
DISTREAL 3 COPENHAGEN ApS

Southamptongade 4, DK-2150 Nordhavn

Annual Report for 2023

CVR No. 33 49 26 50

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 17/5 2024

Stine Seneberg
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Annual Report of DISTREAL 3 COPENHAGEN ApS for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

Copenhagen, 17 May 2024

Executive Board

Rune Højby Kock

Nick Holmelund Melgaard

Stine Seneberg

Thomas Petersen

Independent Auditor's report

To the shareholder of DISTREAL 3 COPENHAGEN ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DISTREAL 3 COPENHAGEN ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent Auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Esbjerg, 17 May 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jannick Kjersgaard

State Authorised Public Accountant

mne29440

Hans Baunsgaard Eskildsen

State Authorised Public Accountant

mne45827

Company information

The Company

DISTREAL 3 COPENHAGEN ApS
Southamptongade 4
DK-2150 Nordhavn
CVR No: 33 49 26 50
Financial period: 1 January - 31 December
Incorporated: 25 January 2011
Financial year: 13th financial year
Municipality of reg. office: Copenhagen

Executive Board

Rune Højby Kock
Nick Holmelund Melgaard
Stine Seneberg
Thomas Petersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Esbjerg Brygge 28, 2.
DK-6700 Esbjerg

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross profit before value adjustments		10,034,372	8,131,651
Value adjustments of assets held for investment	2	-5,673,337	34,334,080
Gross profit after value adjustments		4,361,035	42,465,731
Financial income	4	1,018	963
Financial expenses	5	-8,556,516	-6,279,295
Profit/loss before tax		-4,194,463	36,187,399
Tax on profit/loss for the year	6	856,529	-8,325,513
Net profit/loss for the year		-3,337,934	27,861,886
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Retained earnings		-3,337,934	27,861,886
		-3,337,934	27,861,886

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Investment properties		254,000,000	260,000,000
Property, plant and equipment	7	254,000,000	260,000,000
Fixed assets		254,000,000	260,000,000
Trade receivables		28,088	0
Other receivables	8	6,972,218	11,291,999
Prepayments		0	31,112
Receivables		7,000,306	11,323,111
Cash at bank and in hand		38,819,988	37,702,670
Current assets		45,820,294	49,025,781
Assets		299,820,294	309,025,781

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		1,180,000	1,180,000
Reserve for hedging transactions		5,277,110	8,739,507
Retained earnings		80,395,602	83,733,536
Equity		86,852,712	93,653,043
Provision for deferred tax		25,455,916	27,289,017
Provisions		25,455,916	27,289,017
Mortgage loans		117,384,101	117,334,559
Payables to group enterprises		69,637,793	69,799,902
Long-term debt	9	187,021,894	187,134,461
Trade payables		246,328	909,310
Payables to group enterprises	9	243,272	0
Other payables		172	0
Deferred income		0	39,950
Short-term debt		489,772	949,260
Debt		187,511,666	188,083,721
Liabilities and equity		299,820,294	309,025,781
Key activities	1		
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Statement of changes in equity

	Share capital	Reserve for hedging transactions	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1,180,000	8,739,507	83,733,536	93,653,043
Fair value adjustment of hedging instruments, end of year	0	-4,438,969	0	-4,438,969
Tax on adjustment of hedging instruments for the year	0	976,572	0	976,572
Net profit/loss for the year	0	0	-3,337,934	-3,337,934
Equity at 31 December	1,180,000	5,277,110	80,395,602	86,852,712

Notes to the Financial Statements

1. Key activities

The Company's key activity is to own and operate investment properties mainly in the logistics area.

