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Mekanikken ApS

C/O CBRE A/S Rued Langgaards Vej 8
2300 Copenhagen
CVR No. 33885601

Annual report 2023

The Annual General Meeting adopted the annual report on 30.04.2024

Anne-Marie Thygesen
Chairman of the General Meeting

Contents

Entity details

Entity

Mekanikken ApS
C/O CBRE A/S Rued Langgaards Vej 8
2300 Copenhagen

Business Registration No.: 33885601
Registered office: Copenhagen
Financial year: 01.01.2023 - 31.12.2023

Executive Board

Anne-Marie Thygesen
Morten Sennecker Schultz
Anne-Julie Marie-France Stéphanie Bellaize
James Charles Brodie

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Executive Board has today considered and approved the annual report of Mekanikken ApS for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 30.04.2024

Executive Board

Anne-Marie Thygesen

Morten Sennecker Schultz

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Anne-Julie Bellaize
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Anne-Julie Marie-France Stéphanie Bellaize

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James Brodie
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James Charles Brodie

Independent auditor's report

To the shareholders of Mekanikken ApS

Opinion

We have audited the financial statements of Mekanikken ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 30.04.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Chris Middelhede
State Authorised Public Accountant
Identification No (MNE) mne45823

Management commentary

Primary activities

The Company's purpose is investments in real estate and related activities.

Description of material changes in activities and finances

The income statement for 2023 shows a loss of DKK 29,605 thousand against a profit of DKK 67,117 thousand last year. Furthermore the balance sheet at 31 December 2023 shows equity of DKK 94,818 thousand.

This is the companys first year with regular activity why a loss was expected by management. However the a slowdown of the rental market have further reduced the fair value of the companys investment property.

Uncertainty relating to recognition and measurement

The company's investment properties are measured at fair value. The fair value is calculated for the individual properties based on a number of assumptions, including the budgeted net earnings of the individual properties and set return requirements, as referred to in the description of accounting policies. The return requirements are set so that they are assessed to reflect the market's current return requirements of the corresponding properties. There is uncertainty in determining the return requirements.

For further information see note 3.

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.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		**11,448,416**	**4,434,711**
Fair value adjustments of investment property		(27,202,784)	84,245,136
Operating profit/loss		**(15,754,368)**	**88,679,847**
Other financial income		31,637	11,722
Other financial expenses	1	(20,627,385)	(953,764)
Profit/loss before tax		**(36,350,116)**	**87,737,805**
Tax on profit/loss for the year	2	6,745,248	(20,620,373)
Profit/loss for the year		**(29,604,868)**	**67,117,432**
Proposed distribution of profit and loss			
Retained earnings		(29,604,868)	67,117,432
Proposed distribution of profit and loss		**(29,604,868)**	**67,117,432**

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Investment property		511,500,000	535,000,000
Property, plant and equipment	3	**511,500,000**	**535,000,000**
Fixed assets		**511,500,000**	**535,000,000**
Trade receivables		251,841	0
Receivables from group enterprises		313,981	0
Income tax receivable		0	1,383,973
Prepayments		4,594	0
Receivables		**570,416**	**1,383,973**
Cash		**689,735**	**8,758,265**
Current assets		**1,260,151**	**10,142,238**
Assets		**512,760,151**	**545,142,238**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		110,000	80,000
Retained earnings		94,707,786	81,787,921
Equity		**94,817,786**	**81,867,921**
Deferred tax		22,316,485	30,556,496
Provisions		**22,316,485**	**30,556,496**
Mortgage debt		259,058,317	259,020,866
Payables to group enterprises		124,542,113	164,850,561
Other payables		101,056	0
Non-current liabilities other than provisions	4	**383,701,486**	**423,871,427**
Deposits		7,099,800	0
Prepayments received from customers		2,540,269	0
Trade payables		2,271,109	513,437
Payables to group enterprises		0	196,166
Other payables		13,216	8,136,791
Current liabilities other than provisions		**11,924,394**	**8,846,394**
Liabilities other than provisions		**395,625,880**	**432,717,821**
Equity and liabilities		**512,760,151**	**545,142,238**
Employees	5		
Financial instruments	6		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	80,000	81,787,921	81,867,921
Capital increase by debt conversion	30,000	42,603,557	42,633,557
Value adjustments	0	(101,056)	(101,056)
Tax of entries on equity	0	22,232	22,232
Profit/loss for the year	0	(29,604,868)	(29,604,868)
Equity end of year	**110,000**	**94,707,786**	**94,817,786**

Notes

1 Other financial expenses

	2023 DKK	2022 DKK
Financial expenses from group enterprises	7,121,458	383,007
Other interest expenses	10,430,462	529,249
Exchange rate adjustments	491	0
Other financial expenses	3,074,974	41,508
	20,627,385	**953,764**

2 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Change in deferred tax	(8,217,779)	22,074,861
Adjustment concerning previous years	1,472,531	0
Refund in joint taxation arrangement	0	(1,454,488)
	(6,745,248)	**20,620,373**

3 Property, plant and equipment

	Investment property DKK
Cost beginning of year	450,754,864
Additions	3,702,784
Cost end of year	**454,457,648**
Fair value adjustments beginning of year	84,245,136
Fair value adjustments for the year	(27,202,784)
Fair value adjustments end of year	**57,042,352**
Carrying amount end of year	**511,500,000**

Fair value adjustments of the investment property take place on the basis of accounting assessments on background of fair value calculations based on the net rent results.

Investment properties are as of the description in the accounting policy, measured at fair value with the use of the normalised earnings method.

The return requirement for the company's property amounts to 4.4% as of 31.12.2023 againt 4.4% as of 31.12.2022. An increase in the return requirement of 0.5% points will reduce the total fair value by DKK 50,902 thousand. Reducing the return requirement by 0.5% points will increase the value by DKK 70,183 thousand.

In the normalised earnings model, a budgeted annual positive cashflow have been set at DKK 22,569 thousand, with a expected rental loss of DKK 2,030 thousand per year and other related maintainance and administrative expences of 5,392 thousand.

The size of the property is 17,171 m2, which consists of private residential rental. The property is located in Brøndby, Denmark.

The leases are used for residential rental whereby the tenants usualy can terminate the leases with 3 months notice. Leases are usualy irrevocable by the landlord.

4 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Mortgage debt	259,058,317	259,058,317
Payables to group enterprises	124,542,113	124,542,113
Other payables	101,056	0
	383,701,486	**383,600,430**

5 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

6 Financial instruments

Financial instruments are used to secure the companys external loans against a floating interest rate of the CIBOR rate. The instruments are to be executed within normal strike price perameters and matures in 2026. The instrument has a fair value as of 31.12.2023 of DKK -101 thousand, and is recognized as other payables.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in the reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Fair value adjustments of investment property

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.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investment property

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

The accounting period's adjustments of the properties' fair value are recognised in the income statement.

Fair value is determined by applying the 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.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.