

Holmens Kanal ApS
c/o Citco (Denmark) ApS, Nybrogade 12, 1203 København K
Company reg. no. 37 42 43 07

Annual report

1 October 2021 - 30 September 2022

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 29. March 2023

Ole Meier Sørensen
Chairman of the meeting

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Management's Statement on the Annual Report

The Executive Board has today considered and adopted the Annual Report of Holmens Kanal ApS for the financial period 1 October 2021 to 30 September 2022.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2022 of the Company and of the results of the Company operations for the current financial year.

In our opinion, Management's review includes a true and fair account of the matters addressed in the review.

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

Copenhagen, 29. March 2023

Executive Board

Ole Meier Sørensen

Charlotte Sydow Bech Jensen

Thomas Fahl

Independent Auditor's Report

To the Shareholders of Holmens Kanal ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2022, and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Holmens Kanal ApS for the financial year 1 October 2021 - 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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.

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, in our view, 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 in Management's Review.

Independent Auditor's Report

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 additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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.

Independent Auditor's Report

Auditor's responsibilities for the audit of the financial statements

- 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.

Copenhagen, 29. March 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

René Otto Poulsen

State Authorised

Public Accountant

Mne26718

Company Information

Company

Holmens Kanal ApS
c/o Citco (Denmark) ApS
Nybrogade 12
1203 København K

Company reg. no. 37 42 43 07

Domicile: Copenhagen

Financial year: 1 October 2021 - 30 September 2022

Executive board

Ole Meier Sørensen
Charlotte Sydow Bech Jensen
Thomas Fahl

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Parent company

AWL Properties I S.C.S SICAV.SIF
17, Boulevard F.W. Raiffeisen, L-2411 Luxembourg

Management's Review

The principal activities of the company

The principal activities are investment, ownership, administration and development of properties and any business related hereto.

Uncertainties as to recognition or measurement

The Company's investment properties are recognised in the balance by applying a return based model. The yield requirement is associated with critical accounting estimates, which means that the fair value may differ from the properties' actual value. We refer to note 3 for additional information.

Development in activities and financial matters

The gross profit for the year is t.DKK 58.681 against t.DKK 56.810 last year. The results from ordinary activities after tax are t.DKK -100.074 against t.DKK 20.104 last year. Given the present market conditions, the Management consider the results satisfactory.

Accounting Policies

The annual report for Holmens Kanal ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish Kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the spot exchange rate. Differences in the rate of exchange arising between the spot rate and the payment rate are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated at the closing rate. The difference between the closing rate and the spot rate is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the spot exchange rates.

Accounting Policies

The profit and loss account

Gross profit

The gross profit contains: Revenue, operating costs and other external costs. In compliance with the Danish Financial Statements Act article 32, revenue is not disclosed in the annual report.

Revenue from rent income is recognised in the income statement in the relevant period of the lease.

Operating costs include costs directly associated with the operation of the property, repair and maintenance, taxes and other costs that are not paid by the tenant.

Other external expenses comprise expenses for administration, etc.

Fair value adjustment of investment property

Value adjustment of investment property comprises value adjustments of properties at fair value.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc., financial income and expenses are recognised in the profit and loss account in the relevant accounting period.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting Policies

The balance sheet

Investment properties

Investment properties are measured at fair value equal to the market value of the properties. Changes in fair value are recognised in the income statement.

The fair value is determined by using an external valuation performed by a valuation expert or alternatively, based on an accepted valuation method, based on a return-based model. The company has used a valuation expert to estimate the fair value.

When using a return-based model, the value is calculated on the basis of the investment property's return from operations and on an individually fixed requirement for interest.

Subsequent costs are recorded under acquisition costs of investment properties, if it is probable that the company will gain an economic benefit from them. The cost for repairs and current maintenance are recognized in the income statement as incurred.

Fixed assets investments

Fixed asset investments consist of borrowing costs that are amortized over the maturity of the corresponding loan.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Deferred expenses recognised under assets comprise the incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet in the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Accounting Policies

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Liabilities relating to investment properties are measured at amortised cost.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Income Statement for the period 1 October 2021 - 30 September 2022

	Note	01.10.2021 - 30.09.2022	01.10.2020 - 30.09.2021
		DKK 1,000	DKK 1,000
Gross profit		58.681	56.810
Fair value adjustment of investment property		(140.581)	18.333
Operating profit		-81.900	75.143
Financial expenses	1	-40.643	-43.073
Result before tax		-122.543	32.070
Tax on ordinary results	2	22.469	-11.966
Results for the year		-100.074	20.104
Distribution for the results		0	0
Allocated to results brought forward		-100.074	20.104

