

Denmark Santa ApS

C/O Intertrust (Denmark) ApS
Sundkrogsgade 21, 2100 Copenhagen Ø

CVR no. 43 47 76 09

Annual report 2022/23

(As of the establishment of the Company 29 August 2022 - 31 December 2023)

Approved at the Company's annual general meeting on 20 June 2024

Chair of the meeting:

.....
Pilvi Peltomäki

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Denmark Santa ApS for the financial year as of the establishment of the Company 29 August 2022 - 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 as of the establishment of the Company 29 August 2022 - 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, 20 June 2024
Executive Board:

.....
Sarah Maria Camilleri

.....
Matthew Peter Smith

Independent auditor's report

To the shareholder of Denmark Santa ApS

Opinion

We have audited the financial statements of Denmark Santa ApS for the financial year as of the establishment of the Company 29 August 2022 - 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 as of the establishment of the company 29 August 2022 - 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, 20 June 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Reedtz
State Authorised Public Accountant
mne24830

Emil Johnsen
State Authorised Public Accountant
mne50640

Management's review

Company details

Name	Denmark Santa ApS
Address, Postal code, City	C/O Intertrust (Denmark) ApS Sundkrogsgade 21, 2100 Copenhagen Ø
CVR no.	43 47 76 09
Established	29 August 2022
Registered office	Copenhagen
Financial year	29 August 2022 - 31 December 2023
Executive Board	Sarah Maria Camilleri Matthew Peter Smith
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, own, manage and develop real estate, as well as related businesses, directly or indirectly through holdings in other companies.

Financial review

The income statement for 2022/23 shows a loss of DKK 1,942,815, and the balance sheet at 31 December 2023 shows equity of DKK 11,690,038. Management considers the Company's financial performance in the year satisfactory.

As the company's purpose is to invest in companies which owns properties, the Company's business processes and the valuation of investment properties in the Company's subsidiaries is affected by changes in the property market, including the general level of interest rates and economic conditions.

The market situation in the real estate sector is affected by uncertainty, as a result of high inflation and increasing interest rates. However, the company's activities have not been significantly affected by this.

The uncertainty related to interest rates and yields has created a gap between buyers' and sellers' expectation to sales prices of properties which is reflected in the lower transaction volume for investment properties in 2023.

This has been reflected in the valuation of the company's investments.

Events after the balance sheet date

The facility loan expires on 25 February 2025. Management have entered into discussions for refinancing of the facility.

Financial statements for the period 29 August 2022 - 31 December 2023

Income statement

Note	DKK	2022/23 16 months
	Gross profit/ loss	<u>-386,122</u>
	Income from investments in group enterprises	-355,039
3	Financial income	162,289
4	Financial expenses	<u>-1,535,209</u>
	Profit/ loss before tax	-2,114,081
5	Tax for the year	<u>171,266</u>
	Profit/ loss for the year	<u><u>-1,942,815</u></u>
	 Recommended appropriation of profit/ loss	
	Retained earnings/ accumulated loss	<u>-1,942,815</u>
		<u><u>-1,942,815</u></u>

Financial statements for the period 29 August 2022 - 31 December 2023

Balance sheet

Note	DKK	<u>2022/23</u>
	ASSETS	
	Fixed assets	
6	Investments	
	Investments in group enterprises	22,750,666
	Derivative financial instruments	171,999
		<u>22,922,665</u>
	Total fixed assets	<u>22,922,665</u>
	Non-fixed assets	
	Receivables	
	Receivables from group enterprises	172,386
	Deferred tax assets	97,141
	Joint taxation contribution receivable	74,125
		<u>343,652</u>
	Cash	<u>146,016</u>
	Total non-fixed assets	<u>489,668</u>
	TOTAL ASSETS	<u>23,412,333</u>

Financial statements for the period 29 August 2022 - 31 December 2023

Balance sheet

Note	DKK	<u>2022/23</u>
	EQUITY AND LIABILITIES	
	Equity	
	Share capital	40,002
	Share premium account	13,444,101
	Retained earnings	<u>-1,794,065</u>
	Total equity	<u>11,690,038</u>
	Liabilities other than provisions	
7	Non-current liabilities other than provisions	
	Other credit institutions	<u>11,471,357</u>
		<u>11,471,357</u>
	Current liabilities other than provisions	
7	Short-term part of long-term liabilities other than provisions	150,376
	Trade payables	<u>100,562</u>
		<u>250,938</u>
	Total liabilities other than provisions	<u>11,722,295</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>23,412,333</u></u>

- 1 Accounting policies
- 2 Staff costs
- 9 Contractual obligations and contingencies, etc.
- 10 Security and collateral
- 11 Related parties

Financial statements for the period 29 August 2022 - 31 December 2023

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Total</u>
Cash payments concerning formation of enterprise	40,000	0	0	40,000
Capital increase	2 13,441,101	0	0	13,441,103
Transfer through appropriation of loss	0	0	-1,942,815	-1,942,815
Contribution from group	0	0	148,750	148,750
Equity at 31 December 2023	<u>40,002</u>	<u>13,444,101</u>	<u>-1,794,065</u>	<u>11,690,038</u>

As of 29 December 2022, the Company has increased share capital by DKK 1 through a conversion of debt of DKK 11,503,983.

As of 29 December 2023, the Company has increased share capital by DKK 1 through a conversion of debt of DKK 1,940,119 and a group contribution of DKK 148,750.

