

Nordic III Aarhus ApS

c/o CEJ Ejendomsadministration A/S
Meldahls­gade 5
1613 København V
Denmark

CVR no. 34 55 16 93

Annual report 2020/21

The annual report was presented and approved at the
Company's annual general meeting on

16 July 2021

Peter Eric Broström
Chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Nordic III Aarhus ApS for the financial year 1 April 2020 – 31 March 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 – 31 March 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen 16 July 2021
Executive Board:

Peter Eric Broström

Board of Directors:

Peter Eric Broström
Chairman

Roland Maria Döhn

Hélène Henning

Emil Jonatan Jansbo

Independent auditor's report

To the shareholder of Nordic III Aarhus ApS

Opinion

We have audited the financial statements of Nordic III Aarhus ApS for the financial year 1 April 2020 – 31 March 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 – 31 March 2021 in accordance with the Danish Financial Statements Act.

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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.

Independent auditor's report

- 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.
- 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 16 July 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Carsten Nielsen
State Authorised
Public Accountant
mne30212

Nordic III Aarhus ApS
Annual report 2020/21
CVR no. 34 55 16 93

Management's review

Company details

Nordic III Aarhus ApS
c/o CEJ Ejendomsadministration A/S
Meldahlsgade 5
1613 København V

CVR no.:	34 55 16 93
Established:	11 May 2012
Registered office:	Copenhagen
Financial year:	1 April – 31 March

Board of Directors

Peter Eric Broström, Chairman
Roland Maria Döhn
Hélène Henning
Emil Jonatan Jansbo

Executive Board

Peter Eric Broström

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Management's review

Operating review

Principal activities

The objective of the Company is to invest in real estate property as well as other related activities.

Development in activities and financial position

The Company's income statement for 2020/21 shows a profit of DKK 4,225,184 as against DKK 8,112,178 in 2019/20. Equity in the Company's balance sheet at 31 March 2021 stood at DKK 70,124,720 as against DKK 73,455,048 at 31 March 2020.

Events after the balance sheet date

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.

Financial statements 1 April – 31 March

Income statement

DKK	Note	2020/21	2019/20
Gross profit		12,998,498	14,635,001
Fair value adjustment of investment properties		-2,361,276	806,574
Other financial expenses	3	<u>-4,895,640</u>	<u>-4,892,949</u>
Profit before tax		5,741,582	10,548,626
Tax on profit for the year	4	<u>-1,516,398</u>	<u>-2,436,448</u>
Profit for the year		<u>4,225,184</u>	<u>8,112,178</u>
Proposed profit appropriation			
Proposed dividends for the year		7,975,802	7,555,512
Retained earnings		<u>-3,750,618</u>	<u>556,666</u>
		<u>4,225,184</u>	<u>8,112,178</u>

Financial statements 1 April – 31 March

Balance sheet

DKK	Note	2021	2020
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Investment properties		<u>235,579,353</u>	<u>237,940,629</u>
Total fixed assets		<u>235,579,353</u>	<u>237,940,629</u>
Current assets			
Receivables			
Other receivables	6	2,118,427	2,057,258
Corporation tax		<u>35,000</u>	<u>0</u>
		<u>2,153,427</u>	<u>2,057,258</u>
Cash at bank and in hand		<u>8,643,343</u>	<u>9,380,341</u>
Total current assets		<u>10,796,770</u>	<u>11,437,599</u>
TOTAL ASSETS		<u><u>246,376,123</u></u>	<u><u>249,378,228</u></u>

Financial statements 1 April – 31 March

Balance sheet

DKK	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		9,500,100	9,500,100
Share premium		35,123,917	35,123,917
Retained earnings		17,524,901	21,275,519
Proposed dividends for the financial year		<u>7,975,802</u>	<u>7,555,512</u>
Total equity		<u>70,124,720</u>	<u>73,455,048</u>
Provisions			
Provisions for deferred tax	7	<u>10,469,922</u>	<u>9,239,459</u>
Total provisions		<u>10,469,922</u>	<u>9,239,459</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Mortgage Loan	8	105,218,617	105,184,144
Shareholder Loan		<u>58,500,000</u>	<u>58,500,000</u>
		<u>163,718,617</u>	<u>163,684,144</u>
Current liabilities other than provisions			
Trade payables		887,339	904,351
Other payables		<u>1,175,525</u>	<u>2,095,226</u>
		<u>2,062,864</u>	<u>2,999,577</u>
Total liabilities other than provisions		<u>165,781,481</u>	<u>166,683,721</u>
TOTAL EQUITY AND LIABILITIES		<u><u>246,376,123</u></u>	<u><u>249,378,228</u></u>
Average number of full-time employees	2		
Mortgages and collateral	9		
Related party disclosures	10		

