
Esplanaden Berlin Holding A/S

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

Annual Report for 1 January - 31 December 2021

CVR No 27 96 35 36

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
23/5 2022

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 2021.

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 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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, 9 May 2022

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 2021 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 2021 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 2021, 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 Financials 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, 9 May 2022

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				
	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Revenue	104.692	99.037	92.291	83.663	77.634
Gross profit/loss	368.159	217.941	285.880	192.134	398.839
Operating profit/loss	325.442	188.524	251.180	168.602	355.091
Profit/loss before financial income and expenses	325.442	188.579	251.180	168.602	355.091
Net financials	17.925	32.417	26.452	22.320	45.747
Net profit/loss for the year	287.647	186.028	231.098	163.442	339.990
Balance sheet					
Balance sheet total	2.791.689	2.373.447	2.178.687	1.842.541	1.575.626
Equity	1.336.359	1.096.497	916.897	777.833	664.552
Cash flows					
Cash flows from:					
- operating activities	33.756	36.202	28.387	-12.776	38.287
- investing activities	-84.360	-44.610	-93.319	-73.155	-72.165
including investment in property, plant and equipment	-156.024	-48.939	-101.204	-81.261	-75.514
- financing activities	51.024	-12.983	57.637	121.581	45.812
Change in cash and cash equivalents for the year	420	-21.391	-7.295	35.650	11.934
Number of employees	29	35	35	28	28
Ratios					
Gross margin	351,7%	220,1%	309,8%	229,7%	513,7%
Profit margin	310,9%	190,4%	272,2%	201,5%	457,4%
Return on assets	11,7%	7,9%	11,5%	9,2%	22,5%
Solvency ratio	47,9%	46,2%	42,1%	42,2%	42,2%
Return on equity	23,6%	18,5%	27,3%	22,7%	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 343,367 thousand before tax and DKK 287,647 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 287,516 thousand.

Equity incl. minority interests amounts to DKK 1,336,359 thousand at 31 December 2021 compared to a consolidated balance sheet total of DKK 2,791,689 thousand.

Outlook

Net revenue in 2022 is expected to increase by 3-5% as a result of expected rent adjustment. Profit in 2022 before value adjustment of properties, tax and Minority interests is expected to increase by 5-10%.

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 continued Coronavirus pandemic has not and is not expected to have significant impact on the Group's financial statement, as the Group's revenue is primarily rental income from residential property.

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	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Revenue		104.692	99.037	0	0
Value adjustments of assets held for investment		287.516	138.198	0	0
Other operating income		0	55	0	0
Property costs		-12.697	-11.406	0	0
Other external expenses		-11.352	-7.943	-2.531	-1.844
Gross profit/loss		368.159	217.941	-2.531	-1.844
Staff expenses	1	-41.769	-28.343	-32.857	-20.340
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-948	-1.019	-73	-235
Profit/loss before financial income and expenses		325.442	188.579	-35.461	-22.419
Income from investments in subsidiaries		0	0	314.971	189.069
Income from investments in associates		24.104	39.290	70	-449
Financial income	3	109	68	96	144
Financial expenses	4	-6.288	-6.941	-21	-80
Profit/loss before tax		343.367	220.996	279.655	166.265
Tax on profit/loss for the year	5	-55.720	-34.968	7	5
Net profit/loss for the year		287.647	186.028	279.662	166.270

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Investment properties	6	2.572.940	2.131.587	0	0
Other fixtures and fittings, tools and equipment	7	2.658	2.232	395	468
Property, plant and equipment		2.575.598	2.133.819	395	468
Investments in subsidiaries	8	0	0	1.329.144	1.055.178
Investments in associates	9	156.397	178.679	242	381
Other investments	10	1.106	395	0	0
Deposits	10	14.352	13.763	0	0
Other receivables	10	7.258	10.035	0	0
Fixed asset investments		179.113	202.872	1.329.386	1.055.559
Fixed assets		2.754.711	2.336.691	1.329.781	1.056.027
Raw materials and consumables		715	387	0	0
Inventories		715	387	0	0
Trade receivables		1.645	3.926	0	0
Receivables from group enterprises		0	0	5.306	5.285
Receivables from associates		877	1.404	877	1.404
Other receivables		3.901	3.501	1.450	1.376
Prepayments	11	2.532	322	22	34
Receivables		8.955	9.153	7.655	8.099
Cash at bank and in hand		27.308	27.216	2.633	1.322
Currents assets		36.978	36.756	10.288	9.421
Assets		2.791.689	2.373.447	1.340.069	1.065.448

