
Esplanaden Berlin Holding A/S

Gl. Torv 2, 1. 4., DK-5800 Nyborg

Annual Report for 1 January - 31 December 2022

CVR No 27 96 35 36

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
22/5 2023

Jesper Kim Pedersen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Esplanaden Berlin Holding A/S for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Nyborg, 12 May 2023

Executive Board

Jesper Kim Pedersen
CEO

Board of Directors

Søren Krarup
Chairman

Brian Djernes

Niels Johan Pohlmann

Niels Peter Nielsen

Jan Leth Christensen

Torben Hjort Friderichsen

Independent Auditor's Report

To the Shareholder of Esplanaden Berlin Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Esplanaden Berlin Holding A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 Group's and 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated 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.

Odense, 12 May 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Line Hedam
statsautoriseret revisor
mne27768

Brian Petersen
statsautoriseret revisor
mne33722

Company Information

The Company

Esplanaden Berlin Holding A/S
Gl. Torv 2, 1. 4.
DK-5800 Nyborg

CVR No: 27 96 35 36

Financial period: 1 January - 31 December

Municipality of reg. office: Nyborg

Board of Directors

Søren Krarup, Chairman
Brian Djernes
Niels Johan Pohlmann
Niels Peter Nielsen
Jan Leth Christensen
Torben Hjort Friderichsen

Executive Board

Jesper Kim Pedersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Munkebjergvænget 1, 3. og 4. sal
DK-5230 Odense M

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2022 TDKK	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK
Key figures					
Profit/loss					
Revenue	114.100	104.692	99.037	92.291	83.663
Gross profit/loss	100.181	368.159	217.941	285.880	192.134
Operating profit/loss	74.841	325.442	188.524	251.180	168.602
Profit/loss before financial income and expenses	74.841	325.442	188.579	251.180	168.602
Net financials	-2.259	17.925	32.417	26.452	22.320
Net profit/loss for the year	60.320	287.647	186.028	231.098	163.442
Balance sheet					
Balance sheet total	3.126.626	2.791.689	2.373.447	2.178.687	1.842.541
Equity	1.397.811	1.336.359	1.096.497	916.897	777.833
Cash flows					
Cash flows from:					
- operating activities	49.114	64.299	36.202	28.387	-12.776
- investing activities	-63.079	-84.360	-44.610	-93.319	-73.155
including investment in property, plant and equipment	-66.084	-156.024	-48.939	-101.204	-81.261
- financing activities	9.280	20.481	-12.983	57.637	121.581
Change in cash and cash equivalents for the year	-4.685	420	-21.391	-7.295	35.650
Number of employees	38	29	35	35	28
Ratios					
Gross margin	87,8%	351,7%	220,1%	309,8%	229,7%
Profit margin	65,6%	310,9%	190,4%	272,2%	201,5%
Return on assets	2,4%	11,7%	7,9%	11,5%	9,2%
Solvency ratio	44,7%	47,9%	46,2%	42,1%	42,2%
Return on equity	4,4%	23,6%	18,5%	27,3%	65,2%

Management's Review

Primary activities

The purpose and activities of the Company are investment in rental properties primarily residential properties located in and around Berlin, as well as related activities. The investments are made through German companies.

Development in activities and finances

The Group's profit for the year amounts to DKK 72,582 thousand before tax and DKK 60,320 thousand after tax. The profit excl. value adjustment of investment properties is considered satisfactory and in line with the expectations for the year. The profit for the year is positively affected by a value adjustment of the investment properties of DKK 13,466 thousand. The positive value adjustment is due to disposal of properties during the financial year.

Equity incl. minority interests amounts to DKK 1,397,811 thousand at 31 December 2022 compared to a consolidated balance sheet total of DKK 3.126.626 thousand.

Outlook

Net revenue in 2023 is expected to increase by 5-10% as a result of expected rent adjustment and rent from new investment properties. Profit in 2023 before value adjustment of properties is expected to decrease by 40-50% due to increase in operating expenses and financial expenses.

Particular risks

The Company and the Group are affected by the interest development and the general development on the property market in Berlin.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

The added market uncertainties i.a. as a result of rising energy prices, requirements due to climate change and the crisis in Ukraine have been subsumed in the valuation of investment properties based on best estimates.

