

RJV 73 (PropCo) K/S

C/O Citco Denmark ApS
Nybrogade 12
1203 København K

CVR no. 42 42 85 66

Annual report for 2023

Adopted at the annual general meeting
on 16 May 2024

Caspar Schultz
chairman

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Statement by management on the annual report

The management representatives have today discussed and approved the annual report of RJV 73 (PropCo) 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 company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

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 the general meeting.

Copenhagen, 8 May 2024

Executive board: RJV 73 (GP) S.à r.l.
Represented by

Joel Davidson
Manager

Grenville Carr-Jones
Manager

Christopher McCormack
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 2023, 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 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 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.

Copenhagen, 8 May 2024
CVR no. 30 70 02 28

Henrik Reedtz
State Authorised Public Accountant
mne24830

Emil Johnsen
State Authorised Public Accountant
mne50640

Company details

The company

RJV 73 (PropCo) K/S
C/O Citco Denmark ApS
Nybrogade 12
1203 København K

CVR no.: 42 42 85 66

Reporting period: 1 January - 31 December 2023

Incorporated: 31 May 2021

Financial year: 3rd financial year

Domicile: Copenhagen

Executive board: RJV 73 (GP)

S.à r.l.

Represented by

Joel Davidson
Grenville Carr-Jones
Christopher McCormack

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 2023 shows a profit of DKK 17.695.746, and the balance sheet at 31 December 2023 shows equity of DKK 177.374.285.

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 rent collection remained resilient throughout 2023 in spite of a challenging macroeconomic environment.

Significant events occurring after the end of the financial year

No 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 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 provisions applying to reporting class C entities.

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

The annual report for 2023 is presented in DKK

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

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

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 2023 has been determined using a return-based valuation model. The valuation is based on a 10-year budget. 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 2023 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

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 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

The Company has chosen IAS 39 as interpretation for 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.

Accounting policies

Deferred income

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

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 2023 - 31 December 2023

	<u>Note</u>	<u>2023</u>	<u>2022</u>
		DKK	DKK
Gross profit		8.091.637	9.062.646
Fair value adjustments of investment properties		<u>10.141.403</u>	<u>-28.015.439</u>
Profit/loss before net financials		18.233.040	-18.952.793
Financial income		-1.142	14.195
Financial costs		<u>-536.152</u>	<u>-606.030</u>
Profit/loss for the year		<u><u>17.695.746</u></u>	<u><u>-19.544.628</u></u>
Recommended appropriation of profit/loss			
Extraordinary dividend for the year		6.678.000	8.194.352
Retained earnings		<u>11.017.746</u>	<u>-27.738.980</u>
		<u><u>17.695.746</u></u>	<u><u>-19.544.628</u></u>

Balance sheet at 31 December 2023

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Assets			
Investment properties		<u>282.300.000</u>	<u>272.100.000</u>
Tangible assets	2	<u>282.300.000</u>	<u>272.100.000</u>
Total non-current assets		<u>282.300.000</u>	<u>272.100.000</u>
Trade receivables		44.030	63.637
Receivables from subsidiaries		504.479	0
Other receivables		8.991.104	13.451.157
Prepayments		<u>897</u>	<u>0</u>
Receivables		<u>9.540.510</u>	<u>13.514.794</u>
Cash at bank and in hand		<u>4.972.248</u>	<u>5.092.513</u>
Total current assets		<u>14.512.758</u>	<u>18.607.307</u>
Total assets		<u><u>296.812.758</u></u>	<u><u>290.707.307</u></u>

Balance sheet at 31 December 2023

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Equity and liabilities			
Contributed capital		279.934.001	279.934.001
Reserve for current value of hedging		7.756.893	12.925.786
Retained earnings		<u>-110.316.609</u>	<u>-121.334.355</u>
Equity		<u>177.374.285</u>	<u>171.525.432</u>
Mortgage loans		113.128.826	113.112.959
Other payables		<u>4.201.598</u>	<u>4.250.426</u>
Total non-current liabilities	3	<u>117.330.424</u>	<u>117.363.385</u>
Trade payables		145.926	63.557
Payables to group enterprises		799.693	423.487
Other payables		557.993	768.271
Deferred income		<u>604.437</u>	<u>563.175</u>
Total current liabilities		<u>2.108.049</u>	<u>1.818.490</u>
Total liabilities		<u>119.438.473</u>	<u>119.181.875</u>
Total equity and liabilities		<u><u>296.812.758</u></u>	<u><u>290.707.307</u></u>
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	Extra- ordinary dividend	Total
Equity at 1 January 2023	279.934.001	12.925.786	-121.334.355	0	171.525.432
Extraordinary dividend paid	0	0	0	-6.678.000	-6.678.000
Fair value adjustment of hedging instruments	0	-5.168.893	0	0	-5.168.893
Net profit/loss for the year	0	0	11.017.746	6.678.000	17.695.746
Equity at 31 December 2023	<u>279.934.001</u>	<u>7.756.893</u>	<u>-110.316.609</u>	<u>0</u>	<u>177.374.285</u>

Notes

1 Staff costs

The company has no employees.

2 Assets measured at fair value

	<u>Investment pro- perties</u>
Cost at 1 January 2023	284.115.439
Additions for the year	<u>58.597</u>
Cost at 31 December 2023	<u>284.174.036</u>
Revaluations at 1 January 2023	-12.015.439
Revaluations for the year	<u>10.141.403</u>
Revaluations at 31 December 2023	<u>-1.874.036</u>
Carrying amount at 31 December 2023	<u><u>282.300.000</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 fair value of each individual investment property at 31 December 2023 has been determined using a return-based valuation model. The valuation is based on a 10-year budget. Management's estimate of return requirements including input from commercial valuer, has set the cap rate of return at 4.00%. Based on this, the investment property has been recognised at DKK 282.300.000.

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 2023.

The assumptions below are based on the total value of DKK 282.300.000. Gross rental income per sqm: DKK 1.900, Net rental income per sqm: DKK 1.504, Gross rental value per sqm: DKK 1.900.

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

Value at a rate of return of 3.75% (4.00% less 0.25%) DKK 301.300.000.

Value at a rate of return of 4.25% (4.00% plus 0.25%) DKK 265.600.000.

Cap rate; 4.00%

Net operating income: DKK 10.503.826

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 2023	Debt at 31 December 2023	Instalment next year	Debt outstanding after 5 years
Mortgage loans	113.112.959	113.128.826	0	113.202.974
Other payables	4.250.426	4.201.598	0	0
	<u>117.363.385</u>	<u>117.330.424</u>	<u>0</u>	<u>113.202.974</u>

4 Contingent liabilities

The company has no contingent liabilities.

5 Mortgages and collateral

The company's properties with a fair value off DKK 282.300.000 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 2023.

The fair value of the interest swap 31 December 2023 amounts to DKK 7.756.893. The fair value of the interest swap has been recognized as "Other receivables". The adjustment of the year amounts to - 5.168.893 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 hierachy 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 Christopher McCormack.

Consolidated financial statements

The company is consolidated at fund level at BlackRock Eurozone Core Property Fund SICAV-SIF.