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**DON'T
STAPLE**

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

☐ **What this form is NOT for**
You cannot use this form for
an alteration of name
with accounting requirements.

MONDAY



AA39689L

A06

26/04/2021

#196

COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ¹

Takenaka Europe GmbH

UK establishment
number

B R 0 0 8 6 3 6

→ **Filling in this form**

Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

¹ This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and
audited.

Legislation ²

German GAAP, German Commercial Code

² This means the relevant rules or
legislation which regulates the
preparation of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3**.

☒ **Yes.** Please enter the name of the organisation or other
body which issued those principles below, and then go to **Section A3**.

³ Please insert the name of the
appropriate accounting organisation
or body.

Name of organisation
or body ³

German Accounting Governing Body

OS AA01

Statement of details of parent law and other information for an overseas company

A3

Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☐ **No.** Go to **Part 3 'Signature'**.

☒ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.

❶ Please insert the name of the appropriate accounting organisation or body.

Name of organisation or body ❶

German Institute of Public Auditors

Part 3

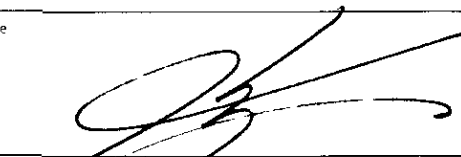
Signature

I am signing this form on behalf of the overseas company.

Signature

Signature

X



X

This form may be signed by:
Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company



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You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name

Address

Post town

County/Region

Postcode

Country

DX

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Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



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Annual financial statements as at 31 December 2019 and management report

AUDIT REPORT

Takenaka Europe GmbH
Düsseldorf

KPMG AG Wirtschaftsprüfungsgesellschaft

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Please note that for computational reasons, rounding differences to the exact mathematical figures (monetary units, percentages, etc.) may occur.

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To Takenaka Europe GmbH, Düsseldorf

1 Audit engagement

At the shareholders' meeting held on 29 November 2019 of

Takenaka Europe GmbH, Düsseldorf,

– hereinafter also referred to as 'Takenaka' or 'Company' –

we were elected as auditor for the financial year 2019. Accordingly, the management engaged us to audit the annual financial statements for the year ended 31 December 2019, together with the accounting records and the management report.

The terms governing this engagement are set out in the General Engagement Terms for German Public Auditors and Public Audit Firms [Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften] as amended on 1 January 2017, which are attached to this report as Appendix 6. Our liability is governed by Clause 9 of the General Engagement Terms. Our liability towards third parties is defined under Clauses 1 (2) and 9 of the General Engagement Terms.

2 Reproduction of the Independent Auditor's Report (translation)

Based on the results of our audit, we have issued the following audit opinion:



Independent Auditor's Report

To Takenaka Europe GmbH, Düsseldorf

Qualified Opinions

We have audited the annual financial statements of Takenaka Europe GmbH, Düsseldorf, which comprise the balance sheet as at 31 December 2019, and the income statement for the financial year from 1 January to 31 December 2019 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Takenaka Europe GmbH for the financial year from 1 January to 31 December 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- except for the possible effects of the matter described in the 'Basis for the Qualified Opinions' section of our report, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and, except for these possible effects, give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance for the financial year from 1 January to 31 December 2019, in accordance with German Legally Required Accounting Principles, and
- except for the possible effects of the matter described in the 'Basis for the Qualified Opinions' section of our report, the accompanying management report as a whole provides an appropriate view of the Company's position. Except for the possible effects of this matter, in all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that, except for the qualifications of the opinions on the annual financial statements and on the management report noted, our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Qualified Opinions

The valuation of the investment in TAK Realty NY Inc., New York/USA, in the amount of kEUR 26,434 could not be verified with reasonable assurance, due to the fact, that no sufficient information is available for a reasonable fair value determination of the investment. Therefore, it cannot be suspended that changes should have been made, in particular with regard to adjustments to the investment, depreciation on financial assets, net income and equity. This matter also possibly affects the view, provided in the management report, of the development of the business, including the results of the business, and the position of the Company as well as the presentation of the opportunities and risks of future development.

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the 'Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report' section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinions on the annual financial statements and on the management report.

Responsibilities of the Management for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of a management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 opinions. 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 controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

Düsseldorf, 30 September 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft
{Original German version signed by:}

[signature] Kuntz
Wirtschaftsprüfer
[German Public Auditor]

[signature] Wrede
Wirtschaftsprüfer
[German Public Auditor]

“

3 Basic findings

3.1 Basis for the qualified opinions

The valuation of the investment in TAK Realty NY Inc., New York/USA, in the amount of kEUR 26,434 could not be verified. Sufficient audit evidence regarding the valuation of the investment amount was not provided.

We would like to point out that our statements below are to be read in conjunction with the qualification of our audit opinion.

3.2 Evaluation of management's assessment of the Company's position

In our opinion, the following key statements in the management report are noteworthy:

- The company's sales fell by EUR 233.5 to EUR 241.5 million, while its net income dropped by EUR 48.3 million to EUR -28.5 million. The decrease in sales and the resulting non-realisation of the profit margins was caused by a delay in the completion of certain large-scale projects scheduled to be finished in 2019. The negative net income result of EUR -28.5 million for the 2020 financial year was due first to the non-scheduled write down of financial assets, and second to the inclusion of a calculated loss for an incomplete large-scale project.
- The gross profit margin (gross profit from sales in relation to sales) fell to 0.3 %, i.e. by 7.3 percentage points in comparison to the previous year. This decline was largely due to factoring in the losses for an incomplete large-scale project.
- On the assets side, the rise of kEUR 111,867 in the balance sheet total was largely caused by a kEUR 107,053 increase in work in progress. On the liabilities side, the increase was mainly due to the increase of kEUR 134,161 in advance payments received.
- According to management the main risks concern product-related risks, such as delays in the completion of construction projects, increases in the costs for materials and sub-contractors in turnkey projects, as well as quality deficiencies in the execution of the build or the design. These risks are continuously monitored and analysed, and appropriate countermeasures are initiated where necessary.
- The company believes that the high volume of construction in the past and having branches all over Europe are a competitive advantage and expects to further strengthen its market position. Overall, the company believes that the opportunities exceed the risks.

- Takenaka Europe GmbH's current order balance for the 2020 financial year amounts to around EUR 456 million. The completion of projects expected in 2020 means that Takenaka is anticipating sales to increase in comparison to the previous year, and to amount to around EUR 350-400 million in 2020.

As a result of our audit, with the exception of the qualification described in Section 3.1, we found that the management report, as a whole, provides an appropriate view of the Company's position. In all material respects, with the exception of the qualification described in Section 3.1, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

3.3 Violations of regulations not concerning accounting

3.3.1 Late preparation of the financial statements

Contrary to the requirements of Section 264 (1) HGB, the Company did not prepare the annual financial statements and the management report as at 31 December 2019 within three months after the end of the financial year.

3.3.2 Late adoption of the financial statements

In contrast to the requirements of Section 42a (2) sentence 1 of the German Limited Liability Companies Act [GmbHG], the financial statements as at 31 December 2019 were not adopted by the shareholders within eight months after the end of the financial year. They were adopted on 29 November 2019.

3.3.3 Late disclosure of the financial statements

Contrary to the requirements set out in Section 325 (1a) HGB, the Company did not disclose the 'previous years' financial statements and management report as at 31 December 2018, within twelve months after the end of the financial year.

4 Performance of the audit

4.1 Scope of the audit

We have audited the annual financial statements of Takenaka Europe GmbH, Düsseldorf, which comprise the balance sheet, the income statement and the notes to the financial statements, including the accounting records, and the management report, for the financial year ended 31 December 2019.

Our responsibility is to express an opinion on the annual financial statements and the management report based on our audit.

An audit of financial statements only covers compliance with other legal regulations to the extent that these other regulations can be expected to have an impact on the annual financial statements or the management report.

Pursuant to Section 317 (4a) HGB, an audit is not intended to extend to whether the Company's ability to continue as a going concern or the effectiveness and efficiency of management can be assured.

4.2 Nature and scope of the audit procedures

The general principles of our audit approach are already presented in the Independent Auditor's Report (see Section 2 of this report). In addition, we provide the following information on our audit approach and audit performance:

Phase I: Development of an audit strategy focused on business risks

Obtaining an understanding of the Company's business as well as knowledge of the accounting systems and the internal control system

Establishing audit focus areas based on our risk assessment:

- valuation of shares in affiliated companies and investments
- compliance of the accounting principles followed by the foreign branches being part of Takenaka with German accounting principles
- existence, accuracy and valuation of unfinished projects
- valuation of accounts receivable
- revenue recognition
- completeness of accruals and liabilities due to subcontractors regarding completed projects

Establishing the audit strategy and timeline for the audit

Selecting the audit team and planning the deployment of specialists

Phase II: Selection and implementation of control-based audit procedures

Selection of control-based audit procedures based on risk assessments and knowledge of business processes and systems

Assessment of the design and effectiveness of selected accounting-related controls

Phase III: Tests of details and analytical review of items in the annual financial statements

Performance of analytical reviews of items in the annual financial statements

Tests of details on a sample basis and assessment of individual items with a view to the accounting options and judgements exercised, e.g.:

- obtaining confirmations from lawyers and credit institutions
- obtaining confirmations from customers and suppliers on a specified sample

Review of disclosures in the notes and assessment of the management report

Phase IV: Overall assessment of audit results and reporting

Formation of the audit opinion on the basis of the overall assessment of the audit results

Reporting in the audit report and the Independent Auditor's Report

Oral presentation of audit results to the management

We performed our audit (with interruptions) in the months of January to September 2020 until 30 September 2020. We carried out a preliminary audit in November 2019.

With exception of the qualification regarding the valuation of the investment in TAK Realty NY Inc., New York/USA, all explanations and evidence requested by us were provided. The management confirmed in writing that the accounting records, the annual financial statements and the management report are complete.

5 Findings on accounting and financial reporting

5.1 Accounting records and related documents

The Company's accounting records have been properly kept and maintained. The accounting records and related documents are properly authorised, sufficiently explained and filed in an orderly manner. Based on our findings, the accounting records and related documents comply with German legal requirements.

Based on our audit, we found that the organisational and technical measures taken by the Company are appropriate to ensure the security of IT systems and accounting-related data processed.

5.2 Annual financial statements

The annual financial statements as at 31 December 2019, presented to us for audit, were derived from the Company's accounting records and related documents. The opening balance sheet figures were properly carried forward from prior year's annual financial statements. Except for the qualification described in Section 3.1 of this report, the German legal recognition, presentation and measurement requirements have been observed, in all material respects.

Except for the qualification described in Section 3.1 of this report, the balance sheet and income statement have been prepared, in all material respects, in accordance with the provisions of German commercial law applicable to business corporations including the German Legally Required Accounting Principles. The notes to the financial statements include all legally required information.

Please note that we were unable to audit compliance with the formal requirements for non-disclosure of the auditor's fee under Section 285 (17) HGB by the end of our audit because the annual financial statements of the parent company required for this exemption were not yet available.

5.3 Management report

Except for the qualification described in Section 3.1 of this report the management report prepared by management complies, in all material respects, with German legal requirements.

6 Opinion on the overall presentation of the annual financial statements

6.1 Comments on the overall presentation

The accounting policies applied to the annual financial statement items comply, in all material respects, with the requirements of German commercial law applicable to corporations. These are described in the notes to the financial statements (see Appendix 1.3 Section 2).

The exercise of accounting and valuation options as well as accounting judgements with regard to the following annual financial statement items has a material effect on the Company's assets, liabilities, financial position and financial performance:

Unfinished projects

Unfinished projects are valued according to Section 255 (2) sentence 2 HGB based on costs of production (mainly including subcontractor costs). Using the option of Section 255 (2) sentence 3 HGB, no overheads for general and administrative expenses have been capitalised as at 31 December 2019, which is consistent with the handling in the previous year.

Payments received on account of orders

The payments received on account of orders in the amount of kEUR 311,430 (prior year kEUR 177,269) are disclosed as liabilities. Alternatively, Section 268 (5) sentence 2 HGB allows to set off the payments received on account of orders against the capitalised unfinished projects to the amount that unfinished projects are capitalised. In that case, the balance sheet total would be reduced by kEUR 267,353; the equity-ratio (equity in relation to balance sheet total) would be 37,4 % instead of 17,8 %.

Deferred taxes

In accordance with Section 274 (2) HGB the Company capitalised deferred tax assets amounting to kEUR 3,113 and recorded deferred tax liabilities amounting to kEUR 2,172. The deferred taxes are associated with tax loss carry forwards and timing differences mainly concerning the revenue recognition of projects. Under German GAAP there is no obligation but only an option to account for deferred tax assets which exceed the deferred tax liabilities.

Apart from the accounting policy options, valuations also depend on **estimates** made with regard to certain valuation components.

The valuation of assets and liabilities in accordance with Section 253 HGB requires the assessment of future developments and assumptions on the realisation of economic values in the future, which are subject to risks and uncertainties.

The orientation on future developments bears room for judgement which has to be exercised in the due preparation of the annual financial statements. The auditor, of course, can only assess the plausibility of the judgements made.

The **exercise of judgement** by the Company is relevant in the following areas:

Area	Judgement
– Financial assets	– Assessment of sustainability of impairments and estimation of future cash flows as well as of calculation parameters for the DCF calculation
– Reserves for expected losses on unfinished projects	– Estimation of project result
– Project-related accruals	– Assessment of likelihood of occurrence and impact of risks

Financial assets comprise amongst others the investment in Takenaka India Private Ltd., Gurgaon-Haryana/India. The book value of the investment amounted to kEUR 6,759 as at 31 December 2018. The shares in Takenaka India were fully written off to the lower fair value in the reporting year, as the Indian company significantly failed the budgeted figures resulting in a major loss as of 31 March 2020 of kEUR 4,218 and due to the draft targets for the next two business years which expect still significant losses for the Indian group company based on the expected delayed Indian economy recovery in the future.

