

# URBANIC



## NETHERLANDS III CV

**ANNUAL REPORT**

**2021**

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## 1. Company details

### **The Fund**

Urbanic Netherlands III C.V.  
Amsteldijk 131-H  
1078 RT Amsterdam  
The Netherlands

### **Managing Partner**

Urbanic Netherlands III B.V.  
Amsteldijk 131-H  
1078 RT Amsterdam  
The Netherlands

### **Fund Manager**

Urbanic B.V.  
Amsteldijk 131-H  
1078 RT Amsterdam  
The Netherlands

### **Fund Custodian**

Stichting Urbanic Netherlands III  
Amsteldijk 131-H  
1078 RT Amsterdam  
The Netherlands

### **Fund Administrator**

Voorn & Zijp Administratie en Fiscaaladvies B.V.  
Noordeinde 128-F  
1121 AL Landsmeer  
The Netherlands

### **Property Manager**

FLINQ Vastgoed B.V.  
Amsteldijk 131-H  
1078 RT Amsterdam

### **Auditors**

CPAccountants B.V.  
Pieter Ghijssenlaan 24B  
1506 PV Zaandam

## 2. Disclaimer

This report is prepared solely for the benefit of the investors ("the Investors") in Urbanic Netherlands III C.V. ("the Fund") and is private and confidential. It is not to be distributed other than to the Investors nor is it to be copied or otherwise reproduced without the express written consent of the Fund Manager. This report contains information which is commercially sensitive, and which is, by its nature, confidential to the Fund, the Manager, and the Investors. The attention of the recipients is drawn to the confidentiality provisions contained within the partnership agreements relating to the Fund. In particular Investors shall not, and each Investor shall use all reasonable endeavours to procure that every person connected with or associated with such Investor shall not, disclose to any person, firm or corporation - or use to the detriment of the Fund, the Manager, any of the Investors or any of the properties - any confidential information contained herein.

### **3. Report of the General Manager of the fund**

The General Partner hereby presents the Financial Statements of Urbanic Netherlands III C.V. (also the "Fund") for the period 1 January 2021 through 31 December 2021.

#### **General information and principal activity of the Fund**

Urbanic Netherlands III C.V. was formed on June 10, 2020. It is registered with the Netherlands Chamber of Commerce under number 77831640. The Fund is registered with the Dutch Authority for the Financial Markets ("AFM") as an Alternative Investment Fund and is required to periodically provide financial data to the Dutch Central Bank.

The principal activity of the Fund is to acquire real estate in Rotterdam and other cities in the Netherlands, configure such real estate for communal living and to seek long-term return on investment by renting the properties to young professionals. The strategy and approach of the Fund are fully documented in the Information Memorandum dated April 1, 2020, which was provided to potential investors.

#### **Urbanic Netherlands III B.V.**

Urbanic Netherlands I B.V., a limited liability company incorporated under the laws of the Netherlands, acts as General and Managing Partner of the Fund. Urbanic Netherlands I B.V. is registered with the Netherlands Chamber of Commerce under number 77706366.

#### **Urbanic B.V.**

Urbanic B.V., a limited liability company incorporated under the laws of the Netherlands registered with the Netherlands Chamber of Commerce under number 64696006, acts as the Fund Manager of Urbanic Netherlands I C.V. and is registered with the AFM as an Alternative Investment Fund Manager. On April 11, 2022 was granted an Alternative Investment Fund Manager licence from the Authority for the Financial Markets (AFM).

#### **Stichting Urbanic Netherlands III**

Stichting Urbanic Netherlands I, a foundation under the laws of the Netherlands and registered with the Netherlands Chamber of Commerce under number 77706439, acts as the Custodian of the Fund and in that capacity holds legal title to the assets of the Fund.

#### **Portfolio**

The portfolio of the Fund consists of 66 residential apartments and 4 commercial properties in Rotterdam. The intention is that most residential units will be rented in a communal living model, while some units will be rented to couples.

During the year the rental market remained very strong and after renovation apartments were mostly easily rented.

#### **Financial Information**

Total capital committed to the Fund by the participants amounts to € 9,9 million. The capital is fully called.

