

German High Street Properties A/S

1<sup>st</sup> quarter 2024

Interim report

CVR-nr.: 30691644



## 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

Jutta Steinert

Claude Olof Nikolaj Zethraeus

### Auditor

PricewaterhouseCoopers

State Authorized Public Accountant Partnership Company

Strandvejen 44

DK-2900 Hellerup

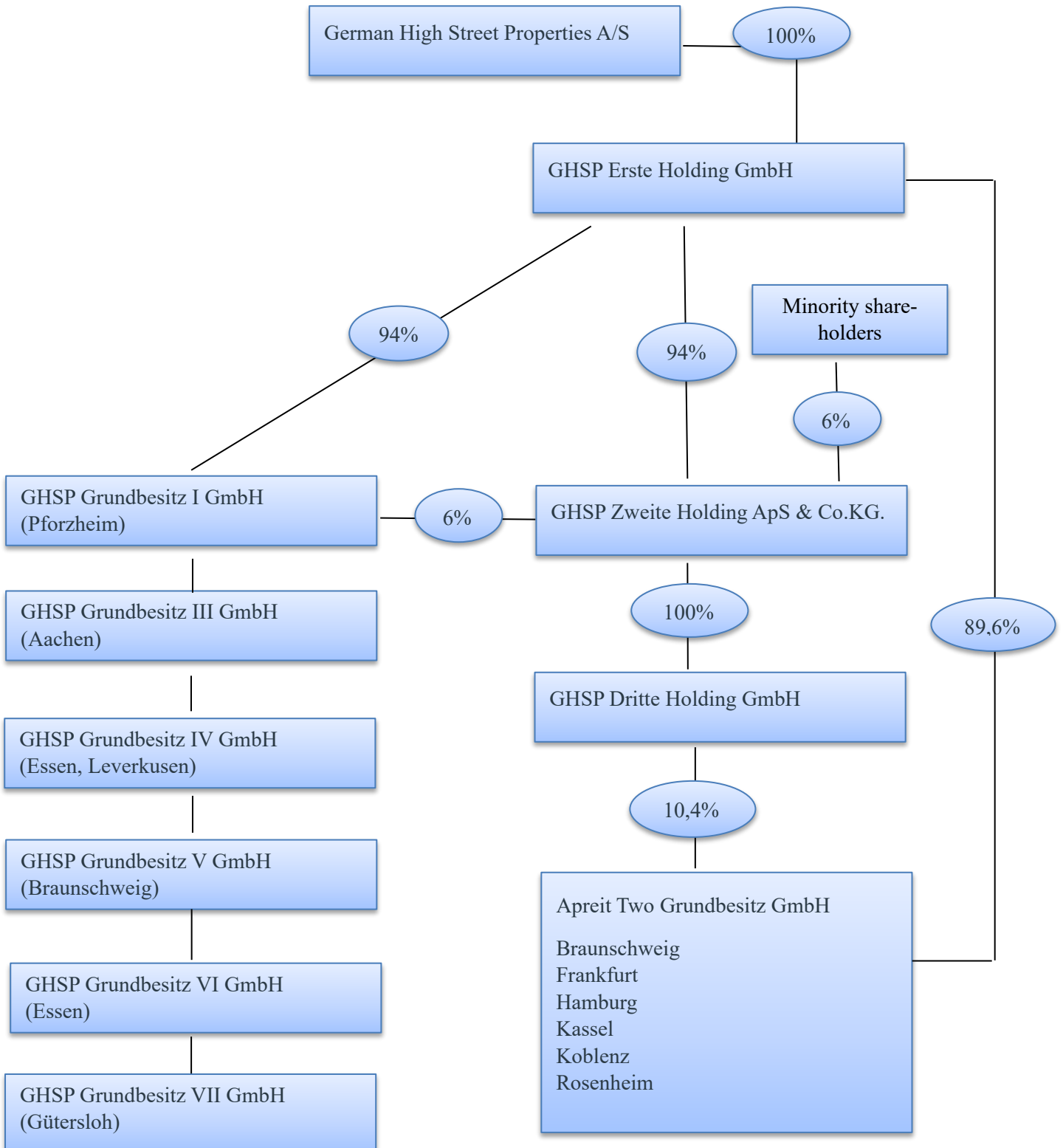
Denmark

## Table of Contents

Company information .....	2
Group Structure.....	4
Company presentation.....	5
Management Report.....	5
Strategy .....	6
Key figures (Group).....	8
Management's Statement .....	28
Income Statement.....	30
Other comprehensive income.....	31
Balance Sheet.....	32
Statement of Equity (Group).....	33
Statement of Cash Flow .....	34
Notes .....	36

## Group Structure

As of March 31, 2024, 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. 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 handles the property management in Germany in collaboration with the group's 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 Germany's economy has been limping. Now it's doing a bit better, but economists still expect a "weak" 2024.

