



RSM

RSM Danmark

Statsautoriseret
Revisionspartnerselskab

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Nordic III Aarhus ApS

Meldahlsgade 5, C/O CEJ Ejendomsadministration A/S, 1613 København V

Company reg. no. 34 55 16 93

Annual report

1 April 2022 - 31 March 2023

The annual report was submitted and approved by the general meeting on the 30 June 2023.

Peter Eric Broström
Chairman

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Management's statement

The Board of Directors and the Managing Director have approved the annual report of Nordic III Aarhus ApS for the financial year 1 April 2022 - 31 March 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2023 and of the results of the Company's operations for the financial year 1 April 2022 – 31 March 2023.

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

We recommend that the annual report be approved at the Annual General Meeting.

30 June 2023

Management director

Peter Eric Broström

Board of directors

Peter Eric Broström

Roland Maria Döhn

Hélène Henning

Karl Rikard Anton Karlström

Independent auditor's report

To the Shareholders of Nordic III Aarhus ApS

Opinion

We have audited the financial statements of Nordic III Aarhus ApS for the financial year 1 April 2022 - 31 March 2023, which comprise a summary of significant accounting policies, income statement, balance sheet and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2023, and of the results of the Company's operations for the financial year 1 April 2022 - 31 March 2023 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’ 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.
- 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 Management's Review

Management is responsible for Management's Review.

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

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

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

Aabyhøj, 30 June 2023

RSM Danmark

Statsautoriseret Revisionspartnerselskab
Company reg. no. 25 49 21 45

John Lindholm Bode

State Authorised Public Accountant
mne32840

Company information

The company

Nordic III Aarhus ApS
Meldahlsgade 5
C/O CEJ Ejendomsadministration A/S
1613 København V

Company reg. no. 34 55 16 93

Financial year: 1 April - 31 March

Board of directors

Peter Eric Broström
Roland Maria Döhn
Hélène Henning
Karl Rikard Anton Karlström

Managing Director

Peter Eric Broström

Auditors

RSM Danmark Statsautoriseret Revisionspartnerselskab
Søren Frichs Vej 36 L
8230 Aabyhøj

Management's review

The principal activities of the company

Like previous years, the objective for the Company is to invest in real estate property as well as other related activities.

Development in activities and financial matters

The gross profit for the year totals DKK 13,956,586 against DKK 14,145,956 last year. Income from ordinary activities after tax totals DKK 4,981,687 against DKK 8,510,852 last year. Management considers the net profit for the year satisfactory.

Events occurring after the end of the financial year

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

Accounting policies

The annual report for Nordic III Aarhus ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross profit

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

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

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.

Accounting policies

Statement of financial position

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, which usually corresponds to nominal value.

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 and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Accounting policies

Corporation tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

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.

Equity

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

Income statement 1 April - 31 March

All amounts in DKK.

<u>Note</u>	<u>2022/23</u>	<u>2021/22</u>
Gross profit	13.956.586	14.145.956
Fair value adjustment of property	-2.630.721	1.656.779
Operating profit	11.325.865	15.802.735
2 Other financial expenses	-4.872.149	-4.891.380
Pre-tax net profit or loss	6.453.716	10.911.355
3 Tax on profit for the year	-1.472.029	-2.400.503
Net profit or loss for the year	4.981.687	8.510.852
Proposed distribution of net profit:		
Dividend for the financial year	9.025.248	8.100.000
Transferred to retained earnings	0	410.852
Allocated from retained earnings	-4.043.561	0
Total allocations and transfers	4.981.687	8.510.852

Balance sheet at 31 March

All amounts in DKK.

