Grant Thornton

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# 7 Rue du Boccador Paris VIII ApS

**c/o Harboe og B. Godkendt Revisionsanpartsselskab,**
**Lersø Parkallé 107, 2100 Copenhagen**

**Company reg. no. 30 54 27 89**

## Annual report

## 1 March 2020 - 28 February 2021

The annual report was submitted and approved by the general meeting on the 3 September 2021.

Quertemont

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 7 Rue du Boccador Paris VIII ApS for the financial year 1 March 2020 - 28 February 2021.

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 2021 and of the company's results of activities in the financial year 1 March 2020 – 28 February 2021.

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, 3 September 2021

**Executive board**

| | |
|---|---|
| Sebastien Boudreau | Benoit Marie M. Quertemont |

# Independent auditor's report

**To the shareholder of 7 Rue du Boccador Paris VIII ApS**

**Auditor's report on the financial statements**

**Opinion**

We have audited the financial statements of 7 Rue du Boccador Paris VIII ApS for the financial year 1 March 2020 - 28 February 2021, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 28 February 2021 and of the results of the company's activities for the financial year 1 March 2020 - 28 February 2021 in accordance with the Danish Financial Statements Act.

**Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

**Statement on the management commentary**
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

## Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

**Reporting in accordance with other legislation and regulations**

In violation of the Danish Financial Statements Act, the company has not prepared the annual report in a timely manner, whereby the management may incur liability.

Copenhagen, 3 September 2021

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

Morten Grønbek
State Authorised Public Accountant
mne34491

## Company information

| | | |
|---|---|---|
| **The company** | 7 Rue du Boccador Paris VIII ApS<br>c/o Harboe og B. Godkendt Revisionsanpartsselskab<br>Lersø Parkallé 107<br>2100 Copenhagen | |
| | Company reg. no. | 30 54 27 89 |
| | Established: | 29 February 2008 |
| | Domicile: | Copenhagen |
| | Financial year: | 1 March - 28 February |
| **Executive board** | Sebastien Boudreau<br>Benoit Marie M. Quertemont | |
| **Auditors** | Grant Thornton, Statsautoriseret Revisionspartnerselskab<br>Stockholmsgade 45<br>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 about recognition or measurement**

The company's properties is primarily development property 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 property. The measurement of the company's properties is therefore subject to uncertainty.

**Development in activities and financial matters**

The gross loss for the year totals EUR -432.000 against EUR -24.000 last year. Income or loss from ordinary activities after tax totals EUR -779.000 against EUR 1.332.000 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 2022. 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 7 Rue du Boccador 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.

**Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### Income statement

**Gross loss**

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

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 costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

**Other operating costs**

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

**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 on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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

### Statement of financial position

**Impairment loss relating to non-current assets**

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

## Accounting policies

**Investment property**
At the initial recognition, investment property is measured at cost, comprising the cost of the property and directly associated costs, if any.

Hereafter, investment properties are measured individually at an estimated fair value. The properties are measured using a returnbased model, by which the expected future cash flows for the following year, along with a rate of return determined by an external assessor, form the basis for the fair value of the properties. Compared to the previous financial year, the method of measurement remains unchanged.

Costs adding new or improved qualities to an investment property compared to its condition at the time of acquisition, thereby improving the future return on the property, are added to the cost as an improvement. Costs which do not add new or improved qualities to an investment property are recognised in the income statement under the item ”Costs concerning investment property”.

Like other property, plant, and equipment except for land, investment property has a limited economic life. The impairment taking place concurrently with the ageing of the investment property is reflected in the continuing measurement of the investment property at fair value.

Value adjustments are recognised in the income statement under the item ”Value adjustments of property”.

**Receivables**
Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

## Accounting policies

**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. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

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, 7 Rue du Boccador Paris VIII ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities 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.

**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.

## Accounting policies

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.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

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

Amounts concerning 2020/21: EUR.
Amounts concerning 2019/20: EUR thousand.

| Note | | 1/3 2020 - 28/2 2021 | 1/10 2019 - 29/2 2020 |
|---|---|---|---|
| | **Gross profit** | **-432.017** | **-24** |
| | Other operating costs | -23 | 0 |
| | **Operating profit** | **-432.040** | **-24** |
| | Other financial costs | -768.200 | -344 |
| | **Pre-tax net profit or loss** | **-1.200.240** | **-368** |
| 3 | Tax on net profit or loss for the year | 421.267 | 1.700 |
| | **Net profit or loss for the year** | **-778.973** | **1.332** |
| | | | |
| | **Proposed appropriation of net profit:** | | |
| | Transferred to retained earnings | 0 | 1.332 |
| | Allocated from retained earnings | -778.973 | 0 |
| | **Total allocations and transfers** | **-778.973** | **1.332** |

## Statement of financial position

Amounts concerning 2021: EUR.
Amounts concerning 2020: EUR thousand.