There's marginally better movement in the German economy, which has been struggling with growth for some time.

The German economy did grow a bit in the first quarter of the year. This is shown by preliminary figures from the German statistical office Destatis. GDP increased by 0.2 percent from January to March 2024 compared to the previous quarter. The three months before had seen a decline of 0.5 percent. At the employers' association in the Danish Industry, despite the subdued growth, there is excitement that Europe's largest and the world's third-largest economy is picking up the pace a bit.

- Industrial production has increased in recent months, and business confidence is improving.
- Interest rates are soon on their way down, and this will also be a helping hand to growth in Germany.

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 was modest, the general view is that the resilience of the German economy will increase, especially in 2024.

As of March 31, 2024, the group has 13 German properties.

For the period from January 1st to March 31st, 2024, the result before value adjustments and taxes amounted to a profit of T.EUR 23.0 in total, and after value adjustments and taxes, a loss of T.EUR 312.0 in total for the period. The result is as expected.

In view of a stabilized interest rate level, a positive result before value adjustments and taxes is expected to be at the lower end of the announced range of EUR 0.0 – 0.3 million in 2024.

### **Development of Rental Income**

The rental income from January 1 to March 31, 2024, is at the expected level and virtually at the same nominal level as in the same period in 2023. However, in real terms, rental income has decreased due to inflation. The geopolitical situation may continue to negatively impact the business foundation.

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 has assessed the value of the German portfolio. The German rental property market in 2024 has been characterized by slightly higher investor return requirements. Based on this, the board of directors and management have assessed that the value of the German portfolio is EUR 91.0 million which is unchanged compared to the board of directors' and management's assessment as of December 31, 2023.

According to the management's assessment, the above valuation corresponds to the fair value as of March 31, 2024.

### **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 March 31, 2024, was DKK 108 (EUR 14.49) and on December 31, 2023, DKK 103 (EUR 13.82)

### **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.

## **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)

EUR 1.000	Q1 2024	Q1 2023	Group Jan-Mar 2024	Jan-Mar 2023	FY 2023
<b>Revenue</b>	<b>1,258</b>	<b>1,196</b>	<b>1,258</b>	<b>1,196</b>	<b>4,535</b>
Result before fair value adjustments and interests	379	389	379	389	1,599
Fair value adjustment of investment properties	0	0	0	0	-5,111
Financial expenses, net	-456	-288	-456	-288	-1,332
<b>Result of continuing activities before tax</b>	<b>23</b>	<b>101</b>	<b>23</b>	<b>101</b>	<b>-4,844</b>
Result of continuing activities after tax	36	105	36	105	-3,993
Result of discontinued activities after tax	-348	0	-348	0	492
<b>Result for the period</b>	<b>-312</b>	<b>105</b>	<b>-312</b>	<b>105</b>	<b>-3,501</b>

EUR 1.000	Q1 2024	Q1 2023	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Investment properties	91,000	96,000	91,000	96,000	91,000
<b>The Balance sheet total</b>	<b>98,284</b>	<b>105,607</b>	<b>98,284</b>	<b>105,607</b>	<b>102,121</b>
<b>Total equity</b>	<b>57,397</b>	<b>61,315</b>	<b>57,397</b>	<b>61,315</b>	<b>57,709</b>
Total non-current liabilities	38,635	41,468	38,635	41,468	38,915
Solidity (in %)	58.4%	58.1%	58.4%	58.1%	56.5%

The Interim report covers the period January 1 - March 31, 2024





Grosskölnstrsse 20-28, Aachen

## INCOME STATEMENT

### Revenue

The revenue for the period from January 1 to March 31, 2024, was EUR 1.3 million compared to EUR 1.2 million in the same period from January 1 to March 31, 2023.

### Result Before Value Adjustments

The gross profit from January 1 to March 31, 2024, amounted to EUR 0.8 million after operating costs of EUR 0.5 million, compared to a similar gross profit of EUR 0.8 million after operating costs of EUR 0.4 million from January 1 to March 31, 2023.

