TBL Holding ApS

Højmarkvej 26, DK-8270 Højbjerg

Annual Report for 1 January - 31 December 2021

CVR No 28 97 90 29

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 13/7 2022

Steen Sønderby
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board has today considered and adopted the Annual Report of TBL Holding ApS for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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, 13 July 2022

Executive Board

Rasmus Nørgaard

Mikkel Bülow-Lehnsby

Independent Auditor's Report

To the Shareholders of TBL Holding ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of TBL Holding ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the 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 Group 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 Group's and 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 Group or 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 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 and the Group'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 Group's and 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

Independent Auditor's Report

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 Group and 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Hellerup, 13 July 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Michael Groth Hansen	Jakob Thisted Binder
statsautoriseret revisor	statsautoriseret revisor
mne33228	mne42816

Company Information

The Company	TBL Holding ApS Højmarkvej 26 DK-8270 Højbjerg CVR No: 28 97 90 29 Financial period: 1 January - 31 December Incorporated: 29 August 2005 Financial year: 16th financial year Municipality of reg. office: Aarhus
Executive Board	Rasmus Nørgaard Mikkel Bülow-Lehnsby
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Bankers	Danske Bank Lersø Parkallé 100 DK-2100 København Ø Nykredit Under Krystallen 1 DK-1780 København V

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	630,588	525,303	294,662	249,927	168,219
Operating profit/loss	-194,662	23,026	-29,526	34,442	2,411
Net financials	78,035	107,989	135,518	-10,496	31,128
Net profit/loss for the year	-86,951	125,589	109,382	16,571	29,836
Balance sheet					
Balance sheet total	992,651	929,443	444,433	243,987	208,784
Equity	459,861	594,056	190,574	81,572	90,975
Ratios					
Return on assets	-19.6%	2.5%	-6.5%	14.8%	1.2%
Solvency ratio	46.3%	63.9%	42.9%	33.4%	43.6%
Return on equity	-16.5%	32.0%	80.4%	19.2%	27.1%

Management's Review

Key activities

The main purpose of the Company is to function as a holding company and directly or indirectly (i) to own and administrate properties, (ii) to run investments companies through purchase, sales and be in possession of group enterprises or shares, as well (iii) other companies which is related thereto after the Executive Boards assessments. The Company's purpose is also to allocate funds to charitable or other related charitable purposes. In addition, the Company can make passive investments. The Company also has the purpose to carry out consultancy work and other business assistance.

Development in the year

The Management's Review is concerning the entire TBL Holding ApS Group ("TBL Group"). As NREP A/S is by far the largest subsidiary and sub-group ("NREP") within TBL Group the Management Review primarily address matters regarding NREP.

The income statement of the Group for 2021 shows a loss of DKK 86,950k and at 31 December 2021 the balance sheet of the Group shows equity of DKK 459,862k. The reason for the loss in TBL Group compared to the profit in NREP can primarily be explained by GAAP differences. NREP measure investments in associates and other investments at fair value. TBL Group measure investments in associates at the equity value and other investments at cost.

In many ways 2021 has been a very eventful year for NREP with a number of major milestones achieved. Below are some of the main activities in 2021 in terms of organization, fund raising and larger deals & partner-hips:

• February: NREP launches '2150', a dedicated venture capital fund, to further accelerate a sustainable transition of the built environment
• March: NREP has raised EUR 900 million for its new, semi open-ended fund to invest long-term in middle-income residen-tials, modern logistics facilities and social infrastructure
• May: NREP takes over the management and development of Dades' portfolio, in total 1.1 million sqm worth DKK 25 billion
• May: NREP hires the departing Mayor of Helsinki as Senior Advisor for Urban Development
• June: NREP expands its modern real estate strategies to Poland
• August: NREP appoints tech executive Celia Francis to Board of Directors
• October: Together with Novo Holdings and Industriens Pension NREP acquires part of The Railway District to create one of the world's healthiest urban villages
• October: NREP leading the race to net zero with pledge to fully decarbonize real estate portfolio by 2028
• November: NREP acquires leading German real estate credit specialist business 'Flins Capital Partners'. The agreement adds EUR 1bn to NREP's assets under management
• December: NREP strengthens leadership with new partner promotions, Didde Maria Kristensen and Alfred Eklöf, and addition of Jens Stender (from Egon Zehnder), as new Partner, member of Executive Management and Head of Global Growth

In 2021, 205 new employees joined NREP bringing the total number of employees at end of 2021 to 472,

Management's Review

equivalent to 385 FTE.

The past year and follow-up on development expectations from last year

2021, was characterized by a lot of new investments for NREP as fund raises and the fund management agreement with Dades which provided a positive impact to the result.

Management considers the financial result in line with expectation. Managements fees and other income increased by 20% (DKK 105 million) which is higher than the expected 10-15%. This is mainly due to new funds raised and funds committed investments ended higher than expected.

In 2021, NREP welcomed 205 new employees. The number of employees increased with 43% which is higher than the expected 25-40%. Focus has been recruitment of high-level professionals, hereunder focus on investment teams locally as well as the continued build-up and competency-enhancement of corporate functions to enable the strong growth of NREP and strengthening of NREP Systems.

Targets and expectations for the year ahead

Management expects a higher level of activity during 2022.