The Company maintains a detailed project controlling which enables to monitor the profitability and the current status of the individual projects. The project controlling provides information for the calculation of the **reserves for expected losses on unfinished projects** as well as for the **project-related accruals**.

Reserves for expected losses on unfinished projects are recognised for those projects where the total expected direct costs (direct labor and material costs as well as subcontractor costs) plus an unchanged mark-up of 3.0 % for general and administrative costs exceed the contracted amount. As per 31 December 2019, the Company records no reserve.

Project-related accruals comprise accruals for services not yet invoiced by subcontractors and for warranties.

The **accrual for services not yet invoiced by subcontractors** of kEUR 33,916 (previous year: kEUR 36,144) generally covers expected charges from subcontractors for completed projects and has been calculated on an individual basis taking into consideration the difference between the finally updated cost budgets and the actual project costs recorded until year-end.

Warranty accruals in the total amount of kEUR 14,750 (previous year: kEUR 17,912) have been set up to cover uncertain warranty claims raised by clients after completion of the projects. Apart from warranty accruals which have been recognised for individual warranty claims of kEUR 13,860 (previous year: kEUR 17,128), the Company also recorded a lump sum provision amounting to kEUR 890 (previous year: kEUR 784), which has been calculated with 0.3 % (previous year: 0.3 %) on the basis of the average of the annual sales of the last five years which are not individually reserved for.

The individual warranty claims mainly relate to the projects Foxconn (former: Sony), KIA Factory and Jaguar Land Rover in Slovakia.

The provision for Foxconn (former: Sony) of EUR 2.4 million (previous year: EUR 2.4 million) was set up as at 31 December 2014 to cover repair works. Due to a possible design mistake serious problems with an instable floor occur because of inadequate groundwork. However, during 2015 the floor swinging decreased and in addition it might be possible to counter-claim against the city Zilina who sold the land but did not inform about the critical ground situation caused by the former river bed. The warranty period ended as at 31 December 2017. However, the provision was not released and remains unchanged as at 31 December 2019, since Takenaka management concluded that a probable legal obligation is existing according to the Slovakia Commercial Code.

The provision for the KIA Factory of EUR 1.7 million (previous year: EUR 1.7 million) concerns water leakages of the roof. Management intends to repair all defects as they appear. The warranty period also ended as at 31 December 2017 for the KIA factory. However, also in this case the provision was not released since Takenaka management concluded that a probable legal obligation is existing according to the Slovakia Commercial Code.

For Jaguar Land Rover (JLR) provisions were recorded as at 31 December 2019 for two big projects with EUR 2.0 million (previous year: EUR 2.1 million) and with EUR 3.4 million (previous year: EUR 3.8 million). The calculation of the provisions is based on the takeover certificates and the list of defects which will be remediated by Takenaka within the periods agreed between Takenaka and JLR. Although the constructions were completed, those deficiencies are, based on management representation, difficult to trace back to the individual subcontractors as the causes of the defects are difficult to prove. The usage of those provisions started in 2019 is mainly expected in 2020.

6.2 Conclusion on the overall presentation of the annual financial statements

Based on an overall consideration of the accounting policies described above and except for the qualification described in Section 3.1 of this report we are of the opinion that the annual financial statements give a true and fair view of the assets, liabilities and financial position of the Company and of its financial performance in accordance with German Legally Required Accounting Principles.

7 Concluding remarks

This audit report has been prepared in accordance with the principles of Auditing Standard 450 (as amended), promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

We hereby confirm pursuant to Section 321 (4a) HGB that we have conducted our audit in accordance with the applicable independence regulations.

The Independent Auditor's Report is presented in Section 2.

Düsseldorf, 30 September 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft

Signiert von
Robert Kuntz
am 30.09.2020

Kuntz
Wirtschaftsprüfer
[German Public Auditor]

Signiert von
Jürgen Wrede
am 30.09.2020

Wrede
Wirtschaftsprüfer
[German Public Auditor]



Appendix 1
Annual financial
statements as at
31 December 2019
and management report
(translation)

1.1 Balance sheet (translation)

1.2 Income statement (translation)

**1.3 Notes to the financial
statements (translation)**

**1.4 Management report
(translation)**

Takenaka Europe GmbH, Düsseldorf

Balance sheet as at 31 December 2019 (translation)

Assets

	31 Dec. 2019		31 Dec. 2018	
	EUR	EUR	EUR	EUR
A. Fixed Assets				
I. Intangible assets				
Acquired EDP software		124,031.50		216,551.32
II. Property and equipment				
1. Buildings including leasehold improvements	216,164.52		40,881.40	
2. Other equipment, office equipment and fixtures	836,598.24		689,747.84	
3. Advance payments and assets under construction	183,907.24	1,236,670.00	0.00	730,629.24
III. Financial assets				
1. Shares in affiliated companies	30,956,813.58		34,715,642.01	
2. Loans to affiliated companies	26,200,000.00		0.00	
3. Investments	49,090,023.74	106,246,837.32	49,090,023.74	83,805,665.75
		107,607,538.82		84,752,846.31
B. Current assets				
I. Inventories				
1. Unfinished projects	267,353,475.25		160,399,204.31	
2. Prepayments	692,648.61	268,046,123.86	594,341.43	160,993,545.74
II. Accounts receivable and other assets				
1. Trade receivables	13,557,872.72		29,586,217.88	
– thereof with a residual term of more than one year: EUR 0,00 (previous year: EUR 21,354.45) –				
2. Receivables due from affiliated companies	1,158.35		88.11	
– all from deliveries and services –				
3. Other assets	13,865,887.67	27,424,918.74	11,033,308.63	40,619,614.62
– thereof with a residual term of more than one year: EUR 550,226.43 (previous year: EUR 530,726.32) –				
III. Cash balances and bank deposits		101,512,070.42		109,053,521.74
		396,983,113.02		310,666,682.10
C. Prepaid expenses		1,732,827.92		455,587.65
D. Deferred tax assets		3,113,214.10		1,694,958.18
		509,436,693.86		397,570,074.24

Liabilities and shareholders' Equity

	31 Dec. 2019	31 Dec. 2018
	EUR	EUR
A. Shareholders' equity		
I. Capital subscribed	9,200,000.00	9,200,000.00
II. Capital surplus	7,669,337.62	7,669,337.62
III. Earning reserves		
Other earnings	3,728,459.41	3,728,459.41
IV. Retained profit	69,894,211.90	98,392,197.80
	90,492,008.93	118,989,994.83
B. Accruals		
1. Tax accruals	919,306.31	934,130.73
2. Other accruals and provisions	50,278,722.65	55,683,229.57
	51,198,028.96	56,617,360.30
C. Short-term liabilities		
– Number 1, 3 and 4 with a residual term of up to one year –		
1. Payments received on account of orders	311,430,245.75	177,268,985.28
2. Trade payables	50,315,270.15	38,759,912.27
– thereof with a residual term of up to one year:		
EUR 29,929,127.19 (previous year: EUR 12,966,217.37) –		
– thereof with a residual term of more than one year		
and up to five years: EUR 20,386,142.96		
(previous year: EUR 25,793,694.90) –		
3. Payables to affiliated companies	4,221.33	0.00
– all from deliveries and services –		
4. Other liabilities	3,825,119.34	5,917,828.58
– thereof taxes: EUR 2,538,067.00 –		
(previous year EUR 3,181,035.86) –		
– thereof relating to social security: EUR 715,255.96		
(previous year: EUR 602,573.71) –		
	365,574,856.57	221,946,726.13
D. Deferred tax liabilities	2,171,799.40	15,992.98
	509,436,693.86	397,570,074.24

Takenaka Europe GmbH, Düsseldorf

Income Statement for the period from 1 January to 31 December 2019 (translation)

	2019	2018
	EUR	EUR
1. Sales	241,500,417.77	474,999,657.23
2. Cost of Sales	-240,756,307.09	-438,666,096.00
3. Gross Profit	744,110.68	36,333,561.23
4. Selling expenses	-1,074,922.59	-982,980.64
5. General and administrative expenses	-21,250,205.05	-16,849,469.65
6. Other operating income	5,810,179.30	6,115,966.00
7. Other operating expenses	-2,895,996.40	-1,691,306.14
8. Income from investments - all from affiliated companies -	545,594.37	536,898.59
9. Income from long term loans - all from affiliated companies	65,500.00	0.00
10. Other interest and similar income	388,245.42	355,313.36
11. Depreciation on financial assets	-6,758,828.43	0.00
12. Interest and similar expenses	-16,484.25	-28,318.47
13. Income Taxes	-4,024,071.27	-3,965,634.07
- thereof from changes in deferred taxes: EUR 737,550.50 (previous year EUR 259,420.38) -		
14. Profit after taxes	-28,466,878.22	19,824,030.21
15. Other taxes	-31,107.68	-24,288.73
16. Net loss for the year (previous year: Net profit for the year)	-28,497,985.90	19,799,741.48
17. Profit carried forward	98,392,197.80	78,592,456.32
18. Retained Profit	69,894,211.90	98,392,197.80

Takenaka Europe GmbH, Düsseldorf

Notes for the financial statements for the financial year 2019 (translation)

(1) General information

Takenaka Europe GmbH, located in Düsseldorf, is registered in the commercial register Düsseldorf under the number HRB 4453.

At the balance sheet date Takenaka Europe GmbH is a large incorporated Company as defined in Section 267 (3) of the German Commercial Code (HGB).

The applied accounting and valuation policies comply with the German Commercial Code and the Code for Private Limited Liabilities Companies (GmbHG).

The accounting and valuation policies have been consistently applied in the financial statements as of 31 December 2019 compared to the previous year.

For the presentation of the Statement of income the cost of sales method is applied unchanged.

(2) Accounting and valuation policies

Intangible assets acquired from third parties are capitalized at acquisition cost and are amortised straight line over the useful life.

Property and equipment are stated at acquisition cost less regular depreciation and writedowns due to impairment, where necessary. The depreciation is recognized over the estimated useful life of the assets. Low value items with acquisition cost up to EUR 800 are fully depreciated in the year of acquisition and are shown for reasons of simplification in the fixed assets movement as additions and disposals in the same year.

Financial assets are recognized at acquisition cost net of impairment in case of a permanent decrease in value.

Unfinished projects included in inventories are capitalized at production cost referring to Section 255 (2) sentence 2 HGB. Using the option of Section 255 (2) sentence 3 HGB, overheads for general and administrative expenses are not capitalized. Expected losses from unfinished projects are set off against the gross value of the unfinished projects.

Accounts receivable and other assets are stated at nominal value or lower fair value on the balance sheet date. For receivables bearing obvious collectability risks, appropriate value discounts are made; bad debts are written off.

Cash at banks is valued at par value.

Deferred assets included outlays made prior to the balance sheet date if this represented expenses for a specific time period.

Other accruals are generally recognized with the settlement amount deemed necessary under prudent business judgment, to cover all contingent liabilities on the balance sheet date. Accruals with a residual maturity above one year are discounted at the average market rate corresponding to their maturity.

For completed projects included in sales, accruals are set-up for services not yet invoiced by sub-contractors.

The value of the lump sum warranty provision represents 0.3 % (previous year 0.3 %) of the average turnover of the last five years for which no individual guarantee provisions were recognised.

Liabilities are stated at their settlement amount.

The translation of **foreign currency assets and liabilities** in EUR considers spot exchange rates at balance sheet date in accordance with of Section 256a HGB.

The **assets and liabilities of the branches in the Czech Republic, Poland, Hungary, Romania and in the United Kingdom** were converted at the spot exchange rates on the balance sheet date and the items in statement of income were converted at the annual average ex- change rates.

Deferred tax assets on tax loss carry forwards and on temporary differences have been accounted for based on the selection of the accounting policy choice of Section 274 (1) sentence 2 HGB. **Deferred tax liabilities** on temporary differences have been accounted for based on the selection of the accounting policy choice of Section 274 (1) sentence 1 HGB.

(3) Notes to the balance sheet and to the statement on income

Fixed assets

The development of fixed asset categories is shown in a separate appendix to the notes.

During the 2019 financial year, the carrying value of the shareholding in Takenaka India Private Ltd., Gurgaon-Haryana, India, previously recognised as a financial asset in the amount of kEUR 6,759, underwent a non-scheduled write-down of the same amount.

Deferred taxes

In accordance with Section 274 HGB the company capitalized deferred taxes.

Deferred taxes were netted at the level of individual taxpayers as follows:

Permanent establishment	Tax rate	Deferred tax assets on loss carry forwards	Deferred tax assets on temporary differences	Deferred tax liabilities on temporary differences	Deferred tax assets	Deferred tax liabilities
	%	kEUR	kEUR	kEUR	kEUR	kEUR
Poland	19.0	0	1,648	0	1,648	0
Germany	31.2	847	0	259	588	0
Slovakia	21.0	11	562	0	573	0
the Netherlands	25.0	0	0	8	0	8
Hungary	9.0	0	304	0	304	0
Romania	16.0	62	0	2,214	0	2,152
The Czech Republic	19.0	0	0	12	0	12
		920	2,514	2,493	3,113	2,172

Totalling kEUR 3,113, the deferred tax assets on temporary differences mainly refer to different tax bases of warranty provisions.