The result from January 1 to March 31, 2024, before value adjustments and financial items, was T.EUR 23.0, compared to T.EUR 101.0 in the same period from January 1 to March 31, 2023

### Result Before Financial Items

The result from January 1 to March 31, 2024, before financial items, was a profit of T.EUR 479.0. In the same period in 2023, the result before financial items was also a profit of T.EUR 389.0.

### Result of Continuing Operations Before Tax

The result from January 1 to March 31, 2024, before tax, amounted to a profit of T. EUR 23.0 after financial expenses of net T.EUR 456.0.

In the same period in 2023, the profit was EUR 101.0 after financial expenses of net T.EUR 288.0.

### Result of Continuing Operations After Tax

The result after tax from January 1 to March 31, 2024, is a profit of T.EUR 36.0 compared to a profit of EUR 101.0 in 2023 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 March 31, 2024, compared to EUR 91.0 million as of December 31, 2023, according to stock exchange announcements no. 244 of November 1, 2023, and no. 252 of February 19, 2024.

As of March 31, 2024, total assets amounted to EUR 98.3 million, compared to EUR 105.6 million in the same period from January 1 to March 31, 2023.

### Equity and Liabilities

As of March 31, 2024, equity was EUR 57.4 million, corresponding to a solvency ratio of 58.4%. As of December 31, 2023, equity was EUR 57.7 million, corresponding to a solvency ratio of 56.5%. Equity decreased in the period from January 1 to March 31, 2024, due to the loss for period of T.EUR -312.0.

Financial debt obligations as of March 31, 2024, were EUR 34.3 million (EUR 37.6 million December 31, 2023). Of this, EUR 1.0 million matures during the period from April 1st to December 31st, 2024.

Besides the agreed quarterly instalment of the loans of T.EUR 326.5 the financial debt obligations were reduced by EUR 3.0 million from January 1 to March 31, 2024, due to the disposal of the property Hesselvang 11, Grenaa.

## CASH FLOWS

The year's cash flows from operating activities after interest and taxes paid, from January 1 to March 31, 2024, amounted to T.EUR 390.0, compared to T.EUR 332.0 in the same period in 2023.

Cash flows from investing activities from January 1 to March 31, 2024, were EUR 4.6 million, relating to the disposal of the property Hesselvang 11, Grenaa.

Cash flows from financing activities net for the period from January 1 to March 31, 2024, were EUR -3.3 million, related to repayments of the group's financial debt obligations of EUR 3.3 million.

## 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.

### Expectations for 2024

The management expects a stable economic 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.

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. The company has been successful in a 1st instance ruling. Appelrath Cüpper GmbH has appealed the decision.

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 March 31, 2024.

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 March 31, 2024, 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, 2024, 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 receives EUR 120,000 in 2024.

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.

## **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 2024, 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 2024. March 31, 2024, 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 March 2024, 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.

German High Street Properties A/S had fewer than 50 employees from January 1 to March 31, 2024, 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 3 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 loan:

**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 March 31, 2024, including the interest margin, of approximately 5.4% p.a. (as of December 31, 2023, 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 March 31, 2024 (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 1.3 million annually on the loan.

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 3 members and an executive management with one member who handles the daily operations. The board was elected at the annual general meeting on April 30, 2024.

### **Administrator**

The company's administrator is Administrationssselskabet Gambit ApS (Administrationssselskabet 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 Administrationssselskabet 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.

## 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 58.4% as of March 31, 2024, with liquid holdings of EUR 4.2 million.

## Interim Financial Statements

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

## 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:

	Municipality	Sharecapital
<b>Kartago Property ApS</b>	Gentofte	39.87%
<b>Olav W. Hansen A/S</b>	Horsens	16.05%
<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

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, Grenaa
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
April 8, 2024	Results 2023
April 8, 2024	Notice of Ordinary General Meeting
April 30, 2024	Proceedings of the ordinary general meeting



The property Braunschweig Münzstrasse

## Management's Statement

The Board of Directors and management have today considered and adopted the interim report for the financial year January 1 - March 31, 2024, for German High Street Properties A/S.

The interim report, which has not been audited or reviewed by the group's auditor, 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 give a true and fair view of the Group's financial position as of March 31, 2024, and of the results of the Group's operations and cash flows for 1<sup>st</sup> quarter 2024.

