



EHI Fund Denmark ApS

Axeltorv 6, 5. th
1609 Copenhagen S
CVR No. 27438377

Annual report 2022

The Annual General Meeting adopted the
annual report on 02.06.2023

Marcus Holmgren Vigsø
Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2022	10
Balance sheet at 31.12.2022	11
Statement of changes in equity for 2022	13
Notes	14
Accounting policies	17

Entity details

Entity

EHI Fund Denmark ApS

Axeltorv 6, 5. th

1609 Copenhagen S

Business Registration No.: 27438377

Registered office: Copenhagen

Financial year: 01.01.2022 - 31.12.2022

Executive Board

Andreas Hoffmann

Louis-Foulques Servajean-Hilst

Marcus Holmgren Vigsø

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 01.01.2022 - 31.12.2022.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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, 02.06.2023

Executive Board

Andreas Hoffmann

Louis-Foulques Servajean-Hilst

Marcus Holmgren Vigsø

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 02.06.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Kronow

State Authorised Public Accountant
Identification No (MNE) mne19708

Management commentary

Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	52,601	48,551	49,911	54,444	46,793
Gross profit/loss	34,904	36,656	37,306	39,973	35,408
Operating profit/loss	34,904	36,656	37,306	39,973	35,408
Net financials	(4,739)	(4,255)	(5,958)	(7,863)	(6,796)
Profit/loss for the year	105,439	47,442	46,195	38,329	43,098
Total assets	813,657	691,983	634,018	641,274	611,157
Investments in property, plant and equipment	26,068	30,451	16,288	14,485	385
Equity	483,054	377,615	330,173	283,977	271,572
Ratios					
Gross margin (%)	66.36	75.49	74.75	73.42	75.66
Return of investment	4.29	5.30	5.90	6.20	10.10
Equity ratio (%)	59.37	54.57	52.08	44.28	44.44

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

Gross margin (%):

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

Revenue

Return on investment (%):

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

Total assets

Return on equity (%):

Equity ratio (%):

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

Total assets

Primary activities

EHI Fund Denmark ApS' (the « Entity ») purpose is to invest in commercial properties and through active management to optimize the operation.

The entity have a portfolio of 11 asset in greater Copenhagen, which is following assets:

Herstedvang 2-4, Albertslund
Priorparken 700, Brøndbyvester
Priorparken 800 , Brøndbyvester
Fabriksparken 20, Glostrup
Naverland 7-11, Glostrup
Naverland 8 , Glostrup
Naverland 12, Glostrup
Stamholmen 111, Hvidovre
Islevdalvej 142-148, Rødovre
Hørskættten 4-6, Taastrup
Hørskættten 5 ,Taastrup

Description of material changes in activities and finances

Profit for the year before tax amounts to DKK 135,173 thousand, including a positive value adjustment of DKK 105,009 thousand.

Profit for the year after tax amounts to DKK 105,439 thousand and management considers the results satisfactory.

FY2022 has partly been affected by the COVID-19 pandemic due to bankruptcy for tenants, there had to repay covid loan, projects there has been delayed due to lack of construction materials. However with respect to greater Copenhagen, there remains a strong tenant demand for warehouse.

The Russian invasion of Ukraine in February 2022 has led to many disruptive and destabilising consequences on the world market. The Entity does not have 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 has increase in 2022 and delays of certain materials, especially for metal and steel. Lack of supply of materials but increase demand, where there is a risk of increase cost in capex projects is having increased cost compared to expectations in budget.

Throughout 2022 its impact on global markets and trade amplified, also in Denmark where all of the Entity's properties are located. Material increase in inflation, increasing cost of goods, heating, electricity due to the war in Ukraine. Due to these factors, it is difficult to predict the possible future financial impact of the pandemic. However, the Entity is relatively well-positioned to handle the uncertainty given its positive cash flow, which is reflected in its 6.6 mio. DKK cash holdings as well as its minor liabilities.

