M7 Real Estate ApS

Borgergade 2, 6 sal., 1300 København K

CVR no. 32 31 96 96

Annual report

for the year 1 January - 31 December 2021

Approved at the Company's annual general meeting on 30 March 2022

Chair of the meeting:

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Mikkel S. Mikkelsen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of M7 Real Estate ApS 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 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 fair review of the matters discussed in the Management's review.

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

Copenhagen, 30 March 2022
Executive Board:

Mikkel Seitzberg Mikkelsen
CEO

Board of Directors:

Teresa Dyer Chair	Mikkel Seitzberg Mikkelsen	David John Simmonds

Independent auditor's report

To the shareholders of M7 Real Estate ApS

Opinion

We have audited the financial statements of M7 Real Estate ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

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 as to 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 the 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- 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 note 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 the Management's review

Management is responsible for the Management's review.

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

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 30 March 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Reedtz
State Authorised Public Accountant
mne24830

Management's review

Company details

Name	M7 Real Estate ApS
Address, Postal code, City	Borgergade 2, 6 sal., 1300 København K
CVR no.	32 31 96 96
Established	25 April 2013
Registered office	København
Financial year	1 January - 31 December
Website	www.m7re.dk
Board of Directors	Teresa Dyer, Chair Mikkel Seitzberg Mikkelsen David John Simmonds
Executive Board	Mikkel Seitzberg Mikkelsen, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank Holmens Kanal 2-12, 1092 København K

Management's review

Business review

The primary activity is acquisition, administration and sale of real estate, real estate companies and non-performing loans in Denmark.

Financial review

The income statement for 2021 shows a loss of DKK 6,337,494 against a profit of DKK 2,802,121 last year, and the balance sheet at 31 December 2021 shows equity of DKK 4,238,077.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2021	2020
	Gross profit	1,694,849	11,982,572
2	Staff costs	-8,124,898	-8,400,054
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-49,970	-42,572
	Profit/loss before net financials	-6,480,019	3,539,946
3	Financial income	235,145	193,306
	Financial expenses	-65,617	-133,710
	Profit/loss before tax	-6,310,491	3,599,542
4	Tax for the year	-27,003	-797,421
	Profit/loss for the year	-6,337,494	2,802,121
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-6,337,494	2,802,121
		-6,337,494	2,802,121

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	ASSETS		
	Non-current assets		
5	**Property, plant and equipment**		
	Other fixtures and fittings, tools and equipment	42,280	92,250
		42,280	92,250
	Financial assets		
	Other receivables	339,592	331,335
	Deferred tax assets	0	27,003
		339,592	358,338
	Total non-current assets	381,872	450,588
	Current assets		
	Receivables		
	Trade receivables	719,057	591,967
	Receivables from group entities	5,250,252	12,915,158
	Other receivables	0	6,263
		5,969,309	13,513,388
	Cash	326,067	1,757,053
	Total current assets	6,295,376	15,270,441
	TOTAL ASSETS	6,677,248	15,721,029
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	80,150	80,150
	Retained earnings	4,157,927	10,495,421
	Total equity	4,238,077	10,575,571
	Liabilities		
	Current liabilities		
	Trade payables	69,865	1,399,547
	Income taxes payable	0	791,021
	Other payables	2,369,306	2,954,890
	Total current liabilities	2,439,171	5,145,458
	Total liabilities	2,439,171	5,145,458
	TOTAL EQUITY AND LIABILITIES	6,677,248	15,721,029

1 Accounting policies
6 Contractual obligations and contingencies, etc.

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2021	80,150	10,495,421	10,575,571
Transfer through appropriation of loss	0	-6,337,494	-6,337,494
Equity at 31 December 2021	80,150	4,157,927	4,238,077

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of M7 Real Estate ApS for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue and external expenses have been aggregated into one item in the income statement called gross margin, in accordance with section 32 of the Danish Financial Statements Act.

External expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3 years

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

	DKK	2021	2020
2	**Staff costs**		
	Wages/salaries	7,583,128	7,848,163
	Pensions	463,700	679,679
	Other social security costs	6,354	12,518
	Other staff costs	71,716	-140,306
		8,124,898	8,400,054
	Average number of full-time employees	8	11

	DKK	2021	2020
3	**Financial income**		
	Interest receivable, group entities	235,145	193,306
		235,145	193,306

	DKK	2021	2020
4	**Tax for the year**		
	Estimated tax charge for the year	0	791,021
	Deferred tax adjustments in the year	27,003	6,400
		27,003	797,421

Financial statements 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment
Cost at 1 January 2021	639,396
Cost at 31 December 2021	639,396
Impairment losses and depreciation at 1 January 2021	547,146
Amortisation/depreciation in the year	49,970
Impairment losses and depreciation at 31 December 2021	597,116
Carrying amount at 31 December 2021	42,280

6 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2021	2020
Rent and lease liabilities	366,802	355,371

Rent and lease liabilities include a rent obligation totalling DKK 366,802 due to a 6 month notice period.