

M7 EREIP V DK PropCo 1 K/S

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

CVR no. 39 96 89 40

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

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M7 EREIP V DK PropCo 1 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 V DK PropCo 1 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 V DK 2 ApS:

Mikkel Seitzberg Mikkelsen

Niels Christian Wedell-
Wedellsborg

Peter Matzen Drachmann

Independent auditor's report

To the shareholder of M7 EREIP V DK PropCo 1 K/S

Opinion

We have audited the financial statements of M7 EREIP V DK PropCo 1 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 V DK PropCo 1 K/S
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Management's review

Company details

M7 EREIP V DK PropCo 1 K/S
c/o M7 Real Estate ApS
Borgergade 2, 6.
1300 Copenhagen K
Denmark

CVR no.:	39 96 89 40
Established:	24 October 2018
Registered office:	Copenhagen
Financial year:	1 January – 31 December

On behalf of Komplementar M7 EREIP V DK 2 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 -46,345 thousand as against a profit of DKK 78,527 thousand in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at DKK 50,547 thousand as against DKK 100,557 thousand at 31 December 2021.

Outlook

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

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
Gross loss		-17,366	-3,239
Fair value adjustment of investment properties	3	-27,482	101,450
Other financial income	4	1,755	636
Other financial expenses	5	-3,252	-20,320
Profit/loss for the year		<u>-46,345</u>	<u>78,527</u>
Proposed profit appropriation/distribution of loss			
Extraordinary dividends distributed in the financial year		3,665	0
Retained earnings		<u>-50,010</u>	<u>78,527</u>
		<u>-46,345</u>	<u>78,527</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Property, plant and equipment	6		
Investment properties		0	183,270
Total fixed assets		0	183,270
Current assets			
Receivables			
Trade receivables		2,727	334
Receivables from group entities		1,335	716
Other receivables		5,776	10,215
Prepayments		52	208
		9,890	11,473
Cash at bank and in hand	7	42,861	30,868
Total current assets		52,751	42,341
TOTAL ASSETS		52,751	225,611

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		50	50
Retained earnings		50,497	100,507
Total equity		<u>50,547</u>	<u>100,557</u>
Liabilities			
Non-current liabilities			
	8		
Debt to credit institutions		0	29,961
Payables to shareholders		0	83,439
Deposits and prepaid rent		0	6,679
		<u>0</u>	<u>120,079</u>
Current liabilities			
Debt to credit institutions		0	1,066
Trade payables		954	2,176
Payables to group entities		0	300
Other payables		1,250	1,036
Deferred income		0	397
		<u>2,204</u>	<u>4,975</u>
Total liabilities		<u>2,204</u>	<u>125,054</u>
TOTAL EQUITY AND LIABILITIES		<u><u>52,751</u></u>	<u><u>225,611</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	50	100,507	0	100,557
Transferred over the distribution of loss	0	-50,010	3,665	-46,345
Extraordinary dividends paid	0	0	-3,665	-3,665
Equity at 31 December 2022	50	50,497	0	50,547

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of M7 EREIP V DK PropCo 1 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.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value are recognised in the income statement on an ongoing basis.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Fair value adjustment and sale of investment properties

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

Financial income and expenses

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

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 is met.

Subsequent to initial recognition, investment properties are stated at fair value. Gains and losses arising from changes in the fair values are included in the income statement in the year 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 prices less selling costs and the carrying amount on the date of the 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Corporation tax and deferred tax

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

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2022</u>	<u>2021</u>
2 Average number of full-time employees		
Average number of full-time employees	0	0
	<u>0</u>	<u>0</u>
3 Fair value adjustment and sale of investment properties		
Fair value adjustment of investment properties	-27,482	101,450
	<u>-27,482</u>	<u>101,450</u>
	<u>-27,482</u>	<u>101,450</u>
4 Other financial income		
Interest income from group entities	69	39
Other financial income	1,686	597
	<u>1,755</u>	<u>636</u>
	<u>1,755</u>	<u>636</u>
5 Other financial expenses		
Interest expenses to group entities	2,297	15,960
Other financial costs	955	4,360
	<u>3,252</u>	<u>20,320</u>
	<u>3,252</u>	<u>20,320</u>
6 Property, plant and equipment		
DKK'000		Investment properties
Cost at 1 January 2022		132,309
Disposals for the year		<u>-132,309</u>
Cost at 31 December 2022		0
Revaluations at 1 January 2022		50,962
Revaluations for the year		-27,482
Reversal of revaluation of assets sold		<u>-23,480</u>
Revaluations at 31 December 2022		0
Carrying amount at 31 December 2022		<u>0</u>
		<u>0</u>

Financial statements 1 January – 31 December

Notes

DKK'000	<u>31/12 2022</u>	<u>31/12 2021</u>
7 Cash at bank and in hand		
Free cash	42,861	22,891
Restricted cash	<u>0</u>	<u>7,977</u>
	<u>42,861</u>	<u>30,868</u>

Restricted cash comprises a CAPEX facility to be released by the credit institution, provided that a tenancy improvement will result in a new lease.

8 Non-current liabilities

DKK'000	<u>Total debt at 31/12 2022</u>	<u>Total debt at 31/12 2021</u>	<u>Repayment, first year</u>	<u>Outstanding debt after five years</u>
Debt to credit institutions	0	31,027	0	0
Payables to shareholders	0	83,439	0	0
Prepaid rent and deposits	0	6,679	0	0
	<u>0</u>	<u>121,145</u>	<u>0</u>	<u>0</u>

9 Related party disclosures

Control

M7 EREIP V DK PropCo 1 K/S is part of the consolidated financial statements of M7 European Real Estate Investment Partners V LP, 3rd floor, 37 Esplanade, St Helier, JE1 1AD Jersey, Channel Islands, 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 V LP can be obtained by contacting the Company at the address above.

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Niels Christian Wedell-Wedellsborg

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Mikkel Seitzberg Mikkelsen

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Mikkel Seitzberg Mikkelsen

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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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