

# Denmark Bayside ApS

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

CVR no. 42 40 41 79

## Annual report 2023

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

Chair of the meeting:

.....  
Pilvi Peltomäki

## Contents

|                                                     |          |
|-----------------------------------------------------|----------|
| <b>Statement by the Executive Board</b>             | <b>2</b> |
| <b>Independent auditor's report</b>                 | <b>3</b> |
| <b>Management's review</b>                          | <b>5</b> |
| <b>Financial statements 1 January - 31 December</b> | <b>7</b> |
| Income statement                                    | 7        |
| Balance sheet                                       | 8        |
| Statement of changes in equity                      | 10       |
| Notes to the financial statements                   | 11       |

## Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Denmark Bayside 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, 20 June 2024  
Executive Board:

.....  
Sarah Maria Camilleri

.....  
Matthew Peter Smith

## Independent auditor's report

### To the shareholder of Denmark Bayside ApS

#### Opinion

We have audited the financial statements of Denmark Bayside 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, 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 Bayside ApS                                                                                        |
| Address, Postal code, City | C/O Intertrust (Denmark) ApS<br>Sundkrogsgade 21, 2100 Copenhagen Ø                                        |
| CVR no.                    | 42 40 41 79                                                                                                |
| Established                | 21 May 2021                                                                                                |
| Registered office          | Copenhagen                                                                                                 |
| Financial year             | 1 January - 31 December                                                                                    |
| Executive Board            | Sarah Maria Camilleri<br>Matthew Peter Smith                                                               |
| Auditors                   | EY Godkendt Revisionspartnerselskab<br>Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg,<br>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 2023 shows a loss of DKK 5,013,687 against a profit of DKK 14,036,909 last year, and the balance sheet at 31 December 2023 shows equity of DKK 50,304,743. Management considers the Company's financial performance in the year unsatisfactory.

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

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       | 2022       |
|------|--------------------------------------------------|------------|------------|
|      | <b>Gross profit/ loss</b>                        | -410,581   | -521,390   |
|      | Income from investments in group enterprises     | -3,614,940 | 16,103,241 |
| 3    | Financial income                                 | 23         | 24,885     |
| 4    | Financial expenses                               | -1,086,483 | -1,908,924 |
|      | <b>Profit/ loss before tax</b>                   | -5,111,981 | 13,697,812 |
| 5    | Tax for the year                                 | 98,294     | 339,097    |
|      | <b>Profit/ loss for the year</b>                 | -5,013,687 | 14,036,909 |
|      | <b>Recommended appropriation of profit/ loss</b> |            |            |
|      | Retained earnings/ accumulated loss              | -5,013,687 | 14,036,909 |
|      |                                                  | -5,013,687 | 14,036,909 |

## Financial statements 1 January - 31 December

### Balance sheet

| Note | DKK                                    | 2023       | 2022       |
|------|----------------------------------------|------------|------------|
|      | <b>ASSETS</b>                          |            |            |
|      | <b>Fixed assets</b>                    |            |            |
| 6    | <b>Investments</b>                     |            |            |
|      | Investments in group enterprises       | 50,070,165 | 53,685,105 |
|      |                                        | 50,070,165 | 53,685,105 |
|      | <b>Total fixed assets</b>              | 50,070,165 | 53,685,105 |
|      | <b>Non-fixed assets</b>                |            |            |
|      | <b>Receivables</b>                     |            |            |
|      | Receivables from group enterprises     | 2,755,478  | 2,642,348  |
|      | Deferred tax assets                    | 101,535    | 249,884    |
|      | Joint taxation contribution receivable | 2,666,908  | 112,580    |
|      |                                        | 5,523,921  | 3,004,812  |
|      | <b>Cash</b>                            | 99,489     | 228,780    |
|      | <b>Total non-fixed assets</b>          | 5,623,410  | 3,233,592  |
|      | <b>TOTAL ASSETS</b>                    | 55,693,575 | 56,918,697 |