The deferred tax liabilities totalling kEUR 2,172 mainly concern the permanent establishment in Romania and relate to future tax liabilities for a project still ongoing.

Equity

In accordance with Section 268 (8) HGB, the amount of deferred tax assets less deferred tax liabilities of kEUR 941 is blocked for profit distribution. This holds unless freely available reserves plus retained earnings and less a potential loss carry-forward of at least the same amount, are available.

Tax accruals

The tax accruals concern provisions made for income tax relating to the Czech (kEUR 447), German (kEUR 469) and Belgian (kEUR 3) branches.

Other accruals

Other accruals and provisions amounting to kEUR 50.279 largely concern subcontractor services for completed projects (kEUR 33,916) that have not yet been billed as well as for warranty services (kEUR 14,750).

Sales

Sales were geographically distributed is as follows:

Country	2019	2018
	kEUR	kEUR
Poland	50,550	65,898
Slovakia	45,636	225,842
Hungary	45,095	24,769
Czech Republic	42,906	77,703
United Kingdom	21,236	13,979
Germany	17,860	54,810
France	10,036	116
the Netherlands	6,702	3,946
Belgium	1,160	6,598
Spain	259	198
Romania	58	1,105
Italy	0	35
	241,500	475,000

Cost of materials

The cost of materials in the 2019 financial year amount to kEUR 240,756 (2018: kEUR 438,666).

The cost of materials solely relates to expenses for purchased services.

Personnel expenses

Personnel expenses forming part of the cost of sales and the general and administrative expenses amount to kEUR 11,119 in the 2019 financial year (of which wages and salaries account for kEUR 10,132, social security costs kEUR 765 and old-age pensions kEUR 222). In 2018, personnel expenses amounted to kEUR 8,894 (of which wages and salaries accounted for kEUR 5,699, social security costs kEUR 3,026 and old-age pensions kEUR 169).

Income relating to the prior periods

Other operating income includes income relating to prior periods amounting to kEUR 5,738, mainly resulting from the release of other accruals (kEUR 5,339), thereof mainly accounted for by the release of warranty provisions in the German (kEUR 4,366), Polish (kEUR 322), Slovakian (kEUR 287) and UK (kEUR 223) permanent establishments.

Exchange gains and losses

Invoices in foreign currency for acquired or manufactured assets are converted into the functional currency at the respective applicable monthly rate (average rate of the previous month) of the transaction. Income or expenses, which result from the subsequent payment in foreign currency, are included in the income statement under other income or expenses.

The assets and liabilities of the foreign branches whose functional currency is not EUR are converted from local currency into EUR using the spot exchange rate on the balance sheet date. The income statements of the foreign branches whose functional currency is not EUR are translated at average rates of the reporting period just as the annual results. The resulting exchange differences are recognised in the income statement.

Overall, exchange rate gains of kEUR 327 (previous year kEUR 2,388) were factored into other operating income, and exchange losses of kEUR 2,067 (previous year TEUR 916) into other operating expenses.

(4) Other notes

Other financial commitments

Future expenses for rent and lease contracts are as follows:

	kEUR
Due within the next year	2,118
Due within two to five years	4,568
Due after five years	340
	7,026

Number of employees

In 2019, the average number of employees excluding directors was 513 (previous year 393). Of these, on average 83 employees were employed in the German branch and 430 employees were employed in the other European branches.

General management

The management of the company consisted of the following members, who, except for Mr. Beom-Yong Sung, are authorised to represent the company alone:

- Masayuki Takinami, businessman, Düsseldorf, Chairman of the Management Board
- Beom-Yong Sung, businessman, Bad Homburg,
- Shoichiro Shibuta, businessman, Yokohama, Japan
- Itsutsu Murakami, businessman, Düsseldorf (from 1 September 2020)
- Takeshi Yanagi, businessman, Düsseldorf (from 1 April 2019 to 24 September 2020)
- Hideyuki Okamoto, businessman, Düsseldorf (until 31 March 2019)

The total remuneration of the members of the management in 2019 amounted to kEUR 815.

Shares in affiliated companies

As of the balance sheet date, the Company holds shares in affiliated companies as follows:

Affiliated Companies	Share	Local currency	Subscribed capital	Shareholders' equity as of 31.12.2019	Result 2019
	%		in local currency	in local currency	in local currency
Takenaka Belgium N.V., Machelen, Belgium	99.99	kEUR	62	139	-32
Takenaka Netherlands B.V., Amsterdam, the Netherlands	100.00	kEUR	1,361	662	0
Takenaka India Private Ltd., Gurgaon-Haryana, India ¹	99.99	kINR	1,500,000	523,020	-368,369
TAK Realty UK Ltd., London, UK	39.02	kGBP	61,500	62,779	1,255
TAK Realty NY Inc., NY, USA	16.67	kUSD	180,000	174,328	-2,961
TAK CAPITAL USA INC., City of Wilmington, USA	20.00	kUSD	130,000	244,448	3,609
Neues Atrium Property GmbH, Düsseldorf, Germany.	100	kEUR	1,000	2,996	-4

¹ Information based on the financial statement for the period from 1 April 2019 to 31 March 2020.

Appropriation of net income

The management board recommends to the shareholder that the profit-carryforward of EUR 98,392,197.80 and the loss for the year of EUR 28,497,985.90 be carried forward to new account.

Consolidated financial statements

Takenaka Europe GmbH, Düsseldorf, is a 100 % subsidiary of Takenaka Corporation, Osaka, Japan, which prepares and publishes consolidated financial statements in Japan for the smallest and largest consolidated group. This consolidated financial statement can be viewed at the business premises of the parent company.

Applying the exemption provided in Section 292 HGB, Takenaka Europe GmbH waives the preparation of a consolidated financial statement and consolidated management report.

The exempting financial statement of the parent company, Takenaka Corporation, Osaka, Japan, is prepared based on the International Financial Reporting Standards (IFRS/IAS) as per Section 292 HGB. Under these standards the following accounting and valuation policies are applied in deviation from German law:

The degree to which large-sized contracts have been completed is considered using the Percentage of Completion Method. The application of this method with its criteria that vary from the Completed Contract Method in accordance with the provision of German commercial law, tends to result in an earlier realisation of revenue and profit, regardless of timing of the actually billing of customers. Takenaka Europe GmbH publishes a German translation of the IFRS consolidated financial statements of its ultimate parent company within the meaning of Section 325 HGB.

Professional fees of the auditor

Information about the total fees billed by the auditor are included in the consolidated financial statement of the ultimate parent company, which includes this company. The consolidated financial statement is published in Germany.

Significant events after the end of the financial year

On August 7, 2020, a purchase and sale agreement was concluded with our parent company, Takenaka Corporation, for the sale of our 20 % shareholding in TAK Capital USA INC., City of Wilmington, USA

The corona virus has continued to spread throughout the world since January 2020 (corona virus epidemic). *The potential effects on the company's forecast caused by a possible second wave of COVID-19 may lead to an adjustment of the current planning for the remaining months of the 2020 financial year.*

No other significant transactions occurred after the end of the financial year.

Düsseldorf, 30 September 2020

Takenaka Europe GmbH

Masayuki Takinami

Shoichiro Shibuta

Beom-Yong Sung

Itsutsu Murakami

Takenaka Europe GmbH, Düsseldorf

Fixed assets movements for the financial year 2019 (translation)

	Acquisition costs				31 Dec. 2019
	1 Jan. 2019	Foreign exchange adjustments	Additions	Disposals	
	EUR	EUR	EUR	EUR	EUR
I. Intangible assets					
Acquired EDP software	1,791,967.73	3,738.41	61,181.88	12,575.31	1,844,312.71
II. Property and equipment					
1. Building including leasehold improvements	331,177.81	1,454.96	208,243.70	159,507.72	381,368.75
2. Other equipment, office equipments and fixtures	3,722,773.84	16,038.03	489,048.88	46,833.64	4,181,027.11
3. Advance payments and assets under construction	0.00	0.00	183,907.24	0.00	183,907.24
	4,053,951.65	17,492.99	881,199.82	206,341.36	4,746,303.10
III. Financial assets					
1. Shares in affiliated companies	43,620,702.27	0.00	3,000,000.00	0.00	46,620,702.27
2. Loans to affiliated companies	0.00	0.00	26,200,000.00	0.00	26,200,000.00
3. Investments	49,090,023.74	0.00	0.00	0.00	49,090,023.74
	92,710,726.01	0.00	29,200,000.00	0.00	121,910,726.01
	98,556,645.39	21,231.40	30,142,381.70	218,916.67	128,501,341.82

1 Jan. 2019	Accumulated depreciation			Net book values		
	Foreign exchange adjustments	Depreciation	Disposals	31 Dec. 2019	31 Dec. 2019	31 Dec. 2018
EUR	EUR	EUR	EUR	EUR	EUR	EUR
1,575,416.41	3,426.79	151,825.19	10,387.18	1,720,281.21	124,031.50	216,551.32
290,296.41	544.47	5,581.19	131,217.84	165,204.23	216,164.52	40,881.40
3,033,026.00	15,077.51	377,161.25	80,835.89	3,344,428.87	836,598.24	689,747.84
0.00	0.00	0.00	0.00	0.00	183,907.24	0.00
3,323,322.41	15,621.98	382,742.44	212,053.73	3,509,633.10	1,236,670.00	730,629.24
8,905,060.26	0.00	6,758,828.43	0.00	15,663,888.69	30,956,813.58	34,715,642.01
0.00	0.00	0.00	0.00	0.00	26,200,000.00	0.00
0.00	0.00	0.00	0.00	0.00	49,090,023.74	49,090,023.74
8,905,060.26	0.00	6,758,828.43	0.00	15,663,888.69	106,246,837.32	83,805,665.75
13,803,799.08	19,048.77	7,293,396.06	222,440.91	20,893,803.00	107,607,538.82	84,752,846.31

Takenaka Europe GmbH, Düsseldorf

Management Report for the financial year 2019 (translation)

A. Purpose of the company

Takenaka Europe GmbH, Düsseldorf ('the company') is a service provider in the construction sector focusing on consulting, planning, and engineering services. Furthermore, the company functions as general contractor with activities such as the supervision of construction services performed by other firms or services relating to building management. The company also engages in project management and project development activities.

The company is wholly-owned by Takenaka Corporation, Osaka/Japan, one of Japan's oldest companies in the construction industry with a corporate history of over 400 years.

The company operates branches in Belgium, the Netherlands, Italy, Spain, the Czech Republic, Slovakia, Poland, Hungary, France, Romania and Great Britain.

Takenaka Europe GmbH Europe has holdings in the following subsidiaries as of the balance sheet date 31 December 2019:

- Takenaka India Private Ltd. (99.999 % shareholding)
- Takenaka Belgium N.V. (99.99 % shareholding),
- Takenaka Netherlands B.V. (100 % shareholding),
- TAK Realty UK Ltd. (39.02 % shareholding),
- TAK Realty NY Inc. (16.67 % shareholding),
- TAK CAPITAL USA INC. (20.0 % shareholding) and
- Neues Atrium Property GmbH (100 % shareholding).

B. Economic report

1. Macro-economic and industry-specific parameters

The company's business operations are directly influenced by market developments in Germany and Europe. The business operations of our shareholdings in the USA and our Indian subsidiary are also influenced by developments in these markets.

Global politics is again a key factor significantly influencing the development of the global economy: The trade conflict between the USA and China, together with the discussions and uncertainties surrounding Brexit were adversely affecting the mood of companies and households, prompting a weakening in investment growth, exports, and private consumption. This means that the GDP of many national economies grew relatively modestly in 2019. The slow-down was broadly based in the highly developed countries. The economic downturn was even more pronounced in the emerging countries and developing countries. The World Bank adjusted its growth forecast for the global economy in 2019 by 0.2 percentage points downwards to 2.4 %, and it anticipated that 2020 and 2021 would see growth of 2.5 % and 2.6 % respectively. However, according to the IMF, due to the corona virus crisis the global economy will shrink much more in 2020 than was previously thought. The International Monetary Fund shortened its forecasts particularly for those countries severely affected by the pandemic, including France, Italy, Spain, the United Kingdom, Brazil and the USA. The most positive forecasts are for China.

Germany

In 2019, the German economy grew for the tenth year in succession. This was reported by the German Federal Office of Statistics. Growth was somewhat weaker at 0.6 percent compared to 2.5 and 1.5 percent in 2017 and 2018. The main growth factors were private consumption as well as construction and business investment, but public consumption expenditure also contributed. At 1.9 percent, imports grew faster than exports (0.9 percent), which failed to increase as much as they did in the past. This was due not least to the various trade conflicts, and problems within the automotive industry. However, the economic situation in Germany looks completely different in 2020. The dynamism of the economy has slowed noticeably.

According to Euroconstruct, with an increase of 0.8 % recorded in 2019, this will be the last time the German construction industry experiences growth for a period. The effects of the huge housing investments made by the state have tailed off by now, and the extent of public investment remains unclear. The sector is stimulated by low interest rates and the rise in real wages, while the impact of tax incentives on energy-saving measures as part of the Government's climate package, are still indiscernible.

Europe

The total market capitalisation of the 30 largest construction companies was around USD 459 billion dollars at the end of 2019, i.e. 8 % higher than in 2018. As far as their geographical distribution is concerned, Europe accounted for most of these companies (ten), ahead of Japan (seven), while the USA and China accounted for five each.

Achieving a solid 2.3 % of growth, the construction industry in the 19 Euroconstruct countries grew for the sixth year in succession in 2019, once again out-performing the general economy, even if somewhat less markedly. The building sector benefited from the solid purchasing power of households, advantageous financing terms and higher corporate profits. Construction output in the 19 Euroconstruct countries amounts to around EUR 1.6 billion. Even though there have been five years of continuous growth, this meant it was still under the high mark recorded prior to the financial crisis of 2008.

