

German High Street Properties A/S

Annual Report 2023

CVR-nr.: 30691644

The Annual Report was presented and adopted  
at the Annual General Meeting of the Company  
30<sup>th</sup> April 2024.

Chair of the meeting

Michael Hansen



## Company information

### Company

German High Street Properties A/S

Mosehøjvej 17

DK-2920 Charlottenlund

Denmark

Company registration no.: 30691644

Financial year: 1 January – 31 December

Hometown municipality: Gentofte

### Executive Management

Michael Hansen

### Board of Directors

Hans Thygesen, Chairman of the Board

Walther Thygesen, Vice-chairman of the Board

Jutta Steinert

Claude Olof Nikolaj Zethraeus

### Auditor

PricewaterhouseCoopers

State Authorized Public Accountant Partnership Company

Strandvejen 44

DK-2900 Hellerup

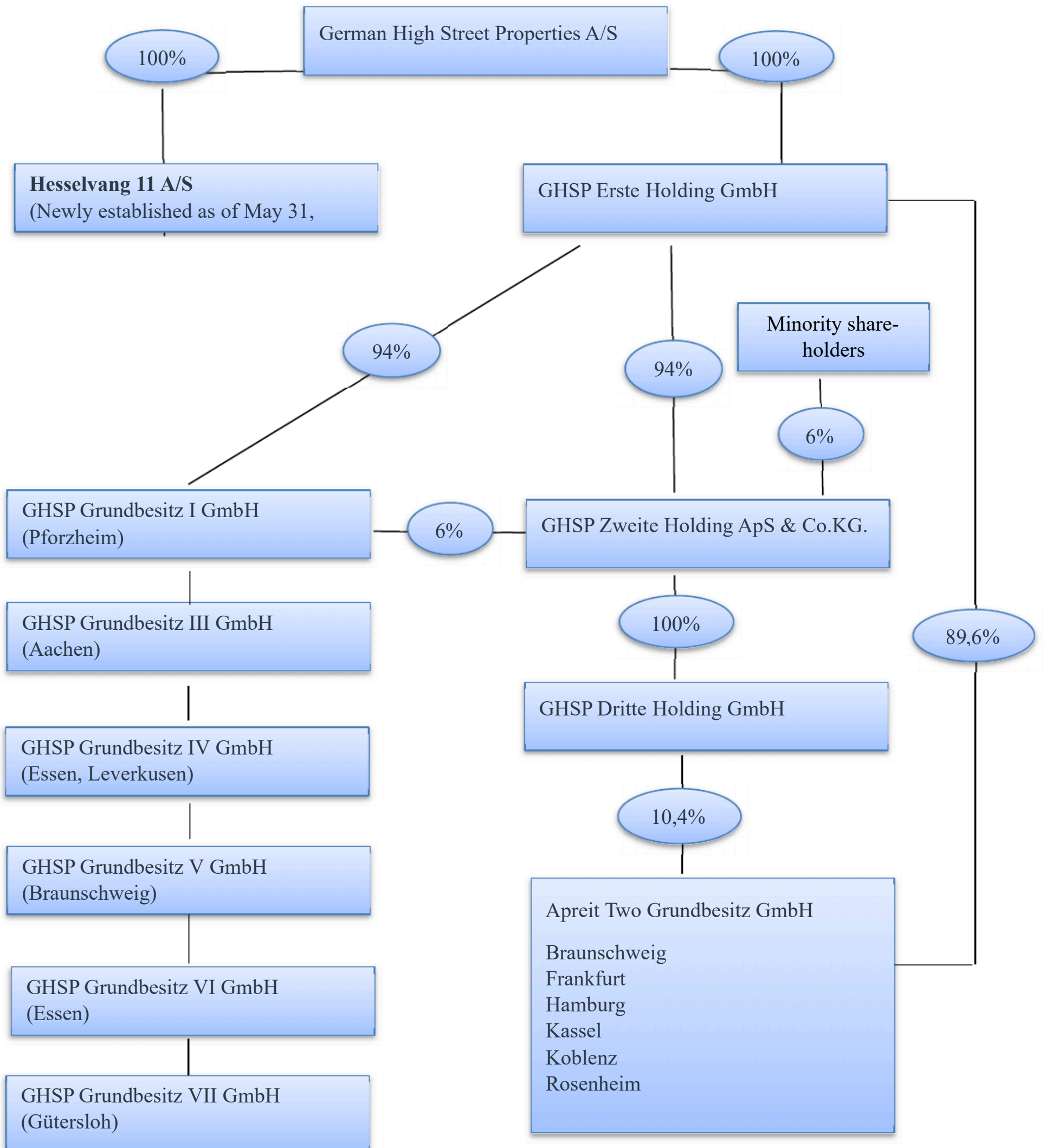
Denmark

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## Group Structure

As of December 31, 2023, the group consisted of seven German GmbHs and three holding companies in Germany, and a newly established Danish limited company as depicted in the following group chart.



## Company presentation

German High Street Properties A/S aims to invest in well-located properties in cities with economic and demographic growth in Scandinavia, Germany, Switzerland, and England. The group's current property portfolio includes 13 German high street properties in 11 cities and the most recent property in Denmark, acquired on September 14, 2023, and sold again on January 15, 2024. The group was established in 2007 and was listed on Nasdaq Copenhagen on September 20, 2007. The group is managed by the Administrationselskabet Gambit ApS. STRABAG Property and Facility Services GmbH in Stuttgart, in collaboration with the group's employees, has handled property management in Germany. The group has three employees.

## Management Report

Germany is the world's third-largest economy and has served as Europe's economic engine for decades. However, while several southern European countries are doing well after the shock from the coronavirus pandemic, Germany is lagging somewhat. There was a decline in the German economy in 2023, and the trend also pointed downward at the beginning of 2024. The increasing energy prices have also impacted the German industry very hard. The German economy is, in general robust, and according to the federal government and institutes, the economy is expected to grow by at least 1.3 percent again in 2024.

The Group's rental income in Germany mainly comes from stores, restaurants, and office leasing and is, therefore, significantly dependent on the development of the German economy. Even though the growth in 2023 is modest, the general view is that the resilience of the German economy will increase, especially in 2024.

As of December 31, 2023, the group has 13 German properties and one Danish. The Danish property has been sold as of January 15, 2024.

The 2022 annual report announced an expected result before value adjustments and tax of between EUR 0.4 – 0.8 million for 2023. In the interim report for the first quarter of 2023, a result before tax and value adjustments in the EUR 0.2 – 0.6 million range was announced.

The group's result before value adjustments and tax amounted to EUR 0.3 million in 2023 (EUR 0.9 million in 2022), in accordance with the latest announced expectations.

The combination of lower rental income than expected for retail premises and a higher yield requirement on German High Street Properties A/S has led to a decrease in the value of German high street properties. Based on the valuation report as of December 31, 2023, the Group has written down the value of the German property portfolio by EUR 5.0 million, from EUR 96.0 million to EUR 91.0 million.

### Development of Rental Income in 2023.

The rental income from January 1 to December 31, 2023, is at the expected level and virtually at the same nominal level as in the same period in 2022. However, in real terms, rental income has decreased due to inflation. The geopolitical situation may continue to negatively impact the business foundation.

The following specification is a snapshot of the rental levels at the end of 2022 and 2023, respectively, and is, therefore, not directly comparable to the year's realized rental income in the income statement.

Town, adress	Municipality	Area	End 2022	End 2023	Change i %
			Rent + costs euro	Rent + costs euro	
Aachen, Grosskölnstrasse 20-28	Nordrhein-Westfalen	3,934	447,062	521,567	16.7%
Braunschweig, Bohlweg 18	Niedersachsen	1,321	261,806	192,322	-26.5%
Braunschweig - Münzstrasse 12	Niedersachsen	1,231	209,740	221,380	5.5%
Essen, Limbeckerstrasse 42	Nordrhein-Westfalen	774	135,612	55,320	-59.2%
Essen, Limbeckerstrasse 47-49	Nordrhein-Westfalen	1,272	131,272	131,272	0.0%
Frankfurt am Main, Schillerstrasse 4	Hessen	1,946	886,968	890,827	0.4%
Gütersloh, Berlinerstrasse 36-38	Nordrhein-Westfalen	1,622	235,367	173,250	-26.4%
Hamborg, Wandsbeker Königstrasse 2	Hamborg	1,780	523,600	551,914	5.4%
Kassel, Obere Königstrasse 37 a	Hessen	2,871	697,750	733,348	5.1%
Koblenz - Löhrstrasse 73	Rheinland-Pfalz	1,998	568,429	587,130	3.3%
Leverkusen, Wiesdorfer Platz 39	Nordrhein-Westfalen	380	105,600	105,600	0.0%
Pforzheim, Westliche Karl-Friedrich-Strasse 32+34	Baden-Württemberg	1,736	317,806	346,049	8.9%
Rosenheim - Münchenerstrasse 20	Bayern	1,794	135,003	133,920	-0.8%
<b>Total</b>		<b>22,658</b>	<b>4,656,014</b>	<b>4,643,899</b>	<b>-0.3%</b>

Town, adress	Municipality	Area	End 2022	End 2023	Change i %
			Rent + costs euro	Rent + costs euro	
Hesselvang 11	Grenaa	1,842	0	358,371	n/a
<b>Total</b>		<b>1,842</b>	<b>0</b>	<b>358,371</b>	<b>n/a</b>

The leasing activity in the group's German properties has progressed as expected. Rental income at the end of 2023 is 0.3% lower than at the end of 2022.

In the property in Aachen, the anchor tenant has terminated their lease for vacating on January 31, 2023. A new 10-year lease has been entered with a German clothing group, but the old tenant has not yet vacated the premises. There is an ongoing lawsuit about this, as well as negotiations with the old and new tenants for a solution.

In the Braunschweig, Bohlweg 18 property, a 10-year agreement has been made with a restaurant.

The retail lease at the property in Essen, Limbecker Str. 42, is currently rented on a short-term contract and at a reduced rent. The lease is expected to be challenging to re-rent in the short term.

In the property in Essen, Limbecker Str. 47-49, one part of the retail lease is rented on a short-term contract, and the other part is rented to Cinnamood. The office lease has been extended for a 10-year period.

The property in Frankfurt is fully rented at the same rental levels as before. According to stock exchange announcement no. 251, it is being attempted to be sold as a project offering.

An office lease and an apartment are vacant in the Pforzheim property.

The anchor tenant vacated the property in Rosenheim in October 2022. When re-letting the premises, a significantly lower rent is expected. It has proven difficult to re-rent the premises, and it is expected that re-letting will occur at a much lower rental level than before and that investment will be required in the premises in connection with re-letting.

Tenant S. Oliver has indicated that they wish to exit the lease before the end of the contract in January 2026 if an agreement can be reached about this. Currently, there is a search for one or more new tenants. In addition, there is a vacant retail lease expected to be re-rented in 2024.

In the property in Leverkusen, Schum Euroshop terminated the lease for vacating on August 31, 2024. A new tenant is being searched for.

According to stock exchange announcement no. 250 of December 29, 2023, the property Hesselvang 11, Grenaa, was sold as a project sale on January 15, 2024.

### **Development of the Property Portfolio's Value.**

As part of the accounting process, as in previous years, the management obtained a market valuation of the Group's German properties from a German real estate agent specializing in prime retail properties. The market valuation has been included in the board and management's assessment of the market price development for the group's German properties. The German market for rental properties in 2023 was characterized by a slightly higher yield requirement from investors and a slowdown in the interest in purchasing properties. Based on this, the Board and Management have assessed the value of the German portfolio to be EUR 91,0 million, according to note 2 in the annual report.

According to the management's assessment, the above valuation corresponds to the fair value as of December 31, 2023.

### **Stock Price**

German High Street Properties A/S is listed on Nasdaq OMX Copenhagen. The stock was offered at a price of DKK 100 on September 20, 2007. The stock price for German High Street Properties A/S on December 31, 2023, was DKK 103 (EUR 13.82) and on December 31, 2022, DKK 144 (EUR 19.32)

### **Investments and Dividends**

Re-letting the remaining vacant premises generally requires renovation work to be carried out to some extent, and expenses for maintenance in 2024 are expected to be somewhat higher than in 2023 for the German properties. There will be a significant investment need for a couple of properties in connection with tenant turnover. It remains essential for the Group to have a liquidity reserve considering the need for additional maintenance, renovation, and re-letting of several of the group's leases; therefore, the board recommends to the general assembly that the company does not pay dividends for the fiscal year 2023.

### **Purchase of Own Shares**

At the beginning of 2023, the company owned 100,000 shares, corresponding to 3.2% of the share capital.

At the company's extraordinary general meeting on November 30, 2023, a proposal was made to reduce the share capital to DKK 30,453,830 by canceling 100,000 shares held by the company itself.

This proposal was adopted so that, as of December 31, 2023, the company no longer owns any of its shares.

### **Rules for changing articles of association**

German High Street Properties A/S articles of association can be changed by a General Meeting in accordance with the Companies Act §§106 and 107. Resolution on amendment of the Articles of Association are only valid if the resolution is approved by at least 2/3 of both voting rights and percentage of equity which are present at the meeting.

## **Strategy**

### **Business Model**

German High Street Properties A/S invested initially in rental properties in major German cities. The properties, primarily with shops on the ground floor and offices or residential units on the other floors, were acquired in 2007-2008. The property portfolio after that consists of 13 German properties and one Danish property (sold as on January 15, 2024).

German High Street Properties A/S is managed by Administrationselskabet Gambit ApS, which, along with the Board, focuses on:

Optimizing ongoing operations through rent increases and reducing vacancies.

- Long-term value creation.
- Retaining current tenants.
- Renting out unleased premises.
- Continuously optimizing the company's financing.
- Acquiring properties that generate attractive cash flow.
- Optimizing the Group's other costs.