Due to continued divestment of assets in smaller existing funds, some fees will be reduced. However, with the full effect of fees from NSF IV and NIP, combined with additional new fund raises and the fund management agreement with Dades (see further under Subsequent events) income in 2022 is expected to be more than 25% higher than 2021. Additional new fund products are being considered; however, they are likely to launch in late 2022 or beginning of 2023 and will therefore have limited impact on the 2022 results.

Costs are expected to continue to increase, as NREP is continuing building its organization and will seek to increase number of employees in a range of 30-40%. Furthermore, investments in new platforms will continue to outpace the revenue stream from these new activities, as expected, until these platforms result in large bases of new assets, which will happen from the ongoing development projects in NSF IV.

Hence, the result for the coming year is expected to be higher than in 2021 and in line with the longer-term strategic plans. Management fee and other income are expected to increase in the range of 65-70% in 2022.

Management's Review

Market risks

Management fees received from funds are primarily based on the committed or deployed capital. In Management's assessment, the risk profile of the NREP Group is normal for this Market.

The value assessments of properties, held directly or indirectly through equity investments, are inherently subject to some degree of uncertainty. In order to limit the risk, as much as possible, all relevant properties have been assessed by external valuers, who are external parties independent of the company.

Foreign exchange risks

The Group primarily receives management fees in EUR, whereas the Group's expenses are distributed between DKK, SEK, NOK, PLN, GBP and EUR. This implies a risk in respect of exchange fluctuation of which the main part is however covered for operating purposes by matching income and expenses in the same currency. NREP has a dedicated Treasury function which focus on treasury related risk areas.

Interest rate risks

The Group and affiliated companies have little exposure to interest rate risk as external financing is limited to a working capital facility and a mortgage loan.

The Group might be indirectly exposed to interest rate risk through the Funds' performance. Funds have a dedicated policy for their own interest rate risk exposures.

Development activities

During 2021 investments of DKK 7 million were made in development activities. Development projects include investments in a number of new platforms as well as specific joint ventures with the aim to support the long-term strategy and focus areas of NREP.

Management's Review

External environment

NREP considers effective environmental risk management and sustainability a prerequisite to operate, but it also sees it as an integrated part of ensuring and improving the long-term value of its investments. Effective environmental management not only mitigates potential future risks and liabilities but is also an opportunity to directly improve both net operating income, capital requirements and residual value.

NREP is committed to establish sustainable relationships with the local stakeholders impacted by the businesses to ensure mutual respect and understanding, active partnership and a long-term sustainable commitment. Well beyond mere regulatory compliance, NREP's ambition is to have a positive impact on the local communities in which we invest.

NREP explicitly includes sustainability as a key com-ponent in its investment policy and investment decision-making.

Statement of corporate social responsibility

Environmental conditions

TBL Holding ApS is a holding company with only investments. The statement of corporate social responsibility for the TBL Group is based on the reporting from NREP Group. NREP Group has a policy to take a pioneering role in solving global and local sustainability challenges related to real estate. NREP Group want to develop better real estate products that enable:

Citizens to live in environmentally sound and healthy houses at all stages of their life. Businesses to run their businesses sustainably by offering environmentally sound and healthy buildings. Environmentally sound and healthy urban development for a prosperous society.

NREP Group`s policies on environmental, social sustainability and health & safety articulate the NREP Group's strategic commitment to build a prosperous future and are an integral part of NREP Group's approach to risk management and value creation.

While buildings and development provide countless benefits to society, they also have significant environmental impacts. For example, approximately 40 % of the total energy, use in the society, can be allocated to the operation of buildings and roughly 40% of global raw material are used in buildings. With nature and natural systems as models to learn, NREP Group focus on effective energy use, on reusing and recycling resources with greater effectiveness, on advancing natural energy flows and on emphasizing co-existence with nature.

NREP Group translate the policy into action by striving to ensure that NREP Group´s assets undergo environmental improvement during the ownership. This also include sustainability assessments in the due diligence process and developing a plan for improvement. In developments and new constructions, the company constantly strive to leap-frog and transform existing practices and processes for better environmental outcomes and to pursue opportunities for increasing provision of natural energy. Risk management related to sustainability is an integrated part of the policy and in all parts of the processes.

NREP Group`s activities are exposed to various environmental risks including, but not limited to, physical climate risk and transition risk. Physical risks being storms, floods, heavy rain which are some of the most common physical risks in the Nordics. Transition risks are business-related risks that follow societal and economic shifts toward a low-carbon and more climate-friendly future. These risks can include policy and regulatory risks, technological risks, market risks, reputational risks, and legal risks.

NREP Group`s efforts to contribute to combatting climate change by reducing embodied and operational carbon footprint are highly aligned with NREP Group's efforts to mitigate such climate change risks.

NREP Group aspires to achieve a net-zero carbon portfolio by 2028 and we are using several techniques to get there, both during and after the construction phase, for example: design/build properties to reduce embodied emissions, design/retrofit to reduce in-use energy intensity, increase on-site and off-site renewables and procure energy from renewable sources.

During 2021, NREP Group also stepped up the ambition level and pace of the roof top solar program and installed the largest rooftop solar plant in the Nordics. Therefore, NREP Group is well on track to reach the cumulative goal of 30 MW by 2025.

For 2021, NREP Group results and progress of the Environmental conditions are considered satisfactory. In the future, NREP Group expect continuous to focus on this area and the ambition is to drive net CO_2 emissions to zero already by 2028. NREP Group is committed to take a leading role in the green transition.

