

Årsredovisning

PSS AA Invest AB

Organisationsnummer: 559208-5376
Räkenskapsår: 2023-01-01 - 2023-12-31

Styrelsen avger följande årsredovisning.

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Om inte annat särskilt anges, redovisas alla belopp i hela svenska kronor. Uppgifter inom parentes avser föregående år.

Företagets säte: Stockholm

Fastställelseintyg

Jag intygar att resultaträkningen och balansräkningen har fastställts på årsstämma 2024-04-09.
Årsstämman beslöt att godkänna styrelsens förslag till vinstdisposition.

Jag intygar att innehållet i dessa elektroniska handlingar överensstämmer med originalen och att originalen undertecknats av samtliga personer som enligt lag ska underteckna dessa.

Elektroniskt underskriven av

Hanna Ylijukuri
Styrelseledamot
2024-04-09

Förvaltningsberättelse

Verksamheten

Allmänt om verksamheten

Bolagets verksamhet är att äga och förvalta andelar i fastighetsförvaltande bolag samt idka därmed förenlig verksamhet. Bolaget har ej haft några anställda under året. Företaget har sitt säte i Stockholm.

Väsentliga händelser under räkenskapsåret

En fortsatt hög inflation under 2023 med stigande räntor och höga energipriser har under året ej väsentligt påverkat företagets ställning och resultat.

Flerårsöversikt

	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Resultat efter finansiella poster (tkr)	-1 567	-1 883	-2 103	-1 816
Soliditet (%)	3,3	2,2	3,0	3,4

Nyckeltalsdefinitioner

Resultat efter finansiella poster

Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Soliditet (%)

Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Förändringar i eget kapital

	Aktie- kapital	Balanserat resultat	Årets resultat	Summa
Belopp vid årets ingång	50 000	5 609 257	-1 549 980	4 109 277
Balanseras i ny räkning		-1 549 980	1 549 980	0
Årets resultat			1 990 477	1 990 477
Belopp vid årets utgång	50 000	4 059 277	1 990 477	6 099 754

Resultatdisposition

Till årsstämmans förfogande står följande medel (kr):

Balanserat resultat	4 059 277
Årets resultat	1 990 477
Medel att disponera	6 049 754

Styrelsen föreslår att medlen disponeras enligt följande (kr):

Balanseras i ny räkning	6 049 754
Summa	6 049 754

Resultaträkning

	Not	2023-01-01	2022-01-01
	1 2 3	2023-12-31	2022-12-31
<i>Rörelseintäkter, lagerförändringar m.m.</i>			
Övriga rörelseintäkter		434 456	611 841
Summa rörelseintäkter, lagerförändringar m.m.		434 456	611 841
<i>Rörelsekostnader</i>			
Övriga externa kostnader		-857 737	-495 561
Summa rörelsekostnader		-857 737	-495 561
Rörelseresultat		-423 281	116 280
<i>Finansiella poster</i>			
Resultat från andelar i koncernföretag		4 050 000	0
Övriga ränteintäkter och liknande resultatposter	4	4 334 976	4 477 931
Räntekostnader och liknande resultatposter	5	-6 394 499	-6 477 410
Summa finansiella poster		1 990 477	-1 999 479
Resultat efter finansiella poster		1 567 196	-1 883 199
<i>Bokslutsdispositioner</i>			
Erhållna koncernbidrag		423 281	336 103
Summa bokslutsdispositioner		423 281	336 103
Resultat före skatt		1 990 477	-1 547 096
Övriga skattekostnader		0	-2 884
Årets resultat		1 990 477	-1 549 980

Balansräkning

	Not	2023-12-31	2022-12-31
TILLGÅNGAR	1		
Anläggningstillgångar			
<i>Finansiella anläggningstillgångar</i>			
Andelar i koncernföretag	6	69 902 872	68 702 872
Fordringar hos koncernföretag	7	113 175 265	113 175 265
Summa finansiella anläggningstillgångar		183 078 137	181 878 137
Summa anläggningstillgångar		183 078 137	181 878 137
Omsättningstillgångar			
<i>Kortfristiga fordringar</i>			
Fordringar hos koncernföretag		0	589 556
Övriga fordringar		367 354	837 280
Förutbetalda kostnader och upplupna intäkter		36 605	45 358
Summa kortfristiga fordringar		403 959	1 472 194
<i>Kassa och bank</i>			
Kassa och bank		3 456 086	1 134 303
Summa kassa och bank		3 456 086	1 134 303
Summa omsättningstillgångar		3 860 045	2 606 497
SUMMA TILLGÅNGAR		186 938 182	184 484 634

Balansräkning

	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER	1		
Eget kapital			
<i>Bundet eget kapital</i>			
Aktiekapital		50 000	50 000
Summa bundet eget kapital		50 000	50 000
<i>Fritt eget kapital</i>			
Balanserat resultat		4 059 277	5 609 257
Årets resultat		1 990 477	-1 549 980
Summa fritt eget kapital		6 049 754	4 059 277
Summa eget kapital		6 099 754	4 109 277
Långfristiga skulder	8		
Skulder till koncernföretag		180 194 076	180 194 076
Summa långfristiga skulder		180 194 076	180 194 076
Kortfristiga skulder			
Leverantörsskulder		45 756	87 833
Skulder till koncernföretag		440 616	0
Övriga skulder		0	44 448
Upplupna kostnader och förutbetalda intäkter		157 980	49 000
Summa kortfristiga skulder		644 352	181 281
SUMMA EGET KAPITAL OCH SKULDER	9	186 938 182	184 484 634

Noter

Not 1. Redovisnings- och värderingsprinciper

Allmänna upplysningar

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2016:10 Årsredovisning i mindre företag.

Not 2. Väsentliga händelser efter balansdagen

Bolaget har inte noterat någon väsentlig påverkan av de effekterna vi ser som en följd av stigande räntor och höga energipriser.