German High Street Properties A/S is a socially beneficial business that helps to ensure shops, offices, and homes for ordinary businesses and people in the larger German cities and other markets where German High Street Properties A/S may establish itself. German High Street Properties A/S aims to contribute to improving urban renewal in these cities. The development and renovation of the properties help to ensure employment in the construction industry.

### **Operational Strategy**

German High Street Properties A/S develops and maintains its property portfolio to optimize the properties' operations. The properties are continually maintained to preserve their current standard. Additional work, such as investment in redecoration, is undertaken when necessary to attract new tenants or retain a significant tenant in a property.

The management continually assesses whether the operation and use of the properties can be optimized by converting vacant office spaces into retail spaces, where the rent per square meter is usually significantly higher, or into residential units, where demand is usually higher and long-term more stable.

The Group's goal is to increase cash flow by:

- Focusing on long-term value creation
- Retaining current tenants
- Renting out unleased premises
- Continuously optimizing the Group's financing
- Acquiring properties that create an attractive cash flow
- Continuously optimizing the Group's costs

### **Investment Strategy**

The board ensures that the Group's capital structure supports the company's strategy and long-term value creation.

German High Street Properties A/S's investment strategy is to acquire and own retail properties located in attractive locations on main shopping streets, in central pedestrian environments, or in strong retail and commercial areas. The purchased properties must also be in areas with strong economic and positive demographic development. The possibility of acquiring or selling individual properties is continuously considered.

## Key figures (Group)

<b>Income Statement (EUR mio)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Revenue	4.5	4.7	5.0	5.2	6.5
Result before fair value adjustments and interests	1.6	1.6	2.5	3.1	3.8
Fair value adjustment of investment properties	-5.1	-4.7	0.7	-9.5	0.0
Net financial expenses	-1.3	-0.6	-0.6	-1.1	-0.8
Result of continuing activities before tax	-4.8	-3.8	2.6	-7.5	3.0
Result of continuing activities after tax	-4.0	-3.2	2.1	-7.0	2.1
Result of discontinued activities after tax	0.5	0.8	1.3	0.4	0.7
Result for the period	-3.5	-2.4	3.4	-6.6	2.8
<b>Balance sheet (EUR mio)</b>					
Investment properties	91.0	96.0	109.3	107.3	117.1
Total non-current assets	92.5	96.7	109.3	107.3	117.1
Total assets	102.1	107.0	115.5	112.7	121.9
Total equity	57.7	61.2	63.6	60.2	66.6
Total non-current liabilities	38.9	42.8	48.7	49.3	51.5
<b>Statement of cash flow (EUR mio)</b>					
Net cash flow from operating activities	0.0	-0.2	2.3	1.9	-1.2
Net cash flows from investing activities	-4.9	8.8	0.0	0.0	0.0
Cash flow from financing activities	-0.3	-5.6	-1.6	-2.1	3.5
Net cash flow for the year	-5.1	3.0	0.7	-0.2	2.3
<b>Key figures</b>					
Solidity, %	56.5	57.2	55.1	53.5	54.6
Loan to value %	41.4	39.5	39.9	42.1	40.4
Return on equity %	-5.7	-3.8	6.9	-11.4	4.4
Return on property portfolio %	3.3	3.3	4.0	4.1	4.3
Return on equity before value adjustments and taxes	4.5	4.5	4.6	4.6	4.6
Interest coverage ratio	2.6	5.0	4.5	2.5	4.2
Net asset value per share, DKK	140.9	149.2	155.5	147.2	162.7
Net asset value per share, EUR	18.9	20.1	20.8	19.7	21.8
Earnings per share (DKK), continuing activity	-9.8	-7.8	5.1	-16.0	6.9
Earnings per share (EUR), continuing activity	-1.3	-1.1	0.7	-2.1	0.9
Earnings per share (DKK), discontinuing activity	1.2	1.9	3.3	0.0	0.0
Earnings per share (EUR), discontinuing activity	0.2	0.3	0.4	0.0	0.0
Stock price DKK	103.0	144.0	144.0	137.0	145.0
Stock price EUR	13.8	19.4	19.3	18.4	19.5
Number of employees	3	4	2	2	2

Note 1 defines key figures. The company's 16th fiscal year covers the period January 1 - December 31, 2023



Grosskölnstrsse 20-28, Aachen

## INCOME STATEMENT

### Revenue

The revenue for the period from January 1 to December 31, 2023, was EUR 4.5 million compared to EUR 4.7 million in the same period from January 1 to December 31, 2022.

The newly purchased property at Hesselvang 11, Grenaa, contributed EUR 0.1 million in revenue from September 2023 until December 31, 2023. The revenue from the German properties decreased by EUR 0.1 million compared to 2022. The German properties' rental income declined due to missing rental income and a decreasing rental level upon re-letting.

### Result Before Value Adjustments

The gross profit from January 1 to December 31, 2023, amounted to EUR 3.0 million after operating costs of EUR 1.6 million, compared to a similar gross profit of EUR 3.1 million after operating costs of EUR 1.5 million in 2022.

The result from January 1 to December 31, 2023, before value adjustments and financial items, was EUR 1.6 million, the same as EUR 1.6 million in 2022.

### Result Before Financial Items

The result from January 1 to December 31, 2023, before financial items, was a loss of EUR -3.5 million after a net value adjustment on the property portfolio of EUR -5.1 million.

In the same period in 2022, the result before financial items was also a loss of EUR -3.1 million after a EUR -4.7 million value adjustment on the property portfolio.

### Result of Continuing Operations Before Tax

The result from January 1 to December 31, 2023, before tax, amounted to a loss of EUR -4.8 million after financial items of net EUR -1.3 million.

In the same period in 2022, the loss was EUR -3.7 million after financial items of net EUR -0.6 million.

### Result of Continuing Operations After Tax

The result after tax from January 1 to December 31, 2023, is a loss of EUR -3.9 million compared to a loss of EUR -3.2 million in 2022 for the same period.

Given the current economic conditions, interest rate developments, and market conditions in Germany, the management considers the result as expected.

## BALANCE SHEET

### Assets

The management assessed the value of investment in German properties at EUR 91.0 million as of December 31, 2023, compared to EUR 96.0 million as of December 31, 2022, according to stock exchange announcements no. 244 of November 1, 2023, and no. 252 of February 19, 2024.

The group's investment properties were increased by a total of EUR 5.4 million from January 1 to December 31, 2023, which relates to property improvements in general and the purchase of the property Hesselvang 11, Grenaa, according to stock exchange announcement no. 250 of December 29, 2023. This property has been classified as "Assets held for sales" in the Balance sheet.

As of December 31, 2023, total assets amounted to EUR 102.1 million, compared to EUR 106.9 million at the beginning of the year.

### Equity and Liabilities

As of December 31, 2023, equity was EUR 57.7 million, corresponding to a solvency ratio of 56.5%. As of December 31, 2022, equity was EUR 61.2 million, corresponding to a solvency ratio of 57.2%. Equity decreased in the period from January 1 to December 31 due to a loss of EUR -3.5 million.

Financial debt obligations as of December 31, 2023, were EUR 37.6 million (EUR 37.9 million December 31, 2022). According to stock exchange announcement no. 228 of November 16, 2022, the financial debt obligations increased by EUR 3.0 million during the year due to the purchase of the property Hesselvang 11, Grenaa, and were reduced by loan repayments of EUR 3.3 million in the same period.

## CASH FLOWS

The year's cash flows from operating activities after interest and taxes paid, from January 1 to December 31, 2023, amounted to EUR 0.0 million, compared to EUR -0.2 million in the same period in 2022.

Cash flows from investing activities from January 1 to December 31, 2023, were EUR -4.9 million, relating to the purchase of the property Hesselvang 11, Grenaa, compared to EUR 8.8 million in the same period in 2022.

Cash flows from financing activities net for the period from January 1 to December 31, 2023, were EUR -0.3 million, related to repayments of the group's financial debt obligations of EUR 3.3 million and taking on a new loan concerning the purchase of the property Hesselvang 11, Grenaa of EUR 3.0 million, compared to -EUR 5.6 million in the same period in 2022.

## SUBSEQUENT EVENTS

According to stock exchange announcement no. 250 of December 29, 2023, the property Hesselvang 11, 8500 Grenaa was sold in January 2024.

According to stock exchange announcement no. 251 of February 1, 2024, the Company's Board of Directors has decided to attempt to offer the property Schillerstrasse 4, Frankfurt am Main, as a project sale through Kartago Capital A/S. The project tender will take place for a limited period until 30 September 2024 and at a sales price of EUR 19.0 million.

As of December 31, 2023, the DSCR (Debt Service Coverage Ratio) has been calculated to be 1.03. The borrower has therefore in March 2024 secured a deposit of EUR 1.5m until January 2025 with the lender to waive this DSCR clause, as described on page 25 "Refinancing and Liquidity risks".

### Expectations for 2024

The management still expects a minor slowdown in 2024 for specific industries. Rent levels, vacancy levels, and interest expenses at the same level as at the end of 2023 will mean that the Group's result for 2024 before value adjustments and tax is expected to be in the range of 0.0 - 0.3 million, according to stock exchange announcement 249 of December 29, 2023. The expectation is given with a reservation for a higher interest rate than expected, just as the general geopolitical situation may negatively affect the result.

Some commercial tenants have argued that, according to provisions in German legislation, they were entitled to a rent reduction if they were prevented from conducting their commercial activities due to the COVID-19 crisis. The company's lawyer has rejected the tenants' claims. However, once legal precedent has been clarified, claims for 2020, 2021, and part of 2022 may arise from a number of commercial tenants. The company has set aside an amount to address potential claims.

The anchor lessee, Appelrath Cüpper GmbH, in the property in Aachen has terminated the lease with effect from January 31, 2023, but the lessee, despite numerous requests, has not vacated the lease. Appelrath Cüpper GmbH continues to pay rent and requires payment for decor and shop fittings in connection with moving out. The company's lawyer has rejected the claim and has issued a writ of summons against Appelrath Cüpper GmbH.

Management expects that re-letting levels will continue to be under pressure and that investments in improving several leases will be required in connection with re-letting and tenant change.

### Accounting Reporting Process

To ensure high quality in the group's financial reporting, management has adopted several procedures and guidelines for accounting and internal controls, which must be followed by the subsidiaries in their reporting, including:

Quarterly follow-up on achieved goals and results at the group level.

- Prepared estimates for income statements, balance sheets, cash flows, and key figures at the group level.
- Ongoing follow-up on projects, including handling of risks and accounting treatment thereof.
- Accounting closing instructions.
- Reporting instructions.

## Statement on Environmental and Climate Conditions

### Environmental and Climate Impact in Accordance with the Annual Accounts Act § 99a

In connection with property renovations, German High Street Properties A/S has established an environmental and climate policy to comply with all applicable building regulations and reduce energy and resource consumption where it is economically advantageous.

We assess that our property portfolio, which consists of retail, residential, and office properties, does not pose specific climate and environmental risks. The properties are not located in coastal areas or near rivers and are not leased for purposes considered environmentally harmful or hazardous. They are mainly located in urban areas and have constructions that are not considered sensitive to climate change in the medium term.

When major repairs or improvements are made to the properties, more climate-friendly and contemporary materials are generally used, including windows with energy glass, better-insulated roofs, LED lighting, and more efficient heating systems (typically district heating).

Extra insulation is typically added when roofs are replaced, and when heating sources are replaced, there is usually a switch to district heating and the integration of new energy-efficient pumps and valves. The property managers and caretakers will be instructed to focus on continuously saving energy and optimizing energy use. The company tries to limit its travel activity where possible.

In the daily operation and use of buildings, CO<sub>2</sub> is emitted. The properties of German High Street Properties A/S are no exception, and this emission and the consequences of ongoing renovation and maintenance of the properties are among the most significant environmental risks. There is also a risk that waste from demolitions may contain hazardous substances. In some of the construction processes of German High Street Properties A/S, there may be environmentally harmful impacts from machinery and/or materials.

German High Street Properties A/S expects that recycling and new technologies will support the opportunity to reduce CO<sub>2</sub> emissions. To measure results as a consequence of the company's work with the Environment and Climate, projects have been initiated in 2023 that enable the effect on the environment and climate to be measured in 2024. Examples include monitoring electricity consumption, water usage, and waste sorting.

## Description of the Business Model:

### Core Activities:

German High Street Properties A/S aims to invest in well-located properties in cities with economic and demographic growth in Scandinavia, Germany, Switzerland, and England. The properties, primarily with shops on the ground floor and offices or residential units on the other floors, were acquired in 2007-2008.

### Value Proposition:

The value proposition of German High Street Properties A/S is to offer shareholders a long-term investment opportunity in attractively located rental properties.

### Customers:

Our primary customer segments include both small stock investors and institutional stock investors. Our secondary customer segments include retail chains that are tenants in our properties and ordinary renters. We work closely with our customers to understand their unique needs and tailor our products and services to meet those needs.

### Revenue Streams:

Our revenue streams are generated through rental income from retail chains that are tenants in our properties and from ordinary renters.

### Key Partners:

Through our German property management company and German real estate agents, we collaborate to expand our reach and enhance our offerings. These partnerships are crucial for driving innovation and providing better offers to our customers.

### Cost Structure:

Our primary costs are related to the operation, maintenance, and improvements of our properties. We focus on cost efficiency and scalability to ensure a sustainable business model.

## Human Rights

German High Street Properties A/S operates solely in Denmark and Germany, both of which have ratified the UN's human rights convention. The company respects each individual and does not accept that employees, tenants, or other external parties are subjected to discrimination. The company views diversity as a strength that creates a positive workplace. The diversity here refers to variety in terms of gender, age, religion, ethnic origin, sexuality, education, professional experience, opinions, interests, and much more. The company operates only in economically and politically stable countries and complies with all applicable regulations, including labor rights, agreements, etc. The company does not enter into agreements with companies or individuals who do not respect human rights.

