Ib Schønbergs Allé ApS

Adelgade 15, 2., DK-1304 Copenhagen K

Annual Report for 2022

CVR No. 37 51 13 74

The Annual Report was presented and adopted at the Annual General Meeting of the company on 17/5 2023

Emil Skov
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 Ib Schønbergs Allé ApS 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.

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

Copenhagen K, 17 May 2023

Executive Board

Anders Skovgaard Klingbeil
CEO

Board of Directors

Peter Matzen Drachmann Chairman	Anders Skovgaard Klingbeil	Linda Bradaia
Albert Cornelis Tol		

Independent Auditor's report

To the shareholder of Ib Schønbergs Allé ApS

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 Ib Schønbergs Allé ApS 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.

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.

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.

Independent Auditor's report

- 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, 17 May 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Morten Jørgensen	Qasam Hussain
State Authorised Public Accountant	State Authorised Public Accountant
mne32806	mne44159

Company information

The Company	Ib Schønbergs Allé ApS Adelgade 15, 2. DK-1304 Copenhagen K
	CVR No: 37 51 13 74
	Financial period: 1 January - 31 December
	Incorporated: 1 February 2016
	Financial year: 7th financial year
	Municipality of reg. office: Copenhagen
Board of Directors	Peter Matzen Drachmann, chairman Anders Skovgaard Klingbeil Linda Bradaia Albert Cornelis Tol
Executive board	Anders Skovgaard Klingbeil
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Income statement 1 January - 31 December

	Note	2022	2021
		TDKK	TDKK
Gross profit before value adjustments		**11,382**	**9,867**
Value adjustments of assets held for investment	2	17,190	56,810
Gross profit/loss after value adjustments		**28,572**	**66,677**
Financial income		579	1
Financial expenses	4	-6,257	-2,192
Profit/loss before tax		**22,894**	**64,486**
Tax on profit/loss for the year	5	-4,007	-14,178
Net profit/loss for the year		**18,887**	**50,308**

Distribution of profit

	2022	2021
	TDKK	TDKK
Proposed distribution of profit		
Retained earnings	18,887	50,308
	18,887	**50,308**

Balance sheet 31 December

Assets

	Note	2022	2021
		TDKK	TDKK
Investment properties		422,000	404,810
Property, plant and equipment	6	**422,000**	**404,810**
Fixed assets		**422,000**	**404,810**
Trade receivables		66	0
Receivables from group enterprises		867	7,168
Other receivables		29,816	416
Prepayments		0	1
Receivables		**30,749**	**7,585**
Cash at bank and in hand		**9,656**	**504**
Current assets		**40,405**	**8,089**
Assets		**462,405**	**412,899**

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		TDKK	TDKK
Share capital		80	80
Reserve for hedging transactions		22,481	0
Retained earnings		179,172	160,285
Equity		**201,733**	**160,365**
Provision for deferred tax		61,381	57,465
Provisions		**61,381**	**57,465**
Mortgage loans		141,259	0
Payables to group enterprises		40,022	0
Long-term debt	7	**181,281**	**0**
Mortgage loans		0	185,525
Prepayments received from customers		0	2,821
Trade payables		1,074	400
Corporation tax		7,679	1,580
Deposits		4,862	4,387
Other payables		4,395	356
Short-term debt		**18,010**	**195,069**
Debt		**199,291**	**195,069**
Liabilities and equity		**462,405**	**412,899**

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Statement of changes in equity

	Share capital	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	80	0	160,285	160,365
Fair value adjustment of hedging instruments, end of year	0	22,481	0	22,481
Net profit/loss for the year	0	0	18,887	18,887
Equity at 31 December	**80**	**22,481**	**179,172**	**201,733**

Notes to the Financial Statements

1. Key activities

The primary activity of the company is to buy, hold, rent, and sell real estate to issue corporate bonds, and any business related hereto.

	2022	2021
	TDKK	TDKK
2. Value adjustments of assets held for investment		
Fair Value Adjustment on Investment Properties	17,190	56,810
	17,190	**56,810**

	2022	2021
3. Staff		
Average number of employees	0	0

	2022	2021
	TDKK	TDKK
4. Financial expenses		
Interest paid to group enterprises	1,382	0
Mortgage loan interests	4,283	2,181
Other financial expenses	592	11
	6,257	**2,192**

	2022	2021
	TDKK	TDKK
5. Income tax expense		
Current tax for the year	1,338	1,580
Deferred tax for the year	3,916	12,616
Adjustment of tax concerning previous years	-1,247	-18
	4,007	**14,178**

Notes to the Financial Statements

6. Assets measured at fair value

	Investment properties
	TDKK
Cost at 1 January	172,084
Cost at 31 December	172,084
Value adjustments at 1 January	232,726
Revaluations for the year	17,190
Value adjustments at 31 December	249,916
Carrying amount at 31 December	**422,000**

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods.

	2022
Budget period	10 years
Exit Yield	4,00%
Initial Yield	4,00%
Growth in terminal period	2,00%

The estimates applied are based on 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.

Notes to the Financial Statements

7. 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:

	2022	2021
	TDKK	TDKK
Mortgage loans		
After 5 years	141,259	0
Long-term part	141,259	0
Within 1 year	0	185,525
	141,259	**185,525**
Payables to group enterprises		
After 5 years	40,022	0
Long-term part	40,022	0
Within 1 year	0	0
	40,022	**0**

8. Contingent assets, liabilities and other financial obligations

	2022	2021
	TDKK	TDKK
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
As collateral for its mortgage debt, DKK 141,259 thousand, the Company has provided collateral in investment properties with carrying amount of:	422,000	404,810

Other contingent liabilities

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

9. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
PATRIZIA Living Cities Residential Fund	41 avenue de la Liberté | L-1931 Luxembourg

Notes to the Financial Statements

10. Accounting policies

The Annual Report of Ib Schønbergs Allé ApS 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 TDKK.

Recognition and measurement

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

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

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

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

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. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

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.

Notes to the Financial Statements

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, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income statement

Net sales

Revenue includes rental income from operating leases, service charges and management charges on properties. Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and 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 and other external expenses.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

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

Notes to the Financial Statements

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 supsuppliers up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of properties are recognised in cost over the construction period.

When the fair value can be measured reliably, the property is measured at fair value less cost to complete.

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.

Receivables

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

Prepayments

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

Deferred tax assets and liabilities

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

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

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

Financial debts

Loans, such as mortgage loans and loans from credit institutions, 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.