I övrigt inga väsentliga händelser har skett efter årets utgång.

Not 3. Upplysning om moderföretag

Bolaget är ett helägt dotterbolag till PSS Investments AA Inc, Suit 400, Purdy's Landing, 1949 Upper Water Street, Halifax 83J 3N3, Kanada med org.nr 3288221. Koncernredovisning upprättas av moderbolag enligt 7 kap 2§ Årsredovisningslagen.

Not 4. Övriga ränteintäkter och liknande resultatposter

	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Ränteintäkter och liknande resultatposter som avser kortfristiga fordringar på och andelar i koncernföretag som är omsättningstillgång	4 303 018	4 477 028

Not 5. Räntekostnader och liknande resultatposter

	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Räntekostnader och liknande resultatposter som avser skulder till koncernföretag	6 394 387	-6 476 766

Not 6. Andelar i koncernföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	68 702 872	68 702 872
Lämnade aktieägartillskott	1 200 000	0
Utgående anskaffningsvärden	69 902 872	68 702 872
Redovisat värde	69 902 872	68 702 872

Företagets namn	Org.nr.	Antal andelar	Kapitalandel (%)	Rösträttsandel (%)	Redovisat värde (tkr)
Stora Bråta 2:61 AB	556947-2268	500	100,0	100,0	69 902 872

Not 7. Fordringar hos koncernföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	113 175 265	119 675 265
Reglerade fordringar	0	-6 500 000
Utgående anskaffningsvärden	113 175 265	113 175 265
Redovisat värde	113 175 265	113 175 265

Not 8. Långfristiga skulder

	2023-12-31	2022-12-31
Långfristiga skulder som förfaller till betalning senare än fem år efter balansdagen	180 194 076	180 194 076

Not 9. Ställda säkerheter och eventalförpliktelser

	2023-12-31	2022-12-31
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Bolaget har inga ställda pantar och därmed jämförliga säkerheter.

Bolaget har inga eventalförpliktelser.

Stockholm

Hanna Ylijukuri
Hanna Ylijukuri
Styrelseordförande
2024-04-09

Jan-Hugo Nihlén
Jan-Hugo Nihlén
2024-04-09

Vår revisionsberättelse har lämnats 2024-04-09.

Grant Thornton Sweden AB

Martina Tyseng Blank
Martina Tyseng Blank
Auktoriserad revisor

Revisionsberättelse

Till bolagsstämman i PSS AA Invest AB, Org.nr. 559208-5376.

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för PSS AA Invest AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av PSS AA Invest ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till PSS AA Invest AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risker för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar**Uttalanden**

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för PSS AA Invest AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisions sed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till PSS AA Invest AB enligt god revisors sed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet.

Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Stockholm den 9 april 2024

Grant Thornton Sweden AB

Martina Tyseng Blank
Martina Tyseng Blank

Auktoriserad revisor

2024053136893

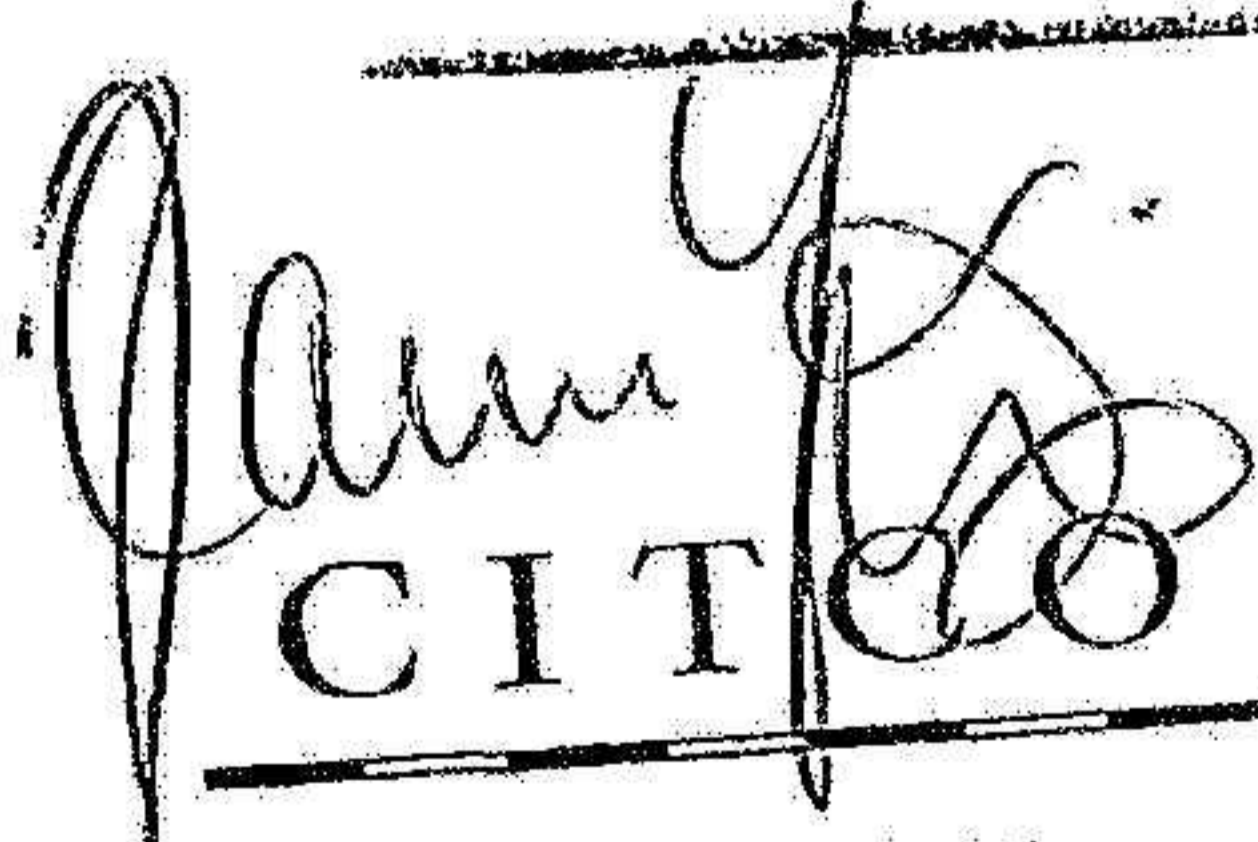


Consolidated Financial Statements

PSS Investments AA Inc.