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Revenue		114.100	104.692	0	0
Value adjustments of assets held for investment		13.466	287.516	0	0
Property costs		-16.367	-12.697	0	0
Other external expenses		-11.018	-11.352	-3.162	-2.531
Gross profit/loss		100.181	368.159	-3.162	-2.531
Staff expenses	1	-23.907	-41.769	-9.754	-32.857
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-1.433	-948	-99	-73
Profit/loss before financial income and expenses		74.841	325.442	-13.015	-35.461
Income from investments in subsidiaries		0	0	69.937	314.971
Income from investments in associates		7.114	24.104	-242	70
Financial income	3	81	109	110	96
Financial expenses	4	-9.454	-6.288	-71	-21
Profit/loss before tax		72.582	343.367	56.719	279.655
Tax on profit/loss for the year	5	-12.262	-55.720	14	7
Net profit/loss for the year		60.320	287.647	56.733	279.662

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Investment properties	6	2.868.296	2.572.940	0	0
Other fixtures and fittings, tools and equipment	7	3.861	2.658	296	395
Property, plant and equipment		2.872.157	2.575.598	296	395
Investments in subsidiaries	8	0	0	1.346.436	1.329.144
Investments in associates	9	145.726	156.397	0	242
Other investments	10	1.884	1.106	0	0
Deposits	10	17.102	14.352	0	0
Other receivables	10	6.659	7.258	1.539	1.303
Fixed asset investments		171.371	179.113	1.347.975	1.330.689
Fixed assets		3.043.528	2.754.711	1.348.271	1.331.084
Raw materials and consumables		895	715	0	0
Inventories		895	715	0	0
Trade receivables		2.421	1.645	30	0
Receivables from group enterprises		0	0	9.975	5.306
Receivables from associates		1.482	877	1.482	877
Other receivables		7.398	3.901	94	147
Prepayments	11	4.699	2.532	48	22
Receivables		16.000	8.955	11.629	6.352
Cash at bank and in hand		66.203	27.308	1.917	2.633
Currents assets		83.098	36.978	13.546	8.985
Assets		3.126.626	2.791.689	1.361.817	1.340.069

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Share capital	12	15.000	15.000	15.000	15.000
Reserve for net revaluation under the equity method		0	0	1.243.201	1.232.104
Reserve for exchange rate conversion		-4.449	-4.396	0	0
Retained earnings		1.247.650	1.236.500	0	0
Equity attributable to shareholders of the Parent Company		1.258.201	1.247.104	1.258.201	1.247.104
Minority interests		139.610	89.255	0	0
Equity		1.397.811	1.336.359	1.258.201	1.247.104
Provision for deferred tax	14	269.186	268.366	0	0
Other provisions	15	93.219	86.876	93.219	86.876
Provisions		362.405	355.242	93.219	86.876
Mortgage loans		776.531	659.147	0	0
Deposits		17.103	14.367	0	0
Long-term debt	16	793.634	673.514	0	0
Mortgage loans	16	530.929	392.743	0	0
Credit institutions	19	19	2	19	2
Trade payables		10.896	10.569	346	494
Payables to group enterprises		0	0	9.696	4.830
Corporation tax		12.001	7.006	0	0
Other payables		13.410	12.170	336	763
Deferred income	17	5.521	4.084	0	0
Short-term debt		572.776	426.574	10.397	6.089
Debt		1.366.410	1.100.088	10.397	6.089
Liabilities and equity		3.126.626	2.791.689	1.361.817	1.340.069

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>
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Contingent assets, liabilities and other financial obligations	20
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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	15.000	0	-4.396	1.236.500	1.247.104	89.255	1.336.359
Exchange adjustments	0	0	-53	0	-53	168	115
Cash capital increase	0	0	0	0	0	11	11
Extraordinary dividend paid	0	0	0	-46.000	-46.000	-2.829	-48.829
Other equity movements	0	0	0	417	417	0	417
Movements from merger and acquisition	0	0	0	0	0	49.419	49.419
Net profit/loss for the year	0	0	0	56.733	56.733	3.586	60.319
Equity at 31 December	15.000	0	-4.449	1.247.650	1.258.201	139.610	1.397.811

Statement of Changes in Equity

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	15.000	1.232.104	0	0	1.247.104	0	1.247.104
Exchange adjustments	0	-53	0	0	-53	0	-53
Extraordinary dividend paid	0	0	0	-46.000	-46.000	0	-46.000
Dividend from group enterprises	0	-52.771	0	52.771	0	0	0
Other equity movements	0	417	0	0	417	0	417
Transfers, reserves	0	-6.433	0	6.433	0	0	0
Net profit/loss for the year	0	69.937	0	-13.204	56.733	0	56.733
Equity at 31 December	15.000	1.243.201	0	0	1.258.201	0	1.258.201