Social and personnel conditions

In order to achieve the NREP Group's long-term objectives and deliver on its purpose, NREP Group policy is to build a team of different complementary personalities, skills and backgrounds, that work together in a culture where NREP Group value the differences. NREP Group seeks a working environment that enables everyone to unleash their full potential and, at the same time, be treated fairly, equally and respectfully.

NREP Group translate the policy into action by enforcing a non-discriminatory and fair treatment as a natural principle and value that permeates all business activities. NREP Group has since inception diligently focused on building a working environment and culture that is characterized by caring, equality, diversity and respect, and that is free from oppression, discrimination, harassment and bullying.

NREP is committed to ensure compliance with local labor legislations and requirements in countries of operation. Employee satisfaction is measured on a continuously basis, on several KPI`s, including, but not limited to: Leadership, Job satisfaction, Personal development, Commitment, Handling of Covid-19.

The built environment has a profound impact on human health and wellbeing, both physically, mentally and socially. By especially focusing on human-centric design, healthy materials, and smart integration and co-existence with nature, NREP Group aspire to create healthy, supportive, beautiful and diverse communities and environments.

NREP Group seeks the best possible outcome with the stakeholders and is committed to establishing sustainable relationships to ensure social sustainability of its assets and any development projects. NREP Group recognizes that, at every stage of development and operation potential, negative effects may occur due to lack of communication and stakeholder engagement. In the short and long terms, good management of communication and relationship with local stakeholders is essential to the business success of the developments and standing assets with potential impacts on local stakeholders.

NREP Group`s activities are exposed to various social and personnel risks including, but not limited to social risk and health and wellbeing. NREP Group is assessing this risk along with several of other risks, as an integral part of NREP Group's process from lead stage and initial screenings through to Due Diligence and eventually Investment Committee. The risk assessments flags identified or potential risks that either requires further investigation or requires a next level screening to de-select the opportunity. Identified risks are, in subsequent steps, investigated in more detail to understand if they can be managed/mitigated in a way that meets NREP Group's underwriting and ESG requirements. Throughout 2021, NREP Group has informed all employees of NREP Groups's Work Environment and Diversity policy at time of onboarding and annually, in order to ensure that NREP Group meets it's legal obligations as well as its moral obligations within the areas of equal treatment.

During 2021, NREP Group has completed or are in the process of completing several thousand residential units of addressing student housing, community-based living, mixed generation communities, senior housing, care homes or rental apartments catering to people, at or below median income, as part of NREP Group's journey to address societal challenges.

For 2021, NREP Group's results and progress for Social and personnel conditions is considered satisfactory. NREP Group expect to continuous focus on this area in the future.

Respect for human rights

NREP Group does not tolerate slavery or human trafficking within its business or supply chains. NREP Group has implemented an Anti-trafficking and slavery Policy and applies this policy to all employees, temporary workers, contract workers and third parties acting on the NREP Group's behalf.

NREP Group takes the policy into action by informing employees on the time on onboarding and annually, in order to ensure awareness of the topic of slavery and human trafficking and ensure that NREP Group meets both its legal obligations as well as its moral obligations. All new suppliers or partners must provide assurance that they do not engage in slavery or human trafficking.

The provisions of this policy are subject to compliance with applicable legal requirements in the NREP Group´s countries of operation.

Management's Review

NREP Group`s activities are exposed to various human rights risks including, but not limited to reputational risk of noncompliance.

As a minimum, NREP Group will meet all local requirements (including but not limited to requirements regarding local community consultation), assess risks and opportunities as part of due diligence and, in addition, proactively engage with relevant local stakeholders to mitigate risks where potential risks are identified.

NREP Group communicates the policy to employees, suppliers, and contractors to inspire, motivate, create awareness and to actively invite for broad participation. NREP Group presents the policy to all onboarding employees and annually to the rest of NREP Group, in order to ensure awareness of the topic of slavery and human trafficking and ensure that NREP Group meets both its legal obligations as well as its moral obligations. For 2021, NREP Group's results and progress for respect for human rights is considered satisfactory. In the future, NREP Group will continue focus on this area.

Anti-corruption and bribery

NREP Group is committed to conducting all of its business operations in an honest, fair, transparent and ethical manner. Corruption inhibits economic growth and affects business operations, employment and investments. In order to avoid the negative consequences of corruption, the NREP Group has implemented an Anti-Bribery and Corruption Policy, prohibiting any form of corruption and bribery in connection with its business activities.

The Risk and Compliance Committee monitor the implementation of this policy and coordinate periodic training on this policy for the NREP Group's employees.

NREP Group`s activities are exposed to various anti-corruption and bribery risks including, but not limited to reputational risk and risk of noncompliance.

NREP Group will, as a minimum meet, all local requirements (including but not limited to requirements regarding local community consultation), will assess risks and opportunities as part of due diligence and will proactively engage with relevant local stakeholders, where potential risks are identified, to mitigate risks.

NREP Group communicates its policy to employees, suppliers, and contractors to inspire, motivate, create awareness and to actively invite for broad participation.

In 2021, NREP Group informed all employees of this policy at time of onboarding and annually. For 2021, NREP Group's results and progress for Anti-corruption and bribery is considered satisfactory. NREP Group will continue to focus on this area in the future.

Data ethics

NREP Group assess that data ethics is data security, it`s the right to privacy for NREP Group's employees and it`s the organization`s methods of archiving and documentation.

Management’s Review

NREP Group has developed an Information Security Policy, Privacy Policy and Documentation Policy which all covers the subject data ethics.