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Share capital	12	15.000	15.000	15.000	15.000
Reserve for net revaluation under the equity method		0	0	1.232.104	988.224
Reserve for exchange rate conversion		-4.396	-3.931	0	0
Retained earnings		1.236.500	992.155	0	0
Equity attributable to shareholders of the Parent Company		1.247.104	1.003.224	1.247.104	1.003.224
Minority interests		89.255	93.273	0	0
Equity		1.336.359	1.096.497	1.247.104	1.003.224
Provision for deferred tax	14	268.366	218.757	0	0
Other provisions	15	86.876	56.333	86.876	56.333
Provisions		355.242	275.090	86.876	56.333
Mortgage loans		659.147	936.966	0	0
Deposits		14.367	13.776	0	0
Long-term debt	16	673.514	950.742	0	0
Mortgage loans	16	392.743	21.701	0	0
Credit institutions	2	4	4	2	4
Trade payables		10.569	6.096	494	118
Payables to group enterprises		0	0	4.830	5.445
Corporation tax		7.006	10.688	0	0
Other payables		12.170	7.817	763	324
Deferred income	17	4.084	4.812	0	0
Short-term debt		426.574	51.118	6.089	5.891
Debt		1.100.088	1.001.860	6.089	5.891
Liabilities and equity		2.791.689	2.373.447	1.340.069	1.065.448

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	-3.931	992.155	1.003.224	93.273	1.096.497
Exchange adjustments	0	0	-465	0	-465	-2	-467
Extraordinary dividend paid	0	0	0	-31.000	-31.000	-4.396	-35.396
Other equity movements	0	0	0	0	0	-7.605	-7.605
Transfers, reserves	0	0	0	-4.317	-4.317	0	-4.317
Net profit/loss for the year	0	0	0	279.662	279.662	7.985	287.647
Equity at 31 December	15.000	0	-4.396	1.236.500	1.247.104	89.255	1.336.359

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	988.224	0	0	1.003.224	0	1.003.224
Exchange adjustments	0	-465	0	0	-465	0	-465
Extraordinary dividend paid	0	0	0	-31.000	-31.000	0	-31.000
Dividend from group enterprises	0	-36.460	0	36.460	0	0	0
Fair value adjustment of hedging instruments, beginning of year	0	-4.317	0	0	-4.317	0	-4.317
Transfers, reserves	0	-29.849	0	29.849	0	0	0
Net profit/loss for the year	0	314.971	0	-35.309	279.662	0	279.662
Equity at 31 December	15.000	1.232.104	0	0	1.247.104	0	1.247.104

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2021 TDKK	2020 TDKK
Profit before financial income and expenses		325.442	188.579
Adjustments	18	-286.568	-137.179
Change in working capital	19	10.768	-2.092
Cash flows from operating activities before financial income and expenses		49.642	49.308
Financial income		109	61
Financial expenses		-6.289	-6.941
Cash flows from ordinary activities		43.462	42.428
Corporation tax paid		-9.706	-6.226
Cash flows from operating activities		33.756	36.202
Purchase of property, plant and equipment		-156.024	-48.939
Fixed asset investments made etc		-12.381	0
Acquisition etc. of financial assets		0	-71
Loans		0	400
Dividends received from associates		84.045	4.000
Cash flows from investing activities		-84.360	-44.610
Repayment of mortgage loans		-59.010	-358.929
Repayment of loans from credit institutions		-2	0
Raising of mortgage loans		152.233	420.086
Other regulations on company formation, minority interests etc.		25.337	0
Approach group companies		15.319	0
Dividend paid		-113.396	-92.178
Other provisions		30.543	18.038
Cash flows from financing activities		51.024	-12.983

