ANNUAL REPORT

2022

Company: Toldbuen P/S
CVR: 42697540

Svanevej 12, 4
2400 København NV

Accounting period: 1 January –
31 December 2022

Chairman : Andreas Steen Vallentin-Hansen

29 June 2023

Contents

Statement by Board of Directors and Management

The Board of Directors and management have today considered and adopted the annual report for the financial year 1 January- 31 December 2022 for Toldbuen P/S.

The annual report is prepared in accordance with the Danish Financial Statement Act.

In our opinion, the financial statements give a true and fair view of the financial position as at 31 December 2022 of the Company and of the results of the Company's operations for 2022.

It is also our opinion that the Management's Review a true and fair account of the development of Company's activities and financial conditions, the profit for the period and the Company's financial position as a whole, and a description of the significant risks and uncertainty factors that the Company faces.

The annual report is submitted to the Ordinary General Meeting for approval.

Copenhagen, 29 June 2023

Board of Directors

Pradeep Pattem
Chairman

Marcus Brown

Waleed Ben Bashri

Company Information

Company

Toldbuen P/S
Svanevej 12
DK-2400 København NV
CVR no.: 42697540
Financial Period: 1 January – 31 December
Registered office: Copenhagen, Denmark

Board of Directors

Pradeep Pattem
Marcus Brown
Waleed Ben Bashri

Management’s Review

Key activities

The company's objects are to develop, operate and administer real estate and any other activity related thereto.

Development in the year

The income statement of the Company for 2022 shows a loss of DKK 0.63 million (2021: profit of DKK 1.13 million), with adjustment to fair value of DKK -1.9 million (2021: DKK 0.36 million) and at 31 December 2022 the balance sheet of the Company shows equity of DKK 9.87 million (2021: DKK 10.5 million).

As the company is engaged in development of investment properties, the Company is affected by changes in the property market, including the general level of interest rates and economic conditions. For a description of significant assumptions for the fair value recognition as 31 December 2022 please refer to note 2.

Subsequent events

From the balance sheet date until the date of presentation of this Annual Report no additional events have occurred other than the abovementioned which significantly affects the assessment of the annual report.

Income Statement 1 January - 31 December 2022

Amounts in DKK 1000s	2022	2021
Gross profit / (loss) before value adjust-ments	**1,853**	**875**
Adjustment to fair value, net	-1,900	360
Gross profit after value adjustments	**-47**	**1,235**
Depreciation, amortisation and impairment	-	-
Financial expenses	-579	-109
Profit before tax	**-626**	**1,126**
Profit for the period	**-626**	**1,126**
Distributed as follows		
Retained earnings	-626	1,126
Profit for the period	**-626**	**1,126**

Balance Sheet as at 31 December

Note	Amounts in DKK 1000s	2022	2021
	ASSETS		
	Non-current assets		
	Property, plant and equipment		
2	Investment properties	21,000	22,900
	Machinery and equipment	-	-
	Total Non-current assets	**21,000**	**22,900**
	Current assets		
	Receivables	2,187	983
	Cash and short-term deposits	439	8
	Total current assets	**2,626**	**991**
	Total assets	**23,626**	**23,891**
	EQUITY		
	Share capital	400	400
	Share Premium	8,970	8,970
	Revaluation Reserve	-	-
	Accumulated profit	500	1,126
	Total equity	**9,870**	**10,496**
	LIABILITIES		
	Non-current liabilities		
4	Credit institutions	13,175	13,175
	Deposits	-	-
	Total Non-current liabilities	**13,175**	**13,175**
	Current liabilities		
	Trade and other payables	17	-
	Payables to related parties	-	-
	Deposits	-	-
	Other liabilities	563	220
		580	**220**
	Total liabilities	**13,756**	**13,395**
	Total equity and liabilities	**23,626**	**23,891**

Statement of equity

Amounts in DKK 1000s	Share capital	Share Premium	Accumulated profit	Equity Total
Statement of equity for 2022				
Equity as at 1 January 2022	**400**	**8,970**	**1,126**	**10,496**
Capital Increase	-	-	-	-
Net Profit / loss for the period	-	-	-626	-626
Equity as at 31 December 2022	**400**	**8,970**	**500**	**9,870**
Statement of equity for 2021				
Equity as at 1 January 2021	**400**	**-**	**-**	**400**
Capital Increase	-	8,970	-	8,970
Net Profit / loss for the period	-	-	1,126	1,126
Equity as at 31 December 2021	**400**	**8,970**	**1,126**	**10,496**

Summary

Notes

Note 1 - Accounting policies, accounting estimates and risks, etc.

