
DISTREAL 3 COPENHAGEN ApS

Southamptongade 4, DK-2150 Nordhavn

Annual Report for 2022

CVR No. 33 49 26 50

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 8/6 2023

Kasper Juulsgaard
Sørensen
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Financial Statements of DISTREAL 3 COPENHAGEN ApS for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 8 June 2023

Executive Board

Henrik Skak Bender

Rune Højby Kock

Stine Seneberg

Thomas Ebbe Riise-Jakobsen

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DISTREAL 3 COPENHAGEN ApS for the financial year 1 January - 31 December 2022, 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, 8 June 2023

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	<p>DISTREAL 3 COPENHAGEN ApS Southamptongade 4 DK-2150 Nordhavn</p> <p>CVR No: 33 49 26 50 Financial period: 1 January - 31 December Incorporated: 25 January 2011 Financial year: 12th financial year Municipality of reg. office: Copenhagen</p>
Executive board	<p>Henrik Skak Bender Rune Højby Kock Stine Seneberg Thomas Ebbe Riise-Jakobsen</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28, 2. 6700 Esbjerg</p>

Income statement 1 January - 31 December

	Note	2022	2021
		DKK	DKK
Gross profit before value adjustments		8,131,652	8,603,767
Value adjustments of assets held for investment	2	34,334,080	18,229,920
Gross profit/loss after value adjustments		42,465,732	26,833,687
Financial income	4	963	11,821
Financial expenses	5	-6,279,296	-6,061,164
Profit/loss before tax		36,187,399	20,784,344
Tax on profit/loss for the year	6	-8,325,513	-4,572,556
Net profit/loss for the year		27,861,886	16,211,788

Distribution of profit

	2022	2021
	DKK	DKK
Proposed distribution of profit		
Retained earnings	27,861,886	16,211,788
	27,861,886	16,211,788

Balance sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Investment properties		260,000,000	226,000,000
Property, plant and equipment	7	260,000,000	226,000,000
Fixed assets		260,000,000	226,000,000
Other receivables	8	11,291,999	1,814,886
Prepayments		31,112	0
Receivables		11,323,111	1,814,886
Cash at bank and in hand		37,702,670	7,002,379
Current assets		49,025,781	8,817,265
Assets		309,025,781	234,817,265

Balance sheet 31 December

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		1,180,000	1,180,000
Reserve for hedging transactions		8,739,507	1,234,075
Retained earnings		83,733,536	55,871,651
Equity		93,653,043	58,285,726
Provision for deferred tax		27,289,017	16,846,588
Provisions		27,289,017	16,846,588
Mortgage loans		117,334,559	87,112,749
Payables to group enterprises		69,799,902	71,274,586
Long-term debt	9	187,134,461	158,387,335
Trade payables		909,310	1,093,075
Payables to group enterprises		0	203,740
Other payables	8	0	801
Deferred income		39,950	0
Short-term debt		949,260	1,297,616
Debt		188,083,721	159,684,951
Liabilities and equity		309,025,781	234,817,265
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	1,234,075	55,871,650	58,285,725
Fair value adjustment of hedging instruments, end of year	0	9,622,348	0	9,622,348
Tax on adjustment of hedging instruments for the year	0	-2,116,916	0	-2,116,916
Net profit/loss for the year	0	0	27,861,886	27,861,886
Equity at 31 December	1,180,000	8,739,507	83,733,536	93,653,043

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.

	<u>2022</u>	<u>2021</u>
	DKK	DKK
2. Value adjustments of assets held for investment		
Value adjustments of investment properties cf. note 6	34,000,000	21,000,000
Given lease incentives	<u>334,080</u>	<u>-2,770,080</u>
	<u>34,334,080</u>	<u>18,229,920</u>

3. Staff

	<u>2022</u>	<u>2021</u>
Average number of employees	<u>0</u>	<u>0</u>

4. Financial income

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Other financial income	<u>963</u>	<u>11,821</u>
	<u>963</u>	<u>11,821</u>

5. Financial expenses

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Interest paid to group enterprises	5,220,466	5,209,595
Other financial expenses	1,052,144	848,848
Exchange loss	<u>6,686</u>	<u>2,721</u>
	<u>6,279,296</u>	<u>6,061,164</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	DKK	DKK
6. Income tax expense		
Deferred tax for the year	10,094,681	4,957,903
Adjustment of tax concerning previous years	0	-37,275
Adjustment of deferred tax concerning previous years	347,748	0
	<u>10,442,429</u>	<u>4,920,628</u>
thus distributed:		
Income tax expense	8,325,513	4,572,556
Tax on equity movements	2,116,916	348,072
	<u>10,442,429</u>	<u>4,920,628</u>

7. Assets measured at fair value

	<u>Investment properties</u>
	DKK
Cost at 1 January	153,971,134
Cost at 31 December	153,971,134
Value adjustments at 1 January	72,028,866
Revaluations for the year	34,000,000
Value adjustments at 31 December	106,028,866
Carrying amount at 31 December	<u>260,000,000</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 of Investment properties has been calculated based on the following assumptions:

	<u>2022</u>
Exit yield	4,3%
Average WACC	7,44%

Notes to the Financial Statements

The fair value of investment properties at 31 December 2022 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

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:

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Assets	11,204,494	1,582,146

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 2022. The maturity date of the hedging instruments is 30. December 2027.

Notes to the Financial Statements

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:

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Mortgage loans		
After 5 years	117,334,559	87,112,749
Long-term part	<u>117,334,559</u>	<u>87,112,749</u>
Within 1 year	<u>0</u>	<u>0</u>
	<u>117,334,559</u>	<u>87,112,749</u>
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	<u>69,799,902</u>	<u>71,274,586</u>
Long-term part	<u>69,799,902</u>	<u>71,274,586</u>
Within 1 year	0	0
Other short-term debt to group enterprises	<u>0</u>	<u>203,740</u>
Short-term part	<u>0</u>	<u>203,740</u>
	<u>69,799,902</u>	<u>71,478,326</u>
	<u>2022</u>	<u>2021</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	260,000,000	226,000,000
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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.

Notes to the Financial Statements

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:

Name	Place of registered office
NREP Income+ Fund ScSp	Luxembourg

Notes to the Financial Statements

12. Accounting policies

The Annual Report of DISTREAL 3 COPENHAGEN ApS for 2022 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 2022 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. Gains and losses 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.

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, see below.

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

Net sales

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, other operating income and other external expenses.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

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.

Notes to the Financial Statements

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

Investment properties

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 historical 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.

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 debts

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.