Assets			
<u>Note</u>		<u>2023</u>	<u>2022</u>
Non-current assets			
4	Property	<u>234.605.411</u>	<u>237.236.132</u>
	Total property, plant, and equipment	<u>234.605.411</u>	<u>237.236.132</u>
	Total non-current assets	<u>234.605.411</u>	<u>237.236.132</u>
Current assets			
5	Other receivables	<u>1.938.439</u>	<u>2.217.517</u>
	Total receivables	<u>1.938.439</u>	<u>2.217.517</u>
	Cash and cash equivalents	<u>10.406.312</u>	<u>9.202.063</u>
	Total current assets	<u>12.344.751</u>	<u>11.419.580</u>
	Total assets	<u>246.950.162</u>	<u>248.655.712</u>

Balance sheet at 31 March

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2023</u>	<u>2022</u>
Equity			
	Contributed capital	9.500.100	9.500.100
	Retained earnings	49.016.107	53.059.668
	Proposed dividend for the financial year	9.025.248	8.100.000
	Total equity	67.541.455	70.659.768
Provisions			
6	Provisions for deferred tax	14.005.502	12.732.712
	Total provisions	14.005.502	12.732.712
Liabilities other than provisions			
7	Mortgage loans	105.287.562	105.253.089
8	Shareholder loan	58.500.000	58.500.000
	Total long term liabilities other than provisions	163.787.562	163.753.089
	Trade payables	22.889	18.684
	Payable tax	115.343	44.713
	Other payables	1.046.151	1.010.788
	Deferred income	431.260	435.958
	Total short term liabilities other than provisions	1.615.643	1.510.143
	Total liabilities other than provisions	165.403.205	165.263.232
	Total equity and liabilities	246.950.162	248.655.712
9 Charges and security			
10 Related parties			

Notes

All amounts in DKK.

	<u>2022/23</u>	<u>2021/22</u>
1. Average number og full-time employees		
Average number of full-time employees	<u>0</u>	<u>0</u>
2. Other financial expenses		
Interest expense to group entities	3.510.000	3.510.000
Other financial costs	<u>1.362.149</u>	<u>1.381.380</u>
	<u>4.872.149</u>	<u>4.891.380</u>
3. Tax on profit for the year		
Tax on net profit or loss for the year	147.672	137.713
Deferred tax for the year	1.272.786	2.262.786
Adjustment to previous years	<u>51.571</u>	<u>4</u>
	<u>1.472.029</u>	<u>2.400.503</u>

Notes

All amounts in DKK.

	31/3 2023	31/3 2022
4. Property		
Cost 1 April 2022	230.445.123	230.445.123
Cost 31 March 2023	230.445.123	230.445.123
Revaluation 1 April 2022	6.791.009	5.134.230
Revaluations for the year	-2.630.721	1.656.779
Revaluation 31 March 2023	4.160.288	6.791.009
Carrying amount, 31 March 2023	234.605.411	237.236.132
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 4.7% has been applied. The valuation according to an independent valuer amounts to DKK 236.2 million including rental incentives of DKK 1,595 thousand classified as other receivables.		
Sensitivity analysis:		
An increase of exit yield by 0.25 percentage points would reduce the properties value by DKK 19.7 millions and a decrease in the exit yield by 0.25 percentage points would increase the properties value by DKK 9 millions at the balance sheet date.		
5. Other receivables		
Rent incentives	1.594.589	1.863.868
Other receivables	343.850	353.649
	1.938.439	2.217.517
6. Provisions for deferred tax		
Provisions for deferred tax 1 April 2022	12.732.712	10.469.922
Deferred tax for the year	1.272.790	2.262.790
	14.005.502	12.732.712

Notes

All amounts in DKK.

	<u>31/3 2023</u>	<u>31/3 2022</u>
7. Mortgage loans		
Total mortgage loans	<u>105.287.562</u>	<u>105.253.089</u>
Outstanding debt after five years	<u>88.866.852</u>	<u>89.074.285</u>
8. Shareholder loan		
Total shareholder loan	<u>58.500.000</u>	<u>58.500.000</u>
Outstanding debt after five years	<u>58.500.000</u>	<u>58.500.000</u>

9. Charges and security

As collateral for mortgage loans, DKK 105,288 thousand, the Company has provided collateral in land and buildings representing a carrying amount of DKK 234,605 thousand at 31 March 2023.

10. Related parties

Transactions

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.