

BIBLIOTEKSPARKEN A/S

Adelgade 15
DK-1304 København K

CVR no. 35 25 80 94

Annual report 2022

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

2 May 2023

Emil Skov
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 for BIBLIOTEKSPARKEN A/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, 2 May 2023
Executive Board:

Anders Skovgaard Klingbeil

Board of Directors:

Peter Matzen Drachmann
Chairman

Albert Cornelis Tol

Anders Skovgaard Klingbeil

Nathalie Marion-Denise
Winkelmann



Independent auditor's report

To the shareholders of BIBLIOTEKSPARKEN A/S

Opinion

We have audited the financial statements of BIBLIOTEKSPARKEN A/S for the financial year 1 January - 31 December 2022, comprising income statement, balance sheet 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 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.

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 financial statement 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 2 May 2023

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik Y. Jensen
State Authorised Public Accountant
mne35442

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Management's review

Company details

BIBLIOTEKSPARKEN A/S
Adelgade 15
DK-1304 København K

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
Albert Cornelis Tol
Anders Skovgaard Klingbeil
Nathalie Marion-Denise Winkelmann

Executive Board

Anders Skovgaard Klingbeil

Auditor

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

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Management's review

Operating review

Principal activities

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

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2022.

Development in activities and financial position

The Company's income statement for 2022 shows a loss of DKK 26,564 thousands as against a loss of DKK 16,427 thousands in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at DKK 49,016 thousands as against DKK 75,580 thousands at 31 December 2021.

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Income statement

DKK'000	Note	2022	2021
Gross profit		14,365	10,171
Losses from fair value adjustments of investment property		-34,400	-18,590
Other financial income		153	0
Other financial expenses	3	-13,074	-12,630
Loss before tax		-32,956	-21,049
Tax on loss for the year	4	6,392	4,622
Loss for the year		<u>-26,564</u>	<u>-16,427</u>
Proposed distribution of loss			
Extraordinary dividends distributed in the year		0	57,227
Retained earnings		<u>-26,564</u>	<u>-73,654</u>
		<u>-26,564</u>	<u>-16,427</u>

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Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Property, plant and equipment			
Investment property	5	473,000	507,400
Fixtures, fittings, tools and equipment		15,000	15,000
		<u>488,000</u>	<u>522,400</u>
Total fixed assets		<u>488,000</u>	<u>522,400</u>
Current assets			
Receivables			
Other receivables		17,613	9,494
Prepayments		21	230
		<u>17,634</u>	<u>9,724</u>
Cash at bank and in hand		<u>48,077</u>	<u>54,176</u>
Total current assets		<u>65,711</u>	<u>63,900</u>
TOTAL ASSETS		<u>553,711</u>	<u>586,300</u>

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Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		25,500	25,500
Retained earnings		23,516	50,080
Total equity		<u>49,016</u>	<u>75,580</u>
Provisions			
Provisions for deferred tax		13,141	19,532
Total provisions		<u>13,141</u>	<u>19,532</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
	6		
Mortgage debt		256,560	256,416
Deposits		7,407	7,468
Payables to shareholders and management		223,463	223,463
		<u>487,430</u>	<u>487,347</u>
Current liabilities other than provisions			
Trade payables		177	157
Other payables, including taxes payable		3,947	3,618
Deferred income		0	66
		<u>4,124</u>	<u>3,841</u>
Total liabilities other than provisions		<u>491,554</u>	<u>491,188</u>
TOTAL EQUITY AND LIABILITIES		<u><u>553,711</u></u>	<u><u>586,300</u></u>

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Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2022	25,500	50,080	75,580
Transferred over the distribution of loss	0	-26,564	-26,564
Equity at 31 December 2022	25,500	23,516	49,016

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1 Accounting policies

The annual report of BIBLIOTEKSPARKEN A/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.

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.

Income statement

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, gains and losses on securities, payables and transactions denominated in foreign currencies, 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 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.

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1 Accounting policies

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

Property, plant and equipment

Investment properties comprises properties that are 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 CBRE, an accredited and 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 are not depreciated.

Fixtures and fittings, tools and equipment 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.

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, fittings, tools and equipment	5-10 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.

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.

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1 Accounting policies

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.

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 measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/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.

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1 Accounting policies

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. 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.

2 Staff costs

	2022	2021
Average number of full-time employees	<u>0</u>	<u>0</u>

3 Other financial expenses

DKK'000	2022	2021
Interest paid to group entities	11,173	5,649
Other interest expenses	1,901	6,012
Debt forgiveness	0	969
	<u>13,074</u>	<u>12,630</u>

4 Tax on loss for the year

DKK'000	2022	2021
Deferred tax adjustment for the year	-6,594	-4,622
Adjustment of tax concerning previous years	202	0
	<u>-6,392</u>	<u>-4,622</u>

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5 Property, plant and equipment

DKK'000	Investment property	Fixtures, fittings, tools and equipment	Total
Cost at 1 January 2022	415,729	15,000	430,729
Cost at 31 December 2022	415,729	15,000	430,729
Revaluations at 1 January 2022	91,671	0	91,671
Revaluations	-34,400	0	-34,400
Revaluations at 31 December 2022	57,271	0	57,271
Carrying amount at 31 December 2022	473,000	15,000	488,000

Key assumptions:

The property is located in Aarhus C and used for mixed-use/hostel with a total area of 14.157 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 4.60% has been applied in the market value assessment at 31 December 2022 (2021: 4.43%). Management has changed valuation method at year-end. If the same method is applied in 2021 valuation the yield would be 4.43% (4.13% was applied in the previous method and disclosed in last years annual report)

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.

Sensitivity analysis:

An increase of the exit yield by 0.25 percentage points would reduce the property value by DKK 19,6 million (2021: DKK -18,7 mio.). A decrease in the exit yield by 0.25 percentage points would increase the property value by DKK 34,2 million (2021: DKK 21,1 mio.) at the balance sheet date.

6 Non-current liabilities other than provisions

DKK'000	31/12 2022	31/12 2021
Mortgage debt:		
1-5 year	21,699	5,205
>5 year	234,861	251,211
	<u>256,560</u>	<u>256,416</u>
Deposits:		
1-5 year	7,407	7,468
	<u>7,407</u>	<u>7,468</u>
Long-term payables to shareholders and management:		
>5 year	223,463	223,463
	<u>223,463</u>	<u>223,463</u>
Total financial debts	<u>487,430</u>	<u>487,347</u>

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7 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 2022, 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.

8 Mortgages and collateral

Investment properties with a carrying amount of DKK 488 million at 31 December 2022 (2021: 522,4 million) have been provided as collateral for mortgages of DKK 257 million (2021: 256 million).