

SREIT Vesterbro Propco ApS

C/O Cobblestone A/S, Gammel Køge Landevej 57, 3, 2500 Valby

Company reg. no. 19 55 99 39

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 8 July 2022.

Gauthier Robert A Lambeaux

Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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Management's statement

Today, the board of directors and the managing director have presented the annual report of SREIT Vesterbro Propco ApS for the financial year 1 January - 31 December 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the company's results of activities in the financial year 1 January – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Valby, 8 July 2022

Managing Director

Helle Bjerre

Board of directors

Rasmus Juul-Nyholm

Gauthier Robert A Lambeaux

Independent auditor's report

To the shareholders of SREIT Vesterbro Propco ApS

Opinion

We have audited the financial statements of SREIT Vesterbro Propco ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant 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 Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for 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 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 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.

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.

Independent auditor's report

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 the 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in the notes, 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 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.

Independent auditor's report

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.

Copenhagen, 8 July 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56

Allan Pedersen

State Authorised Public Accountant
Identification No (MNE) mne14952

Company information

The company

SREIT Vesterbro Propco ApS
C/O Cobblestone A/S, Gammel Køge Landevej 57, 3
2500 Valby

Company reg. no. 19 55 99 39

Financial year: 1 January - 31 December

Board of directors

Rasmus Juul-Nyholm
Gauthier Robert A Lambeaux

Managing Director

Helle Bjerre

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S

Management's review

The principal activities of the company

The company's main activities are acquiring and owning hotel properties.

The company owns the property Vesterbrogade 25-27, 1620 København V, which is designed as a hotel with 400 rooms, lobby, conference department and restaurant, etc.

Uncertainties about recognition or measurement

The fair value of the property is determined on the basis of a calculated capital value. To that extent market interest rates change, an investor's interest rate requirements change or the conditions of the properties change, the value of the property may change accordingly.

Development in activities and financial matters

The gross profit for the year totals DKK 26.162.283 against DKK 31.557.158 last year. Income or loss from ordinary activities after tax totals DKK -20.822.323 against DKK 36.576.971 last year. Management considers the net profit or loss for the year satisfactory.

Events occurring after the end of the financial year

The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the Company. This may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying value of assets and liabilities within the next financial year. In particular the management expects the assumptions and estimates used in determining to be affected. At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day.

The longer-term impact may also affect trading volumes, cash flows, and profitability. Nevertheless, at the date of these financial statements the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

Income statement 1 January - 31 December

All amounts in DKK.

| <u>Note</u> | <u>2021</u> | <u>2020</u> |
|--|---------------------------|--------------------------|
| Gross profit | 26.162.283 | 31.557.158 |
| 1 Value adjustment of investment property | -41.119.039 | 21.899.485 |
| Depreciation and impairment of property, land, and equipment | <u>-1.799.585</u> | <u>-1.799.585</u> |
| Operating profit | -16.756.341 | 51.657.058 |
| Other financial income | 23.532.506 | 2.076.156 |
| 3 Other financial expenses | <u>-33.593.933</u> | <u>-6.833.205</u> |
| Pre-tax net profit or loss | -26.817.768 | 46.900.009 |
| Tax on net profit or loss for the year | <u>5.995.445</u> | <u>-10.323.038</u> |
| Net profit or loss for the year | <u>-20.822.323</u> | <u>36.576.971</u> |
| Proposed appropriation of net profit: | | |
| Extraordinary dividend adopted during the financial year | 131.626.345 | 343.000.000 |
| Allocated from retained earnings | <u>-152.448.668</u> | <u>-306.423.029</u> |
| Total allocations and transfers | <u>-20.822.323</u> | <u>36.576.971</u> |

Balance sheet at 31 December

All amounts in DKK.

| <u>Note</u> | <u>2021</u> | <u>2020</u> |
|--|---------------------------|---------------------------|
| Assets | | |
| Non-current assets | | |
| 4 Other fixtures and fittings, tools and equipment | 5.475.970 | 7.275.555 |
| 5 Investment property | 655.000.000 | 696.000.000 |
| Total property, plant, and equipment | <u>660.475.970</u> | <u>703.275.555</u> |
| Total non-current assets | <u>660.475.970</u> | <u>703.275.555</u> |
| Current assets | | |
| Trade receivables | 0 | 4.126.375 |
| Receivables from affiliated undertakings | 0 | 121.307.320 |
| Other receivables | 0 | 108.257 |
| Prepayments | 3.395.988 | 0 |
| Total receivables | <u>3.395.988</u> | <u>125.541.952</u> |
| Cash and cash equivalents | <u>5.560.917</u> | <u>25.741.079</u> |
| Total current assets | <u>8.956.905</u> | <u>151.283.031</u> |
| Total assets | <u>669.432.875</u> | <u>854.558.586</u> |

Balance sheet at 31 December

All amounts in DKK.

| <u>Note</u> | <u>2021</u> | <u>2020</u> |
|--|---------------------------|---------------------------|
| Equity and liabilities | | |
| Equity | | |
| Contributed capital | 3.001.000 | 3.001.000 |
| Retained earnings | 215.074.940 | 367.523.608 |
| Total equity | <u>218.075.940</u> | <u>370.524.608</u> |
| Provisions | | |
| Provisions for deferred tax | 110.384.801 | 117.638.823 |
| Total provisions | <u>110.384.801</u> | <u>117.638.823</u> |
| Long term liabilities other than provisions | | |
| 6 Bank loans | 335.000.000 | 343.000.000 |
| Total long term liabilities other than provisions | <u>335.000.000</u> | <u>343.000.000</u> |
| Trade payables | 27.966 | 27.880 |
| Payables to affiliated undertakings | 3.038.367 | 19.975.666 |
| Income tax payable | 1.258.577 | 3.391.609 |
| Other payables | 1.647.224 | 0 |
| Total short term liabilities other than provisions | <u>5.972.134</u> | <u>23.395.155</u> |
| Total liabilities other than provisions | <u>340.972.134</u> | <u>366.395.155</u> |
| Total equity and liabilities | <u>669.432.875</u> | <u>854.558.586</u> |
| 7 Charges and security | | |
| 8 Contingencies and commitments | | |
| 9 Related parties | | |