| Note | Assets | 28/2 2021 | 29/2 2020 |
|---|---|---|---|
| | **Non-current assets** | | |
| 4 | Investment property | 68.000.000 | 68.000 |
| | Total property, plant, and equipment | 68.000.000 | 68.000 |
| | **Total non-current assets** | **68.000.000** | **68.000** |
| | **Current assets** | | |
| | Receivables from group enterprises | 0 | 1.282 |
| | Tax receivables from group enterprises | 188.759 | 0 |
| | Other receivables | 672.663 | 458 |
| | Total receivables | 861.422 | 1.740 |
| | Cash on hand and demand deposits | 197.429 | 690 |
| | **Total current assets** | **1.058.851** | **2.430** |
| | **Total assets** | **69.058.851** | **70.430** |

## Statement of financial position

Amounts concerning 2021: EUR.
Amounts concerning 2020: EUR thousand.

**Equity and liabilities**

| Note | | 28/2 2021 | 29/2 2020 |
|---|---|---|---|
| | **Equity** | | |
| | Contributed capital | 9.610.400 | 9.610 |
| | Retained earnings | 25.173.213 | 25.953 |
| | **Total equity** | **34.783.613** | **35.563** |
| | **Provisions** | | |
| | Provisions for deferred tax | 2.299.888 | 2.532 |
| | **Total provisions** | **2.299.888** | **2.532** |
| | **Liabilities other than provisions** | | |
| | Mortgage loans | 30.308.909 | 31.332 |
| 5 | Total long term liabilities other than provisions | 30.308.909 | 31.332 |
| 5 | Current portion of long term payables | 1.008.858 | 730 |
| | Payables to group enterprises | 397.922 | 0 |
| | Other payables | 259.661 | 273 |
| | Total short term liabilities other than provisions | 1.666.441 | 1.003 |
| | **Total liabilities other than provisions** | **31.975.350** | **32.335** |
| | **Total equity and liabilities** | **69.058.851** | **70.430** |

**1 Uncertainties concerning the enterprise's ability to continue as a going concern**
**6 Charges and security**
**7 Contingencies**

## Statement of changes in equity

All amounts in EUR.

| | Contributed capital | Retained earnings | Total |
|---|---|---|---|
| Equity 1 March 2020 | 9.610.400 | 25.952.186 | 35.562.586 |
| Retained earnings for the year | 0 | -778.973 | -778.973 |
| | **9.610.400** | **25.173.213** | **34.783.613** |

## Notes

Amounts concerning 2020/21: EUR.
Amounts concerning 2019/20: EUR thousand.

**1. Uncertainties concerning the enterprise's ability to continue as a going concern**

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 2022. Based on this, it is Management’s assessment that the Company’s Annual Report may be presented under the going concern assumption.

| | 1/3 2020 - 28/2 2021 | 1/10 2019 - 29/2 2020 |
|---|---|---|
| **2. Staff costs** | | |
| Average number of employees | 2 | 2 |

None of the employees have been remunerated (2019/20: 0 EUR).

| | | |
|---|---|---|
| **3. Tax on net profit or loss for the year** | | |
| Tax on net profit or loss for the year | -188.759 | 0 |
| Adjustment of deferred tax for the year | -232.508 | -1.700 |
| | **-421.267** | **-1.700** |

## Notes

Amounts concerning 2021: EUR.
Amounts concerning 2020: EUR thousand.

| | 28/2 2021 | 29/2 2020 |
|---|---|---|
| **4. Investment property** | | |
| Cost 1 March | 25.957.544 | 25.958 |
| **Cost 28 February** | **25.957.544** | **25.958** |
| Fair value adjustment 1 March | 42.042.456 | 42.042 |
| **Fair value adjustment 28 February** | **42.042.456** | **42.042** |
| **Carrying amount, 28 February** | **68.000.000** | **68.000** |

The company's investment property is a combined commercial and residential property of a total of 2.859 square meters placed in the center of Paris. The investment property is, as described in the used accounting policies, measured at fair value by using a return-based model.

The property occupancy rate is 5% as per 28 February 2021 (2019/20: 3%). 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 3,15% rate of return (2019/20: 3,00%).

**5. Liabilities other than provision**

| | **Total payables 28 Feb 2021** | **Current portion of long term payables** | **Long term payables 28 Feb 2021** | **Outstanding payables after 5 years** |
|---|---|---|---|---|
| Mortgage loans | 31.317.767 | 1.008.858 | 30.308.909 | 7.660.930 |
| | **31.317.767** | **1.008.858** | **30.308.909** | **7.660.930** |

## Notes

Amounts concerning 2020/21: EUR.
Amounts concerning 2019/20: EUR thousand.

**6. Charges and security**

The company's property with a booked value of t.EUR 68.000 has been pledged as collateral for the company's mortgage debt of t.EUR 31.318.

**7. Contingencies**

**Joint taxation**

With Foncière du Triangle d'Or ApS, company reg. no 30542703 as administration company, the company is subject to the Danish 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.