The company's most significant risks concerning respect for human rights are related to discrimination and lack of diversity.

The goal is to prevent any form of human rights violations. There were no cases of human rights violations from January 1 to December 31, 2023.

During staff replacements, all qualified individuals are encouraged to apply for the positions regardless of gender, age, religion, etc. Management continuously ensures that the policy guidelines are followed. The company will continue its anti-discrimination efforts in 2024.

### Social Conditions and Employee Relations

German High Street Properties A/S employs only a few staff, as almost all tasks are outsourced to subcontractors and partners. Therefore, German High Street Properties A/S has not developed an actual policy for the area. Likewise, no special risks were assessed.

### Anti-Corruption

German High Street Properties A/S has a policy against corruption. The property and company administrators or their partners may not receive unusual gifts from suppliers or give gifts beyond minor occasional gifts.

There is a risk that subcontractors could engage in corruption/bribery of, for example, authorities by paying them “out of their own pocket.” Additionally, there is a risk that local property administrators in Germany could receive money from subcontractors in the form of kickbacks. In tenders, there is also a risk of cartel formation. In the ongoing controlling of local property administrators in Germany by the manager, there is a focus on ensuring that German High Street Properties A/S only pays bills after normal vouchers with documented expenses and that prices are benchmarked against usual costs. No corruption was detected from January 1 to December 31, 2023, during the control and review of contracts.

German High Street Properties A/S will focus on ensuring that all suppliers and employees contribute to anti-corruption in the coming years.

## Statement on Management Issues

### Good Corporate Governance

The board of German High Street Properties A/S considers safeguarding the company's—and thereby the shareholders'—long-term interests its most important task. The guidelines for the company's overall management are described in its statutes, objectives, and strategy. They are based on values that stem from generally recognized principles of good corporate governance.

The board and the executive team have the overarching responsibility for the company's risk management and internal controls in relation to financial reporting, including compliance with relevant legislation and other regulations concerning financial reporting. The company has established risk management and internal control systems to ensure that the internal and external financial reporting is accurate and free from

significant misinformation. The executive team has established a reporting process that includes budget and periodic reporting, including explanations for variances and periodic updates of the year's estimates. In addition to the comprehensive income statement, balance sheet, and liquidity forecast, the reporting also includes supplementary information.

#### Corporate Governance Code

The Committee on Corporate Governance published the Recommendations for Good Corporate Governance on December 2, 2020, based on the "comply or explain" principle. Nasdaq Copenhagen has implemented the recommendations in the "Rules for issuers of shares." The recommendations can be requested from the Committee on Corporate Governance's website, [www.corporategovernance.dk](http://www.corporategovernance.dk).

The board of German High Street Properties A/S annually assesses the company's rules, policies, and practices in relation to the Committee on Corporate Governance's recommendations. The board is of the opinion that the company substantially follows the recommendations, although it assesses that company-specific circumstances make it impractical or irrelevant to fully follow certain recommendations.

For a mandatory statement of the reasons for this, refer to the company's website, according to

<https://www.germanhighstreet.com/corporate-governance>.

The company currently does not follow and does not expect to follow any corporate governance codes other than the ones mentioned above in the foreseeable future.

#### Evaluation of the board and executive management

The Group's board conducted a board evaluation in 2023. All board members participated in the evaluation. The main conclusions of the board evaluation were that there was consensus among the board members about the group's strategic priorities and that the board possesses the relevant competencies in relation to the group's activities and strategic focus areas. The conclusions from the board evaluation will be used as a basis for future searches for relevant board candidates.

#### Remuneration Policy

The Group's board is compensated with a fixed honorarium and does not receive incentive-based remuneration.

The base honorarium for the board is set at a market-conforming level that reflects the demands on board members.

Effective January 1, 2023, the board remuneration amounts to an annual basic honorarium per member of EUR 30.3 thousand. The chairman receives the basic honorarium three times.

The board determines the salary and employment conditions for the executive management at least once a year based on a recommendation from the chairperson. The director is not part of any incentive scheme. Michael Hansen received EUR 120,000 in 2023.

The employment contract for Michael Hansen follows the notice period of the Employee's Act. In addition, no board and executive management members are entitled to compensation upon termination of employment.

The company believes that the remuneration of the board and executive management supports the company's strategy and is in accordance with its interests, good practices, and recommendations for good corporate governance.

### Annual remuneration:

T.EUR

	2023	2022
<u>Board of directors:</u>		
Hans Thygesen	90.0	90.0
Jutta Steinert	30.0	20.0
Marnier Jacobsen (stepped down from the board on April 30, 2023)	10.0	30.0
Walther Thygesen	30.0	30.0
Claude Olof Nikolaj Zethraeus (joined the board on December 1, 2023)	2.5	0.0
<u>Executive Management:</u>		
Michael Hansen	120.0	120.0

### Diversity Policy

The company's board is compensated with a fixed honorarium and does not receive incentive-based remuneration.

#### Purpose

This diversity policy aims to outline the framework and principles for the group's view on and inclusion of diversity in the group's business operations and management.

#### Policy

The group considers diversity an essential factor and opportunity that can improve the group's competitiveness in both the short and long term. The group is against any form of discrimination and aims to treat applicants and employees equally, regardless of differences in, among others:

Gender, age, sexuality, ethnic origin, disability, and life situation

Attitudes and opinions, religion, interests, ambitions, life philosophy, personal causes

The group expects that respect for these differences will also apply to employee relations.

#### Efforts and Results

The group informs all new employees about the company's policy and ensures that no discrimination has taken place in the appointment of positions in daily management. In 2023, the group's management was not aware of or informed about any cases of discrimination, either in the appointment of management positions or generally in connection with the company's activities.

## Statement on Social Conditions

### **Objectives and Policies for the Underrepresented Gender in Accordance with the Annual Accounts Act § 99b**

In the parent company, the board has set a goal to have at least 25% female members in 2023. December 31, 2023, the board comprised 25% female members. The board's objective is to ensure a diverse management composition and equal opportunities for both genders. The target for the proportion of female board members was set at 25% in 2017, and by the end of 2023, the company met this target. The board's composition is carried out so the company can develop steadily and satisfactorily, considering general and specific legal requirements and recommendations for good corporate governance. Furthermore, as board members are replaced, the board will work towards rejuvenating the ages of board members.

The board will assess the status of meeting the objectives at least once a year and, as far as possible, nominate suitable female candidates for the board at upcoming general meetings to maintain the goal.

#### **Gender diversity:**

	<b>Target 2024</b>	<b>2023</b>	<b>2022</b>
<u>Board of Directors:</u>			
Total number:	4.0	4.0	4.0
Underrepresented gender (in %)	25.0	25.0	25.0
Target (in %)	25.0	25.0	25.0

	Target 2024	2023	2022
<u>Executive management:</u>			
Total number:	1.0	1.0	1.0
Underrepresented gender (in %)	0.0	0.0	0.0
Target (in %)	0.0	0.0	0.0

German High Street Properties A/S had fewer than 50 employees from January 1 to December 31, 2023, and is not obligated to establish and report on a policy for increasing the underrepresented gender in other management layers. The company's Board of Directors currently consists of 4 members and the company's Executive Management consists of 1 member.

#### Data Ethics

German High Street Properties A/S group does not have a formalized policy for data ethics. The group only processes data for business purposes. German High Street Properties A/S group does not use new technologies such as artificial intelligence, advanced algorithms, surveillance, etc. Data processed in the German High Street Properties A/S group is not available to third parties. If there were to be a desire to make data available to third parties, it would have to be approved by the company's top management.

German High Street Properties A/S group complies with applicable legislation regarding the processing of personal data. The group generally does not process sensitive personal data, except for employee data.

## Special Risks

#### IT Security

With the increased use of digitalization in business, digital threats and risks also increase. German High Street Properties A/S continuously discusses the development of risks and threats. We follow the developments and ensure we are as well-prepared as possible to handle the current threat landscape.

#### Risk Management

The group is exposed to several risks, some of which are beyond the group's control, while others can be influenced or managed as part of the daily operations. Significant risks beyond the group's control include general economic development, pandemics, geopolitical unrest, natural disasters, energy supply, and demand for

retail and office rentals in the cities and areas where the group's properties are located, changing trade patterns, legislation, and access to financing. Changes in general economic conditions can lead to falls or increases in property values, increased vacancies, falling rental incomes, and slower tenant payments. The group cannot change these fundamental conditions but can seek to organize rental and investment activities to minimize the adverse effects of economic cycles.

## Other Risks

Active risk management is part of the group's strategy to optimize earning opportunities. The group seeks as far as possible to address and manage risks that its actions can influence. The property market is sensitive to economic cycles, which is reflected in periodic significant property price fluctuations.

The overarching framework for the group's risk management is continuously assessed by the board and management based on, among other things, reporting from the group's partners in property management.

Below are the risks considered to potentially negatively impact the group's future growth, activities, financial position, and results. This description is not exhaustive and does not prioritize the listed risk factors.

### Operational Risks

The operation of the property portfolio can be affected by changes in realized rental income and costs for operation and maintenance.

Management manages risks based on ongoing reporting and only entering administration agreements with recognized partners.

### Rental Income

Investing in real estate is associated with a leasing risk. The leasing risk mainly concerns the development of the rent level and the development of vacancy rents. Such deviations can particularly be due to factors related to a tenant's ability to pay rent, the group's ability to adjust the rent, general and specific demand and supply development in local markets, development in vacancy rates, and the development of market rent levels for German and Danish properties.

The group's management and administrator closely monitor rent developments through periodic and systematic reporting. This is to focus on leasing vacant premises, managing the duration of new contracts, avoiding concentration of expiration dates, ensuring stability, and minimizing the vacancy rate as much as possible.

In the short term, it cannot be ruled out that some tenants may demand a rent reduction due to external events. Expected court decisions regarding previous operating years may affect the result if the set-aside amount is insufficient.

### Costs of Operation and Maintenance

Management assesses that the planned expenses for operation and maintenance are sufficient to maintain the current rental income and the current technical condition of the property portfolio. However, there is a risk that actual expenses may be higher than expected. External factors can also affect actual maintenance costs, including weather conditions, technical conditions, regulatory requirements, commercial decisions, development in general price levels, and lack of capacity in the market for labor and materials.

The environmental impact of operating the portfolio is attempted to be reduced through minimizing energy consumption where economically justifiable and where it can lead to a reduction in operating costs. On the other hand, changes in regulatory requirements for environmental conditions can increase operating costs.

### Credit Risk

The group does not have a particular concentration of credit risks. Credit risks relate to tenant receivables and other short-term assets, including liquid holdings. Risk management takes place at the group level in accordance with management guidelines.

The guidelines include credit approval of new tenants and ongoing monitoring of receivables. Reporting to management is done monthly.

Impairment is made based on an individual assessment of receivables from leasing to the extent that the group expects to be unable to recover the arrears.

### Risk Regarding Property Administration

The group's ability to efficiently manage the portfolio will affect the development of rental income and its planned optimization.

Effective July 1, 2023, a new administration agreement has been entered into with STRABAG Property and Facility Services GmbH to manage the property administration of the German properties. STRABAG Property and Facility Services GmbH is a medium-sized property administrator in Germany with broad geographic coverage.

### Market Risks

The portfolio's value depends on its commercial operation and income and the development and pricing of investment properties in Germany - specifically, German high-street properties. The general pricing of high street properties is influenced by several factors, among which are current inflation and expectations for future inflation, current interest rate levels and expectations for future interest rates, future property investors' demands for net yield for similar properties, the extent of new construction of various property types, demand for premises, general and local population development, general economic development, particularly economic growth, employment development, development in German private consumption, development in

retail stores' turnover and earnings, and changes in the public sector's activity level and demand for premises.

#### Currency Risk

The group owns only properties in Germany and a newly constructed property in Denmark. Therefore, both the group's assets and ongoing income are in EUR. To reduce currency risk, the group has also financed the German properties in EUR. Management assesses the currency risk of investing in EUR as limited relative to DKK.

#### Interest Rate Risk

The company has financed itself with the following loans:

**Loan tranche 1** is a 10-year loan initially amounting to EUR 46,0 million with a variable interest rate, with a current interest rate as of December 31, 2023, including the interest margin, of approximately 5.4% p.a. (as of December 31, 2022, the interest rate including the interest margin was approximately 3.5% p.a.)

The nominal remaining debt on the loan is EUR 34,6 million as of December 31, 2023 (as of December 31, 2022, it was EUR 37,9 million).

A change of 1.0 percentage point in the general interest rate level would result in a change in the group's annual interest expense before tax of 346 T.EUR.

The company repays EUR 1.4 million annually on the loan.

**Loan tranche 2** was established in August 2023 and is a 20-year annuity loan initially amounting to DKK 23.0 million (EUR 3.1 million) with a variable interest rate. The current interest rate is approximately 6.4% p.a. as of December 31, 2023, including an interest margin.

The nominal remaining debt on the loan as of December 31, 2023, is DKK 22.6 million (EUR 3.0 million).

A change of 1.0 percentage point in the general interest rate level would result in a change in the group's annual interest expense before tax of TDKK 226.0 (T.EUR 30.3).

The company repays the loan annually with DKK 1.1 million (T.EUR 155.0). The loan was fully redeemed in January 2024 in connection with the sale of the property Hesselvang 11, Grenaa and is therefore classified as a current liability in the balance sheet.

2023

Change in rate of interest (in %)	<b><u>+1.0</u></b>	<b><u>Base</u></b>	<b><u>-1.0</u></b>
Yearly financial expenses EUR 000	1,925	1,549	1,173
Change in Yearly financial expenses EUR 000	<b>376</b>	<b>0</b>	<b>-376</b>

2022

Change in rate of interest (in %)	<b><u>+1.0</u></b>	<b><u>Base</u></b>	<b><u>-1.0</u></b>
Yearly financial expenses EUR 000	1,008	624	574
Change in Yearly financial expenses EUR 000	<b>384</b>	<b>0</b>	<b>-50</b>

As a result of its operations, investments, and financing, the group is exposed to changes in interest rates. The board closely follows developments in the financial markets.