December 31, 2023

Certified true copy


CITCO

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Independent auditor's report

To the Shareholder of
PSS Investments AA Inc.

Opinion

We have audited the financial statements of PSS Investments AA Inc. ("the Company"), which comprise the statement of financial position as at December 31, 2023, and the statement of loss and comprehensive loss, statement of cash flows, and statement of changes in shareholder equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of PSS Investments AA Inc. as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 Canadian generally accepted auditing standards 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 in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Halifax, Canada
May 21, 2024

Grant Thornton LLP
Chartered Professional Accountants

2024053136897

PSS Investments AA Inc.

Consolidated statement of financial position

(expressed in CAD)

December 31

2023

2022

Assets

Current

Cash and cash equivalents	\$ 6,704,733	\$ 2,548,283
Interest on loans receivable from joint venture (Note 6)	61,097	344,659
Other receivables	<u>232,705</u>	<u>453,120</u>
	6,998,535	3,346,062

Non-current

Investments in joint venture (Note 4)	49,321,388	55,331,876
Investment property (Note 5)	57,288,899	60,460,258
Loans receivable from joint venture (Note 6)	<u>33,898,084</u>	<u>53,665,938</u>
	140,508,371	169,458,072

Total assets

\$ 147,506,906 **\$ 172,804,134**

Shareholder equity and liabilities

Current

Payables and accruals	\$ 1,325,379	\$ 786,488
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Non-current

Bank loans (Note 7)	14,317,338	14,177,835
Deferred tax liability (Note 8)	<u>832,213</u>	<u>1,429,579</u>

Total liabilities

16,474,930 **16,393,902**

Shareholder equity

Share capital	126,726,326	140,979,584
Retained earnings	8,909,171	21,022,303
Foreign currency translation reserve	<u>(4,603,522)</u>	<u>(5,591,655)</u>

Total shareholder equity


131,031,976 **156,410,232**

Total shareholder equity and liabilities

\$ 147,506,906 **\$ 172,804,134**

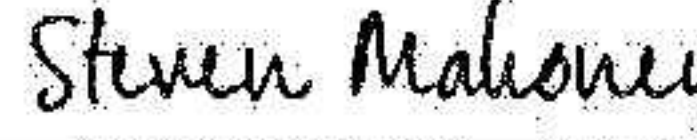
Subsequent event (Note 13)

On behalf of the Board

DocuSigned by:

 4597D0826E1D426

Director

Christopher Taylor

DocuSigned by:

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Director

Steven Mahoney

See accompanying notes to the consolidated financial statements.

PSS Investments AA Inc.**Consolidated statement of loss and comprehensive loss**

(expressed in CAD)

Year ended December 31

	2023	2022
Rental revenue	\$ 3,363,300	\$ 2,968,057
Property operating expenses	<u>(454,718)</u>	<u>(266,168)</u>
Net property income	2,908,582	2,701,889
Other income (expenses)		
Net (loss) earnings from joint venture (Note 4)	(4,334,868)	(2,100,421)
Change in fair value of investment property (Note 5)	(3,561,658)	(6,877,018)
Interest income	1,875,708	1,468,278
Finance costs	(264,694)	(256,333)
Management and administration fees	(1,102,777)	(1,097,409)
Other expenses	(184,479)	-
Professional fees	(211,521)	(191,745)
Unrealized foreign exchange loss	(44,942)	(3,007,946)
Realized foreign exchange Gain (Loss)	<u>41,497</u>	<u>(2,408)</u>
Loss for the year before tax	(4,879,152)	(9,364,042)
Income tax recovery (Note 8)	<u>495,068</u>	<u>1,366,098</u>
Loss for the year	<u>\$ (4,384,084)</u>	<u>\$ (7,997,944)</u>
Other comprehensive loss:		
Items that will be reclassified subsequently to profit or loss		
Share of other comprehensive income of equity accounted investment	\$ 12,178	(492,641)
Exchange differences on translation of foreign operation	(54,432)	(619,253)
Exchange differences on translation to presentation currency	<u>1,030,388</u>	<u>1,446,821</u>
Total comprehensive loss	<u>\$ (3,395,950)</u>	<u>\$ (7,663,017)</u>

See accompanying notes to the consolidated financial statements.

PSS Investments AA Inc.
Consolidated statement of cash flows

(expressed in CAD)

Year ended December 31

2023

2022

Decrease in cash and cash equivalents

Operating		
Loss for the year before tax	\$ (4,879,152)	\$ (9,364,042)
Items not affecting cash		
Net loss (earnings) from joint venture	4,334,868	2,100,421
Unrealized foreign exchange loss	44,942	3,007,946
Change in fair value of investment property	3,561,658	6,877,018
Net change in operating working capital		
Interest receivable	286,542	589,236
Other receivables	224,082	(251,596)
Payables and accruals	534,046	(854,242)
	<u>4,106,986</u>	<u>2,104,741</u>
Financing		
Advances to joint venture	-	(20,087,233)
Repayments from joint venture	20,051,998	432,015
Issuance of common shares	-	29,735,551
Return of capital to shareholders	(14,253,258)	-
Dividends paid	(7,729,048)	(3,532,499)
	<u>(1,930,308)</u>	<u>6,547,834</u>
Investing		
Investment in joint venture	-	(9,690,956)
Distributions from joint venture	2,091,708	723,035
	<u>2,091,708</u>	<u>(8,967,921)</u>
Effect of exchange rate fluctuations on cash	<u>(111,936)</u>	<u>(50,394)</u>
Net increase (decrease) in cash and cash equivalents	<u>4,156,450</u>	<u>(365,740)</u>
Cash and cash equivalents		
Beginning of period	<u>2,548,283</u>	<u>2,914,023</u>
End of period	<u>\$ 6,704,733</u>	<u>\$ 2,548,283</u>

See accompanying notes to the consolidated financial statements.