Pengestrømsopgørelse 1. januar - 31. december

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Change in cash and cash equivalents		420	-21.391
Cash and cash equivalents at 1 January		27.216	48.829
Exchange adjustment of current asset investments		<u>-328</u>	<u>-222</u>
Cash and cash equivalents at 31 December		<u>27.308</u>	<u>27.216</u>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		<u>27.308</u>	<u>27.216</u>
Cash and cash equivalents at 31 December		<u>27.308</u>	<u>27.216</u>

Notes to the Financial Statements

	Group		Parent Company	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
1 Staff expenses				
Wages and salaries	40.126	26.736	32.618	20.296
Pensions	546	596	0	0
Other social security expenses	701	747	21	21
Other staff expenses	396	264	218	23
	41.769	28.343	32.857	20.340
Remuneration to the Executive Board and Board of Directors	28.788	19.761	28.183	19.761
Average number of employees	29	35	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	948	1.019	73	235
	948	1.019	73	235

Notes to the Financial Statements

	Group		Parent Company	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
3 Financial income				
Income from fixed asset investments	0	7	0	0
Interest received from group enterprises	0	0	45	26
Interest received from associates	42	17	42	17
Other financial income	58	44	0	0
Exchange adjustments	9	0	9	101
	109	68	96	144
4 Financial expenses				
Interest paid to group enterprises	0	0	0	63
Other interest	6.258	6.640	0	0
Other financial expenses	30	301	21	17
	6.288	6.941	21	80
5 Tax on profit/loss for the year				
Current tax for the year	6.030	6.405	0	0
Deferred tax for the year	49.693	28.742	0	0
Adjustment of tax concerning previous years	-3	-179	-7	-5
	55.720	34.968	-7	-5

Notes to the Financial Statements

6 Assets measured at fair value

	Group
	Investment pro- perties
	TDKK
Cost at 1 January	1.129.690
Exchange adjustment	-425
Additions for the year	154.649
Cost at 31 December	<u>1.283.914</u>
Value adjustments at 1 January	1.001.898
Exchange adjustment	-388
Revaluations for the year	287.516
Value adjustments at 31 December	<u>1.289.026</u>
Carrying amount at 31 December	<u>2.572.940</u>

Assumptions underlying the determination of fair value of investment properties

As described in the 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 599m. For other properties totaling DKK 1.974m 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 38,9m (2020: 6,7m).

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

The Group has divided a number of properties into condominiums in 2021. No condominiums have been sold, and the properties 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.

Return on the total property portfolio amounts to an average of 3,9% (2020: 3,7%), with an average price factor of 21,8 times the annual rent (2020: 22,7), and an average market price of DKK 20.532 per m² (2020: 18.553 per m²). If the market price was calculated using an alternative rate of return of 4,0% the fair value would amount to 2.493m instead.

All the Group's 43 properties are situated in Berlin and are primarily residential properties. Vacancy level for the portfolio is low.

Notes to the Financial Statements

7 Other fixtures and fittings, tools and equipment

Group

	Other fixtures and fittings, tools and equipment <u>TDKK</u>
Cost at 1 January	5.558
Exchange adjustment	-2
Additions for the year	1.375
Disposals for the year	-214
Cost at 31 December	<u>6.717</u>
Impairment losses and depreciation at 1 January	3.326
Exchange adjustment	-1
Depreciation for the year	948
Impairment and depreciation of sold assets for the year	-214
Impairment losses and depreciation at 31 December	<u>4.059</u>
Carrying amount at 31 December	<u>2.658</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	793
Depreciation for the year	<u>73</u>
Impairment losses and depreciation at 31 December	<u>866</u>
Carrying amount at 31 December	<u>395</u>

Notes to the Financial Statements

	Parent Company	
	2021	2020
	TDKK	TDKK
8 Investments in subsidiaries		
Cost at 1 January	58.090	58.090
Additions for the year	236	0
Cost at 31 December	58.326	58.090
Value adjustments at 1 January	997.088	840.226
Exchange adjustment	-464	-3.909
Net profit/loss for the year	314.971	189.069
Dividend to the Parent Company	-36.460	-28.309
Other equity movements, net	-4.317	0
Transfers for the year	0	11
Value adjustments at 31 December	1.270.818	997.088
Carrying amount at 31 December	1.329.144	1.055.178

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 18 German subsidiaries. The share of ownership amounts to 52 % to 100 %.

