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48/50 Rue Pierre Charron - 1/3 Rue Cerisoles Paris VIII ApS

Vesterbrogade 149, København V

Company reg. no. 30 54 27 46

Annual report

1 March 2021 - 28 February 2022

The annual report was submitted and approved by the general meeting on the 31 August 2022.

Benoit Marie M. Quertemont
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance EUR 146.940 means the amount of EUR 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the executive board has presented the annual report of 48/50 Rue Pierre Charron - 1/3 Rue Cerisoles Paris VIII ApS for the financial year 1 March 2021 - 28 February 2022.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 28 February 2022 and of the company's results of activities in the financial year 1 March 2021 – 28 February 2022.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Copenhagen, 31 August 2022

Executive board

Sebastien Boudreau	Benoit Marie M. Quertemont

Independent auditor's report

To the Shareholder of 48/50 Rue Pierre Charron - 1/3 Rue Cerisoles Paris VIII ApS

Opinion

We have audited the financial statements of 48/50 Rue Pierre Charron - 1/3 Rue Cerisoles Paris VIII ApS for the financial year 1 March 2021 - 28 February 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 28 February 2022, and of the results of the Company's operations for the financial year 1 March 2021 - 28 February 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ 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.

Management’s Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- 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.

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.

Independent auditor's report

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

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

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

Copenhagen, 31 August 2022

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Morten Grønbek
State Authorised Public Accountant
mne34491

Company information

The company	48/50 Rue Pierre Charron - 1/3 Rue Cerisoles Paris VIII ApS Vesterbrogade 149 København V	
	Company reg. no.	30 54 27 46
	Established:	29 February 2008
	Domicile:	Copenhagen
	Financial year:	1 March - 28 February
Executive board	Sebastien Boudreau Benoit Marie M. Quertemont	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	Foncière du Triangle d'Or ApS	

Management commentary

The principal activities of the company

The company's main activity consists in any kind of financial investment, including, but not limited to buy, own, rent, manage and sell real estate, and any other similar business in accordance with the decision of the executive board.

Uncertainties as to recognition or measurement

The company's properties is primarily development properties and it is therefore difficult to provide a reliable basis for the valuation as the present operational result does not reflect the market value of the properties. The measurement of the company's properties is therefore subject to uncertainty.

Development in activities and financial matters

The gross profit for the year totals EUR 1.184.000 against EUR 1.069.000 last year. Income or loss from ordinary activities after tax totals EUR 498.000 against EUR 6.335.000 last year. Management considers the net profit or loss for the year satisfactory.

We draw attention to the description of going concern in note 1 to the Financial Statements.

Financial resources

The company's cash reserve is limited, however, it is management's expectation that a positive cash flow will be created through renting out and/or sale of the company's property, whereby the company will be able to meet its liabilities.

With a view to making adequate operating cash funds available, the ultimate Parent Company Paris Premier Properties SARL has issued a letter of support to the Company, which is in force until the 28 February 2023. Based on this, it is Management’s assessment that the Company’s Annual Report may be presented under the going concern assumption.

Investments

The company's investment property is measured at fair value. The measurement of fair value is based on estimates of existing leases, and current market rent for similar properties, in the same location and condition. The return rate used is significant for the valuation of the company's investment property.

Tax

The company's investment property is established as a branch located in France under the current tax laws. In this regard, the company has acquired an external evaluation of the tax conditions in France. The management concluded, based on the evaluation, that the company does not have any tax obligations which are not included in the balance.

Based on the above, it is the management's overall expectation that the company can run its day to day business with a satisfactory income in the coming year.

Accounting policies

The annual report for 48/50 Rue Pierre Charron - 1/3 Rue Cerisoles Paris VIII ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from the previous year, and the annual report is presented in euro (EUR).

Recognition and measurement in general

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

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

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

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

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

Income statement

Gross profit

Gross profit comprises rental income and other external costs.

Rental income from investment property.

Rental income comprises income from the lease of property and from charged joint costs, and it is recognised in the profit an loss account for the period relating to the lease payment.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Accounting policies

Other external expenses
Other external expenses comprise expenses for administration and operation of the company's investment properties.

Value adjustment of investment property
Value adjustment of investment property comprises value adjustments of properties at fair value and gain or loss from disposal of properties.

Staff costs
Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Financial income and expenses
Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

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

The company is subject to taxation in France due to the activity's placement in Paris.

The current French corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Investment property
At the first recognition, investment property is measured at cost, comprising the cost of the property and directly attached costs, if any.

On subsequent recognition, investment properties are measured at fair value, corresponding to the amount the property would be able to sell for to an independent buyer on the balance sheet date. The fair value are measured using a return-based model, using a capitalized value of the expected future cash flows for the investment property. The calculation is based on the budgetted net earnings for the coming year, adjusted to normal earnings and by using a rate of return, that reflects the current rate of return for similar investment properties.

Accounting policies

Value adjustments are recognised in the profit and loss account in the item "Value adjustments of investment property".

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, 48/50 Rue Pierre Charron - 1/3 Rue Cerisoles Paris VIII ApS is unlimitedly, jointly, and severally liable towards the French tax authorities for the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

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

Accounting policies

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 March - 28 February

Amounts concerning 2021/22: EUR.
Amounts concerning 2020/21: EUR thousand.