NREP Group`s Information Security Policy covers topics like PC`s, mobile devices, asset management, access management, encryption, physical security and environmental security, operational security, communication security, acquisition, development and maintenance of systems, supplier relations, information security incident management, information security aspects of emergency, contingency and recovery management and compliance

NREP Group`s Privacy Policy covers data gathered before employment, during employment, master data, personal data concerning health, data about next of kin, reprimands, warnings, data about control measures, use of photos, severance service, sources, storage and erasure, other recipients who may process personal data, transfer of personal data to third countries, employee rights, filing of complaints with the national data protection agency, archiving and documentation.

NREP Group`s Documentation Policy covers duties and responsibilities, preservation of information, format of recording, archiving and documentation.

All of these policies are an integral part of NREP Group`s work to secure compliance with applicable laws and regulation in general. This includes setting up internal controls and making sure NREP Group has sufficient competencies in place by providing training to relevant functions.

Management's Review

Statement on gender composition

NREP Group is committed to encourage a working environment that promotes equality and diversity by providing equal opportunity for employment, training, advancement and development.

NREP Group has developed a Work Environment and Diversity Policy, in order to promote equality and diversity and is committed to never discriminate employment or remuneration because of race, color, religion, sex, political opinion, national extraction, social origin or any other attribute which bears no relation to the job performed.

NREP Group has a target of minimum 33% of the under-represented gender to be represented on all levels. As end 2021, NREP Group has the following status on gender composition of management:

Senior management body:

• Board of Directors consists of four men and one woman

In 2021 a woman was elected to the Board of Directors. NREP Group's target has not been reached yet but will focus on reaching the target within the next 3 years.

Other levels of management:

• Executive Management Team consists of four men and no women
• Operations Management Team consists of four men and five women

In one of the two other levels of management in NREP Group has equal distribution of men and women.

In the parent company the Executive Management consists of two men and no women

In order to increase the percentage of the under-represented gender, NREP Group has implemented different initiatives. For example, NREP Group has set a goal that at least 40% of all new hires on an annual basis, should consist of the underrepresented gender. A goal that was fulfilled in 2021. NREP Group's actions includes requirements to external recruiters, internal team leaders etc. to increase diversity.

Subsequent events

January 2022:

In January, NREP completed the planned first close in NSF V at EUR 1 billion. It is the largest first close of a fund ever in NREP's history and the final is expected to happen before year-end 2022. NSF V continues NREP's value-add approach within its key strategies, investing in the Nordics and Northern Europe.

NREP raises EUR 608 million in additional funding for NIP, the open-ended core plus fund. The second closing has grown the fund by 50%, taking the total funds raised to EUR 1.6 billion, with two thirds of commitments comprising top-ups from existing investors, with the remainder from new institutions.

Internally, NREP launched a new vision to become a global thought leader of urban ecosystems. Building on the company's solid experience and track record in real estate, the vision entails a wider investment focus on the 'urban stack' through new, adjacent product lines. With Technology and Credit live already, Urban Infrastructure is now being explored.

Management's Review

February 2022:

The Russian invasion of Ukraine has been a devastating event and foremost a major human tragedy. NREP is committed to provide humanitarian aid to the people of Ukraine. NREP has donated EUR 1 million to relief efforts as a company (not from funds, as well as EUR 25 thousand of additional support to UNICEF, PAH and Hellebro through NREP's internal employee fundraising where NREP matched the employee donations. NREP has additionally provided storage facilities for UNICEF in Poland, housing for refugees in our UMEUS site in Denmark, and have opened a volunteer job option support for our employees.

To date, the war has had a very limited direct business impact on NREP. NREP does not have any business in Russia, Belarus or Ukraine. NREP do not do business with counterparties on sanctions list: NREP routinely check the background of NREP's new counterparties and take active measure if our current counterparties are added to the sanctions list.

The greatest impact from the war so far has been the rapid construction cost inflation across a broad range of building materials and energy where Russia has been a major supplier. Our preliminary estimate is approximately 10% increase in overall construction costs at the moment, however with differences by country and uncertainty on the outlook. NREP are carefully analyzing the cost development. Based on analysis of our committed development projects, NREP do not expect major delays or direct losses from increased construction costs. NREP has started the work to increase the capital buffers to further mitigate the risk. NREP has also taking a more cautious approach to new development projects, especially given the situation where contractors are hesitant to commit to fixed-price turnkey contracts.

In Poland, NREP's core country closest to the conflict, the investment activity remains strong. NREP has seen no indication of yield softening in our key segments Living and Logistics, and NREP are seeing a trend of robust rent increases taking effect. Polish development projects are facing similar construction material cost increases to other markets, potentially delaying mainly new project starts. Compared to NREP's Nordic markets, the Polish construction market has a substantial share of Ukrainian workers. However, NREP expects no major delay risks associated with this as to date only approximately 10% have left the country since the war started.

While NREP anticipate the war in Ukraine to have a moderate impact on our investment activity during 2022 (mainly affecting development projects), NREP are expecting a larger effect from the increasing interest rates. NREP see the higher interest rates, combined with the high real estate asset valuation, to result in lower loan-to-cost (LTC) and loan-to-value (LTV) levels provided by the banks, thus reducing the return potential for new investments currently. In this market environment, NREP's focus is on securing successful exits for the current investments in the exit pipeline as well as carefully managing the financing risk for new commitments. Overall, NREP are expecting a slower pace of capital deployment in the coming months due to increasing interest rates and cost inflation.

