Residhagen K/S signed a promissory agreement to purchase “Christians Brygge”, a mixed-used office and residential property located in Copenhagen for a net purchase price of EUR 55.1m. The acquisition will close when the pre-emption process ends (expected beginning of Q3 2022).

On 1 April 2022, Encore + Residhagen K/S purchased Smakkegårdsvej the last property of the Danish Living portfolio (purchased in October 2021) for a net purchase price of EUR 18.0m funded with equity and a bank loan secured with Nykredit for EUR 8.8m.

2. Key activities

The income statement of the Company for 2021 shows a profit of DKK 53,747,961, and at 31 December 2021 the balance sheet of the Company shows positive equity of DKK 406,120,841.

The Company was established at 14 September 2021. In the year 2021, the company has purchased three Investment Properties amounting to DKK 701,484,912

2021
DKK

3. Value adjustments of assets held for investment

Value adjustments of Investment properties

51,915,088
51,915,088

Notes to the Financial Statements

4. Assets measured at fair value

| | Investment properties |
|---------------------------------------|---------------------------|
| | DKK |
| Cost at 14 September | 0 |
| Additions for the year | 701,484,912 |
| Cost at 31 December | <u>701,484,912</u> |
| Value adjustments at 14 September | 0 |
| Revaluations for the year | 51,915,088 |
| Value adjustments at 31 December | <u>51,915,088</u> |
| Carrying amount at 31 December | <u>753,400,000</u> |

Assumptions underlying the determination of fair value of investment properties

The fair value of investment properties at 31 December 2021 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.

| | 2021 |
|---------------------------|---------------|
| Budget period (years) | 15 |
| Discount rate | 4.5% - 5.15% |
| Terminal cap rate | 3.15% - 3.50% |
| Growth in terminal period | 2% |

Notes to the Financial Statements

5. 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:

| | <u>2021</u> DKK |
|--|---------------------------|
| Mortgage loans | |
| After 5 years | 337,003,460 |
| Long-term part | <u>337,003,460</u> |
| Within 1 year | <u>0</u> |
| | <u>337,003,460</u> |
| Prepayments received from customers | |
| After 5 years | 0 |
| Between 1 and 5 years | 4,836,986 |
| Long-term part | <u>4,836,986</u> |
| Within 1 year | 0 |
| | 2,433,387 |
| <i>Other prepayments from customers</i> | |
| Short-term part | <u>2,433,387</u> |
| | <u>7,270,373</u> |
| Deposits | |
| After 5 years | 0 |
| Between 1 and 5 years | 5,426,198 |
| Long-term part | <u>5,426,198</u> |
| Within 1 year | 0 |
| Other deposits | 0 |
| Short-term part | <u>0</u> |
| | <u>5,426,198</u> |
| Other payables | |
| After 5 years | 0 |
| Between 1 and 5 years | 5,690,708 |
| Long-term part | <u>5,690,708</u> |
| Within 1 year | 0 |
| Other short-term payables | 2,337,905 |
| | <u>2,337,905</u> |
| | <u>8,028,613</u> |

Notes to the Financial Statements

2021

DKK

6. 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: 753,400,000

7. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the consolidated financial statements of:

Name

Encore+ FCP

Place of registered office

Luxembourg

Notes to the Financial Statements

8. Accounting policies

The Annual Report of Encore+ Residhagen K/S for 2021 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 Financial Statements for 2021 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. Exchange differences 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 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

Net sales

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.

Notes to the Financial Statements

Gross profit/loss

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 are recognised in the income statement at the amounts relating to the financial year.

Balance sheet

Investment properties

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.

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

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 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 debts

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.