

IRE-ELF Project Boarder PropCo ApS

c/o DEAS A/S
Dirch Passers Allé 76
2000 Frederiksberg

CVR No. 40353224

Annual Report 2021/22

4. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 30 March 2023

Bjørn Allentoft
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of IRE-ELF Project Boarder PropCo ApS for the financial year 1 October 2021 - 30 September 2022.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 30 September 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Frederiksberg, 30 March 2023

Executive Board

Mette Seifert
Manager

David Kevin Green
Manager

Amelia Grace Merrick
Manager

Robert William Johnston
Manager

Independent Auditors' Report

To the shareholders of IRE-ELF Project Boarder PropCo ApS

Opinion

We have audited the financial statements of IRE-ELF Project Boarder PropCo ApS for the financial year 1 October 2021 - 30 September 2022, which comprise an income statement, balance sheet, statement of changes in equity and notes. 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 Entity's financial position at 30 September 2022 and of the results of its operations for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The auditor's responsibility 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 risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 Auditors' Report

- * Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

København, 30 March 2023

Deloitte Statsautoriseret Revisionspartnerselskab

CVR-no. 33963556

Claus Jorch Andersen
State Authorised Public Accountant
mne33712

Christoffer Anholm Salmon
State Authorised Public Accountant
mne47918

Company details

Company	IRE-ELF Project Boarder PropCo ApS c/o DEAS A/S Dirch Passers Allé 76 2000 Frederiksberg
CVR No.	40353224
Registered office	Frederiksberg
Financial year	1. oktober 2021 - 30. september 2022
Executive Board	Mette Seifert David Kevin Green Amelia Grace Merrick Robert William Johnston
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København S CVR-no.: 33963556

Management's Review

The Company's principal activities

The Company's principal activities is to own and lease real estate and other related business.

Development in activities and the financial situation

The Company's Income Statement of the financial year 1 October 2021 - 30 September 2022 shows a result of DKK 25.940.329 and the Balance Sheet at 30 September 2022 a balance sheet total of DKK 261.980.484 and an equity of DKK 50.538.390.

The management are satisfied with the result.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Accounting Policies

Reporting Class

The annual report of IRE-ELF Project Boarder PropCo ApS for 2021/22 has been presented 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.

Reporting currency

The annual report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the income statement under financial income and expenses.

Derivative financial instruments

Derivative financial instruments are measured at cost and subsequently at fair value at initial recognition in the balance sheet. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and fulfilling the criteria for hedging the fair value of a recognised asset or liability are recognised in the income statement together with any changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments classified as and fulfilling the conditions for hedging future assets and liabilities are recognised directly in equity. When the hedged transaction are realised, the accumulated gain or loss is recognised as part of cost of the relevant items.

For derivative financial instruments that do not fulfil the conditions for treatment as hedging instruments, changes in the fair value will continuously be recognised in the income statement.

General information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost principle.

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Accounting Policies

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income statement

Gross profit/loss

The Company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue and other external expenses.

Revenue

Revenue consist of rental income from the company's investment properties. The rent is recognized and accrued as income on a straight-line basis over the period.

Other external expenses

Other external expenses include expenses for administration, premises, bad debts, operating leasing expenses etc.

Fair value adjustment of investment assets and debts

Adjustments of investment assets and debts measured at fair value are recognised as a separate item in the income statement.

Financial income and expenses

Financial income and expenses are recognised in the income statement based at the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses in securities and transactions in foreign currencies, interest from group enterprises and other bankrelated fees.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance sheet

Investment property

Investment property comprises investment in land and buildings for the purpose of achieving a return on the invested capital in the form of regular operating income and a capital gain on resale.

On initial recognition, investment properties are measured at cost, which comprises the cost of the property and any directly related expenses.

Investment properties are subsequently measured at their value. The fair value of the properties is reassessed annually based on the return-based valuation model.

The fair value is determined based on the net return on commercial properties located in the same geographical area as the properties. Net return is calculated taking into consideration the existing leases, the state of repair of the properties and the budget for the next year.

Accounting Policies

Net return is calculated as total rental income less direct costs for property taxes, insurance, maintenance and housing management incurred on the investment properties divided by the carrying amounts of the investment properties less deposits.

Change in fair value are recognised in the income statement under value adjustment of investment properties.

As the investment properties are measured at fair value, they are not depreciated.

Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Prepayments

Prepayments comprise prepaid expenses concerning property tax, subscriptions etc.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Liabilities

Mortgage debt is accordingly measured at amortized cost, corresponding to the outstanding balance in case of cash loans. In case of bond loans, amortized cost corresponds to the outstanding balance determined as the underlying cash value of the loans at the time of borrowing adjusted for amortisation of capital losses on the loans over the repayment period.

Other liabilities are measured at net realisable value.