Since its establishment the Fund invested € 19,9 million in properties. At year end the Fund had € 11.2 million of mortgage debt, equal to 55,3% of the total amount invested in properties. The loans mature

on January 1, 2026 and carry fixed interest rate of 2,2% - 2,35% (until the properties financed are renovated and rented the rate is 0,2% higher rate).

In 2021 the Fund realized a net loss of € 252.210.

It is the Fund's policy to value investment properties at cost. The Fund's equity at the end of 2021 is equal to € 9.600.671, or € 96.976 per participation of € 100.000.

## **Other Issues**

### **Regulatory Developments**

The housing market continues to be under a lot of stress and protests against the lack of housing and the high housing prices (both purchase prices and rents) are frequent. The housing market is also high on the agenda of both the National and Local politicians.

During the year national regulations were issued allowing municipalities to conditionally restrict investors to buy-to-let in parts of a city. Rotterdam has been the first city to adopt such measures. As from January 1, 2022, the restrictions apply to all houses and apartments with a municipal tax value below € 355.000 in 16 specific neighbourhoods. It is expected that a similar restriction will apply in Amsterdam for all houses and apartments with a municipal tax value below € 512.000 from mid-February.

These measures only focus on the purchase of property by investors who buy-to-let, of houses and apartments that are currently owner occupied. As the Fund generally does not acquire this type of properties and has already committed 90% of its investment capacity these regulations should have minimal impact on the Fund. Also, these regulations should have no effect on the potential exit value of the Fund's portfolio or on our operating model.

### **Building Cost**

- During 2021 building cost increased quite significantly as the Covid pandemic weakened and the economy started to grow rapidly. We estimated that in the second half of the year the cost of building materials increased by 7-10% which impacted the Fund.

## **Outlook**

The portfolio of the Fund at year end, measured after all renovations are completed, amounted to € 25,5 million.

At the end of 2021 the expected gross rental yield of the completed portfolio was estimated at 6,78%, the net rental yield at 5,85%.

During 2022 the Fund does not expect to make distributions.

## **Risks**

The Fund is subject to interest rate and refinancing risk.

The second key risk of the Fund is vacancy. The significant shortage of alternative housing options for our target group makes the vacancy risk very limited. Vacancy has not occurred in the Fund's portfolio and this risk is carefully managed by maintaining a positive relationship with current and potential future tenants.

Another key risk is a further increase of building (materials) cost.

## **Subsequent Events**

### **Regulatory Developments**

The housing market continues to be under a lot of stress and protests against the lack of housing and the high housing prices (both purchase prices and rents) are frequent. The housing market is also high on the agenda of both the National and Local politicians.

During the year national regulations were issued allowing municipalities to conditionally restrict investors to buy-to-let in parts of a city. Rotterdam has been the first city to adopt such measures. As from January 1, 2022, the restrictions apply to all houses and apartments with a municipal tax value below € 355.000 in 16 specific neighbourhoods. It is expected that a similar restriction will apply in Amsterdam for all houses and apartments with a municipal tax value below € 512.000 from mid-February.

These measures only focus on the purchase of property by investors who buy-to-let, of houses and apartments that are currently owner occupied. Therefore, these regulations have no effect on the potential exit value of the Fund's portfolio or on our operating model.

### **Building Cost**

Building cost continue to increase in Q1 of 2022 both as a result of inflation and scarcity. If building cost continue to increase this may have some effect on the Fund's result. At this moment it is not possible to predict how costs building materials and personnel will develop.

Amsterdam, 18 May 2022

Managing Partner of the Fund:  
Urbanic Netherlands III B.V.

