

K/S Mecura Hannover City

c/o Damborg, Astridsvej 20, 2770 Kastrup

Company reg. no. 29 85 26 69

Annual report

2022

The annual report was submitted and approved by the general meeting on the 15 June 2023.

Jørgen Skjødt
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance EUR 146.940 means the amount of EUR 146,940, and that 23,5 % means 23.5 %.

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Management's statement

Today, the Management has approved the annual report of K/S Mecura Hannover City for the financial year 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Kastrup, 15 June 2023

Board of directors

Bjarke Gohr Jensen

Frank Werner Nielsen

Thomas Kjærgaard

Independent auditor's report

To the Limited Partners of K/S Mecura Hannover City

Opinion

We have audited the financial statements of K/S Mecura Hannover City for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, 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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on 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.

Independent auditor's report

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, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 15 June 2023

Redmark

Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Henrik Juul Thomsen

State Authorised Public Accountant
mne33734

Company information

The company

K/S Mecura Hannover City
c/o Damborg
Astridsvej 20
2770 Kastrup

Company reg. no. 29 85 26 69
Established: 4 September 2006
Domicile: Tårnby
Financial year: 1 January - 31 December

Board of directors

Bjarke Gohr Jensen
Frank Werner Nielsen
Thomas Kjærgaard

General partner

Komplementarselskabet Mecura Hannover City ApS
Astridsvej 20
2770 Kastrup
CVR-nr. 29 84 19 93

Auditors

Redmark
Godkendt Revisionspartnerselskab
Dirch Passers Allé 76
2000 Frederiksberg

Management's review

Description of key activities of the company

The activities of the limited partnership comprise owning and leasing the business property acquired in 2006 and situated at Wöhlerstrasse 48, Hannover, Germany.

The limited partnership consists of 100 shares distributed among 8 limited partners.

Development in activities and financial matters

The revenue for the year totals EUR 166.049 against EUR 166.049 last year. Income from ordinary activities after tax totals EUR 635.159 against EUR 89.037 last year. Management considers the net profit for the year satisfactory.

The investment property has been sold in 2022 with takeover as of April 2023. The investment property is recognised as assets intended for sale. The value is measured based on the sale agreement from October 2022 and has been recognised to 2.840 T.EUR.

Income statement 1 January - 31 December

All amounts in EUR.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Revenue	166.049	166.049
Property expenses	-28.702	-24.049
Other external expenses	-91.543	-17.131
Value adjustment of investment property	626.689	0
Gross profit	672.493	124.869
1 Other financial expenses	-37.334	-35.832
Net profit or loss for the year	635.159	89.037
 Proposed distribution of net profit:		
Transferred to retained earnings	635.159	89.037
Total allocations and transfers	635.159	89.037

Balance sheet at 31 December

All amounts in EUR.

Assets		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Non-current assets		
2 Investment property	0	2.213.311
Total property, plant, and equipment	0	2.213.311
Total non-current assets	0	2.213.311
Current assets		
Assets intended for sale	2.840.000	0
Total inventories	2.840.000	0
Other receivables	17.970	1.560
Total receivables	17.970	1.560
Cash and cash equivalents	12.476	14.755
Total current assets	2.870.446	16.315
Total assets	2.870.446	2.229.626

Balance sheet at 31 December

All amounts in EUR.

Equity and liabilities		<u>2022</u>	<u>2021</u>
<u>Note</u>			
Equity			
Contributed capital		1.290.251	1.290.251
Results brought forward		370.010	-265.150
Total equity		<u>1.660.261</u>	<u>1.025.101</u>
Long term liabilities other than provisions			
3 Mortgage debt		874.000	950.000
Payables to group enterprises		14.576	14.768
Total long term liabilities other than provisions		<u>888.576</u>	<u>964.768</u>
Current portion of long term liabilities		76.000	76.000
Bank debts		131.927	123.015
Other payables		113.682	40.742
Total short term liabilities other than provisions		<u>321.609</u>	<u>239.757</u>
Total liabilities other than provisions		<u>1.210.185</u>	<u>1.204.525</u>
Total equity and liabilities		<u>2.870.446</u>	<u>2.229.626</u>
4 Disclosures on fair value			
5 Charges and security			
6 Contingencies			

Statement of changes in equity

All amounts in EUR.

	Contributed capital	Retained earnings	Total
	<u> </u>	<u> </u>	<u> </u>
Equity 1 January 2022	1.290.251	-265.149	1.025.102
Profit or loss for the year brought forward	<u> 0</u>	<u> 635.159</u>	<u> 635.159</u>
	<u>1.290.251</u>	<u>370.010</u>	<u>1.660.261</u>

Notes

All amounts in EUR.