#### Refinancing and Liquidity Risks

As an important part of risk management, the management closely monitors the group's liquidity reserve, which is intended to ensure that the group's current and future obligations, including payment of interest and principal to lenders, can be serviced. The group's loans relating to German properties have been entered into with non-renegotiating clauses from the lenders' side until 2027, as long as the DSCR (annual Net-Kaltmiete \*0.75/annual payments under the loan) are higher than 1.05.

As of December 31, 2023, the DSCR has been calculated to be 1.03 in average. The borrower has secured a deposit of EUR 1.5 million until January 2025 with the lender to waive this DSCR clause.

The calculation of the DSCR is expected to improve in the event of a potential decrease in interest rates, debt reduction or re-letting so that it again is higher than 1.05 during 2024.

In the event of the sale of the property Schillerstrasse 4, Frankfurt, cf. stock exchange announcement number 251, a debt reduction in connection with the sale will expectedly mean a significant increase in DSCR from 1.03.

### Political Risks Regarding Danish and German Tax and Duty Legislation

The group is subject to the prevailing laws regarding taxes and duties, and no assurance can be given that tax and/or duty legislation changes will not occur - including changes in the double taxation agreement between Denmark and Germany. Significant changes in law or practice regarding taxes and duties could affect the group's financial position and results.

German companies that have no other activities than renting out real estate are, as a starting point, exempt from paying German trade tax of 15-19%. As the rules regarding local German trade tax are complex, full assurance cannot be obtained that the conditions for exemption from local German trade tax will always be met. Suppose the German tax authorities challenge the conditions for exemption. In that case, this will lead to additional unbudgeted tax payments, partly because the deduction right for interest on long-term debt under the German rules on trade tax is limited to 50%. In collaboration with German tax advisors, the management assesses that it will be possible to avoid German trade tax.

## Board of Directors and Management

### Board and Executive Management

The management of German High Street Properties A/S consists of a board of four members and an executive management with one member who handles the daily operations. The board was elected at the annual general meeting on April 28, 2023, and at the extraordinary general meeting held on November 30, 2023.

### Administrator

The company's administrator is Administrationselskabet Gambit ApS (Administrationselskabet Kartago ApS), which performs the company's administrative tasks in relation to investors, general meetings, lenders, the stock exchange, public authorities, advisors, registries, etc. As payment for Administrationselskabet Gambit ApS's services under the administration agreement, the company pays a quarterly honorarium of 0.18% of the properties' book value. The company's executive management also receives an annual remuneration of EUR 120,000.

The company has a financial manager who handles the company's liquidity management, accounting, financial reporting, budgeting, cost control, etc. In addition, the company in Germany has an Asset Manager who handles the optimization of operations for the German properties and development tasks, optimization, and outreach work in connection with the re-letting of commercial leases.

## Executive management

Michael Hansen, Managing Director, born on January 3, 1962

Education	HD R and state authorized real estate agent
Position	COO for Kartago A/S
Chairman of the Board in the following companies	Ejendomsselskabet Kartago ApS, K/S Linköping III, K/S Svedengatan- Linköping.
Board Member in the following companies	Kartago Capital – Storkøbenhavn A/S, Kartago Development ApS, Kartago Capital – Energihuset A/S, Kartago Global II ApS, Drot ApS, Marsk ApS, Kartago Botkyrka Holding AB, Administrationselskabet Gambit ApS, Kartago Capital – Storkøbenhavn II A/S, Kartago Capital – Grenå Retail A/S, Kartago Capital Stockholm A/S, Kartago Capital – Stockholm AB og datterselskaber til GHSP A/S. Kartago Capital - Grenå Retail II A/S
Managing Director in the following companies	Kartago Property ApS, Kartago Hannibal ApS, Kartago Capital – Energihuset A/S, Kartago Capital A/S, Ejendomsselskabet Industribuen 7 ApS, Ejendomsselskabet af 19.10.2004 ApS, Kartago Capital – Storkøbenhavn II A/S, Komplementarselskabet Charlottenlund Centrum ApS, Holdingselskabet Frederiksborggade 22 ApS, Kartago Capital – Storkøbenhavn II A/S, Komplementarselskabet Linköping III ApS, Utvecklingsbolaget Svågertorp AB, Kartago Capital – Grenå Retail, Kartago Capital – Stockholm A/S, Kartago Capital – Stockholm AB og datterselskaber i GHSP A/S. Kartago Capital - Grenå Retail II A/S
No. of shares in the company	200
Independent	Michael Hansen is not considered independent due to his employment with the company's administrator, which is owned and operated by the company's main shareholder.

## Board of Directors

Hans Thygesen, Chairman of the board, born on May 18, 1950

Education	Cand. jur. and cand. polit.
Position	Group CEO for IM15 Invest AG
Chairman of the Board in the following companies besides German High Street Properties A/S	Kartago Capital – Storkøbenhavn II A/S, Kartago Hannibal ApS, Administrationssselskabet Gambit ApS, Kartago Capital A/S, Kartago Capital – Storkøbenhavn A/S og Ejendomsselskabet Industribuen 7 ApS, Kartago Capital – Grenå Retail A/S, Kartago Capital – Stockholm A/S, Kartago Capital – Stockholm AB, Drot ApS og Marsk ApS. Kartago Capital - Grenå Retail II A/S
Board Member in the following companies	Kartago Development ApS, Kartago Botkyrka Holding AB, K/S Linköping III, K/S Svedengatan-Linköping og datterselskaber i GHSP A/S
Managing Director in the following companies	Administrationssselskabet Gambit ApS
Joint the board	Oktober 5, 2015
No. of shares in the company	0
Independent	Hans Thygesen is not considered independent due to his close relationship with controlling shareholders in German High Street Properties A/S.

Walther Thygesen, Vice-chairman of the board, born on May 18, 1950

Education	Civil Engineer and MBA
Position	Board Member
Chairman of the Board in the following companies	Kartago Development ApS
Board Member in the following companies besides German High Street Properties A/S	K/S Køge and Kartago Property ApS

Managing Director in the following companies	Ejendomsselskabet af 18/5 1985 ApS, Komplementarselskabet Køge ApS and Kartago Property ApS
Joint the board	April 30, 2015
No. of shares in the company	0
Independent	Walther Thygesen is not independent due to his close relationship with controlling shareholders in German High Street Properties A/S.
Jutta Steinert, born on April 4, 1964	
Education	Master Business Administration/Consulting
Position	Board member
Chairman of the Board in the following compnaies	N/A
Board Member in the following companies besides German High Street Properties A/S	N/A
Managing Director in the following companies	N/A
Joint the board	April 30, 2022
No. of shares in the company	0
Independent	Jutta Steinert is independent

Claude Olof Nikolaj Zethraeus, born on May 9, 1968

Education	IFU Diplomas, Försäkringsakademien
Position	Board member
Chairman of the Board in the following companies	N/A
Board Member in the following companies besides German High Street Properties A/S	N/A
Managing Director in the following companies	N/A
Joined the board	December 1, 2023
No. of shares in the company	0
Independent	Claude Olof Nikolaj Zethraeus is independent

All board members are up for election every year at the company's annual general meeting.

The general meeting elects the board. The board determines the company's purpose, objectives, and strategies and makes decisions on matters of great importance or unusual nature.

## Share Information

German High Street Properties A/S, following the decision at the general meeting on November 30, 2023, reduced its share capital to a nominal DKK 30,453,830 divided into 3,045,383 shares by canceling 100,000 of its own shares. The shares are distributed among approximately 170 shareholders.

Following the consolidation of A-shares and B-shares in 2018, the company has only one class of shares. All its shares are listed on Nasdaq Copenhagen under the short name GERHSP and ISIN code DK0060093524.

### Change of Control

Loan agreements and other agreements are not changed due to a change of control.

### Dividend Policy

It is the company's policy to pay dividends in accordance with the rules of the Companies Act and consider the maintenance of an appropriate liquidity reserve. Dividend payments must also be made responsibly, considering the group's financial position.

The company's solvency ratio is 56.5% as of December 31, 2023, with liquid holdings of EUR 2.6 million.

### Interim Financial Statements

German High Street Properties A/S publishes half-year and interim reports for the 1st and 3rd quarters.

### General Meeting

The ordinary general meeting will be held on April 30, 2024.

### Ownership and Related Parties

According to the Companies Act § 55, the following shareholders have reported owning more than 5% of the share capital at the end of the accounting period:

	<b>Municipality</b>	<b>Sharecapital</b>
<b>Kartago Property ApS</b>	Gentofte	39.87%
<b>Olav W. Hansen A/S</b>	Horsens	15.54%
<b>Sparekassen Danmark</b>	Hjørring	15.33%
<b>Kartago ApS</b>	Gentofte	11.99%
<b>OTK Holding</b>	Hjørring	6.24%

The group is controlled by Alexander and Kristoffer Thygesen through Drot ApS and Marsk ApS, which together are the controlling shareholders in Kartago Property ApS and Kartago ApS, owning respectively 39.87% and 11.99% of the share capital, totaling 51.86% of the share capital in German High Street Properties A/S.

The group's related parties also include the parent company's board of directors and executive management, as well as these persons' close family. Related parties also include companies where the aforementioned group of persons has control or significant influence.

In addition to the above-mentioned shareholdings controlled by Alexander and Kristoffer Thygesen, the board of directors, executive management, and companies where this group has a controlling influence hold a total of 200 shares.

#### Investor Relations

Stock exchange announcements, annual reports, etc., are published on the company's website:

<https://www.germanhighstreet.com/>

#### Financial calendar 2024

March 19, 2024	Deadline for submission of proposals for voting at the company's annual general meeting
April 8, 2024	Annual Report 2023
April 8, 2024	Expected date for convening the annual general meeting.
April 30, 2024	Holding of the annual general meeting/or notification of the general meeting.
May 31, 2024	Interim report for the period January 1 to March 31, 2024.
August 30, 2024	Half-year report for the period January 1 to June 30, 2024
November 29, 2024	Interim report for the period January 1 to September 30, 2024.

### Company Announcements

February 16, 2023	Property value adjustment and earnings expectation for 2022
March 30, 2023	Annual report 2022
March 30, 2023	Notice of ordinary general meeting 2023
April 28, 2023	Minutes of the ordinary general meeting 2023
May 31, 2023	Profit expectation 2023
May 31, 2023	Planned project sale of property Hesselvang 11, Grena
May 31, 2023	First quarter interim report 2023
August 31, 2023	First half-year report 2023
October 31, 2023	Notice of extraordinary general meeting November 30, 2023
November 1, 2023	Value adjustment of properties
November 30, 2023	Minutes of the extraordinary general meeting November 2023
November 30, 2023	Third quarter interim report 2023
December 1, 2023	Major Shareholder Notification
December 4, 2023	Financial calendar 2024
December 29, 2023	Profit expectation 2024
December 29, 2023	Sale of property, Hesselvang 11, Grenaa
February 1, 2024	Planned sale of the property Schillerstrasse 4 Frankfurt am Main
February 29, 2024	Value adjustment of properties
March 27, 2024	Results 2023
March 27, 2024	Financial calendar 2024



The property Braunschweig Münzstrasse

## Management's Statement

The Board of Directors and management have today considered and adopted the annual report for the financial year January 1 - December 31, 2023 for German High Street Properties A/S

The annual report is prepared in accordance with IFRS accounting Standards as adopted by the EU, and further requirements in the Danish Financial Statement Act and rules for listed companies.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group and the Parent's financial position as of December 31, 2023 and of the results of the Group's and the Parent Company's operations and cash flows for 2023.

It is also our opinion that the directors' report contains a true and fair account of the development of the Group's and the parent company's activities and financial conditions, the profit for the period and the Group's and the Parent Company's financial position as a whole, and a description of the significant risks and uncertainty factors that the Group and the Parent Company faces.