Corona lockdowns implemented within the euro area from the middle of March 2020, forced many companies to scale back their activities abruptly. This caused GDP to fall by 3.6 % in the 1st quarter of 2020. Liquidity issues and the uncertainty regarding future developments meant that these firms held back on their investments. In addition, foreign demand was weak, and exports fell. Worst affected by the pandemic, Italy, France and Spain introduced strict lockdowns. This caused economic activity to fall by 5.3 % in Italy, 5.3 % in France and 5.2 % in Spain. With a 2.2 % drop in GDP, Germany was less severely affected. In June 2020, as many EU Member States further eased their COVID-19 mitigation measures, the seasonally-adjusted production in the construction sector grew by 4.0 % in the euro zone and by 2.9 % in the EU compared to May 2020, according to initial estimates made by Eurostat. Even in May 2020, the level of production had increased by 29.4 % in the euro zone and by 22.3 % in the EU compared to the corona-afflicted April. However, compared to June 2019, in June 2020 production fell by 5.9 % in the euro zone and by 5.8 % in the EU.

India

In 2019, the real gross domestic product of India grew by 4.2 % in comparison to the previous year. For 2021, it is forecast that India's real gross domestic product will grow by around 7.4 % in comparison to the previous year. According to the global property consultants, Colliers, investments in Indian real estate in 2019 grew by 8.7 percent compared to 2018, reaching the figure of USD 6.2 billion.

The forecasts issued by the International Monetary Fund (IMF) see India as one of the world's fastest growing economies, even if the Covid-19 pandemic has taken its toll. The economic prospects for India are currently more challenging. The IMF recently revised its GDP forecasts for emerging countries by two percentage points downwards, to -3.0 %. The prospects for various pioneer countries appear much poorer. For example, the GDP forecast is -4.5 % for India, -6.6 % for Russia, -9.1 % for Brazil, 10.5 % for Mexico, and -8.0 % for South Africa.

Life in India's economic centres is again coming to a standstill (as of July 2020) – including India's IT centre of Bangalore and the industrial hub of Pune. The gloominess of the forecast is apparent from the India Business Outlook published by the market research company, IHS Markit: the business sentiment registered there was at its lowest in the eleven years since this series of figures started.

USA

Measured according to its absolute economic output, the USA continues to be the world's largest national economy followed China in a distant second place: In 2019, with a gross domestic product (GDP) of approximately USD 21.44 billion, it still remained clearly ahead of China (around USD 14.14 billion). Regarding the gross domestic product per capita, at an estimated USD 65,112 per inhabitant (2019), the USA is clearly ahead of emerging countries such as China and Brazil.

The USA's economic output will decline dramatically in 2020 as a result of the corona pandemic - after the US economy was still posting growth of around 2.3 percent - even if the exact extent of the GDP decline can only be roughly guessed at the current time. The current forecasts of leading organizations and economic institutes on the performance of gross domestic product (GDP) are predicting that the USA will experience a fall in GDP of around 8 percent in the current year 2020 (as of: August 2020). Estimates increased from -0.4 percent to -8 percent in just three months.

2. Business progress

2.1 Results of operations

The company's sales fell by EUR 233.5 to EUR 241.5 million, while its net income dropped by EUR 48.3 million to EUR -28.5 million. The decrease in sales and the resulting non-realisation of the profit margins was caused by a delay in the completion of certain large-scale projects scheduled to be finished in 2019. The negative net income result of EUR -28.5 million for the 2020 financial year was due first to the non-scheduled write down of financial assets, and second to the inclusion of a calculated loss for an incomplete large-scale project.

The following large-scale projects were completed during the 2019 financial year:

- NHK Spring Hungary Factory Extension Ph2 (Hungary)
- Delphi Poland Factory Extension (Poland)
- G-TEKT Slovakia factory, Slovakia)
- JLR Admin Building (Slovakia)
- G-TEKT UK New Factory (United Kingdom)
- Nippon Paint Automotive Czech New Factory (Czech Republic)

- Denso Warehouse Construction (Hungary)
- TOYOTA EXTENSION - GPL New Building (France)
- TRCZ (Czech Republic)
- DOOSAN Administrative Building (Czech Republic)
- Suzuki Bensheim R&D Center Design works (Germany).

The gross profit margin (gross profit from sales in relation to sales) fell to 0.3 %, i.e. by 7.3 percentage points in comparison to the previous year. This decline was largely due to factoring in the losses for an incomplete large-scale project.

General administrative costs increased by kEUR 4,401 to kEUR 21,250, particularly due to increased personnel costs.

Other operating income decreased by kEUR 306 to kEUR 5,810, largely down to the larger reversal of other provisions and the decrease in exchange rate gains.

Other operating expenses increased by kEUR 1,205 to kEUR 2,896 largely due to higher exchange rate losses.

Interest earned in the current financial year increased by kEUR 98 to kEUR 454, due to the issue of a new credit line to a new established subsidiary from August 2019.

A net loss for the year of kEUR 28,498 was recorded after taking account of taxes on income and profits in the amount of kEUR 4,024 and other taxes amounting to kEUR 31.

2.2 Net assets and financial position

The balance sheet total at the end of the 2019 financial year is kEUR 509,437 (2018: kEUR 397,570).

On the assets side, the rise of kEUR 111,867 in the balance sheet total was largely caused by a kEUR 107,053 increase in work in progress. On the liabilities side, the increase was mainly due to the increase of kEUR 134,161 in advance payments received.

The equity ratio (ratio of equity to the balance sheet total) decreased from 29.9 % as of 31 December 2018, to 17.8 % as of 31 December 2019 by reason of the loss for the year amounting to kEUR 28,498 in 2019 in combination with the higher balance sheet total. The return on equity (ratio of annual result to the previous year's equity) amounts to -24.0 % (previous year: +20.0 %).

Takenaka India Private Ltd., Gurgaon, Haryana, India (99.999 % shareholding) generated a deficit of kINR -368,369 in its last annual financial statement as of 31 March 2020 (previous year: a profit of kINR -16,721 as of 31 March 2019).

TAK Realty UK Ltd., London, UK (39.02 % shareholding) achieved a profit of kGBP 1,255 in 2019 (previous year net profit for the year of kGBP 1,206). A dividend in the amount of kGBP 468 was paid to the company on 1 April 2019.

TAK Realty NY INC, NY, USA (16.67 % shareholding) recorded a loss of kUSD 2,878 in the 2019 financial year (previous year; loss for the year amounting to kUSD 1,781).

Takenaka Belgium N.V., Machelen, Belgium (99.99 % shareholding) generated a loss of kEUR 32 in 2019 (previous year; loss for the year of kEUR 24).

Takenaka Netherlands B.V., Amsterdam, the Netherlands (100 % shareholding) - as in the previous year - achieved a result of kEUR 0, because that company does not engage in any operational business activities.

TAK CAPITAL USA INC, City of Wilmington, USA generated net profit of kUSD 3,609 in the 2019 financial year (previous year net profit for the year of kUSD 839).

In addition, on 30 April 2019 the company established a new subsidiary (100 % shareholding) called Neues Atrium Property GmbH located in Düsseldorf, Germany; it was registered with the Local Court of Düsseldorf on 7 May 2019 under the number HRB 86522. The object of the company is the acquisition and management of real estate, the delivery of all types of services connected with real estate, in its own name or on behalf of others, with the exception of activities only permissible under a licence. The new subsidiary generated a net loss for the year of kEUR 4 for its first shortened financial year of 1 August to 31 December 2019.

Compared with the outlook for the 2018 financial year, the company's targets for sales (EUR 430 million) and positive net income (EUR 20 million) were not met. This was partly because some large-scale projects will only be completed by the end of 2020, and not in 2019 as scheduled, meaning that a final statement of accounts could not be issued for them. Secondly, the unplanned negative annual result for 2019 was heavily impacted by the non-scheduled writedown of the Indian shareholding, as well as the provision made regarding anticipated losses connected with a large-scale project.

At the time of drafting the annual financial statement, the management board deems the company's position to be good.

3. Financial and Non-financial Performance Indicators

The company's main financial performance indicators are sales and net profit.

The company's primary non-financial performance indicator is its workforce and its expertise in the execution of construction projects, which have a significant influence on its business development, but which are used in the governance of the company.

C. Report on outlook, opportunities and risks

1. Forecast

Construction output is expected to amount to around EUR 1,500 billion in 2020, which is on a par with the figure for 2015. Apart from a few exceptions, all the EC-19 countries experienced a drop, with the United Kingdom and Ireland seeing the largest falls of 33 and 38, respectively. However, France (-17.7 %), Italy (-11.5 %) and Spain (-15.0 %) are also anticipating double-digit drops in 2020. And in Germany, the expectations of a figure of -2.4 percent are somewhat in the optimistic range. Portugal and Poland are actually forecast to achieve positive growth rates even during the crisis. This also indicates that within the countries of Europe there are large differences in how nations are affected by the corona pandemic – both in relation to health and the economy. While it is expected that all countries will show a recovery in 2021 and 2022, the extent of this growth will be less than the decline witnessed in 2020.

Takenaka Europe GmbH's current order balance for the 2020 financial year amounts to around EUR 456 million. The completion of projects expected in 2020 means that Takenaka is anticipating sales to increase in comparison to the previous year, and to amount to around EUR 350-400 million in 2020. On this basis, Takenaka expects to see good positive net income for the 2020 financial year.

The largest ongoing projects in 2020 are the Makita Romania Factory Extension Ph4 in Romania, with the customer expected to take receipt of it before the end of 2020, and the two projects Sekisui NL Geleen Execution ER-300 in the Netherlands and the TORAY BSF Factory Main Construction works in Hungary, with completion scheduled for 2021 here. *Possible effects on the company's forecast caused by any second wave of COVID-19 could mean that only a marginal positive amount of net income is achieved in such a scenario.*

2. Opportunities and risk report

Overall, no greater corona virus crisis-related impacts have been identified for the company. A task force has been formed to collect all the information that could affect our company and our organization. Impacts include reduced progress for several projects and an increase in expected costs over a longer time plan. While suppliers and purchases, physical logistics, inventories, customers, demand and sales, contracts (including legal risks) did not have any great effect on the execution of projects, these aspects nevertheless had certain effects on potential projects.

Currency risks occur because contracts for construction projects are sometimes concluded in EUR but contracts with subcontractors are concluded in a different local currency. In most cases however, contracts for construction projects and contracts with subcontractors are concluded in the same currency.

The main risks concern product-related risks, such as delays in the completion of construction projects, increases in the costs for materials and sub-contractors in turnkey projects, as well as quality deficiencies in the execution of the build or the design. These risks are continuously monitored and analysed, and appropriate countermeasures are initiated where necessary.

The company currently has operations in twelve countries with eleven branches and intends to continuously enhance its business model and improve earnings on construction projects. With the goal of being perceived as a global market participant, the company is consistently expanding its activities throughout Europe in addition to its ongoing operations.

There continues to be a high level of competition with other general contractors for a limited number of new projects on the market.

The company believes that the high volume of construction in the past and having branches all over Europe are a competitive advantage and expects to further strengthen its market position. Overall, the company believes that the opportunities exceed the risks.

Düsseldorf, 30 September 2020

Takenaka Europe GmbH

Masayuki Takinami

Shoichiro Shibuta

Beom-Yong Sung

Itsutsu Murakami

Business profile

General

The Company is engaged in the accomplishment of all kind of businesses as a general building contractor, *especially construction of projects for private companies on a turn-key basis*, including design and engineering, planning, constructions, site supervision and control of services allocated to subcontractors. Additionally, the Company offers maintenance and management services.

The Company is a subsidiary of Takenaka Corporation, Osaka/Japan. Takenaka Corporation is Japan's oldest architecture, engineering and construction firm with a long history of more than 400 years. Since 1960, Takenaka Corporation has established subsidiaries outside of Japan. The subsidiary in Germany was established in 1974.

Takenaka Europe GmbH mainly deals with Japanese multinationals which do have activities in Europe. The main projects for Japanese customers concern the construction of office buildings, production facilities, factories and warehouses. Takenaka intends to expand the business with multinationals from other Asian and European countries.

For the construction work Takenaka engages subcontractors. The design and engineering as well as the project controlling are mainly performed by Takenaka itself.

Branches

The Company operates the following foreign branches outside of Germany:

Western/Middle Europe	Eastern Europe	Southern Europe
France	Czech Republic	Italy
United Kingdom	Hungary	Spain
Netherlands	Romania	
Belgium	Slovakia	
	Poland	

The development of the sales of the individual branches during the last five years can be summarised as follows:

Branch	2019	2018	2017	2016	2015
	KEUR	KEUR	KEUR	KEUR	KEUR
Poland	50,550	65,898	37,534	49,793	22,523
Slovakia	45,636	225,843	285	2,120	11,983
Hungary	45,095	24,769	23,160	26,909	94,638
Czech Republic	42,906	77,703	55,462	58,742	27,881
United Kingdom	21,238	13,979	4,041	7,160	3,494
Germany	17,860	54,810	40,777	36,060	36,665
France	10,036	116	1,084	1,412	18,288
Netherlands	6,702	3,946	5,038	3,029	1,705
Belgium	1,160	6,598	26,364	5,580	4,779
Spain	259	198	420	1,687	809
Romania	58	1,105	0	172	2,565
Italy	0	35	599	12,689	0
	241,500	475,000	194,764	205,353	225,330

Subsidiaries as of balance sheet date 31 December 2019

In 2010, the subsidiary Takenaka India Private Ltd., Gurgaon-Haryana/India (99.999%-participation), was founded. The subsidiary runs independently from the business activities in Europe. In addition, the Company is parent company to Takenaka Belgium N.V., Machelen/Belgium (99.99%-participation), Takenaka Netherlands B.V., Amsterdam/Netherlands (100%-participation), TAK Realty UK Ltd., London/UK (39.02%-participation), TAK Realty NY Inc., New York/USA (16.67 %-participation) and TAK CAPITAL U.S.A., Inc., City of Wilmington/USA (20%-participation). TAK Realty UK Ltd. has an indirect shareholding in the office complex 'One Fleet Place' in London. TAK Realty NY Inc. has an indirect shareholding in the New York hotel 'Andaz 5th Avenue'.