Esplanaden Berlin Invest ApS owns shares in 1 German subsidiary. The share of ownership amounts 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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
9 Investments in associates				
Cost at 1 January	50.764	50.384	1.124	744
Additions for the year	10.101	380	0	380
Disposals for the year	-12.286	0	0	0
Cost at 31 December	<u>48.579</u>	<u>50.764</u>	<u>1.124</u>	<u>1.124</u>
Value adjustments at 1 January	127.707	92.966	-951	-502
Exchange adjustment	-55	-549	-1	0
Net profit/loss for the year	24.104	39.290	70	-449
Dividends to the Parent Company	-84.045	-4.000	0	0
Reversals for the year of revaluations in previous years	<u>40.107</u>	<u>0</u>	<u>0</u>	<u>0</u>
Value adjustments at 31 December	<u>107.818</u>	<u>127.707</u>	<u>-882</u>	<u>-951</u>
Equity investments with negative net asset value amortised over receivables	<u>0</u>	<u>208</u>	<u>0</u>	<u>208</u>
Carrying amount at 31 December	<u>156.397</u>	<u>178.679</u>	<u>242</u>	<u>381</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%
Ronald Weiss Grundstücks GmbH	Germany, Berlin	GmbH	27%

Notes to the Financial Statements

10 Other fixed asset investments

	Group		
	Other investments	Deposits	Other receiv- ables
	TDKK	TDKK	TDKK
Cost at 1 January	395	13.763	10.035
Additions for the year	711	589	73
Disposals for the year	0	0	-2.850
Cost at 31 December	<u>1.106</u>	<u>14.352</u>	<u>7.258</u>
Carrying amount at 31 December	<u>1.106</u>	<u>14.352</u>	<u>7.258</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.

There have been no changes in the share capital during the last 5 years.

13 Distribution of profit

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Extraordinary dividend paid	31.000	0	31.000	0
Reserve for net revaluation under the equity method	0	0	314.971	188.621
Minority interests' share of net profit/loss of subsidiaries	7.985	19.758	0	0
Retained earnings	<u>248.662</u>	<u>166.270</u>	<u>-66.309</u>	<u>-22.351</u>
	<u>287.647</u>	<u>186.028</u>	<u>279.662</u>	<u>166.270</u>

Notes to the Financial Statements

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
14 Provision for deferred tax				
Provision for deferred tax at 1 January	218.757	190.845	0	0
Amounts recognised in the income statement for the year	49.693	28.742	0	0
Amounts recognised in equity for the year	-84	-830	0	0
Provision for deferred tax at 31 December	268.366	218.757	0	0

15 Other provisions

Other provisions comprise other employee benefits.

Other provisions	86.876	56.333	86.876	56.333
	86.876	56.333	86.876	56.333

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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	10.266	321.208	0	0
Between 1 and 5 years	648.881	615.758	0	0
Long-term part	659.147	936.966	0	0
Within 1 year	392.743	21.701	0	0
	1.051.890	958.667	0	0

Notes to the Financial Statements

16 Long-term debt (continued)

	Group		Parent Company	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Deposits				
Between 1 and 5 years	14.367	13.776	0	0
Long-term part	14.367	13.776	0	0
Within 1 year	0	0	0	0
	14.367	13.776	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	
	2021 TDKK	2020 TDKK
	948	1.019
	-287.516	-138.198
	-286.568	-137.179

19 Cash flow statement - change in working capital

Change in inventories	-328	143
Change in receivables	2.406	-3.705
Change in trade payables, etc	8.690	1.470
	10.768	-2.092

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 1.051.890 thousand at 31 December 2021, which is secured on investment properties at a carrying amount of DKK 2,357,079 thousand at 31 December 2021.

Deposits under fixed asset investments at 31.12.2021 amount to DKK 14.352 thousand and consist of deposits paid by the lessees held in escrow accounts.

Contingent liabilities

The Group has an investment property located on leased land. The lease agreements run until 2062. 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 is no obligation to pay rent for the plot of land.

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 586.115 thousand at 31.12.2021.

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 TDKK 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 2021 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 2021 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 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 measures 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

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