

# M7 EREIP IV DK PropCo 2 K/S

c/o M7 Real Estate ApS  
Borgergade 2, 6.  
1300 København K  
Denmark

CVR no. 39 37 19 36

## Annual report 2022

The annual report was presented and approved at  
the Company's annual general meeting on

4 July 2023

Peter Matzen Drachmann  
Chairman of the annual general meeting

## Contents

Statement by the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January – 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

**M7 EREIP IV DK PropCo 2 K/S**  
Annual report 2022  
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## Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of M7 EREIP IV DK PropCo 2 K/S for the financial year 1 January – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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 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, 4 July 2023

On behalf of Komplementar M7 EREIP IV DK3 ApS:

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Mikkel Seitzberg Mikkelsen

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Niels Christian Wedell-  
Wedellsborg

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Peter Matzen Drachmann

## Independent auditor's report

### To the shareholder of M7 EREIP IV DK PropCo 2 K/S

#### Opinion

We have audited the financial statements of M7 EREIP IV DK PropCo 2 K/S for the financial year 1 January – 31 December 2022 comprising 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 Company's assets, liabilities and financial position 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 responsibility 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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

## Independent auditor's report

- identify and assess the risks of material misstatement of the company 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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 4 July 2023

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Jesper Bo Pedersen  
State Authorised  
Public Accountant  
mne42778

**M7 EREIP IV DK PropCo 2 K/S**  
Annual report 2022  
CVR no. 39 37 19 36

## Management's review

### Company details

M7 EREIP IV DK PropCo 2 K/S  
c/o M7 Real Estate ApS  
Borgergade 2, 6.  
1300 København K  
Denmark

CVR no.:	39 37 19 36
Established:	27 February 2018
Registered office:	Copenhagen
Financial year:	1 January – 31 December

### On behalf of Komplementar M7 EREIP IV DK3 ApS

Mikkel Seitzberg Mikkelsen  
Niels Christian Wedell-Wedellsborg  
Peter Matzen Drachmann

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 København Ø  
CVR no. 25 57 81 98

## Management's review

### Operating review

#### Principal activities

The objective of the Company is to acquire real estate property for investment purposes.

#### Development in activities and financial position

The Company's income statement for 2022 shows a loss of DKK -4,210 thousand as against a profit of DKK 82,582 thousand in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at DKK 1,877 thousand as against DKK 70,551 thousand at 31 December 2021.

#### Outlook

The last assets have been sold and management is preparing the coming company disclosure.

#### Events after the balance sheet date

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2022	2021
<b>Gross profit/loss</b>		-2,718	5,642
Fair value adjustment of investment properties	4	-989	86,050
Other financial income	4	14	342
Other financial expenses	5	-517	-9,452
<b>Profit/loss for the year</b>		<u>-4,210</u>	<u>82,582</u>
<b>Proposed profit appropriation/distribution of loss</b>			
Extraordinary dividends distributed in the financial year		64,464	133,963
Retained earnings		<u>-68,674</u>	<u>-51,381</u>
		<u>-4,210</u>	<u>82,582</u>



## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>			
Investment properties	6	0	35,800
<b>Total fixed assets</b>		0	35,800
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		0	2,209
Other receivables		308	2,373
Prepayments		0	89
		308	4,671
<b>Cash at bank and in hand</b>		2,065	75,037
<b>Total current assets</b>		2,373	79,708
<b>TOTAL ASSETS</b>		2,373	115,508

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		672	672
Retained earnings		1,205	69,879
<b>Total equity</b>		<u>1,877</u>	<u>70,551</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deposits and prepaid rent	7	<u>0</u>	<u>1,207</u>
<b>Current liabilities</b>			
Trade payables		383	1,182
Payables to group entities		0	39,635
Other payables		113	2,933
		<u>496</u>	<u>43,750</u>
<b>Total liabilities</b>		<u>496</u>	<u>44,957</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>2,373</u></u>	<u><u>115,508</u></u>

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed extraordinary dividends	Total
Equity at 1 January 2022	672	69,879	0	70,551
Transferred over the profit appropriation	0	-68,674	64,464	-4,210
Extraordinary dividends paid	0	0	-64,464	-64,464
<b>Equity at 31 December 2022</b>	<b>672</b>	<b>1,205</b>	<b>0</b>	<b>1,877</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of M7 EREIP IV DK PropCo 2 K/S for 2022 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

#### Revenue

Revenue, comprising rental income, is recognised in the period to which it relates.