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

Charlottenlund, May 31, 2024

### Executive Management

Michael Hansen

### Board of Directors

Hans Thygesen

Chairman

Jutta Steinert

Claude Olof Nikolaj Zethraeus



Property Koblenz

## Income Statement

EUR 1.000	Note	Group				FY 2023
		Q1 2024	Q1 2023	Jan-Mar 2024	Jan-Mar 2023	
Revenue		1,258	1,196	1,258	1,196	4,535
Property operation expenses		-457	-402	-457	-402	-1,564
<b>Operating income</b>		<b>801</b>	<b>794</b>	<b>801</b>	<b>794</b>	<b>2,971</b>
Staff expenses	4	-117	-140	-117	-140	-528
Administrative expenses		-205	-265	-205	-265	-844
<b>Result before fair value adjustments and interests</b>		<b>479</b>	<b>389</b>	<b>479</b>	<b>389</b>	<b>1,599</b>
Fair value adjustment of investment properties	6	0	0	0	0	-5,111
<b>Result before interests and tax</b>		<b>479</b>	<b>389</b>	<b>479</b>	<b>389</b>	<b>-3,512</b>
Financial income		25	18	25	18	138
Financial expenses		-481	-306	-481	-306	-1,470
<b>Result of continuing activities before tax</b>		<b>23</b>	<b>101</b>	<b>23</b>	<b>101</b>	<b>-4,844</b>
Tax of continuing activities		13	4	13	4	851
<b>Result of continuing activities after tax</b>		<b>36</b>	<b>105</b>	<b>36</b>	<b>105</b>	<b>-3,993</b>
Result of discontinued activities after tax	5	-348	0	-348	0	492
<b>Result for the period</b>		<b>-312</b>	<b>105</b>	<b>-312</b>	<b>105</b>	<b>-3,501</b>
The Parent Company's shareholders		-313	103	-313	101	-3,471
Non-controlling interests		1	2	1	4	-30
<b>Result for the period</b>		<b>-312</b>	<b>105</b>	<b>-312</b>	<b>105</b>	<b>-3,501</b>
Earnings per share (EUR), continuing activity	7	0.01	0.03	0.01	0.03	-1.31
Earnings per share (EUR), discontinuing activity	7	-0.11	0.00	-0.11	0.00	0.16

## Other comprehensive income

	Q1 2024	Q1 2023	Group Jan-Mar 2024	Jan-Mar 2023	FY 2023
<b>EUR 1.000</b>					
<b>Result for the period</b>	<b>-312</b>	<b>105</b>	<b>-312</b>	<b>105</b>	<b>-3,501</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	0
Tax on other comprehensive income, income/expense	0	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>0</b>
<b>Total comprehensive income for the year</b>	<b>-312</b>	<b>105</b>	<b>-312</b>	<b>105</b>	<b>-3,501</b>
The Parent Company's shareholders	-313	103	-313	101	-3,471
Non-controlling interests	1	2	1	4	-30
<b>Total comprehensive income for the year</b>	<b>-312</b>	<b>105</b>	<b>-312</b>	<b>105</b>	<b>-3,501</b>

## Balance Sheet

### ASSETS

EUR 1.000	Note	Group				FY 2023
		Q1 2024	Q1 2023	Jan-Mar 2024	Jan-Mar 2023	
Investment properties	8	91,000	96,000	91,000	96,000	91,000
Other receivables		1,341	0	1,341	0	1,307
Deferred tax assets		232	0	232	0	223
<b>Total non-current assets</b>		<b>92,573</b>	<b>96,000</b>	<b>92,573</b>	<b>96,000</b>	<b>92,530</b>
Assets held for sales	9	0	0	0	0	5,374
Trade receivables	10	162	116	162	116	164
Income tax receivables		32	29	32	29	116
Other receivables		1,252	2,661	1,252	2,661	1,289
Cash	11	4,265	6,801	4,265	6,801	2,648
<b>Total current assets</b>		<b>5,711</b>	<b>9,607</b>	<b>5,711</b>	<b>9,607</b>	<b>9,591</b>
<b>Total assets</b>		<b>98,284</b>	<b>105,607</b>	<b>98,284</b>	<b>105,607</b>	<b>102,121</b>