Financial statements 1 April – 31 March

Statement of changes in equity

DKK	Contributed capital	Share premium	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 April 2020	9,500,100	35,123,917	21,275,519	7,555,512	73,455,048
Ordinary dividends paid	0	0	0	-7,555,512	-7,555,512
Transferred over the profit appropriation	0	0	-3,750,618	7,975,802	4,225,184
Equity at 31 March 2021	9,500,100	35,123,917	17,524,901	7,975,802	70,124,720

Financial statements 1 April – 31 March

Notes

1 Accounting policies

The annual report of Nordic III Aarhus ApS for 2020/21 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Gross profit comprises revenue, other operating income and other external costs.

Revenue

Rental revenue from operating leases is recognised as income on a straight line basis over the lease period. When the Company provides incentives to its tenants, the cost of incentives is recognised over the lease period, on a straight line basis.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of property, plant and equipment.

Other external costs

Other external expenses comprise administration expenses and costs in relation to buildings.

Financial income and expenses

These items comprise interest income and interest expenses, realized and unrealized capital gains and losses on mortgage debt and transactions in foreign currencies, as well as tax surcharge and relief under the Danish Tax Prepayment Scheme.

Tax on profit for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Balance sheet

Investment properties

Investment property comprises property that is held to earn rentals, held for capital appreciation or both.

Initially, investment property is measured at cost including purchase price and directly related costs. The carrying amount also includes costs for improvements if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

The properties are valued using the income capitalisation method where a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate. The calculated value is adjusted with expected future change in rental value, voids, capital expenses and other special circumstances.

The valuations were performed by CBRE, an accredited independent valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property valued. The valuation model applied is in accordance with that recommended by the International Valuation Standards Committee. These valuation models are consistent with the principles in IFRS 13.

Investment properties are not depreciated.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Cash at bank and in hand

Cash at bank and in hand comprise cash at bank.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 April – 31 March

Notes

DKK	2020/21	2019/20
2 Average number of full-time employees		
Average number of full-time employees	0	0
3 Other financial expenses		
Interest expense to group entities	3,510,000	3,510,000
Other financial costs	1,385,640	1,382,949
	4,895,640	4,892,949
4 Tax on profit for the year		
Deferred tax for the year	1,266,100	2,436,448
Adjustment of tax concerning previous years	285,935	0
Adjustment of deferred tax concerning previous years	-35,637	0
	1,516,398	2,436,448
5 Investment properties		
DKK		Investment properties
Cost at 1 April 2020		230,445,123
Cost at 31 March 2021		230,445,123
Revaluations at 1 April 2020		7,495,506
Revaluations for the year		-2,361,276
Revaluations at 31 March 2021		5,134,230
Carrying amount at 31 March 2021		235,579,353

Key assumptions:

The 2 properties, totalling 10,799 sqm, are located in Aarhus and is mainly used for retail. In the valuation of the properties an average exit yield of 5.85% has been applied. The valuation according to an independent valuer amounts to DKK 237.5 million including rental incentives of DKK 1,921 thousand classified as other receivables.

Sensitivity analysis:

An increase of exit yield by 0.25 percentage points would reduce the properties value by DKK 9.7 millions and a decrease in the exit yield by 0.25 percentage points would increase the properties value by DKK 10.6 millions at the balance sheet date.

Financial statements 1 April – 31 March

Notes

	DKK	2020/21	2019/20
6 Other receivables			
Other receivables		197,780	197,887
Rent incentives		1,920,647	1,859,371
		<u>2,118,427</u>	<u>2,057,258</u>
7 Provisions for deferred tax			
DKK			<u>Deferred tax</u>
Deferred tax at 31 March 2020			9,239,459
Deferred tax for the year			<u>1,252,043</u>
			<u>10,491,502</u>
8 Non-current liabilities other than provisions			
DKK			
		<u>Total debt at</u>	<u>Outstanding</u>
		<u>31/03 2021</u>	<u>debt after</u>
Mortgage Loan		105,218,617	93,875,167
Shareholder Loan		58,500,000	58,500,000
		<u>163,718,617</u>	<u>152,375,167</u>
9 Mortgages and collateral			
As collateral for its mortgage debt, DKK 105,219 thousand, the Company has provided collateral in land and buildings with a carrying amount of DKK 235,579 thousand at 31 March 2021.			
10 Related party disclosures			

Control

Nordic III Aarhus ApS is part of the consolidated financial statements of Savills Investment Management KVG GmbH, org.nr HRV 68783, Frankfurt am Main, Germany, which is the smallest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Savills Investment Management KVG GmbH can be obtained by contacting the company at the address above.