Skovly Vænget ApS

Dirch Passers Allé 76, DK-2000 Frederiksberg

Annual Report for 2022

CVR No. 40 32 26 63

The Annual Report was presented and adopted at the Annual General Meeting of the company on 21/6 2023

Kasper Wehner
Chairman of the general meeting

Contents

Management's statement

The Executive Board has today considered and adopted the Financial Statements of Skovly Vænget 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 Financial Statements be adopted at the Annual General Meeting.

Frederiksberg, 21 June 2023

Executive Board

Kasper Wehner   Jonas Anders Nolin

Independent Auditor's report

To the shareholder of Skovly Vænget 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 Skovly Vænget 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.

- 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, 21 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Poul Spencer Poulsen
State Authorised Public Accountant
mne23324

Company information

The Company	Skovly Vænget ApS Dirch Passers Allé 76 DK-2000 Frederiksberg
	CVR No: 40 32 26 63
	Financial period: 1 January - 31 December
	Incorporated: 21 February 2019
	Financial year: 4th financial year
	Municipality of reg. office: Copenhagen
Executive board	Kasper Wehner Jonas Anders Nolin
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 7400 Herning
Bankers	Danske Bank Lersø Park Alle 102 2100 København
	Nordea Helgeshøj Alle 33 2630 Taastrup

Income statement 1 January - 31 December

	Note	2022	2021
		DKK	DKK
Gross profit before value adjustments		**9,865,570**	**6,008,626**
Value adjustments of assets held for investment		24,722,788	20,318,346
Gross profit/loss after value adjustments		**34,588,358**	**26,326,972**
Financial expenses	4	-4,079,174	-2,245,515
Profit/loss before tax		**30,509,184**	**24,081,457**
Tax on profit/loss for the year	5	-6,716,594	-5,297,922
Net profit/loss for the year		**23,792,590**	**18,783,535**

Distribution of profit

	2022	2021
	DKK	DKK
Proposed distribution of profit		
Retained earnings	23,792,590	18,783,535
	23,792,590	**18,783,535**

Balance sheet 31 December

Assets

	Note	2022	2021
		DKK	DKK
Investment properties		326,510,849	301,000,000
Property, plant and equipment	6	**326,510,849**	**301,000,000**
Fixed assets		**326,510,849**	**301,000,000**
Other receivables		42,188	831,979
Prepayments		86,634	22,921
Receivables		**128,822**	**854,900**
Cash at bank and in hand		**14,223,935**	**9,543,628**
Current assets		**14,352,757**	**10,398,528**
Assets		**340,863,606**	**311,398,528**

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital		50,001	50,001
Retained earnings		112,404,802	88,612,212
Equity		**112,454,803**	**88,662,213**
Provision for deferred tax		25,982,332	19,265,738
Provisions		**25,982,332**	**19,265,738**
Credit institutions		158,799,341	163,896,686
Payables to group enterprises		35,101,595	32,468,073
Long-term debt	7	**193,900,936**	**196,364,759**
Credit institutions	7	5,072,461	5,012,362
Trade payables		3,271,296	1,324,207
Corporation tax		0	13,663
Other payables		181,778	755,586
Short-term debt		**8,525,535**	**7,105,818**
Debt		**202,426,471**	**203,470,577**
Liabilities and equity		**340,863,606**	**311,398,528**

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Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	50,001	88,612,212	88,662,213
Net profit/loss for the year	0	23,792,590	23,792,590
Equity at 31 December	**50,001**	**112,404,802**	**112,454,803**

Notes to the Financial Statements

1. Subsequent events

The company has been sold with accounting effect as of 1/1-2023. The transfer of ownership has no impact on accounting policies.

2. Key activities

The Company's key activity is to own and manage investment properties, mainly within residential, and other activities related hereto.

	2022	2021
3. Staff		
Average number of employees	0	0

	2022	2021
	DKK	DKK
4. Financial expenses		
Interest paid to group enterprises	2,633,521	1,527,197
Other financial expenses	1,441,826	716,241
Exchange adjustments, expenses	3,827	2,077
	4,079,174	**2,245,515**

	2022	2021
	DKK	DKK
5. Income tax expense		
Deferred tax for the year	6,713,925	5,297,922
Adjustment of tax concerning previous years	2,669	0
	6,716,594	**5,297,922**

Notes to the Financial Statements

6. Assets measured at fair value

	Investment properties
	DKK
Cost at 1 January	216,105,549
Additions for the year	788,061
Cost at 31 December	216,893,610
Value adjustments at 1 January	84,894,451
Revaluations for the year	24,722,788
Value adjustments at 31 December	109,617,239
Carrying amount at 31 December	**326,510,849**
Interest expenses recognised as part of cost	7,984,044

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

	2022
Average WACC	6,13%
Exit yield	4,13%

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 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 accur as expected. Such difference may be material

Notes to the Financial Statements

7. 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:

	2022	2021
	DKK	DKK
Credit institutions		
After 5 years	137,148,997	143,434,389
Between 1 and 5 years	21,650,344	20,462,297
Long-term part	158,799,341	163,896,686
Within 1 year	0	0
Other short-term debt to credit institutions	5,072,461	5,012,362
Short-term part	5,072,461	5,012,362
	163,871,802	**168,909,048**
Payables to group enterprises		
After 5 years	35,101,595	32,468,073
Long-term part	35,101,595	32,468,073
Within 1 year	0	0
	35,101,595	**32,468,073**

	2022	2021
	DKK	DKK

8. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:		
Mortgage deeds registered to the mortgagor totalling DKK 171,968k, providing security on investment properties with a carrying amount of	326,510,849	301,000,000

Notes to the Financial Statements

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.

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 NSF III Denmark Advisory ApS that is the administration Company in relation to the joint taxation

9. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
NREP Nordic Strategies Fund III LP	Luxembourg
	Luxembourg

Notes to the Financial Statements

10. Accounting policies

The Annual Report of Skovly Vænget 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

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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.

Notes to the Financial Statements

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 NSF III Denmark Advisory ApS. The tax effect of the joint taxation is allocated to Danish 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.

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

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

After the initial recognition investment properties in progress are measured at fair value. Value adjustments of investment properties in progress are recognised in the income statement.

Discounted Cash Flow model

The fair value of investment properties has been determined at 31 December 2022 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.

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.

Notes to the Financial Statements

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, 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.

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 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.