### EQUITY AND LIABILITIES

EUR 1.000	Note	Group				FY 2023
		Q1 2024	Q1 2023	Jan-Mar 2024	Jan-Mar 2023	
Share capital	12	4,082	4,216	4,082	4,216	4,082
Foreign currency translation reserve		13	13	13	13	13
Share premium		42,317	42,317	42,317	42,317	42,317
Retained earnings		10,880	14,633	10,880	14,633	11,193
Equity attributable to shareholders of the Parent Company		57,292	61,179	57,292	61,179	57,605
Non-controlling interests		105	136	105	136	104
<b>Total equity</b>		<b>57,397</b>	<b>61,315</b>	<b>57,397</b>	<b>61,315</b>	<b>57,709</b>
Borrowings	13	32,995	35,247	32,995	35,247	33,237
Deferred tax liabilities		5,640	6,215	5,640	6,215	5,678
Other payables		0	6	0	6	0
<b>Total non-current liabilities</b>		<b>38,635</b>	<b>41,468</b>	<b>38,635</b>	<b>41,468</b>	<b>38,915</b>
Borrowings	13	1,306	1,380	1,306	1,380	4,420
Trade payables		405	315	405	315	432
Other payables		541	1,129	541	1,129	645
<b>Total current liabilities</b>		<b>2,252</b>	<b>2,824</b>	<b>2,252</b>	<b>2,824</b>	<b>5,497</b>
<b>Total equity and liabilities</b>		<b>98,284</b>	<b>105,607</b>	<b>98,284</b>	<b>105,607</b>	<b>102,121</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 January 1, 2024	4,082	13	42,317	11,193	57,605	104	57,709
Result for the period	0	0	0	-313	-313	1	-312
Other comprehensive income, net of tax	0	0	0	0	0	0	0
<b>Total equity March 31, 2024</b>	<b>4,082</b>	<b>13</b>	<b>42,317</b>	<b>10,880</b>	<b>57,292</b>	<b>105</b>	<b>57,397</b>
Total equity January 1, 2023	4,216	13	42,317	14,530	61,076	134	61,210
Result for the period	0	0	0	103	103	2	105
Other comprehensive income, net of tax	0	0	0	0	0	0	0
<b>Total equity March 31, 2023</b>	<b>4,216</b>	<b>13</b>	<b>42,317</b>	<b>14,633</b>	<b>61,179</b>	<b>136</b>	<b>61,315</b>
Total equity January 1, 2023	4,216	13	42,317	14,530	61,076	134	61,210
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 December 31, 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 Cash Flow

EUR 1.000	Note	Q1 2024	Q1 2023	Jan-Mar 2024	Jan-Mar 2023	FY 2023
<b>Profit/loss for the period</b>		<b>-312</b>	<b>105</b>	<b>-312</b>	<b>105</b>	<b>-3,501</b>
Fair value adjustment of investment properties		0	0	0	0	5,111
Result of discontinued activities before tax		348	0	348	0	-629
Financial income		-25	0	-25	0	-138
Financial expenses		481	288	481	288	1,470
Tax for the year		53	-4	53	-4	-75
<b>Net cash flow from operating activities before change in net working capital</b>		<b>545</b>	<b>389</b>	<b>545</b>	<b>389</b>	<b>2,238</b>
Change in receivables		6	-62	6	-62	69
Change in trade and other payables		176	146	176	146	-1,045
<b>Net cash flow from operating activities before interest and taxes paid</b>		<b>727</b>	<b>473</b>	<b>727</b>	<b>473</b>	<b>1,262</b>
Finance expenses – net		-456	-288	-456	-288	-1,332
Income tax paid/received		119	147	119	147	75
<b>Net cash flow from operating activities after interest and taxes paid</b>		<b>390</b>	<b>332</b>	<b>390</b>	<b>332</b>	<b>5</b>
Sale of investment property		4,583	0	4,583	0	0
Purchase of investment property		0	0	0	0	-4,745
Additions during the year		0	0	0	0	-111
<b>Net cash flows from investing activities</b>		<b>4,583</b>	<b>0</b>	<b>4,583</b>	<b>0</b>	<b>-4,856</b>
Proceeds from borrowings		0	0	0	0	3,040
Repayment of borrowings		-3,356	-1,318	-3,356	-1,318	-3,328
<b>Cash flow from financing activities</b>		<b>-3,356</b>	<b>-1,318</b>	<b>-3,356</b>	<b>-1,318</b>	<b>-288</b>
<b>Net cash flow for the year</b>		<b>1,617</b>	<b>-986</b>	<b>1,617</b>	<b>-986</b>	<b>-5,139</b>
Cash and cash equivalents January 1		2,648	7,787	2,648	7,787	7,787
Effects of exchange rate changes on cash and cash equivalents		0	0	0	0	0
<b>Cash and cash equivalents December 31</b>		<b>4,265</b>	<b>6,801</b>	<b>4,265</b>	<b>6,801</b>	<b>2,648</b>