BASIS OF PREPARATION

The annual report of Toldbuen P/S for 2022 has been prepared in accordance with the provisions of Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C. The annual report is presented in Danish crown (DKK) rounded to the nearest DKK 1,000, which is considered to be the primary currency of the Company's activities and the functional currency of the company. The accounting policies remain unchanged from last year.

The annual report is prepared on a historical cost basis, except for investment properties and certain financial obligations that are measured at fair value. Further, investment properties are measured at reassessed value. The accounting policies are otherwise as described below.

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.

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.

Foreign currency

Transactions in currencies other than the individual company functional currency is translated initially at the transaction date. Receivables and payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the closing rate. Exchange differences arising between the date of transaction and payment date or the balance sheet date are recognized in the income statement under financial income or expenses. Exchange differences arising from the translation of foreign companies' balance sheet items at the beginning of the exchange rates and the translation of income statements from average rates to closing rates are recognized in other comprehensive income.

Exchange rate on full or partial disposal of foreign entities, where control is transferred, the foreign currency translation adjustments are recognized in other comprehensive income, which is attributable to the unit from other comprehensive income to net income along with the gain or loss on the disposal.

PROFIT AND LOSS STATEMENT

Revenue

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

Gross profit/loss before value adjustments

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.

Depreciation, amortisation and impairment

Depreciation is based on revalued amount less estimated residual value after useful life (residual value).

Adjustments to fair value, net

Adjustment to fair value, net includes continuous adjustments of investment properties and related debt as well as debt instruments measured at fair value through profit or loss.

Note 1 - Accounting policies, accounting estimates and risks, etc. (continued)

Financial income and expenses

Financial items include interest income and interest expenses, foreign exchange rate adjustments, amortization premiums / discounts, realized and unrealized gains and losses on securities as well as surcharges and refunds under the tax.

Borrowing costs directly attributable to the development projects of investment or project portfolios, added to the cost of the assets until the time when the project is completed and the property can be used for the intended purpose. If there is a loan directly to finance the development project, calculated borrowing costs on the basis of an average interest rate of the group's loans except for loans recorded at the acquisition of specific assets. Other borrowing costs are recognized in the income statement in the periods to which they relate.

BALANCE STATEMENT

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 investment properties 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.

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 property as investment properties did not cause any difficulties.

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

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes. The fair value calculation of the property is described in note 2.

Receivables

Receivables are measured at amortized cost. Impairment losses are made for losses which are deemed to have resulted in an objective indication that an individual receivable is impaired.

Financial liabilities

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

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

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

Note 2 - Investment properties

A property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. An investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, an investment property is carried at fair value.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. The fair value of an investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the income statement. Investment properties are derecognised when they have been disposed. Where the Company disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

The principles and methods for determining the estimated fair value of the properties in this category is based on the capitalisation method. The determination of fair values in accordance to the capitalisation method is generally the most accepted and widely used model for valuating property. The method is based on a stabilised net rent, capitalised at a rate of return assuming a stabilised property in a stable market, which is fully let at an annual market rent at, or close to, market level. For non-stabilised properties, special conditions such as vacancy and refurbishment costs are taken into consideration.

The model used contains the following main elements:

1	+	Annual Rental Income (fully rented)
2	-	Non-recoverable operating costs
3	=	Net Operating Income (NOI)
4	-	Cap rate (net initial yield)
5	-	Market value before regulations and deposits
6	-	Vacancy costs
7	-	Refurbishment cost
8	-	Rental loss (discounts, etc.)
9	+	Net Present Value (NPV) of Overrented elements
10	-	Net Present Value (NPV) of Underrrented elements
11	+	Cash deposits
12	+	Other
13	=	Market value after regulations and deposits (Fair Value)

Ad. 1) The annual rental income represents the budget rent. For non-vacant units, the budget rent equals the actual rental income. If the actual rental income differs significantly, the market rent is used. For vacant areas, the market rent is used.

