

Rødovre City 2 P/S

c/o CBRE A/S
Rued Langgaards Vej 8
2300 København S
Denmark

CVR no. 37 27 19 77

Annual report 2022

The annual report was presented and approved at
the Company's annual general meeting on

28 June 2023

Jørn Jensen Holm
Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Rødovre City 2 P/S for the financial year 1 January – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 28 June 2023

Executive Board:

Jørn Jensen Holm

Per Alexandar Henrik
Glindtborg Weinreich

Kristian Nittka

Board of Directors:

Christian Bro Jansen
Chairman

Christopher David Bailey

Kristian Nittka

Independent auditor's report

To the shareholder of Rødovre City 2 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 Rødovre City 2 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 ("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 the 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 responsibility 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 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.

Hellerup, 28 June 2023

PwC

Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

René Otto Poulsen
State Authorised
Public Accountant
mne26718

Henrik Hornbæk
State Authorised
Public Accountant
mne32802

Rødovre City 2 P/S
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Management's review

Company details

Rødovre City 2 P/S
c/o CBRE A/S
Rued Langgaards Vej 8
2300 København S
Denmark

CVR no.:	37 27 19 77
Established:	1 December 2015
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Christian Bro Jansen, Chairman
Christopher David Bailey
Kristian Nittka

Executive Board

Jørn Jensen Holm
Per Alexandar Henrik Glindtborg Weinreich
Kristian Nittka

Auditor

PwC
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
Denmark

Management's review

Operating review

Principal activities

The principal activities of the Company are project development within real estate and related activities. The Company is working on one project which is the development, construction, letting and potentially selling of a property situated in Rødovre, Greater Copenhagen in the size of app. 37,500 square meters. The project is expected to be completed in steps and finally in 2023. The company has obtained bankfinancing of up to DKK 1,087m of which DKK 854m has been drawn as of 31 December 2022. The financing of the remaining part of the project is secured by the bankfinancing and support from the shareholders.

Development in activities and financial position

The Company's income statement for 2022 shows a profit of DKK 3,768,196 as against a loss of DKK -10,494,792 in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at DKK 209,518,477 as against DKK 200,750,281 at 31 December 2021.

Events after the balance sheet date

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2022	2021
Gross profit		17,701,357	2,405,777
Depreciation, amortisation and impairment losses		<u>-15,567,505</u>	<u>-6,582,008</u>
Profit/loss before financial income and expenses		2,133,852	-4,176,231
Other financial income	3	21,408,358	0
Other financial expenses	4	<u>-19,774,014</u>	<u>-6,318,561</u>
Profit/loss before tax		3,768,196	-10,494,792
Tax on loss for the year		<u>0</u>	<u>0</u>
Profit/loss for the year		<u>3,768,196</u>	<u>-10,494,792</u>
Proposed profit appropriation/distribution of loss			
Retained earnings		<u>3,768,196</u>	<u>-10,494,792</u>
		<u>3,768,196</u>	<u>-10,494,792</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Investment properties		<u>877,059,601</u>	<u>419,447,533</u>
Total fixed assets		<u>877,059,601</u>	<u>419,447,533</u>
Current assets			
Inventories	6		
Inventories		<u>188,188,723</u>	<u>495,852,698</u>
Receivables			
Trade receivables		1,698,490	169,413
Receivables from group entities		3,593,036	2,028,072
Other receivables	7	32,748,355	5,833,608
Prepayments		<u>1,519</u>	<u>343,750</u>
		<u>38,041,400</u>	<u>8,374,843</u>
Cash at bank and in hand		<u>48,812,694</u>	<u>25,634,651</u>
Total current assets		<u>275,042,817</u>	<u>529,862,192</u>
TOTAL ASSETS		<u><u>1,152,102,418</u></u>	<u><u>949,309,725</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		458,366	449,058
Retained earnings		<u>209,060,111</u>	<u>200,301,223</u>
Total equity		<u>209,518,477</u>	<u>200,750,281</u>
Liabilities			
Non-current liabilities			
	8		
Debt to credit institutions		854,288,802	719,362,577
Payables to group entities		<u>15,000,000</u>	<u>0</u>
		<u>869,288,802</u>	<u>719,362,577</u>
Current liabilities			
Banks, current liabilities		8,653,833	4,893,324
Trade payables		11,001,375	16,408,613
Payables to group entities		33,347,415	2,292,953
Other payables		43,385	5,425
Deferred income		5,672,093	1,752,352
Deposits		<u>14,577,038</u>	<u>3,844,200</u>
		<u>73,295,139</u>	<u>29,196,867</u>
Total liabilities		<u>942,583,941</u>	<u>748,559,444</u>
TOTAL EQUITY AND LIABILITIES		<u>1,152,102,418</u>	<u>949,309,725</u>
Average number of full-time employees	2		
Mortgages and collateral	9		
Currency and interest rate risks and the use of derivative financial instruments	10		
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Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2022	449,058	200,301,223	200,750,281
Capital increase	9,308	4,990,692	5,000,000
Transferred over the distribution of loss	0	3,768,196	3,768,196
Equity at 31 December 2022	458,366	209,060,111	209,518,477

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Rødovre City 2 P/S for 2022 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of 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 assets can be measured reliably.