PSS Investments AA Inc.
Consolidated statement of changes in shareholder equity

(expressed in CAD)
 December 31, 2023

	Share Capital				Retained Earnings	Foreign Currency Translation Reserve	Total
	Common Shares (Note 9)	Additional Paid-in Capital	Total Share Capital				
Shareholder equity, January 1, 2023	\$ 69,681,986	\$ 71,297,598	\$ 140,979,584	\$ 21,022,303	\$ (5,591,655)	\$ 156,410,232	
Loss for the year	-	-	-	(4,384,084)	-	(4,384,084)	
Exchange differences on translation to presentation currency	-	-	-	-	1,030,388	1,030,388	
Share of other comprehensive income of equity accounted investments	-	-	-	-	12,178	12,178	
Exchange differences on translation of foreign operations	-	-	-	-	(54,432)	(54,432)	
Transactions with owners:							
Capital contribution	-	(14,253,258)	(14,253,258)	-	-	(14,253,258)	
Dividends	-	-	-	(7,729,048)	-	(7,729,048)	
Shareholder equity, December 31, 2023	\$ 69,681,986	\$ 57,044,340	\$ 126,726,326	\$ 8,909,171	\$ (4,603,521)	\$ 131,031,976	
Shareholder equity, January 1, 2022	\$ 39,946,435	\$ 71,297,598	\$ 111,244,033	\$ 32,552,746	\$ (5,926,582)	\$ 137,870,197	
Loss for the year	-	-	-	(7,997,944)	-	(7,997,944)	
Exchange differences on translation to presentation currency	-	-	-	-	1,446,821	1,446,821	
Share of other comprehensive income of equity accounted investments	-	-	-	-	(492,641)	(492,641)	
Exchange differences on translation of foreign operations	-	-	-	-	(619,253)	(619,253)	
Transactions with owners:							
Capital contribution	29,735,551	-	29,735,551	-	-	29,735,551	
Dividends	-	-	-	(3,532,499)	-	(3,532,499)	
Shareholder equity, December 31, 2022	\$ 69,681,986	\$ 71,297,598	\$ 140,979,584	\$ 21,022,303	\$ (5,591,655)	\$ 156,410,232	

See accompanying notes to the consolidated financial statements.

PSS Investments AA Inc.

Notes to the consolidated financial statements

(expressed in CAD)
December 31, 2023

1. Nature of operations

PSS Investments AA Inc. (the "Company") is a limited company in Canada formed on April 7, 2015 and is governed by the laws of the Province of Nova Scotia. The principal business is for the purpose of indirectly acquiring and owning a portfolio of diversified revenue-generating rental properties (or investment properties) through investments in associates and joint ventures in Europe. The shareholder (or parent company), PSS Investments RE Inc., is wholly-owned by the Public Service Superannuation Plan and governed by the Public Service Superannuation Act as part of the Acts of Nova Scotia.

The Company's investments in properties in Europe are governed by a Real Estate Investment Policy, a supplement to the Statement of Investment Policies & Goals ("SIP&G") as provided by the Public Service Superannuation Plan Trustee Inc., acting as trustee for the Public Service Superannuation Plan.

The Company is exempt from corporate income taxes under section 149 of the Canadian Income Tax Act, and as a consequence, does not pay income taxes in Canada.

The registered office of the Company is located at 1949 Upper Water Street, Suite 400, Halifax, Nova Scotia, Canada.

2. General information and statement of compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements are prepared on an accrual basis and under the historical cost convention, except for the revaluation of investment properties, and are presented in Canadian dollars ("CAD"). The functional currency of the Company is the Euro ("EUR").

The financial statements were authorized for issue by the Company Board of Directors on May 21, 2024.

3. Summary of significant accounting policies

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

Basis of consolidation

The Company's financial statements consolidate those of the Company and all of its subsidiary entities as at December 31, 2023. Subsidiaries are entities over which the Company has control. All subsidiaries have a reporting date of December 31, 2023. The subsidiaries held directly by the Company are PSS AA Real Estate Coöperatief U.A. and PSS AA Invest AB, domiciled in Netherlands and Sweden, respectively. The proportion of ownership interests in each subsidiary held by the Company at year end is 100% (2022 – 100%). The principal activity of the subsidiaries is leasing of commercial real estate.

All intercompany transactions, balances, income and expenses are eliminated in preparing the consolidated financial statements. Earnings and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

PSS Investments AA Inc.**Notes to the consolidated financial statements**

(expressed in CAD)

December 31, 2023

3. Summary of significant accounting policies (continued)**Investment in joint venture**

Joint ventures are entities over which the Company has joint control and whereby the parties that share joint control have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require unanimous consent of the parties sharing control. Investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and adjusted by the Company's share of results from operations after the date of acquisition. The Company's share of the profit or loss and other comprehensive income from associates and joint ventures is recognized in the statement of earnings and other comprehensive income during the year. Distributions received from associates and joint ventures reduce the carrying amount of the Company's investment. Any change in other comprehensive income (loss) of associates and joint ventures is presented as part of the Company's other comprehensive income, when applicable.

The financial statements of the joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

At each reporting date, the Company assesses whether there is evidence that the Company's investment in a joint venture is impaired. The Company considers whether the carrying amount of its investment in the joint venture exceeds the carrying amount of the net assets of the joint venture as evidence of impairment, as well as expectations regarding future cash flows, profitability and ability to meet budgeted expectations from operations.