In our opinion, the annual report of German High Street Properties A/S for the financial year January 1 - December 31, 2023 with the file name 529900BT3M81VV58P678-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Charlottenlund, April 8, 2024

Executive Management

Michael Hansen

Board of Directors

Hans Thygesen

Chairman

Walther Thygesen

Vice Chairman

Jutta Steinert

Claude Olof Nikolaj Zethraeus



Property Koblenz

# Independent Auditor's Report

To the shareholders of German High Street Properties A/S

## Report on the audit of the Financial Statements

### Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year January 1 to December 31, 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

### What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of German High Street A/S for the financial year January 1 to December 31, 2023 comprise income statement and other comprehensive income, balance sheet, statement of equity, statement of cash flow and notes, including material accounting policy information for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

### 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 Group 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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

### Appointment

We were first appointed auditors of German High Street A/S on 25 June 2007 for the financial year 2007. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of

of 17 years including the financial year 2023. We were reappointed following a tendering procedure at the General Meeting on April 28, 2017.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of Investment Properties</b></p> <p>The Group owns a portfolio of investment properties that are valued at fair value at December 31, 2023.</p> <p>Valuation of investment properties at fair value contains significant estimates based on significant assumptions, where even minor changes in the assumptions can have a significant effect on the fair value of the properties.</p> <p>Management has used the capitalisation method to determine the fair value. The model is described in note 2 and 12, with market rent and yield being the significant assumptions.</p> <p>Management has obtained valuations from an external valuer to support the fair value determined by Management; including the assumptions used, with market rent and yield being the significant assumptions.</p> <p>We focused on this area as valuation of investment properties at fair value is based on significant estimates which are subjective and a high degree of estimation uncertainty.</p>	<p>We performed risk assessment procedures with the purpose of achieving an understanding of procedures and relevant controls relating to valuation of investment properties. In respect of controls, we assessed whether these were designed and implemented effectively to address the risk of material misstatement.</p> <p>We assessed the method used by management to measure the fair value of investment properties. We verified on a sample basis the accuracy of data used.</p> <p>We assessed and challenged the assumptions applied, using our knowledge of the real estate market and professional scepticism.</p> <p>We assessed the competencies and independence of external valuer used by Management. We compared the fair values determined by the management with the external valuer's assessments.</p> <p>Furthermore, we assessed the appropriateness of disclosures.</p>
<p>Refer to note 2 and 12</p>	

## **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 in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## **Management's responsibilities for the Financial Statements**

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in 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 Group's and the Parent 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 unless Management either intends to liquidate the Group or the Parent 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 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 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 Group's and the Parent 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 and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

### **Report on compliance with the ESEF Regulation**

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of German High Street A/S for the financial year January 1 to December 31, 2023 with the filename 529900BT3M81VV58P678-2023-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF

Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of German High Street Properties A/S for the financial year January 1 to December 31, 2023 with the file name 529900BT3M81VV58P678-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, April 8, 2024

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab

CVR no 33 77 12 31

Torben Jensen  
State Authorised Public Accountant  
mne18651

Jacob Dannefer  
State Authorised Public Accountant  
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## Income Statement

EUR 1.000	Note	Group		Parent company	
		2023	2022	2023	2022
Revenue		4,535	4,662	259	296
Property operation expenses		-1,564	-1,526	0	-12
<b>Operating income</b>		<b>2,971</b>	<b>3,136</b>	<b>259</b>	<b>284</b>
Staff expenses	4	-528	-487	-387	-427
Administrative expenses	5	-844	-1,081	-775	-1,004
<b>Result before fair value adjustments and interests</b>		<b>1,599</b>	<b>1,568</b>	<b>-903</b>	<b>-1,147</b>
Gain/losses from subsidiaries		0	0	-2,648	-1,848
Fair value adjustment of investment properties	7	-5,111	-4,702	0	0
<b>Result before interests and tax</b>		<b>-3,512</b>	<b>-3,134</b>	<b>-3,551</b>	<b>-2,995</b>
Financial income		138	0	138	0
Financial expenses	8	-1,470	-624	-290	-118
<b>Result of continuing activities before tax</b>		<b>-4,844</b>	<b>-3,758</b>	<b>-3,703</b>	<b>-3,113</b>
Tax of continuing activities	9	851	546	232	278
<b>Result of continuing activities after tax</b>		<b>-3,993</b>	<b>-3,212</b>	<b>-3,471</b>	<b>-2,835</b>
Result of discontinued activities after tax	6	492	788	0	428
<b>Result for the period</b>		<b>-3,501</b>	<b>-2,424</b>	<b>-3,471</b>	<b>-2,407</b>
The Parent Company's shareholders		-3,471	-2,407	-3,471	-2,407
Non-controlling interests		-30	-17	0	0
<b>Result for the period</b>		<b>-3,501</b>	<b>-2,424</b>	<b>-3,471</b>	<b>-2,407</b>
Earnings per share (EUR), continuing activity	11	-1.31	-1.05		
Earnings per share (EUR), discontinuing activity	11	0.16	0.26		

## Other comprehensive income

	Group		Parent company	
	2023	2022	2023	2022
<b>EUR 1.000</b>				
<b>Result for the period</b>	<b>-3,501</b>	<b>-2,424</b>	<b>-3,471</b>	<b>-2,407</b>
<b>Items that may be reclassified to profit/loss for the year</b>				
Exchange differences on translation of foreign operations	0	0	0	0
Tax on other comprehensive income, income/expense	0	0	0	0
<b>Other comprehensive income, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the year</b>	<b>-3,501</b>	<b>-2,424</b>	<b>-3,471</b>	<b>-2,407</b>
The Parent Company's shareholders	-3,471	-2,407	-3,471	-2,407
Non-controlling interests	-30	-17	0	0
<b>Total comprehensive income for the year</b>	<b>-3,501</b>	<b>-2,424</b>	<b>-3,471</b>	<b>-2,407</b>

## Balance Sheet

### ASSETS

EUR 1.000	Note	Group		Parent company	
		2023	2022	2023	2022
Investment properties	12	91,000	96,000	0	0
Investments in subsidiaries	14	0	0	61,206	63,824
Other receivables		1,307	1,329	1,307	1,329
Deferred tax assets	15	223	278	223	278
<b>Total non-current assets</b>		<b>92,530</b>	<b>97,607</b>	<b>62,736</b>	<b>65,431</b>
Assets held for sales	13	5,374	0	0	0
Trade receivables	16	164	221	0	0
Income tax receivables		116	0	116	0
Other receivables		1,289	1,340	782	153
Receivables from group entities	17	0	0	1,630	0
Cash	18	2,648	7,787	34	2,556
<b>Total current assets</b>		<b>9,591</b>	<b>9,348</b>	<b>2,562</b>	<b>2,709</b>
<b>Total assets</b>		<b>102,121</b>	<b>106,955</b>	<b>65,298</b>	<b>68,140</b>

### EQUITY AND LIABILITIES

EUR 1.000	Note	Group		Parent company	
		2023	2022	2023	2022
Share capital	19	4,082	4,216	4,082	4,216
Foreign currency translation reserve		13	13	341	341
Share premium		42,317	42,317	0	0
Reserve for net valuation under the equity method		0	0	23,841	23,841
Retained earnings	10	11,193	14,530	29,341	32,678
Equity attributable to shareholders of the Parent Company		57,605	61,076	57,605	61,076
Non-controlling interests		104	134	0	0
<b>Total equity</b>		<b>57,709</b>	<b>61,210</b>	<b>57,605</b>	<b>61,076</b>
Borrowings	20	33,237	36,565	0	0
Deferred tax liabilities	21	5,678	6,219	0	0
Other payables		0	6	0	0
<b>Total non-current liabilities</b>		<b>38,915</b>	<b>42,790</b>	<b>0</b>	<b>0</b>
Borrowings	22	4,420	1,380	0	0
Trade payables		432	385	88	40
Payables to group entities	17	0	0	7,438	7,008
Other payables		645	1,190	167	16
<b>Total current liabilities</b>		<b>5,497</b>	<b>2,955</b>	<b>7,693</b>	<b>7,064</b>
<b>Total equity and liabilities</b>		<b>102,121</b>	<b>106,955</b>	<b>65,298</b>	<b>68,140</b>

## Statement of Equity (Group)

<b>Group</b> T.EUR	Share capital	Foreign currency translation reserve	Share premium	Retained earnings	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
Total equity beginning 2022	4,216	13	42,317	16,937	63,483	151	63,634
Result for the period	0	0	0	-2,407	-2,407	-17	-2,424
Other comprehensive income, net of tax	0	0	0	0	0	0	0
<b>Total equity ending 2022</b>	<b>4,216</b>	<b>13</b>	<b>42,317</b>	<b>14,530</b>	<b>61,076</b>	<b>134</b>	<b>61,210</b>
Shares cancelled in 2023	-134	0	0	134	0		0
Result for the period	0	0	0	-3,471	-3,471	-30	-3,501
Other comprehensive income, net of tax	0	0	0	0	0	0	0
<b>Total equity ending 2023</b>	<b>4,082</b>	<b>13</b>	<b>42,317</b>	<b>11,193</b>	<b>57,605</b>	<b>104</b>	<b>57,709</b>

## Statement of Equity (Parent company)

<b>Parent company</b>	Share ca- pital	Foreign currency translation reserve	Reserve for net valuation under the equity method	Retained earnings	Total equity
T.EUR					
Total equity beginning 2022	4,216	341	25,690	33,236	63,483
Result for the period	0	0	-1,849	-558	-2,407
Other comprehensive in- come, net of tax	0	0	0	0	0
<b>Total equity ending 2022</b>	<b>4,216</b>	<b>341</b>	<b>23,841</b>	<b>32,678</b>	<b>61,076</b>
Shares cancelled in 2023	-134	0	0	134	0
Result for the period	0	0	0	-3,471	-3,471
Other comprehensive in- come, net of tax	0	0	0	0	0
<b>Total equity ending 2023</b>	<b>4,082</b>	<b>341</b>	<b>23,841</b>	<b>29,341</b>	<b>57,605</b>

## Statement of Cash Flow

EUR 1.000	Group		Parent company	
	2023	2022	2023	2022
<b>Profit/loss for the period</b>	<b>-3,501</b>	<b>-2,424</b>	<b>-3,471</b>	<b>-2,407</b>
Gain/losses from subsidiaries	0	0	2,648	1,848
Fair value adjustment of investment properties	5,111	4,700	0	0
Fair value adjustment from assets held for sales	-629	-426	0	0
Financial income	-138	0	-138	0
Financial expenses	1,470	705	290	118
Tax for the year	-75	-462	-232	-278
<b>Net cash flow from operating activities before change in net working capital</b>	<b>2,238</b>	<b>2,093</b>	<b>-903</b>	<b>-719</b>
Change in receivables	69	-1,667	-1,828	-618
Change in trade and other payables	-1,045	189	474	-93
<b>Net cash flow from operating activities before interest and taxes paid</b>	<b>1,262</b>	<b>615</b>	<b>-2,257</b>	<b>-1,430</b>
Finance expenses – net	-1,332	-705	-152	-118
Income tax paid/received	75	-84	232	0
<b>Net cash flow from operating activities after interest and taxes paid</b>	<b>5</b>	<b>-174</b>	<b>-2,177</b>	<b>-1,548</b>
Sale of investment property	0	8,771	0	0
Purchase of investment property	-4,745	0	-345	0
Additions during the year	-111	0	0	0
Sale of shares in subsidiary	0	0	0	5,183
<b>Net cash flows from investing activities</b>	<b>-4,856</b>	<b>8,771</b>	<b>-345</b>	<b>5,183</b>
Proceeds from borrowings	23 3,040	0	0	0
Repayment of borrowings	23 -3,328	-5,586	0	-1,168
<b>Cash flow from financing activities</b>	<b>-288</b>	<b>-5,586</b>	<b>0</b>	<b>-1,168</b>
<b>Net cash flow for the year</b>	<b>-5,139</b>	<b>3,011</b>	<b>-2,522</b>	<b>2,467</b>
Cash and cash equivalents 1 January	7,787	4,776	2,556	151
Effects of exchange rate changes on cash and cash equivalents	0	0	0	-62
<b>Cash and cash equivalents 31 December</b>	<b>2,648</b>	<b>7,787</b>	<b>34</b>	<b>2,556</b>



The property at Schillerstrasse, Frankfurt

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## Note 1 – Material accounting policy information

### General

The consolidated financial statements and the annual financial statements for the parent company are prepared in accordance with the IFRS accounting standards (IFRS) as approved by the EU, the IFRS decree issued under the Danish Financial Statement Act, and the additional regulations of Nasdaq Copenhagen for companies with listed shares.

The consolidated financial statements and the annual financial statements for the parent company for 2023 are presented in EUR 1,000.

The applied accounting practices are unchanged compared to the annual financial statements for 2023.

### New and amended standards adopted by the Group.

The group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

- Definition of Accounting Estimates – amendments to IAS 8.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### Consolidation Practices

The consolidated financial statements include the parent company German High Street Properties A/S, as well as companies in which the parent company directly or indirectly holds the majority of voting rights or has a controlling influence through share ownership or otherwise.

In the consolidation, items of a similar nature are combined.

The financial statements used for consolidation are prepared in accordance with the group's accounting practices.

The parent company's capital shares in the consolidated subsidiaries are offset against the parent company's share of the subsidiaries' book value when the group relationship was established.

## Foreign Currency Translation

### Functional Currency

In the consolidated financial statements, the items contained in the annual reports of the group companies are measured in the currency used in the primary economic environment where the companies operate (functional currency). The functional currency is:

For the Danish parent company: DKK

For the German subsidiaries: EUR

Transactions in currencies other than the functional currency are foreign currency transactions.

## Foreign Currency Transactions

Transactions in a currency other than the functional currency are translated at the exchange rate on the date of the transaction for initial recognition. Receivables, liabilities, and other monetary items in foreign currency that have not been settled at the balance sheet date are translated at the exchange rate on the balance sheet date. Exchange rate differences arising between the exchange rate on the transaction date and the rate on the payment date or the balance sheet date are recognized in the income statement as financial items. Tangible and intangible assets, inventories, and other non-monetary assets purchased in foreign currency and measured based on historical costs are translated at the exchange rate on the transaction date. Non-monetary items revalued to fair value or written down are translated using the exchange rate at the time of revaluation or write-down.

## Presentation Currency

The annual report is presented in EUR (presentation currency) because all the company's significant transactions and accounting items are in EUR.

When recognizing in the consolidated financial statements of companies with a different functional currency than the Euro (EUR), income statements are converted at the average exchange rates for the year unless these differ significantly from the actual exchange rates at the times of transactions. In the latter case, the actual exchange rates are used. Balance sheet items are translated at the exchange rates on the balance sheet date.

Exchange rate differences arising from the translation of balance sheet items at the beginning of the year to the exchange rates on the balance sheet date and from translating income statements from average rates to the balance sheet date rates are recognized in other comprehensive income and classified as a separate reserve under equity. This translation also includes exchange rate differences arising from the translation of intra-group balances where settlement is neither planned nor likely in the foreseeable future, as such balances are considered an addition to or deduction from the net investment. Similarly, other comprehensive income also recognizes exchange rate differences resulting from changes made directly in the entity's equity.

## **Items in the Income Statement**

### **Revenue**

Rental income from investment properties is accrued and recognized in accordance with the terms of the contracts entered.

### **Operating Costs of Properties**

Operating costs include expenses incurred to achieve the year's revenue. This also includes direct and indirect operating costs in the form of repairs and maintenance that do not add new and improved features to the properties, as well as property management.

### **Personnel Costs**

Personnel costs include wages and staff expenses incurred in the management and administration of the group.