Employees

The average number of employees developed as follows:

	2019	2018
Foreign branches	430	312
Domestic	83	81
	513	393

As of 31 December 2019, the number of employees in the foreign branches mainly concerns with 153 employees the Polish branch, with 88 employees the branch in the Czech Republic, with 74 employees the branch in Hungary and with 44 employees the Slovakian branch.

Legal status

Date of formation	25 July 1974
Registered name	Takenaka Europe GmbH
Registered office	Düsseldorf
Articles of Association	The Articles of Association were passed on 19 December 1973. The latest version of the Articles of Association is dated 17 June 2003.
Commercial register	Commercial Register Düsseldorf, Department B, No. 4453, date of the latest extract is 5 June 2020.
Company's purpose	The Company provides consultancy, planning and engineering services in the construction business, third party construction services as main contractor, all kinds of facility management services, imports and exports of construction materials, provides project management and project development services, delegates graduated engineers to solve clients' technical problems, but does not assign qualified personnel according to the German Law on Labour Leasing (AÜG).
Financial year	From 1 January to 31 December
Share capital	EUR 9,200,000.00
Ownership of shares	All shares are held by Takenaka Corporation, Osaka/Japan.
Previous year's financial statements	At the shareholders' meeting held on 29. November 2019 – the financial statements as at 31 December 2018, and the management report which were prepared by the management, audited by us and given a qualified opinion, were presented, and the financial statements were approved; – it was resolved that the accumulated income of EUR 98,392,197,80 will be carried forward; – the general management was exonerated for the financial year 2018.
Size of the Company	The Company is a large-sized corporation as defined by Section 267 (3) HGB (German Commercial Code).
Affiliated companies	The Company is considered as affiliated company to Takenaka Corporation, Osaka/Japan, and its direct and indirect subsidiaries. We refer to the information disclosed in the notes to the financial statements according to Section 285 (14) HGB.

Affiliated companies (continued)	The Company is parent company in the sense of Section 290 HGB of Takenaka Netherlands B.V., Amsterdam/Netherlands, Takenaka Belgium N.V., Machelen/Belgium, Takenaka India Private Ltd., Gurgaon-Haryana/India, TAK Realty UK Ltd., London/UK, TAK Realty NY Inc., New York/USA, and TAK CAPITAL U.S.A., Inc., City of Wilmington/USA, which are accordingly considered also as affiliated companies in the sense of Section 271 (2) HGB. The Company publishes exempting consolidated financial statements of the ultimate parent company Takenaka Corporation, Osaka/Japan.
Management Board	The members of the Management Board are listed in the Company's notes to the financial statements (Appendix 1.3).
Tax status	The latest tax field audit in Germany on corporate and trade tax covered the fiscal years 2010 to 2012 and was finalised in 2014. The current tax audit on corporate and trade tax covers the fiscal years 2013-2017 and is ongoing.

Appendix 4

Jahresabschluss zum 31. Dezember 2019 und Lagebericht

4.1 Bilanz

4.2 Gewinn- und Verlustrechnung

4.3 Anhang

4.4 Lagebericht

Takenaka Europe GmbH, Düsseldorf

Bilanz zum 31. Dezember 2019

Aktiva

	31.12.2019		31.12.2018	
	EUR	EUR	EUR	EUR
A. Anlagevermögen				
I. Immaterielle Vermögensgegenstände				
Entgeltlich erworbene EDV-Software		124.031,50		216.551,32
II. Sachanlagen				
1. Bauten einschließlich Mieter-einbauten	216.164,52		40.881,40	
2. Andere Anlagen, Betriebs- und Geschäftsausstattung	836.598,24		689.747,84	
3. Geleistete Anzahlungen und Anlagen im Bau	183.907,24	1.236.670,00	0,00	730.629,24
III. Finanzanlagen				
1. Anteile an verbundenen Unternehmen	30.956.813,58		34.715.642,01	
2. Ausleihungen an verbundene Unternehmen	26.200.000,00		0,00	
3. Beteiligungen	49.090.023,74	106.246.837,32	49.090.023,74	83.805.665,75
		107.607.538,82		84.752.846,31
B. Umlaufvermögen				
I. Vorräte				
1. Unfertige Leistungen	267.353.475,25		160.399.204,31	
2. Geleistete Anzahlungen	692.648,61	268.046.123,86	594.341,43	160.993.545,74
II. Forderungen und sonstige Vermögensgegenstände				
1. Forderungen aus Lieferungen und Leistungen	13.557.872,72		29.586.217,88	
– davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0.00 (i. Vj. EUR 21.354,45) –				
2. Forderungen gegen verbundene Unternehmen	1.158,35		88,11	
– sämtliche aus Lieferungen und Leistungen –				
3. Sonstige Vermögensgegenstände	13.865.887,67		11.033.308,63	
– davon mit einer Restlaufzeit von mehr als einem Jahr EUR 550.226,43 (i. Vj. EUR 530.726,32) –		27.424.918,74		40.619.614,62
III. Kassenbestand und Guthaben bei Kreditinstituten				
		101.512.070,42		109.053.521,74
		396.983.113,02		310.666.682,10
C. Rechnungsabgrenzungsposten		1.732.827,92		455.587,65
D. Aktive latente Steuern		3.113.214,10		1.694.958,18
		509.436.693,86		397.570.074,24

Passiva

	31.12.2019	31.12.2018
	EUR	EUR
A. Eigenkapital		
I. Gezeichnetes Kapital	9.200.000,00	9.200.000,00
II. Kapitalrücklage	7.669.337,62	7.669.337,62
III. Gewinnrücklagen		
Andere Gewinnrücklagen	3.728.459,41	3.728.459,41
IV. Bilanzgewinn	69.894.211,90	98.392.197,80
	90.492.008,93	118.989.994,83
B. Rückstellungen		
1. Steuerrückstellungen	919.306,31	934.130,73
2. Sonstige Rückstellungen	50.278.722,65	55.683.229,57
	51.198.028,96	56.617.360,30
C. Verbindlichkeiten		
– Nummer 1, 3 und 4 mit einer Restlaufzeit von bis zu einem Jahr –		
1. Erhaltene Anzahlungen auf Bestellungen	311.430.245,75	177.268.985,28
2. Verbindlichkeiten aus Lieferungen und Leistungen	50.315.270,15	38.759.912,27
– davon mit einer Restlaufzeit von bis zu einem Jahr EUR 29.929.127,19 (i. Vj. EUR 12.966.217,37)		
– davon mit einer Restlaufzeit von mehr als einem und weniger als fünf Jahren EUR 20.386.142,96 (i. Vj. EUR 25.793.694,90) –		
3. Verbindlichkeiten gegenüber verbundenen Unternehmen	4.221,33	0,00
– sämtliche aus Lieferungen und Leistungen –		
4. Sonstige Verbindlichkeiten	3.825.119,34	5.917.828,58
– davon aus Steuern EUR 2.538.067,00 (i. Vj. EUR 3.181.035,86) –		
– davon im Rahmen der sozialen Sicherheit EUR 715.255,96 (i. Vj. EUR 602.573,71) –		
	365.574.856,57	221.946.726,13
D. Passive latente Steuern	2.171.799,40	15.992,98
	509.436.693,86	397.570.074,24

Takenaka Europe GmbH, Düsseldorf

Gewinn- und Verlustrechnung für die Zeit vom 1. Januar bis 31. Dezember 2019

	2019	2018
	EUR	EUR
1. Umsatzerlöse	241.500.417,77	474.999.657,23
2. Herstellungskosten der zur Erzielung der Umsatzerlöse erbrachten Leistungen	-240.756.307,09	-438.666.096,00
3. Bruttoergebnis vom Umsatz	744.110,68	36.333.561,23
4. Vertriebskosten	-1.074.922,59	-982.980,64
5. Allgemeine Verwaltungskosten	-21.250.205,05	-16.849.469,65
6. Sonstige betriebliche Erträge	5.810.179,30	6.115.966,00
7. Sonstige betriebliche Aufwendungen	-2.895.996,40	-1.691.306,14
8. Erträge aus Beteiligungen - sämtlich aus verbundenen Unternehmen	545.594,37	536.898,59
9. Erträge aus Ausleihungen des Finanzanlagevermögens - sämtlich aus verbundenen Unternehmen	65.500,00	0,00
10. Sonstige Zinsen und ähnliche Erträge	388.245,42	355.313,36
11. Abschreibungen auf Finanzanlagen	-6.758.828,43	0,00
12. Zinsen und ähnliche Aufwendungen	-16.484,25	-28.318,47
13. Steuern vom Einkommen und vom Ertrag - davon aus Änderungen in latenten Steuern EUR 737.550,50 (i. Vj. EUR 259.420,38) -	-4.024.071,27	-3.965.634,07
14. Ergebnis nach Steuern	-28.466.878,22	19.824.030,21
15. Sonstige Steuern	-31.107,68	-24.288,73
16. Jahresfehlbetrag (i.Vj. Jahresüberschuss)	-28.497.985,90	19.799.741,48
17. Gewinnvortrag	98.392.197,80	78.592.456,32
18. Bilanzgewinn	69.894.211,90	98.392.197,80

Takenaka Europe GmbH, Düsseldorf

Anhang für das Geschäftsjahr 2019

(1) Allgemeine Angaben

Die Takenaka Europe GmbH mit Sitz in Düsseldorf ist in das Handelsregister Düsseldorf unter der Nummer HRB 4453 eingetragen.

Die Takenaka Europe GmbH ist zum Bilanzstichtag eine große Kapitalgesellschaft im Sinne des § 267 Absatz 3 HGB.

Die Takenaka Europe GmbH stellt ihren Jahresabschluss nach den Vorschriften des Handelsgesetzbuches (HGB) und des GmbHG auf.

Die dem Jahresabschluss zum 31. Dezember 2019 zugrunde liegenden Bilanzierungs- und Bewertungsmethoden wurden unverändert zum Vorjahr angewandt.

Für die Gewinn- und Verlustrechnung wird unverändert das Gliederungsschema des Umsatzkostenverfahrens angewandt.

(2) Bilanzierungs- und Bewertungsgrundsätze

Entgeltlich von Dritten erworbene **immaterielle Vermögensgegenstände des Anlagevermögens** werden zu Anschaffungskosten aktiviert und über den Zeitraum der Nutzung planmäßig abgeschrieben.

Sachanlagen werden zu Anschaffungskosten, vermindert um planmäßige Abschreibungen und, wenn notwendig, vermindert um außerplanmäßige Abschreibungen, angesetzt. Die Abschreibungen werden nach der wirtschaftlichen Nutzungsdauer ermittelt. Geringwertige Vermögensgegenstände mit Anschaffungskosten bis zu EUR 800 werden im Jahr ihrer Anschaffung vollständig abgeschrieben und aus Vereinfachungsgründen im Anlagespiegel als Zugang und Abgang gezeigt.

Die **Finanzanlagen** sind zu Anschaffungskosten und bei dauernder Wertminderung vermindert um außerplanmäßige Abschreibungen zum beizulegenden Zeitwert angesetzt.

Die im Vorratsvermögen ausgewiesenen **unfertigen Leistungen** werden gemäß § 255 Abs. 2 Satz 2 HGB zu Herstellungskosten angesetzt. In Ausübung des Wahlrechtes gemäß § 255 Abs. 2 Satz 3 HGB werden im Rahmen der Vorratsbewertung keine allgemeinen Verwaltungsgemeinkosten aktiviert. Erwartete Verluste aus laufenden Projekten werden durch Bewertungsabschläge bei den Vorräten berücksichtigt.

Forderungen und sonstige Vermögensgegenstände werden mit dem Nennwert bzw. mit dem am Bilanzstichtag beizulegenden niedrigeren Wert angesetzt. Bei Forderungen, deren Einbringlichkeit mit erkennbaren Risiken behaftet ist, werden angemessene Wertabschläge vorgenommen; uneinbringliche Forderungen werden abgeschrieben.

Die Bewertung der **Guthaben bei Kreditinstituten** erfolgt zu Nennwerten.

Als **Rechnungsabgrenzungsposten** werden auf der Aktivseite Ausgaben vor dem Abschlussstichtag ausgewiesen, soweit sie Aufwand für eine bestimmte Zeit danach darstellen.

Die **sonstigen Rückstellungen** werden grundsätzlich in Höhe des Erfüllungsbetrages angesetzt, der nach vernünftiger kaufmännischer Beurteilung notwendig ist, um alle zum Bilanzstichtag ungewissen Verbindlichkeiten abzudecken. Sofern Rückstellungen mit einer Restlaufzeit von mehr als einem Jahr bestehen, werden diese mit dem ihrer Restlaufzeit entsprechenden durchschnittlichen Marktzins abgezinst.

Hinsichtlich fertiggestellter abgerechneter Projekte werden für die ausstehenden Rechnungen von Sublieferanten Rückstellungen gebildet.

