

K/S Mecura Hannover City

c/o Damborg, Astridsvej 20, 2770 Kastrup

Company reg. no. 29 85 26 69

Annual report

2021

The annual report was submitted and approved by the general meeting on the 13 June 2022.

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 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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, 13 June 2022

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 financial statements of K/S Mecura Hannover City for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, 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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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.

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.

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.

Independent auditor's report

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 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.

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 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.

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, 13 June 2022

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	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 Godkendt Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg

Management's review

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 about 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 revenue for the year totals EUR 166.049 against EUR 166.051 last year. Income or loss from ordinary activities after tax totals EUR 89.037 against EUR 57.467 last year. Management considers the net profit for the year satisfactory.

Income statement 1 January - 31 December

All amounts in EUR.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Revenue	166.049	166.051
Property expenses	-24.049	-22.376
Other external expenses	-17.131	-26.584
Gross profit	124.869	117.091
2 Other financial expenses	-35.832	-59.624
Net profit or loss for the year	89.037	57.467
 Proposed appropriation of net profit:		
Transferred to retained earnings	89.037	57.467
Total allocations and transfers	89.037	57.467

Balance sheet at 31 December

All amounts in EUR.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Assets		
Non-current assets		
3 Investment property	2.213.311	2.213.311
Total property, plant, and equipment	2.213.311	2.213.311
Total non-current assets	2.213.311	2.213.311
Current assets		
Other receivables	1.560	1.572
Total receivables	1.560	1.572
Cash and cash equivalents	14.755	7.949
Total current assets	16.315	9.521
Total assets	2.229.626	2.222.832

Balance sheet at 31 December

All amounts in EUR.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Equity and liabilities		
Equity		
Contributed capital	1.290.251	1.290.251
Results brought forward	-265.150	-354.186
Total equity	1.025.101	936.065
Long term liabilities other than provisions		
4 Mortgage loans	950.000	1.026.000
Payables to subsidiaries	14.768	15.170
Total long term liabilities other than provisions	964.768	1.041.170
Current portion of long term liabilities	76.000	76.000
Bank debts	123.015	129.249
Other payables	40.742	40.348
Total short term liabilities other than provisions	239.757	245.597
Total liabilities other than provisions	1.204.525	1.286.767
Total equity and liabilities	2.229.626	2.222.832

- 1 **Uncertainties concerning recognition and measurement**
- 5 **Disclosures on fair value**
- 6 **Charges and security**
- 7 **Contingencies**

Statement of changes in equity

All amounts in EUR.

	Contributed capital	Retained earnings	Total
	<hr/>	<hr/>	<hr/>
Equity 1 January 2021	1.290.251	-354.187	936.064
Profit or loss for the year brought forward	0	89.037	89.037
	<hr/> 1.290.251	<hr/> -265.150	<hr/> 1.025.101

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, as the market is still not well-functioning.

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.

Rent agreement

In February 2022 the main lessee extended the lease until 31 August 2027.

	<u>2021</u>	<u>2020</u>
2. Other financial expenses		
Financial costs, group enterprises	290	294
Other financial costs	<u>35.542</u>	<u>59.330</u>
	<u>35.832</u>	<u>59.624</u>

Notes

All amounts in EUR.

	<u>31/12 2021</u>	<u>31/12 2020</u>
3. Investment property		
Cost 1 January 2021	<u>2.162.902</u>	<u>2.162.902</u>
Cost 31 December 2021	<u>2.162.902</u>	<u>2.162.902</u>
Fair value adjustment 1 January 2021	<u>50.409</u>	<u>50.409</u>
Fair value adjustment 31 December 2021	<u>50.409</u>	<u>50.409</u>
Carrying amount, 31 December 2021	<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.

Notes

All amounts in EUR.

	<u>31/12 2021</u>	<u>31/12 2020</u>
4. Mortgage loans		
Total mortgage loans	1.026.000	1.102.000
Share of amount due within 1 year	<u>-76.000</u>	<u>-76.000</u>
	<u>950.000</u>	<u>1.026.000</u>
Share of liabilities due after 5 years	<u>646.000</u>	<u>722.000</u>
5. Disclosures on fair value		Investment property
		<u>2.213.311</u>
Fair value at 31 December 2021		<u>2.213.311</u>
Change in fair value of the year recognised in the statement of financial activity		<u>0</u>
6. Charges and security		
As security for mortgage debts, EUR 1,026 thousand, mortgage has been granted on land and buildings representing a book value of EUR 2,213 thousand at 31 December 2021.		
7. Contingencies		
Contingent liabilities		
There is no contingent liabilities as of 31 December 2021.		

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, writedowns 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. Recognition of revenue is 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.

Property expenses

Property expenses include 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 expenses

Other external expenses comprise expenses incurred for administration.

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

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.

Accounting policies

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.