The property at Schillerstrasse, Frankfurt

## Notes

Note 1 – Material accounting policy information .....	37
Note 2 - Significant Accounting Estimates and Judgments .....	42
Note 3 – Segment Information.....	43
Note 4 – Staff expenses.....	46
Note 5 - Result of discontinued activities after tax .....	46
Note 6 - Value adjustment of investment properties .....	47
Note 7 - Earnings per share (EUR) .....	47
Note 8 – Investment properties .....	48
Note 9 – Assets held for sales .....	49
Note 10 – Receivables from tenants .....	49
Note 11 – Cash.....	50
Note 12 – Share capital .....	50
Note 13 - Financial instruments .....	51
Note 14 – Currency exposure.....	52
Note 15 - Cash management and other risks.....	52
Note 16 - Contractual obligations .....	53
Note 17 - Pledges and security arrangements .....	53
Note 18 – Contingent liabilities .....	53
Note 19 - Related parties.....	53

## Note 1 – Material accounting policy information

### General

The consolidated financial statements 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 interim report for the first quarter of 2024 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.

No new changes have been implemented in the first quarter of 2024.

### 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.

### **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 5.

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".

### **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.

## **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**

The management assesses that the selected accounting policy, where investment properties are measured at fair value, provides the best expression of the group's assets and liabilities, financial position, and the results of the group's activities.

The chosen accounting policy can have significant implications for the income statement and balance sheet, as fluctuations in fair value during the financial year will affect the measurement of investment properties in the balance sheet and will be reflected in the income statement.

Alternatively, investment properties could be measured at cost less depreciation, with consequent impacts on the balance sheet and income statement from write-ups and write-downs.

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

Management's estimate of the value of the investment properties is set based on market-consistent standards and relies on an individual assessment of the expected ongoing returns, maintenance condition, and yield requirements of the investment properties.

The fair value of the German investment properties as of March 31, 2024, 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.

## **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.

## **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 March 31, 2024, is divided into the following segments.

**Profit January 1 to March 31, 2024, Segment Information**

EUR 1000	German Properties	Administra- tion	Group
Revenue	1,258	0	1,258
Property operation expenses	-457	0	-457
Operating income	801	0	801
Staff expenses	-35	-82	-117
Administrative expenses	-19	-186	-205
Result before fair value adjustments and inter- ests	747	-268	479
Fair value adjustment of investment properties	0	0	0
Result before interests and tax	747	-268	479
Financial expenses, net	-481	25	-456
Result of continuing activities before tax	266	-243	23

**Profit January 1 to March 31, 2023, Segment Information**

EUR 1000	German Properties	Administra- tion	Group
Revenue	1,196	0	1,196
Property operation expenses	-402	0	-402
Operating income	794	0	794
Staff expenses	-33	-107	-140
Administrative expenses	-11	-254	-265
Result before fair value adjustments and inter- ests	750	-361	389
Fair value adjustment of investment properties	0	0	0
Result before interests and tax	750	-361	389
Financial expenses, net	-306	18	-288
Result of continuing activities before tax	444	-343	101

**Profit January 1 to December 31, 2023, Segment Information**

EUR 1000	German Properties	Administra- tion	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 inter- ests	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

**Balance sheet March 31, 2024, Segment information:**

EUR 1000	German Properties	Administra- tion	Group, total
<b>Assets</b>			
Investment properties	91,000	0	91,000
Other receivables	0	1,341	1,341
Deferred tax assets	0	232	232
<b>Total non-current assets</b>	91,000	1,573	92,573
Trade receivables	125	37	162
Income tax receivables	-84	116	32
Other receivables	1,098	154	1,252
Cash	2,172	2,093	4,265
<b>Total current assets</b>	3,311	2,400	5,711
<b>Total assets</b>	<b>94,311</b>	<b>3,973</b>	<b>98,284</b>

**Equity and liabilities**

Equity	60,983	-3,586	57,397
<b>Total equity</b>	<b>60,983</b>	<b>-3,586</b>	<b>57,397</b>
Borrowings	32,995	0	32,995
Deferred tax liabilities	5,640	0	5,640
Other payables	0	0	0
<b>Total non-current liabilities</b>	<b>38,635</b>	<b>0</b>	<b>38,635</b>
Borrowings	1,306	0	1,306
Trade payables	120	285	405
Payables to group entities	-7,274	7,274	0
Other payables	541	0	541
<b>Total current liabilities</b>	<b>-5,307</b>	<b>7,559</b>	<b>2,252</b>
<b>Total equity and liabilities</b>	<b>94,311</b>	<b>3,973</b>	<b>98,284</b>

**Note 4 – Staff expenses**

The company has three employees. In 2024, the director's remuneration is EUR 120,000 per annum and included in the salaries expense. Remuneration for the company administration agreement is detailed in note 19 “Related parties”.

