

Kanalgaden PropCo ApS

C/O Keystone Investment Management A/S
Havnegade 25, 2., 1058 København K

CVR no. 43 18 14 91

Annual report 2023

Approved at the Company's annual general meeting on 6 June 2024

Chair of the meeting:

.....
Morten Sennecker Schultz

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Kanalgaden PropCo 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 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.

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

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 6 June 2024
Executive Board:

Board of Directors:

.....
Morten Sennecker Schultz
Chairman

.....
Simon Mitchell

.....
Reinhard Kalss

Independent auditor's report

To the shareholders of Kanalgaden PropCo ApS

Opinion

We have audited the financial statements of Kanalgaden PropCo ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of 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.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 6 June 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kaare K. Lendorf
State Authorised Public Accountant
mne33819

Management's review

Company details

Name	Kanalgaden PropCo ApS
Address, Postal code, City	C/O Keystone Investment Management A/S Havnegade 25, 2., 1058 København K
CVR no.	43 18 14 91
Established	5 April 2022
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Morten Sennecker Schultz, Chairman Simon Mitchell Reinhard Kalss
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

The Company's purpose is to invest in real estate and other related services.

In March 2022, the Company's owner Kanalgaden HoldCo ApS entered into an agreement to purchase a newly constructed property, Kanalgaden 3 in Albertslund and transferred the agreement to Kanalgaden PropCo ApS. The closing of the transaction and takeover of the property, was scheduled to occur on 17 January 2023. The Company has refused to complete the transaction on the grounds of defects and cancelled the transaction at the end of the period for which the seller had to deliver the conditional property.

The Company has made a claim for daily fines and acquisition costs, and the seller has reserved the right to make a claim for damages against the Company. The potential claim from the seller is unknown however will be calculated as the difference between the agreed purchase price and the cover sale initiated by the seller.

In the year, the Company's prepayments relating to acquisition costs was written down. The reason was that the outcome of the legal action remains indeterminate. Management expects that the adversary will be able to reimburse the amount of DKK 7,298,462 and daily fines, should the case be successful.

A guarantee has been agreed by Europa Fund VI SCSp on behalf of the Company. The guarantee covers all buyer's obligations under the agreement. In the case a payment should be made under the guarantee, Europa Fund VI SCSp will contribute the payment under the guarantee.

Financial review

The income statement for 2023 shows a loss of DKK 7,605,521 against a loss of DKK 194,714 last year, and the balance sheet at 31 December 2023 shows equity of DKK 824,765.

The loss is due to the write down on prepayments.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2023 12 months	2022 9 months
	Gross profit/ loss	-386,335	-219,275
2	Staff costs	0	0
	Impairment of current assets except for investments	-7,298,462	0
	Profit/ loss before net financials	-7,684,797	-219,275
3	Financial income	4,683	0
4	Financial expenses	-12,013	-535
	Profit/ loss before tax	-7,692,127	-219,810
5	Tax for the year	86,606	25,096
	Profit/ loss for the year	-7,605,521	-194,714
	 Recommended appropriation of profit/ loss		
	Retained earnings/ accumulated loss	-7,605,521	-194,714
		-7,605,521	-194,714

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	ASSETS		
	Non-fixed assets		
	Receivables		
	Deferred tax assets	111,702	25,096
	Prepayments	0	1,734,884
		<u>111,702</u>	<u>1,759,980</u>
	Cash	837,025	2,696,542
	Total non-fixed assets	<u>948,727</u>	<u>4,456,522</u>
	TOTAL ASSETS	<u>948,727</u>	<u>4,456,522</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	40,003	40,001
	Share premium account	8,584,997	3,919,999
	Retained earnings	-7,800,235	-194,714
	Total equity	<u>824,765</u>	<u>3,765,286</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	85,151	691,236
	Other payables	38,811	0
		<u>123,962</u>	<u>691,236</u>
	Total liabilities other than provisions	<u>123,962</u>	<u>691,236</u>
	TOTAL EQUITY AND LIABILITIES	<u>948,727</u>	<u>4,456,522</u>

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Security and collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Retained earnings	Total
Equity at 5 April 2022	0	0	0	0
Capital increase	1	3,919,999	0	3,920,000
Transfer through appropriation of loss	0	0	-194,714	-194,714
Cash payments concerning formation of enterprise	40,000	0	0	40,000
Equity at 1 January 2023	40,001	3,919,999	-194,714	3,765,286
Capital increase	2	4,664,998	0	4,665,000
Transfer through appropriation of loss	0	0	-7,605,521	-7,605,521
Equity at 31 December 2023	40,003	8,584,997	-7,800,235	824,765

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Kanalgaden PropCo ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Basis of recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments off 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.

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.

Reporting currency

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

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

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

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

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Gross profit/ loss

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

Other property expenses

Property expenses include expenses relating to renting out the Company's investment property, including expenses relating to running and maintaining such property.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

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

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

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

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial 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 has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.

DKK	2023 12 months	2022 9 months
2 Staff costs		
The Company has no employees.		
3 Financial income		
Other financial income	4,683	0
	<u>4,683</u>	<u>0</u>
4 Financial expenses		
Other financial expenses	12,013	535
	<u>12,013</u>	<u>535</u>
5 Tax for the year		
Deferred tax adjustments in the year	-86,606	-25,096
	<u>-86,606</u>	<u>-25,096</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Contractual obligations and contingencies, etc.

The group companies are jointly and severally liable for tax on the jointly taxed income of the Group. Moreover, the 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.

The Company has a potential asset or liability with the seller of the investment property which will be determined by the final adjudication of the pending claim. The amount of the claim currently cannot be assessed.

7 Security and collateral

The Company has not provided any security or other collateral in assets at 31 December 2023.

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Simon Mitchell

Director

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Reinhard Kalss

Director

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Morten Sennecker Schultz

Director

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Kaare Kristensen Lendorf

EY Godkendt Revisionspartnerselskab CVR: 30700228

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Morten Sennecker Schultz

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