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2022 TDKK	2021 TDKK
Profit before financial income and expenses		74.841	325.442
Adjustments	18	-12.033	-286.568
Change in working capital	19	2.125	41.311
Cash flows from operating activities before financial income and expenses		64.933	80.185
Financial income		81	109
Financial expenses		-9.454	-6.289
Cash flows from ordinary activities		55.560	74.005
Corporation tax paid		-6.446	-9.706
Cash flows from operating activities		49.114	64.299
Purchase of property, plant and equipment		-66.084	-156.024
Fixed asset investments made etc		-44.607	-12.381
Sale of property, plant and equipment		39.902	0
Dividends received from associates		7.710	84.045
Cash flows from investing activities		-63.079	-84.360
Repayment of mortgage loans		-190.300	-59.010
Repayment of loans from credit institutions		17	-2
Raising of mortgage loans		246.832	152.233
Other regulations on company formation, minority interests etc.		1.560	25.337
Approach group companies		0	15.319
Dividend paid		-48.829	-113.396
Cash flows from financing activities		9.280	20.481

Cash Flow Statement 1 January - 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Change in cash and cash equivalents		-4.685	420
Cash and cash equivalents at 1 January		27.308	27.216
Approach from acquired companies and exchange adjustment		43.580	-328
Cash and cash equivalents at 31 December		66.203	27.308
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		66.203	27.308
Cash and cash equivalents at 31 December		66.203	27.308

Notes to the Financial Statements

	Group		Parent Company	
	2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
1 Staff expenses				
Wages and salaries	21.579	40.126	9.544	32.618
Pensions	892	546	0	0
Other social security expenses	1.070	701	28	21
Other staff expenses	366	396	182	218
	23.907	41.769	9.754	32.857
Remuneration to the Executive Board and Board of Directors	9.260	28.788	7.383	28.183
Average number of employees	38	29	4	4

A long-term bonus agreement has been made with the Boards of Directors. The agreement implies that the Board of Directors receives a cash-based bonus based on the development in the value of the company's shares, at the same time as the shareholders' realization of the value added. The calculated value on the closing date is recognized as a provision in the financial statement.

2 Depreciation, amortisation and impairment of other fixtures and fittings, tools and equipment

Depreciation of other fixtures and fittings, tools and equipment	1.433	948	99	73
	1.433	948	99	73

Notes to the Financial Statements

	Group		Parent Company	
	2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
3 Financial income				
Interest received from group enterprises	0	0	68	45
Interest received from associates	42	42	42	42
Other financial income	39	58	0	0
Exchange adjustments	0	9	0	9
	81	109	110	96
4 Financial expenses				
Interest paid to group enterprises	0	0	32	0
Other interest	0	6.258	0	0
Other financial expenses	9.431	30	12	21
Exchange adjustments, expenses	23	0	27	0
	9.454	6.288	71	21
5 Tax on profit/loss for the year				
Current tax for the year	11.461	6.030	0	0
Deferred tax for the year	821	49.693	0	0
Adjustment of tax concerning previous years	-20	-3	-14	-7
	12.262	55.720	-14	-7

Notes to the Financial Statements

6 Assets measured at fair value

	<u>Group</u>
	Investment pro- perties
	TDKK
Cost at 1 January	1.283.914
Exchange adjustment	-130
Net effect from merger and acquisition	258.471
Additions for the year	63.448
Disposals for the year	-11.038
Cost at 31 December	<u>1.594.665</u>
Value adjustments at 1 January	1.289.026
Exchange adjustment	4
Revaluations for the year	-15.399
Value adjustments at 31 December	<u>1.273.631</u>
Carrying amount at 31 December	<u>2.868.296</u>

Assumptions underlying the determination of fair value of investment properties

As described in accounting policies, the Group's investment properties are measured at fair value based on external assessments and management estimates. Management's estimate is based on a rate-of-return model. An external valuer has assisted in the assessment of the properties at a total fair value of DKK 843m. For other properties totaling DKK 1.923m the fair value has been calculated by management based on previous years valuation by external valuer, key figures from the external assessments and managements own current estimate which are based on three calculated reference values on each property. The calculated reference values lie within a span of DKK 41m (2021: 38,9m).

Return on the total property portfolio amounts to an average of 3,7% (2021: 3,9%), with an average price factor of 21,3 times the annual rent (2021: 21,8), and an average market price of DKK 19.974 per m2 (2021: 20.532 per m2). If the market price was calculated using an alternative rate of return of 4,0% the fair value would amount to 2.588m instead.

Properties which have been divided into condominiums, and where no condominiums have been sold, are treated as investment properties until the time, when the Group intends to sell individual condominiums. The costs related to creation of condominiums have been added to the cost of the properties.

Building projects in progress amount to DKK 102m, which is added to cost, or the recoverable amount, if lower.

