
Euro Nordics Soborg P/S

c/o Fokus Asset Management A/S, Østbanegade 123, DK-2100
København Ø

Annual Report for 2022

CVR No. 29 40 50 69

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 3/4 2023

Tonny Nielsen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Euro Nordics Soborg P/S for the financial year 1 January - 31 December 2022.

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 at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 3 April 2023

Executive Board

Tonny Nielsen
CEO

Board of Directors

Seong Hwan Byun
Chairman

Tonny Nielsen

In Seok Heo

Independent Auditor's report

To partners of Euro Nordics Soborg P/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Euro Nordics Soborg P/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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.

Independent Auditor's report

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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 3 April 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Maj-Britt Nørskov Nannestad
State Authorised Public Accountant
mne32198

Jacob Dannefer
State Authorised Public Accountant
mne47886

Company information

The Company	<p>Euro Nordics Soborg P/S c/o Fokus Asset Management A/S Østbanegade 123 DK-2100 København Ø</p> <p>CVR No: 29 40 50 69</p> <p>Financial period: 1 January - 31 December</p> <p>Incorporated: 28 February 2006</p> <p>Financial year: 17th financial year</p> <p>Municipality of reg. office: Copenhagen</p>
Board of Directors	<p>Seong Hwan Byun, chairman Tonny Nielsen In Seok Heo</p>
Executive board	<p>Tonny Nielsen</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup</p>

Management's review

Key activities

The Company's key activity is to invest in, own, develop and administrate investment properties as well as related activities.

Development in the year

The income statement of the Company for 2022 shows a loss of DKK 73,955,799, and at 31 December 2022 the balance sheet of the Company shows positive equity of DKK 396,927,847.

Uncertainty relating to recognition and measurement

Investment properties are recognised at fair value. Fair value is determined based on discount models. Reference is made to note 3 for a sensitivity analysis of uncertainties related to the determination of fair value.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Gross profit before value adjustments		53,931,663	55,432,659
Value adjustments of assets held for investment	1	-97,565,088	-10,911,739
Gross profit/loss after value adjustments		-43,633,425	44,520,920
Financial expenses		-30,322,374	-13,349,168
Net profit/loss for the year		-73,955,799	31,171,752

Distribution of profit

	2022 DKK	2021 DKK
Proposed distribution of profit		
Proposed dividend for the year	8,500,000	40,000,000
Retained earnings	-82,455,799	-8,828,248
	-73,955,799	31,171,752

Balance sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Investment properties		1,103,976,173	1,201,541,261
Property, plant and equipment	3	1,103,976,173	1,201,541,261
Fixed assets		1,103,976,173	1,201,541,261
Receivables from group enterprises		18,579,239	12,759,239
Other receivables	4	18,568,854	80,444
Receivables		37,148,093	12,839,683
Cash at bank and in hand		25,771,362	6,363,176
Current assets		62,919,455	19,202,859
Assets		1,166,895,628	1,220,744,120

Balance sheet 31 December

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		3,000,000	3,000,000
Reserve for hedging transactions		16,612,718	0
Retained earnings		368,815,129	451,270,928
Proposed dividend for the year		8,500,000	40,000,000
Equity		396,927,847	494,270,928
 Mortgage loans		 760,000,000	 0
Long-term debt	5	760,000,000	0
 Mortgage loans	 5	 7,204,167	 721,933,330
Trade payables		1,272,092	173,880
Payables to group enterprises		130,045	126,841
Other payables		1,361,477	4,239,141
Short-term debt		9,967,781	726,473,192
 Debt		 769,967,781	 726,473,192
 Liabilities and equity		 1,166,895,628	 1,220,744,120

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Statement of changes in equity

	Share capital	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	3,000,000	0	451,270,928	40,000,000	494,270,928
Ordinary dividend paid	0	0	0	-40,000,000	-40,000,000
Other equity movements	0	16,612,718	0	0	16,612,718
Net profit/loss for the year	0	0	-82,455,799	8,500,000	-73,955,799
Equity at 31 December	3,000,000	16,612,718	368,815,129	8,500,000	396,927,847

Notes to the Financial Statements

	2022	2021
	DKK	DKK
1. Value adjustments of assets held for investment		
Value adjustments of investment properties	-97,565,088	-10,911,739
	<u>-97,565,088</u>	<u>-10,911,739</u>

	2022	2021
2. Staff		
Average number of employees	<u>0</u>	<u>0</u>

3. Assets measured at fair value

	Investment properties DKK
Cost at 1 January	943,088,308
Cost at 31 December	<u>943,088,308</u>
Value adjustments at 1 January	258,452,953
Revaluations for the year	<u>-97,565,088</u>
Value adjustments at 31 December	<u>160,887,865</u>
Carrying amount at 31 December	<u>1,103,976,173</u>

Assumptions underlying the determination of fair value of investment properties

The Company's investment properties are 100% commercial, and are located around Copenhagen.

The investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods. The value is determined on the basis of a return-based model.

The fair value of The Company's investment properties has been calculated based on the following assumptions:

Notes to the Financial Statements

	2022
The fair value of investment properties amounts to	1,103,976,173
Value adjustment, income statement	-97,565,088
Net yield	5.625%
Increase in market rent	2%
Expected idle rent in % of rental income	0%
Maintenance costs in % of rental income	2%
Administrative expenses in % of rental income	0.25%

Sensitivity in determination of fair value of investment properties

An individually determined required rate of return of 5.625% has been applied in the market value assessment at 31 December 2022.

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

Changes in	-0.5%	Base	0.5%
	DKK	DKK	DKK
Rate of return	5.125	5.625	6.125
Fair value	1,211,681,165	1,103,976,173	1,013,855,669
Change in fair value	107,704,992	0	-90,120,504

	2022	2021
	DKK	DKK
Interest rate swap	16,612,718	0
Other receivables	1,956,136	80,444
	18,568,854	80,444

The interest rate swap is a derived financial instrument from a bridge loan obtained on 18 February 2022 with a termination date of 31 January 2024.

Notes to the Financial Statements

5. 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:

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Mortgage loans		
After 5 years	0	0
Between 1 and 5 years	<u>760,000,000</u>	<u>0</u>
Long-term part	<u>760,000,000</u>	<u>0</u>
Within 1 year	<u>7,204,167</u>	<u>721,933,330</u>
	<u>767,204,167</u>	<u>721,933,330</u>

<u>2022</u>	<u>2021</u>
DKK	DKK

6. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Investment property with a carrying amount of	1,103,976,173	1,201,541,261
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Notes to the Financial Statements

7. Accounting policies

The Annual Report of Euro Nordics Soborg P/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

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.

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Income statement

Net sales

Rental income is recognised on a straight line-basis over the term of the lease.

Notes to the Financial Statements

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Direct expenses

Expenses concerning investment properties primarily include operating expenses for the year.

Other external expenses

Other external expenses comprise expenses for administration, counselling, quota as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, direct expenses and other external expenses.

Financial income and expenses

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

Balance sheet

Investment properties

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed assets comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

In Management's opinion the classification of the properties as investment properties did not cause any difficulties.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

Return-based valuation model

The fair value of investment properties has been determined at 31 December 2022 for each property by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on property budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The budgeted cash flow is divided by the estimated rate of return to arrive at the fair value of the property.

Notes to the Financial Statements

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.

Equity

Dividend

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

Financial debts

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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