## 4. Financial statements

### 4.1 Balance sheet

Assets	Note	31-12-2021	31-12-2020	Equity and liabilities	Note	31-12-2021	31-12-2020
<b>Fixed assets</b>				<b>Fund equity</b>			
<i>Immaterial fixed assets</i>				4.7.5			
Set up costs	4.7.1	10,257	13,190	Capital called		9,900,000	3,960,000
				Legal reserve		10,257	13,190
				Distributions		-	-
				Total net profits		<u>-309,586</u>	<u>-60,309</u>
<i>Material fixed assets</i>				<b>Net assets attributable to partners</b>			
Property investments	4.7.2	19,940,656	7,081,348			9,600,671	3,912,881
				<b>Provisions</b>			
					4.7.6	1,748	185
				<b>Long-term liabilities</b>			
					4.7.7		
				Bank loans (fixed interest)		11,032,009	3,821,750
				Bank loans (variable interest)		-	-
<b>Current assets</b>				<b>Short-term liabilities</b>			
Receivables	4.7.3	8,560	2,773	Creditors		175,122	144,082
				Bank loan repayments	4.7.8		
				- loans fixed interest rate		195,100	28,250
				- loans variable interest rate		-	-
				Accrued interest mortgage loans	4.7.8		
				- fixed interest		61,353	1,849
				- variable interest		-	-
				Deposits tenants		58,856	7,750
				Rental prepayments		16,413	929
<b>Total assets</b>		<u>21,141,272</u>	<u>7,917,676</u>			<u>21,141,272</u>	<u>7,917,676</u>

## 4.2 Profit and loss account

	Note	2021	2020
<b>Income</b>			
Gross rental income		156,337	18,505
Other income		-	-
Total income		<u>156,337</u>	<u>18,505</u>
<b>Expenses</b>			
Interest and other finance expenses	4.8.1	-204,332	-12,912
Direct real estate costs	4.8.2	-75,165	-10,301
Fund expenses	4.8.3	-26,104	-19,978
Fund manager fee		-100,013	-20,933
Amortization set-up expenses	4.7.1	-2,933	-1,500
Total expenses		<u>-408,547</u>	<u>-65,624</u>
Result before tax		<u>-252,210</u>	<u>-47,119</u>
Taxation		-	-
<b>Net income</b>		<u><u>-252,210</u></u>	<u><u>-47,119</u></u>



## 4.3 Cash flow statement

	2021		2020	
	€	€	€	€
<b>Net result</b>		-252,210		-47,119
Adjustments:				
Amortizations		2,933		1,500
Provisions		1,563		185
		<u>-247,714</u>		<u>-45,434</u>
Changes in current assets	-5,787		-2,773	
Changes in current liabilities	323,984		182,860	
Cash flow from operation activities		<u>318,197</u>		<u>180,087</u>
Proceeds from disinvestments	-		-	
Set-up costs activated	-		-14,690	
Investments in real estate	-12,859,308		-7,081,348	
Cash flow from investing activities		<u>-12,859,308</u>		<u>-7,096,038</u>
Capital contributions	5,940,000		3,960,000	
Distributions	-		-	
Mortgages received	7,238,509		3,821,750	
Mortgages repaid	-28,250		-	
Cash flow from financing activities		<u>13,150,259</u>		<u>7,781,750</u>
<b>Net cash flow</b>		<u>361,434</u>		<u>820,365</u>
Liquid assets start of reporting period		820,365		-
<b>Liquid assets end of reporting period</b>		<u><u>1,181,799</u></u>		<u><u>820,365</u></u>

## **4.4 Balance sheet disclosures**

### **4.4.1 General**

Urbanic Netherlands III C.V., ('the Fund'), having its legal address in Amsterdam, is a limited partnership under Dutch law and is registered under number 77831640 in the Trade Register. Urbanic Netherlands III C.V. was formed on June 1, 2021.

Urbanic Netherlands III C.V. is a Dutch limited partnership. The partnership's main activity is investing in Dutch residential real estate and renting it to young urban professionals and as such generating a rate of return for its limited partners.

The Financial Statements have been drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally kept at historical cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the Balance Sheet, Profit and Loss Account and the Cash Flow Statement, references have been made to the notes.

Use of estimates: In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

All financial information is presented in Euro's unless otherwise indicated.

### **4.4.2 Accounting policies applied to the valuation of assets and liabilities**

#### **Intangible fixed assets**

Intangible fixed assets are only recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Fund and the cost of that asset can be measured reliably.

Intangible fixed assets are measured at acquisition or construction cost, less accumulated amortization and impairment losses.