## Financial statements 1 January - 31 December

### Balance sheet

| Note | DKK                                              | 2023              | 2022              |
|------|--------------------------------------------------|-------------------|-------------------|
|      | <b>EQUITY AND LIABILITIES</b>                    |                   |                   |
|      | <b>Equity</b>                                    |                   |                   |
|      | Share capital                                    | 40,004            | 40,002            |
|      | Share premium account                            | 41,191,135        | 30,275,050        |
|      | Retained earnings                                | 9,073,604         | 13,954,063        |
|      | <b>Total equity</b>                              | <b>50,304,743</b> | <b>44,269,115</b> |
|      | <b>Liabilities other than provisions</b>         |                   |                   |
|      | <b>Current liabilities other than provisions</b> |                   |                   |
|      | Trade payables                                   | 135,577           | 153,424           |
|      | Payables to group enterprises                    | 2,832,990         | 12,496,158        |
|      | Corporation tax payable                          | 2,420,265         | 0                 |
|      |                                                  | <b>5,388,832</b>  | <b>12,649,582</b> |
|      | <b>Total liabilities other than provisions</b>   | <b>5,388,832</b>  | <b>12,649,582</b> |
|      | <b>TOTAL EQUITY AND LIABILITIES</b>              | <b>55,693,575</b> | <b>56,918,697</b> |

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

## Financial statements 1 January - 31 December

### Statement of changes in equity

| DKK                                         | Share capital | Share premium<br>account | Retained<br>earnings | Total             |
|---------------------------------------------|---------------|--------------------------|----------------------|-------------------|
| Equity at 1 January 2022                    | 40,002        | 30,275,050               | -82,846              | 30,232,206        |
| Transfer through appropriation<br>of profit | 0             | 0                        | 14,036,909           | 14,036,909        |
| <b>Equity at 1 January 2023</b>             | 40,002        | 30,275,050               | 13,954,063           | 44,269,115        |
| Capital increase                            | 2             | 10,916,085               | 0                    | 10,916,087        |
| Transfer through appropriation<br>of loss   | 0             | 0                        | -5,013,687           | -5,013,687        |
| Contribution from group                     | 0             | 0                        | 133,228              | 133,228           |
| <b>Equity at 31 December 2023</b>           | <b>40,004</b> | <b>41,191,135</b>        | <b>9,073,604</b>     | <b>50,304,743</b> |

As of 29 December 2023, the Company has increased share capital by DKK 2 through a conversion of debt of DKK 10,916,087.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Denmark Bayside 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.

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

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

#### 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

##### 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 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

##### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 2 Staff costs

The Company has no employees.

| DKK                                  | 2023             | 2022             |
|--------------------------------------|------------------|------------------|
| <b>3 Financial income</b>            |                  |                  |
| Exchange gain                        | 0                | 24,885           |
| Other financial income               | 23               | 0                |
|                                      | <u>23</u>        | <u>24,885</u>    |
| <b>4 Financial expenses</b>          |                  |                  |
| Interest expenses, group entities    | 1,086,270        | 1,672,845        |
| Other financial expenses             | 213              | 236,079          |
|                                      | <u>1,086,483</u> | <u>1,908,924</u> |
| <b>5 Tax for the year</b>            |                  |                  |
| Estimated tax charge for the year    | -246,643         | -112,580         |
| Deferred tax adjustments in the year | 148,349          | -226,517         |
|                                      | <u>-98,294</u>   | <u>-339,097</u>  |

#### 6 Investments

| DKK                                        | Investments in<br>group<br>enterprises |
|--------------------------------------------|----------------------------------------|
| Cost at 1 January 2023                     | 53,685,105                             |
| Cost at 31 December 2023                   | 53,685,105                             |
| Impairment losses                          | -3,614,940                             |
| Value adjustments at 31 December 2023      | -3,614,940                             |
| <b>Carrying amount at 31 December 2023</b> | <u>50,070,165</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<br>DKK | Profit/ loss<br>DKK |
|-----------------------|------------|------------|----------|---------------|---------------------|
| Denmark Bayside Owner | ApS        | Copenhagen | 100.00%  | 40,938,208    | -15,277,495         |

#### 7 Contractual obligations and contingencies, etc.

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for income year 2021 onwards.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Security and collateral

Investments and subsidiaries at a carrying amount of DKK 50,070,165 at 31 December 2023 have been put up as security for subsidiaries' debt to mortgage credit institutions.

#### 9 Related parties

Denmark Bayside ApS' related parties comprise the following:

##### Parties exercising control

| Related party              | Domicile   | Basis for control      |
|----------------------------|------------|------------------------|
| Denmark Capital Region K/S | Copenhagen | Participating interest |

##### Information about consolidated financial statements

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

##### Information about security for loans relating to group entities

Information about security for loans relating to group entities appears from 8, "Security and collateral".

# PENNEO

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

Scamilleri

## 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

IP: 147.161.xxx.xxx

2024-06-21 08:55:58 UTC



This document is digitally signed using **Penneo.com**. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

#### How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service <penneo@penneo.com>**. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at <https://penneo.com/validator>