Biblioteksparken A/S

c/o Cobblestone
Gammel Køge Landevej 57
2500 Valby
Denmark

CVR no. 35 25 80 94

Annual report 2021

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

27 June 2022

Emil Skov
Chairman of the annual general meeting

Contents

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 Biblioteksparken A/S for the financial year 1 January – 31 December 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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, 27 June 2022
Executive Board:

Louise Hertz

Board of Directors:

Peter Matzen Drachmann Chairman	Louise Hertz	Nathalie Marion-Denise Winkelmann

Independent auditor's report

To the shareholder of Biblioteksparken A/S

Opinion

We have audited the financial statements of Biblioteksparken A/S for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.

Independent auditor's report

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

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 27 June 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik Y. Jensen
State Authorised
Public Accountant
mne35442

Management's review

Company details

Biblioteksparken A/S
c/o Cobblestone
Gammel Køge Landevej 57
2500 Valby
Denmark

CVR no.:	35 25 80 94
Established:	30 May 2013
Registered office:	København
Financial year:	1 January – 31 December

Board of Directors

Peter Matzen Drachmann, Chairman
Louise Hertz
Nathalie Marion-Denise Winkelmann

Executive Board

Louise Hertz

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The objects of the Company are to buy, develop, own and sell real estate and related business.

Development in activities and financial position

The Company's income statement for 2021 shows a loss of DKK -16,427 thousand as against DKK 85,800 thousand in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 75,580 thousand as against DKK 149,233 thousand at 31 December 2020.

The investment properties have been measured at fair value at 31 December 2021 compared to cost previous years.

Measurement of investment properties has been changed from cost to fair value.

Consequently, investment properties have increased by DKK 110 million, equity by DKK 86 and deferred tax by DKK 24 million at 1 january 2021.

Please see note 1 in accounting policies for financial impact.

The results for the year are considered to be in accordance with expectations.

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'000	Note	2021	2020
Gross profit/loss		10,171	-240
Profit/loss before financial income and expenses		10,171	-240
Fair value adjustment of investment properties		-18,590	110,261
Other financial expenses	3	-12,630	0
Profit/loss before tax		-21,049	110,021
Tax on loss for the year	4	4,622	-24,221
Profit/loss for the year		-16,427	85,800

Proposed profit appropriation/distribution of loss

Extraordinary dividend	57,227	0
Retained earnings	-73,654	85,800
	-16,427	85,800

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Investment properties		507,400	510,900
Fixtures and fittings, tools and equipment		15,000	15,000
		522,400	525,900
Total fixed assets		522,400	525,900
Current assets			
Receivables			
Trade receivables		0	50
Other receivables		9,494	3,063
Prepayments		230	0
		9,724	3,113
Cash at bank and in hand		54,176	60
Total current assets		63,900	3,173
TOTAL ASSETS		586,300	529,073

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		25,500	25,500
Share premium		0	29,000
Retained earnings		50,080	94,733
Total equity		75,580	149,233
Provisions			
Provisions for deferred tax	5	19,532	24,154
Other provisions		0	6,806
Total provisions		19,532	30,960
Liabilities other than provisions			
Non-current liabilities other than provisions	7		
Mortgage loans		256,416	0
Payables to shareholders		223,463	0
Deposits		7,468	3,750
		487,347	3,750
Current liabilities other than provisions			
Other credit institutions, current liabilities		0	325,150
Trade payables		157	11,020
Payables to group entities		0	8,960
Other payables		3,618	0
Deferred income		66	0
		3,841	345,130
Total liabilities other than provisions		491,188	348,880
TOTAL EQUITY AND LIABILITIES		586,300	529,073

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Statement of changes in equity

DKK'000	Contributed capital	Share premium	Retained earnings	Proposed extraordinary dividends	Total
Equity at 1 January 2021	25,500	29,000	8,730	0	63,230
Net effect from change of accounting policy	0	0	86,004	0	86,004
Transferred over the distribution of loss	0	0	-73,654	57,227	-16,427
Extraordinary dividends paid	0	0	0	-57,227	-57,227
Transfer from share premium account	0	-29,000	29,000	0	0
Equity at 31 December 2021	25,500	0	50,080	0	75,580

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Biblioteksparken A/S for 2021 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 except from the following:

Change in accounting policies

The Company has changed its accounting policies regarding investment properties so that investment properties are measured at fair value. Previously, investment properties was were measured at cost. The changes in accounting policies were made in order to give a more true and fair view of the Company's activities, results and financial position.

DKK'000	2021	2020
Effect on:		
Profit/loss	-14,500	86,004
Total assets	-18,590	110,261
Equity	-14,500	86,004
Provision for deferred tax	-4,089	24,257

The comparative figures have been restated to reflect the changed accounting policies.

Income statement

Gross profit

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

Revenue

Revenues comprises rental income from the lease of property and recharged costs. Revenue is recognized in the income statement for the period relating to the financial year.

