

K/S Mecura Hannover City

c/o Damborg, Astridsvej 20, 2770 Kastrup

Company reg. no. 29 85 26 69

Annual report

2020

The annual report was submitted and approved by the general meeting on the 31 May 2021.

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 report

The management have today presented the annual report of K/S Mecura Hannover City for the financial year 1 January to 31 December 2020.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2020 and of the company's results of its activities in the financial year 1 January to 31 December 2020.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Kastrup, 31 May 2021

Board of directors

Thomas Kjærgaard

Frank Werner Nielsen

Bjarke Gohr Jensen

Independent auditor's report

To the limited partners of K/S Mecura Hannover City

Opinion

We have audited the annual accounts of K/S Mecura Hannover City for the financial year 1 January to 31 December 2020, which comprise profit and loss account, balance sheet, statement of changes in equity, notes and accounting policies. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January to 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without modifying our opinion we refer to note 1, where the Management explains uncertainty in the recognition and measurement of the property.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the annual accounts

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

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by management and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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 the internal control that we identify during our audit.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 31 May 2021

Redmark

State Authorised Public Accountants
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 | Thomas Kjærgaard Frank Werner Nielsen Bjarke Gohr Jensen |
| General partner | Komplementarselskabet Mecura Hannover City ApS Astridsvej 20 2770 Kastrup CVR-nr. 29 84 19 93 |
| Auditors | Redmark Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg |

Management commentary

The principal 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.

Uncertainties as to recognition or measurement

The property is measured in accordance with the principles applied under accounting policies. The value is determined based on Managements estimate described further in note 1.

Development in activities and financial matters

The net turnover for the year is EUR 166.051 against EUR 166.049 last year. The results from ordinary activities after tax are EUR 57.467 against EUR 30.858 last year. The management consider the results satisfactory.

Special Risks

Rent agreement

The main lessee has in 2014 informed that they wanted to use their 5-year option and extended the lease with 5 years valid until 31 August 2019. In February 2019 the main lessee extended the lease until 31 August 2022.

Accordingly, the agreement ensures that the limited partnership and Ringkjøbing Landbobank the new agreement to extend the banking arrangement to the effect that the repayment profile etc. can be accommodated within the limited partnership's capital resources. In addition, management expect that Aldi will use their second-last option to continue the rental agreement covering a period of 5 years ending in 2027. The expectation is based on 15 years of cooperation with Aldi beginning in 2006.

Income statement 1 January - 31 December

All amounts in EUR.

| <u>Note</u> | <u>2020</u> | <u>2019</u> |
|--|----------------|----------------|
| Net turnover | 166.051 | 166.049 |
| Property costs | -22.376 | -36.095 |
| Other external costs | -26.584 | -26.867 |
| Gross profit | 117.091 | 103.087 |
| 3 Other financial costs | -59.624 | -72.229 |
| Pre-tax net profit or loss | 57.467 | 30.858 |
| Tax on ordinary results | 0 | 0 |
| Net profit or loss for the year | 57.467 | 30.858 |
| Proposed appropriation of net profit: | | |
| Transferred to retained earnings | 57.467 | 30.858 |
| Total allocations and transfers | 57.467 | 30.858 |

Statement of financial position at 31 December

All amounts in EUR.

| Assets | | <u>2020</u> | <u>2019</u> |
|---------------------------|--------------------------------------|-------------------------|-------------------------|
| <u>Note</u> | | | |
| Non-current assets | | | |
| 4 | Investment property | <u>2.213.311</u> | <u>2.213.311</u> |
| | Total property, plant, and equipment | <u>2.213.311</u> | <u>2.213.311</u> |
| | Total non-current assets | <u>2.213.311</u> | <u>2.213.311</u> |
| Current assets | | | |
| | Other debtors | <u>1.572</u> | <u>2.687</u> |
| | Total receivables | <u>1.572</u> | <u>2.687</u> |
| | Available funds | <u>7.949</u> | <u>5.956</u> |
| | Total current assets | <u>9.521</u> | <u>8.643</u> |
| | Total assets | <u>2.222.832</u> | <u>2.221.954</u> |

Statement of financial position at 31 December

All amounts in EUR.