### **Administrative Expenses**

Administrative expenses include costs incurred during the year for the management and administration of the group.

### **Result from Shareholdings in Subsidiaries**

The proportionate share of the result for the year from shareholdings in subsidiaries is recognized in the income statement under the item "Result from shareholdings in subsidiaries".

### **Value Adjustment of Investment Properties**

Changes in the fair value of investment properties are recognized in the income statement under the item "Value adjustment of investment properties".

### **Financial Income and Expenses**

Financial income and expenses include interest, realized and unrealized foreign exchange adjustments, and amortization of loan costs to credit institutions.

### **Tax on the Year's Result**

The current tax for the year and deferred tax for the year are recognized in the income statement for the portion that can be attributed to the year's result, in other comprehensive income for the portion that can be attributed to other comprehensive income, and directly in equity for the portion that can be attributed to equity transactions.

Changes in deferred tax due to changes in tax rates are recognized in the income statement.

The parent company is jointly taxed with Kartago Property ApS.

### **Discontinued Operation**

The results of discontinued operations are presented separately in the income statement, and the cash flows from discontinued operations are presented separately in note 6.

Discontinued Operation is defined by the cessation of property operations in a specific geographic region.

### **Items in the Balance Sheet**

#### **Investment Properties**

Investment properties are properties held to earn rental income and/or capital gains.

Investment properties are initially measured at cost, including the properties' purchase price and any directly attributable costs.

Subsequently, investment properties are measured at fair value. See note 2 for a description of the measurement of investment properties at fair value.

Costs that add new or improved features to an investment property compared to the time of acquisition and thereby improve the property's future returns are added to the acquisition cost as improvements. Costs that do not add new or improved features to an investment property are expensed in the income statement under the operating costs of the properties.

Interest costs are not included in the cost of investment properties, as these are measured at fair value.

Value adjustments are recognized in the income statement.

Properties expected to be sold are reclassified as "Investment properties held for sale".

### **Shareholdings in Subsidiaries**

The proportionate share of the year's result is recognized in the income statement under the item "Result from shareholdings in subsidiaries."

Shareholdings in subsidiaries are recognized and measured using the equity method.

In the balance sheet, under the item "Shareholdings in subsidiaries," the proportional ownership share of the companies' book value is recognized based on the fair value of the identifiable net assets at the time of acquisition.

The total net increase in shareholdings in subsidiaries is allocated via profit distribution to the "Reserve for net increase under the equity method" under equity. Dividend distributions to the parent company reduce the reserve and adjust it for other equity movements in the subsidiaries.

Subsidiaries with a negative book value are recognized at DKK 0. If the parent company has a legal or factual obligation to cover the company's deficit, a provision for this obligation is recognized.

### **Loans to Subsidiaries**

Loans to subsidiaries are measured at amortized cost in the parent company's accounts, which corresponds to their nominal value. Impairments on receivables are made when it is expected that the company will not be able to recover all amounts due by the original terms of the receivables. The impairment is calculated based on an individual assessment of each receivable and represents the difference between the carrying amount and the present value of expected future payments.

### **Receivables**

Receivables are recognized in the balance sheet at fair value at initial recognition and subsequently measured at amortized cost, corresponding to their nominal value. Impairments on receivables are made when it is expected that the group will not be able to recover all amounts due by the original terms of the receivables. The impairment is calculated based on an individual assessment of each receivable and represents the difference between the carrying amount and the present value of expected future payments.

### **Liquidity**

Liquid assets consist of cash holdings, deposits in bank accounts, and other short-term, highly liquid investments with an insignificant risk of value changes and with original maturities of no more than three months.

### **Equity**

Dividends proposed by management for distribution for the fiscal year are shown as separate items under equity.

Purchase and disposal prices and dividends for own shares are recognized directly in retained earnings in equity.

## **Financial Liabilities**

Mortgage loans and loans from credit institutions related to investment properties are recognized at the time of borrowing, as the proceeds received fewer transaction costs incurred. In subsequent periods, the loans are measured at amortized cost, so the difference between the proceeds and the nominal value is recognized in the income statement as an interest expense over the loan period using the effective interest method.

Loans are classified as short-term liabilities unless the group has an unconditional right to defer the debt settlement for at least one year from the balance sheet date.

## **Deferred Tax**

Using the balance sheet liability method, deferred tax is recognized on all temporary differences between the accounting and tax values of assets and liabilities.

Deferred tax is measured based on the tax rules and tax rates applicable under the legislation at the balance sheet date when the deferred tax is expected to be realized as the current tax. In cases where the valuation of the tax value can be performed under alternative taxation rules, deferred tax is measured based on the planned use of the asset or settlement of the liability. Deferred tax on investment properties is calculated as the tax effect of selling the properties at their accounting value on the balance sheet date.

Deferred tax assets, including the tax value of tax losses that can be carried forward, are measured at the value at which the asset is expected to be realized, either through offsetting in the tax of future earnings or by offsetting against deferred tax liabilities.

## **Fair Value Measurement and Disclosure**

The fair value of financial instruments traded in an active market is measured at the latest quoted price. The fair value of financial instruments not traded in an active market is calculated based on a valuation model using discounted cash flows.

The valuation is based as far as possible on observable market data. The fair value of loans is based on the company's current interest rate for comparable loans.

## **Cash Flow Statement**

The cash flow statement shows the group's cash flows for the year, divided into operating, investing, and financing activities, the year's change in liquidity, and the group's liquidity at the beginning and end of the year. The liquidity effect of purchases and sales of businesses is shown separately under cash flows from investing activities. In the cash flow statement, cash flows relating to purchased companies are recognized from the date of acquisition, and cash flows relating to sold companies are recognized up to the date of sale.

The cash flow statement is prepared using the indirect method based on the year's profit before tax.

### Cash Flows from Operating Activities

Cash flow from operating activities is calculated as the year's profit adjusted for changes in working capital and non-cash income items such as depreciation and provisions. Working capital includes short-term assets minus short-term liabilities, excluding items included in liquidity.

### Cash Flows from Investing Activities

Cash flow to investing activities includes cash flows from purchasing and selling intangible, tangible, and financial fixed assets.

### Cash Flows from Financing Activities

Cash flow from financing activities includes cash flows from raising and repaying long-term debt obligations, as well as payments to and from the company's participants.

### **Liquidity**

Liquid holdings in the cash flow statement include bank account deposits and other short-term, easily tradable investments with an insignificant risk of value change, which are not pledged as security.

Liquid holdings in the balance sheet include those available for free use and those pledged as security for lenders.

The cash flow statement cannot be derived solely from the published financial statements.

**Key figures**

Solidity	=	$\frac{\text{Equity} * 100}{\text{Total Assets}}$
Loan to value %	=	$\frac{\text{Interest bearing debt} * 100}{\text{Investment properties}}$
Return on property portfolio %	=	$\frac{\text{Revenue} - \text{Property operation expenses}}{\text{Investment properties}}$
Return on equity %	=	$\frac{\text{Result for the period} * 100}{\text{Equity}}$
Net asset value per share	=	$\frac{\text{Equity} * 100}{\text{Number of shares}}$
Earnings per share	=	$\frac{\text{Result for the period} * 100}{\text{Number of shares}}$
Interest coverage ratio	=	$\frac{\text{Result before interests and tax} + \text{Financial income}}{\text{Financial expenses}}$
Return on equity	=	$\frac{\text{Result before fair value adjustments and interests}}{\text{Equity}}$

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## Note 2 - Significant Accounting Estimates and Judgments

In preparing financial statements, management makes several estimates and judgments regarding future conditions, involving measuring accounting assets and liabilities.

Management considers the following estimates and judgments the most significant for the group.

### Measurement of Investment Properties at Fair Value

Management believes that the chosen accounting practice of measuring investment properties at fair value best represents the group's assets and liabilities, financial position, and the results of the group's activities.

The chosen accounting practice can significantly impact the income statement and balance sheet since fluctuations in fair value during the fiscal year will affect the measurement of investment properties in the balance sheet. It will be recognized in the income statement.

Alternatively, investment properties could be measured at cost less depreciation, with a consequent impact on the balance and the result from depreciation and impairment.

Current prices in an active market for similar investment properties provide the best evidence of the group's investment properties' fair values. In the absence of such information, fair value is determined within a range of probable calculated estimates.

Management's estimates of the value of investment properties are based on market-compliant standards and are founded on an individual assessment of the properties' expected ongoing returns, maintenance status, and return requirements.

Ralph Hagedorn GmbH & Co. KG conducted an external assessment of the group's German properties as of December 31, 2023. Ralph Hagedorn GmbH & Co. KG conducted the valuation based on visits to several properties, thorough knowledge of all properties in the company's portfolio, knowledge of the general market, and comparable transactions.

Based on Ralph Hagedorn GmbH & Co. KG's assessment of the German properties as of December 31, 2023, the board has chosen to value the German properties at EUR 91.0 million in the annual report. Management assesses that the recorded value of the German investment properties is by their fair value as of December 31, 2023.

The fair value of the German investment properties as of December 31, 2023 is set at EUR 91.0 million. The investment properties' value is determined by property based on a gross capitalization factor between 12.50 and 25.50 or an average of 19.3.

As of December 31, 2022, the properties in Germany were valued at EUR 96.0 million, corresponding to a gross capitalization factor ranging from 12.50 to 27.50 or an average of 20.53.

## Tax

The group has taxable activities in Denmark and Germany, and the current tax is calculated based on the expected taxable incomes in both countries. If the tax authorities, upon reviewing the group's tax returns, disagree with the estimates made, the previously calculated tax can change.

Additionally, deferred tax is calculated based on an assessment of the future current tax that will be payable in relation to items in the financial statements. This assessment is based on expectations of future taxable profits and tax planning strategies, including expectations regarding exit strategies. Future changes in legislation governing corporate tax rules and other changes in these expectations, including whether the sale occurs as a sale of shares or as a sale of individual properties, can thus cause the future payable tax to differ significantly from the calculated deferred tax. This year's tax calculation is detailed in note 9, and the tax asset and deferred tax are outlined in notes 15 and 21, respectively.

## Note 3 – Segment Information

The group has thirteen German retail properties in major cities in western Germany. The activities are managed, reported, and presented in German properties and Administration in 2023. The income statement for the period from January 1 to December 31, 2023, is divided into the following segments.

EUR 1000	German Properties	Administration	Group
Revenue	4,535	0	4,535
Property operation expenses	-1,564	0	-1,564
Operating income	2,971	0	2,971
Staff expenses	-141	-387	-528
Administrative expenses	-328	-516	-844
Result before fair value adjustments and interests	2,502	-903	1,599
Fair value adjustment of investment properties	-5,111	0	-5,111
Result before interests and tax	-2,609	-903	-3,512
Financial expenses, net	-1,180	-152	-1,332
Result of continuing activities before tax	-3,789	-1,055	-4,844

The property Hesselvang 11, Grenaa which as per stock exchange announcement no. 50 dated December 29, 2023 has been disposed of on January 15, 2024. Consequently, the activity related to 2023 has been moved to "Result of discontinued activities after tax" in the Income Statement. See note 6.

Profit January 1 to December 31, 2022, EUR 1000	German Propert- ies	Adminitra- tion	Group
Revenue	4,662	0	4,662
Property operation expenses	-1,515	-11	-1,526
Operating income	3,147	-11	3,136
Staff expenses	-60	-427	-487
Administrative expenses	-373	-708	-1,081
Result before fair value adjustments and inter- ests	2,714	-1,146	1,568
Fair value adjustment of investment properties	-4,702	0	-4,702
Result before interests and tax	-1,988	-1,146	-3,134
Financial expenses, net	-507	-117	-624
Result of continuing activities before tax	-2,495	-1,263	-3,758

Balance sheet December 31, 2023, Segment information:

EUR 1000	German Propert- ies	Adminitra- tion	Group, continu- ing activi- ties	Danish Pro- perty*)	Group, total
<b>Assets</b>					
Investment properties	91,000	0	91,000	0	91,000
Other receivables	0	1,307	1,307	0	1,307
Deferred tax assets	0	223	223	0	223
Total non-current assets	91,000	1,530	92,530	0	92,530
Assets held for sales	0	0	0	5,374	5,374
Trade receivables	164	0	164	0	164
Income tax receivables	0	116	116	0	116
Other receivables	507	782	1,289	0	1,289
Cash	2,524	34	2,558	90	2,648
Total current assets	3,195	932	4,127	5,464	9,591
Total assets	94,195	2,462	96,657	5,464	102,121

**Equity and liabilities**

Equity	60,765	-3,601	57,164	545	57,709
<b>Total equity</b>	<b>60,765</b>	<b>-3,601</b>	<b>57,164</b>	<b>545</b>	<b>57,709</b>
Borrowings	33,237	0	33,237	0	33,237
Deferred tax liabilities	5,678	0	5,678	0	5,678
Other payables	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>38,915</b>	<b>0</b>	<b>38,915</b>	<b>0</b>	<b>38,915</b>
Borrowings	1,380	0	1,380	3,040	4,420
Trade payables	344	88	432	0	432
Payables to group entities	-7,438	5,808	-1,630	1,630	0
Other payables	229	167	396	249	645
<b>Total current liabilities</b>	<b>-5,485</b>	<b>6,063</b>	<b>578</b>	<b>4,919</b>	<b>5,497</b>
<b>Total equity and liabilities</b>	<b>94,195</b>	<b>2,462</b>	<b>96,657</b>	<b>5,464</b>	<b>102,121</b>

\*) The property Hesselvang 11, Grenaa has been disposed of on January 15, 2024

EUR 1.000	Group		Parent company	
	2023	2022	2023	2022
Salaries	364	315	223	255
Other employee costs	1	1	1	1
Board fee	163	171	163	171
<b>Staff expenses</b>	<b>528</b>	<b>487</b>	<b>387</b>	<b>427</b>

The company has three employees (in 2022, it had four employees). In 2023, the director's remuneration was EUR 120,000 per annum and included in the salaries expense. Remuneration for the company administration agreement is detailed in note 29, related parties.