Financial statements for the period 29 August 2022 - 31 December 2023

Notes to the financial statements

1 Accounting policies

The annual report of Denmark Santa ApS for 2022/23 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.

Pursuant to section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Income statement

Gross profit/ loss

The items revenue 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 external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to administration etc.

Profit/ loss from investments in group entities

The item includes dividends from investments in group entities and associates. Dividend distributions that either exceed the profit for the year or where the carrying amount of the investments exceeds the consolidated carrying amounts of the group entity's net assets will indicate impairment for which reason an impairment test will have to be conducted.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Financial statements for the period 29 August 2022 - 31 December 2023

Notes to the financial statements

1 Accounting policies (continued)

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

Investments in group entities

Investments in group entities and associates are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Impairment of fixed assets

The carrying amount of investments in group entities is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

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.

Prepayments

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

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements for the period 29 August 2022 - 31 December 2023

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

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.

Fair value

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 transaction 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).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Financial statements for the period 29 August 2022 - 31 December 2023

Notes to the financial statements

2 Staff costs

The Company has no employees.

DKK	2022/23 16 months
3 Financial income	
Other financial income	162,289
	<u>162,289</u>
4 Financial expenses	
Interest expenses, group entities	43,109
Fair value adjustments of financial instruments	106,670
Other financial expenses	1,385,430
	<u>1,535,209</u>
5 Tax for the year	
Estimated tax charge for the year	-74,125
Deferred tax	-97,141
	<u>-171,266</u>

6 Investments

DKK	Investments in group enterprises	Derivative financial instruments	Total
Cost at 29 August 2022	0	0	0
Additions	23,105,705	278,669	23,384,374
Cost at 31 December 2023	23,105,705	278,669	23,384,374
Revaluations for the year	0	-106,670	-106,670
Impairment losses	-355,039	0	-355,039
Value adjustments at 31 December 2023	-355,039	-106,670	-461,709
Carrying amount at 31 December 2023	<u>22,750,666</u>	<u>171,999</u>	<u>22,922,665</u>

50% of deferred tax recognized in the subsidiary has been added to the recoverable amount in the impairment test of investments in subsidiaries. This is in line with valuation practice and is a result of an expectation of agreed terms in a potential transaction with a third-party buyer.

Group entities

Name	Legal form	Domicile	Interest	Equity DKK	Profit/loss DKK
Denmark Santa Owner	ApS	Copenhagen	100.00%	20,088,067	1,117,721

7 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

Financial statements for the period 29 August 2022 - 31 December 2023

Notes to the financial statements

8 Derivative financial instruments

Interest rate risks

The Company has entered into an interest rate cap agreement with Danske Bank A/S.

The interest rate cap agreements have been entered into for the purpose of reducing the interest rate risk associated with the loan from other credit institutions.

The nominal amount of the agreement is DKK 11,943,086 and the termination date is set to February 2025.

The floating rate has been capped at a fixed coupon rate of 2.00 %p.a. The fair value has been calculated by Danske Bank A/S based on the agreement's discounted cash flow using the market interest at 31 December 2023.

The fair value of the interest rate cap amounts to DKK 171,999 at 31 December 2023. The fair value of the interest rate cap has been recognised as derivative financial instruments.

Fair value disclosures

The Company has the following assets and liabilities measured at fair value:

DKK	<u>Interest rate cap</u>
Fair value at year end	171,999
Unrealised fair value adjustments for the year, recognised in the income statement	-106,670
Fair value level	2

9 Contractual obligations and contingencies, etc.

The Company is jointly taxed with its management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

10 Security and collateral

Investments and subsidiaries at a carrying amount of DKK 22,750,666 at 31 December 2023 have been put up as security for subsidiaries' debt to mortgage credit institutions.

Financial statements for the period 29 August 2022 - 31 December 2023

Notes to the financial statements

11 Related parties

Denmark Santa ApS' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Denmark Capital Region K/S	Copenhagen	Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
HighBrook Property Fund IV (Main), LP	Delaware, United States	5 Heienhaff L-1736 Niederanven Luxembourg (LU)

Information about security for loans relating to group entities

Information about security for loans relating to group entities appears from 10, "Security and collateral".

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Matthew Peter Smith

Executive Board

On behalf of: The company

Serial number: *msmith@highbrookinvestors.com*

IP: 167.98.xxx.xxx

2024-06-20 15:28:06 UTC



Sarah Maria Camilleri

Executive Board

On behalf of: The company

Serial number: *scamilleri@highbrookinvestors.com*

IP: 212.59.xxx.xxx

2024-06-20 15:28:48 UTC

Henrik Reedt Petersen

EY Godkendt Revisionspartnerselskab CVR: 30700228

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: *3b6e48a7-2646-4cac-bb32-eea55c75648c*

IP: 165.225.xxx.xxx

2024-06-20 19:53:19 UTC



Emil Johnsen

EY Godkendt Revisionspartnerselskab CVR: 30700228

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: *b9f8acbe-8ba9-44d5-95ef-40d1d425abad*

IP: 165.225.xxx.xxx

2024-06-21 07:12:58 UTC



Pilvi Tuulia Peltomäki

Chair of the meeting

On behalf of: The company

Serial number: *091bafc7-bb94-423e-9d14-ccdd75cf9a35*

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