2. Value adjustments of investment assets

Value adjustments of investment properties cf. note 7
Given lease incentives

	2023	2022
	DKK	DKK
	-6,021,337	34,000,000
	348,000	334,080
	-5,673,337	34,334,080

3. Staff

Average number of employees

	2023	2022
	0	0

4. Financial income

Other financial income

	2023	2022
	DKK	DKK
	1,018	963
	1,018	963

5. Financial expenses

Interest paid to group enterprises
Other financial expenses
Exchange loss

	2023	2022
	DKK	DKK
	5,592,871	5,220,466
	2,957,156	1,052,143
	6,489	6,686
	8,556,516	6,279,295

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
6. Income tax expense		
Deferred tax for the year	-1,816,565	10,094,681
Adjustment of deferred tax concerning previous years	-16,536	347,748
	<u>-1,833,101</u>	<u>10,442,429</u>
thus distributed:		
Income tax expense	-856,529	8,325,513
Tax on equity movements	-976,572	2,116,916
	<u>-1,833,101</u>	<u>10,442,429</u>

7. Assets measured at fair value

	Investment properties
	DKK
Cost at 1 January	153,971,134
Additions for the year	21,337
Cost at 31 December	<u>153,992,471</u>
Value adjustments at 1 January	106,028,866
Revaluations for the year	-6,021,337
Value adjustments at 31 December	<u>100,007,529</u>
Carrying amount at 31 December	<u>254,000,000</u>

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods (DCF calculations) based on management's expectations for future cash flows, return requirements, etc. The fair value adjustment for the year has been recognised in the Income Statement

Notes to the Financial Statements

The fair value of Ventruparken 4, Greve has been calculated based on the following assumptions:

	2023
	DKK
The fair value of investment properties amounts to	254,000,000
Value adjustment, income statement	-5,673,337
Average WACC	6.40%
Average inflation assumption	1.85%
Exit yield	4.55%
Budget period	10
Average vacancy, budget period	0.00%

The fair value of investment properties at 31 December 2023 has been assessed by an independent assessor.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material

Sensitivity in determination of fair value of investment properties

A range of 4.45 % - 4.65 % has been applied in the market value assessment at 31 December.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

Changes in	-0.1%	Base	0.1%
	DKK	DKK	DKK
Rate of return	4.45	4.55	4.65
Fair value	259,707,865	254,000,000	248,537,634
Change in fair value	5,707,865	0	-5,462,366

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
8. Derivative financial instruments		
Derivative financial instruments contracts in the form of interest rate swaps have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:		
Assets	6,765,525	11,204,494

The Company has entered into an interest-rate hedging contract. The principal of the hedgings instruments are DKK 94,751,200 as of 31 December 2023. The maturity date of the hedging instruments is 30. December 2027.

	<u>2023</u>	<u>2022</u>
	DKK	DKK
9. Long-term debt		

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans		
After 5 years	99,059,732	117,334,559
Between 1 and 5 years	18,324,369	0
Long-term part	<u>117,384,101</u>	<u>117,334,559</u>
Within 1 year	0	0
	<u>117,384,101</u>	<u>117,334,559</u>
 Payables to group enterprises		
After 5 years	<u>69,637,793</u>	<u>69,799,902</u>
Long-term part	69,637,793	69,799,902
Other short-term debt to group enterprises	243,272	0
	<u>69,881,065</u>	<u>69,799,902</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
10. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Investment properties with a carrying amount of	254,000,000	260,000,000

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of NREP LPF Administrationssselskab ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

11. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

<u>Name</u>	<u>Place of registered office</u>
NREP Income+ Fund ScSp	Luxembourg

Notes to the Financial Statements

12. Accounting policies

The Annual Report of DISTREAL 3 COPENHAGEN ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Notes to the Financial Statements

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income statement

Revenue

Revenue from rent is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and other external expenses.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish Group Enterprises. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Notes to the Financial Statements

Property, plant and equipment

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed assets comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

Discounted Cash Flow model

The fair value of investment properties has been determined at 31 December 2023 for each property by using a Discounted Cash Flow model under which expected future cash flows are discounted to present value. The calculations are based on property budgets for the coming years. Allowance has been made for developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The individual, budgeted cash flows are discounted at an individually fixed discount rate added a terminal value. The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.