
Retreal 4 Aarhus ApS

c/o NREP A/S, Southamptongade 4, DK-2150 Nordhavn

Annual Report for 2022

CVR No. 37 78 32 18

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 7/6 2023

Nicolai Bruhn Sørensen
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's statement	1
Independent Auditor's report	2
Company information	
Company information	4
Financial Statements	
Income statement 1 January - 31 December	5
Balance sheet 31 December	6
Statement of changes in equity	8
Notes to the Financial Statements	9

Management's statement

The Executive Board has today considered and adopted the Annual Report of RetReal 4 Aarhus 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 Annual Report be adopted at the Annual General Meeting.

Nordhavn, 7 June 2023

Executive Board

Henrik Skak Bender

Rune Højby Kock

Stine Seneberg Winkel

Thomas Ebbe Riise-Jakobsen

Independent Auditor's report

To the shareholder of Retreal 4 Aarhus 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 Retreal 4 Aarhus 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.

Herning, 7 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Spencer Poulsen

State Authorised Public Accountant

mne23324

Company information

The Company	Retreal 4 Aarhus ApS c/o NREP A/S Southamptongade 4 DK-2150 Nordhavn CVR No: 37 78 32 18 Financial period: 1 January - 31 December Incorporated: 8 June 2016 Financial year: 7th financial year Municipality of reg. office: Copenhagen
Executive board	Henrik Skak Bender Rune Højby Kock Stine Seneberg Winkel Thomas Ebbe Riise-Jakobsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 7400 Herning
Bankers	Danske Bank A/S Lersø Park Allé 100 2100 København Ø Nordea Bank Danmark A/S Grønjordsvej 10 2300 København S

Income statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Gross loss before value adjustments		-4,013,621	-1,311,971
Value adjustments of assets held for investment		25,402,712	3,000,000
Gross profit/loss after value adjustments		21,389,091	1,688,029
Other operating expenses		-325,000	0
Profit/loss before financial income and expenses		21,064,091	1,688,029
Financial expenses	3	-5,178,476	-1,424,350
Profit/loss before tax		15,885,615	263,679
Tax on profit/loss for the year	4	-3,506,064	-58,009
Net profit/loss for the year		12,379,551	205,670

Distribution of profit

	2022 DKK	2021 DKK
Proposed distribution of profit		
Retained earnings	12,379,551	205,670
	12,379,551	205,670

Balance sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Investment properties		144,593,680	116,939,762
Property, plant and equipment	5	144,593,680	116,939,762
Fixed assets		144,593,680	116,939,762
Trade receivables		0	3,284
Other receivables		756,664	654,847
Corporation tax receivable from group enterprises		146,974	0
Prepayments		33,757	33,768
Receivables		937,395	691,899
Cash at bank and in hand		9,721,733	1,421,053
Current assets		10,659,128	2,112,952
Assets		155,252,808	119,052,714

Balance sheet 31 December

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		150,000	150,000
Retained earnings		37,388,357	25,008,806
Equity		37,538,357	25,158,806
Provision for deferred tax		5,529,066	1,832,636
Provisions		5,529,066	1,832,636
Payables to group enterprises		66,507,708	46,445,552
Deposits		17,879	115,989
Long-term debt	6	66,525,587	46,561,541
Credit institutions		44,710,492	43,721,811
Trade payables		949,306	1,777,900
Other payables		0	20
Short-term debt		45,659,798	45,499,731
Debt		112,185,385	92,061,272
Liabilities and equity		155,252,808	119,052,714
Going concern	1		
Key activities	2		
Contingent assets, liabilities and other financial obligations	7		
Related parties	8		
Accounting Policies	9		

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	150,000	25,008,806	25,158,806
Net profit/loss for the year	0	12,379,551	12,379,551
Equity at 31 December	150,000	37,388,357	37,538,357

Notes to the Financial Statements

1. Going concern

A letter of support has been received from the ultimate parent company, NREP Nordic Strategies Fund III LP where it is stated that they will support the Company financially until 31 December 2023. It is therefore concluded that the capital resources is sufficient for the operations in 2023.

2. Key activities

The Company's key activity is to own and operate the properties primarily in the retail sector.

3. Financial expenses

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Interest paid to group enterprises	5,062,156	1,358,999
Other financial expenses	105,425	64,306
Exchange adjustments, expenses	10,895	1,045
	<u>5,178,476</u>	<u>1,424,350</u>

4. Income tax expense

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Current tax for the year	-146,974	0
Deferred tax for the year	3,696,431	58,009
Adjustment of tax concerning previous years	-43,393	0
	<u>3,506,064</u>	<u>58,009</u>

Notes to the Financial Statements

5. Assets measured at fair value

	Investment properties
	DKK
Cost at 1 January	105,625,754
Additions for the year	2,251,206
Cost at 31 December	107,876,960
Value adjustments at 1 January	11,314,008
Revaluations for the year	25,402,712
Value adjustments at 31 December	36,716,720
Carrying amount at 31 December	144,593,680
Interest expenses recognised as part of cost	1,797,935

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. Fair value is calculated according to a return-based model 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.

The fair value of RetReal 4 Aarhus ApS has been calculated based on the following assumptions:

	2022
Yield	5,5%
Cost to complete	679.725.537

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 the 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.

Notes to the Financial Statements

6. 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
Payables to group enterprises		
After 5 years	66,507,708	46,445,552
Long-term part	<u>66,507,708</u>	<u>46,445,552</u>
Within 1 year	<u>0</u>	<u>0</u>
	66,507,708	46,445,552
Deposits		
After 5 years	0	0
Between 1 and 5 years	17,879	115,989
Long-term part	<u>17,879</u>	<u>115,989</u>
Within 1 year	0	0
Other deposits	<u>0</u>	<u>0</u>
Short-term part	<u>0</u>	<u>0</u>
	17,879	115,989
	<u>2022</u>	<u>2021</u>
	DKK	DKK

7. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	144,593,680	116,939,762
--	-------------	-------------

The company has deposited mortgage bonds totaling TDKK 47.550 as security for mortgage institutions.

Other contingent liabilities

The 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 NSF III Denmark Advisory ApS, which is the management company of the joint taxation purposes. Moreover, the 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

8. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

<u>Name</u>	<u>Place of registered office</u>
NREP Nordic Strategies Fund III LP	Luxembourg

Notes to the Financial Statements

9. Accounting policies

The Annual Report of Retreal 4 Aarhus 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. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Income statement

Net sales

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 recognised exclusive of VAT and net of discounts.

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 and office expenses, etc.

Notes to the Financial Statements

Gross loss

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.

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 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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

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.

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 fair value of investment properties has been assessed by the independent assessor firm Colliers International Danmark A/S at 31 December 2022.

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.

In Management's opinion the classification of the properties as investment properties did not cause any difficulties.

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.

Notes to the Financial Statements

Return-based valuation model

The fair value of investment properties has been determined at 31 December 2022 for each property by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on property budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The budgeted cash flow is divided by the estimated rate of return to arrive at the fair value of the property.

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.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed investment properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and sub-suppliers up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of properties are recognised in cost over the construction period.

Impairment of fixed assets

The carrying amounts of investment properties in progress are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation. Any such indication of impairment would be considerations of terminated leases, vacancies, changes in interest rate level and assessment of general changes in the investment properties in progress market.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use.

The net selling price is determined as the fair value less net costs to sell. Fair value is the amount for which a property could be exchanged between knowledgeable, willing parties in an arm's length transaction at the balance sheet date.

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 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.

Notes to the Financial Statements

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 onaccount taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, 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.