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the asset or liability. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Other external costs

Other external costs comprise costs of administrative expenses and costs of premises.

Financial income and expenses

Financial income and expenses comprise income and expense and gains and losses on transactions denominated in foreign currencies.

Tax on loss for the year

The Company is a tax transparent entity and therefore not subject to corporate tax.

Balance sheet

Investment properties

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	40 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of investment properties is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories consist of real estate property projects build for sale.

The project portfolio is recognized on the basis of the direct cost attributable to the projects, including interest during the project period. Where considered necessary, the projects have been written down to a lower value, and the capitalized amounts are subjected to impairment tests on a continuous basis to ensure that the assets are written down to the extent that the carrying amount exceeds the estimated net realizable value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

Liabilities

Other liabilities are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

The Company is a tax transparent entity and therefore not subject to corporate tax.

Financial statements 1 January – 31 December

Notes

DKK	<u>2022</u>	<u>2021</u>
2 Average number of full-time employees		
Average number of full-time employees	<u>0</u>	<u>0</u>
3 Other financial income		
Other financial income	44,128	0
Fair value adjustments of financial instruments	<u>21,364,230</u>	<u>0</u>
	<u>21,408,358</u>	<u>0</u>
4 Other financial expenses		
Interest expense to group entities	516,667	0
Interest credit institutions	18,838,922	6,241,641
Other financial costs	<u>418,425</u>	<u>76,920</u>
	<u>19,774,014</u>	<u>6,318,561</u>
5 Property, plant and equipment		
DKK		Investment properties
Cost at 1 January 2022		426,029,541
Additions for the year		<u>473,179,573</u>
Cost at 31 December 2022		<u>899,209,114</u>
Depreciation and impairment losses at 1 January 2022		-6,582,008
Depreciation for the year		<u>-15,567,505</u>
Depreciation and impairment losses at 31 December 2022		<u>-22,149,513</u>
Carrying amount at 31 December 2022		<u>877,059,601</u>
6 Inventories		
Inventories includes capitalized interest expenses and financing costs of 11,8 mDKK (2021: 59,0 mDKK).		
During the year a transfer of DKK 473,2 mio regarding finalized properties were made for "fixed assets" as the investment property after finalization is in use for rental use as part of the Company's ordinary activities		
7 Other receivables		
Other receivables comprise interest caps with a value of 29.7 mDKK which will expire in April 2024.		

Financial statements 1 January – 31 December

Notes

8 Non-current liabilities

DKK	Total debt at 31/12 2022	Outstanding debt after five years
Debt to credit institutions	854,288,802	0
Payables to group entities	15,000,000	0
	<u>869,288,802</u>	<u>0</u>

The bank loan is a facility agreement relating to the development of project Gateway entered between Rødovre City 2 PS and Deutsche Bank AG, London Branch. The maturity date of the loan is set to 20th April 2024.

9 Mortgages and collateral

Assets charged and collateral

The investment properties and inventories has been pledged as security for debt to banks in a total of 1.086,8 mDKK, of which 854,3 mDKK has been drawn as at 31/12 2022.

10 Currency and interest rate risks and the use of derivative financial instruments

The Group hedges interest rate risks by means of interest rate swaps whereby floating interest payments are converted to fixed interest payments. The hedged cash flows are expected to be realised and will affect results over the remaining term of the swap.

DKK	2022			Remaining term
	Amount	Value adjustment recognised in equity	Fair value	
Interest rate swaps	<u>8,380,000</u>	<u>0</u>	<u>29,744,230</u>	<u>2</u>
	<u>8,380,000</u>	<u>0</u>	<u>29,744,230</u>	<u>2</u>

11 Related party disclosures

Consolidated financial statements

Rødovre City 2 P/S is part of the consolidated financial statements of The Goldman Sachs Group inc. 200 West Street, New York, N.Y., which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of The Goldman Sachs Inc. can be obtained by contacting the Company at the address above.