If any of the above indicators of impairment exist, the Company shall estimate the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. An impairment loss is recognized if the amount by which the carrying amount of an asset exceeds its recoverable amount.

Foreign currency translation*Functional and presentation currency*

These financial statements are presented in Canadian dollars ("CAD"), which is the Company's presentation currency. The Company's functional currency is the Euro ("EUR"). The functional currency of the Company's investment in a joint venture is also the EUR.

Foreign currency transactions and balances

Transactions in currencies other than the Company's functional currency of EUR are translated into the functional currency at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in a foreign currency at the reporting date are translated to the Company's functional currency at the prevailing exchange rate at that date. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, except for non-monetary items measured at fair value which are translated using exchange rates at the date when fair value was determined.

Foreign operations

In the Company's consolidated financial statements, all assets, liabilities and transactions of entities with a functional currency other than the EUR are translated into EUR upon consolidation. The functional currencies of entities within the consolidated group have remained unchanged during the period. Specifically, wholly owned subsidiary, PSS Invest AB has a functional currency of Swedish Kronor (SEK).

PSS Investments AA Inc.
Notes to the consolidated financial statements

(expressed in CAD)
December 31, 2023

3. Summary of significant accounting policies (continued)*Foreign operations (continued)*

On consolidation, assets and liabilities have been translated into EUR at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into EUR at the closing rate. Income and expenses have been translated into EUR at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognized in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

Translation into presentation currency

The Company translates the results of its operations and financial position from its functional currency of the EUR into CAD, its presentation currency, at year end as follows:

- assets and liabilities are translated at the prevailing rate of exchange at the balance sheet date;
- income and expense items included in the statement of earnings and comprehensive income (loss) are translated at prevailing exchange rates at the date of transactions, or alternatively, the average exchange rate for the period; and
- exchange differences arising on translation into CAD are recorded in other comprehensive income during the period and recognized in the foreign currency translation reserve in equity.

Investment property

Investment properties are properties held to earn rentals or for capital appreciation, or both, and are accounted for using the fair value model. Investment properties are revalued annually with resulting gains and losses recognised in profit or loss (Note 5). The fair value reported in the financial statements is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and minimum lease payments.

The Company as a lessor

As a lessor, the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not. The Company has classified all of its leases as operating leases.

Rental revenue is accrued on a straight-line basis over the lease term in the statement of profit and loss. Initial direct costs incurred in obtaining the lease are recognized as an expense over the lease term on the same basis as the rental revenue.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term investment with maturities of three months or less.

PSS Investments AA Inc.
Notes to the consolidated financial statements

(expressed in CAD)
December 31, 2023

3. Summary of significant accounting policies (continued)**Income taxes**

The Company is exempt from corporate income taxes under section 149 of the Canadian Income Tax Act, and as a consequence, does not pay income taxes in Canada. Deferred tax assets and/or liabilities of the Company relate to tax and accounting basis differences of all incorporated subsidiaries. Income taxes are accounted for using the liability method. Under this method, deferred taxes are recognized for the expected deferred tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Deferred taxes are computed using substantively enacted corporate income tax rates for the years in which tax and accounting basis differences are expected to reverse.

Deferred tax assets and/or liabilities are offset only when the Company has a right and intention to offset tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognized as a component of income or expense in operations, except where they relate to items that are recognized in other comprehensive income (loss), or directly in change in net assets, in which case the related deferred tax is also recognized in other comprehensive income (loss) or change in net assets, respectively.

Financial instruments*Recognition and derecognition of financial instruments*

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the financial instrument. Financial assets are derecognized when control over the contractual rights to receive cash flows and benefits related from the financial asset are transferred and/or substantially all the risks and rewards of ownership have been given to another party. Financial liabilities are derecognized when obligations under the contract expire and are discharged or cancelled.

Classification and initial measurement of financial instruments

Financial assets are initially measured at fair value adjusted for transaction costs (where applicable) and classified into one of the following categories: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). In the periods presented, the Company does not have any financial assets categorized as FVTPL or FVOCI. The classification is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. All revenues relating to financial assets that are recognized in profit or loss are presented within interest income from loans with joint venture.

Financial liabilities are initially measured at fair value and adjusted for transaction costs (where applicable) unless the Company designated a financial liability as FVTPL.

PSS Investments AA Inc.**Notes to the consolidated financial statements**

(expressed in CAD)

December 31, 2023

3. Summary of significant accounting policies (continued)**Financial instruments (continued)***Subsequent measurement of financial instruments*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL): they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial liabilities are measured at amortized cost using the effective interest rate method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). In the periods presented, the Company does not have any derivatives or financial liabilities designated as FVTPL.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (i.e. Stage 1) while 'lifetime expected credit losses' are recognised for the second category (i.e. Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if the cash flows it expects to receive is less than the contractual cash flows that are due to the Company. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty and where observable data indicate that there is a measurable decrease in the estimated future cash flows. In making this determination, the Company considers its historical experience, external indicators, and forward-looking information to determine the expected credit losses.

PSS Investments AA Inc.**Notes to the consolidated financial statements**

(expressed in CAD)

December 31, 2023

3. Summary of significant accounting policies (continued)**Financial instruments (continued)***Fair value*

The fair value of a financial instrument is the amount of consideration that could be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. In certain circumstances, however, the initial fair value may be based on other observable current market transactions in the same instrument, without modification or on a valuation technique using market-based inputs.

Equity

Share capital represents the initial paid-up capital of shares that have been issued. Share premium includes any premiums received on the issue of share capital.

Other components of equity include a translation reserve, which comprises foreign currency translation differences arising from the translation of foreign operations with a functional currency other than EUR into EUR, and the translation of the consolidated financial statements into CAD, its presentation currency.

Retained earnings includes all current and prior period retained profits. All transactions with owners of the Company are recorded separately within equity.