**Note 5 - Result of discontinued activities after tax**

EUR 1.000	Q1 2024	Q1 2023	Group Jan-Mar 2024	Jan-Mar 2023	FY 2023
Revenue	0	0	0	0	84
Property operation expenses	0	0	0	0	-6
<b>Result before fair value adjustments and interests</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78</b>
Change in value and gains/losses from assets held for sales	-446	0	0	0	629
Financial expenses	0	0	0	0	-78
<b>Result of discontinued activities before tax</b>	<b>-446</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>629</b>
Tax of discontinuing activities	98	0	0	0	-137
<b>Result of discontinued activities after tax</b>	<b>-348</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>492</b>

Earnings per share (EUR), discontinuing activity	-0.11	0.00	0.00	0.00	0.16
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EUR 1.000	Q1 2024	Q1 2023	Jan-Mar 2024	Jan-Mar 2023	FY 2023
Net cash flow from operating activities after interest and taxes paid	0	0	0	0	172
Net cash flows from investing activities	4,583	0	0	0	-4,745
Cash flow from financing activities	-2,994	0	0	0	4,670
Net cash flow for the year	<b>1,589</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>97</b>

Discontinued activities concern the sale of the property at Hessevang 11, Grenaa, according to stock exchange announcement no. 250 dated December 29, 2023. The sale of the property takes effect from January 15, 2024.

## Note 6 - Value adjustment of investment properties

The year's value adjustment is calculated as the difference between the fair value, EUR 91.0 million as of March 31, 2024, and the value as of December 31, 2023, EUR 91.0 million, adjusted for the year's additions and disposals, as well as currency exchange adjustment.

## Note 7 - Earnings per share (EUR)

### Earnings per share (EUR), continuing activity

	Group				
	Q1 2024	Q1 2023	Jan-Mar 2024	Jan-Mar 2023	FY 2023
<b>Result of continuing activities after tax</b>	36	105	36	105	-3,993
Weighted average number of outstanding ordinary shares in thousands	3,045	3,045	3,045	3,045	3,045
<b>Earnings per share (EUR), continuing activity</b>	<b>0.01</b>	<b>0.03</b>	<b>0.01</b>	<b>0.03</b>	<b>-1.31</b>

**Earnings per share (EUR), discontinuing activity**

	<b>Group</b>				
	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>Jan-Mar 2024</b>	<b>Jan-Mar 2023</b>	<b>FY 2023</b>
<b>Result of discontinued activities after tax</b>	-348	0	-348	0	492
Weighted average number of outstanding ordinary shares in thousands	3,045	3,045	3,045	3,045	3,045
<b>Earnings per share (EUR), discontinuing activity</b>	<b>-0.11</b>	<b>0.00</b>	<b>-0.11</b>	<b>0.00</b>	<b>0.16</b>

**Earnings per share (EUR), Result for the period**

	<b>Group</b>				
	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>Jan-Mar 2024</b>	<b>Jan-Mar 2023</b>	<b>FY 2023</b>
<b>Result of discontinued activities after tax</b>	-312	105	-312	105	-3,501
Weighted average number of outstanding ordinary shares in thousands	3,045	3,045	3,045	3,045	3,045
<b>Earnings per share (EUR), Result for the period</b>	<b>-0.10</b>	<b>0.03</b>	<b>-0.10</b>	<b>0.03</b>	<b>-1.15</b>

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

**Note 8 – Investment properties**

EUR 1.000	<b>Group</b>				
	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>Jan-Mar 2024</b>	<b>Jan-Mar 2023</b>	<b>FY 2023</b>
<u>Costprice beginning of the year</u>	56,801	56,690	56,801	56,690	56,690
Additions/improvements during the year	0	0	0	0	111
Additions, Hesselvang 11, Grenaa	0	0	0	0	0
Disposal	0	0	0	0	0
<b>Costprice end of the year</b>	<b>56,801</b>	<b>56,690</b>	<b>56,801</b>	<b>56,690</b>	<b>56,801</b>



