
DistReal NSF 1 Vallensbæk ApS

Southamptongade 4, DK-2150 Nordhavn

Annual Report for 2023

CVR No. 37 19 50 22

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 NSF 1 Vallensbæk 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

Nick Holmelund Melgaard

Rune Højby Kock

Stine Seneberg

Thomas Petersen

Independent Auditor's report

To the shareholder of DistReal NSF 1 Vallensbæk 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 NSF 1 Vallensbæk 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 NSF 1 Vallensbæk ApS
Southamptongade 4
DK-2150 Nordhavn

CVR No: 37 19 50 22

Financial period: 1 January - 31 December

Incorporated: 23 October 2015

Financial year: 9th financial year

Municipality of reg. office: Copenhagen

Executive Board

Nick Holmelund Melgaard
Rune Højby Kock
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		5,151,856	4,354,173
Value adjustments of assets held for investment	2	-11,320,623	36,116,224
Gross profit after value adjustments		-6,168,767	40,470,397
Financial income	4	832,042	925,855
Financial expenses	5	-3,530,526	-3,086,857
Profit/loss before tax		-8,867,251	38,309,395
Tax on profit/loss for the year	6	1,843,353	-9,133,252
Net profit/loss for the year		-7,023,898	29,176,143
Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Retained earnings		-7,023,898	29,176,143
		-7,023,898	29,176,143

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Investment properties		166,000,000	177,000,000
Property, plant and equipment	7	166,000,000	177,000,000
Fixed assets		166,000,000	177,000,000
Receivables from group enterprises		10,987,584	10,156,291
Other receivables	8	4,431,863	6,676,272
Corporation tax receivable from group enterprises		6,011	0
Prepayments		0	4,118
Receivables		15,425,458	16,836,681
Cash at bank and in hand		4,618,803	2,926,739
Current assets		20,044,261	19,763,420
Assets		186,044,261	196,763,420

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		150,000	150,000
Reserve for hedging transactions		3,404,065	5,207,490
Retained earnings		74,009,447	81,033,345
Equity		77,563,512	86,390,835
Provision for deferred tax		21,661,339	24,007,340
Provisions		21,661,339	24,007,340
Mortgage loans		53,867,723	53,844,161
Payables to group enterprises		32,085,757	31,449,823
Long-term debt	9	85,953,480	85,293,984
Trade payables		409,135	562,034
Payables to group enterprises	9	162,184	0
Payables to group enterprises relating to corporation tax		0	412,993
Other payables		294,611	96,234
Short-term debt		865,930	1,071,261
Debt		86,819,410	86,365,245
Liabilities and equity		186,044,261	196,763,420
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	150,000	5,207,490	81,033,345	86,390,835
Fair value adjustment of hedging instruments, end of year	0	-2,312,085	0	-2,312,085
Tax on adjustment of hedging instruments for the year	0	508,660	0	508,660
Net profit/loss for the year	0	0	-7,023,898	-7,023,898
Equity at 31 December	150,000	3,404,065	74,009,447	77,563,512

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
Given lease incentives

	2023	2022
	DKK	DKK
	-11,410,623	35,981,224
	90,000	135,000
	<u>-11,320,623</u>	<u>36,116,224</u>

3. Staff

Average number of employees

	2023	2022
	<u>0</u>	<u>0</u>

4. Financial income

Interest received from group enterprises
Other financial income

	2023	2022
	DKK	DKK
	831,293	808,416
	749	117,439
	<u>832,042</u>	<u>925,855</u>

5. Financial expenses

Interest paid to group enterprises
Other financial expenses
Exchange loss

	2023	2022
	DKK	DKK
	2,523,001	2,388,286
	1,002,221	692,135
	5,304	6,436
	<u>3,530,526</u>	<u>3,086,857</u>

Notes to the Financial Statements

	2023	2022
	DKK	DKK
6. Income tax expense		
Current tax for the year	-6,011	410,872
Deferred tax for the year	-2,346,002	9,332,618
Adjustment of tax concerning previous years	0	4,329
Adjustment of deferred tax concerning previous years	0	639,332
	<u>-2,352,013</u>	<u>10,387,151</u>
thus distributed:		
Income tax expense	-1,843,353	9,133,252
Tax on equity movements	-508,660	1,253,899
	<u>-2,352,013</u>	<u>10,387,151</u>

7. Assets measured at fair value

	Investment properties
	DKK
Cost at 1 January	89,480,886
Additions for the year	410,622
Cost at 31 December	<u>89,891,508</u>
Value adjustments at 1 January	87,519,114
Revaluations for the year	-11,410,622
Value adjustments at 31 December	<u>76,108,492</u>
Carrying amount at 31 December	<u>166,000,000</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 Park Allé 381, Vallensbæk has been calculated based on the following assumptions:

	2023
	DKK
The fair value of investment properties amounts to	166,000,000
Value adjustment, income statement	11,320,623
Budget period	
Growth in terminal period	
Average WACC	6.50%
Average inflation assumption	1.85%
Exit yield	4.65%
Budget period	10
Average vacancy, budget period	4.20%

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 4.55% - 4.75% 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	4.55	4.65	4.75
Fair value	169,648,352	166,000,000	162,505,263
Change in fair value	3,648,352	0	-3,494,737

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	4,364,187	6,676,272

The Company has entered into an interest-rate hedging contract. The principal of the hedgings instruments are DKK 43,283,200 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	45,133,294	45,747,009
Between 1 and 5 years	8,734,429	8,097,152
Long-term part	<u>53,867,723</u>	<u>53,844,161</u>
Within 1 year	0	0
	<u>53,867,723</u>	<u>53,844,161</u>
Payables to group enterprises		
After 5 years	32,085,757	25,135,565
Between 1 and 5 years	0	6,314,258
Long-term part	<u>32,085,757</u>	<u>31,449,823</u>
Other short-term debt to group enterprises	162,184	0
	<u>32,247,941</u>	<u>31,449,823</u>

Notes to the Financial Statements

	2023	2022
	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	166,000,000	177,000,000
The following assets have been placed as security with bankers and bankers of group companies		
Letter of indemnity registered to the mortgagor totalling kDKK 8,426, providing security on investment properties at a total carrying amount of:	166,000,000	177,000,000

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income as well as for Danish withholding taxes through dividend tax and tax on unearned income. The total amount of tax payables is included in the Annual Report of the Union Bidco 2 ApS that is the administration Company in relation to the joint taxation.

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 NSF 1 Vallensbæk 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. 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 rates at the time when the receivable or the debt arose 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.

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.

Notes to the Financial Statements

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.

Income statement

Revenue

Revenue from rental income is recognised in the income statement at amounts relating to the financial year when revenue can be measured reliably and it is probable that the economic benefits will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

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 are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

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.

Notes to the Financial Statements

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 income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

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.