## Note 5 - Fee to the auditor elected by the general assembly

EUR 1.000	Group		Parent company	
	2023	2022	2023	2022
Audit fee	68	44	68	44
Tax advice	0	0	0	0
<b>Total audit fee</b>	<b>68</b>	<b>44</b>	<b>68</b>	<b>44</b>

EUR 1.000	Group		Parent company	
	2023	2022	2023	2022
<b>Note 6 - Result of discontinued activities after tax</b>				
Revenue	84	583	0	0
Property operation expenses	-6	-58	0	0
<b>Result before fair value adjustments and interests</b>	<b>78</b>	<b>525</b>	<b>0</b>	<b>0</b>
Change in value and gains/losses from assets held for sales	629	428	0	428
Financial expenses	-78	-84	0	0
<b>Result of discontinued activities before tax</b>	<b>629</b>	<b>869</b>	<b>0</b>	<b>428</b>
Tax of discontinuing activities	-137	-81	0	0
<b>Result of discontinued activities after tax</b>	<b>492</b>	<b>788</b>	<b>0</b>	<b>428</b>
Earnings per share (EUR), discontinuing activity	0.16	0.26		

EUR 1.000	2023	2022		
Net cash flow from operating activities after interest and taxes paid	172	-459		
Net cash flows from investing activities	-4,745	3,160		
Cash flow from financing activities	4,670	-3,006		
<b>Net cash flow for the year</b>	<b>97</b>	<b>-305</b>		



Tax on the year's result is explained as follows:

<b>Result of continuing activities before tax</b>	-4,844	-3,758	-3,703	-3,113
Gain/losses from subsidiaries	0	0	2,648	1,848
<b>Basis for calculation of tax at local rates</b>	<b>-4,844</b>	<b>-3,758</b>	<b>-1,055</b>	<b>-1,265</b>
Tax calculated based on local rates	-851	-546	-232	-278
Adjustment of tax losses etc.	0	0	0	0
<b>Total tax for the year</b>	<b>-851</b>	<b>-546</b>	<b>-232</b>	<b>-278</b>
Average tax rate in %	17.6	14.5	22.0	22.0

The group is taxed 22.0% on Danish income and 15.825% on German income. The average tax has been calculated based on local tax rates. The parent company is jointly taxed with Kartago Property ApS.

According to notes 15 and 21, the deferred tax is recognized as a long-term asset and liability for the parent company and the group, respectively. The ownership period is expected to exceed ten years, and regular disposals of properties and property companies are not part of the group's strategy.

## Note 10 - Allocation of profits

EUR 1.000	Parent company	
	2023	2022
Available for allocation as of January 1	32,678	33,236
Total comprehensive income for the year	-3,471	-558
Shares cancelled in 2023	134	0
<b>Carried forward result as of December 31</b>	<b>29,341</b>	<b>32,678</b>

**Note 11 Earnings per share (EUR)**

	Group	
	2023	2022
<b>Earnings per share (EUR), continuing activity</b>		
<b>Result of continuing activities after tax</b>	-3,993	-3,212
Weighted average number of outstanding ordinary shares in thousands	3,045	3,045
<b>Earnings per share (EUR), continuing activity</b>	<b>-1.31</b>	<b>-1.05</b>
<hr/>		
<b>Earnings per share (EUR), discontinuing activity</b>		
	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
<b>Result of discontinued activities after tax</b>	492	788
Weighted average number of outstanding ordinary shares in thousands	3,045	3,045
<b>Earnings per share (EUR), discontinuing activity</b>	<b>0.16</b>	<b>0.26</b>
<hr/>		
<b>Earnings per share (EUR), Result for the period</b>		
	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
<b>Result of discontinued activities after tax</b>	-3,501	-2,424
Weighted average number of outstanding ordinary shares in thousands	3,045	3,045
<b>Earnings per share (EUR), Result for the period</b>	<b>-1.15</b>	<b>-0.80</b>
<hr/>		
<hr/>		

No equity instruments with a diluting effect have been issued. Diluted earnings per share are equal to earnings per share.

## Note 12 – Investment properties

EUR 1.000

	Group	
	2023	2022
Cost price January 1	56,690	60,275
Additions/improvements during the year	111	0
Additions, Hesselvang 11, Grenaa	0	0
Disposal, GHSP Botkyrka Fastigheder AB	0	-3,585
<b>Cost price December 31</b>	<b>56,801</b>	<b>56,690</b>
Value adjustments		
Value adjustments beginning of the year	39,310	48,770
Disposal, GHSP Botkyrka Fastigheder AB	0	-4,758
Fair value adjustment of investment properties, net	-5,111	-4,702
<b>Value adjustments end of the year</b>	<b>34,199</b>	<b>39,310</b>
<b>Book value at the end of the period</b>	<b>91,000</b>	<b>96,000</b>

German investment properties are valued by the board based on the model described in note 2 and on the assessment made by the German valuation firm Ralph Hagedorn GmbH & Co. KG. The value of the German investment properties amounts to a total of EUR 91.0 million (2022: EUR 96.0 million) and is determined property by property. The valuation corresponds to a gross capitalization factor between 12.50 and 23.0, with an average of 19.3 (2022: 20.53).

The method used for valuing investment properties is based on the future expected income streams from the property. The future expected income streams are calculated as the expected annual net income (rental income, minus any vacancy periods, and expected operating expenses such as maintenance, insurance, taxes, and administration) divided by the capitalization factor. The capitalization factor is a key indicator of the investment's return potential and the associated risk. Finally, the calculation takes into account other factors such as the sale prices of similar properties in the same area and whether the property has special features, such as future development opportunities or unique lease conditions. The result of the above calculation then determines the value of the property.

Gross capitalization factor per unit

	2023	2022
Aachen	18.0	19.0
Braunschweig	16.3	16.5
Essen	14.0	14.5
Frankfurt	23.0	27.5
Gütersloh	16.0	17.0
Hamburg	25.5	26.0
Kassel	18.0	18.5
Koblenz	19.0	20.0
Leverkusen	12.5	12.5
Pforzheim	16.0	16.5
Rosenheim	20.5	21.0

Investment properties are pledged as security for financial liabilities, EUR 34.6 million.

German properties:

Changes in estimates of the rental factor will affect the recognized value of investment properties in the balance sheet. Below is shown the impact on the value of the investment properties as a result of changes in the gross capitalization factor.

	17.8	18.55	19.3	20.05	20.8
Gross capitalization factor					
Fair value in EUR 1,000	83,927	87,464	91,000	94,536	98,073
Change in fair value in EUR 1,000	-7,073	-3,536	0	3,536	7,073

**Change in gross capitalization factor 2022 for German properties**

	-1.5	-0.75	Basis	0.75	1.5
Gross capitalization factor	19.03	19.78	20.53	21.28	22.03
Fair value in EUR 1,000	88,986	92,493	96,000	99,507	103,014
<b>Change in fair value in EUR 1,000</b>	<b>-7,014</b>	<b>-3,507</b>	<b>0</b>	<b>3,507</b>	<b>7,014</b>

The group's German investment properties include commercial and residential rentals leased on usual terms. In the following statement, only commercial rentals are included. The average remaining term of German commercial lease contracts is two years and nine months (2022: two years and nine months). In addition, the group has an annual residential rental income of EUR 0.4 million.

**German properties**

The accumulated minimum lease payments for commercial rentals during the non-cancellable period can be shown as follows:

	2023	2022
Before 1 year	3.125	3.246
Before 2 year	1.895	2.191
Before 3 year	1.657	1.763
Before 4 year	1.347	1.419
Before 5 year	1.025	1.142
After 5 years	812	919
<b>Total accumulated minimum lease payments</b>	<b>9.861</b>	<b>10.680</b>

	Group	
EUR 1.000	2023	2022
Cost price January 1	0	3,585
Additions/improvements during the year	0	0
Additions, Hesselvang 11, Grenaa	4,745	0
Disposal, GHSP Botkyrka Fastigheder AB	0	-3,585
<b>Cost price December 31</b>	<b>4,745</b>	<b>0</b>

**Note 13 – Assets held for sales**

Value adjustments		
Value adjustments beginning of the year	0	4,758
Disposal, GHSP Botkyrka Fastigheder AB	0	-4,758
Fair value adjustment of Hesselvang 11, Grenaa	629	0
<b>Value adjustments end of the year</b>	<b>629</b>	<b>0</b>
<b>Book value at the end of the period</b>	<b>5,374</b>	<b>0</b>

Assets held for sales concern the property at Hessevang 11, Grenaa, which has been sold on January 15, 2024 according to stock exchange announcement no. 250 dated December 29, 2023.

## Note 14 - Equity interests in subsidiaries

EUR 1.000	Parent company	
	2023	2022
<u>Cost price January 1</u>	39,982	45,425
Currency exchanges	30	63
Disposal	0	-5,506
<b>Cost price December 31</b>	<b>40,012</b>	<b>39,982</b>
Value adjustments January 1	23,842	25,690
The year's result in subsidiary companies	-2,648	-1,848
The year's other comprehensive income in subsidiary companies	0	0
<b>Value adjustments December 31</b>	<b>21,194</b>	<b>23,842</b>
<b>Equity interests in subsidiaries December 31</b>	<b>61,206</b>	<b>63,824</b>

Equity interests in subsidiaries include 100% of GHSP Erste Holding GmbH. This company's net asset value was EUR 60.6 million as of December 31, 2023 (2022: EUR 64.0 million).

It is assessed that the net asset value corresponds to the recoverable amount, as significant assets and liabilities are measured at fair value through other comprehensive income.

## Note 15 – Deferred tax asset

EUR 1.000

	Group		Parent company	
	2023	2022	2023	2022
<b>Deferred tax asset as of January 1</b>	278	208	278	208
Used in joint taxation	-278	-208	-278	-208
Currency exchange rate adjustment	0	0	0	0
Adjustment of deferred tax relating to previous years	0	0	0	0
Deferred tax for the year	223	278	223	278
<b>Deferred tax asset as of December 31</b>	<b>223</b>	<b>278</b>	<b>223</b>	<b>278</b>
The deferred tax asset is distributed as follows:				
Carried forward tax loss	223	278	223	278
<b>Deferred tax asset</b>	<b>223</b>	<b>278</b>	<b>223</b>	<b>278</b>

The specification of tax is detailed in note 9, note 15, and note 21.

The deferred tax is recognized as a long-term asset. The asset is expected to be realized through offsetting in the joint taxation contribution.

EUR 1.000

There are no unrecognized deferred tax assets.

	Group	
	2023	2022
Receivables from tenant	256	498
Provision for losses	-92	-277
<b>Total receivables from tenant</b>	<b>164</b>	<b>221</b>

## Note 16 – Receivables from tenants

The provision for losses in 2023 is 92 T.EUR.

As of December 31, 2023, EUR 256 thousand were overdue, compared to EUR 498 thousand as of December 31, 2022.

Write-downs are made based on an individual assessment of receivables from leases to the extent the group expects to be unable to recover the arrears. There is no significant concentration of credit risk with individual

tenants. It is assessed that the provisions made are sufficient to ensure that receivables from leasing will be settled.

The table below shows bank guarantees received by the Group from the tenants.

EUR 1.000	2023	2022
Guarantees at the beginning of the year	845	847
Disposal	-115	-109
Addition	105	107
<b>Total receivables from leasing</b>	<b>835</b>	<b>845</b>

### Note 17 – Accounts receivable/payable with subsidiaries

EUR 1.000	Parent company	
	2023	2022
Payables to group entities	-7,438	-7,008
Receivables from group entities	1,630	0
<b>Total accounts receivable/payable with subsidiaries</b>	<b>-5,808</b>	<b>-7,008</b>

### Note 18 – Cash

Of the Group's cash position EUR 0.0 thousand (2022: EUR 0.0 thousand) are pledged as security for rental deposits. Other cash and cash equivalents, EUR 2.6 million (2022: EUR 7.8 million), are freely available.

Cash and cash equivalents are held in Jyske Bank, a systemically important financial institution (SIFI); hence, the credit risk is assessed as limited.

## Note 19 – Share capital

Development in share capital:

A shares and B shares represent the company's original share classes.

From 2018, the share classes have been merged such that there is only

one share class, according to the table below.

<b>DKK 1.000</b>	<b>Shares</b>	<b>A-shares</b>	<b>B-shares</b>
Contribution at establishment in 2007	0	100	900
Cash capital increase through stock market issuance in 2007	0	3,550	31,951
Cancellation of shares	0	0	-6,047
Partial merger of A shares and B shares in 2017	0	-2,750	2,750
Remaining merger of A shares and B shares and consolidation into one share class	30,454	-900	-29,554
Total share capital, DKK	30,454	0	0
<b>EUR 1.000</b>	<b>Shares</b>	<b>A-shares</b>	<b>B-shares</b>
Contribution at establishment in 2007	0	13	120
Cash capital increase through stock market issuance in 2007	0	476	4,284
Cancellation of shares	0	0	-811
Partial merger of A shares and B shares in 2017	0	-369	369
Remaining merger of A shares and B shares and consolidation into one share class	4,082	-120	-3,962
Total share capital, EUR	4,082	0	0

The share capital consists of 3,045,383 shares with a nominal value of DKK 10 each, each granting one vote. The shares are listed on Nasdaq Copenhagen. All shares are subscribed at EUR 13.4 (DKK 100) and the share premium at establishment and capital increase thus totals EUR 44.0 (DKK 328.5 million). The share capital is fully paid.