Balance Sheet at 30 September 2022

Assets

	<u>Note</u>	<u>30.09.2022</u> DKK 1,000	<u>30.09.2021</u> DKK 1,000
Fixed assets			
Investment property	3	2.002.295	2.120.000
Tangible fixed assets in total		<u>2.002.295</u>	<u>2.120.000</u>
Deferred financing costs		1.205	1.351
Fixed asset investments in total		<u>1.205</u>	<u>1.351</u>
Fixed assets in total		<u>2.003.500</u>	<u>2.121.351</u>
Current assets			
Trade debtors		16.699	16.120
Tax receivables		0	8
Accrued income and deferred expenses		2.957	2.592
Debtors in total		<u>19.656</u>	<u>18.720</u>
Available funds		<u>32.477</u>	<u>27.074</u>
Current assets in total		<u>52.133</u>	<u>45.794</u>
Assets in total		<u>2.055.633</u>	<u>2.167.145</u>

Balance Sheet at 30 September 2022

Equity and liabilities

	<u>Note</u>	<u>30.09.2022</u> DKK 1,000	<u>30.09.2021</u> DKK 1,000
Equity			
Contributed capital		70	70
Results brought forward		218.629	318.703
Equity in total		218.699	318.773
Provisions			
Provisions for deferred tax		122.720	152.027
Provisions in total		122.720	152.027
Liabilities			
Mortgage debt	4	735.000	735.000
Debt to group enterprises	5	947.395	937.843
Long-term liabilities in total		1.682.395	1.672.843
Trade creditors		4.244	123
Accrued expenses and deferred incomes		23.391	19.034
Corporate tax		3.562	4.082
Other debts		622	263
Short-term liabilities in total		31.819	23.502
Liabilities in total		1.836.934	1.848.372
Equity and liabilities in total		2.055.633	2.167.145

Statement of Changes in Equity

	Contributed capital	Results brought forward	In total
	DKK 1,000	DKK 1,000	DKK 1,000
Equity at 1 October 2021	70	318.703	318.773
Profit or loss for the year brought forward	0	-100.074	-100.074
Dividends 2021 paid	0	0	0
Distribution for the year	0	0	0
Equity at 30 September 2022	70	218.629	218.699

Notes to the Financial Statements

	01.10.2021 - 30.09.2022	01.10.2020 - 30.09.2021
	DKK 1,000	DKK 1,000
1 Financial expenses		
Financial costs, group enterprises	37.897	40.488
Other financial costs	2.746	2.585
	40.643	43.073
2 Tax on ordinary results		
Deferred tax adjustment during the period	(29.307)	5.246
Other taxes	-	27
Corporate income tax	6.838	6.693
	(22.469)	11.966
	30.09.2022	30.09.2021
	DKK 1,000	DKK 1,000
3 Investment property		
Cost at beginning of financial year	1.448.109	1.446.442
Additions during the year	22.877	1.667
Cost at financial year end	1.470.986	1.448.109
Fair value adjustment at beginning of financial year	671.891	653.558
Fair value adjustment during the year	(140.582)	18.333
Fair value adjustment at financial year end	531.309	671.891
Book value at financial year end	2.002.295	2.120.000

Notes to the Financial Statements

The management's estimate of the value of the investment properties is determined by market-conforming standards and is based on an assessment of the current returns, maintenance conditions, and of the required investment property returns.

The investment property is located in Copenhagen and is used for office.

The fair value of investment properties in the annual report is estimated by the Company's management. The fair value is calculated as capitalised earnings value of properties determined from the expected future rent, the current tenants' abilities to fulfil their contractual obligations, periods of vacancy, operating costs, maintenance needs, expected CAPEX investments and estimates of the return requirements. Based on this, a return-based model, that the management considers most suitable for the valuation, has been applied.

The return requirement estimates are based on information about the general regional development in return requirements and other relevant local conditions.

Compared to the latest financial year, the methods of measurement used have not been changed.

Key assumptions:

An individually determined exit yield of 3.67% applied in the market value assessment at 30 September 2022. Other key assumptions are that the tenant is scheduled to leave the property in 2023, after which it is planned to convert the current rental space in the building complex to hotel, retail and office uses by 2025.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

	Fair value	Book value	Change in fair value
Rate of return			
4,17%	1.762	2.002	-240
3,17%	2.318	2.002	316

Notes to the Financial Statements

	<u>30.09.2022</u>	<u>30.09.2021</u>
	DKK 1,000	DKK 1,000
4 Mortgage debt		
Mortgage debt in total	735.000	735.000
Liabilities due after 5 years	<u>735.000</u>	<u>735.000</u>
<p>On November 27, 2020 Holmens Kanal ApS has entered into a mortgage debt in amount of t.DKK 735,000 with Nykredit Realkredit A/S. The mortgage imposes a pledge on land and buildings at a total carrying amount of t.DKK 2,002,295</p>		
5 Debt to group enterprises		
Debt to group enterprises in total	947.395	937.843
Amount due within 1 year	<u>9.552</u>	<u>0</u>
Liabilities due from 1 to 5 years	<u>521.024</u>	<u>521.024</u>
Liabilities due after 5 years	<u>416.819</u>	<u>416.819</u>
6 Employees		
Average number of employees during the financial year	<u>0</u>	<u>0</u>

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

Ole Meier Sørensen

Direktør

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Charlotte Sydow Bech Jensen

Direktør

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René Otto Poulsen

Statsautoriseret revisor

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Ole Meier Sørensen

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