Further, in February, Heather Mulahasani joined NREP (from Goldman Sachs) as Partner to explore adjacent infrastructure investment opportunities.

April 2022:

In April Jens Stender joined NREP as Partner to drive international growth agenda.

Income Statement 1 January - 31 December

	Note	Group 2021 TDKK	Group 2020 TDKK	Parent Company 2021 TDKK	Parent Company 2020 TDKK
Revenue		**630,588**	**525,303**	**0**	**0**
Other operating income		210	244	210	244
Other external expenses		-298,804	-165,973	-2,855	-1,068
Gross profit/loss		**331,994**	**359,574**	**-2,645**	**-824**
Staff expenses	1	-502,748	-320,293	-1,513	-1,133
Depreciation, amrtisation and impairment of intangible assets and property, plant and equipment		-23,698	-16,011	0	0
Profit/loss before financial income and expenses		**-194,452**	**23,270**	**-4,158**	**-1,957**
Income from investments in subsidiares		0	0	0	14,253
Income from investments in associates		28,848	121,522	7,558	57,959
Financial income	2	76,163	36,606	48,502	3,467
Financial expenses	3	-26,976	-50,139	-5,956	-12,592
Profit/loss before tax		**-116,417**	**131,259**	**45,946**	**61,130**
Tax on profit/loss for the year	4	29,466	-5,670	0	0
Net profit/loss for the year		**-86,951**	**125,589**	**45,946**	**61,130**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Software		0	318	0	0
Other intangible assets		7,226	0	0	0
Development projects in progress		6,913	7,090	0	0
Intangible assets	5	**14,139**	**7,408**	**0**	**0**
Land and buildings		1,185	1,210	0	0
Other fixtures and fittings, tools and equipment		6,344	5,397	0	0
Leasehold improvements		5,090	5,161	0	0
Right-of-use-assets		49,363	48,376	0	0
Tangible assets	6	**61,982**	**60,144**	**0**	**0**
Investments in subsidiaries	7	0	0	1,948	2,038
Investments in associates	8	274,489	52,757	5,006	9,656
Receivables from group enterprises	9	0	0	0	187
Receivables from associates	9	16,569	1,691	4,750	1,691
Other fixed asset investments	9	113,145	112,846	42,580	33,587
Other receivables	9	31,495	17,723	30,203	9,234
		435,698	**185,017**	**84,487**	**56,393**
Fixed assets		**511,819**	**252,569**	**84,487**	**56,393**
Trade receivables		182,129	65,761	127	179
Receivables from group enterprises		0	0	13,751	14,498
Receivables from associates		3,180	17,664	3,330	3,961
Other receivables		58,776	49,319	1,639	6,405
Deferred tax asset	12	33,872	2,798	0	0
Corporation tax		0	153	913	153
Prepayments	10	16,831	4,603	0	0
Receivables		**294,788**	**140,298**	**19,760**	**25,196**
Cash at bank and in hand		**186,044**	**536,576**	**13,760**	**31,061**
Currents assets		**480,832**	**676,874**	**33,520**	**56,257**
Assets		**992,651**	**929,443**	**118,007**	**112,650**

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Share capital		150	150	150	150
Retained earnings		192,919	243,801	67,676	21,730
Proposed dividend for the year		0	50,000	0	50,000
Equity attributable to shareholders of the Parent Company		**193,069**	**293,951**	**67,826**	**71,880**
Minority interests		266,792	300,105	0	0
Equity		**459,861**	**594,056**	**67,826**	**71,880**
Other provisions	13	51,424	19,132	0	0
Provisions		**51,424**	**19,132**	**0**	**0**
Lease obligations		30,991	36,177	0	0
Payables to associates		48,060	38,241	48,060	38,241
Other payables		1,808	16,056	1,697	1,723
Long-term debt	14	**80,859**	**90,474**	**49,757**	**39,964**
Other credit institutions		51,050	44,873	0	12
Lease obligation	14	19,327	12,820	0	0
Trade payables		80,575	43,189	130	122
Corporation tax		2,551	0	0	0
Other payables	14	245,600	124,899	294	672
Deferred income	15	1,404	0	0	0
Short-term debt		**400,507**	**225,781**	**424**	**806**
Debt		**481,366**	**316,255**	**50,181**	**40,770**
Liabilities and equity		**992,651**	**929,443**	**118,007**	**112,650**

Distribution of profit	11
Contingent assets, liabilities and other financial obligations	18
Related parties	19
Accounting Policies	20

Statement of Changes in Equity

Group

	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
2021						
Equity at 1 January	150	243,801	50,000	293,951	300,105	594,056
Exchange adjustments	0	-3,047	0	-3,047	0	-3,047
Ordinary dividend paid	0	0	-50,000	-50,000	0	-50,000
Other equity movements	0	-4,293	0	-4,293	10,096	5,803
Net profit/loss for the year	0	-43,542	0	-43,542	-43,409	-86,951
Equity at 31 December	**150**	**192,919**	**0**	**193,069**	**266,792**	**459,861**

Group

	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
2020						
Equity 1. January	150	142,261	0	142,411	48,162	190,573
Exchange adjustments	0	3,388	0	3,388	0	3,388
Cash capital increase	0	156,303	0	156,303	235,328	391,631
Ordinary dividend paid	0	0	0	0	-16,078	-16,078
Extraordinary dividend paid	0	-110,000	0	-110,000	0	-110,000
Other equity movements	0	8,953	0	8,953	0	8,953
Net profit/loss for the year	0	42,896	50,000	92,896	32,693	125,589
Equity at 31 December	**150**	**243,801**	**50,000**	**293,951**	**300,105**	**594,056**

