

ELF3 Horsens II ApS

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

CVR no. 41 95 75 81

Annual report 2022

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

29 June 2023

Peter Eric Broström
Chairman of the annual general meeting

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ELF3 Horsens II ApS
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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of ELF3 Horsens II ApS for the financial year 1 January – 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 29 June 2023
Executive Board:

Roland Maria Döhn

Hélène Henning

Karl Rikard Anton Karlström

Peter Eric Broström

Independent auditor's report

To the shareholder of ELF3 Horsens II ApS

Opinion

We have audited the financial statements of ELF3 Horsens II ApS for the financial year 1 January – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 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.

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 responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

Independent auditor's report

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 June 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Henrik Y. Jensen
State Authorised
Public Accountant
mne35442

ELF3 Horsens II ApS
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Management's review

Company details

ELF3 Horsens II ApS
c/o CEJ Ejendomsadministration A/S
Meldahls­gade 5
1613 København V
Denmark

CVR no.:	41 95 75 81
Established:	17 December 2020
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Executive Board

Roland Maria Döhn
Hélène Henning
Karl Rikard Anton Karlström
Peter Eric Broström

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The objective of the Company is to own, develop, rent and manage real estate, directly and indirectly, as well as related business.

Development in activities and financial position

The Company's income statement for 2022 shows a loss of DKK -3,285,066 as against a profit of DKK 68,979,122 in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at DKK 43,165,049 as against DKK 50,170,115 at 31 December 2021.

Effectively 1 January 2022, the Company merged with its parent company ELF3 Horsens II BidCo ApS in a non-taxable merger with the Company as the continuing company. Comparative figures have been restated.

Uncertainty regarding recognition and measurement

The Company's investment properties are measured at fair value using the income capitalisation method.

The required return on investment is subject to material accounting estimates where fair value could deviate from the actual value of the investment properties.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2022.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2022	2021
Gross profit/loss		<u>7,465,525</u>	<u>-140,723</u>
Profit/loss before financial income and expenses		<u>7,465,525</u>	<u>-140,723</u>
Fair value adjustment of investment properties		-9,000,000	88,730,692
Other financial expenses	3	<u>-2,416,901</u>	<u>-155,198</u>
Profit/loss before tax		<u>-3,951,376</u>	<u>88,434,771</u>
Tax on profit/loss for the year	4	<u>666,310</u>	<u>-19,455,649</u>
Profit/loss for the year		<u><u>-3,285,066</u></u>	<u><u>68,979,122</u></u>
Proposed profit appropriation/distribution of loss			
Extraordinary dividends distributed in the year		3,720,000	0
Retained earnings		<u>-7,005,066</u>	<u>68,979,122</u>
		<u><u>-3,285,066</u></u>	<u><u>68,979,122</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	<u>31/12 2022</u>	<u>31/12 2021</u>
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Investment properties		<u>171,000,000</u>	<u>180,000,000</u>
Total fixed assets		<u>171,000,000</u>	<u>180,000,000</u>
Current assets			
Receivables			
Trade receivables		127,320	1,188,750
Corporation tax		<u>0</u>	<u>65,103</u>
		<u>127,320</u>	<u>1,253,853</u>
Cash at bank and in hand		<u>5,854,016</u>	<u>26,116,404</u>
Total current assets		<u>5,981,336</u>	<u>27,370,257</u>
TOTAL ASSETS		<u><u>176,981,336</u></u>	<u><u>207,370,257</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		50,000	50,000
Retained earnings		<u>43,115,049</u>	<u>50,120,115</u>
Total equity		<u>43,165,049</u>	<u>50,170,115</u>
Provisions			
Provisions for deferred tax		<u>18,266,106</u>	<u>19,520,752</u>
Total provisions		<u>18,266,106</u>	<u>19,520,752</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
	6		
Mortgage loans		85,012,529	86,400,000
Payables to group entities		22,902,246	22,902,246
Deposits		<u>4,680,000</u>	<u>4,680,000</u>
		<u>112,594,775</u>	<u>113,982,246</u>
Current liabilities other than provisions			
Trade payables		550,935	127,183
Payables to group entities		1,550,966	1,598,679
Corporation tax		588,336	0
Other payables		<u>265,169</u>	<u>21,971,282</u>
		<u>2,955,406</u>	<u>23,697,144</u>
Total liabilities other than provisions		<u>115,550,181</u>	<u>137,679,390</u>
TOTAL EQUITY AND LIABILITIES		<u>176,981,336</u>	<u>207,370,257</u>
Average number of full-time employees	2		
Contractual obligations, contingencies, etc.	7		
Mortgages and collateral	8		
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Financial statements 1 January – 31 December