Shares in circulation:

	Shares	A-shares	B-shares
Contribution at establishment in 2007	100,000	10,000	90,000
Cash capital increase through stock market issuance in 2007	3,550,083	355,008	3,195,075
Cancellation of shares 2015	-504,700	0	-504,700
Cancellation of shares 2023	-100,000	0	-100,000
Remaining merger of A shares and B shares and consolidation into one share class	0	-275,000	275,000
Abolition of A shares and B shares	0	-90,008	-2,955,375
Total shares	3,045,383	0	0

Own shares:

The company is authorized by the general meeting to acquire its own shares up to a maximum of 20% of the company's share capital at any given time until April 29, 2027. Own shares are acquired for the purpose of placing the company's surplus liquidity.

DKK 1,000	Number of shares		Nominal value		% of share capital	
	2023	2022	2023	2022	2023	2022
Holding as of January 1	100	100	100	100	100	100
Additional	0	0	0	0	0	0
Disposal	-100	0	-100	0	-100	0
Holding as of December 31	0	100	0	100	0	100

## Note 20 – Financial liabilities

The group has only variable-rate loan.

EUR 1.000	Group		Parent company	
	2023	2022	2023	2022
Long-term bank loans*	33.237	36.565	0	0
<b>Total long-term liabilities</b>	<b>33.237</b>	<b>36.565</b>	<b>0</b>	<b>0</b>
Short-term bank loans*	4.420	1.380	0	0
<b>Total short-term liabilities</b>	<b>4.420</b>	<b>1.380</b>	<b>0</b>	<b>0</b>
<b>Book value of total financial liabilities</b>	<b>37.657</b>	<b>37.945</b>	<b>0</b>	<b>0</b>
<b>Nominal value of financial liabilities</b>	<b>37.657</b>	<b>37.945</b>	<b>0</b>	<b>0</b>
<b>Fair value of financial liabilities</b>	<b>37.657</b>	<b>37.945</b>	<b>0</b>	<b>0</b>

\*) Long-term loans are shown without loan costs (EUR 90 thousand as of December 31, 2023) which are amortized over the term of the loan. EUR 33.327 million - EUR 90 thousand corresponds to long-term and short-term financial liabilities in the balance sheet as of December 31, 2023.

EUR 1.000	Group		Parent company	
	2023	2022	2023	2022
The financial liabilities relate to loans from credit institutions according to note 20 and are secured by mortgages on investment properties with a book value of EUR 96.4 million, see note 12.				
Maturity between 0 and 1 year	5,770	2,711	0	0
Maturity between 1 and 2 years	2,730	2,678	0	0
Maturity between 2 and 5 years	8,190	7,838	0	0
Maturity after more than 5 years	49,583	47,452	0	0
<b>Total long-term financial liabilities</b>	<b>66,273</b>	<b>60,679</b>	<b>0</b>	<b>0</b>

Maturity dates for long-term financial liabilities include expected interest payments. Interest payments are based on the interest rate level as of the beginning of 2023.

All financial liabilities are denominated in EUR or DKK.

The liquidity risk associated with the future maturity of financial liabilities is hedged by the future returns of investment properties. See also the accumulated minimum lease payments during the non-cancellable period in note 12.

Loans are recognized at amortized cost.

The group has no unused loan facilities as of December 31, 2023.

EUR 1,000	Group		Parent company	
	2023	2022	2023	2022
<b>Note 21 – Deferred tax liability</b>				
Deferred tax as of January 1	6,219	6,792	0	0
Used in group taxation	223	0	0	0
Other adjustments	-9	-305	0	0
Deferred tax for the year	-755	-268	0	0
<b>Deferred tax liability as of December 31</b>	<b>5,678</b>	<b>6,219</b>	<b>0</b>	<b>0</b>
The deferred tax liability is distributed as follows:				
Investment properties	5,678	6,219	0	0
<b>Total deferred tax liability</b>	<b>5,678</b>	<b>6,219</b>	<b>0</b>	<b>0</b>

The deferred tax is recognized as a long-term liability. The ownership period is expected to exceed 10 years, and regular disposals of properties and property companies are not part of the group's strategy.

EUR 1,000	Group		Parent company	
	2023	2022	2023	2022
<b>Note 22 – Financial instruments</b>				
Receivables from tenant	164	221	0	0
Other receivables	2,712	2,669	2,205	1,482
Cash holdings	2,648	7,787	34	2,556
<b>Total financial assets at amortized cost</b>	<b>5,524</b>	<b>10,677</b>	<b>2,239</b>	<b>4,038</b>

Maturity between 1 and 2 years	1,380	1,380	0	0
Maturity between 2 and 5 years	5,520	5,520	0	0
Maturity after more than 5 years	26,337	29,665	0	0
<b>Total long-term financial liabilities at amortized cost</b>	<b>33,237</b>	<b>36,565</b>	<b>0</b>	<b>0</b>
Short-term financial liabilities	4,420	1,380	88	40
Other short-term liabilities	1,077	1,575	167	16
Debt to associated companies	0	0	7,438	7,008
<b>Total short-term debt at amortized cost</b>	<b>5,497</b>	<b>2,955</b>	<b>7,693</b>	<b>7,064</b>

Generally, receivables from leasing and other receivables do not accrue interest. These items are due within one year. No unique risks are associated with these receivables; see note 16.

Receivables from associated companies and cash holdings are interest-bearing at market level and due within one year. No special risks are associated with these assets.

The company has financed itself with the following loans:

**Loan tranche 1** is a 10-year loan initially amounting to EUR 46,0 million with a variable interest rate, with a current interest rate as of December 31, 2023, including the interest margin, of approximately 5.4% p.a. (as of December 31, 2022, the interest rate including the interest margin was approximately 3.5% p.a.)

The nominal remaining debt on the loan is EUR 34,6 million as of December 31, 2023 (as of December 31, 2022, it was EUR 37,9 million).

A change of 1.0 percentage point in the general interest rate level would result in a change in the group's annual interest expense before tax of 346 T.EUR.

The company repays EUR 1.4 million annually on the loan.

**Loan tranche 2** is a 20-year annuity loan initially amounting to DKK 23.0 million (EUR 3.1 million) with a variable interest rate. The current interest rate is approximately 6.4% p.a. as of December 31, 2023, including an interest margin.

The nominal remaining debt on the loan as of December 31, 2023, is DKK 22.6 million (EUR 3.0 million).

A change of 1.0 percentage point in the general interest rate level would result in a change in the group's annual interest expense before tax of TDKK 226.0 (T.EUR 30.3).

The company repays the loan annually with DKK 1.1 million (T.EUR 155.0). The loan was fully redeemed in January 2024 in connection with the sale of the property Hesselvang 11, Grenaa.

2023

	+1.0	Base	-1.0	
Change in rate of interest (in %)				
Yearly financial expenses EUR 000	1,925	1,549	1,173	
Change in Yearly financial expenses EUR 000	376	0	-376	

2022

	+1.0	Base	-1.0	
Change in rate of interest (in %)				
Yearly financial expenses EUR 000	1,008	624	574	
Change in Yearly financial expenses EUR 000	384	0	-50	

The calculation of the change in fair value is based on a change in the short-term interest rate.

EUR 1.000	Group		Parent company	
	2023	2022	2023	2022
Opening balance	37.945	43.531	0	1.168
Repayments	0	-1.380	0	0
Loan redemptions	0	-4.236	0	-1.168
New loans	3.040	0	0	0
Amortization of loan costs	0	30	0	0
<b>Total</b>	<b>37.657</b>	<b>37.945</b>	<b>0</b>	<b>0</b>
Short-term loan in the balance	4.420	1.380	0	0
Long-term loan in the balance	33.237	36.565	0	0
<b>Total</b>	<b>37.657</b>	<b>37.945</b>	<b>0</b>	<b>0</b>

## Note 24 – Currency exposure

The parent company's shares are denominated in DKK, while the group's investments, revenues, and expenses are incurred in DKK, SEK, or EUR. Thus, all assets and liabilities are denominated in EUR. Therefore, the group's equity, and thereby the parent company's ability to distribute dividends, is exposed to changes in the exchange rate.

Furthermore, the management assesses the currency risk associated with investments in EUR as minimal compared to DKK.

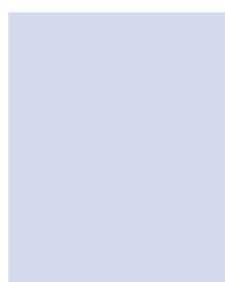
## Note 25 - Cash management and other risks

The group's objective is to ensure the possibility of continued operations to optimize shareholders' returns and improve the capital structure to minimize financial costs.

The company's ability to accumulate sufficient liquidity depends on the group's operating results and the possibility of obtaining external financing. The group's ability to pay dividends is limited according to the rules of the Companies Act, as the company can legally pay dividends only if it has sufficient free liquidity according to the company's annual report and if the company, in the board's opinion, has a prudent level of capital reserves relative to the group's operations and obligations after the distribution.

In addition to liquidity management, the group assesses its capital reserves based on solvency, which is crucial for its ability to obtain external financing. In line with its strategy, the company has a solid capital structure with relatively low leverage, with a solvency ratio of 56,5% (2022: 57.2%).

EUR 1.000	2023	2022
Other risks such as credit risk, market risk, currency risk, interest rate risk and refinancing and liquidity risks are described on page 22 – 26.		
Total Equity	57,709	61,210
Total Assets	102,121	106,955
Solvency is calculated as follows.		
Solvency (in %)	56.5%	57.2%



## Note 26 - Contractual obligations

The group has entered into a non-terminable management agreement with Administrationselskabet Gambit ApS until December 31, 2028. Besides, the group has only entered into contractual obligations customary for a real estate company.

## Note 27 - Pledges and security arrangements

The group's investment properties in Germany, with an accounting value of EUR 91.0 million (2022: EUR 96.0 million), are pledged as security for EUR 34.6 million in bank loans.

There are no other security arrangements.

## Note 28 – Contingent liabilities

The parent company is jointly and severally liable for the tax on the taxable income of the group taxation members. It is also jointly and severally liable for Danish withholding taxes, such as dividend tax, interest tax, etc. Any subsequent corrections to corporate taxes and withholding taxes may result in the company's liability being larger.

The company must pay the company administrator 12 months of administration after the property is disposed of. This obligation ceases when the management agreement expires in 2028.

It is disputed whether tenants, referring to provisions in German legislation, can demand a temporary rent reduction. Still, it cannot be ruled out that retail tenants unable to carry out their commercial activities may claim a rent reduction for as long as there has been a lockdown and perhaps even from the beginning of the COVID-19 crisis. The company has set aside an amount to cover losses. As the company does not know the final amount that may need to be compensated, liability could be more significant than the amount set aside.

## Note 29 - Related parties

Alexander and Kristoffer Thygesen control the group through Drot ApS and Marsk ApS, which together are the controlling shareholders in Kartago Property ApS and Kartago ApS, owning 39.87% and 11.99% of the share capital and votes, respectively.

The accounts for German High Street Properties are included in the consolidated accounts of Kartago Property ApS.

The group's related parties also include the parent company's board of directors, executive management, and their close family members. Related parties also include companies in which the individuals mentioned above have control or joint control.

In addition to the shareholdings mentioned above controlled by Alexander and Kristoffer Thygesen, the board of directors, executive management, and companies where this group of persons has a controlling influence hold 1,675 shares.

Transactions with companies controlled by the Thygesen family have only included administration fees, remuneration of the director in accordance with the management agreement, and a minor prepayment for administration fees, which is usually invoiced at the end of the quarter for the upcoming quarter.

EUR 1.000	<b>Group</b>		<b>Parent company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Administration agreement	601	669	601	669

Remuneration of the board amounted to a total of T.EUR 163 for the year (2022: T.EUR 171).

The executive management's remuneration is EUR 0.12 million and is settled by German High Street Properties A/S. The executive management is closely related to the Kartago group.

### **Note 30 – Fair value hierarchy for investment properties and financial instruments**

The table below shows classifications of investment properties and financial instruments measured at fair value\*, divided according to the fair value hierarchy:

- Level 1: Quoted prices in active markets for identical assets/liabilities.
- Level 2: Based on inputs other than listed prices that are observable for the asset or liability, either direct (as prices) or indirect (derived from prices).
- Level 3: Based on data that is not observable in the market.

When calculating the fair value of the Group's liabilities in accordance with level 3 of the fair value hierarchy, a correction is made for the Group's own credit rating, taking into account the legal status of the liabilities, and the security in the assets measured at fair value. Consequently, no direct assumptions of discount factors, etc. are included when measuring liabilities to credit institutions in accordance with level 3 of the fair value hierarchy for bank loans.

There have been no significant transfers between levels during the fiscal year.

\*Bank loan are measured at amortized cost

<b>Group - 2023</b>				
EUR 1000	Level 1	Level 2	Level 3	Balance sheet total
<b>Long-term assets</b>				
Investment properties			91,000	91,000
<b>Long-term liabilities</b>				
Bank loans*)			33,237	33,237
<b>Short-term liabilities</b>				
Bank loans*)			4,420	4,420
<b>Group - 2022</b>				
EUR 1000	Level 1	Level 2	Level 3	Balance sheet total
<b>Long-term assets</b>				
Investment properties			96,000	96,000
<b>Long-term liabilities</b>				
Bank loans*)			36,565	36,565
<b>Short-term liabilities</b>				
Bank loans*)			1,380	1,380

## Note 31 - Subsequent events

According to stock exchange announcement no. 250 of December 29, 2023, the property Hesselvang 11, 8500 Grenaa was sold in January 2024.

According to stock exchange announcement no. 251 of February 1, 2024, the Company's Board of Directors has decided to attempt to offer the property Schillerstrasse 4, Frankfurt am Main, as a project sale through Kartago Capital A/S. The project tender will take place for a limited period until 30 September 2024 and at a sales price of EUR 19.0 million.

As of December 31, 2023, the DSCR (Debt Service Coverage Ratio) has been calculated to be 1.03. The borrower has therefore in March 2024 secured a deposit of EUR 1.5m until January 2025 with the lender to waive this DSCR clause, as described on page 25 "Refinancing and Liquidity risks".



Property in Leverkusen