Income Statement

	Note	2021/22 kr.	2020/21 kr.
Gross profit		5.433.910	8.239.198
Gains from current value adjustments of investment property		10.000.000	9.781.848
Gains from current value adjustments of other investment assets		18.836.431	0
Profit from ordinary operating activities		34.270.341	18.021.046
Financial income		8.009.070	0
Financial expenses	1	-8.104.138	-3.346.131
Profit from ordinary activities before tax		34.175.273	14.674.915
Tax expense on ordinary activities	2	-8.234.944	-3.228.481
Profit		25.940.329	11.446.434
Proposed distribution of results			
Retained earnings		25.940.329	11.446.434
Distribution of profit		25.940.329	11.446.434

Balance Sheet as of 30 September

	Note	2022 kr.	2021 kr.
Assets			
Investment property	3	235.000.000	225.000.000
Property, plant and equipment		235.000.000	225.000.000
Fixed assets		235.000.000	225.000.000
Short-term trade receivables		423.860	20.435
Short-term receivables from group enterprises		1.691.034	0
Other short-term receivables	4	18.836.431	0
Prepayments		218.401	242.985
Receivables		21.169.726	263.420
Cash and cash equivalents		5.810.758	712.207
Current assets		26.980.484	975.627
Assets		261.980.484	225.975.627

Balance Sheet as of 30 September

	Note	2022 kr.	2021 kr.
Liabilities and equity			
Contributed capital		50.000	50.000
Retained earnings		50.488.390	44.548.061
Equity		50.538.390	44.598.061
Provisions for deferred tax		12.977.110	10.752.026
Provisions		12.977.110	10.752.026
Mortgage debt		88.357.430	153.882.695
Payables to group enterprises		91.969.696	0
Tax payables		6.028.594	1.101.559
Long-term liabilities other than provisions	5	186.355.720	154.984.254
Mortgage debt		0	4.087.557
Prepayments received from customers		0	1.034.497
Trade payables		2.734.802	64.299
Payables to group enterprises		4.820.406	7.166.677
Tax payables		1.101.599	692.230
Other payables		0	30.000
Deposits		3.452.457	2.566.026
Short-term liabilities other than provisions		12.109.264	15.641.286
Liabilities other than provisions within the business		198.464.984	170.625.540
Liabilities and equity		261.980.484	225.975.627
Contingent liabilities	6		
Collaterals and assets pledges as security	7		
Ownership	8		

IRE-ELF Project Boarder PropCo ApS

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 October 2021	50.000	44.548.061	44.598.061
Profit (loss)	0	25.940.329	25.940.329
Extraordinary dividend paid	0	-20.000.000	-20.000.000
Equity 30 September 2022	50.000	50.488.390	50.538.390

Notes

	2021/22	2020/21
1. Financial expenses		
Financial expenses arising from group enterprises	3.913.254	317.269
Other financial expenses	4.190.884	3.028.862
	8.104.138	3.346.131
2. Tax expense		
Current tax for the year	6.028.595	1.101.559
Deferred tax for the year	2.225.084	2.126.922
Adjustment of current tax, previous years	-18.735	0
	8.234.944	3.228.481
3. Investment property		
Cost at the beginning of the year	176.013.136	177.294.984
Disposal during the year	0	-1.281.848
Cost at the end of the year	176.013.136	176.013.136
Fair value adjustments at the beginning of the year	48.986.864	39.205.016
Adjustments for the year	10.000.000	9.781.848
Fair value adjustments at the end of the year	58.986.864	48.986.864
Carrying amount at the end of the year	235.000.000	225.000.000

The company's investment property consist of 56 properties of total 7,240 m2 located in Glostrup.

The investment properties are in accordance with the description of the accounting policies, measured at fair value using the return-based model.

The return-based model calculates the value on the basis of the properties expected net operating profit in a typical stabilized operating year.

Management has appointed an external valuer to determine the fair value of the investment properties at 30 September 2022. The valuation report prepared by external valuer assumes an initial yield of 3,8% (2020/21: 3,9%) and a vacancy risk adjustment of 1 %. A change of +/- 0,25 percentage points in the required rate of return means approx. -14.000 / +17.000 t.kr. in changed market value.

On the above basis the fair market value for the investment property is DKK 235,000,000, reflecting a rate per square metre of DKK 32,459.

Notes**2021/22****2020/21****4. Scope and nature of derivative financial instruments**

The company has entered into an interest rate swap agreement with Jyske Bank. Nominal amount of the swap is DKK 89,531,000 and termination date is 1 October 2031.

The variable interest rate has been swapped to a fixed rate of 0,578%. The agreement was made with the purpose of hedging the interest rate risk.

The fair value of the swap is calculated by Jyske Bank based on the agreement's discounted cash flows with the markets interest per 30 September 2022.

The fair value of the swap is DKK 18,836,431 and is recognized as an asset in the annual report.

5. Long-term liabilities

	Due after 1 year	Due within 1 year	Due after 5 years
Debt to credit institutions	88.357.430	0	88.346.256
Payables to group enterprises	91.969.696	0	91.969.696
Tax payables	6.028.594	1.101.599	0
	186.355.720	1.101.599	180.315.952

6. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

7. Collaterals and securities

As security for the mortgage loans there is mortgage in the investment property of DKK 89.531.000.

8. Related party disclosures

IRE-ELF Project Boarder PropCo ApS is part of the consolidated financial statements of Invesco Real Estate European Living Fund FCP-RAIF, C/O INVESCO Real Estate Management S.à r.l., 37A, Avenue J.F. Kennedy Luxembourg, L-1855 in which the Company is included as a subsidiary.