	<u>2022</u>	<u>2021</u>
1. Other financial expenses		
Financial costs, group enterprises	329	290
Other financial costs	<u>37.005</u>	<u>35.542</u>
	<u>37.334</u>	<u>35.832</u>
2. Investment property		
Cost 1 January 2022	2.162.902	2.162.902
Transfers	<u>-2.162.902</u>	<u>0</u>
Cost 31 December 2022	<u>0</u>	<u>2.162.902</u>
Fair value adjustment 1 January 2022	50.409	50.409
Adjust of the year to fair value	626.689	0
Transfers	<u>-677.098</u>	<u>0</u>
Fair value adjustment 31 December 2022	<u>0</u>	<u>50.409</u>
Carrying amount, 31 December 2022	<u>0</u>	<u>2.213.311</u>

The investment property has been sold in 2022 with takeover as of April 2023. The investment property is now presentet as assets intended for sale.

Last year fair value was described as follow.

A determination of the return from the individual properties is based on the expected rental income from fully leased properties less expected operating costs, administration costs, and maintenance costs. The subsequent value is adjusted for recognised vacant-period lease for a reasonable period of time and expected costs of improvements and large maintenance projects, etc., plus added deposits and prepaid lease payments.

Fair value is calculated based on a discount rate of 6.5%, which results in a fair value assessment of EUR 2.6 million. Based on a specific assessment, the Company's Management has maintained the value of EUR 2.2 million as it assess that the value is the most accurate fair value.

Moreover, Management believes that the difference compared to the above-mentioned assessment lies within a reasonable deviation considering the uncertainty connected to a fair value assessment of investment properties. The EUR 2.2 million corresponds to a factor of 13,5 x the annual rent income, which the Management assess fair for the specific building located in Hannover and comparable buildings.

Compared to the previous financial year, the methods of measurement remain unchanged.

Notes

All amounts in EUR.

	<u>31/12 2022</u>	<u>31/12 2021</u>
3. Mortgage debt		
Total mortgage debt	950.000	1.026.000
Share of amount due within 1 year	<u>-76.000</u>	<u>-76.000</u>
	<u>874.000</u>	<u>950.000</u>
Share of liabilities due after 5 years	<u>570.000</u>	<u>646.000</u>
4. Disclosures on fair value		Investment property held for sale
Fair value at 31 December 2022		<u>2.840.000</u>
Change in fair value of the year recognised in the statement of financial activity		<u>626.689</u>
5. Charges and security		
As security for mortgage debts, EUR 950 thousand, mortgage of EUR 1,275 thousand, has been granted on land and buildings (representing as assets intended for sale) with a book value of EUR 2,840 thousand at 31 December 2022.		
6. Contingencies		
Contingent liabilities		
There is no contingent liabilities as of 31 December 2022.		

Accounting policies

The annual report for K/S Mecura Hannover City has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from the previous year, and the annual report is presented in euro (EUR).

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Lease income from investment property

Lease income comprises income from the lease of property and from overhead costs collected and is recognised in the income statement for the period relating to the lease payment. Income from the heating account is recognised in the statement of financial position as a balance with lessees.

Other external expenses

Other external expenses comprise expenses incurred for administration.

Expenses concerning investment properties

Expenses concerning investment properties comprise operating expenses, repair and maintenance expenses, taxes, charges, and other expenses. Expenses concerning the heating accounts are recognised in the statement of financial position as a balance with lessees.

Value adjustment of investment property

Value adjustment of investment property comprises value adjustments of properties at fair value and profit or loss from the disposal of properties.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to debt and transactions in foreign currency.

Statement of financial position

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investment property

At the initial recognition, investment property is measured at cost, comprising the cost of the property and directly associated costs, if any.

Hereafter, investment properties are measured individually at an estimated fair value. The properties are measured using a returnbased model, by which the expected future cash flows for the following year, along with a rate of return determined by an external assessor, form the basis for the fair value of the properties. Compared to the previous financial year, the method of measurement remains unchanged.

Like other property, plant, and equipment except for land, investment property has a limited economic life. The impairment taking place concurrently with the ageing of the investment property is reflected in the continuing measurement of the investment property at fair value.

Assets intended for sale

The investment property has been sold in 2022 with takeover as of April 2023, and has therefore been recognised under assets intended for sale at the sales price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.