Based on the above, the Entity is expected to be able to meet its obligations as they come due.

Uncertainty relating to recognition and measurement

The properties are measured and recognized 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

Income statement for 2022

	Notes	2022 DKK'000	2021 DKK '000
Revenue		52,601	48,551
Other external expenses		(17,697)	(11,895)
Gross profit/loss		34,904	36,656
Other financial expenses	2	(4,739)	(4,255)
Profit/loss before fair value adjustments and tax		30,165	32,401
Fair value adjustments of investment property	3	105,009	28,372
Profit/loss before tax		135,174	60,773
Tax on profit/loss for the year	4	(29,735)	(13,331)
Profit/loss for the year		105,439	47,442
Proposed distribution of profit and loss:			
Ordinary dividend for the financial year		10,000	0
Retained earnings		95,439	47,442
Proposed distribution of profit and loss		105,439	47,442

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Investment property		792,700	661,623
Property, plant and equipment	5	792,700	661,623
Fixed assets		792,700	661,623
Trade receivables		4,242	4,330
Receivables from group enterprises		4,454	4,454
Deferred tax		505	0
Other receivables		1,815	648
Income tax receivable		1,750	1,690
Prepayments		1,613	736
Receivables		14,379	11,858
Cash		6,578	18,502
Current assets		20,957	30,360
Assets		813,657	691,983

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		226	226
Retained earnings		472,828	377,389
Proposed dividend		10,000	0
Equity		483,054	377,615
Deferred tax		92,240	61,998
Provisions		92,240	61,998
Prepayments received from customers		17,808	13,614
Payables to group enterprises		203,544	222,368
Non-current liabilities other than provisions		221,352	235,982
Prepayments received from customers		9,098	7,614
Trade payables		4,986	4,336
Other payables		2,927	4,438
Current liabilities other than provisions		17,011	16,388
Liabilities other than provisions		238,363	252,370
Equity and liabilities		813,657	691,983
Uncertainty relating to recognition and measurement	1		
Employees	6		
Contingent liabilities	7		
Group relations	8		

Statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	226	377,389	0	377,615
Profit/loss for the year	0	95,439	10,000	105,439
Equity end of year	226	472,828	10,000	483,054

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 2022, the properties have been recognised at a fair value of DKK 793 million.

At 31 December 2022, 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

	2022	2021
	DKK'000	DKK'000
Financial expenses from group enterprises	4,625	4,192
Other interest expenses	124	173
Exchange rate adjustments	(10)	(110)
	4,739	4,255

3 Fair value adjustments of investment property

The fair value adjustment consists of DKK 105,009 thousand related to the existing investment properties.

4 Tax on profit/loss for the year

	2022	2021
	DKK'000	DKK'000
Change in deferred tax	29,738	11,494
Adjustment concerning previous years	(3)	1,837
	29,735	13,331

5 Property, plant and equipment

	Investment property DKK'000
Cost beginning of year	670,181
Additions	26,068
Cost end of year	696,249
Fair value adjustments beginning of year	(8,558)
Fair value adjustments for the year	105,009
Fair value adjustments end of year	96,451
Carrying amount end of year	792,700

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 792,700 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 2022, the market value has been assessed using an individually fixed rate of return between 6.8% and 7.8%. The average rate of return can be calculated at 7.3%.

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.

Changes in the average rate of return:	-0,5%	Basis	0,5%
Rate of return	6,8%	7,3%	7,8%
Fair value	851,031	792,700	741,852
Change in fair value	58,331	0	(50,848)

The valuation of the year has resulted in a revaluation of DKK 105,009 thousand.

6 Employees

The Entity has no employees other than the Executive Board.

7 Contingent liabilities

	2022	2021
	DKK'000	DKK'000
Other contingent liabilities	15,618	11,347
Contingent liabilities	15,618	11,347

8 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.

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.

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.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

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.