Statement of changes in equity

DKK	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Proposed extraordinary dividends</u>	<u>Total</u>
Equity at 1 January 2022	50,000	50,120,115	0	50,170,115
Transferred over the distribution of loss	0	-7,005,066	3,720,000	-3,285,066
Extraordinary dividends paid	<u>0</u>	<u>0</u>	<u>-3,720,000</u>	<u>-3,720,000</u>
Equity at 31 December 2022	<u>50,000</u>	<u>43,115,049</u>	<u>0</u>	<u>43,165,049</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of ELF3 Horsens II ApS for 2022 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Change in comparative figures

Effectively 1 January 2022, the Company merged with its parent company ELF3 Horsens II BidCo ApS in a non-taxable merger with the Company as the continuing company.

The merger has been accounted for in accordance with the group method. Consequently, total assets have increased by DKK 1,235 thousand at 31 December 2021, Profit and loss statement for 2021 is affected negatively by DKK 83 thousands and the equity have decreased by DKK 21,105 thousands.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Rental revenue from operating leases is recognised as income on a straight line basis over the lease period. When the Company provides incentives to its tenants, the cost of incentives is recognised over the lease period on a straight line basis.

Other operating income

Other operating income comprises items secondary to the activities of the entity.

Other external costs

Other external costs comprise costs incurred during the year as a result of the rental of the Company's property and administration.

Fair value adjustment of investment properties

Fair value adjustment of investment properties comprises the year's changes in the fair value of investment properties.

Financial income and expenses

Financial income and expenses comprise interest income and expense, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit for the year

ELF3 Horsens ApS is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Investment properties comprise properties held to earn rentals, held for capital appreciation or both.

On initial recognition, investment properties are measured at cost including purchase price and directly related costs. The carrying amount also includes costs for improvements if the recognition criteria are met.

Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

The properties are valued using the income capitalisation method where a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate. The calculated value is adjusted with expected future change in rental value, voids, capital expenses and other special circumstances.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

DKK	<u>2022</u>	<u>2021</u>
2 Average number of full-time employees		
Average number of full-time employees	0	0
	<u>0</u>	<u>0</u>
3 Other financial expenses		
Interest expense to group entities	1,145,112	47,713
Other financial costs	1,271,789	107,485
	<u>2,416,901</u>	<u>155,198</u>
4 Tax on profit for the year		
Current tax for the year	588,336	-41,627
Deferred tax for the year	-1,254,646	19,497,276
	<u>-666,310</u>	<u>19,455,649</u>
5 Property, plant and equipment		
DKK		<u>Investment properties</u>
Cost at 1 January 2022		91,269,308
Transfers for the year		0
Cost at 31 December 2022		<u>91,269,308</u>
Revaluations at 1 January 2022		88,730,692
Revaluations for the year		-9,000,000
Revaluations at 31 December 2022		<u>79,730,692</u>
Carrying amount at 31 December 2022		<u>171,000,000</u>

Key assumptions:

The property totalling 20,916 sqm. is located in Horsens and is used for logistic. In the valuation of the property, an exit yield of 5.20% has been applied.

Sensitivity analysis:

An increase of the exit yield by 0.25 percentage points would reduce the properties' value by DKK 7.9 million and a decrease in the exit yield by 0.25 percentage points would increase the properties' value by DKK 8.7 million at the balance sheet date.

Financial statements 1 January – 31 December

Notes

6 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2022	Outstanding debt after five years
Mortgage loans	85,012,529	0
Payables to group entities	22,902,246	22,902,246
Deposits	4,680,000	4,680,000
	<u>112,594,775</u>	<u>27,582,246</u>

7 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is subject to the Danish scheme of joint taxation with ELF3 Horsens ApS as the administrative company. The Company has unlimited liability and is jointly and severally liable with the other jointly taxed companies for the total corporation tax, etc.

8 Mortgages and collateral

As security for bank debt of DKK 86,400 thousand, the Company has provided collateral in land and buildings with a carrying amount of DKK 171,000 thousand at 31 December 2022.

9 Related party disclosures

ELF3 Horsens II ApS' related parties comprise the following:

Control

Savills Investment Management KVG GmbH, Rotfeder-Ring 7, 60327 Frankfurt am Main, Deutschland.

Savills Investment Management KVG GmbH holds the majority of the contributed capital in the Company.