Der Wert der pauschalen Garantierückstellung entspricht 0,3 % (i. Vj. 0,3 %) des durchschnittlichen Umsatzes der letzten fünf Jahre, für den keine individuellen Garantierückstellungen gebildet worden sind.

Verbindlichkeiten werden mit dem Erfüllungsbetrag angesetzt.

Die Umrechnung der **Fremdwährungsforderungen und -verbindlichkeiten** in EUR erfolgt zum Devisenkassamittelkurs am Stichtag gemäß § 256a HGB.

Für die **Zweigniederlassungen in Tschechien, Polen, Ungarn, Rumänien und Großbritannien** wurden die im Jahresabschluss enthaltenen Aktiva und Passiva mit dem Devisenkassamittelkurs zum Bilanzstichtag sowie die Posten der Gewinn- und Verlustrechnung mit dem Jahresdurchschnittskurs umgerechnet.

Aktive latente Steuern auf steuerliche Verlustvorträge und abweichende Wertansätze in der Handels- und Steuerbilanz sind entsprechend des Wahlrechts nach § 274 Abs. 1 Satz 2 HGB angesetzt worden. **Passive latente Steuern auf abweichende Wertansätze in der Handels- und Steuerbilanz** sind entsprechend § 274 Abs. 1 Satz 1 HGB passiviert worden.

(3) Angaben zur Bilanz und zur Gewinn- und Verlustrechnung

Anlagevermögen

Die Entwicklung des Anlagevermögens (Anlagespiegel) ist in einer separaten Aufstellung als Anlage zum Anhang enthalten.

Im Geschäftsjahr 2019 wurde der bisher unter den Finanzanlagen ausgewiesene Beteiligungsbuchwert an der Takenaka India Private Ltd., Gurgaon-Haryana/Indien, in Höhe von TEUR 6.759 außerplanmäßig in gleicher Höhe abgeschrieben.

Latente Steuern

Die Gesellschaft hat latente Steuern gemäß § 274 HGB bilanziert.

Die latenten Steuern wurden auf Ebene der einzelnen Steuersubjekte saldiert wie folgt ausgewiesen:

Betriebsstätte	Steuersatz	Aktive latente Steuern auf Verlustvorträge	Aktive latente Steuer auf temporäre Differenzen	Passive latente Steuern auf temporäre Differenzen	Aktive latente Steuern	Passive latente Steuern
	%	TEUR	TEUR	TEUR	TEUR	TEUR
Polen	19,0	0	1.648	0	1.648	0
Deutschland	31,2	847	0	259	588	0
Slowakei	21,0	11	562	0	573	0
Niederlande	25,0	0	0	8	-	8
Ungarn	9,0	0	304	0	304	0
Rumänien	16,0	62	0	2.214	-	2.152
Tschechien	19,0	0	0	12	-	12
		920	2.514	2.493	3.113	2.172

Die aktiven latenten Steuern auf temporäre Differenzen betreffen mit insgesamt TEUR 3.113 betreffen im Wesentlichen abweichende Ansätze von Garantierückstellungen für steuerliche Zwecke.

Die passiven latenten Steuern mit insgesamt TEUR 2.172 betreffen hauptsächlich die Betriebsstätte in Rumänien für zukünftige Steuerbelastungen eines noch laufenden Projektes.

Eigenkapital

Gemäß § 268 Abs. 8 HGB ist der Betrag der aktiven latenten Steuern abzüglich der passiven latenten Steuern in Höhe von insgesamt TEUR 941 zur Ausschüttung gesperrt. Dies gilt, soweit nicht in zumindest derselben Höhe jederzeit frei verfügbare Rücklagen zuzüglich eines Gewinnvortrags und abzüglich eines möglichen Verlustvortrags zur Verfügung stehen.

Steuerrückstellungen

Die Steuerrückstellungen betreffen Rückstellungen für Steuern vom Einkommen und vom Ertrag der tschechischen (TEUR 447), der deutschen (TEUR 469) sowie der belgischen (TEUR 3) Zweigniederlassung.

Sonstige Rückstellungen

Die sonstigen Rückstellungen in Höhe von TEUR 50.279 betreffen im Wesentlichen noch nicht berechnete Subunternehmerleistungen für abgeschlossene Projekte (TEUR 33.916) und Garantieleistungen (TEUR 14.750).

Umsatzerlöse

Die geographische Aufteilung der Umsatzerlöse stellt sich wie folgt dar:

Land	2019	2018
	TEUR	TEUR
Polen	50.550	65.898
Slowakei	45.636	225.842
Ungarn	45.095	24.769
Tschechische Republik	42.906	77.703
Großbritannien	21.238	13.979
Deutschland	17.860	54.810
Frankreich	10.036	116
Niederlande	6.702	3.946
Belgien	1.160	6.598
Spanien	259	198
Rumänien	58	1.105
Italien	0	35
	241.500	475.000

Materialaufwand

Die Materialaufwendungen belaufen sich im Geschäftsjahr 2019 auf TEUR 240.756 (2018: TEUR 438.666).

Die Materialaufwendungen betreffen ausschließlich Aufwendungen für bezogene Leistungen.

Personalaufwand

Die in den Vertriebs- und allgemeinen Verwaltungskosten enthaltenen Personalaufwendungen belaufen sich im Geschäftsjahr 2019 auf TEUR 11.119 (davon Löhne und Gehälter TEUR 10.132, soziale Abgaben TEUR 765 und Altersversorgung TEUR 222). Im Geschäftsjahr 2018 beliefen sich die Personalaufwendungen auf TEUR 8.894 (davon Löhne und Gehälter TEUR 5.699, soziale Abgaben TEUR 3.026 und Altersversorgung TEUR 169).

Periodenfremde Erträge

In den sonstigen betrieblichen Erträgen sind periodenfremde Erträge in Höhe von TEUR 5.738 enthalten, die im Wesentlichen aus der Auflösung von sonstigen Rückstellungen (TEUR 5.339) resultieren, davon insbesondere aus der Auflösung von Garantierückstellungen der deutschen (TEUR 4.366), der polnischen (TEUR 322), der slowakischen (TEUR 287) und der britischen (TEUR 223) Betriebsstätte.

Kursgewinne und -verluste

Die angeschafften oder hergestellten Vermögensgegenstände sind bei Rechnungen in Fremdwährung mit dem jeweils gültigen Monatskurs (Durchschnittskurs des Vormonats) der Transaktion in die funktionale Währung umgerechnet. Erträge oder Aufwendungen, die im Nachhinein aus der späteren Zahlung der Forderung in Fremdwährung entstehen, sind in den sonstigen Erträgen oder Aufwendungen enthalten.

Die Vermögenswerte und Schulden der ausländischen Niederlassungen, deren funktionale Währung nicht der Euro ist, werden von der jeweiligen Landeswährung in Euro mit den Devisenkassamittelkursen am Abschlussstichtag umgerechnet. Die Gewinn- und Verlustrechnungen der ausländischen Niederlassungen, deren funktionale Währung nicht der Euro ist, werden wie die entsprechenden Jahresergebnisse zu Durchschnittskursen des Jahres umgerechnet. Die sich daraus ergebenden Umrechnungsdifferenzen werden ergebniswirksam in der Gewinn- und Verlustrechnung erfasst.

Insgesamt wurden Kursgewinne in Höhe von TEUR 327 (i. Vj. TEUR 2.388) in den sonstigen betrieblichen Erträgen sowie Kursverluste in Höhe von TEUR 2.067 (i. Vj. TEUR 916) in den sonstigen betrieblichen Aufwendungen ergebniswirksam berücksichtigt.

(4) Sonstige Angaben

Sonstige finanzielle Verpflichtungen

Die zukünftigen Aufwendungen aus Miet- und Leasingverträgen setzen sich wie folgt zusammen:

	TEUR
Fällig innerhalb des nächsten Jahres	2.118
Fällig innerhalb des zweiten bis zum fünften Jahr	4.568
Fällig nach fünf Jahren	340
	7.026

Anzahl Mitarbeiter

Im Geschäftsjahr 2019 betrug die durchschnittliche Anzahl der Mitarbeiter ohne Geschäftsführer 513 (i. Vj. 393). Davon waren durchschnittlich 83 Mitarbeiter in der deutschen Niederlassung und 430 Mitarbeiter in den übrigen europäischen Niederlassungen angestellt.

Mitglieder der Geschäftsführung

Der Geschäftsführung gehörten folgende Mitglieder an, die mit Ausnahme von Herrn Beom-Yong Sung einzelvertretungsberechtigt sind:

- Masayuki Takinami, Kaufmann, Düsseldorf, Vorsitzender der Geschäftsführung
- Beom-Yong Sung, Kaufmann, Bad Homburg
- Shoichiro Shibuta, Kaufmann, Yokohama/Japan
- Itsutsu Murakami, Kaufmann, Düsseldorf (ab 1. September 2020)
- Takeshi Yanagi, Kaufmann, Düsseldorf (ab 1. April 2019 bis 24. September 2020)
- Hideyuki Okamoto, Kaufmann, Düsseldorf (bis 31. März 2019)

Die Gesamtbezüge der Mitglieder der Geschäftsführung für 2019 betrugen TEUR 815.

Anteile an verbundenen Unternehmen

Zum Bilanzstichtag hält die Gesellschaft die folgenden Anteile an verbundenen Unternehmen:

Verbundenes Unternehmen	Anteil	Lokale Währung	Nennkapital	Eigenkapital zum 31.12.2019	Ergebnis 2019
	%		in lokaler Währung	in lokaler Währung	in lokaler Währung
Takenaka Belgium N.V., Machelen/Belgien	99,99	TEUR	62	139	-32
Takenaka Netherlands B.V., Amsterdam/Niederlande	100,00	TEUR	1.361	662	0
Takenaka India Private Ltd., Gurgaon-Haryana/Indien ¹	99,99	TINR	1.500.000	523.020	-368.369
TAK Realty UK Ltd., London/UK	39,02	TGBP	61.500	62.779	1.255
TAK Realty NY Inc., NY/U.S.A.	16,67	TUSD	180.000	174.328	-2.961
TAK CAPITAL USA INC., City of Wilmington/U.S.A.	20,00	TUSD	130.000	244.448	3.609
Neues Atrium Property GmbH, Düsseldorf/Deutschland	100	TEUR	1.000	2.996	-4

Ergebnisverwendung

Die Geschäftsführung schlägt der Gesellschafterin vor, den Gewinnvortrag in Höhe von EUR 98.392.197,80 sowie den Jahresfehlbetrag in Höhe von EUR 28.497.985,90 auf neue Rechnung vorzutragen.

Konzernabschluss

Takenaka Europe GmbH, Düsseldorf, ist 100%iges Tochterunternehmen der Takenaka Corporation, Osaka/Japan, die in Japan einen Konzernabschluss für den kleinsten und größten Konsolidierungskreis aufstellt und veröffentlicht. Dieser Konzernabschluss ist in den Geschäftsräumen der Muttergesellschaft einsehbar.

Unter Anwendung der Ausnahmeregelung des § 292 HGB sieht Takenaka Europe GmbH von der Erstellung eines Konzernabschlusses und Konzernlageberichtes ab.

Der befreiende Abschluss der Obergesellschaft Takenaka Corporation, Osaka/Japan, gemäß § 292 HGB wird auf Basis von „International Financial Reporting Standards“ (IFRS/IAS) erstellt. Dabei kommen im Wesentlichen folgende vom deutschen Recht abweichende Bilanzierungs- sowie Bewertungsmethoden zur Anwendung:

¹ Angaben basieren auf dem Abschluss für den Zeitraum vom 1. April 2019 bis 31. März 2020.

Auf Basis der sogenannten "Percentage of Completion Method" wird dem Grad der Fertigstellung bei der Anarbeitung größerer Aufträge Rechnung getragen. Die Anwendung führt aufgrund abweichender Kriterien gegenüber der Anwendung der "Completed Contract Method" im Einklang mit den handelsrechtlichen Vorschriften tendenziell zur früheren Umsatz- und Ergebnisrealisation und zwar unabhängig von der tatsächlichen Abrechnung gegenüber dem Kunden. Die Takenaka Europe GmbH veröffentlicht den in die deutsche Sprache übersetzten IFRS-Konzernabschluss ihrer obersten Muttergesellschaft im Sinne des § 325 HGB.

Honorar des Abschlussprüfers

Die Angaben zum vom Abschlussprüfer berechneten Gesamthonorar werden in dem das Unternehmen einbeziehenden Konzernabschluss der obersten Muttergesellschaft enthalten sein. *Der Konzernabschluss wird in Deutschland offengelegt.*

Vorgänge von besonderer Bedeutung nach Beendigung des Geschäftsjahres

Am 7. August 2020 wurde mit unserer Muttergesellschaft Takenaka Corporation ein „Purchase and Sale Agreement“ über den Verkauf unseres 20%igen Anteils an der TAK Capital USA INC., City of Wilmington/U.S.A., abgeschlossen.

Seit Januar 2020 breitet sich das Coronavirus weltweit weiter aus (Coronavirus-Epidemie). Mögliche Auswirkungen auf die Prognose der Gesellschaft aufgrund einer möglichen zweiten Ausbruchswelle von COVID-19 könnten zu einer Anpassung der aktuellen Planung für die verbleibenden Monate des Geschäftsjahres 2020 führen.

Weitere Vorgänge von besonderer Bedeutung, die nach dem Ende des Geschäftsjahres eingetreten sind, haben sich nicht ereignet.