Critical accounting estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. The Company's significant estimates and judgements are continually evaluated and are based on historical experience, knowledge of current events and conditions, and other factors that are believed to be reasonable under the circumstances, including expectations of future events. The resulting accounting estimates will, by definition, seldom equal the related actual results, and actual results may ultimately differ from these estimates.

Significant estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities include the results of operations and changes in net assets in the investments in joint ventures. The underlying investee includes estimates and assumptions used in determining fair value of investment property, such as capitalization rates and stabilized net operating income (affected by vacancy rates). Changes in these inputs could significantly impact the fair value estimate of investment property and impact the assets, earnings and other comprehensive income of the Company. Further, the Company applies judgement in determining the classification of its loans receivable as a financial instrument under IFRS 9 and not as part of the net investment in joint venture.

PSS Investments AA Inc.

Notes to the consolidated financial statements

(expressed in CAD)

December 31, 2023

3. Summary of significant accounting policies (continued)

New standards adopted as at January 1, 2023

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. These standards include:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments did not have a material impact on the Company's financial statements.

Future changes in accounting standards

At the date of authorization of these financial statements, certain new standards and amendments to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Company.

Management anticipates that all the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards and amendments not early adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4. Investment in joint venture

The Company's investment in PSS/TPP Investments AA Coöperatief U.A. ("Co-op") is as follows:

	<u>2023</u>	<u>2022</u>
Investment in joint venture at equity, January 1	\$ 55,331,876	\$ 48,444,256
Capital contributions	-	9,690,956
Distributions received during the year	(2,091,708)	(723,035)
Net earnings from joint venture	(4,334,868)	(2,100,421)
Other comprehensive income	12,178	(492,642)
Unrealized foreign exchange gain (loss)	<u>403,910</u>	<u>512,762</u>
Investment in joint venture at equity, December 31	<u>\$ 49,321,388</u>	<u>\$ 55,331,876</u>

The Company has a 50% membership interest in the partnership units of the Co-op, whose principal activity is investment in real estate properties in Europe, which are held to earn rentals from third-party leases or for capital appreciation.

The Company uses the equity method to account for its investment in the joint venture.

As the Co-op is a private entity, there are no quoted market prices available for its shares.

PSS Investments AA Inc.

Notes to the consolidated financial statements

(expressed in CAD)
December 31, 2023

4. Investment in joint venture (continued)

The following is a summary of the financial position and results of the Company's equity accounted investment in the Co-op on a 100% basis

As at December 31:	<u>2023</u>	<u>2022</u>
Current assets (including cash of \$17,459,316)	\$ 20,013,210	\$ 30,709,206
Non-current assets	296,486,385	313,467,880
Current liabilities (including financial liabilities of \$27,419,509)	(27,419,509)	(5,485,357)
Non-current liabilities (including financial liabilities of \$190,437,306)	<u>(190,437,309)</u>	<u>(228,027,977)</u>
Net assets	<u>\$ 98,642,777</u>	<u>\$ 110,663,752</u>
The Company's share in equity – 50% (2022 – 50%)	<u>\$ 49,321,388</u>	<u>\$ 55,331,876</u>

The Company's share in equity is equal to the carrying amount of the investment.

Year ended December 31:	<u>2023</u>	<u>2022</u>
Revenues	\$ 25,128,746	\$ 19,299,514
Property and other operating costs	(6,545,724)	(4,672,164)
Changes in fair value of investment properties	(19,324,261)	(13,380,504)
Other non-operating costs	(4,844,501)	(3,004,218)
Unrealized foreign exchange gain	157,938	108,731
Interest expense	<u>(3,695,819)</u>	<u>(2,976,686)</u>
Loss before income taxes	(9,123,620)	(4,625,327)
Income taxes (recovery) expense	<u>(453,886)</u>	<u>424,486</u>
Earnings (loss) for the year	\$ (8,669,735)	\$ (4,200,841)
Other comprehensive income	<u>24,346</u>	<u>(985,282)</u>
Share of loss for the year	(4,334,868)	\$ (2,100,421)
Share of other comprehensive income (loss)	<u>\$ 12,178</u>	<u>\$ (492,641)</u>

5. Investment property

Investment property includes real estate properties in the Netherlands and Sweden, which are owned to earn rentals and for capital appreciation. Investment properties are either leased to third parties on operating leases or are vacant. Changes to the carrying amounts are as follows:

	<u>2023</u>	<u>2022</u>
Carrying amount, January 1	\$ 60,460,258	\$ 70,614,558
Changes in fair value		
Net loss on revaluation	(3,561,658)	(6,877,018)
Effects of foreign currency exchange	<u>390,299</u>	<u>(3,277,283)</u>
Total change in fair value	<u>(3,171,359)</u>	<u>(10,154,300)</u>
Carrying amount, December 31	<u>\$ 57,288,899</u>	<u>\$ 60,460,258</u>

PSS Investments AA Inc.

Notes to the consolidated financial statements

(expressed in CAD)

December 31, 2023

5. Investment property (continued)

Investment properties, net of lease incentives, were valued at \$57,288,899 (2022 - \$60,460,258) by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors at each reporting date.

Investment properties are 'Level 3' within the hierarchy of non-financial assets measured at fair value on a recurring basis. The fair values of the commercial buildings are estimated using an income approach which capitalizes the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transaction in similar properties. When the actual rent differs materially from the estimated rent, adjustments have been made to the estimated rental value. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the buildings. The properties are revalued annually on December 31.

