# Nordic III Aarhus ApS

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

CVR no. 34 55 16 93

Annual report 2019/20

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

13 July 2020

Peter Eric Broström

chairman

Nordic III Aarhus ApS Annual report 2019/20 CVR no. 34 55 16 93

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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 2019 – 31 March 2020.

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 2020 and of the results of the Company's operations for the financial year 1 April 2019 – 31 March 2020.

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 13 July 2020 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 2019 - 31 March 2020 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 2020 and of the results of the Company's operations for the financial year 1 April 2019 – 31 March 2020 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.

#### Emphasis of matter regarding matters in the financial statements

We draw attention to Note 4 of the financial statements, which describes the uncertainty regarding recognition and measurement of the Company's investment properties. Our opinion is not modified in respect of this matter.

#### 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.



## Independent auditor's report

#### 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.
- 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.



## Independent auditor's report

#### 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, 13 July 2020 **KPMG** Statsautoriseret Revisionspartnerselskab CVR no. 25 57 81 98

Michael Tuborg State Authorised Public Accountant mne24621 Nordic III Aarhus ApS Annual report 2019/20 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
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 Dampfaergevej 28 DK-2100 Copenhagen

#### **Income statement**

ОКК	Note	2019/20	1/1 2018 - 31/3 2019
Gross profit		14,635,001	7,959,990
Fair value adjustment of investment properties		806,574	11,300,873
Financial income		0	251,839
Financial expenses	2	-4,892,949	-4,637,120
Profit before tax		10,548,626	14,875,582
Tax on profit for the year	3	-2,436,448	-3,481,649
Profit for the year		8,112,178	11,393,933
Proposed profit appropriation			
Proposed dividends for the year		7,555,512	4,657,322
Retained earnings		556,666	6,736,611
		8,112,178	11,393,933

## **Balance sheet**

DKK	Note	31/3 2020	31/3 2019
ASSETS			
Fixed assets			
Property, plant and equipment	4		
Investment properties		237,940,629	237,134,055
Total fixed assets		237,940,629	237,134,055
Current assets			
Receivables			
Other receivables	5	2,057,258	434,594
Cash at bank and in hand		9,380,341	5,880,459
Total current assets		11,437,599	6,315,053
TOTAL ASSETS		249,378,228	243,449,108

### **Balance sheet**

DKK	Note	31/3 2020	31/3 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		9,500,100	9,500,100
Share premium		35,123,917	35,123,917
Retained earnings		21,275,519	20,718,853
Proposed dividends for the financial year		7,555,512	4,657,322
Total equity		73,455,048	70,000,192
Provisions	6		
Provisions for deferred tax		9,239,459	6,803,011
Total provisions		9,239,459	6,803,011
Liabilities other than provisions			
Non-current liabilities other than provisions	7		
Mortgage Loan		105,184,144	105,149,671
Shareholder Loan		58,500,000	58,500,000
		163,684,144	163,649,671
Current liabilities other than provisions			
Trade payables		904,351	1,339,607
Other payables		2,095,226	1,656,627
		2,999,577	2,996,234
Total liabilities other than provisions		166,683,721	166,645,905
TOTAL EQUITY AND LIABILITIES		249,378,228	243,449,108
Average number of full-time employees	8		
Mortgages and collateral	9		
Related party disclosures	10		

DKK	Contributed capital	Share premium	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 April 2019	9,500,100	35,123,917	20,718,853	4,657,322	70,000,192
Ordinary dividends paid	0	0	0	-4,657,322	-4,657,322
Transferred over the distribution of profit	0	0	556,666	7,555,512	8,112,178
Equity at 31 March 2020	9,500,100	35,123,917	21,275,519	7,555,512	73,455,048

## Statement of changes in equity

#### Notes

#### 1 Accounting policies

The annual report of Nordic III Aarhus ApS for 2019/20 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 rental income, operating expenses 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 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

#### 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.

#### Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for bad debts are made.

#### 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.

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.

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.

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## **Financial statements 1 April – 31 March**

#### Notes

#### **1** Accounting policies (continued)

#### Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid.

The financial liabilities are measured at amotised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan loan together with interest expenses.

Other liabilities are measured at net realisable value.

#### 2 Financial expenses

DKK	2019/20	1/1 2018 - 31/3 2019
Interest expense to group entities	3,510,000	1,170,000
Other financial costs	1,382,949	3,467,120
	4,892,949	4,637,120

#### 3 Tax on profit for the year

Current tax for the year	0	0
Deferred tax for the year	2,436,448	3,481,649
	2,436,448	3,481,649

#### Notes

#### 4 Investment properties

DKK	Investment properties
Cost at 1 April 2019	230,445,123
Cost at 31 March 2020	230,445,123
Revaluations at 1 April 2019	6,688,932
Revaluations for the year	806,574
Revaluations at 31 March 2020	7,495,506
Carrying amount at 31 March 2020	237,940,629

#### 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 5.76% has been applied. The valuation according to an independent valuer amounts to DKK 239.8 million including rental incentives of DKK 1,859 thousand classified as other receivables.

The effects of COVID-19 on the property market in general as well as the individual effects on the valuation properties in particular cannot be conclusively determined with regard to the rental and investment markets. Furthermore, the current reactions to COVID-19 make it clear that the valuation is based on unprecedented circumstances.

#### Sensitivity analysis:

An increase of exit yield by 0.25 percentage points would reduce the properties value by DKK 10.0 millions and a decrease in the exit yield by 0.25 percentage points would increase the properties value by DKK 10.9 millions at the balance sheet date.

#### 5 Other receivables

DKK	2019/20	1/1 2018 - 31/3 2019
Other receivables	197,887	434,594
Rent incentives	1,859,371	0
	2,057,258	434,594

#### 6 **Provisions for deferred tax**

DKK	Deferred tax
Deferred tax at 31 March 2019	6,803,011
Deferred tax for the year	2,311,810
	9,114,821

#### Notes

#### 7 Non-current liabilities other than provisions

DKK		Outstanding debt after
	31/3 2020	five years
Mortgage Loan	105,184,144	99,849,670
Payables to shareholders	58,500,000	58,500,000
	163,684,144	158,349,670

#### 8 Average number of full-time employees

DKK	2019/20	1/1 2018 - 31/3 2019
Average number of full-time employees	(	00

#### 9 Mortgages and collateral

As collateral for its mortgage debt, DKK 106,000 thousand, the Company has provided collateral in land and buildings with a carrying amount of DKK 237,941 thousand at 31 March 2020.

#### 10 Related party disclosures

#### Ownership

Nordic III Aarhus ApS is 100% owned by Nordic III Holding AB.