Statement of Changes in Equity

Parent Company

	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
2021						
Equity at 1 January	150	21,730	50,000	71,880	0	71,880
Ordinary dividend paid	0	0	-50,000	-50,000	0	-50,000
Net profit/loss for the year	0	45,946	0	45,946	0	45,946
Equity at 31 December	**150**	**67,676**	**0**	**67,826**	**0**	**67,826**

Parent Company

	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
2020						
Equity 1. January	150	120,600	0	120,750	0	120,750
Extraordinary dividend paid	0	-110,000	0	-110,000	0	-110,000
Net profit/loss for the year	0	11,130	50,000	61,130	0	61,130
Equity at 31 December	**150**	**21,730**	**50,000**	**71,880**	**0**	**71,880**

Cash Flow Statement 1 January - 31 December

	Note	Group 2021 TDKK	Group 2020 TDKK
Net profit/loss for the year		-86,951	125,589
Adjustments	16	-83,803	-90,023
Change in working capital	17	24,306	42,898
Cash flows from operating activities before financial income and expenses		**-146,448**	**78,464**
Financial income		51,141	36,354
Financial expenses		-22,041	-8,727
Cash flows from ordinary activities		**-117,348**	**106,091**
Corporation tax paid		0	7,964
Cash flows from operating activities		**-117,348**	**114,055**
Purchase of intangible assets		-8,866	-512
Purchase of property, plant and equipment		-6,454	-1,649
Purchase of investments in associates		-208,925	-11,656
Purchase of other non-current financial assets etc.		-25,533	-84,690
Sale of other non-current financial assets etc.		0	1,786
Disposals of associates and other non-current investments		20,861	0
Dividends received from associates and other investments		53,922	124,271
Cash flows from investing activities		**-174,995**	**27,550**
Repayment of loans from credit institutions		0	-2,866
Repayment of principal portion of lease liabilities		-20,891	-13,223
Raising of loans from credit institutions		6,177	0
Raising of loans from associates		10,213	10,914
Share based payment expense		0	1,602
Cash capital increase		0	391,631
Other equity entries		-1,204	-14,253
Dividend paid to shareholders		-50,000	-110,000
Dividend paid to Non-controlling interests		0	-16,078
Cash flows from financing activities		**-55,705**	**247,727**
Change in cash and cash equivalents		**-348,048**	**389,332**
Cash and cash equivalents at 1 January		536,576	146,734
Exchange adjustments of cash and cash equivalents		-2,484	510
Cash and cash equivalents at 31 December		**186,044**	**536,576**

Cash Flow Statement 1 January - 31 December

	Note	2021	2020
		TDKK	TDKK
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		186,044	536,576
Cash and cash equivalents at 31 December		**186,044**	**536,576**

Notes to the Financial Statements

		Group		Parent Company	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
1	**Staff expenses**				
	Wages and salaries	398,722	247,617	1,375	1,009
	Pensions	36,996	20,386	133	119
	Other social security expenses	27,498	15,659	5	5
	Other staff expenses	39,532	36,631	0	0
		502,748	**320,293**	**1,513**	**1,133**
	Average number of employees	**386**	**230**	**1**	**1**
2	**Financial income**				
	Income from fixed asset investments	24,658	26,595	506	1,339
	Interest received from group enterprises	0	0	11	0
	Interest received from associates	468	0	468	0
	Other financial income	50,673	9,759	47,153	2,068
	Exchange adjustments	364	252	364	60
		76,163	**36,606**	**48,502**	**3,467**
3	**Financial expenses**				
	Write down of investments and other fixed assets investments	4,650	33,334	4,715	11,073
	Interest paid to associates	892	629	892	629
	Other financial expenses	21,149	11,751	64	523
	Exchange adjustments	285	4,425	285	367
		26,976	**50,139**	**5,956**	**12,592**
4	**Tax on profit/loss for the year**				
	Current tax for the year	1,608	5,670	0	0
	Deferred tax for the year	-31,074	0	0	0
		-29,466	**5,670**	**0**	**0**

Notes to the Financial Statements

5 Intangible assets

Group

	Software	Other intangible assets	Development projects in progress
	TDKK	TDKK	TDKK
Cost at 1 January	20,298	0	11,088
Exchange adjustment	0	0	10
Additions for the year	0	1,953	6,913
Disposals for the year	-16,563	0	0
Transfers for the year	0	11,098	-11,098
Cost at 31 December	3,735	13,051	6,913
Impairment losses and amortisation at 1 January	19,980	0	3,999
Exchange adjustment	0	0	12
Amortisation for the year	318	1,814	0
Reversal of impairment and amortisation of sold assets	-16,563	0	0
Transfers for the year	0	4,011	-4,011
Impairment losses and amortisation at 31 December	3,735	5,825	0
Carrying amount at 31 December	**0**	**7,226**	**6,913**

Development projects in progress holds capitalized costs related to set up of the new serviced living hotel business and the new student residences business. The costs occurred consists of legal, marketing and ITC costs in connection with the set-up and development of the new businesses. Software assets and impairment losses in prior years relate to accounting system still in use.