Notes to the Financial Statements

6 Assets measured at fair value (continued)

All the Group's 44 properties are situated in Berlin and are primarily residential properties. Vacancy level for the portfolio is low.

7 Other fixtures and fittings, tools and equipment

Group

	Other fixtures and fittings, tools and equipment
	<u>TDKK</u>
Cost at 1 January	6.717
Exchange adjustment	1
Additions for the year	2.636
Disposals for the year	<u>-165</u>
Cost at 31 December	<u>9.189</u>
Impairment losses and depreciation at 1 January	4.059
Depreciation for the year	1.433
Reversal of impairment and depreciation of sold assets	<u>-164</u>
Impairment losses and depreciation at 31 December	<u>5.328</u>
Carrying amount at 31 December	<u>3.861</u>

Parent Company

	Other fixtures and fittings, tools and equipment
	<u>TDKK</u>
Cost at 1 January	<u>1.261</u>
Cost at 31 December	<u>1.261</u>
Impairment losses and depreciation at 1 January	866
Depreciation for the year	<u>99</u>
Impairment losses and depreciation at 31 December	<u>965</u>
Carrying amount at 31 December	<u>296</u>

Notes to the Financial Statements

	Parent Company	
	2022	2021
	TDKK	TDKK
8 Investments in subsidiaries		
Cost at 1 January	58.326	58.090
Additions for the year	0	236
Disposals for the year	-236	0
Cost at 31 December	<u>58.090</u>	<u>58.326</u>
Value adjustments at 1 January	1.270.818	997.088
Exchange adjustment	-55	-464
Net profit/loss for the year	69.937	314.971
Dividend to the Parent Company	-52.771	-36.460
Fair value adjustment of hedging instruments for the year	417	-4.317
Value adjustments at 31 December	<u>1.288.346</u>	<u>1.270.818</u>
Carrying amount at 31 December	<u>1.346.436</u>	<u>1.329.144</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Corporate form	Votes and ownership
Esplanaden Immobilien I GmbH	Germany	GmbH	100%
Esplanaden Berlin Invest ApS	Denmark	ApS	100%
Berlin Nyborg Holding ApS	Denmark	ApS	67%

Esplanaden Immobilien I GmbH owns shares in 23 German subsidiaries. The share of ownership amounts to 53 % to 100 %.

Disclosures on subsidiaries have been omitted in accordance with § 97a of the Danish Financial Statements Act.

Notes to the Financial Statements

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
9 Investments in associates				
Cost at 1 January	48.579	50.764	1.124	1.124
Net effect from demerger and business sale	-10.101	0	0	0
Additions for the year	0	10.101	0	0
Disposals for the year	0	-12.286	0	0
Cost at 31 December	<u>38.478</u>	<u>48.579</u>	<u>1.124</u>	<u>1.124</u>
Value adjustments at 1 January	107.818	127.707	-882	-951
Exchange adjustment	-9	-55	0	-1
Net profit/loss for the year	7.114	24.104	-242	70
Dividends to the Parent Company	-7.710	-84.045	0	0
Fair value adjustment of hedging instruments for the year	35	0	0	0
Reversals for the year of revaluations in previous years	0	40.107	0	0
Value adjustments at 31 December	<u>107.248</u>	<u>107.818</u>	<u>-1.124</u>	<u>-882</u>
Carrying amount at 31 December	<u>145.726</u>	<u>156.397</u>	<u>0</u>	<u>242</u>

Group's investments in associates are specified as follows:

Name	Place of registered office	Corporate form	Votes and ownership
REK Berlin Home Service GmbH	Germany, Berlin	GmbH	40%
Berlin KGI A/S	Denmark	A/S	18%
REMH ApS	Denmark	ApS	38%

Notes to the Financial Statements

10 Other fixed asset investments

	Group		
	Other investments	Deposits	Other receivables
	TDKK	TDKK	TDKK
Cost at 1 January	1.106	14.352	7.258
Additions for the year	778	2.750	297
Disposals for the year	0	0	-896
Cost at 31 December	<u>1.884</u>	<u>17.102</u>	<u>6.659</u>
Carrying amount at 31 December	<u>1.884</u>	<u>17.102</u>	<u>6.659</u>

11 Prepayments

Prepayments consist of prepaid expenses.

12 Share capital

The share capital consists of 3,000 shares of a nominal value of TDKK 5,000. No shares carry any special rights.