Expenditures made after the initial recognition of an acquired or constructed intangible fixed asset are included in the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be measured reliably. If expenditures do not meet these conditions, they are recognized as an expense in the profit and loss account.

#### **Set up costs**

Set up costs are measured at cost less accumulated amortization and impairment losses. Amortization is recognised in profit or loss on a straight-line basis over the estimated useful life of five years. A legal reserve is recorded for the capitalized set up costs that have not yet been amortized.

## **Tangible fixed assets**

### ***Property Investments***

Investment properties are properties held to generate rental income, to achieve capital appreciation or both. Investment property also includes property that is being constructed or developed for future use as investment. Property under construction is presented separately in the notes.

The investment property is measured at cost, including transaction costs, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any directly attributable costs such as renovation costs, legal advisory fees, transfer taxes and other transaction costs.

Expenditure after initial recognition of investment property is capitalized when it is probable that the expenditure will lead to an increase in the expected future economic benefits. All other expenditure is recognised as an expense in the profit and loss account in the period in which it occurs.

Investment property is no longer capitalized in case of disposal or permanent decommissioning, and in case of decommissioning when no future economic benefits are expected anymore.

Gains or losses on disposal or decommissioning of investment property are determined based on the difference between the net proceeds and the carrying amount of the asset and are recognized in the profit and loss account.

## **Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortized cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

## **Cash at banks and in hand**

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

## **Provisions**

### ***General***

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The other provisions are valued at the discounted value of the expenditure that is expected to be necessary to settle the obligations, unless the time course is not material or the provision is short-term.

### ***Provision for major maintenance of buildings***

A provision is recognised for expenditures incurred on major maintenance work on buildings in order to spread these costs over a number of financial years. The addition to the provision is determined based on the expected amount of the maintenance work and the intervals between the times when major maintenance work is carried out.

## **Long-term liabilities**

Long-term liabilities are liabilities with a term longer than one year.

On initial recognition long-term debts are recognised at nominal value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortized nominal value, being the amount owed taking into account premiums or discounts and minus transaction costs.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

### **Current liabilities**

Current liabilities are liabilities with a term shorter than twelve months.

The Current liabilities are recognised initially at nominal value and subsequently kept at the amortized cost price, being the amount owed, taking into account premiums or discounts, less transaction costs. This usually is the nominal value. Overdrafts at banks are recognised as part of debts to lending institutions under Current liabilities.

## **4.5 Profit and loss disclosures**

### **General**

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realized.

### **Rental income**

Rental income is recognised on the straight-line method over the term of the rental agreement.

### **Direct real estate cost**

These include costs directly related to the Property Investments, such as maintenance, insurance, management, property tax etc, and are expenses as incurred. These expenses at a property level are referred to as direct real estate costs.

### **Fund expenses**

These comprise general overheads such as advisory-, audit and administration fees.

### **Amortization of intangible assets and depreciation of investment property**

Intangible assets, including goodwill, are amortized and investment property are depreciated over their estimated useful lives as from the moment that they are ready for use. Land is not depreciated. Future depreciation and amortization is adjusted if there is a change in estimated future useful life.

Set-up costs:	20% per year
Investment property:	0% per year

### **Impairment of non-financial assets, other than inventories**

At each reporting date, property and intangible assets, are reviewed to determine whether there are any special circumstances or other indications that those assets have suffered an impairment loss, or an impairment loss previously recognized no longer exists or may be decreased. Special circumstances are significantly changed market conditions, vacancy, material changes in rental stock (duration, amount of rent) etc. Input data such as the price development of similar real estate in the city/neighbourhood concerned, the state of maintenance, operating costs, existing leases, vacancy, etc. are used.

If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

#### **Financial income and expense**

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

#### **4.6 Accounting policies for the cash flow statement**

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months.

Payments of interest are presented within the cash flows from operating activities. Payments of distributions are presented within the cash flows from financing activities.

Transactions that do not include an exchange of cash and cash equivalents are not included in the cash flow statement.