Ad. 2) All operating expenses not recoverable from the tenants are deducted. This includes taxes, insurance, cleaning, utility costs, service subscriptions, administration, external maintenance etc.

Ad. 4) The yield requirement is determined individually for each property based on the yield requirement for comparable properties in the same geographical area (where this is possible) and the property's risk profile.

Ad. 6) Vacancy costs reflect the estimated loss of rental income until a re-letting is assumed. There is vacancy until the stablised level is reached. When the stabilised level is reached all properties are assumed fully let.

Ad. 7) For vacant units, it is assumed that a refurbishment is required before a re-letting can take place. At some properties, these are not included as the leases already are ready for reletting.

Ad. 8) Current discounts are deducted from the market value.

Ad. 9) If an overrented lease is regulated to market rent, it is implemented over a 4-year period according to section 13 in the Danish Commercial Rent. As a result, the lease will generate an overrenting element in this period.

Note 2 - Investment properties (continued)

Ad. 10) If an underrented lease is regulated to market rent, it is implemented over a 4-year period according to section 13 in the Danish Commercial Rent. As a result, the lease will generate an underrenting element in this period.

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The calculation of the properties' fair value is sensitive to changes in all the above inputs to the valuation model. The most significant non-observable inputs used in calculating the current value of the completed investment properties are as follows:

i. Market Rent per square meter (sqm.) per year
ii. Vacancy
iii. Yield

A general increase in market rent per sqm and decrease of the vacancy in the areas in which Toldbuen P/S's properties are located, will likely decrease the yield requirements.

Amounts in DKK 1000s	2022	2021
Balance at 31 September	22,900	22,540
Adjustment to fair value, net	-1,900	360
Balance at 31 December	**21,000**	**22,900**

The Company's investment property is 100% commercial. The property primarily comprises of office spaces.

i. Market Rent per sqm per year

Market rent per sqm per year represents an important input for calculating the fair value of the property. If it is estimated that the current rent is lower or higher than the rent that can be obtained by re-hire, a correction of the current rent will be made to the expected rent on re-hire. This input is based on an estimate. Similarly, input on market rent for empty areas is based on an estimate.

ii. Vacancy

No structural vacancy has been considered in the property valuation. It has been estimated that the current vacancy will be let within 12 months.

iii. Yield

The fixed return requirement is an essential input in estimating fair values. An individually determined rate of return of 8.587% has been applied in the market value assessment at 31 December 2022.

The yield requirements used have a significant impact on the fair value of the property. The sensitivity of changes in the return requirement is illustrated in the table below which shows the effect on the fair value of the properties if only the average return rate is changed.

Change in return requirements (% points)	Change in market value (DKK million)	
	2022	2021
0.50%	-1.2	-1.5
-0.50%	1.3	1.8

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

Note 3 – Credit Institutions

The Group's loans and credits are distributed as per 31 December as follows:

Liabilities recognized at amortized cost	Currency	Rate type	Expiry date	2022	2021
Bank Debt	DKK	Fixed	2-3 years	13,175	13,175
Carrying amount				**13,175**	**13,175**

The evolution of the long and short term liabilities with credit institutions is specified follows:

Amounts in DKK 1000s	2022	2021
Non-current financial liabilities	13,175	13,175
Financial liabilities with credit institutions at 1 January	**13175**	**13,175**
Repayment of liabilities to credit institutions	0	0
Accrued financial expenses	-	-
Financial liabilities with credit institutions at 31 December	**13,175**	**13,175**
Non-current financial liabilities	13,175	13,175
Current financial liabilities	-	-
Total financial liabilities with credit institutions at 31 December	**13,175**	**13,175**

Note 4 – Contingent assets and liabilities

Pledges and guarantees

The nominal pledge for the bank debt given by credit institutions per December 31, 2022 amounts to a total of DKK 13.2 million, the nominal value of the loans amounts to a total of DKK 13.2 million in the company's investment property with a book value totaling DKK 22.9 million.

Contingent liabilities

The Company has no contingent liabilities as at December 31, 2022.

Contingent assets

The Company has no contingent asset as at December 31, 2022.

Note 5 – Subsequent events

From the balance sheet date until the date of presentation of this Annual Report no additional events have occurred other than the abovementioned which significantly affects the assessment of the annual report.