Statement of changes in equity

All amounts in DKK.

| | <u>Contributed capital</u> | <u>Retained earnings</u> | <u>Total</u> |
|--|--------------------------------|------------------------------|---------------------------|
| Equity 1 January 2021 | 3.001.000 | 367.523.608 | 370.524.608 |
| Retained earnings for the year | 0 | -152.448.668 | -152.448.668 |
| Extraordinary dividend adopted during the financial year | 0 | 131.626.345 | 131.626.345 |
| Distributed extraordinary dividend adopted during the financial year | <u>0</u> | <u>-131.626.345</u> | <u>-131.626.345</u> |
| | <u>3.001.000</u> | <u>215.074.940</u> | <u>218.075.940</u> |

Notes

All amounts in DKK.

| | <u>2021</u> | <u>2020</u> |
|--|--------------------|--------------------|
| 1. Value adjustment of investment property | | |
| Value adjustment | -41.119.039 | 21.899.485 |
| | -41.119.039 | 21.899.485 |
| 2. Staff costs | | |
| Average number of employees | <u>1</u> | <u>1</u> |
| 3. Other financial expenses | | |
| Other financial costs | 33.593.933 | 6.833.205 |
| | 33.593.933 | 6.833.205 |
| 4. Other fixtures and fittings, tools and equipment | | |
| Cost 1 January | 47.386.858 | 47.386.858 |
| Cost 31 December | 47.386.858 | 47.386.858 |
| Depreciation and writedown 1 January | -40.111.303 | -38.311.718 |
| Amortisation and depreciation for the year | -1.799.585 | -1.799.585 |
| Depreciation and writedown 31 December | -41.910.888 | -40.111.303 |
| Carrying amount, 31 December | 5.475.970 | 7.275.555 |

Notes

All amounts in DKK.

| | <u>31/12 2021</u> | <u>31/12 2020</u> |
|--|---------------------------|---------------------------|
| 5. Investment property | | |
| Cost 1 January | 288.329.439 | 287.228.924 |
| Additions during the year | <u>119.039</u> | <u>1.100.515</u> |
| Cost 31 December | <u>288.448.478</u> | <u>288.329.439</u> |
| Fair value adjustment 1 January | 407.670.561 | 385.771.076 |
| Adjustments to fair value for the year | <u>-41.119.039</u> | <u>21.899.485</u> |
| Fair value adjustment 31 December | <u>366.551.522</u> | <u>407.670.561</u> |
| Carrying amount, 31 December | <u>655.000.000</u> | <u>696.000.000</u> |

| | |
|---------------------------|----------|
| Budget period | 10 years |
| Exit Yield | 5,25% |
| Initial Yield | 4,44% |
| Growth in terminal period | 2,0% |

The fair value of investment properties at 31 December 2021 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 occur as expected. Such difference may be material.

| | | |
|--|---------------------------|---------------------------|
| 6. Bank loans | | |
| Total bank loans | 335.000.000 | 343.000.000 |
| Share of amount due within 1 year | <u>0</u> | <u>0</u> |
| Total bank loans | <u>335.000.000</u> | <u>343.000.000</u> |
| Share of liabilities due after 5 years | <u>0</u> | <u>0</u> |

Notes

All amounts in DKK.

7. Charges and security

As collateral for mortgage loans, TDKK 335.000, security has been granted on land and buildings representing a carrying amount of TDKK 655.000 at 31 December 2021. In addition, the company has pledged their cash, other fixtures and fittings, tools and equipment and prepayments representing a carrying amount of TDKK 14.433 at 31 December 2021.

8. Contingencies and commitments

Contingent liabilities

There is no contingencies and commitments.

Joint taxation

With SREIT Vesterbro Bidco ApS, company reg. no 42461334 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

9. Related parties

Controlling interest

SREIT Vesterbro Bidco ApS

Consolidated financial statements

The company is included in the consolidated financial statements of Company Starwood Real Estate Income Trust, Inc.

Accounting policies

The annual report for SREIT Vesterbro Propco ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross profit

Gross profit comprises the revenue, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Value adjustment of investment property

Value adjustment of investment property comprises value adjustments of properties at fair value and profit or loss from the disposal of properties.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

Accounting policies

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

| | Useful life |
|--|-------------|
| Other fixtures and fittings, tools and equipment | 3-10 years |

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investment property

At the initial recognition, investment property is measured at cost, comprising the cost of the property and directly associated costs, if any.

Hereafter, investment properties are measured individually at an estimated fair value. The properties are measured using a returnbased model, by which the expected future cash flows for the following year, along with a rate of return determined by an external assessor, form the basis for the fair value of the properties. Compared to the previous financial year, the method of measurement remains unchanged.

Costs adding new or improved qualities to an investment property compared to its condition at the time of acquisition, thereby improving the future return on the property, are added to the cost as an improvement. Costs which do not add new or improved qualities to an investment property are recognised in the income statement under the item "Costs concerning investment property".

Like other property, plant, and equipment except for land, investment property has a limited economic life. The impairment taking place concurrently with the ageing of the investment property is reflected in the continuing measurement of the investment property at fair value.

Value adjustments are recognised in the income statement under the item "Value adjustments of property".

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Accounting policies

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, SREIT Vesterbro Propco ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Accounting policies

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.