Other external costs

Other external costs comprise costs incurred during the year as a result of the rental of the Company's property and administration.

Financial income and expenses

Financial income and expenses comprise interest income and expense, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in

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1 Accounting policies (continued)

the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Investment properties

Investment properties comprises properties that is held to earn rentals, held for capital appreciation or both. Initially, investment properties are measured at cost including purchase price and directly related costs. The carrying amount also includes costs for improvements if the recognition criteria are met.

Subsequent to initial recognition, investment properties are stated at fair value. Gains and losses arising from changes in the fair values are included in the income statement in the year which they arise.

The properties are valued using the income capitalization method where a property's fair value is estimated based on the normalized net operating income generated by the property, which is divided by the capitalization rate. The calculated value is adjusted with expected future change in rental value, voids, capital expenses and other special circumstances.

The valuation was performed by Jones Lang LaSalle SE, an accredited an independent valuer with recognized and relevant professional qualifications and recent experience of the location and category of investment properties being valued. The valuation model applied is in accordance with the recommended by the International Valuation Standards Committee. These valuations models are consistent with the principles in IFRS 13.

Investment properties is not depreciated.

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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1 Accounting policies (continued)

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.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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:

Fixtures and fittings, tools and equipment	5-10 years

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

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.

Impairment of fixed assets

The carrying amount of property, plant and equipment 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 individual 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.

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.

Cash at bank and in hand

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

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1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost over the term of the loan. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

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DKK'000	2021	2020

2 Average number of full-time employees

Average number of full-time employees	0	0

3 Other financial expenses

DKK'000	2021	2020
Interest expense to group entities	5,649	0
Impairment losses on receivables to group entities	969	0
Other financial costs	6,012	0
	12,630	0

4 Tax on loss for the year

Deferred tax for the year	-4,622	24,221
	-4,622	24,221

5 Property, plant and equipment

DKK'000	Investment properties	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2021	400,639	15,000	415,639
Additions for the year	15,090	0	15,090
Cost at 31 December 2021	415,729	15,000	430,729
Net effect of change in accounting policy	110,261	0	110,261
Revaluations for the year	-18,590	0	-18,590
Revaluations at 31 December 2021	91,671	0	91,671
Carrying amount at 31 December 2021	507,400	15,000	522,400
Portion relating to recognised interest	18,042	0	18,042

Key assumptions:
The property is located in Aarhus C and used for mixed-use/hostel with a total area of 13.917 sqm. The fair value of investment properties in the annual report is estimated based on the external valuation report. Valuation has been prepared using an income capitalization methodology.

The return requirement estimates are based on information about the general regional development in return requirements and other relevant local conditions.

An individually determined Equivalent Yield of 4,13% has been applied in the market value assessment at 31 December 2021.

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

Financial statements 1 January – 31 December

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5 Property, plant and equipment (continued)

Sensitivty analysis:
An increase of the exit yield by 0.25 percentage points would reduce the porperty value by DKK -18,7 million. A decrease in the exit yield by 0.25 percentage points would increase the property value by DKK 21,1 million at the balance sheet date.

6 Provisions for deferred tax

DKK'000	31/12 2021
Provision for deferred tax at 1 January 2021	-103
Change of accounting policy at 1 January 2021	24,257
Provision for the year	-3,547
Provision for deferred tax at 31 December 2021	20,607

7 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2021	Repayment, first year	Outstanding debt after five years
Mortgage loans	256,416	0	251,211
Payables to shareholders	223,463	0	223,463
Deposits	7,468	0	0
	487,347	0	474,674

8 Contractual obligations, contingencies, etc.

Contingent liabilities

Biblioteksparken A/S is a party to a few pending lawsuits. In Management's opinion, apart from the liabilities recognised in the balance sheet at 31 December 2021, the outcome of these lawsuits will not affect the Company's financial position.

The Company is subject to the Danish scheme of joint taxation an unlimited jointly and severally liable with the other taxed companies for the total corporate tax.

Biblioteksparken A/S is a party to disputes in connection with the construction of investment property. As part of the agreement entered into for the sale of the company, it has been agreed between the buyer and the seller that the company will be indemnified in relation to pending dispute. The outcome of the dispute will therefore not have financial significance for the company. The seller have provided the buyer, PADK B1 ApS, with a bank guarantee of DKK 20 mil. to cover any potential costs related to the case.

9 Mortgages and collateral

Investment properties with a carrying amount of DKK 522.4 million at 31 December 2021 have been provided as collateral for mortgages of DKK 256 million.

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10 Related party disclosures

Biblioteksparken A/S' related parties comprise the following:

Control

Biblioteksparken A/S is part of the consolidated financial statements of PATRIZIA Augsburg Kapitalverwaltungsgesellschaft mbH, Fuggerstrasse 26, 86150 Augsburg, Germany, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of PATRIZIA Augsburg Kapitalverwaltungsgesellschaft mbH can be obtained by contacting the Company at the address above.