The most significant inputs, all of which are unobservable, are the estimated net operating income, assumptions about vacancy levels, and the discount rate. The estimated fair value increases if the estimated net operating income increased, vacancy levels decline or if the discount rate (market yields) decline. The overall valuations are sensitive to all three assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and vacancy levers and that there is also an interrelationship between these inputs. The inputs used in the valuations at December 31, 2023 were:

	<u>Sweden</u>	<u>Netherlands</u>
Net operating income	SEK 77.36/sqm.	EUR 8.24/sqm.
Vacancy levels	Nil%	Nil%
Discount rate (market yield)	7.80%	5.80%
Capitalization rate	5.70%	5.30%

Although the risks associated with rights that the Company retains in underlying assets are not considered to be significant, the Company employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Company when a property has been subjected to excess wear-and-tear during the lease term.

Future minimum lease payments, excluding indexation applicable on an annual basis, are as follows:

	Minimum lease payments due						Total
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	
2023	<u>\$2,940,585</u>	<u>\$2,940,585</u>	<u>\$2,940,585</u>	<u>\$2,940,585</u>	<u>\$2,167,347</u>	<u>\$10,396,998</u>	<u>\$24,583,020</u>
2022	<u>\$2,919,345</u>	<u>\$2,919,345</u>	<u>\$2,919,345</u>	<u>\$2,919,345</u>	<u>\$2,919,345</u>	<u>\$13,241,245</u>	<u>\$27,837,970</u>

PSS Investments AA Inc.

Notes to the consolidated financial statements

(expressed in CAD)

December 31, 2023

6. Loans receivable from joint ventures	<u>2023</u>	<u>2022</u>
Term loans, unsecured	<u>\$ 33,898,084</u>	<u>\$ 53,665,938</u>

During the year, the Company had the following loan activity with the joint venture:

- The Co-op repaid \$20,051,998 of financing advanced in the prior year for the investment properties.
- The remaining difference relates to the impact of foreign currency exchange differences between the functional currency in EUR and the Swedish Kronor.

As at December 31, 2023, there was \$61,097 (2022 - \$344,659) in accrued interest owing on various loans.

The loans bear interest ranging from 1.00% to 5.76% (2022 – 1.00% to 5.76%), with varying maturities up to 20 years. Certain loans have open terms and therefore no set terms of repayment. Loans with repayment terms are due on maturity. Under the terms of the loan agreements, the Co-op has the option to repay the outstanding amounts, in whole or in part, without any penalty provided sufficient notice is provided. The loans are immediately repayable without demand or notice in the event of bankruptcy.

7. Bank loan	<u>2023</u>	<u>2024</u>
Bank loan payable, bearing interest at 1.56%, with interest only quarterly payments. Principal due in full on October 2029.	<u>\$ 14,317,338</u>	<u>\$ 14,177,835</u>

The bank loan is secured by way of a standard security charge agreement over all present and future property and shares of the Company, as well as a pledge on the rent account.

The Company must ensure that the Loan to Value of its property in the Netherlands does not, at any time, exceed 60%. The Loan to Value ratio at December 31, 2023 was 49%.

8. Income tax

Deferred tax liabilities of \$832,213 (2022 - \$1,429,579) are arising from temporary differences recognized in the balance sheet relate to investment properties held by its subsidiaries.

	<u>2023</u>	<u>2022</u>
Loss for the year before tax	<u>\$ (4,879,152)</u>	<u>\$ (9,364,042)</u>
At the Company's statutory rate of 11.71% (2022 – 14.47%)	571,349	1,354,977
Other	<u>(76,281)</u>	<u>11,121</u>
Tax recovery	<u>\$ 495,068</u>	<u>\$ 1,366,098</u>

Included in tax recovery is \$495,068 of deferred tax recovery (2022 - \$1,366,098). The Company's statutory rate is determined based on the weighted average profit before tax from each legal entity. The applicable rate for the Company on a non-consolidated basis is Nil%. The applicable rates for its two wholly-owned subsidiaries are 25.8% and 20.6%, respectively.

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9. Share capital	<u>2023</u>	<u>2022</u>
Common shares		
Authorized:		
Unlimited without nominal or par value		
Issued:		
8 common shares (2022 - 8)	<u>\$ 69,681,986</u>	<u>\$ 69,681,986</u>

10. Financial instruments risk management
Risk management of financial assets and liabilities

The Company is exposed to financial risks arising from its financial assets and liabilities. These risks include market risk, credit risk, liquidity risk, and valuation risk. The Company's overall risk management program focuses on establishing policies to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined control environment in which third party service providers and members of the Board of Directors understand their roles and obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of financial assets or liabilities will fluctuate due to movements in market prices, such as foreign exchange rates and interest rates, and affects the Company's earnings or value of investment in a joint venture, as follows:

a Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. Rental revenues and interest income incurred in foreign currency are approximately \$2,641,478 (2022 - \$2,559,137). The Company is exposed to risk that the exchange rates on currencies other than EUR will change in a manner that has an adverse impact on the value of the Company's investment in real estate property owned directly and indirectly by its joint venture. Interest receivable in foreign currency (Swedish Kronor) representing short-term risk exposure (less than 12 months) and is approximately \$- (2022 - \$93,677) and loans receivable in foreign currency (Swedish Kronor) representing long-term risk exposure \$12,296,344 (2022 - \$12,221,013).

The Company mitigates its exposure to foreign currency risk by financing acquisition of assets through loans in local currency and repatriating excess cash on periodic basis. The Company does not use hedging or other strategies, such as forward exchange currency contracts, to minimize identified risks. A 5% strengthening and weakening of the EUR against Swedish Kronor would have increased or decreased the loss on foreign exchange by approximately \$1,846,767 in the period ended December 31, 2023.

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(expressed in CAD)

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10. Financial instruments and risk management (continued)**Risk management of financial assets and liabilities (continued)***b Interest rate risk*

Interest rate risk is the risk that the Company's financial position will change with market interest rate changes associated with financing of real estate properties owned directly or indirectly by its joint venture. Leverage through mortgages on acquired properties is applied to enhance the diversification of the Company's portfolio and investment return. The Company mitigates its exposure to risks associated with interest rates by establishing formal policies that limit mortgages on real estate investments within the joint venture to a certain percentage of the market value of the property, in addition to ensuring recourse limitations are in place in the event of default by the lender within the investment property.