| Equity and liabilities | | <u>2020</u> | <u>2019</u> |
|--|--|-------------------------|-------------------------|
| <u>Note</u> | | | |
| Equity | | | |
| | Contributed capital | 1.290.251 | 1.290.251 |
| | Retained earnings | -354.186 | -411.653 |
| | Total equity | <u>936.065</u> | <u>878.598</u> |
| Liabilities other than provisions | | | |
| 5 | Mortgage debt | 1.026.000 | 1.236.960 |
| | Debt to group enterprises | <u>15.170</u> | <u>15.252</u> |
| | Total long term liabilities other than provisions | <u>1.041.170</u> | <u>1.252.212</u> |
| | Current portion of long term payables | 76.000 | 62.952 |
| | Bank debts | 129.250 | 0 |
| | Other payables | <u>40.347</u> | <u>28.192</u> |
| | Total short term liabilities other than provisions | <u>245.597</u> | <u>91.144</u> |
| | Total liabilities other than provisions | <u>1.286.767</u> | <u>1.343.356</u> |
| | Total equity and liabilities | <u>2.222.832</u> | <u>2.221.954</u> |

- 1 **Uncertainties concerning recognition and measurement**
- 2 **Disclosures on fair value**
- 6 **Charges and security**

Statement of changes in equity

All amounts in EUR.

| | Contributed capital | Retained earnings | Total |
|---|--------------------------------|------------------------------|----------------------|
| | <hr/> | <hr/> | <hr/> |
| Equity 1 January 2020 | 1.290.251 | -411.653 | 878.598 |
| Profit or loss for the year brought forward | 0 | 57.467 | 57.467 |
| | <hr/> 1.290.251 | <hr/> -354.186 | <hr/> 936.065 |

Notes

All amounts in EUR.

1. Uncertainties concerning recognition and measurement

The property is recognised in accordance with the principles applied under accounting policies. The value is measured based on Management's estimate and is subject to some uncertainty.

Fair value is calculated based on a discount rate of 6.5%, which results in a fair value assessment of EUR 2.2 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.

Rent agreement

In February 2019 the main lessee extended the lease until 31 August 2022. Accordingly, the agreement ensures that the limited partnership and Ringkjøbing Landbobank renewed the agreement to extend the banking arrangement to the effect that the repayment profile etc. can be accommodated within the limited partnership's capital resources. In addition, management expect that Aldi will use their second-last option to continue the rental agreement covering a period of 5 years ending in 2027. The expectation is based on 15 years of cooperation with Aldi beginning in 2006.

2. Disclosures on fair value

| | Investment property |
|--|--------------------------------|
| Fair value at 31 December 2020 | 2.213.311 |
| Change in fair value of the year recognised in the statement of financial activity | 0 |

3. Other financial costs

| | 2020 | 2019 |
|------------------------------------|---------------|---------------|
| Financial costs, group enterprises | 294 | 297 |
| Other financial costs | 59.330 | 71.932 |
| | 59.624 | 72.229 |

Notes

All amounts in EUR.

| | <u>31/12 2020</u> | <u>31/12 2019</u> |
|---|-------------------------|-------------------------|
| 4. Investment property | | |
| Cost 1 January 2020 | <u>2.162.902</u> | <u>2.162.902</u> |
| Cost 31 December 2020 | <u>2.162.902</u> | <u>2.162.902</u> |
| Fair value adjustment 1 January 2020 | <u>50.409</u> | <u>50.409</u> |
| Fair value adjustment 31 December 2020 | <u>50.409</u> | <u>50.409</u> |
| Carrying amount, 31 December 2020 | <u>2.213.311</u> | <u>2.213.311</u> |

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.

| | | |
|--|-------------------------|-------------------------|
| 5. Mortgage debt | | |
| Mortgage debt in total | 1.102.000 | 1.299.912 |
| Share of amount due within 1 year | <u>-76.000</u> | <u>-62.952</u> |
| | <u>1.026.000</u> | <u>1.236.960</u> |
| Share of liabilities due after 5 years | <u>722.000</u> | <u>948.960</u> |

Notes

All amounts in EUR.

6. Charges and security

As security for mortgage debts, EUR 1,102 thousand, mortgage has been granted on land and buildings representing a book value of EUR 2,213 thousand at 31 December 2020.

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 profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet 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.

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

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of 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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

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 lessees.

Other external costs

Other external costs comprise costs for administration and audit.

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.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Investment property

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

Hereafter, investment properties are measured individually at an estimated fair value. The properties are measured using a return-based model, by which the expected future cash flows for the next 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 latest financial year, the method of measurement used remains unchanged.

Accounting policies

Like other material fixed assets, except from land, investment property has a limited life financial life. The impairment taking place concurrently with the aging of the investment property is reflected in the current measuring of the investment property at fair value.

Receivables

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

Available funds

Available funds comprise cash at bank.

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.