#### Other external costs

Other external expenses comprise costs incurred during the period as a result of the rental of the Company's properties and administration.

#### Fair value adjustment and sale of investment properties

Fair value adjustment comprises the year's changes in the fair value and result from sale of investment properties.

#### Financial income and expenses

Financial expenses comprise interest expenses, realised and unrealised capital gains and losses on mortgage debt as well as gains and losses on transactions denominated in foreign currencies.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

### Balance sheet

#### Property, plant and equipment

Investment properties comprise properties that are held to earn rentals, held for capital appreciation or both.

Initially, investment properties are measured at cost including purchase price and directly related costs. The carrying amount also includes costs for improvements if the recognition criteria are met.

Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

The properties are valued using the income capitalisation method where a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate. The calculated value is adjusted with expected future change in rental value, voids, capital expenses and other special circumstances.

Investment properties are not depreciated.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement under fair value adjustment and sale of investment properties.

#### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast 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.

#### Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

#### Cash at bank and in hand

Cash at bank and in hand comprise cash at bank.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

##### Corporation tax and deferred tax

The Company is not subject to taxation. Taxable income is taxed in the Parent Company M7 EREIP IV Lux Denmark HoldCo S.a.r.l.

## Financial statements 1 January – 31 December

### Notes

DKK'000	<u>2022</u>	<u>2021</u>
<b>2 Average number of full-time employees</b>		
Average number of full-time employees	0	0
	<u>0</u>	<u>0</u>
<b>3 Fair value adjustment and sale of investment properties</b>		
Fair value adjustment of investment properties	-989	86,050
	<u>-989</u>	<u>86,050</u>
	<u>-989</u>	<u>86,050</u>
<b>4 Other financial income</b>		
Interest income from group entities	14	0
Fair value adjustments of financial instruments	0	342
	<u>14</u>	<u>342</u>
	<u>14</u>	<u>342</u>
<b>5 Other financial expenses</b>		
Interest expense to group entities	0	6,143
Other financial costs	517	3,309
	<u>517</u>	<u>9,452</u>
	<u>517</u>	<u>9,452</u>
<b>6 Property, plant and equipment</b>		
DKK'000		Investment properties
Cost at 1 January 2022		33,366
Disposals for the year		<u>-33,366</u>
Cost at 31 December 2022		0
Revaluations at 1 January 2022		2,434
Revaluations for the year		-25
Reversal of assets sold		<u>-2,409</u>
Revaluations at 31 December 2022		0
<b>Carrying amount at 31 December 2022</b>		<u>0</u>

## Financial statements 1 January – 31 December

### Notes

#### 7 Non-current liabilities

DKK'000	Total debt at 31/12 2022	Total debt at 31/12 2021	Outstanding debt after five years
Deposits and prepaid rent	0	1,207	0
	0	1,207	0

#### 8 Related party disclosures

##### Control

M7 EREIP IV DK PropCo K/S is part of the consolidated financial statements of M7 European Real Estate Investment Partners IV LP, The Monument Building, 11 Monument Street, London, EC3R 8AF, United Kingdom, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of M7 European Real Estate Investment Partners IV LP can be obtained by contacting the Company at the address above.



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## Niels Christian Wedell-Wedellsborg

Direktionsmedlem

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## Mikkel Seitzberg Mikkelsen

Direktionsmedlem

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## Mikkel Seitzberg Mikkelsen

Direktør

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## Peter Matzen Drachmann

Direktionsmedlem

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## Jesper Bo Pedersen

Statsautoriseret revisor

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## Peter Matzen Drachmann

Dirigent

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