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default resulting in the Company incurring a financial loss. The Company's interest receivable is with its joint venture and loans given to the joint venture that relies on rental income from a number of tenants. The joint venture has mitigated any risk of tenants not fulfilling their obligations by securing tenants of sound financial standing established through performing appropriate credit procedures, and actively monitoring cash collections from contractual agreements with tenants. Property management and administration functions are outsourced to third parties who actively monitor budgets with actual results, including delinquency on tenant receivables.

Credit risk has not increased significantly since initial recognition and as a result, the loans receivable are considered to be in 'Stage 1' and only a 12-month expected credit loss is recognized, where necessary.

In making this assessment, management has considered the following. In the event of default, the Company would have the rights to 50% of the net assets on liquidation or sale, by virtue of its ownership rights. Management also takes into account forward looking information, such as budgets and future cash flows from operations of the underlying properties, as well as the property valuations, when assessing expected credit losses. Management considers the probability of default to be low, and as such, has not recognized a loss allowance and does not consider its financial assets to be credit impaired. The Company's maximum exposure to credit risk is equal to the loans receivable and interest receivable from its joint venture and other receivables as presented on the balance sheet.

a Valuation risk

Valuation risk is the risk associated with the Company's exposure to a material decrease in the estimated fair value of real estate property owned directly and indirectly by its joint venture. The Company mitigates the risk associated with valuation risk by ensuring its joint venture invests in high quality, income-producing properties within the office, industrial, multi-unit residential and retail sectors in well developed countries having a strong economy and favorable growth potential. In addition, in accordance with the Company's policies, real estate investments are required to be diversified with application of certain investment constraints on target and directly held investments.

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10. Financial instruments and risk management (continued)**Risk management of financial assets and liabilities (continued)***Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations and insufficient equity financing available to fund the desired growth of the Company. The Company is mainly exposed to this risk as a result of its bank loan and payables.

Liquidity risk is also inherent in the Company's operations and is impacted by a wide range of situation specific and market-wide events, including, but not limited to, credit events for investments owned by the Company's joint venture, such as increased vacancy rates on investment properties, deteriorating market conditions of local economies, inflation, and operational matters.

The Company manages its exposure to liquidity risk by establishing formal policies for the types of real estate investments the Company can invest in and strictly monitoring compliance with these policies, including the activities of its investment advisors, diversification of its portfolio, and rebalancing investments as needed over the long term. In addition, the Company also uses well known independent third parties to provide consultation and advice on property investment decisions that take into consideration market conditions and appropriate due diligence procedures on target acquisitions.

Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that the Company would receive to sell a financial asset or pay to transfer a financial liability in an orderly transaction between market participants at the measurement date.

Fair value measurements recognized in the balance sheet as categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair values of the Company's cash, rent receivables, and payables and accruals approximate their carrying value due to the short-term maturity of those instruments. Such instruments are classified as Level 1.

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10. Financial instruments and risk management (continued)

Fair value of financial instruments (continued)

The bank loans held by the Company are external market loans, therefore, the carrying value at December 31, 2023 is \$14,317,338 with an approximate fair value of \$12,765,844 using a discount rate of 3.94%. The bank loans are classified as a Level 2 instrument.

On initial recognition, the carrying value of loans receivable from the joint venture were considered to approximate fair value due to the arms length interest rates and terms associated with the instrument, determined through an independent transfer pricing study. However, as the loans receivable are subsequently measured at amortized cost, and the interest rates associated with the loans are fixed, differences between fair value and the carrying value is expected to occur over the term of these loans. These instruments are classified as Level 2. As at December 31, 2023 the carrying value of loans receivable \$33,898,084 (2022 - \$53,665,938).

There were no transfers between classes of the fair value hierarchy during the year.

11. Capital risk management

The Company's objectives when managing capital are to ensure sufficient liquidity to support its financial obligations and execute the operational and strategic plans to continue to provide benefits for the Shareholder. The Company continually assesses its capital structure and makes adjustments to it with reference to changes in economic conditions and risk characteristics associated with its underlying real estate investments. According to the Company's Memorandum of Association, the Company shall not make investments other than investments that a pension fund or plan is permitted to make under the Pension Benefits Standards Act, 1985, or a similar law of a province, and that:

- The Company's assets shall at all times be at least 98% cash and investments;
- The Company shall not issue external debt obligations or accept external deposits; and
- The Company shall at all times derive at least 98% of its income from, or from the disposition of, investments.

In accordance with the Company's real estate investment policies, as established by the Public Service Superannuation Plan Trustee Inc., the Company shall manage its real estate portfolio in such a way to provide diversification and reduce overall risks within the Company, enhance the total investment return, provide a steady income, and when appropriate, provide capital appreciation. Through increased investment and diversification, the Company intends to increase its investment returns, lower volatility and provide hedging against inflationary pressures.

The Company, through its third-party management and advisory services provider, actively manages the Company's portfolio and diversification, to ensure the benefits outweigh the risks the Company is exposed to by diversifying its investment in property types, style, size, instruments, geography and tenancy. The Company manages compliance with its risk management policies by obtaining monthly and quarterly reporting from third parties on the Net Asset Value ("NAV") of the investment portfolio.

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12. Commitments

The Company has entered into an advisory services agreement with a third party for the provision of asset management and advisory services, including supervision and administration duties associated with the Company's investment in real estate properties in Europe. Fees paid under the advisory services agreement are recorded in management and advisory services in the statement of loss and comprehensive loss.

13. Subsequent Events

Subsequent to year end, the entity advanced a new loan to its joint venture in the amount of \$5,595,000. The entity also performed a capital call in the amount of \$5,122,600 from its shareholder. The purpose of the above transactions was for the repayment of a maturing loan in a subsidiary in the joint venture, which was executed on April 30, 2024.