Düsseldorf, 30. September 2020

Takenaka Europe GmbH

Masayuki Takinami

Shoichiro Shibuta

Beom-Yong Sung

Itsutsu Murakami

Takenaka Europe GmbH, Düsseldorf

Entwicklung des Anlagevermögens im Geschäftsjahr 2019

	Anschaffungskosten				
	1.1.2019	Fremd- währungs- anpassung	Zugänge	Abgänge	31.12.2019
	EUR	EUR	EUR	EUR	EUR
I. Immaterielle Vermögens- gegenstände					
Entgeltlich erworbene EDV-Software	1.791.967,73	3.738,41	61.181,88	12.575,31	1.844.312,71
II. Sachanlagen					
1. Bauten einschließlich Mietereinbauten	331.177,81	1.454,96	208.243,70	159.507,72	381.368,75
2. Andere Anlagen, Betriebs- und Geschäfts- ausstattung	3.722.773,84	16.038,03	489.048,88	46.833,64	4.181.027,11
3. Geleistete Anzahlungen und Anlagen im Bau	0,00	0,00	183.907,24	0,00	183.907,24
	4.053.951,65	17.492,99	881.199,82	206.341,36	4.746.303,10
III. Finanzanlagen					
1. Anteile an verbundenen Unternehmen	43.620.702,27	0,00	3.000.000,00	0,00	46.620.702,27
2. Sonstige Ausleihungen an verbundene Unternehmen	0,00	0,00	26.200.000,00	0,00	26.200.000,00
3. Beteiligungen	49.090.023,74	0,00	0,00	0,00	49.090.023,74
	92.710.726,01	0,00	29.200.000,00	0,00	121.910.726,01
	98.556.645,39	21.231,40	30.142.381,70	218.916,67	128.501.341,82

1.1.2019	Kumulierte Abschreibungen			Buchwerte		
	Fremd- währungs- anpassung	Abschrei- bungen	Abgänge	31.12.2019	31.12.2019	31.12.2018
EUR	EUR	EUR	EUR	EUR	EUR	EUR
1.575.416,41	3.426,79	151.825,19	10.387,18	1.720.281,21	124.031,50	216.551,32
290.296,41	544,47	5.581,19	131.217,84	165.204,23	216.164,52	40.881,40
3.033.026,00	15.077,51	377.161,25	80.835,89	3.344.428,87	836.598,24	689.747,84
0,00	0,00	0,00	0,00	0,00	183.907,24	0,00
3.323.322,41	15.621,98	382.742,44	212.053,73	3.509.633,10	1.236.670,00	730.629,24
8.905.060,26	0,00	6.758.828,43	0,00	15.663.888,69	30.956.813,58	34.715.642,01
0,00	0,00	0,00	0,00	0,00	26.200.000,00	0,00
0,00	0,00	0,00	0,00	0,00	49.090.023,74	49.090.023,74
8.905.060,26	0,00	6.758.828,43	0,00	15.663.888,69	106.246.837,32	83.805.665,75
13.803.799,08	19.048,77	7.293.396,06	222.440,91	20.893.803,00	107.607.538,82	84.752.846,31

Takenaka Europe GmbH, Düsseldorf

Lagebericht für das Geschäftsjahr 2019

A. Grundlagen des Unternehmens

Die Takenaka Europe GmbH, Düsseldorf (im Folgenden „das Unternehmen“), befasst sich mit der Erbringung von Beratungs-, Planungs- und Ingenieurleistungen im Baubereich sowie *Bauleistungen durch Dritte mit den Leistungsbildern eines Generalübernehmers oder -unternehmers* und allen Tätigkeiten im Zusammenhang mit dem Gebäudemanagement. Des Weiteren bietet das Unternehmen Leistungen in Bereichen des Projektmanagements und der Projektentwicklung an.

Das Unternehmen ist eine 100%ige Tochtergesellschaft der Takenaka Corporation, Osaka/Japan, eines der ältesten Unternehmen Japans in der Baubranche mit einer langjährigen Unternehmensgeschichte von über 400 Jahren.

Das Unternehmen betreibt Niederlassungen in Belgien, den Niederlanden, Italien, Spanien, Tschechien, Slowakei, Polen, Ungarn, Frankreich, Rumänien und Großbritannien.

Die Takenaka Europe GmbH ist an folgenden Tochterunternehmen zum Bilanzstichtag 31. Dezember 2019 beteiligt:

- Takenaka India Private Ltd. (99,999%ige Beteiligung),
- Takenaka Belgium N.V. (99,99%ige Beteiligung),
- Takenaka Netherlands B.V. (100%ige Beteiligung),
- TAK Realty UK Ltd. (39,02%ige Beteiligung),
- TAK Realty NY Inc. (16,67%ige Beteiligung),
- TAK CAPITAL USA INC. (20,0%ige Beteiligung) und
- Neues Atrium Property GmbH (100%ige Beteiligung).

B. Wirtschaftsbericht

1. Gesamtwirtschaftliche und branchenbezogene Rahmenbedingungen

Die Geschäftstätigkeit des Unternehmens ist direkt beeinflusst durch die Entwicklung der Märkte in Deutschland und Europa. Zudem wird unsere Unternehmenstätigkeit von unseren Beteiligungen in den USA und unserer Tochtergesellschaft in Indien durch die Entwicklung dieser Märkte beeinflusst.

Die globale Politik ist wieder zu einem Schlüsselfaktor geworden, der die Entwicklung der Weltwirtschaft maßgeblich beeinflusst: Der Handelskonflikt zwischen den USA und China sowie die Diskussionen und Unsicherheiten rund um den Brexit belasteten die Stimmung der Unternehmen und der Privathaushalte und bewirkten damit eine Abschwächung des Investitionswachstums, der Exporte und des privaten Konsums. Das BIP-Wachstum blieb daher 2019 in vielen Volkswirtschaften relativ gering. In den hoch entwickelten Ländern fand die Abschwächung auf breiter Basis statt. In den Schwellen- und Entwicklungsländern war die Konjunkturabschwächung sogar noch ausgeprägter. Die Weltbank korrigierte ihre Wachstumsprognose für die Weltwirtschaft für 2019 um 0,2 Prozentpunkte auf 2,4 % nach unten und rechnete für 2020 und 2021 mit einem Wachstum von 2,5 % bzw. 2,6 %. Die Weltwirtschaft wird in 2020 nach Einschätzung des IWF wegen der Coronavirus-Krise jedoch noch viel stärker schrumpfen als ohnehin schon gedacht. Der Internationale Währungsfonds kürzte seine Prognosen vor allem für Länder, die besonders von der Pandemie betroffen sind - darunter Frankreich, Italien, Spanien, Großbritannien, Brasilien und die USA. Am besten sehen die Prognosen für China aus.

Deutschland

Die deutsche Wirtschaft ist in 2019 das zehnte Jahr infolge gewachsen. Das hat das Statistische Bundesamt mitgeteilt. Das Wachstum - etwas abgeschwächt - betrug 0,6 Prozent gegenüber 2,5 und 1,5 Prozent in den Jahren 2017 und 2018. Der private Konsum sowie Bau- und Unternehmensinvestitionen waren für das Wachstum ausschlaggebend, aber auch die staatlichen Konsumausgaben trugen dazu bei. Die Importe stiegen mit 1,9 Prozent stärker als die Exporte (0,9 Prozent), die sich nicht mehr so stark wie in der Vergangenheit erhöhten. Grund hierfür waren nicht zuletzt die verschiedenen Handelskonflikte sowie Probleme in der Autoindustrie. Allerdings sieht die wirtschaftliche Lage in Deutschland in 2020 ganz anders aus. Die konjunkturelle Dynamik hat sich merklich verlangsamt.

Die deutsche Bauwirtschaft dürfte Euroconstruct zufolge 2019 mit einem Plus von 0,8 % ihr vorläufig letztes Wachstumsjahr erlebt haben. Der Effekt der massiven Wohnbauinvestitionen der öffentlichen Hand ist inzwischen abgeflacht, und das Ausmaß der öffentlichen Investitionen lässt sich noch nicht eindeutig abschätzen. Stimulation erfährt der Sektor durch die niedrigen Kreditzinsen und die steigenden Reallöhne, während der Einfluss der Steuererleichterungen für energiesparende Maßnahmen aus dem Klimapaket der Regierung noch nicht klar erkennbar ist.

Europa

Die gesamte Marktkapitalisierung der 30 größten Bauunternehmen lag Ende 2019 bei rund 459 Mrd USD und war damit um 8 % höher als 2018. In Bezug auf die geografische Verteilung stellt hierbei Europa die meisten Unternehmen (zehn), vor Japan (sieben), während sowohl die USA als auch China mit jeweils fünf Unternehmen vertreten sind.

Mit soliden 2,3 % Wachstum konnte die Bauwirtschaft in den 19 Euroconstruct-Ländern 2019 das sechste Jahr infolge zulegen und wuchs damit - wenn auch etwas abgeschwächt - erneut stärker als die Wirtschaft insgesamt. Der Bausektor profitiert von konjunkturellen Faktoren wie der soliden Kaufkraft der privaten Haushalte, günstigen Finanzierungsbedingungen und höheren Unternehmensgewinnen. Die Bauleistung betrug 2019 in den 19 Euroconstruct-Ländern rd. EUR 1,6 Mrd. Auch nach fünf Jahren kontinuierlichen Wachstums liegt sie damit noch weit unter dem Höchststand vor der Finanzkrise 2008.

Die Corona-Lockdowns im Eurogebiet ab Mitte März 2020 zwangen viele Unternehmen zu einer abrupten Verlangsamung ihrer Aktivitäten. Dies führte im 1. Quartal 2020 zu einem Rückgang des BIPs um 3,6 %. Die Firmen hielten sich aufgrund von Liquiditätsproblemen und der Ungewissheit über künftige Entwicklungen mit ihren Investitionen zurück. Zudem war die Auslandsnachfrage schwach, die Exporte brachen ein. Italien, Frankreich und Spanien waren am stärksten von der Pandemie betroffen und führten strenge Lockdowns ein. Infolgedessen ging die Wirtschaftstätigkeit um 5,3 % (Italien), 5,3 % (Frankreich) und 5,2 % (Spanien) zurück. Deutschland war mit einem Rückgang des BIP um 2,2 % weniger stark betroffen. Im Juni 2020, in dem in vielen EU-Mitgliedstaaten die COVID-19-Eindämmungsmaßnahmen weiter gelockert wurden, stieg die saisonbereinigte Produktion im Baugewerbe gegenüber Mai 2020 laut ersten Schätzungen von Eurostat weiter an – konkret im Euroraum um 4,0 % und in der EU um 2,9 %. Bereits im Mai 2020 hatte die Produktion im Baugewerbe gegenüber dem Corona-April im Euroraum um 29,4 % und in der EU um 22,3 % zugenommen. Gegenüber dem Vorjahres-Juni 2019 ist allerdings die Produktion im Baugewerbe im Juni 2020 im Euroraum um 5,9 % und in der EU um 5,8 % gesunken.

Indien

Im Jahr 2019 betrug das Wachstum des realen Bruttoinlandsprodukts in Indien rund 4,2 Prozent gegenüber dem Vorjahr. Für das Jahr 2021 wird das Wachstum des realen Bruttoinlandsprodukts in Indien auf rund 7,4 Prozent gegenüber dem Vorjahr prognostiziert. Laut dem globalen Immobilienberater Colliers stiegen die Investitionen in Indiens Immobilien im Jahr 2019 gegenüber 2018 um 8,7 Prozent und erreichten 6,2 Mrd USD.

Die Prognosen des Internationalen Währungsfonds (IWF) sehen Indien als eine der schnell wachsenden Volkswirtschaften weltweit – auch wenn die Covid-19-Pandemie ihren Tribut fordert. Die wirtschaftlichen Aussichten für Indien sind aktuell eher herausfordernd. Der IWF hat kürzlich die BIP-Prognosen für Schwellenländer um zwei Prozentpunkte auf -3,0 % nach unten revidiert. Für mehrere Vorreiterländer erscheinen die Aussichten weitaus schlechter. So liegt beispielsweise die BIP-Prognose für Indien bei -4,5 %, für Russland bei -6,6 %, für Brasilien bei -9,1 %, für Mexiko bei 10,5 % und für Südafrika bei -8,0 %.

Das Leben in Indiens wirtschaftlichen Zentren kommt erneut zum Stillstand (Stand Juli 2020) – darunter Indiens IT-Zentrum Bangalore und die Industriestadt Pune. Wie düster die Aussichten sind, zeigte das Marktforschungsunternehmen „IHS Markit“ in seinem Report „India Business Outlook“: Das darin gemessene Geschäftsklima sank auf den tiefsten Stand seit Beginn der Zahlenreihe vor elf Jahren.

USA

Gemessen an der absoluten Wirtschaftsleistung sind die USA noch mit weitem Abstand zum zweitplatzierten China die größte Volkswirtschaft der Welt: Mit einem Bruttoinlandsprodukt (BIP) von circa 21,44 Billionen US-Dollar lagen sie im Jahr 2019 noch deutlich vor China (rund 14,14 Billionen US-Dollar). Im Hinblick auf das Bruttoinlandsprodukt pro Kopf stehen die USA mit geschätzt rund 65.112 US-Dollar je Einwohner (2019) weit vor Schwellenländern wie China oder Brasilien.

Das Wirtschaftswachstum der USA wird in 2020 aufgrund der Corona-Pandemie dramatisch einbrechen - nachdem die US-Wirtschaft 2019 noch um rund 2,3 Prozent wuchs, wenngleich sich über die konkrete Höhe des BIP-Rückgangs zu diesem Zeitpunkt nur spekulieren lässt. Aktuelle Prognosen führender Organisationen und Wirtschaftsinstitute zur Entwicklung des Bruttoinlandsprodukts (BIP) prognostizieren für die USA im laufenden Jahr 2020 einen Einbruch des BIP in Höhe von circa 8 Prozent (Stand: August 2020). Innerhalb von nur drei Monaten haben sich die Schätzungen von -0,4 Prozent zu -8 Prozent erhöht.