13 Distribution of profit

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Extraordinary dividend paid	46.000	31.000	46.000	31.000
Reserve for net revaluation under the equity method	0	0	69.937	314.971
Minority interests' share of net profit/loss of subsidiaries	3.587	7.985	0	0
Retained earnings	<u>10.733</u>	<u>248.662</u>	<u>-59.204</u>	<u>-66.309</u>
	<u>60.320</u>	<u>287.647</u>	<u>56.733</u>	<u>279.662</u>

Notes to the Financial Statements

	Group		Parent Company	
	2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
14 Provision for deferred tax				
Provision for deferred tax at 1 January	268.366	218.757	0	0
Amounts recognised in the income statement for the year	821	49.693	0	0
Amounts recognised in equity for the year	-1	-84	0	0
Provision for deferred tax at 31 December	269.186	268.366	0	0

15 Other provisions

Other provisions comprise other employee benefits.

Other provisions	93.219	86.876	93.219	86.876
	93.219	86.876	93.219	86.876

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Mortgage loans				
After 5 years	581.159	10.266	0	0
Between 1 and 5 years	195.372	648.881	0	0
Long-term part	776.531	659.147	0	0
Within 1 year	530.929	392.743	0	0
	1.307.460	1.051.890	0	0

Notes to the Financial Statements

16 Long-term debt (continued)

	Group		Parent Company	
	2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Deposits				
Between 1 and 5 years	17.103	14.367	0	0
Long-term part	17.103	14.367	0	0
Within 1 year	0	0	0	0
	17.103	14.367	0	0

17 Deferred income

Deferred income consists of prepayments from lessees.

18 Cash flow statement - adjustments

Depreciation, amortisation and impairment losses, including losses and gains on sales
Value adjustments of investment property

	Group	
	2022 TDKK	2021 TDKK
	1.433	948
	-13.466	-287.516
	-12.033	-286.568

19 Cash flow statement - change in working capital

Change in inventories	-180	-328
Change in receivables	-7.045	2.406
Change in other provisions	6.343	30.543
Change in trade payables, etc	3.007	8.690
	2.125	41.311

Notes to the Financial Statements

20 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

The Group has raised mortgage debt at a carrying amount of DKK 1.307.460 thousand on 31 December 2022, which is secured on investment properties at a carrying amount of DKK 2.600.709 thousand on 31 December 2022.

Deposits under fixed asset investments on 31.12.2022 amount to DKK 17.103 thousand and consist of deposits paid by the lessees held in escrow accounts.

Contingent liabilities

The Group has two investment properties, which are situated on leased land. The lease agreements run until year 2057 and 2062, respectively. At the expiry of the lease agreement, the building is passed to the owner of the land with compensation payment according to an expert valuation of the fair value.

There are obligations to pay rent for the land until at least 2057. The obligation is DKK 12m.

The Parent Company has guaranteed for the subsidiaries' mortgages. The share of group enterprises' mortgage debt guaranteed by the Company has a carrying amount of DKK 668.155 thousand at 31.12.2022.

The Danish group companies are jointly and severally liable for Danish tax on the jointly taxed incomes etc of the Group. The total amount of Danish corporation tax payable by the Group amounts to DKK 0. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of Danish corporation taxes and withholding taxes may increase the Company's liability.

21 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. No transactions with related parties have been made, which are not on arm's length basis.

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of Esplanaden Berlin Holding A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2022 are presented in TDKK.

Recognition and measurement

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

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

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Esplanaden Berlin Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

22 Accounting Policies (continued)

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue and Fair value adjustments of investment property

Revenue from property operations includes rental income regarding letting of investment properties and related income from letting out. The lessees contribution to cover the costs of the properties regarding heat supply and contributions to cover operating costs that eventually rest with the lessee are set off against paid costs in the balance sheet as other receivables or payables.

Fair value adjustments of investment property comprise adjustments for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Notes to the Financial Statements

22 Accounting Policies (continued)

Other external expenses

Other external expenses comprise indirect expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and other property, plant and equipment.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

The parent Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

22 Accounting Policies (continued)

Balance Sheet

Investment properties and other property, plant and equipment

Investment properties

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

Fair value is determined by using external assessment and management estimates based on a yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

Other property, plant and equipment

Other property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	5-7 years
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Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

22 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised inter-company profits or losses.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Other investments comprise securities and shares measured at cost at the balance sheet date.

Other fixed asset investments

Other fixed asset investments consist of deposits and other receivables.

Inventories

Inventories consist of fuel oil for the properties. Inventories are measured at cost applying the FIFO method.

Receivables

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

Prepayments

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

Notes to the Financial Statements

22 Accounting Policies (continued)

Other provisions

Other provisions comprise other employee benefits measured at cost.

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

22 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be directly derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$

Notes to the Financial Statements

22 Accounting Policies (continued)

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$