Notes to the Financial Statements

6 Tangible assets

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Right-of-use-assets
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	1,250	12,090	8,081	71,653
Exchange adjustment	0	42	0	-585
Additions for the year	0	2,608	3,846	20,881
Disposals for the year	0	-2,277	-2,816	-749
Transfers for the year	0	1,265	-1,265	0
Cost at 31 December	1,250	13,728	7,846	91,200
Impairment losses and depreciation at 1 January	40	6,691	2,920	23,277
Exchange adjustment	0	-1,296	1,296	-163
Net effect from merger and acquisition	0	1,094	159	0
Impairment losses for the year	0	0	0	-700
Depreciation for the year	25	2,570	1,197	19,423
Reversal of impairment and depreciation of sold assets	0	-1,751	-2,816	0
Transfers for the year	0	76	0	0
Impairment losses and depreciation at 31 December	65	7,384	2,756	41,837
Carrying amount at 31 December	**1,185**	**6,344**	**5,090**	**49,363**

Notes to the Financial Statements

		Parent Company	
		2021	2020
		TDKK	TDKK
7	**Investments in subsidiaries**		
	Cost at 1 January	2,038	2,208
	Additions for the year	0	15,332
	Disposals for the year	-90	-15,502
	Carrying amount at 31 December	**1,948**	**2,038**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
NREP A/S	Denmark	DKK 1,359,094	43%	712,985,000	82,148,000
Nordic Investment Opportunities Holding ApS	Denmark	DKK 50,001	57%	5,267,660	-100,345
NBL Invest ApS	Denmark	DKK 40,000	100%	-8,061	-16,664
NREP-TF ApS	Denmark	DKK 40,000	79%	-584,975	-394,080

Notes to the Financial Statements

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
8 Investments in associates				
Cost at 1 January	77,975	63,903	28,216	10,691
Exchange adjustment	-394	228	0	0
Other Adjustments	6,340	-1,353	0	11,782
Additions for the year	208,925	17,995	0	5,806
Disposals for the year	-4,228	-63	0	-63
Transfers for the year	-20	-2,736	0	0
Cost at 31 December	288,598	77,974	28,216	28,216
Revaluations at 1 January	-25,217	-36,327	-18,560	-2,835
Disposals for the year	2,814	0	0	0
Exchange adjustment	0	150	0	0
Net profit/loss for the year	28,849	121,521	0	0
Dividend to the Group	-29,770	-117,111	0	0
Impairment	0	0	-4,650	-3,900
Other Adjustments	9,215	6,550	0	-11,825
Revaluations at 31 December	-14,109	-25,217	-23,210	-18,560
Carrying amount at 31 December	**274,489**	**52,757**	**5,006**	**9,656**

Notes to the Financial Statements

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
NREP Investco 7 AB (2020)	Stockholm, Sweden	EUR 12.500	46%	61,747	-31,917
NREP Investco 22 AB (2020)	Stockholm, Sweden	SEK 100.000	20%	5,916,000	5,244,000
NREP NSF Investments S.à.r.l.	Luxembourg, Luxembourg	EUR 60.000	27%	0	0
NREP Retail III Investco 82 AB (2020)	Stockholm, Sweden	EUR 13.000	25%	120,312	-52,400
NREP Invest Co 4 AB (2020)	Stockholm, Sweden	EUR 6.500	20%	84,616	-9,247
NREP Invest Co 18 AB (2020)	Stockholm, Sweden	EUR 13.000	23%	8,287,110	2,373,626
NREP Invest Co 27 AB (2020)	Stockholm, Sweden	EUR 12.500	26%	4,714,341	1,520,008
Dinos Legeland Holding ApS	Rudersdal, Denmark	DKK 88.889	28%	21,194,790	5,986,268
KulPå ApS	København, Denmark	DKK 1.000.000	33%	2,667,223	549,058
NIO CIV I GP ApS	København, Denmark	EUR 5.354	33%	14,484	5,059

All foreign associates are recognised and measured as separate entities.
The majority of the Swedish ABs has not filed the Annual Report as per the date of the Annual Report. Therefore 2020 figures are used, as these are the most recent figures for the companies.

Notes to the Financial Statements

9 Other fixed assets

	Group			Parent Company			
	Receivables from asso-ciates	Other fixed asset investments	Other receiv-ables	Receivables from group enterprises	Receivables from asso-ciates	Other fixed asset investments	Other receiv-ables
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	1,690	156,664	17,722	187	1,691	50,915	9,234
Exchange adjustments	0	-1,243	0	0	0	356	0
Additions for the year	14,879	25,313	23,283	0	3,059	9,734	22,906
Disposals for the year	0	-30,915	-9,510	-187	0	-5,826	-1,937
Transfers for the year	0	-221	0	0	0	0	0
Cost at 31 December	16,569	149,598	31,495	0	4,750	55,179	30,203
Impairment losses at 1 January	0	43,816	0	0	0	17,328	0
Exchange adjustment	0	3	0	0	0	356	0
Impairment losses for the year	0	-2,163	0	0	0	118	0
Disposals for the year	0	41,256	0	0	0	41,256	0
Fair value adjustments on listed investments	0	-46,459	0	0	0	-46,459	0
Impairment losses at 31 December	0	36,453	0	0	0	12,599	0
Carrying amount at 31 December	**16,569**	**113,145**	**31,495**	**0**	**4,750**	**42,580**	**30,203**

Notes to the Financial Statements

10 Prepayments

The prepayments relate to consultancy fee in for the funding of NREP Group managed funds.

