



## EHI Fund Denmark ApS

Kay Fiskers Plads 9, st.  
2300 Copenhagen S  
CVR No. 27438377

## Annual report 2021

The Annual General Meeting adopted the  
annual report on 21.06.2022

---

**Daniel Christer Ewerlöf**

Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2021	9
Balance sheet at 31.12.2021	10
Statement of changes in equity for 2021	12
Notes	13
Accounting policies	15

# Entity details

## Entity

EHI Fund Denmark ApS

Kay Fiskers Plads 9, st.

2300 Copenhagen S

Business Registration No.: 27438377

Registered office: Copenhagen

Financial year: 01.01.2021 - 31.12.2021

## Executive Board

Daniel Christer Ewerlöf

Louis-Foulques Richard Pierre Servajean-Hilst

Andreas Hoffmann

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Executive Board has today considered and approved the annual report of EHI Fund Denmark ApS for the financial year 01.01.2021 - 31.12.2021.

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 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.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 21.06.2022

## Executive Board

**Daniel Christer Ewerlöf**

**Louis-Foulques Richard Pierre Servajean-Hilst**

**Andreas Hoffmann**

# Independent auditor's report

## To the shareholders of EHI Fund Denmark ApS

### Opinion

We have audited the financial statements of EHI Fund Denmark 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 content of the financial statements, including the 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.

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, 21.06.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

**Lars Kronow**

State Authorised Public Accountant

Identification No (MNE) mne19708

# Management commentary

## Financial highlights

	2021	2020	2019	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	48,551	49,911	54,444	46,793	54,734
Gross profit/loss	36,656	37,306	39,973	35,408	37,612
Operating profit/loss	36,656	37,306	39,973	35,408	37,612
Net financials	(4,255)	(5,958)	(7,863)	(6,796)	(7,852)
Profit/loss for the year	47,442	46,195	38,329	43,098	10,369
Total assets	691,983	634,018	641,274	611,157	629,724
Investments in property, plant and equipment	30,451	16,288	14,485	385	4,706
Equity	377,615	330,173	283,977	271,572	301,703
<b>Ratios</b>					
Gross margin (%)	75.50	74.75	73.42	75.67	68.72
Return of investment (%)	5.3	5.9	6.2	10.1	3.6
Equity ratio (%)	54.57	52.08	44.28	44.44	47.91

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

### Return of investment (%):

$\frac{\text{EBIT}}{\text{Total assets}} * 100$

Total assets

### Return on equity (%):

**Equity ratio (%):**

$\frac{\text{Equity}}{\text{Total assets}} * 100$

Total assets



### Primary activities

The Entity's purpose is to invest in commercial properties and through active management to optimise the operation of these.

### Development in activities and finances

Profit for the year before tax amounts to DKK 60,773 thousand, including a positive value adjustment of DKK 28,372 thousand.

Profit for the year after tax amounts to DKK 47,442 thousand and management considers the results satisfactory.

FY2021 has partly been affected by the COVID-19 pandemic. Mainly on projects there has been delayed due to lack of construction materials in the market but opposite still a strong tenant demand for warehouse in greater Copenhagen.

The Russian invasion of Ukraine in February 2022 has led to many disruptive and destabilising consequences on the world market. EHI Fund Denmark ApS do not have any tenants or vendors that have a direct connection to Russia or Ukraine but we have seen and experienced effects in the market due to the ongoing conflict. Prices is increasing and delays of certain materials, especially for metal and steel, and in general our different capex projects have become more expensive than expected.

Throughout 2021 its impact on global markets and trade amplified, also in Denmark where all of the EHI fund Denmark ApS properties are located. The pandemic has continued with restrictions into start 2021 and end of 2021, however, with the introduction of vaccines there has been positive signals indicating a gradual return to normality. Due to these factors, it is difficult to predict the possible future financial impact of the pandemic. However, the company is relatively well-positioned to handle the uncertainty given its positive cash flow, which is reflected in its 18 mio. DKK cash holdings as well as its minor liabilities.

Based on the above, EHI Fund Denmark ApS is expected to be able to meet its obligations as they come due.

### Uncertainty relating to recognition and measurement

The properties are measured and recognised in the balance sheet at value based on an assessment made by an established, independent real estate appraiser. As to the uncertainty regarding recognition and measurement of investment properties, please see note 1 to the financial statements.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Income statement for 2021