**4.7 Notes to the financial statements (balance sheet)****4.7.1 Set-up expenses**

The movements in the set-up costs during the reporting period can be specified as follows:

	<b>2021</b>		<b>2020</b>	
	€	€	€	€
Book value 1 June	13,190		14,690	
Amortizations book year	<u>-2,933</u>		<u>-1,500</u>	
Book value 31 December		<u>10,257</u>		<u>13,190</u>
Accumulated set up expenses	14,690		14,690	
Accumulated amortizations	<u>-4,433</u>		<u>-1,500</u>	
Book value 31 December		<u>10,257</u>	<u>13,690</u>	<u>13,190</u>

**4.7.2 Property investments**

The movements in property investments during the reporting period can be specified as follows:

	<b>2021</b>		<b>2020</b>	
	€	€	€	€
Value as at 1 January	7,081,348		-	
Acquisitions, property investments and capitalized other expenses	12,859,308		7,081,348	
Disinvestments	<u>-</u>		<u>-</u>	
Value as at 31 December		<u>19,940,656</u>		<u>7,081,348</u>

The Fund Manager as Managing Partner of the Investment funds is of the opinion that the expected useful life of the property portfolio is infinite, no depreciations are taken into account until a change of viewpoint.

A more detailed specification of the total portfolio is provided for in paragraph 5.3.

**4.7.3 Receivables**

The receivables can be specified as follows:

	<b>2021</b>		<b>2020</b>	
	€	€	€	€
Urbanic B.V.	-		2,420	
Urbanic Netherlands II CV	8,560			
Tenants	<u>-</u>		<u>353</u>	
Balance as at 31 December		<u>8,560</u>		<u>2,773</u>

#### 4.7.4 Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months amounts to € 1,181,799 as per the reporting date. The bank account is held with ING Bank and Stichting Urbanic Netherlands III is the registered account holder as custodian of Urbanic Netherlands III C.V.

#### 4.7.5 Fund equity

The total Capital Commitment of the Limited Partners is € 9,900,000.

	Capital contributions €	Legal reserve €	Distributions €	Total net profits €	Total €
Balance 1 January 2021	3,960,000	13,190	-	-60,309	3,912,881
Capital contributions	5,940,000	-	-	-	5,940,000
Legal reserve	-	-	-	-	-
Distributions	-	-	-	-	-
Movement in the year	-	-2,933	-	2,933	-
Result for the period				-252,210	-252,210
Balance 31 December 2021	<u>9,900,000</u>	<u>10,257</u>	=	<u>-309,586</u>	<u>9,600,671</u>

#### 4.7.6 Provisions

This represents a provision for major maintenance of 1% of the annual rental income.

#### 4.7.7 Long term liabilities

The fund received a mortgage loan from ING Real Estate, which has a fixed interest rate. As per the reporting date the long term liabilities can be specified as follows:

	31-12-2021 Principal (€)	31-12-2021 Long-term	31-12-2021 Short-term	Interest rate
Loan 10025464	4,132,750	4,019,750	113,000	2.42%
Loan 10025933	2,611,602	2,561,502	50,100	2.50%
Loan 10026277	1,900,000	1,868,000	32,000	2.40%
Loan 10026646	2,635,000	2,635,000	-	2.55%
Total fixed interest	11,279,352	11,084,252	195,100	
Commissions mortgage loans	-60,950	-60,950	-	
Amortizations commissions	8,707	8,707	-	
Total fixed interest	<u>11,227,109</u>	<u>11,032,009</u>	<u>195,100</u>	

**4.7.8 Accrued mortgage interest and quarterly repayment**

<b>Fixed interest rate</b>	<b>Repayment 01-01-2022</b>	<b>Repayment Q2 – Q4</b>	<b>Repayment 2021</b>	<b>Interest 01-01-2022</b>	<b>Interest rate</b>
Loan 10025464	28,250	84,750	113,000	30,730	2.42%
Loan 10025933	-	50,100	50,100	18,955	2.50%
Loan 10026277	-	32,000	32,000	11,668	2.40%
Loan 10026646	-	-	-	-	2.55%
<b>Total</b>	<b><u>28,250</u></b>	<b><u>166,850</u></b>	<b><u>195,100</u></b>	<b><u>61,353</u></b>	