<u>Value adjustments</u>					
Value adjustments beginning of the year	34,199	39,310	34,199	39,310	39,310
Disposal, GHSP Botkyrka Fastigheder AB	0	0	0	0	0
Fair value adjustment of investment properties, net	0	0	0	0	-5,111
<b>Value adjustments end of the year</b>	<b>34,199</b>	<b>39,310</b>	<b>34,199</b>	<b>39,310</b>	<b>34,199</b>
<b>Book value at the end of the period</b>	<b>91,000</b>	<b>96,000</b>	<b>91,000</b>	<b>96,000</b>	<b>91,000</b>

## Note 9 – Assets held for sales

EUR 1.000	Q1 2024	Q1 2023	Group		FY 2023
			Jan-Mar 2024	Jan-Mar 2023	
<u>Cost price beginning of the year</u>	4,745	0	4,745	0	0
Additions/improvements during the year	0	0	0	0	0
Additions, Hesselvang 11, Grenaa	0	0	0	0	4,745
Disposal, Hesselvang 11, Grenaa	-4,745	0	-4,745	0	0
<b>Cost price end of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,745</b>
<u>Value adjustments</u>					
Value adjustments beginning of the year	629	0	629	0	0
Disposal, Hesselvang 11, Grenaa	-629	0	-629	0	0
Fair value adjustment of Hesselvang 11, Grenaa	0	0	0	0	629
<b>Value adjustments end of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>629</b>
<b>Book value at the end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,374</b>

## Note 10 – Receivables from tenants

EUR 1.000	Q1 2024	Q1 2023	Group		FY 2023
			Jan-Mar 2024	Jan-Mar 2023	
Receivables from tenant	204	393	204	393	256
Provision for losses	-42	-277	-42	-277	-92
<b>Total receivables from tenant</b>	<b>162</b>	<b>116</b>	<b>162</b>	<b>116</b>	<b>164</b>

The provision for losses as of March 31, 2024 is 42 T.EUR.

As of March 31, 2024, EUR 204 thousand were overdue, compared to EUR 256 thousand as of December 31, 2023.

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.

## Note 11 – Cash

Of the Group's cash position as of March 31, 2024, EUR 0.0 thousand are pledged as security for rental deposits. Other cash and cash equivalents as of March 31, 2024, EUR 4.2 million (as of March 31, 2023: EUR 6.8 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 12 – 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
<b>Total share capital, DKK</b>	<b>30,454</b>	<b>0</b>	<b>0</b>

<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
<b>Total share capital, EUR</b>	<b>4,082</b>	<b>0</b>	<b>0</b>

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:

	<b>Shares</b>	<b>A-shares</b>	<b>B-shares</b>
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
<b>Total shares</b>	<b>3,045,383</b>	<b>0</b>	<b>0</b>

#### 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 28, 2028. Own shares are acquired for the purpose of placing the company's surplus liquidity.

## Note 13 - Financial instruments

The company has financed itself with the following loan:

**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 March 31, 2024, including the interest margin, of approximately 5.4% p.a. (as of March 31, 2023, the interest rate including the interest margin was approximately 4.4% p.a.)

The nominal remaining debt on the loan is EUR 34.3 million as of March 31, 2024 (as of March 31, 2023, it was EUR 36.6 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 1.3 million annually on the loan.

## Note 14 – Currency exposure

The parent company's shares are denominated in DKK, while the group's investments, revenues, and expenses are incurred in DKK 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 15 - 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 as of March 31, 2024 of 58.4% (as of March 31, 2023, of 58.1%).

Other risks such as credit risk, market risk, currency risk, interest rate risk and refinancing and liquidity risks are described on page 19 – 22.

Solvency is calculated as follows.

EUR 1.000	Q1 2024	Q1 2023	Group		FY 2023
			Jan-Mar 2024	Jan-Mar 2023	
Total Equity	57,397	61,315	57,397	61,315	57,709
Total Assets	98,284	105,607	98,284	105,607	102,121
Solidity (in %)	58.4%	58.1%	58.4%	58.1%	56.5%

## Note 16 - 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 contractual obligations customary for a real estate company.

## Note 17 - Pledges and security arrangements

The group's investment properties in Germany, with an accounting value as of March 31, 2024 of EUR 91.0 million (as of March 31, 2023: EUR 96.0 million), are pledged as security for EUR 34.3 million in bank loans.

There are no other security arrangements.

## Note 18 – 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.

## Note 19 - 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 200 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.

Remuneration of the board amounted to a total of T.EUR 151.0 for the year 2024 (2023: T.EUR 163.0).

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.



Property in Leverkusen