	Notes	2021 DKK'000	2020 DKK '000
Revenue		48,551	49,911
Other external expenses		(11,895)	(12,605)
<b>Gross profit/loss</b>		<b>36,656</b>	<b>37,306</b>
Other financial expenses	2	(4,255)	(5,958)
<b>Profit/loss before fair value adjustments and tax</b>		<b>32,401</b>	<b>31,348</b>
Fair value adjustment of investment properties	3	28,372	28,732
<b>Profit/loss before tax</b>		<b>60,773</b>	<b>60,080</b>
Tax on profit/loss for the year	4	(13,331)	(13,885)
<b>Profit/loss for the year</b>		<b>47,442</b>	<b>46,195</b>
<b>Proposed distribution of profit and loss:</b>			
Retained earnings		47,442	46,195
<b>Proposed distribution of profit and loss</b>		<b>47,442</b>	<b>46,195</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK'000	2020 DKK'000
Investment property		661,623	602,800
<b>Property, plant and equipment</b>	5	<b>661,623</b>	<b>602,800</b>
<b>Fixed assets</b>		<b>661,623</b>	<b>602,800</b>
Trade receivables		4,330	2,443
Receivables from group enterprises		4,454	4,454
Other receivables		648	1,511
Income tax receivable		1,690	381
Prepayments		736	696
<b>Receivables</b>		<b>11,858</b>	<b>9,485</b>
<b>Cash</b>		<b>18,502</b>	<b>21,733</b>
<b>Current assets</b>		<b>30,360</b>	<b>31,218</b>
<b>Assets</b>		<b>691,983</b>	<b>634,018</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK'000</b>	<b>2020 DKK'000</b>
Contributed capital		226	226
Retained earnings		377,389	329,947
<b>Equity</b>		<b>377,615</b>	<b>330,173</b>
Deferred tax		61,998	50,504
<b>Provisions</b>		<b>61,998</b>	<b>50,504</b>
Prepayments received from customers		13,614	11,976
Payables to group enterprises		222,368	221,000
<b>Non-current liabilities other than provisions</b>		<b>235,982</b>	<b>232,976</b>
Prepayments received from customers		7,614	8,100
Trade payables		8,774	12,265
<b>Current liabilities other than provisions</b>		<b>16,388</b>	<b>20,365</b>
<b>Liabilities other than provisions</b>		<b>252,370</b>	<b>253,341</b>
<b>Equity and liabilities</b>		<b>691,983</b>	<b>634,018</b>
Uncertainty relating to recognition and measurement	1		
Employees	6		
Group relations	7		

# Statement of changes in equity for 2021

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	226	329,947	330,173
Profit/loss for the year	0	47,442	47,442
<b>Equity end of year</b>	<b>226</b>	<b>377,389</b>	<b>377,615</b>

# Notes

## 1 Uncertainty relating to recognition and measurement

Regarding the practical use of the accounting policies specified, Management has made a significant accounting estimate based on an external value assessment of the portfolio.

At 31 December 2021, the properties have been recognised at a fair value of DKK 662 million.

At 31 December 2021, the portfolio has been recognised based on external and independent experts' assessment to get the most accurate fair value in a non-forced transaction between two independent parties.

The most important factor in the fair value calculation is the rate of return. An increase in the rate of return will lead to a decrease in the fair value and, on the other hand, a decrease in the rate of return will mean an increase in the fair value. At present, the market is very volatile. For the sensitivity when calculating the fair value of the investment properties see note 5.

Investment properties are measured at fair value. The fair value is calculated using established valuation techniques (RICS valuation model - red book).

## 2 Other financial expenses

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Financial expenses from group enterprises	4,192	5,952
Other interest expenses	173	636
Exchange rate adjustments	(110)	(630)
	<b>4,255</b>	<b>5,958</b>

## 3 Fair value adjustment of investment property

The fair value adjustment consists of DKK 28,372 thousand related to the existing investment properties

## 4 Tax on profit/loss for the year

	<b>2021</b>	<b>2020</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Current tax	0	509
Change in deferred tax	11,494	13,168
Adjustment concerning previous years	1,837	208
	<b>13,331</b>	<b>13,885</b>

## 5 Property, plant and equipment

	<b>Investment property DKK'000</b>
Cost beginning of year	639,730
Additions	30,451
<b>Cost end of year</b>	<b>670,181</b>
Fair value adjustments beginning of year	(36,930)
Fair value adjustments for the year	28,372
<b>Fair value adjustments end of year</b>	<b>(8,558)</b>
<b>Carrying amount end of year</b>	<b>661,623</b>

### Assumptions when calculating the fair value of the investment properties

The investment properties are measured at fair value. The fair value is calculated using established valuation techniques (the RICS valuation model - red book).

The investment properties consist of warehouses and office buildings located in the metropolitan area.

The total fair value of DKK 661,600 thousand has been calculated by the following assumptions:

- The budget period consists of 10 years and a termination period.
- The increase in market rent is set at 1,5%.
- The expected idle rent/structural vacancy is a percentage of income between 0% and 24%.

### Sensitivity when calculating the fair value of the investment properties

At 31 December 2021, the market value has been assessed using an individually fixed rate of return between 6.9% and 7.9%. The average rate of return can be calculated at 7.4%.

Changes in the estimate of the rate of return on the investment properties will affect the value of the investment properties recognised in the balance sheet and the value adjustment recognised in the income statement.

#### Change in the average rate of return:

	<u>-0,5%</u>	<u>Basis</u>	<u>0,5%</u>
Rate of return	6,9%	7,4%	7,9%
Fair Value	709.372	661.600	619.856
Change in fair value	47.772	0	(41.744)

The valuation of the year has resulted in a revaluation of DKK 28,372 thousand.

## 6 Employees

The Entity has no employees other than the Executive Board.

## 7 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Cromwell European Real Estate Investment Trust, Singapore, Asia

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

The annual report is presented in DKK'000.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

## Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised in other receivables or other payables.

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



Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in the reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are recognised directly in the translation reserve in equity.

## **Income statement**

### **Revenue**

Rental income is recognised on a straight-line basis during the rental period.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### **Fair value adjustments of investment property**

Fair value adjustments of investment property comprise adjustments for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

### **Other external expenses**

Other external expenses include expenses relating to office conditions, audit and so on.

### **Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

### **Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

## **Balance sheet**

### **Investment property**

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by using the DCF model as the calculated value in use of expected cash flows from each property. To determine expected cash flows, the budgeted cash flows for each property for the next 10 years are used, including increases in price and rent levels, and a calculated terminal value which reflects the amount of normalised cash flows expected to be generated by the property after the budget period. The cash flows so

calculated are discounted to net present value by using a discount rate that is estimated to reflect current market -required yield rates for similar properties inclusive of expected inflation.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

**Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises cash in hand and bank deposits.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.