Note		2021/22	2020/21
	Gross profit	**1.184.293**	**1.069**
	Value adjustment of investment property	1.252.083	7.567
2	Staff costs	0	0
	Operating profit	**2.436.376**	**8.636**
	Other financial expenses	-1.648.346	-1.287
	Pre-tax net profit or loss	**788.030**	**7.349**
3	Tax on net profit or loss for the year	-290.331	-1.014
	Net profit or loss for the year	**497.699**	**6.335**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	497.699	6.335
	Total allocations and transfers	**497.699**	**6.335**

Statement of financial position at 28 February

Amounts concerning 2022: EUR.
Amounts concerning 2021: EUR thousand.

Assets

Note		2022	2021
	Non-current assets		
4	Investment property	156.500.000	154.500
	Total property, plant, and equipment	156.500.000	154.500
	Total non-current assets	**156.500.000**	**154.500**
	Current assets		
	Receivables from subsidiaries	725.384	711
	Tax receivables from subsidiaries	0	134
	Other receivables	1.736.141	2.558
	Total receivables	2.461.525	3.403
	Cash and cash equivalents	297.165	295
	Total current assets	**2.758.690**	**3.698**
	Total assets	**159.258.690**	**158.198**

Statement of financial position at 28 February

Amounts concerning 2022: EUR.
Amounts concerning 2021: EUR thousand.

Equity and liabilities

Note		2022	2021
	Equity		
	Share capital	4.159.800	4.160
	Results brought forward	78.172.299	77.675
	Total equity	**82.332.099**	**81.835**
	Provisions		
	Provisions for deferred tax	13.713.149	13.492
	Total provisions	**13.713.149**	**13.492**
	Liabilities other than provisions		
	Mortgage debt	0	52.185
5	Total long term liabilities other than provisions	0	52.185
5	Short-term part of long-term liabilities	52.184.846	0
	Payables to subsidiaries	10.341.526	9.907
	Other payables	687.070	779
	Total short term liabilities other than provisions	63.213.442	10.686
	Total liabilities other than provisions	**63.213.442**	**62.871**
	Total equity and liabilities	**159.258.690**	**158.198**

1 Uncertainties concerning recognition and measurement

6 Charges and security

7 Contingencies

Statement of changes in equity

All amounts in EUR.

	Contributed capital	Retained earnings	Total
Equity 1 March 2021	4.159.800	77.674.600	81.834.400
Retained earnings for the year	0	497.699	497.699
	4.159.800	**78.172.299**	**82.332.099**

Notes

Amounts concerning 2021/22: EUR.
Amounts concerning 2020/21: EUR thousand.

1. Uncertainties concerning recognition and measurement

The company's cash reserve is limited, however, it is management's expectation that a positive cash flow will be created through renting out and/or sale of the company's property, whereby the company will be able to meet its liabilities.

With a view to making adequate operating cash funds available, the ultimate Parent Company Paris Premier Properties SARL has issued a letter of support to the Company, which is in force until the 28 February 2023. Based on this, it is Management’s assessment that the Company’s Annual Report may be presented under the going concern assumption.

		2021/22	2020/21
2.	**Staff costs**		
	Average number of employees	2	2

None of the employees have been remunerated (2021-22: 0 t.EUR).

		2021/22	2020/21
3.	**Tax on net profit or loss for the year**		
	Tax of the results for the year	68.858	-134
	Adjustment of deferred tax for the year	221.473	1.148
		290.331	**1.014**

Notes

Amounts concerning 2022: EUR.
Amounts concerning 2021: EUR thousand.

		28/2 2022	28/2 2021
4.	**Investment property**		
	Cost 1 March	50.732.360	49.800
	Additions during the year	747.917	933
	Cost 28 February	**51.480.277**	**50.733**
	Fair value adjustment 1 March	92.267.640	96.200
	Adjustments to fair value for the year	12.752.083	7.567
	Fair value adjustment 28 February	**105.019.723**	**103.767**
	Carrying amount, 28 February	**156.500.000**	**154.500**

The company's investment properties consists of combined commercial and residential property of a total of 6.283 square meters placed in the center of Paris. The investment properties are, as described in the used accounting policies, measured at fair value by using a return-based model.

The properties occupancy rate is 39% as per 28 February 2022 (2020/21: 41%). In valuating the property a rental income for the not rented square meters have been applied according to the market rent in the area.

The required rate of return has been determined on the basis of market statistics, completed transactions, and management's knowledge of the property market in general. When determining the required rate of return, parameters such as type (residence, office, shop, etc.), location, age, state of maintenance, duration of rental agreements, and tenant credit quality, etc., are considered.

Compared to the previous financial year, the methods of measurement remain unchanged.

The determination of the market value (carrying value) is based on a 3% rate of return (2020/21: 2,75% - 3%).

Notes

Amounts concerning 2021/22: EUR.
Amounts concerning 2020/21: EUR thousand.

5. Liabilities

	Debt in total 28 Feb 2022	Short-term part of long-term liabilities	Long-term debt 28 Feb 2022	Outstanding debt after 5 years
Mortgage debt	52.184.846	52.184.846	0	0
	52.184.846	**52.184.846**	**0**	**0**

6. Charges and security

The company's property with a booked value of t.EUR 156.500 has been pledged as collatoral for the company's mortage debt of t.EUR 52.185.

Furthermore, the company's property has been pledged as intra-group collatoral for the group mortgage loans with a total booked value of t.EUR 284.811, and a corresponding booked value of group properties of t.EUR 1.100.100, also pledged for the group mortgage loans.

7. Contingencies

Joint taxation

With Foncière du Triangle d'Or ApS, company reg. no 30542703 as administration company, the company is subject to the French scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the French tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.