2. Geschäftsverlauf

2.1 Ertragslage

Das Unternehmen verzeichnete eine Reduzierung der Umsatzerlöse um EUR 233,5 Mio. auf EUR 241,5 Mio. und des Jahresergebnisses um EUR 48,3 Mio. auf EUR -28,5 Mio. Der Grund für die Verringerung der Umsatzerlöse und damit auch die Nichtrealisierung der Gewinnmargen ist die verspätete Fertigstellung einiger Großprojekte, die ursprünglich in 2019 fertiggestellt werden sollten. Wesentliche Ursache für das negative Jahresergebnis des Geschäftsjahres 2020 in Höhe von TEUR -28,5 Mio ist einerseits die außerplanmäßige Abschreibung auf Finanzanlagen, die die indische Beteiligung betrifft und andererseits die Berücksichtigung eines kalkulierten Verlustes für ein noch nicht fertiggestelltes Grossprojekt.

Während des Geschäftsjahres 2019 wurden folgende große Projekte fertiggestellt:

- NHK Spring Hungary Factory Extension Ph2 (Ungarn)
- Delphi Poland Factory Extension (Polen)
- G-TEKT Slovakia factory (Slowakei)
- JLR Admin Building (Slowakei)
- G-TEKT UK New Factory (Großbritannien)

- Nippon Paint Automotive Czech New Factory (Tschechien)
- Denso Warehouse Construction (Ungarn)
- TOYOTA EXTENSION - GPL New Building (Frankreich)
- TRCZ (Tschechien)
- DOOSAN Administrative Building (Tschechien)
- Suzuki Bensheim R&D Center Design works (Deutschland).

Die Rohmarge (Bruttoergebnis vom Umsatz im Verhältnis zu den Umsatzerlösen) sank um 7,3 % Punkte im Vergleich zum Vorjahr auf 0,3 %. Die Reduzierung war im Wesentlichen bedingt durch die Berücksichtigung von Verlusten eines noch nicht fertiggestellten Großprojekts.

Die allgemeinen Verwaltungskosten erhöhten sich um TEUR 4.401 auf TEUR 21.250, insbesondere durch einen Anstieg bei den Personalkosten.

Die sonstigen betrieblichen Erträge verringerten sich um TEUR 306 auf TEUR 5.810, im Wesentlichen bedingt durch die höhere Auflösung von sonstigen Rückstellungen und die Verminderung der Wechselkursgewinne.

Die sonstigen betrieblichen Aufwendungen erhöhten sich um TEUR 1.205 auf TEUR 2.896 im Wesentlichen durch höhere Wechselkursverluste.

Die Zinserträge im laufenden Geschäftsjahr stiegen um TEUR 98 auf TEUR 454 bedingt durch eine Neukreditvergabe an eine neu gegründete Tochtergesellschaft ab August 2019.

Unter Berücksichtigung der Steuern vom Einkommen und vom Ertrag in Höhe von TEUR 4.024 sowie der sonstigen Steuern in Höhe von TEUR 31 wurde ein Jahresfehlbetrag von TEUR 28.498 erzielt.

2.2 Vermögens- und Finanzlage

Die Bilanzsumme beläuft sich am Ende des Geschäftsjahres 2019 auf TEUR 509.437 (2018: TEUR 397.570).

Die Zunahme der Bilanzsumme um TEUR 111.867 wird auf der Aktivseite im Wesentlichen durch einen Anstieg des Bestandes unfertiger Leistungen um TEUR 107.053 verursacht. Auf der Passivseite betrifft die Zunahme im Wesentlichen die erhaltenen Anzahlungen, die um TEUR 134.161 angestiegen sind.

Die Eigenkapitalquote (Eigenkapital im Verhältnis zur Bilanzsumme) verringerte sich von 29,9 % zum 31. Dezember 2018 auf 17,8 % zum 31. Dezember 2019 aufgrund des Jahresfehlbetrags von TEUR 28.498 in 2019 sowie der gestiegenen Bilanzsumme. Die Eigenkapitalrentabilität (Jahresergebnis im Verhältnis zum Eigenkapital des Vorjahres) beträgt -24,0 % (i. Vj. +20,0 %).

Takenaka India Private Ltd., Gurgaon, Haryana/Indien (99,999%ige Beteiligung), erwirtschaftete in deren letzten Jahresabschluss per 31. März 2020 einen Fehlbetrag in Höhe von TINR - 368.369 (i. Vj. 31. März 2019 einen Fehlbetrag in Höhe von TINR -16.721).

TAK Realty UK Ltd., London/UK (39,02%ige Beteiligung), erzielte im Geschäftsjahr 2019 einen Gewinn von TGBP 1.255 (i. Vj. Jahresüberschuss von TGBP 1.206). Am 1. April 2019 wurde eine Dividende in Höhe von TGBP 468 an das Unternehmen ausgezahlt.

TAK Realty NY INC, NY/U.S.A. (16,67%ige Beteiligung), erzielte im Geschäftsjahr 2019 einen Verlust von TUSD 2.878 (i. Vj. Jahresfehlbetrag von TUSD 1.781).

Takenaka Belgium N.V., Machelen/Belgien (99,99%ige Beteiligung), erzielte in 2019 einen Verlust in Höhe von TEUR 32 (i. Vj. Jahresfehlbetrag von TEUR 24).

Takenaka Netherlands B.V., Amsterdam/Niederlande (100%ige Beteiligung), erzielte unverändert zum Vorjahr ein Ergebnis von TEUR 0, da das Unternehmen keine operative Geschäftstätigkeit betreibt.

TAK CAPITAL USA INC, City of Wilmington/U.S.A. erwirtschaftete in Geschäftsjahr 2019 einen Jahresüberschuss von TUSD 3.609 (i. Vj. Jahresüberschuss von TUSD 839).

Darüber hinaus hat das Unternehmen eine neue Tochtergesellschaft (100%ige Beteiligung) namens Neues Atrium Property GmbH in Düsseldorf/Deutschland am 30. April 2019 gegründet; diese wurde am 7. Mai 2019 unter HRB 86522 beim Amtsgericht Düsseldorf eingetragen. Gegenstand des Unternehmens ist der Erwerb und die Verwaltung von Immobilien, die Erbringung von Dienstleistungen jeglicher Art im Zusammenhang mit Immobilien im eigenen Namen oder für Dritte, mit Ausnahme erlaubnispflichtiger Tätigkeiten. Die neue Tochtergesellschaft erwirtschaftete im ersten Rumgeschäftsjahr vom 1. August bis zum 31. Dezember 2019 einen Jahresfehlbetrag von TEUR 4.

Verglichen mit der Prognose des Geschäftsjahres 2018 konnten die Ziele des Unternehmens in Bezug auf den Umsatz (EUR 430 Mio.) und den positiven Jahresüberschuss (EUR 20 Mio) nicht erreicht werden. Dies ist einerseits darauf zurückzuführen, dass einige Großprojekte nicht wie geplant in 2019, sondern erst per Ende 2020 fertiggestellt und final abgerechnet werden konnten. Andererseits war das nicht geplante negative Jahresergebnis 2019 durch die außerplanmäßige Abschreibung der indischen Beteiligung sowie durch die bilanzielle Berücksichtigung von zu erwartenden Verlusten eines Großprojekts wesentlich belastet.

Zum Zeitpunkt der Aufstellung des Jahresabschlusses sieht die Geschäftsführung die Lage der Gesellschaft als gut an.

3. Finanzielle und nichtfinanzielle Leistungsindikatoren

Das Unternehmen konzentriert sich auf die finanziellen Leistungsindikatoren Umsatz und Jahresüberschuss.

Der wesentliche nicht-finanzielle Leistungsindikator des Unternehmens besteht in den Mitarbeitern des Unternehmens und dem Fachwissen bei der Durchführung von Bauprojekten, die einen erheblichen Einfluss auf die geschäftliche Entwicklung haben, jedoch nicht zur Unternehmenssteuerung genutzt werden.

C. Prognose-, Chancen- und Risikobericht

1. Prognosebericht

Die gesamte Bauleistung wird im Jahr 2020 voraussichtlich etwa 1.500 Milliarden Euro erreichen, was dem Niveau von 2015 entspricht. Bis auf wenige Ausnahmen erleben alle Länder der EC-19 einen Rückgang im Jahr 2020, wobei Großbritannien und Irland mit 33 bzw. 38 Prozent den größten Rückgang prognostizieren. Aber auch Frankreich (-17,7 %), Italien (-11,5 %) und Spanien (-15,0 %) rechnen mit zweistelligen Einbußen im Jahr 2020. Auch in Deutschland liegen die Erwartungen mit -2,4 Prozent eher im optimistischen Bereich. Für Portugal und Polen werden sogar während der Krise positive Wachstumsraten prognostiziert. Dies verdeutlicht auch, dass es in den europäischen Ländern große Unterschiede in der nationalen Betroffenheit in puncto Corona-Pandemie gibt – sowohl gesundheitlich als auch wirtschaftlich. Es wird zwar erwartet, dass sich alle Länder in den Jahren 2021 und 2022 erholen werden, aber das Ausmaß des Wachstums wird geringer sein als der Rückgang im Jahr 2020.

Die Takenaka Europe GmbH besitzt einen aktuellen Auftragsbestand für das Geschäftsjahr 2020 von rd. EUR 456 Mio. Aufgrund der in 2020 erwarteten Fertigstellung von Projekten rechnet Takenaka mit einem im Vergleich zum Vorjahr erhöhten Umsatz in einer Bandbreite von rd. EUR 350-400 Mio in 2020. Darauf basierend erwartet Takenaka einen deutlich positiven Jahresüberschuss für das Geschäftsjahr 2020. Die größten laufenden Projekte 2020 sind Makita Romania Factory Extension Ph4 in Rumänien, deren Abnahme vom Kunden noch in 2020 geplant ist sowie die Projekte Sekisui NL Geleen Execution ER-300 in den Niederlanden und TORAY BSF Factory Main Construction works in Ungarn, deren Fertigstellung für 2021 vorgesehen ist. Mögliche Auswirkungen auf die Prognose der Gesellschaft aufgrund einer möglichen zweiten Ausbruchswelle von COVID-19 könnten dazu führen, dass entsprechend einem solchen Szenario ein nur leicht positiver Jahresüberschuss erwirtschaftet würde.

2. Chancen- und Risikobericht

Für das Unternehmen haben sich insgesamt keine größeren Auswirkungen der „Coronakrise“ gezeigt. Es wurde eine „Task Force“ gegründet, um alle Informationen zu sammeln, die sich auf unser Geschäft und unsere Organisation auswirken können. Auswirkungen sind Reduzierung des Fortschritts für mehrere Projekte und Erhöhung der erwarteten Kosten für einen längeren Zeitplan. Lieferanten und Einkäufe, physische Logistik, Lagerbestand, Kunden, Nachfrage und Verkauf, Verträge (einschließlich rechtlicher Risiken) hatten keinen großen Einfluss für die Ausführung von Projekten, jedoch aber einige Auswirkungen auf potenzielle Projekte.

Währungsrisiken entstehen dadurch, dass teilweise Verträge über Bauprojekte in EUR, die Verträge mit Subunternehmern jedoch in der abweichenden Landeswährung geschlossen werden. In den meisten Fällen werden jedoch die Verträge über die Bauprojekte und die Subunternehmerverträge in der gleichen Währung abgeschlossen.

Die wesentlichsten Risiken sind projektbezogene Risiken, wie Verzögerungen bei der Erstellung der Bauprojekte, steigende Material- und Subunternehmerkosten bei schlüsselfertigen Projekten sowie Qualitätsmängel in der Bauausführung oder dem Design. Diese werden kontinuierlich überwacht und kontrolliert, und bei Bedarf werden geeignete Gegenmaßnahmen ergriffen.

Das Unternehmen ist derzeit in zwölf Ländern mit elf Betriebsstätten tätig und hat die Absicht, ständig das Geschäftsmodell des Unternehmens und das Ergebnis der Bauprojekte zu verbessern. Mit dem Ziel, als ein globaler Marktteilnehmer wahrgenommen zu werden, weitet das Unternehmen neben der Fortführung der laufenden Tätigkeit konsequent seine Aktivitäten in ganz Europa aus.

Es besteht weiterhin ein hoher Wettbewerb mit anderen Generalunternehmern um eine begrenzte Zahl neuer Projekte auf dem Markt.

Das Unternehmen glaubt, dass es aufgrund des hohen Bauvolumens in der Vergangenheit und seinen Niederlassungen überall in Europa über einen Wettbewerbsvorteil verfügt, und erwartet dadurch eine Stärkung seiner Marktposition. Insgesamt schätzt das Unternehmen die Chancen höher ein als die Risiken.

Düsseldorf, 30. September 2020

Takenaka Europe GmbH

Masayuki Takinami

Shoichiro Shibuta

Beom-Yong Sung

Itsutsu Murakami

Appendix 5

Bestätigungsvermerk des unabhängigen Abschlussprüfers

**Der qualifiziert elektronisch
signierte Bestätigungsvermerk
ist als Anlage (im Dateiformat)
diesem Bericht beigelegt.**

Appendix 6

General Engagement

Terms

[Translator's notes are in square brackets]

General Engagement Terms

for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translator's Note: The German term "*Textform*" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs. 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.