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
11 Distribution of profit				
Extraordinary dividend paid	0	110,000	0	110,000
Proposed dividend for the year	0	50,000	0	50,000
Minority interests' share of net profit/loss of subsidiaries	-43,409	32,693	0	0
Retained earnings	-43,542	-67,104	45,946	-98,870
	-86,951	**125,589**	**45,946**	**61,130**

12 Deferred tax asset

Deferred tax asset at 1 January	2,798	0	0	0
Amounts recognised in the income statement for the year	31,074	0	0	0
Amounts recognised in equity for the year	0	2,798	0	0
Deferred tax asset at 31 December	**33,872**	**2,798**	**0**	**0**

The recognized tax asset consists of tax losses carried forward, which are expected to be utilized within the next 3-4 years.

13 Other provisions

We have since December 2020 been in a dispute with the tax Authorities in Sweden concerning VAT treatment and have in early 2022 received a ruling concerning 2018 and 2019. The ruling was in line with our expectations and provision. The remaining provision for VAT treatment is related to reverse charge and VAT leakage concerning our management fee.

Other provisions	51,424	19,132	0	0
	51,424	**19,132**	**0**	**0**

Notes to the Financial Statements

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Lease obligations				
Between 1 and 5 years	30,991	36,177	0	0
Long-term part	30,991	36,177	0	0
Within 1 year	19,327	12,820	0	0
	50,318	**48,997**	**0**	**0**
Payables to associates				
After 5 years	48,060	38,241	48,060	38,241
Long-term part	48,060	38,241	48,060	38,241
Within 1 year	0	0	0	0
	48,060	**38,241**	**48,060**	**38,241**
Other payables				
After 5 years	1,697	1,723	1,697	1,723
Between 1 and 5 years	111	14,333	0	0
Long-term part	1,808	16,056	1,697	1,723
Other short-term payables	245,600	124,897	294	672
	247,408	**140,953**	**1,991**	**2,395**

15 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Notes to the Financial Statements

	Group 2021 TDKK	Group 2020 TDKK
16 Cash flow statement - adjustments		
Financial income	-76,163	-36,606
Financial expenses	26,976	50,139
Depreciation, amortisation and impairment losses, including losses and gains on sales	23,698	16,011
Income from investments in associates	-28,848	-121,522
Tax on profit/loss for the year	-29,466	5,670
Other adjustments	0	-3,715
	-83,803	**-90,023**

17 Cash flow statement - change in working capital

	2021 TDKK	2020 TDKK
Change in receivables	-151,825	-38,678
Change in other provisions	32,292	19,132
Change in trade payables, etc.	143,839	62,444
	24,306	**42,898**

Notes to the Financial Statements

18 Contingent assets, liabilities and other financial obligations

Contingent liabilities

Parent

The Company has provided an unlimited solidarity gurantee to the associated Company, KulPå ApS.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. se the Company’s liability.

The Company has issued a claw-back guarantee for the carried interest paid from the NREP managed funds, which have not been closed.

The Company have entered into binding commitments to add futher capital USD 240k (DKK 1,584k) to the Company's investment in West Street Capital Partners (Goldman Sachs) and USD 154k (DKK 1,147k) according to investment agreements.

Group

The Group companies are jointly and separately liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of TBL Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

The Group has entered into binding commitments to invest further EUR 7m into NREP Income+ Fund.

The Group has issued a claw-back guarantee for the carried interest paid from the NREP managed funds, which have not been closed.

The Group has entered into binding commitments to invest further EUR 8,4m into 2150 Urban Tech Fund.

The Group guarantees as a surety guarantor as a party to the obligations that NREP-TF ApS assumes in accordance with the Tunnelfabrikken Consortium Agreement.

Notes to the Financial Statements

19 Related parties

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Doughnut Capital ApS, Højmarkvej 26, DK-8270 Højbjerg
Two Degrees ApS, Højmarkvej 26, DK-8270 Højbjerg

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of TBL Holding ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, TBL Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates. These are recognised in the Consolidated Financial Statement with the Parent Company's share of the net assset value of the associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company’s investments in the consolidated subsidiaries are set off against the Parent Company’s share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

20 Accounting Policies (continued)

Business combinations

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of lowvalue assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments

Notes to the Financial Statements

20 Accounting Policies (continued)

(including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that

Notes to the Financial Statements

20 Accounting Policies (continued)

the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Other external expenses

Other external expenses comprise expenses for administration.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

Dividends from subsidiaries and associates are recognised as income in the Parent income statement when adopted at the General Meeting of the associate. However, dividends relating to earnings in the associate before it was acquired by the Parent Company are set off against the cost of the associate.

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the Group income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Software investments are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Software licences are amortised over the period of the agreement, which is 10 years.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	50	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	5-20	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

20 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Investments in associates

Investments in associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount. Investments traded on an active marked are measured at fair value.

Other reveivables

Other recievables consist of long term receivables.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimi-

Notes to the Financial Statements

20 Accounting Policies (continued)

nation in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The Group reports cash flows from operating activities using the indirect method. Financial income received from joint ventures and associates etc., and financial expenses paid on loans is presented within financing activities in the cash flow statement. The acquisitions and disposals of investments are disclosed as cash flows from investing activities because this most appropriately reflects the Groups business activities.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$

Notes to the Financial Statements

20 Accounting Policies (continued)

Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$