**4.8 Notes to the financial statements (profit and loss account)****4.8.1 Interest and other finance expenses**

	2021		2020	
	€	€	€	€
Interest and other finance expenses		<u>204,332</u>		<u>12,912</u>
Interest fixed	173,494		1,849	
Interest variable	-		-	
Amortizations cap. mortgage commissions	8,707		-	
Notary costs mortgage loans	9,109		9,439	
Bank charges	3,784		1,624	
Interest bridge financing	9,238		-	
Other finance costs	-		-	
Total		<u>204,332</u>		<u>12,912</u>

**4.8.2 Direct real estate costs**

	2021		2020	
	€	€	€	€
Direct real estate costs		<u>75,165</u>		<u>10,301</u>
Maintenance	2,442		601	
Owners' association	-		-	
Insurance expenses	25,615		1,980	
Municipal and other taxes	19,819		2,600	
Property manager	7,817		370	
Other direct real estate costs	19,472		4,750	
Total		<u>75,165</u>		<u>10,301</u>

**4.8.3 Fund expenses**

	2021		2020	
	€	€	€	€
Fund expenses		<u>26,104</u>		<u>19,978</u>
Administration	10,162		9,693	
Auditor	15,730		10,285	
Legal advice	212		-	
Other professional fees	-		-	
Total		<u>26,104</u>		<u>19,978</u>

#### **4.8.4 Taxation**

Urbanic Netherlands III C.V. ('the fund') is legally established as a limited partnership. Since the limited partnership agreement stipulates that the transfer of participations in the funds requires the approval of all other participants, the fund is a closed-end limited partnership. A closed-end partnership is transparent for Dutch corporate income tax purposes. Consequently, the fund itself is not subject to Dutch corporate income tax.

#### **4.8.5 Employees**

The fund did not employ any personnel during the reporting period (2020: nil).

#### **4.8.6 Subsequent events**

Reference is made to the subsequent events section in the Report of the General Partner.

Amsterdam, 23 May 2022

General Partner of Urbanic Netherlands III C.V.

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Urbanic Netherlands III B.V.,  
On its behalf Urbanic B.V.  
On its behalf A.P. Bakker, Managing Director

## **5. Other information**

### **6.1 Provisions of profits and losses in the Limited Partnership Agreement**

The Limited Partnership Agreement is an integral part of the Information Memorandum. According to article 8 of the Limited Partnership Agreement profit and losses are at the free disposal of the General Partners Meeting as per the following statutory regulations:

1. The profits and losses of the Limited Partnership shall be calculated in accordance with Dutch generally accepted accounting principles, unless the Limited Partners agree otherwise by unanimous prior written consent;
2. The profits of the Limited Partnership, if any, shall be allocated to the general reserves of the Limited Partnership. Allocations to the Limited Partners shall only be made after the debit balances of the Limited Partnership resulting from losses incurred by the Limited Partnership in previous financial years have been restored;
3. The profits shall be pro rata allocated to each of the Limited Partners capital account.

## **INDEPENDENT AUDITOR'S REPORT**

To: the participant and the managing partner of Urbanic Netherlands III c.v.

### **A. Report on the audit of the financial statements 2021 included in the annual report**

#### **Our opinion**

We have audited the financial statements 2021 Urbanic Netherlands III c.v. based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Urbanic Netherlands III c.v. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2021;
2. the profit and loss account for 2021; and
3. the notes comprising of a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards of Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Urbanic Netherlands III c.v. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **B. Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the report of the managing partner;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.



We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report of Urbanic Netherlands III B.V. in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

### **C. Description of responsibilities regarding the financial statements**

#### **Responsibilities of the manager and for the financial statements**

The manager of the investment entity is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Furthermore, the manager of the investment entity is responsible for such internal control as the manager of the investment entity determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the manager of the investment entity is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the manager of the investment entity should prepare the financial statements using the going concern basis of accounting, unless the manager of the investment entity either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The manager of the investment entity should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

#### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.



We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- obtaining 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 investment entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager of the investment entity;
- concluding on the appropriateness of management's use of the going concern basis of accounting, 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 a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 findings in internal control that we identify during our audit.

Zaandam, 18 may 2022

sgd P.A. Bankersen  
Registeraccountant